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Research Paper

The Growth of the Gig Economy in Andhra Pradesh: Job Security, Worker Welfare and Economic Implications

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Abstract
The Indian gig economy has changed how millions of urban workers earn a living, and Andhra Pradesh is part of that story. Cab drivers in Visakhapatnam, food-delivery riders in Vijayawada, and home-services professionals in Tirupati now work through aggregator apps rather than for traditional employers. This paper asks what that shift means for them — for their job security, their welfare, and the state's wider economic prospects — and reads the available national-level evidence with Andhra Pradesh in mind. The Boston Consulting Group and the Michael & Susan Dell Foundation (2021) put the long-run scale at as many as 90 million jobs over 8–10 years, with a possible 1.25% addition to GDP. The Code on Social Security, 2020 is the first Indian statute to recognise these workers, and the e-Shram portal launched in August 2021 gives them a way to register. Yet the protective architecture is incomplete: central rules under the Code are still unnotified, and Fairwork India's 2020 assessment shows working conditions varying enormously across platforms, from Urban Company at 8/10 to Swiggy, Zomato and Uber at 1/10. The paper concludes that whether Andhra Pradesh's gig workers benefit from the new framework will depend less on what the law says than on how quickly state-level implementation catches up.
Keywords: *gig economy, platform work, Code on Social Security 2020, e-Shram, Andhra Pradesh, worker welfare*

I. Introduction

A decade ago, very few Indians earned a living through a smartphone app. Today, millions do. The shift has been quick and largely unplanned: ride-hailing arrived first, food delivery and e-commerce logistics followed, and during the pandemic hyper-local delivery and home services pushed into city after city. Andhra Pradesh has been part of this growth. Visakhapatnam, with its IT and port-industry base, has the most visible platform presence in the state; Vijayawada and Tirupati follow. Smaller towns are catching on as networks expand outward.

What sits underneath this growth is harder to see. Gig and platform work occupies a kind of legal middle ground — the worker is not quite an employee, not quite a self-employed entrepreneur — and Indian labour law was not built with that category in mind. Parliament took a first step toward fixing this in September 2020 by enacting the Code on Social Security, 2020, which formally introduces the terms 'gig worker', 'platform worker' and 'aggregator' into Indian law. The Ministry of Labour and Employment followed with the launch of the e-Shram portal on 26 August 2021, giving these workers a way to register on a national database. The architecture exists. What is less clear, especially at the state level, is what it actually delivers.

This paper takes stock. It reviews what the available evidence says about the gig economy in Andhra Pradesh, examines the implications for job security, worker welfare and economic development, and asks what the state government should be doing while central rules under the new Code are still being finalised.

1.1 The problem in three lines

First, gig workers fall outside the standard labour-law architecture, which means provident fund, gratuity, paid leave and dispute-resolution mechanisms do not apply to them by default. Second, the rules they actually live by are written by platforms — in algorithmic terms and in long contractual agreements — with limited statutory floor. Third, the Code on Social Security, 2020 begins to address this, but its central rules are unnotified as of mid-2021, so its practical reach has not yet been tested in a single Indian household.

1.2 Scope, questions and method

The paper focuses on Andhra Pradesh and uses national evidence as a proxy where state-level data is not available. Visakhapatnam, Vijayawada and Tirupati are the principal sites of visible platform-work activity in the state. The four segments that account for most of the platform-mediated workforce nationally are mobility (Uber, Ola), delivery (Swiggy, Zomato, Amazon, Flipkart, Dunzo), home and personal services (Urban Company), and digital freelancing. The review addresses three questions: what does the available evidence say about the scale and composition of platform work in Andhra Pradesh; how do existing arrangements affect job security and welfare, and what does the new Code change; and what state-level policy levers matter most.

The method is a structured review of secondary sources. Three categories are used: central legislation and policy instruments (Code on Social Security, 2020; Motor Vehicle Aggregator Guidelines, 2020; e-Shram); industry and think-tank reports (BCG and Michael & Susan Dell Foundation, 2021; ASSOCHAM, 2020; Fairwork India Ratings 2020); and peer-reviewed and policy literature (ILO, 2021). State-level workforce data on the gig economy in Andhra Pradesh is not yet collected; this is itself a finding, and the paper returns to it in the recommendations.

II. Literature review

How should the law treat someone who drives for Ola in the morning, delivers for Swiggy in the afternoon, and accepts an Urban Company booking in the evening? Harris and Krueger (2015) put this question in front of US policy-makers six years ago and proposed a third category — the 'independent worker' — between traditional employee and freelance contractor. Wood, Graham, Lehdonvirta and Hjorth (2019) document what working under such arrangements is actually like across global digital platforms: high autonomy in some respects, intense algorithmic control in others, and consistent income volatility. The Code on Social Security, 2020 takes a similar conceptual route, defining a gig worker (Sec.2(35)) as someone who earns outside a traditional employer–employee relationship, and a platform worker (Sec.2(61)) as someone whose work is mediated through an online platform.

