

Reimagining Work: An Empirical Review of Gig Employment and Its Impact on Formal Job Markets in India

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ABSTRACT

The gig economy is increasingly altering the landscape of global employment, shifting the paradigm from traditional employer-employee relationships to flexible, task-based work structures. In India, a rapidly growing demographic of youth, urban migrants, and informal workers have embraced gig work as a viable employment alternative. This study seeks to understand the transformation driven by the gig economy, with particular attention to its impact on formal employment structures. The analysis relies on secondary data from NITI Aayog (2022), the International Labour Organization (2024), and the Chartered Institute of Personnel and Development (2023), along with additional sources such as Oxford Internet Institute (2021), Deloitte (2022), and CMIE. The findings suggest that although the gig economy creates employment avenues, it also amplifies risks related to income instability, legal ambiguity, and inadequate social protection. The study concludes with recommendations for building an inclusive regulatory and economic framework that can ensure decent and sustainable livelihoods for India's gig workforce.

Keywords: Gig economy, Platform work, Informal labor, Employment structure

1. INTRODUCTION

The structure of employment has undergone a radical shift in the 21st century, propelled by advances in digital technology, demographic transitions, and economic liberalization. The gig economy has emerged at the center of this transformation, particularly in developing countries like India where unemployment, informality, and underemployment persist. Gig work, broadly defined as income-earning activities outside of traditional, long-term employer-employee relationships, is often mediated through online platforms. Examples include ride-hailing (Uber, Ola), food delivery (Zomato, Swiggy), freelance digital services (Upwork, Freelancer), and local services (Urban Company).

According to the NITI Aayog (2022), India had approximately 7.7 million gig workers in 2020–21, with projections estimating a rise to 23.5 million by 2029–30. The expansion is attributed to increased internet access, smartphone usage, urban migration, and a youth-dominated labor market. However, the gig economy also presents complex challenges around job security, fair wages, legal recognition, and social protection. This study investigates these challenges and opportunities with a view to providing policy-relevant insights for labor market reform.

2. OBJECTIVES

- To analyze the growth trends of India's gig workforce using secondary data.
- To study skill levels, gender gaps, and regional disparities in gig work.
- To evaluate socio-economic risks such as income instability and lack of protection.
- To assess regulatory and institutional challenges in the gig economy.
- To propose inclusive policies for fair wages, skilling, and labor rights.

3. LITERATURE REVIEW

The evolution of the gig economy has been extensively documented in global labor market studies. De Stefano (2016) conceptualizes gig work as a form of “non-standard employment,” emphasizing both its flexibility and the precarity it entails. Woodcock and Graham (2019) further classify gig work into cloud-based (e.g., online freelancing) and location-based services (e.g., ride-sharing and food delivery), drawing attention to the varied structures within the gig economy.

In the Indian context, Surie (2020) critiques the exploitative pricing mechanisms used by digital platforms and highlights how algorithmic control reduces worker autonomy. According to the International Labour Organization (ILO, 2021), the gig economy has increased access to income opportunities for those excluded from formal employment, though it often fails to provide adequate social protections and effective grievance redressal systems.

The Oxford Internet Institute's Online Labour Index (2021) reported that India accounts for over 33% of the global activity on online labor platforms, signifying the country's growing role in the digital labor market. The Chartered Institute of Personnel and Development (CIPD, 2023) notes similar transformations in the UK, though with relatively robust welfare and regulatory frameworks in place. Data from the Centre for Monitoring Indian Economy (CMIE, 2022) shows a rise in self-employment in India in the post-COVID period, highlighting gig work's increasing appeal amid a slowdown in formal sector job creation. The gig economy has transformed conventional employment structures by offering flexibility, yet it continues to pose challenges related to job insecurity, lack of employment benefits, and income volatility (Wheatley, 2024; Kumar S. et al., 2024). In India, the sector's growth is largely propelled by digitalization and the demographic dividend, with estimates suggesting the presence of over 15 million gig workers (Kumar S. et al., 2024; Pant & Majumder, 2022). While gig work can improve economic resilience by diversifying income sources, it also raises concerns about income inequality and labor market instability (Sankararaman, 2024).

