



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

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.