On the size of the Indian phenomenon, the Boston Consulting Group's March 2021 report with the Michael & Susan Dell Foundation is the clearest source available at the time of writing. It puts the long-run job-creation potential at up to 90 million roles over 8–10 years, with transaction volume above USD 250 billion and a potential 1.25% lift to GDP. The four largest contributing sectors — construction, manufacturing, retail, and transportation and logistics — together account for over 70 million 'gigable' jobs. ASSOCHAM (2020) and Kashyap and Sahoo (2019) corroborate the sectoral picture in narrative terms, identifying the same dominant segments. The ILO (2021) places the Indian story in a global frame and identifies four recurring policy challenges that any government engaging with platform work has to address: classification of workers, working-time and earnings transparency, social-protection coverage, and cross-border regulation.

On welfare specifically, Sarkar and Gupta (2020) argue that the architecture predating the 2020 Code left platform workers outside every major statutory protection in Indian law. The Fairwork India 2020 ratings put numbers behind that assessment: 11 leading platforms, covering roughly 3 million registered workers as of February 2020, were scored against five principles — fair pay, fair conditions, fair contracts, fair management and fair representation. The scores ranged from 8/10 (Urban Company) to 1/10 (Swiggy, Zomato and Uber). Notably, no platform earned a single point on fair representation. Bandyopadhyay and Chatterjee (2020) and Ghosh and Bhatia (2019) round out the picture with case-study evidence on income insecurity, working-time, occupational risk and access to grievance mechanisms.

III. The gig economy in Andhra Pradesh: an overview

Anyone who has ordered food in Visakhapatnam recently has interacted with the platform economy. Ola and Uber drivers wait outside the city's malls; Swiggy and Zomato riders idle at restaurant pickup points; Amazon and Flipkart delivery agents work the residential lanes; Urban Company technicians arrive at homes for repairs and beauty services. The pattern is replicated, at a smaller scale, in Vijayawada and Tirupati, and is starting to extend into towns like Kakinada, Rajahmundry and Nellore. State-level estimates of how many people earn through these platforms in Andhra Pradesh are not currently published — a gap the paper will return to — so the analysis here uses national evidence as a guide to the state's likely position.

Two features of the state's policy environment are worth flagging at the outset. First, central labour legislation applies uniformly across India, so the Code on Social Security, 2020 will reach Andhra Pradesh's gig workers on the same terms as elsewhere once central rules are notified. Second, the state has its own skill-development apparatus, led by the Andhra Pradesh State Skill Development Corporation (APSSDC), which runs programmes relevant to digital and service-sector employment. Whether and how that apparatus engages with platform work is a question the policy section returns to.

IV. Implications for job security

The phrase 'job security' lands oddly in the gig economy. There is no job in the conventional sense — no fixed appointment, no probation period, no notice on termination. What there is, instead, is a continuing relationship between a worker and one or more platforms, governed by a contract the worker has accepted electronically and by an algorithm whose logic the worker rarely sees. Four features shape how secure that relationship feels in practice: how the worker is classified, how predictable income is, who pays for the cost of doing the work, and how vulnerable the worker is to being deactivated. Each of these is documented in the available literature.

Table 1. Four dimensions of job security in Indian platform work

Dimension	What it looks like for a platform worker
Contractual classification	Workers are 'partners' or 'independent contractors', not employees. The Industrial Disputes Act, 1947 and the Minimum Wages Act, 1948 do not cover them, even when they work full days for a single platform (Sarkar & Gupta, 2020).
Income volatility	Earnings move with platform incentive cards, demand patterns and competition between aggregators. Fairwork India (2020) found take-home earnings declined across all 11 platforms studied during the COVID-19 second wave.
Worker-borne costs	Fuel, vehicle EMIs, mobile data, insurance and basic equipment come out of the worker's earnings. ILO (2021) and Fairwork India (2020) document this as a structural feature of the Indian platform model, not a temporary one.
Algorithmic deactivation risk	An account can be suspended on a low rating, a customer complaint, or a service-area change — often without the worker being told what triggered it. Wood et al. (2019) describe this as a defining feature of digitally-mediated work globally.

V. Implications for worker welfare

Welfare for gig and platform workers is currently being assembled, not enforced. As of mid-2021, the architecture has four moving pieces: a national statute that defines the workers and provides for a Social Security Fund but whose central rules have not yet been notified; a registration portal that has just gone live; a sectoral regulation for ride-hail drivers that sets a working-time floor; and an independent fair-work assessment that scores how individual platforms actually behave. Table 2 lays out where each of these stands.

