

ENTREPRENEURSHIP

VERTICAL

IMPACT OF THE GIG ECONOMY: OPPORTUNITIES & CHALLENGES



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Introduction

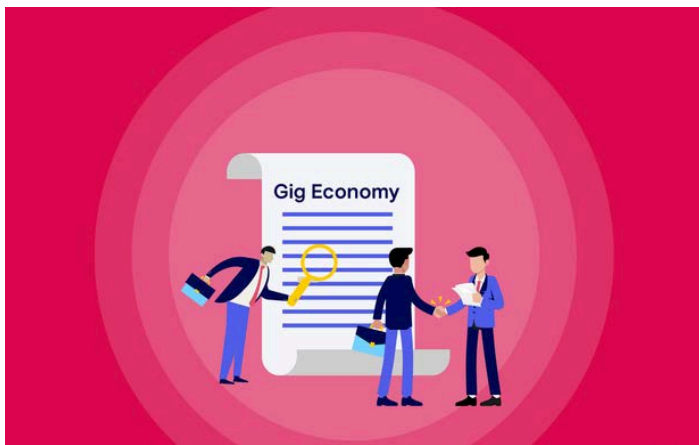
The gig economy refers to an economic model where labor services are exchanged for money between individuals or firms. These transactions occur on a short-term contractual basis, with independent contractors required to complete 'gigs' or tasks as per demand. Exchanges in the gig economy generally happen via digital platforms.

In contrast, the traditional labor market refers to an economic system where individuals engage in long-term, stable employment contracts with employers. These arrangements often involve fixed hours, regular wages, and various employment benefits such as sick leave, annual leave, and job security.

The gig economy represents a significant shift from the traditional formal sector to the informal sector. While it offers flexibility and ease of entry with minimal qualifications or training, it also exposes workers to several risks. These include a lack of job security, unpredictable income, and insufficient worker protections such as health benefits and worker compensation. Additionally, the nature of gig work can lead to 'asymmetric power dynamics,' where workers have little control over work conditions and are often misclassified to avoid providing standard employment benefits (Taylor & Sheppard, 2023).

The gig economy has emerged as a pivotal force in the modern labor market, driven primarily by technological advancements and the rise of digital platforms such as Uber and Airbnb. These platforms have created a new category of workers who operate as independent contractors, undertaking short-term engagements or 'gigs.' According to a Nasscom-Aon report, India's gig workforce is projected to expand from 7 million in 2021 to 235 million by 2030, representing 41% of the total workforce by the 2029-30 financial year, up from 15% in the 2021-22 fiscal year. Globally, the gig economy's gross volume is expected to grow from \$368 billion in 2021 to \$455 billion by 2023.

Several factors have fueled this exponential growth. The widespread adoption of smartphones and high-speed internet has enabled seamless connections between workers and businesses through online platforms. Economic liberalization policies in India have fostered increased market competition, further encouraging the expansion of gig work. The desire for flexible work arrangements is particularly appealing to Indian workers seeking to balance personal and professional commitments. Demographic shifts, including a large, educated, and ambitious youth population, have also played a critical role. Additionally, the rapid growth of e-commerce in India has surged demand for delivery and logistics services, significantly contributing to the gig economy's expansion.



Innovation in digital platforms has been a major catalyst for the rise of the gig economy. These platforms offer user-friendly interfaces that facilitate easy job matching, secure payment systems, and real-time communication between employers and gig workers. The convenience and efficiency provided by these technologies have made gig work an attractive option for many, allowing for quick engagement in various short-term tasks without the need for lengthy hiring processes.

However, the gig economy's impact is a double-edged sword. On one hand, it offers independence and flexibility, aspects highly valued by gig workers, as highlighted by a UK government survey. On the other hand, it poses significant challenges, including a lack of job security, unpredictable income, and inadequate worker protections. Economic crises such as the global financial crisis and the COVID-19 pandemic have exacerbated these issues by pushing more workers into gig roles due to rising unemployment.

In the Indian context, the gig economy has grown due to economic liberalization, increased demand for flexible work, demographic factors, and the growth of e-commerce. Despite the inherent risks and challenges, the gig economy is poised to continue its upward trajectory. Its convenience and adaptability to modern technological advancements make it an integral part of the future labor market, signifying that it is here to stay.

Characteristics of the Gig Economy

Flexibility

One of the defining features is the unparalleled flexibility it offers to workers. Gig workers have the freedom to choose when, where, and how much they want to work. This flexibility is a game-changer for individuals who value autonomy and work-life balance. The gig economy empowers workers to take control of their time and create a work routine that suits their lifestyle.

Short-term engagements

Gig workers typically engage in short-term, project-based tasks that can range from a few hours to a few weeks or months. This allows for greater variety and exposure to different industries and job roles, offering an enriching experience for those seeking diverse work opportunities. They often have the freedom to choose the projects they want to take on. They can select tasks that align with their skills, interests, and goals, creating a sense of fulfillment and satisfaction in their work.

Freelance opportunities

In the gig economy, digital platforms play a crucial role in connecting gig workers with potential job opportunities. Popular gig platforms such as Uber, Deliveroo, and Upwork, have revolutionized the way gig workers find work and how businesses tap into a flexible workforce. Gig workers can now easily browse through a wide range of gigs available in their area or field of expertise, showcase their skills and experience, and connect with potential clients or employers.

Low entry barriers, independence, and entrepreneurial spirit

The gig economy is characterized by low entry barriers, allowing individuals to easily enter the market without significant investment or specialized skills. This accessibility fosters an entrepreneurial spirit, as gig workers often operate as independent contractors, managing their schedules and workloads. The independence offered by gig work enables individuals to pursue multiple opportunities simultaneously, enhancing their flexibility and autonomy. This dynamic environment encourages innovation and self-reliance, making the gig economy an attractive option for many seeking alternative employment arrangements.

Challenges related to job security and benefits

Gig workers, especially those in the e-commerce sector, may struggle with managing their finances. They might require e-commerce accounting services to ensure accurate bookkeeping. The nature of gig work often classifies workers as self-employed or independent contractors, meaning they may not be entitled to traditional employment benefits such as sick pay, holiday pay, or pensions. This lack of traditional job benefits can leave gig workers vulnerable, especially during times of economic uncertainty.

Impact on Traditional Labour Market

Displacement of full-time jobs by gig roles

The rise of the gig economy has driven a shift in the nature of work. Traditional nine-to-five, long-term employment is gradually being replaced by more flexible and project-based arrangements. This trend has significant implications for employers, employees, and the workforce as a whole.

Changes in Worker-Employer Relationships

The worker-employer relationship has become more transactional and less personal in the gig economy. Gig workers are often hired for specific tasks or short-term projects, leading to a shift away from long-term employment contracts. This change reduces the sense of loyalty and commitment from both parties, as workers are seen more as independent contractors rather than integral parts of a company. Consequently, traditional employer responsibilities, such as providing benefits and job security, are often minimized, impacting the overall work culture and stability.

