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Income Volatility and Financial Security of Gig Workers in India

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Abstract

Gig workings, one of the newest form of employment is popularizing across the globe in the last decade with the surge of digitization. It is redefining the employment structure and reframing the labour market. Gig working, a task based, short term job assignments which are mostly service oriented in nature often relies on digital platforms. Though at its core lies flexibility and autonomy, it often poses a risk of vulnerability and financial insecurity. A large employable population of India like is opting gig works due to limited employment opportunity in traditional sectors, rise of Q-commerce platforms and flexibility. Companies operating in the Indian soil are preferring gig workers due to lesser operating cost and workforce volume regulation facility. Further, it discusses about the financial security of the giggers, the associated key challenges and ways to overcome these. The key challenges include but not limited to income volatility, instability in work assignments, unavailability of safety nets from employers and limited financial capability of workers which hinders the process of attaining financial security by them. As proposed herein, these can be overcome by reforming the platform policies, giving social benefits securities, increasing collective bargaining power of the gig workers, labour protections laws enforced by government, spread of digital financial literacy among the giggers through workshops, seminars or community programs and many more. Implementing a fair wage system and decent working condition is also needed to boost financial stability and reduce gender biasness among giggers. Further, a conceptual framework is proposed that can be empirically tested to assess the impact of financial capability on financial security through financial resilience. In conclusion, the chapter vouches for adoption of a multi-stakeholder approach; bringing together governments, platform companies, labor unions and financial institutions to safeguard the long-term economic well-being of gig workers in the digital age.

Keywords: Gig Economy, Financial Security, Income Volatility, Social Protection.

Introduction

The availability of internet and the surge of digital platform usage has redefined the ways many tasks are used to be done. It has added a newer dimension to the already existing work environment called “Gig Working”. Gig workers are those, who used to do work on temporary, on-demand basis, basically on contractual condition rather than traditional full-time employment (Wu & Hunang, 2024). Gig working culture mushrooms several companies like Uber, Ola, Urban Company and quick commerce platforms like Zomato, Swiggy, Blinkit and many more. These companies provide a platform to the workforce often termed as “Gig Worker” opportunity to provide services like rideshare driving, food/package delivery, beauty treatment, repair of household appliances and many more. At the same time, the rise and popularity of Quick Commerce have added an edge to this gig working opportunity. Now a days, gig working contributes to a significant portion in the work environment leading to rise of Gig Economy, which is gaining its volume day by day (Stewart & Stanford, 2017).

India, having the world’s largest youth population gives a perfect bed for burgeoning this type of working condition. Alongside, prevailing skill gap among job aspirants, narrowing scope of employment in formal sector, invasion of AI and automation, inspires a huge portion of employable population to undertake assignments which are Gig in nature (Pal, 2021). The gig economy seems lucrative to them as it gives them opportunity to work on assignment basis, having a flexi schedule, and working in a location of choice. This flexi arrangement not only help them to maintain a work-life balance, but to undertake other assignments like higher studies, multiple gig works etc. Gig working provides a perfect low-commitment job environment suitable for workers who have multiple commitments.

But, every rose has its thorn. The gig working condition beside providing flexibility, poses a threat to the financial security of workers involved in this work. Financial security is the condition of having sufficient stable income or asset to generate income to meet current living expenses, cover debts and meet emergency expenditures (Goede, 2010). It significantly reduces financial stress and promotes financial and mental well-being. Most of the gig workers work in an environment where income is unpredictable so as the volume of work assignments. They often are excluded from the safety nets as compared to the traditional workers. They are deprived not only from insurance benefits, but also from any fixed portion of salary component. These problems do not touch the gig workers only. It poses a threat to the entire economy as it impact the consumption patten and household welfare. With the surging volume of gig workers the problems become more prominent.

Despite the growing body of literatures focusing on gig economy, there lies a gap on the financial life of them, particularly the financial security they used to live through in those working condition. Lesser lime light is casted on their day-to-day financial struggle and their efforts to meet financial obligations. Moreover, the existing studies provide a

mixed bag of results. Some suggest that, gig workers enjoy sufficient freedom which accounts for their well-being. On the other hand, some studies talk about the stress and insecurity the gig workers face in the temporary assignment based working situation. Present chapter is motivated by these fragmented findings to synthesise and to understand the financial security of them engaged in this working condition. For attaining this, chapter adheres to two basic objectives; to evaluate financial challenges prevailing in present gig environment and to assess policy and platform-level initiatives that could have been taken to improve the financial security of gig workers.

