
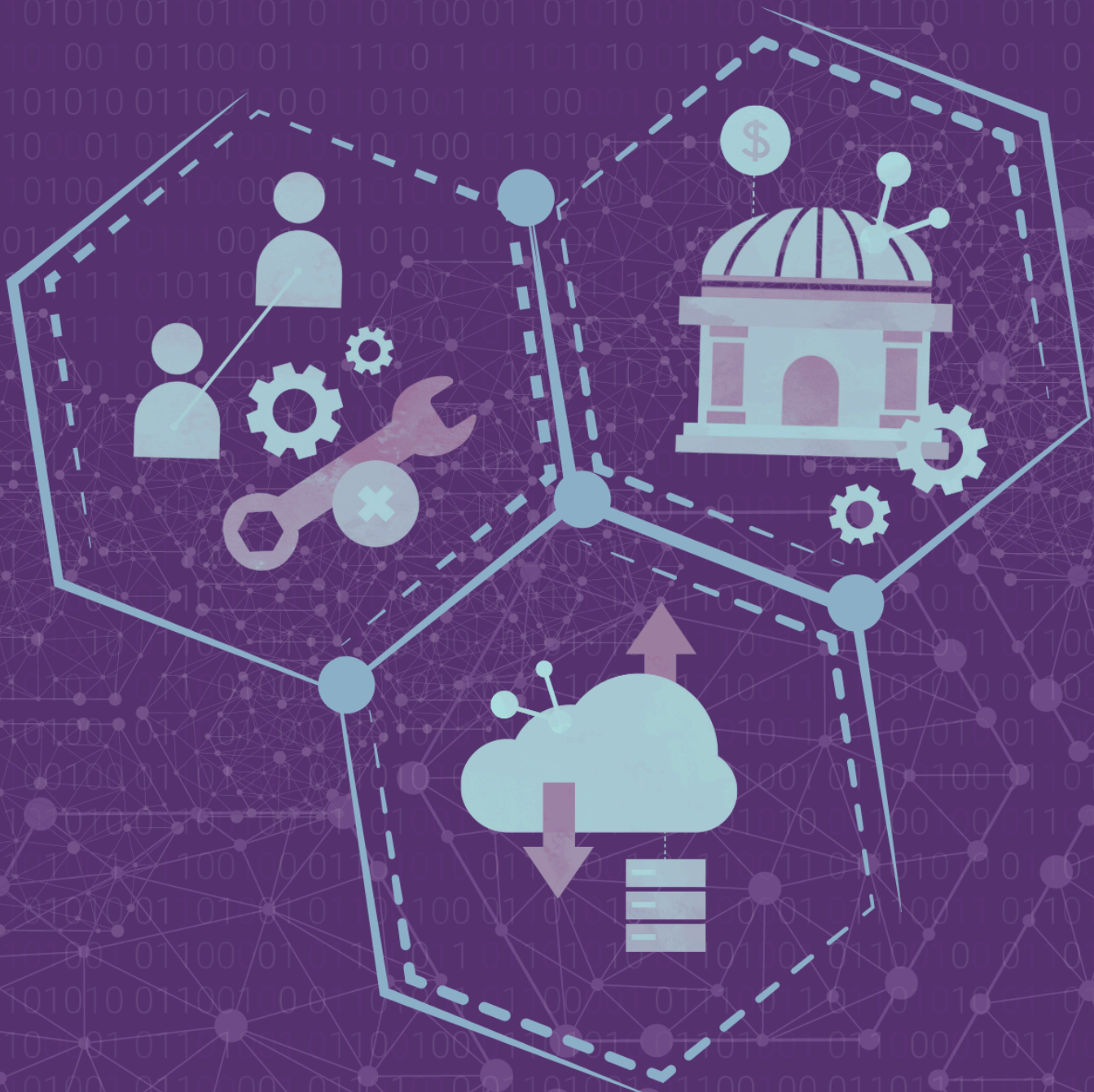


# Recommendations on the Karnataka Gig Workers (Conditions of Service and Welfare) Bill, 2024

 apti institute



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## Summary of recommendations

### 1. Sourcing 'welfare fees' from aggregators

- Combining thinking from the CoSS 2020 and Rajasthan's 2023 bill for platform-based gig workers, we propose the welfare fee as a periodic, location-contingent, rate-based collection. 2% of each aggregator's pre-tax quarterly revenue is to go towards financing the Gig Workers' Social Security and Welfare Fund
- Quarterly revenue calculation is to apply to transactions for work that begins or ends in the state of Karnataka's legal bounds. The determination of a transaction's roots in Karnataka will need data from aggregators, outlining each gig's starting and ending points, as well as the revenue earned
- Non-compliance with the requirements and timelines of welfare fee payments should result in stringent penalties, recommended to be set at a daily interest rate of 2% on the welfare fee due

