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Socio-Economic Challenges for Gig Workers in India's Emerging Labour Landscape

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Abstract

For many Indians, the gig economy has opened up a world of flexibility, enabling them to make a living on their own terms. However, this new work model also conceals a more sobering reality that is characterised by a lack of social security, wage instability, and traditional employment protections. This study explores the challenges and real-life experiences of gig workers, looking at the main problems affecting their well-being and means of subsistence. By using both domestic and international examples, the analysis delves into the varied gig economy and reveals the power disparities that expose this workforce. The effectiveness of recent reforms, which attempt to address these issues, is still up for debate. The chapter then suggests creative ways to improve security and stability for gig workers, such as a Gig Worker Provident Fund.

Keywords: *Gig Economy, Socio-Economic Challenges, Social Security, Wage Stability, Employment Benefits, Labour Reforms, Policy Reforms.*

Introduction

India's gig economy has grown significantly in recent years due to the proliferation of digital platforms that give workers more freedom and flexibility in how they can make money. Gig workers, who frequently lack the traditional employment protections and benefits associated with regular work arrangements, face significant socioeconomic challenges as a result of this emerging work model.

With an emphasis on the effects on wage stability, job security, and general worker well-being, this chapter explores the real-life experiences and challenges faced by gig workers in India. The analysis examines the varied gig work ecosystem, which includes both platform-dependent workers and more independent service providers, using case studies from both domestic and international sources. The conversation focusses on the power disparities that come with platform-mediated work and the vulnerabilities that this dynamic workforce faces as a result.

The Code on Social Security (2020) and Rajasthan's Platform-Based Gig Workers Act (2023) are two recent legislative initiatives that show the government recognises the need to address the particular difficulties associated with gig work. But there is still much discussion and analysis surrounding how well these frameworks safeguard the rights of gig workers and guarantee their financial security, with the real-world experiences of these workers acting as a crucial barometer.

In light of this, the chapter investigates novel models and possible legislative changes that might improve gig workers' access to social security and wage stability in India. In order to foster a more sustainable and equitable gig economy, suggestions derived from global best practices—such as the creation of a Gig Worker Provident Fund and the deployment of a portable benefits platform—are assessed for their relevance and possible influence in the Indian setting.

In order to provide a thorough understanding of the difficulties faced by India's gig workers and a roadmap for policymakers, platform companies, and other stakeholders to work towards a future of work that genuinely empowers and protects this crucial aspect of the country's changing labour landscape, this research will delve into the intricate socioeconomic dynamics of the gig economy.

What is gig economy?

The gig economy, which is defined by work completed in a flexible and short-term manner, is largely enabled by online platforms that deviate from conventional employment structures. Since gig work involves earning money outside the parameters of long-term, well-defined employment conditions, it is also known as non-standard work. Online platforms such as websites and apps, offline agencies, and word-of-mouth referrals are the main sources of employment. (“What is a gig worker?”, n.d.)

Workers are expected to have stable, long-term relationships with their employers under a standard employment contract, with structured benefits such as paid leave, retirement plans, health insurance, and other legal protections (“Legal framework and challenges for India's gig economy, 2024). These give workers a more stable base by generating steady income streams and job security. These have been replaced in the gig economy by short-term agreements where employees work as

independent contractors or freelancers for multiple clients or businesses, often completing a specific task or project.

Workers who work gigs have more freedom and flexibility because their schedules and assignment choices are different from those of regular employees. Professionals flocked to this type of freedom because they occasionally want to increase their gifted income, have more creative freedom, or maintain a healthy work-life balance. The flexibility that attracts them to the gig economy also leads to a number of other problems. For example, health insurance, paid time off, and job security are all excellent benefits for full-time employees, but gig workers typically do not receive these benefits. Instead, they frequently find themselves in a precarious situation where their income fluctuates and their legal protections are limited, forgoing any sort of job stability in favour of freedom (Carre, 2020).

