



LEGAL STATUS OF FREELANCE WORKERS IN INDIA

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ABSTRACT

Freelancing is work done on a project-by-project basis by self-employed individuals. The industry has grown into a major segment of India's economy, especially after the pandemic. Yet Indian law provides no clear legal status or protections for independent contractors. Under current statutes, freelancers are neither traditional "employees" nor acknowledged under labour regulations. Consequently, they fall into a grey zone: they have contracts (governed by the Indian Contract Act, 1872) but lack access to labour protections or affordable dispute forums. This leaves millions of young people (estimated 15 million active freelancers as of 2024, projected to reach 23.5 million by 2029–30)¹² exposed to late payments, contract breaches, and exploitation. This paper surveys the classification crisis (employee vs. contractor) and the structural challenges – payment delays, lack of enforceable contracts, rating-system coercion, intense global competition, mental-health toll, gender gaps – that freelance workers face. We analyse how existing laws (Industrial Disputes Act, new Labour Codes, MSME Act, etc.) leave them unprotected in practice, and how dispute resolution is costly or inaccessible. We then propose a flexible, opt-in "Kaarkhana" platform solution: a government-backed freelance portal offering voluntary Aadhar-based IDs, escrow payments, standardised short-form contracts, tiered reputational systems, quick micro-arbitration, and linkage to MSME schemes. Finally, we candidly address limitations (fear of regulation, platform adoption hurdles, enforcement gaps, tax concerns) and outline a public-private partnership approach. The goal is "protect without controlling" – to build trust and dignity into India's freelance economy without destroying freelancer autonomy. Freelancers are not asking for handouts, only a level playing field that recognises their work as valid self-employment and grants basic protections akin to those of formal workers.

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¹ Ministry of Finance, Government of India, Economic Survey 2024–25, ch. 1 (2025)

² McKinsey & Co., India's Digital Workforce Outlook 2024, at 5

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INTRODUCTION

Freelancers are self-employed individuals who sell their skills on a per-project basis to clients or platforms. They do not have a boss or fixed employer, and are not considered employees of the companies they serve. Popular examples include programmers, designers, writers, tutors, and gig-economy service providers (delivery, cabs, etc.). The digital gig economy in India has exploded: Most recent government-backed data remains from NITI Aayog (2022): 7.7 million gig workers in 2020–21, projected to rise to 23.5 million by 2029–30, and this number is projected to rise sharply. A McKinsey/BCG study predicts up to 90 million “gig jobs” in non-farm sectors in 8–10 years. This growth is driven by India’s huge youth workforce, rising Internet access, and post-pandemic demand for flexible digital services. Freelancing offers India a demographic dividend and innovation boost – one estimate sees the gig sector adding up to 1.25% of GDP – but it also raises urgent legal questions.

The core problem is legal invisibility. India’s labour and tax laws have no category for the “independent contractor” as a protected class. Traditional labour laws (the Industrial Disputes Act 1947³ and related Labour Codes) protect only “workmen” or workers in recognised industries, while tax or MSME laws do not specifically recognise freelancers. Instead, freelancers exist under the Indian Contract Act, 1872⁴ as parties to service contracts – a regime that governs agreements, but offers no enforcement shortcut for small-value disputes. In effect, a freelancer’s only legal recourse is to sue for breach of contract through civil courts, which is costly and slow. As one analysis notes, Indian law still classifies only four broad categories of workers (government employees, public-sector, private employees, and informal “casual labour”) and explicitly excludes gig workers from recognised status. Freelancers thus occupy a “grey zone”: they perform work very much like employees or platform workers, yet lack formal recognition or labour-law protections.

This invisibility has real consequences. Surveys find that a large majority of Indian freelancers regularly face payment delays, non-payment, and contract breaches. For a low-skilled gig worker, the typical fee might be only a few thousand rupees – too small to warrant a prolonged legal battle. Rating systems on platforms can be weaponised: unscrupulous clients may threaten

³ Industrial Disputes Act, 1947, No. 14, Acts of Parliament, 1947 (India)

⁴ The Indian Contract Act, 1872, No. 9, Acts of Parliament, 1872 (India)

bad feedback if freelancers insist on fairness or deadlines. With no union rights or labour disputes mechanism, most freelancers simply “take it and move on”. Meanwhile, global competition from neighbouring countries (Bangladesh, Pakistan, Southeast Asia) drives down prices. The net effect is often a race to the bottom: oversupply of labour and desperate price-cutting, leaving many freelancers barely making a living wage. At the same time, the flexibility of freelancing helps some, for example, women (who make up about 28% of India’s gig workforce) appreciate the ability to work from home.

