



## Bridging the Gaps: Strengthening India's Gig Economy

**For Prelims:** [Periodic Labour Force Survey \(PLFS\)](#), [Gig Workers](#), [NITI Aayog](#), [E-commerce](#), [Artificial Intelligence \(AI\)](#), [Minimum Wage](#), [Code on Social Security, 2020](#), [NITI Aayog Report on India's Gig and Platform Economy \(2022\)](#), [e-Shram Portal](#),

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

[Source: TH](#)

### Why in News?

The [Union Budget 2025-26](#) formally recognised **gig and platform workers**, extending social protection schemes to them. However, the [Periodic Labour Force Survey \(PLFS\)](#) still **lacks a dedicated classification**, creating a gap between **policy intent and data clarity**, which hampers **inclusive and effective policymaking**.

### What is the Gig Economy and What are the Current Gaps in Its Classification?

- **About:** The gig economy is a **labour market** based on **short-term, flexible, and task-based work**, often facilitated by **digital platforms**.
  - As per **section 2(35)** of [Code on Social Security, 2020](#), a gig worker is “a person who performs **work or participates in a work arrangement and earns from such activities outside the traditional employer-employee relationship.**”
  - They are usually **freelancers** or **independent contractors**, paid per task instead of regular wages. Examples include **food delivery, ride-hailing, and online freelance services.**

# Who is a gig worker?

An individual, employed transactionally on a time or task-based manner, having the flexibility to choose their hours of work

15 million  
freelance workers  
across various sectors

90 million  
jobs could potentially  
be added by the  
gig economy in the  
near future

## Breakdown of India's gig workforce



## Key players in India's gig economy

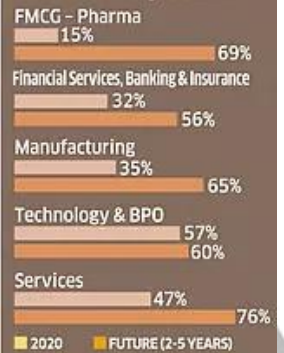
Uber and Ola  
(Personal transport)

Swiggy, Zomato, Delhivery, Dunzo  
(Delivery)

Urban Company, Housejoy  
(At-home personal services)

FlexingIt and Upwork  
(High-skilled and professional tasks)

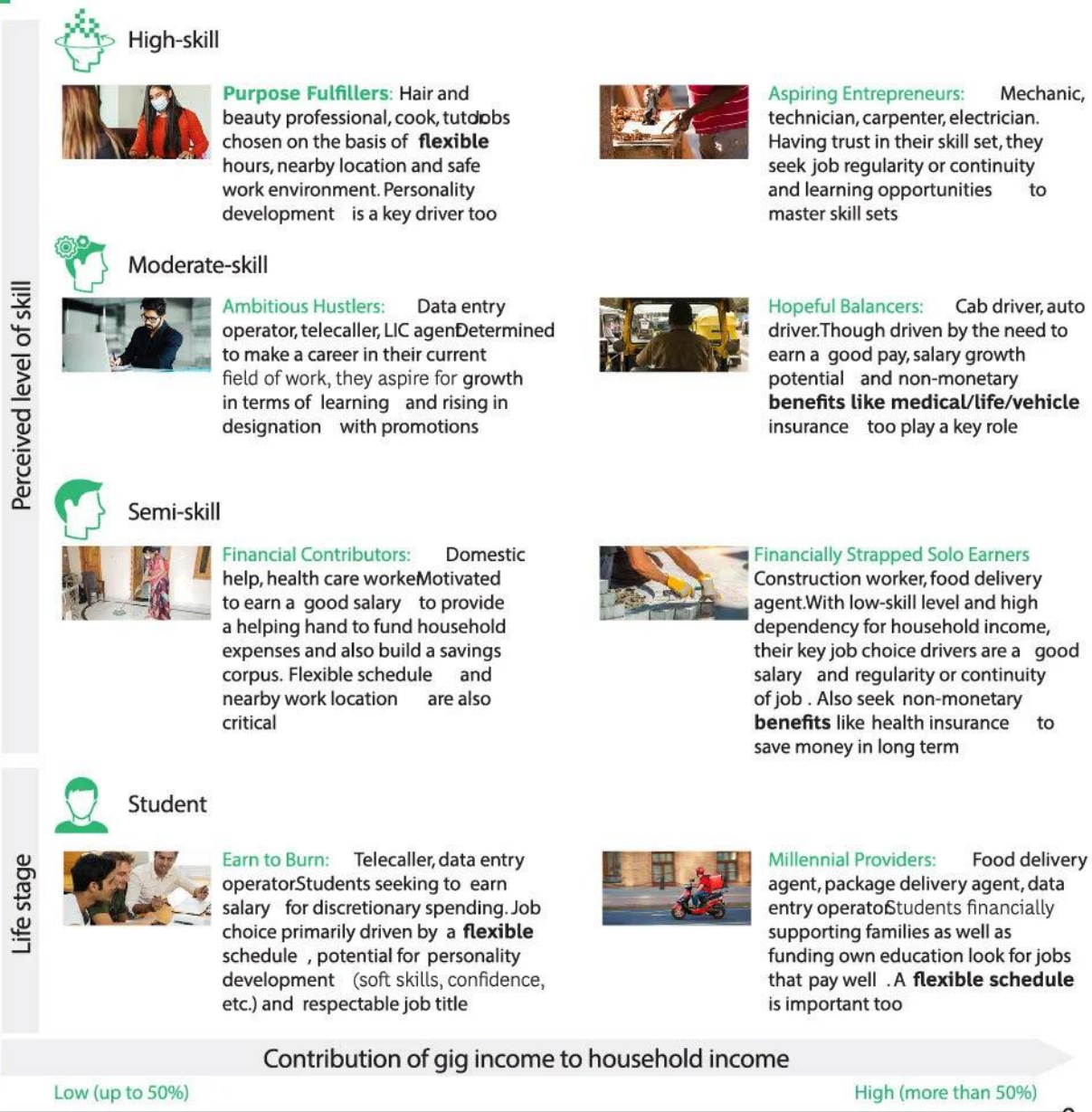
## % of companies looking to hire gig workers – by sector



