



THE RISE OF GIG ECONOMY IN INDIA: A REVIEW OF CHALLENGES AND OPPORTUNITIES

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Abstract:

This paper examines the expanding gig economy in India, which is projected to employ 23.5 million workers by 2029-30 and contribute 1.25% to the national GDP by 2030. The gig workforce plays a crucial role in sectors such as e-commerce, transportation, and IT, providing flexible employment opportunities and alternative income sources. However, challenges such as income instability, lack of social security, regulatory ambiguities, and taxation complexities continue to impact workers. Women face additional barriers, including discrimination and safety concerns. While initiatives like the Code on Social Security, 2020, aim to address these issues, implementation remains slow. Digital platforms have expanded access to global markets, increasing employment prospects for Indian freelancers. Addressing these concerns through policy reforms, fair platform regulations, and skill development programs will be essential for ensuring sustainable and inclusive growth in this employment model.

Keywords: Gig economy, flexible employment, social security, income instability, regulatory challenges, taxation, global markets, skill development, policy reforms.

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Introduction to Gig Economy transformation:

The concept of the gig economy, which gained prominence during the 2008 financial crisis, describes a labor market characterized by temporary, flexible work arrangements, often facilitated by digital platforms. While the term "gig" originally referred to short-term engagements in the music industry, the modern gig economy has expanded across various sectors. Lawrence F. Katz and Alan B. Krueger (2016) conducted pivotal research on the rise of alternative work arrangements, emphasizing the increasing prevalence of gig-based employment. The proliferation of digital platforms such as Uber, Airbnb, and TaskRabbit in the early 2010s further solidified the gig economy's role in reshaping global labor markets.

The gig economy in India has experienced rapid growth, transformed employment patterns and provided workers with flexible, short-term job

opportunities. India's gig economy marks a significant transformation in work, moving away from traditional long-term employment contracts with a fixed employer-employee relationship. Instead, it revolves around short-term projects, freelance roles, and contract-based assignments.

The increasing accessibility of high-speed internet and advancements in digital technology have facilitated the proliferation of online platforms, enabling the gig economy to thrive. The COVID-19 pandemic further accelerated this transformation by reinforcing remote work practices and increasing reliance on digital services. As a key participant in the global gig economy, India holds a considerable share of the global freelance workforce.

"The Code on Social Security, 2020, was a milestone in acknowledging this shift, as it formally defined terms like 'aggregator,' 'gig worker,' and 'platform

worker.” (Pathak, 2025) (PIB Press release) This recognition set the stage for integrating gig workers into social security frameworks for the first time in the country.

According to the NITI Aayog report published in 2022 estimated that India's gig workforce will reach 23.5 million by 2029-30, solidifying its importance in the labor market. The report highlighted the key challenges such as income volatility, lack of job security, and limited access to social security benefits, which hinder the long-term stability of gig workers. It emphasized the need for policy frameworks that address labor rights, provide financial inclusion measures, and improve access to skill development programs for gig workers.

According to the NASSCOM, Aon, and Indeed published in 2022 reported that the share of Indian technology companies hiring gig workers increased from 57% in 2020 to 65% in 2022, with many firms now offering longer contract durations of 12 months or more. The Indeed (2022) survey projected that the gig workforce in India will expand to 9-11 million by 2025, with 58% of surveyed employers anticipating an increase in gig hiring.

Recognizing the growing prominence of gig workers, the Indian government has implemented several policy initiatives aimed at improving their working conditions. Measures such as social security benefits, identity verification programs, and financial support for vehicle purchases have been introduced to enhance job security and financial stability. For instance, the 2025 budget allocated resources to provide healthcare benefits to approximately 10 million gig workers, while select state governments have introduced subsidies and insurance schemes to support those engaged in gig-based services. (Ministry of Labour and Employment (2024)).

Research Methodology:

This study is purely based on secondary data. The study

undertook several reports of government and non-government organisations for the review. The study aimed to understand significant rise in the gig workers in India

Objective of the study:

To study the challenges faced by gig workers in India.

To explore the opportunities created by gig workers.

Review of Literature:

(Suman, 2025) The gig economy in India is witnessing remarkable growth, driven by digital advancements, changing workforce preferences, and increasing demand for flexible work arrangements. It is reshaping the country's labor market. However, gig workers face challenges like job insecurity, inconsistent income, and lack of social benefits. Addressing these concerns through technological innovations and policy interventions is essential for creating a sustainable and inclusive gig workforce. Platforms like Gigin.ai play a crucial role in bridging these gaps by ensuring fair wages, transparent payments, and better career opportunities for gig workers.

