

The Status of Unorganized Workers in Digital Platforms (Gig Economy): Opportunities and Challenges

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Abstract

This research analysis the status of unorganized workers in India's digital platforms (gig economy), with a special focus on the opportunities and challenges they face. The gig economy has provided opportunities such as flexible working hours, income prospects, and skill development, particularly for low-skilled workers, whose average monthly income is approximately INR 29,375. However, job instability (62% of workers face income volatility), lack of social security (only 15% have access to benefits), and exploitation (55% of female workers affected) remain significant challenges. The study employs a mixed-method approach, including analysis of secondary sources. Statistical and thematic analyses reveal that gender, age, and regional disparities affect equitable access to gig economy benefits, with women and rural workers particularly impacted. The study proposes policy recommendations focusing on social security, platform regulation, and inclusive development to ensure the welfare of unorganized workers in the gig economy.

Keywords: Gig Economy, Unorganized Workers, Social Security, Flexibility.

1. Introduction

Digital platforms and the gig economy have brought revolutionary changes to the global labor market, particularly for unorganized workers. In developing countries like India, where the unorganized sector is a major source of employment, digital platforms such as Uber, Ola, Swiggy, and UrbanClap have provided new opportunities to millions of workers. These platforms offer flexible working hours, self-employment, and income sources, which are critical in the absence of traditional employment (KPMG, 2021). However, these opportunities come with challenges such as lack of social security, uncertain income, and absence of labor rights. The status of unorganized workers in the gig economy is a complex issue, highlighting the need for a balance between economic growth and social justice. Unorganized workers in the gig economy often face contract-based work, uncertainty of minimum wages, and workplace risks. In India, where approximately 90% of the workforce is employed in the unorganized sector (ILO, 2020), digital platforms present both opportunities and risks for this vast population. These workers are deprived of social security benefits, such as health insurance or pensions, making their economic situation more precarious. Additionally, algorithm-based management and unilateral platform policies limit workers' autonomy (Sundararajan, 2017).

This topic is significant because it not only affects workers' living standards but also influences policymaking and progress toward Sustainable Development Goals (SDGs). The objective of this research is to analyze the opportunities and challenges faced by unorganized workers in the gig economy and evaluate their socio-economic impacts. The study aims to provide policy recommendations in the Indian context to protect workers' rights and ensure the inclusive development of the gig economy.

2. Literature Review

The gig economy, driven by technological advancements and the proliferation of digital platforms such as Uber, TaskRabbit, Swiggy, and Upwork, has brought significant changes to labor markets. Global studies highlight the role of the gig economy in transforming work patterns for unorganized workers who lack formal employment contracts or social security. (Wood et al., 2019) argue that digital platforms provide unorganized workers access to global labor markets, enabling income generation without traditional employment structures. However, they note that this flexibility comes at the cost of job security and benefits, creating a vulnerable workforce.

In developed economies, the gig economy is often associated with supplementary income for skilled workers. For instance, (Katz and Krueger, 2019) estimate that 10-15% of the U.S. workforce participates in gig work, with many using platforms like Lyft or Freelancer to augment their primary income. In contrast, in developing economies, gig work is often the primary income source for unorganized workers. De Stefano, emphasizes that in countries like India, where formal employment opportunities are limited, digital platforms provide significant economic opportunities for low-skilled workers, such as drivers and delivery personnel (De Stefano, 2016).

In the Indian context, the gig economy has grown rapidly due to widespread internet access and a large unorganized workforce, which constitutes approximately 90% of the total labor force (ILO, 2020). Studies by Surie and Koduganti, indicate that platforms like Ola and Zomato have created income opportunities for semi-skilled and unskilled workers, particularly in urban areas (Surie and Koduganti, 2016). These platforms enable workers to bypass traditional employment barriers, such as formal education or professional networks. However, Kasliwal (2020) notes that India's gig economy is highly fragmented, with significant disparities based on geographic location, gender, and platform type. For example, urban gig workers often earn more than their rural counterparts, and women face additional barriers due to safety concerns and social norms.

Policy-oriented studies, such as those by NITI Aayog in 2022, highlight the potential of the gig economy to promote inclusive development in India by integrating unorganized workers into the digital economy. The report estimates that India's gig workforce could reach 23.5 million by 2030, underscoring the sector's economic significance. However, it also acknowledges challenges such as regulatory ambiguity and lack of social security, which disproportionately affect unorganized workers (NITI Aayog, 2022).

Globally and in India, the gig economy is a double-edged sword: it democratizes access to work but exacerbates the vulnerabilities of unorganized workers. Comparative studies, such as Graham suggest that while the structure of the gig economy is similar across contexts, its implications vary based on local labor market conditions and regulatory frameworks (Graham et al. 2017).

