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## Booming gig workforce in India: Opportunities and challenges

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### Abstract

The gig economy has emerged as a rapidly expanding segment of the global labour market, transforming traditional employment patterns and creating new forms of work based on short-term, task-based engagements. In India, the growth of digital platforms, increased smartphone penetration, and widespread internet access have significantly accelerated the expansion of gig employment. The gig workforce in India has grown steadily in recent years, with estimates indicating that around 7.7 million workers were engaged in gig work during 2020–21, and the number is expected to reach approximately 23.5 million by 2029–30. Several sectors such as retail trade, transportation and storage, manufacturing, financial and insurance services, and information and communication have experienced considerable growth in gig employment. The present study examines the growth of the gig workforce in India and analyzes the opportunities and challenges associated with gig employment. The study also explores the concept and characteristics of gig work and evaluates the sector-wise expansion of gig workers using secondary data from various reports and studies. The findings reveal that the gig economy has created significant employment opportunities, especially for youth, women, and individuals seeking flexible working arrangements.

The study concludes that while the gig economy has strong potential to contribute to employment generation and economic growth in India, sustainable development of this sector requires balanced policies that support both platform innovation and worker welfare. Strengthening social security provisions, ensuring fair working conditions, and promoting skill development will be crucial for improving the livelihood security of gig workers in India.

**Keywords:** Gig economy; Labour market; Employment; Social security; Digital platforms; India

### 1. Introduction

The gig economy has emerged as a disruptive force in the global labor market, reshaping employment patterns and economic development paths (Wood et al., 2019). This sector is experiencing rapid growth worldwide, with a market value projected to reach \$1.847 trillion by 2032 (Charlton, 2024). Approximately 435 million individuals are engaged as gig workers globally, accounting for about 4.4% to 12.5% of the global workforce (World Bank, 2023). Gig workers are those who participate in short-term, task-oriented, or project-based employment rather than conventional full-time jobs. They typically receive compensation based on each task, assignment, or project and frequently utilize digital platforms for services such as ride-hailing, food delivery, freelancing, or professional services. A person who delivers food is a gig, a person who fixes an air conditioner at home is a gig worker, and a person who gives saloon service at home is also called a gig worker. Gig workers encompass a wide range of roles, from cleaners and technicians to plumbers and food delivery personnel. These gig workers can be accessed through both online applications and offline means. After the COVID-19 pandemic, gig economy increased tremendously.

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The gig workforce has emerged as a significant phenomenon and occupies an important position in the Indian economy. With a compound annual growth rate (CAGR) of 17%, the gig economy in India is predicted to grow significantly (Business Standard, 2024). Niti Aayog's (2022) latest report estimates that the total workforce engaged in gig work in 2020-21 was 7.7 million, which is expected to reach 23.5 million by 2029–2030. The report also emphasizes how gig work has grown quickly as a result of the widespread use of smartphones and easy access to the internet, which has led many middle-class workers and young people who are digitally literate to pursue flexible work schedules. As per the Boston Consulting Group (2021), the gig economy in India is anticipated to create 90 million jobs and eventually add 1.25 percent to the GDP (Boston Consulting Group, 2021). It is evident that the gig economy in India is booming at an exorbitant pace in the Indian labour market. In light of this context, the current study analyses the growth of the gig workforce in India and explores the opportunities and challenges associated with gig employment by using NITI Aayog (2022) data, reports, and literature.

### *Objectives of the Study*

- To understand the concept of the gig workforce and the characteristics of gig employment in India.
- To analyze the growth of gig employment in India across major sectors where gig workers are engaged.
- To examine the opportunities created by the gig workforce, including flexible employment, additional income sources, and skill development.
- To analyze challenges faced by gig workers such as job insecurity, irregular income, and lack of social security benefits.
- To suggest policy measures and recommendations to improve the working conditions and welfare of gig workers.

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## **2. Conceptualizing the Gig Economy and Gig Workers**

Despite the massive interest in the gig economy, a widely accepted definition is still lacking among academics, policymakers, and practitioners. As some define the gig economy more narrowly and others more broadly, the size estimates of the gig economy differ substantially. The gig economy is defined by short-term, flexible, and freelance employment arrangements, and it is powered by digital platforms that link independent workers with customers and businesses (Koutsimpogiorgos et al., 2020). Barley et al. (2017) used the term "gig or contingent work" to refer to a range of employment arrangements, such as temporary employees, independent contractors, and the most recent additions of workers who use digital labor platforms. Rather than being salaried employees, gig workers are often classified as independent contractors and are paid per task, project, or service. Workers who are freelancers, on a short-term, temporary, project basis; work-as-needed basis; on demand; or under contract, and also sometimes when a person is self-employed, working individually opts for gig work as a freelancer or part-time comes in the category of gig workers. The food delivery executives, technicians, beauticians, makeup artists, and drivers in Ola, Uber, etc. in different food delivery, grocery, and personal care service aggregators.

