

India's Gig economy

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Manifest Pedagogy:

For the low-skilled employees in India's enormous labor pool, the gig economy has the potential to generate employment. The government must take the necessary actions to encourage the growth of platforms and the gig economy. In order to give gig employees fair working conditions and social security benefits, it is also necessary to safeguard their interests. All stakeholders involved will need to put some effort into striking the right balance.

In News: NITI Aayog has released a report "India's Booming Gig and Platform Economy" with comprehensive perspective and recommendations on the gig-platform economy in India.

Placing it in Syllabus: Economy

Static Dimensions:

- About gig economy
- Who are gig workers?

Current Dimensions:

- Size of the gig economy
- Positives of Gig Economy
- The challenges of the gig economy
- Key points regarding women and PwDs in Gig Economy
- Recommendations of NITI Ayog report

Content:

About Gig economy-

- The economy based on flexible, temporary, or freelance jobs, is called the gig economy.
- The **Code on Social Security, 2020** defines gig workers as

those engaged in livelihoods outside traditional employer-employee relationships.

- It may involve connecting with clients or customers through an online platform.
- The gig economy can benefit workers, businesses, and consumers by making work more adaptable to the needs of the moment and the demand for flexible lifestyles.

Gig workers-

- Gig workers are typically hired by companies on a contractual basis and are not considered their employees.
- As a result, they do not receive some of the benefits that an on roll employee of the company like paid sick and casual leaves, travel and housing allowances, and provident fund savings, among other things.
- Gig workers can be broadly classified into **platform and non-platform workers**.

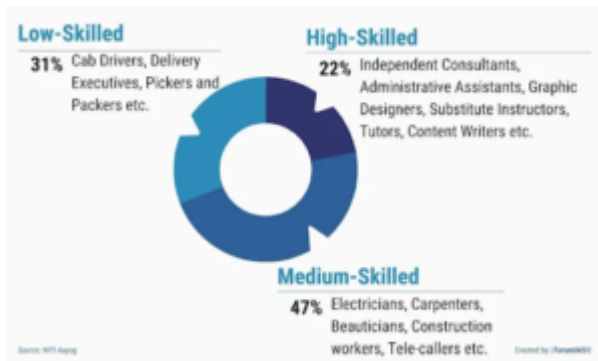
Platform workers are those whose work is based on online software apps or digital platforms. Example: those whose work is based on digital platforms such as food aggregator platforms Zomato, Swiggy, Ola, and others.

Non-platform gig workers are generally casual wage workers, working part-time or full- time.

Size of the Gig economy-

- It is estimated that in 2020-21, **77 lakh (7.7 million) workers** were engaged in the gig economy.
- They constituted 2.6% of the nonagricultural workforce or 1.5% of the total workforce in India.
- The gig workforce is expected to expand to **2.35 crore** (23.5 million)workers by 2029-30.
- According to the report, at present about **47 per cent of the gig work is in medium skilled jobs**, about **22 per cent in high skilled**, and about **31 per cent in low**

skilled jobs.



- A report by **Ernst and Young** observed that Indian Freelancers hold a **24%** share of the global online gig economy.
- According to a report by **ASSOCHAM** (Associated Chambers of Commerce and Industry of India), the gig sector has the potential to grow to **US\$ 455 billion by 2024**.
- According to a 2019 report by the **India Staffing Federation**, India is the **fifth largest** in flexi-staffing globally, after the US, China, Brazil and Japan.

Key points regarding women and PwDs in Gig Economy-

- A survey conducted across urban centers of India revealed that women are more likely to take up platform jobs after their education and marriage.
- Female labor force participation in India has remained low, oscillating between **16 per cent to 23 per cent** in the last few years.
- Persons with disabilities (PWD), who make up **2.11 to 10 percent** of India's population, have a labor force participation rate of 36 per cent.
- Structural barriers like access to education and lack of skilling have hindered the participation of the two demographic groups in the country's labor force.

Positives of Gig Economy-

- **Democratization of Jobs**— The gig and platform sector has low-entry barriers and hence holds enormous potential

for job creation in India. It offers better income opportunities to those previously engaged in similar non platform jobs. It can thus work as a catalyst for occupational mobility.

- **Flexibility** to do the job from any place at any time of one's choice.
- **Startups**– Give a boost to the startup ecosystem as these companies can easily hire skilled freelancers.
- **Skill development**– The platform companies which provide earning opportunities for those associated with them take considerable steps in skilling these workers as well.
- **Income**-Higher income potential for the workers compared to conventional jobs with increased flexibility.
- **Women and PwD's**– It offers flexibility and choice of labor to all workers in general, and women in particular, empowering them to monetise their idle assets when and where they want
- **Saves Cost**-The companies are able to save costs on hiring full time employees. They are able to provide services more economically to the users.

The challenges of the Gig economy–

- **Security**-Lack of job security, irregularity of wages, uncertain employment status for workers etc. as independent contractors, platform workers cannot access many of the workplace protections and entitlements.
- **Wages**-Low wages, unequal gender participation, and a lack of possibility for upward mobility within an organization.
- **Bottlenecks**-Access to internet services and digital technology can be a restrictive factor.
- **Safety**-Workers engaged in employment with the digital platforms, particularly, women workers in the app-based taxi and delivery sectors, face various occupational safety and health risks.

