



KAMARAJ IAS ACADEMY
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INDIA'S GIG ECONOMY - A PARADIGM SHIFT IN LABOUR MARKET

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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.

Startups like Ola, Uber, Zomato, and Swiggy have established themselves as the main source of the gig economy in India.

Broadly classified into 2 categories:

oPlatform based: Whose work is based on online software apps or digital platforms. E.g., delivery workers of Zomato.

oNon-platform based: Casual wage workers in conventional sectors, working part-time or full-time. E.g., domestic workers.

Present status of gig economy in india:

According to NITI Aayog Report, India's gig workforce currently stands at 77 lakh (2020-21). It is expected to rise to 2.35 crore by 2029-30;

By 2029-30, gig workers will form 4.1% of India's total workforce, rising from 1.5% in 2020-21;

Currently 27 lakh gig workers (35% of gig workers) are engaged in retail trade and sale, while 13 lakh (17%) are engaged in transportation sector. There are 6 lakh workers (8%) in manufacturing and another 6 lakh (8%) in finance and insurance;

A report by the Boston Consulting Group expects India's gig economy to rise to 90 million jobs (9 crore) in the next 8-10 years;

Another industry report indicates that by 2024, more than 75% of the services industry will be staffed by gig workers;

A report by Ernst and Young observed that Indian Freelancers hold a 24% share of the global online gig economy;

According to a recent survey by a private firm, Quick Commerce, Healthtech, Fintech, and e-Commerce are the top sectors in the Indian gig economy. Within the gig workforce, work-from-home jobs account for 33% of the roles and 67% were on-field roles.

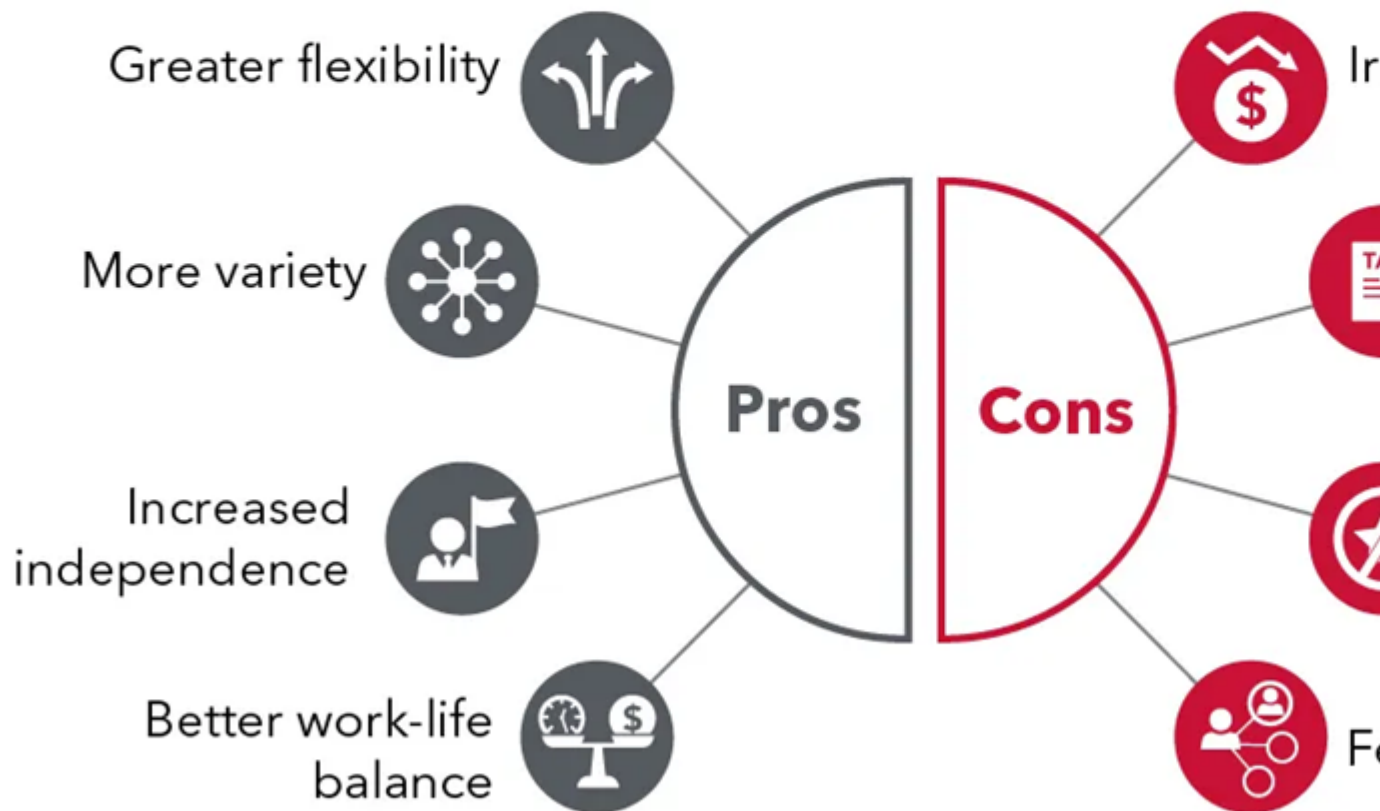
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GIG ECONOMY PROS AND CONS

