

Approach Note on Gig Economy & Construction Sector

“Strengthening the Discourse on Good and Better Jobs in India”

1 About the Project

CUTS International, in its endeavour to assess inequality in the Indian economy, initiated a project titled ‘*Strengthening the Discourse on Good & Better Jobs in India*’. The on-going project aims to examine structural issues in the economy by deep-diving into different labour-intensive sectors. The idea is to bring to the fore sectorial evidence from the ground so as to learn how the compact of industry, state and community can balance productivity and competitiveness with higher wages & better social security standards for workers.

2 Sectors covered so far: Textile & Clothing and Food Processing

In the first phase of the study, Textile & Clothing sector was selected for detailed field inquiry and analysis. The field inquiry extended across 6 states¹ of India. It extensively covered different types of processes, enterprises, wages and other social security standards of the associated workforce in them. The findings have been published in the form of a [report](#) and distilled into short articles in a three-part series titled ‘[The key to Indian economy is in better wages for the masses](#)’ published by the Economic Times Blogs.

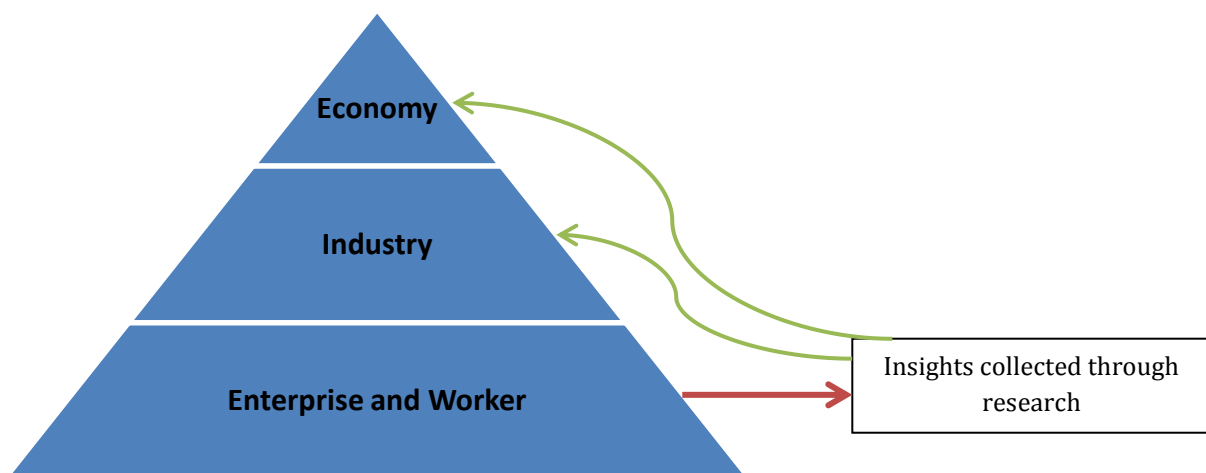
Following the Textile & Clothing sector, food processing sector was identified as the next labour intensive sector for the research inquiry.. The field inquiry for this sector is on-going and so far has covered processes such as raw material procurement, processing which includes primary, secondary and tertiary processing, storage and logistics services. The field inquiries was undertaken in the states of Punjab & Andhra Pradesh. An intermediary note based on the initial findings will be published soon.

3 Taking the Project Forward: Selection of Upcoming Sectors

Going forward, the idea is to capture a comprehensive picture of conventional as well as emerging employment arrangements. It is for this reason that construction, one of the sectors engaging a significant proportion of informal labour has been chosen as the third sector for study. Following that, the gig economy, which is emerging as a major employer in the informal realm, has been chosen as the next sector to explore the concept of Good and better Jobs in the context of the ‘Future of Work’ in India.

¹ Punjab, Haryana, Rajasthan, Gujarat, Maharashtra and Tamil nadu

In line with the key objective of the project, the aim of the project will be to focus on the relationship between an enterprise (or platform, in case of gig economy) and the workers, so as to determine what factors can be enhanced for improving outcomes simultaneously for workers and enterprises. The outcomes in this case will be in terms of better incomes, enhanced social security, improved working conditions, presence of a collective voice or agency, opportunities for capability enhancement through skill development and overall job satisfaction. Insights from enterprises and workers will be collected through this study. It will feed into the larger discourse at the industry level and the overall economy, with the aim of improving outcomes for the workers and enterprises.



