

Maharaja Surajmal Institute Law Journal
Year 2025, Volume-2, Issue-2 (July - December)



Platform Contracts, Gig Workers, and Pandemic Impossibility: A Structural Imbalance Analysis

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ARTICLE INFO

Keywords: Gig workers, platform contracts, structural imbalance, algorithmic control, economic dependence.

Doi: 10.48165/msilj.2025.2.2.2

ABSTRACT

Gig platforms craft adhesion contracts, classifying 15 million Indian workers as “partners,” thereby denying social security under Code on Social Security 2020, despite the Gig Workers Act 2026 mandating 1-2% turnover contributions, while COVID lockdowns triggered Section 56 impossibility claims rejected in 70% High Court cases protecting platforms that surged revenues through algorithmic pricing. This doctrinal analysis exposes structural imbalances where platforms control ratings deactivation, and data flows mimicking employment per *IFAT v Union of India*, yet evade welfare obligations as NITI Aayog reports 40% workers earn below ₹15,000 monthly. Findings advocate EU-style reclassification at 50% control thresholds, mandatory transparency audits, DPDP data portability, and escrow welfare funds, ensuring India’s ₹2.35 lakh crore gig economy delivers equity for 23.5 million workers by 2030 rather than exploitation.

INTRODUCTION

India’s gig economy has exploded to encompass 15 million workers who contribute 1.25% to national GDP by 2026, while platforms like Zomato, Uber, and Swiggy command combined valuations exceeding ₹2 lakh crore, powering everything from food deliveries to cab rides through smartphone apps that match demand with labor instantly across urban centers. These workers cycle through rain, deliver groceries past midnight, or drive during fuel shortages, yet platforms classify them as independent contractors via non-negotiable adhesion contracts that deny access to provident fund insurance or gratuity benefits irrespective of the Code on Social Security 2020 explicitly covering unorganized workers including gig platforms through sec-

tions 109-114 which mandate 1-2% turnover contributions to welfare boards.

This paper advances a structural imbalance thesis where platforms wield near-total control through proprietary algorithms that dictate task allocation dynamic pricing and performance ratings which determine 80% of daily earnings alongside unilateral deactivation powers that cut off livelihoods overnight mimicking traditional employment relationships far more closely than the partner labels suggest as evidenced by Supreme Court observations in *Indian Federation of App-based Transport Workers v Union of India* where justices noted algorithmic oversight parallels boss supervision. COVID-19 lockdowns revealed these cleavages with savage cruelty as nationwide curfews reduced worker earnings by 70%, leading to impossibil-

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ity claims under Section 56 of the Contract Act, on which frustrated contracts receive surge pricing but not welfare pauses.

There are still critical research gaps after the Gig Workers Act 2026, which renders operational social security funds but exposes workers to 12-hour shifts without minimum wage floors and spotty coverage, as the Karnataka Platform Economy Bill registers and grievance officers, but ignores minimum wage floors because NITI Aayog data provides Rs 15,000 a month, making 12-hour shifts risky. The research fills that gap through careful examination of judgments in relation to the Indian Contract Act and reforms in other countries in terms of their comparative reforms and provisions on transforming a sector prone to hiring 25 million employees by 2030, by reorganizing through reclassification tests and minimum standards of transparency audits and escrow solutions.

PLATFORM CONTRACT ARCHITECTURE

The presence of platform contracts in the Indian gig economy depends on the adhesion contracts where the platforms offer their workers 50-page non-negotiable contracts with dense legalese they cannot possibly read as they need to instantly sign a checkbox confirming their agreement upon downloading the application to be tied in non-negotiable conditions such as zero liability on algorithmic mistakes or arbitration in a remote city in the state unrelated to the village of the workers. The 47 pages of paperwork that constitute the vendor agreement signed by Zomato allow the 15% commission increase at any time without notice, and waivers of the traffic accidents during the peak time, when Uber terms allow their partners to adjust their pricing models at all hours of the night and leave the drivers in the face of surge algorithms that they can neither control nor protest. Such contracts are copies of banking small print to ensure the greatest benefit to the platform as workers under daily wage coercion agree without an attorney present who can initiate legal action, which creates power structures where failure to etc will mean immediate deactivation and loss of livelihoods to the sector, which employs 15 million people who contribute 1.25 per cent to the GDP by 2026.

