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THE GIG ECONOMY AND ITS IMPACT ON THE LABOUR MARKET IN
BANGALORE: AN EMPIRICAL INVESTIGATION OF EMPLOYMENT
PATTERNS, WAGE DYNAMICS, AND WORKER WELFARE

Dr. C. Gunasheela

Associate Professor, Department of Economics, Maharani Women's Art's Commerce and
Management College, Bengaluru-560001, Karnataka, India.

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<i>Keywords</i>	<i>Abstract</i>
<i>Gig Economy, Labour Market, Platform Work, Employment Precarity, Bangalore, Worker Welfare, Digital Platforms</i>	The rapid proliferation of digital platform technologies has catalysed the gig economy as a transformative force in India's urban labour markets. Bangalore, as the country's technology hub, presents a uniquely bifurcated context—hosting both globally competitive IT freelancing and large-scale low-wage logistics work—making it an ideal site for empirical investigation. This study examines the gig economy's multidimensional impact on Bangalore's labour market through primary survey data from 412 gig workers across six platform sectors, complemented by 80 traditional formal employee comparisons and 15 qualitative interviews. Employing a mixed-methods approach combining descriptive statistics, inferential tests, and multiple regression analysis, the study investigates income levels, social security coverage, job quality satisfaction, and employment displacement. Findings reveal that while gig work has expanded economic participation opportunities, it simultaneously perpetuates structural informality—characterised by income unpredictability, near-universal absence of statutory benefits, and constrained career advancement. Education level (Beta = 0.48),



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	sector of engagement (Beta = 0.29), and weekly hours (Beta = 0.31) are the strongest income determinants ($R^2 = 0.71$). A persistent gender wage penalty (Beta = 0.09) is documented. The study concludes that adaptive regulatory frameworks, portable benefits architectures, and targeted up skilling programmes are essential to reconcile platform flexibility with worker welfare guarantees.
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1. INTRODUCTION

The twenty-first century global economy is undergoing a structural reconfiguration driven by the convergence of digital infrastructure, algorithmic management, and the rise of on-demand service platforms. Collectively denominated as the "gig economy," this mode of economic organisation enables workers to supply labour on a task-by-task basis through digital platforms, bypassing the traditional employment contract. Globally, the gig economy encompasses an estimated 435 million workers, with significant concentration in emerging economies where formal employment deficits and technological adoption are accelerating simultaneously (ILO, 2021). NITI Aayog (2022) estimated that approximately 7.7 million workers were engaged in platform-based gig work in India, with projections indicating this figure could reach 23.5 million by 2030.

Bangalore occupies a position of particular analytical salience: as a city that hosts both a globally competitive IT corridor and a large, mobile informal workforce, it offers a unique lens for examining the bifurcated nature of platform work. The policy discourse remains contested—proponents argue that gig work democratises economic participation (Sundararajan, 2016), while critics contend it systematically transfers risk from corporations to workers, eroding statutory social insurance (Smicek, 2017). This study addresses three interconnected research gaps: the absence of cross-sectoral income analysis, the scarcity of quantitative income determinant modelling, and the unquantified displacement effects on traditional formal employment in Bangalore.

1.1 Research Objectives

The study is guided by the following key objectives:

- To empirically examine income levels, income volatility, and the determinants of earnings among gig workers in comparison with traditional formal employees in Bangalore.
- To assess social security coverage deficits and evaluate gig worker satisfaction across key job quality dimensions including income adequacy, job security, work flexibility, and work-life balance.
- To recommend evidence-based policy interventions that address identified welfare gaps while preserving the productive flexibility that platform work provides.

1.2 Research Hypotheses

The following null hypotheses are tested in this study:



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- H01: There is no statistically significant difference in mean monthly income between gig workers and traditional formal employees in Bangalore.
- H02: Education level has no significant influence on income earned by gig workers in Bangalore.
- H03: There is no significant association between weekly working hours and monthly income among gig workers.
- H04: Social security coverage levels do not differ significantly across platform sectors in Bangalore.

2. Literature Review

2.1 Theoretical Foundations

The theoretical conceptualisation of the gig economy draws from transaction cost economics (Williamson, 1985), which explains how platform firms minimise coordination costs by replacing long-term employment contracts with short-term transactional relationships. The market for lemons framework (Akerlof, 1970) illuminates information asymmetry between platforms, workers, and consumers, wherein algorithmic rating systems act as imperfect quality signals. Institutionalist labour economics frames gig work as the erosion of the standard employment relationship—built over decades of capital-labour negotiation—replaced by a triangular arrangement that occupies regulatory grey zones.

2.2 Global and Indian Evidence

Internationally, Katz and Krueger (2019) documented that alternative work arrangements accounted for nearly all net employment growth in the US between 2005 and 2015. Forde et al. (2017) confirmed that gig workers in the UK, Germany, and Sweden systematically lack social insurance and experience income volatility significantly higher than traditional employees. In India, Shyam Sundar (2020) identified the regulatory vacuum preceding the Code on Social Security, 2020, which first recognised gig workers as a protected category while leaving implementation mechanisms undefined. Bhandari et al. (2021), surveying 600 gig workers in Delhi-NCR, found that 74% lacked any employer-linked social security. For Bangalore specifically, the Azim Premji University's State of Working India Report (2023) estimates that gig and platform work accounts for approximately 4.2% of total urban employment—a figure that has more than tripled since 2018.

