



Case Report

The gig economy in India

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Abstract

The "gig economy" is defined as a market based on fixed-term contracts or project-based payments by a company, third party, or online marketplace. This sector has experienced tremendous growth with the rise of the internet, particularly in India, where there is a significant increase in short-term and flexible contract workers. These workers rely on completing tasks to receive payment rather than having a fixed salary and job security. In India, the government has categorized gig economy workers into two groups: platform workers and non-platform workers. Platform workers engage with companies through online platforms, while non-platform workers do not operate under such platforms.

Keywords: Gig economy, Platform worker, Online platforms, Non-platform workers, India

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1. Introduction

A large portion of the workforce is now engaged in part-time, temporary, or freelance work within the gig economy. In the past, individuals were primarily daily wage earners, but the landscape has shifted to accommodate a more flexible work environment, with 64% of workers now motivated to pursue work aligned with their interests.¹ Businesses are increasingly turning to gig workers for their expertise. Computers play a crucial role in this sector, enabling individuals to work remotely or in traditional office settings. The gig economy has flourished with the integration of technology platforms, allowing today's workforce to operate more flexibly. Research indicates that over 15 million individuals are currently part of India's gig economy, spanning sectors like professional and shared services. Globally, the gig workforce has expanded to include over 200 million people.²



Figure 1: Working of Gig economy

Source: <https://www.drishtiias.com/daily-updates/daily-news-editorials/future-of-india-s-gig-work>

The term "gig" is commonly used to refer to a range of activities, including part-time employment, contract labor, and on-demand staffing services. Despite its widespread popularity and usage, the gig economy primarily revolves around independent contractors and freelancers rather than full-time, permanent employees. India currently ranks fifth in terms of its gig economy workforce, but projections suggest that by 2030, it could climb to third place.³ It is also estimated that by 2030, the number of gig economy workers in India

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will increase by approximately 200% and contribute around 2.5% to the GDP. The gig workforce in India is expected to grow significantly, reaching 23.5 million by 2030, a substantial increase from the 7 million recorded in 2021.

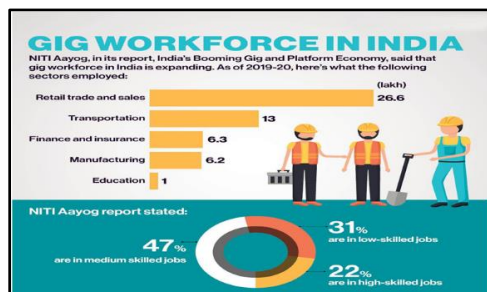


Figure 2: Gig workforce in India

Source: <https://www.drishtias.com/daily-updates/daily-news-editorials/future-of-india-s-gig-work>

2. History

This model originated during the post-World War II era when temporary job agencies provided temporary workers to companies in need of short-term staff. The concept evolved with the advent of the internet. Gig economy workers were officially recognized as workers in the legal system by the US. In the gig economy, there are three primary stakeholders: companies that hire gig workers, the workers themselves, and the government, which serves as a mediator between the two and enacts laws that directly impact both parties.⁴ In India, the government has implemented several laws to safeguard gig economy workers. These workers can be categorized as platform and non-platform gig workers. Platform workers utilize digital platforms for their work, such as ride-hailing services (e.g., Uber, Ola, Rapido), food delivery services (e.g., Swiggy, Zomato, Uber Eats), home services (e.g., Urban Company, Housejoy, Taskbob), and e-commerce (e.g., Amazon, Flipkart). On the other hand, non-platform gig workers engage in part-time or full-time roles in traditional sectors as casual wage workers or own-account workers, including construction workers, delivery workers (not affiliated with online apps), home-based workers (e.g., handicrafts, tailoring), domestic workers (e.g., maids, cooks), street vendors, and farm labourers.⁵