Workers in a gig economy can enjoy a number of advantages and potential disadvantages. The pros and cons include:



Significance of the Gig Economy?

§Opportunities for Gig Workers: The gig economy provides flexible work that helps balance personal and professional life, especially benefiting women, while enhancing skills and earning potential

§Business Friendly: Businesses gain cost-effective, scalable labor and can hire skilled workers for short-term projects, boosting productivity without long-term commitments

§Economic Growth and Job Creation: By 2030, India's gig economy could support 90 million jobs, handle USD 250 billion in work volume, contribute 1.25% to GDP, and make up 4.1% of the workforce

§Inclusive Growth: Initially dominated by high-income professionals, the gig economy now offers alternative income and flexible jobs to entry-level workers and freshers, especially in growing Tier-II and Tier-III cities.

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§Future Potential with Technology Integration: The gig economy is set to drive economic growth and job creation, boosted by Artificial Intelligence (AI), **predictive analytics**, and **digital innovation** enhancing gig work's efficiency and reach

Supporting the Informal Economy: Many gig workers in India, including drivers and delivery staff from informal sectors like **agriculture**, find additional work opportunities through platforms like **Zomato** and **Swiggy**

Challenges for Gig Workers

Digital Divide: Access to internet services and digital technology can be a restrictive factor for workers

Data protection: Opaque decisions made by platform companies on how to collect; store and share personal data of workers impact Right to privacy of workers.

Lacking 'employee' status: Has resulted in several consequences e.g. inability to form unions to represent their interests, exploitative contracts, etc.

Uncertain Nature of Job: Lack of job security, irregularity of wages, and uncertain employment status for workers

Lack of social Protection: workers lack safeguards such as Health Insurance, Employees Provident Fund etc.

Algorithmic management: Workers face stress due to pressures resulting from algorithmic management practices and performance evaluation on the basis of ratings.

Steps taken for Gig Economy in India

Code on Social Security, 2020: Provides for extension of social security benefits to gig workers as well.

Code on Wages, 2019: provides for universal minimum wage and floor wage across organized and unorganized sector which include gig workers.

e-SHRAM Portal: which is a National Database of Unorganised Workers including gig workers.

Pradhan Mantri Suraksha Bima Yojana (PMSBY): All eligible registered unorganised workers including gig workers are entitled to get benefit of an accidental insurance cover of Rs. 2.0 Lakh for a year.

The Centre for Labour Studies, National Law School of India University (NLSUI), Bangalore has been engaged for assistance in framing of a new Scheme for the Gig & Platform workers as well as workers in the unorganized Sector.

o **Memorandum of Understanding (MoU)** has been signed by Employees Provident Fund Organisation (EPFO) with NLSUI.

Way Forward;

Proper Estimation of Gig Workers: By having separate enumeration exercises.

Catalyze Platformization: Introducing Platform India initiative (similar to Startup India).

oThis platform can help self-employed individuals to sell their produce to wider markets in towns and cities;
Ferrying of passengers for hire etc

Accelerate Financial Inclusion:Institutional credit to vulnerable section through financial products specifically designed for platform workers by leveraging FinTech industry.

Enhancing Social Inclusion in Digital Economy:By enabling different sections of workerse.g. **women workers and PwDs to take up employment opportunities**in platform sector through skill development, access to finance etc.

Skill Development for Platform Jobs:Pursue outcome-based, platform-led models of skilling and job creation.

oIntegrate employment and skill development portals such as E-shram and National Career Services Portals or Udyam portal with ASEEM portal

Universal Social Security Coverage:By extending social security measures in partnership mode as envisaged in Code on Social Security 2020.

oSocial Security includes**paid sick leave**, **Occupational Disease andwork accident Insurance**, **Retirement/Pension Plans and Other Contingency Benefits** etc.

Conclusion

India's **gig economy** is a powerful driver of **job creation, economic growth, and inclusive opportunities**, particularly for women and youth. However, to ensure its sustainability, there is an urgent need for comprehensive **legal protections**, transparent **algorithmic governance**, and enhanced **social security** measures, supported by focused **skill development and policy reforms**.