The following sections explore the overview of the two chosen sectors and arguments for taking them up for the research. Further, the key insights and arguments presented by the PAC members on the upcoming sectors of the study have also been incorporated in the respective sections.²

4 Construction Sector: Overview and Arguments

4.1 Overview of the Sector

The Indian construction industry is expected to be the 3rd largest market, in the world, by 2025.³ This labour intensive industry, which hires over 51 million people, is essential for the growth and development of the economy, as it finds significance across sectors, from housing to transport and power. The two broad categories in which the sectors' activities can be divided are real estate, which includes residential and commercial buildings, and urban infrastructure, which includes transport (roadways, railways, airports and ports), water supply, sanitation and other sectors where infrastructure

² A meeting with the members of the PAC members was held on 22nd May, 2020, to get their views and insights on the upcoming sectors for the study.

³ <https://www.investindia.gov.in/sector/construction>

development plays a crucial role. The project will focus on these two broad categories of construction activities.

The construction sector receives extensive budgetary and policy support from the Government, highlighting its criticality. Construction activities are supported and channelised through schemes like PM Awas Yojana, UDAAN, Swachh Bharat Mission, Smart Cities Mission and AMRUT. In addition to this, specific incentives are also provided for special infrastructure projects such as development of Special Economic Zones (SEZ) and Brownfield and Greenfield Electronic manufacturing Clusters (EMC).⁴ Further, with a global discourse on sustainable infrastructure, the sector seems to be moving on a growth trajectory.

4.2 Arguments for uptake

The spread of the construction industry and its economic significance, both in terms of its contribution to the GDP (9%) and employment generation (51 million people employed currently⁵) highlights its criticality in the Indian economy. The sector has a high labour output ratio and a multiplier effect on jobs and the economy. This necessitates the uptake of this conventionally labour dependant industry in a study that aims to explore job dynamics in labour intensive sectors of the economy.

As significant as it is for the economy, the industry or sector is also known for its high share of informal employment. Almost 99.41% workers in the housing sector alone are informal workers.⁶ To add to that, a significant proportion of the informal workers are migrants, adding another dimension to the employment dynamics of the sector. This highlights the immensity of the grasp of informal over the sector.

Akin to other sectors explored in the study, informality brings with it several economic and social challenges for the workers employed in the construction industry. The workers are not guarded by formal contracts and have minimal access to social security benefits. However, the preceding challenge to this is the lack of a common, streamlined database for the workers. When read with the fact that the industry spans across several sectors, the need for such database gains relevance for enumeration of workers and disbursal of benefits. This process is currently being initiated with the Central and several State Governments taking steps to create online databases of workers.

The challenge can be further outlined with the example of the key legal safeguard present for informal workers in this sector. The Building and other Construction Workers Act, 1996, which calls for state level worker welfare boards and registration of workers, was implemented with the aim of improving worker welfare in this sector.⁷ However, poor implementation of its provisions has resulted in information asymmetry

⁴ <https://www.makeinindia.com/sector/construction>

⁵ <https://www.investindia.gov.in/sector/construction>

⁶ Munjal, K. Sunil. 2018. Housing Industry: Building India's Next Megatrend. Pg. 281-283. *Putting Consumers First*.

⁷ <https://clc.gov.in/clc/acts-rules/building-and-other-construction-workers>

and sub-optimal benefit delivery. Thus, currently, there is minimal coverage of workers engaged in construction activities under social security schemes.

To add to the workers plight, wages are low and payments deferred, often depending on the pace of development of a project. Especially, in case of women, there is a gendered discrimination of wages as suggested by the secondary literature.⁸ Beyond economic issues, the construction sector workers are also plagued by a high degree of occupational hazards. The ILO estimates that one in six work-related deaths occurs in construction sites.⁹

Thus, in light of the expanse of the sector and the critical challenges faced by the workers engaged in construction activities, there arises a need to consider this sector or industry, for the study of factors aiding and deterring Good and Better jobs.

4.3 Insights from PAC

The PAC, agreed to the proposition of taking up Construction as a sector for study under this project. The key points highlighted by the PAC members for taking up the sector for have been summarised as follows:

- According to official data the Construction sector is one of the largest employers, after agriculture. However, in light of the prevailing informality and plight of workers, it is critical to analyse the nature and quality of jobs in the sector. Further, there is a lack of existing literature on this aspect of the construction industry jobs, which strengthens the need for such a study to be conducted in this sector.
- In order to get a holistic picture of the sector the data from the Periodic Labour Force Survey (PLFS) should be taken into account.
- Given the prevalence of gendered discrimination in terms of wages and working conditions, it will be critical to explore the gender angle of jobs in this sector, in the study.
- As a major proportion of workers in the Construction sector are migrants, and they are also one of the most vulnerable categories of workers, the study should explore the nexus of the construction sector with migration.

