

Understanding the Transformation of Labour Markets in the Gig Economy: How Platformisation is Reshaping Work and Regulation in India

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ABSTRACT

The 21st-century labour market is being reshaped by the gig economy and digital platforms. They create flexible opportunities but raise concerns about job security, income stability, and worker protection. The gig economy is a technology-driven labour market built on short-term, flexible, platform-mediated work. It offers independence but disrupts traditional jobs. The rise of the gig economy in India has restructured work and regulation by creating opportunities. At the same time, it brings worker challenges, limited research, and weak regulatory frameworks that highlight the need for study and protective policies. The study aims to examine the drivers, mechanisms, impacts, and consequences of platformisation in the gig economy. It also proposes policies to address worker protection gaps. The study finds that gig platforms have driven innovation and efficiency. However, they have weakened labour protections and created unequal employment relationships. It stresses the need for comprehensive reforms to ensure fair rights, social security, and recognition for gig workers. These reforms will help align digital growth with dignity and protection. This study shows that gig work expands flexible income and digital participation. Yet, it also deepens precarity, while contributing uniquely by linking India's experience to global debates and offering policy solutions for inclusive, adaptive labour markets.

Keywords: Gig Economy; Freelance Economy; Labour Market Transformations; Informal Employment; Digital Workforce; Technology-driven Platforms; Platformisation.

INTRODUCTION

The labour market in the 21st century is experiencing a major transformation driven by the rise of the gig economy and the growth of technology-enabled platforms (Alphonso, 2025). Once seen as a marginal trend, the gig economy has now become a global force that is reshaping businesses and transforming labour market. Built on digital platforms, it has introduced new forms of employment that move away from traditional models and rely on short-term contracts, freelance projects, and platform-mediated tasks. This shift challenges the conventional idea of stable jobs, job security, and employer accountability. Today, millions of workers engage in platform-based work, from food delivery to digital marketing, with just a few taps on their phones (Mishra et al., 2025). While the gig economy provides flexibility, autonomy, and new earning opportunities, it also raises concerns about job precarity, income volatility, and a lack of social protection (Alphonso, 2025; Sharma & Sharma, 2025). It has redefined the relationship between employers, workers, and regulators, sparking ongoing debates about rights, responsibilities, and the future of work (Makkar, 2025).

This study seeks to understand how platformisation is reshaping work, labour market structures, and regulation in India while assessing its broader socioeconomic consequences. The rationale for this research lies in addressing the urgent need to examine how gig work affects workers, employers, and policymakers to ensure fair, secure, and inclusive labour markets in a rapidly changing economy.

UNDERSTANDING THE GIG ECONOMY

The gig economy is a labour market defined by temporary, flexible, and task-based employment that is often mediated through digital platforms (Ramachandran & Kulandai, 2024). Workers in this market are commonly classified as freelancers, independent contractors rather than employees (Ramachandran & Kulandai, 2024). Gig workers perform short-term tasks or “gigs” for individuals or businesses. This phenomenon may be described as the rise of crowd-based capitalism in which firms increasingly rely on independent workers instead of full-time staff (Sundararajan, 2017). Digital platforms serve as intermediaries that match workers with customers or clients (Sundararajan, 2017). The gig economy is a structural shift in economic organisation rather than a passing trend (Kenney & Zysman, 2016). The rapid adoption of gig work has been enabled by the proliferation of smartphones, widespread internet access, and cloud computing (Kenney & Zysman, 2016). These technologies allow flexible, on-demand services and that they disrupt traditional business models in sectors such as transportation, hospitality, and food delivery (Scholz, 2017). Well-known examples include Uber, Ola, Airbnb, Urban company, Upwork, Fiverr, and Zomato.

DEFINING THE GIG ECONOMY

Academic definitions of the gig economy stress more on the structural change in labour relations and the rise of precarious work. Kalleberg (2009) describes the gig economy as a move toward flexible, short-term engagements that replace stable, long-term jobs. He highlighted that this shift often comes with reduced worker protections. The OECD (2020) frames the gig economy as the use of digital platforms to connect workers with consumers for on-demand services. The academic perspective highlights flexibility, independence, and the erosion of traditional labour safeguards (Yaduvanshi et al., 2025).

