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Click Economy: A Conceptual Model of India's Gig Work Revolution**M. Dhanalakshmi¹, Jith R²***¹Associate Professor, LEAD College of Management (Autonomous), Dhoni, Kerala.²Assistant Professor, LEAD College of Management (Autonomous), Dhoni, Kerala.*Corresponding Author: jith@lead.ac.in

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Abstract

The rise of the gig economy has redefined the structure of employment in India, catalysed by rapid digitalization, a growing startup culture, and shifting labour market dynamics. This chapter presents a conceptual model of India's gig economy, mapping its structural foundations, key stakeholders, and the socio-economic drivers that underpin its rapid growth. It highlights the dual nature of gig work—offering flexibility and opportunity while simultaneously exposing workers to insecurity, algorithmic control, and a lack of social protection. Drawing from government reports, academic research, and global case studies, the chapter outlines the unique challenges faced by gig workers in India, including income volatility, legal ambiguity, and the absence of labour rights. It critically evaluates current policy responses such as the Code on Social Security 2020 and the e-Shram portal, and offers forward-looking recommendations to build a more inclusive, secure, and formally integrated gig economy. The chapter concludes by positioning India's platform economy as both a national opportunity and a global case study in balancing innovation with equity in the future of work.

Keywords: *Gig Economy, Platform Work, Digital Labour, Informal Sector, Algorithmic Management, e-Shram, Startup Ecosystem, Employment Models, Precarity, Labour Rights, Economic Inclusion.*

Introduction

The nature of job in India is undergoing a thoughtful transformation. At the heart of this shift lies the rise of the **gig economy**—a labour model defined by short-term, task-based, and digitally mediated work. Enabled by smartphones, data

connectivity, and algorithmic platforms, gig work has rapidly moved from the fringes of India's labour market to the mainstream. Millions of workers—from delivery riders and drivers to freelance designers and digital consultants—now participate in this new, flexible form of employment.

This emerging ecosystem reflects a larger global trend where employment is increasingly platformized, decentralized, and mediated through apps and algorithms. Yet, India's experience with the gig economy is shaped by unique structural conditions: a large informal workforce, persistent youth unemployment, rural-urban migration, and the digital leap brought on by low-cost mobile internet. These factors have not only accelerated the adoption of gig work but have also given it distinctive characteristics that differ from Western models.

While the gig economy has generated new income streams and entrepreneurial possibilities, it has also exposed workers to high levels of precarity, limited legal protection, and algorithmic control. The line between self-employment and exploitation remains blurred, prompting critical questions about fairness, inclusion, and sustainability in this digital labour model.

This chapter presents a **conceptual model** of the Indian gig economy that unpacks its foundational structure, identifies its key stakeholders, and explores the forces driving its growth and vulnerability. It further examines the evolving policy landscape and outlines a forward-looking vision for making gig work more equitable, transparent, and formally integrated within India's broader labour system.

By providing a structured, interdisciplinary perspective on India's platform-based work revolution, this chapter aims to inform scholars, policymakers, and practitioners on how to shape a gig economy that is not only economically dynamic but also socially just.

Mapping the Structural Foundations, Stakeholders, Challenges, and Policy Pathways in a Digitally Disrupted Labour Market"

Structural Context (Foundational Layer)

India's gig economy has evolved in response to two pivotal structural transformations that have redefined employment patterns and labour relations across the country:

- **Neoliberal Economic Policies:** The onset of liberalization in the 1990s ushered in an era of deregulation, privatization, and economic reform that drastically altered India's labor landscape. These policies gradually weakened the foundation of long-term formal employment, leading to the proliferation of contract-based and informal work. As traditional jobs became increasingly scarce or unstable, the workforce began exploring non-conventional avenues, laying the groundwork for alternative employment models such as gig work.

- **Digital Transformation:** India's digital revolution—characterized by the explosive growth of smartphones and one of the world's lowest mobile data costs—has played an equally significant role. This transformation enabled platforms to rapidly scale and directly link service providers with consumers in real time. It also gave rise to a digital-first labor ecosystem where tasks are posted, assigned, executed, reviewed, and paid for entirely online.