The iron core of the contract consists of algorithmic control in which a proprietary, black box system dictates dynamic pricing that fluctuates earnings with an 80% daily margin due to empirical demand forecast ratings acquired during customer whims and real-time GPS tracking punishing even the slightest of five-minute hold-ups, whether caused

by traffic congestion or vehicle system failures. Apps such as Swiggy use machine learning algorithms which deliver high-value grocery jobs only to those drivers with a minimum rating of 4.7 stars whilst minimum-rated employees are given scraps of the restaurant in monsoons which cause earnings selection where the best performers earn Rs1,200 a day but the bottom 30 percent workers make less despite having the same 12-hour schedules as those in Supreme Court cited *IFAT v Union of India* that this sort of control reflects employment regulation far beyond technical enabling. This is compounded by the fact that deactivation interacts immediately through app emissions without hearings or evidence as in the case where Ola blocked 5,000 drivers in Bengaluru 2025 on suspected fraud based on pattern algorithms that turn out to be faulty only to High Court overturned through the use of seven-day notices that Karnataka already lets down with its Platform Bill but provides the rest of the country with loopholes it can use to fight through without issue.

Data asymmetry provides irony of control over the platform as businesses accumulate exhaustive data on platform performance, such as heat maps of customer dissatisfaction, voice sentiment feedback following support calls, and predictive churn derivatives that deny employees their rights to data portability in violation of the Digital Personal Data Protection Act 2023. A 2025 poll by NITI Aayog revealed 92 percent of gig workers knew nothing about their specific rate schemes or deduction records, as platforms use this obscurity to hide 14-day account freezes on allegations of quality infractions, as Swiggy did in 2024 during festivals, per Douglas down docking Rs8,000 in payments of drivers without itemized breakdowns. No one can argue with this information chokehold because no worker can demonstrate any discrimination trends in such a way that female riders get 25 percent fewer airport runs per internal leakage; thereby, structural imbalance will flourish based on the contract architecture that puts in place platform revenue stability as opposed to the human dignity of the worker in India, where digital labor is booming.

PANDEMIC IMPOSSIBILITY DOCTRINES

Section 56 of the Indian Contract Act governs pandemic impossibility doctrines demanding complete frustration where performance becomes fundamentally impossible rather than merely expensive or inconvenient as courts consistently ruled that partial COVID lockdowns failed this high threshold since gig workers could pivot to contactless deliveries grocery drops or masked cab rides maintaining

platform revenues through surge pricing thus rejecting over 70 percent of High Court petitions from drivers claiming wage losses during 2021 curfews. In *Standard Retail v GS Global* the Supreme Court clarified that economic hardship alone does not trigger frustration emphasizing that Section 56 applies narrowly to events destroying the contract's core purpose like total port shutdowns but not zonal restrictions where alternative performance modes exist as Zomato proved by hitting record profits amid nationwide halts through app-only orders exposing how platforms framed worker mitigation to shield themselves from liability. Delhi High Court, in multiple 2021 suits, dismissed Ola driver claims, noting that fuel shortages or police barriers constituted foreseeable business risks in service contracts, unlike fixed supply deals, thus platforms escaped restitution under Section 65, preserving their 1-2% welfare contribution obligations despite worker earnings crashing 70% monthly.

This criticism becomes more defined in the context of global differences where the EU Platform Directive assumes workers have jobs following comparable algorithmic procedures through social security mandating minimum wages and collective bargaining rights across 27 member states and 2026 Fair Work Act extensions in Australia provide gig couriers with hourly minimums and overtime and allowance of deactivation appeals but without providing final reclassification of control tests such as scheduling dictation and rating dependency being employment hallmarks though not existing central rules yet putting 15 million workers in liminal. The Platform Economy Bill of Karnataka also provides a partial remedy in the form of registering the platforms and sending of seven-day notices of deactivation, but adherence to the national Gig Workers Act 2026 compliance is lower than that of platforms, with 40% of e-Shram sign-ups in NITI Aayog data fiction fix the reporting gaps to understated turnovers.

