



GIG ECONOMY AND EMPLOYMENT GENERATION IN INDIA: AN OVERVIEW

Muniraju M.

Associate Professor in Economics, Tumkur University, Tumkur.

ABSTRACT

The gig economy, characterized by flexible, short-term, and freelance work facilitated through digital platforms, has significantly transformed the employment landscape in India.. It is increasingly viewed as an important avenue for employment generation amid the limited expansion of formal sector jobs. This paper examines the role of the gig economy in employment generation in India and analyses the opportunities and risks associated with gig-based employment. Using secondary data drawn from government reports, labour force surveys, and existing academic literature, the study finds that although the gig economy has contributed substantially to labour absorption, particularly in urban service sectors, it is largely characterized by employment insecurity, income volatility, and limited access to social security. The paper argues that in the absence of adequate regulatory and institutional support, gig-based employment is more likely to reinforce labour precarity than ensure sustainable livelihoods. The study concludes by emphasizing the need for appropriate policy interventions to balance employment generation with decent work standards in India.



KEYWORDS: Labour Market, Digitization, Platform Workers, Employment Generation, Gig Economy.

INTRODUCTION

The Indian gig economy is marked by notable inequalities, with gig workers often facing long working hours, low wages, and job insecurity, conditions that are exacerbated for those from marginalized socioeconomic backgrounds (Pankaj & Jha, 2024). Employment generation remains one of the most pressing challenges facing the Indian economy. Despite sustained economic growth in recent decades, the expansion of formal employment has been inadequate to absorb a rapidly growing labour force. Consequently, informal employment continues to dominate the labour market, raising persistent concerns related to job quality, income security, and social protection. In this context, the gig economy has emerged as an alternative mode of employment generation, facilitated by digital platforms that connect workers with consumers for short-term, task-based services.

The rapid expansion of platform-mediated work in sectors such as ride-hailing, food delivery, logistics, e-commerce, and professional freelancing has significantly altered traditional employment relations. While gig work offers flexibility and new income opportunities, it also reclassifies workers as independent contractors, often excluding them from statutory labour protections. Against this backdrop, the paper examines whether the gig economy can serve as a viable response to India's employment challenge or whether it contributes to the growing informalization of work.

Conceptual Background

The gig economy refers to a labour market characterized by short-term contracts, freelance work, and on demand tasks mediated through digital platforms. Unlike standard employment arrangements, gig work generally lacks employment security, fixed wages, and employer provided social security benefits. From the perspective of employment generation, the gig economy lowers entry barriers to work and enables broader labour market participation, particularly among youth, migrants, and workers transitioning from informal employment. However, the absence of formal employment relationships shifts economic risks from firms to workers, raising concerns about the quality, sustainability, and long-term viability of gig-based livelihoods.

Rationale and Significance:

Examining the impact of the gig economy on employment in India is important. The gig economy generates numerous employment opportunities, particularly during times of high unemployment. It provides flexible work arrangements for millions of people (Mehta 2020). Given the large number of young and technologically adept individuals, the gig economy aligns well with India's demographic profile (Prabhat et al. 2019). As the gig economy expands, challenges arise in safeguarding workers' rights and formulating appropriate legislation, especially for migrant workers (Kalbalia & Koushik, 2025). The gig economy is transforming consumer behaviour, entrepreneurship, and work practices in India (Sood & Singh, 2023). It also alters social structures by creating networks among workers to address issues, as observed during the COVID-19 pandemic (Ray 2024). Technological advancements facilitate the growth of the gig economy by simplifying job access and reducing employment barriers (Schwellnus et al. 2019). A comprehensive understanding of the gig economy is essential for policymakers to enhance the benefits and address issues related to worker rights and legal frameworks.