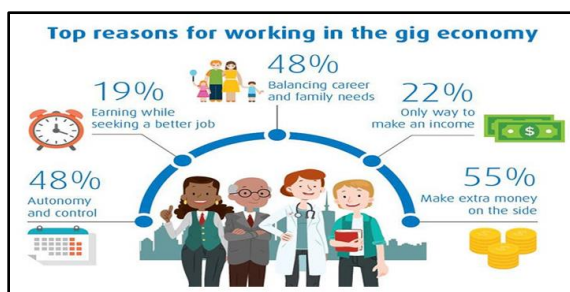


Figure 3: Top reasons for working in the Gig economy in India.

Source: <https://www.drishtias.com/daily-updates/daily-news-editorials/future-of-india-s-gig-work>

3. Drivers of the Gig Economy in India

The drivers of the gig economy in India are the factors that contribute to the growth and development of non-traditional work arrangements, where individuals work as independent contractors or freelancers rather than as employees of a single company. The gig economy in India is primarily fuelled by a combination of technological, social, and economic factors and is expected to continue its growth in the upcoming years.⁶ Some key drivers of the gig economy in India include:

Young Demographic Dividend: India boasts a large and expanding population of young, well-educated, and tech-savvy individuals.

Technology Advancements: The proliferation of smart phones, high-speed internet, digital platforms, and technologies has enabled remote and independent work, serving as a significant driver for the gig economy.

Increasing Levels of Education and Skills: With a growing number of individuals in India achieving higher levels of education and developing specialized skills, there is a rising demand for opportunities to leverage their expertise through gig work.

Urbanization and Rising Consumer Demand: The rapid urbanization in India, coupled with an expanding middle class, has created a substantial demand for gig workers in sectors such as transportation, delivery, home services, and e-commerce.

Cost-Effective Labour: Businesses find gig workers to be a cost-effective alternative to traditional employees, as they can be hired on a project-by-project basis without the obligation of providing benefits or additional compensation.

Flexible Work Arrangements: The younger generation increasingly favours flexible working hours, particularly in the aftermath of the Covid-19 pandemic. They appreciate the opportunity to establish their own schedules and select the projects they wish to engage in, which is especially attractive to those who prioritize work-life balance over conventional employment models.⁷

Entrepreneurship: The gig economy has fostered a new wave of entrepreneurs who leverage digital platforms to launch their own ventures and provide services to clients globally.

Supportive Government Policies: The Indian government has shown a commitment to the gig economy by implementing various initiatives aimed at its promotion, including the Digital India initiative, Start-up India, and Skill India programs.

Work Approach: Working in the private sector is challenging due to hectic work-life balances. This created a negative perception of full-time work. Private company employees may become bored with the same work on a daily

basis. The gig economy allows gig workers to choose their profession as they find it fulfilling and enjoyable, while also ensuring a good work-life balance and job satisfaction.

Startup Culture: The startup ecosystem in India is experiencing rapid growth, with numerous startups increasingly engaging freelancers and contract workers. These companies are particularly focused on hiring skilled technology professionals on a project basis across various fields such as engineering, information technology, and data science.

Multi-National Companies (MNCs): MNCs are also embracing gig workers as a strategy to lower operational expenses.⁸ It is projected that India will see approximately 350 million gig jobs by 2025, creating significant opportunities for job seekers to adapt to the evolving employment landscape.

Business Model: Gig workers operate under diverse compensation structures, including contracts, hourly rates, and performance-based payments.⁹ The gig economy can be categorized into three distinct groups:

1. Full-time independent workers: Individuals who work over 15 hours per week and receive payment for their services, classified as full-time independents.
2. Part-time independent workers: These individuals function as contractors, typically working a few hours each week, viewing this as supplementary income.
3. Occasional independent workers: This group engages in on-demand work, participating in the market irregularly, usually at least once or twice a month.

