
How has COVID-19 Transformed the Gig Economy in India?

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Abstract

The world of work today is witnessing a transformation with the onset of Industrial Revolution 4.0 fuelled by the Internet of Things and Artificial Intelligence. Gig work, though not a totally new phenomenon has picked pace over time and India is among the largest gig economies. The pandemic has further accelerated the growth of the gig economy in India. It is estimated that by 2025 more than 300 million will be doing gig jobs in India standing at about US\$ 250 billion. The millennials and the Gen-Z actually prefer doing gig jobs as this provides them with flexibility, better/more satisfying wages and keeps up their pursuit of happiness. It is evident that gig work is here to stay and all research points in the same direction. Governments across the globe have rushed to regulate the sector and the Government of India is not much behind on this, though a lot remains to be done. It is necessary that if such a large proportion of our workforce is going to be in the gig economy, mostly in blue collar jobs, the government makes sure that the interests of these workers are taken care of. The column introduces gig work, its presence/growth in India and makes some recommendations for policymakers.

Keywords: Gig Work; Gig Economy; COVID; Social Security; Gen-Z

Despite the tremendous attention that gig work and gig economy have received owing to the tremendous growth potential it holds, and the traction that it has generated from academicians, unions and policy-makers, a standard definition of gig economy has not yet been globally accepted. Different scholars and policy making bodies in different countries have proposed varying definitions, some as narrow as including only labour transactions via digital platforms while others as broad as including the casual workers/daily wagers that are offered a day job at the roadside. Gig economy could be roughly defined as paid/unpaid tasks/renting carried out by independent contractors/ fixed term employees and mediated by online/offline platforms.

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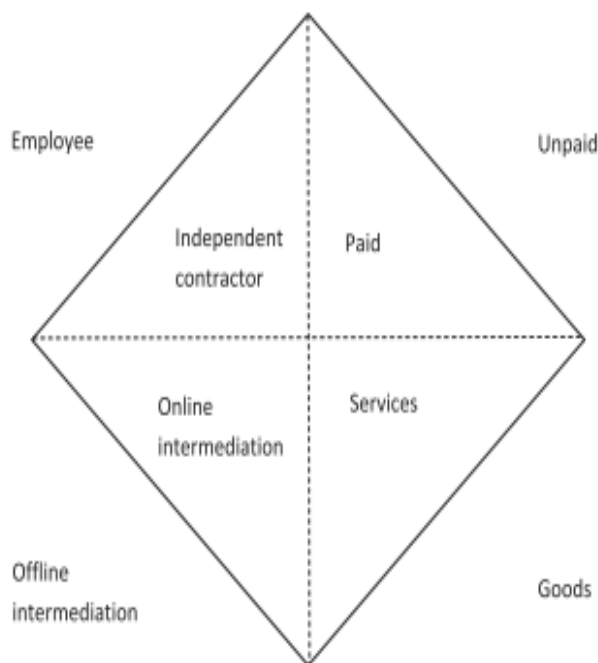


Figure 1: What makes up the gig economy (Koutsimpogirgos et al.)

Government of India, in its social security code - 2020 uses a rather wide but ambiguous definition of a gig worker i.e. ‘(35) "gig worker" means a person who performs work or participates in a work arrangement and earns from such activities outside of traditional employer-employee relationship;’ (The Gazette of India, 2020); which leaves open the debate on what exactly is the gig economy, but it is said without a shred of doubt that the new/next normal is dominated by the gig economy (Sarkar, 2021).

Gig Economy in India

An economy offering temporary, flexible jobs to independent contractors, freelancers and part-time workers, connected mostly through online platforms, has become commonplace. Gig economy in its broadest sense is not a new phenomenon in India but the advent of digital platforms that facilitate/mediate contractual labour/goods transactions have accelerated the growth of gig economy in India and across the world. Both demand and supply side factors in the wake of pandemic induced uncertainty have led to the exponential growth of the gig economy. It is worth noting that participation of labour in the gig economy is higher in developing countries like ours with 5-12% participation compared to the developed countries where it is mostly below 4% (Das). Most of the workers in these sectors are indulged in low-paying blue-collar jobs like ridesharing, food/goods delivery and other microtasks. Currently, India’s gig-labour force is around 8 million (Boston Consulting Group and Michael & Susan Dell Foundation, 2021). It is set to grow to almost 24 million in the next three to four years, and it has been estimated that India could

produce as many as 90 million opportunities through gig or platform jobs if it reaches its full potential. Other estimates suggest that India's gig workforce stands at about 15 million currently and is likely to have 350 million gig jobs by 2025 (India Brand Equity Foundation, 2021).

