

The Gig Economy in India: Economic Empowerment or Precarious Employment?

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Abstract

The rise of the gig economy in India has significantly reshaped the employment landscape, particularly for urban youth and semi-skilled workers. Enabled by digital platforms such as Swiggy, Uber, Urban Company, and Upwork, gig work is often celebrated for its flexibility and entrepreneurial appeal. However, it also raises critical concerns related to income insecurity, absence of social protection, and the lack of formal labor rights. This paper investigates whether the gig economy is a tool of economic empowerment or a vehicle for precarious employment. It introduces a conceptual framework—the Gig Economy Impact Framework (GEIF)—which identifies the drivers, mediators, and outcomes shaping this dual narrative. Drawing from secondary data, government policy documents, and international labor standards, the paper evaluates India's evolving gig landscape. It concludes with evidence-based policy recommendations aimed at ensuring that the gig economy evolves into a more inclusive, equitable, and secure employment model.

Keywords: Gig economy, platform workers, economic empowerment, precarious employment, informal sector, digital labor

INTRODUCTION

The global labor market is undergoing a Sweeping transformation driven by digital technologies and evolving economic demands. In this context, the gig economy—a system where workers take up short-term, task-based, or freelance jobs often mediated by digital platforms—has emerged as a significant force. In India, this shift is especially visible. Rapid urbanization, widespread smartphone usage, a Rapidly growing young demographic, and persistent unemployment have provided fertile ground for the expansion of gig work.

While gig work offers a degree of autonomy and income potential, it also lacks the stability and protections traditionally associated with formal employment. This paper poses a critical question: Does the gig economy in India empower its workforce or does it perpetuate precarious employment conditions?

The study sets out with the following objectives: to analyze the growth and structure of gig work in India; assess its socio-economic impact; evaluate the policy landscape; and propose a framework to balance flexibility with worker security.

Literature Review

Research on the gig economy shows that it offers both opportunities and challenges. Experts point out that platform work provides an alternative source of income, especially for people who cannot easily

find regular jobs. However, many studies also highlight serious problems such as unpredictable earnings, long working hours, and lack of basic job benefits (Berg et al., 2018).

Theories like the Informal Sector Theory and Precarity Theory explain how gig work breaks down the clear line between formal and informal jobs. Kabra (2020) says the gig economy is a new version of casual or unstable work—this time delivered through digital platforms. Because gig work can be both empowering and exploitative, it requires a careful and balanced analysis.

Methodology

This paper uses a qualitative and descriptive research method. It is based on secondary data collected from trusted sources like NITI Aayog, the Periodic Labour Force Survey (PLFS), ILO reports, and industry studies by TeamLease and CMIE. To add a human perspective, real-life stories of platform workers—shared in news articles and NGO reports—are also included. The paper also compares India's policies with international standards to understand how well the country is addressing gig work issues.

The Growth of the Gig Economy in India

The gig economy in India has witnessed exponential growth in recent years. As per NITI Aayog (2022), the country had approximately 7.7 million gig workers in 2020-21, a number projected to rise to 23.5 million by 2029-30. This sector spans diverse industries including food delivery (Swiggy, Zomato), ride-hailing (Ola, Uber), household services (Urban Company), and online freelancing (Upwork, Fiverr). Several macroeconomic factors have fueled this trend: chronic underemployment, a large informal sector, consumer demand for convenience, demographic dividend and a digitally connected population. While these conditions have made gig work accessible, they also expose its participants to systemic vulnerabilities.

Empowerment or Precarity?

Gig work is often promoted as a vehicle for economic inclusion. For many, it offers flexibility, autonomy, and low entry barriers. It has enabled students, homemakers, and laid-off employees to re-enter the workforce. However, this flexibility comes at a cost.

Workers frequently report erratic earnings, excessive working hours, and a lack of health or retirement benefits. Platform algorithms dictate availability and compensation, leaving workers with minimal bargaining power. Moreover, there is no provision for collective representation, and workers are often classified as 'independent contractors' rather than employees, denying them formal protections. Gender dynamics further complicate the picture. While women are attracted to the flexibility of gig work, they often face digital exclusion, safety issues, and wage disparities. Additionally, many workers remain confined to low-skill, repetitive tasks with limited upward mobility.

Policy and Legal Landscape

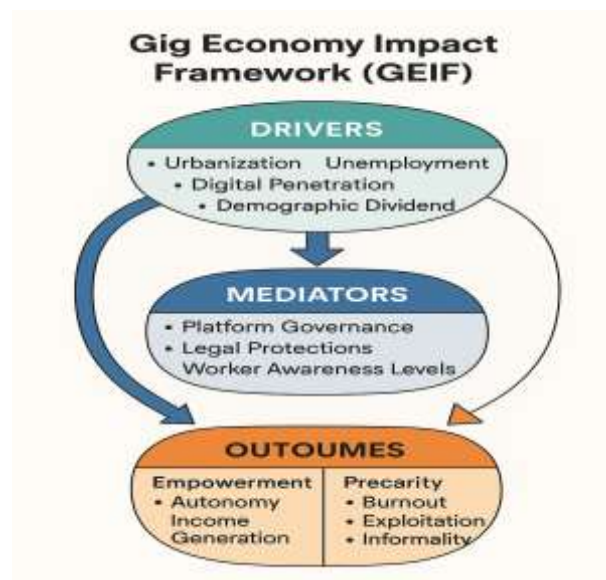
India took an important step in 2020 by introducing the Code on Social Security, which legally recognized gig and platform workers as a distinct category. This was the first formal acknowledgment of the gig workforce in Indian labor law. However, the actual implementation of this code has been slow and inconsistent. The code currently lacks clear and enforceable provisions for key worker rights such as minimum wages, healthcare coverage, social security, and mechanisms for grievance redressal. As a result, while the law exists on paper, many gig workers have not yet benefited from it in practice.