This paper will examine these issues in depth. We first explore the classification crisis (employee vs. gig worker vs. contractor) and how India’s laws currently define freelancers. Then we detail the on-the-ground challenges faced by freelancers: payment troubles, ghost clients, opaque platform rules, and precarious earnings. Next, we analyse the legal gaps and enforcement breakdown – why private contracts are difficult to enforce, why labour tribunals are off-limits, and how new labour codes still fail to help freelancers. We then propose a forward-looking policy solution: a government-backed “freelance platform” (voluntary and lightweight) that provides digital ID, escrow payments, templated contracts, micro-arbitration, and other support infrastructure. Finally, we candidly address the potential pitfalls and criticisms of this approach (risk of over-regulation, platform adoption challenges, etc.) and suggest a path forward. Throughout, we cite global precedents and law (e.g., the UK’s recent gig-worker rulings) to contextualise India’s situation.

Our central thesis is that India’s freelancers – ranging from rural digital gig drivers to urban design consultants – deserve some form of protection and recognition without heavy-handed regulation. A “Kaarkhana”, voluntary system can build trust and fairness into the gig economy, benefiting workers and clients alike. Freelancers aren’t demanding handouts; they only ask for a level playing field where contracts are honoured and basic rights (like timely payment) exist. Recognising freelancing as a valid form of self-employment is crucial for India’s digital economy.

CLASSIFICATION CRISIS

Employee vs. Independent Contractor: Under Indian law, a key distinction exists between an “employee” (who is in a master-servant relationship) and an “independent contractor” (hired to achieve a specific result under no supervision). The Contract Labour (Regulation &

Abolition) Act,⁵ 1970, explicitly defines an independent contractor as a worker engaged for a project or result. Courts typically apply control and integration tests: if the employer directly controls work conditions and payments, the person is an employee; if the contractor pays wages and exercises hiring control, the person is a contractor. In practice, many freelancers are hired through platforms or intermediaries, blurring these lines. They do not work fixed hours for one boss, yet some clients treat them like employees (dictating scope, schedule, and tools) without granting benefits.

Gig worker vs. Contractor: The new labour laws introduced by the central government (four Labour Codes enacted 2019–2020) acknowledge “gig workers” and “platform workers” in the Code on Social Security, 2020.⁶ However, this does not make gig workers automatically become employees. Instead, it is an attempt to extend some social protection (like minimum wage, provident fund, insurance) to gig/platform workers while preserving their contractor status. Crucially, the Code on Social Security 2020 defines gig/platform workers but leaves them outside the ambit of traditional labour law remedies. The Industrial Relations Code (replacing the Industrial Disputes Act) and the Code on Wages⁷ likewise covers only “workmen” (defined narrowly) and does not grant contractors access to labour courts. In short, gig workers remain legally contractors under the Contract Act, with only new social security entitlements as fringe relief.

Misclassification problems: Without clear law, some companies deliberately label gig labour as “independent contracting” even when it resembles employment. If a so-called freelancer is treated like an employee (fixed hours, non-compete clauses, assigned workstation), they may in reality be an “employee” under the law. Courts have long held that if a principal employer pays the salary directly, the worker is effectively an employee (workman). Conversely, if a contractor pays wages and assigns tasks, the worker remains a contractor. These tests are applied to facts: for instance, the Supreme Court has reaffirmed that persons in predominantly managerial roles are not “workmen” and are excluded from labour law. Many freelancers (e.g. creative professionals, IT consultants) operate with autonomy and do not fit the classic “manual labour” definition anyway. Thus, under current law, the default position is: freelancers are not

⁵ Contract Labour (Regulation & Abolition) Act, 1970, No. 37, Acts of Parliament, 1970 (India)

⁶ Code on Social Security, 2020, No. 53, Acts of Parliament, 2020 (India)

⁷ Code on Wages, 2019, No. 27, Acts of Parliament, 2019 (India)

employees, they cannot form unions, and labour laws (like minimum wage, dispute resolution, provident fund contributions) do not apply to them.

