Gig Economy

Why in News?

Recently, an aggregator platform has introduced Insta Maids service.

What are the differences between Traditional Unorganized Job Market and Gig Market?

- **Gig Economy** - A gig economy is a free market system in which temporary positions are common, and organizations hire independent workers for short-term commitments.
- **Gig Worker** - Code on Social Security, 2020 defines it as "a person who participates in a work arrangement and earns from such activities outside of a traditional employer–employee relationship".
- **Platform Work** - Defined as "a form of employment in which organizations or individuals use an online platform to access other organizations or individuals to solve specific problems or to provide specific services in exchange for payment".
- **Gig Potential** – The NITI Aayog has projected that the gig economy in India will employ over 1 crore workers in 2024-25, subsequently reaching 2.35 Crores by 2029-30.
- Gig market is expected to contribute 1.25 per cent to the GDP by 2030.

In 2022, the NITI Aayog assessed that 47% of gig work is in medium-skilled jobs, about 22% in high-skilled jobs, and about 31% in low-skilled jobs.

Features	Traditional Unorganized Market	Gig Market
Work Location	Physical marketplaces where workers gather (e.g., construction sites, labor chowks)	Online platforms (Uber, Swiggy, Urban Company, etc.)
Job Security	Temporary but often recurring employment	No job security; workers must continuously look for new gigs
Middlemen Role	Thekedaars (contractors) act as intermediaries, taking a cut from wages	Digital platforms act as the new middlemen, setting wages and conditions
Wage Determination	Employers negotiate directly with workers, often choosing the cheapest labor	Platforms use algorithms to determine wages, often lowering pay through competition.
Worker Bargaining Power	Workers can form local labor unions for negotiation	Individualized work reduces collective bargaining power

Work Hours	Usually fixed based on employer needs (daily wages)	Flexible but unpredictable; no guaranteed income
Ratings & Performance	Based on reputation and experience in the community	Dependent on customer ratings, which impact future job opportunities
Legal Protection & Benefits	Some labor laws provide protection (minimum wages, social security, etc.)	Gig workers are classified as “partners” and denied employee rights
Job Selection	Limited to available local work	Wide variety of gigs, but workers must continuously check for opportunities

What are the advantages of gig labour market?

- **Flexibility for Workers** - Workers can choose when, where, and how much they work, allowing for better work-life balance or integration with other commitments like studies or caregiving.
- **Accessibility to Work** - Gig platforms provide opportunities for individuals who might struggle to find traditional employment, such as freelancers, students, retirees, or those in remote locations.
- **Skill Development** - Gig work can help individuals build new skills, gain experience, and explore various industries.
- **Income Supplement** - Gig work can serve as a secondary income source, providing financial stability during uncertain times or career transitions.
- **Low Entry Barriers** - Many gig platforms require minimal qualifications or specialized skills, making them accessible to a wide range of people.
- **Cost Efficiency for Businesses** - Companies can hire workers only when needed, reducing overhead costs like salaries, benefits, or office space.

What are the challenges with gig labour market?

- **Job Insecurity** - Gig workers often lack job security, as their employment is typically task-based and temporary.
- **Unfair Wages** - Gig work can sometimes pay below minimum wage when accounting for unpaid time, expenses, and lack of stable work hours.
- **Limited Labour Rights** - Gig workers are often classified as independent contractors, which limits their legal protections and rights.
- **Unsafe Working Condition** - Gig workers might face unsafe working conditions, especially in physically demanding or high-risk roles like delivery or ridesharing.
- **Digital Divide** - Reliance on technology excludes workers who lack access to devices or stable internet connections, creating inequality.
- **Legal and Regulatory Gaps** - The gig economy often operates in a gray area of labor laws, leaving workers vulnerable to exploitation.

What are the government initiatives for gig worker welfare?

- **e-Shram portal** - Online platform workers can also be registered in the e-Shram portal along with unorganized worker.
- **Health Coverage** - The 2025 Union Budget extended social security and healthcare coverage to 10 million gig workers under Ayushman Bharat (AB-PMJAY).
- **Code on Social Security, 2020** – It defines "gig workers" and "platform workers" and introduces legal provisions for their social security, including life and disability cover, accident insurance, health and maternity benefits, and old-age protection.
- **Social Security Fund** - The Code also provides for setting up the Fund and one of the sources of fund, is contribution from aggregator between 1 to 2% of annual turnover of an aggregator.
- **Pension** - The labour ministry is working on a pension scheme under the Employee Provident Fund Organisation (EPFO) for platform-based gig workers.
- **State initiatives** – Rajasthan government has enacted Platform-Based Gig Workers (Registration and Welfare) Act, 2023, to provide social security and welfare measures for gig workers.

What lies ahead?

- The evolving regulatory environment on social security for gig workers in India needs to balance out the workers' welfare and the growth of the platform economy.
- Comprehensive social security measures like health insurance, pension, and disability benefits for gig workers with contributions from platforms and government support shall be implemented.
- Legal status of the gig workers' needs to be defined to ensure fair contracts, dispute resolution, and protection from sudden terminations.
- Upskilling programs and certification courses shall be created to improve job opportunities and income stability.
- Formal credit access may be provided to access a vehicular asset, smartphone, and/ or to run the business in the platform economy through design of targeted programmes.

References

The Hindu | The dystopian side of Insta-commerce

NITI Aayog | India's Booming Gig and Platform Economy

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