

## **INDIA'S BOOMING GIG ECONOMY: AN OVERVIEW ON OPPORTUNITIES AND CHALLENGES**

**Reshma Mathew, Fulltime Research Scholar, Sacred Heart College (Autonomous), Thevara**

**Dr. Sajoy P.B., Assistant Professor, Sacred Heart College (Autonomous), Thevara**

### ***Abstract***

This is a conceptual paper on gig economy. Traditional ideas of a consistent 9-to-5 job have gradually given way to a more flexible and dynamic model known as gig work in the constantly changing employment landscape. From food delivery and ride-hailing services to graphic design, writing, and software development, it crosses many different industries. This paper focussed on the changing nature of labour, the significance of the gig economy in India, various challenges posed by gig workers in India, and the creative ways to solve this issue. The paper also digs into the complex world of gig employment and examines its effects on people, businesses, and cultures.

Keywords - Gig work, digital platforms, traditional work, job security.

### **Introduction**

Traditional ideas of a consistent 9-to-5 job have gradually given way to a more flexible and dynamic model known as gig work in the constantly changing employment landscape. Gig work, often known as the "gig economy," is a modern form of employment where people work freelance or independently to complete brief, task-based engagements, or "gigs." Technological improvements and changes in workplace culture have made this disruptive trend possible, allowing employees to interact with various options through online platforms and marketplaces. Gig labour transcends geographical boundaries and grants workers a previously unheard-of degree of liberty. From food delivery and ride-hailing services to graphic design, writing, and software development, it crosses many different industries. Gig labour has opened new opportunities for people looking for flexibility, additional income, and other benefits. Even though gig employment has many advantages, such as flexible hours and the capacity to follow various hobbies simultaneously, it poses essential issues around labour rights, social safety nets, and job security. As old employment patterns change, policymakers, companies, and workers struggle to balance the benefits of gig labour and any possible drawbacks, such as unpredictable pay and restricted access to benefits.

In India, with half a billion younger population in the world, the widespread adoption of smartphones and internet connected gig economy is gaining popularity. India has both platform and non-platform-based workers who work directly or indirectly in the gig economy. As per the report of NITI Aayog, (2022), there were 7.7 million workers in the gig economy and is expected to increase to 23.5 million gig workers by 2029-30. The report also finds that 47 percent of the gig workers are engaged in medium-skilled jobs, 22 percent are engaged in high-skilled, and the remaining 31% in low-skilled jobs (NITI Aayog, 2022).

This paper focussed on the changing nature of labour, the significance of the gig economy in India, various challenges posed by gig workers in India, and the creative ways to solve this issue. The paper also digs into the complex world of gig employment and examines its effects on people, businesses, and cultures.

### **Literature Review**

Numerous aspects of gig work have been thoroughly studied by researchers, revealing light on its benefits, drawbacks, and implications for individuals, employers, and policymakers. Key conclusions and trends from several sample studies are summarised in this study:

Katz & Krueger (2016); Bakhshi et al. (2017) has shown that gig labour is expanding exponentially, helped by digital platforms. They divide gig employment into various categories, including food delivery, internet freelancing, and ride-hailing. These platforms offer flexible employment options that draw those looking for side jobs or starting their businesses.

Wood et al. (2019); Aloisi et al. (2018) highlight the flexibility and autonomy of gig labour, which gives employees the freedom to choose their schedules and select their tasks. Those who must balance work and other obligations will find this independence appealing.

Kässi et al., (2017); Horton et al., (2020), highlighted that there is agreement on the precariousness of gig employment, noting variable pay, a lack of job stability, and restricted access to benefits. The on-demand nature of the gig economy can cause financial instability, particularly during recessions.

Benner & Leventhal (2019); Berg et al., (2018) examine the legal difficulties associated with gig labour, determining whether workers should be classified as independent contractors or employees. They emphasise the necessity of striking a balance between labour rights and the adaptability of gig employment while promoting creative regulatory strategies.

Studies of Chen et al., (2019) ; Lehdonvirta & Ranzini, (2018) investigate concerns connected to algorithmic management, wage discrepancies, and a lack of transparency in the gig economy. The ongoing conversations regarding platform accountability are highlighted by struggles for just compensation and respectable working conditions.

