



GIG ECONOMIC AND EMPLOYEES WELFARE

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ABSTRACT

India's workforce is rapidly shifting toward gig-based employment. Millions of delivery riders, cab drivers, freelancers, and home-service workers earn their livelihood through digital platforms rather than permanent jobs. This study investigates how this shift affects worker welfare — specifically income stability, health coverage, legal protection, and job security. Drawing on secondary sources including NITI Aayog, ILO, and Government of India reports, the project identifies critical welfare gaps and proposes actionable recommendations for government, platforms, and civil society to build a more equitable work environment for India's gig workers.

1. INTRODUCTION

The gig economy describes a labour model in which workers are engaged for specific tasks or assignments via digital platforms, rather than through conventional employer-employee arrangements. While informal task-based work has existed for generations, what is new today is the scale enabled by smartphone technology. According to NITI Aayog (2022), India had approximately 7.7 million gig workers in 2020-21, a figure projected to reach 23.5 million by 2029-30. Platforms such as Swiggy, Zomato, Ola, Uber, and Urban Company have become central to urban economic life. Despite this growth, gig workers occupy a legally and economically ambiguous position. Classified as 'independent contractors' rather than employees, they fall outside the scope of most Indian labour laws, leaving them without provident fund contributions, paid leave, health insurance, or protection against wrongful termination. The COVID-19 pandemic exposed this vulnerability starkly — when lockdowns halted platform activity, millions of gig workers lost income overnight with no employer support. The Code on Social Security, 2020, recognised gig workers for the first time, but implementation remains incomplete.

2. STATEMENT OF PROBLEM AND NEED FOR STUDY

A fundamental contradiction drives this research: the workers who power India's most valued consumer platforms are among its most economically vulnerable. Key problems include:

Income unpredictability — earnings fluctuate with demand, weather, and algorithm changes, with no assured monthly minimum.

Absence of social security — most gig workers lack health insurance, injury compensation, maternity benefits, or retirement savings.

Legal grey area — independent contractor classification excludes gig workers from the Industrial Disputes Act, EPFA, and ESIC.

Algorithmic management — automated rating and allocation systems create power asymmetry with limited worker recourse.

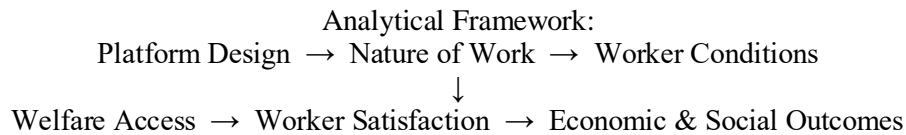
Lack of collective voice — absence of functional trade unions prevents collective bargaining for better conditions. With gig work set to become a mainstream employment form over the next decade, addressing these welfare gaps is essential for social equity and economic productivity.

3. OBJECTIVES

- To examine how gig work in India differs structurally from traditional employment.
- To assess the scale and sectoral spread of platform-based gig work.
- To identify welfare deficits across income, health, safety, and legal dimensions.
- To evaluate the adequacy of India's legal and social security framework for gig workers.
- To study the role of platforms, government, and civil society in shaping worker welfare.
- To propose practical, implementable welfare recommendations.

4. TOOLS ANALYSIS

Research design: Descriptive and analytical, relying on secondary data from NITI Aayog, ILO, Ministry of Labour, and academic journals. A conceptual analytical framework was developed tracing how platform structure influences worker welfare.



Welfare Access Matrix (Illustrative): Across all major gig worker categories — delivery partners, cab drivers, freelancers, home-service workers, and online tutors — formal welfare benefits (health insurance, PF, paid leave, accident cover) are almost entirely absent. Only some platforms offer partial accident insurance, and this varies by state.

Statistical tools: Percentage analysis using secondary data (e.g., NITI Aayog reports that trade/retail roles account for ~26.6% of gig employment; transportation ~17.7%), and comparative analysis benchmarking India against the UK Supreme Court's Uber ruling (2021) and California's AB5 legislation.

5. FINDINGS

- 1. Income instability is pervasive:** Gig worker earnings vary significantly by day, season, and algorithm. During festivals earnings spike; during heavy rain, a delivery worker may earn nothing for hours. There is no floor.
- 2. Social security coverage remains minimal:** India's Code on Social Security, 2020, recognised gig workers but rules for implementation have not been fully notified. Rajasthan's 2023 Gig Workers Act is a pioneering state-level initiative, but similar laws in most other states are absent.
- 3. Algorithmic management creates new precarity:** Automated systems assign work, evaluate performance, and can deactivate accounts — often due to factors outside the worker's control (traffic, customer complaints). Workers have limited understanding of or appeal against these decisions.
- 4. Women gig workers face additional vulnerabilities:** Women face safety risks during late-night deliveries, no maternity protections, and potential rating biases — despite gig work opening new income opportunities for them.
- 5. Welfare benefits improve retention and productivity:** Platforms that have voluntarily introduced accident insurance and skill development programmes report higher worker retention and better service quality, indicating that welfare investment is also sound business strategy.

6. CONCLUSION AND FUTURE SCOPE

For most gig workers, the current arrangement offers flexibility for platforms and risk for workers. India has taken early steps through the Social Security Code and Rajasthan's 2023 Act, but coverage remains partial. What is needed is a new social contract for gig work — one that preserves flexibility while ensuring income security, health coverage, and legal dignity for workers. Future research should examine the impact of state-level welfare laws, explore fintech solutions for income smoothing and micro-insurance, and track long-term welfare outcomes for gig workers as the regulatory landscape evolves.

7. SUGGESTIONS

Government: Expedite rules under the Code on Social Security, 2020. Encourage state-level gig worker legislation. Explore a Universal Portable Benefits Account linked to Aadhaar, with per-transaction platform contributions.

Digital Platforms: Extend comprehensive accident and health insurance to all active workers. Establish transparent, human-reviewable grievance mechanisms. Publish annual welfare reports and consider minimum earning floors during active working hours.

Civil Society & Worker Organisations: Support digital worker collectives and legal aid for gig workers. Partner with academic institutions to build a regularly updated database of gig worker welfare conditions across India.

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