Effects on wages, job benefits, and long-term career stability

Wages can be highly variable, often depending on the availability of gigs and market demand. This variability can lead to inconsistent income for gig workers. Additionally, gig workers typically do not receive traditional job benefits such as health insurance, retirement plans, or paid leave, which can impact their financial security and overall well-being. The lack of long-term contracts and career progression opportunities also means that workers may face challenges in long-term career stability and growth.

Impact on various industries, industry-specific examples, and case studies

In the transportation industry, ride-sharing companies like Uber and Lyft have revolutionized the transportation industry, providing flexible work opportunities for drivers, but also leading to debates over worker rights, job security, and benefits.

In delivery services, platforms like DoorDash, Uber Eats, Instacart, and Postmates have transformed food and package delivery, offering gig work but also raising concerns about job security and conditions.

In the education sector, online tutoring and freelance teaching platforms like VIPKid and Chegg Tutors have created new opportunities for educators to teach students globally. This mode challenges traditional educational institutions by providing flexible, on-demand teaching services.

In healthcare, the gig economy has introduced platforms such as Care.com and TaskRabbit that offer freelance caregiving, telehealth, and healthcare services, allowing professionals to provide care on a flexible schedule. This shift impacts traditional healthcare delivery models and raises questions about job security and benefits.

For freelance work, platforms like Upwork and Fiverr enable freelancers to offer a wide range of services, from graphic design to writing and programming. They provide opportunities for independent contractors to find work but also emphasize the need for self-marketing and client management.



Impact on Entrepreneurship

Encouraging Entrepreneurship through Low Barriers to Entry

One of the most significant ways the gig economy impacts traditional labor markets is by encouraging entrepreneurship. Unlike traditional businesses, which often require significant startup capital, legal frameworks, and formalized business plans, gig platforms have relatively low barriers to entry. Anyone with access to the internet and the necessary skills can begin providing services, whether it is ride-sharing, freelance writing, or delivery services.

This low entry threshold encourages individuals who may not have ventured into entrepreneurship otherwise. For instance, platforms like Etsy and Shopify allow creators to sell handmade goods without the need for a physical storefront or large-scale investment. Gig workers can easily transition from employees to business owners, leveraging digital platforms as a launching pad for entrepreneurial endeavors.

Gig Platforms as Incubators for Small Businesses and Solo Enterprises

Gig platforms can also serve as incubators for small businesses and solo entrepreneurs. Many gig workers begin by offering their services on platforms like Upwork or Fiverr and then grow their business over time. These platforms provide an opportunity to build a portfolio, gain client feedback, and improve skills. Over time, many of these gig workers establish their businesses, expanding their offerings beyond the platform or even hiring other workers to scale their operations.

In this way, the gig economy encourages entrepreneurship and facilitates small business growth, fostering an environment where "micro-entrepreneurs" can thrive. This is particularly relevant in creative and digital fields, where individuals can monetize their expertise and build an independent client base.

The Rise of "Micro-Entrepreneurs"

The gig economy has led to the emergence of "micro-entrepreneurs," individuals who operate their businesses on a small scale. Unlike traditional entrepreneurs, who may seek to expand their business into large enterprises, micro-entrepreneurs often prefer to remain small, maintaining flexibility and autonomy over their work. These workers typically operate in a variety of sectors, including freelancing, e-commerce, and services such as home cleaning or food delivery.

Gig platforms empower these micro-entrepreneurs by providing them with the tools and access they need to reach customers directly. While their earnings may not match those of full-scale businesses, the freedom and autonomy offered by gig work appeal to individuals seeking to maintain a flexible work-life balance.



Legal and Ethical Considerations

Worker Classification: Employees vs. Contractors

One of the most contentious issues within the gig economy is the classification of workers. In most cases, gig workers are classified as independent contractors rather than employees. This classification is essential because independent contractors are not entitled to the same benefits and protections that employees receive, such as health insurance, paid leave, and unemployment benefits.

The misclassification of workers has led to numerous legal disputes around the world. In countries like the United States, the UK, and Spain, courts have ruled in favor of gig workers, demanding they be classified as employees entitled to the same labor protections. Conversely, many platform companies argue that the flexibility of gig work is predicated on the independent contractor model, allowing workers to choose when and where they work.

Legal Disputes and Changes in Labor Laws

In response to these challenges, many governments have begun reassessing their labor laws to accommodate the rise of the gig economy. For instance, California passed Assembly Bill 5 (AB5) in 2019, which requires companies like Uber and Lyft to classify their drivers as employees. However, after significant pushback, Proposition 22 was introduced and passed, allowing app-based drivers to remain classified as independent contractors with certain added benefits.

In Europe, similar debates are taking place. Spain, for instance, passed legislation in 2021 requiring food delivery platforms to classify their couriers as employees, ensuring that gig workers receive social security benefits and protections. These legal battles highlight the ongoing struggle between protecting worker rights and preserving the flexibility and autonomy that gig work offers.

Ethical Concerns: Worker Rights, Pay Scales, and Exploitation

The gig economy raises several ethical concerns regarding worker rights and exploitation. Gig workers often lack access to basic protections and benefits, leading to concerns about income insecurity and exploitation. While gig work offers flexibility, it also comes with unpredictability, with workers often experiencing fluctuating income levels and working long hours to make ends meet. Moreover, gig platforms can contribute to downward pressure on wages. As more individuals compete for gigs, pay rates can decline, making it difficult for workers to achieve fair compensation for their labor. Additionally, gig workers may be subject to algorithmic management, where their performance is monitored, evaluated, and controlled by digital platforms, leading to concerns about surveillance and privacy.

Conclusion

The gig economy has significantly impacted traditional labor markets, particularly in its promotion of entrepreneurship and the rise of micro-entrepreneurs. By providing low barriers to entry and facilitating small-scale business creation, gig platforms have democratized access to entrepreneurial opportunities. However, the gig economy also poses substantial legal and ethical challenges, particularly regarding worker classification, labor rights, and pay scales. As governments and legal systems around the world grapple with these issues, it is crucial to find a balance between offering flexible gig opportunities and ensuring job security for workers.

Further research and policy measures are necessary to ensure that gig workers are treated fairly and are not exploited. Policymakers must focus on creating a regulatory framework that supports the gig economy's benefits while protecting workers' rights and promoting long-term economic sustainability.

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The "Gig Economy" has emerged as a transformative force in the global workplace. Advances in technology, variations in consumers' needs, and the spread of accessible platforms has revolutionized the way workers find short-term, on-demand jobs. This new economic model has profound implications for traditional job markets worldwide, presenting both exciting opportunities and significant challenges. The gig economy offers a flexible work arrangement, allowing individuals to work when they choose and earn income through small jobs or on-demand contracts facilitated by digital platforms. This paradigm shift has disrupted traditional employment models and gained significant traction in recent years due to financial pressures, technological breakthroughs, and evolving social values.