Studies of (Grey & Suri, 2019; Graham & Hjorth, 2019) investigate the effect of the digital divide on gig workers, raising issues with access to technology, internet connectivity, and digital literacy. This gap may make it harder for some people to access gig jobs.

Kuek et al., (2015); Lehdonvirta,(2018) examine the broader economic impacts of gig work on labour markets, contending that while it may be advantageous for some individuals economically, gig work can also result in income inequality and the dissolution of long-standing employment relationships.

De Stefano, (2018); D'Cruz et al., (2021) talk about how policies might help with issues related to gig work. They offer ideas for guaranteeing social protection, professional growth, and decent working conditions for gig workers. There are repeated calls for a balanced regulatory environment that protects employees without inhibiting innovation.

### **The Theoretical Background of The Gig Economy**

Although the idea of "gig" work has a long history, technology improvements, changes in the labour market, and societal attitudes towards work and employment have all greatly impacted it today. The history of the gig economy is provided here:

1. **Historical Foundations:** A musician's single performance engagement is called a "gig" in music. In the past, musicians and artists performed gigs freelance as possibilities presented themselves. Across numerous industries, this idea of ad hoc, project-based work has found resonance.
2. **The Industrial Revolution and the Specialisation of Labour:** The Industrial Revolution brought a considerable shift towards industrial work and wage labour. However, even in this period, talented crafters and artisans frequently worked on gig-style projects or piece rates.
3. **Digital Revolution and Technology:** The internet and cell phones were widely used, significantly impacting the gig economy. The connection between service providers (gig workers) and customers or clients was made possible by online platforms and apps. This digital infrastructure grew and developed the gig economy across numerous industries.
4. **Globalisation and Outsourcing:** As globalisation grew, more jobs and services were outsourced. Remote employees and freelancers started offering their expertise to clients and businesses globally, contributing to the gig economy's growth.
5. **Post-Recession Labour Market Changes:** Due to job losses and economic instability, the global financial crisis 2008 drove many people to look for alternate sources of income. Due to the current economic climate, more people are turning to gig work as a source of income and stability.
6. **Changing Work Attitudes and Values:** Flexibility, independence, and work-life balance are now valued by many people as society's attitudes towards work have changed. The opportunity for self-determination and flexible work arrangements provided by the gig economy aligns with these principles.
7. **Diverse Business Models and Sectors:** The gig economy now includes more than conventional industries like transportation and freelancing. Food delivery, short-term rentals (like Airbnb), internet markets, and other sectors are included in it. This variety demonstrates the adaptability of gig labour.

8. **The Development of Platform Intermediaries:** Online platforms have been developed to serve as middlemen between gig workers and clients or customers. These platforms facilitate the gig economy by giving users visibility, access to a larger market, and tools for managing communications and transactions.
9. **Discussion on Labour Rights and Protections:** As the gig economy has grown, there has been a discussion regarding whether gig workers should be classified as independent contractors or employees. This classification has ramifications for gig platforms' legal obligations, social safeguards, and labour rights.
10. **Ongoing Evolution and Regulation:** The gig economy is still changing, and there are still debates over worker rights, equitable pay, benefits, and legal frameworks. Finding a balance between the advantages of flexible work arrangements and the requirement for worker protection is challenging for policymakers and stakeholders.

### **Features of Gig Economy:**

The term "gig economy" refers to a labour market where temporary, freelance, and short-term work arrangements are more common than traditional full-time jobs. Digital platforms and technology that link employees with employers or clients directly support this type of economy. The gig economy's characteristics include:

**Flexibility** is one of the defining characteristics of the gig economy. Gig workers have flexible work schedules and locations, enabling them to juggle work with other responsibilities, including family, education, and other occupations.

**Variety of Jobs:** Gig workers frequently have access to various positions and projects, allowing them to broaden their knowledge and expertise. People who like novelty and don't want to be restricted to a specific role may be drawn to this variety.

**Independent Work:** Gig workers are frequently independent contractors or self-employed individuals, which means they are in charge of handling their own payroll taxes, insurance, and other aspects of their employment. For some people, this independence may be empowering.

**Digital platforms:** By linking freelancers with clients or customers, technology platforms are essential in the gig economy. These platforms make it easier for people to locate employment possibilities by facilitating the matching of talents and services with demands.

