



## Gig Economy and Labour Market Changes

<sup>1</sup>Priyansh Sharma<sup>1</sup> and Dr. Harkesh Kumar Balai<sup>2</sup>

<sup>1</sup>Student, B.Sc. (Hons) Agriculture, Jagannath University, Chaksu, Jaipur

<sup>2</sup>Assistant Professor, Faculty of Agriculture, Jagannath University, Chaksu, Jaipur

\*Corresponding Author's email: [priyanshsharma805@gmail.com](mailto:priyanshsharma805@gmail.com)

India's labour market is witnessing one of its most significant transformations in modern economic history. While agriculture, and the organised manufacturing sector have hitherto been its dominant sources of employment, what is fast emerging as India's dominant source of employment is task-based, platform-mediated gig work. Fuelled by the increasing penetration of digital technologies, mass urbanisation, an abundance of youthful workers, and the shocks associated with the COVID-19 pandemic, the gig economy has transitioned from the edges of India's economy to centre stage. As of FY 2024-25, India is estimated to have had a gig workforce of around 12 million workers a jump of 4.5 million workers from 7.7 million in 2020-21, at a compound annual growth rate (CAGR) of 17 per cent, and growing by 38 per cent on the year-on-year basis. India presently makes up around 27 per cent of all gig and freelance supply globally and is the fifth-largest gig economy in the world, above markets like Brazil and Japan. By 2029-30, the Economic Survey 2023-24 estimates, this workforce will have been expanded to 23.5 million and constitute 6.7 per cent of India's non-agricultural workforce.

Source: *The Prayas India* (2025). 'India's Gig Economy in 2025.' [[theprayasindia.com](http://theprayasindia.com)]; *Economic Survey 2023-24, Ministry of Finance, Government of India*; (2025). 'Gig and Platform Economy in India.'

### Structural Shifts in the Labour Market

The India of today exhibits a deep-seated structural paradox in its labour market. Its economy provides jobs for 610 million workers, who are divided among three sectors: agriculture (45 per cent), industry (25 per cent), and services (30 per cent). Despite the fact that by the 1970s agriculture employed over 75 per cent of the workforce, it has shrunk remarkably but the labour glut did not get redeployed in high productivity manufacturing, as the economic literature assumes. However, Indians are now experiencing what economists' term premature deindustrialisation, when workers move into low productivity services and informal gig work instead of formal industry. While high productivity, skill-intensive sectors such as IT, communications and financial services have boomed, they dominate a tiny part of the overall semi-skilled pool of workers. For the rest, gig platforms such as Swiggy, Zomato, Ola, Uber or Urban Company have become their default employers. This has led to a duality in the structure: a high-growth services sector, and a large informal gig workforce, both serving conflicting interests.

Source: *Observer Research Foundation* (2025). 'The Future of the Gig Workforce in India.' [[orfonline.org](http://orfonline.org)]; *Periodic Labour Force Survey, 2023-24, National Sample Survey Office (NSSO)*.

### Economic Significance & Sectoral Reach

The gig economy's economic contribution to India is burgeoning According to the Forum for Progressive Gig Workers, this sector is forecast to hit a gross volume of USD 455 billion by

FY 2024, at a CAGR of 17%. In the long term, it has the potential to contribute 1.25% of India's GDP by FY 2030 and generate 90 million jobs; this, despite the fact that India needs to create nearly 7.85 million non-farm jobs annually, until 2030, to absorb its expanding labour force. Today, gig work is not just about rides or food; it cuts across all sectors, including healthcare, education, creative services, logistics, construction, and professional consulting. Tier-II and Tier-III cities are gaining popularity as new growth centres, thanks to the expansion of platforms beyond millennial metros. Key to this is India's flourishing e-commerce industry spearheaded by Amazon, Flipkart (Walmart), Zomato, and Swiggy which is witnessing significant demand for last-mile delivery workers.