- **Bargaining Power**-Do not benefit from labor regulations pertaining to wages, hours, working conditions, and the right to collective bargaining.
- **Skills mismatch** can be observed on online web-based platforms.
- **Stress**-Workers engaged in remunerative activities with digital platforms may face stress due to pressures resulting from algorithmic management practices and performance evaluation on the basis of ratings.

Recommendations of NITI Ayog report-

- Women and PwD's
 - Greater data is needed to understand the difficulties faced by women-run platforms. Extensive research into this domain would help design incentives to promote their growth and help them scale up
 - **Better Infrastructure and Work Design** to create an enabling environment for women and PwD workers.
 - Ensure there is a higher share of women and PwD managers and supervisors in the organization.
 - **Reskill**-Partnerships with Governments, CSOs & Allied Businesses to reskill and upskill women and PwDs while also facilitating their access to assets.
 - **Fiscal incentives** such as tax-breaks or startup grants may be provided for businesses that provide livelihood opportunities where women constitute a substantial portion (say, 30 percent) of their workers.
 - Likewise, a platform with high accessibility or high degree of participation of PwDs too may be rewarded with fiscal incentives.
 - **Gender Stereotype**-A higher share of women managers and supervisors in the organization to ensure that communication to workers does not perpetuate

gender stereotypes.

- **Gender sensitisation**-The report suggests that companies carry out gender sensitisation and accessibility awareness programmes for workers and their families, particularly to promote the rights of women and persons with disabilities.
- **Social security measures**
 - **Paid Sick Leave, Health Access and Insurance**— to mitigate the challenges posed by the covid-19 pandemic by platforms such as Ola, Uber, Urban Company, Swiggy, Zomato, measures for paid sick leave, health access and insurance may be adopted.
 - **Occupational Disease and Work Accident Insurance:** On the lines of **Indonesia's initiatives** in offering accident and other insurance to workers through digital mechanisms, platforms may adopt such a model for providing accident insurance to all delivery and driver partners, and other workers.
 - **Retirement/Pension Plans and Other Contingency Benefits:** In **U.K**, gig and platform firms need to adopt policies that offer old age/retirement plans and benefits and other insurance cover for contingencies such as injury arising from work that may lead to loss of employment and income.
 - Plans and policies may be uniquely designed by a firm, in partnership with insurance companies, or could be designed and offered in collaboration with the government, as envisaged under the Code on Social Security, 2020.
 - A social security cover out of a corpus fund can also help gig workers in case of contingencies.
 - Businesses should consider providing income support to workers as it would be a “critical step in providing assured minimum earnings and social

security from income loss in the wake of uncertainty or irregularity in work”.

- **Access to finance**

- **Access to institutional credit** could be enhanced through financial products specifically designed for platform workers and those interested in setting up their own platforms.
- **Financial technology companies can be leveraged** to provide cash flow-based loans to workers as against collateral-based loans, thereby catering to the needs of those new to credit.
 - Special emphasis may be placed on access to **formal credit for women** and persons with disabilities.

- **For Future Estimations**

- Undertake a separate enumeration exercise to estimate the size of the gig economy, and identify the characteristic features of gig workers.
- During official enumerations (PLFS, NSS or otherwise), collect information.
- **A Platform India initiative**, built on the pillars of Accelerating Platformization by Simplification and Handholding, Funding Support and Incentives, Skill Development, and Social Financial Inclusion, like the immensely successful Startup India initiative, may be introduced.
- **Survey of Small Platform to identify gig workers.** This could include questions on the nature of contract between worker and job creator, use of technology in work, etc.

- **Skill Development**

- **Outcome-based Skilling – On the job training**
 - Platforms can enable the upskilling and diversification of platform workforce in a newly structured and industry tested manner.

- Platforms can enable the creation of potential “**Skill Certificates**” or “**Skill Passports**” for workers that platform businesses can provide.
 - Integration/Linkage of Employment and Skill Development portals.
- NITI Aayog has proposed the **RAISE Approach** for operationalizing the Code on Social Security (CoSS), 2020.



While platform companies have created avenues of employment, it has often been marred by low wages, unequal gender participation, and a lack of possibility for upward mobility within an organization. This has triggered protests from workers at companies like Swiggy, Zomato, Ola, Uber, and Urban Company, among others.

Way Forward-

- It is necessary to implement the Code on Social Security’s provisions gradually.
- Platform businesses should be given time to adapt to the new circumstances that may raise their expenses.
- The RAISE Approach from NITI Aayog can be used.
- Platform businesses should look at ways to guarantee that every gig worker receives a comparable living/minimum wage, regardless of the number of hours worked each month.

Conclusion-

The gig economy is poised to undergo rapid expansion in the coming decade. While the gig economy sector has several upsides with respect to growth and livelihood opportunities, there are some serious concerns that need regulation. NITI Aayog recommendations can help address the concerns of gig workers in India.

Mould your thoughts:

1. In the light of the report released by Niti Ayog, Critically analyze the importance of the Gig economy in making India a \$5 trillion economy.

Approach to the answer-

- Brief about Gig economy
- Potential of Gig Economy
- Brief about challenges
- Recommendations of the report and how it will have positive impact
- Way forward and conclusion.