

Gig Economy

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Abstract

Gig economy is a free market system in which temporary positions are common and organisations contract with independent workers for short-term engagements. Although the concept of the gig economy has been around for a long time, it has been under increasing scrutiny due to the increasing number of people who are able to access it through the Internet. Due to the technological advancements that have occurred in the past couple of years, it has become easier for people to access the gig economy. The concept of the gig economy was initially perceived as a side hustle. However, it has quickly become a trillion-dollar industry that has millions of participants. Due to the technological advancements that have occurred in the past couple of years, it has become easier for people to access the gig economy. In the modern digital world, it's becoming increasingly common for people to work remotely or from home. This trend accelerated during the 2020 COVID-19 pandemic. 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.

Keywords: Gig Economy, Free Market System, Covid- 19 Pandemic

Introduction

Gig economy is a free market system in which temporary positions are common and organisations contract with independent workers for short-term engagements. The term is borrowed from the music world, where performers book "gigs" that are single or short-term engagements at various venues. Large numbers of people work in part-time or temporary positions or as independent contractors in a gig economy. The result of a gig economy is cheaper, more efficient services, such as Uber or Airbnb, for those willing to use them.

People who don't use technological services such as the Internet may be left behind by the benefits of the gig economy. Cities tend to have the most highly developed services and are the most entrenched in the gig economy.

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In the modern digital world, it's becoming increasingly common for people to work remotely or from home. This trend accelerated during the 2020 COVID-19 pandemic. Economic reasons also factor into

the development of a gig economy. Employers who cannot afford to hire full-time employees to do all the work that needs to be done will often hire part-time or temporary employees to take care of busier times or specific projects.

On the employee's side of the equation, people often find they need to move or take multiple positions to afford the lifestyle they want. It's also common to change careers many times throughout a lifetime, so the gig economy can be viewed as a reflection of this occurring on a large scale. In 2020, the gig economy experienced significant increases as gig workers delivered necessities to home-bound consumers, and those whose jobs had been eliminated turned to part-time and contract work for income. Employers will need to plan for changes to the world of work, including the gig economy, when the crisis has ended.

Objectives

To understand Gig Economy

To study the advantages and challenges of Gig Economy

To analyse the potential and growth drivers of India's Gig Economy

Methodology

Secondary Data like journals, newspapers and the internet have been used.

Pandemic Impact on the Gig Economy

Businesses got disrupted because of Covid-19 and people were looking for an income source to sustain. This led to the pandemic-led boom in demand for gig workers. For instance, in August 2020, Google announced the India launch of its Kormo Jobs app to connect job seekers with opportunities in industries like on-demand businesses, retail and hospitality.

However, as the number of gig workers has grown over the years, especially with consumer internet companies like Zomato, Swiggy, Uber, Ola, Urban Clap, etc, the workers have increasingly complained of a fall in their incomes.

Advantages of the Gig Sector

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.

Contract 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, time & effort model comes a close second.

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.

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.

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. 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.

