



Transforming India's Gig Economy

This editorial is based on “[The harsh reality of gig work in India](#)” which was published in The Hindu Business Line on 02/05/2025. The article brings into picture the harsh realities of India’s gig economy—low wages, lack of social security, and poor retirement prospects—despite its rapid growth.

For Prelims: [Gig workers](#), [Gig economy](#), [NITI Aayog Report on India's Gig and Platform Economy \(2022\)](#), [e-Shram Portal](#), [Pradhan Mantri Shram Yogi Maandhan \(PMSYM\)](#)

For Mains: Role of Gig Economy in India’s Economic Growth, Key Issues Associated with the Gig Economy in India.

[India's gig economy](#), projected to employ over **12 million workers by 2025**, masks precarious reality behind its **promise of flexibility and autonomy**. Despite their growing numbers, gig workers face grueling hours, sub-minimum wages and complete absence of social security benefits. They also face bleak retirement prospects as **"independent contractors" excluded from formal protections**. Active empowerment through **strict regulation, social security inclusion, and skill development pathways** is imperative to transform gig work from exploitation to opportunity.

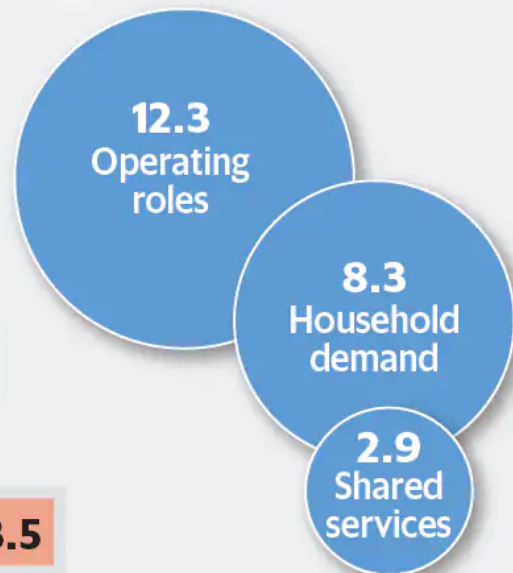
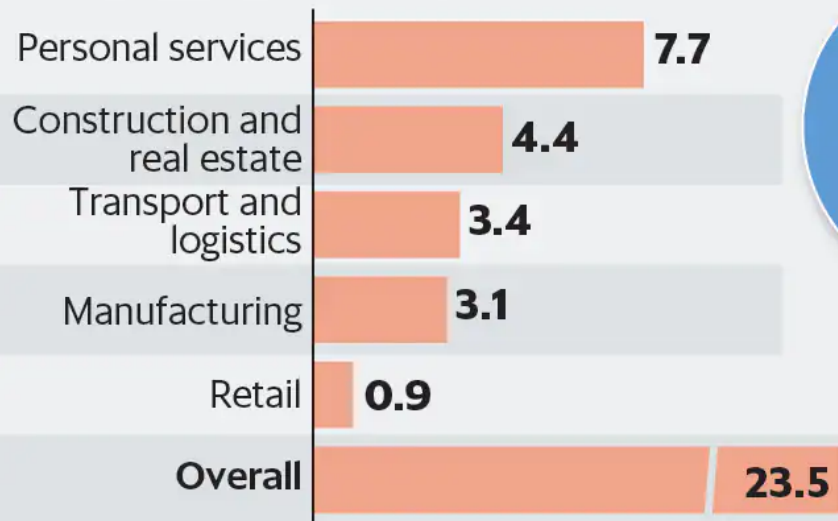
Growing gigs

Construction, manufacturing, retail, transportation and logistics sectors may create around 70 million 'gigable' jobs within 8-10 years.

No. of gig jobs projected (in mn)

Gig workers may service 23.5 million jobs in three to four years

Type of gig roles



Source: Unlocking the Potential of Gig Economy in India Report

What role does the Gig Economy Play in Accelerating India's Economic Growth?

- **Job Creation and Employment Flexibility:** The gig economy plays a crucial role in addressing India's job crisis by offering flexible, **short-term employment opportunities**.
 - Amidst the **formal sector's stagnation**, **gig work provides an avenue for millions, especially the youth, to participate in the workforce**.
 - Data from [NITI Aayog](#) estimates that gig workers in India will rise from **7.7 million in 2020** to **23.5 million by 2029-30**. This surge indicates the sector's ability to absorb a large section of the underemployed population.
- **Supporting the Informal Economy Transition:** The gig economy acts as a bridge for workers transitioning from the **informal sector to more structured employment models**, providing a safety net and structured earnings.
 - For example, a large portion of India's gig workforce, like **drivers and delivery workers**, comes from **informal sectors like agriculture and unskilled labor**.
 - With the rise of **platforms like Zomato and Swiggy**, millions of informal workers have found an additional space for work in spare hours, with NITI Aayog projecting a significant rise in such workforce participation.
- **Fostering Innovation and Entrepreneurship:** Gig platforms empower workers to operate as independent contractors, **cultivating an entrepreneurial mindset among millions**.
 - This flexibility drives the development of **innovative service models** across sectors like transport, food delivery, and freelancing.
 - Gig work has **become synonymous with "be your own boss,"** with companies like **Uber and UrbanClap** providing opportunities for workers to develop their business acumen.
 - **Over 80% of gig workers on platforms like these are**

self-employed, showing the entrepreneurial growth sparked by this model.