Table 2. Where the protective architecture stands as of mid-2021

Statutory entitlement **Aggregators must contribute 1–2% of annual turnover (capped at 5% of worker payouts) to a national Social Security Fund.** The Code on Social Security, 2020 is the first Indian statute to define gig and platform workers (Secs.2(35), 2(61)) and to provide for life and disability cover, accident insurance, health and maternity benefits, and old-age protection (Secs.113, 114). The Social Security Fund is established under Sec.109. As of mid-2021, however, central rules and contribution rates remain unnotified, so the obligation is not yet operational. Source: Code on Social Security, 2020; PRS India (2020).
Registration backbone **e-Shram launched 26 August 2021 — a national, Aadhaar-linked database for unorganised workers including gig and platform workers.** Run by the Ministry of Labour and Employment, the portal gives every registered worker a unique identification number and creates the administrative track on which any future welfare scheme would have to ride. Registration is the precondition for benefit delivery once the Code is operationalised. Source: Ministry of Labour and Employment (2021).
Working-time and insurance floor (transport) **Drivers may not log in beyond 12 hours per calendar day and must rest 10 hours after that. Term insurance Rs. 10 lakh, health insurance Rs. 5 lakh, driver share at least 80% of the fare.** The Motor Vehicle Aggregator Guidelines, 2020, issued by the Ministry of Road Transport and Highways on 27 November 2020, set the first central baseline for ride-hail driver welfare. Implementation is the

responsibility of state transport authorities. Source: Ministry of Road Transport and Highways (2020).
Fair-work performance of platforms **On a 0–10 scale, Urban Company scored 8 (highest); Swiggy, Zomato and Uber scored 1 each (lowest). No platform earned any point for fair representation.** Eleven Indian platforms covering an estimated 3 million registered workers (as of February 2020) were assessed against five principles: fair pay, fair conditions, fair contracts, fair management and fair representation. The eight-fold gap between the top and bottom platforms suggests that working conditions are shaped substantially by platform-level choices, not just by sector features. Source: Fairwork India (2020).

VI. Implications for economic development

From a state-development standpoint, the gig economy matters for three reasons: it is large enough to move employment numbers, productive enough to lift service-delivery quality, and visible enough to be politically consequential. National figures provide the order of magnitude; state-level figures are not yet available. Four observations from the data are worth emphasising for Andhra Pradesh.

Table 3. Four observations about scale and trajectory

1	India's gig economy could service up to 90 million jobs in the non-farm economy over 8–10 years, with transaction volume above USD 250 billion and a potential 1.25% lift to GDP in the long term. **Scope:** National (used as proxy for state-level) —**Source:** BCG & MSDF (2021)
2	Around 24 million skilled, semi-skilled and shared-services roles are deliverable through gig models in the short to medium term — a figure that gives state-level skill-development planning a more tractable target than the long-run 90-million headline. **Scope:** National —**Source:** BCG & MSDF (2021)
3	Construction, manufacturing, retail, and transportation and logistics together hold over 70 million 'gigable' jobs. Within Andhra Pradesh's urban centres, the visible platform footprint is concentrated in the last category and in delivery and home services. **Scope:** National with state-level implication —**Source:** BCG & MSDF (2021); ASSOCHAM (2020)
4	Demand has been pulled by smartphone penetration, urban consumption growth and venture-backed platform supply. COVID-19 sharpened the divergence — ride-hail demand fell while delivery and hyper-local segments expanded. **Scope:** National (2020–21) —**Source:** ILO (2021); BCG & MSDF (2021)

6.1 Reading the numbers together

The picture that emerges has three features. The long-run scale is large but conditional: BCG and MSDF's 90-million estimate assumes informal on-demand activity moves onto platforms, and that depends on platform expansion, regulatory clarity and skill availability. The regulatory architecture is built but not yet active: contribution rates are specified in the Code, but as of mid-2021 no aggregator pays into the Social Security Fund because the central rules have not been notified. And platform behaviour is more heterogeneous than the sector-level discussion sometimes suggests — the eight-fold gap between the best and worst Fairwork-rated platforms shows that working conditions in the gig economy are shaped at least as much by individual platform choices as by features of the work itself.

VII. Policy framework and recommendations

Three directions follow for Andhra Pradesh. The first is to support implementation of the Code on Social Security, 2020. Once central rules are notified, the state will need to coordinate enrolment and benefit delivery with the central government; e-Shram provides the registration backbone. The second is to build state-level evidence. The fact that there is currently no published estimate of how many gig workers there are in Andhra Pradesh is itself a policy gap — calibrated welfare and skill-development cannot be designed on the basis of national averages alone. Periodic surveys by APSSDC or the state Labour Department, in coordination with

central statistical agencies, would close this. The third is to align skill-development investment with the actual occupational profile of the platform workforce. Platform work in India is concentrated at the mid- and low-skill end; programmes in digital literacy, customer service, basic financial literacy and language skills will reach more workers than narrowly technical curricula.

VIII. Conclusion

The gig economy is now a real, growing and visible part of Andhra Pradesh's urban service sector. Its workers operate outside the conventional labour-law framework and depend on contractual and algorithmic terms set by aggregator platforms. The Code on Social Security, 2020 provides the legislative basis for change, but its operational impact will depend on how quickly central rules are notified and how effectively state-level implementation is coordinated. The launch of the e-Shram portal in August 2021 is an important first step. With sustained attention to evidence-building, calibrated skill development and active engagement with the central social-security framework, Andhra Pradesh can support a platform economy that combines the flexibility workers value with the protection they currently lack.

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