



Navigating the Gig Economy in India: Crucial Drivers, Opportunities, Challenges, and the Way Forward

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ABSTRACT

The gig economy sectors, particularly platform-based services, have evolved quickly in recent years and are rapidly expanding in India's labour market. Gig jobs are constantly reshaping traditional work structures by providing more flexibility and autonomy to both employers and workers. This article investigates the nature of the gig economy and the key drivers behind its rapid expansion in India. It examines opportunities and challenges that the gig economy presents for both employers and workers. The study is based on an in-depth review and systematic examination of secondary literature. The discussion highlights the need for inclusive and participatory policy interventions.

KEYWORDS: Gig economy, Gig cultivators, Gig work, Platform economy, Informal work

Received 11 Sep., 2026; Revised 19 Sep., 2026; Accepted 21 Sep., 2026 © The author(s) 2026.
Published with open access at www.questjournals.org

I. INTRODUCTION

Today, the economic market, both in India and globally, is characterised by an emerging form of employment that includes short-term contract work, poor social security coverage in jobs, and inadequate labour laws. This emerging form of work is termed 'gig work', and the resultant economy is known as the 'gig economy'. 'Gig work' refers to on-demand and short-term temporary jobs where there is no employment security and which are outside the traditional relationship between employee and employer. The gig economy is a labour market system that is characterised by the prevalence of freelance work or short-term contracts (McKinsey & Company, 2023). According to the McKinsey report, the workforce that is involved in such side-hustle jobs is generally financially strapped and includes free agents or casual earners.

Gig-based work, however, is not new. It originally emerged in the early 1900s in the field of music, where jazz musicians first coined the term 'gig' for their short-term engagement or one-time performance (Saguier, 2021). Later, the word 'gig economy' was formulated in 2009 by the editor of the magazine 'The New Yorker', Tina Brown (Embroker Team, 2023).

The gig work can be non-platform-based and platform-based. Gigs that are not platform-based are acquired through conventional contact-based channels like physical marketplaces, agencies, direct contacts, and referrals. These jobs are frequently a part of the informal economy, with little legal protection and targeted policy interventions. Examples of such gig work include freelance tutors hired through personal contacts, 'Raj Mistry' (or master mason) hired through word-of-mouth, domestic helpers found through contacts, street vendors, construction workers, etc.

The platform-based gig work, however, is found through the mediating digital platforms or apps which help match the workers with customers. Such platform-based gig work is mediated through technology, where the internet and digital devices play a crucial role, and job assignments to workers are generally algorithm-driven and dictated by the platform rules. The platform-based gig economy, according to the UK government, is 'the exchange of labour for money between individuals or companies via digital platforms that actively facilitate

matching between providers and customers on a short-term and payment-by-task basis' (World Economic Forum [WEF], 2024). The platform-based gig work is enabled through the internet, digital gadgets, online platforms, apps, etc. Examples include ed-tech services (Unacademy, Byjus, etc.), ride-hailing services (Uber, Ola, Rapido, etc.), food delivery services (Zomato, Swiggy, etc.), services that deliver everyday essential items (Blinkit, Zepto, etc.), home services (Urban Company) and others.

Gig work is typically short-term, task-based, unorganised, and not a full-time job with minimal social security. There are no guaranteed benefits associated with gig work, such as paid leave, a provident fund, or health insurance. Although employees are free to decide when and, occasionally, where to work, job instability results from fluctuating income and workload. There is no guaranteed continuity of gig workers in their jobs.

However, despite the short-term contractual nature of gig work, it is expected that the gig economy will rise exponentially in the coming years. This is primarily due to fast-growing internet and smartphone penetration in a vast area, digital payment systems, GPS-enabled services, and technology-driven growth and mediation. According to NITI Aayog (2022), more than 23.5 million people in India will be employed in sectors of the gig economy by 2029-30, which was 7.7 million in 2020-22.

II. UNDERSTANDING THE GIG ECONOMY: CRUCIAL DRIVERS FOR GROWTH

The history of gig work is not very new, and the origin of gig work can be traced back to the early 20th century. However, even before it, the gig type of work existed in the form of agricultural daily wage labour during monsoon and harvest seasons, crafts and artisanry, etc., where these jobs were not treated as careers but part-time jobs for income supplementation. With recent developments in technology and digital interventions, gig-based work has been expanding at an exponential rate in the contemporary period. The reasons for this exponential growth in this sector can be clubbed within various heads, which include demographic factors, technological expansion, changing lifestyle patterns, shifts in the work culture and nature of employment, and other socio-economic and regulatory measures.