The designation of workers as independent contractors as opposed to employees is a crucial and frequently discussed topic in the gig economy. Businesses benefit greatly from classifying their employees as contractors, mainly because it lowers payroll tax, benefits, and labour law compliance costs. However, workers are often denied basic labour rights due to this classification, including the right to overtime compensation, a minimum wage, and protections against wrongful termination ("The rise of the gig economy", n.d.). Gig workers are free thanks to flexible work arrangements, but they also face a lack of financial security that comes with traditional employment. This change in the workplace opens up a world of opportunities and challenges for these workers. It's time to consider the broader socioeconomic effects of this slow change in the kinds of security, benefits, and stability that exist between gig and traditional employment, as gig working is redefining economies all over the world.

Different kinds of workers with varying arrangements and degrees of platform dependency are included in the gig economy. Platform-Dependent Workers are individuals who only work for particular platforms, such as Uber or Lyft, and are governed by the commission rates, brand guidelines, and quality standards of those platforms. These employees have little control over their client relationships and are subject to stringent platform guidelines. On the other hand, non-circumvention clauses that prohibit them from working independently with clients they find through the platform impose additional restrictions on Restricted Platform Workers, like those on Upwork or Handy. They have to maintain certain credentials, go through background checks, and continuously fulfil platform-defined quality standards.

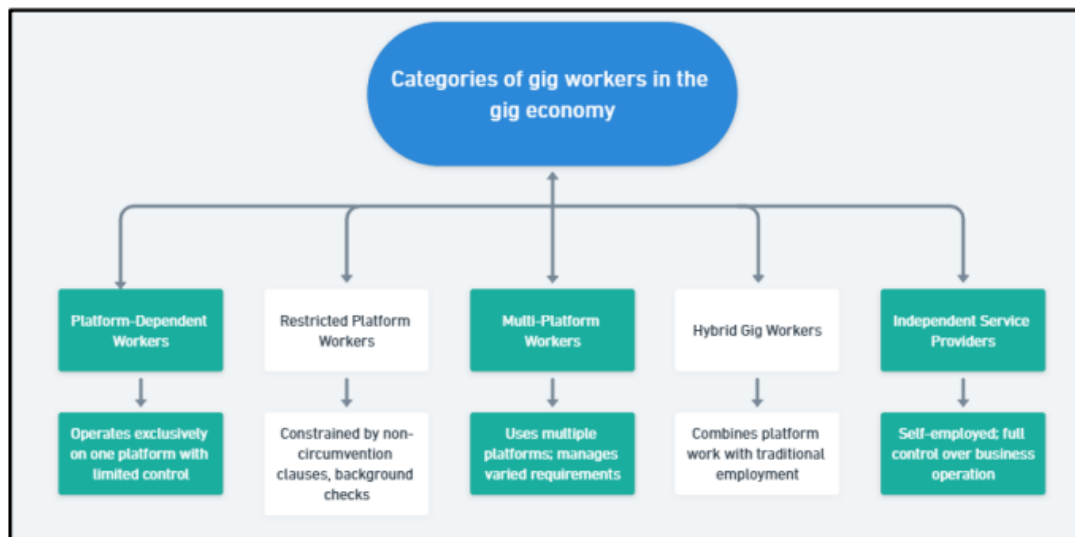


Figure: Categorisation of Gig workers

Multi-Platform Workers demonstrate more flexibility by operating across multiple gig platforms, managing different requirements and commission structures while adapting to various brand standards. Hybrid Gig Workers represent those who combine platform work with traditional employment, often using gig work as supplementary income and enjoying more flexibility in their platform choices. At the most independent end of the spectrum are Independent Service Providers, who operate as self-employed individuals managing their own businesses. While they may utilize platforms, they're not exclusively dependent on them and maintain greater control over client relationships and business operations, including marketing and client acquisition. This diverse ecosystem of gig workers reflects the evolving nature of modern work arrangements, where individuals can choose different levels of platform engagement based on their needs, skills, and desired level of independence. Each type faces unique challenges and opportunities, from the stability and structure of platform-dependent work to the freedom and responsibility of independent service provision. The classification demonstrates how the gig economy accommodates various working styles while highlighting the different degrees of autonomy, platform control, and income stability across these categories.