**Remote Work:** Many gig economy jobs may be completed from a distance, making it particularly convenient for people working from home or other locations.

Gig economy jobs frequently work on an on-demand basis. As a result, workers are employed as needed, which may result in inconsistent pay and job instability but also offers the chance for higher wages during times of intense demand.

**Micro-Entrepreneurship:** Gig workers become micro-entrepreneurs by running their smaller-scale businesses. They oversee client relations, marketing their services, and producing high-quality work.

**Income Diversification:** People who work gigs can increase their income from other sources. This is especially significant for those who possess various talents or passions.

**Skill Development:** Jobs in the gig economy can provide a platform for people to hone and grow their abilities. Freelancers must keep up with market developments and continuously advance their knowledge to stay competitive.

**Global Reach:** Gig workers now have access to employment prospects on digital platforms, which may put them in touch with clients and projects they otherwise would not have known about.

**Difficulties:** Although the gig economy has many advantages, it also has difficulties, including erratic pay, a lack of job security, restricted access to perks often associated with traditional work, such as health insurance and retirement plans, and potential problems with labour rights and legal protections.

### **Significance of gig work in a nation like India**

Due to their ability to address several economic, social, and labour market concerns, gig workers are essential in a country like India. The importance of gig workers in India can be seen in the following ways:

- **Employment chances:** The gig economy offers a way to provide employment chances for a broad spectrum of people, including those who may struggle to find traditional full-time jobs. India has a significant and diversified workforce.
- **Skill Utilisation:** Even if a person's unique abilities and talents do not fit into conventional work roles, the gig economy allows them to use them. Increased skill use and overall economic productivity may result from this.
- **Inclusive Growth:** By providing possibilities to people from different backgrounds, such as women, young people, and residents of rural areas who might encounter challenges to regular employment, the gig economy can help promote more inclusive economic growth.
- **Flexible Work Options:** Gig work provides flexibility to help people manage work with other commitments such as caregiving, education, and more in a country like India with various cultural and family duties.
- **Innovation and entrepreneurship:** People who work gigs frequently must manage their workload and clientele, effectively transforming them into micro-entrepreneurs. This encourages an innovative and entrepreneurial culture.
- **Digital Literacy and Access:** Participating in gig labour frequently calls for a certain level of digital literacy, which can help spread digital skills and increase access to technology in places that might not have otherwise had it.
- **Additional money:** For those with part-time jobs or inconsistent employment, gig work can be a source of additional funds. This can act as a safety net when the economy is unstable.
- **Geographic Reach:** people can access employment opportunities outside their immediate neighbourhoods due to the gig economy. Regional inequities in employment and economic

prospects may be lessened as a result.

- **Employment During Economic Downturns:** When traditional employment opportunities are swiftly in short supply during economic downturns or crises, gig labour can be a method for people to locate income-generating opportunities.
- **Filling talent Gaps:** Gig labour can help fill talent gaps in particular industries. Businesses can use specialised abilities project-by-project without committing to full-time jobs.
- **Contributing to GDP:** Gig employment boosts the country's GDP by producing economic activity and money, especially in industries like ride-hailing, food delivery, and freelance services.
- **Flexibility of the labour market:** The gig economy offers a more adaptable labour market, allowing workers to select when and how they work and employers to acquire skills as needed.

### **Challenges with possible Recommendations for the Gig Economy**

In India, gig workers encounter various difficulties and problems that may influence their general well-being, financial security, and standard of living. Significant challenges that gig workers in India encounter include:

1. **Financial difficulties and lack of employment benefits:** Unpredictable and irregular revenue makes it difficult for gig workers to arrange their budget and care for their fundamental necessities. Gig workers may find it difficult to budget for upcoming costs and save money because of the erratic nature of their income. Also, unlike regular employees, gig workers frequently need access to benefits like health insurance, paid time off, retirement plans, and other social safeguards. This makes it difficult in emergencies, resulting in financial hardship and uncertainty. To solve this irregularity in income, it is better to adopt policy formulations similar to UK and US, where platforms provide minimum earnings to their employees.

