

GIG ECONOMY – PROSPECTS IN INDIA (BENEFITS, CHALLENGES AND IT'S FUTURE IN INDIA)

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AIM: To review Gig Economy Prospects in India.

Another reasonably popular abbreviation is G.I.G. Depending on the context, a gig acronym could represent God is Good, Get in Gear, Growing in Grace, or a variety of other things. Because there are so many definitions of "gig," it is important to consider the context while selecting the right one.

In the gig economy, a free market system, businesses frequently hire independent freelancers for temporary work. A "gig" is a term used informally to describe a job that lasts for a predetermined period of time. The word "gig" has historically been used by musicians to describe a performance engagement.

"Working in the gig economy means constantly being subjected to last-minute scheduling"

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The gig economy's advantages

There are several applications and advantages of the gig economy for people, companies, and the overall economy:

A. Advantages for People:

1. **Flexibility:** Jobs in the gig economy have flexible schedules that let people decide how much and when they want to work.
2. **Autonomy:** Gig economy workers are frequently their own bosses, which allows them to have control over their work and schedule—something that young people typically anticipate.
3. **Additional money:** People can pay off debt, make ends meet, and lead satisfying lives by taking advantage of gig economy jobs, which can provide an extra source of income.
4. **Skill development:** Gig economy platforms can give people the chance to show off their current abilities or acquire new ones.

B. Advantages for Businesses:

1. **Cost Efficiency:** Engaging gig economy workers can prove to be more economical than traditional

employment, as companies can bypass expenses related to benefits and other employment obligations in both the short and long term.

2. **Adaptability:** Businesses can hire gig economy workers on a project basis, enabling them to adjust their workforce size swiftly and flexibly.
3. **Access to Specialized Expertise:** Gig economy platforms offer businesses the opportunity to tap into specialized skills or knowledge that may not be readily available within their existing workforce.
4. **Enhanced Efficiency:** By delegating specific tasks or projects to gig economy workers, businesses can boost their overall efficiency.

C. Advantages for the Economy:

1. **Job Creation:** For people who might find it difficult to find regular work, the gig economy has created new career opportunities, especially in a time when unemployment is a major problem.
2. **Economic Development:** Through connecting companies, staff, consumers, and other stakeholders, the gig economy has contributed to economic growth.

3. Improved Productivity: By allowing businesses to concentrate on their core functions while outsourcing non-essential tasks, the gig economy has led to increased productivity.
4. Innovation: The gig economy has spurred innovation by creating a platform for the emergence of new business models and services.

Examples of gig economy applications include:

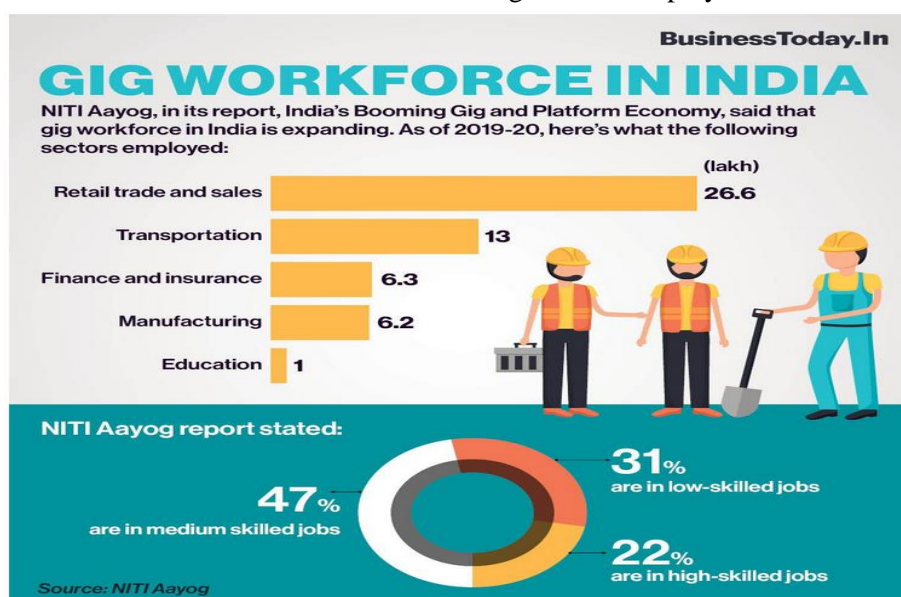
1. Ride-sharing services: Uber, Lyft
2. Food delivery services: GrubHub, DoorDash
3. Freelance platforms: Upwork, Fiverr
4. Task completion services: TaskRabbit
5. Accommodation sharing: Airbnb

