



India's Gig Economy

For Prelims: Platform Workers, Startup India Initiative, Code on Social Security 2020

For Mains: Potential of India's Gig Sector, Challenges associated with the Gig Sector, Recommendations of NITI Aayog to improve social security of the workforce.

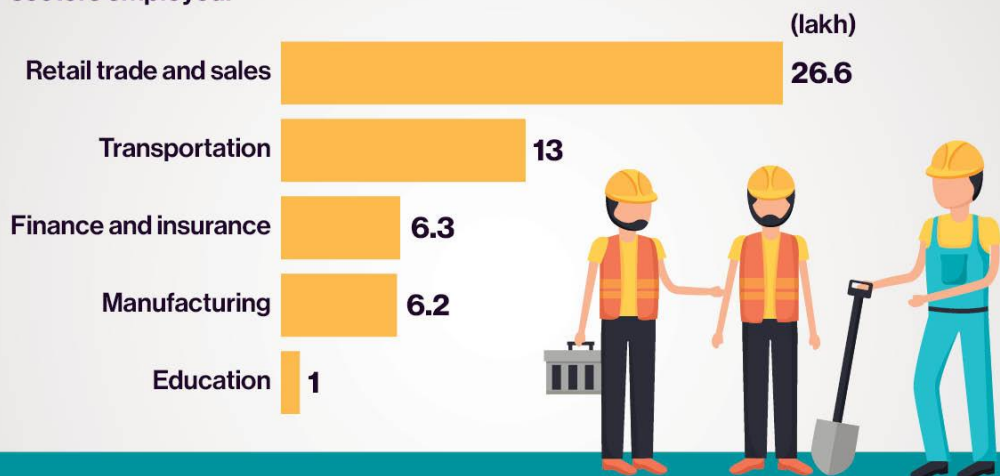
Why in News?

[NITI Aayog](#) today 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.**
- NITI Aayog recommended extending social security measures for such workers and their families in partnership mode as envisaged in the [Code on Social Security](#).

GIG WORKFORCE IN INDIA

NITI Aayog, in its report, India's Booming Gig and Platform Economy, said that gig workforce in India is expanding. As of 2019-20, here's what the following sectors employed:



NITI Aayog report stated:



Source: NITI Aayog

What are the Major Issues Raised by the Report?

- **Accessibility:**
 - Even though the gig economy, with the wide variety of employment options it offers, is accessible to all those who are willing to **engage in such employment, access to internet services and digital technology** can be a restrictive factor.
 - This has made the gig economy largely an **urban phenomenon**.
- **Job and Income Insecurity:**
 - Gig Workers do not **get benefit from labor regulations pertaining to wages, hours, working conditions**, and the right to collective bargaining.
- **Occupational Safety and Health Risks:**
 - Workers engaged in employment with the digital platforms, particularly, **women workers in the app-based taxi and delivery sectors, face various occupational safety and health risks**.
- **Skills Mismatch:**
 - Varying degrees of vertical and horizontal skills mismatch can be observed on online web-based platforms.
 - According to [International Labour Organization \(ILO\)](#) surveys, workers with higher educational achievements are not necessarily finding work commensurate with their skills.
- **Challenges faced due to Terms of Contract:**
 - Working conditions on digital platforms are largely regulated by the terms of service agreements. They tend to characterize the **contractual relationship between the platform owner and worker** as other than one of employment.

What is the 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:** A person who performs work or **participates in a work arrangement and earns from such activities outside of traditional employer-employee relationship.**
- 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 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.

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, the 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 Platform Workers?

- **About:**
 - A platform worker implies a **worker working for an organisation that provides specific services using an online platform directly to individuals or organisations.**
 - **Examples:** Ola or Uber drivers, Swiggy or Zomato delivery agents, etc.
- **Concerns:**
 - They fall outside of the purview of the traditional dichotomy of formal and informal labour.
 - Platform workers are **independent contractors** as they cannot access many aspects of workplace protection, and entitlements.

What are the Recommendations?

- **'Platform India Initiative':**
 - On the lines of the **'Startup India initiative'**, accelerating platformization, skill development and social financial inclusion, can provide a framework to balance the flexibility offered by **platforms and social security of workers**.
 - **Self-employed Individuals** engaged in the business of selling regional and rural cuisine, street food, etc., **can be linked to platforms** so that **they can sell their produce to wider markets in towns and cities**.
- **Funding support:**
 - **Access to institutional credit may be enhanced** through financial products specifically designed for platform workers and those interested in setting up their own platforms.
 - Venture capital funding, grants and loans from banks and other funding agencies should be provided to platform businesses of all sizes.
- **Gender Sensitization:**
 - **Encouragement of behavior modification through raising awareness** of gender equality concerns.

[Source: TH](#)

PDF Reference URL: <https://www.drishtiias.com/printpdf/indias-gig-economy>