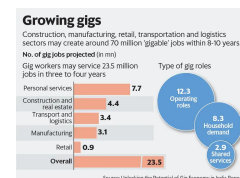
## Key Segments:



## Gig worker segments in India



- **Status and Classification Gap:** India had **7.7 million gig workers** in **2020-21**, projected to reach **23.5 million by 2029-30 (NITI Aayog)**, mostly in **medium-skilled jobs**.



- However, the **PLFS** does not have a distinct classification for gig workers, grouping them under broad categories like **self-employed** or **casual labour**.
- Although gig and platform workers are technically included under "**economic activity**," their unique work conditions—characterized by **algorithmic control**, **lack of formal contracts**, **irregular hours**, and **multi-platform engagement**—are not adequately captured.
- This **classification gap** leads to:
  - **Exclusion from welfare schemes**, as PLFS data guides beneficiary targeting.
  - **Misrepresentation of employment conditions**, masking job insecurity and income volatility.
  - **Policy blind spots**, weakening evidence-based labour reforms.
  - **Legal ambiguity**, affecting enforcement under the **Code on Social Security, 2020**.



# What is the Periodic Labour Force Survey (PLFS)?

## ABOUT

The PLFS was launched by the National Statistics Office (NSO) in 2017 with the aim of generating labour force statistics at more frequent intervals.

## OBJECTIVES OF PLFS

- ✓ To estimate key employment and unemployment indicators such as **Worker Population Ratio (WPR)**, **Labour Force Participation Rate (LFPR)**, and **Unemployment Rate (UR)** at three-month intervals for urban areas using the Current Weekly Status(CWS) approach.
- ✓ To estimate the same indicators annually for both rural and urban areas, using both **Usual Status (Principal activity status (ps) + Subsidiary economic activity status (ss))** and **CWS** approaches.

## INDICATORS

**LFPR:** The percentage of persons in the labour force (employed or seeking employment) in the total population.

- $LFPR = (\text{Number of Employed} + \text{Number of Unemployed}) / \text{Total Population} \times 100.$

**WPR:** The percentage of employed persons in the total population.

- $WPR = (\text{Number of Employed Persons}) / \text{Total Population} \times 100.$

**UR:** The percentage of unemployed persons among the total labour force.

- $UR = (\text{Number of Unemployed Persons}) / (\text{Number of Employed} + \text{Number of Unemployed}) \times 100.$

## ACTIVITY STATUS

- **Usual Status (ps+ss):** This is based on the activity status over the last 365 days prior to the survey date. It considers: **ps** (the activity in which a person spent the majority of their time) and **ss** ( any secondary economic activity performed for at least 30 days in the past year).
- **CWS:** This approach captures the activity status over the 7 days preceding the survey date.

## What are the Key Factors Driving the Gig Economy in India?

- **Expanding Digital Access:** With over **936 million internet** and **650 million smartphone users**, especially in rural areas, **affordable connectivity** is enabling more people to join digital platforms for **gig work**.
- **E-Commerce and Startup Growth:** The rise of **startups and online businesses** has **increased demand for flexible workers** in **logistics, content, marketing, and delivery services**.
- **Consumer Demand for Convenience:** Urban consumers increasingly prefer **quick services** like **food delivery** and **online shopping**, creating more gig roles in delivery and support.
- **Availability of Low-Cost Labour:** **High unemployment**, surplus of **semi-skilled workers**, and **limited social security** push many towards **low-paid gig jobs** as a livelihood option.
- **Changing Work Preferences:** Younger workers are drawn to the **flexibility, remote work, and work-life balance** that gig work offers over traditional jobs.

## Top reasons for working in the gig economy



## What is the Significance of the Gig Economy in India's Economic Growth?

- **Informal to Formal Transition:** Gig platforms (e.g., **Zomato, Swiggy**) absorb labour from **agriculture and informal sectors**, offering **structured earnings**.