In conclusion, the gig economy has completely changed how people work and do business by granting them independence, flexibility, and access to new options.

Gig Economy in the Context of India:

While the concept of the gig economy may seem recent, it has historical roots. The term was originally used by jazz musicians to describe performances, but its meaning has evolved significantly. The phrase "gig economy" was first introduced by journalist Tina Brown in 200.

The concept of the gig economy may seem contemporary, but it has a long history. The term was initially used by jazz musicians to describe their performances, but it has since evolved into a broader concept. Journalist Tina Brown first introduced the phrase "gig economy" in 2009, and it began to gain traction in India around 2010 with the emergence of ride-hailing services such as Uber and Ola, followed by food delivery platforms like Swiggy and Zomato. With an estimated \$1.35 trillion in yearly earnings in 2022, according to Upwork's Freelance Forward Report, gig workers are vital to the American economy, and the country is home to the largest gig economy. The gig economy is also anticipated to have a big influence on India, where it might eventually generate 90 million in employment and contribute 1.25 percent of the GDP by 2030. Delivery services, transportation, and e-commerce are important industries impacted by the gig economy. The Great Recession's start in 2007 significantly sped up the gig economy's expansion, with non-employer businesses growing far more quickly than typical employer businesses. In contrast, the recession of 2001 had minimal effects on the growth of employer establishments.



Top reasons for working in the gig economy



Need for Gig Economy in India:

Employment Opportunities: Creating enough job possibilities for its people is a difficulty for India, a developing country. The gig economy has improved labor force participation and made jobs more accessible.

- **Addressing Low-Skilled Labor Demand:** The fact that about 47% of gig work is classified as medium-skilled, 22% as high-skilled, and 31% as low-skilled indicates that there is now a significant need for low-skilled labor.
- **Young Demographic Advantage:** Young, intelligent, and tech-savvy people make up a sizable and growing portion of India's population. Flexibility and work-life balance are important to many millennials, which makes the gig economy a desirable choice for many. Between 2019 and 2022, the number of young people participating in the gig economy increased eightfold.
- **Female Workforce Participation:** Women benefit from the income opportunities, autonomy, and flexible working arrangements offered by the gig economy. Their participation has risen from 18% to 36%.
- **Opportunities for Retirees:** Many retirees are

pursuing self-employment in contract-based professions due to the flexibility of gig work.

- **Job Democratization:** Due to the low entry hurdles in the gig and platform industries, the gig economy offers India a great deal of employment growth potential.
- **Technological Advancements:** Traditional workplace limitations have been eliminated by technological advancements, especially in the areas of artificial intelligence, robots, and data analytics. Gig workers' living conditions and productivity can both be raised by integrating technology into the gig economy.
- **Transformation of Last-Mile Delivery:** The industry of last-mile delivery has changed, becoming more efficient, accessible, and reasonably priced.
- **Remote Work Opportunities:** Work is now more flexible because of telecommunications advancements, which allow people to collaborate regardless of where they are in the world.
- **Start-Up Ecosystem:** Businesses can recruit gig workers on a project basis without requiring long-term commitments, making them a more affordable

option than traditional employees.

Factors Contributing to the Expansion of the Gig Economy in India:

- **Increased Smartphone and Mobile Connectivity:**

The extensive use of smartphones and the accessibility of reasonably priced internet have created a strong foundation for companies to interact effectively and directly with employees. Remarkably, India consumes more mobile data per smartphone user than any other country in the world.

- **Evolving Work Preferences:** Millennials and Gen Z in particular place a high priority on flexibility and work-life balance. Working from any location, choosing projects, and setting your own hours are all made possible by the gig economy.