Consequences of the Grey Zone: This classification vacuum has big consequences. Freelancers sign a private contract (governed by the Indian Contract Act, 1872), but the remedies for breach are expensive court cases. They lack the safety net that even casual workers have under labour law (like compensation for wrongful termination, workplace insurance, and organised bargaining). As one analysis notes, gig workers are legally “neither employees nor entirely self-employed” – they have no labour unions, no statutory benefits, and little bargaining power. In practical terms, if a freelancer is cheated, they cannot approach a labour court or inspector; their only recourse is a civil suit or arbitration, which few undertake.

CHALLENGES FACED BY FREELANCERS IN INDIA

Indian freelancers contend with a range of structural challenges on a day-to-day basis. While some are universal to gig work globally, many are magnified by India’s legal and economic context. Key issues include:

Payment Delays and Non-Payment: Clients frequently postpone or avoid paying invoices. Reports indicate that a majority of Indian freelancers experience late or partial payments. (One LinkedIn survey⁸ of trainers found 70% encountered payment delays and 58% cases of outright non-payment.) Even when a fixed fee is agreed, chasing a client for a small amount (say ₹20,000–₹50,000) is often not worth the legal cost. As an entrepreneur’s guide notes, Indian freelancers can go to Small Claims Court for up to ₹5 lakh disputes, but they must prove the work and contract – an expensive ordeal in time and stress.

Ghosting and Scope Creep: After initial work, clients may disappear (“ghosting”) or suddenly cancel the project, leaving the freelancer with unpaid effort. In the absence of an enforceable written agreement, the client has little incentive to uphold informal promises. Many freelancers recount scenarios where a “50% upfront” verbal deal turns into “just do more revisions without extra pay.” Clients are quick to pull the plug if dissatisfied, sometimes offering no compensation. Without legal shields, freelancers often absorb this loss rather than sue.

No Enforceable Contracts: Ironically, while contracts are supposed to protect freelancers, formal agreements are often short or non-existent. Small gigs may be agreed over chat or email

⁸ LinkedIn Learning, *State of the Freelance Nation 2022*, at 23

with vague terms. Even when written, private contracts are rarely enforced. Indian courts are notoriously slow and cumbersome; arbitration clauses can't be invoked without paying the arbitrator's fee (which is prohibitive for small sums). The result: the promise of a written contract means little in practice. A seasoned freelancer guide warns that preserving a paper trail only helps if you're ready to hire a lawyer, which most freelancers can't afford.

Platform Rating System Abuse: Online platforms like Fiverr, Upwork, or in India, local freelancing sites, rely on client feedback to rate freelancers. This system can be coercive. A client unhappy with a deliverable can threaten a scathing review to force more work or acceptance of unfair terms. Freelancers live in fear of low ratings, which can destroy their credibility and future income. (Upwork's policies even classify "threatening feedback" as a violation, highlighting how common this practice is.) Since clients pay first and the work post-payment, clients hold power – they can claim dissatisfaction and leverage the feedback system, while freelancers rarely have recourse.

Lack of Dispute Forums: Because freelancers aren't "workmen," they cannot approach labour tribunals or Labour Commissioners for grievances. India's labour enforcement machinery is designed for employer-employee conflicts; it simply does not entertain disputes among independent contractors. Even MSME or consumer courts are geared to bigger players. Thus, a dispute often ends with the freelancer dropping the issue. One expert notes that arbitration on Upwork is the only formal remedy for fixed-price contracts, yet it is optional and expensive, while hourly contracts have no refund mechanism at all.

Race to the Bottom & Global Competition: Indian freelancers compete not only with each other but with skilled workers worldwide. For many skill-based tasks (programming, design, content), clients can turn to sellers in Bangladesh, Pakistan, the Philippines, etc., where labour costs are lower. According to the Payoneer Freelancing in Asia Report (2024),⁹ freelancers from Bangladesh and Pakistan frequently undercut their Indian counterparts by offering competitive rates while maintaining high-quality profiles and leveraging SEO optimisation. This contributes to a broader race to the bottom, where new entrants to the Indian freelance market often feel compelled to accept low-paying gigs—sometimes as little as \$5—to build a portfolio and secure initial reviews. The study highlights that the oversupply of low-cost

⁹ Payoneer, Freelancing in Asia Report 2024, at 12

freelancers in India sustains these “student rates,” with only a small percentage eventually managing to transition to sustainable earnings over time.