To better understand how India can improve its gig economy regulations, it helps to look at international policy frameworks:

- **European Union (EU):** The EU has proposed strong new regulations that would require platforms like Uber and Deliveroo to classify many of their workers as employees rather than independent contractors. This change would entitle platform workers to benefits such as paid leave, unemployment insurance, and collective bargaining rights. The EU is also emphasizing algorithmic transparency, which would require platforms to disclose how algorithms affect work allocation and wages. In simple terms, it means making the "black box" of digital management open and understandable so gig workers can know how decisions that impact their livelihoods are made.
- **United States – California (Proposition 22):** In contrast, California passed Proposition 22 in 2020, a controversial law that created a hybrid employment model. Under this model, gig workers remain independent contractors but are entitled to some benefits, such as health subsidies, accident insurance, and minimum earnings guarantees while working. This model tries to balance worker flexibility with some level of social protection, though it has faced legal challenges and criticism from labor rights groups.
- These examples highlight different regulatory approaches:
- The EU favors stronger worker protection by changing employment status,
- while California seeks a middle ground, giving some benefits without full employment rights. India's current model still leans toward minimal intervention, which leaves gig workers vulnerable.
- India can learn from these models by:
- Strengthening enforcement of existing provisions in the Code on Social Security,
- Introducing portable benefits systems that follow workers across platforms,
- Mandating minimum safety and earning standards, and
- Encouraging public-private partnerships for worker welfare.

Gig Economy Impact Framework (GEIF)

To better understand the complex outcomes of gig work, this paper introduces the **Gig Economy Impact Framework (GEIF)**. This model breaks down the ecosystem into three layers:



Understanding the Gig Economy Impact Framework (GEIF)

The Gig Economy Impact Framework (GEIF) helps explain why gig work can be both empowering and exploitative. It breaks the gig economy into three parts: **Drivers**, **Mediators**, and **Outcomes**. Each part plays a key role in shaping how workers experience gig jobs.

A. Drivers: Why Gig Work is Growing

The first layer includes big-picture forces that push people toward gig work:

- **Urbanization** – More people living in cities increases demand for fast services.
- **Unemployment** – Lack of formal jobs makes gig work attractive.
- **Digital Access** – Smartphones and internet make it easier to join platforms.
- **Young Workforce** – India's large youth population is eager for flexible work.

These drivers explain why the gig economy is expanding, but they don't tell us whether it benefits workers.

B. Mediators: What Shapes Worker Experience

The second layer is the most important. It includes the rules, protections, and information that influence whether gig work is fair or exploitative:

- **Platform Governance** – How companies run their apps and treat workers.
- **Legal Protections** – Laws that offer social security, minimum wages, or health benefits.
- **Worker Awareness** – How much workers understand their rights and the technology that affects them.

When these mediators work well, workers are more likely to benefit from gig work. But if they are weak or missing, the same job can become risky and unfair.

C. Outcomes: Empowerment or Precarity

The final layer shows two possible outcomes of gig work:

Empowering Outcomes – When mediators are strong, workers may enjoy:

- Flexible hours
- Better income
- More control over their work

Precarious Outcomes – When mediators are weak, workers may face:

- Low and unpredictable pay
- Long hours without benefits
- Risk of being deactivated without reason

D. Why This Model Matters

The GEIF model shows that **gig work is not good or bad on its own**—the outcome depends on how well the system is managed. It helps policymakers and researchers focus on the **middle layer (mediators)** to design better rules, improve platforms, and support worker rights.

The GEIF model serves as a tool for researchers and policymakers to assess how specific interventions or platform practices can shift the outcomes toward more sustainable and inclusive employment.

Recommendations

For the gig economy to fulfill its promise of inclusive growth, targeted interventions are required:

- Establish a national Gig Workers Welfare Board
- Mandate minimum earnings and provide health insurance
- Hold platforms accountable for fair labor practices

- Promote digital and financial literacy among workers
- Develop portable social security mechanisms
- Design skilling and career mobility programs

Conclusion

India's gig economy holds transformative potential. It can act as a bridge to employment for millions. However, without adequate regulation and institutional support, it risks perpetuating the very insecurities it seeks to solve. Policymakers must adopt a balanced approach that combines flexibility with fairness, ensuring that the gig economy becomes a channel for genuine economic empowerment rather than a new form of exploitation.

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