However, the gig economy has also raised concerns about a "race to the bottom" where workers compete for low-paying jobs with minimal perks or job security. As the gig economy continues to evolve and expand, the government, policymakers, and employers must collaborate to address these issues to ensure adequate worker protection.

In today's rapidly-changing job landscape, understanding the impact of the gig economy on workers, employers, and the broader economic system is crucial. This article explores the transformative effects of the gig economy on the job market, examining its origins, driving factors, and the opportunities and challenges it presents for both workers and employers. Additionally, it investigates the implications of this economic shift for labor laws and social safety nets. As we contemplate the future of work, it is evident that the gig economy will likely continue to shape and redefine our professional lives for years to come.

The Rise of the Gig Economy

The gig economy has emerged as a defining characteristic of the 21st-century labor market, shaped by the convergence of technology, worker preferences, and economic conditions. Simply put, the gig economy refers to a set of work arrangements characterized by temporary, independent employment relationships and short-term contracts. The term "gig" originates from the entertainment industry, where musicians and artists often work on short-term engagements.

The rise of the gig economy is inextricably linked to the digital revolution and the establishment of online platforms for occupational purposes. While initially associated with creative industries, the gig economy has expanded to encompass a wide range of services, including ride-sharing, home repairs, and other professional fields.

Platforms like Uber, Airbnb, and Upwork have become synonymous with the growth of the gig economy, significantly impacting traditional employment practices. These platforms offer exceptional convenience for independent workers, allowing them to manage their work from virtually anywhere and at any time, often juggling multiple jobs simultaneously. The increasing value placed on independence and flexibility has led a substantial portion of the workforce to embrace non-traditional full-time employment arrangements. This trend has been further fueled by economic concerns, such as the need for multiple income streams in an unpredictable job market.

The gig economy has redefined the way businesses can scale operations and access talent on demand without the long-term financial commitments associated with full-time employees. However, it has also raised concerns about job stability, benefits, and the broader impact on workers' livelihoods. As the gig economy continues to evolve, it necessitates a new dialogue about the nature of employment for both workers and employers in the digital age.



Editor:

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Important Factors that have Fueled the Gig Economy are:

The gig economy has witnessed significant growth in recent years, influenced by various factors worldwide. Let's explore these drivers and their impact on labor markets within this rapidly expanding economic model.

Flexibility and Autonomy

The gig economy offers unprecedented demands for flexibility and autonomy, catering to the desire for a work-life balance. Many workers seek alternative employment arrangements that provide greater control over their schedules, enabling them to effectively balance personal and professional responsibilities. The gig economy's flexible nature allows individuals to find short-term, project-based work that aligns with their needs, fostering a sense of control over their professional lives.

Digital Platforms

The gig economy facilitates seamless connections and transactions. Technology plays a pivotal role in shaping how gig workers and clients communicate, collaborate, and conduct business. Digital platforms have streamlined the process of connecting and interacting, making it easier for gig workers to find clients and for clients to discover talent. These platforms ensure secure payment transactions and provide organized spaces for collaboration and communication.

Virtual Collaboration and Remote Work

Advancements in communication technology have broken down geographical barriers, enabling virtual collaboration and remote work. Gig workers can now expand their reach to serve clients worldwide, diversifying their business talent pools. This newfound opportunity has opened doors for gig workers to connect with clients from various regions, fostering a more globalized labor market.

The Gig Economy: Assessing its Impact on Traditional Labor Market

Flexibility

One of the most significant benefits of the gig economy for workers is increased flexibility. While traditional jobs often adhere to fixed schedules and locations, the gig economy empowers individuals to decide when, where, and how much they work. This flexibility can be particularly appealing to those who prioritize work-life balance or have other commitments.

Economic Insecurity and Income Inequality

Gig workers may experience greater income volatility compared to salaried employees, as their earnings can fluctuate significantly from month to month. Salaried jobs typically offer more stable and predictable income. Additionally, the gig economy has been linked to income inequality, as many gig workers earn minimum wage, which is often lower than traditional job wages. They may also lack employment security and face challenges in advancing to higher-paying gigs or acquiring new skills.

Diversification of Skills:

The gig economy provides individuals with the opportunity to diversify their skill sets. Many gig workers take on multiple roles, expanding their professional expertise. In contrast, traditional employees often specialize in a single role.

Disruption of the Labor Market

The gig economy has fundamentally disrupted traditional labor markets, sparking debates about fair wages and worker exploitation. The competitive landscape created by low prices can pressure traditional employers to adapt or face challenges.

Modernization of Work Relationships:

The gig economy has modernized employment relationships, redefining individuals as independent contractors or freelancers and altering their privileges and obligations. Technology platforms and applications have transformed the matching and working process, enabling individuals to seek employment and businesses to access talent from diverse sources.

Regulatory Challenges:

The regulation and protection of gig workers by governments and labor organizations remains a significant challenge. The ongoing debate about whether gig workers are employees or independent contractors directly impacts their rights and benefits.

Impact on Traditional Businesses:

Traditional employers have had to adapt to the dynamic nature of labor trends. Some organizations have incorporated gig workers into their payroll to acquire specific skills, while others have faced competition from gig economy platforms in providing services or products.

Navigating into India's Gig Work Landscape

The gig economy has experienced significant growth in India, with approximately 15 million gig workers engaged in various roles, including delivery, cleaning services, consultancy, and blogging. Digital platforms facilitate these jobs, offering the flexibility to work with multiple contract workers simultaneously. For instance, Uber provides a wide range of services through its platform.

The gig economy has reduced information asymmetry in job searches and operates on an outcome-based model, mitigating some of the risks associated with moral hazard. From a managerial perspective, this model offers benefits such as access to a diverse talent pool and standardized outcomes. Low entry barriers have contributed to the expansion of the gig economy.

Employees, including contract labor, inter-state migrant workers, and those in the unorganized labor sector, are significantly impacted by the gig economy. These workers may benefit from a range of services, such as minimum wages, bonuses, provident fund contributions, gratuity, and maternity benefits. Specific regulations govern contract labor through the Contract Labour (Regulation and Abolition) Act, 1970, and migrant workers under the Inter-State Migrant Workmen (Regulation of Conditions of Service) Act, 1979. The Unorganized Workers' Social Security Act, 2008, recognizes workers in the unorganized economy, including home-based workers, self-employed individuals, and wage earners.

As the gig economy gains momentum in India, the welfare and rights of gig workers have become increasingly important considerations. Social security, health insurance, and fair compensation in the context of the fluctuating nature of gig work remain critical concerns.

Challenges faced by Indian Gig Workers

The Social Security Code introduced in India in 2020 aimed to consolidate nine existing social security laws and extend protections to workers in the unorganized sector. While a significant step towards recognizing the rights of gig and platform workers, the code has faced criticisms and implementation challenges.

Definitional Overlaps and Confusion:

Overlapping definitions of gig workers, platform workers, and unorganized sector workers present primary challenges in the social security code. This ambiguity raises questions about the applicability of specific social security schemes for each category and may hinder implementation efforts.