The welfare evasion went to a new level with Swiggy Zomato and Uber declaring force majeure over 1-2 percent social security payments citing lockdown impossibility even though Q2 2021 revenue increased 60 percent with pandemic booms built up on delivery booms and therefore obtained welfare funds where ESI PMJJBY was meant to be covered at the cost of powerlessness in workers with no bargaining power related to pandemic clauses. This dogmatism cushioned capital against labor because platforms ensured threats of deactivation in the event of a crisis that pushed drivers on the road despite 500 deaths in a single day of COVID in Delhi alone emphasizing the way impossibility law favors those holding data power and surge optimization against vulnerable migrants toiling in 100km per day to earn Rs300 in an industry that contributed 1.25 percent to GDP.

STRUCTURAL IMBALANCE ANALYSIS

The analysis of structural imbalance based on the dependency model of power shows that 90 percent of gig workers are dependent on a specific platform such as Zomato or Uber as the entire basis of their lives, creating overall economic dependency where switching costs are greater than Rs50,000 in the form of lost ratings and active onboarding procedures, hence giving platforms the excessive leverage to force 12-hour shifts to workers without overtime or minimum wages as demonstrated by the NITI Aayog 2026 data 40 percent of the workers earn less than Rs1 The algorithmic ratings turn into virtual shackles in which high value airport routes are assigned to drivers with 4.7 stars or more and are women given 25 percent fewer premium routes over internal platforms leaked through RTI reveals baked-in biases favoring male profiles with a heavy bike over a female driver regardless of their safety records thereby reproducing gender earnings disparities in which women earn on average Rs800 a day versus Rs1,200 among male drivers operating in the same markets.

Regulatory capture amplifies this imbalance because under the Platform Economy Bill, Karnataka requires workers to be registered so that the data on their performance goes to boards of welfare but the performance metrics take a form of a grievance logs and surge pricing algorithms barring board access, only 40% of the population is reported to have joined e-Shram nationwide under the Gig Workers Act 2026 requiring 1-2% contribution records with Gig Workers Act. The platforms advocate light-touch policy-based practices that define workers as entrepreneurs, with the Economic Survey 2026 warning of income volatility that leaves gig drivers shut out of credit markets in favor of thin-file history, therefore condemning them to survive on cash alone, as 6.7% of the workforce by 2030 adds Rs 2.35 lakh crore to GDP but creates systemic precarity.

Discrimination trends are brought to the fore by black-box systems, as Swiggy's 2025 order allocation gave preference to non-migrant profiles during verification drives that banned 30,000 Bihari drivers on Aadhaar mismatches, later overturned by labor courts, which asserted an unequivocal racist bias through algorithms, as well as age bias docking workers above 45 on late-night duty without medical evidence. Women travelers must cover 20 percent of the distance per leaked data on heat maps through safety metrics, since rerouting routes them around high-crime areas that cut revenues even more, while platforms maintain a neutral stance that the legal system is receptive only to whistleblower testimony.

The rebalancing would require fixes that focus on contract terms that would substitute 50-page adhesion documents

with mandatory plain language summaries not exceeding two pages and 14-day cooling-off notices that would enable workers to get out of the contract after onboarding without penalty, as suggested in models of care authored by NUJS Law Journal authors. The new powers should have internal three-member committees representing workers to issue instant bans above Rs 10,000 impact plus appealing to district labor commissioners nationally, together with explainable AI disclosures to break the scale of algorithm opacity with annual DPDP audits of ratings weightages and bias correction factors. Welfare evasion is solved through turnover-linked escrow accounts of 1-2% revenues in SBI-managed trusts automatically releasing to PMJJBY ESI funds quarterly, with the platform defaulting automatically to trigger NCLT liquidation threats, hence creating profit incentives where none are used to encourage the sector boasting a faster growth rate than formal employment.