4. Various Types of Gig Employment

The following are notable examples:

1. Ride-hailing drivers, such as those affiliated with Uber or Lyft, deliver on-demand transportation services via mobile applications. They are responsible for picking up passengers and transporting them to their chosen locations. This role offers flexibility, allowing drivers to determine their working hours and earn income based on the number of rides they complete.
2. Freelancers are professionals who provide their expertise in diverse fields, including graphic design, writing, programming, and more. They leverage online platforms like Upwork to connect with clients and execute projects remotely. Freelancing affords individuals the liberty to manage multiple projects concurrently and establish their own pricing.

Technology & BPO	57%	60%
Services	47%	76%
Source: https://www.drishtiias.com/daily-updates/daily-news-editorials/future-of-india-s-gig-work		

1. Delivery drivers are integral to the gig economy, responsible for transporting food or packages directly to customers' residences. Companies such as DoorDash facilitate connections between these drivers and customers who have placed orders through their service. Delivery drivers benefit from the flexibility to select their working hours while earning income based on the volume of deliveries completed.
2. Task-oriented platforms like TaskRabbit link individuals seeking assistance with various tasks to available workers. These tasks may include house cleaning, furniture assembly, running errands, or aiding with home repairs.⁹ Workers have the option to select tasks that align with their skills and availability.

5. Leading Gig Economies

Several Indian companies that promote gig employment in India include:

1. Ola: A well-known ride-hailing service in India that offers gig job opportunities for drivers. Individuals can register as drivers and earn income by providing transportation services to passengers.
2. Swiggy: A food delivery service that provides gig employment to delivery partners. Delivery partners can join Swiggy and earn money by delivering meals from restaurants to customers' homes.
3. Zomato: This prominent food delivery service in India offers gig employment opportunities for delivery personnel. Much like Swiggy, individuals have the option to become delivery partners with Zomato, allowing them to earn income through the delivery of food orders.
4. UrbanClap: This platform serves as a bridge between customers and service professionals, facilitating a range of services including home cleaning, beauty treatments, plumbing, and more. It provides gig employment opportunities for service professionals who can register as independent contractors to offer their services to clients.
5. Dunzo: This hyper-local delivery service enables users to accomplish various tasks, such as grocery pickups and package deliveries. It presents gig employment opportunities for delivery partners who can register and earn money by fulfilling assigned tasks.

Table 1: Companies looking to higher gig workers

% of compnies looking to hire gig workers-by sector		
Industry	2020	Future (2-5 years)
FMCG-Pharma	15%	59%
BFSI	32%	56%
Manufacturing	35%	65%

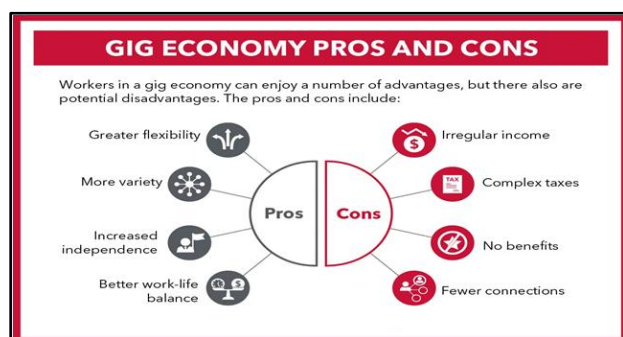


Figure 4: Advantages and disadvantages of gig economy

Source: <https://www.drishtiiias.com/daily-updates/daily-news-editorials/future-of-india-s-gig-work>

5.1 Benefits

The gig economy presents a range of advantages, including flexibility, cost efficiency, job creation, skill enhancement, and financial benefits for both gig workers and the companies that utilize this model. The primary advantages include:

5.2 For Gig workers

1. **Flexibility:** Gig workers enjoy the freedom of not being restricted by fixed schedules or stringent attendance policies.
2. **Supplemental Income:** Many individuals engage in gig work on a part-time basis to augment their earnings from regular jobs or other income sources.