The remainder of the chapters are arranged as follows. Section 2 discusses the evolution of gig-economy and associated change of the nature of work. Section 3 delves into the relationship between gig work and associated financial security, identifying key challenges faced by gig workers. Section 4 presents a focused look at the gig economy in India as an illustrative case, highlighting both the broad trends and the unique challenges in an emerging market context. Section 5 evaluates strategies and interventions to improve gig workers' financial security. Finally, Section 6 concludes the chapter by synthesizing the insights, reiterating the contributions, and offering a forward-looking reflection on how gig work and financial security considerations might evolve. Further it proposes a conceptual framework that could be empirically validated in future studies.

The Rise of Gig Economy and Associated Change of the Nature of Work

The last decade has seen a dramatic shift in the working environment across the globe. The global pandemic and surge of digital technology has redefined the way works used to be done. It has shifted the traditional work practices towards a flexible time zone where the worker has the opportunity to choose work assignment, working hours, location of works etc. From a niche work segment, gig work is exponentially embedding into the mainstream work. Every 1 out of 10 workers across the globe are engaged in gig working in some or other form (Sabli, Jaafar, & Che Azmi, 2025). And this picture holds true not only for advance economies, but also for the developing economies like India as well.

While analysing the reasons for development of gig economy, several factors surface up. Among them, technological change is the most prominent one. The propagation of smartphone usage, user friendly applications, digital financial literacy among the youths (mostly in Gen-Z and Millennials), deliberate nudges from the platforms, Q-Commerce platforms gives a way to rise of gig working conditions. This new platforms has redefined and sometimes replaced how the works used to be done in the traditional settings (Alacovska, Bucher, & Fieseler, 2025). Alongside, the workforce has witnessed the insecurity of the traditional full-time jobs during the pandemic time. They are less convinced by the "security" feature of traditional jobs (Mommadova, 2025) and aims at making money by the flexible option available to them.

From industry perspective, employers are obtaining a bunch for workers who are okay with working on contractual, project based working condition without demanding much of social securities and financial benefits like insurance, provident fund, gratuity etc. like the traditional full time employees (Friedman, 2014). Moreover, owing to the contractual nature of the gig works, the companies enjoy the flexibility to retrench and expand their workforce as per their requirement. The privileges as mentioned herewith attract more employers to harvest the benefits for gig working.

Key Challenges Affecting the Financial Security of Gig Workers

Gig workers often face financial challenges owing to the nature of work they are engaged with. Those make their life difficult than that of the employees engaged in traditional work settings. Mostly those challenges arise from the underlying framework of gig working condition.

- **Income Volatility and Unpredictability**

Income volatility sits in the core of gig workings. As the work is contractual itself, gig workers often face irregularity in their assignments. At some high demand season, they make handsome money, while for lean period, even earning a square meal often seems difficult (Daud et al., 2024). The no work, no pay situation and absence of stable wage often leads to financial stress in them. To smoothen the earnings they often compiled to engage in multiple assignments leading to lower level of mental well-being. In the time of economic turmoil, or social crisis the situation worsen. This forces gig workers to create a huge financial cushion to cover the expenses for maintaining their lifestyle. The income volatility results into financial fragility, that might lead them towards debt trap.

- **Absence of Social Protection and Benefits**

Coupled with the income volatility, absence of social security benefits adds in the financial vulnerability faced by gig workers. Employer provided benefits like provident funds, gratuity, sick leave, maternity leave, all are absent in the gig working culture. Giggers do not receive any of them as their works turns to be contractual in nature. They are often responsible for taking their own insurance and raising corpus for retirement days which also seems difficult due to the volatile nature of their earning (Shekhawat & Khare, 2025). Securing financial future needs a profound financial literacy and capability which is another looming issue for giggers. Lack of savings and other social benefits might lead to misery and poverty in their ripe age.