When it all started

The term 'gig' was coined in the western music industry which was used to suggest short-term engagements but it was only seen in work in the post-WW2 era. The humble beginning of short-staff positions offered by job agencies to employers (Carre, 2020). The Californian Assembly Bill 5 (AB5) passed in 2019 reclassified gig workers as employees granting them permanent employee benefits, faced sever

pushback from American companies. This was put in motion in January 2020 after making an exemption of app-based drivers from AB5, allowing them to remain classified as independent contractors while offering limited benefits ("The rise of the gig economy, n.d.).

Over the past few decades, the gig economy—which was first introduced by Craigslist in 1995—has grown significantly. The groundwork for this emerging sector was established by early platforms such as Desk (2004) and Elance (1998). This trend has been further accelerated by the widespread use of mobile and internet technologies. In the United States, almost everyone has a smartphone, making it easier than ever to access and engage in gig work ("The gig economy challenges. Centre for Development of Policy & Practice" n.d.). Numerous apps, including TaskRabbit, Lyft, Uber, Postmates, and Airbnb, enable people to make a living through flexible, on-demand labour these days. The traditional job market has changed as a result of this change, providing new chances for work-life balance and financial independence.

How did it start in India

The gig economy in India started to take shape in the early 2010s, propelled by technological advancements and evolving labour market dynamics. In the early 2000s, India's IT sector began utilizing freelance workers for project-based work, laying the groundwork for gig work. The real transformation began around 2010-2015 with the rapid penetration of smartphones and affordable internet access, particularly after the launch of Reliance Jio in 2016, which dramatically reduced data costs. Inspired by the Craigslist model, the initial phase saw the entry of global platforms like Uber (2013) and Ola (2010), primarily in the ride-hailing sector. This was followed by the food delivery revolution with Swiggy (2014) and Zomato (2008), which later expanded into delivery services. The ecosystem further evolved with the emergence of home services platforms like Urban Company (2014) and professional freelancing platforms like Flexing It. Today, there are roughly 20 platform dependent gig workers for every traditional worker in the Indian gig economy ("India Rules governing the gig economy", n.d.).

The NITI Aayog's comprehensive report on "India's Booming Gig and Platform Economy" projects substantial growth, estimating 23.5 million gig workers by 2029-30 and a platform economy value of \$455 billion by 2024 ("India's Booming Gig and Platform Economy, 2022).

Currently, the sector shows a strong urban concentration, with 75% of platform work centred in cities, primarily in retail, transportation, and personal services sectors. The worker demographic analysis reveals a predominantly young workforce aged 24-35 years, with a significant migrant population (37%) and an increasing number of women participants, reflecting the sector's diverse nature and inclusive potential.

Stakeholders

The gig economy involves three main stakeholders: companies, workers, and the government. Companies hire on-demand workers via digital platforms for flexibility and cost-efficiency. Gig workers carry out tasks without traditional job benefits or protections. The government acts as a mediator, enforcing labour laws to balance the interests of both sides.

In India, companies like Uber, Swiggy, and Zomato depend on gig workers for core services like ride-hailing and food delivery. These platforms manage fluctuating demand without offering fixed salaries or benefits, instead setting commission rates and performance standards. While this model enables rapid growth and cost control, it faces criticism for unstable incomes, job insecurity, and lack of worker protections.

Flagship on-demand companies such as Uber (driver services) and Handy (home cleaners and household services) have garnered significant media attention both for their market success and recent legal challenges, particularly concerning the classification of gig workers.

How does gig work in India affect wage stability, job security, and worker well-being?