### 2. Strengthening labour participation

- This document outlines Worker Advisory Councils (WACs) that can strengthen collective bargaining and representation of the workforce in decision-making surrounding aggregator's design, arrangements and governance
- We propose that a WAC be instituted as a multi-stakeholder intermediary and monitoring body between the welfare board and platforms with over 2500 workers
- The WAC will be empowered to seek information from aggregators, and shape working conditions on matters of employment regulations, social security, labour law, and workplace health and safety. Aggregators' non-adherence can lead to the WAC seeking recourse through methods like legal action

## Apti's interpretation of the mandate

### Ss 21-22 of Draft Act - Gig Workers' Welfare Social Security and Welfare Fund and Fee

Apti has been asked to review and propose appropriate mechanisms by which the Gig Workers Social Security and Welfare Fund ('Fund') and Welfare Fee may be levied. The aim is to propose a mechanism that allows the Fund to be financed via the Fee. Accordingly, Apti proposes three components:

- Definition of 'transaction' under S. 22(1) of the Act
- Recommended model for Karnataka (based on review of alternate models)

### Additional provisions: (firm-level) Worker Advisory Councils

Apti has been asked to propose a governance model for platforms that would allow workers a seat at the table in decision-making with aggregators and provide a space for ongoing engagement between different stakeholders. Accordingly, Apti has organised its proposal along the following lines:

- Rationale for Worker Advisory Council
- Recommended model for Karnataka (based on review of similar mechanisms)

## Approach

## Methodology

Apti has adopted the following methodology:

- Desk research (secondary literature) + doctrinal review India + other common and civil law jurisdictions
- Key informant interviews (KIIs) with platforms

## Beliefs

Apti approaches the work with the following value/belief system:

- The platform gig economy is important because it offers opportunities for income generation and drives overall economic value, including through increased consumption
- Workers are at the forefront of discussions, and all legislation, rules, and processes recommended follow a rights-based approach
- Processes must not only be efficient and effective, they must be humane and made accessible to all stakeholders.

## Gig Workers' Welfare Social Security and Welfare Fund and Fee

The Draft Karnataka Gig Workers (Conditions of Service and Welfare) Bill, 2024 provides for the constitution of a welfare fund under S 21. Furthermore, the Bill is instrumental in proposing a "welfare fee" to be collected from aggregators as mandatory contributions to the fund (S 22.1). In turn, the fee is calculated as a percentage of the payment for each transaction made towards a gig worker (S 22.2).

In imagining a mechanism to levy the welfare fee on aggregators, it is crucial to:

- Define the term 'transaction' that is the basis for calculating the fee
- Evaluate select existing models for calculating 'welfare fee' in sectors that engage with gig workers/informal labour
- Arrive at a recommended approach to calculate the fee

## Definition of transaction

Transaction in the context of the gig economy may be defined as "a platform-facilitated exchange or transfer of goods, services and/or funds between two or more entities and/or individuals, that either originates within legal boundaries of the state of Karnataka or ends within the same boundaries". In the event of conflict over jurisdiction in matters of identifying transaction

location, 'Place of Supply' rules for goods and passenger transport services, as defined in the GST Act, 2017.

### Evaluation of select models for fee calculation

Approach	Notes	Feasibility	Advantages	Disadvantages
<b>Levying fee from platforms' payments to gig workers [Rajasthan Approach]</b>	Rajasthan's bill requires platforms to pay a "welfare fee" as a specified percentage portion of the pay a worker collects in each "transaction." The fees are collected on a quarterly basis.	Quantum of fund amassed by levying 'welfare fee' on each transaction could be small, given miniscule value of payments made to workers  Platforms can object to centralisation of transaction data due to privacy concerns; can evolve new business models to avoid payment of fee	Platforms are made to participate in funding workers' welfare and protections.  Control over benefits and protections for workers is no longer confined to algorithms and platforms.	The CITMS and cess could create compliance burdens that will require considerable investment from existing platforms.  Potential privacy violations arising from centralisation and automated processing of transaction data will have to be reviewed in light of DPDP Act, 2023.
<b>Levying fee as a fixed rate percent of platform revenues pre-tax (COSS, 2020 Approach)</b>	The Code on Social Security, 2020 has clause 114 in Chapter IX, which addresses "aggregators" contributions as being between 1% and 2% of the "annual turnover" of aggregators falling under the Seventh Schedule.  Under clause 114, the Central Government can specify the interest rate aggregators pay	It would be considerably easier to secure money from companies on a "bulk basis" like once a year, than to seek out every last transaction, find a way to decide if it applies to a state, account for getting the cess, and then handling the money and any penalties due.  When collecting	The implementation cost would be lower, and the collection of funds could be simpler.  Levying from company-wide revenues reduces the room for evasion based on the nature of a worker.	This approach could result in extensive backlash.  Considering the size of the workforces platforms depend on, the revenue collected may prove to be insufficient in terms of providing support to beneficiaries. Extensive

	for delaying, underpaying or not paying contributions.	revenue from companies, extensive typologies and identification of parts of the platform's workforce that fall within the legislation's scope will not be as critical.  The implementation cost of a yearly revenue cessation would also be lower, due to less intensive nature of monitoring and accounting.		continued financial support from the government will be required.
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### Recommended approach for 'welfare fee calculation'

