



## Challenges Faced by the Gig Workers

**For Prelims:** Challenges Faced by the Gig Workers, [Gig Workers](#), [Scheduled Castes \(SC\) and Scheduled Tribes \(ST\)](#), [Code on Social Security \(2020\)](#), [Code on Wages, 2019](#).

**For Mains:** Challenges Faced by the Gig Workers, Challenges & Solutions for Gig Workers, Gig Economy in India and Steps that Need to be Taken.

[Source: TH](#)

### Why in News?

Recently, a study was conducted by the **People's Association in Grassroots Action and Movements**, and the Indian Federation of App-based Transport Workers, Which highlights the challenges encountered by the [Gig Workers](#) such as app-based cab and delivery drivers/persons in India.

### What are the Key Highlights of the Study?

- **Long Working Hours:**
  - Almost a third of app-based cab drivers **work for over 14 hours a day**, with more than 83% working more than **10 hours** and **60% working over 12 hours**.
  - Social disparities exacerbate the situation, with over 60% of drivers from [Scheduled Castes \(SC\) and Scheduled Tribes \(ST\)](#) working for over 14 hours a day.
- **Low Pay:**
  - Over **43% of gig workers earn less than Rs 500 a day** or Rs 15,000 a month after deducting all costs.
  - Additionally, 34% of app-based delivery persons earn less than Rs 10,000 a month. These income disparities **contribute to existing social inequalities**.
- **Financial Strain:**
  - 72% of cab drivers and 76% of delivery persons face difficulty managing expenses, with **68% of cab drivers' overall expenses exceeding their earnings**, potentially leading to debt-like situations.
- **Unsatisfactory Compensation:**
  - Over 80% of app-based cab drivers were unsatisfied with the fares offered by the companies, while over 73% of app-based delivery persons were dissatisfied with their rates.
  - The survey claims that **employers are deducting between 31-40% of the commission rate** per ride of drivers, while the officially claimed figure by the companies themselves is **20%**.
- **Work Conditions:**
  - Due to demanding work hours, drivers are **physically exhausted and at increased risk of road traffic accidents** especially due to the **'10-minute delivery at the doorstep'** policy of certain e-commerce platforms.
  - Many drivers and delivery persons **struggle to take regular days off**, with less than 37% of drivers belonging to a union.

#### ▪ **Issues with Platforms:**

- Workers face issues such as **ID deactivation and customer misbehaviour**, negatively impacting their ability to work effectively.
- A significant majority of drivers and delivery persons **report negative effects from customer behaviour**.

#### ▪ **Recommendations:**

- The report recommended regulations to **ensure that companies establish fair and transparent payment structures** to protect gig workers from being underpaid or exploited by companies.
- Payment of a minimum wage to platform workers **will help guarantee a fixed component** in the income.
  - In instances of blocking the IDs of workers, such practices should not be **allowed and IDs of workers cannot be indefinitely blocked**.
- The platforms need to **address rising voices of income insufficiency** and respond to worker demands such as reducing the amount of commission they charge per transaction or making separate payments for workers' fuel bill, which keeps inflating as fuel prices rise.
- The study recommends **stronger social security for app-based workers** and government oversight on the fairness of algorithms and mechanisms used by platforms to monitor workers.

## Who are Gig Workers?

#### ▪ **Gig Workers:**

- Gig workers are individuals who work **on a temporary, flexible basis**, often for multiple clients or companies, performing tasks or providing services.
- They are typically **independent contractors rather than traditional employees**, which means they have more control over when, where, and how they work.

#### ▪ **Gig Economy:**

- A free market system in which temporary positions are common and organisations contract with independent workers for short-term engagements.



# India Gig Economy Overview



## Key Highlights

- 7.7 million Indians are currently engaged in gig work
- 9.9 million Indians are expected to be gig workers by 2023.
- India is projected to have 23.5 million gig workers by 2029-30

(Source: NITI Aayog)

## Companies in the Space



Dunzo's Business grew by 94% this quarter. (27x previous growth rate)



Uber has started offering electric vehicles to customers in certain parts of the Delhi-NCR region and says it will expand its efforts over the coming months.



Swiggy Instamart expanded to delivering groceries till 3 am in the night.