2. **Lack of Job Security and unpredictable working hours:** Gig workers often do not have the same stability and job security as regular full-time employees. They might need long-term agreements or assurances of continuing employment. Gig work's on-demand nature can result in erratic and lengthy working hours, affecting one's ability to balance work and family obligations and general well-being. Some gig workers are mistreated by platforms or clients who may give pitiful pay, demand excessive hours, or demand unfavourable working circumstances. In such cases, workers' bargaining leverage may be constrained. The government must take sufficient measures by implementing the Social Security Code 2020, which prevents the unauthorised termination of employees by the platform. Also, companies must adopt measures to provide favourable working circumstances, thereby preventing lengthy employee logins and ensuring employee well-being.

3. **Legal Recognition of Labour Rights & Absence of Collective Bargaining:** Gig workers' legal status is frequently ambiguous, which makes it difficult for them to get labour rights and protections. Whether gig workers should be considered employees or independent contractors is a topic of continuing discussion. Also, contrary to traditional employment situations, gig workers may not be able to negotiate for better pay and working conditions collectively. The absence of precise legislation for gig employment might leave platforms and employees with clarity of obligations and rights. Exploitation and legal issues may

come from this. To enable solutions to these issues, a proper definition of a gig worker, along with his rights and duties, must be included in the law. Creating employee unions for platform workers will help them overcome collective bargaining issues.

4. Lack of Social Security & Health and Safety Issues: Gig workers sometimes do not have access to social security programmes like pensions, unemployment insurance, and provident funds, which might make them financially susceptible over time. Depending on their employment, gig workers may need access to the proper safety precautions and protections, which raises the risk of accidents and health problems. First, we need to implement the Code of Social Security 2020 to overcome these issues. Then, in line with the policies of Indonesia, we can provide health and safety insurance to all gig workers in collaboration with private and government participants. Also, a worker corpus fund can be mobilised to support employees meeting various occupational contingencies.

5. The digital divide and data privacy issues: Many gig jobs require access to technology and the internet. However, not all gig workers in India have equal access to these resources, aggravating already-existing disparities. Many platforms for gig labour capture workers' personal information, which raises issues with security and privacy. These can be avoided by providing equal access to technology by making the internet and technology accessible to every citizen in the country. Initiatives must be taken from the government's side, along with private collaborations. Proper training must be given to the employees to make them technology-friendly. Strict measures must be adopted to curb the misuse of personal and confidential information by employees and users of the platform economy.

To address these issues, a multi-pronged strategy encompassing legislative initiatives, labour laws, social safeguards, and cooperation between gig platforms, employees, and other stakeholders. Ensuring that the gig economy offers workers honest and respectable chances is crucial while considering broader economic and societal ramifications.

## **Conclusion**

This conceptual paper explores the intricate structure of the gig economy and reveals its varied dimensions and ramifications. The gig economy is emerging as a critical factor in redefining conventional ideas of employment and entrepreneurship as the labour landscape continues to change because of the convergence of digital platforms, shifting work attitudes, and economic dynamics. This article emphasises the duality present in the gig economy by examining major themes such as flexibility, autonomy, income instability, and regulatory difficulties. While presenting people with previously unheard-of chances to tailor their work experiences to their tastes and personal circumstances, it also reveals a landscape of vulnerabilities characterised by a lack of benefits, unstable employment, and the possibility of worker exploitation.

Throughout this conceptual journey, a recurring theme is the dynamic interplay between the requirements of a fast-digitising society and the necessity to defend worker rights and social protection. Policymakers, businesses, and advocacy groups are crucial in ensuring that the promises of flexibility and innovation align with the principles of fairness, dignity, and equal opportunities as societies struggle to define gig work's legal and regulatory contours. The future direction of the gig economy is still under close observation and conjecture. This paradigm is changing how people traditionally do their jobs and opening

up new opportunities for entrepreneurship, skill development, and money generation. But to reach its full potential, everyone involved must work together to strike the right balance between autonomy and stability, innovation and security, and gig workers' many demands and aspirations.

The gig economy, by upsetting established paradigms and bringing us into a time when the lines between labour, engagement, and economic involvement are being redrawn, is a symbol of the transformational potential of the digital age. The conceptual journey of this article has shed light on the complexities of this environment, providing opportunities for additional study, discussion, and policy innovation that might help form a gig economy that is both dynamic and equitable in its goals.

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