As per the **Code on Social Security 2020**, a gig worker is defined as "a person who works or participates in any task, any job, from which he earns and gets paid and which is not followed by a traditional employer-employee relationship". According to the Niti Aayog report (2022), India possesses significant potential for generating "gig" employment in various sectors such as manufacturing, construction, retail, logistics, and transportation. It is projected that these sectors will together create more than 70 million jobs that could ultimately be categorized as "gig". Furthermore, it is estimated that during the period of 2020-21, approximately 77 lakh (7.7 million) individuals were involved in the gig economy. They constituted 2.6% of the non-agricultural workforce or 1.5% of the total workforce in India. The gig workforce is expected to expand to 2.35 crore (23.5 million) workers by 2029-30. The gig workers are expected to form 6.7% of the non-agricultural workforce or 4.1% of the total livelihood in India by 2029-30." The gig economy serves a variety of sectors, including e-commerce, transportation, and delivery services, and is expected to create 90 million jobs and contribute 1.25% of India's GDP by 2030.

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## **3. Review of Literature**

There are limited sources of studies dealing with different dimensions related to gig workers in India. Roy (2020) noted that the gig economy functions as a market system reliant on fixed-term contracts, which are often project-based or facilitated through online marketplaces. He also examined the trends associated with the gig economy, including its advantages and disadvantages both in India and globally. Kasliwal (2020) emphasized the factors that have drawn women to participate in the platform economy and illustrated the structural obstacles that hinder women's access to the gig system.

The benefits and functions of gig workers and gig employment platforms for employers and employees, as well as their effects on the Indian economy, were examined by Kshatriya (2022). The study also noted problems that gig workers encounter and suggested possible fixes. Dey et al (2022) analyzed the factors contributing to the increase in gig workers by detailing various types of gig platforms, including their characteristics and the risks those companies in India encounter when utilizing such non-standard labor. Pal (2021) demonstrated the effects of the gig economy in India, highlighting both the benefits and the adverse consequences it has on the working environment within the industry. Aariya (2022) investigated data obtained from interviews, revealing that platform workers in India often work extended hours to secure their income due to inadequate pay and exploitative terms and conditions. Furthermore, the majority of gig and platform workers lack access to social protection benefits, such as health insurance, paid leave, or workers' compensation, unless they independently arrange and finance these provisions (ILO, 2025).

#### 4. Growth of Gig workers across Sectors in India

The data provided in Table 1 shows the growth of gig workers in India across key industrial sectors from 2011-12 to 2019-20, with the total rising from 25.3 lakhs to 68.0 lakhs. Gig workers more than doubled overall in this period, reflecting the rapid expansion of India's gig economy, particularly post-2017. Retail trade led with the largest absolute increase (from 10.6 to 26.5 lakhs), followed by transportation/storage (5.2 to 13.0 lakhs). Manufacturing and financial/insurance sectors also saw steady rises, reaching 6.2 and 6.3 lakhs by 2019-20, respectively. The data shows sector-wise growth over four time periods. The total gig workers have increased significantly from 25.3 lakhs in 2011-12 to 68.0 in 2019-20, indicating strong overall expansion (almost 2.7 times growth).

**Table 1** Industrial Classification of Gig Workers in India (2011-12 to 2019-20) (in Lakhs)

Sectors	2011-12	2017-18	2018-19	2019-20
Manufacturing	2.3	5.5	5.4	6.2
Electricity, gas, steam and air conditioning supplies	0.2	0.4	0.4	0.2
Water supply; sewerage, waste management and remediation activities	0.0	0.3	0.3	0.3
Construction	0.3	1.2	1.4	2.1
Retail trade, except of motor vehicles and motorcycles	10.6	19.2	21.7	26.5
Transportation and storage	5.2	11.0	9.4	13.0
Accommodation and Food service activities	1.4	3.2	2.8	4.0
Information and communication	1.6	4.2	4.2	5.0
Financial and insurance activities	2.4	4.1	4.8	6.3
Real estate activities	0.4	2.0	1.5	2.4
Administrative and support service activities	0.2	0.2	0.4	0.4
Education and related services	0.7	1.4	1.6	1.6
Total	25.3	52.7	53.9	68.0

Source: NITI Aayog (2022).

