



## Gig Economy

**For Prelims:** Gig Economy, Different Collar Jobs, Code on Wages, 2019, Code on Social Security, 2020

**For Mains:** Gig Economy and issues with the sector, Pros and Cons of Gig Work for Women, Potential of India's Gig Sector and steps that need to be taken

### Why in News?

Recently, Zomato **announced a pilot project to deliver food in just 10 minutes** which will kick off in Gurugram, after that people slammed the move alleging that it will put the lives of their delivery partners in danger, as they will rush to meet the target.

### What is the Gig Economy?

- A gig economy is a **free market system in which temporary positions are common** and organisations contract with independent workers for short-term engagements.
- According to a report by Boston Consulting Group, **India's gig workforce comprises 15 million workers** employed across industries such as software, shared services and professional services.
- 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.

### What is the Potential of India's Gig Sector?

- An **estimated 56% of new employment in India** is being generated by the gig economy companies across both the **blue-collar and white-collar workforce**.
  - While the **gig economy is prevalent among blue-collar jobs in India**, the demand for gig workers in white-collar jobs such as **project-specific consultants, salespeople, web designers, content writers and software developers** is also emerging.
- The **gig economy can serve up to 90 million jobs in the non-farm sectors in India** with a potential to add 1.25% to the GDP over the "long term".
- As India moves towards its stated goal of becoming a **USD 5 trillion economy by 2025**, the gig economy will be a **major building block in bridging the income and unemployment gap**.

### What are the Different Collar Jobs?

- **Blue-Collar Worker:** It is a member of the working class, who **performs manual labour and earns an hourly wage**.
- **White-Collar Worker:** It is a **salaried professional**, typically referring to general office workers and management.
- **Gold-Collar Worker:** It is used to refer to highly-skilled knowledge people who are highly valuable to the company. Example: Lawyers, doctors, research scientists, etc.
- **Grey-Collar Worker:** It refers to the balance of employed people not classified as white or blue-collar.
  - Although grey-collar is something used to describe those who work beyond the age of

retirement. Example: Firefighters, police officers, health care professionals, Security Guards, etc.

- **Green-Collar Worker:** It is a worker who is employed in the environmental sectors of the economy.
  - **Example:** People working in alternative energy sources like solar panels, Greenpeace, World Wide Fund for nature, etc.
- **Pink-Collar Worker:** It is employed in a job that is traditionally considered to be women's work and is often low-paid.
- **Scarlet-Collar Worker:** It is a term often used to refer to people who work in the pornography industry, especially women entrepreneurs in the field of internet pornography.
- **Red-Collar Worker:** Government workers of all types.
- **Open-Collar Worker:** It is a worker who works from home, especially via the internet.

## What are the Key Drivers of the Gig Sector?

- **Flexibility to Work from Anywhere:**
  - In the digital age, the **worker need not sit at a fixed location**—the job can be done from anywhere, so employers can select the best talent available for a project without being bound by geography.
- **Changing Work Approach:**
  - The **millennial generation seems to have quite a different attitude to careers.** They seek to do work that they want to do rather than have careers that may not satisfy their inner urges.
- **Business Models:**
  - **Gig employees work on various compensation models such as fixed-fee** (decided during contract initiation), time & effort, actual unit of work delivered and quality of outcome. The fixed-fee model is the most prevalent, however, time & effort model comes a close second.
- **Emergence of a Start-up Culture:**
  - The [start-up ecosystem](#) in India has been developing rapidly.
    - For start-ups, hiring full-time employees leads to high fixed costs and therefore, contractual freelancers are hired for non-core activities.
    - Start-ups are also looking at hiring skilled technology freelancers (on a per project basis) in areas such as engineering, product, data science and ML to bolster their tech platforms.
- **Rising demand of Contractual Employees:**
  - MNCs are **adopting flexi-hiring options, especially for niche projects**, to reduce operational expenses after the pandemic.
  - This trend is significantly contributing to the gig culture in India.

## What are the Associated Challenges with the Gig Sector?

- **Unregulated Nature:** The gig economy **thrives largely unregulated**, therefore workers have little job security and few benefits.
  - However, few argue that the gig economy in India with respect to workers not getting any social security, insurance, etc. is an extension of India's informal labour, which has been prevalent for a long time and has remained unregulated.
- **Need for Skills:** A worker **needs to be skilled enough.** Unless a person is extremely talented, his bargaining power will necessarily be limited.
  - While companies routinely invest in training employees, a gig-economy worker will have to upgrade his skills on his own at his own cost.
- **Demand-Supply Mismatch:** There are already many more potential online independent workers than jobs, and this demand-supply mismatch will only get worse over time, depressing wages.

