

The Gig Economy's Big Moment: What Comes Next

Category: Business

written by News Mall | February 28, 2025

The Indian Finance Minister's budget announced a comprehensive initiative to extend formal recognition and social security benefits to platform-based gig workers by providing their ID cards with registration on the e-Shram portal. This marks a significant step toward formalizing India's rapidly expanding gig economy. With over 7.7 million gig workers in India as of 2020-projected to grow to 23.5 million by 2029-30 (NITI Aayog, 2022)-this sector plays a pivotal role in the country's digital services ecosystem. From ride-hailing drivers to food delivery personnel and freelancers, gig workers have transformed urban economies, yet they remain largely excluded from formal financial systems and social security nets.

The announcement rightly acknowledges the need for formalization and financial inclusion of gig workers. It could help bridge the gap by enabling access to formal credit, insurance, and government welfare schemes. Currently, only 8% of gig workers have access to health insurance, and less than 2% contribute to retirement funds (NITI Aayog, 2022). Integrating this policy with financial literacy programs, microcredit solutions, and pension schemes such as Pradhan Mantri Shram Yogi Maan-Dhan (PMSYM) can ensure long-term economic security for this workforce.

For the policy to have a lasting impact, it must also address the intersection of the gig economy with India's youth employment landscape. With over 62% of India's population in the working-age group (15-59 years) and a median age of 29 years by 2030, structured skill development is essential. Young workers, particularly those from low- and middle-income segments, often lack career guidance and face a mismatch

between acquired skills and industry demands.

In this context of the digital nature of work profiles (characteristic of industry 4.5 and 5.0), the flexibility allowed by digital interfaces, creating pathways for gig workers to join formal employment, and the flexibility to move back and forth will be crucial. After all, gig work should serve as a stepping stone to formal employment for those who seek stability and career progression while also being a viable, sustainable career path for those who prefer flexibility and autonomy. Some ideas worth considering include recognizing the skills of gig workers, such as those under the Recognition of Prior Learning scheme and recognizing and promoting gig work as work-based learning in formal education. Singapore's Skills Future initiative provides lifelong learning credits to workers, enabling continuous skill development and career adaptability.

The government needs to maintain a delicate balance between providing social security benefits and not overregulating through the current labour laws, as the latter can limit the sector's USP-flexibility and growth.

Further, investment in AI-driven reskilling programs and apprenticeships aligned with emerging job markets is imperative. For example, a 2023 NASSCOM report indicates that over 50% of Indian companies struggle to find workers skilled in AI, robotics, and cybersecurity. The World Economic Forum (2023) highlights that by 2025, 97 million new jobs will emerge globally in automation and digital sectors, many requiring adaptable skill sets. Tailoring training programs to meet these demands can enhance job readiness and economic productivity.

Collaboration with industry leaders and businesses can help. Employers should be encouraged to add minimum remuneration and skilling standards. Policies should incentivize companies to invest in gig worker training and offer learning stipends for

gig workers to encourage participation in upskilling programs. More collaboration could encourage portable benefits models, such as those in France and the Netherlands, allowing gig workers to accumulate social security benefits regardless of their employer. Additionally, fostering collaboration among gig platforms, banks, and skilling institutions can ensure affordable access to credit, insurance, and continuous learning opportunities.

In conclusion, formalizing gig workers through identity cards is a commendable move, but its impact can be realized only if it is integrated with financial and skilling initiatives from both the public and private sectors. By aligning market needs with youth aspirations, the country can unlock the full potential of its human capital and position itself as a global leader in the future digital and industrial economies.

Byomkesh Mishra, Co-founder, Medha and Akhand Tiwari (Partner, MicroSave Consulting, (MSC)).

