



THE GIG ECONOMY IN INDIA: UPHOLDING WORKER RIGHTS AND ENSURING BENEFITS

DR. PRAKASH S ALALAGERI¹, DR. SWAMY TRIBHUVANANDA H V²

Associate Professor, Bapuji Academy of Management & Research, Davanagere, India¹

Director, Bapuji Academy of Management & Research, Davanagere, India²

ABSTARCT

According to a report by NITI Aayog, India's gig workforce is projected to grow to 23.5 million by 2029-30, marking a nearly 200% increase from the current 7.7 million. The report highlights that gig work spans across all sectors, with 47% of jobs classified as medium-skilled, 22% as high-skilled, and 31% as low-skilled. This distribution underscores the diverse opportunities within the gig economy, from specialized freelancing roles to on-demand delivery and logistics jobs, reflecting its ability to cater to a wide range of skill levels and demographics in the Indian labor market.

The gig economy in India has emerged as a transformative force, redefining traditional employment models through flexible, short-term job opportunities enabled by digital platforms. Employing over 15 million workers across sectors such as transportation, food delivery, e-commerce, and freelancing, the gig economy contributes significantly to India's GDP, with projections indicating further growth. However, this expansion comes with challenges, including the lack of employment classification, income instability, and absence of social security, health risks, and algorithmic exploitation. Despite reforms like the Code on Social Security 2020, regulatory gaps persist, leaving gig workers without adequate protections.

Against this backdrop, this paper presents an India's gig economy, focusing on the challenges faced by gig workers and proposing actionable recommendations. It highlights the evolving dynamics of gig work, its economic contributions, and the urgent need for equitable solutions to ensure both business growth and worker welfare.

It also evaluates opportunities for businesses to leverage gig models for scalability and cost efficiency. Recommendations for stakeholders include fair compensation practices, implementing social security measures, fostering worker upskilling, and promoting ethical business practices. Collaborative efforts between policymakers, businesses, and workers are essential to ensuring the gig economy's growth aligns with worker welfare and rights.

Key Words: Gig, Workers, Platforms, economy, challenges,

INTRODUCTION

The rapid pace of digitalization is transforming economies globally, driving a significant shift in how work and employment are structured. This digital revolution has profound implications for the future of work, with the gig-platform economy emerging as a central force in this transformation. According to the International Labour Organization (ILO)'s 2021 World Employment and Social Outlook Report, the number of digital labor platforms has grown fivefold in the past decade. These platforms are reshaping traditional sectors such as transportation, retail, and personal services by offering innovative, technology-driven solutions.

Digital platforms operating within the gig economy, such as Swiggy, Uber, and Urban Company, have revolutionized sectors like transportation, retail, and personal services. These platforms provide efficient and innovative solutions tailored to diverse industries, creating employment opportunities for millions while reshaping the way services are delivered to consumers. As India continues its journey towards becoming a global digital powerhouse, the gig economy stands as a critical driver of this economic transformation.

India stands at the forefront of this revolution, leveraging its unique advantages—a favorable demographic structure with the world's youngest workforce, rapid urbanization, and widespread adoption of smartphones and digital technology. With a labor force of over 500 million and a growing gig workforce, India has become a dynamic hub for platform-based work. Gig workers have played a critical role in driving this growth, especially in urban India, where they have demonstrated resilience and adaptability.

The gig-platform economy is at the forefront of a global transformation in work paradigms. According to the International Labour Organization (ILO), the number of digital labor platforms has increased fivefold over the past decade, reflecting their growing importance in reshaping employment landscapes. In India, these platforms have revolutionized various sectors such as transportation, retail, personal services, and home care by offering innovative solutions that bridge service gaps. They provide unprecedented income opportunities for workers with diverse skill sets and offer businesses wider market access.

Digital platforms like Swiggy, Zomato, Uber, and Urban Company have become vital to urban infrastructure, demonstrating remarkable resilience. The food delivery sector saw a surge in demand, employing over 1.5 million workers. Similarly, e-commerce platforms like Amazon and Flipkart expanded their gig workforce by nearly 30% during peak periods, such as festive sales. The gig economy's ability to adapt to challenging circumstances highlights its indispensable role in driving economic activity, especially in urban and semi-urban India. When we look at the Sector Wise Gig Hiring 2.7 Million Indian Gig Workers are engaged in Retail Trade and Sales, 1.3 Million Indian Gig Workers are engaged in the Transportation sector, 0.6 Million Indian Gig Workers are engaged in the Manufacturing sector, 0.6 Million Indian Gig Workers are engaged in Finance, and Insurance Services, 2.5 Million Indian Gig Workers are engaged in E-Commerce Websites (NITI Aayog)

HISTORY OF THE GIG ECONOMY

The term "gig" traces its origins to jazz musicians in 1915, who used it to describe short-term performance jobs. Over the decades, the concept evolved to represent temporary work arrangements across various industries. The first temporary staffing agency was established in the 1940s, offering typists and clerical staff jobs on a temporary basis. However, the modern gig economy began to take shape in the late 20th century, coinciding with the rise of the digital era.