(P & Singh, 2025) Rahul Gandhi's push for gig worker rights, influenced by Western labor laws, risks harming India's booming gig economy. Activists like Shaik Salauddin advocate for regulations that could increase costs and limit flexibility, threatening job growth. State laws in Rajasthan, Telangana, and Karnataka propose levies on gig platforms and stricter employment terms, blurring the line between gig work and formal jobs. While protecting workers is essential, rigid laws could stifle an industry crucial for employment. India's gig economy needs balanced policies that ensure fair wages and security without undermining its flexibility and growth potential.

(Abrar, 2025) The gig economy is reshaping India's employment landscape, offering a flexible work model facilitated by digital platforms. It provides individuals with alternative income opportunities while allowing businesses to leverage a dynamic workforce. However,

given the lack of traditional employment protections, ensuring a balance between flexibility and social security remains a challenge. Additionally, the study underscores the necessity of well-defined regulatory frameworks and industry best practices to foster a sustainable and equitable gig economy.

(Joshi, Jain, & Gupta, 2024) The gig economy, driven by digital platforms, has restructured traditional employment but, it raises concerns about job insecurity, worker rights, and regulatory gaps. The study examined its impact on employment patterns, labor policies, and ethical considerations, including discrimination and outsourcing risks. It highlights the need for protective measures, fair labor policies, and inclusive regulations. While initiatives like the EU's gig work policies aim to address challenges, gaps remain. A balanced approach is essential to ensure worker welfare while maintaining market adaptability, fostering a sustainable and equitable gig economy.

(Sachdeva, 2024) Existing legal frameworks acknowledge gig workers but fail to offer comprehensive safeguards, exposing them to exploitation and poor working conditions. Scholars emphasize the need for regulatory reforms to ensure fair wages, social security benefits, and collective bargaining rights. Additionally, upskilling and reskilling initiatives are crucial for worker adaptability. Sustainable growth in the gig economy requires balanced policy interventions to mitigate social inequalities and foster long-term economic stability.

(Jain, 2022) The gig economy is undergoing rapid expansion, reshaping employment dynamics in India. Research indicates that the gig workforce is projected to reach 9-11 million by 2025, with significant demand in delivery, repair, and personal service sectors. However, challenges persist, including language barriers, lack of job information, and skill awareness gaps. Employers also face difficulties in screening and assessing candidates.

(Bhoi, 2022) The evolving gig economy in India has reshaped employment structures, offering flexibility and alternative income sources while also posing significant concerns related to job stability, inconsistent earnings, and inadequate worker protections. Scholars emphasize the importance of regulatory reforms to ensure fair compensation, social security benefits, and collective bargaining rights. Additionally, enhancing workforce skills through continuous learning initiatives is crucial. A balanced policy approach is necessary to mitigate social inequalities and foster sustainable economic growth in the gig sector.

(Banwari, 2018) Highlighting trends like blockchain payments and contractual hiring. While it boosts employment and productivity, challenges include low wages, job insecurity, and lack of benefits. It also provides recommendations for stakeholders to maximize gig economy benefits effectively.

Challenges of the Gig Economy:

1. Income Instability:

Gig workers often face financial uncertainty as their earnings depend on the availability of projects, demand fluctuations, and platform policies. Unlike traditional jobs, they do not receive a fixed monthly salary, making it difficult to manage household expenses, loan repayments, and savings. Additionally, many gig platforms operate on a commission-based system, where a significant portion of a worker's earnings is deducted as platform fees. The lack of a guaranteed minimum wage further exacerbates the issue, leading to financial stress, especially during economic downturns or off-peak seasons. A survey conducted by Workers (IFAT) in 2022 revealed that many gig drivers earn as little as ₹15,000 per month after deducting fuel and maintenance costs. (Gig Workers' Access to Social Security, 2021)

2. Lack of Social Security:

One of the biggest concerns for gig workers in India is the absence of comprehensive social security benefits such as health insurance, paid leave, pension schemes, and maternity benefits. Unlike formal employees, gig workers do not have employer-provided insurance, making them vulnerable to medical emergencies. The Code on Social Security, 2020, was introduced to address this gap, but its implementation remains slow. Without adequate social protections, gig workers must rely on personal savings or expensive private insurance plans, which may not be affordable for all. (Amal Chandra, 2024). During the pandemic, several workers faced severe financial distress when they fell sick and had no medical coverage due to insufficient funds for financial planning. (Gig Workers' Access to Social Security, 2021)

3. Job Insecurity:

In 2021, hundreds of gig workers from Urban Company, a home services platform, staged a protest against frequent policy changes that reduced their earnings and increased penalties for low ratings. Workers complained about sudden terminations and account deactivations without prior notice. The platform's algorithm dictated work assignments, often prioritizing new workers over existing ones, further creating instability. Many workers relied solely on the platform for income but had no job protection or recourse if they were removed from the system. (Chandran, 2023)

4. Legal and Regulatory Challenges

The legal status of gig workers in India remains ambiguous, as traditional labor laws distinguish between employees and independent contractors. Unlike regular employees, gig workers lack statutory protections such as minimum wages and social security benefits. This has led to debates on whether they should be classified as employees or

independent contractors. (Core Integra Consulting Services Ltd, 2024)

5. Limited Access to Skill Development

E-commerce delivery executives working for Amazon, Flipkart, and Dunzo often struggle with career progression. Many start as delivery associates but lack opportunities to move into higher-paying roles due to the absence of structured upskilling programs. Unlike corporate jobs, where employees receive training and promotions, gig workers must invest in their own skill development, which is often expensive.

