

Inflation, Algorithms, and Real Wage Compression: Evidence from India's Gig Delivery Workforce

Savita Singh

Abstract

The Indian gig economy has seen exponential growth, with trajectory-based estimates putting the number of active gig workers above 12 million around the 2025-2026 fiscal year. However, this structural reorientation towards informalized, algorithmically controlled labor conceals an escalating crisis of real wage erosion. The impact of retail inflation and its resultant increase of living costs on the effective earnings of Indian location-based short, quick-commerce, and delivery type gig workers. The cumulative increase in the costs of essential commodities, primarily fuel, food, and rent in urban localities, has significantly impaired the purchasing power of the workers, against the backdrop of India's higher macroeconomic stability and inflation headline moderation following the post-pandemic inflation peak. Using a combined macro-micro framework, this paper argues that policy must shift from nominal earnings discourse to a transparent real-wage architecture. It assesses cumulative CPI-indexed minimum per-task earnings, mobility compensation indexed to fuel, paid waiting-time rules, and social-security contributions that are portable. The central conclusion is that, without inflation-indexed wage floors and algorithmic accountability, India's gig economy will continue to generate employment volume while producing income insecurity and urban precarity.

Keywords: *Gig economy, Real wages, Retail inflation, Algorithmic wage-setting, Indian labor market, Platform workers, Minimum wage policy*

1. Introduction

After more than twenty years of watching how technology changes the Indian job market, one thing stands out: every big tech upgrade starts off making work more accessible, but soon enough, it shifts the risks onto the workers—especially those who can't easily handle them. Now, with all these apps running delivery, ride-hailing, and quick-commerce, this trend is unfolding faster and with less transparency than ever. Customers and companies love the convenience and flexibility. It's easy to hop online and get a ride or a meal in just a few clicks—and businesses get logistics that can adapt in real time. For workers, these jobs are easy to get into, and there's some flexibility in scheduling. But the same setup brings a raft of problems: income swings wildly, waiting time goes unpaid, and workers end up footing more of the bill themselves (NITI Aayog, 2022; Ministry of Labour and Employment, 2025a; 2025b).

So, here's the real question at the heart of this paper: what's happened to actual, take-home pay for gig workers in India when inflation keeps climbing? Most people still look at headline monthly earnings, but that doesn't tell the full story. These workers aren't regular wage employees; they get paid by the job, and they cover their own costs: fuel, upkeep, insurance, phone data, and often loans to get started. When food prices climb, fuel stays expensive, and rents go up, those "monthly earnings" don't stretch as far, and workers have to put in longer hours just to cover basics. In other words, the numbers on paper can look good, but they don't match up with what workers can actually afford.

Here's what this study does. First, it builds a framework to figure out real, net gig wages after taking out the costs of working and adjusting for local inflation. Second, it mixes big-picture economic data with detailed worker surveys to measure how inflation shakes out in real earnings. Third, it digs into who gets hit the hardest: new workers, those pulling in the lowest pay, and folks working off debt get squeezed much more than those at the top who know how to game the system. Fourth, it looks at policy options, running simulations to see which fixes might work taking into consideration how realistic and sustainable they'd be for both firms and workers.

The main findings are clear. From 2020 to 2026, workers' gross monthly payouts went up, but after subtracting costs and factoring in inflation, their real incomes dropped. Inflation hit workers harder than the average, mostly

because their spending goes sharply toward food, fuel, and rent—the stuff that’s gotten more expensive faster than overall CPI. This matches the official stats: GDP keeps rising, but the new consumer price index shows inflation moving differently, especially for what workers actually buy (Ministry of Statistics and Programme Implementation, 2026a;2026c;2026d; Reserve Bank of India, 2026). Sometimes, platform bonuses gave workers a bump, but these payouts were unpredictable, short-lived, and scattered—they did not actually shield against inflation. When you run the numbers, less than half of inflation’s hit shows up in the increase to workers’ nominal earnings, meaning they’re left underpaid during price spikes. By late 2025, frustration boiled over, and workers started protesting across big cities.

So, what does this mean for policy? It’s not that gig jobs can’t work—they just aren’t set up right yet. The rules need to guarantee a minimum earnings level tied to local prices, make pay algorithms open and auditable, and create protections that workers can carry across multiple platforms. If India doesn’t fix these gaps, the country risks locking in a job model where huge numbers of people stay busy—but stay poor—even when the economy’s growing overall.

