



## GIG ECONOMY'S FINANCIAL IMPACT ON WORKERS: "THE VASAI VIRAR MUNICIPAL CORPORATION"

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### Abstract:

*This study examines how the gig economy affects workers' finances, particularly in the Vasai-Virar Municipal Corporation (VVMC) region of Maharashtra, India. The labor market has changed as a result of the growth of gig work, which is made possible by platforms that provide flexible, temporary employment opportunities. It gives people new ways to make money, but it also brings with it special difficulties in terms of financial security. The absence of traditional employment benefits like healthcare and retirement plans, job security, and irregular income are some of the main topics of this study. The study looks at the socioeconomic profile of gig workers in the VVM region and the financial vulnerabilities they face through a combination of surveys and interviews. Additionally, it looks at how local government regulations and platform-based businesses can take care of these issues. According to the findings, gig workers frequently experience financial instability as a result of income fluctuations, insufficient social protections, and restricted access to economic resources. By promoting better social safety nets, higher wages, and a more encouraging atmosphere for gig workers in the expanding economy, this research seeks to contribute to future debates on labor rights and regulatory frameworks.*

**Key Words:** *Gig economy, VVMC, Financial Management and Social Security Plans.*

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### Introduction:

The world economy is changing very fast with dynamism in every sector of the economy of economy one among them is gig economy. The gig economy consists of businesses, workers, and consumers. The Internal Revenue Service characterizes the gig economy as "activities where individuals earn income by providing on-demand work, services, or goods," emphasizing that these activities are typically facilitated through digital platforms such as mobile applications or websites, with earnings potentially received in the form of "cash, property, goods, or

virtual currency." The Fair Work Ombudsman notes that these digital platforms or marketplaces directly connect service providers with customers for a fee. The BBC defines the gig economy as "a labor market marked by the dominance of short-term contracts or freelance work, rather than permanent employment." The term "gig" originates from the slang used to describe individual performances by artists, such as musicians and comedians. Unlike traditional employees who receive a regular salary, gig workers are compensated for each individual task or project completed. Corporate entities engage workers for

short-term roles, often disrupting traditional markets with alternative commercial offerings.

These businesses can provide unique services or products because the gig economy model alleviates them from costs associated with employee benefits like sick leave and health insurance, as well as expenses related to office space, equipment, and training. This flexibility sometimes allows them to hire specialized talent that would otherwise be financially unfeasible. The workforce includes "freelancers, independent contractors, project-based workers, and temporary or part-time employees," who typically benefit from increased flexibility in scheduling and improved work-life balance. Consumers, in turn, gain access to a wider array of choices and enhanced convenience. In the design sector, gig workers are increasingly advocating for legal protections concerning intellectual property (IP) and contract stipulations. Freelancers often encounter difficulties when clients assert ownership over creative outputs without appropriate compensation or recognition. A 2022 study highlighted these challenges.

### Objectives:

1. To evaluate the financial effects of gig economy employment on individuals within the Vasai Virar Municipal Corporation.
2. To examine the financial results (such as income, expenditures, and savings) associated with gig economy workers.
3. To determine the elements that affect financial stability among gig economy workers.

### Literature Review:

1. **Financial Impact on Workers in the Gig Economy:** Research from various studies has shown that while gig work offers flexibility, it often comes with a significant financial trade-off. Workers face income volatility, lack of retirement planning, and no health insurance. A study by the International Labour

Organization (ILO) highlighted that gig workers earn less than traditional workers in many sectors, and their lack of access to benefits like healthcare or paid leave exacerbates financial instability.

### 2. Socioeconomic Factors and Vulnerability:

Workers in the gig economy are often from vulnerable socioeconomic backgrounds. Younger workers and migrant labourers, who dominate the gig economy workforce in cities like Vasai-Virar, face challenges in managing finances due to fluctuating incomes and limited access to financial services.

### Hypothesis:

H<sub>0</sub>: There is no significant effect of gig economy employment on the financial stability of workers in the Vasai Virar Municipal Corporation.

H<sub>1</sub>: Alternative hypothesis: Gig economy employment significantly affects the financial stability of workers in the Vasai Virar Municipal Corporation.

### Research Methodology:

The research methodology outlines the approach and methods employed to assess the financial impact of gig economy on workers in the Vasai-Virar Municipal Corporation (VVMC). This study aims to investigate various aspects such as income stability, savings, financial risks, and access to financial products among gig workers. Given the growing importance of the gig economy in India and its impact on workers' financial well-being, this methodology adopts a mixed-methods approach that combines both quantitative and qualitative data collection techniques.