The above table lays down 2 approaches to thinking about fee calculation. While the Rajasthan model is the most recent, it has also come under heavy scrutiny for its provisions around centralisation of transaction information and the miniscule amounts in fee accruing to the fund. Moreover, using 'transactions' as the basis for calculating welfare fee fails to distinguish between [different types](#) of platform intermediaries and/or other third party contractors - all of which employ gig workers in varying capacities.

On the other hand, the approach recommended by the CoSS, 2020 attempts to overcome the bottlenecks posed by defining transactions and related fees. By adopting a broad-based conception of aggregators' contributions to the fund, the Code's mandate stands to amass a greater volume of funds towards workers' welfare by indexing it to platforms' revenue/turnover pre-tax.

Having evaluated the pros and cons of both models, Aapti recommends a hybrid approach to levying 'welfare fee' that combines insights from the Rajasthan model and CoSS provisions:

1. **Meaning of 'welfare fee':** Welfare fee to be levied upon aggregators can be defined as the "mandatory payments made towards Gig Workers Social Security and Welfare Fund, as envisaged by the Draft Karnataka Gig Workers (Conditions of Service and Welfare) Bill, 2024."

2. **Applicability of 'welfare fee':** The fee will be applicable to all entities that meet the definition of 'aggregators' as laid down in S 2(b) of the Bill and so registered with the Board, per S 12.
3. **Calculation of 'welfare fee':**
  - The **fee can be indexed to quarterly revenue of platform companies**, as matched against transactions either undertaken within the boundary of the state of Karnataka, or originating from and/or ending in the state of Karnataka
  - For instance, if company A's quarterly pan-India turnover is INR 200 crores; the portion of the annual turnover that can be attributed to transactions in/involving the state of Karnataka (say, INR 30 crores) would be the portion subject to welfare fee computation
  - **Fee to be levied at a flat 2% of quarterly aggregator revenue pre-tax** and will be deposited in the Fund's bank account, as designated and notified by the Board
4. **Data sharing for 'welfare fee' calculation:** In order to determine whether a transaction occurred within the jurisdictional limits of the state of Karnataka, it is envisaged that aggregators share data about the point of origin and point of destination, as well as report the revenue earned through said transaction. However, the feasibility of such transaction information sharing must be discussed with technology and privacy experts before it is encoded in
5. **Mechanism for 'welfare fee' collection:** The 'welfare fee' from aggregators will be made payable to the Board on a quarterly basis, as envisaged in the Bill. To do so, the Board must lay down preferred modes of payment collection (ex: bank transfer through RTGS, demand draft, payee check, among others). Failure to make payments within prescribed timelines may attract penalties, as discussed below
6. **Penalties for failure to pay 'welfare fee':** It is envisaged that failure to make 'welfare fee' payments within prescribed timelines on the part of aggregators should attract penalties. The determination of the exact nature and quantum of penalties can be left to the discretion of the Board, but **it is recommended that the Board charge 2% interest per day on principal welfare fee sum as the preferred mode of penalties.**

### **Additional considerations for financing the Workers Welfare Fund**

In addition to the above hybrid model proposed by Aapti, there are a few other pathways through which the Workers' Welfare Fund may be augmented. This includes:

- Contributions by private companies through CSR funds
- Self-contribution by workers through SHG model
- Self-contribution by workers through mandatory deductions from platform earnings

<b>Approach</b>	<b>Feasibility</b>	<b>Advantages</b>	<b>Disadvantages</b>
<b>Contributions by private companies</b>	<i>2% of revenues from companies above a certain earning level have</i>	It does not place an additional burden to furnish funds on	This approach could potentially "devalue" worker welfare and