2. Analytical Framework and Literature Position

Global research on platform work points out three main things: pay goes up and down a lot and that’s built into the system; algorithms, not people, run the show increasingly; and legal grey areas mean workers often miss out on basic protections (International Labour Organisation (ILO) 2021; Organisation of Economic Co-operation and Development (OECD) 2024; Fairwork India Team, 2024). India fits this pattern, but there’s more to the story. Here, workers deal with tough city commutes, lots of competition from informal labor, and very little social security. These factors mean workers feel big economic shocks right away—they’re on the front lines. On top of that, with quick-commerce booming, workers now face even more orders, tighter deadlines, and more time spent working for free between deliveries.

Looking ahead to 2025 and 2026, this paper will use official data released between January and March 2026 as the foundation for interpreting macro trends. This includes the government’s First Advance Estimates of GDP for FY2025–26, notifications about changes in the CPI base year, and the first two monthly releases of the new CPI 2024=100 index (Ministry of Statistics and

Programme Implementation, 2026a; 2026b; 2026c; 2026d).

This paper operationalizes real earnings through the following identity:

$$\text{RealNetWage}_{i,t} = \frac{\text{GrossPay}_{i,t} - \text{OperatingCost}_{i,t}}{\text{CPI}_{r,t}/100}$$

where i indexes worker and r denotes region. Gross pay includes base task payments, distance add-ons, surge bonuses, incentives, and tips. Operating cost includes fuel, routine maintenance, depreciation, communication expense, penalties or chargebacks, and financing costs attributable to work assets. This definition differs from many platform dashboards, which display gross receipts but exclude full cost accounting.

The conceptual mechanism is straightforward. Let inflation increase worker expenditure both at work and at home. If platform algorithms revise payout schedules slower than the cost increase, real net income falls. Workers then extend labor supply (longer hours, peak-time concentration, multi-apping) to stabilize household cash flow. Such intensification may raise gross receipts temporarily but can worsen fatigue, accident exposure, and asset wear, reinforcing cost burdens. The resulting loops forms the “flexibility paradox”: formal autonomy over log-in timing coexists with economic compulsion over effective working hours. From a labor-economics standpoint, algorithmic wage-setting can be interpreted as a high-frequency piece-rate contract with asymmetric information. Platforms observe demand heat-maps, cancellation probabilities, and service-level penalties in real time; workers observe only partial payout rules and realized outcomes. Under inflation uncertainty, this informational asymmetry weakens workers’ ability to predict forward earnings and negotiate compensation. Therefore, inflation shocks are not merely macro events; they are mediated through platform design choices.

3. Data, Variables, and Methodology

3.1 Data Sources

The analysis integrates three layers of data for FY2020–FY2026 (up to January 2026 for some series):

1. Macroeconomic data-all-India and state-level CPI component series derived

from the CPI 2024=100 press releases of January 2026 and February 2026, respectively and state and item-level downloads from eSankhyiki; context on GDP and demand derived from press releases for advance estimates (Ministry of Statistics and Programme Implementation, 2026a; 2026c; 2026d; 2026e). Table A5 provides the monthly-level extract used for this study.

2. Platform worker panel-2, 184 active platform workers in 18 cities; collected via regular, monthly diaries of worker-earnings and costs, supplemented by verified screenshots of their weekly earnings summaries where possible. We thus obtain 61,204 worker-month observations, once the raw data are cleaned.
3. Institutional event log: documented changes in incentive slabs, peak-hour multipliers, platform fee policies, and publicly reported worker protest episodes in 2024–2025, combined with official social-security and registration updates for gig/platform workers (Ministry of Labour and Employment, 2025a; 2025b).

The controls on fuel and mobility-costs are measured by PPAC official series on retail selling price and price-build-up sheets (last update on February 6, 2026, and March 11, 2026, respectively) (Petroleum Planning and Analysis Cell, 2026a; 2026b). Monetary-policy conditionings are measured by RBI MPC resolutions dated December 5, 2025, and February 6, 2026 (Reserve Bank of India, 2025; 2026).

We limit the sample of workers to location-based services (food delivery, grocery/quick-commerce, hyper-local parcel delivery) as these are the segments that are most sensitive to operating cost variation. Ride-hailing is excluded from the main regression to abstract from effects driven by fare-regulation variation and heterogeneity across vehicle classes.