5.3 For companies

1. **Cost Savings:** Organizations can reduce expenses by employing gig workers rather than full-time staff.
2. **Economic Services:** The gig economy allows companies to deliver services to consumers in a more cost-effective manner.

6. For Low-Skilled Workers

Employment Opportunities: The gig economy provides job prospects for low-skilled and semi-skilled individuals who may struggle to secure traditional employment.

6.1 For individuals

1. **Skill Development:** Participation in gig work enables individuals, particularly young undergraduates, to acquire valuable experience and develop skills that can improve their future employability.
2. **Cost Savings:** Many gig workers benefit from the ability to work remotely, which eliminates the need for daily commuting to an office.

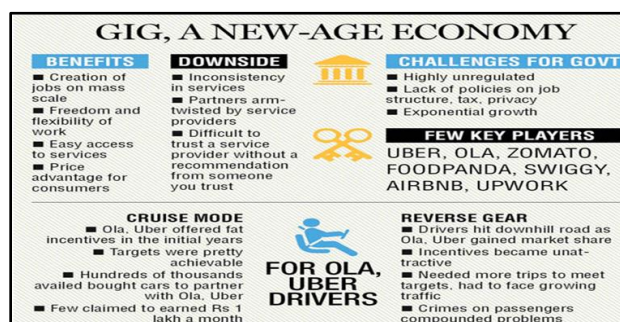


Figure 5: Benefits and challenges of gig economy

Source: <https://www.drishtiiias.com/daily-updates/daily-news-editorials/future-of-india-s-gig-work>

7. Challenges Encountered by Gig Workers in India

The gig economy in India is confronted with numerous obstacles. Among these are:

1. **Job Insecurity:** Gig workers in India frequently experience a lack of job security, as their engagements are typically based on specific projects or assignments rather than permanent employment. This situation can result in financial uncertainty and complicate future planning.
2. **Income Instability:** The irregular and unpredictable nature of gig work often leads to income fluctuations for gig workers in India. Such variability can hinder their ability to fulfill financial commitments and plan for the future.
3. **Absence of Formalization:** A significant number of gig workers operate within the informal sector, which restricts their access to credit, government assistance programs, and other essential resources.
4. **Insufficient Legal Protection and Social Security:** Gig workers are not afforded protections under India's labor laws, leaving them vulnerable to workplace harassment, discrimination, or unjust termination. Additionally, they lack access to social security benefits, including health insurance, retirement plans, and paid leave.
5. **Disparity in Bargaining Power:** Gig workers in India often find themselves at a disadvantage when negotiating fair compensation and working conditions, especially when competing against a vast number of other workers on digital platforms.
6. **Payment Challenges:** Issues related to delayed or non-payment of wages are prevalent among gig workers. It is imperative for the government to implement mechanisms that ensure timely payments and facilitate the resolution of payment disputes.
7. **Need for Training and Upskilling:** Many gig workers do not possess the requisite skills to perform their tasks effectively. Furthermore, opportunities for upskilling and career advancement are often limited.
8. **Social Stigma:** In India, gig work is sometimes perceived as a temporary or low-paying option, leading to social stigma and a lack of recognition for the contributions made by gig workers.

Increase in Voluntary Unemployment: The rise of gig work has resulted in a notable increase in voluntary unemployment, as numerous workers opt for the flexibility and independence that gig roles provide over conventional employment.

Disruption of Work-Life Balance: While gig work offers flexibility, it can also disrupt individuals' work-life balance, affecting their sleep patterns and daily activities.

8. Need for the Gig Economy in India

The gig economy remains a debated topic, necessitating substantial support for its advancement:

Catering to Low-Skilled Demand: Currently, approximately 47 percent of gig employment is in medium-skilled positions, 22 percent in high-skilled roles, and 31 percent in low-skilled jobs.