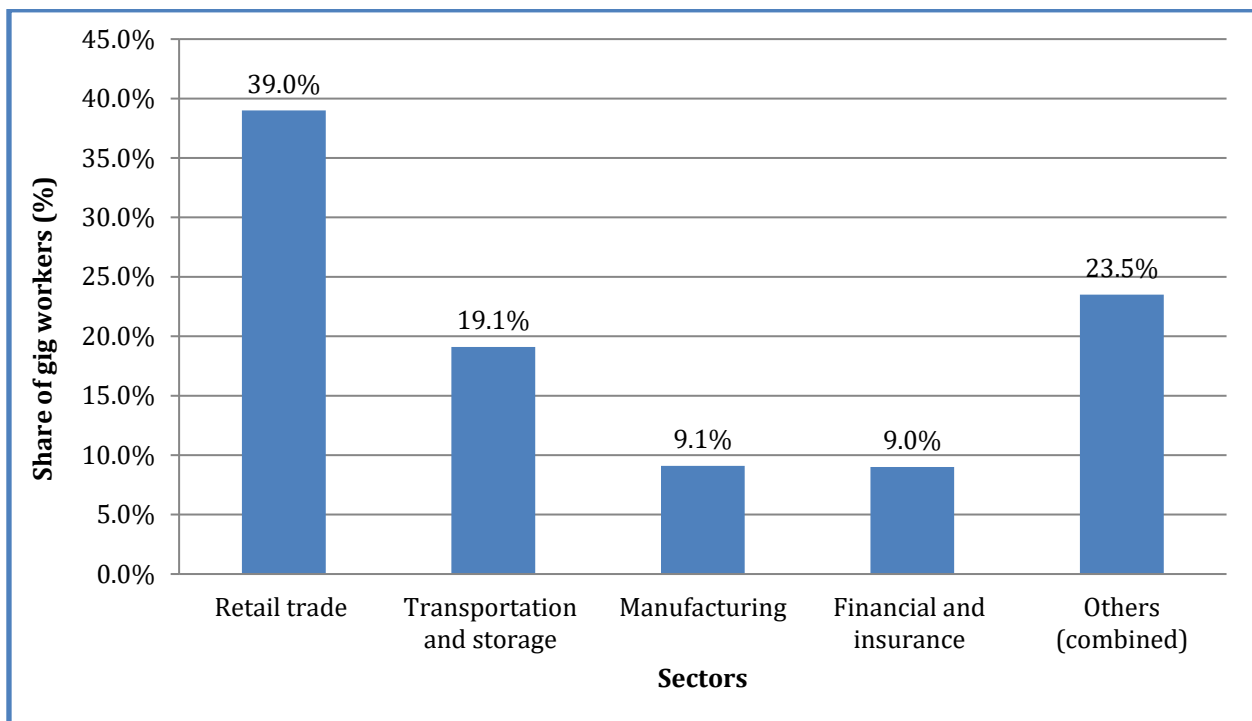
Table 2 illustrates the sectors experiencing the most rapid growth within India's gig economy from 2011-12 to 2019-20, detailing the net increase of gig workers in lakhs. From 2011-12 to 2019, the gig workforce in retail trade expanded by 15.9 lakh, followed by 7.8 lakh in transportation and storage, 3.9 lakh in financial and insurance, 3.9 lakh in manufacturing, and 3.4 lakh in information and communication. Retail trade demonstrates the highest employment growth, signifying robust demand in consumer markets. The growth in transportation and storage indicates an expansion in logistics and e-commerce infrastructure. The financial and insurance sector, along with information and communication, reflects the growth of white-collar jobs and the digital economy. Manufacturing continues to show consistent growth in industrial employment.

**Table 2** Fastest Growing Sectors in Gig economy (2011–12 to 2019–20)

Sectors	Growth (2011–12 to 2019–20)	Trend
Retail Trade	+15.9 lakh	Largest employer
Transportation & Storage	+7.8 lakh	Major expansion
Financial & Insurance	+3.9 lakh	Strong white-collar growth
Manufacturing	+3.9 lakh	Steady growth
Information & Communication	+3.4 lakh	Digital economy impact

Source: Author’s calculation using Table 1.