- **Driving Digital Transformation and Economic Growth:** The gig economy is a significant driver of digital penetration in India, **fostering increased usage of smartphones, digital payments, and other online services.**
 - By integrating **gig work into the mainstream economy**, digital platforms contribute to India's tech-driven economic expansion.
 - India's growing e-commerce sector is a testament to this shift, **as evidenced by the 2023 surge in gig-based deliveries during festival seasons.**
 - Platforms like **Blinkit and Swiggy reported increased earnings by 40-50% during such periods**, showcasing the role of gig workers in stimulating economic activity.
- **Contributing to Tax Revenue Generation:** Gig platforms contribute to India's tax revenue, especially with the **implementation of digital payments and the rise of regulatory frameworks.**
 - By formalizing payments and work, gig platforms enable governments to tap into previously untaxed economic activity.
 - In 2024, the **Indian government introduced frameworks for gig workers' registration under the e-Shram portal**, aiming to track and regulate the industry.
 - The inclusion of **gig workers under social security programs like e [Ayushman Bharat Pradhan Mantri Jan Arogya Yojana \(AB-PMJAY\)](#)** also opens up new channels for expanding the sector.
- **Enhancing Inclusivity and Empowering Marginalized Groups:** The gig economy provides an **avenue for marginalized groups, particularly women and rural populations, to earn independently**, improving their financial autonomy and social mobility.
 - The work-from-home nature of many gig jobs allows women to enter the workforce in an environment that is less restrictive.
 - Reports indicate that **women make up nearly 28% of India's gig economy workers**, with **many women turning to platforms like UrbanClap for home-based services.**

What are the Key Issues Associated with the Gig Economy in India?

- **Lack of Social Security and Benefits:** A major issue in India's gig economy is the **absence of social security, including health insurance, pension plans, and paid leave.** Gig workers are often classified as independent contractors, leaving them without any formal benefits. This leads to financial insecurity, especially in case of illness or accidents.
 - A 2024 NITI Aayog report highlighted that **90% of gig workers lack savings and face high vulnerability to emergencies.**
 - The recent inclusion of gig workers in the AB-PMJDY is a step forward, **but comprehensive social security remains a challenge.**
- **Income Instability and Low Wages:** Despite the promise of flexible earnings, gig workers face income instability and wages below the national minimum standard. Many workers struggle to earn enough to meet basic living expenses, working long hours for meagre pay.
 - The **2023 Fair Work India study** found that gig workers in delivery services and ride-hailing platforms **earn ₹15,000-20,000 per month**, below the minimum wage for the hours they work.
 - **Over 70% of gig workers reported difficulty managing household expenses** due to irregular earnings, with a large portion of their income being eaten up by platform commissions.
- **Exploitation and Unfair Working Conditions:** Gig workers often face exploitative conditions, **including long working hours without adequate compensation or job security.**
 - These workers are pressured to meet high performance targets, sometimes leading to physical and mental exhaustion.
 - The **"Prisoners on Wheels" report** found that **78% of gig workers work over 10 hours a day.**
 - Such long hours lead to serious health issues. Also, The **10-minute delivery race** turns into a daily hustle for gig workers, **endangering their safety as they bear the brunt of consumer convenience.**

- **Absence of Legal Protections and Recognition:** Gig workers in India are not recognized under traditional labor laws, leaving them without legal protections such as minimum wages, overtime, or dispute resolution mechanisms.
 - This lack of recognition complicates efforts to secure fair treatment.
 - The [2020 Code on Social Security](#) acknowledges gig workers but fails to **provide full labor rights**, such as minimum wage guarantees and regulated working hours.
- **Digital Exclusion and Technological Dependence:** While digital platforms offer gig work opportunities, the **growing reliance on technology excludes workers without adequate digital skills or access to technology**.
 - **Rural workers** often lack access to high-paying gig opportunities due to poor internet connectivity and platform availability (**NITI Aayog, 2022**).
 - Moreover, the dependency on mobile apps for daily operations increases **technical or algorithmic errors**, further marginalizing these workers.
- **Arbitrary Deactivation and Customer Misbehavior:** A major issue faced by gig workers is the arbitrary deactivation of accounts and harassment from customers.
 - **Platforms often block or deactivate worker accounts** without clear reasons, leading to a loss of income and job insecurity.
 - In a survey, **83% of cab drivers and 87% of delivery personnel reported being negatively affected by deactivation**.
 - Additionally, **72% of drivers and 68% of delivery workers cited customer misbehavior as a major stressor**, underscoring the lack of adequate grievance redressal mechanisms.