Work Intensity and Mental Health: Because the field is unregulated, freelancers often work long hours on contract deadlines with no paid leave. Unlike salaried workers, they cannot simply take sick days or expect bonuses. A college student might work 15-hour days to chase a few extra dollars, leading to burnout. The competition mindset (“I must accept all jobs to survive”) can be relentless. Many report stress and anxiety from the feast-or-famine nature of freelance income.

Early-Stage Vulnerability: When starting, young freelancers usually face “race to the bottom” pressure. To get their first job or reviews, they often accept rates well below market value. Academic and industry commentary note that early-stage freelancers in India routinely offer super-low prices to build a portfolio. This can trap them: clients expect them to keep rates low, and without any union or solidarity, the cycle repeats.

Gender and Demographic Factors: The freelance sector in India shows pronounced gender gaps. Women constitute only about 28% of gig workers.¹⁰ In tech-related freelancing fields (software, engineering), female representation is even lower. However, some women value the flexibility of freelance work for balancing home duties – the NITI Aayog report notes women find gig work a flexible model. The disadvantage is that many female freelancers may also be confined to lower-paying niches. Overall, demographic pressures (e.g. limited mobility for rural or female workers) mean that only a subset benefits from freelancing, while others face barriers to entering the field.

Together, these challenges paint a bleak picture of an unprotected workforce. Freelancers often resemble “workmen in everything but name” – doing skilled labour, contributing to companies’ revenues – but with none of the legal safeguards. They cannot collectively bargain or join unions (legally prohibited since they’re not “employees”), and face an immense power imbalance vis-à-vis corporate or platform clients.

¹⁰ NITI Aayog, India’s Booming Gig & Platform Economy 3 (June 27, 2022)

LEGAL GAPS AND ENFORCEMENT BREAKDOWN

Despite existing laws that could cover some aspects of freelance work, enforcement is largely ineffective for small freelance disputes. We outline the main legal gaps and why enforcement breaks down in practice:

Indian Contract Act (1872) and Private Law: On paper, all freelance work is governed by the Indian Contract Act, 1872.¹¹ That Act binds parties to honour their service agreements (Sections 10–75). In theory, a freelancer’s written contract is enforceable just like any commercial contract. In reality, invoking the Contract Act is “inaccessible in practice” for micro-disputes. Hiring a lawyer to file a civil suit for a few thousand rupees is unthinkable. By the time a court summons is served and litigated (often years), the freelancer will have long since abandoned the claim. A startup legal guide bluntly observes: while freelancers could approach small claims, the limits (₹5 lakh) and the need for proof mean that “in practice” most cases never reach court. The courts suffer from a chronic backlog and high costs, so they are effectively off-limits for the typical ₹10–50K client dispute.

Lack of Appropriate Forums: Freelancers cannot file cases under the Labour Codes or Industrial Disputes Act because they are not “workers” in that sense. They have no access to Labour Commissioners, labour courts, or Industrial Tribunals, which handle wage disputes and termination issues for formal employees. This was highlighted during the debates on the new labour codes: while the Code on Social Security 2020 mentions gig/platform workers, none of the four codes (Wages, ID Act replacement, Social Security, OSH) provide them with traditional dispute mechanisms. Consequently, a freelance wage dispute is settled the same way as any civil contract breach, outside the labour law framework. Moreover, for micro-claims under ₹ 50,000, neither Small Causes Courts (jurisdiction up to ₹ 500,000) nor costly arbitration is cost-effective, creating an enforcement vacuum for small-value disputes.¹²

No Low-Cost Enforcement: India lacks a widely available, low-cost mechanism for small-scale contract enforcement. For example, the limit for Small Causes Courts is ₹5 lakh. But many freelancers earn well below this annually; by the time they aggregate unpaid fees to cross that threshold, the effort of legal fees will exceed the amounts. Even for small claims, one must still file in civil court. In contrast, in some countries (like the UK or the Philippines), micro-

¹¹ The Indian Contract Act, 1872, No. 9, Acts of Parliament, 1872 (India)

¹² Code of Civil Procedure, sec. 96A (India, 1908); see also Small Causes Courts Act, secs. 3–4 (India, 1887)

disputes can be handled by small-claims tribunals or industry-specific boards. India's version is too rigid and underused by freelancers.

