



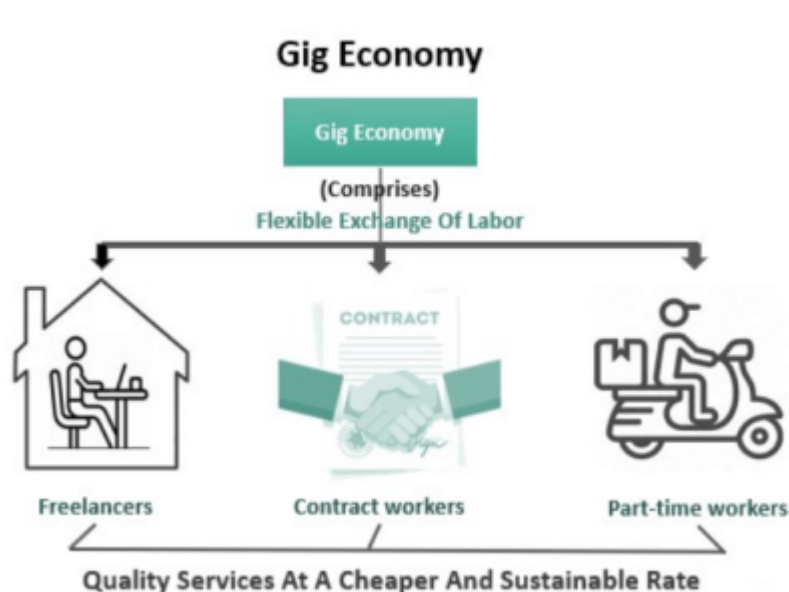
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GIG ECONOMY - 2025

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What is gig economy?

The gig economy refers to an economic system characterized by flexible work arrangements, where labor and resources are exchanged through digital platforms that facilitate connections between buyers and sellers.



Gig Workers

As per Code on Social Security, 2020, it means a person who performs work or participates in a work arrangement and earns from such activities outside of traditional employer-employee relationship.

INDIA'S PRESENT STATUS:

India's gig economy is experiencing rapid growth and structural transformation, with an estimated 7.7–8 million gig workers in 2020–21 and projections of reaching about 23–25 million workers by 2029–30, which would constitute approximately 4.1% of the national workforce.

According to NITI AAYOG report-gig workers in India engaged in gig economy {2020-21} is 7.7 million. The workforce is expected to grow by 23.5 million gig workers 2029-30.

Significance of gig economy for india

Major Source of Job Creation

The gig economy addresses India's persistent unemployment issue by generating an estimated 12 million jobs by 2025 and absorbing both the skilled and unskilled workforce, especially the youth.

For example : platforms like Zomato, Swiggy, and Uber have hired millions of delivery executives and drivers

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Enhances Organizational Agility for Businesses

Indian companies, from start-ups to large enterprises, increasingly utilize gig and freelance talent for project-based needs, reducing costs and filling skill gaps quickly.

For example, nearly 45% of HR heads report hiring gig talent for supplemental expertise.

Facilitates Skill Development and Innovation

The gig economy enables workers to quickly upskill, shift industries, or try entrepreneurial ventures without long-term investment. In the tech sector, prompt engineers and AI specialists use gig platforms to build portfolios and access well-paying, varied work as freelancers.

Supports Transition from Informal to Structured Work

It acts as a bridge for informal sector workers—such as former agricultural laborers or construction workers—by providing more organized employment opportunities. The rapid growth of gig roles in delivery, transportation, and household services (e.g., **UrbanClap/UrbanCompany**) exemplifies this shift.

Fosters Entrepreneurship and Self-Employment

Over 80% of gig workers on digital platforms operate as self-employed contractors, nurturing an entrepreneurial mindset. Freelance developers and digital marketing specialists are increasingly using platforms like Upwork and Freelancer to run solo businesses or small teams—as seen in Bengaluru's booming tech gig sector.

Drives Digitalization and Economic Modernization

Digital platforms have become central to economic activity, increasing use of digital payments and services. The 2023 festive season saw a 40-50% surge in gig-based deliveries via Blinkit and Swiggy, reflecting how the gig economy catalyzes India's digital transformation.

Factor Driving the Growth of the Gig Economy

The gig sector is driven by several key factors that have shaped its growth and popularity:

Changing Work Approach: The younger generation, particularly millennials, have a different perspective on careers. They prioritize finding work that aligns with their passions and interests rather than settling for traditional career paths that may not fulfill their inner desires.