What Measures can India Adopt to Strengthen and Optimize the Gig Economy?

- **Comprehensive Legal Framework for Gig Workers:** India should introduce a robust legal framework that **explicitly defines the rights and responsibilities of gig workers**.
 - This framework **must address issues such as minimum wage standards, working hours**, and protection against unfair termination.
 - **This framework could also include provisions for collective bargaining**, allowing gig workers to have a unified voice in negotiations with platforms.
- **Portable Social Security Benefits:** A system of portable social security benefits should be established, where gig workers can accumulate benefits (**like insurance and paid leave**) regardless of the platform they work for.
 - This would resolve the **issue of multiple employers and ensure continuity of welfare provisions**.
 - It would also allow for **easier transfer of benefits if a worker shifts between platforms or projects**, without losing their social security entitlements.
 - Such a model would provide stability and financial security to gig workers, which is critical for their long-term welfare.
- **Digital Literacy and Inclusion Programs:** To bridge the digital divide, India should **implement large-scale digital literacy programs** targeted at gig workers, especially in rural areas.
 - These programs should focus on **enhancing their technical skills and equipping them with the knowledge** to navigate digital platforms effectively.
 - By **improving digital literacy, workers would be empowered to access more job opportunities**, improve their performance, and reduce vulnerability to technological errors or exploitation.
 - The **government could partner with digital platforms** to create training modules tailored to the needs of gig workers.
- **Strengthening Grievance Redressal Mechanisms:** India should mandate that gig platforms implement transparent and accessible grievance redressal mechanisms.
 - These systems should **allow workers to file complaints about unfair practices, arbitrary deactivations**, or exploitation in a clear and efficient manner.
 - **Platforms must be legally bound to resolve these complaints in a timely manner**, with a system for oversight by labor authorities.
- **Incentivizing Platform Compliance with Welfare Laws:** India can adopt a policy that ties

incentives to platform compliance with welfare laws, such as the **inclusion of workers under social security schemes** and adherence to fair payment practices.

- This would create a **competitive advantage for platforms that prioritize worker welfare**, encouraging other platforms to follow suit.
- These incentives **could include tax breaks, subsidies, or preferential treatment in government tenders**.
 - Such measures would encourage platforms to voluntarily comply with legal requirements and promote a more sustainable gig economy.

▪ **Formalization of Gig Work through E-Shram Portal Integration:** India can strengthen the integration of gig workers into the formal economy by expanding the **e-Shram portal to include gig workers comprehensively**.

- The portal should be made more user-friendly and provide workers with a **digital identity that links them to welfare schemes and employment opportunities**.
- This integration would not only help in tracking gig workers but also ensure that they receive benefits like health coverage, pension schemes, and employment insurance.

▪ **Encouraging State-Level Initiatives for Gig Workers' Welfare:** States should be encouraged to **develop region-specific policies that cater to the unique needs of gig workers in their areas**.

- By tailoring solutions to local contexts, **such as offering subsidies for skill development, creating affordable housing for workers**, or establishing worker support centers, states can ensure a more equitable distribution of benefits.
- This decentralized approach would also enable more effective implementation of national policies while addressing local challenges faced by gig workers in different regions.
 - **Rajasthan's Platform-Based Gig Workers Act** is a significant step, other states can learn from the same.

Conclusion:

India's gig economy holds immense **potential in driving job creation, fostering innovation, and supporting digital transformation**. To unlock the full potential of gig work, India must implement comprehensive measures like **robust legal frameworks, portable social security, and enhanced grievance redressal systems**. Extended social security measures under the [Union Budget of 2025-26](#) is a significant step in the right direction.

Drishti Mains Question:

Discuss the challenges faced by gig workers in India and suggest measures to ensure their welfare and protection within the current labor framework.

UPSC Previous Year Questions

Prelims

Q. With reference to casual workers employed in India, consider the following statements: (2021)

1. All casual workers are entitled for Employees Provident Fund coverage.
2. All casual workers are entitled for regular working hours and overtime payment.
3. The government can by a notification specify that an establishment or industry shall pay wages only through its bank account.

Which of the above statements are correct?

- (a) 1 and 2 only
- (b) 2 and 3 only

(c) 1 and 3 only

(d) 1, 2 and 3

Ans: B

Mains

Q. Examine the role of 'Gig Economy' in the process of empowerment of women in India. (2021)

PDF Refernece URL: <https://www.drishtiias.com/printpdf/transforming-india-s-gig-economy>

