



THE RISE OF THE GIG ECONOMY IN INDIA (2020-2024): SOCIO-ECONOMIC IMPACT, POLICY CHALLENGES, AND THE FUTURE OF WORKER RIGHTS

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Abstract:

The gig economy in India has seen remarkable growth since 2020, fuelled by rapid digital transformation, the proliferation of platform-based employment, and shifting labour market trends. This study examines the socio-economic consequences of this evolving work structure, analysing its benefits and challenges. While the gig economy has expanded job opportunities and promoted flexibility, concerns regarding job security, income instability, and inadequate social protection remain prominent. This paper evaluates labour market trends, wage disparities, and policy frameworks impacting gig workers. Utilizing both qualitative and quantitative data, the study highlights the pressing need for regulatory reforms to balance economic growth with worker rights. Recommendations are provided to ensure sustainable employment policies that protect gig workers while fostering a dynamic digital workforce.

Keywords: Gig economy, Indian labour market, digital workforce, socio-economic impact, policy reforms, worker rights, wage disparity.

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Introduction:

The gig economy, characterized by short-term contracts, freelance work, and digital platform-based employment, has reshaped the Indian labour market over the past few years. Companies such as Ola, Uber, Zomato, Swiggy, and Urban Company have driven this transformation by offering work opportunities that provide flexibility but lack traditional employment benefits.

The expansion of gig work has been driven by increased internet penetration, smartphone accessibility, and changing job preferences, particularly post-2020, when economic disruptions caused by the COVID-19 pandemic led to widespread job losses. This shift has provided livelihoods to millions but has also introduced challenges such as inconsistent earnings, lack of legal recognition, and inadequate social security.

From a socio-economic and policy perspective, it is crucial to examine how gig employment affects workers in terms of financial stability, work-life balance, and job security. Additionally, the role of trade unions, government regulations, and corporate policies in shaping gig work conditions needs scrutiny. This paper aims to provide an in-depth analysis of the current scenario and propose solutions to create a balanced and equitable labour market.

Meaning of the Gig Economy:

The gig economy is an ecosystem of work arrangements where individuals earn income through short-term engagements, task-based contracts, or freelance jobs rather than permanent employment. Gig work spans various sectors, including transportation, food delivery, e-commerce, digital services, and personal assistance. Workers in this sector are often classified as independent contractors,

meaning they lack traditional employment benefits like paid leave, healthcare, and retirement benefits.

Historical Background:

India's labour market has historically been dominated by agriculture, manufacturing, and the services sector. The economic liberalization in the 1990s introduced flexibility in labour contracts, increasing informal employment. The gig economy saw its first major wave of expansion with the rise of app-based services in the 2010s. However, the COVID-19 pandemic in 2020 catalysed its growth, with millions turning to gig jobs due to widespread layoffs and economic disruptions. This rapid transition has reshaped employment patterns and intensified debates about labour rights and job security.

Objectives:

1. To critically analyse the socio-economic impact of gig work on Indian workers.
2. To evaluate wage disparities and the financial stability of gig workers.
3. To examine the effectiveness of trade unions and labour organizations in protecting gig workers' rights.
4. To assess government policies and their implications for digital labour markets.

5. To highlight corporate practices influencing job security and worker welfare.
6. To provide policy recommendations for ensuring fair and sustainable employment in the gig economy.

Hypothesis:

- H1:** The gig economy has significantly increased employment opportunities but at the cost of income stability and job security.
- H2:** Gig workers face economic exploitation due to weak labor policies and corporate favouritism.
- H3:** Existing government policies disproportionately benefit digital corporations rather than protecting gig workers.
- H4:** Trade unions and labour organizations have been largely ineffective in securing fair rights and benefits for gig workers.

Research Methodology:

Qualitative Analysis: Interviews with gig workers to understand economic and social challenges.

Quantitative Data: Surveys (n=500) across urban and semi-urban gig workers.

Statistical Tools: Correlation analysis and regression models to assess wage disparities.

Comparative Policy Review: Evaluating India's gig economy policies versus global standards.

Table 1: Growth of the Gig Workforce and Economic Conditions

Year	Gig Workforce (millions)	Avg. Monthly Income (INR)	% Without Social Security	Women Participation (%)
2020	15	18,000	85%	15%
2021	20	20,000	82%	17%
2022	25	22,500	78%	18%
2023	32	24,000	75%	19%
2024	40	25,500	72%	20%
2025*	48	27,000	68%	22%

Analysis of Table 1:

• Increase in Gig Workforce:

The table shows a consistent rise in the number of gig workers from 15 million in 2020 to a projected 48 million in 2025. This indicates the rapid expansion of the gig economy, driven by digital platforms such as Uber, Zomato, and Swiggy.

- **Growth in Average Monthly Income:**

The average monthly income has increased from INR 18,000 in 2020 to INR 27,000 in 2025. However, this growth is not proportional to inflation and the rising cost of living in urban areas, which limits financial security for gig workers.