"-" A graphic designer in Delhi, for example, can work on Upwork as a freelancer and pursue her passion for photography, which is a degree of freedom that is usually impossible in a traditional 9–5 employment.

- **Growth of Startup Culture and E-commerce:**

More than 16,000 new tech businesses appeared in 2020 alone, which significantly increased the number of startups and investments available in India.

- Contract workers are essential to the growing startup environment for a number of tasks, such as marketing, web development, and content production.

- A sizable, flexible workforce is also required for logistics and delivery services due to the growth of e-commerce businesses.

- **Consumer Demand for Convenience:** Fast and easy services like meal delivery and online shopping are becoming more and more popular among Indian urban consumers.

- Due to the increased demand, gig workers now have the chance to work as cab drivers and delivery workers. The availability of inexpensive labor: At

the moment, about 31% of gig work is categorized as low-skilled, and roughly 47% is classified as medium-skilled.

- Due to the lack of official employment possibilities, India has a sizable pool of unskilled and semi-skilled workers who are eager to take up gig work. Because of this labor surplus, gig platforms are able to provide poorer working conditions and cheaper wages, which helps them grow.

The Potential of India's Gig Sector :

- Both blue-collar and white-collar workers are employed by gig economy enterprises, which account for about 56 percent of new job prospects in India.
- Despite being mostly linked to blue-collar jobs, gig workers are increasingly needed in white-collar jobs such as software developers, web designers, content producers, project-specific consultants, and salespeople.
- The gig economy might create 90 million non-farm jobs in India and 1.25 percent of its GDP.
- The gig economy could reduce unemployment and income inequality as India aims to become a USD 5trillion economy by 2025.

Major Challenges Encountered by Gig Workers in India

- **Absence of Fundamental Rights and Social Security:** Because they are frequently classified as independent contractors or "partners," gig workers are not regarded as employees. In India, gig employment is not yet governed by any regulations.
- They are not entitled to the same social security advantages and fundamental rights as regular employees because of this classification, including healthcare, paid time off, minimum pay, and pension schemes.
- Despite facing difficult working conditions,

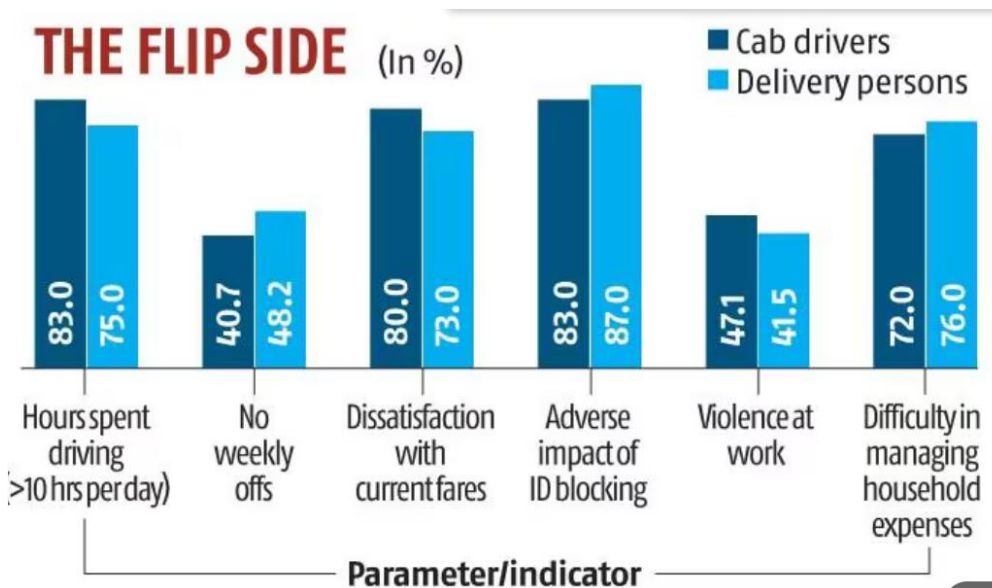
employees of organizations such as Zomato and Swiggy are not compensated for their hazards or given any perks.