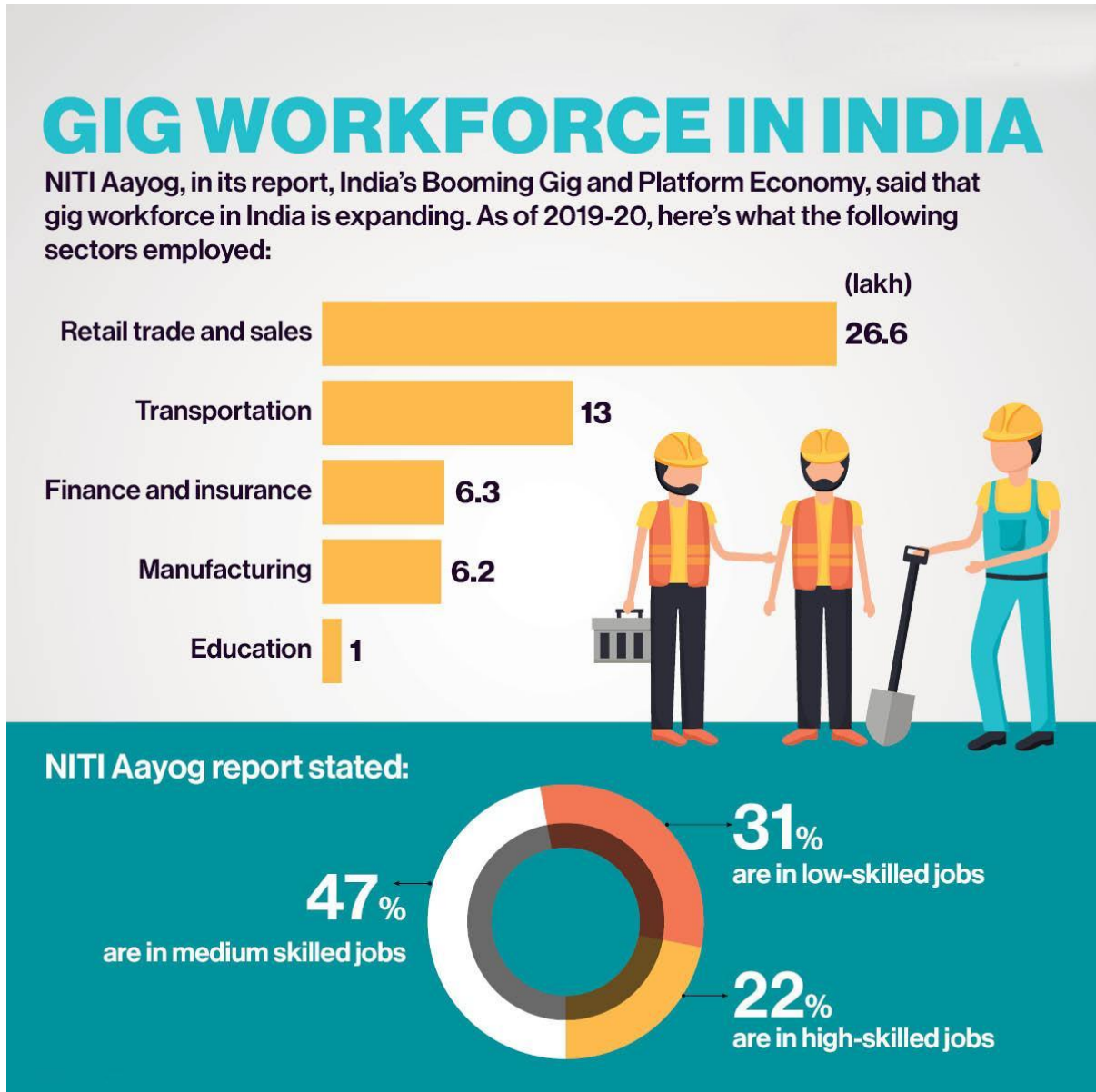
NITI Aayog Report

Gig workers are typically those who work freelance, contractual, temporary, or on-call basis. The report provided a scientific methodological approach to estimate the current size and job-generation potential of the sector. Besides, it highlighted the opportunities and challenges of this emerging sector and presented global best practices on initiatives for social security. It is estimated that in 2020-21, 77 lakh workers were engaged in the gig economy. They constituted 2.6 per cent of the non-agricultural workforce or 1.5 per cent of the total workforce in India.

The gig workforce is expected to expand to 2.35 crore workers by 2029-30. The gig workers are expected to form 6.7 per cent of the non-agricultural workforce or 4.1 per cent of the total livelihood in India by 2029-30.

The trend showed the concentration of workers in medium skills is gradually declining and that of the low skilled and high skilled is increasing, the job creation potential of this sector given the rising urbanization, widespread access to the internet, digital technologies, and smartphones in India.

“The recommendations in this report will serve as a crucial resource for ministries, state governments, training providers, platform companies and other stakeholders to work in collaboration for promoting growth and employment opportunities in this sector,



Challenges with the Gig Sector

Despite its benefits, there are some downsides to the gig economy. While not all employers are inclined to hire contracted employees, the gig economy trend can make it harder for full-time employees to develop in their careers since temporary employees are often cheaper to hire and more flexible in their availability. Workers who prefer a traditional career path and the stability and security that come with it are being crowded out in some industries.

For some workers, the flexibility of working gigs can actually disrupt the work-life balance, sleep patterns, and activities of daily life. Flexibility in a gig economy often means that workers have to

make themselves available any time gigs come up, regardless of their other needs, and must always be on the hunt for the next gig. Competition for gigs has increased, too

Lack of Job and Social Security: Many gig workers in India are not covered by labour codes and do not have access to benefits such as health insurance and retirement plans.

Additionally, gig workers often do not receive the same level of protection as traditional employees in the event of injury or illness.

Unregulated Nature: The gig economy thrives largely unregulated; therefore, workers have little job security and few benefits. However, few argue that the gig economy in India with respect to workers not getting any social security, insurance, etc. is an extension of India's informal labour, which has been prevalent for a long time and has remained unregulated.

Exploitation by Companies: Gig workers in India are often paid less than traditional employees and may not have the same legal protections. Some companies may also exploit gig workers by misclassifying them as independent contractors to avoid liability and avoid paying taxes.

Need for Skills: A worker needs to be skilled enough. Unless a person is extremely talented, his bargaining power will necessarily be limited. While companies routinely invest in training employees, a gig-economy worker will have to upgrade his skills on his own at his own cost.

Demand-Supply Mismatch: There are already many more potential online independent workers than jobs, and this demand-supply mismatch will only get worse over time, depressing wages.

Lack of Data: There is a lack of data and research on the gig economy in India which makes it difficult for policy makers to understand its size, scope, and impact on the economy and workforce.

Growth Drivers of the Gig Economy in India

- **Rise of the Internet and Mobile Technology:** The widespread adoption of smartphones and the availability of high-speed internet has made it easier for workers and businesses to connect through online platforms, facilitating the growth of the gig economy.
- **Economic Liberalisation:** The Indian government's economic liberalisation policies have led to increased competition and a more open market, which has encouraged the growth of the gig economy.
- **Increasing Demand for Flexible Work:** The gig economy is particularly attractive for Indian workers who are looking for flexible work arrangements that allow them to balance their personal and professional lives.
- **Demographic factors:** The gig economy is also driven by the large and growing number of young, educated and ambitious Indians who are seeking to improve their livelihoods with side income generation.
- **Growth of E-commerce:** The rapid growth of e-commerce in India has led to a significant increase in demand for delivery and logistics services, which has in turn led to the growth of the gig economy in these sectors.

Conclusion

The Indian government should establish clear regulations and policies for the gig economy to ensure that gig workers are protected and that companies are held accountable. The government should ensure that gig workers have access to social security programs such as pension schemes and health insurance to ensure financial security for older workers. Gig workers should be granted the same labour rights as traditional employees, including the right to organise and form unions. The government should invest in education and training programs for gig workers to improve their skills and increase their earning potential. Government can encourage fair competition by having regulations that prevent companies from misclassifying workers as independent contractors and by enforcing fair trade practices. the government can encourage innovation in the gig economy by providing tax incentives, funding and other support to companies that are creating new business models and technologies. There is a need to build the right physical and social infrastructure that supports the engagement of women in the gig workforce.

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