⁸ <https://journals.sagepub.com/doi/abs/10.1177/097185240200600302?journalCode=gtda>

⁹ https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms_067574.pdf

5 Gig Economy: Overview and Arguments

5.1 Overview of the Sector

A manifestation of emerging transformations in employment arrangements, the Gig Economy sector is characterised by digital labour platforms which either outsource work to a geographically dispersed workforce or concentrate on location specific services in specific geographies.¹⁰ These 'platforms', which have redefined 'informality' in the context of work, act as a digital interface between the workers and customers, aggregating workers, skills, outputs and incomes.

Currently, the Indian gig economy sector accounts for 40% of the global freelancing jobs. With the concept of 'online labour' picking up, and 'platforms' expanding across services such as ride hailing, food delivery, logistics, hospitality and even Fintech, the sector is revolutionizing the future of work. It is enabling a shift of power from large organisations and permanent jobs to individuals and flexible working conditions (E.g. Start-ups).¹¹ The relevance of the gig economy becomes even more profound in the wake of the ongoing Covid -19 crisis which has witnessed a largescale leveraging of online platforms for essential services.¹²

5.2 Arguments for uptake

Going forward, the gig economy, which is projecting a tremendous growth potential is going to play a significant role in the future of jobs in India. The current crisis and ensuing implications for unemployment make this sector a potential recruiter, across the spectrum of skills of workers. However, the gig economy is still not recognised under existing legislative provisions making its future an uncertain one. Given the labour intensity of the sector, it becomes relevant to uptake the study of the sector to understand what working conditions can be in employment arrangements which are dynamic.

As the employment arrangements change, so do the challenges for the employees or in this case 'partners', as most platforms refer to their workers. While flexibility of working conditions may result in new entrants in the workforce (E.g. women), there is also an associated risk of variable remuneration, lack of job security and exploitative working conditions. Especially in the case of women, the sector, because of its flexibility, is being hailed as a messiah for enabling female participation in the labour force.

¹⁰ <https://www.ilo.org/global/topics/non-standard-employment/crowd-work/lang--en/index.htm>

¹¹ <https://grameenfoundation.in/wp-content/uploads/2019/12/State-of-the-Jobs-Report-Final-Version.pdf>

¹² <https://olawebcdn.com/ola-institute/covid19-report.pdf>

However, there is a need to tackle potential barriers to entry, in terms of gendered wage gaps, lack of job security and safety concerns.¹³

In addition, since the workers are not covered under existing labour laws they have minimal social protection coverage. Flexibility leads to a subjective definition of worker well-being in this case, which makes it potentially difficult to extend coverage to the plethora of workers engaged in this sector. However, the upcoming Codes on labour welfare aim to address this issue by including 'gig' and 'platform' workers in their ambit.

Along with flexibility, the gig economy also specialises in transferability of skills across roles and activities. This opens up job options for the workers and provides them with the opportunity to work in multiple roles to increase their incomes. However, it also creates a potential risk of job insecurity and high attrition rates. Further, given that the sector is enabled by technology, basic skills in that domain become a pre-requisite, which may pose as a barrier for workers in a country where literacy rates are low.

Thus, with the emergence of newer dimensions of workers dynamics and unprecedented challenges, it becomes imperative to explore the factors aiding and deterring Good and Better jobs in a sector that may define the future of work in India.

5.3 Insights from PAC

The PAC acknowledged the significance of gig economy in the future of work and agreed to the proposition of taking it up as a sector for study under this project. The key points highlighted by the PAC members, in the context of gig economy have been summarised as follows:

- Though this is an emerging sector of work and may not be one of the highest employers in the country at the moment, it is no doubt a fast growing labour intensive sector. The current trends in the growth of this sector as well as the trends of unemployment across the country, reflect a potential for gig economy to play a significant role in the future of work. To add to this, the uncertainties and challenges of the workers engaged in this sector make it imperative to explore the conditions for Good and Better jobs in the gig economy, in this study.
- One of the critical nuances that need to be explored through the study is the motivation of the workers to join the gig economy.
- Since a significant proportion of migrant workers are engaged in the gig economy in Tier I and Tier II cities, it will be interesting to explore the nexus of migration and gig economy.

¹³<https://www.orfonline.org/research/gender-and-the-gig-economy-a-qualitative-study-of-gig-platforms-for-women-workers-65948/>

- The co-existence of gender-neutral employment opportunities and barriers to entry for women necessitates an exploration of the gender angle of jobs in this sector.
- Given the difference in employment arrangements in the gig economy, the perspective of employers and the different existing arrangements for welfare of gig workers will require a careful exploration for comparing it with conventional informal employment.

6 Building the Way Forward

From the arguments developed for uptake of Construction sector and Gig Economy Sector and their inherent sectoral traits, it becomes clear that the two are completely contrasting and hence will aid in providing a wide picture of labour dynamics in India. Given the individual importance of each of these sectors and the potential the two have for creating jobs, a choice between the two becomes difficult. Thus, as per deliberations with the PAC and amongst the research team, it is envisioned that both the sectors will be taken up for study under this project.