2.3 Research Gap

Despite growing literature, cross-sectoral comparative analysis of gig worker income and social security access within a single urban economy remains absent. Quantitative modelling of income determinants in Bangalore has not been attempted with statistically representative samples, and the displacement hypothesis has not been tested with adequate controls. The present study directly addresses these gaps.



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3. Research Methodology

3.1 Research Design and Study Area

This study employs an explanatory mixed-methods design, integrating quantitative survey analysis with qualitative interview data. The geographical scope is Bangalore Urban District (BBMP area), selected for its highest concentration of platform workers in Karnataka, its analytically contrasting dual economy, and the state government's active policy engagement on gig worker welfare.

3.2 Sampling and Data Collection

Primary data were collected via multi-stage stratified random sampling across six sectors: ride-hailing, food delivery, IT freelancing, domestic services, healthcare/wellness, and creative/content services. Using the Cochran formula (95% confidence, 5% margin of error), a sample of 412 gig workers was determined. An additional 80 traditional formal employees were surveyed for comparative analysis, and 15 in-depth interviews were conducted for qualitative depth. The structured questionnaire—validated through a 42-respondent pilot (Cronbach's $\alpha = 0.82$)—covered socio-demographic profile, gig work characteristics, social security access, and job quality satisfaction (five-point Likert scale).

3.3 Analytical Methods

Quantitative data were analysed using SPSS 26.0 and R 4.3.1. Independent samples t-tests and one-way ANOVA tested income difference hypotheses. Multiple linear regression modelled income determinants, and chi-square tests examined categorical associations. Qualitative data were analysed via Braun and Clarke's (2006) thematic analysis framework. Secondary data from the PLFS, Karnataka Labour Department reports, and RBI urban employment surveys provided contextualisation.

4. Conceptual Framework

As depicted in Figure 1, the framework identifies digitalisation and the platform economy as the primary structural driver, operating through three mediating channels: supply-side factors (workforce surplus, skill mismatch), demand-side factors (cost reduction, on-demand flexibility), and the regulatory environment (labour law gaps, policy lag). These channels produce three intermediate outcomes—labour market transformation, employment precarity, and wage structure disruption—whose interaction generates the composite gig economy impact on income volatility, social security deficits, skill development, and worker wellbeing. Regulatory reform, portable benefits, and upskilling programmes constitute the primary policy levers.



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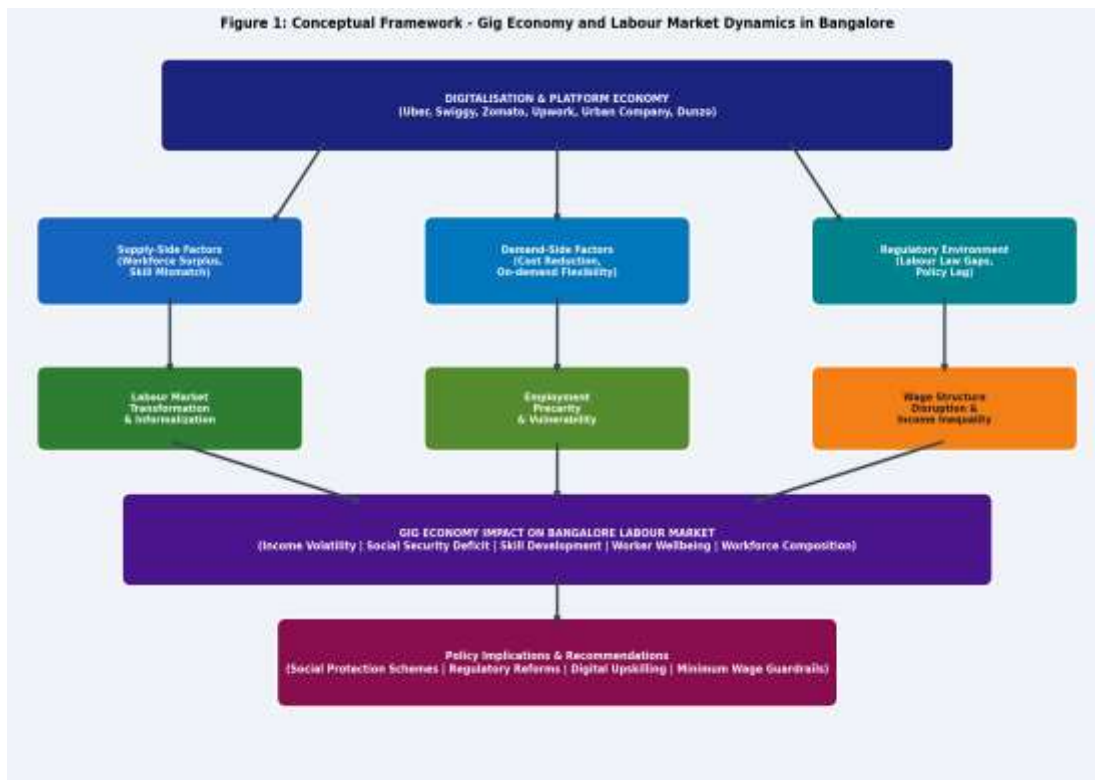


