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Editorial

The growth prospects of gig economy in India

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A market which is based on a fixed-period contract or payment per project fixed by a company or third party, or online market place can be termed as “Gig Economy”. The rise of internet and rapid growth of developing countries like India, The market has grown tremendously with the rise of the internet and is growing rapidly in developing countries in Africa, Asia, Latin America, Middle East and Central Asia. The pervasive impact of gig economy is seen and felt across industries. A paradigm shift in how our economy works by completely changing the way of engaging people at work, resulted in large scale growth of gig workers and as many of the best and qualified workers turn to gig for their primary employment. This is because of the enormous benefits to the workers in terms of flexibility, employment, freedom, etc. It is difficult to give a definite global ranking of countries by the number of gig workers. However, several reports and studies provide insights into the prevalence and growth of gig work across different regions. United States, India, China, Brazil, United Kingdom, Germany, France, Indonesia, Mexico and Philippines are some of the top ranked countries among them. It is estimated that India’s gig workers will rise by around 200% and contribute to around 2.5% of the GDP during the near future.

The gig economy in India has shown a significant growth due to the influence of several factors. Tech *Adoption* with increasing smartphone penetration and internet access, *Diverse Opportunities* in the Industries like ride-sharing,

food delivery, and freelance digital services, *Urbanization* because of which the gig work can offer quick income solutions for urban populations, *Changing Workforce Dynamics* as younger generations are favoring flexibility over traditional employment, *Government Regulations* in which policy making around labor rights and social security for gig workers is evolving, which could provide better protections and benefits, enhancing the appeal of gig work, *Skill Development* as Initiatives aimed at skill empowerment of the workers through which the quality of gig services can be improved, attracting more clients and boosting income potential, Economic Resilience as the gig work can provide financial resilience during economic downturns, allowing individuals to supplement their income are some among them.

The emergence of gig economy presents a number of opportunities and threats for the Indian economy.

Gig economy can create numerous short-term jobs, especially in urban areas where traditional jobs are found scarce and help boost employment opportunities in the country, as a blessing for the country like India, a country which is suffering from large scale unemployment. As gig workers operate as micro-entrepreneurs, a culture of entrepreneurship can be fostered by them leading to entrepreneurship, innovation and economic growth. Gig economy can increase the consumption level of the economy with an increase in supplementary income of a large population engaged in gig work leading to an increase in the aggregate demand level of the economy leading to

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faster economic growth and the speed of convergence will intensify. The skill pool of the economy will get enhanced, for the prime requirement of the gig workers is diverse skills. Therefore, the up-skilling and reskilling has to be done by them very often in order to sustain their demand in the gig-work-market. The rural population will also get wider employment opportunities as the digital platforms can connect the rural to urban by bridging the rural-urban divide and provide income opportunities outside agriculture sector. The productivity will be increased because of the flexible work arrangements as workers choose hours that suit their personal and professional efficiency.

According to NITI Aayog, there is a growing demand for gig work in India. The employment elasticity to GDP growth rate for gig workers was above one throughout the period from 2011 to 2020, and was always above the overall employment elasticity. A clear cut indication of the nature of economic growth is seen with the higher employment elasticity for gig workers which created greater demand for gig workers as against the demand for non-gig workers. It is very much visible in the economy that greater conversion of non-gig work to that of gig work.

Although this is true, certain threats are being faced by gig workers, such as workers being treated poorly and the legal framework for the gig workers not being framed properly or yet to be framed India and the rest of the world. This leads to rules and regulations which are ineffective in addressing the threats and challenges faced by gig workers. The instability and insecurity faced by gig workers because of fluctuating incomes lead to increased vulnerability during economic downturns. The absence of social security measures such as health insurance,

retirement plans etc. for gig workers can strain public welfare systems and can lead to increased inequality in income distribution. The inadequate laws governing the gig workers and lack of worker protections and work atmosphere may lead to large scale exploitation. The overall quality of work may be affected adversely because gig work may not be offered adequate pay and other conditions. As more individuals enter the gig workforce, intensifying the competition, putting down their wages and making it harder for workers to secure stable gigs. The rise of gig work is becoming a threat to the traditional employments as the gig works may disrupt traditional job markets. Addressing these threats and challenges is the requirement of the time to keep the process of convergence discussed earlier sustain.

The gig economy has the potential to drive significant growth and innovation in the Indian economy, but it also creates challenges that need to be addressed. To ensure a sustainable business, it is crucial to balance the benefits of flexibility and productivity with the need to protect employees and management systems.

Conflict of Interest

None.

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