- **Employment Instability and Income Uncertainty:** Gig work is inherently unstable and cannot ensure a steady job. Workers may lose their livelihood and income if they are unplugged from the platform, which is easy to do. Their revenues fluctuate based on demand and are frequently irregular, which makes financial planning more difficult.
- **Exploitation and Unjust Treatment:** The lack of legal safeguards and the imbalance of power between platforms and workers create an atmosphere that is favorable to exploitation. Unreasonable demands may be made of employees, such as requiring them to forgo using the restroom or drinking water until they reach certain goals.
- **Health and Safety Hazards:** Physically demanding jobs like delivery or ride-sharing

are common in gig employment, exposing employees to a number of health and safety hazards.

- For instance, delivery partners currently work during heat waves without receiving any assistance or hazard compensation from their employers.
- Additionally, delivery workers' lives are in danger due to the 10-minute delivery policy, and their financial vulnerability is increased in the event of accidents or injuries due to the absence of insurance coverage.
- **Absence of Collective Bargaining Power:** Gig workers usually work alone and are unable to form a union or participate in collective bargaining for better pay and working conditions. This power imbalance prevents them from fighting for their rights or negotiating better terms with the platforms they serve.

Source – Business standard 18.03.2025



Measures to Address Challenges Faced by Gig Workers in India:

- **Regulatory Reforms and Legal Recognition:** It is necessary to implement comprehensive legislative reforms that give gig workers legal legitimacy and clearly define their employment status.
- To ensure gig workers' rights to minimum pay and other labor security measures, this may need modifying existing labor laws or passing new legislation designed especially for them.
- States should think about passing legislation akin to “Rajasthan's Platform-Based Gig Workers (Registration and Welfare) Act, 2023”, which attempts to protect platform workers' social security, welfare, and labor rights.
- The Act establishes the "Rajasthan Platform Based Gig Workers Welfare Board (the "Board")" to register primary employers, aggregators, and platform gig workers, inform them about social security programs, and ensure their eligibility for benefits. The Act creates a social security and welfare fund for registered platform-based gig workers. It penalizes employers who break its restrictions heavily.
- **Establishment of a Tripartite Governance Structure:** Government, gig platforms, and worker representation must form a governance triangle. This strategy would improve communication, collective bargaining, and industry-wide fair labor, grievance, and worker welfare norms.

Skill Development and Upskilling Initiatives: In order to enable gig workers to move into higher-paying jobs or start their own businesses, India needs to step up efforts to give them options for skill development and upskilling in line with current market demands. - This could entail collaborations with government-

sponsored initiatives and vocational training facilities. Social Security Inclusion:

Fair Compensation and Algorithmic Clarity: Platforms must be in charge of creating fair compensation plans and upholding open algorithms that determine task distribution and compensation rates. Workers should be able to contest any unjust algorithmic outcomes.

- **Data Portability for Gig Workers:** Because they enable gig workers to transfer their ratings, work history, and skill certifications between platforms, data portability standards are crucial. This project will improve worker mobility and reduce dependence on a single platform. To protect employee information during these transfers, data security and privacy concerns must also be addressed.
- **Policies for Heat Protection:** Seasonal rules should be prioritized. According to labor department regulations, certain procedures must be put into place mandating that platforms offer cooling equipment, enforce mandatory breaks, and compensate delivery workers in the event of extreme heat. Given the possibility of a heatwave, Zomato's recent recommendation to users to refrain from placing food orders during the busiest afternoon hours unless it is absolutely required is a positive step.

Conclusion:
Key Highlights

- 7.7 million: The number of Indians currently participating in gig work
- 9.9 million: The anticipated number of Indians expected to join the gig workforce by 2023
- By 2029-30, India is forecasted to have 23.5 million gig workers Companies in the Sector
- Uber has begun providing electric vehicles to customers in select areas of the Delhi-NCR region

- and plans to broaden this initiative in the upcoming months.
- Swiggy Instamart has extended its grocery delivery service until 3 AM and has initiated ambulance services on a trial basis. Sector-Specific Gig Employment
 - There are 2.7million gig workers in India engaged in retail sales and trade.
 - There are 1.3million gig workers in India working in the transportation industry.
 - There are 0.6million gig workers in manufacturing in India.
 - 0.6million Indian gig workers are involved in Finance and Insurance Services
 - There are 2.5million gig workers in India using e-commerce websites.