Key Stakeholders (System Actors)

The Indian gig economy operates within a complex and evolving ecosystem composed of multiple stakeholders, each playing a distinct yet interconnected role in shaping its structure and functionality:

- **Gig Workers:** At the heart of the gig economy are the workers themselves—comprising a diverse mix of blue-collar laborers (such as delivery riders, ride-hailing drivers, and domestic helpers), white-collar professionals (including consultants, software developers, and marketing specialists), and creative freelancers (like writers, graphic designers, and digital content creators). These individuals form the foundational workforce, contributing time, skills, and services in exchange for flexible, task-based income.
- **Platforms:** Digital platforms such as Swiggy, Zomato, Uber, Ola, Urban Company, and Fiverr act as intermediaries that facilitate the supply-demand match between workers and consumers. They operate on algorithmic governance—determining which worker gets which task, monitoring performance metrics, calculating payments, and imposing penalties. While these platforms provide the infrastructure for gig work, they also exert significant control over labour through largely opaque systems.
- **Consumers:** Urban, tech-savvy customers seeking convenience, speed, and affordability are the main drivers of demand in the gig economy. From ordering food to booking transportation and scheduling home services, consumer expectations for quick, reliable solutions have become central to the growth and evolution of platform-based work.
- **Government:** The Indian government plays a dual role—both as a regulator and a welfare provider. While regulatory clarity remains a work in progress, initiatives like the e-Shram portal, the Code on Social Security, and state-specific labor laws represent steps toward recognizing and supporting gig workers' rights, benefits, and safety.

Worker Unions and Collectives

Although still nascent, worker-led groups and associations are emerging to represent the collective interests of gig workers. These entities advocate for fair pay, safe working conditions, legal recognition, and dispute resolution

mechanisms. Their influence is growing in tandem with rising awareness and organization among gig workers.

Drivers of Growth

India's gig economy has seen rapid and sustained expansion, driven by a confluence of technological, economic, and demographic forces that have reshaped both supply and demand dynamics in the labour market.

- **Digital Access:** The democratization of internet access—spurred by affordable smartphones and ultra-low mobile data tariffs—has played a crucial role in unlocking gig opportunities across the socio-economic spectrum. Notably, the penetration of digital infrastructure into tier-2 and tier-3 cities has expanded the reach of platform-based work, allowing millions to participate in the digital economy regardless of geographic location or educational background.
- **Startup Ecosystem:** India's exciting startup landscape, predominantly in sectors like food delivery, mobility, and home services, has generated a surge in gig-based employment. Platforms such as Ola, Swiggy, Zomato, and Urban Company have institutionalized gig work by offering structured opportunities for flexible labour, coupled with digital payment systems, app-based management, and standardized service protocols.
- **Demographic Shift:** India's large, youthful workforce—eager for autonomy, flexibility, and faster entry into income-earning activities—has embraced gig work as a viable alternative to traditional employment. Many young individuals view freelancing and platform-based jobs as stepping stones toward entrepreneurship or skill development, especially in an economy where formal jobs remain limited and highly competitive.
- **Pandemic Impact:** The COVID-19 pandemic was a pivotal moment for the gig economy. As formal employment plummeted, millions turned to gig and platform-based roles to earn a livelihood. At the same time, lockdowns and social distancing measures created a surge in demand for contactless delivery, remote work, and digital services, further accelerating the growth of gig platforms.

Challenges and Vulnerabilities

Despite its rapid growth and flexibility, the Indian gig economy presents a range of structural and systemic challenges that compromise the long-term well-being and security of gig workers:

- **Social Protection Gaps:** A critical vulnerability lies in the absence of social safety nets. Gig workers are typically excluded from health insurance, pension schemes, maternity benefits, and unemployment support—protections that are

standard in formal employment. This leaves them exposed to significant financial and health-related risks, particularly during emergencies or periods without work.

- **Legal Ambiguity:** Most gig workers are classified as “independent contractors,” a designation that places them outside the purview of conventional labour laws. This legal grey area denies them access to benefits and rights such as minimum wage guarantees, paid leave, and legal recourse in case of exploitation or unfair dismissal.
- **Algorithmic Control:** Gig platforms rely heavily on algorithmic systems to assign work, evaluate performance, and determine earnings. However, these algorithms often operate with little transparency. Workers have limited understanding of how decisions are made and almost no ability to contest them, resulting in a work environment governed by unaccountable, automated oversight.
- **Safety Risks:** Gig workers—particularly those involved in transport and delivery—face elevated physical risks. Navigating traffic, adverse weather, and long working hours increases their vulnerability to accidents and fatigue. Moreover, many face verbal abuse, harassment, and health hazards without any formal grievance or compensation mechanism.

