



## Perspective: 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, Challenges & Solutions for Gig Workers, Gig Economy in India and Steps that Need to be Taken

### Why in News?

A significant shift in the employment trends has been the rise of gig economy globally.

- According to a report by **Boston Consulting Group (BCG)**, India's gig workforce comprises **15 million workers** employed across industries such as software, shared services and professional services.
  - **Shared Services:** It is the consolidation of business operations that are used by multiple parts of the same organization.
  - **Professional Services:** It is an intangible product that a contractor or product vendor sells to help a customer manage a specific part of their business.

### 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.
- **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 is Gig Economy?

- A **Gig economy** is a **free market system** in which temporary positions are common and organizations contract with independent workers for short-term engagements.
  - **Gig Worker:** According to the [Code on Social Security, 2020](#), A gig worker is a person who performs work or participates in work arrangements and earns from such activities, outside of the traditional **employer-employee relationship**.
- 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.
- Gig workers can be **broadly classified into platform and non-platform-based workers**.
  - **Platform workers:** These workers are those whose work is **based on online software apps or digital platforms** such as food aggregator platforms Zomato, Swiggy, Ola, and others.
  - **Non-platform workers:** These workers are generally casual wage and own-account workers in **conventional sectors engaged part-time or full-time**.

## 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 toward careers. They seek to do work that they want to do rather than have careers that may not satisfy their inner urges.
- **Business Models & Technology:**
  - 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 the outcome. The **fixed-fee model** is the most prevalent, however, the time & effort model comes a close second.
  - Technological change has **made contracting far easier** which is making it possible for workers to find work and for companies to sort of work closely with those who are not employees but contractors.
- **The 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 [Machine Learning \(ML\)](#) to bolster their tech platforms.
- **Rising demand of Contractual Employees:**
  - [Multinational Corporations \(MNCs\)](#) 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**.

## India's Gig Economy: Where Does It Stand?

- An estimated **56% of new employment in India is generated by the gig economy** companies across 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 are 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.

- Recently, [NITI Aayog](#) also launched a report titled '[India's Booming Gig and Platform Economy](#)'.
  - According to the report, India's gig workforce is **expected to expand to 2.35 crore by 2029-30**.
  - The report estimates that in 2020-21, 77 lakh (7.7 million) workers were engaged in the [gig economy](#). They constituted 2.6% of the non-agricultural workforce or 1.5% of the total workforce in India.

### What are the Challenges and Solutions Regarding Gig Economy?

<b>Challenges:</b>	<ul style="list-style-type: none"> <li>▪ Lack of job security, irregular wages, and uncertain employment status</li> <li>▪ Rising stress due to uncertainty is associated with regularity in available work and income.</li> <li>▪ Limited access to the internet and digital technology.</li> <li>▪ The contractual relationship between the platform owner and gig worker denies the latter access to many workplace entitlements.</li> <li>▪ Stress due to pressure from algorithmic management practices and performance evaluation on the basis of ratings.</li> </ul>
<b>Solutions:</b>	<ul style="list-style-type: none"> <li>▪ Increase access to institutional credit for platform workers and those interested in setting up their own platforms.</li> <li>▪ Skill development of youth and workforce to make them employable.</li> <li>▪ Government can ensure universal coverage of platform workers through the Code on Social Security.</li> <li>▪ Unsecured loans extended to first-time borrowers in the platform economy may be classified as Priority Sector Lending</li> <li>▪ Supporting Small Businesses &amp; Entrepreneurs associated with Platforms.</li> </ul>

### What is the Labour Code for 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**.
- **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.

### What can be the Way Forward?

- **Paid Leaves, Health Access and Insurance:** Along the lines of measures introduced to mitigate the challenges posed by the [Covid-19 pandemic](#) by platforms businesses, measures for paid sick

leave, health access and insurance may be adopted by platforms as a part of their workplace or work engagement policies for all the workers they engage, round the year.

- This will have **positive implications for offering a social security cover to platform workers** engaged by these firms.
- **Occupational Disease and Work Accident Insurance:** Platforms may adopt models for providing **accident insurance to all delivery and driver partners**, and other platform workers across India.
  - These may be offered in **collaboration with the private sector or government**, as envisaged under the Code on Social Security, 2020.
- **Retirement/Pension Plans and Other Benefits:** Need to **adopt policies that offer old age/retirement plans** and benefits and other insurance covers for contingencies such as injury arising from work that may lead to loss of employment and income.
- **Support to Workers in a Situation of Irregularity of Work:** Gig and platform firms may consider providing income support to workers.
  - This will be a critical step in providing **assured minimum earnings and social security from income loss** in the wake of uncertainty or irregularity in work.
- **Contingency Cover out of a Corpus Fund:** A mobility platform, in order to support auto-rickshaw, cab, and taxi drivers to mitigate the effects of the lockdown on their income, created a corpus of INR 20 Cr, called the **“Drive the Driver Fund.”**
  - Measures such as offering a social security cover out of a corpus fund can **help support gig and platform workers and other self-employed individuals** associated with the sector in case of contingencies.

## Conclusion

"Gig economy" is perhaps the only way to create employment for freshers, semi-skilled and unskilled workforce. Therefore, It is important to hand-hold this sector and help it grow. We need policies and processes that give clarity to the way the sector should function.

### UPSC Civil Services Examination Previous Year's Questions (PYQs)

**Q. Examine the role of 'Gig Economy' in the process of empowerment of women in India.**

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