3.2 Constructed Measures

For each worker-month, we compute:

$$\text{GrossMonthly}_{i,t} = B_{i,t} + D_{i,t} + S_{i,t} + I_{i,t} + T_{i,t}$$

where B is base pay, D distance component, S surge, I incentives, and T tips.

$$\text{OpCost}_{i,t} = F_{i,t} + M_{i,t} + \text{Dep}_{i,t} + \text{Data}_{i,t} + \text{Pen}_{i,t} + \text{Int}_{i,t}.$$

Net nominal earnings are $\text{NetNominal}_{i,t} = \text{GrossMonthly}_{i,t} - \text{OpCost}_{i,t}$. Real net earnings deflate net nominal income by city-level CPI.

We also construct an Effective Hourly Real Wage that divides real net income by active hours plus unpaid waiting and travel dead-time. This metric captures the practical labor burden better than app-recorded “online hours,” which frequently omit off-app travel and queueing.

3.3 Econometric Strategy

The baseline specification is a worker and month fixed-effects panel:

$$\begin{aligned} \ln(\text{ERW}_{i,t}) = & \beta_1 \pi_{r,t} + \beta_2 \Delta \text{Fuel}_{r,t} + \beta_3 \text{OrdersPerHour}_{i,t} \\ & + \beta_4 \text{IncentiveShare}_{i,t} + \beta_5 \text{PenaltyRate}_{i,t} + \alpha_i + \tau_t + \varepsilon_{i,t}. \end{aligned}$$

where $\pi_{r,t}$ is regional inflation. City-clustered standard errors are used. Additional models include quantile regressions, city-tier interactions, and event-study windows around major platform pay- rule revisions.

To assess incidence, we estimate an inflation pass-through ratio:

$$\rho = \frac{\% \Delta \text{GrossMonthly}}{\% \Delta \text{WorkerCostBasket}}$$

If $\rho < 1$, nominal pay grows slower than worker-relevant costs; if $\rho < 0.5$, the burden shift toward workers is substantial.

4. Inflation Dynamics and Worker Cost-of-Living Pressure

Even though headline inflation in India eased post-pandemic surge, worker-specific inflation proved more resilient. The reason was that necessities still form the largest share of the expenditure of workers. Delivery workers allocate proportionally higher expenses to transport fuel, food eaten out during extended shifts, and rents in crowded peripheries of dense cities, proximate to demand centers. Worker price-experiences are different from official aggregate inflation rates. Table 1 summarizes macro trends and earnings outcomes in the sample.

Table 1*Inflation and Gig Earnings Trends (Sample Aggregates)*

Fiscal Year	Head (%)	CPI Food (%)	Fuel/ Trans (%)	Gross (Rs/mo)	Real Net (2020 Rs)
2020–21	6.2	7.1	9.4	17,750	16,980
2021–22	5.5	5.9	11.8	18,430	16,410
2022–23	6.7	7.8	14.6	19,760	15,980
2023–24	5.4	8.4	7.2	20,420	15,620
2024–25	4.9	7.1	6.8	21,050	15,430
2025–26*	4.6	6.3	6.1	21,680	15,290

Note: 2025–26 values are provisional through Q3. Real net earnings are deflated and net of operating costs. CPI components are benchmarked to official CPI releases and portal datasets (Ministry of Statistics and Programme Implementation, 2026c; 2026d; 2026e).

Two patterns stand out. First, nominal gross monthly earnings rise over time. Second, real net earnings decline by roughly 10% relative to FY2020–21 baseline. This divergence explains why platform dashboards can show “income growth” while workers report worsening household stress.

The composition effect is stronger when cost weights are tailored to gig workers rather than average households.

Table 2*Worker Cost Basket and Cumulative Inflation, FY2021–FY2025*

Category	Weight (%)	Cum. Inflation (%)	Contribution (pp)
Food and meals	34	36	12.2
Fuel and vehicle upkeep	28	41	11.5

Rent and utilities	23	32	7.4
Telecom/data	5	9	0.4
Health and miscellaneous	10	22	2.2
Total worker basket	100	33.7	33.7

The worker-specific inflation burden (33.7%) exceeds corresponding headline cumulative inflation over comparable windows. Econometrically, this wedge is decisive: once worker-basket inflation replaces headline CPI in regressions, estimated real-wage erosion strengthens and model fit improves.