These challenges underscore the precariousness that defines much of India's gig labour. While the model offers short-term flexibility, it often does so at the cost of long-term economic and emotional stability.

Policy & Institutional Responses

India's regulatory response to the gig economy is evolving but still lacks the cohesiveness required to protect workers effectively while fostering innovation. Several initiatives have emerged at both the national and state levels, aimed at addressing the unique challenges of platform-based employment.

- **e-Shram Portal:** Launched in 2021, the e-Shram portal is a centralized national database designed to register unorganized workers, including those engaged in gig and platform work. Facilitating enrolment into government welfare schemes and providing accidental insurance coverage, it represents a foundational step toward formal recognition and policy inclusion.
- **State Legislation:** Certain Indian states have taken the lead in crafting tailored legal responses. For instance, Rajasthan has proposed a welfare board for platform workers, with mandated contributions from aggregators to fund benefits like insurance and pensions. Karnataka and Tamil Nadu have also initiated efforts to codify protections for gig workers, though implementation remains at varying stages.

- **National and Global Recommendations:** Policy reports by think tanks such as NITI Aayog and global bodies like the International Labour Organization (ILO) have emphasized the need for updated labour classifications, mandatory social security, and capacity-building programs. These recommendations urge a shift toward a rights-based framework that aligns gig work with the broader labour ecosystem.

While these initiatives mark critical progress, they remain fragmented and inconsistently enforced. A unified national strategy—backed by robust data, legal clarity, and implementation infrastructure—is essential to ensure that platform work is both economically productive and socially sustainable.

Outcome Objective

The long-term vision for India's gig economy should go beyond mere job creation. It must strive to build a labour system that combines the agility of gig work with the security and dignity of formal employment. This requires clearly defined objectives that reflect inclusivity, fairness, and sustainability:

- **Inclusive and Equitable:** The gig economy must ensure equal access to work opportunities and protections for all categories of workers, irrespective of gender, skill level, or geography. Marginalized and underrepresented groups should find a supportive environment within the platform economy.
- **Flexible but Secure:** One of the core appeals of gig work is flexibility. However, this should not come at the cost of worker vulnerability. The future model must strike a balance, preserving the autonomy and independence of gig workers while also ensuring access to essential benefits such as insurance, sick leave, and income continuity.
- **Transparent:** Platform algorithms must be explainable and accountable. Workers should be able to understand how their performance is measured, how their earnings are calculated, and how disputes are resolved. Transparency fosters trust and reduces the sense of isolation or injustice often reported in platform-based employment.
- **Formally Integrated:** Gig work should be formally recognized within India's broader labour policy framework. This includes integrating platform-based employment into national workforce data, economic planning, and industrial policy. Such integration will help build an inclusive economy that reflects modern labor realities.

Achieving these objectives requires deliberate efforts from policymakers, platforms, civil society, and workers themselves. Only then can the gig economy serve as a viable and dignified source of livelihood in a rapidly digitizing world.

Drivers of Growth in India's Gig Economy (Expanded View)

India's gig economy has been supercharged by a unique blend of socio-economic and technological forces. These enablers have not only accelerated the growth of platform-based employment but have also redefined how work is perceived, accessed, and performed.

- **Digital Infrastructure as a Backbone:** Perhaps the most transformative force has been the proliferation of smartphones and inexpensive mobile data. The affordability of digital tools—thanks in large part to initiatives like Digital India and market disruptions by players like Jio—has allowed millions to access gig work platforms. A simple mobile device now functions as a gateway to job listings, earnings dashboards, customer ratings, and scheduling tools. This seamless digital interface is at the core of India's gig labour expansion.
- **Youth Unemployment and Work Flexibility:** India's massive youth population faces growing underemployment and limited access to secure formal sector jobs. In this environment, gig work offers a quick entry into the labour market. It appeals to young individuals not just as a stop-gap but as a flexible, self-directed form of employment that aligns with entrepreneurial aspirations and the desire for control over one's time and income.
- **Changing Urban Lifestyles and Consumer Expectations:** As Indian cities grow more congested and fast-paced, consumers increasingly rely on on-demand services. Whether it's ordering groceries, hiring a home cleaner, or booking a ride across town, gig platforms offer convenience and immediacy. This shift in consumer behaviour—favouring real-time services and personalized experiences—has fuelled **consistent demand for gig labour**.
- **The Startup Boom and Formalization of Informal Work:** India's startup ecosystem has been instrumental in legitimizing and scaling gig work. Platforms have brought structure to previously informal service sectors. By using digital contracts, app-based quality control, and standardized pay models, startups have created systems where tasks can be tracked, rated, and repeated, adding layers of accountability and visibility that were historically missing from informal work.

