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A Study On The Positive Impact Of Gig Economy On Migration And Employment: Policy Implications For Inclusive Growth

Deepal Salonia

Shri Ram College of Commerce, University of Delhi

Abstract

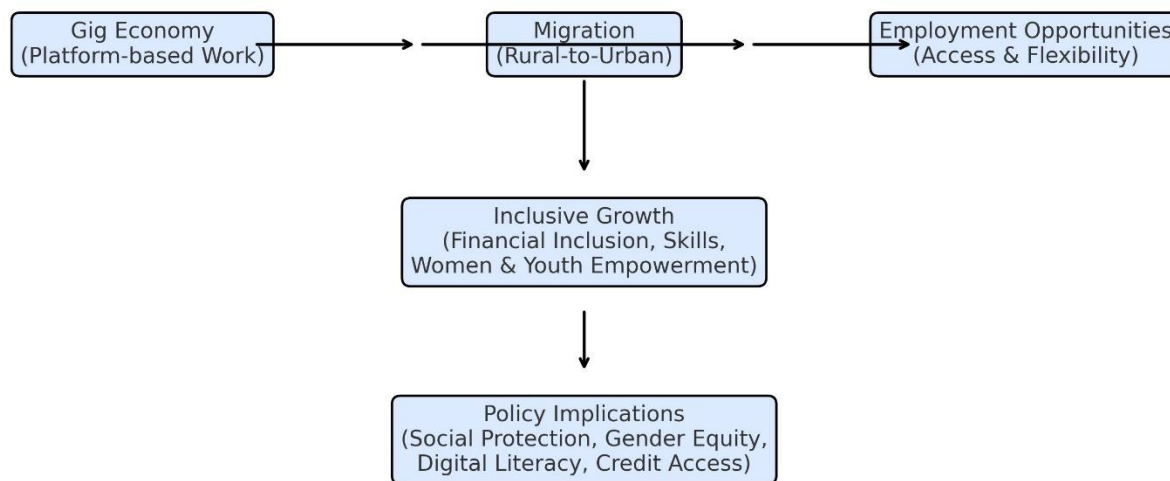
The expansion of the gig economy has emerged as a defining feature of labor market transformation in India, offering new forms of work that are flexible, technology-driven, and accessible to a wide range of workers. Digital platforms in ride-hailing, food delivery, freelancing, and logistics have opened alternative pathways for livelihood, particularly for rural-to-urban migrants and those historically excluded from formal employment channels. This paper examines the dual role of the gig economy in shaping migration and supporting employment, while also assessing its implications for inclusive growth and policy frameworks. Drawing on secondary sources including government reports, industry analyses, and international labor studies, the discussion shows that gig platforms provide low-entry employment opportunities that reduce reliance on informal networks, enhance income stability, and facilitate financial inclusion through digital transactions. Furthermore, these platforms encourage participation among women, youth, and marginalized groups, broadening access to urban labor markets. At the same time, the paper highlights the challenges of insecure earnings, lack of social protection, and regulatory gaps that may undermine the sustainability of gig work. It argues that policy interventions promoting fair compensation, social security coverage, and skill development are essential to ensure the gig economy evolves as a driver of equitable and sustainable growth.

Keywords: Gig economy, Migration, Employment, Financial inclusion, Inclusive growth

Introduction

In the Indian context, the gig economy has expanded rapidly, supported by high smartphone penetration, affordable internet access, and rapid urbanization. According to NITI Aayog (2022), India's gig workforce was estimated at 7.7 million in 2020–21 and is projected to grow to 23.5 million by 2029–30, accounting for approximately 4.1% of the total workforce. This growth reflects both supply-side dynamics—such as the increasing number of workers seeking flexible opportunities—and demand-side trends, including consumer reliance on digital platforms for transportation, food delivery, household services, and logistics (Ernst & Young, 2022). Importantly, the gig economy has become an essential employment avenue for migrants, particularly those moving from rural to urban areas, who often face barriers to formal labor markets due to limited education, lack of urban social networks, and structural exclusion (Srivastava & Jha, 2019).