REVIEW OF LITERATURE

Recent studies and reports have highlighted the rapid growth and transformative impact of digital labour platforms on global employment. The International Labour Organization (2021) notes that while platform work provides new income opportunities, particularly for youth and workers excluded from formal employment, most workers operate under non-standard contracts without social protection, increasing precarity. Similarly, NITI Aayog (2022) emphasizes that India's gig economy offers flexible work but intersects with informal labour markets, creating both opportunities and regulatory challenges. The World Bank (2023) underscores the global potential of online gig work to expand employment, while cautioning about risks such as income volatility, lack of job security, and weak labour rights. Complementing these findings, the Fairwork Project (2021) systematically evaluates gig work against decent work standards, revealing widespread gaps in fair pay, employment conditions, and worker representation. Collectively, these studies suggest that while platform work can enhance labour market access, policy interventions and regulatory frameworks are essential to ensure decent work and social protection.

Objectives of the Study

The study is guided by the following objectives:

1. To examine the role of the gig economy in employment generation in India.
2. To analyze the opportunities and risks associated with gig-based employment in the Indian labour market.

RESEARCH METHODOLOGY

The study is based exclusively on secondary data collected from official government publications, national labour surveys, policy reports, and scholarly literature. Key sources include reports published by NITI Aayog, the Ministry of Labour and Employment, the Periodic Labour Force Survey (PLFS), and international organizations such as the International Labour Organization (ILO).

The analysis is descriptive and analytical in nature, focusing on employment trends, sectoral distribution, and the broader labour market implications of the gig economy in India.

Gig Economy and Employment Generation in India

The gig economy has emerged as an important source of employment generation in India amid structural changes in the labour market and the limited capacity of the formal sector to absorb the growing workforce. Characterized by short term, task based, and freelance employment, the gig economy provides alternative livelihood opportunities across a wide range of sectors, including transportation, food delivery, logistics, e-commerce, information technology, education, and professional services. Digital platforms have significantly lowered entry barriers, enabling large numbers of youth, migrants, and semi-skilled and low-skilled workers to access income-generating opportunities, particularly in urban and semi-urban areas.

A key contribution of the gig economy lies in the flexibility it offers with respect to working hours, work location, and employment intensity. This flexibility has expanded labour force participation, especially among women, students, and individuals seeking supplementary income. Alongside low and medium-skilled jobs, the gig economy has also created rising demand for high-skilled professionals in areas such as software development, data analytics, digital marketing, content creation, and consulting. By encouraging independent work arrangements and multi skilling, gig employment enhances employability and supports the integration of India's workforce into the global digital economy.

At the macroeconomic level, the gig economy complements formal employment by responding quickly to changing market demand and contributing to economic resilience. It has played a stabilizing role during periods of economic stress by sustaining livelihoods and ensuring continuity of essential services. However, the growing dependence on gig work also raises serious concerns related to job security, income stability, and access to social protection. Thus, while the gig economy has become an integral component of employment generation in India, its long term contribution to inclusive growth depends on supportive regulatory frameworks, social security coverage, and targeted skill development initiatives.

Trends in Gig Employment in India

Table: 1

Estimated Sectoral Distribution of Gig and Platform Workers in India (Employment in Crores)

Year	Total Employment	Non-Agricultural Employment	Gig Workers
2011-12 (Actual)	46.99	24.52	0.25
2017-18 (Actual)	45.5	26.38	0.53
2018-19 (Actual)	46.75	27.62	0.54
2019-20 (Actual)	51.1	28.79	0.68
2020-21 (Projected)	51.66	29.37	0.77
2021-22 (Projected)	52.22	29.97	0.87
2022-23 (Projected)	52.79	30.58	0.99
2023-24 (Projected)	53.37	31.2	1.12
2024-25 (Projected)	53.95	31.84	1.27
2025-26 (Projected)	54.54	32.49	1.43
2026-27 (Projected)	55.14	33.15	1.62
2027-28 (Projected)	55.74	33.82	1.84
2028-29 (Projected)	56.35	34.51	2.08
2029-30 (Projected)	56.96	35.21	2.35

Source: NITI Aayog (2022), *India's Booming Gig and Platform Economy: Perspectives and Recommendations on the Future of Work*.