Existing literature identifies several opportunities provided by the gig economy for unorganized workers. First, digital platforms offer flexibility, allowing workers to choose when and where they work. Schor (2020) notes that this autonomy is particularly valuable for unorganized workers with irregular schedules or caregiving responsibilities (Schor, 2020). In India, studies by D'Cruz and Noronha (2016) indicate that gig workers, such as delivery riders, value the ability to work part-time or during high-demand hours to maximize income (D'Cruz and Noronha, 2016).

The gig economy facilitates access to income opportunities for workers who might otherwise be excluded from formal employment. For example, Ravi and Shastri argue that platforms like UrbanClap enable low-skilled workers, such as plumbers and electricians, to connect directly with customers, bypassing intermediaries (Ravi and Shastri, 2021). This direct access enhances income prospects and fosters entrepreneurship. Globally, Heeks notes that digital platforms have created "microwork" opportunities, allowing unorganized workers in developing countries to participate in global value chains (Heeks, 2017).

The gig economy also promotes skill development and digital literacy. Workers on platforms like Upwork or Freelancer often acquire new skills, such as project management or digital marketing, to remain competitive (Kuek et al., 2015). In India, training programs by platforms like Swiggy and

Zomato for delivery personnel in customer service and navigation skills have been documented as empowering workers (Surie, 2020).

Despite these opportunities, the gig economy presents significant challenges for unorganized workers. First, income instability is a widespread issue. Berg found that gig workers often face unpredictable income due to fluctuating demand and platform algorithms that prioritize certain workers (Berg et al., 2018). In India, studies by Aneja and Sridhar indicate that delivery workers often earn less than minimum wage during low-demand periods, increasing financial insecurity (Aneja and Sridhar, 2021).

Lack of social security is a critical challenge. Unlike formal employees, gig workers typically do not receive benefits such as health insurance, paid leave, or pensions. argues that this lack of protection makes gig workers vulnerable to economic shocks, such as illness or market downturns (De Stefano, 2016). In India, the absence of social security schemes for gig workers has been a point of criticism, with studies like Kasliwal calling for policy interventions (Kasliwal, 2020).

Workplace exploitation and power imbalances are prevalent. Platforms exert significant control over workers through opaque algorithms, dynamic pricing, and deactivation policies. Wood highlight that gig workers lack bargaining power, as they are classified as independent contractors rather than employees (Wood et al. 2019). In India, reports of arbitrary deactivations and unfair commission structures, particularly for ride-hailing and delivery workers, have been documented (Surie and Koduganti, 2016).

Finally, gender and social inequalities exacerbate challenges in the gig economy. In India, women constitute a small proportion of gig workers and face safety risks and social barriers that limit their participation (Aneja and Sridhar, 2021). Similarly, rural workers often lack access to high-paying gig opportunities due to poor internet connectivity and platform availability (NITI Aayog, 2022).

3. Objective

The objective of this research is to analyse the opportunities and challenges faced by unorganized workers in the gig economy and evaluate their socio-economic impacts. The study seeks to provide policy recommendations in the Indian context to protect workers' rights and ensure the inclusive development of the gig economy.

4. Methodology

The research methodology adopted for this study is descriptive and analytical. It utilizes both primary and secondary data sources. Primary data were collected through structured interviews and questionnaires from unorganized workers engaged in the gig economy. These data focused on aspects such as income levels, job satisfaction, social security coverage, and working conditions. Secondary data were gathered from existing research papers, policy documents, government economic surveys, and other relevant published literature. Statistical analysis techniques, including percentage analysis, mean values, and trend analysis, were employed. The study is geographically limited to urban and semi-urban areas of India, where gig workers are most active. This approach enabled an objective assessment of the socio-economic status, opportunities, and challenges faced by gig workers in the evolving context of the gig economy.

5. Analysis of Opportunities and Challenges

The research reveals that the gig economy offers unorganized workers opportunities such as flexibility, income prospects, and skill development, but it also presents challenges like job instability and lack of social security. Socio-economic impacts vary based on gender, age, and region, with women and rural workers particularly affected. This topic is controversial, as some view it as an economic opportunity, while others raise concerns about workers' rights and exploitation.

5.1. Opportunities

The gig economy provides unorganized workers with flexibility, such as the freedom to choose working hours, which is particularly beneficial for women and youth. Income prospects are also higher, with an average monthly income of approximately INR 29,375, and platforms like Ola and Uber have created 22 million job opportunities. For skill development, 32% of workers have improved their digital skills, enhancing their employability.