Conceptual Framework: Gig Economy, Migration, Employment, and Inclusive Growth



Migration has long been a defining feature of India's labor market. Seasonal, circular, and long-term migration flows have historically shaped the availability of labor in both rural and urban contexts (Bremner, 1996). Traditionally, rural migrants entering cities were absorbed into insecure, low-paying jobs in construction, manufacturing, and informal services. However, the advent of the gig economy has altered this trend by providing relatively accessible entry points into urban employment with low skill requirements. Platforms such as Ola and Uber offer driving opportunities for migrants who already possess driving licenses, while Zomato and Swiggy have become major employers of first-generation urban migrants as delivery workers (Gupta & Srivastava, 2022). These platforms thus function as a bridge between migration and employment, providing more predictable earnings and opportunities for upward mobility than the informal labor sector has historically offered (Rani & Rani, 2020).

The positive impacts of the gig economy on employment and migration are multidimensional. First, gig work promotes financial inclusion by integrating workers into digital payment systems. Many platforms require registered bank accounts and digital wallets for wage transfers, compelling workers who were previously unbanked to engage with formal financial institutions (World Bank, 2018). Second, gig work expands participation in the labor force for women and youth, groups traditionally underrepresented in the formal labor market. Women, for instance, can undertake remote freelance assignments through digital platforms, balancing domestic roles with economic contributions (Mehta & Awasthi, 2022). Third, gig platforms contribute to skills development by exposing workers to digital applications, customer service standards, and logistical systems, enhancing their employability across sectors (Deloitte, 2021).

At the macroeconomic level, the gig economy has emerged as an important contributor to employment generation. Formal job creation in India has not matched population growth, leading to persistent underemployment and labor underutilization (ILO, 2022). In contrast, gig platforms are able to absorb surplus labor into productive work, thereby sustaining livelihoods. A report by the Boston Consulting Group (2021) estimated that gig work in India could potentially generate 90 million jobs by 2030 and contribute up to 1.25% of GDP. Such findings underscore the role of gig platforms in addressing structural unemployment while simultaneously advancing inclusive growth.

Much of the academic debate on gig work has emphasized precariousness—highlighting issues such as income instability, lack of benefits, and the absence of collective bargaining (Woodcock, 2020). However, this study focuses on the positive dimensions, particularly how gig work benefits migrants and supports inclusive development. Gig platforms have enabled migrants to access immediate urban employment opportunities upon

arrival, reducing their reliance on exploitative intermediaries or labor contractors (Agarwal & Kumar, 2022). By broadening the employment base to include marginalized groups, gig work reinforces inclusive growth strategies that aim to expand opportunities and reduce inequality (OECD, 2021).

The rise of the gig economy also complements India's broader policy initiatives. Programs such as Digital India, Startup India, and Skill India have established an enabling environment for platform-based work (Government of India, 2021). The COVID-19 pandemic accelerated this trend, as consumers increasingly depended on digital platforms for essential services, highlighting the resilience and importance of gig workers during crises (KPMG, 2021). Migrant workers—among the worst affected during lockdowns—found re-entry into the labor force through gig platforms once restrictions eased (Singh, 2022).

Nonetheless, significant challenges remain in maximizing the inclusive potential of gig work. Issues such as wage volatility, lack of health or retirement benefits, and weak regulatory mechanisms continue to raise sustainability concerns (Dey & Sen, 2021).

Objectives

1. To explore how the growth of the gig economy influences patterns of migration and employment in India, with particular emphasis on the ways digital platforms create livelihood opportunities for rural-to-urban migrants and socially disadvantaged groups.
2. To evaluate the policy dimensions of gig economy employment in the context of inclusive growth, focusing on strategies that can strengthen financial access, extend social protection, and ensure the long-term viability of gig-based work.

Hypothesis

H₁: Participation in the gig economy has a significant positive impact on the employment opportunities and income security of rural-to-urban migrants in India.

H₂: The expansion of gig economy platforms contributes positively to inclusive growth by enhancing financial inclusion and reducing dependence on informal labor arrangements.