Based on these projections, the gig workforce in India is expected to expand rapidly from 6.8 million workers in 2019-20 to about 23.5 million by 2029-30. The share of gig workers in the non-

agricultural workforce is projected to rise from about 2.6 per cent in 2020–21 to nearly 6.7 per cent by 2029–30, while their share in total employment is expected to increase from 1.5 per cent to around 4.1 per cent, underscoring the growing significance of gig work in India's employment landscape.

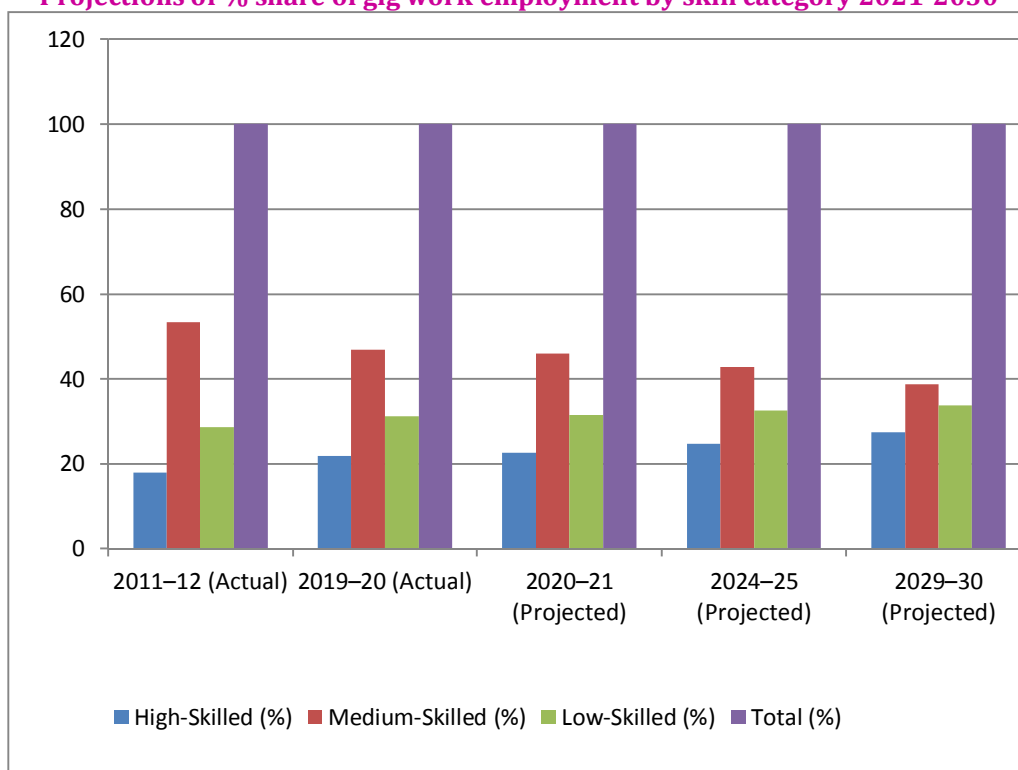
Table: 2
Projections of % share of gig work employment by skill category 2021-2030

Year	High-Skilled (%)	Medium-Skilled (%)	Low-Skilled (%)	Total (%)
2011–12 (Actual)	17.9	53.4	28.7	100
2019–20 (Actual)	21.9	46.9	31.2	100
2020–21 (Projected)	22.5	46	31.5	100
2024–25 (Projected)	24.7	42.8	32.6	100
2029–30 (Projected)	27.5	38.7	33.8	100

Source: NITI Aayog (2022), *India's Booming Gig and Platform Economy: Perspectives and Recommendations on the Future of Work*.