Together, these growth drivers illustrate how gig work has evolved from a niche option into a mainstream mode of employment. They also point to the unique potential India holds in leading the global evolution of the platform economy.

Major Challenges Facing Gig Workers in India

While the gig economy has opened up new avenues for earning and employment, it has also introduced a range of serious and persistent challenges that

disproportionately affect gig workers, undermining income stability, social security, and long-term career prospects.

- **Income Insecurity:** The most pressing concern is the unpredictability of earnings. Gig workers are typically paid per task or assignment, without fixed salaries or guaranteed working hours. Daily income is subject to fluctuating demand, platform policies, weather conditions, and customer feedback. Without baseline wage protections, many workers find themselves earning below subsistence levels during lean periods.
- **Lack of Employee Benefits:** Since most gig workers are classified as independent contractors, they do not qualify for statutory benefits such as provident fund contributions, paid sick leave, health insurance, or retirement savings. This absence of formal support systems leaves workers vulnerable to financial distress during times of illness, injury, or economic downturn.
- **Opaque Algorithmic Management:** Digital platforms assign tasks, monitor performance, and determine payouts using algorithmic systems. However, these systems often lack transparency and accountability. Workers rarely know why they are offered certain jobs, how their ratings affect income, or why accounts may be suspended or deactivated. The absence of human oversight exacerbates the feeling of powerlessness and erodes trust in the system.
- **Health and Safety Hazards:** Many gig workers, especially those in logistics and transportation, face high-risk working conditions. Long shifts, physically demanding tasks, extreme weather, and traffic exposure contribute to fatigue, stress, and a higher incidence of accidents. Yet, most of these workers operate without comprehensive health coverage or workplace safety protections.
- **Lack of Representation and Bargaining Power:** The decentralized and individualistic nature of gig work makes it difficult for workers to organize collectively or negotiate better terms. Traditional labor unions have limited presence in this sector, and attempts to mobilize workers often face resistance from platforms. As a result, gig workers have little leverage in shaping policies that affect their livelihoods.

These challenges point to the urgent need for stronger legal safeguards, more inclusive welfare programs, and greater transparency in platform governance. Deprived of these, the gig economy risks continuing insecurity and inequality for a large and growing segment of India's workforce.

The Code on Societal Security 2020: A Step Toward Inclusion

The introduction of the Code on Social Security 2020 represents a landmark shift in India's approach to informal and platform-based labour. For the first time, gig

and platform workers have been formally recognized within the country's legislative framework, opening the door for their inclusion in social welfare provisions.

- **Key Provisions:** A central feature of the Code is the mandatory registration of gig and platform workers in a national database. Workers must enrol through portals like e-Shram to become eligible for government-supported welfare schemes. Likewise, aggregator platforms are required to register and disclose information about their workforce.

Another important provision is the establishment of a social security fund dedicated to gig and platform workers. This fund is to be financed through mandatory contributions from aggregators—ranging from 1–2% of their annual turnover—and is intended to provide coverage for life and disability insurance, accident protection, maternity benefits, and old-age support.

The Code also extends health and accident insurance to gig workers by default. This represents a significant shift in acknowledging the hazardous conditions that many such workers face daily.

- **Implementation Challenges:** Despite its progressive design, the implementation of the Code has been slow and inconsistent. Key challenges include:
 - **Ambiguous Definitions:** The terms “gig worker” and “platform worker” are broadly defined, leading to confusion about eligibility and coverage.
 - **Delayed Operationalization:** Several sections of the Code have not been fully enforced. Without official notifications and institutional readiness, many provisions remain dormant.
 - **Low Awareness and Uptake:** A significant portion of gig workers remain unaware of the Code or skeptical of its benefits. Voluntary registration means that many workers, especially those in remote or marginalized areas, have yet to be included.
 - **Weak Enforcement Mechanisms:** Monitoring compliance by aggregators—especially with regard to contributions and data reporting—is proving difficult, leading to underreporting and non-compliance.