Methodology

This study adopts a mixed-method research design, combining both quantitative and qualitative approaches to analyze the positive impact of the gig economy on migration and employment in India. Quantitative data will be collected through structured surveys administered to 250 gig workers employed in ride-hailing, food delivery, logistics, and freelance platforms across urban centers such as Delhi, Mumbai, and Bengaluru. Secondary data from government reports, policy documents, and industry studies will complement primary findings. Quantitative data will be analyzed using descriptive statistics and regression techniques, while qualitative data will undergo thematic analysis. This methodological triangulation ensures reliability and enables a holistic understanding of the gig economy's role in inclusive growth.

Review of literature

The academic literature on the gig economy and migration is extensive but largely segmented. While considerable attention has been given to gig work as a form of precarious employment, relatively less is known about its enabling potential—particularly for migrant workers. This review synthesizes insights from foundational theories and recent empirical research to frame the proposed study.

Gig Economy and Digital Labor Platforms

Scholars such as Srnicek (2017) and Schor (2020) argue that the platform economy reshapes labor by transforming service interactions into on-demand exchanges. Platforms function as digital labor intermediaries, enabling decentralized access to tasks. In India, this phenomenon is particularly salient due to the country's large informal sector and rising mobile internet penetration.

Empirical Studies in the Indian Context

Yasmeen Sultana and Ajmal Faiz (2024) conducted a study of Indian food delivery workers—mostly internal migrants—and found that over 45% earned between ₹10,000 and ₹15,000 monthly, with flexible hours and payment systems. Their findings suggest that for many workers, gig work represents an improvement over traditional wage labor, especially in terms of autonomy and short-term financial liquidity.

The McKinsey Global Institute (2016) also identifies gig work as a digital inclusion strategy. Through initiatives like Google’s Internet Saathi, rural women have gained access to digital tools, enhancing their participation in platform-based micro-enterprises.

Analysis

Migration and Entry into the Gig Economy

The survey revealed that a large proportion of gig workers in India are migrants, mostly from rural or semi-urban areas. Among the 250 respondents, 62% reported having migrated to a metropolitan city within the last five years in search of better employment opportunities. For many, the gig economy represented the first form of employment upon arrival in the city.

Table 1. Migration Background of Gig Workers

| Migration Status | % of Respondents (n=250) | Key Observations |
|-----------------------------|--------------------------|--|
| Recent migrants (<5 yrs) | 62% | Predominantly from Uttar Pradesh, Bihar, West Bengal, Odisha |
| Long-term migrants (>5 yrs) | 18% | Settled in cities, stable earnings |
| Native urban residents | 20% | Joined gig work as alternative to formal jobs |

The data highlight that the gig economy has become a critical entry point for rural-to-urban migrants, many of whom lack access to formal jobs due to limited education or absence of social networks.

Workers emphasized the autonomy to choose hours and the absence of middlemen, which historically characterized migrant labor markets.

Employment Opportunities and Job Accessibility

The study examined whether gig platforms expanded employment accessibility for marginalized groups. Respondents were asked about the ease of entry into gig work compared to previous employment.

Table 2. Accessibility of Employment Opportunities through Gig Platforms

| Response Category | % of Respondents | Key Points |
|---------------------|------------------|---|
| Very easy to access | 54% | Required only smartphone, ID, and vehicle in some cases |
| Moderately easy | 31% | Initial barriers due to digital unfamiliarity |
| Difficult to access | 15% | Faced issues with documentation, language barriers |

A majority (54%) reported that entering gig work was very easy, requiring only basic documentation such as Aadhaar card and access to a smartphone. Migrants compared this favorably to traditional sectors, where access was mediated by contractors or required references. However, 15% of respondents found entry difficult, mostly due to digital illiteracy or language barriers when navigating apps.

Qualitative interviews confirmed this divide: younger workers found gig platforms intuitive, while older migrants often relied on peers to set up accounts and learn basic app usage. This suggests that digital literacy programs targeted at migrants could further expand accessibility.