Figure 1: Conceptual Framework – Gig Economy and Labour Market Dynamics in Bangalore (Authors' Construct)

5. Results and Analysis

5.1 Growth Trajectory of the Gig Economy in Bangalore (2015–2023)

As illustrated in Figure 2, active gig workers in Bangalore grew from approximately 0.8 million in 2015 to 9.1 million in 2023 (CAGR: 35.4%), driven by successive waves of platform entry across ride-hailing, food delivery, domestic services, and healthcare. The COVID-19 pandemic was a key inflection point: while traditional formal employment contracted by 5.3% in 2020, gig worker numbers grew by 15.4%. Traditional formal employment, by contrast, grew modestly from 12.1 million to 13.5 million over the same period, suggesting that a significant share of new labour market entrants are being channelled into gig arrangements rather than formal employment.



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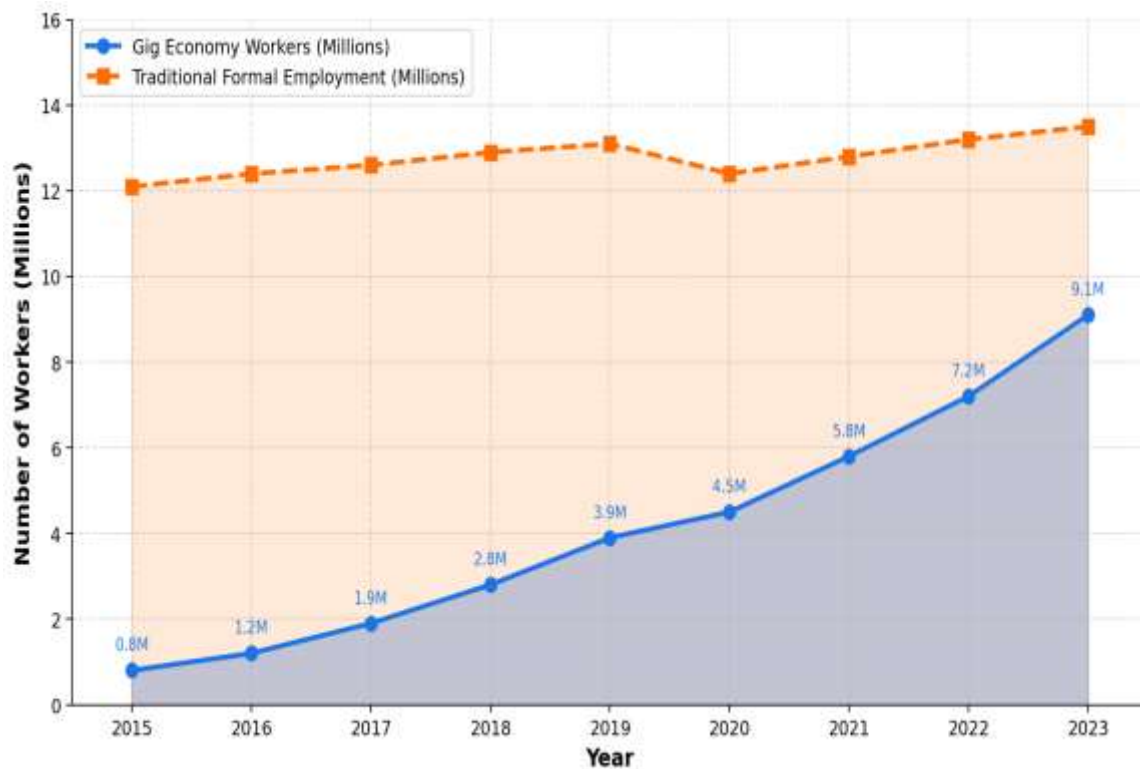


Figure 2: Growth Trajectory of Gig Economy vs. Traditional Employment in Bangalore (2015–2023) Source: Karnataka Labour Department Reports, PLFS Data, Platform Registrations (Compiled by Authors)

5.2 Sectoral Distribution of Gig Workers

Figure 3 shows that ride-hailing and logistics dominates at 28.4%, followed by food delivery (22.1%) and IT freelancing (18.6%). Domestic services, healthcare/wellness, and creative/content services account for 12.3%, 8.2%, and 6.8% respectively. The dominance of logistics reflects high absorptive capacity for moderate-skill workers in Bangalore's congested urban environment, while IT freelancing reflects the city's unique reservoir of technically skilled workers supplying global remote work platforms.