Table 1: Opportunities in Gig Work

Aspect	Description	Statistical Data
Flexibility	Flexibility in working hours and workplace	38% work 5-25 hours/week, 29% work >40 hours/week; 83% women seek greater flexibility.
Income Prospects	Immediate and high-income opportunities	Average monthly income: INR 29,375; Gig workers: 7.7 million (2020-21), 23.5 million (2029-30).
Skill Development	Digital and platform-specific skills	32% of workers improved digital skills.

Sources: 1. <https://www.statista.com/topics/9801/flexible-work-in-india/>
2. <https://velocityglobal.com/resources/blog/gig-economy-statistics/>

Gig work provides workers with the flexibility to choose their working hours and workplace, which is particularly beneficial for women, youth, and persons with disabilities (PwDs). According to a NITI Aayog report, gig workers can work across multiple platforms or in different sectors, enhancing their geographic mobility. A Statista report indicates that 83% of women in India seek greater flexibility in their jobs, and over 70% have considered leaving or left jobs due to inflexible policies. This highlights flexibility as a key attraction of the gig economy. 38% of gig workers work 5-25 hours per week, while 29% work over 40 hours per week, reflecting flexible working hours. Platforms operate in 300 cities, increasing geographic availability.

The gig economy provides immediate income opportunities, particularly for low-skilled workers. According to the NITI Aayog report, the number of gig workers was 6.8 million in 2019-20, rising to 7.7 million in 2020-21, and is projected to reach 23.5 million by 2029-30. This growth rate indicates rapidly expanding employment opportunities in the gig economy. In terms of income distribution, 39% of workers earn INR 10,000-25,000 per month, 34% earn INR 25,000-40,000 per month, and 20% earn INR 40,000-75,000 per month.

Gig platforms provide opportunities for workers to develop digital literacy and platform-specific skills. Many platforms offer training modules or learning resources that improve workers' employability. A study found that 32% of gig workers improved their digital skills through platform-based work, enhancing their long-term employment prospects.

5.2. Challenges

Unorganized workers in the gig economy face several challenges, including job instability, lack of social security, and exploitation. Job instability is a major challenge, with 62% of workers facing income volatility. The lack of social security is also severe, with only 15% of workers having access to any benefits. Exploitation, particularly for women, is another concern, with 55% of female workers facing exploitative practices.

Table 2: Challenges in Gig Work

Aspect	Description	Statistical Data
Job Instability	Temporary work, no income guarantee	62% of workers face income volatility.
Lack of Social Security	Deprived of traditional benefits	Only 15% of workers have social security.

Exploitation	Low wages, unfair policies	55% of female workers face exploitation
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Source: Economic Survey 2024

<https://blogs.isb.edu/bhartiinstitute/2024/09/03/indias-gig-economy-challenges-opportunities-the-future/>

Gig work is temporary, with no job security or guaranteed income. Fluctuations in demand affect workers' income, increasing economic instability. A study found that 62% of gig workers face income volatility, and 21% must work over 12 hours per week to achieve stable income. Gig workers are deprived of traditional social security benefits such as health insurance, pensions, and paid leave. The Social Security Code, 2020, includes provisions for gig workers, but implementation has been delayed. According to the Economic Survey 2024, only 15% of gig workers have access to any form of social security, increasing their economic and health-related risks.

Gig workers face low wages, unfair platform policies, and lack of grievance redressal mechanisms. Women and marginalized groups are particularly vulnerable to exploitation. A study found that 55% of female gig workers face exploitative practices such as unfair wage deductions and biased ratings. Based on gender, women earn 18% less and face higher risks of exploitation. By age, the 30-50 age group constitutes 85% of workers, while youth focus on skill development. By region, 70% of workers are in urban areas, with fewer in rural areas, and an income gap of INR 20,100 (urban) versus INR 14,700 (rural).

6. Conclusion

Flexibility is a key advantage of the gig economy, helping workers balance work and life. Income prospects are higher than in the traditional unorganized sector, with an average monthly income of INR 29,375. Skill development, particularly in digital literacy, has benefited 32% of workers. However, job instability (62% of workers face income volatility), lack of social security (only 15% have benefits), and exploitation (55% of female workers affected) are major challenges. Gender-based disparities, such as the wage gap (women earn 18% less), age-based participation (30-50 years: 85%), and regional differences (urban: 70%, rural: 30%) affect equitable access to gig economy benefits. Thus, the findings indicate that policy interventions focusing on social security, platform regulation, and addressing regional and gender-based disparities are essential to realize the full potential of India's gig economy.

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