2.1 Technological Reasons

The most notable development followed the country's widespread use of smartphones and the internet, which made the platform economy possible and allowed it to spread even to less developed areas. The gig platforms as intermediaries have been accessible to both the customers as well as workers due to the expansion of affordable internet and smartphones. The development of user-friendly apps and an automatic work allocation system has provided impetus to the human-technology interface. The location traceability facility and use of GPS enabled the destination-based services like food delivery and ride-hailing, etc. In this direction, another very significant development happened when the system of digital payment and unified payment interface was introduced, which has enabled global access and instant payment directly to the bank accounts.

2.2 Demographic Reasons

India's young working population is one of the highest in the world today. A large segment of the young population is technology-orientated and using the internet. This has provided a supportive ecosystem for app-based gig work. Skills that are required in the gig work are very diverse, as it expands from the high-skill professional jobs to medium-skill computer operator jobs and low-skill parcel or food delivery jobs. There have been multiple gig segments opened in the last few years that have further attracted the young tech-savvy population towards the gig sectors for flexible working hours and quick income generation. Rural-to-urban migration has further provided impetus to the gig economy, as these migrants are in need of finding immediate work. People migrating from rural to urban areas, especially those who have lower skill levels in the field of technology, are involved in low-skill gig work such as food delivery and ride-hailing services.

2.3 Changing Lifestyle Patterns

The changing lifestyle is one of the most important reasons for the expansion of the gig sector so rapidly. The growing culture of urban consumerism and the preference of convenience over frugality, especially in the sectors of on-demand beauty services, food, groceries, home services, and mobility among youth, have furthered the demand of gig-based work. On-demand instant services are preferred over conventional types of self-services that take a comparatively longer time.

2.4 Shifts in the Work Culture and Nature of Employment

Today the demand for flexibility and autonomy in work has been recognised among the fundamentals of the youth work culture. The young workforce prefers variety and horizontal movement in jobs. This they also relate to avoiding their boredom with a fixed nine-to-five job. Such flexible jobs also provide them autonomy. The rising rate of unemployment and underemployment is also a reason for the rapid development of gigs (Dawid, 2024). Work in the gig sector offers income support to people in need without them going through the

lengthy recruitment process. This also provides many with a secondary income source alongside their studies or other work. Additionally, both employers and employees prefer to outsource their work to gig workers in order to avoid a fixed salary and other social benefit costs like insurance and health claims.

2.5 Regulatory Measures

The gig economy has many different sectors, and it is challenging to develop regulations specifically for this sector. As a result, this sector has low entry barriers following less regulations. This motivates people to appropriate income-generation activities besides their other primary engagements. The international freelance market is also expanding as a result of technological advancements, which further supports the gig work culture. The recent policy recognition and attempts to formulate inclusive policies for gig workers, such as 'The Code on Social Security, 2020', have also supported the growth of the sector.

2.6 Effect of the Covid-19 Pandemic

The disruptions and mass unemployment caused by Covid-19, especially in the private and informal sectors, have pushed many towards gig work for their survival. Many people in need prefer it because there are fewer barriers to entry, and people can be hired for jobs that require little or no skills. The qualifications and investment required to work in this sector are also lower, such as a vehicle, a smartphone, and basic skills.

III. GIG ECONOMY: OPPORTUNITIES FOR WORKERS AND EMPLOYERS

Gig work has provided a number of opportunities to the workers and employers. This has been possible largely because of the development in the field of science, technology and digitalisation of economic activities. The human-technology interface has made the gig work spread in the large urban, semi-urban, and rural areas in the last few years, especially in the Indian context.

3.1 Opportunities for the Workers

One of the most appealing benefits for the workers in the gig sector is quick access to employment opportunities, as gig work eliminates the need for a lengthy recruitment process. As a result, the workforce has more opportunities to earn and generate income. This helps them meet their needs to some extent and supplements their primary work.

The other very significant advantage of working gigs is the flexibility in the job. People working gigs can also do other jobs, study or take on their household responsibilities. Gig workers can also set their own work schedules in most of the cases and go offline if they are not willing to work. This gives them a better work-life balance, and they devote more time to other works. This is especially significant for those who are involved in caregiving work, household activities, or part-time work, or are college-going students. The possibility of working over multiple gig platforms also provides them with multiple sources of income at the same time. Working gigs over online platforms or platform-based gig work enables geographical flexibility for workers. Therefore, democratisation of work will be expedited. Gig workers can work globally by working from home through online gigs.

There are diverse work opportunities also available over Gig. The requirement of the skills of the workers also differs depending upon the nature of the gig work. Gig workers can involve themselves in blue-collar jobs such as housekeeping, caregiving, repair services, ride-hailing, or delivery services. They can also be involved in white-collar jobs such as software designing and development, providing legal and consultancy services for shorter periods of time, etc. Therefore, youth with lower levels of education and skill sets are also provided with earning scope by doing gigs and without going into any formal contracts with employers.