- Festival seasons in 2023 saw **40-50% earning surges**, highlighting economic impact and sectoral resilience.
- **Inclusive Workforce Participation:** The gig economy enhances **financial autonomy** and **social mobility** for **marginalised groups**, especially **women and rural workers**.
  - Around **28%** of gig workers are **women**, many engaged in **flexible, home-based services** through platforms like **UrbanClap**, particularly in **Tier-II and Tier-III cities**.
- **Entrepreneurial Ecosystem:** Over **80%** of gig workers are **self-employed**, promoting an **entrepreneurial mindset** through platforms like **Uber**, fostering innovation in **transport, delivery, and freelancing**.
- **Digital & Economic Growth:** The gig economy drives **digital adoption** through increased use of **smartphones, digital payments**, and online services. By integrating gig work into the mainstream, it supports **tech-led economic growth**.
  - In **2023**, platforms like **Blinkit** and **Swiggy** reported a **40-50% surge in earnings** during festivals, highlighting gig workers' role in boosting **e-commerce and consumption**.
- **Tax Revenue and Formalisation:** Gig platforms boost India's **tax base** by formalising payments through **digital transactions** and enabling the government to tap into previously **untaxed economic activity**.
  - In **2024**, the government introduced regulatory frameworks, including **e-Shram registration** for gig workers, to monitor and organise the sector.
  - Their inclusion under social security schemes like **Ayushman Bharat PM-JAY** further institutionalized the workforce, opening new channels for **sectoral expansion and governance**.

## What are the Major Challenges Facing the Gig Economy in India?

- **Absence of Social Security Protections:** The **Code on Social Security, 2020** recognizes gig workers but **fails to guarantee full labor rights**, including regulated working hours, minimum wages, and dispute resolution.
  - A 2024 NITI Aayog report shows 90% of gig workers lack savings and are vulnerable during emergencies.
  - Existing schemes like **Ayushman Bharat PM-JAY** and **e-Shram** offer fragmented support,
  - PM-JAY covers hospitalization, while e-Shram provides accident insurance but lacks income security, paid leave, or pensions, reflecting a gap in comprehensive social protection.
- **Income Instability & Exploitative Conditions:** Gig workers in India earn Rs **15,000-Rs 20,000 per month**, often below minimum wage.
  - Over 70% face financial strain due to platform commissions. The **"Prisoners on Wheels" report** reveals **78% work over 10 hours daily** under algorithmic pressure, causing physical and mental exhaustion.
- **Arbitrary Deactivation & Customer Harassment:** Sudden account deactivations, reported by **83% of cab drivers** and **87% of delivery workers** cause income loss and insecurity.
  - Additionally, **72% of drivers** and **68% of delivery workers** face **customer misbehaviour**, reflecting poor **grievance redressal** and lack of **platform accountability**.

## India's Key Initiatives Related to Gig Workers

- [Code on Social Security, 2020](#)
- [e-Shram Portal](#)
- [Pradhan Mantri Shram Yogi Maandhan Yojana](#)
- [Rajasthan's Platform-Based Gig Workers \(Registration and Welfare\) Act, 2023](#)

## What Measures Should Be Taken to Address the Gaps in India's Gig Economy?

- **Inclusive Data and Formalization:** Update **PLFS codes** to distinctly capture gig work features like **platform dependence** and **multi-app usage**.
  - Integrate **tech-enabled surveys** with the **e-Shram database** for targeted welfare.
  - Expand **e-Shram** as a unified **digital identity** linked to **pensions, insurance,** and **sector-wise benefit tracking**.
- **Legal and Social Security Framework:** While the **Code on Social Security, 2020** defines gig and platform workers, it lacks provisions for **core labour rights** like **minimum wages, regulated hours,** and **collective bargaining**.
  - A strengthened legal framework is needed to ensure **portable social security** covering **insurance, paid leave, and pensions** across platforms, promoting continuity and financial stability.
- **Grievance Redressal & Worker Protection** Mandate **transparent redressal systems** on platforms and labour authorities must ensure **timely resolution** and **accountability**.
- **Incentives & State-level Initiatives:** Offer **tax breaks, subsidies, and tender preferences** to platforms complying with **social security** and **fair pay norms,** promoting **voluntary compliance**.
  - Encourage **state-specific policies** like **skill development, worker support centers,** and **affordable housing**.
  - **Rajasthan's Platform-Based Gig Workers Act** is a significant step, other states can learn from the same.

## Conclusion

As India moves toward a **USD 5 trillion economy**, leveraging its **digital workforce** is crucial. However, the **lack of distinct classification** for gig and platform workers in **PLFS** weakens their **visibility in policymaking**. True recognition demands both **legal and statistical representation**. Strengthening data systems alongside protective legislation is essential to ensure **inclusive and equitable labour and social welfare policies** for India's evolving workforce.

### **Drishti Mains Question:**

Examine the key challenges faced by gig and platform workers in India. Suggest policy measures to strengthen their welfare and ensure labour protection.

## 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/bridging-the-gaps-strengthening-india-s-gig-economy>