- **Limited Financial Literacy**

Financial literacy, often associated the ability to handle financial matters are crucial even more for gig workers as they often have to take responsibilities of their own to handle their financial matters and secure financial freedom. Financial capability is often conceptualized as the conglomeration of skill and knowledge to handle financial matters (Xiao et al., 2022). The gig workers often have limited

financial capability owing to their limited education qualification (Nasir et al., 2024) and training in handling personal finance. This limited ability often leads to financial traps and eventually makes them financially insecure.

- **Psychological Well Being**

Financial security is deeply rooted in the psychological well-being of an individual. Surviving on an uncertain income, having a work which is temporary in nature, without any safety nets can take a toll on the mental health of the gig workers. Over time, this may lead to chronic stress and mental issues like hypertension, anxiety disorders and many more which affects their rational thinking leading to financial mismanagement. Moreover, the irregular, sometimes prolonged, working hours, disrupt their routine and results into stress which impact their money management behaviours. Ironically, the flexibility, as associated with gig working itself results into the anxiety among the workers whom it promised to give freedom.

Gig Workers and Financial Security in India: A Focus on an Emerging Gig Economy

India is one of the emerging economies where a substantial portion of youth is engaged in the gig-works. This gives a perfect background for studying the financial security of them in an emerging economy. Due to the rise of informal job market and digitization at its bay, gig works are rising as a prominent job market for India. It is interesting to observe, how policies and industry responses are evolving for addressing the needs of gig workers.

The gig economy in India is skyrocketing due to several reasons. Huge volume of educated youth who are struggling to find any formal employment, availability of internet services, penetration of smart phones, digital literacy coupling with digital financial literacy may have triggered it. While the volume of gig workers were approximately 7.7 millions in covid-time (Neve, Medappa & Prentice, 2023), the number is expected to rise and reach upto 23.5 million by 2030 (Mishra & Dawle, 2025). Though it sounds very promising, but it is polarized mainly to the urban region. The companies engaged in the gig works are concentrating in the urban and semi urban region rather than the rural one. Companies like Uber, Ola (riding partner), Zomato, Swiggy (food delivery service), Blinkit, Zepto (instant grocery and utility service delivery) are sprawling their services basically in the urban domain only. With them hundreds and thousands of workers are engaged. The business model of gig working are not only find appealing to the educated youth, but also opened the Pandora's box for semi-skilled or low-skilled workers who were struggling to get rid of unemployment. For them, gig work provides a significant possibility of earning. It came as a blessing for those migrant workers who forced to relocate during covid time or for those who were forcefully dislocated from their mainstream jobs due to turmoil in the formal job market.

Financial security challenges which are outlined in the previous sections are more prominent in the context of India as the Indian workers are often exposed to lower wages as lesser social security. This condition is specifically acute for those who are coming from poorer strata, having skillsets which are easily replaceable and having lesser opportunities for job switch. The crisis were skyrocketing during the covid era which pushed a large number of workers to think of alternative job opportunities and gig working was one of those. As a result the Government of India came up with a social security act Code on Social Security (2020) for those who were engaged themselves in gig economy (Bhagat-Ganguly et al., 2024). There, for the first time, the definitions of “gig workers” and “platform workers” were included and explained. It is a significant leap towards recognition of existence of gig workers in Indian economy and the creation for a framework for social security scheme for them.

On the positive note, the gig workers operating in the Indian domain are fairly integrated with the digital financial service providing platforms. Their proficiency in digital finance is the key requirement for their survival in the gig platform. The online access to financial resources give them an edge. Moreover, the opportunity of investing money in the National Pension Scheme (NPS) as offered by Govt. of India, has given them a scope for financial security.

Despite the opportunities outlined hereon, most of the gig workers in the Indian domain are vulnerable to the insecurity associated with the gig works itself. Though gig-working has given opportunity to a million of people for earning a square meal, the flip side is darker than anticipated. The financial instability which leads to financial stress among workers has not to be forgotten. The trade-off between flexibility and insecurity in the gig working environment must be matched somehow so that the gig economy can be flourished in coming days. The huge job creation as done by the gig economy vouches for creation for policy frameworks which is a multi stakeholder responsibility. Securing the financial frontier of gig workers could improve their condition as well as the boost the entire gig working scenario which is much needed for a growing economy like India.