The approach, in this case will be a simultaneous one. While gig economy finds a large presence in Tier I and Tier II cities, these locations are also the hotbed for infrastructure development. Hence, the study will aim to identify locations with optimum presence of both gig economy and construction workers and carry out a simultaneous in-depth primary research for both.

Though a systemic approach will be adopted to understand the linkages between enterprises and workers in both the sectors, the parameters which will be explored for linkages with Good and Better jobs, will be different for each sector. Figure 1 represents the potential factors to be explored under the Construction sector while Figure 2 provides the same for the Gig Economy sector

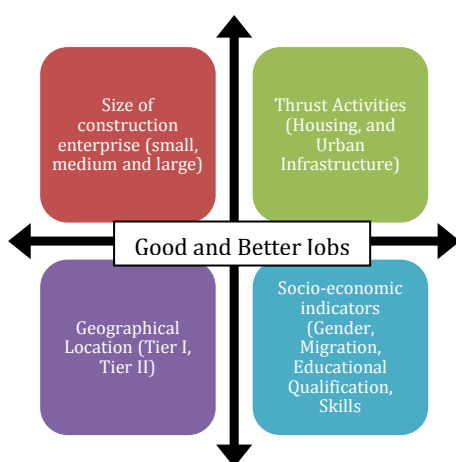


Figure 1: Exploring Causality in the Construction

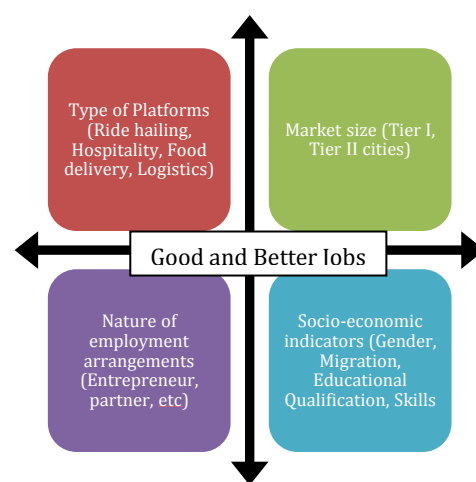


Figure 2: Exploring Causality in the Gig Economy

7 Proposed Research Methodology

Based on the research methodology adopted for Textile & Clothing and Food Processing sector and learnings from the field, the following approach is envisaged for the upcoming sectors:

- Step 1: Secondary research and stakeholder mapping for getting an overview of the sectors
- Step 2: Simultaneous identification of hotspots for ongoing construction activities and locations with maximum and diverse coverage of gig economy. Overlapping the two types of locations across Tier I, II and III cities for identification of field locations
- Step 3: Initial discussions (online/phone) with key stakeholders for setting the base and building networks for primary research
- Step 4: Pilot field visit to one location which has coverage of both sectors. A holistic approach will be adopted for covering the length and breadth of both the sectors in the same location. The parameters mentioned in Section 6, for each of the sectors will be explored for causality.
 - For construction a basket of projects differing in scale, type of funding and thrust activity will be explored
 - For gig economy a basket of diverse platforms and ‘partners’ operating in the city will be explored. The focus will be on services such as ride hailing, food delivery, logistics and hospitality.
 - For both gig economy and construction, the dimensions of gender and migration will be factored in for enhancing the data and ensuing analysis.
 - Due to the significant impact of the Covid – 19 crisis on the economy and livelihoods of informal workers, this critical factor will also be factored in during data collection.
- Step 5: Preliminary analysis of the findings of the pilot visit & using it to strengthen the approach and develop reference points using systems approach. The reference points will act as a baseline across the locations/sub-sectors/services selected for the pilot inquiry. It will also act as a nodal point for in-depth study of other locations/sub- sectors/services
- Step 6: After the preliminary analysis an immersive pan-India field inquiries will be held, on the same lines as that of the pilot visit, with a focus on Tier I, Tier II and Tier II cities. Along with that, the source of workers will also be explored for gathering insights on migration and its nexus with Good and Better jobs.
- Step 7: The data collected will be analysed us systems approach for identifying relevant challenges and interventions for workers and enterprises’ welfare. Appropriate qualitative and quantitative methods will be used for a rich and comprehensive analysis.

The study of the upcoming sectors will be undertaken keeping in mind the 'new normal' initiated by the Covid - 19 pandemic. The tools for data collection will involve a mix of physical and virtual interviews and focussed group discussions, as per the requirements of the situation. Further, given the sensitive nature of the challenges and keeping in mind the vulnerability of the stakeholders involved, an ethical approach will be adopted throughout the study.