The data presented in Figure 1 illustrates the distribution of gig workers across various sectors in India. Retail trade accounts for the largest proportion of gig workers at 39%, highlighting a significant dependence on flexible or platform-based employment. Transportation and storage follow as the second largest sector, comprising 19%, which typically encompasses delivery drivers, ride-hailing drivers, and logistics personnel. Both manufacturing and the financial & insurance sectors contribute equally at 9%. The remaining sectors collectively account for 24%, potentially including services such as hospitality, IT support, education, accommodation, information/communication, and construction, indicating a trend towards platform-driven expansion in informal services. Together, retail and transportation make up 58% of the workforce, emphasizing the roles of e-commerce and mobility as fundamental drivers of the gig economy, as evidenced by historical data from the discussion.



Source: NITI Aayog (2022).

**Figure 1** Sector-wise share of gig workers in India (%)

## 5. Opportunities in Gig Economy

### 5.1. Income and Employment Generation

The gig economy has created substantial employment opportunities for a diverse range of workers, including women, students, and those seeking flexible work schedules. Additionally, it has allowed workers in rural and semi-urban regions to find employment via digital platforms. Conversely, the gig economy offers straightforward entry and a rapid means of earning income (Arnoldi et al. 2021; Newlands 2024).

## 5.2. Increased Flexibility and Autonomy

Gig workers have the advantage of increased autonomy in selecting their work hours and tasks. This flexibility proves particularly advantageous for individuals who are managing work alongside education, care giving duties, or other personal obligations. The appeal of gig work lies in its flexibility and autonomy, allowing workers to manage their time and perform tasks in accordance with their personal requirements.

## 5.3. Enhanced Skill Development

Gig work exposes individuals to diverse tasks, encouraging continuous learning and upskilling. Freelance jobs in areas like content creation, graphic design, and software development enable workers to build specialized skills that can enhance career prospects.

## 5.4. Digital Inclusion

Digital inclusion in gig work pertains to the utilization of digital technology to offer employment opportunities to a broader demographic via online platforms and mobile applications. Digital inclusion enables individuals to engage in gig work by utilizing: Smartphones, Internet connectivity, Digital payment systems, and Mobile applications. Platforms like Uber, Swiggy, Zomato, and Amazon link workers and customers through the use of digital technology.

*Easy Entry in Gig Work:* Easy entry into gig work refers to low investment, straightforward registration procedures, and the ability to begin working quickly without high qualifications or complex procedures. Workers can easily join and find jobs on digital platforms like Uber, Swiggy, Zomato, and Amazon. Easy entry makes gig work accessible to a large number of people, especially those with limited education.

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## 6. The Challenges Associated with Gig work

The rapid growth of the gig economy has reshaped the labor market and provided flexible work opportunities, autonomy and several benefits. The gig economy's explosive expansion has changed the nature of the labor market and brought about a number of advantages, including flexibility and autonomy. However, it has drawbacks like inconsistent pay and exposes gig workers to issues like job insecurity, a lack of social protection, long hours, and a dearth of opportunities for upskilling (ILO, 2021 and Rani and Singh, 2019). Due to the unstable nature of gig work and the absence of social protections, these difficulties are frequently more noticeable for female gig workers. Although the gig economy provides flexibility and independence, workers frequently encounter major obstacles that have an impact on their well-being and means of subsistence. The main problems are as follows.

*Income Volatility:* Income instability or volatility represents one of the most significant challenges encountered by gig workers. This situation indicates that gig workers lack a consistent or regular income, resulting in frequent fluctuations in their earnings. Essentially, gig workers do not receive a fixed salary; instead, they are compensated for each task or service they perform. Consequently, if they receive fewer assignments, their earnings diminish. The amount of income is contingent upon the number of hours a worker is available. Income instability arises from the fact that gig workers depend on temporary tasks and variable demand, leading to earnings that are neither regular nor guaranteed.

*Lack of Job Security:* Lack of job security in gig work means that gig workers do not have stable or permanent jobs. Their work relies on short-term assignments and fluctuating demand, which means they cannot guarantee future employment. Typically, gig workers operate without permanent contracts. They are engaged to perform specific tasks rather than being employed on a full-time basis. Consequently, they risk losing their jobs at any moment. Additionally, gig workers rely on digital platforms for their employment opportunities. For instance, drivers associated with Uber or delivery personnel with Zomato only receive assignments when customers place orders. When demand is low, their workload diminishes. Another factor contributing to the lack of job security is the ease with which gig workers can be removed from these platforms. If their ratings fall below acceptable levels or if they breach platform regulations, their accounts may be suspended, resulting in the loss of their income source. Due to these factors, gig workers encounter significant uncertainty regarding their future employment and earnings.

