

**A STUDY ON GIG ECONOMY & MICRO, SMALL AND MEDIUM ENTERPRISES INDUSTRIES IN INDIA**

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**Abstract:**

The MSME sector is a key contributor to the national economy, the largest employer, and a hub for entrepreneurship and skill advancement. It argues that with MSMEs extant capabilities in a youthful demography and skill development potential, India can be at the centre of gig economy and become the world's skill or talent capital besides leveraging the potential of new technologies for closing its development gaps. The study with descriptive data examines the role of gig workers in influencing India's gig economic future, this research attempts to fully comprehend the intricacies of the MSMEs & India's gig economy, its ability to lower youth unemployment, and the necessity of technological inclusion. . On the other hand, the study's conclusions, the use of gig workers who are competent and innovative for MSMEs giving them a competitive advantage and the opportunity to expand and support India's economy.

**Keywords:** MSMEs, Entrepreneurs, Gig economy, Gig workers.

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**Introduction:**

The Micro, Small, and Medium Enterprises (MSME) sector in India is vital to the country's overall socio-economic development and economic expansion. MSMEs account for more than 90% of all businesses and are credited with employing more than 25 crore people. MSMEs make up approximately 33.4% of India's manufacturing output, 24.63% of the country's

service sector GDP, 6.11% of its manufacturing GDP, and 45.73% of India's total exports in FY 2023–24.<sup>1</sup>

**Classification of MSME:**

If a manufacturing or service-oriented business satisfies the following composite threshold limit, the Central Government hereby notifies the following classification of micro, small and medium enterprises, namely:

**Table 1.1 Revised Classification applicable w.e.f. 1st July 2020**

Composite Criteria: Investment in plant and equipment and annual turnover are combined criteria.

Classification	Micro	Small	Medium
Manufacturing and Services	Investment <1cr and turnover <5cr	Investment <10cr and turnover <50cr	Investment <50cr and turnover <250cr

Sources: <https://www.msme.gov.in/know-about-msme><sup>2</sup>

<sup>1</sup> <https://www.ibef.org/industry/msme>

<sup>2</sup> <https://www.msme.gov.in/know-about-msme>

The term "gig economy" describes a labor market in which a large percentage of temporary and part-time jobs are completed by independent contractors and freelancers rather than by full-time, permanent employees. Since the COVID-19 outbreak brought attention to the advantages and strengths of remote work for Indian businesses, gig economy employment—especially platform-based employment has profited from this change in organizational focus.

In the gig economy, a large number of people work as independent contractors, temporary employees, part-timers, or both. Gig economy jobs are those that people find and apply for via online job boards. Often, these jobs are temporary or one-time contracts. These consist of freelancing, painting homes, coaching, fitness instruction, carpooling, tutoring, and painting. The expansion of the gig economy is also impacted by economic factors. Temporary or part-time employees are frequently used by employers who cannot afford to recruit full-time staff to manage particular projects or peak hours<sup>3</sup>.

Therefore, the system must address a number of elements, including financial assistance, company expansion, operational efficiency, talent acquisition/management, and adaptability, in elements is through the Gig economy, which has grown significantly in India in recent years.<sup>4</sup>

The MSMEs contribute significantly to the economy, accounting 30% of GDP and 45% of exports, while the gig economy is projected to grow rapidly, potentially adding 90 million jobs and contributing 1.25% to GDP by FY 2030. MSMEs can take use of these opportunities to further raise productivity, accelerate growth, and contribute to the nation's economic advancement. Tech-enabled gig platforms provide the

technological tools and insights required to effectively manage the workforce and assess production.<sup>5</sup>

### **Review of Literature:**

- 1. Kumar, N. (2022)** highlighted the Industrial Revolution 4.0 (IR4.0) its opportunities and challenges for developing countries such as India. It also outlines some policy lessons for leveraging India's potential in IR4.0, such as the necessity of swiftly transforming the educational system to make it suitable for the digital revolution, increasing enterprise-level innovation, assisting MSMEs in adopting pertinent technologies, bridging the digital divide, and developing a new social protection that protects gig economy workers and displaced workers.
- 2. Khandelwal, R., & Priya, A. (2020)** discussed on MSMEs' capacity to adopt cutting-edge technology like artificial intelligence (AI), automation, and big data analytics will be crucial to maintaining their expansion and guaranteeing long-term sustainability. To remove the current obstacles and properly utilize digital, policymakers, industry players, and MSMEs themselves must work together transformation as a driving force toward equitable economic expansion.
- 3. Gupta, R., Srivastava, P., Ranjan, S., & Affan Badar, M. (2022)** focused on the MSMEs' capacity to adopt cutting-edge technologies like artificial intelligence, automation, and data-analytics will be crucial to maintaining their expansion and guaranteeing long-term resilience. To utilize digital transformation as a catalyst for inclusive economic growth, legislators, industry stakeholders, and MSMEs must work together to remove the current obstacles. By fostering a well-connected digital