Strategies and Initiatives for Enhancing Financial Security of Gig-Workers

Financial security of gig-workers is a multifaced problem which needs action from several domains, all together.

- **Policy and Regulatory Interventions**

For improving the financial condition of gig workers, what is needed most is the Government intervention. Being an apex body, the Government should redefine the labour protection keeping in mind the gig workers. The primary approach could be creation of an intermediate employment status which will help them in achieving flexibility while having their basic protection as employee. It has been observed that gig workers are often associated with multiple platforms which is common in gig

working environment (Wu & Huang, 2024). If a portable benefit system could be introduced in the environment, benefits like retirement benefit, insurance or paid leave could be tagged with the individual gig worker rather than the company with which the worker is associated with.

Alongside, some other benefits like setting the minimum wage floor for gig workers will ensure a fare pay to them. Having insurance facilities, clear clarification of job roles and responsibilities will empower the gig workers for gaining a better working condition. But, policy changes in favour of employees often restricted from employer's front, as this raises their operational cost and restricts flexibility. Here the challenges lies; creating a safer work environment for giggers without eliminating the very job they need.

- **Financial Innovation and Inclusion**

Financial innovations; specifically FinTech, has an immense potential for improving the financial security of the gig workers.

- **Cash Flow Management:** The facilities like EWA (Earned Wage Access) could be facilitated to gig workers. Under this facility, a portion of earnings could be withdrawn prior to the date of paycheck. This will enhance liquidity as and when needs. But in the flip side, a habit of prior withdrawn could result in cash crunch later and often leads to poorer financial planning.
- **Financial Literacy and Planning Tools:** To effectively handle personal financial matter, financial literacy is the key. The gig workers, who ae usually tech savvy and digitally updated, can use different application like YNAB, Goodbudget, PocketGuard etc. which mostly are free and not only tracks their financial story (spending, investment etc.), but also provide knowledge of financial basics and advise how to handle personal financial matters. Moreover, robo advisory services as available in various platforms might help in them financial planning.
- **Investment options:** Against the backdrop of unsecured and irregular income, gig workers should be constantly motivated for micro investments against financial shocks, emergencies and retirement. Investing in pension fund could safeguard them from facing financial misery at older age while a regular savings habit can smoothen up seasonal requirement of funds. To inculcate investment habit, a mandatory enrollment in investment scheme with an easy opt-out option might be an effective approach for the giggers.
- **Credit and Loans:** To meet the financial requirement of gig-workers, financial institutions should consider transaction details, consistency of work, platform ratings etc. to judge the repayment ability and reliability of the giggers. Depending on these parameters, which are less common in

traditional financing, loans could be provided to them to meet their financial needs.

- **Insurance Products:** Gig workers are to be motivated with having insurance products other than insurance provided by the companies they are attached with. This extra insurance can protect their families in case of any emergencies which are not covered by the insurance they are provided with.

All these innovations aim to improve the financial condition and the associated stability of gig workers. The biggest advantage of gig workers is that they are technically sound and well connected. All these fintech solutions could be catered as per their need and accessible to them at convenience. A regular and persistent investment approach could give them financial stability in their older age. But, fintech is not a panacea for giggers. Some fintech products and insurances are costly. The gig workers who are facing difficulties in meeting square meal in a day, can find it fascinating in investing additional insurance product or set aside money on regular basis for retirement. To solve this deadlock, some fintech products with lesser cost must be developed and available to the gig workers to ensure financial safety for them.

- **Education, Organization, and Collective Approaches**

While the structural changes as discussed above are going to be crucial, empowering gig workers is another gamechanger. Empowerment will make the giggers capable to build their financial stability and handle financial matters efficiently without depending on others and external supports.

- **Financial Literacy Programs:** Structured financial literacy programs have immense effect on financial stability (Hosain, Siddik, Miah, 2025), financial freedom and can improve well-being. Employers, NGOs or worker's associations can arrange some literacy curriculum or workshops, either online or offline mode to improve the financial knowledge of gig workers.
- **Transition and Career Growth Opportunities:** Gaining financial security mostly lies in enhancing skills and capabilities of workers. Apart from gig working, workers should invest in skill building or upgradation programs so that, they can command for better paychecks. Additionally, better skills often open doors for other formal engagements as well which could give them the desired financial stability which used to be missing in gig works.