## How Pandemic impacted the Gig Economy?

- Businesses got disrupted because of [Covid-19](#) and people were looking for an income source to sustain. This led to the pandemic-led boom in demand for gig workers.
  - For instance, in August 2020, **Google announced the India launch of its Kormo Jobs app** to connect job seekers with opportunities in industries like on-demand businesses, retail and hospitality.
- However, as the number of gig workers has grown over the years, especially with consumer internet companies like Zomato, Swiggy, Uber, Ola, Urban Clap, etc, the workers have increasingly complained of a fall in their incomes.
- It has had two significant implications on the contractual labour ecosystem:
  - Firstly, it has **created new business models to cater to the growing requirement** for on-demand staffing.
  - Secondly, it has **once again put the spotlight on the labour codes** that recognise gig workers and provide for a universal minimum wage.

## What are the Pros and Cons of Gig Work for Women ?

- **Pros:**
  - **Help in Balancing Home and Work:**
    - Gig employment **allows part-time work and flexible working hours** which allows women to balance their traditional roles (homemakers and caregiver) with employment.
  - **Offer Safe Work Environment for Women:**
    - Gig employment complemented by Work From Home (WFH) and technology has addressed the issue of safety during travel and night shifts. Also, new employment opportunities for women in tier 2 and 3 cities have emerged.
  - **Provides on Demand Work:**
    - It provides **women with on-demand work allowing her join** and drop-out of work force as per her own will.
  - **Help in Earning Extra Income:**
    - Gig employment **helps women earn extra income**, boosted her confidence and gives decision making power all of which are important component of women empowerment.
- **Cons:**
  - **Perpetuates the already-existing Problems in the Labour Market:**
    - The gig economy has significant barriers to entry for female participation as it **perpetuates the already-existing problems in the labour market such as the gender pay gap, biased algorithms**, gender stereotypes and the [digital divide](#).
      - These **make it essential to recognise and address** these inherent structural issues in the digital ecosystem.
    - The digital divide between men and women poses a significant hurdle to women's participation in gig work. As per the GSMA Mobile Gender Gap Report 2020, **only 21% of women in India are mobile internet users**, which creates an unequal access to digital technologies necessary for engaging in the platform economy.
    - Although there is no comprehensive database available on gig workers in the country, it has been observed that there is occupational segregation based on gender stereotypes on platforms.
      - While women mostly engage in beauty and wellness services, as well as formalised domestic and care work, men undertake more transport and delivery work.
  - **Wage Disparities:**
    - Wage disparities **tend to manifest themselves in the gig economy**.
      - Pre-pandemic reports suggest that there was an 8%-10% gap in earnings between men and women gig workers in India.
    - In fact, studies suggest that learned inequality makes women undervalue themselves and engage in lower paying jobs, contributing to this already prevalent wage disparity in the gig economy.
  - **Biased against Women:**
    - The platforms are **also often biased against women** because of their “on-

demand” work schedules and incentive mechanisms.

- Engagement in domestic and childcare responsibilities **often does not allow women to reap the benefits of peak hours**, when both demand and wages are high.
- In addition, the **paid and unpaid work combines into a longer working day** for women than for men, thus contributing to their time poverty.