The COVID-19 pandemic has further accelerated the adoption of gig-based employment, reducing resistance to its integration into the mainstream economy. As a result, human resource management practices are evolving to address the unique needs of gig workers, particularly in areas like inclusion, training, and performance evaluation. Policymakers are beginning to recognize the need to extend social security coverage to gig workers, indicating a gradual shift toward formalizing this employment category (Pant & Majumder, 2022). Islam (2018) argues that while widespread technological unemployment is unlikely, the belief that digital platforms alone can generate mass prosperity is also unrealistic. Meanwhile, Chen and Raveendran (2012) report that urban informal employment makes up approximately 80% of total urban employment in India, noting a slowdown in employment growth and a decline in female labor force participation between 2004–05 and 2009–10.

4. METHODOLOGY

This study employs a qualitative-descriptive design based on secondary data analysis. Key sources include:

- NITI Aayog's (2022) Policy Brief on India's Booming Gig and Platform Economy
- ILO's (2024) report on Platform Workers and Employers' Organizations
- CIPD's (2023) report on the gig economy in the UK
- Supplementary insights from Oxford Internet Institute (2021), Deloitte (2022), and CMIE

Data were extracted from national surveys, institutional reports, and published literature. A thematic analysis was used to identify major trends and policy gaps. Comparative analysis with the UK gig economy was applied to contextualize findings.

5. ANALYSIS

5.1 Workforce Estimates and Sectoral Spread

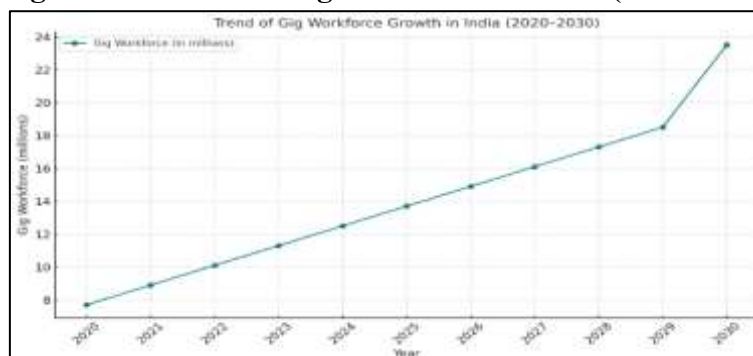
India had 7.7 million gig workers in 2020–21 (NITI Aayog, 2022), projected to reach 23.5 million by 2029–30. These workers comprise 6.7% of the non-agricultural workforce. While traditionally concentrated in transport and delivery services, gig work has diversified into sectors such as retail, education, healthcare, and IT.

Table 1: Growth of Gig Workforce in India (2020–2030)

Year	Estimated Gig Workforce (in millions)
2020	7.7
2021	8.9
2022	10.1
2023	11.3
2024	12.5
2025	13.7 (approx.)
2026	14.9 (approx.)
2027	16.1 (approx.)
2028	17.3 (approx.)
2029	18.5 (approx.)
2030	23.5 (Projected)

Source: NITI Aayog (2022).

Figure 1: Growth of Gig Workforce in India (2020–2030)

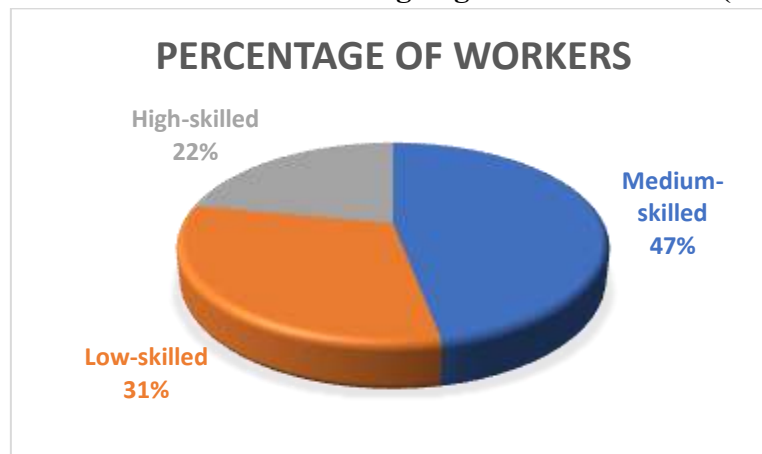


The gig workforce in India is expected to grow threefold from 7.7 million in 2020 to 23.5 million by 2030. This exponential rise indicates a major shift in employment structures, with platform-based work increasingly supplementing or replacing traditional jobs, especially in urban centers.