In calendar terms, the transition to CPI 2024=100 confirms continued dispersion across category-level inflation even as aggregate readings moderated in early 2026 (Ministry of Statistics and Programme Implementation, 2026b;2026c;2026d).

5. Algorithmic Wage-Setting and the Structure of Earnings

A base + distance pay + a time varying surge + slabs on target achieved compensation scheme is implemented by platform companies. While such compensation schemes are theoretically expected to reward effort and match compensation to demand; reality is far more complicated due to frequent rule changes and the obscurity in the calculation scoring mechanism causing volatility in earning. A representative worker’s monthly gross earnings can be expressed as:

$$y = \frac{\sum_k}{k=1} (b_k + d_k + s_k) + \mathbf{1}(Q \geq q^*) \cdot \Omega,$$

where k indexes orders, b is per-task base, d distance pay, s surge premium, Q completed orders, q^* target threshold, and Ω bonus payment. The nonlinearity introduced by threshold bonuses creates “cliff effects”: missing target by one or two orders can collapse effective hourly earnings for the entire period.

In the sample, 40% of workers report gross monthly earnings below Rs 15,000, 27% fall between Rs 15,000 and Rs 20,000, 18% between Rs 20,000 and Rs 25,000, and only 15% exceed Rs 25,000. However, gross brackets conceal large

cost dispersion. Workers in high-traffic zones may complete more orders but face higher fuel burn, vehicle wear, and unpaid queueing at restaurants or dark stores. New entrants, often lured by sign-up campaigns, display the steepest earnings drop after introductory incentive periods end.

Three wage-setting features are especially inflation-relevant:

- (i) **Distance compression-** Platforms periodically reduce distance coefficients while increasing order batching, raising route complexity without proportional payout.
- (ii) **Incentive re-optimization-** As local labor supply increases, target thresholds are raised or peak multipliers narrowed, reducing average bonus realization even if headline incentive “availability” appears unchanged.
- (iii) **Penalty externalization-** Customer cancellation, delayed merchant handoff, or geolocation mismatch can reduce payout despite worker presence and effort. Inflation amplifies the harm because each unpaid minute now carries higher opportunity cost.

The net outcome is that inflation risk is not passively suffered; it is actively mediated by platform design. The worker carries first-loss exposure when prices rise, while platforms preserve cost flexibility through algorithmic recalibration.

6. Empirical Findings

6.1 Baseline Panel Results

Table 3 reports the core fixed-effects estimates.

Table 3

Determinants of Effective Real Hourly Wage

Variable	Coefficient	Std. Error
Regional CPI inflation (pp)	-0.018***	(0.004)
Fuel price growth (pp)	-0.011***	(0.003)
Orders per active hour	0.024***	(0.006)
Incentive share of gross pay	0.008**	(0.003)
Penalty incidence rate	-0.029***	(0.008)

Rain-day demand shock dummy	0.017*	(0.010)
Worker fixed effects	Yes	
Month fixed effects	Yes	
Observations	61,204	
R2 (within)	0.42	

Notes: Dependent variable is log effective real hourly wage. Standard errors clustered at city level. Significance: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$. Inflation and fuel regressors are mapped to official CPI and PPAC series (Ministry of Statistics and Programme Implementation, 2026c,d; Petroleum Planning and Analysis Cell, 2026a; 2026b).

The magnitude is economically meaningful: a 1 percentage point increase in regional inflation is associated with a 1.8% reduction in effective real hourly earnings, holding worker fixed effects and monthly shocks constant. Fuel inflation adds independent downward pressure, confirming that mobility costs are a distinct wage channel rather than merely a CPI component artifact.

The inflation pass-through ratio ρ averages 0.46 across cities, implying less than half of worker-cost inflation is offset by nominal payout growth. In high-competition metropolitan zones, ρ falls near 0.39, consistent with stronger platform bargaining power when replacement labor supply is deep.

6.2 Distributional and Heterogeneity Effects

Looking at averages masks the real story behind inequality. Quantile regressions lay it out: workers in the bottom quartile feel inflation the hardest. For them, every 1-point jump in inflation drops their effective real hourly wage by about 2.4%. In contrast, those in the top quartile only see a 1.1% decline. This gap comes from a mix of things—where workers are based, how they manage their shifts, their experience with the platform, and whether they have access to affordable vehicle financing.

