



# India's Expanding Digital Gig Economy: Growth, Worker Protection, and the Future of Platform-Based Employment

**Saroja S**

Assistant Professor, MBA Programme, BIET, Davangere, India

## Abstract

The emergence of the gig economy has significantly transformed labor markets across the world, particularly with the rapid growth of digital platforms and technology-driven services. In India, the gig economy has expanded rapidly due to increasing internet penetration, smartphone usage, and the growth of digital platforms that connect workers with consumers. According to recent estimates from the Economic Survey of India (2025–26), the number of gig workers in India has grown from approximately 7.7 million in 2021 to nearly 12 million workers by 2025, representing around 2 percent of the total workforce. This number is projected to increase further and may reach 23.5 million by 2030.

Gig workers in India are engaged across various sectors including transportation, food delivery, e-commerce logistics, personal services, and digital freelancing. While the gig economy provides flexible employment opportunities and contributes to economic growth, it also presents several challenges such as income instability, lack of employment classification, absence of social security benefits, and algorithmic management by digital platforms. Although legislative initiatives such as the Code on Social Security 2020 recognize gig and platform workers, the implementation of welfare measures remains limited.

This paper examines the evolution and growth of the gig economy in India and analyzes the major challenges faced by gig workers. It also explores policy measures and institutional frameworks that can ensure fair working conditions and long-term sustainability of platform-based employment. The study is based on secondary data collected from government reports, academic journals, and research publications. The findings highlight the need for collaborative efforts between policymakers, businesses, and workers to create an inclusive and balanced gig economy that promotes both economic growth and worker welfare.

**Keywords:** Gig economy, platform workers, digital labor platforms, flexible employment, social security, India.

## Introduction

Technological advancement and digital transformation have significantly altered the nature of employment in the modern economy. The rapid expansion of internet connectivity, smartphone usage, and digital platforms has enabled new forms of work arrangements that differ from traditional full-time employment. One of the most notable developments in this context is the emergence of the gig economy, which refers to a labor market characterized by short-term, flexible, and task-based work often facilitated through digital platforms.

In India, the gig economy has gained considerable momentum over the past decade due to the growth of app-based services and online platforms. Digital companies operating in sectors such as transportation, food delivery, logistics, and professional freelancing have created new employment opportunities by connecting service providers directly with customers. This transformation has made platform-based employment an important component of India's evolving labor market.

Recent data from the Economic Survey of India (2025–26) indicates that the number of gig workers in India has increased significantly from around 7.7 million in 2021 to approximately 12 million in 2025. This growth reflects the increasing reliance on digital platforms for service delivery and the rising demand for flexible employment opportunities. Furthermore, projections suggest that the gig workforce could reach 23.5 million by 2030, highlighting the long-term importance of this sector in the Indian economy.

The expansion of the gig economy has been driven by several factors including the growth of e-commerce, the adoption of digital payment systems, rapid urbanization, and the increasing demand for on-demand services. For many individuals, gig work offers flexibility in working hours and provides an alternative source of income. At the same time, businesses benefit from the ability to scale their workforce according to demand while reducing operational costs.

Despite these advantages, gig workers often face several challenges. Many of them are classified as independent contractors rather than employees, which excludes them from traditional labor protections such as minimum wage guarantees, health insurance, and retirement benefits. Additionally, the use of algorithmic management by digital platforms can create uncertainty regarding work allocation and earnings.

These developments highlight the need to examine the gig economy not only as a source of employment but also as a complex labor system that requires appropriate regulatory frameworks. Understanding the opportunities and challenges associated with gig work is essential for ensuring that the growth of digital platforms is accompanied by adequate worker protection and social security measures.

## Objectives of the Study

The present study seeks to examine the growing significance of the gig economy in India and its implications for workers and businesses. The first objective of the study is to understand the concept, structure, and growth of the gig economy in India, with particular emphasis on the role of digital platforms in creating new forms of employment opportunities. This objective focuses on analyzing how various industries such as transportation, food delivery, logistics, and digital freelancing have adopted gig-based models of work.

The second objective of the study is to analyze the major challenges faced by gig workers in India, including issues related to income instability, absence of social security benefits, employment classification, and workplace safety. By examining these challenges, the study also aims to highlight the importance of policy interventions

that can improve the welfare and protection of gig workers while maintaining the flexibility that characterizes the gig economy.

## Research Methodology

The present study is primarily based on secondary data sources. Information has been collected from a variety of sources including government reports, academic journals, research publications, policy documents, and credible online databases. Reports from institutions such as NITI Aayog, the International Labour Organization, and the Economic Survey of India have been used to analyze the size, growth, and characteristics of the gig economy in India.