On the contrary, the institutional definitions foreground platform mediation and policy concerns. The ILO (2024) defines the gig economy as a labour market where work is mediated through digital platforms and marked by non-standard forms of employment. NITI Aayog (2022) describes the Indian context as a digital-enabled marketplace for short-term contracts and freelance work across sectors such as technology, retail, transportation, and logistics. The institutional perspective emphasises the role of platforms and the need for regulatory and social protection responses (Yaduvanshi et al., 2025).

ADVENT OF PLATFORM REVOLUTION

The platform revolution has transformed how people work and how businesses operate. During the Great Recession that occurred between late 2007 and mid-2009, platform-based companies grew rapidly because they connected two major groups (Huddleston Jr., 2022; Kenney & Zysman, 2016). The first group consisted of a pool of workers who lost their jobs or income and were looking for new ways to earn money quickly and with flexibility. The second group consisted of cost-conscious consumers who were looking for cheaper alternatives to hotels, taxis, and other traditional services. Digital platforms connected these groups directly, lowering prices for users while giving workers access to immediate income.

Since then, the platform economy has expanded in two main directions (Oluka, 2024). Inside traditional corporations, digital tools now structure both internal and external transactions. Outside these corporations, digitally native firms have disrupted or even created new markets in commerce, labour, content, and infrastructure. These combined forces have reshaped global capitalism, shifting industries and competition through disruption and digital intermediation.

Forde et al. (2017) have outlined five types of platform work based on skill level and spatial reach (see Figure 1). The first group includes architects and technologists who design and maintain digital infrastructures. Their labour sets the rules for all others. The second group includes tradespersons, consultants, and freelancers. They are skilled professionals who take on remote projects. The third group consists of gig workers who perform offline services such as ride-hailing, delivery, and housekeeping work. These jobs promise flexibility but carry high risks. The fourth group is microtaskers and surveyors who complete small, low-skill online tasks on sites like Amazon Mechanical Turk. They face intense competition and limited earnings. The final group includes influencers and content creators who produce aspirational labour. Often unpaid at first, they work in hopes of visibility and future income.

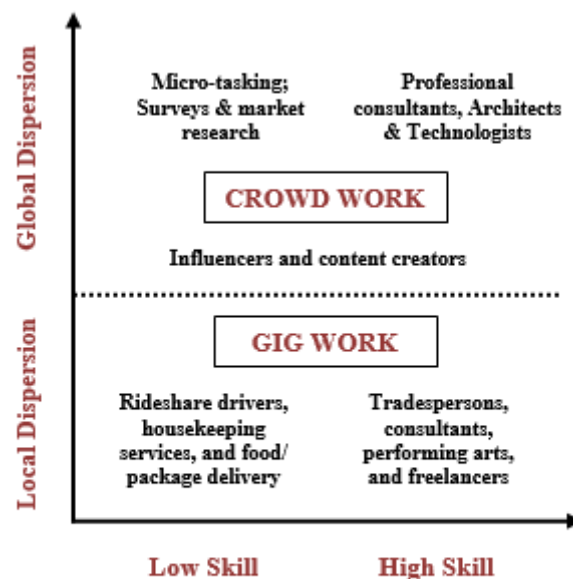


Fig. 1 – Types of Platform Work

The figure shows that workers relate to platforms in different ways: some build them, others depend on them. These relationships keep shifting as markets, algorithms, and regulations change.

STATEMENT OF PROBLEM

The rise of the gig economy in India has transformed how work is organised, managed, and regulated. Platformisation is reshaping labour markets by creating new opportunities but also raising challenges for workers, which affects worker satisfaction and rights. At the same time, regulatory frameworks have struggled to keep pace with these changes. Most research on the gig economy focuses on developed countries, leaving gaps in understanding its impact in developing contexts like India (Ciulli & Helmhout, 2024). There is also limited evidence on sector-specific differences, the role of platform governance, and the effects on health and well-being (Mamadiyarov et al., 2024). These gaps make it important to study

how gig work affects labour market structures, work culture, and socio-economic outcomes in India, and to explore policies that can protect workers in this changing environment.

STUDY OBJECTIVES

1. To study the drivers and mechanisms of platformisation;
2. To evaluate how the gig economy impacts work culture, labour market structures, and employment relations;
3. To examine the implications of gig work on job security, income stability, job satisfaction, and workers' rights;
4. To highlight the socioeconomic consequences of the gig economy; and
5. To suggest policies that can bridge the protection gap in modern labour markets.