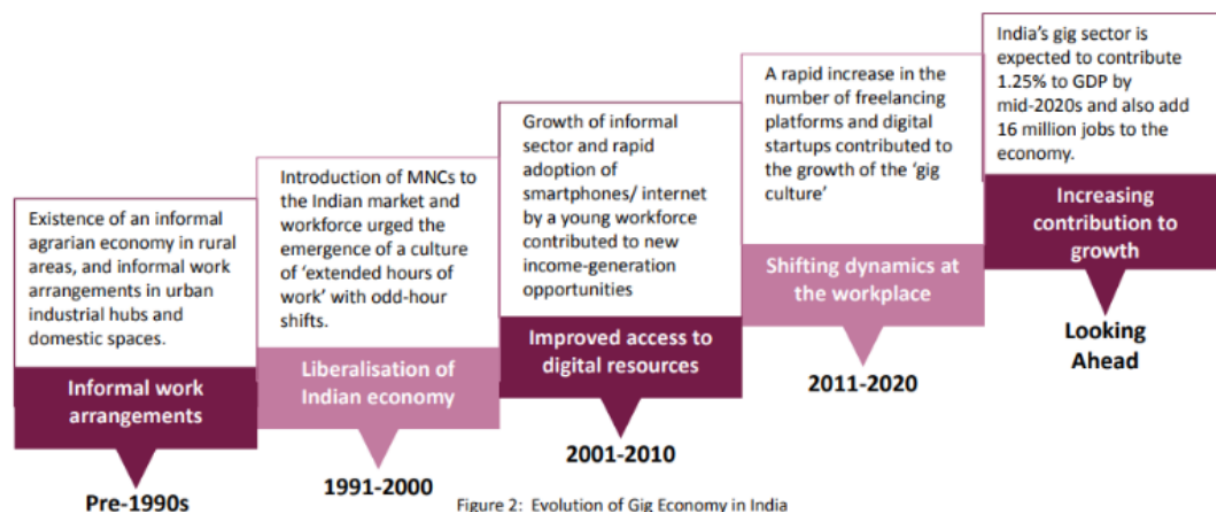
Sector Wise Gig Hiring



(Source: NITI Aayog)

(Source: NITI Aayog)

The announcement by the Union Government that nearly 10 million gig workers in India will soon receive basic health insurance and the ability to register online for social security benefits has been described as a significant advancement in providing employment and social security rights to those in the unorganized sector. A report from NITI Aayog indicates that the platform-based gig economy in India has experienced swift growth in recent years, fueled by elements such as the demographic dividend, urbanization, digitalization, and increasing consumer demand.



Key Statistics and Projections:

- A. Current Gig Workforce: Approximately 7.7 million individuals were engaged in gig work during 2020-21.
- B. Projected Growth: The gig workforce is anticipated to increase to 23.5 million by the year 2029-30.
- C. Percentage of Total Workforce: By 2029-30, gig workers are expected to represent 4.1% of India's overall workforce.
- D. Growth Rate: The gig economy is experiencing a compounded annual growth rate (CAGR) of about 12%.
- E. Dominant Sectors: Over 55% of all gig work options are in the e-commerce, logistics, and mobility industries, which are at the vanguard of the gig economy.

- F. Proficiency Levels: According to estimates, 31% of gig jobs will be categorized as low-skilled, 47% as medium-skilled, and 22% as high-skilled. There is a lot of potential for the gig economy in India. The data outlined above illustrates the upward trajectory of gig culture within the country. The government has acknowledged the vital role of gig workers and is tailoring its initiatives to support this workforce. While challenges exist, the sector's growth and increased organization will enhance its appeal. Collaboration among the government, industry associations, chambers of commerce, and employee unions is essential to foster an attractive environment for this sector.

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