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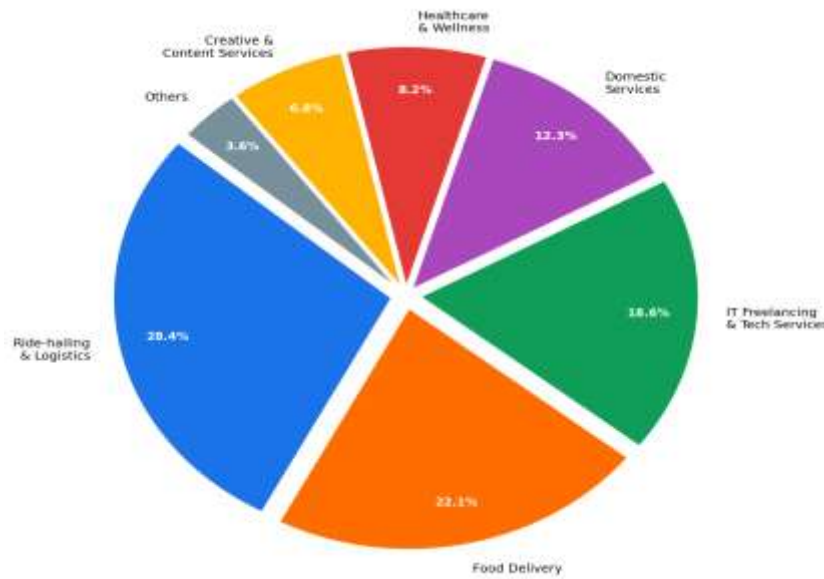


Figure 3: Sector-wise Distribution of Gig Workers in Bangalore (2023) Source: Primary Survey Data (n = 412) corroborated with Karnataka Platform Registration Records

5.3 Socio-demographic Profile of Respondents

Table 1 presents the socio-demographic profile of the 412 respondents. The sample is predominantly young (68.2% aged 21–35) and male (71.8%). Educational attainment is varied: 14.8% are below 10th standard, 31.6% hold diplomas, 36.9% are undergraduates, and 16.7% are postgraduates. The high proportion of migrants (67.5%) underscores the gig economy's role as a primary labour market entry point for rural-urban migrants.

Table 1: Socio-demographic Profile of Gig Worker Respondents (n = 412)

Variable	Category	Frequency (n)	Percentage (%)
Gender	Male	296	71.8
	Female	108	26.2
	Non-binary/Other	8	1.9
Age Group	18–25 years	128	31.1
	26–35 years	153	37.1
	36–45 years	96	23.3
	46 years and above	35	8.5



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Variable	Category	Frequency (n)	Percentage (%)
Education	Below10th Standard	61	14.8
	12th / Diploma	130	31.6
	Undergraduate Degree	152	36.9
	Postgraduate Degree	69	16.7
Domicile	Native Bangalorean	134	32.5
	Intra-state Migrant	162	39.3
	Inter-state Migrant	116	28.2
Platform Tenure	Less than 1 year	98	23.8
	1–3 years	187	45.4
	3–5 years	89	21.6
	More than 5 years	38	9.2

5.4 Income Analysis

5.4.1 Income Distribution and Comparison with Traditional Workers

Figure 4 shows that IT freelancers earn the highest median income (Rs. 42,000/month), comparable to traditional formal employees (Rs. 35,000). Ride-hailing drivers earn Rs. 18,500, food delivery agents Rs. 14,200, and domestic workers Rs. 9,800. The independent samples t-test comparing all gig workers ($M = \text{Rs. } 22,340$) with traditional formal employees ($M = \text{Rs. } 34,680$) was statistically significant ($t(490) = 11.34$, $p < 0.001$, Cohen's $d = 0.98$), rejecting H_0 . The combined gig CV of 66.3%—more than double formal employment (26.6%)—confirms chronic income volatility as a defining feature of platform work.



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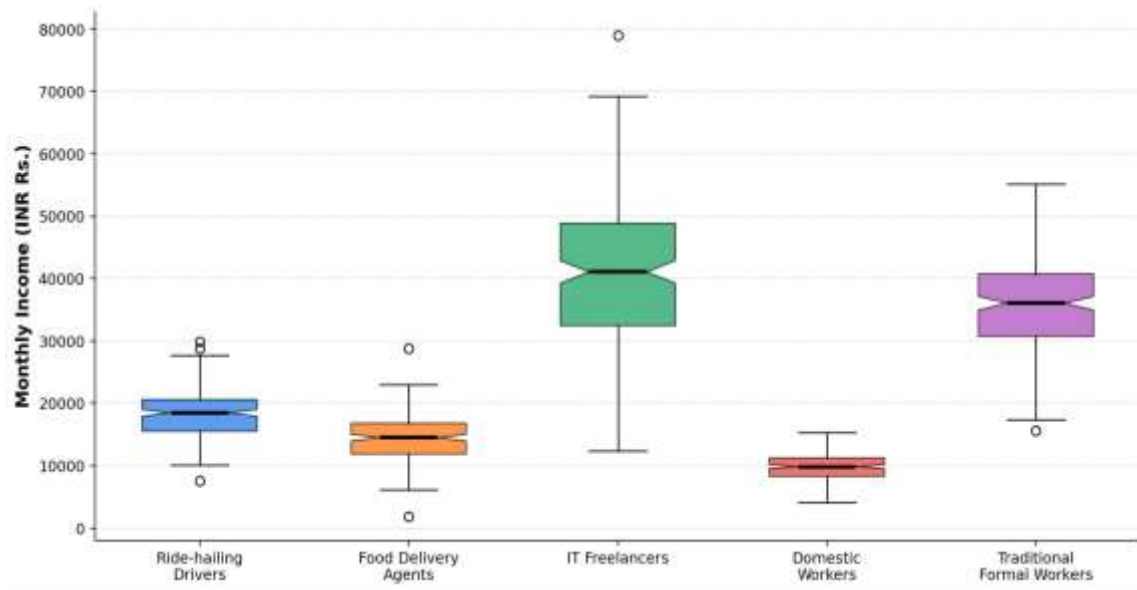