Source: *India Brand Equity Foundation — IBEF (2024). 'India's Gig Economy Could Add 90 Mn Jobs.'* [ibef.org];

### **Legal Framework: The Code on Social Security, 2020**

Until 2020, gig workers in India had virtually no formal protection. Having no coverage under the Minimum Wages Act (1948), the Payment of Wages Act (1936), the Employees' Provident Fund (EPF) Act or the Employees' State Insurance (ESI) Act, millions of platform workers operated entirely outside the legal framework. The Code on Social Security, 2020 one of four historic labour codes put an end to this. Formerly, a gig or platform worker was not legally a worker, and therefore not entitled to life and disability cover, accident insurance, health and maternity benefit, or old age protection. The 2020 Code established gig and platform workers as legally protected categories of workers, and empowered them with life and disability cover, accident insurance, health and maternity benefits, and old age benefit. The 2020 Code further instituted portable, Aadhar-linked social security benefits through the e-Shram portal, where workers could take their benefits across platforms. As of August 2025, more than 30.98 crore unorganized workers were registered on the e-Shram portal, including more than 3.37 lakh gig and platform workers. The Ministry of Labour and Employment issued draft rules across all four labour codes on 30 December 2025, aiming for implementation across India from 1 April 2026.

Source: *Press Information Bureau (2025). 'Labour Reforms: Formalising and Safeguarding India's Gig & Platform Workforce.'* [pib.gov.in]; *BW Legal World (2026). 'Explainer: How New Labour Code Rules Bring Gig Workers into Social Security Net.'* [bwlegalworld.com]; *TechCrunch (2025). 'India's Gig Workers Win Legal Status, But Access to Social Security Remains Elusive.'* [techcrunch.com].

### **State-Level Initiatives & the Rajasthan Model**

Before implementation was centrally mandated, many Indian states passed their own laws for gig worker welfare. Rajasthan's Platform Based Gig Workers (Registration and Welfare) Act, 2023 has set a precedent, requiring worker registration through a state portal, forming Welfare Board and Welfare Fund, and financing social security through a 1-2% cess over platform transactions. Karnataka swiftly enacted its own Gig Workers (Conditions of Service and Welfare) Bill in 2025 providing greater safety protections and a welfare fee structure over earnings per transaction. These protocols reveal broad acknowledgment that gig workers are too diverse and disparate from platform policies to be fully subject to algorithmic control. However, implementation of them remains erratic: none are fully enforced, with the exception of Rajasthan's model, and Karnataka's bill not yet active. Federal encouragement to the Union Government has been directed toward creating and implementing one national law, with statutory minimum standards, overseen by state boards—an India-specific federal system.

Source: (2025). *'Workers Unrest and Labour Reforms.'* [drishtiias.com]; *PW Only IAS (2025). 'Gig and Platform Economy in India: State Laws and Vision 2047.'* [pwonlyias.com]; *Law.asia (2026). 'India Expands Social Security Protections for Gig and Platform Workers.'*

## Challenges: Exploitation, Algorithms & Inequality

There are some legislative gains. But the enormous deep-rooted structural challenges remain. Most gig workers are classified as 'independent contractors' or 'partners' on platforms this is a legal sleight of hand to escape minimum wage guarantees, and regulation of hours of work, paid leave and liabilities. The landmark Code on Social Security does not afford gig workers 'employee' status so they are not entitled to traditional labour rights. A worker needs to work with a single aggregator for at least 90 days in a financial year so, many casual or multi-platform gig workers who switch regularly are out of that umbrella. Other threats are more immediate including the use of algorithmic management tracking locations, automatic assignment of task, punitive cancellations and even bans (what labour scholars call 'algorithmic tyranny'). Income volatility is structurally inflamed by the ability to unilaterally change per-delivery remuneration leading to gig worker protests in Indian towns in 2026. Intersectional disadvantages are also acute including added safety concerns for women gig workers, the absence of social safety nets for migrant gig workers, and the increasing challenge for senior workers over 40 years of age to escape grim, low-value gig jobs.

Source: (2026). 'Gig Economy — Balancing Growth with Worker Protection.' [drishtiiias.com]; (2025). 'Gig Workers: The Invisible Workforce.' [drishtiiias.com]; *Humanities and Social Science Studies*, Vol. 13, Issue 1, No. 28 (2024). 'Rise of Gig Economy.' PMGC Academic Press [pmgc.ac.in].

## The Road Ahead: Policy Imperatives

Such benefits will not be realised unless such growth is accompanied with systemic reform. The long-term projection by the Ministry of Labour, that by 2047 there will be 62 million gig workers under the Viksit Bharat vision, requires that measures must be taken here and now to prevent the carving out of a two-tier labour market. Several parallel measures are immediately necessary

- a. Adoption of a consolidated Gig Workers Welfare and Rights Framework setting minimum national standards for wages, hours, social security, redressal, and algorithmic transparency, to be adopted in states through boards and welfare funds
- b. Incorporation of provisions from the EU Platform Work Directive (2024) mandating transparency for algorithms and providing clearer tests for employment status into Indian law adapted to local circumstances
- c. Large-scale upskilling programs linking platforms to national schemes like Skill India, the National Career Service Portal, and state skill missions.
- d. Enhancing the e-Shram registration framework, reducing barriers to inclusion, and facilitating portability of benefits between aggregators—including when workers switch platforms.