Social Security Coverage:

The code intends to bring both gig and platform workers under the purview of social security. However, a substantial portion of gig workers currently lacks adequate social security protection. While the code introduces both categories, it lacks a comprehensive roadmap for establishing social security coverage for them.

Meager Protections for Gig Workers:

Gig workers, who constitute a significant portion of the growing workforce, face ongoing issues such as job insecurity, limited legal recourse against managerial decisions, and difficulty in forming registered trade unions. The fact that only 0.15% of surveyed workers have "accidental insurance" highlights the disparity between the code's promises and the realities faced by gig workers.

Recognition and Rights:

The legal status of gig workers remains uncertain. They often lack legal aid for dispute resolution and face challenges in forming registered trade unions. Moreover, they are not recognized as regular workers under existing labor laws, leaving them vulnerable to insufficient legal protection.

Labor Laws for the Gig Economy:

The Social Security Code 2020, while a symbolic gesture, falls short of adequately addressing the needs of gig workers. The International Labor Organization's recommendation to disregard official contracts when defining gig workers has led to the exclusion of independent contractors from the Industrial Disputes Act, raising questions about equity and fairness.

Some of the huge gig economy players such as Zomato and Swiggy, Urban Company and DriveU, have implemented innovative measures to address some of the challenges faced by gig workers. Zomato addressed the question of worker fatigue with shelter rest points. Introduction of skilling programs by Swiggy at the individual level to enable gig workers. DriveU has also introduced coverage in case of accidents or other damage through insurance. Urban Company has an employee stock ownership plan in place for its partner employees. Such initiatives are crucial for fostering engagement among gig workers and maintaining a sustainable equilibrium between their well-being and the platform's prosperity. The success of these initiatives shows how far the gig economy has evolved positively. To ensure a sustainable and fair gig economy, ongoing collaboration, discussions, and initiatives between platforms, workers, and stakeholders are essential.



The Future of Work: Blending Gig and Traditional Employment

The gig economy is reshaping the future of work, creating a hybrid landscape that blends traditional employment models with gig-based arrangements. The flexible independence offered by this hybrid approach, combining gigs with a stable job, is increasingly in demand. Traditional organizations are now adopting hybrid-like arrangements, providing employees with greater flexibility in terms of working hours and methods. Additionally, there is a growing emphasis on lifelong employability, with both employers and workers recognizing the need for continuous learning and skill development to remain competitive. Technological advancements have made online educational resources more accessible.

The gig economy is already demonstrating a trend toward global collaboration on projects. Traditional organizations must cultivate a culture of teamwork and inclusivity to fully capitalize on their potential in the global marketplace.

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Introduction

The rise of the gig economy represents a fundamental transformation of the international work landscape. A growing form of short-term, freelance or contract work facilitated by electronic platforms, the gig economy has grown over the last decade and is significantly challenging traditional employment structures. Much more than a technological and economic change, this change is however social and institutional in terms of the functioning of labor markets in which workers engage and the value they provide. The gig economy's emphasis on flexibility, efficiency and its ability to generate jobs has also raised concerns among alarmists about job security, wage stagnation and, ultimately, the erosion of labor rights that are generally valued in more conventional work.

It is in this context that the precarious nature of gig work materializes for a large number of workers, especially in the absence of comprehensive social protection. Thus, the article tries to examine the disruptions caused by the gig economy in traditional labor markets using the prism of its economic, social and sustainability dimensions.

Erosion of Employment Stability and Economic Precarity

Economic insecurity is a key characteristic of gig economy work, which exposes workers to the unpredictability of income, the availability of work and the lack of social protection. This is in stark contrast to traditional labor markets where workers enjoyed long-term employment, a guaranteed income and benefits such as health care, pensions and paid time off. The gig economy, driven by demand for short-term, job-based work, offers compelling flexibility; workers can choose the number of hours they work and the level of involvement they give to their tasks. However, this flexibility comes at a serious loss of job security and stability. One of the most destabilizing disruptions is the erosion of the traditional employer-employee relationship. In the economy, workers are often classified as independent contractors rather than employees, excluding them from critical legal protections, including minimum wage laws, overtime, unemployment benefits and health insurance.

This reclassification accelerates the trend toward precarious work, increasingly shifting the burden of risk from employers to workers. In industries such as ride-sharing and food delivery, gig platforms serve as intermediaries between service providers and consumers, leading to unsustainable working conditions. Although they create millions of jobs in countries like India, the nature of gig work is highly unpredictable. Income depends on factors such as demand fluctuations, platform algorithms and competition, which lead to economic uncertainty. Income is often not guaranteed, unlike the more predictable wages of traditional jobs.

The long-term viability of the gig economy depends on the ability of policymakers to address these structural weaknesses. This includes the development of new legal frameworks that extend basic protections to gig workers, such as minimum wage guarantees, access to health care and the right to collective bargaining. Without these protections, the gig economy risks perpetuating a cycle of unstable, low-wage work with limited opportunities for advancement, leading to continued economic uncertainty.

The Commodification of Labor

Workers in traditional labor markets are valued for their skills, experience, and the long-term contributions they make to their employers. In contrast, the gig economy commodifies labor.

reducing it to discrete, transactional units. Salary is the main reason why most workers are paid hourly, regardless of their long-term experience or specialized skills. This approach to the commodification of work tends to loosen the bond between workers and their work, reducing it to a mere exchange of services with no intrinsic value.

The gig economy is also characterized by a platform-mediated style of management, which exercises control over workers through opaque algorithms that determine labor availability, prices and performance evaluation. Here, employee value tends to be given through customer reviews or platform metrics, which are inherently subjective and can reduce inequality.

In this work, the commercialization of labor leads to a situation where workers are used as replaceable units of production instead of individuals, which further weakens the bargaining power of these workers vis-à-vis employers. The effects of commodification extend beyond individual workers, as they disrupt the labor market and eclipse its purpose of fostering skill accumulation and career advancement.

In a regular labor market, retained jobs help workers acquire skills, advance their careers and advance. Although the gig economy focuses on short-term employment, opportunities for workers to develop their skills or advance their careers are limited, limiting their prospects for long-term economic advancement.



Fragmentation of Wage Structures

One of the major disruptions that the gig economy has caused to traditional labor markets is the breakdown of wage structures. Wage laws regulate conventional employment, setting a level around the basic compensation to be received. On the other hand, the self-employed work in a market where the minimum wage or basic wage is limited or even non-existent. This will create a large disparity in payment since the fee paid by the freelancer is discretionary according to the demand for their service and the competitive pressure of the market on their platform.

Self-employment is fragmented, making it complex to ensure that workers' compensation benefits are adequate and adequate. They usually end up paying work expenses (fuel, car maintenance or insurance, among others) out of pocket, so their take-home pay is more reduced. In relation to this issue, this report is particularly relevant in countries where the gig economy is growing rapidly and where worker protection policies are insufficient.