<sup>3</sup> [https://en.wikipedia.org/wiki/Gig\\_economy](https://en.wikipedia.org/wiki/Gig_economy)

<sup>4</sup> <https://www.financialexpress.com/business/sme-leveraging-the-gig-economy-to-drive-growth-for-indias-msmes-3200336/>

<sup>5</sup> <https://www.financialexpress.com/business/sme-leveraging-the-gig-economy-to-drive-growth-for-indias-msmes-3200336/>

ecosystem and enhancing digital readiness, MSMEs can continue to thrive in a competitive and evolving global market.

4. **Aggarwal, S. C. (2023)** study the nature of employment and labor relations has swiftly changed as a result of the new technology. In every country, a new kind of worker known as "gig" workers has appeared. Even if the number of gig workers in India has significantly increased, there are still grave issues have been made regarding their access to stable employment and income. Therefore, careful preparation is needed to lessen the mismatch and upskilling.
5. **Lantowa, F. D., & Machmud, J. (2020)** to learn the development of MSMEs based on the diversification plan is thought to be more suitable for the current circumstances in Gorontalo Regency, it is thought to be more appropriate to implement. Part-time workers who are capable and creative are employed in the gig economy. The area where MSME businesses struggle to grow because of a lack of originality, since entrepreneurs are the ones who are creative and innovative with the help of SWOT Analysis Matrix.

#### Objective of the study:

1. To study the impact of Gig Economy & Gig work force in India.
2. To know about the types of job opportunities in Gig platforms.
3. To analyse the benefits & challenges of the Gig workers among the MSMEs.

#### Research Methodology:

- **Research Design:** This study will take a descriptive approach. The paper studies and reviews the status of Gig Economy & MSMEs in India.

#### Data collection:

- **Sources of data:** Secondary data is collected through reference books, Journal Articles, Annual Reports, Newspapers, e-sources, websites, etc.

#### Significance of the study:

Gig workers Freelance work has expanded significantly. People have more control over their clients, projects, and hours in what is known as the gig economy. Businesses profit from the flexibility and cost benefits it provides in the meantime. In contrast, MSMEs play a gaint role in the Indian economy. MSMEs employ more than 113 million people and account for around 30% of its total GDP. Thus, MSMEs exist in all forms and sizes, i.e., micro, small, and medium-sized enterprises, which drive innovation and job opportunities in this nation. The purpose of the study is to understand the benefits of leveraging gig workers, which MSMEs can make use of to raise their productivity even more, spur growth, and advance the nation's economy.<sup>6</sup>

#### Limitations of the study:

- This study is concerned only with MSMEs perspectives towards Gig Economy.
- In this study, data relating to selected Gig Economy (GVT), work force & skill categories are considered.
- This study has not classified MSME businesses either by type, number of assets, or employees.

<sup>6</sup> <https://zoopup.com/blogs/details/how-the-gig-economy-empowers-msmes/177>