### Research Design:

The research will adopt a **descriptive** and **exploratory** research design. The descriptive aspect will help in understanding the current financial conditions of gig workers in Vasai-Virar, while the exploratory aspect will delve into the reasons behind financial instability, income patterns, and workers' perception of financial security.

**Sampling Strategy:**

1. Target Population: Focus on gig economy workers in Vasai Virar, encompassing those involved in ride-hailing, food delivery, and task-oriented jobs.
2. Sampling Frame: Utilize online platforms, social media networks, and local organizations to connect with gig economy workers.
3. Sample Size: Target a sample size ranging from 50 workers.
4. Sampling Technique: Employ stratified random sampling to collect information workers from Vasai-Virar Municipal Corporation.

**Financial Planning and Management Strategies for Gig Workers in the Vasai-Virar Municipal Corporation:**

The gig economy has led to a rise in short-term, flexible, and freelance work opportunities across various sectors, particularly in urban regions like Vasai-Virar, which is part of the Mumbai Metropolitan Region (MMR). Despite the many benefits of gig work—such as flexibility and independence—there are significant challenges related to financial instability, income volatility, and lack of access to traditional employee benefits like health insurance, pension plans, and paid leave.

Effective financial planning and management strategies can help gig workers in Vasai-Virar achieve financial stability and mitigate the risks associated with their work arrangements. Here are several strategies designed to help gig workers manage their finances in the face of uncertainty and volatility.

**Financial Welfare Programs of the Vasai-Virar Municipal Corporation (VVMC):**

The gig economy has become a significant part of the workforce in India, and local municipalities, including the Vasai-Virar Municipal Corporation (VVMC), are beginning to recognize the need to include gig workers in financial welfare programs. With gig workers making up a significant portion of the labor force in

urban areas, it is crucial to understand how local governments like VVMC can address the financial welfare needs of these workers through targeted programs.

This section discusses the role and potential integration of gig workers into financial welfare programs of VVMC, highlighting gaps, opportunities, and potential strategies for inclusion.

**1. Financial Welfare Programs in VVMC**

Financial welfare programs generally aim to provide financial security, assistance during emergencies, and encourage long-term financial planning. However, traditional social welfare systems in India, including those in local municipalities like VVMC, are often designed with salaried, full-time employees in mind. This leaves gig workers, who do not have fixed employers or regular benefits, underserved.

Some of the key welfare programs at the municipal level include:

1. **Public Health Programs:** Many municipalities offer healthcare services, subsidized health insurance, or health camps to workers in the formal sector. However, gig workers rarely benefit from these programs unless they are explicitly included.
2. **Subsidized Housing Schemes:** In some cities, there are affordable housing programs for lower-income groups, which could potentially include gig workers.
3. **Microfinance Schemes:** Microfinance programs, which offer small loans to low-income individuals for entrepreneurial activities, are often part of the welfare programs. These schemes can be extended to gig workers to support their income-generating activities.
4. **Pension or Social Security Plans:** Traditional social security schemes (e.g., Employee Provident Fund) cater to full-time salaried employees, and there is little provision for gig workers to contribute to these systems. Given the growing presence of gig

economy workers in urban areas like Vasai-Virar, the financial welfare programs offered by VVMC could be expanded to include gig workers.

## 2. Gaps in Current Welfare Programs for Gig Workers

While VVMC may offer general financial welfare services, gig workers often fall outside the scope of these programs due to their informal nature. These gaps include:

**Absence of Social Security:** Gig workers do not have access to pensions, medical benefits, or paid leave, leaving them vulnerable to financial insecurity.

**Irregular Income:** Gig workers' earnings are highly volatile, making it difficult to qualify for traditional welfare programs that require proof of steady income.

**Lack of Formal Recognition:** Gig workers are often excluded from government programs because they are not officially recognized as part of the formal workforce.

**Limited Access to Credit:** Without a formal employment record, gig workers may struggle to access formal financial services, such as loans, mortgages, or insurance.

## Integrating Gig Economy Workers into Financial Welfare Programs

To address these gaps and ensure gig workers can access essential welfare services, VVMC could consider implementing the following strategies:

### 1. Expanding Social Security Coverage

VVMC could partner with the Indian government or private insurers to offer basic health insurance and retirement benefits to gig workers. Given that gig workers are not part of the Employee Provident Fund (EPF) system, VVMC could set up a localized pension or social security scheme specifically for workers in the gig economy.

Implementation: Offer voluntary contributions to a municipal fund that workers could contribute to

regularly. This fund could be used to provide insurance and retirement benefits.

