



## Rise of the Gig Economy in India

This article is based on [“Making the ‘gig’ work”](#) which was published in Hindu Business Line on 10/01/2023. It talks about the Gig economy in India and related challenges.

**For Prelims:** Gig Economy in India, Gig Worker, Open Market system, High-speed Internet, Economic Liberalisation, E-commerce, Social security, Labour Rights.

**For Mains:** Growth Drivers of the Gig Economy in India, Issues Associated with the Gig Economy in India, Social Security Blanket for Gig Workers.

The [Gig Economy in India](#) refers to the trend of individuals **working temporary or flexible jobs**, often through online platforms such as **Uber, Ola, Swiggy, and Zomato**. This type of work has grown in popularity in recent years as it offers more flexibility and independence for workers, and can be a **cost-effective solution for businesses**.

However, there are also concerns about the [lack of job security and benefits for gig economy workers](#). The gig economy in India is expected to continue to grow in the future, but it should also be backed by government regulations and policies to **protect workers' rights and ensure fair treatment**.

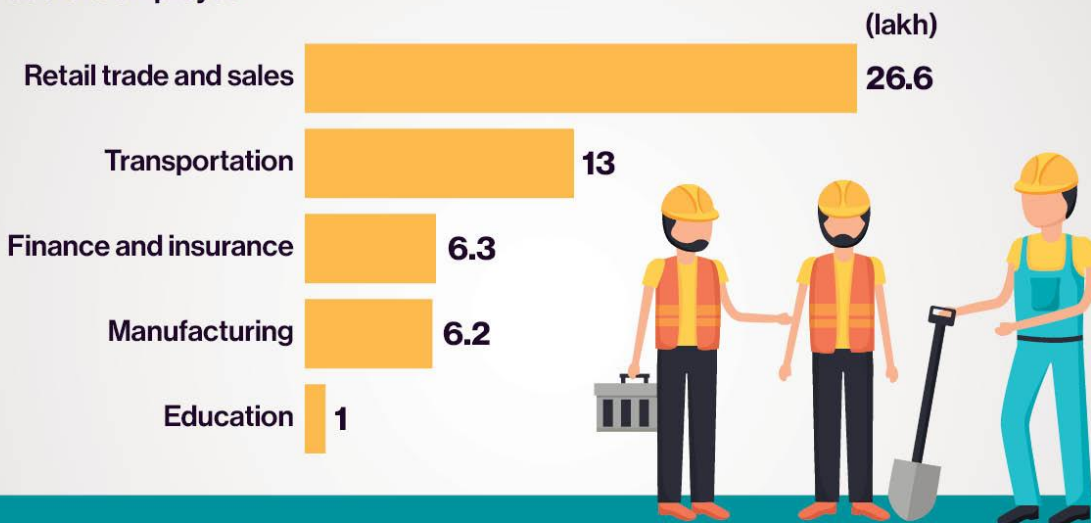
### What is the Gig Economy?

- A Gig economy is a **free market system in which temporary positions** are common and organisations contract with independent workers for short-term engagements.
  - **Gig Worker:** A person who performs work or participates in a gig work arrangement and earns from such activities outside of traditional employer-employee relationship.
- According to a report by [Boston Consulting Group](#), India's gig workforce comprises 15 million workers employed across industries such as **software, shared services and professional services**.

//

# GIG WORKFORCE IN INDIA

NITI Aayog, in its report, India's Booming Gig and Platform Economy, said that gig workforce in India is expanding. As of 2019-20, here's what the following sectors employed:



NITI Aayog report stated:



## What are the Growth Drivers of the Gig Economy in India?

- **Rise of the Internet and Mobile Technology:** The widespread adoption of smartphones and the availability of [high-speed internet](#) has made it easier for workers and businesses to connect through online platforms, facilitating the growth of the gig economy.
- **Economic Liberalisation:** The Indian government's [economic liberalisation](#) policies have led to increased competition and a more [open market](#), which has encouraged the growth of the gig economy.
- **Increasing Demand for Flexible Work:** The gig economy is particularly attractive for Indian workers who are looking for flexible work arrangements that allow them to balance their personal and professional lives.
- **Demographic factors:** The gig economy is also driven by the large and growing number of young, educated and ambitious Indians who are seeking to improve their livelihoods with side income generation.
- **Growth of E-commerce:** The rapid growth of [e-commerce in India](#) has led to a significant increase in demand for delivery and logistics services, which has in turn led to the growth of the gig economy in these sectors.

## What are the Issues Associated with the Gig Economy in India?

- **Lack of Job and Social Security:** Many gig workers in India are not covered by labour codes

and **do not have access to benefits such as health insurance and retirement plans.**

- Additionally, **gig workers often do not receive the same level of protection** as traditional employees in the event of **injury or illness.**

- **Digital Divide:** The gig economy **heavily relies on technology and internet access**, this creates a barrier for those who lack access to these resources, and further exacerbates **income inequality.**
- **Lack of Data:** There is a **lack of data and research** on the gig economy in India which makes it difficult for policy makers to understand its **size, scope, and impact on the economy and workforce.**
- **Exploitation by Companies:** Gig workers in India are often **paid less than traditional employees and may not have the same legal protections.**
  - Some companies may also exploit gig workers by misclassifying them as independent contractors to avoid liability and avoid paying taxes.
- **Social Isolation:** Gig workers **may not have the same social connections and support systems as traditional employees**, as they often work independently and may not have a physical workplace.

## What Should be the Way Forward?

- **Clear Regulations:** The Indian government should **establish clear regulations and policies for the gig economy** to ensure that gig workers are protected and that companies are held accountable.
- **Social Security Blanket:** The government should ensure that gig workers have access to **social security programs** such as **pension schemes and health insurance to ensure financial security for older workers.**
  - Also, **gig workers should be granted the same labour rights** as traditional employees, including the **right to organise and form unions.**
- **Education and Training:** The government should **invest in education and training** programs for gig workers to improve their skills and increase their earning potential.
- **Encourage Fair Competition and Innovation:** Government can **encourage fair competition by having regulations that prevent companies from misclassifying** workers as independent contractors and by enforcing fair trade practices.
  - Also, the government **can encourage innovation in the gig economy by providing tax incentives**, funding and other support to companies that are creating new business models and technologies.
- **Linking Women Empowerment with Gig Economy:** There is a need to build the right physical and social infrastructure that **supports the engagement of women in the gig workforce.**

### Drishti Mains Question

Analyse the impact of the gig economy on the traditional labour market and discuss the challenges faced by gig workers in India.