This situation would be further aggravated by the growing gig sector, which, being largely informal, excludes and deprives workers of social safety nets and legal protection, leaving them exposed to the shocks of the economic cycle. Wage fragments are disadvantageous, particularly affecting low-skilled workers disproportionately and unequally, who are mainly concentrated in high-competition, low-wage sectors such as food delivery or domestic work.

The oversupply in these sectors creates a low wage base that pushes up wages, pushing workers into what can almost be described as a "race to the bottom" in which it becomes necessary to accept lower wages in order to be competitive. Such downward pressure on wages is hard to compare with the traditional wage stability that full-time work has long provided, because collective bargaining and wage laws offer traditional workers some protection against the vagaries of the market.

Social Security and Labour Rights

The rise of the gig economy has highlighted dangerous lacunae in social security and labour rights for workers who do not have organized employment. In conventional labour markets, social security systems are designed to provide a safeguard for a worker when they require protection relating to health, pension benefits, and so on.

In this gig economy, the vast majority of such workers are classified as independent contractors and therefore excluded from most of these systems of labor rights. The developed gig economy relies on short-term contracts and flexible working as well, which undermines the classic connection between work and social security, leaving the workers behind the protective shields they need to face economic shocks or health crises. Gig workers, therefore, have to spend more hours working or taking extra jobs that could be a means to meet simple requirements in their life, an added disadvantage of the precarious conditions under which they have to work.

So far, the social security gap is still only partially closed; only a handful of states have introduced comprehensive reforms so far with true extensions of labor rights to gig workers. State governments in some regions have passed laws that offer gig workers very limited protection, such as against health insurance or to secure the right to collective bargaining. These are limited efforts, however, and insufficiently address the much larger structural issues faced by gig workers.

The Gender Dimension of Gig Work

The gig economy is often presented as a beneficial option for women, offering flexibility to manage work and personal responsibilities. Ironically, the gig structure often reflects the same patterns found in traditional labor markets, where women have historically been relegated to positions that pay less and offer fewer opportunities for advancement.

In conventional employment, due to cultural expectations, women have worked mainly in areas such as education, health and administrative roles, sectors that are indispensable but tend to offer lower wages and salaries of lower career. The gig economy, although seemingly different, follows a similar path. Women often take on jobs that correspond to the roles they have held for a long time, such as housework, care, or freelance projects. These jobs offer the lure of flexibility, but often come with lower income, minimal benefits, and a lack of job security.

The promise of flexibility, while attractive, does not necessarily lead to greater economic autonomy. Rather, it often reinforces existing inequalities, with women remaining concentrated in jobs that offer little financial growth. In addition, the highest paid sectors of the economy - technology and finance - continue to represent challenges for women in the workforce. The layering of work in the gig economy ensures that the benefits of flexibility and independence are not shared equally.

This inherent nature of gig work reinforces the complexity of the issues because, although it offers flexibility, it tends to mask existing inequalities. Women, whose ability to take on many responsibilities at the same time can be praised, tend to operate in a framework that compromises their ability to prosper economically.

In essence, the flexibility commonly advocated as beneficial to women simultaneously perpetuates their confinement in the same low-wage social mobility sectors that have traditionally defined their roles in traditional labor markets. This has created a cycle in which the intended empowerment of flexibility is often compromised by the persistence of gender-specific occupational segregation.

Democratization of entrepreneurship

The most significant contribution that the gig economy has made to traditional labor markets is the democratization of entrepreneurship. In fact, by virtue of employing direct access to customers without intermediate premises and the need for a formal employment relationship, gig platforms have enabled an individual to become a *micro-entrepreneur*. In effect, this points toward a new model of work; one and many have empowered themselves to build their own businesses, to set prices, and even work conditions.

For most gig workers, the opportunity to operate as micro-entrepreneurs provides far greater autonomy and flexibility compared to what may be available in traditional labor markets.

And perhaps no better example can illustrate the entrepreneurial potential of gig work than in sectors like creative services, where workers can use digital platforms to promote their skills and develop a client base. However, the entrepreneurial model of gig work also poses risks, especially for individuals who do not have the resources or the skill in such a process.

In the entrepreneurial model of the gig economy, therefore, the worker is placed at considerable risk, taking the costs typically borne by employers in traditional labor markets- cum-marketing and insurance, among others. For most gig workers however, the financial risks are deadlier than the benefits because they fail to earn stable money in a competitive marketplace.

Platform Economies as Innovation Catalysts

The platform economy has undoubtedly sparked innovation, reshaping the way services are delivered. Before the emergence of platforms like Uber and Upwork, such forms of work were difficult to imagine. Today, these platforms have expanded the flexible and on-demand labor market, allowing workers to provide services on a global scale with unprecedented ease. This is in contrast to traditional labor markets, where job opportunities are often geographically limited and rigidly structured.

A key difference between gig work platforms and conventional job markets is the role of technology. In the gig economy, algorithms handle everything from task assignment to pricing and performance evaluation. This is a radical departure from traditional workplaces, where human supervisors usually manage these functions. The gig economy has also inspired new forms of collaboration.

Unlike conventional office environments, gig workers often interact in co-working spaces or online communities, fostering networks that enable the exchange of ideas and resources. This cross-pollination of skills and perspectives can spark creativity in ways that hierarchical and structured workplaces cannot.

Conclusion

These new gigs usher in a new age with flexibility, independence, and even innovation in work. However, they have also brought forth issues such as job insecurity, wage inequality, and social sustainability challenges. As the world of gig work progresses, the nearness of such

factors generate challenges for policymakers and all other stakeholders to not only overcome the shortcomings of the work itself but also create innovative entrepreneurial potential for employment within gig models.

The future sustainability of the gig economy hinges in large part on new legal frameworks and social protections that allow for gig workers to enjoy all the rights and benefits that, historically, have come as a legacy of employment. Absent such changes, the gig economy opens itself up to a cycle of economic precarity and inequality at the very root of traditional labor markets. However, under proper management, the gig economy can revolutionize work for the better and encourage individuals to be entrepreneurs and innovators at a time of such significant change.



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The gig economy is defined as a work structure involving two key parties: a service seeker, who is a consumer with specific tasks or services needed, and a service provider, who is a gig worker able to fulfil those tasks. In this system, technology-enabled platforms connect consumers with gig workers, allowing the consumer to hire services on a short-term basis. Gig workers include self-employed, freelance, independent contributors, and part-time workers. This project-based setup enables service seekers to cut overhead costs, while gig workers receive payment for specific tasks rather than a fixed salary. Consequently, the gig economy marks a shift from traditional 9-to-5 jobs to an on-demand, freelance, and task-based work model.



Benefits

Workers who participate in the freelance economy to supplement their income often cite flexibility as the main benefit. Without a full-time employment contract with a single employer, freelancers enjoy greater control over their schedules, allowing them to select jobs, tasks, or shifts that align with their other obligations.