ANALYSIS AND OBSERVATIONS

Drivers of Platformisation

Technological enablers have been central to the rapid growth of gig work platforms. Widespread mobile penetration allows workers and customers to connect seamlessly, while digital payment systems ensure fast and reliable transactions (Oluka, 2024). AI and algorithms match supply with demand efficiently, creating scalable models that can operate across cities and service categories. Together, these technologies reduce barriers to entry and make gig platforms easy to adopt.

Economic drivers also push workers toward gig platforms. High unemployment and surplus labour in many regions create a large pool of people willing to engage in flexible, low-barrier work. Urban migration adds to this by concentrating labour in cities where gig platforms thrive due to high service demand. These economic pressures ensure a steady supply of workers, which sustains platform growth (Makkar, 2025).

Cultural shifts have further accelerated platformisation. There is a growing preference for flexible work that allows individuals to manage their own schedules and income. Platforms also promote entrepreneurial identity narratives, framing gig workers as independent business owners rather than employees. This cultural framing makes gig work more appealing and aligns with broader aspirations for autonomy and self-reliance (Alphonso, 2025).

Finally, global capital flows have played a decisive role in scaling gig platforms. Venture capital funding has enabled platforms to expand aggressively into Indian cities, subsidising operations and customer acquisition. This financial backing helps platforms sustain initial losses while building market dominance (Mohamed, 2021). Such investments have turned local experiments into nationwide ecosystems of gig work.

Mechanism of Platformisation

Platforms reshape labour markets by changing how jobs are matched, monitored, and valued (Mohamed, 2021). Algorithms act as intermediaries, connecting workers to tasks while tracking their performance (Alphonso, 2025). Ratings and feedback decide who gets more opportunities, making reputation a central factor. At the same time, jobs are broken into small, on-demand tasks. Workers complete these micro-tasks without contracts, which speeds up allocation but weakens job security.

Platforms also alter the structure of employment itself. Work becomes flexible, shifting away from full-time jobs to short-term engagements (Alphonso, 2025). This flexibility benefits workers with choice but exposes them to unstable income. Every action on a platform is turned into data, which is then used for

control through scores and reviews. Platforms also eliminate traditional middlemen, directly linking workers and customers. However, this gives platforms more power over labour conditions.

Shift in Work Culture, Labour Market Structures, and Employment Relations

The analysis shows that India's platformisation process has reshaped the structure of the labour market. It has shifted employment models from traditional contractual arrangements to flexible, task-based labour relationships (Alphonso, 2025). Gig platforms have created new income opportunities for a large number of underemployed workers, particularly in urban areas. However, this flexibility is also accompanied by instability, as workers often report fluctuating incomes, inadequate benefits, and reliance on algorithmic management (Mamadiyarov et al., 2024). This undermines their perceived independence and, in turn, their autonomy.

The analysis also highlights changes in workplace culture, as digital intermediaries standardise labour processes but undermine collective bargaining. Workers are individually evaluated and monitored. This incentivises productivity but also exacerbates job insecurity and stress. Furthermore, gender, class, and regional disparities have re-emerged in the gig economy, with women and marginalised groups facing additional barriers, such as safety concerns and limited access to high-demand tasks (Bansal & De, 2024).

The analysis emphasises that regulatory measures remain fragmented. While some state-level initiatives have begun to recognise gig workers as a distinct category of worker, comprehensive protections remain lacking (Makkar, 2025). This regulatory lag leaves workers vulnerable to occupational hazards, wage disputes, and inadequate social security. Overall, the transformation of India's labour market through platformisation has enabled many people to participate in economic activities (Alphonso, 2025). However, this has also exacerbated informality and raised urgent questions about the adequacy of existing labour laws to protect workers' rights.

Implications on Job Security, Income Stability, Job Satisfaction, and Workers' Rights

The analysis shows that gig work in India offers flexible income opportunities but compromises job security and income stability. Many workers rely on multiple platforms or long hours to maintain a stable income. Such income is often lower than that of traditional salaried work. On one side, algorithmic control, fluctuating demand, and a lack of formal contracts exacerbate uncertainty (Yu et al., 2025). On the other side, limited social protections expose workers to financial risk (Forde et al., 2017). These factors create an imbalance between the promise of flexibility and the reality of precariousness.

