

Impact of Gig Income on Long-Term Financial Planning Among College Youth in Mumbai

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Abstract

The nature of employment has undergone an ultimate revolution in recent years, with the rise of the gig economy redefining how young individuals earn income. College youth increasingly engage in freelancing, internships, content creation, tutoring, and platform-based delivery work to supplement or replace traditional income sources. Gig Income is generated through flexible work arrangements where individuals earn per task, project, assignment, or service. Although gig income provides flexibility and early financial independence, it is characterised by irregular income, uncertainty, and lack of long-term security. This raises critical questions regarding the ability of gig-earning youth to plan for long-term financial goals such as savings, investments, insurance, and retirement. This study examines the relationship between gig income and long-term financial planning among college youth aged 18–25 years. The study uses a descriptive and analytical research design to explore the impact of income variability on a range of financial aspects including savings behaviour, investment planning, financial preparedness, and financial anxiety. The study also examines the moderating roles of financial education, family financial support, and career certainty. The study contributes to emerging literature on youth financial behaviour in the context of the future of work and offers valuable insights for educators, policymakers, and financial service providers.

Keywords: Gig Economy, Youth Finance, Long-Term Financial Planning, Income Uncertainty.

Introduction

The global labour market is witnessing a significant transformation with the rapid rise of the gig economy, fuelled by the widespread adoption of digital platforms, continuous technological advancements, and developing work preferences among younger generations. The transformation is visible due to rise of online-based ecosystems such as freelance marketplaces, content-sharing applications, ride-delivery services, and online education portals which operate through flexible and task-oriented models. This conversion has lowered entry barriers to employment, enabling individuals—particularly students and young adults—to contribute to income-generating activities alongside their formal education.

In the Indian context, metropolitan cities such as Mumbai have appeared as major hubs of gig-based employment. The city's robust digital infrastructure, high internet penetration, presence of platform-based companies, and diverse consumer demand have accelerated the expansion of gig opportunities. College students progressively engage in freelancing, online tutoring, paid internships, digital content creation, event-based work,

and app-based delivery services. These events serve multiple purposes: meeting rising educational and living expenses, supporting household income, achieving early financial independence, and attaining practical skills and work exposure that enhance employability in a competitive job market.

Regardless of these advantages, gig work is characterised by income volatility, financial uncertainty, and the lack of formal employment protections. Compared to traditional salaried employment, gig work is devoid of employer-sponsored benefits, including provident fund contributions, health insurance coverage, paid leave, and pension schemes. Earnings are based on demand, platform algorithms, individual availability, and market competition. Such volatility creates significant challenges for effective financial planning and long-term financial security.

Long-term financial planning which includes systematic savings, investment planning, insurance coverage, and retirement preparation depends on stable and predictable income streams. The volatile nature of gig income may therefore influence financial decision-making, risk-taking behaviour, and financial confidence among young earners. Students may prioritise short-term liquidity over long-term goals, delay investment decisions, or experience sharp financial anxiety due to uncertainty about future income continuity.

Therefore, understanding the influence of gig income on long-term financial planning among college youth is of critical importance. Financial habits and attitudes developed during early adulthood often continue throughout an individual's life and significantly shape future financial well-being. This study focuses on college youth in Mumbai—a city characterised by high living costs, forceful competition for employment, and extensive participation in the gig economy—to examine how income variability affects financial planning behaviour and to identify the role of moderating factors such as financial education, family support, and career certainty.

Review of Literature

The Gig Economy and Its Effects On Personal Finance (2021): This research investigates the impact of the gig economy on personal financial stability, focusing on income volatility, the absence of traditional benefits, and strategies for financial resilience among gig workers. Furthermore, chi-square analysis revealed gig workers' limited access to employment benefits, with only 30% possessing health insurance coverage and 15% contributing to retirement funds. The research recommends implementing financial education literacy programs tailored specifically to gig workers, facilitating access to health and retirement benefits, and promoting credit counselling and income-stabilising mechanisms to address these financial vulnerabilities.