**Data Analysis and Interpretation:**
**1. Gross Volume Transaction of Gig Economy:**

**Chart 1.1 Graphical presentation of Gross Volume Transaction of Gig Economy  
FY 2018-19 to FY 2022-23 (USD\$)**

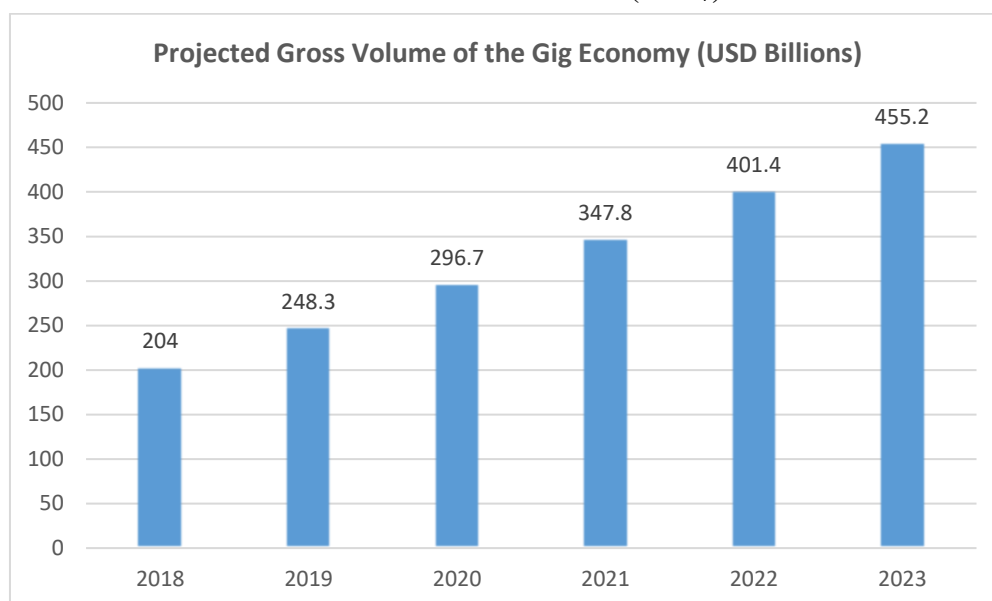


Image source: World Economic Forum<sup>7</sup>

From the above Chart 1.1 we can see Gig Economy in India is expanding at an impressive compound annual growth rate (CAGR) of 17% and will hit volume of \$455 billion by 2023, according to the Associated Chambers of Commerce and Industry of India (ASSOCHAM) report, a prominent trade body in India.<sup>8</sup> Furthermore, the poll predicts a 9% increase in contract or gig hiring in 2023, which will significantly affect the labor market overall.

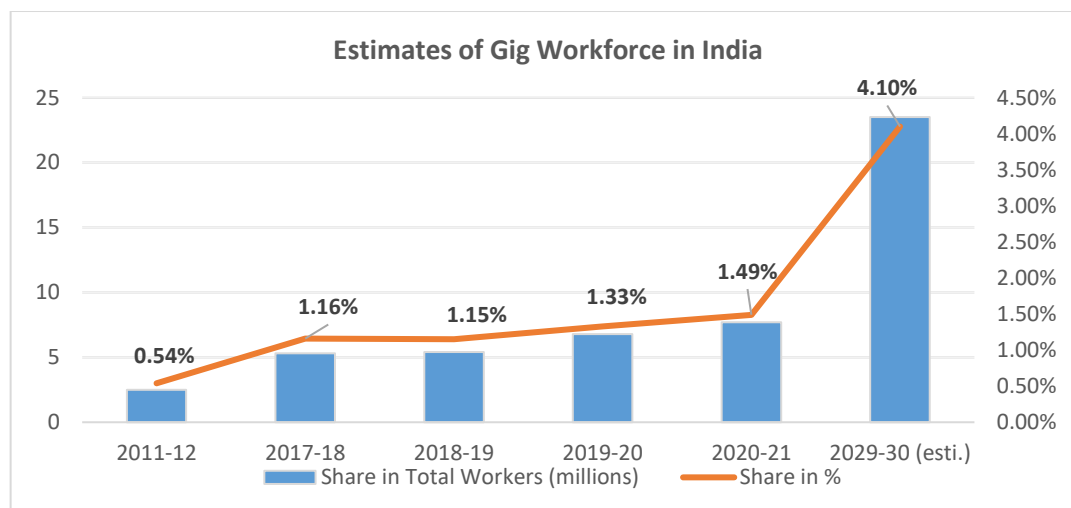
**2. Gig Workforce in India :**

**Table 1.2 Gig workforce in India (millions) FY 2011-12**

Year	Share in Total Workers (millions)	Share in %
2011-12	2.5	0.54%
2017-18	5.3	1.16%
2018-19	5.4	1.15%
2019-20	6.8	1.33%
2020-21	7.7	1.49%
2029-30 (esti.)	23.5	4.10%

<sup>7</sup> <https://community.nasscom.in/communities/talent/future-of-jobs/gig-economy-a-new-trend-in-employment.html>

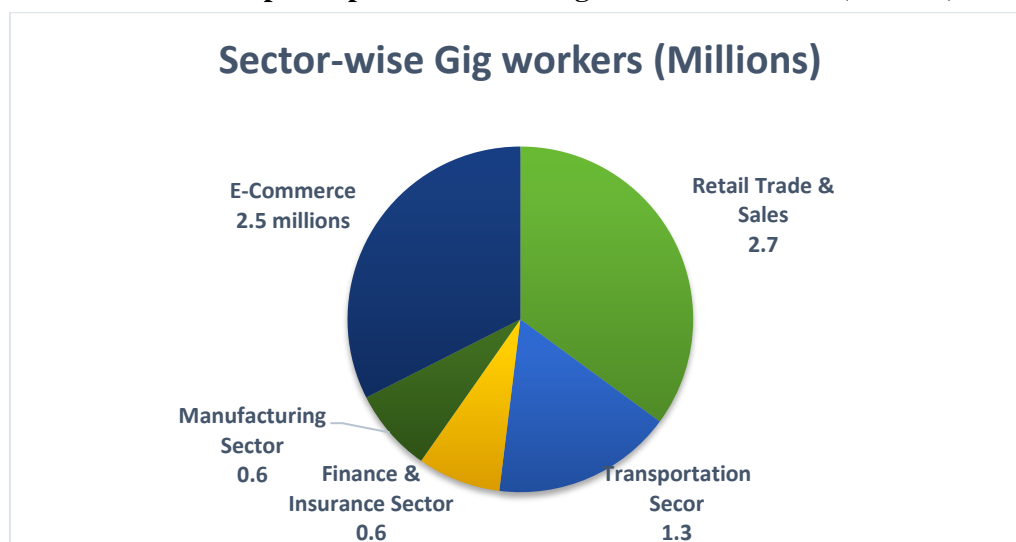
<sup>8</sup> Dixit Porwal Associate Professor, P., & Kumar, A. (n.d.). EXPOSING THE GIG ECONOMY'S DYNAMICS: EXPLORING POSSIBILITIES, CHALLENGES AND EMERGING TRENDS. *Journal of Nonlinear Analysis and Optimization*, 14(4), 2023.