In India, gig workers face significant challenges stemming from the absence of traditional employment protections. Many workers are platform-dependent, relying solely on a single platform for income, which creates a power imbalance and increases vulnerability to fluctuating income and job insecurity. As a result, these workers often experience salary shortfalls, lack of health insurance, and the absence of social security, as well as barriers to career advancement or skill development. The gig economy in India has seen rapid growth with platforms like Urban Company, Ola, and Zomato, which provide flexible work opportunities and on-demand services to millions. However, these platforms also highlight significant challenges faced by gig workers, including job and income insecurity, occupational risks, and structural vulnerabilities. Recent strikes and worker protests at Urban Company and Zomato bring these issues into sharper focus, underscoring the need for reform to ensure fairer working conditions and social protections for gig workers.

Urban Company has experienced strikes and protests, notably in 2022 and 2023, where service providers voiced their concerns over low earnings, lack of social security, and poor working conditions. In 2021 and 2022, Urban Company workers in New Delhi and Mumbai went on strike, demanding fair pay, reduced commissions, and greater job security. Workers reported that high platform commissions up to 25% and forced upskilling requirements added financial burdens without improving their earning potential. These protests highlighted the need for fairer compensation and transparent work policies. Urban Company has made adjustments in response, such as revised payment structures and improved grievance redressal mechanisms, but

workers continue to press for more substantial changes, especially concerning their classification as "partners" rather than employees ("Delivery agents of Swiggy, Zomato, cab drivers of Ola, Uber on strike today in Pune – Here's why", 2024) yet workers continue to demand better protections, such as insurance, paid leaves, and safety measures for women working in client homes.

Drivers for Ola, along with other ride-hailing platforms, have frequently protested over pay, long working hours, and insufficient social security. Ola drivers work as independent contractors, meaning they do not receive benefits such as healthcare, insurance, or paid leave. While drivers have the freedom to set their own schedules, the per-ride earnings are often unstable and impacted by platform commissions and ride demand. Many Ola drivers reported that fluctuating fuel prices, increased platform fees (as high as 20- 30%), and competitive incentive structures erode their take-home earnings (Bhalla, 2023). Despite some government interventions aimed at improving gig worker welfare, these workers still face a lack of comprehensive legal protections. Ola and other companies often prioritize growth and market share, which has intensified competition and placed additional pressure on drivers.