Figure 4: Monthly Income Distribution Across Gig Worker Categories and Traditional Employment in Bangalore (2023) Source: Primary Survey Data (n = 412 gig workers + 80 traditional employees)

Table 2 presents descriptive income statistics disaggregated by sector.

Table 2: Monthly Income Statistics by Gig Sector and Traditional Employment (INR Rs.)

Employment Category	Mean (Rs.)	Median (Rs.)	SD (Rs.)	CV (%)
Ride-hailing Drivers	19,240	18,500	4,860	25.3
Food Delivery Agents	14,820	14,200	4,210	28.4
IT Freelancers	45,380	42,000	14,600	32.2
Domestic Service Workers	10,140	9,800	2,340	23.1
Healthcare/Wellness Workers	22,680	21,400	6,120	27.0
Creative/Content Workers	26,140	24,300	9,480	36.3
All Gig Workers (Combined)	22,340	18,900	14,820	66.3
Traditional Formal Employees	34,680	33,200	9,240	26.6

Note: CV = Coefficient of Variation. Source: Primary Survey Data (2023).



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5.4.2 Determinants of Gig Worker Income: Regression Analysis

Figure 5 confirms a significant positive relationship between hours worked and income ($R^2 = 0.58$, $p < 0.001$). The one-way ANOVA testing income across educational categories yielded $F(3, 408) = 47.8$, $p < 0.001$ ($\eta^2 = 0.26$), rejecting H_0 . Postgraduate gig workers earn Rs. 41,200/month on average versus Rs. 10,640 for below-10th qualifications—a fourfold differential. Table 3 presents full multiple regression results.