Source: *Observer Research Foundation* (2025). 'The Future of the Gig Workforce in India.' [orfonline.org]; (2026). 'Gig Economy — Balancing Growth with Worker Protection'; *Lifology Magazine* (2024). 'Gig Economy 2024: Transforming Work in a Changing World.'

## Conclusion

India's gig economy is at a critical juncture. It can be a powerful force for employment creation or an institution that entrenches profound structural inequality. Its demographic dividend, with 65% of the population aged between 15 and 64 years and a median age of 29, holds the promise of putting to productive use the energy of gig work. However, in the absence of reform in areas such as legal standing; delivery of social security algorithmic transparency and accountability and skill upgradation, the gig economy could lead to increasing inequality. The task for India is not to balance between flexibility and security, but to create a labour market architecture of which ensures that the two cohabit and platform-dynamism is complemented by dignified, secure work. While the policy framework is set in motion; administrative capacity and political will are the issues that need attention.

## References

1. The Prayas India (2025). India's Gig Economy in 2025. Retrieved from <https://theprayasindia.com/indias-gig-economy-in-2025/>
2. Observer Research Foundation (2025). The Future of the Gig Workforce in India. ORF Expert Speak. Retrieved from <https://www.orfonline.org/expert-speak/the-future-of-the-gig-workforce-in-india>
3. Government of India, Ministry of Finance (2024). Economic Survey 2023–24. Press Information Bureau. Retrieved from <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2034952>
4. India Brand Equity Foundation — IBEF (2024, November 29). India's Gig Economy Could Add 90 Mn Jobs Enabled by Large Multinationals. Retrieved from <https://www.ibef.org/news/india-s-gig-economy-could-add-90-mn-jobs-enabled-by-large-multinationals>
5. Press Information Bureau — PIB (2025). Labour Reforms: Formalising and Safeguarding India's Gig & Platform Workforce. Government of India. Retrieved from <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2200767>
6. Press Information Bureau — PIB (2025). Social Security Boost for India's Gig Workers. Government of India. Retrieved from <https://www.pib.gov.in/PressNoteDetails.aspx?NoteId=155119>
7. BW Legal World (2026, January 2). Explainer: How New Labour Code Rules Bring Gig Workers into Social Security Net. Retrieved from <https://www.bwlegalworld.com/article/explainer-how-new-labour-code-rules-bring-gig-workers-into-social-security-net-585781>
8. TechCrunch (2025, November 24). India's Gig Workers Win Legal Status, But Access to Social Security Remains Elusive. Retrieved from <https://techcrunch.com/2025/11/24/indias-gig-workers-win-legal-status-but-access-to-social-security-remains-elusive/>
9. PWOlyIAS (2025). Gig and Platform Economy in India. Retrieved from <https://pwoonlyias.com/current-affairs/gig-and-platform-economy-in-india/>
10. [Lifology Magazine (2024, August 30). Gig Economy 2024: Transforming Work in a Changing World. Retrieved from <https://magazine.lifology.com/general/gig-economy-2024-transforming-work-in-a-changing-world/>
11. Humanities and Social Science Studies (2024). Rise of Gig Economy, Vol. 13, Issue 1, No. 28, Jan–Jun 2024. PMGC Academic Press. Retrieved from <https://pmgc.ac.in/wp-content/uploads/2025/11/Article-1-2024-in-Published-format-Gig-Economy.pdf>
12. Law.asia (2026, February 10). India Expands Social Security Protections for Gig and Platform Workers. Retrieved from <https://law.asia/india-gig-worker-protections/>
13. PRS Legislative Research (2020). The Code on Social Security, 2020: Bill Analysis. Retrieved from <https://prsindia.org/billtrack/the-code-on-social-security-2020>
14. National Sample Survey Office (NSSO) (2024). Periodic Labour Force Survey (PLFS) 2023–24. Government of India, Ministry of Statistics & Programme Implementation.
15. NITI Aayog (2022). India's Booming Gig and Platform Economy. Government of India.
16. Boston Consulting Group (2021). Unlocking the Potential of the Gig Economy in India. BCG Report.