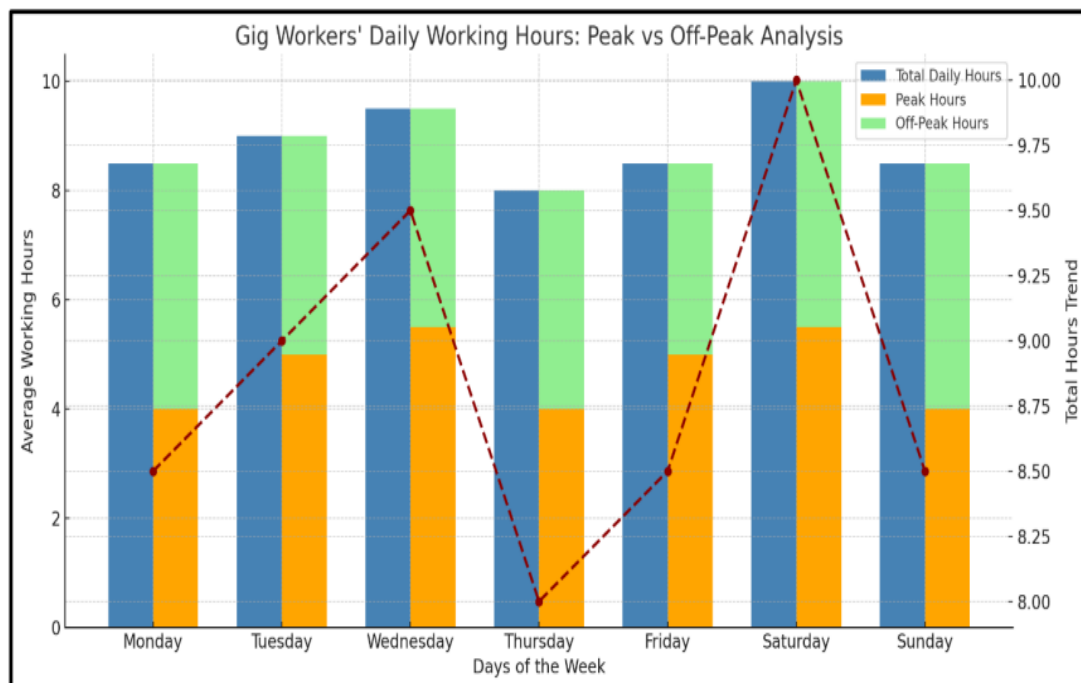


Figure: Gig workers' daily working hour analysis

In recent times, delivery partners for Zomato's subsidiary Blinkit went on strike due to a significant drop in per-delivery pay-out. The reduction from ₹25 to ₹15 per delivery stirred protests across multiple cities, temporarily halting operations. This

protest underscored the precariousness of gig work in food delivery and e-commerce, where drivers are often subjected to fluctuating pay and lack benefits such as health insurance or paid leave. The strike drew attention to Zomato's spending on marketing versus its commitment to fair compensation for delivery personnel.

India's traditional labour laws, such as the Unorganised Workers Social Security Act (UWSSA) and the Contract Labour (Regulation and Abolition) Act (CLRA), were designed for sectors like construction and fail to address the unique nature of gig work. These frameworks offer limited relevance in the context of platform-based employment. To bridge this gap, the government has initiated discussions on developing gig-specific laws, including new social security codes aimed at protecting this rapidly growing segment of the workforce.

It can be difficult to modify these frameworks to adequately assist gig workers, and many of them are still not eligible for benefits under the current legislation, leaving them vulnerable to both job and financial instability. Critical issues have arisen as a result of Indian gig workers' outdated legal protections. Common problems include job insecurity, salary gaps, income fluctuations, and a lack of health insurance. Workers and advocacy organisations have demanded government action, calling for improved access to health insurance, mandatory social security contributions from businesses, and fair wage standards. Updating legal frameworks to safeguard gig workers' rights and ensure stable incomes will be crucial as India's gig economy expands in order to maintain a sustainable, balanced environment for all parties involved.

To what extent do the 2020 labour codes address these socio-economic challenges?

The legal status of gig workers in India has evolved significantly, reflecting the government's growing recognition of this workforce sector's importance and unique challenges. At the national level, several key legislative frameworks have been established to protect and regulate gig work.

The Code on Wages (2019) marks a major shift by introducing universal minimum wage provisions that include gig workers, moving beyond traditional employment categories ("India's Booming Gig and Platform Economy," 2022). The Code on Social Security (2020) advanced this further by officially recognizing gig workers, though its full implementation is still underway ("Delivery agents of Swiggy, Zomato, cab drivers of Ola, Uber on strike today in Pune – Here's why," 2024). Also, the Motor Vehicle Aggregator Guidelines (2020) introduced key insurance requirements for platform-based workers (Bhalla, 2023).

According to these regulations, gig workers are eligible for health insurance of Rs 10 lakh and term insurance of Rs 15 lakh, with 5% yearly increases built in starting with the 2020–21 base year. By enforcing stringent rules regarding working hours, stipulating a 10-hour break period and restricting login time to 12 hours per calendar

day across all aggregator apps, these guidelines also address worker welfare and show a tangible step in the direction of preventing worker exploitation.

State-level initiatives have further enhanced the legal framework, with Rajasthan leading the way through its Platform Based Gig Workers (Registration and Welfare) Act 2023 (“Legal framework and challenges for India’s gig economy”, 2024). This pioneering legislation introduces a social security fund financed through a 1-2% welfare tax on platform transactions, supplemented by state government grants and worker contributions.