Full-time employees who wish to increase their earnings can also take on additional gigs during evenings or weekends. Skilled professionals have the opportunity to shape their careers by engaging in challenging assignments, and building an impressive portfolio of results that may help them secure better-paid, high-level roles.

However, the flexibility and earning potential of independent work lead many to choose freelancing as a permanent option.

Potential Risks

While the gig economy offers flexibility and control over one's work schedule, clients, and projects, it also carries certain risks and uncertainties. Job security is a major concern; in the short run, gig workers' income can be unpredictable due to the project-based, on-demand nature of this work. Additionally, jobs in this economy often lack safeguards such as health insurance, employee provident funds (EPF), medical insurance, pensions, and paid leave.

There is also a risk of high turnover, as digital gig platforms enable independent workers to take on temporary tasks without a long-term commitment. Gig work may become somewhat casualized due to the absence of traditional employer-employee relationships, which could affect the sustainability of operations, especially in a highly competitive environment with multiple opportunities. Thus, finding a balance between flexibility and security is essential.

Impact of the Gig Economy on the Traditional Labor Market

The main impact of the gig economy on younger generations like Gen Z and Millennials is evident in how they perceive work. Nowadays, the younger generation often prefers the gig economy over a traditional full-time employment model.

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This modern workforce structure provides freedom, versatility, and personal fulfilment, values that resonate strongly with younger workers. Additionally, Gen Z and Millennials are more inclined toward multitasking—performing more than one job at a time—to build a diverse and well-rounded career profile.

Smaller gig jobs give workers more control over their lives and allow them to focus on things they enjoy. Some independent workers choose to engage in gig work full-time, while others use it as a supplemental income source.

Flexibility in the Gig Economy

The freedom offered by the gig economy is one of its most attractive features. Gig workers can choose which jobs they take on, where they work, and the hours they work. Technology plays a significant role in enabling this flexibility by connecting workers to temporary jobs or assignments via online platforms like Upwork, Fiverr, and Uber. According to a 2018 McKinsey Global Institute study, an estimated 162 million people in Europe and the U.S. engage in some form of gig work, with many citing flexibility as their primary motivation.

Control Over Work Schedules

Gig workers have control over their schedules and working hours, a benefit that especially appeals to those balancing other responsibilities like childcare or education. Unlike traditional employees who are restricted to set work hours, gig workers can adjust their schedules to meet their own needs. This flexibility is particularly valuable in today's fast-paced, globally connected world. Freelancers like writers and designers, for example, can accept assignments when they are available and decline them when they are too busy or need a break.

Remote Work and Location Independence

Remote work is another dimension of flexibility in the gig economy. This location independence contrasts with many traditional roles that require employees to work onsite. The pandemic accelerated the shift toward remote work, allowing many people to work from home or any location with internet access. Gig workers, particularly those in fields like digital marketing or software development, benefit greatly from this freedom, enabling them to travel or work from home as desired.



Independence in the Gig Economy

Independence is closely linked to flexibility for gig workers. Since gig workers choose the projects and clients they want to work with, they often experience significant autonomy in their careers. Unlike traditional employment, which usually involves a long-term commitment to one employer, gig work allows individuals to broaden their client base, boosting professional autonomy and reducing reliance on a single employer.

Choice of Clients and Projects

Gig workers have more freedom to choose the type of work they take on and the clients they work with. This autonomy enables them to align their professional efforts with their personal interests and strengths. For instance, freelance graphic designers can select projects that reflect their artistic vision, while digital marketers can focus on fields or industries they are passionate about. This freedom allows them to build a portfolio that highlights both their expertise and career growth.

Entrepreneurial Freedom

The gig economy often embodies an entrepreneurial spirit, allowing individuals to work as independent contractors or self-employed professionals. Gig workers frequently see themselves as independent operators rather than traditional employees. This entrepreneurial approach provides them with greater control over their career paths, enabling them to grow their businesses on their own terms. For example, a freelance writer or consultant is not bound by conventional hierarchical structures and can cultivate long-term client relationships and a solid reputation.

Contrasts with Traditional Labor Markets

While independence and flexibility characterize the gig economy, these qualities sharply contrast with the traditional labor market, where full-time workers are often bound by rigid structures. Conventional employment typically limits employee autonomy through adherence to company policies, fixed schedules, and supervisory oversight.

Fixed Schedules and Locations

The conventional labor market revolves around a 9-to-5 workday, where employees are expected to work a set number of hours on-site. Although some companies have introduced flexible work arrangements, most traditional jobs still maintain fixed hours and designated locations. This lack of flexibility can make it challenging for employees to balance personal responsibilities or pursue other interests.

Dependence on Employers

Traditional employees often rely on a single employer for job security, benefits, and career advancement opportunities, whereas gig workers diversify their income sources. This dependency can leave traditional employees feeling vulnerable in cases of redundancy or limited growth opportunities within their organization. While traditional jobs offer security through retirement plans and health insurance, they can also restrict an employee's career potential.

Limited Autonomy

Gig work typically provides more autonomy than conventional employment. Full-time employees usually follow a defined job description and report directly to a supervisor, leaving little room for decision-making in areas like workload, project involvement, or career progression. Additionally, traditional employees often work for a single employer, limiting their exposure to diverse clients and projects.



Balancing Flexibility with Stability: Challenges for Gig Workers

The gig economy offers unique opportunities for freedom and flexibility, but it also presents significant concerns, particularly regarding unpredictable income and insufficient benefits. Due to the erratic nature of demand, gig workers frequently experience revenue fluctuations and lack standard benefits like health insurance, paid time off, and retirement savings. Conversely, traditional labor markets prioritize steady pay and benefits, often at the expense of flexibility.

To Conclude: The gig economy provides substantial benefits in terms of autonomy and flexibility, allowing workers greater control over their professional choices, schedules, and work locations. These qualities stand in stark contrast to traditional labor markets, which limit autonomy with inflexible job structures and reliance on employers. However, the gig economy also has drawbacks, notably in its income instability and lack of long-term benefits. As both work models continue to evolve, achieving a balance between security and flexibility will be crucial for the future of labor markets.

Economic Opportunities

The gig economy creates new economic opportunities, especially for individuals who might face challenges in finding traditional employment. People with disabilities, students, and retirees can find work that aligns with their schedules and abilities. Additionally, the low barrier to entry for many gig jobs allows a larger pool of people to participate in the labor market, promoting inclusivity that can drive economic growth and reduce unemployment.

Flexible Work Arrangements

One of the most lauded aspects of the gig economy is its flexibility. Gig workers often have the freedom to choose when, where, and how much they work. This flexibility appeals particularly to those who need to balance work with other commitments, such as caregiving, education, or personal pursuits. Traditional employment, with its fixed hours and locations, typically lacks this level of flexibility, making it less appealing to some workers.

