



# THE ROLE AND CHALLENGES OF GIG WORK PLATFORMS IN INDIAN ECONOMIC DEVELOPMENT

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## **ABSTRACT:**

India is a developing economy. As developing economy India Faces several problems like, poverty, unemployment, low Per Capita income, Rapid growth rate of Population, low standard of living, Migration etc. The government of India is not in position to solve all the problems immediately and not able to create basic infrastructure for the growing population. The Gig Economy plays a very vital role in extending the employment opportunity in India. The Gig work platform is one of the supportive systems and programs for the development of Growth of the Indian economy. The gig workforce was already popular before the pandemic, but since the covid outbreak, many individuals who lost their normal employment have turned to gig workers, and they are finding an excellent opportunity to increase their Per Capita income over a period of time. Many business units are turning their workforce from full time work to gig work. This allows them to hire a more talented workforce for a short period of time who works effectively and finishes their work in targeted hours. This gig workforce is benefitted to business units as well as individuals to increase their income to meet the expenses. Companies that provide gig jobs are expanding in India, and they are assisting a large number of people who are looking for work.

**KEY WORDS:** - Gig Economy, The Role of Gig work platforms, Indian Economic Development and Challenges.

## **INTRODUCTION ABOUT THE TOPIC:**

Gig economy refers to, “is an economy that offers a work platform to all the workers which is flexible, choice based, independent and involves exchanging of labour and resources through Physical and digital platform that facilitates effective gaining opportunities”.

Gig Economy is also known as ‘Sharing economy’, ‘Gift economy’, ‘Barter Economy’. Gig economy matches the most efficient business unit to consumer satisfaction level. Examples of Gig economy workforces are,

- Assets sharing services like, homeaway, Airbnb, Turo
- Transportation services like, ride sharing, Carpooling, food delivery, goods delivery (Uber, swiggy, amazon, fresh to home, Door dash etc.)
- Professional service like, Freelancers, coaching, tutoring, music instrument training, fitness training (xguru, up work, byju's app etc.)
- Other services like home services, baby-sitting, pet services, crafts, work from home jobs etc.

Gig work platforms create opportunities to all the workers in general, women and persons with disabilities in particular, and empower them into monetary independence. Therefore, it creates a platform that relies on innovation to provide access to skill development, social security, access to finance and job creation which are key pillars of inclusive growth. The gig work is projected to increase from 7.7 million in 2021 to 23.5 million in 2030. This gig work platform is going to reshape the future economic development.

### **REVIEW OF LITERATURE: -**

According to a NITI Aayog report on 25th June 2022, “Gig workers – those engaged in livelihoods outside the traditional employer-employee arrangement – can be broadly classified into platform and non-platform-based workers. Platform workers are those whose work is based on online software apps or digital platforms. While, non-platform gig workers are generally casual wage workers and own-account workers in the conventional sectors, working part-time or full time”

Delving deeper into the variance between gig and conventional workers, this study uses the characteristics such as location (in urban areas), age group (18-45 years), education levels (ranging between secondary school and graduation), income level (workers whose household consumption expenditure is below the 75th percentile of monthly per capita consumption expenditure), ownership of mobile phones and access to a bank account for estimating gig and platform workers

The Review of Dhanendra Kumar, former chairman of Competition Commission of India, executive director for India at World Bank- “Gig economy includes all platforms that hire independent workers across sectors like e-commerce, technology, food & beverages, home services among others”.

India is experiencing a seismic shift in its work culture today. Young people don't want to be stuck in jobs where they have to work long hours for minimal pay. These individuals are finding sustainable employment opportunities in the country's rapidly growing gig economy. Some more aspirational are becoming micro-entrepreneurs.

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.

### **OBJECTIVE OF THE STUDY: -**

- To know about the Gig economy workforce in India
- To understand the Role of Gig work platform.
- To analyze India's Growth and development activities through the gig economy.
- To identify the focus on Indian Economic Development.

## THE ROLE OF GIG WORK PLATFORMS

The gig economy is one of the informal sector workforce and workplace which is a solution for both the job seeker and organization. The Covid- 19 Pandemic pushed many workers to choose their independent job to increase their per capita income. It constantly changes the work environment and enables business firms to hire a flexible workforce. This paper mainly focuses on the gig work platforms which encourages directly or indirectly the growth and development of an Economy.