City differences create another layer. Workers in tier-2 cities usually earn less on paper, but rents aren't always as punishing as they are in big metros. Still,

once you factor in fuel costs and the unpredictability of unpaid waiting time, real wages sink—especially in areas where there are fewer platform jobs and more “dead kilometers.”

How long someone’s worked matters, too. New workers pull in higher earnings during their first few months thanks to onboarding incentives, but those numbers drop as time goes on. If you look at the median effective real hourly wage, workers with 1–3 months on the job earn about 8% more than veterans who’ve stuck around for a year or longer—before considering costs. After you account for things like maintenance and depreciation, though, those new workers actually end up earning 5% less.

6.3 Hours Intensification and the Illusion of Stability

People often say you can keep your income steady by just putting in more hours at work. The numbers show this works to a point—workers hit by inflation do boost their active time each week by about 6 to 9 hours. But here’s the catch: after a certain point, those extra hours just don’t pay as well. More time on the job leads to more exhaustion, and downtime from fatigue creeps up, eating into what you actually get out of working longer. Plus, when you factor in unpaid time and the wear and tear on your car (if you’re driving for work), those extra hours don’t really make up for lost buying power.

So, this is why you see those seemingly stable paychecks each month, while frustration among workers keeps climbing. Workers are holding their income steady, but they’re doing it by grinding out more hours, taking on more risk, and actually earning less for each hour they give. In labor economics terms, people are basically forced to sell more of their time because their real earnings are shrinking, not because they want to.

6.4 Robustness Checks and Identification Limits

Inflation, demand, and changes in platform rules don’t happen in isolation—they shape each other as they go. So, robustness matters. There are four key checks that back up the main findings.

First, we swapped out the city CPI for state-level CPI-IW and then tried a blended deflator that cuts the weight on fuel. Even with these changes, the drop in real wages stays clear and statistically significant. The effect is a bit smaller, but it’s still big and negative.

Next, we looked at the workers dropping out. If low earners leave early, that can mess with the results. To fix this, we calculated inverse-probability weights using things like debt, tenure, vehicle ownership, and city congestion. After adjusting for these, the wage drop is still right in line with the baseline, meaning survivorship isn't skewing the story. We also tested if the model itself matters. Both random-effects and correlated random-effects approaches ended up with similar signs and sizes for how inflation and fuel play out. Plus, when food inflation rises past about 7%, wage erosion takes off—matching what you'd expect for households already stretched thin. Finally, we ran placebo tests. When we set event windows in periods without big platform changes, there's nothing like the sharp shifts seen during actual revision windows. That suggests these effects aren't just seasonal noise.

Still, there are limits. Even with diary checks and screenshots, some cash expenses slip through—informal spending always gets under-reported. The platform's demand data isn't open to the public, so it's hard to say how much allocation efficiency versus compensation design matters. And when it comes to protest effects, the causal story is suggestive, not airtight; city-level differences probably play a role too. So while these caveats don't knock out the main result, they point to the need for stricter reporting standards to support stronger analysis down the line.

7. Late-2025 Worker Mobilization: Economic Triggers and Out-comes

Workers protesting in several Indian cities during late 2025 didn't come out of nowhere. You could see it coming, honestly—years of shrinking real incomes finally pushed people to the edge. From interview accounts and event logs, you notice three things set off the unrest: companies moved the goalposts for performance incentives, they started paying less for idle time, and fuel kept getting pricier without any real update to payouts.

These protests didn't happen in a vacuum, either. They lined up with official labor ministry reports finally admitting big gaps in gig-worker welfare and portable social security.

Digging into the data, you see that during the coordinated log-off strikes, companies caved a little—average payouts per order went up and some cities

got a boost from short-term surge multipliers. But these gestures didn't stick. Within two months, everything slipped back to old patterns as platforms tweaked their algorithms and bonus rules again.

The big takeaway? Unless there are clear rules and real standards, people are forced to bargain by stopping work instead of talking it out. That messes things up for everyone—workers, businesses, and even customers.

8. Policy Simulation and Reconstruction

To move from diagnosis to design, this paper simulates three policy regimes for FY2026–FY2027 using observed demand elasticity and platform cost structures.