The Relationship between Financial Literacy and Investment Strategies among Gig Workers (2024): This research study is about the connection between Indian gig workers' investing practices and their level of financial literacy. Data were from 384 Gig Workers selected through random sampling through structured questionnaire. The data was analysed using Regression analysis, correlation analysis, and descriptive statistics. The findings show a strong positive correlation between the complexity of investment techniques and every facet of financial literacy examined. Specifically, financial planning skills, understanding of investment products, risk assessment capabilities, clarity of financial goals, and knowledge of tax implications have significant positive effects on optimising investment behavior.

The Gig Economy: Financial Challenges and Opportunities Faced by Freelancers (2025): The gig economy has redesigned traditional employment by offering freelancers increased flexibility and independence, yet it has also introduced significant financial challenges. This study examined the economic realities of freelancers, highlighting the financial challenge issues such as income volatility, limited access to traditional employment benefits, and restricted availability of tailored financial services and the opportunities associated with freelance work.

Literature Review and Gap Analysis

Existing Literature suggests that financial literacy significantly improves budgeting, saving, and investment pattern. Family financial support and guidance also play a crucial role in shaping young adults' financial decisions, particularly in India.

Despite the growing body of literature on the gig economy and personal finance, several important research gaps remain. Existing studies primarily examine the financial challenges faced by gig workers including income volatility, limited access to traditional employment benefits, and limited financial resilience. Prior research has highlighted low levels of health insurance coverage and retirement contributions among gig workers and has emphasised the need for financial education and supportive policy interventions. However, these studies largely examine heterogeneous groups of gig workers, including full-time freelancers and platform workers, without specifically isolating the experiences of college youth.

Further, studies exploring the relationship between financial literacy and investment behaviour among gig workers establish a strong positive association between financial knowledge and sophisticated investment strategies. While these findings are valuable, they do not adequately address how income irregularity interacts with financial knowledge to impact broader long-term financial planning decisions such as savings uniformity, insurance adoption, and retirement planning—particularly among young individuals who are still in the formative stages of their financial lives.

Moreover, existing research on freelancers and gig workers primarily agrees a macro or occupational perspective, focusing on economic challenges and opportunities within the gig economy. There is limited importance on age-specific and life-cycle perspectives, especially concerning college students who often engage in gig work as a temporary or additional income source while pursuing education.

Additionally, while existing literature acknowledges the importance of financial education and family support in shaping financial behaviour, there are some gaps in empirical research examining their moderating impact on the relationship between income volatility in gig work and long-term financial planning. The combined influence of financial literacy, family financial support, and career certainty on managing income volatility among college youth has not been sufficiently investigated in the Indian context.

Finally, there is a noticeable lack of region-specific empirical evidence focusing on urban cities like Mumbai, where high living costs, intense competition, and extensive gig economy participation may uniquely influence financial decision-making among students. Majority of the existing studies rely on national-level or non-location-specific samples, limiting contextual understanding. In light of these gaps, the present study focuses specifically on college youth aged 18–25 years in Mumbai to examine the impact of gig income on long-term financial planning. By analysing savings behaviour, investment planning, insurance awareness, retirement orientation, and financial anxiety—along with the moderating roles of financial education, family support, and career certainty—this study seeks to extend existing literature and provide nuanced, context-specific insights into youth financial behaviour in the evolving gig economy.

Research Methodology

Objective of the Study

- To examine the nature and extent of gig income among college youth in Mumbai.
- To study the impact of gig income on long-term financial planning practices such as savings, investments, insurance, and retirement planning.
- To assess the level of financial anxiety associated with gig income variability.
- To examine the moderating role of financial education, family financial support, and career certainty on financial planning behaviour.
- To provide policy and educational recommendations based on the findings.

Research Methodology

Research Design: The study adopts a descriptive and analytical research design to investigate patterns of gig income and their relationship with long-term financial planning.

Sample Size and Sampling Method: The study collected primary data from 200 respondents aged 18–25 years residing in Mumbai. Respondents were selected using a convenience sampling method.