By the 1990s, approximately 10% of the U.S. workforce was employed as contractors, temporary staff, or on-call workers, driven by the growing demand for flexibility in the labor market. In 1995, Craigslist was introduced, providing an online platform for job classifieds, gigs, and other services. This was followed by the launch of Up work (originally Elance) in 1999, which enabled freelancers to connect with clients and find projects online, setting the foundation for the digital gig economy.

The global gig economy gained momentum during the Great Recession of 2008, as economic instability left many workers seeking flexible, location-independent opportunities to supplement their income. Platforms like Uber, Airbnb, and Task Rabbit emerged during this period, revolutionizing industries such as transportation, hospitality, and personal services.

In India, the gig economy began to take off in the 2010s, driven by rapid urbanization, affordable internet access, and the proliferation of smartphones. Companies like Ola, Swiggy, Zomato, and Urban Company have since become integral to India's urban economy, employing millions of workers and redefining traditional employment practices.

Literature Review

Code on Social Security, 2020, The enactment of the Code on Social Security, 2020 has significantly streamlined the framework of social security laws in India by consolidating multiple pre-existing legislations into a single comprehensive code. One of its key contributions is the formal recognition and definition of previously undefined categories such as gig workers and platform workers, reflecting the evolving nature of the workforce in the digital and gig economy. By enabling flexible employment models and extending social security benefits to these workers, the Code not only ensures better protection for the labor force but also promotes inclusive growth. Furthermore, it is expected to boost employment opportunities by encouraging businesses to engage workers on a temporary or contractual basis while maintaining a robust safety net for their well-being. This progressive legislation marks a crucial step towards a more inclusive and adaptive labor ecosystem in India.

India's Booming Gig and Platform Economy, NITI Aayog, (2022), The report provides a comprehensive and methodical framework to estimate the current size of the gig economy while analyzing its immense potential for employment generation. It delves deeply into the benefits and challenges associated with the gig and platform economy, offering valuable insights into how these emerging sectors are reshaping the global workforce.

Additionally, the report highlights international best practices for implementing effective social security programs tailored for gig and platform workers, ensuring their well-being and long-term sustainability.

The study also aims to understand the significance of this rapidly growing sector in fostering economic growth, its role in enhancing workforce flexibility, and its contribution to innovation and entrepreneurship. Furthermore, it proposes actionable measures to overcome regulatory challenges, strengthen worker protections, and encourage investments in the gig economy. By doing so, the report serves as a roadmap to harness the full potential of this sector while promoting inclusive and sustainable employment opportunities.

(Chaudhary, 2021) The report highlights the critical need to enhance women's participation and opportunities in the gig economy, recognizing its potential to bridge the persistent gender gap in India's labor force participation rate (LFPR). The author emphasizes that women's LFPR in India remains alarmingly low, marking an all-time low in recent years. This gap not only reflects structural and societal barriers but also underscores untapped potential in the economy.

The gig economy, with its flexible work arrangements and technology-driven platforms, presents a unique opportunity to empower women by offering employment options that accommodate caregiving responsibilities and other societal constraints. By leveraging digital platforms, women can access diverse work opportunities, upskill themselves, and participate in non-traditional roles that were previously inaccessible.

The report also explores the challenges that hinder women's entry into the gig workforce, including issues related to safety, digital literacy, and access to technology. Furthermore, it highlights international best practices and suggests policy interventions such as targeted skill development programs, gender-sensitive workplace policies, and incentives for businesses to onboard women in gig roles. Enhancing women's participation in the gig economy can not only contribute to gender equity but also drive inclusive economic growth and social transformation in India.

Pal (2021) highlighted the growing popularity of the gig economy and examined its advantages and disadvantages in both global and Indian contexts. The study also explored recent initiatives undertaken by the Central Government of India to address the opportunities and challenges associated with this emerging sector.

Mukherjee and Sujatha (2020) conducted a study examining how independent workers in the gig economy construct their professional identity in preference to organizational identity. The study revealed that gig workers prioritize their individual skills, expertise, and adaptability over traditional affiliations with organizations, reflecting a shift in the workforce dynamic. It also highlighted the significant role of learning agility—defined as the ability to rapidly acquire and apply new skills—in shaping and strengthening professional identity. The findings suggest that workers with higher learning agility are better equipped to navigate the uncertainties of gig work, maintain competitive advantage, and achieve long-term career growth. In the context of the gig economy, which is projected to grow at a compound annual growth rate (CAGR) of over 17% globally and contribute

significantly to India's \$455 billion freelance market (Niti Aayog, 2021), the emphasis on individual adaptability and skill-building is becoming increasingly critical for sustained success.