Table 4

Simulated Policy Scenarios (FY2026–FY2027)

Scenario	Real net (2020 Rs/ mo)	Change	Labor cost impact	Annual attrition
Status quo algorithmic adjustment	15,150	—	—	38%
CPI-indexed per-task floor	17,280	+14.1%	+8.7%	31%
CPI floor + fuel escalator + paid wait- time rule	18,240	+20.4%	+13.2%	28%

The simulation indicates that meaningful real-wage recovery is feasible without destabilizing platform operations, especially if cost recovery is spread through modest delivery-fee smoothing, reduced churn costs, and productivity gains from lower attrition.

Based on the statistical evidence, and consistent with the policy direction signaled in 2025 official releases on gig-worker registration and social

protection, a credible reform package should include (Ministry of Labour and Employment, 2025a; 2025b,):

1. CPI-linked regional earnings floor- Minimum per-task compensation should be indexed quarterly to city-level CPI (or a worker-basket variant), with explicit distance and time components.

2. Fuel-adjusted mobility allowance- A transparent escalation formula tied to retail fuel benchmarks should update automatically beyond predefined thresholds.

3. Paid waiting-time and cancellation protection- Workers should be compensated for verified waiting beyond platform-defined grace windows, and non-fault cancellations should not reduce earnings.

4. Algorithmic transparency mandates- Platforms should provide auditable payout statements decomposing base pay, dynamic multipliers, penalties, and incentive calculations.

5. Portable social security contributions- A tripartite model (platform, worker, public co- contribution) linked to unique worker IDs can cover health risk, accident insurance, and retirement savings across multi-app work.

6. City-level gig wage boards- States and urban labor departments should establish standing boards to update floors, monitor compliance, and resolve disputes using digital evidence standards.

These interventions are complements, not substitutes. Indexation without transparency invites gaming; transparency without floors preserves vulnerability; social security without income adequacy cannot prevent debt spirals.

Implementation design is no less critical than policy intent. An operationalizable model would blend quarterly automatic indexing with annual recalibration by city-level gig wage boards. Automatic indexing addresses high-frequency inflation changes, while annual recalibration can incorporate adjustments in route- friction factors, congestion multipliers, and sector-specific cost coefficients (food delivery vs. Quick- commerce). To keep compliance arguments minimal, each completed task would produce a standardized, digital wage slip containing five required elements: base- rate, distance- component, time-

component, demand-multiplier, and deductions/penalties; this would allow worker verification of payouts without revealing the commercially sensitive matching code.

A fiscal reform burden can be shared, as much of the adjustment would not necessarily fall on platforms alone. A hybrid funding scheme would work—partial pass-through to consumers at high-demand periods, cost savings for platforms due to reduced turnover and training costs, and specific public co-payments to facilitate social security in poor neighborhoods. If attrition drops by as much as 5-7 points (as simulations predict), lower onboarding costs and reduced service failures would cover significant portions of increases in direct wages; that is, better wage architecture could potentially be productivity-enabling rather than solely redistributive.

Audits rather than inspections will carry enforcement load. Labor departments would have to insist on anonymized monthly payout files in a machine-readable format so that they can use algorithms to flag anomalous compliance behavior on a risk-adjusted basis. Worker organizations would have to be afforded legal rights to demand independent algorithm audits if unexplained changes in payouts breach certain triggers. These kinds of due process rights will become essential as the logic for setting wages moves to an algorithmic, as opposed to a physical, format.

9. Discussion: Rethinking Productivity, Flexibility, and Fairness

A lot of people talk about platform labor as if it's this game-changing, super-efficient way to match workers with jobs. And to be fair, there's something to that—logistics platforms really have made it easier to find work, and the reliability of services has gone up. But let's not pretend these efficiency gains are harmless for everyone. When workers see their real wages drop while the workload ramps up, it is obvious these so-called "productivity improvements" are coming straight out of workers' welfare.

This actually matters quite a bit in the long run. For one, when pay is low, workers stop spending on anything but the basics. They put off going to the doctor and cut back on little extras, which means less demand in cities and weaker growth overall. Then there's the high turnover—people keep quitting because the jobs

aren't great, which forces companies to keep hiring and training new workers. That kind of churn gets expensive and the quality of service suffers, too. And if younger workers see gig jobs as something you do just to get by—not as a real career—no one trusts the sector. The whole thing risks ending up stuck in a cycle of instability and low expectations.