Private Contracts Unenforced: Many freelancers try to mitigate risk by using standard contracts (even “Freelancer Agreement templates” are available online). However, enforcement rarely follows. A platform lawyer's tip urges freelancers to demand 50% upfront and clearly state payment deadlines, but without enforcement, these clauses are aspirational. If a client goes silent, the freelancer must muster evidence of the agreement (e.g. email threads). Often, clients pay partial amounts (e.g. 50%) and then disappear. Since there is no official monitoring of contract performance, a breach typically goes unpunished.

Platform Disputes: Some disputes can be brought through platform mechanisms. For instance, Upwork offers mediation/arbitration for fixed-price projects, and Fiverr allows dispute filing within 14 days of payment. But these systems are limited. Many freelancers avoid them because arbitration is costly: on Upwork, arbitration fees are \$1000+ (for even a small claim). Also, platform policies often favour repeat buyers or the more powerful party. There is little transparency or appeal. Anonymised reports suggest Upwork's support often sides with clients (who pay the company's fees). In any case, these remedies only work for platform-mediated contracts; direct freelancing arrangements (via personal networks or local gigs) have no such backing.

Biased Moderation: Anecdotal evidence shows that platforms can be arbitrary. In some cases, freelancers report their accounts or reputations being shut down on flimsy grounds, leaving them with no venue to protest. For example, when a client fraudulently reports work as plagiarised (or refuses to release escrow), the freelancer might be locked out pending investigation – often in the client's favour. Complaints that “content detection algorithms” wrongly flagged original work are not unusual, yet platforms rarely intervene to rectify it. (This issue is emerging globally as AI tools misclassify content, but Indian freelancers have no formal recourse.)

Limited Bargaining Power: Even when disputes are eligible for legal review, freelancers are highly unlikely to pursue them. The imbalance of power is stark: clients are often corporations or middlemen, while freelancers are individuals with few resources. Taking legal action risks blacklisting or losing future gigs. Many freelancers fear that if they sue, they simply will not

get work from that client or similar ones again. This unspoken threat further undermines any theoretical legal protections.

No Statutory Minimum Protections: Unlike employees, freelancers have no entitlement to even basic protections like minimum wage, overtime, or paid leave. (India’s Minimum Wages Act, 1948 and Working Hours Act cover only specified industries and employments.) If a project drags on, the freelancer simply has to keep working or renegotiating – there is no statutory overtime or leave benefit. Similarly, social security (EPF, ESI) does not extend to freelancers, so no healthcare or retirement contributions are mandated for them by law. The newly passed Code on Social Security 2020 envisages some voluntary schemes for gig workers, but these are still in planning (for example, gig funds and insurance pools) and have not yet created enforceable rights.

Global Context: In many developed countries, these gaps are being addressed by courts or laws. For instance, Britain’s Supreme Court recently ruled that Uber drivers are legally “workers” entitled to minimum wage and holiday pay. The UK has an intermediate “worker” status; the US state of California tried (via AB-5) to reclassify many contractors as employees (though a referendum later reversed it). In some places, like the Philippines, laws require partial advance payment to protect freelancers. In India, however, no analogous steps have been taken. Past attempts at broadening worker definitions failed due to political pushback. Consequently, enforcement of freelancer rights is virtually non-existent – most disputes simply fade away.

In summary, while India has laws technically applicable to contracts, the combination of small claim sizes, lack of accessible courts, and systemic biases means freelancers rarely see legal remedies in practice. The resulting “enforcement vacuum” is a core part of the problem: without low-cost, neutral dispute resolution, contract violations are effectively risk-free for clients.

POLICY PROPOSAL

A Government-Backed Freelance Platform (Kaarkhana): To bridge this gap, we propose creating a voluntary, government-supported freelance ecosystem platform – not as an employer or regulator, but as an optional infrastructure that freelancers and clients can choose for added trust and protection. This “Kaarkhana” model is inspired by global precedents (e.g. government-supported gig registries in France or the Philippines), but tailored to India’s emphasis on freelancer autonomy. The platform would include several features:

Aadhar-Based Freelancer ID: A free, optional digital ID for freelancers, linked to their Aadhaar (or PAN) number. This establishes verified identity and residence, helping weed out fraud and providing a more formal recognition of the freelancer. Like Udyam MSME registration, this could confer credibility. Verification might require ID documents and basic KYC, similar to e-verification for small businesses. Crucially, using the platform and ID would be optional: freelancers who prefer informal gigs can still work off-platform. But those who register get listed in a government-backed database, making it easier to build a reputation and access official channels.