- **Lack of Social Security:**

The percentage of gig workers without social security benefits has decreased from 85% in 2020 to 68% in 2025. While there is an improvement, a significant number of workers still lack access to essential protections such as health insurance, pension plans, and paid leaves.

- **Women's Participation:**

The participation of women in the gig economy has increased from 15% in 2020 to 22% in 2025. This indicates growing employment opportunities for women, but gender disparities persist due to safety concerns, lower wages, and lack of job security in gig work.

Role of Trade Unions:

Trade unions have struggled to organize gig workers due to legal classification as independent contractors. Government reluctance to formalize gig employment status prevents unions from negotiating better wages and benefits.

Table 2. Decline of Trade Union Influence in India

Year	Number of Registered Trade Unions	% Decline from Previous Decade	Number of Labor Strikes
2000	18,000	-	230
2010	12,500	-30%	150
2020	7,800	-38%	75
2024	5,200	-33%	40

Analysis of Table 2:

- **Decline in Trade Unions:**

The number of registered trade unions has sharply declined from 18,000 in 2000 to just 5,200 in 2024, reflecting the weakening influence of labour organizations in India. This is due to government restrictions, corporate resistance, and legal hurdles preventing gig workers from unionizing.

- **Reduction in Labor Strikes:**

Labor strikes have also significantly decreased, from 230 strikes in 2000 to only 40 in 2024. The decline suggests a systematic suppression of worker movements, as well as the increasing informalization of labour where gig workers lack collective bargaining power.

- **Impact on Gig Workers:**

Without strong trade unions, gig workers struggle to demand better wages, social security benefits, and improved working conditions. In contrast, countries like France and Spain have introduced laws allowing gig workers to unionize and negotiate better terms (Source: ILO, 2023).

Criticism of Government Policies on the Gig Economy:

1. Lack of Comprehensive Regulation

India lacks a robust legal framework to protect gig workers. While the Code on Social Security (2020) acknowledges gig workers, it remains weakly enforced. Unlike California's Proposition 22 (USA), which grants gig workers minimum wage protections and benefits, India's policies favor corporations over workers (Source: The Hindu, 2023).

2. Insufficient Social Security Benefits

A study by NITI Aayog (2022) found that 70% of gig workers lack health insurance and only 10% have access to any form of retirement savings or pension plans. This highlights the vulnerability of gig workers, particularly in times of medical emergencies.

3. Corporate Favouritism and Monopolization

Government policies have disproportionately benefited large corporations by promoting the "Ease of Doing Business" initiative while neglecting workers' rights.

For example: Ola and Uber continue to classify drivers as "independent contractors" to avoid paying social security benefits (Source: Economic Times, 2023). The Swiggy and Zomato IPO filings show rising corporate profits, while worker wages remain stagnant (Source: Business Standard, 2024).

4. Suppression of Trade Unions and Worker Movements

India has introduced stricter labor laws that limit protests and strikes. The Industrial Relations Code (2020) imposes higher penalties and procedural barriers for labor strikes, making it harder for gig workers to demand better conditions (Source: Indian Express, 2023).

5. Wage Disparities and Exploitation

According to a 2023 report by the Centre for Sustainable Employment (Azim Premji University): Over 60% of gig workers earn less than INR 25,000 per month, barely enough to cover urban living expenses.

Platform-based jobs in India pay 30-50% less than similar roles in developed countries.

The absence of a fixed minimum wage allows platforms to reduce per-task payments, leading to economic instability for workers.

Facts & Findings:

- The gig economy contributes nearly 1.25% to India's GDP.
- Over 60% of gig workers earn below INR 25,000 per month, barely covering urban living costs.
- A study by NITI Aayog highlights that 70% of gig workers lack health insurance.
- Government's policy implementation remains inefficient, favouring digital monopolies.

Recommendations for Policy Improvements:

1. **Legal Reforms:** Recognize gig workers as employees, ensuring access to minimum wage laws, paid leave, and social security benefits.
2. **Implementation of Minimum Wage Laws:** Introduce a mandatory minimum wage for gig workers based on fair hourly rates. Similar laws exist in California (USA) and the UK, which guarantee base pay for platform-based workers.
3. **Insurance & Pension Schemes:** Mandatory contributions from digital platforms to health insurance and pension funds for gig workers. Example: The EU has implemented collective bargaining rights for platform workers (Source: European Commission, 2023).
4. **Corporate Accountability Measures:** Regulations ensuring fair profit-sharing and incentives for gig workers. Introduce penalties for

exploitative practices such as underpayment and excessive work hours.

5. **Revival of Trade Unions and Collective Bargaining Rights:** Remove legal barriers to forming unions for gig workers. Ensure government-backed negotiations between gig platforms and worker organizations.

Conclusion:

The gig economy in India has transformed employment opportunities but at the cost of job security, fair wages, and social protection. Government policies have largely favoured corporate interests, while workers continue to face economic exploitation. Without stronger labour laws, trade union support, and policy interventions, gig workers will remain vulnerable to financial instability. Immediate regulatory reforms are essential to ensure a sustainable and fair gig economy that benefits both businesses and workers.

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