Employment Opportunities: India faces the pressing challenge of creating sufficient employment opportunities for its population. The gig economy has broadened job availability and enhanced labor force participation.

Young Demographic Dividend: India boasts a significant and expanding population of young, well-educated, and technologically adept individuals.

Female Labor Force: Women engaged in gig work benefit from the potential for income generation, the freedom of choice, and the flexible working arrangements that the gig economy offers.

Catering to Retired Individuals: The flexibility inherent in contract work has encouraged many retirees to re-enter the workforce.

Democratization of Employment: The gig and platform sectors feature low barriers to entry, presenting substantial opportunities for job creation in India.

Technological Disruption: Advances in technology, particularly in artificial intelligence, robotics, and data analytics, have removed traditional workplace constraints. The integration of technology within the gig economy can enhance productivity and elevate the living standards of gig workers.

Last-Mile Delivery: The gig economy has transformed the last-mile delivery sector, rendering it more accessible, cost-effective, and efficient.

Remote Work: Advances in telecommunications have made work more dynamic, enabling individuals to collaborate effectively regardless of their geographical locations.

Start-Up Culture: Gig workers present a financially viable alternative to conventional employees, as they can be engaged on a project-specific basis without the obligation to offer benefits or other forms of remuneration.

9. Measures to Foster the Gig Economy in India

The gig economy has revolutionized numerous sectors, offering flexible employment opportunities for individuals to generate income beyond traditional job frameworks. Below are some initiatives undertaken to bolster the expanding gig sector in India.

1. **Central Legislation:** The Code on Wages, 2019, mandates a universal minimum wage and a floor wage applicable to all organized and unorganized sectors, including gig workers. The Code on Social Security, 2020, acknowledges gig workers as a distinct occupational category and establishes a dedicated Social Security Fund to provide them with social security benefits.
2. **State Government Initiatives:** The Karnataka government has introduced an accident and life insurance coverage of Rs 4 lakh for gig workers, with the state fully covering the annual premium costs.
3. **Rajasthan Platform-Based Gig Workers (Registration and Welfare) Bill, 2023:** This legislation defines a gig worker as an individual who engages in work or participates in a work arrangement, earning income from such activities outside the traditional employer-employee framework. It aims to register all gig workers and aggregators within the state, ensuring social security guarantees for gig workers and providing a platform for them to voice grievances. The state government will maintain a comprehensive database of gig workers and issue a unique identification number for each individual. **Rajasthan Platform Based Gig Workers Welfare Board:** This board will consist of two representatives each from gig workers and aggregators, appointed by the state government, along with two civil servants. **Rajasthan Platform Based Gig Workers Social Security and Welfare Fund:** This fund is established for the benefit of registered gig workers. Aggregators will be required to pay welfare fees. **Penalties on Aggregators:** The state government has the authority to impose fines, which may reach up to Rs 5 lakh for the initial violation and up to Rs 50 lakh for any subsequent violations.¹⁰
4. **Health Benefits and Leave Provisions:** Gig economy platforms are encouraged to offer health insurance benefits to their workers to promote their well-being and safety. This coverage should include medical expenses, hospitalization, preventive care services such as routine health check-ups and vaccinations, as well as paid leave for workers.
5. **Skill Development for Informal Gig Workers:** Initiatives aimed at skill enhancement are crucial for workers in the informal sector, such as drivers or masons, to transition into the gig economy. Platform businesses can offer certifications that facilitate career advancement for these workers.
6. **Adequate Legal Protection:** While gig workers receive minimum wages, they require specific legal protections, policies, and opportunities akin to those afforded to employees under labor laws. Such measures can safeguard the rights of gig workers and help mitigate labor disputes.

7. Addressing Gender Disparities: It is essential to encourage greater female participation in gig roles, which can help platforms, broaden their markets and attract more female customers. The adoption of gender-inclusive language and imagery is vital to normalize the involvement of women in gig work, thereby enhancing market reach and customer engagement.