Objectives of the Study

The gig economy in India has emerged as a transformative force, redefining traditional employment models through flexible, short-term job opportunities enabled by digital platforms. Employing over 15 million workers across sectors. The objectives framed as to explore the concept of Gig Work, to examine the contribution of the Gig Economy to the country's GDP and to analyze the challenges faced by Gig Workers.

Research Methodology

The study is primarily based on secondary data sources. Information has been collected from diverse resources such as newspapers, reports, websites (e.g., Google), and academic platforms like Research Gate and SSRN.

OVERVIEW OF THE GIG ECONOMY IN INDIA

A gig worker is an individual who engages in income-generating activities outside the traditional employer-employee framework, often operating within the informal sector (Ministry of Labour and Employment, 2020a). When gig workers utilize digital platforms—such as apps or websites like Ola, Uber, Swiggy, Zomato, Dunzo, or Urban Company—to connect with customers, they are classified as platform workers (OECD, 2019). In urban India, platform workers have become one of the most visible groups of professionals. Through these platforms, workers receive assignments ranging from transporting passengers via taxi-cabs, auto-rickshaws, and bike taxis (including electric vehicle variants) to delivering food and groceries or providing home-based services like cleaning and wellness.

KEY PLAYERS AND INDUSTRIES

The gig economy in India has grown rapidly across diverse industries, including transportation, food delivery, logistics, e-commerce, and personal services. Prominent platforms like Uber, Ola, Swiggy, Zomato, and Urban Company dominate these sectors, while freelancing platforms such as Upwork and Fiverr have also gained traction among professionals.

- **Transportation:** Platforms like Uber and Ola employ over 2.5 million drivers, accounting for a significant portion of India's gig workforce.
- **Food Delivery:** Swiggy and Zomato collectively engage approximately 1.5 million delivery personnel, with demand peaking during festivals and major events.

- **E-commerce and Logistics:** Leading platforms like Amazon and Flipkart rely on over 1 million gig workers during peak periods for last-mile deliveries, making the logistics sector one of the largest contributors to gig employment.
- **Personal Services:** Urban Company supports over 50,000 skilled workers in household and beauty services, reflecting a growing trend in on-demand personal care.
- **Freelancing and Remote Work:** Platforms like Upwork and Fiverr host over 15 million Indian professionals, offering services in IT, design, and content creation for global clients.

SIZE AND GROWTH OF THE GIG ECONOMY:

The Indian gig economy is expanding at an unprecedented pace. The Current Workforce according to a 2020 study by the Michael & Susan Dell Foundation and Boston Consulting Group (BCG) estimates that India currently has 8 million gig workers, projected to grow to 23.5 million by 2029-30 (NITI Aayog). The Future Potential for gig jobs in the non-farm sector could grow to 90 million in the next 8–10 years, contributing USD 250 billion in transactions, equating to 1.25% of India's GDP.

According to Fairwork India (2020), eleven major platforms in India reported employing 3 million workers. A study by Raman, Ramachandran, and Sasikumar (2021) estimates 3.3 million gig workers specifically engaged in urban passenger mobility and hyperlocal delivery services.

ECONOMIC CONTRIBUTION

The gig economy's contribution to GDP has grown significantly, accounting for 1.25% in 2022 and projected to rise to 4% by 2030. As reported by IBEF, the sector is expected to expand to USD 455 billion by 2024, growing at a compound annual growth rate (CAGR) of 17%. Blue-collar jobs dominate the gig economy, with 56% of new employment in India generated by gig platforms. In 2019 alone, of the 2.1 million blue-collar jobs created, 1.4 million were gig-based (Betterplace, 2019).

DEMOGRAPHICS OF GIG WORKERS

Gig workers in India are predominantly aged between 18–35 years, with a significant portion coming from tier-2 and tier-3 cities. They are often drawn to gig work due to low entry barriers and flexible working conditions. A study by ASSOCHAM and Primus Partners (2021) revealed that 64% of gig workers fall within the 24–38 age group. Many are students, homemakers, or individuals seeking supplementary income.

CHALLENGES OF WORKER RIGHTS IN THE INDIAN CONTEXT

• Lack of Employment Classification

One of the most significant challenges faced by gig workers in India is their classification as independent contractors rather than employees. This classification excludes them from essential labor protections and benefits,

such as health insurance, paid leave, provident fund (PF), and minimum wage guarantees. Workers are also excluded from the traditional employer-employee relationship, leaving them without grievance mechanisms.