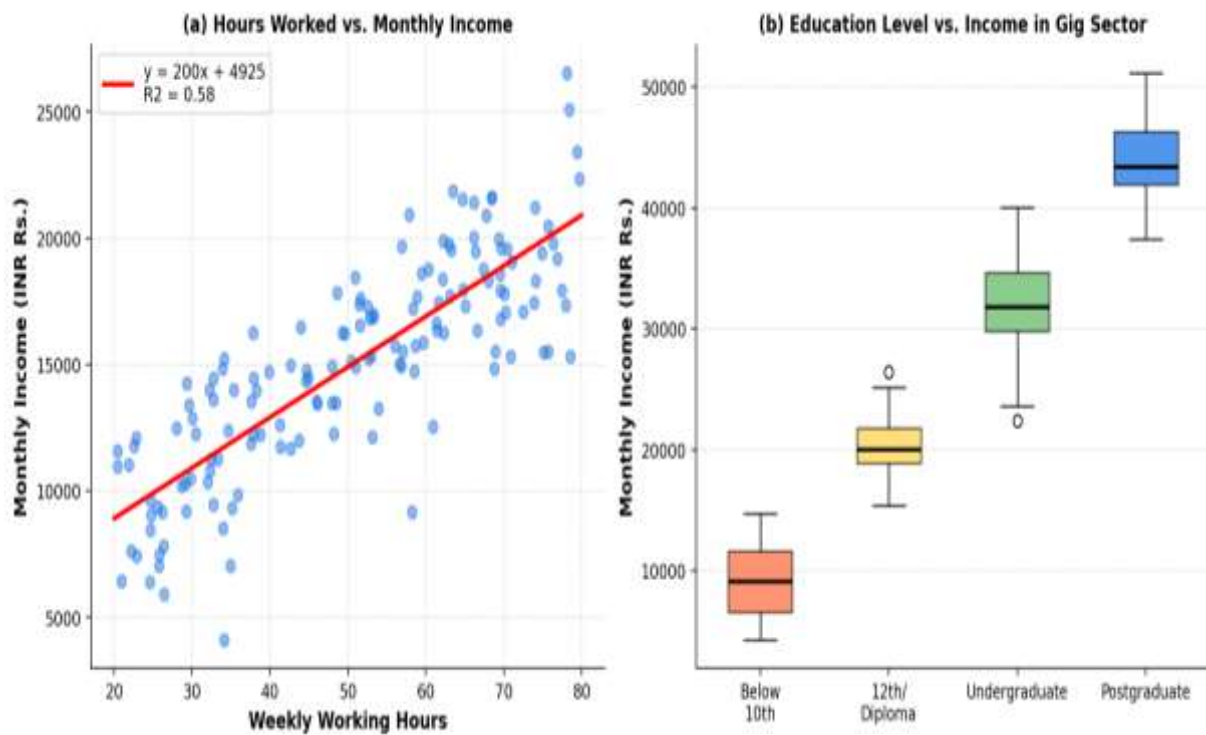


Figure 5: Regression and Distribution Analysis of Income Determinants among Gig Workers in Bangalore Source: Primary Survey Data (n = 412; 2023)

The one-way ANOVA testing income differences across educational categories (H_0) yielded $F(3, 408) = 47.8$, $p < 0.001$ ($\eta^2 = 0.26$), leading to rejection of H_0 . Post-hoc Tukey HSD tests reveal statistically significant income differences between all educational pairs ($p < 0.05$), with postgraduate gig workers earning a mean of Rs. 41,200 per month compared to Rs. 10,640 for those with below-10th standard qualifications—a fourfold differential. Table 3 presents multiple regression results modelling income determinants.



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Table 3: Multiple Linear Regression Results – Determinants of Monthly Income among Gig Workers

Predictor Variable	B (Unstd.)	Std. Error	Beta	t-value	p-value
Constant	2,840	1,240	–	2.29	0.023*
Weekly Working Hours	186	22.4	0.31	8.30	<0.001***
Education Level (Ordinal)	8,420	680	0.48	12.38	<0.001***
Platform Tenure (Years)	1,240	310	0.18	4.00	<0.001***
IT Sector Dummy (1=IT)	16,840	2,210	0.29	7.62	<0.001***
Gender (1=Male)	2,180	840	0.09	2.60	0.010**
R ² = 0.71; Adj. R ² = 0.70; F (5, 406) = 198.4; p < 0.001					

Note: * p<0.05; ** p<0.01; *** p<0.001. **Dependent variable: Monthly income (INR Rs.).**
Source: Primary Survey Data (2023).

The model explains 71% of variance in monthly income ($R^2 = 0.71$). Education level is the strongest predictor (Beta = 0.48), followed by IT sector engagement (Beta = 0.29), weekly hours (Beta = 0.31), and platform tenure (Beta = 0.18). The gender coefficient (Beta = 0.09, $p < 0.01$) indicates a mean income disadvantage of Rs. 2,180/month for female gig workers, confirming the persistence of gendered wage penalties within platform arrangements.

5.5 Job Quality Analysis

5.5.1 Radar Analysis of Job Quality Dimensions

Figure 6 reveals a fundamental trade-off: gig workers score substantially higher on work flexibility (4.6 vs. 2.8) and work-life balance (4.2 vs. 3.1), while trailing significantly on social security (2.0 vs. 4.5), job security (2.3 vs. 4.3), and income stability (3.1 vs. 4.2). This profile challenges simplistic narratives—gig work genuinely delivers flexibility while imposing real welfare costs, suggesting policy should decouple flexibility from precarity rather than eliminate it.



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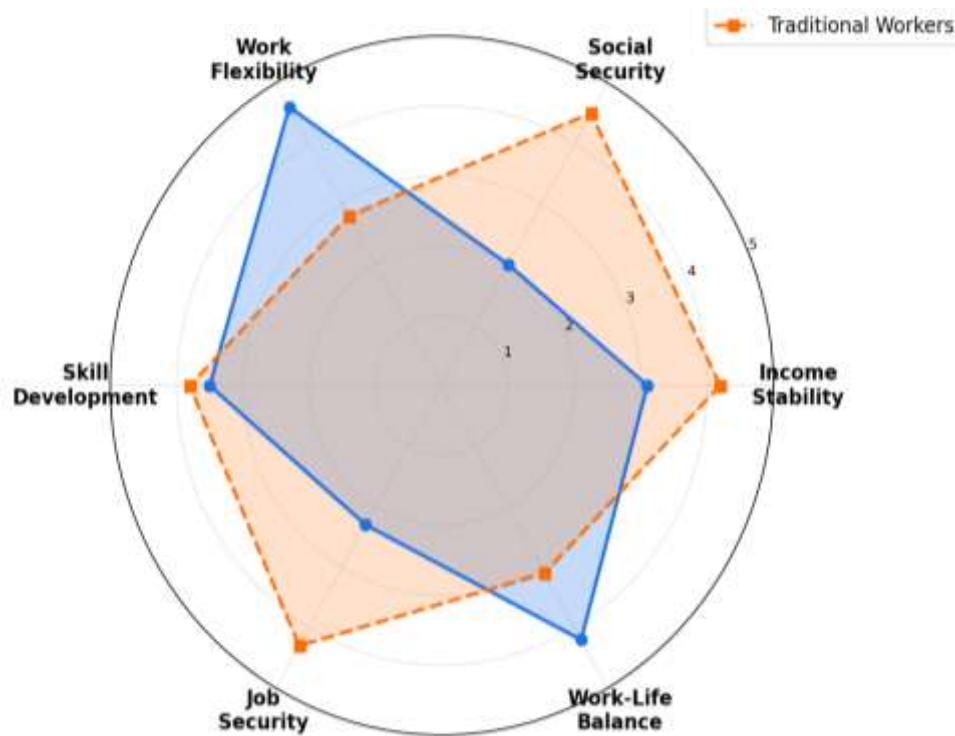