Verified Contractor (Client) Identity: Similarly, clients (especially large or frequent ones) can register business details. While anonymisation is important, clients could get a “verified client” badge by submitting GST or business registration info. This reduces the risk of fraud (e.g. fake companies that vanish after hiring).

Escrow Payment System: Integrated payment gateway with escrow functionality (perhaps partnering with services like Razorpay or Paytm). The freelancer and client agree on milestones; the client deposits funds into escrow at the start of a project. Once the agreed-upon work is delivered and accepted, funds are automatically released to the freelancer. This simple mechanism would give freelancers payment security and ensure clients have recourse if work isn’t delivered. The government platform can charge a small transaction fee, if needed, but ideally remains mostly free for users. (A similar model already exists informally on some freelancing sites, but a national platform could negotiate lower fees and wider adoption.)

Auto-Generated “Kaarkhana” Contracts: The platform can offer templated service agreements in multiple Indian languages. Upon project creation, a basic contract is automatically generated with key terms: scope of work, deliverables, fee, timelines, confidentiality, IP rights, and a simple dispute clause. It would be much simpler than a full lawyer-drafted contract, but standardised enough to set expectations. Both parties sign digitally (linked to their IDs), and the contract is timestamped on the platform. This ensures every project has a record. Freelancers can also download it for their files. (The platform could require such a contract before releasing escrow, making it a minimal compliance step.)

Tiered Non-Public Reputation System: Instead of the usual 5-star public ratings, the platform would feature a merit-based “level” or “tier” system (like gamer ranks or Amazon buyer/seller levels). Freelancers and clients earn higher tiers through repeated successful projects, positive

reviews, and compliance (timely payment, clear feedback, etc.). Crucially, individual reviews would NOT be publicly displayed; only the overall tier badges would be visible. This removes the power imbalance of one-sided feedback while still incentivising good behaviour. Freelancers won't be terrorised by vindictive one-star drops, but maintaining a high tier encourages clients to treat them fairly. (This idea echoes suggestions in the UK labour context about anonymised feedback or regulatory grade systems.)

AI-Supported Tools: The platform could integrate basic AI tools – for example, a plagiarism detector or content-originality checker to reassure clients, or auto-formatting of deliverables. More ambitiously, it could offer skill-enhancement resources: online modules for writing, design, or coding, sponsored by govt initiatives like Digital India or NASSCOM. These features would increase freelancer capability and client confidence without a heavy cost. (For example, government labs or startups could provide API access to AI assistants for tasks like translation, graphics editing, or basic coding assistance.)

Micro-Arbitration (₹50K And under): The platform should offer a dedicated online dispute resolution service for small claims. If a freelancer or client feels the contract terms are breached, they can file for arbitration through the platform. An independent panel (possibly rotated or on-rotation lawyers) would review evidence (the contract, communication logs, work deliverables) and issue a ruling within 15–30 days. Fees for arbitrators should be minimal (subsidised by the government or via user fees). Parties would agree in advance (on registration) to abide by the arbitrator's decision. This provides a fast, lower-cost alternative to courts. Importantly, enforcement of arbitration awards (like paying an ordered refund or penalty) can be backed by the platform's clout or local legal enforcement, making the threat real.

Link to UDYAM/MSME Schemes: The platform should facilitate freelancers registering as micro-entrepreneurs. It could directly connect them to the government's Udyam (formerly MSME) portal, helping them get loans, tender preferences, and tax benefits. For instance, after a freelancer earns a certain revenue or meets criteria, the platform could push reminders and a simplified signup to Udyam. This would grant them access to credit at lower interest rates, GST exemptions, and business development programs. In effect, it bridges freelancing to formal small-business status, giving participants more financial security.

Multi-Language Support: India's freelancing population is diverse. The platform interface, contracts, and help resources should be available in major languages (Hindi, Bengali, Tamil, etc.) so that rural and regional freelancers can use it comfortably. This expands financial inclusion.