The study adopts a descriptive and analytical research approach. The collected information has been carefully reviewed and interpreted to understand the economic contributions of gig work and the challenges experienced by gig workers. The analysis focuses on identifying trends in platform-based employment and evaluating the effectiveness of existing regulatory frameworks.

## Conceptual Framework of the Gig Economy

The gig economy operates through a platform-based model that connects three primary stakeholders: digital platforms, gig workers, and consumers. Digital platforms act as intermediaries that use technology to match service providers with customers seeking specific services. Gig workers perform tasks or provide services on a flexible basis, often using their own resources such as vehicles, equipment, or digital skills. Consumers benefit from convenient and quick access to services through mobile applications and online platforms.

This framework highlights the dynamic interaction between technology, labor, and market demand. Digital platforms rely on algorithms and data analytics to allocate tasks, monitor worker performance, and determine pricing structures. While this system increases efficiency and scalability, it also raises concerns regarding transparency, worker autonomy, and income stability. Understanding this framework is essential for evaluating both the advantages and the challenges associated with gig-based employment.

## Growth of the Gig Economy in India

India's gig economy has expanded rapidly in recent years, driven by technological advancements and the growth of digital platforms. According to recent estimates, the gig workforce in India has grown from around 77 lakh workers in 2021 to nearly 1.2 crore workers by 2025. This represents a growth of approximately 55 percent within a short period of time.

The expansion of e-commerce platforms, online food delivery services, and ride-hailing applications has created significant demand for gig workers. Sectoral distribution indicates that a large portion of gig workers are engaged in logistics and delivery services associated with e-commerce platforms. Retail, transportation, and information technology services also employ a substantial number of gig workers.

Economic projections further indicate that the gig economy could contribute significantly to India's GDP in the coming years. Estimates suggest that the sector may contribute more than ₹2.3 lakh crore to the national economy by 2030. These trends demonstrate the increasing importance of gig work as a component of India's digital and service economy.

## Key Sectors in the Gig Economy

The gig economy in India operates across several industries that rely heavily on digital platforms to connect service providers with consumers. These sectors have played a crucial role in expanding employment opportunities and transforming service delivery systems.

### Transportation Services

The transportation sector is one of the most prominent segments of the gig economy in India. Ride-hailing platforms such as Uber and Ola have revolutionized urban mobility by allowing individuals to provide transportation services using their personal vehicles. These platforms enable drivers to choose flexible working hours and generate income based on the number of rides completed. For many drivers, gig work in the transportation sector serves as a primary source of livelihood, while others use it as a supplementary income opportunity. However, drivers often face challenges related to fluctuating fares, rising fuel prices, and commission deductions imposed by digital platforms.

### Food Delivery Services

Food delivery platforms have emerged as another major component of the gig economy. Companies such as Swiggy and Zomato connect restaurants with customers through delivery partners who transport food orders using two-wheelers or bicycles. The increasing popularity of online food ordering has significantly expanded employment opportunities for delivery workers. This sector gained further prominence during the COVID-19 pandemic when home delivery services became essential for many consumers. While the sector offers flexible working hours and low entry barriers, workers often experience unpredictable earnings and long working hours.

### E-Commerce and Logistics

The rapid expansion of e-commerce has created substantial demand for gig workers in logistics and last-mile delivery services. Companies such as Amazon and Flipkart rely on a large network of delivery partners to transport packages from warehouses to customers. During festive seasons and major sales events, these companies significantly increase their gig workforce to manage the surge in demand. The rise of quick-commerce services, which promise ultra-fast delivery of groceries and daily essentials, has further increased the demand for gig-based logistics workers.

### Personal and Home-Based Services

Digital platforms have also created new opportunities for gig workers in personal and home-based services. Platforms such as Urban Company allow skilled professionals to provide services such as home cleaning, plumbing, electrical repairs, beauty treatments, and wellness services. These platforms help workers access a wider customer base while allowing them to operate independently. Many workers in this sector view platform work as a form of micro-entrepreneurship. However, workers are often responsible for purchasing their own equipment and maintaining high customer ratings to secure consistent work opportunities.

### Freelancing and Digital Services

Freelancing represents another rapidly growing segment of the gig economy. Online platforms such as Upwork and Fiverr enable Indian professionals to offer services to global clients in areas such as software development, content writing, graphic design, and digital marketing. India has become one of the largest suppliers of freelance

talent due to its large pool of skilled professionals and competitive service costs. Freelancing offers advantages such as location independence and global market access, although workers often face competition and inconsistent workloads.