<p><b>through CSR funds</b></p>	<p><i>to go towards social welfare matters like eradicating hunger, gender equality, and promoting education.</i></p> <p>Due to CSR being an established practice for companies that have reached certain revenue levels, it could possibly be faster to implement if the government found a way to control what happens to platforms' CSR allocation and spending.</p>	<p>platforms.</p> <p>CSR also has auditing requirements, which could add to the scrutiny placed on platforms' efforts towards worker welfare.</p> <p>The compliance cost could be lower if firms already have CSR departments and people.</p>	<p>protection by making it a voluntary subject, rather than a basic requirement working people deserve.</p> <p>Raising finances could be limited by the 2% "floor" CSR currently has, with platforms' reluctance to provide more funding to welfare being a possibility.</p>
<p><b>Self-contribution by workers through SHG model</b></p>	<p><i>Groups of people make contributions in a collective fund over a period of time, and members use the accumulated money for situations like taking loans in times of need or getting a local business started.</i></p> <p>Organising platform workers across an entire state, from different platforms and possibly from different roles and earnings situations, will be a big hurdle. The state will have to be involved in periodically notifying rules and requirements on matters like contributions.</p> <p>SHGs for platform workers will be very different from organising people in a neighbourhood to come together and pool funds. Getting people</p>	<p>Grouping people to pool funds for self-directed projects and expenses could help bring a measure of stability and solidarity.</p> <p>Greater amounts of funds will become available to members than what would be possible for them as individuals or households.</p>	<p>The SHGs could suffer from high attrition and issues with contributions due to migration, account suspension/termination, or shifts and changes in individual incomes.</p>

	<p>who could have very different backgrounds and relatively less in common could make it a challenge for groups to come together and function.</p>		
<p><b>Self-contribution by workers through mandatory deductions from platform earnings</b></p>	<p><i>This approach targets people based on the type of employment, and their periodic (monthly or weekly) earnings, requiring consistent payment of percentage-based contributions for services like pensions. Such contributions can involve deduction at source for employees, or some form of self-reporting-based payments for the self-employed.</i></p> <p>This approach will be a large-scale project that will require contribution tracking to be in place, as well as some form of ID services. It will also need clear pathways between workers and the collection of benefits.</p> <p>Administering this scheme will be costly and require extensive resources in terms of people, funding, dispersing benefits based on some kind of status (weekly earnings and such) monitoring and grievance redressal. The administration requirements would also include devising rules and eligibility</p>	<p>The NIC approach can bring gig work into the fold of benefits enjoyed by other populations of work, especially those classified as employees.</p> <p>Mandated deductions, possibly directly from an identified source, could improve the quantity and consistency of the funds raised for welfare and protection purposes.</p>	<p>The NIC approach will be intensive in terms of costs, management, and people.</p> <p>Gig work needs to be stable enough to provide incomes that let people and households survive <i>and prepare money for contributions</i> in an NIC scenario.</p> <p>A state-level system might also not be ideal, due to the problems that would arise out of people potentially migrating, moving or earning between and out of state borders.</p>

	<p>based on which workers with different income situations would pay contributions.</p> <p>This approach will have to be built as a lifelong fixture in people's working and financial lives, capable of moving with them as they transition to different kinds of waged work, be it an employee-employer relationship, contract work, piece-rate or something else.</p>		
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## **Additional provisions: (firm-level) Worker Advisory Councils**

A Works Council serves as a pivotal mechanism for collective representation and bargaining, embodying a platform where gig workers unite under a recognised legal framework. Despite its adoption in several geographies, India has been somewhat sluggish in embracing this model. Although the The Industrial Disputes Act calls for employers with over 100 gig workers to establish a works committee<sup>1</sup>. However, such provisions have not been extended to cover the informal economy of which gig work is a significant portion. Elsewhere, Councils are now firmly integrated into Europe's industrial landscape. Noteworthy instances of such councils are prevalent in countries such as Germany,<sup>2</sup> the Netherlands,<sup>3</sup> France,<sup>4</sup> South Korea,<sup>5</sup> and South Africa<sup>6</sup>, as reviewed in our analysis.

### **Rationale for Worker Advisory Council**

- The establishment of Works Councils recognises the rights of workers<sup>7</sup> to participate in governance of the firms they are a part of. This is enabled through the selection of temporary elected representatives accountable to the larger body of workers.

<sup>1</sup> Chapter II, The Industrial Disputes Act, 1947

<sup>2</sup> Works Constitution Act, 2001

<sup>3</sup> Works Council Act, 1950

<sup>4</sup> Social and Economic Committee, 2020

<sup>5</sup> Enforcement Decree on the Act of the Promotion of Employees' Participation and Cooperation, 2008

<sup>6</sup> Labour Relations Act, 1995

<sup>7</sup> Mohrenweiser, J. (2022). *Works councils*. Works Councils

<https://www.econstor.eu/bitstream/10419/259295/1/GLO-DP-1103.pdf>

- Councils are designed to rectify the disparity between the workforce and decision-making structures within platforms, ensuring gig workers gain a direct channel for voicing their concerns, negotiating for provisions that enhance their working conditions, and advocating for transparency into employer interests
- This collaborative approach fosters an environment conducive to productivity gains and facilitates design improvements, ultimately bolstering the overall welfare of the workforce