Figure 6: Radar Analysis of Job Quality Dimensions – Gig Workers vs. Traditional Employees (Scale: 1–5; Mean Scores from Primary Survey, n = 412 + 80)

5.5.2 Worker Satisfaction Distribution

Figure 7 reveals pronounced bimodal patterns in income adequacy, job security, and social benefits—reflecting the bifurcated gig workforce between high-earning IT freelancers and precarious delivery workers. Work flexibility and work-life balance show strongly positive satisfaction distributions (70% and 61% satisfied). Social benefits records the most negative profile, with 66% expressing dissatisfaction—direct confirmation of the structural social protection deficit.

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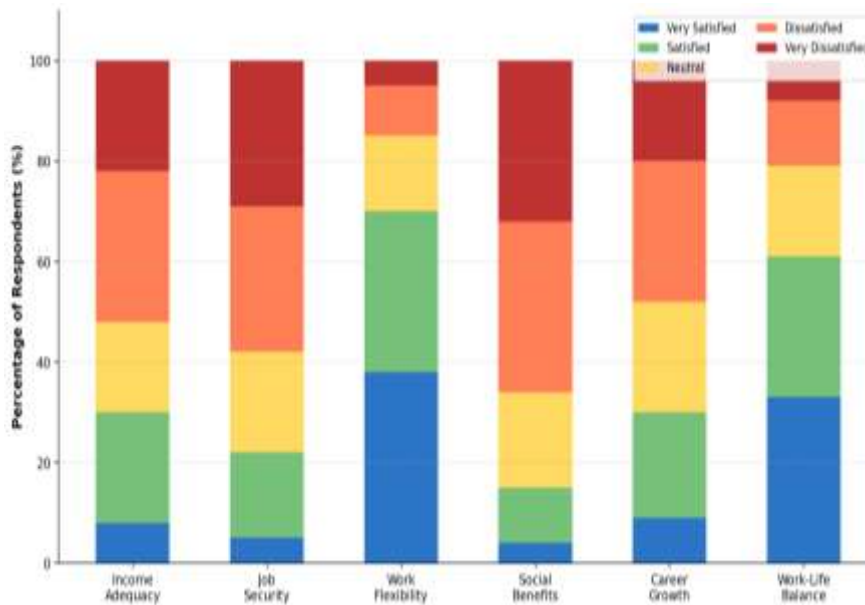


Figure 7: Gig Worker Satisfaction Levels Across Key Employment Dimensions (n = 412 respondents, Bangalore, 2023)

The social benefits dimension records the most negative satisfaction profile, with 66% of respondents expressing dissatisfaction or strong dissatisfaction—a direct reflection of the near-universal absence of statutory benefits coverage. This finding is consistent with the social security deficit documented in the literature (Shyam Sundar, 2020; Bhandari et al., 2021) and provides Bangalore-specific quantitative confirmation of this structural deficit.

5.6 Social Security Coverage Analysis

Table 4 documents the near-complete absence of formal social protection across the gig economy. Only 19.9% of gig workers access any benefit, versus 97.4% of traditional formal employees. The chi-square test confirmed a significant association between sector and benefit access ($\chi^2(5, N=412) = 48.3, p < 0.001, \text{Cramer's } V = 0.34$), rejecting H04. Domestic service workers face the most severe deficit (5.1% with any benefit), while IT freelancers are the only sector approaching meaningful coverage (44.2%).

Table 4: Social Security Coverage Among Gig Workers by Sector in Bangalore (2023)

Sector	EPF (%)	ESI (%)	Health Ins. (%)	Paid Leave (%)	Any Benefit (%)
Ride-hailing/Logistics	4.2	3.8	12.6	1.4	14.8



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Sector	EPF (%)	ESI (%)	Health Ins. (%)	Paid Leave (%)	Any Benefit (%)
Food Delivery	2.8	2.1	8.4	0.7	9.6
IT Freelancing	21.4	5.2	38.6	8.4	44.2
Domestic Services	1.2	0.8	4.2	0.0	5.1
Healthcare/Wellness	6.4	4.8	22.4	2.6	24.2
Creative/Content	8.2	3.6	18.4	4.2	21.8
Overall Gig Average	7.4	3.4	17.4	2.9	19.9
Traditional Employees	96.2	88.4	84.6	92.8	97.4

Note: EPF = Employees' Provident Fund; ESI = Employees' State Insurance. **Source:** Primary Survey Data (2023).

