

Approach Note on Gig Economy

Good and Better Jobs in India: Inclusive Finance for Workers' Welfare (Grow Jobs-II)

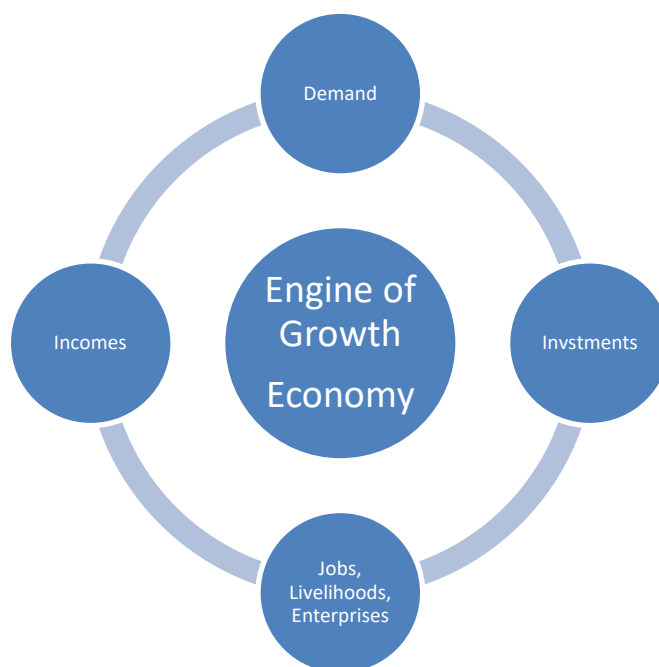
1. About the Project

India is at the cusp of economic transformation, where it is laying the foundation for building a better and more sustainable work environment, particularly now after the downturn due to the Covid pandemic, which has had a huge impact on our jobs market. The Centre for Monitoring Indian Economy highlighted that of 403.5 million jobs, only 282.2 million survived the world's most severe lockdown. The average income of almost 97 percent of Indians has fallen during the pandemic, resulting in more inequality in the Indian economy and society. Moreover, for better sustainability of the Indian economy and our society 90 million additional jobs need to be created by 2030. This is a pre-condition for reducing inequality in India.

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

It further dwells on exploring the relationship between investments and workers' welfare. Though the overall investment in productive sectors in India is rising, the distribution of the gains is skewed. The connection between investment and human capital, that is, workers' welfare and skills development is in the shadows.

The question is whether 'worker's welfare is an important determinant of investment decisions?



Source: A New Industrial Policy for India, CUTS International & Arun Maira¹

The engine of growth is driven by demand, leading to investment which results in the creation of enterprises and livelihoods and hence incomes which, in turn, generates demand. However, it appears that the factors causing inequality, when factored into the cycle of growth turn it into a vicious cycle. Therefore, it is important to identify an appropriate entry point or a lens to diagnose the problem objectively.

Good and better jobs can be the lens through which this diagnosis could be effectively undertaken. In other words, if the factors preventing the creation of good and better jobs can be understood, it may lead to a more nuanced identification of some of the sources of inequality.

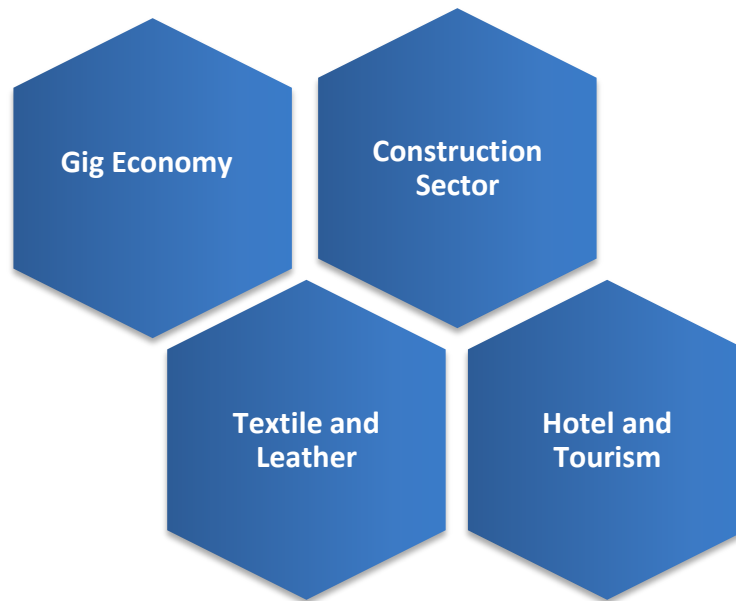
2. Taking the project forwards: Selection of Upcoming Sectors