### Recommended model for Karnataka

- A work's council, henceforth referred to as a "worker advisory council (WAC)" will be instituted to serve as a crucial intermediary between the platform and the welfare board, entrusted with the authority to determine working conditions.
- However, it is not advisable to extend this to platforms with fewer than 2500 enrolled gig workers. We have selected 2500 as the minimum number for representation to ensure a diverse range of perspectives are accounted for and to effectively address workplace concerns; it also ensures that platforms have adequate financial resources and systems in place to fulfil their duties.
- The WACs will play a crucial role in overseeing the enforcement of labour laws, social security provisions, employment regulations, and health and safety standards within the workplace. This includes monitoring compliance with agreements or established practices regarding working conditions.
- In instances where these regulations are not adhered to by the employer, the council takes appropriate actions, whether legal or otherwise, to address the issue. Additionally, the council stays informed about the progress of the establishment, including updates on employment matters and developments within the platform economy that may impact gig workers.

The proposed model for Karnataka is built on the following pillars:

1. **Representative membership:** The Worker Advisory Council's composition will have
  - Elected members from the gig workforce of platforms.
  - Representatives from any other bodies at the mutual discretion of the elected representatives and the platform
  - 2 expert observers
  - Nominated chairperson, selected from amongst elected members
2. **Council size:** The size of the Council will vary according to the size of the workforce:
  - Workforce comprising fewer than 50 individuals, the council shall consist of 3 members;
  - For 50 to 100 workers, 5 members are recommended
  - For 100 to 200 workers, 7 members are recommended
  - For 200 to 400 persons, 9 members are recommended
  - For 400 to 600 persons, the council shall comprise 11 members
  - For 600 to 1000 persons, 13 members are necessary

- For 1000 to 2000 persons, the council shall consist of 15 members; and so on
  - Additionally, for every further increment of 1,000 individuals, two more members shall be added, up to a maximum of 25 members
3. **Eligibility criteria:** Gig workers with voting rights who are 18 years of age or over and have been employed by the platform and have completed gigs at regular intervals (formula to be decided by the Board) are eligible to the works council
  4. **Election procedure:** The works council is to be selected via an application process. This process can be conducted by an elected chairperson from the works council, a representative of a platform and an Internal Review Board
  5. **Office tenure:** Selection for the works council is recommended to be held every two years, with approval and appropriate notification from the Welfare Board
  6. **Operational considerations:** A formal Code of Conduct is to be deliberated and effected by the Board as an industry-wide standard for WACs in the gig economy. The CoC shall be developed in consultation with all stakeholders involved to cement rules, principles, values, stakeholder expectations, behaviours of all parties involved in the works council
  7. **Voting matters:** Unless specified otherwise by a written exemption from the Department of Labour, Government of Karnataka, after due consultation with gig workers, union representatives and experts, the WAC holds the right to be consulted by the employer on proposals concerning various significant matters. These can include, but not limited to:
    - Collections of welfare fees, inquiries and audits
    - Changes to platform process measures which affect workers, including the introduction of new technologies or work methods
    - Implementation of welfare measures for workers and their families
  8. **Term of office:** The Board will determine the terms of office. A few considerations include:
    - All members of the WAC retire every two years and elections are held to identify new members
    - Alternatively, half of the WAC's membership may retire biennially, such that the WAC has a permanent membership always
    - A member's tenure on the council concludes automatically upon ceasing to be employed within the enterprise
    - Resignation from the council can be initiated by members at any time, and they are required to inform both the Chairperson and the concerned platform
  9. **Labour protections:** WAC members shall benefit from legal protections against dismissals related to their representative duties, ensuring their ability to carry out their responsibilities without fear of retribution. They also hold certain prerogatives concerning job security, particularly in the informal sector and companies facing workforce reductions. This underscores the works council's pivotal role in safeguarding the rights and interests of gig workers while contributing to effective workplace governance.