Data Collection: Data were collected using a structured questionnaire titled “Gig Income and Long-Term Financial Planning among College Youth”. The questionnaire covered: Demographic profile; Nature and frequency of gig income; Income stability and variability; Savings behaviour; Investment and insurance awareness; Retirement planning orientation; Financial anxiety and preparedness; Financial education exposure, family support, and career certainty.

Tools for Data Analysis: The data were analysed using descriptive statistics measures, including percentages and mean values, along with analytical tools such as cross-tabulation and correlation analysis to understand relationships between variables.

Data Analysis

Demographic Profile

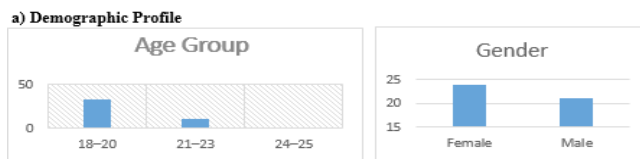


Figure 1 Demographic Profile of Respondents

Out of 200 respondents, the majority belonged to 18–22 years age group, representing undergraduate students actively engaged in gig activities while pursuing education. The study included balanced representation of male and female college youth involved in gig-based income opportunities.

Nature and Variability of Gig Income

The findings reveal that gig income among college youth is largely irregular. About 34.5% of respondents strongly agreed or agreed that their income varies significantly from month to month, while a substantial proportion expressed uncertainty regarding income continuity over the next 6–12 months. This highlights the inherent volatility associated with gig-based earnings.

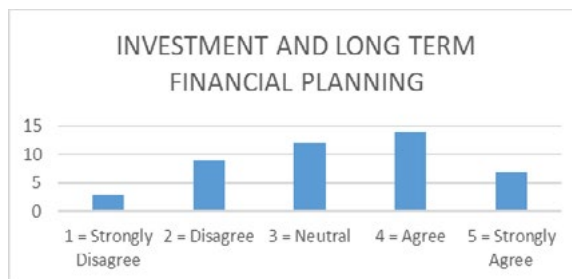
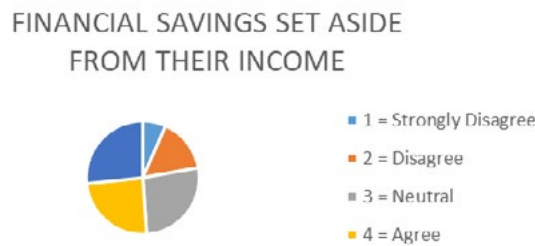
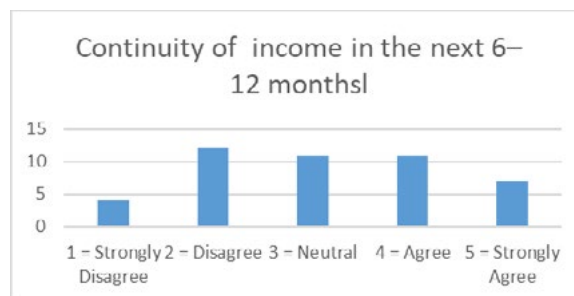


Figure 2 Nature and Variability of Gig Income

Savings Behaviour and Financial Preparedness**Figure 3 Savings Behaviour and Financial Preparedness**

Even with irregular income stream, 53% of respondents reported that they regularly set aside a portion of their income for savings. However, only 29% indicated that they had a contingency fund sufficient to cover at least three months of sudden expenses. This suggests that while saving intentions exist, long-term financial preparedness remains limited.

Investment and Financial Planning**Figure 4 Investment and Financial Planning**

Investment participation among college youth is relatively low. Only 28% of respondents showed investing in financial instruments. Furthermore, 46.5% agreed that income unpredictability limits them from making long-term investments. Only 15.5% indicating that they have started thinking about retirement at an early age.

Financial Anxiety and Confidence

The study discloses a notable level of financial anxiety among gig-earning students. About 48% of respondents stated anxiety regarding their long-term financial security due to irregular income. Handling finances with unequal earnings was also supposed as stressful by a noteworthy proportion of respondents.