For example, delivery workers for Zomato and Swiggy have repeatedly protested against reduced earnings and the absence of benefits. For instance, during the pandemic, many gig workers faced pay cuts without compensation, highlighting the precarious nature of their employment.

- **Wage and Income Instability**

Gig workers in India face income fluctuations due to commission-based pay structures and the dependency on demand, such as during peak hours or festive seasons. Algorithms used by platforms often determine wages in a non-transparent manner, creating a lack of trust.

Examples: Ola and Uber drivers earn an average of ₹20,000-25,000 per month, but their incomes can drop to as low as ₹15,000 during lean periods. Similarly, Swiggy delivery workers report earning between ₹30-50 per delivery, with earnings highly dependent on order volume and incentives.

- **Absence of Social Security**

Most gig workers lack access to social security measures such as PF, Employee State Insurance (ESI), and pensions. This exclusion leaves them financially vulnerable during emergencies or retirement.

India's Code on Social Security 2020 includes provisions for gig workers, but its implementation remains limited. Few platforms, such as Urban Company, have initiated partnerships with insurance providers, but such efforts are sporadic and not industry-wide.

- **Health and Safety Concerns**

Delivery and transportation gig workers are exposed to high health and safety risks. These include road accidents, exposure to extreme weather conditions, and long working hours. During the COVID-19 pandemic, delivery personnel were essential workers but lacked adequate health coverage or protective equipment.

Example: According to a survey by Fairwork India (2022), 40% of gig workers reported experiencing road accidents while on duty, with only 12% receiving compensation for medical expenses.

- **Algorithmic Exploitation**

Platforms use algorithms to allocate jobs, evaluate worker performance, and determine incentives. However, workers have little to no transparency into how these algorithms function. This leads to perceived exploitation, including favoritism, unfair deactivation, and unrealistic work targets.

- **Legal and Regulatory Gaps**

Despite labor reforms, India lacks robust regulatory frameworks to address gig worker issues comprehensively. While the Code on Social Security 2020 identifies gig workers as a category, its provisions for social security schemes remain ambiguous and poorly enforced. Moreover, there are no clear guidelines for collective bargaining rights for gig workers.

OPPORTUNITIES FOR BUSINESSES IN THE GIG ECONOMY

- **Access to a Large Workforce**

India's vast population offers businesses a large and relatively low-cost workforce. The growing penetration of smartphones and the internet has further enabled platforms to tap into this pool, especially in smaller cities.

- **Scalability**

The gig model allows businesses to scale operations efficiently by adjusting the workforce size based on demand. For instance, during festive seasons or sales events, platforms like Amazon and Flipkart significantly expand their gig workforce for logistics. In 2022, Flipkart hired 250,000 gig workers during its Big Billion Days sale.

- **Cost Efficiency**

Employing gig workers reduces costs associated with full-time employees, such as office space, training, and benefits. This flexibility allows businesses to optimize resources.

- **Technological Advancements**

AI-driven platforms streamline workforce management, enabling dynamic pricing, route optimization, and efficient job allocation. However, these advancements must be balanced with ethical considerations for workers.

Recommendations for Stakeholders in India

For Businesses

- **Redesign Compensation Models:** Provide fair wages and transparent incentive structures to improve worker satisfaction and retention.
- **Offer Basic Benefits:** Collaborate with insurance providers to offer affordable health and accident coverage.
- **Enhance Worker Engagement:** Establish communication channels for grievance redressal and regular feedback.
- **Ethical Algorithm Management:** Ensure transparency in job allocation and performance evaluations to build worker trust.

For Policymakers

- Enforce Social Security Provisions: Implement the Code on Social Security 2020 effectively to extend benefits to gig workers.
- Introduce Hybrid Worker Classification: Develop a middle-ground classification for gig workers that ensures basic rights while preserving flexibility.
- Minimum Wage Standards: Mandate a minimum wage policy to ensure gig workers earn fair compensation for their efforts.
- Promote Worker Collectives: Support the formation of gig worker unions or associations to enhance collective bargaining power.

For Gig Workers

- Upskilling: Invest in training and skill development to transition into higher-paying roles or industries.
- Leverage Digital Platforms for Advocacy: Use tools like online petitions and social media to amplify worker demands.

For Consumers

- Support Ethical Practices: Prefer platforms that demonstrate a commitment to worker welfare. Consumer choices can incentivize companies to adopt fair practices.

CONCLUSION

The gig economy in India offers immense potential for economic growth and employment generation. However, its current structure poses significant challenges for worker rights, benefits, and protections. Addressing these issues requires a collaborative approach involving businesses, policymakers, and workers. By adopting fair compensation practices, enforcing labor laws, and empowering workers through up

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