Student Results Portals & Digilocker Success: In previous years (e.g. May 2021), state board result portals frequently crashed or failed user logins, leaving students unable to retrieve marksheets;¹³ since 2022, turnaround has improved markedly, thanks in part to DigiLocker's secure delivery of digital mark certificates.¹⁴ However, many government sites still fall short of private-sector UI/UX standards in responsiveness and accessibility.¹⁵

Non-Mandatory and Optional: Crucially, this platform must be voluntary. The goal is not to force all freelancers into a registry or surveillance; rather, it offers a safer, optional ecosystem. Freelancers can still find work off-platform (e.g. campus clients, personal networks, international sites) as before. Those who want extra protection and legitimacy (especially with bigger or unfamiliar clients) can opt in. Over time, trusted clients may prefer hiring through the platform for peace of mind. A dedicated focus on mobile-first design, streamlined registration flows, and real-time help chat (matching private-sector benchmarks) will be critical to drive adoption among less-tech-savvy freelancers.

In summary, the proposed platform builds infrastructure without heavy regulation. It focuses on incentives: verified ID for credibility, escrow for payment assurance, easy contracts for clarity, and quick arbitration for enforcement. Freelancers get identity and support; clients get reliable talent and legal certainty. Government involvement (e.g. running/hosting the platform, certifying IDs, subsidising arbitration) provides trust, but day-to-day control remains in the users' hands. This model leverages technology to inject transparency and protection into freelance contracts, without destroying the flexibility that attracts gig workers to freelancing in the first place.

¹³ Press Trust of India, Board exam portal crashes as students rush to check results, Times of India (May 12, 2021)

¹⁴ Ministry of Education, Press Release, "DigiLocker Integration for Board Results" (Mar. 15, 2023)

¹⁵ Nielsen Norman Group, "Government UX: Key Elements for Success" (2024)

CHALLENGES, CRITICISMS, AND LIMITATIONS

No solution is perfect, and the above proposal would face significant hurdles. We must be realistic about the risks and critiques:

Fear of Regulation and Gatekeeping: Many freelancers cherish their independence. Even voluntary registration might be seen with suspicion – “government tracking my income,” “they will demand taxes later.” Past experiences (e.g. with GST registration hassles) may make freelancers wary of any official platform. If not carefully presented, the platform could be construed as an “Aadhaar for freelancing” that invites scrutiny or taxation. Politically, mandating registration would be a non-starter; even an opt-in approach must be sensitively communicated. The platform must emphasise privacy and that no extra taxes are imposed by enrolling.

Government Tech Implementation: Indian government tech projects have a mixed record. If the platform is clunky, slow, or unreliable, freelancers will avoid it. It must be user-friendly (mobile-first, offline-friendly, multilingual). Past failures like cumbersome government portals should be learned from. Partnering with tech startups or academia (e.g. IITs, NLSIU’s law-technology initiatives) through a PPP model could ensure modern design. Otherwise, a top-down rollout risks poor adoption.

Adoption by Freelancers/Clients: Even if well-built, the platform might struggle to reach critical mass. Freelancers often find work via networks, social media, or international sites. Convincing them to switch requires clear benefits. Early adopters may be sceptical. Similarly, large clients (who could subsidise reliable platform use) might resist if they see it as extra red tape. Marketing, incentives (like priority listing or discounts for platform use), and pilot programs (e.g. in IT or media sectors) will be needed to jump-start usage.

Retaliation and Anonymity: Our tiered non-public review system avoids public shaming, but it’s not foolproof. Clients still might retaliate by avoiding platform hires if dissatisfied. And bad clients could simply make new accounts or hire off-platform. The platform can blacklist serial abusers, but enforcement is hard. Similarly, freelancers who complain might worry about losing referrals. These power dynamics won’t vanish overnight; the platform mitigates them only gradually.

Arbitration Limits: Micro-arbitration under ₹50K is useful, but there are challenges. If a client ignores the arbitration outcome, the freelancer still needs to enforce it legally, which can be impractical. One idea is to allow the platform to freeze the client's deposits or access in case of non-compliance. But doing that across international clients is impossible, and even domestic clients might slip away. Enforcement mechanisms (like small-claims court linkage) should be made seamless with arbitration, but bureaucracy may intervene.

Global Clients: Many Indian freelancers work with international buyers. A government portal can't compel a US or UK client to use it or honour its rulings. For foreign clients, the platform's best hope is to provide local credibility: e.g. an escrow in INR and arbitration in India. But unscrupulous global clients could simply stay off-platform to avoid these rules. Thus, the platform mainly benefits domestic freelancing or foreign clients willing to engage via it. International freelancers might not want to adopt an Indian platform's procedures at all.