### **Challenges Faced by Gig Workers**

Despite its rapid growth, the gig economy presents several challenges for workers. One of the major concerns is the lack of employment classification, as gig workers are typically treated as independent contractors rather than employees. This classification excludes them from many labor protections and benefits.

Another challenge is income instability. Gig workers often experience fluctuations in earnings because their income depends on demand, working hours, and platform incentives. The absence of social security benefits such as health insurance, retirement pensions, and paid leave further increases their financial vulnerability.

Additionally, the use of algorithmic management by digital platforms creates uncertainty for workers. Algorithms determine job allocation, performance evaluation, and pricing structures, often without transparency. This can lead to concerns regarding fairness and accountability.

### **Recommendations**

The sustainable growth of the gig economy requires a balanced approach that protects worker welfare while maintaining the flexibility that makes platform-based employment attractive. Policymakers, businesses, workers, and consumers all have an important role to play in creating a fair and inclusive gig economy.

From a policy perspective, the government must strengthen regulatory frameworks that provide social security protection to gig workers. Expanding access to health insurance, accident coverage, and pension schemes can help reduce the economic vulnerability of workers engaged in platform-based employment. Effective implementation of existing legislation such as the Code on Social Security is essential to ensure that gig workers receive the benefits envisioned under the law.

Businesses and digital platforms must also adopt responsible practices that prioritize worker welfare. Transparent compensation systems, fair incentive structures, and accessible grievance redressal mechanisms can help improve trust between workers and platforms. Providing training opportunities and insurance coverage can further enhance worker satisfaction and productivity.

Gig workers themselves can improve their economic prospects by investing in skill development and digital literacy. As the digital economy evolves, acquiring new skills will enable workers to transition into higher-paying roles and diversify their income sources. Worker associations and collectives may also help strengthen their bargaining power.

Consumers also influence the future of the gig economy through their choices. By supporting platforms that follow ethical labor practices, consumers can encourage companies to adopt responsible business models that prioritize worker welfare alongside profitability.

### **Conclusion**

The gig economy has emerged as an important component of India's digital and service economy, providing flexible employment opportunities for millions of workers. The growth of digital platforms in sectors such as

transportation, food delivery, logistics, and freelancing has transformed traditional employment models and created new avenues for income generation.

However, the expansion of gig work also raises important questions regarding labor rights, social security protection, and income stability. Many gig workers continue to face challenges related to uncertain earnings, lack of employment benefits, and limited regulatory oversight. Addressing these issues requires coordinated efforts from policymakers, businesses, workers, and consumers.

A well-regulated gig economy can play a crucial role in promoting inclusive economic growth and technological innovation. By implementing appropriate policies, improving platform governance, and ensuring worker protection, India can harness the full potential of the gig economy while safeguarding the welfare and rights of its workforce.

## References

1. Chaudhary, R. (2021). India's emerging gig economy: Shaping the future of work for women. *Observer Research Foundation*.
2. International Labour Organization. (2023). *World employment and social outlook 2023: The role of digital labour platforms in transforming the world of work*. International Labour Organization.
3. Ministry of Labour and Employment. (2020). *Code on social security, 2020*. Government of India.
4. Mukherjee, S., & Sujatha, D. (2020). Identity formation in the gig economy: The role of learning agility among independent workers. *Mukt Shabd Journal*, 9(6), 3610–3632.
5. NITI Aayog. (2022). *India's booming gig and platform economy: Perspectives and recommendations on the future of work*. Government of India.
6. Pal, B. (2021). Rising popularity in the gig economy: A case study from India. *International Journal of Religious and Cultural Studies*, 3(2), 203–208. <https://doi.org/10.34199/ijracs.2021.09.08>
7. World Bank. (2024). *Digital platforms and the future of work*. World Bank Publications.
8. Government of India. (2026). *Economic survey 2025–26*. Ministry of Finance.
9. Rukhsar, Umaima (2019). A Study on Perception Of Employees Towards Gig System: 4, 5349–5368.
10. Sujatha, D. V. M. & D. R. (n.d.). "Identity in a Gig Economy", Does Learning Agility Matter? Talent Management Consultant & Founder Me Green India , Former VP-HR , Research Professor of HR & Entrepreneurship , Entrepreneurship Coach , Amity Business School , Page No : 3610. *Mukt Shabd Journal-Mukt Shabd Journal* ISSN NO : 2347-3150, IX (Vi), 3610–3632.