5.2 Skill Distribution

Medium-skilled jobs constitute 47% of gig work, followed by low-skilled (31%) and high-skilled (22%) roles. However, a trend toward both high- and low-skilled gigs is emerging (ILO, 2024).

Figure 2: Skill Distribution Among Gig Workers in India (2020–21)



5.3 Demographic Profile

The majority of gig workers are young (16–35 years), urban, and digitally literate. According to ILO (2024), female participation is increasing but remains constrained by safety concerns and algorithmic bias. The participation of women in the platform economy remains significantly low. Factors such as safety, digital access, societal norms, and discriminatory algorithms contribute to this skewed ratio, highlighting the need for inclusive policy design.

Table 2: Gender-wise Participation in Platform Work (India)

Gender	Share in Platform Workforce (%)
Male	87%
Female	13%

Source: ILO (2024), Flourish Ventures (2020)

5.4 Motivation and Challenges

Workers often cite flexibility, autonomy, and supplemental income as reasons for entering gig work. However, they also face income volatility, lack of healthcare and insurance, and limited career mobility (CIPD, 2023; Flourish Ventures, 2020).

Table 3: Challenges Faced by Gig Workers in India

Challenge	Affected Workers (%)
No Health or Accident Cover	90%
Below Minimum Wage Earnings	52%

No Access to Paid Leave	85%
Lack of Job Security	100%
Discrimination in Task Allocation (Women)	64%

Source: International Labour Organization (2024).

A significant majority of gig workers operate in vulnerable conditions. The lack of health insurance, income stability, and leave benefits mirrors informal sector patterns. The data also reflect systemic gender-based biases, limiting women's equitable participation.

5.5 Legal and Regulatory Status

Most gig workers in India are classified as self-employed, excluding them from protections under labor laws. The Code on Social Security (2020) is the first legislative effort to recognize platform workers formally, yet its implementation remains limited (ILO, 2024).

6. FINDINGS AND DISCUSSION

- Gig workers in India often lack minimum wage protection. Nearly 52% earn below the national minimum wage, especially in logistics and delivery sectors (ILO, 2024).
- 90% of gig workers surveyed by ILO (2024) lacked access to healthcare, pensions, or paid leave.
- Women gig workers face algorithmic discrimination and receive fewer assignments compared to men (ILO, 2024).
- Most platform opportunities are concentrated in Tier-I cities, marginalizing rural labor markets.
- Legal ambiguity over employment status deprives workers of rights. The UK's Uber judgment offers a model for reclassifying dependent contractors.

7. SUGGESTIONS

- A national gig worker registry should be established to track workforce participation, earnings, and working conditions across sectors.
- Inclusive social security must be ensured by enforcing provisions under the Code on Social Security for health insurance, accident coverage, and pension schemes.
- Minimum wage standards should be introduced, tailored to different sectors within the gig economy to prevent exploitation.
- Skill development initiatives need to be expanded through partnerships with the Skill India Mission and the National Skill Development Corporation (NSDC), enabling platform workers to enhance their skills.
- Regulatory oversight should be strengthened by setting up a dedicated Platform Work Regulatory Authority to monitor algorithmic practices and enforce labor standards.
- Tax benefits should be offered to platforms that implement social security schemes for their workers to encourage compliance.
- Measures to promote women's participation in the gig economy should include gender audits and the enforcement of anti-discrimination protocols by platforms.
- Legal support for the unionization of platform workers and the protection of their right to collective bargaining is necessary to address workplace imbalances.

8. CONCLUSION

India's gig economy represents both a disruptive force and an opportunity for inclusive employment. While the sector promises flexibility and innovation, it also risks deepening inequality and labor informality if left unregulated. Bridging the gap between opportunity and protection requires robust data, responsive legislation, and collaborative engagement among government, platforms, and workers' organizations. With the right interventions, gig work can evolve into a sustainable pillar of India's employment ecosystem.

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