AI and Evolving Technology: Looking ahead, AI might change freelance work drastically (e.g. automated design, code, translation). This could reduce the demand for human freelancers or shift it to more complex tasks. A platform must stay agile – for instance, incorporating AI legal assistants to draft contracts or detect plagiarism. But over-regulating in anticipation (e.g. requiring “AI-proof” clauses) could stifle innovation. For now, the AI threat is mostly about content detection errors; the platform could offer AI-check services to avoid wrongful plagiarism claims. It's a small part of the solution now, but one to monitor as AI adoption rises.

Taxation and Formalisation Fears: A key worry among freelancers is taxation. Many currently under-report income or ignore GST. If the platform forces accounts and ID linking, freelancers may fear automatic tax scrutiny. This could backfire. Policymakers should consider tax incentives or thresholds (e.g. no tax if income < X) for freelance income reported through the portal, to ease this concern. The goal is formalisation, but gently. Initially, framing it as “optional certification” rather than “registration” might assuage fears.

Existing Sectoral Diversity: Freelance work spans many sectors – software, creative arts, professional consulting, local services, etc. A one-size platform may struggle to cater equally to all. For instance, the dynamics of a ₹10,000 app development contract differ from a ₹5,000 legal consultation. The platform should allow customisation: freelancers can choose relevant contract templates. Industry associations (designers' guilds, coder networks, etc.) could partner to refine features for their fields. A piecemeal rollout by sector might work best.

Need for Collaboration: Given these hurdles, the platform's development should be a public-private partnership. Engage law schools (for legal templates), technology incubators (for platform design), freelancer unions or associations (for user insights), and NGOs (for outreach). Crowdsourcing feedback will be vital. Over time, data from the platform (anonymised) could inform better policy on gig work (e.g. how many freelancers operate in each sector, average rates, etc.). Ideally, the platform spurs a community of practice (#FreelanceFair, as one campaign calls it) where freelance issues are highlighted and improved iteratively.

In short, the government-backed platform is a promising idea but not a magic bullet. Adoption will be gradual, and some freelancers will reject it entirely. Success depends on user trust: if early users find it genuinely helpful (easy contracts, real payment security), word will spread. But bureaucratic slip-ups or data leaks could doom it. Continuous improvement, agile tech design, and sensitivity to user concerns will be key.

CONCLUSION

Freelance and gig workers form the frontline of India's digital economy. They enable flexible work for millions and power countless startups and small businesses. Yet under our current legal framework, these essential workers remain "invisible" – with no guaranteed rights, benefits, or recourse. As one freelancer advocate put it, India's freelancers aren't asking for charity, just justice and a fair shot.

This paper has shown how the lack of clear classification – not being recognised as either employees or traditional self-employed – traps freelancers in a precarious situation. They face rampant exploitation (late pay, ghosting, undercutting), no effective dispute resolution, and no social security, while carrying the full burden of risk. These conditions undermine not only their livelihoods and well-being, but also the trust needed for India's gig economy to thrive sustainably.

The good news is that solutions exist that protect without controlling. By building a voluntary "Kaarkhana" platform, the government can offer freelancers tools and safeguards without mandating formal employment. Verified IDs, escrow accounts, ready-made contracts, and quick arbitration can inject accountability into freelance work. This infrastructure will be especially valuable to small and rural freelancers who lack the contacts or knowledge to enforce contracts on their own. It would create a credible ecosystem where trust replaces fear: clients trust certified freelancers to do the job, and freelancers trust the system to hold clients

accountable for payment. Over time, such a system can also educate and empower freelancers (through digital upskilling modules, tax filing help, and links to MSME benefits) so that more of them graduate to stable, prosperous independent careers.

But we must acknowledge the tightrope: keep the platform light-touch so as not to deter freelancers, and ensure it does not become a bureaucratic bottleneck. This is why it must remain optional, easy-to-use, and aligned with freelancers' own goals. The government's role is as facilitator, not as employer. It should commit to continuous improvement and clear policies (e.g. tax incentives) that reassure users.

Ultimately, India's policy approach should be to embrace freelancing as a legitimate form of self-employment. Recognising freelancers' contributions – not just as “contract labour” but as innovators and entrepreneurs – will help integrate them into social and economic planning. As a strategic form of employment for our youth, freelancing deserves a place in policy discourse. By providing the infrastructure of trust and rights (without abolishing flexibility), we can raise the stature of freelancing from the shadows to a respected career path. If India can pull this off, millions of freelancers nationwide will gain security and dignity, fueling innovation and growth in the emerging digital economy.