Building on this foundation, Karnataka's proposed Gig Workers Bill of 2024 represents the most comprehensive legislation to date (“The Code on Wages”, 2019, 2019). The Karnataka bill not only incorporates Rajasthan's welfare provisions but also addresses critical gaps by introducing measures for income security, establishing penalties for noncompliant aggregators, and making platforms accountable for workers' occupational safety and health. The emerging legal landscape in 2024 reflects a gradual shift toward greater formalization and protection of gig workers' rights. However, challenges remain in implementation and enforcement, particularly regarding the central government's social security provisions.

A changing understanding of gig work regulation is demonstrated by the disparate state and federal approaches, with more recent laws placing a greater emphasis on comprehensive worker protection while striking a balance with the sustainability of platform businesses. This legal framework is still evolving, and other states are probably going to pass legislation along these lines, which could eventually result in a more uniform national strategy for protecting gig workers.

What reforms could enhance social security access and wage stability for gig workers in India?

In India, gig work has brought new ways of earning a living, offering flexibility and independence to millions. But while the work may be freeing, it often lacks the safety nets that provide stability, such as steady income and access to social benefits. To make gig work more secure, India could adopt a few key reforms that would ensure gig workers are protected and supported financially.

Firstly, a dedicated social security system for gig workers is urgently needed. A proposed "Gig Worker Provident Fund" could require platforms like Uber, Swiggy, and Zomato to contribute a small share of each worker's earnings to a central fund, offering financial support during tough times—similar to the Employee Provident Fund for traditional workers. Government incentives like tax breaks could encourage platform participation. Expanding the Unorganised Workers' Social Security Act, 2008, to include gig workers would also enable access to benefits such as healthcare, disability, and maternity support. A similar model exists in Brazil.

Another crucial step is to guarantee fair wages. In order to ensure that everyone makes enough money to live above the poverty line, gig workers could be paid a baseline wage. Platforms could then modify this wage in response to local cost of living or inflation. Gig workers could be given a more stable position by amending India's Minimum Wages Act to include them. As an illustration of how policies can enhance wage stability in the gig economy, Denmark has put similar measures into place to ensure fair wages for gig workers.

Additional flexibility might be provided by a "Portable Benefits Platform." Gig workers could use this digital wallet to access benefits they've accrued from various platforms, even if they change jobs or work multiple jobs. A similar idea that would allow gig workers to retain their benefits wherever they work is being investigated in California. Employees in India may find it simpler to manage their benefits and track contributions across platforms with the support of a government-backed system.

In addition to defending the rights of gig workers, these actions would establish a more equitable system that promotes their financial security and maintains the flexibility that draws people to gig work. These adjustments would give gig workers in India a more stable and equitable means of making a living, strengthening their position going forward.

Conclusion

Millions of people have benefited from India's gig economy, which provides the freedom to make money using online marketplaces like Uber, Zomato, and Urban Company. Gig workers frequently lack the job security, consistent pay, and social protections that traditional employment provides, which makes this new work model fraught with difficulties. In response, some national laws, like Rajasthan's Platform-Based Gig Workers Act, 2023, and the Code on Social Security, 2020, seek to formalise and safeguard gig work; however, these laws are still developing to fully meet the needs of this distinct workforce.

Global models offer valuable insights for India. Adopting elements from California's Portable Benefits Platform and Brazil's social insurance system could enhance financial security for gig workers. Reforms like minimum wage laws, a gig worker provident fund, and a portable benefits system—allowing benefits to transfer across platforms—would boost stability. Combined with incentives for businesses to contribute to worker benefits, these measures could promote a fairer, more balanced ecosystem for both workers and platforms.

As India's gig sector continues to expand, it is essential that reforms prioritize fair wages, social security access, and protections that reflect the dynamic nature of platform work. This approach would create a balanced, resilient gig economy that supports workers in a dignified and secure way, contributing to a more sustainable future for India's workforce.

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