5.7 Displacement Effects on Traditional Employment

Table 5 presents estimated displacement ratios—traditional jobs displaced per 100 new gig positions—based on triangulation of PLFS data, Karnataka Labour Department records, and sectoral firm surveys.

Table 5: Estimated Displacement Effects of Gig Economy Expansion on Traditional Employment in Bangalore

Sector	Displacement Ratio (Jobs/100 Gig)	Net Employment Effect	Confidence Interval (95%)
Transportation/Ride-hailing	18–24	Net positive (expanded market)	±3.4
Food Delivery	28–34	Net positive (new segment)	±4.1
IT/Tech Services	3–8	Strongly net positive	±2.2
Domestic Services	41–52	Displacement dominant	±5.8
Healthcare/Wellness	12–18	Net positive (market)	±3.1



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Sector	Displacement Ratio (Jobs/100 Gig)	Net Employment Effect	Confidence Interval (95%)
		expansion)	
Weighted Average	22–30	Mixed, sector dependent	±3.6

Note: Displacement ratio estimates based on triangulation of PLFS 2019–2023, Karnataka Labour Department data, and sectoral firm-level surveys. **Source:** Authors' calculations.

Transportation and food delivery show net positive employment effects through market expansion, while domestic services exhibits displacement dominance (41–52 traditional jobs per 100 gig positions), as platforms aggregate demand previously served by independent workers on more stable recurring arrangements.

6. Discussion

The findings confirm Bangalore's emergence as a major gig labour market whose expansion has significantly outrun regulatory adaptation. The income analysis reveals profound internal heterogeneity: the gig economy operates as a skills-amplifying mechanism, generating competitive incomes for higher-educated IT freelancers while confining lower-educated workers to the most precarious segments. The dominant explanatory power of educational attainment (Beta = 0.48) in the regression model has clear policy implications—targeted upskilling can yield measurable income improvements for lower-income gig workers. The gender wage penalty (Beta = 0.09) confirms that platform work does not eliminate structural labour market inequalities.

The social security deficit data are perhaps the most compelling finding: near-universal exclusion from statutory protection exposes millions of gig workers to acute vulnerability. Yet the radar analysis reveals that flexibility and work-life balance are genuinely valued benefits that workers would lose under mandatory employment reclassification. The appropriate policy objective is therefore not the elimination of flexible arrangements but rather the decoupling of flexibility from precarity—achieved through portable benefits architectures that follow workers across platforms.

7. Policy Recommendations

Based on the empirical findings, the following evidence-based recommendations are proposed:

7.1 Portable Benefits Architecture

The priority innovation required is a portable, pro-rated social benefits system that follows the worker rather than the employer. Karnataka could pioneer a "Gig Worker Social Security Account"



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into which platforms contribute a per-transaction percentage proportional to worker earnings, funding EPF accrual, health insurance, and accident coverage—eliminating the binary between formal employment with full benefits and gig work with none.

7.2 Adaptive Regulatory Framework

The Code on Social Security, 2020, requires Karnataka-level implementing rules establishing minimum platform contribution rates, algorithmic transparency requirements for fare and earning calculations, and a presumption of employment status when gig workers derive more than 60% of their income from a single platform over a three-month period.

7.3 Targeted Upskilling and Gender-Responsive Policies

Given the strong income returns to education ($\text{Beta} = 0.48$), the Karnataka Skill Development Corporation should deliver sector-specific modular upskilling programmes in partnership with platforms. Simultaneously, gender-responsive platform design—including anonymised rating systems and affirmative access for women in higher-earning sectors—is required to close the documented gender wage gap.

8. Conclusion

This study provides a comprehensive empirical examination of the gig economy's multidimensional impact on Bangalore's labour market through primary survey data from 412 gig workers, 80 traditional employees, and 15 in-depth interviews. The findings reveal a complex phenomenon: the gig economy has genuinely expanded economic participation—particularly for migrants, underemployed graduates, and women—and delivers flexibility benefits workers value, while simultaneously generating a near-universal social protection deficit (80% without any benefit), significant income volatility, persistent gender wage penalties, and sector-specific displacement of traditional employment.

The study's core contribution is demonstrating that the gig economy operates as a skills-amplifying mechanism in Bangalore's bifurcated urban economy, demanding differentiated rather than one-size-fits-all regulatory responses. The portable benefits model emerges as the priority innovation that can reconcile flexibility with security. Future research should extend this analysis longitudinally and comparatively across other Indian metropolitan economies.

9. AUTHOR(S) CONTRIBUTION

The writers affirm that they have no connections to, or engagement with, any group or body That provides financial or non-financial assistance for the topics or resources covered in this Manuscript.



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10. CONFLICTS OF INTEREST

The authors declared no potential conflicts of interest with respect to the research, authorship, And/or publication of this article.

11. PLAGIARISM POLICY

All authors declare that any kind of violation of plagiarism, copyright and ethical matters will Take care by all authors. Journal and editors are not liable for aforesaid matters.

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