## Sector Wise Gig Hiring



**2.7 Million** Indian Gig Workers are engaged in **Retail Trade and Sales**



**1.3 Million** Indian Gig Workers are engaged in the **Transportation sector**



**0.6 Million** Indian Gig Workers are engaged in **Manufacturing sector**



**0.6 Million** Indian Gig Workers are engaged in **Finance and Insurance Services**



**2.5 Million** Indian Gig Workers are engaged in **E-Commerce Websites**



## Why is it Essential to Provide Social Security Benefits to Gig Workers?

- **Economic Security:**
  - The '**demand-based only**' nature of the sector results in a lack of job security and uncertainty attached to the continuity of income making it even more reasonable to provide social security benefits like **unemployment insurance, disability coverage,** and retirement savings programs.
- **More Productive Workforce:**
  - Lack of access to employer-sponsored health insurance and other healthcare benefits leaves **gig workers vulnerable to unexpected medical expenses;** prioritising their health and well-being will create a healthier and more productive workforce.
- **Equity in Opportunities:**
  - Exemption from traditional employment protections creates disparities where gig workers face exploitative working conditions and inadequate compensation. Providing social security benefits will level the playing field.
- **Long-term Financial Security:**
  - Without employer-sponsored retirement plans, gig workers may struggle to save enough for their future. Enabling **gig workers to save for retirement** will reduce the risk of future financial hardship and dependence on public assistance programs.

## What are the Main Challenges in Providing Social Security Benefits to Gig Workers?

- **Classification and Excess Flexibility:**
  - Blurred boundaries between self-employment and dependent employment, and freedom to work for multiple firms or quit at will, make it difficult to determine the extent of company obligations towards gig workers.
  - The gig economy is **characterised by its flexibility,** allowing workers to choose **when, where, and how much they work.**
    - Designing social security benefits that accommodate this flexibility and meet the diverse needs of gig workers is a complex task.
- **Funding and Cost Distribution:**
  - Traditional social security systems rely on **employer and employee contributions,** with employers typically bearing a significant portion of the costs.
    - In the gig economy, **where workers are often self-employed,** identifying appropriate **funding mechanisms becomes complex.**
- **Coordination and Data Sharing:**
  - Efficient data sharing and coordination among gig platforms, government agencies, and financial institutions are **necessary to accurately assess gig workers' earnings,** contributions, and eligibility for various social security programs.
    - However, as gig workers **often work for multiple platforms** or clients, it becomes **challenging to coordinate** and ensure proper coverage.
- **Education and Awareness:**
  - Many gig workers may **not fully understand their rights and entitlements** regarding social security benefits.
    - Raising awareness and providing education about the importance of social security, eligibility criteria, and the application process is a challenging task.

## What can be done to Ensure Social Security of Gig Workers?

- **Implementing Code on Social Security, 2020:**
  - Although the Code on Social Security, 2020, contains provisions for gig workers, the **rules are yet to be framed by the States** and not much has moved in terms of instituting the Board. These should thus be **taken up expeditiously by the government.**
- **Adopt International Examples:**
  - The UK has instituted a model by **categorising gig workers as "workers,"** which is a category between employees and the self-employed.
    - This secures them a **minimum wage, paid holidays,** retirement benefit plans,

and health insurance.

◦ Similarly, in Indonesia, they are **entitled to accident, health, and death insurance.**

▪ **Expanding Employer Responsibilities:**

◦ Strong support for gig workers should come from the **gig companies** that themselves **benefit from this agile and low-cost work arrangement.**

• The practice of classifying gig workers as self-employed or independent contractors needs to be eliminated.

• Companies must be **provided equal benefits as that of a regular employee.**

▪ **Government Support:**

◦ The **government should invest** in systematically increasing exports in high-skill gig work such as in the education, financial advisory, legal, medicine or customer management sectors; by making it easier for Indian **gig workers to access global markets.**

◦ Also, it would **require collaboration between governments,** gig platforms, and labour organisations to establish fair and transparent mechanisms for sharing the responsibility of providing social security benefits.

## Government's Initiatives Related to Gig Workers

▪ The [Code on Social Security, 2020](#), contains a separate section on '**gig economy**' and imposes an **obligation on gig employers to contribute to a Social Security Fund** to be handled by a government-led board.

▪ The [Code on Wages, 2019](#), provides for **universal minimum wage and floor wage** across organised and unorganised sectors, including gig workers.

## Conclusion

▪ There is a need for comprehensive measures to improve the working conditions, financial security, and overall well-being of app-based workers, recognizing their contributions to the gig economy while advocating for their rights and protections.

## UPSC Civil Services Examination, Previous Year Question (PYQ)

### Mains

**Q.** Examine the role of 'Gig Economy' in the process of empowerment of women in India. **(2021)**