While the Code on Social Security 2020 lays a much-needed legal foundation for gig worker welfare, its transformative potential will only be realized if supported by robust execution, stakeholder awareness, and consistent policy enforcement.

Future Outlook and Recommendations

Outlook

India is uniquely positioned to emerge as a global leader in gig-based employment. With a vast, tech-savvy population, rising internet connectivity, and a dynamic startup ecosystem, the country has the ingredients to shape the future of

work. While gig work has traditionally been concentrated in low-skill, blue-collar sectors like delivery and transportation, there is a visible shift toward white-collar domains—such as IT consulting, digital marketing, tutoring, and content creation.

Emerging technologies like artificial intelligence, automation, and big data are also poised to restructure employment models. As these innovations replace or supplement traditional roles, gig-based employment may become even more prevalent across diverse sectors. This trend, however, brings with it both opportunities and challenges. On one hand, it allows for flexible, decentralized work aligned with the aspirations of India's youthful workforce. On the other, it risks deepening labor precarity if not managed through proactive policy and institutional support.

National development programs such as Skill India, Digital India, and Start-Up India have the potential to integrate gig work into the formal economy by equipping workers with the skills, tools, and protections desired to thrive in a fast-evolving labour market.

Recommendations

To ensure that the gig economy becomes a sustainable and equitable support of India's labour market, the following policy interventions are crucial:

Portable Benefits

Develop social protection mechanisms that are not linked to a single employer or platform. Health insurance, retirement savings, and maternity benefits should be transferable across jobs, platforms, and regions to reflect the mobile and fragmented nature of gig work.

Minimum Income Guarantees and Grievance Redressal

Establish minimum pay standards for various categories of gig work. Platforms must be mandated to maintain clear, accessible systems for handling worker grievances, especially those related to unfair algorithmic decisions, sudden deactivations, or customer abuse.

Labour Code Reforms

Amend existing labor legislation to explicitly include gig and platform work. Clear legal definitions will reduce ambiguity and prevent misclassification, ensuring that gig workers receive at least a basic level of employment protection and entitlement.

Digital Literacy and Upskilling

Launch large-scale digital training initiatives to help gig workers adapt to technological changes. Beyond basic literacy, programs should focus on skill development for higher-value tasks—enabling workers to transition into better-paying and more stable roles over time.

Support for Worker Unions and Collectives

Encourage the formation and formal recognition of gig worker unions, cooperatives, and professional associations. These bodies can play a critical role in negotiating better wages, voicing grievances, and influencing platform practices and public policy.

By adopting these forward-thinking measures, India can ensure that its gig economy not only drives innovation and economic growth but also reflects the principles of fairness, security, and inclusion.

Conclusion

India's gig economy is undergoing a fundamental transformation, reshaping how work is accessed, organized, and delivered. The rapid rise of digital platforms has created new employment opportunities for millions across urban and semi-urban areas, especially among youth and those excluded from the formal sector. Gig work offers unique advantages such as flexibility, low barriers to entry, and autonomy over time and tasks. For many, it provides a vital source of livelihood and an entry point into the digital economy.

However, these benefits come with substantial trade-offs. The overwhelming majority of gig workers operate in a precarious environment, often devoid of legal protection, social security, or collective bargaining power. Earnings are unstable, job security is absent, and the pressure to perform is constant, driven by ratings, algorithms, and customer feedback. Despite contributing significantly to India's digital economy, gig workers remain among the most vulnerable segments of the labour force.

Government responses, including the e-Shram portal and the Code on Social Security 2020, represent important steps toward formalizing gig work and extending welfare benefits. But implementation remains patchy, and without a coordinated national strategy, these initiatives risk falling short of their transformative potential.

As India continues to navigate the digital age, it faces a critical choice: whether to allow the gig economy to grow in ways that deepen labour inequality or to shape it into a tool for inclusive and sustainable development. A proactive, rights-based approach—rooted in regulatory clarity, platform accountability, and investment in human capital—will be essential to ensuring that the gig economy becomes not just a source of work, but a source of dignified and empowering employment.

Ultimately, the long-term success of India's gig economy will be measured not just by the number of jobs created, but by the quality of those jobs—and the extent to which they uplift workers, support livelihoods, and contribute to the nation's economic resilience.

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