*Lack of Social Security & Benefits:* Lack of social security and benefits is a major problem in the gig economy. Gig workers usually work as independent workers, so they do not receive the benefits that regular employees get. Gig workers generally do not receive social security benefits such as health insurance, pension, or paid leave. They must arrange these benefits on their own, which can be expensive. Most gig workers also do not get employee benefits like: Medical insurance, Paid holidays, Sick leave and Retirement benefits. For example, workers using platforms like Swiggy and Ola Cabs usually work as independent partners and do not receive full employee benefits. Because of the lack of social

security, gig workers may face financial difficulties during illness, accidents, or old age. This makes gig work less secure compared to regular jobs.

**Algorithm Control:** Algorithm control presents a significant issue in gig work, as digital platforms employ automated systems (algorithms) to oversee workers. These systems dictate the assignment of tasks and the evaluation of workers, frequently without providing clear explanations. A primary concern is that workers are often unaware of how the algorithm functions. This lack of transparency complicates workers' ability to comprehend why they may receive fewer job opportunities or lower ratings. Additionally, workers possess minimal control over their work processes. The application determines routes, schedules, and task allocations, necessitating that workers adhere strictly to the provided instructions. Consequently, low ratings or system malfunctions can diminish job prospects or potentially result in account suspension. Workers may experience a loss of income without any apparent justification. The issue of algorithm control is critical as it restricts workers' autonomy and fosters uncertainty and inequitable treatment within the gig economy.

**Long Working Hours:** Long working hours are a problem in gig work because workers must spend many hours working to earn a stable income, which can affect their health and personal life. Long working hours can lead to various complications, including physical exhaustion and fatigue, increased stress and health concerns, reduced time for family and relaxation, and a heightened risk of accidents, among others. Additionally, gig workers may find themselves working during nighttime or weekends when demand peaks.

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## 7. Conclusion

The gig economy has become an important and rapidly expanding segment of the labour market in India. Driven by digital platforms, smartphone penetration, and the growth of e-commerce and service-based applications, gig work has created new employment opportunities for millions of individuals. Statistics reveal that the gig workforce in India has experienced substantial growth over the past decade, rising from 25.3 lakh workers in 2011–12 to 68 lakh workers in 2019–20. Key sectors such as retail trade, transportation and storage, financial and insurance services, manufacturing, and information and communication have surfaced as the primary sources of gig employment. The gig economy generates employment for a wide range of individuals, including students, women, and those seeking part-time or flexible work arrangements. Furthermore, the sector allows workers from rural and semi-urban regions to find employment via digital platforms. Flexibility in working hours, ease of access, and opportunities for skill development are among the key advantages that make gig work attractive to many workers. Additionally, digital platforms have played a significant role in promoting digital inclusion by connecting workers with customers through mobile applications and online systems.

Despite several advantages, gig workers encounter numerous structural challenges that affect their long-term welfare and economic security. The most significant challenges include income fluctuations, lack of job security, absence of social security benefits, algorithmic oversight by digital platforms, and extended working hours. As gig workers are typically categorized as independent contractors instead of formal employees, they frequently do not receive benefits such as health insurance, paid leave, or retirement security. This makes them vulnerable to financial instability during periods of illness, accidents, or low demand for services. In light of the rapid growth of the gig economy, it is crucial for policymakers to establish suitable regulatory frameworks and welfare initiatives to safeguard gig workers. The implementation of social security provisions, minimum income safeguards, insurance coverage, and transparent platform governance can significantly improve the working conditions of gig workers. Strengthening skill development programs and ensuring fair working standards will also help make gig employment more sustainable and equitable.

In conclusion, the gig economy in India offers considerable opportunities alongside notable challenges. While it has the potential to generate large-scale employment and contribute to economic growth, ensuring decent working conditions and social protection for gig workers remains a critical policy priority. The Code on Social Security, 2020 represents a significant milestone in India's labor reforms aimed at enhancing the safety of workers concerning their jobs and income. A balanced approach that supports innovation and platform growth while safeguarding workers' rights will be essential for the sustainable development of the gig economy in India.


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