The pandemic that grappled the world, disrupted the supply chains and forced governments to lockdown economies had an equally, perhaps a more severe impact on India. With economic growth already slowing down before the pandemic and unemployment rates substantially higher than normal, the pandemic acted as a catalyst for the growth of the already expanding gig economy. According to a 2020 survey, "India stood to lose almost 135 million jobs, which pushed Indians towards non-conventional forms of jobs i.e. both white and blue collar, freelance jobs" ((Maitra et al.), 2020). Associated Chambers of Commerce and Industry in India (ASSOCHAM) predicted that India's gig sector would stand at US\$ 455 billion in 2024 with a compounded annual growth rate of 17% and it has now the potential to grow at twice the rate as predicted before the pandemic (ASSOCHAM, 2021). The Economic Survey 2021 noted that India has emerged as one of the largest markets for flexi staffing in the world due to wider adoption of e-commerce and online retailing (Sirohi, 2021).

Impact of the Pandemic

In the initial days of the pandemic, there were no solutions towards combating the virus, and the only option at hand was prevention. Government of India was at crossroads with the choice of saving lives and saving livelihoods, which ultimately fulfills life and the choice in the given circumstances was obvious and looking in retrospect, correct. India, a predominantly informal economy, witnessed growing unemployment rates with precarity, poverty and inequality increasing every day. Though the government was quick to expand its free ration distribution programme, people struggled to meet even the bare minimum of their needs. They were looking for wage-work. The internet brought this to them. With affordable rates of internet and decent connectivity and advent of digital platforms/applications, work from home jobs, and a reminder of the fragility of life, people's orientations changed, not suddenly but significantly. Millions who were pushed out of the workforce, saw a chance to upskill themselves via the internet and join the freelance jobs that provide both flexibility and better/ more acceptable wages. Emergence of various intermediaries/online mediation platforms made it possible for people to find work from the comfort of their homes and complete the jobs from anywhere with internet connectivity in their own time at their own convenience. The millennial generation, which has just entered/is ready to enter the workforce has fallen in love with the idea of working when they wish to work, from where they wish to be. In its report, ASSOCHAM notes "with talented pools today becoming way more diverse in their age constitution and with millennials and Gen-Z workers increasingly becoming part of the country's workforce, many have begun preferring to become part of the gig

economy” (Sharma, 2021). Home delivery of goods/services (including food and medicine), tele-consultations with doctors accelerated during the pandemic as people were afraid of moving out of their homes. The pandemic has also forced firms and organizations to rethink the very nature of work and remodel themselves.

E-commerce platforms hired thousands of delivery partners during the pandemic. Similarly other firms hired freelancers to perform tasks online. Although the demand for gig-workers has increased since the start of the pandemic, competition for gig jobs has also increased. The gig workers now have competition from former full-time employees as well, who have been forced into gig-work but are mostly better skilled than the full-time gig workers. This has also led to an increase in precarity of work conditions for the gig-workers. During the pandemic their earnings went significantly down, and firms exploited them as other jobs were not available.

Way Forward

It is now an established fact that gig work is here to stay and thus governments must bring forth regulations to protect the interests of all parties involved without hurting any. It is time that firms rethink the role of the gig workers in their organizations and make provisions to retain them/ provide them with benefits, which other workers in the conventional working culture are entitled to. European countries have gradually started to direct firms to recognise gig-workers as employees and render them the benefits accordingly (Chauhan, 2021), but India is still a long way behind.

Government of India has been quick enough to respond to the emergence of the gig economy and has made provisions for its expansion but in the meantime, it has to be kept in mind that economic growth is not an end in itself and that development through adequate distribution/redistribution of created wealth is necessary. It has made provisions for a social security cess from gig/platform firms for social security of gig workers and in the meantime has also started collecting data via the e-Shram portal. The government has announced that the gig/platform workers will also be covered under the Minimum Wage Laws (code on wages - 2019) now (Aryan, 2021).

Regulatory framework has to be developed in due course of time and hiring and firing of workers in the gig economy has to be regulated and the rights (right to work/life) of such workers has to be protected. The government should speed up the process of setting up social security funds for the gig workers and task all stakeholders including the trade union bodies in the sector to administer it.

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