Low Barrier to Entry and Exit

1. The gig economy has gained popularity in recent years, largely due to its low barriers to entry. This characteristic makes it accessible to a wide range of individuals, allowing them to participate in the workforce without the traditional constraints of full-time employment.
2. Many gig jobs require little to no formal qualifications or specialized training. For instance, platforms like Uber, DoorDash, and TaskRabbit often allow individuals to start working simply by meeting basic requirements such as age, a valid driver's license, or a smartphone. This accessibility enables people from diverse backgrounds to enter the workforce, including those who may not have completed higher education.
3. Starting a gig job often requires minimal financial investment. Many platforms allow individuals to begin offering services without any upfront costs. For example, freelance writers or graphic designers can start working with just a computer and an internet connection. This financial accessibility enables individuals who might be deterred by high startup costs in traditional business models to take advantage of gig opportunities.
4. The variety of gig opportunities available— from ride-sharing and food delivery to freelance writing and home repairs—means that individuals can find gigs that match their skills and interests. This diversity allows people to leverage their existing talents or explore new areas without significant risk, encouraging participation from a broad spectrum of the population.

Skill Development

Gig work allows individuals to apply their unique skills and talents in ways that may not be possible in traditional jobs. Platforms like Upwork and Freelancer, for example, enable professionals to offer specialized services to a global audience. This not only allows for greater job satisfaction but also facilitates the development of niche skills that might be underutilized in a traditional employment setting.

1. Gig work often involves performing a range of tasks, enabling individuals to develop a diverse set of skills. A freelance graphic designer, for instance, may also learn marketing techniques while promoting their services, or a rideshare driver may improve customer service skills through interactions with various passengers. This variety leads to a well-rounded skill set attractive to future employers.
2. Gig jobs provide hands-on experience that can be more valuable than theoretical knowledge. For instance, a freelance writer not only improves their writing but also gains experience with deadlines, client communication, and project management. This practical experience helps individuals build a portfolio that showcases their abilities to potential clients or employers.
3. The dynamic nature of gig work often requires individuals to adapt quickly to changing circumstances. Whether managing a last-minute client request or troubleshooting during a delivery, gig workers develop problem-solving skills and the ability to think on their feet—qualities highly valued in any job market.

Diverse Income Sources

Workers can supplement their primary income with gig work, providing financial stability and resilience against economic downturns. Many gig workers engage in several gigs at once, allowing them to maximize their earning potential. For example, a person might drive for a rideshare service while also freelancing as a graphic designer and tutoring students online. This multitasking not only increases income but also reduces dependency on any single source.

Challenges to Gig Workers

- Traditional employment often includes benefits such as health insurance, retirement plans, paid leave, and unemployment insurance. Gig workers, however, are classified as independent contractors and typically do not receive these benefits. This lack of safety nets can leave gig workers vulnerable, particularly in times of illness or economic downturns. The absence of labor protections also means gig workers may face exploitation, with limited recourse for unfair treatment or unsafe working conditions.
- Gig income can be inconsistent and unpredictable, making budgeting and financial planning challenging. Factors such as seasonal demand, platform changes, or economic downturns can significantly impact earnings, leading to financial stress for gig workers.
- As more people enter the gig economy, competition can increase, making it harder for workers to secure gigs and maintain steady income. In saturated markets, lower prices can lead to reduced earnings, exacerbating income instability for gig workers.
- Many gig workers rely heavily on specific platforms for their income. Changes in algorithms, policies, or fees on these platforms can directly affect earnings. This dependency creates vulnerability, as workers may have limited options if a platform changes its terms or shuts down.

Future Outlook

The gig economy is likely to continue growing, driven by technological advancements and changing workforce preferences. To ensure a balanced and fair labor market, it is essential to address the disparities between gig and traditional employment. Policymakers, businesses, and worker advocates must collaborate to create frameworks that protect workers' rights while fostering economic innovation.



Conclusion

In conclusion, the gig economy profoundly impacts traditional employment, offering both opportunities and challenges. While it provides flexibility and new economic avenues, it also highlights issues of income instability and lack of worker protections. Navigating this evolving landscape requires a nuanced approach to balance the benefits of gig work with the need for secure, fair, and sustainable employment practices.

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Introduction

A traditional labor market is defined as a "place where workers and employees interact with each other." (1) India has one of the largest labor markets with vast and dynamic workforce and sectoral shifts. Its workforce (consisting of both employed and the ones looking for employment) is made up of approximately 575 million individuals which is one of the largest globally. As per reports, this large workforce is distributed amongst three sectors: primary (35-45%), industry (25-30%), and services and (30- 40%). (2) One of the largest problems that exists with India's employment space is poverty. Although, poverty in India is significantly declining as the years pass by, it still remains 11.28% in 2022-23. (3) The conditions poor people reside in are also unappreciative and call for reforms that improve their living conditions as quickly as possible.

One sector that is contributing to increasing employment and subsequently helping to decrease poverty is the 'gig economy'. For an instance- Shriram Subramanian, Founder MD, InGovern Research Services said, "India's gig economy is a major driver of job creation, with companies like Amazon India adding over 100,000 seasonal jobs during the 2023 festive season." It also contributes to the economy by creating around 3 million new jobs to fulfill the currently unmet demands and needs across corporates, MSMEs, and households in India.

The NITI Aayog Report of 2022 titled 'India's Booming Gig and Platform Economy' defines gig workers as "those engaged in livelihoods outside the traditional employer-employee arrangement and can be broadly classified into platform and non-platform-based workers. Platform workers are those whose work is based on online software apps or digital platforms. While, non-platform gig workers are generally casual wage workers and own-account workers in the conventional sectors, working part-time or full time."

Following are some of the characteristics of the above-mentioned gig workers-

- They usually reside in urban areas and belong to the age group of 18-45 years.
- Their education levels spread between the level of secondary school and graduation.
- The income level of the gig workers is that their household consumption expenditure is below the 75th percentile of monthly per capita consumption expenditure.
- The platform gig workers own mobile phones and have access to a bank account.

Currently, India has the fifth largest gig economy in the world. According to the NITI Aayog report, in 2020-21, approximately 77 lakh (7.7 million) workers constituted the gig economy which accounts to 2.6% of the non-agricultural workforce or 1.5% of the total workforce in India. It is expected to increase to 2.35 crore (235 million) workers by 2029-30 which will probably be 6.7% of the non-agricultural workforce or 4.1% of the total livelihood in India (4). As per another report by BCG (Boston Consulting Group), the gig economy has contributed 1.2% to India's GDP. (5)

While "On-demand task-based work" is not new to India and has always existed in different forms in the larger informal sector of the economy, India's gig economy witnessed a noteworthy rise with the coming of COVID-19 pandemic and advancement of technology which forced everyone to begin working remotely/online from their homes. Subsequently, we saw a rise in the number of platform-based companies like Uber (in ridesharing), Swiggy (in food delivery), and Urban Company (in personal services, home renovations and repair) which are also contributing factors to the success of the gig economy in India.

The further sections will elaborate on the factors responsible for the growth of the gig economy in India and the impact it has had on the traditional labor markets.