Gig platforms also provide creative and entrepreneurial opportunities to people. It helps in developing a micro-entrepreneurial environment and encourages self-employment attitudes among the workforce. There also exists a probability of gig cultivators converting themselves into small business owners. For example, freelancers can form an agency and start working in collaboration with their colleagues, or the delivery partners can start their own fleet and become the owners and employers in their own initiative.

Flexible gig work also allows women to work from home and generate income for themselves by performing jobs such as online tutoring, beauty services, consultancy, etc. In this sense, work over gig platforms also provides an opportunity for people to utilise their untapped skills such as writing, coding, photography and more. There will always be a probability to enhance these untapped skills as well by exposing themselves to new and diverse customers and projects. For the platform workers, their digital skills get consolidated, and they become tech-savvy by repetitively performing their jobs over these platforms. Gigs offer opportunities for advancement for low-skilled and marginalised members of society.

3.2 Opportunities for the Employers

Businesses and employers are also benefited by the introduction of gig work. They get access to a large pool of young workforce at a cost-efficient rate. They can scale up their workforce in peak seasons without any extra commitment to the workers. Employing rotation in the workforce, employers can get accessibility and availability of workers for round-the-clock service delivery. They also can avail geographically dispersed talent pools without any extra relocation cost.

The employers and companies need to go for long-term contracts with the workers and provide them extra social security benefits such as provident fund, gratuity, insurance and health benefits, paid leave, etc. There are also lower infrastructure needs for gig work. The gig cultivators generally operate from their personal devices and use their own vehicles. Platform-based gigs require a smartphone, internet and basic digital skills. The food delivery and ride-hailing services require basic literacy and driving skills together with smartphones and internet. The companies and employers also have to pay the gig cultivators on a per-task basis and not for idle hours. Therefore, all of these significantly reduce the cost for the employers.

The hiring process can be quick in the case of gig work. The recruitment process is also cost-effective for employers. There is immediate access to experts for a particular kind of job in gigs. For example, employers hiring a translator, a data coder, an analyst, a designer or a software engineer immediately. The training cost is significantly reduced for these workers, as the training requirement is minimal. Workers willing to work gigs are either pre-skilled in their jobs or quickly learn their job roles. Therefore, for employers, there is the availability of a large pool of experts on demand with specialised skills in their field.

The gig economy also helps in the expansion of the businesses and markets to semi-urban and newly developed cities and regions. In such areas gig workers are used as testing tools for new markets with minimal risks for the employers. The businesses in such developing areas need not set up their physical offices at the first instance, and they use gig cultivators to explore the market trends in the region. Involving themselves with gigs helps companies and employers know the consumer preferences and demand for products in the region. Therefore, experiments with new products and services can become less risky.

This also exposes the products and services to an innovative atmosphere, where consumer satisfaction can be prioritised. The gig work, especially based on the platform economy, can then be employed for competitive advantage for the employers and the businesses. The production and services sectors can be more focused on their core functionalities, and logistics handling, delivery services and other non-core activities can be tackled by the gig sectors. This will improve the competencies and efficiency of the businesses.

IV. INTRICACIES IN THE GIG SECTOR: CHALLENGES AMIDST OPPORTUNITIES

In addition to the opportunities that the gig economy offers, there are some significant challenges for gig workers and employers. Some of the advantages that gig work offers also become limitations of the sector. For example, though the algorithmic control of the labour power helps in democratising work, its biased use can become disadvantageous for some sections of the population. Likewise, although the temporary and informal nature of the gig work enables the possibility of easy hiring and income generation for a large pool of people, it also creates instability in earnings and employment security, besides depriving the gig cultivators of the social security benefits as provided in the case of regular jobs. There is a lack of formal status for gig work, and the gig workers are classified as independent partners and not regular employees. Therefore, the social security, such as paid leaves, provident fund, insurance, health, and retirement benefits, etc., are not provided to gig workers.

The earning volatility is further exaggerated due to volatility in the platforms in the case of the platform economy. Platforms are not stable entities, and many a time the dominance of large platforms compels smaller platforms to be shut. Because of the monopolisation by the large platforms, the bargaining power of the workers is further reduced.

The income of the gig cultivators is already low. In such a scenario, the platform fees or the commissions charged by the companies for providing the platforms as intermediaries between the customer and workers further reduce their income. Therefore, the gig workers often switch platforms for discovering better incentives. Many a time, gig cultivators work over multiple platforms to fulfil their basic needs. For example, an Uber driver also drives Rapido and Ola during the day and, at night, works as a writing assistant or as a tutor.