Role of Moderating Factors

Moderating factors play a crucial role in shaping financial behaviour. Almost 49% of respondents agreed that their level of financial literacy helps them manage uncertain income effectively. Family financial support arose as a strong factor, with 60.5% recognizing that family guidance or support reduces financial stress. Additionally, 62% of respondents conveyed confidence in their future career prospects regardless of current income uncertainty, which positively influences their financial outlook.

Findings

- Gig work has appeared as an important add-on income source for college youth, helping them accomplish their educational expenses, daily living costs, and personal financial needs.
- Most of college youth experience high income volatility, with unpredictable earnings significantly depending on workload availability, platform demand, and academic schedules.
- Income uncertainty harmfully impacts systematic long-term financial planning, especially in terms of regular savings, investments, and retirement planning.
- Although many respondents show a positive attitude toward saving, their savings are primarily short-term and precautionary rather than goal-oriented or wealth-creation.
- Participation in formal investment avenues such as mutual funds, equities, or fixed deposits remains limited due to income uncertainty and limited levels of financial literacy.
- Awareness of insurance products is evident among students; however, actual insurance coverage is limited, because of affordability concerns and the absence of employer-sponsored benefits.
- Retirement planning is largely considered, with most respondents perceiving it as a distant issue and relying on expectations of future salaried employment.
- A substantial proportion of student's experience economic anxiety and stress, driven by uncertainty about future income continuity and career outcomes.
- Students with better financial education exposure display better budgeting skills, enhanced savings pattern, and greater awareness of investment options.
- Family financial support and guidance play a stabilising role, reducing financial stress and encouraging responsible financial decision-making.
- Students with higher career certainty are more confident in planning long-term finances despite present income volatility.
- Overall, while gig income provides early earning exposure and flexibility, it does not automatically ensure financial security unless supported by financial literacy, family backing, and career clarity.

Suggestion and Conclusion

Suggestions

For Educational Institutions

- Colleges should incorporate financial literacy courses into the syllabus, concentrating on budgeting, saving, investing, insurance, and retirement planning.
- Special designed workshops on managing irregular income and gig-based earnings should be arranged for students.
- Placement cells should link career planning with financial planning, aiding students understand long-term effects of early income decisions.
- Guest talks from financial planners and industry experts can increase the practical financial awareness among students.

For Policymakers and Government Bodies

- Policymakers should plan social security schemes specially for young gig workers, including reasonable health insurance and micro-pension plans.
- Government-backed awareness campaigns should encourage existing schemes such as PMJJBY, PMSBY, and NPS Lite among college youth.
- Regulations may encourage gig platforms to enable voluntary savings and insurance contributions for student workers.

For Financial Institutions

- Banks and financial institutions should offer flexible savings and investment products suitable for irregular income earners.
- Low-investment, digital products such as micro investment plans can boost early participation in long-term wealth creation.
- Insurance companies should design student-friendly, low-premium insurance policies for gig workers.

For Students and Gig Workers

- Students should be encouraged to build an emergency fund to manage income uncertainty.
- Even small, modest and irregular investments should be promoted to develop long-term financial discipline.
- Students should actively improve financial knowledge through online resources, workshops, and self-learning.

For Families and Society

- Families should play an active role in financial mentoring, especially during the early earning phase.
- Open discussions about income, savings, and future goals within households can reduce anxiety and promote responsible financial behaviour.

Conclusion

The gig economy has become an increasingly significant source of income for college youth, particularly in metropolitan cities like Mumbai where the cost of living is high and digital work opportunities are widely accessible. In conclusion, the gig economy symbolizes both an opportunity and a challenge for college youth. To ensure that gig-based earnings contribute positively to long-term financial stability, coordinated efforts are required from educational institutions, policymakers, financial institutions, families, and students themselves. Strengthening financial literacy, expanding access to affordable financial products, and introducing youth-centric social security mechanisms can help young gig workers transform irregular income into long-term financial resilience. This study contributes to existing literature by offering empirical insights into the financial planning behaviour of college youth in the Indian gig economy and provides a basis for future research and policy interventions in this rapidly evolving employment landscape.

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