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Growth of Gig Economy in India

The Gig Economy in India has, to some extent, changed the face of the workforce which is expected to employ about 90 million workers in the non-farm sector (which has been a dominating employment sector in India) in the coming decade. This means that the gig economy, by next decade, can see about USD 250 billion transactions at 1.25% of India's Gross Domestic Product.

Following are some of the factors responsible for the surge in the number of gig jobs in India and in many cases, in general:

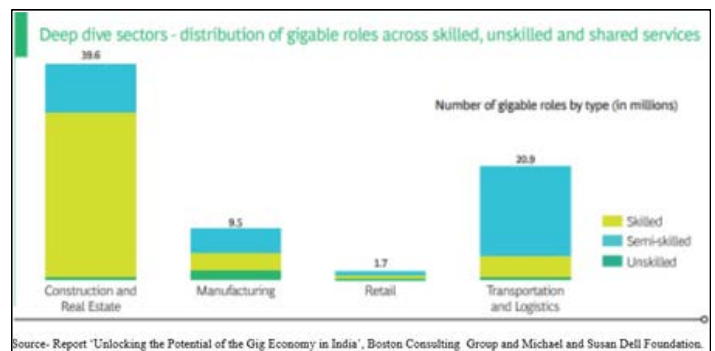
- One of the factors is the higher employment elasticity which has also led to conversion of non-gig work to that of gig work.
- When a company hires gig workers, it most likely has access to a larger talent base, while also saving on additional recruiting costs. (6)
- Gig workers have a higher number of earning pathways and enhanced livelihood potential.
- Since India's workforce is majorly made up of the informal sector, the gig economy focuses on formalization of on-demand gig work. Platforms like Uber, Ola, Swiggy, and Urban Company, emphasize on "Better visibility of work patterns and potential earnings."
- Rise in the number of gig workers can be paired with a rise in real time technology based platforms which "help align incentives by enabling better price transparency, tracking of work quality, and creating a motive force for productivity improvements."
- Individuals who are unavailable for traditional nine-to-five jobs now have the option to opt for gig work which has flexible work hours.
- Gig work incorporates a diverse population since it has higher gender inclusivity and student participation.

Furthermore, according to the NITI Aayog Report quoted before, the gig economy is expanding to all sectors as mentioned below-

- The industrial space has given birth to about 266 lakh (2.7 million) gig workers in retail trade and sales, and to about 13 lakh (1.3 million) in the transportation sector.
- The manufacturing and finance and insurance activities have about 6.2 lakhs (0.6 million) and 6.3 lakhs (0.6 million) workers respectively.
- The retail sector witnessed a surge of 15 lakh (1.5 million) workers during 2011-12 to 2019-20, transport sector 7.8 lakhs (0.8 million), manufacturing — 3.9 lakhs (0.4 million).
- The education sector has also been a significant contributor towards the concerned economy as it has seen an expansion from 66,000 to more than one lakh (100,000) by 2019-20.

Also, as per BCG and Michael and Susan Dell Foundation, 2021, four industry sectors have been identified as being more likely to produce the most number of 'gigable' jobs in the future. They are Construction, Manufacturing, Retail and Transportation and Logistics.

The gig jobs are segregated into skilled, semi-skilled and unskilled services, a graph to represent each of their sizes in India is given below:



The graph shown above clearly shows that unskilled forms a very small portion of the three segregations of gig workers.



Impact: Has Traditional Employment Shifted to Gig Work?

One of the frequent questions that is asked with respect to the gig economy is if it has led to a decline in the traditional labor market. Yes, the size of the traditional economy (majorly consisting of the farm sector) has declined, but not to a very large extent. As previously mentioned in the introduction, the gig economy also employs workers who are willing to work part-time, in addition to their full-time job or primary source of income or alternatively other gig jobs, to earn more income. Additionally, gig work has given a different shape to the already existing other two sectors of the traditional economy manufacturing/industry and tertiary/services. This conversion has led to an increase in the productivity of the economy, benefitting both the employer and the employee.

For example- There is an electrician 'A' working for an 'MSME B' and is engaged in residential construction. In a traditional work setting, A would be the MSME B's monthly salaried worker and would be responsible for working on a couple of construction sites. When gig set up came into the picture, MSME grabbed the chance to hire A to achieve the same set of tasks, but had a more optimal option to pay A only on a task or time basis; giving the electrician an opportunity to take up additional jobs on other sites, or else provide on-demand repair or maintenance services for additional income.

In the above example, both A and MSME are drawing the benefits of the gig setup. When "The unproductive time of the worker" is released to the market, the employer wins the chance to save by only paying for the worker's productive time, which (even at a higher pay per unit) could reduce the total cost of consumption. Meanwhile, the gig worker stands to gain as well: payment made only for his productive time frees up non-value-added time (from a traditional work setup). This time can be deployed for other productive work, leading to a higher pay per unit of time, thus increasing the potential for earning. (7) It can be easily drawn from this instance that the gig economy set up increases the efficiency of the economy as a whole.

Furthermore, in comparison to the traditional employment opportunities like agriculture, manufacturing etc, gig work has opened the door for a greater involvement of youth, students, and women in the workforce. This stems from the characteristics of gig workers, which have been mentioned in the introduction, which allow us to discover the great potential that gig work holds to give birth to more livelihood opportunities for lower-income workers, while creating a more inclusive workforce.

A survey by Genius Consultants shows that approximately 83% of their respondents believe that the traditional workforce is very likely to shift to the gig workforce, even if it has not happened yet. But this will surely result in a phenomenal shift in the landscape of India's workforce. Additionally, 79% of these respondents held the view that the gig workforce structure is more cost-effective and economical as compared to "traditional, permanent, and contractual talent, revealing potential benefits for businesses adopting gig models." (8)

The next question that comes up is if gig workers are better off than the traditional laborers. Is it considered to be a formal or an informal type of work?

The director of India Program at Michael and Susan Dell Foundation estimates that about 85% of India's workforce is employed through the informal sector. While the gig economy and the work therein might not be completely formal and definitely needs a concrete set of laws and regulations for its governance, but the use of technology platforms will subsequently lead to increased formality and drive greater transparency of labor demand and supply.

Conclusion

As per the discussions above, it has been made clear that the gig economy is here to stay and will definitely prove beneficial to the Indian economy as a whole. While we may not be able to promise the complete overhaul of the Indian workforce i.e. the traditional laborers are being replaced by gig workers, but they will significantly improve the quality of the work along with boosting productivity and efficiency of the economy.

Since all the coins have two sides to themselves, the gig economy also has some challenges ahead. One of the major challenge is its failure to uphold India's labor laws. India's gig economy is still considered to be informal to a great extent and it is high time they are made to follow concrete rules and regulations for complete formalization.

Another hurdle faced is that of "most common skill gaps". Although many gig workers have excellent technical abilities, the main shortcoming, according to 42.86 percent of respondents, is a lack of industry-specific expertise. According to this research, gig workers frequently lack the specialized expertise needed for certain businesses, which may hinder their ability to do high-quality work effectively and efficiently.