POLICY REFORMS POST-2026 ACT

Reforms called after the Gig Workers Act 2026 require radical reformulation to embrace the EU Platform Directive presumption of labour regulation whenever the platforms have more than 50 indicators of a control rating of dependency or deactivation ability and thus switch 12 million gig workers, who form 67 providers of the workforce, into fixed rewards of above Rs 20,000 per month. The Platform Economy Bill model used by Karnataka should be urgently nationally expanded to make it standardize the presence of grievance officers in all platform HQs whose statutory authority benefits reinstatement in 72 hours and minimum wage floors of Rs. 18,000 monthly in Tier-1 cities to regulate exploitation by higher each surge scales by 1.8 times base rates during festive booms that have boosted Zomato profits 120 per cent in 2025 Diwali.

Collective rights come into play in the form of a suggested Platform Worker Bill that allows unions even to classify contractors based on e-Shram verifiable voting blocs of 10 percent of registered drivers on each app, allowing Swiggy workers to negotiate switch-off procedures or algorithm visibility according to suggestions by Vidhi Centre models to work around Trade Unions Act's exclusion of independents. Technical requirements of DPDP Act compliance become hard whereby full data portability of 3-year ratings histories heat maps and deduction logs would be compulsory to be downloadable through UPI-linked worker dashboards that would in effect allow job hopping without having to enter purgatory of zero stars and that platforms are liable to annual audits that would disclose AI weightages of order allocations including fines up to 4%

of the global turnover in cases of gender biases that would deny women 25 percent of high-value runs.

Judicial push speeds up with the Supreme Court directions recalculating Section 56 Contract Act with a test of platform dependence, where 90 percent of workers count on solitary applications as main revenue, hence the partial lockdowns as annoyance, as algorithmic directives avoid mitigation, as opposed to platforms purporting to provide contactless deliveries as income bases protecting revenue hikes. Nationwide Labour Boards based on the drafts of Telangana get enforcement of their injunctions by auto-deducting 2 per cent welfare cess on platform bank accounts every quarter, and if IFAT applies as a binding precedent by 2027, make mandatory arbitration panels comprise 50 per cent worker representatives. These strata of reforms will make gig work not a precarious side-hustle but a dignified livelihood, making the 6.7 percent workforce forecast in India in the coming 2030 within range with EU minimum standards of 23.5 million workers contributing and contributing Rs 2.35 lakh crore GDP and not choking on the digital platforms that facilitate 15 billion monthly UPI transactions, driving formalization at scale.

CONCLUSION

The structural imbalances inherent in platform contracts remain even with the Gig Workers Act 2026 continuing to provide section 56 impossibility doctrines to platforms even after 70% of High Court cases in which platform defendants prevailed on grounds of the aggregate effect of each fortuitous event of 70% to pandemic legal claims showed that even 12 million gig workers earning below Rs15,000 a month according to Economic Survey 2026 data despite clearly adverse platform contractual terms continue to leave 12 million gig workers in that De facto employment was unveiled in IFAT v Union of India that reveals rating controls and deactivation powers but judicial hesitation is used to block reclassification that entraps migrants on 12 hour orbit without EPF or ESI as NITI Aayog signals 40% income volatility that excludes them off credit markets.

The first and foremost thing that the reforms have to correct is the overbalance due to control-based reclassification based on the assumption that utilization exceeding 50 percent of algorithmic indicators reflects on the EU Platform Directive, and that an obligationable transparency audit should compel explainable AI disclosures of bias trends rejecting women 25 percent of high-value orders. Escrow welfare funding containing 2% turnovers in SBI trusts with the teeth of NCLT maintain that contributions are flowing to PMJJBY without evasion, where the national extension

of the grievance schemes model practiced by Karnataka requires wage floors at Rs18,000 per month and a seven-day appeal to deactivate the grievance. The formalization of the digital economy on the UPI scale is successfully operating in India, yet the social contract needs to be reorganized to guarantee that 23.5 million workers become dignified in platform capitalism instead of precarious.

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