NITI Aayog has proposed a comprehensive five-pronged RAISE strategy aimed at ensuring comprehensive access to social security for all gig and platform workers. This strategy includes recognizing the diverse nature of platform work to create equitable schemes, facilitating the enhancement of social security through innovative financing methods, and incorporating the specific interests of platforms in scheme design, while considering the implications for job creation, platform businesses, and workers.¹¹ Additionally, it emphasizes the importance of supporting workers in subscribing to government schemes and welfare programs through extensive awareness campaigns, ensuring that benefits are easily accessible to them.

To promote the growth of platform businesses, a new initiative named 'Platform India' could be launched, modeled after the government's previous Startup India initiative. This initiative would aim to expedite the platformization of the gig sector by streamlining processes, providing guidance and support, offering financial assistance and incentives, fostering skill development, and ensuring both social and financial inclusion.

To enhance financial access for platform workers, it is recommended to develop financial products specifically designed to meet their unique needs. These tailored financial solutions should take into account the distinct income patterns and requirements of individuals engaged in the platform economy, reflecting the nature of their work and income streams. Furthermore, classifying unsecured loans for first-time borrowers in the platform economy as Priority Sector Lending (PSL) could yield significant advantages, as this classification would prioritize these loans and make them eligible for various benefits and incentives provided by regulatory authorities.¹²

The introduction of specialized financial products and the integration of priority sector lending for platform workers can significantly reduce the obstacles they face in accessing institutional credit. This strategy not only encourages entrepreneurship but also stimulates economic growth and enhances financial inclusion, allowing platform workers to secure the essential financial resources needed to succeed in the platform economy.

To enhance social inclusion, platform businesses can partner with Civil Society Organizations (CSOs) to implement Gender Sensitization and Accessibility Awareness Programs for workers and their families. These

initiatives are designed to foster inclusivity and ensure equal opportunities within the platform sector.

Regarding the skilling of workers, conducting regular skill assessments is crucial for identifying specific skill gaps among women workers and individuals with disabilities. By proactively addressing these gaps, fostering partnerships, and promoting transparency, platform businesses can cultivate a more inclusive and equitable environment for these groups. Such efforts can maximize their participation and enhance their success within the platform economy.

10. Conclusion

The gig economy in India has experienced significant growth in recent years. While the gig model is not new in India, as daily earners and temporary farm workers have operated within this framework for many years, it now contributes an incremental 1.25 percent to the country's GDP over the long term. The gig model offers a dynamic work culture and improves livelihood opportunities, particularly for low-income workers. The rising demand for gig workers, along with increased participation from youth and women, indicates that the gig economy is becoming increasingly popular in India. The leading sectors propelling this growth include ride-hailing, e-commerce, and food delivery. Additionally, the government is taking measures to address the challenges faced by gig workers. In 2020, the Ministry of Labour and Employment introduced a social security scheme aimed at gig workers, encompassing health and life insurance, disability coverage, and the potential establishment of a code of conduct for gig platforms to guarantee equitable treatment of workers. In March 2021, the government revealed its efforts to formulate a new regulatory framework for the gig economy, aimed at providing legal safeguards for gig workers and preventing their exploitation by platform companies. The government has initiated various skill development programs, such as the Pradhan Mantri Kaushal Vikas Yojana (PMKVY), to assist gig workers in acquiring new skills and enhancing their employability. Furthermore, several financial assistance programs have been launched to support gig workers adversely affected by the Covid-19 pandemic, including the Pradhan Mantri Garib Kalyan Yojana. To ensure that gig workers can fully exercise their rights and access the benefits available to them, increased collaboration among the government, employers, and workers' organizations is essential. The outlook for the gig economy in India remains optimistic, with expectations of continued growth in both the number of gig workers and the variety of services they provide.

11. Source of Funding

None.

12. Conflict of Interest

None.

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