Going forward, the idea is to capture a comprehensive picture of conventional as well as emerging employment opportunities., the gig economy, which is emerging as a major employer in the informal realm, has been chosen as one of the sectors to explore the concept of Good and better Jobs in the context of the ‘Future of Work’ in India. In line with the key objective of the project, the project will aim to focus on the relationship between an enterprise (or platform, in the case of the gig economy) and the workers, to determine what factors can be enhanced for improving outcomes simultaneously for workers and enterprises through the Investment lenses.

¹ https://www.cuts-ccier.org/pdf/A_NEW_INDUSTRIAL_POLICY_FOR_INDIA.pdf

Key factors for sector determination are the number of employees and the flow of investment in a sector. The following sectors based on the above factors have been finalized for the project

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The outcomes, in this case, will be a more channelized form of Investment into the industries for the welfare of the workers. Grow Jobs-I, worked on the outcomes in terms of better incomes and enhanced social security. While keeping in mind the outcomes, Grow Jobs-II study will be also focused on 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, to improve outcomes for the workers and enterprises. The focus will be on investment flows and Skill Development.

3. Gig Economy: Overview and Arguments

3.1 Overview of the Sector

India is experiencing a seismic shift in its work culture today. Young people don't want to be stuck in jobs where they have to work long hours for minimal pay. These individuals are finding sustainable employment opportunities in the country's rapidly growing gig economy. Some more aspirational are becoming micro-entrepreneurs. India has always had a large reserve of informal gig workers. The pandemic pushed a lot of them out of work. Just between March and April 2020, CMIE data showed that a whopping 113.6 million people lost their jobs. As people went searching for new jobs, with many industries being down in the doldrums, the gig economy became their primary focus. A joint report by the Boston Consulting Group and Michael & Susan Dell Foundation stated that the gig economy can service up to 90 million jobs in India's non-farm economy alone. This translates to over \$250 billion in the volume of work and may contribute an incremental 1.25% to India's GDP.

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.² 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. The gig economy includes all platforms that hire independent workers across sectors like e-commerce, technology, food & beverages, and home services among others.

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. startups).³ The relevance of the gig economy becomes even more profound in the wake of the ongoing Covid -19 crisis which has witnessed a large-scale leveraging of online platforms for essential services.⁴

3.2 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. As per an ASSOCHAM report, there are 15 million freelance or gig workers across India. 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 dynamic employment arrangements. 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 the flexibility of working conditions may result in new entrants into 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.

However, there is a need to tackle potential barriers to entry, in terms of gendered wage gaps, lack of job security, and safety concerns.⁵ 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.

² <https://www.ilo.org/global/topics/non-standard-employment/crowd-work/lang--en/index.htm>

³ <https://grameenfoundation.in/wp-content/uploads/2019/12/State-of-the-Jobs-Report-Final-Version.pdf>

⁴ <https://olawebedn.com/ola-institute/covid19-report.pdf>

⁵ <https://www.orfonline.org/research/gender-and-the-gig-economy-a-qualitative-study-of-gig-platforms-for-women-workers-65948/>

Along with flexibility, the gig economy also specialises in the 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 prerequisite, 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.

3.3 Insights from PAC

The PAC acknowledged the significance of the 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 the 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 the 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 the gig economy.
- 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 the welfare of gig workers will require a careful exploration for comparing it with conventional informal employment.