## Limitations of WAC

As previously mentioned, a WAC offers several advantages, including safeguarding gig worker rights, fostering a cohesive platform for negotiations with management, and enhancing overall productivity within the workplace. However, it is crucial to acknowledge potential drawbacks associated with its implementation:

1. **Operational and maintenance costs:** Establishing and maintaining a WAC in the proposed format incurs expenses related to administrative tasks, hosting sessions, legal consultations, and other operational requirements. These financial investments are necessary for the effective functioning of the council but can strain the platform's budget
2. **Prolonged decision-making processes:** The democratic nature of a works council, while beneficial for inclusivity and representation, can sometimes result in slower decision-making cycles. Consensus-building and consultation among council members may extend the time required to reach agreements or enact changes within the organisation. This extended timeframe could impede the company's ability to respond swiftly to market demands or emerging challenges
3. **Inherent power dynamics:** The dynamics within WACs may influence their performance and members' relationship with management. Despite their limitations in directly shaping managerial decisions, works councils play vital roles in promoting dialogue, advocating for gig worker rights, and fostering communication channels within organisations. Strengthening collaborative relationships between works councils and management can enhance their overall effectiveness, ensuring they continue to represent gig worker interests effectively

## Recommended next steps

1. **Worker engagement:** The two headline recommendations of the report, namely self-contributions to welfare fund and constitution of the WAC, bear significant implications for workers' well-being and solidarity. Undertaking extensive dialogues with gig workers and workers' groups/unions is an important next step to assess the feasibility of recommendations, as well as build goodwill and garner support for the law
2. **Peer consultation:** The recommended formula for levying 'welfare fee' not only departs from the prominent Rajasthan model, but also creates additional compliance and data sharing requirements for aggregators. Moreover, the rules for operationalising the Fund require careful deliberation amongst aggregators, industry bodies, civil society and regulators in ways that not only elicit feedback, but also build consensus and buy-in for the Fund. It is critical to bring in subject matter experts to evaluate the direction and feasibility of recommendations at this stage.

## Appendix

### 1. Existing approaches to mandatory collection for welfare purposes (India and global)

The table below presents a selection of existing systems that have worked to collect funds from workers and employer parties to finance and prepare welfare mechanisms through cess and deductions from income. The table contains examples from both India and from abroad.

Sr No.	Institute, Service, Legislation, Place of Origin	Stated Purpose, Services Involved	Cess/ Mandatory Contribution Collection [Rate]	Cess/ Mandatory Contribution Collection Mechanism(s)
1	Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act 1966 + BOCW Welfare Cess Act, 1996, <i>Union Government of India</i>	<p>Working conditions of construction workers, registering construction work, arranging safety, health, and welfare of construction workers.</p> <ol style="list-style-type: none"> <li><b>ID cards</b> with details on work done by the beneficiary.</li> <li><b>Registration of establishments</b> engaged in construction.</li> <li><b>State welfare boards</b> that arrange assistance, loans, pensions, maternity benefit, group insurance and other forms of welfare.</li> <li><b>Cess-based funding</b> of welfare boards</li> </ol>	<p>Percentage-based cess on construction projects with costs exceeding INR 10 lakhs. [Between 1% and 2% of construction cost]</p> <ol style="list-style-type: none"> <li><b>Karnataka BOCW Cess Collection:</b> 1% of costs approved in government-related tenders (<b>payee cheque</b>), 1% of estimated building costs furnished with building costs (<b>demand draft</b>).</li> <li><b>Maharashtra BOCW Cess Collection:</b> 1% of cost of construction by establishment</li> </ol> <p>Monthly contributions from workers. [As notified by state governments]</p> <ol style="list-style-type: none"> <li><b>Karnataka BOCW:</b> INR 10 per month.</li> <li><b>Uttar Pradesh BOCW:</b> INR 20 per year.</li> <li><b>Maharashtra BOCW:</b> 1 INR per month.</li> </ol>	<p><b>Cess from establishments</b> is collected in two ways by state or local authorities.</p> <ol style="list-style-type: none"> <li><b>At source</b>, on the cost of the construction project.</li> <li><b>In advance</b>, by the local authority when construction approval has to be given.</li> <li><b>Interest can be charged on unpaid cess</b>, at a rate of 2% per month on the amount due.</li> </ol> <p><b>Establishments furnish returns</b> to local authorities. After an inquiry, the cess payable is assessed.</p> <p><b>Local authorities</b> pay the cess collected to the BOCW Board post the cost of collection, which is capped at 1% of the amount collected.</p> <p><b>State-level registration of establishments and beneficiaries</b> is necessary to facilitate monitoring, collection and payouts. It can be done with and without the internet.</p> <ol style="list-style-type: none"> <li><b>Online:</b> States like Rajasthan and UP have portals for BOCW-related registration.</li> <li><b>Offline:</b> Registration being conducted using printed</li> </ol>

