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BRIEF ON THE KARNATAKA GIG WORKERS ORDINANCE

The Governor of Karnataka, on May 27, 2025, promulgated the Karnataka Platform Based Gig Workers (Social Security and Welfare) Ordinance, 2025 (**“Ordinance”**).¹ The Ordinance provides for a regulatory framework that governs platforms-based gig workers in the state. It proposes legal, welfare and social security benefits for the gig workers. It will be brought into effect on a date notified by the State Government (**SG**).

Overview.

1. The Ordinance is applicable to every aggregator or platform operating or providing one or more services in the Schedule and every gig worker registered with the Board.
2. It applies to establishments (who employ ‘gig workers’ and therefore are **‘Employers’**) that operate on digital platforms in the following businesses:
 - a. Ride sharing services,
 - b. Food and grocery delivery services,
 - c. Logistics services,
 - d. e-market place (both marketplace and inventory model) for wholesale/retail sale of goods and/or services (business to business /business to consumer),
 - e. Professional activity provider,
 - f. Healthcare services,
 - g. Travel and hospitality services,
 - h. Content and media services.²
3. A ‘gig worker’ is a person who uses a platform to enter into a contractual, piece-rate labour agreement with the Employer (**‘Gig Worker’**).
4. The Ordinance requires the SG to establish the ‘Gig Workers Welfare Board’ (**‘Board’**) that will perform the duties and functions assigned by the Ordinance.
5. The Ordinance also provides for the creation of a grievance redressal mechanism to the Gig Workers for raising any dispute or seeking redressal, either against their Employer or the Board.³
6. Certain important obligations that must be met by the Employer are:
 - a. Registration: Employers must mandatorily register themselves and the Gig Workers who are employed by them within 45 days of the commencement of this Ordinance.⁴

¹ Karnataka Platform Based Gig Workers (Social Security and Welfare) Ordinance, 2025, accessible [here](#).

² Section 1(3)(i) of the Ordinance.

³ Section 22 of the Ordinance.

⁴ Section 11 of the Ordinance.

- b. Welfare Fee Contribution: Employers must contribute 'Platform Based Gig Workers Welfare Fee' ranging between 1-5% of the payout to Gig Workers in each transaction.⁵ This fee will be counted towards the contribution prescribed under the Code on Social Security, 2020 ('Code').⁶
 - c. Payment & Verification System: The payouts made to Gig Workers and their requisite details must be furnished by Employers on 'Payment and Welfare Fee Verification System' portal which will be administered by the SG and monitored by the Board.⁷
 - d. Fair and Transparent Contract: Employers must provide a fair and transparent contract to the Gig Worker and any changes to the contract must be notified to Gig Workers 14 days prior to the change being effected.⁸
 - e. Conditions for Termination: Employers must provide an exhaustive list containing reasons for termination of the Gig Worker, who can only be terminated with a 14 days' notice and for a valid reason for termination (except in extreme cases such as causing bodily harm).⁹
 - f. Point of Contact: Employers must provide a point of contact to Gig Workers in the event they have any enquiry or clarification.¹⁰
 - g. Reasonable Working Conditions: Employers must provide working environment that is safe and free from any risk to the health of Gig Workers.¹¹
7. The Ordinance also prescribes:
- a. A fine by way of simple interest, on the fee due to be paid at the rate of 12% p.a. from the date on which such payment is due till such amount is actually paid.¹²
 - b. A fine which may extend up to Rs. 5,000 for the first contravention and up to Rs. 1,00,000 for subsequent contravention in the event an Employer contravenes with any provisions laid out in the Ordinance.¹³

Comment.

The Ordinance, the first of its kind, aims to give Gig Workers in the state legal recognition as well as welfare and social security benefits. The promulgation of the Ordinance marks a significant introduction given that gig work accounts for a sizable portion of the informal labour market. Rules are expected to be issued by the SG to implement the Ordinance including the actual Welfare Fee that must be paid. Once it is in force, Employers must comply with the Ordinance to avoid any penalty or fine. It is reported that the Ordinance will be replaced by a Bill during the monsoon session of the state legislature.¹⁴

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⁵ Section 20 of the Ordinance.

⁶ Section 20(5) of the Ordinance. Section 114(4) of the Code prescribes a contribution by aggregators to a 'Social Security Fund' under Section 141 of the Code at 1-2% of their annual turnover. The Code is also yet to be brought into force.

⁷ Section 21 of the Ordinance.

⁸ Section 12 of the Ordinance.

⁹ Section 14 of the Ordinance.

¹⁰ Section 18 of the Ordinance.

¹¹ Section 16 of the Ordinance.

¹² Section 23(1) of the Ordinance.

¹³ Section 23(2) of the Ordinance.

¹⁴ Report in [The Hindu](#) of May 28, 2025.