**Chart 1.2 Graphical presentation of Gig workforce in India (millions)**


Source : <https://www.marketbrew.in/weekly-insights/gig-economy-india>

From the table 1.2, it can be seen that FY 2011-12 shows increase 1.16% along with rise in workers share. We can observe rising trends in from 0.16% in FY 2020-21 and similarly Employment also estimated to rises in FY 2029-30 to 4.10%. Hence, it shows the growth of workforce engaged in Gig economy.

### 3. Sector-wise Gig Workforce Proportion:

**Chart 1.3 Graphical presentation of Gig workforce in India (millions)**


Source : NITI Aayog

From the above chart 1.3, we can observe from the retail-trade sector employs the highest share of gig workers at 40%, followed by transportation and storage (20%), and manufacturing (10%). The Gig workers engaged in different sectors in which Retail Trade & Sales shows major sectors, followed by E-commerce by 2.5 million workforce. The personal service industry is expected to become a major employment generator, followed by the transportation & logistics sectors.

**Finding of the study:**

1. The gig economy's gross volume transactions in India surged following COVID-19, rising to 13.23% in FY2022 and roughly 11.82% in FY2023, indicating that gig workers play a key role in the economy.
2. By implementing a gig-based strategy, these MSMEs can drastically cut expenses. MSMEs can increase production and efficiency by utilizing gig workers' experience, which will result in higher-quality outputs and quicker project completion.
3. The sector-wise distribution shows a 33.27% increase in FY 2019–20 and a 44.23% decrease in FY 2020–21.
4. Gig workers confront several major issues, including shifting jobs, no full-time benefits, no job stability or guarantee, migration, etc.
5. The gig economy gives MSMEs access to a larger talent pool, which includes craftspeople, specialized skills, and knowledge for particular jobs or projects.
6. Government aid does not reach workers or entrepreneurs in need. Delays in receiving benefits from the system are caused by the drawn-out and difficult process.

**Suggestions & Recommendation:**

1. MSMEs are Self-employed individuals engaged in the business of selling regional and rural articles may be linked to digital platforms so that they can sell their produce to wider markets in towns and cities.
2. The government may make efforts in providing legislative benefits to the gig workers which can help in improving their career with protection.
3. Access to institutional credit may be enhanced through financial products specifically designed for platform workers and those interested to set-up their own platforms.
4. To develop the digital Platforms can collaborate with the Ministry of Skill Development and

Entrepreneurship, and the National Skill Development Corporation (NSDC) to nurture skilled workers and micro entrepreneurship.

5. Strategic recruiting is essential, the MSMEs should create the environment and HR platforms to involve with the independent workers and managing remote assistance can be made simpler with the help of websites like Upwork or Fiverr.
6. To select the optimal fit is made possible by thorough screening. Many MSMEs have already benefited from the Gig economy. Project-based recruiting and expanded reach enable competing with larger businesses.
7. To hire freelancers is streamlined when platforms are used properly. The freelance approach can significantly boost a smaller business's success, as demonstrated by real-world examples.
8. For India's MSMEs, the flexibility and potential of gig workers freelancing can undoubtedly exceed any difficulties if used wisely. So there is need for clarifications, norms, terms, and conditions for hiring should be clear and precise for start-ups and aspiring entrepreneurs.

**Conclusion:**

In conclusion, the gig economy in India is significantly reshaping the landscape of work in the digital era. Since the workplace is changing so quickly, it offers MSMEs a lot of potential for growth, innovation, and success. It promotes flexibility, saves money, and provides access to vast talent networks. There are challenges, to be sure, but small firms can overcome them; the gig economy has provided opportunities for individuals to increase their skills and talents on a more flexible basis. MSMEs must board the gig economy train, adjust to its characteristics, and take advantage of everything it has to offer if they want to stay ahead of this shifting terrain. MSME agility is increased by this trip, giving them a competitive advantage and the opportunity to expand and support India's economy.

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