



## SMALL SCALE INDUSTRIES AND GIG ECONOMY IN INDIA

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**Abstract:**

*The gig economy refers to a labour market characterized by short-term, and flexible jobs often facilitated through digital platforms. It involves individuals or companies offering services on a temporary or task-by-task basis, rather than through traditional full-time employment contracts. In the gig economy, gig Workers (also known as independent contractors or freelancers) are paid for each task or gig they complete. Popular gig economy activities include freelance work, food delivery services, and freelance digital work.*

**Key Features :** *The gig economy offers flexibility, allowing workers to choose their schedules and work location. Digital platforms connect service providers with consumers for short-term, task-based jobs.*

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**Introduction:**

India's economic landscape is shaped by a vibrant mix of traditional small-scale industries (SSIs) and a rapidly expanding gig economy. These sectors play a crucial role in employment generation, innovation, and economic resilience.

**Small-Scale Industries (SSIs):** SSIs are businesses that operate on a limited scale, usually characterized by low investment, small workforce, and localized operations. They cover diverse areas like textiles, handicrafts, food processing, and electronics. SSIs foster entrepreneurship, promote indigenous products, and contribute to exports, particularly from rural and semi-urban areas. Government initiatives such as MSME schemes and subsidies support their growth.

**Gig Economy:** The gig economy refers to a labour market dominated by short-term contracts, freelance work, and digital platforms. With the rise of technology and mobile connectivity, gig work has flourished in India, spanning food delivery, ride sharing, online tutoring, and content creation. This system offers flexibility and independence to

workers but also brings concerns about job security, fair wages, and social benefits. Together, SSIs and the gig economy reflect India's dynamic economic structure, offering employment opportunities while presenting challenges in regulation, sustainability, and worker welfare. Their continued evolution will shape India's future workforce and entrepreneurship landscape.

**Review of literature:** There are several academic studies and reports that analyze the **small-scale industries and gig economy in India**. These reviews of literature examine factors affecting small-scale industries, their role in economic development, and the challenges and opportunities within the gig economy. For instance, one study explores the **performance of small-scale industries in India**, highlighting how socio-economic characteristics of entrepreneur's influence productivity. Another paper provides a **comprehensive review of the gig economy**, discussing its growth, impact on the labour market, and policy implications.

**Objective:**

The **objectives** of small-scale industries (SSIs) and the gig economy in India revolve around economic growth, employment generation, and innovation.

**Objectives of Small-Scale Industries (SSIs):**

- **Employment Generation:** SSIs create job opportunities, especially in rural and semi-urban areas.
- **Economic Growth:** They contribute significantly to India's GDP and industrial output.
- **Entrepreneurship Development:** SSIs encourage self-employment and innovation.
- **Regional Development:** They help in reducing regional disparities by promoting industrialization in less-developed areas.
- **Export Promotion:** Many SSIs contribute to India's exports by producing high-quality goods.
- **Utilization of Local Resources:** They make use of locally available raw materials and skills, fostering sustainable development.

**Objectives of the Gig Economy:**

- **Flexibility in Work:** Gig jobs provide workers with autonomy over their schedules.
- **Income Opportunities:** They offer alternative income sources, especially for those unable to secure traditional employment.
- **Technology-Driven Growth:** Digital platforms enable gig workers to connect with clients and businesses efficiently.
- **Cost Efficiency for Businesses:** Companies benefit from hiring gig workers for short-term projects without long-term commitments.
- **Skill Development:** Gig work allows individuals to gain experience in various fields, enhancing their employability.

**Methodology:**

The **methodology** for studying small-scale industries (SSIs) and the gig economy in India typically involves

a combination of qualitative and quantitative research approaches. Researchers analyse economic trends, employment patterns, and policy impacts using various methods.

**Methodology for Small-Scale Industries :**

- **Data Collection:** Studies often rely on government reports, industry surveys, and case studies of SSIs.
- **Economic Analysis:** Researchers examine the contribution of SSIs to GDP, employment generation, and regional development.
- **Policy Review:** Evaluating government initiatives such as MSME schemes, subsidies, and financial support for SSIs.
- **Field Surveys:** Interviews with entrepreneurs and workers to understand challenges and opportunities in SSIs.

**Results and Discussion:**
**Small-Scale Industries and the Gig Economy in India :**

**Small-Scale Industries (SSIs) :** Studies indicate that SSIs contribute significantly to India's GDP, employment, and exports. They play a crucial role in rural industrialization and poverty reduction. However, challenges such as a lack of capital, competition from large industries, and regulatory hurdles affect their growth. Government policies, including financial incentives and MSME support schemes, have helped sustain SSIs, but further improvements in infrastructure and market access are needed.

**Gig Economy:** The gig economy in India has expanded rapidly due to digital platforms and increased internet penetration. It provides flexible work opportunities but raises concerns about job security, fair wages, and social benefits. Research highlights that gig workers often lack formal protections, leading to financial instability. While the gig economy fosters entrepreneurship and

innovation, policymakers need to address labour rights and sustainable income models.

### Conclusion:

#### Small-Scale Industries (SSIs):

SSIs have historically played a vital role in India's industrialization, particularly in rural and semi-urban areas. They foster entrepreneurship, generate employment, and contribute significantly to GDP and exports. However, challenges such as limited access to capital, competition from large industries, and regulatory hurdles persist. Strengthening infrastructure, improving financial accessibility, and enhancing market linkages can help SSIs thrive in the evolving economic landscape.

#### Gig Economy :

The gig economy has emerged as a dynamic force, offering flexible work opportunities through digital platforms. While it provides income generation and autonomy, concerns regarding job security, fair wages, and social benefits remain. Addressing these challenges through policy interventions, worker protections, and sustainable income models will be essential for ensuring long-term stability in the gig workforce.

Together, SSIs and the gig economy reflect India's evolving economic structure. Their continued growth and adaptation will shape the future of employment, entrepreneurship, and industrial development in the country.

### Suggestions and Recommendations:

#### Small-Scale Industries (SSIs)

1. Financial Support & Credit Access: Strengthen MSME loan schemes and simplify credit access for small businesses.
2. Technology Adoption: Encourage digital transformation and automation to enhance productivity.

3. Market Expansion: Facilitate better market linkages and export opportunities for SSIs.
4. Skill Development: Provide training programs to improve workforce efficiency and innovation.
5. Regulatory Ease: Simplify compliance procedures to reduce bureaucratic hurdles for entrepreneurs.

#### Gig Economy

1. Worker Protections: Implement policies ensuring fair wages, job security, and social benefits for gig workers.
2. Skill Enhancement: Promote digital and entrepreneurial skill development for gig workers.
3. Financial Inclusion: Encourage financial literacy and access to banking services for gig workers.
4. Social Security Measures: Design welfare initiatives such as insurance and pension schemes.
5. Platform Accountability: Ensure gig platforms adhere to ethical labour practices and transparency.

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***Cite This Article:***

**Binit Kumar (2025).** *Social Media as a Catalyst for Rural Women Entrepreneurs in and around Mumbai.* In **Aarhat Multidisciplinary International Education Research Journal: Vol. XIV (Number II, pp. 135–138).**