The analysis also highlights the complex impacts of platformisation on job satisfaction and worker rights. Some workers value autonomy and immediate income, but satisfaction declines when income is unstable or when platforms implement strict rating systems. The lack of collective bargaining and legal recognition of employment status limits workers' ability to negotiate fair terms (Nayak, 2023). Overall, the findings suggest that platformisation is reshaping the labour market by expanding labour market participation and by deepening vulnerability in employment relationships.

Socioeconomic Consequences of Gig Economy

The analysis shows that the gig economy in the Indian context has created new opportunities for workers by increasing flexible work opportunities, diversifying incomes, and facilitating access to digital platforms. However, the analysis also highlights issues such as job insecurity, lack of social protection, and income volatility. Workers often face algorithmic control, limited bargaining power, and a blurred line between autonomy and exploitation. This dual impact suggests that while gig work has expanded labour market participation, it has also reproduced precarity in new forms.

For platforms, the gig model reduces operating costs, enables rapid service scale, and improves efficiency through data-driven management. However, reliance on a flexible workforce also presents challenges, including high turnover, growing worker discontent, and the need for better regulation. The analysis also highlights that platforms strategically classify workers as independent contractors, thereby circumventing employer obligations (Sankararaman et al., 2024). This creates a tension between profitability and accountability and shapes the dynamics of labour relations.

Regulators face pressure to strike a balance between innovation and protection (Singh & Bhushan, 2023). On the one hand, the gig economy supports digital growth, urban mobility, and job creation. On the other hand, the lack of a clear labour framework leaves workers vulnerable. Recent policy debates in India have emphasised minimum wage guarantees, social security programs, and the recognition of gig workers as a distinct category of workers. These findings suggest that regulation is evolving but remains fragmented. This leaves room for future reforms to ensure a more equitable distribution of benefits and risks.

POLICY RECOMMENDATIONS

- Gig workers in India are excluded from basic protections like fair wages, paid leave, and limits on working hours. Regulations should extend these rights, ensuring minimum wages, sick leave, and reasonable hours.
- Without universal social security, gig workers face risks from illness, old age, and job loss. A mandatory contributory system with pensions, health insurance, and unemployment benefits should be funded by workers, platforms, and government support for low earners.
- Current laws are fragmented across sectors, creating loopholes. A single “Platform Work Act” can unify rules and guarantee equal protections for all gig workers.
- Workers lack collective bargaining rights, leaving them unable to negotiate with platforms. These rights should be recognised, with simple systems for forming associations and negotiating conditions.
- Enforcement is weak, with few inspections and oversight challenges. A dedicated authority with technical expertise should monitor platforms, impose penalties, and handle disputes.
- Gig workers face unstable incomes. A minimum earnings guarantee or income-smoothing fund, supported by platform levies and public contributions, should protect livelihoods.
- Health and safety rules are outdated and ignore gig-specific risks like road accidents. Platforms should be responsible for risk assessments, training, and compensation for injuries.
- Technology evolves faster than laws. Regulatory sandboxes and regular reviews every two to three years should keep rules adaptive and up to date.

CONCLUSION

The transformation of India's labour market through platformisation has created both opportunities and vulnerabilities. Gig work has expanded access to flexible income and brought millions into the digital economy. However, it has also exacerbated instability, weakened job security, and exposed workers to new risks of exploitation, such as algorithmic control and income instability. This study uniquely combines analysis of technological, economic, and cultural drivers with policy-focused recommendations. It situates the Indian experience within the broader global discussion and offers a framework for designing inclusive and adaptive workforce policies in rapidly changing economies.

The findings suggest that while gig platforms have brought innovation and efficiency, they have also come at the cost of weakening traditional labour protections and reshaping employment relationships in unequal ways. At the same time, the study highlights the urgent need for comprehensive regulatory reform. Policy fragmentation and slow institutional responses have resulted in workers lacking adequate rights, social protections, or collective bargaining power. A balanced approach must ensure that innovation and growth do not come at the expense of fairness and security. Strengthening social safety nets, guaranteeing minimum incomes, and recognising gig workers as a distinct group are key steps towards building an inclusive labour market. The future of employment in India depends on building a system that integrates digital advancements with worker dignity and protection.

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