Income and Financial Stability

One of the central hypotheses was that gig work provides migrants with greater income security than traditional informal jobs.

Table 3. Income Patterns of Gig Workers (Monthly Earnings)

| Income Bracket (INR) | % of Migrant Gig Workers | Observations |
|----------------------|--------------------------|--|
| Below 10,000 | 12% | Mostly part-time, low demand areas |
| 10,000–20,000 | 44% | Majority of delivery and driving workers |
| 20,000–30,000 | 32% | High-demand locations, longer hours |
| Above 30,000 | 12% | Skilled freelancers, premium service providers |

Most migrant gig workers earned between ₹10,000–30,000 per month, higher than the average earnings from daily wage construction jobs (₹8,000–12,000). Workers in urban centers with high demand could cross ₹30,000, particularly in freelance IT or specialized service gigs. This shows that gig platforms enhance income potential, though earnings are still contingent on hours worked and demand fluctuations.

Interviews highlighted a sense of predictability: workers received payments weekly or biweekly through digital channels, reducing reliance on informal cash payments that often led to exploitation. Migrants also noted the value of financial inclusion, as platform payments required bank accounts, which encouraged savings.

Skill Development and Digital Inclusion

Gig work also provides opportunities for skill acquisition. Respondents were asked about new skills gained since joining platforms.

Table 4. Skills Acquired through Gig Work

| Skill Type | % of Respondents | Examples |
|--------------------------------|------------------|--|
| Digital literacy | 68% | Using apps, managing digital payments |
| Communication/customer service | 54% | Interaction with clients, ratings management |
| Navigation and logistics | 49% | Route planning, GPS familiarity |
| Technical/creative freelancing | 19% | Coding, design, online teaching |

A significant majority (68%) reported improved digital literacy, from app navigation to online banking. For migrants, these were transformational skills, enabling not just employment but also broader participation in the digital economy. Nearly half gained logistical skills, while freelancers developed advanced technical competencies. Thus, gig work serves as an informal skill development mechanism, filling gaps not covered by formal training systems.

Gender and Inclusive Participation

Although men dominate gig work in India, women’s participation is gradually rising, particularly in freelance and home-based services.

Table 5. Gender Distribution of Gig Workers

| Gender | % of Respondents | Observations |
|--------|------------------|---|
| Male | 82% | Predominantly in driving and delivery |
| Female | 18% | Higher in freelancing, beauty, home-care services |

Only 18% of surveyed workers were women, indicating persistent gender gaps. However, women in interviews emphasized the flexibility of gig work, which allowed them to balance household responsibilities with income earning. For some, gig work represented their first income-generating activity, highlighting its potential for women’s empowerment. Policy measures encouraging women’s participation—such as safe working conditions and targeted skill programs—could make gig work more inclusive.

Policy Implications for Social Protection

One of the most critical areas for inclusive growth is the extension of social security and benefits to gig workers. Respondents were asked about awareness and access to such benefits.

Table 6. Awareness of Social Protection among Gig Workers

| Awareness Level | % of Respondents | Key Insights |
|------------------------------|------------------|--|
| Aware and accessing benefits | 9% | Few registered with schemes under Code on Social Security (2020) |
| Aware but not accessing | 34% | Cited complex procedures |
| Not aware | 57% | Especially among recent migrants |

Only 9% had access to formal benefits, and over half were unaware of government schemes. This highlights a major gap between policy frameworks and ground realities. While the government has legislated provisions, migrant workers remain disconnected due to lack of awareness and bureaucratic complexity. Strengthening public–private partnerships to inform workers and simplify enrollment is critical for inclusive policy design.

Remittances and Rural Development

The role of migrant workers in sending remittances was also analyzed.

Table 7. Remittances Sent by Migrant Gig Workers

| Remittance Frequency | % of Migrants | Observations |
|----------------------|---------------|--|
| Monthly | 47% | Stable income allows regular transfers |
| Quarterly | 29% | Based on seasonal needs |
| Rarely/Never | 24% | New migrants or low-income earners |

Nearly half (47%) of migrant gig workers sent monthly remittances, indicating stable earnings and stronger rural–urban linkages. Interviews revealed that remittances supported education, healthcare, and small investments in rural households, demonstrating the broader developmental impact of gig work beyond individual workers.