Table 2 reveals a clear structural shift in the skill composition of gig employment. While medium-skilled work continues to dominate, its share is projected to decline steadily, alongside a rising share of both high-skilled and low-skilled gig employment. This trend reflects the increasing diversification of gig work across sectors and occupations and highlights its growing role as a source of livelihood for workers with varied skill levels.

Figure: 1
Projections of % share of gig work employment by skill category 2021-2030



Source: NITI Aayog (2022), *India's Booming Gig and Platform Economy: Perspectives and Recommendations on the Future of Work*.

Figure 1 illustrates a clear structural shift in the skill composition of gig employment. While medium-skilled work remains predominant, its share is projected to decline gradually, accompanied by

a rising proportion of both high-skilled and low-skilled gig employment. This trend reflects the increasing diversification of gig work across sectors and occupations, underscoring its expanding role as a source of livelihood for workers with diverse skill levels.

Opportunities of Gig-Based Employment

The gig economy offers several opportunities for employment generation in India. It provides flexible work arrangements that allow individuals to choose working hours and supplement income from multiple sources. For youth and migrants, gig work serves as an accessible entry point into the labour market. Skilled professionals benefit from project-based work and access to global markets, particularly in information technology and creative services. Moreover, the gig economy promotes self-employment and micro-entrepreneurship, aligning with India's broader digitalization and start-up ecosystem.

Risks and Challenges of Gig Employment

Despite its employment-generating potential, the gig economy is associated with significant risks. Gig workers often face job insecurity and income volatility due to fluctuating demand and algorithm-driven work allocation. The absence of formal employment status excludes most gig workers from social security benefits such as health insurance, pensions, and paid leave. Additionally, the expansion of gig work may contribute to the informalisation of labour by substituting stable employment with contract-based arrangements, thereby increasing worker vulnerability.

Policy Framework and Institutional Response

The Code on Social Security, 2020 represents an important step towards recognising gig and platform workers in India. However, challenges related to implementation, coverage, and financing persist. While some state governments have introduced welfare measures for gig workers, the absence of a comprehensive and uniform national framework limits their effectiveness. Strengthening social protection mechanisms and ensuring fair working conditions are essential for improving the quality and sustainability of gig-based employment. The Karnataka Labour Department circulated the Draft Karnataka Platform Based Gig Workers (Social Security and Welfare) Bill, 2024 on June 29, 2024. It seeks to provide social security to platform based gig workers by creating a Welfare Board and a Welfare Fund. Presently, Karnataka has a State Unorganised Workers Social Security Board, which implements the Karnataka State Gig Workers Insurance Scheme.

Implications of the Gig Economy

The implications of the gig economy can be understood from the followings..

Economic Implications The gig economy provides economic opportunities by facilitating job creation without requiring substantial capital investments. It additionally fosters financial inclusion, particularly for disadvantaged communities, and facilitates access to previously untapped sectors. However, it has also resulted in increased income disparity, as numerous gig workers encounter income instability and unpredictable work hours. A report from NITI Aayog in 2020 indicated that gig workers contributed around \$10 billion to the Indian economy in that year, with projections suggesting their contribution could exceed \$30 billion by 2030.

Social Implications The gig economy offers flexible working hours that may attract specific demographics; however, it also intensifies concerns regarding job insecurity and the absence of social protections, including healthcare and pensions. The enhancement of workers' social mobility is possible; however, the characteristics of the work may contribute to a sense of precariousness and alienation.

CONCLUSION

The gig economy has emerged as a significant source of employment generation in India, particularly in the context of limited formal job creation. It has expanded labour market participation

and provided income opportunities to a diverse workforce. However, the associated risks of employment insecurity, income instability, and inadequate social protection raise serious concerns regarding its long-term sustainability. A balanced policy approach that integrates employment generation with decent work principles is essential to ensure that the gig economy contributes meaningfully to inclusive and sustainable labour market development in India.

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