Enhancing financial stability requires a mosaic of these abovementioned strategies. A combination of regulatory interventions, financial innovations, and educating gig workers could improve their financial situation.

Proposed Conceptual Framework

Present chapter proposes a conceptual framework that could be tested empirically in the coming days to analyse the impact of financial capability on financial security of the gig workers. In this path, the mediation impact of financial resilience could have also been tested.

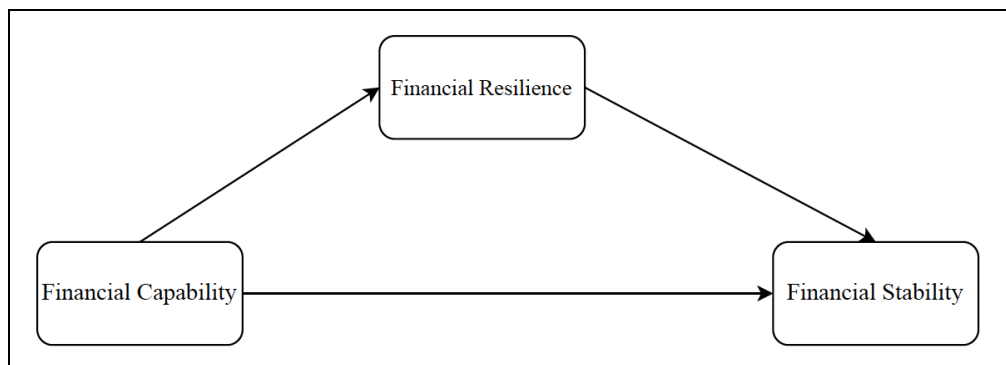


Figure 1: Proposed Conceptual Framework

Source: Author's own compilation

Conclusion

This chapter opens up with an eternal dilemma posed in a gig economy; flexibility vs. stability. Gig working though provide a perfect solution to the rigidity faced by workers working in an organized sector, the financial vulnerability as experienced by them pose a critical challenge in this job market. Industry shift towards gig working environment necessitates the requirement for policy formulation targeting gig workers which sets the context for discussion of present chapter. Prior studies poses a question mark to the financial security and well-being of gig workers (Salleh et al., 2023). Present gig economy shift the risk from employers to employees. In gig economy, employees are treated as contractors. As a result, employees are absorbing the risks of financial shocks, income fluctuation, downtimes or accidents (Ahmar, Dharma & Darminto, 2026). But the financial shocks as experienced by giggers are not uniform across the sector. Workers who have taken gig working as their bread and butter earner, face higher stress than those who often undertake gig works as their part time or secondary source of income. These gig complementors do not solely depend on gig income for securing a square meal a day. It adds just some extra pennies on top of their regular income. But this arrangement for gig complementors often poses an ethical issue like “moonlight working”. Hence, the impact of gig working is often context specific. Policies and regulations are needed to loosen the deadlock and create a win-win situation for the giggers and the employers.

This chapter contributes in synthesizing a framework that links the gig working conditions like contractual status, platform customs, etc. to financial outcomes like financial stability, financial freedom etc. Incorporation and interconnection between behavioral aspects with institutional or structural factors could improve the working condition of gig workers. At the same time, educating the gig workers through workshops, structured program etc. is needed as personal financial management is often an individualistic approach rather than an institutional one. This study also vouches for policy reforms targeting to improve the working conditions of the giggers. This study will give insights to academicians, business heads and policy regulators who works or intends to work with giggers in a close way. Understanding the financial stability of gig workers is not only an academic aspect, it broadly impacts the economic conditions for several reasons. Firstly, if giggers continues to be underprivileged workers, income inequality will broaden, which may result a chronic financial insecurity among a large segment of workers. Secondly, gig workers play an important role regarding sustainability of business platforms. Business ultimately depends on human component. If they are financially vulnerable, the entire system will collapse. Thirdly, it nudges for policy implications for gig workers. Proper policy implementation could strengthen the future of gig works in an emerging economy like India. Finding balance between the flexibility and security of a work environment where work is fluid and decentralized is the key for success of gig economy. Achieving these would extend far beyond gig workers themselves, contributing to a more resilient and equitable economic system for all.

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