Sr No.	Institute, Service, Legislation, Place of Origin	Stated Purpose, Services Involved	Cess/ Mandatory Contribution Collection [Rate]	Cess/ Mandatory Contribution Collection Mechanism(s)
				forms. 3. <b>Online+Offline:</b> Rajasthan has both online and offline registration available.
2	Employee State Insurance Corporation (ESIC), Ministry of Labour and Employment, Union Government of India	A contribution-based scheme for social security, for set-ups with over 10 workers and monthly incomes below INR 21000.  <ol style="list-style-type: none"> <li><b>Medical facilities:</b> ESIC dispensaries, hospitals, and medical colleges.</li> <li><b>Medical benefit</b></li> <li><b>Sickness benefit:</b> Extended sickness benefit and enhanced sickness benefit.</li> <li><b>Maternity benefit</b></li> <li><b>Disablement benefit:</b> Temporary disablement benefit and permanent disablement benefit</li> <li><b>Dependant's benefit</b></li> <li><b>Funeral expenses</b></li> <li><b>Rehabilitation allowance</b></li> <li><b>Vocational rehabilitation</b></li> <li><b>Unemployment allowance</b></li> </ol>	Rate-based contributions, from monthly wages. <ol style="list-style-type: none"> <li>Employees provide <b>0.75% of their earnings.</b></li> <li>Employers furnish <b>3.25% of the wages payable</b> to workers.</li> <li>Employees making less than INR 176 per day are exempted from contribution payments.</li> <li>State governments annually contribute 1/8th of the medical benefit expenditure, capped at INR 1500.</li> </ol>	<b>Contributions levied at fixed rates from employers and employees.</b>
3	Maharashtra Mathadi, Hamal and Other Manual Workers (Regulation of Employment and Welfare) Act 1969, State Government of Maharashtra	A regulation for the workers covered in its schedule of employment types. This act has been cited as a positive case of the welfare board model to defend the Rajasthan approach to gig workers' welfare. <ol style="list-style-type: none"> <li><b>Welfare board</b> for arranging schemes for scheduled workers.</li> <li><b>Creating and administering schemes</b> for scheduled workers.</li> </ol>	Under this act, the welfare board decides and orders the sums due from workers and employers for the schemes involved.	<a href="#">[Marshall et al., 2023]</a>  There are 34 Mathadi boards located across Maharashtra, acting as centre points for schemes and funds.  Labour users are charged levy, and worker payments are tariffed.  Labour users send money to the Mathadi board. The board takes account of workers' hours and pays wages.
4	National Insurance Contributions (NIC), Government of UK	A mandatory system of contributions for employed, self-employed and voluntary users to qualify for the UK State Pension and other benefits.  <ol style="list-style-type: none"> <li><b>National Insurance numbers</b> are issued for life, around the time when one turns 16 years of age.</li> <li><b>Benefits and pensions</b> include basic and additional state pensions, a New State pension, New Style Jobseeker's Allowance, Contribution-based</li> </ol>	Percentage-based insurance contributions deducted from pay. The NIC rate is decided based on <b>whether the person is an employee (E) or self-employed (SE)</b> , and on their <b>weekly earnings (E)</b> , or <b>yearly profits (SE)</b> . ( <i>Profit= Income- Expenses</i> )  <ol style="list-style-type: none"> <li>Employed, weekly earnings GBP 242-GBP 967: <b>8%</b></li> <li>Employed, weekly</li> </ol>	National Insurance contributions are paid alongside tax. <ol style="list-style-type: none"> <li><b>Deductions at source:</b> Employees have their contributions deducted by employers.</li> <li><b>Self-Assessment:</b> Self-employed individuals can pay their</li> </ol>



Sr No.	Institute, Service, Legislation, Place of Origin	Stated Purpose, Services Involved	Cess/ Mandatory Contribution Collection [Rate]	Cess/ Mandatory Contribution Collection Mechanism(s)
		<p>Employment and Support Allowance, Maternity Allowance, and Bereavement Support Allowance</p> <p>3. <b>Targeting</b> of the mandatory contribution is based on “classes” based on earnings and employment type.</p> <p>4. <b>State pension age</b> is when you start collecting the State Pension, and stop paying the contributions. The age requirement is periodically reviewed, and currently scheduled to rise to 68.</p>	<p>earnings over GBP 967: <b>2%</b></p> <p>3. Self-Employed, yearly profits under GBP 6725: <b>No charges, but voluntary payments possible</b></p> <p>4. Self-Employed, yearly profits between GBP 12570 and GBP 50270: <b>6%</b></p> <p>5. Self-Employed, yearly profits over GBP 50270: <b>2%</b></p> <p>Employers have to pay NIC rates on employees’ benefits and expenses.</p>	<p>relevant NICs as they complete, file, and pay their Self-Assessment tax returns.</p> <p>3. <b>Voluntary contributions:</b> Not paying NICs leads to “gaps” in the person’s NIC record. Having gaps can cause you to not get the State Pension and other benefits. You can voluntarily pay to cover these gaps, or avail <b>National Insurance credits</b> for special circumstances like illness and unemployment.</p>
5	National Social Security System (SJSN), <b>Social Security Administration (BPJS)</b> , Government of Indonesia	<p>1. <b>BPJS Health:</b> Handles “health security.”</p> <p>2. <b>BPJS Employment:</b> Relates to old age, disability, pension, unemployment security, accidents, and death.</p>	<p>[As of March 2022]</p> <p>Contributions as percentages of worker’s monthly earnings. Both <b>employers (E)</b> and <b>employees (W)</b> bear the contributions’ costs. Targeted to those who have spent at least six months in the country.</p> <p>1. <b>Health security:</b> 4% (E), 1% (W)</p> <p>2. <b>Work accident security:</b> Employer contributions’ rate is determined by “risk”, and employees don’t pay.</p> <p>3. <b>Death security:</b> 0.3% (E), N/A (W)</p> <p>4. <b>Old age security:</b> 3.7% (E), 2% (W)</p> <p>5. <b>Pension security:</b> 2%(E), 1%(W)</p> <p>6. <b>Unemployment security:</b> The government funds this, as 0.46% of an employee’s monthly salary.</p>	Monthly contributions to the fund.