But this isn't the only path. If policymakers start seeing gig work as a permanent part of the economy, not just a temporary fix, India could lead the way in building digital logistics without trapping workers in poverty. The bottom line should be simple: technology is great, but it doesn't excuse companies from paying fair, inflation-proof wages.

10. Conclusion

This paper looks at how inflation affects wages for India's gig workers—especially those hired based on location—by focusing on what they actually take home after accounting for rising prices. The numbers are clear: while on paper (or on the app), payouts keep inching up, workers aren't really better off because the things they need most—food, fuel, rent—eat up their earnings faster than their pay can keep up. Even though general inflation seems to be cooling off, gig workers haven't felt the benefits. Their real wages keep slipping further behind.

Platforms love algorithm-based wage systems for how fast and flexible they are, but all that behind-the-scenes tweaking dumps the ups and downs of the economy right onto workers' shoulders. The rules about what gets paid are confusing, and they change all the time, leaving workers in the dark.

Here's what really stands out: about 40% of gig workers don't make more than Rs 15,000 a month before taxes. That's not just a stat about who earns what—it's a big, flashing warning sign. It says income for gig workers isn't just low; it's deeply unstable, which should worry anyone watching India's digital job market grow.

When gig workers took to the streets in late 2025, their frustration had a simple cause. Low pay is one thing, but the real problem is the total lack of predictability. There's no system to make sure their pay actually keeps pace with regular living costs.

So, what's the way forward? Announcing welfare schemes now and then won't cut it. India has to get serious about building rules into the platforms themselves:

set minimum payouts that adjust automatically with the cost of living, link pay to fuel prices, pay for wait times, open up algorithms to scrutiny, make benefits portable—the basics. Put all of this in place, and you’ve got a fairer system for workers. That means better earnings, less turnover, and more reliable service—all without stifling the tech that makes platforms work.

After watching India’s workforce shift for twenty-five years, I think this is the moment that matters most. The debate is settled—gig work isn’t going anywhere. So the real choice is this: Will India keep a system where gig workers take all the economic hits? Or will it step up and use technology to actually support the people behind the apps? The data in this paper makes it clear. India can—and should—choose dignity alongside digital growth.

Appendix A: Month-wise CPI Traceability (January–February 2026)

Table 5 reports the exact all-India CPI (General) values used for January and February 2026 in base 2024=100 terms.

Table 5

Official month-wise CPI values used in the analysis (Base 2024=100)

Month	Idx-Rural	Idx-Urban	Idx-Comb.	Inf.-Rural (%)	Inf.-Urban (%)	Inf.-Comb. (%)	Release ID	Status
Jan 2026	104.59	104.28	104.45	2.73	2.75	2.74	2238889	Final
Feb 2026	104.74	104.37	104.57	3.37	3.02	3.21	2238889	Provisional

Traceability note: The first January 2026 CPI release (PRID 2227012; posted 12 February 2026) reported a combined index of 104.46 and combined inflation of 2.75%. In the subsequent release (PRID 2238889; posted 12 March 2026), January was finalized at 104.45 and 2.74%, and February 2026 was released as provisional (Ministry of Statistics and Programme Implementation, 2026c,d).

Appendix B: Item-Group CPI Traceability (Food, Fuel & Light, Housing)

Table 6 reports item-group CPI values for January and February 2026 used for robustness checks and category-level interpretation.

Mapping note: CPI 2024 adopts COICOP-2018; therefore, legacy terms such as “Fuel & Light” and “Housing” are mapped to the closest published group-level aggregates in Annexure-II.

Table 6

Item-group CPI values for January–February 2026 (All India Combined, Base 2024=100)

Legacy label	CPI 2024 mapping	Jan-26 Index	Jan-26 Inflation (%)	Feb-26 Index	Feb-26 Inflation (%)	Release IDs
Food	Division 01: Food and beverages	104.03	2.11	103.87	3.35	2227012,
Fuel & Light	Group Electricity, gas and other fuels	04.5: 100.68	0.35	100.46	0.14	2238889 2227012,
Housing	Group Actual rental payments made for housing	04.1: 102.36	1.93	102.55	2.00	2238889 2227012,

2026 values are provisional from the first CPI-2024 release; February 2026 values are provisional from the subsequent release (Ministry of Statistics and Programme Implementation , 2026c,d).

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