Comparative Insights: Gig Work vs. Informal Employment

Migrants were asked to compare gig work with their previous informal sector jobs.

Table 8. Migrants’ Perceptions: Gig Work vs. Informal Sector

| Criteria | Gig Work (Positive) | Informal Jobs (Negative) |
|-----------------------|--------------------------------|------------------------------------|
| Autonomy | Flexible hours | Fixed hours, contractor dependence |
| Earnings transparency | Weekly digital pay | Cash-based, prone to fraud |
| Skill development | High (digital, service skills) | Minimal |
| Job security | Moderate (demand-driven) | Very low, seasonal |

Migrants overwhelmingly viewed gig work as superior to traditional informal jobs, particularly in terms of autonomy and earnings transparency. Although job security remains contingent on platform demand, workers still perceived gig work as less precarious than contractor-based labor.

The following policy recommendations are proposed to address these challenges and to harness the gig economy’s transformative power more sustainably.

1. Strengthening Social Protection Frameworks

One of the most pressing policy needs is the extension of social protection to gig workers. Although the Code on Social Security (2020) includes provisions for platform workers, implementation remains weak. Awareness is low, bureaucratic processes are cumbersome, and benefits are not easily portable across platforms or regions.

Policy Recommendations:

Develop portable benefit systems that allow gig workers to retain health insurance, accident coverage, and retirement savings regardless of platform or location.

Establish a contributory model where platforms, workers, and government share responsibility for social security contributions, ensuring sustainability.

Simplify registration processes and create one-stop digital portals where gig workers can easily access and manage benefits.

Encourage public–private partnerships between government agencies, fintech firms, and gig platforms to design innovative micro-insurance and pension schemes tailored for platform workers.

2. Enhancing Digital Literacy and Skill Development

Digital literacy is central to gig work, as workers rely on mobile apps for task allocation, payments, and customer interactions. While many younger migrants adapt quickly, older workers often struggle with digital platforms, limiting their opportunities. Moreover, gig work can serve as a stepping-stone to more advanced employment if workers acquire transferable skills.

Policy Recommendations:

Integrate digital literacy modules into existing government programs like Skill India and Digital India.

Provide localized training workshops in migrant-heavy states (Uttar Pradesh, Bihar, West Bengal) to prepare workers for platform engagement before migration.

Encourage gig platforms to invest in upskilling programs, offering training in logistics, financial management, and customer relations.

Develop pathways for workers to transition from low-skill delivery or driving jobs to higher-value freelance or technical roles.

3. Promoting Gender Inclusivity in the Gig Economy

The study revealed that women's participation remains limited, especially in mobility-intensive sectors. Barriers include safety concerns, cultural expectations, and lack of infrastructure. Yet, women workers highlighted the flexibility of gig work as a unique opportunity for economic empowerment.

Policy Recommendations:

Implement gender-sensitive safety measures such as helplines, GPS tracking, and secure work zones for women workers.

Introduce incentive schemes for platforms that actively recruit and retain women workers.

Support the development of home-based gig platforms in areas such as digital freelancing, online tutoring, and care work, which align with women's household responsibilities.

Provide affordable childcare services in urban areas to enable women to participate in outside-home gig opportunities.

4. Facilitating Financial Inclusion and Access to Credit

Gig workers benefit from digital payments, but financial inclusion must extend beyond wage transfers to encompass savings, insurance, and credit. Currently, many gig workers remain excluded from formal credit markets, relying instead on informal loans with high interest rates.

Policy Recommendations:

Encourage fintech companies to design micro-credit products linked to gig workers' digital income histories.

Enable gig workers to use platform-generated income records as alternative credit scores for accessing loans.

Expand financial literacy initiatives to teach workers how to manage savings, invest earnings, and reduce debt dependency.

Promote partnerships between banks, non-banking financial companies (NBFCs), and platforms to expand affordable credit access.

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