6. Discrimination and Safety Concerns

Women gig workers in India face severe gender discrimination and safety issues, especially in ride-hailing and home service jobs. Women working in ride-hailing and delivery services report issues such as harassment, wage disparities, and unsafe working conditions. Safety concerns, especially during late-night shifts, limit their working hours and earning potential. (Ghosh & Risha Ramachandran and Mubashira Zaidi, 2020) The lack of employer liability further exacerbates these issues, as platforms may not take responsibility for workers' safety.

Opportunities of the Gig Economy:

1. Flexible Work Schedules

Gig work allows individuals to tailor their work hours, accommodating work life balance. According to the report published by Institute of Social Studies Trust stated that, "The gig economy platforms attract women as it facilitates a choice to them in regard to paid and unpaid work.

2. Diverse Income Streams

Engaging in gig work enables individuals to diversify their income sources, reducing reliance on a single employer. Professionals can take on freelance projects across various domains such as writing, graphic design, or programming, thereby

enhancing financial stability. Many IT professionals in India undertake freelance assignments in addition to their full-time jobs, leveraging platforms like Upwork, Fiverr, Fixnhour etc. to secure international clients.

3. Skill Development and Enhancement

The gig economy offers opportunities for workers to acquire and refine skills through varied projects. Exposure to different tasks and industries fosters adaptability and continuous learning, which are valuable in the evolving job market. Digital skills empower gig workers by enhancing job access, resilience, and decision-making while reducing unpaid labor. Technological proficiency helps mitigate risks like platform failures and enables freelancers to adapt to evolving digital systems. (Samanta, 2024)

4. Entrepreneurial Opportunities

Gig work serves as a platform for aspiring entrepreneurs to test business ideas with minimal investment. The gig economy provides a low-risk avenue for aspiring entrepreneurs to test and refine business ideas without requiring significant upfront investment. By leveraging digital platforms, individuals can offer specialized services, build a portfolio, and establish a steady client base, ultimately transitioning into full-fledged businesses. (India's gig economy set to boom: Navigating the future of work, 2025)

5. Increased Employment Opportunities

The gig economy has significantly broadened employment opportunities, particularly in sectors such as e-commerce, transportation, and delivery services. The gig sector offers opportunities with minimal entry barriers, often requiring only basic digital literacy and skill adaptability. This growth has been instrumental in absorbing segments of the workforce that may face barriers in traditional employment settings.

6. Access to Global Markets

Digital platforms enable Indian gig workers to connect with clients worldwide, breaking geographical barriers and opening avenues for international collaboration. This access can lead to higher-paying projects and exposure to global industry standards. Indian software developers frequently secure contracts from overseas companies through platforms like Freelancer.com, contributing to the country's export of IT services. (Clayton, 2022)

Conclusion:

The gig economy in India is expanding rapidly, transforming employment dynamics across various sectors such as e-commerce, transportation, and IT services. It is projected to grow at a CAGR of 17%, reaching a gross volume of \$455 billion by 2024, and could create 90 million jobs, contributing 1.25% to India's GDP by 2030 (Business Standard) (Abrar, 2025). While this new work model provides flexibility, entrepreneurship opportunities, and global market access, it also poses challenges such as job insecurity, lack of social security, inconsistent wages, and legal ambiguity.

The Code on Social Security, 2020 (PIB) (Pathak, 2025) is a step towards integrating gig workers into formal social security schemes, but gaps remain in ensuring timely payments, fair working conditions, and taxation compliance. Moreover, platform liability remains a gray area, with companies like Uber, Ola, Zomato, and Swiggy implementing welfare measures but without legally binding obligations. Payment protection laws and dispute resolution mechanisms also need further strengthening

Recommendations:

- Clarify Worker Classification – Define gig workers' employment status to ensure appropriate benefits and protections.

- Expand Social Security – Strengthen implementation of the Social Security Code, 2020, to provide provident funds, insurance, and maternity benefits.
- Simplify Taxation – Develop clear tax regulations and compliance mechanisms for gig workers.
- Ensure Fair Payments – Mandate timely payments and transparent contracts through platform accountability.
- Promote Upskilling – Introduce digital literacy and skill development programs to enhance employability.

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