## What is the Labour Code for the Gig Economy?

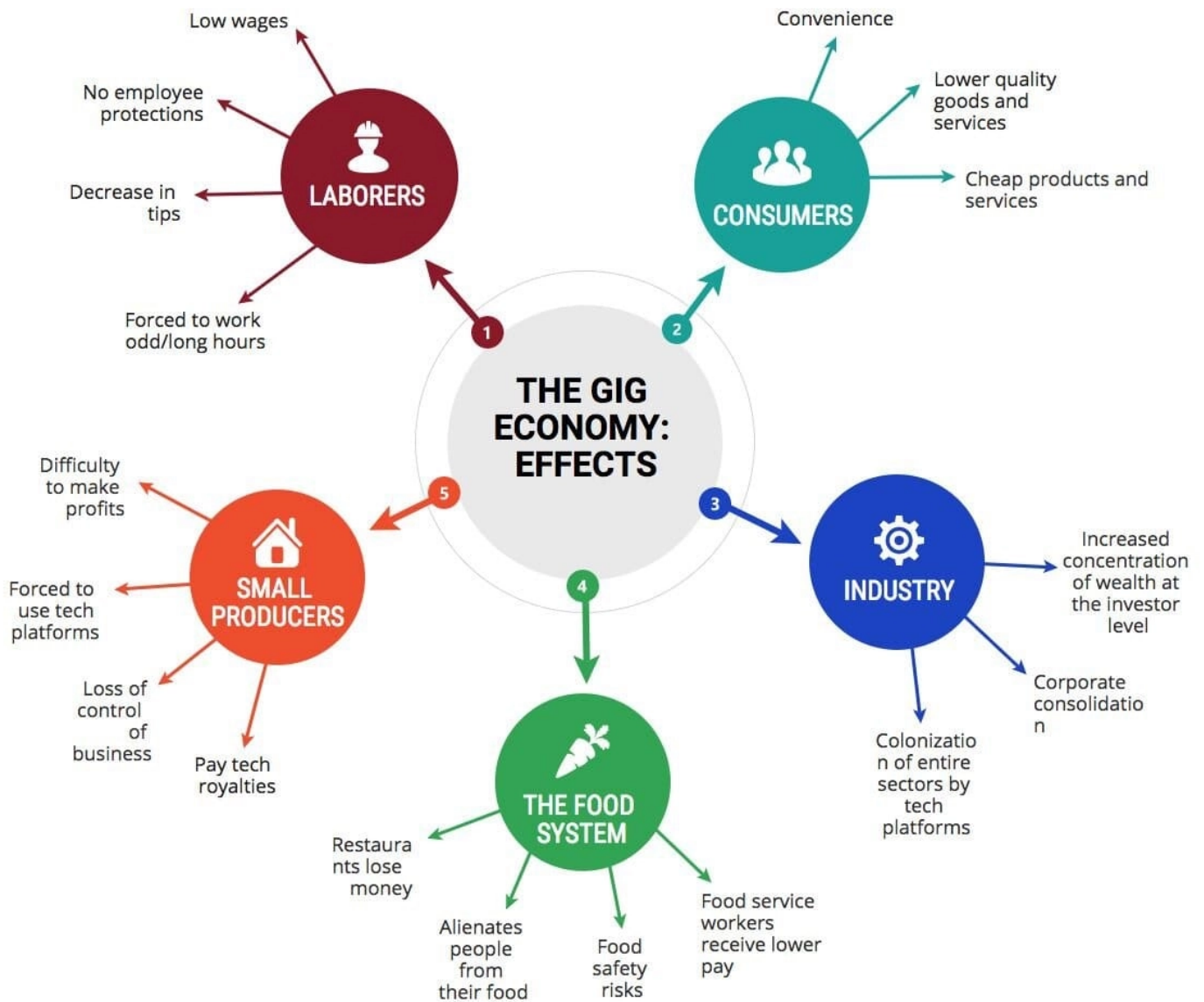
### ▪ Existing Legislation:

- The [Code on Wages, 2019](#), provides for universal minimum wage and floor wage across organised and unorganised sectors, including gig workers.
- The [Code on Social Security, 2020](#), recognises gig workers as a new occupational category.
  - It defines a **gig worker as a person who performs work or participates in work arrangement and earns from such activities**, outside of the traditional employer-employee relationship.

### ▪ Associated Issues in the Security Code:

- **No Guarantee of Benefits:** In the Code on Social Security bill , 2020, platform workers are now eligible for benefits like [maternity benefits](#), life and [disability cover, old age protection](#), provident fund, employment injury benefits, etc.
  - However, **eligibility does not mean that the benefits are guaranteed.**
  - None of the provisions secure benefits, which means that from time to time, the Central government can formulate welfare schemes that cover these aspects of personal and work security, but they are not guaranteed.
- **No Fixed Responsibility:** The **Code states the provision of basic welfare measures as a joint responsibility** of the Central government, platform aggregators, and workers.
  - However, it **does not state which stakeholder is responsible for delivering** what quantum of welfare.

//



## How could GIG Worker Conditions be Improved?

- **Need to Empower the Gig Workers:**
  - There is a need to **empower the gig workers by forming an umbrella union** that provides them with collective bargaining power.
  - The formal recognition and information symmetry will **help them to hold a better footing** against the platforms.
- **Need to Offer Mandatory Coverage to Platform Workers:**
  - While there has been a positive hope with recognition of gig workers in the labour code, the **terms of their social security are rather ill-defined** with no set regulatory authorities.
  - Thus, there is a **need to offer mandatory coverage to platform workers** under the centrally sponsored schemes such as [Pradhan Mantri Jan Arogya Yojana](#), [Pradhan Mantri Jeevan Jyoti Bima Yojana](#) and [Pradhan Mantri Suraksha Bima Yojana](#).
  - This **can be facilitated through the aggregators to ensure protection** to women gig workers, who tend to be more vulnerable in the platform economy.
- **Need to Build the Right Physical and Social Infrastructure:**
  - There is a **need to build the right physical and social infrastructure** that supports the engagement of women in gig work.
  - Fostering social norms which encourage men to equally undertake unpaid care and domestic work and developing public care infrastructure will facilitate women's movement

into gig work.

PDF Refernece URL: <https://www.drishtias.com/printpdf/gig-economy-2>