Business Models: In the gig economy, different compensation models are employed, such as fixed-fee, time-based, work output-based, and quality-driven models. While fixed-fee arrangements are most common, the time-based model is also prevalent.

The emergence of a Start-up Culture: India's start-up ecosystem has witnessed significant growth, leading to a rise in gig employment. Start-ups, in order to minimize fixed costs, hire contractual freelancers for non-core activities.

Rising Demand for Contractual Employees: Multinational corporations (MNCs) are increasingly embracing flexible hiring options, especially for specialized projects, as a means to reduce operational expenses, particularly in the aftermath of the pandemic. This trend has contributed significantly to the gig culture in India.

Challenges in gig economy and to the gig workers:

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Job Insecurity

Gig workers lack permanent contracts, so they can lose work suddenly without notice or compensation.

Example: Zomato or Swiggy delivery riders often find their accounts abruptly deactivated by the platform without recourse, resulting in loss of livelihood overnight.

Income Instability and Low Wages

Earnings fluctuate dramatically based on demand, platform policies, and market competition, leaving workers unable to plan financially.

Example: Ola and Uber drivers report variable monthly incomes ranging between ₹12,000–20,000, which can drop sharply during off-peak periods or after new commission changes.

Lack of Social Security and Benefits

Most gig workers have no access to health insurance, paid leave, pensions, or accident coverage, leaving them vulnerable in crises.

Example: A food delivery worker injured on the job often receives no financial support, as platforms classify them as independent contractors, not employees.

Delayed or Non-payment of Wages

Payments may be delayed or withheld due to technical errors or disputes with the platform.

Example: Freelancers on digital platforms like Upwork sometimes face delayed payments or non-payment, especially after project cancellations or disputes over quality.

Unregulated and Unsafe Working Conditions

Gig workers, especially drivers and delivery personnel, face long hours and unsafe environments, often exceeding 10–12 hours daily.

Example: A 2024 “Prisoners on Wheels” report said 78% of delivery workers work over 10 hours a day, facing physical exhaustion and exposure to accidents or harassment on the job.

Lack of Grievance Redressal

Platforms provide little support or mechanisms to resolve worker complaints.

Example: Over 87% of delivery workers report either poor or non-existent redressal systems for unfair customer ratings or allegations of misconduct.

Skill Gaps and Limited Upward Mobility

Many gig roles do not offer clear paths for upskilling or advancement, restricting long-term economic mobility.

Example: Most ride-hailing drivers, once onboarded, receive little training or opportunity to grow into higher-paying roles on the platform.

GOVERNMENT INITIATIVES TO REDUCE THE VULNERABILITIES OF THE GIG WORKERS:

Formal Recognition with Unique ID Cards

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The Union Budget 2025 introduces unique identity cards for gig workers. This formal recognition means gig workers are now officially documented under India's labour framework,

vMandatory e-Shram Registration

The e-Shram Portal, launched in 2021 and expanded in 2025, mandates the registration of all gig workers.

vExtension of PM Jan Arogya Yojana (PM-JAY) Healthcare

For the first time, gig workers are included under PM-JAY (Ayushman Bharat), providing free or subsidized health insurance coverage up to ₹5 lakh per family per year for medical treatment and hospitalization at over 24,000 empaneled hospitals nationwide.

vState-Specific Initiatives

Some states have started their own welfare programs—for example, Karnataka passed a new ordinance granting platform-based gig workers rights to registration, social security, and benefits under state-operated welfare boards in 2025.

vAggregator Module for Platform Registration

Digital platforms like Zomato, Blinkit, Urban Company, and Uncle Delivery have begun registering on the e-Shram portal through a dedicated Aggregator Module, helping ensure a larger pool of workers receive benefits and are tracked for policy purpose.

Conclusion:

India's gig economy stands at a critical juncture—offering immense opportunities for job creation, economic inclusion, and digital empowerment, but also posing serious challenges around worker security and rights. The government's recent initiatives, including the formal recognition of gig workers, expansion of the e-Shram portal signal progress in bridging gaps and reducing vulnerabilities, their effective implementation and further regulatory evolution will be essential to ensure sustainable, fair, and dignified livelihoods for gig workers as the sector continues to evolve in the coming years.