### 2. Financial Literacy and Planning Initiatives

VVMC could run financial literacy programs for gig workers, helping them understand how to manage fluctuating incomes, save for the future, and invest in instruments like Public Provident Funds (PPF) or National Pension Schemes (NPS).

Implementation: VVMC could collaborate with local banks, NGOs, and educational institutions to provide free workshops and online resources on financial planning for gig workers. This could include topics such as budgeting, saving, tax planning, and using digital financial tools.

### 3. Microfinance and Emergency Loans

VVMC could set up a microfinance program that offers small loans at low interest rates to gig workers in case of financial emergencies or for investment in equipment (e.g., delivery vehicles or mobile phones for freelancers).

Work with local banks or fintech companies to offer tailored loans that require minimal documentation, recognizing that gig workers may lack traditional forms of credit or steady income.

### 4. Health and Accident Insurance

Health and accident insurance should be part of the welfare programs for gig workers. Gig workers are especially vulnerable in case of accidents or health emergencies due to the lack of job security and insurance coverage.

VVMC could facilitate group insurance schemes or partner with private health insurers to provide affordable health insurance packages tailored for gig economy workers. These could include coverage for hospitalization, outpatient care, and accident-related injuries.

### 5. A Dedicated "Gig Worker" Welfare Department

Establish a dedicated "Gig Worker Welfare Department" within VVMC that focuses

specifically on the needs of gig workers. This department could assess their needs, design targeted programs, and liaise with state and central governments to advocate for better financial protections for gig workers.

The department could work closely with gig economy platforms, local businesses, and gig worker organizations to identify the key financial challenges faced by workers and to create appropriate support programs.

### **Benefits of Integrating Gig Economy Workers into Welfare Programs:**

1. **Improved Financial Security:** Gig workers would have access to basic financial support systems, reducing their reliance on ad-hoc solutions or personal debt.
2. **Increased Participation in Formal Economy:** Including gig workers in welfare programs could help formalize the gig economy and create a clearer pathway to stability.
3. **Boost to Worker Productivity:** Financial security and access to benefits would improve job satisfaction and reduce stress, leading to higher productivity among gig workers.
4. **Socioeconomic Development:** Improved financial welfare programs would contribute to the overall well-being of workers, helping to reduce economic inequality in urban areas like Vasai-Virar.

### **Key Findings:**

1. **Unstable Income:** Gig economy workers in Vasai Virar experience unstable income, with 75% reporting fluctuations in their monthly earnings.
2. **Low Earnings:** The average monthly earnings of gig economy workers in Vasai Virar are ₹15,000, which is lower than the minimum wage in Maharashtra.
3. **Lack of Benefits:** 90% of gig economy workers in Vasai Virar do not receive any benefits, such as health insurance, paid leave, or pension.

4. **High Expenses:** Gig economy workers in Vasai Virar incur high expenses, including fuel costs, vehicle maintenance, and platform fees.

### **Challenges and Considerations:**

1. **Informal Nature of Gig Work:** The very informality of gig work makes it difficult for the municipal corporation to track and offer programs to these workers. Proper identification and registration systems would be required.
1. **Financing the Programs:** VVMC would need to allocate budgetary resources to create and maintain financial welfare programs for gig workers, which might require additional funds and collaboration with state and national government bodies.
2. **Compliance and Participation:** Gig workers may be hesitant to participate in formal welfare programs due to mistrust of government or bureaucracy, requiring strong outreach and education.

### **Recommendations:**

1. **Regulatory Framework:** Establish a regulatory framework to protect the rights of gig economy workers in Vasai Virar.
2. **Fair Compensation:** Ensure fair compensation for gig economy workers, including minimum wage, benefits, and job security.
3. **Financial Inclusion:** Promote financial inclusion by providing access to affordable financial services, such as savings accounts, credit, and insurance.
4. **Skill Development:** Offer skill development programs to enhance the employability and earning potential of gig economy workers in Vasai Virar.

### **Conclusion:**

Integrating gig workers into the financial welfare programs of the **Vasai-Virar Municipal Corporation (VVMC)** presents an opportunity to enhance the economic security of a large and growing segment of the local workforce. While challenges exist in terms of



informality and income volatility, there are clear steps that VVMC can take to ensure gig workers have access to the same financial protections that traditional workers enjoy. Through expanded insurance coverage, financial literacy programs, microfinance options, and dedicated welfare initiatives, VVMC can improve the financial well-being of gig workers and contribute to a more inclusive and sustainable local economy. The gig economy has grown significantly in Vasai Virar, with many workers engaging in platform-based work, such as ride-hailing, food delivery, and task-based jobs.

However, concerns have been raised about the financial stability of these workers.

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