Sr No.	Institute, Service, Legislation, Place of Origin	Stated Purpose, Services Involved	Cess/ Mandatory Contribution Collection [Rate]	Cess/ Mandatory Contribution Collection Mechanism(s)
6	Entrepreneur Account, <b>Estonian Tax and Customs Board, Government of Estonia</b>	<p>Established in 2019, the Entrepreneur Account is a way for “private persons,” including platform workers, to have access to a variety of benefits, and to pay contributions. It is presented as a streamlined way of managing money, taxes, and contributions.</p> <ol style="list-style-type: none"> <li>1. Bank account: The Entrepreneur Account requires people to open an account and close an agreement with Estonia-based LHV Pank.</li> <li>2. Minimum Income: People need to earn a minimum amount every month and if they fulfil the minimum obligation for income tax.</li> </ol>	As long as social tax contributions are paid, at least health insurance is provided.	Social tax on monthly income. Individuals are eligible for benefits as long as a minimum level of income, as well as social tax, are paid on a monthly basis.

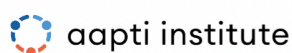
## 2. Projected fee calculations indexed to platform revenue

Apti's recommended approach to the so-called 'cess'/'welfare fees' calculation adopts a hybrid approach by combining the COSS, 2020 revenue-based model with the Rajasthan Act's transaction-based cess. In doing so, Apti recommends adopting a definition of transaction that helps establish jurisdiction for the State of Karnataka and makes 'welfare fee' calculation a function of platform's reported revenues accruing from Karnataka. The rationale for such an approach is best understood through the prism of various platform business models that render transaction-based models (like the RJ one) inefficient and ill-effective. Platform revenues serve as a more stable indicator/metric to calculate the fee.

While evaluating the projected calculations, it is important to bear in mind the following considerations:

- The revenue data so used is based on public filings of platform companies and lacks disaggregated information of revenue streams, beyond that which is earned through core business activities using gig workers
- Assumption around Karnataka's share is based on conversations with platforms, but requires additional substantiation through considered analysis of GST data that is not always accessible
- Cessable portion of revenue varies with the business model of platform itself

You can find the projected calculations in the sheet [here](#).



Cess rate 2%

Karnataka Share 20%

	2022-23 (INR Cr)	Business model (notes)	Labour charges/ cessable revenue	Cessable amount	Cess rate	Actual cess, India, INR Cr	Ktaka percentage	K'taka (INR Cr)
Uber	679	Does not include order value	75%	509.25	2%	10.19	0.2	2.0
Ola	1987	Does not include order value	75%	1490.25	2%	29.81	0.2	6.0
Rapido	443	Does not include order value	75%	332.25	2%	6.65	0.2	1.3
BluSmart	390	Does not include order value	75%	292.5	2%	5.85	0.2	1.2
Namma Yatri	60	Does not include order value	75%	45	2%	0.90	0.2	0.2
Amazon	21462	Includes order value (inventory biz)	10%	2146.2	2%	42.92	0.2	8.6
Meesho	5735	Includes order value (inventory biz)	10%	573.5	2%	11.47	0.2	2.3
Flipkart	56013	Includes order value (inventory biz)	10%	5601.3	2%	112.03	0.2	22.4
Swiggy	8625	Includes order value (inventory biz)	10%	862.5	2%	17.25	0.2	3.5
Zomato	7079	Includes order value (inventory biz)	10%	707.9	2%	14.16	0.2	2.8
Dunzo	227	Includes order value (inventory biz)	10%	22.7	2%	0.45	0.2	0.1
LoadShare	328	Does not include order value	75%	246	2%	4.92	0.2	1.0
<b>Total</b>						<b>256.59</b>		<b>51.3</b>

Snapshot of projected 'welfare fee' calculated per recommended revenue model