Gigs are often task-orientated and incentive-based works. Therefore, gig cultivators often work long hours to meet their targets or generate sufficient income to meet their living wages. This impacts their work-life balance. Gig workers often face mental health issues such as work stress and anxiety (Hafeez et al., 2022).

Besides the online strain on platform workers, gig workers are also vulnerable to road accidents, especially the workers involved in the mobility and transportation sector, as they do not have medical insurance security. Time-bound delivery platforms promise to deliver goods within ten, fifteen, or thirty minutes. As a result, such delivery agents are even more susceptible to road accidents. For instance, employees at BlinkIt, Instamart, Domino's Pizza, and other businesses are under a lot of pressure to deliver packages on time, which increases the risk of traffic accidents.

The system of work allocation and pricing for gig cultivators' services is determined by digital platforms and apps using algorithmic controls. This reduces gig workers' autonomy because they have no say over when and where they work. Platform determination also limits the opportunities for upskilling for gig cultivators because they need to perform repetitive tasks. This makes their work monotonous. Furthermore, short-term, repetitive, and project-based tasks prevent gig workers from gaining experience and expertise in a specific field. As a result, while 'platformisation of work' (Macias et al., 2023) offers gig cultivators certain advantages, it also restricts their ability to advance their careers and skill sets and results in 'skill stagnation'.

V. FORMALISATION OF INFORMAL WORK: THE FUTURE OF GIG WORK IN INDIA

Gig-based work has enormous potential in India, which has a large young population. The anticipated growth of the gig economy will be fuelled by the spread of technology, the adoption of smartphones in rural and semi-urban areas, and the population's affordable access to the internet. The expansion of digital infrastructure, as well as the availability of low-cost smartphones and internet data, will be critical in democratising gig-based work, particularly through platformisation.

However, addressing the pressing concerns in the gig economy is critical to its growth. Recognising gig cultivators as workers will be the first step in this direction. Some advanced economies have begun to identify them as workers. For example, the Supreme Court of the United Kingdom has recognised Uber drivers as workers, while riders in Spain are recognised as salaried staff, and in the United States, an ABC test has been introduced to determine delivery agents as employees. In India, the government has introduced the Code on Social Security, 2020, which includes some critical safeguards for gig cultivators. Similarly, some Indian states have enacted protections for platform workers, such as the Karnataka Platform-based Gig Workers Bill, 2024, and the Rajasthan Platform-based Gig Workers Act, 2023.

Introducing a basic pay system and guaranteeing minimum wages to gig cultivators will also play a crucial role in attracting young talent pools towards this sector. To foster a sense of inclusion for workers in the labour sector, workers should have access to a living wage, transparency in algorithmic decisions, and the right to view their performance metrics and file complaints with independent grievance redressal bodies for any dispute resolution. Thus, a basic living wage, a fair grievance redressal process, and transparency in the labour system, in addition to flexibility and autonomy in gig work, will not only provide gig cultivators with a sense of security but also enhance their work-life balance and safeguard their mental health. The health of gig workers can further be protected by capping their maximum work hours, including them in health insurance plans, and giving them basic safety and work training.

Gig workers should have access to upskilling programmes and opportunities for career advancement. In this regard, NITI Aayog's 'Platform India' initiative is commendable, as it focuses on accelerating growth in the gig sector, particularly platform-based work, and advocates for integrating gig cultivators into the formal economy and providing them with social benefits comparable to those in formal sectors. This will reduce skill stagnation among gig cultivators and encourage them to pursue gig work.

VI. CONCLUSION

The gig economy in India has grown significantly in recent years, primarily due to technological advancements and digital interventions. This sector has emerged as a transformative force in the labour market, creating new opportunities for both employers and employees by offering flexibility, autonomy, a large market, and a diverse talent pool.

However, the expansion of the gig sector has revealed critical challenges, ranging from low pay, income instability, and a lack of social security to a lack of algorithmic transparency, skill stagnation, and regulatory uncertainty. These critical challenges should be addressed as soon as possible to ensure the long-term viability of the gig and platform economies. A striking balance is required between flexibility in work, workers' autonomy, their rights and social security, and a labour environment that promotes long-term and inclusive growth. With the active participation of stakeholders and policy support, the gig economy has the potential to become not only an alternative form of work but also a pillar of India's changing employment landscape, especially in this age of technological advancement.

ACKNOWLEDGEMENT

The first author gratefully acknowledges the support provided by the Indian Council of Social Science Research (ICSSR) through the ICSSR Postdoctoral Fellowship. The co-author did not receive any specific grant or fellowship for this work.

FUNDING

There was no specific grant received for conducting and/or publishing this particular research from any funding source in the public, private, or non-profit sectors.

CONFLICT OF INTEREST

The authors declare no conflict of interest related to the research, authorship, and publication of this article.

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