1. **Start-ups Initiatives:** - The growth of the Indian Economy needs a new platform to enhance the innovation which supports to increase the GDP Growth. Gig Economy encourages Startups workforce to enable the high talent and hires the blue collar and white collar Workforce. In India 56% of New Start-ups initiated by the Gig Economy. It includes IT, Data science, Marketing, finance etc.
2. **Micro and Small Enterprises:** - Gig economy gives opportunities to start micro and small enterprises, where rural and urban people will get benefits to increase their per capita income.
3. **Employment Opportunity:** - The Gig economy includes multiple types of alternative work arrangements such as independent contractors, online platform workers, contract firm workers, on-call workers and temporary workers. India is the second-largest market of freelance professionals in the world (15 million). In the 2019 Noble House Report, 81 percent of the major corporations surveyed reported using gig workers for at least one major organizational issue in the past year.
4. **Self-Employment:** - Gig work platform creates the self-employment opportunities to the talented and skilled people and it is one of the platforms to own self-employment.
5. **Growing gigs:** - The construction, Manufacturing, retail, transportation and logistics sectors created 70 million gigable jobs within 8-10 years. According to the Gig economy in India Report, Personal services 7.7 mil, Construction and real estate 4.4 mil, transport and logistics 3.4 mil, Manufacturing 3.1 mill, Retail 0.9 mill overall growth is 23.5 million in India.
6. **Diversification of Work:** - After covid-19 there is need for multiple job opportunities, gig economy allows people to engage in diversification of work. Because the Monetary benefit and Satisfaction from the work is important.
7. **Independent and Flexible:** - Gig economy facilitates the independent and flexible work any of the hours they desire. Some of the workers are not required to work physically in the office, rather, they work in their own spaces.
8. **Technological Intervention:** - Gig economy facilitates the benefits of new technological intervention which promotes easy work and directly supports the growth of the country. The people are aware that there are so many more opportunities out there to explore and the Gig economy is a wonderful place to start the process of discovery.
9. **Project business model:** - Gig work is based on a project business model which enables workers to get benefit of working in different projects and enhance their skills and knowledge related to a given project.
10. **Cost efficient for companies:** - Gig work platform minimizes the costs and expenses of the companies and is considered one of the major benefits of operating in the gig economy. Gig works are like off-site works, which significantly reduces the need to maintain expensive workspaces and large offices.
11. **Increase in Women workforce:** - Gig economy creates the opportunities for women workers to engage in part time jobs which will facilitate the house work balance with monetary gain.

## **INDIAN ECONOMIC DEVELOPMENT**

These above points are evident through the significant growth of online retail businesses during the covid - 19. and India has become one of the largest markets for flexible staffing in the world due to the wider adoption of e-commerce and online retailing, according to an economic survey 2020-21. Contracts for gig workers are typically shorter and more specific to a task or job and the gig economy allows for flexibility in employer and employee relationships. The digital platform avoids the middlemen and works more easily and effectively. 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.

### **The sector wise gig work hiring in India**

<b>Industry</b>	<b>2020</b>	<b>2023-25</b>
FMCG -Pharma	15%	69%
BFSI	32%	56%
Manufacturing	35%	65%
Technology and BPO	57%	60%

The EduTech sector is already riding on the gig revolution and currently employs 90,000 people. This number could significantly go up as the demand for online education services is expected to rise exponentially.

Also, companies are increasingly looking for gig workers in HR operations, customer support, transactions/operations processing, marketing & sales, software development, IT support, graphic design, etc., in addition to delivery services and other such roles that have traditionally been blue-collared jobs. Companies are not only hiring freelancers for entry-level positions, but also for management positions. For example, CFOs have been contracted for organizing and auditing company finances, which has helped increase operational savings by up to 70%.

The number of freelancing platforms has significantly increased—from 80 in 2009 to 330 in 2021. These platforms boast of a clientele comprising not only start-ups, but also Fortune 500 companies.

To further aid these gig workers, the government passed the 'Code on Social Security', which will provide workers with life and disability cover, accidental insurance, health & maternity benefits, old age protection and others. Under this code, the central and state governments will primarily fund social security measures, with a nominal contribution (1-2% of their annual turnover) by the aggregator. Also, the contribution made by the aggregator/platform will not exceed 5% of the amount payable to gig and platform workers.

In addition, the code proposed to establish a 'National Social Security Board', which will supervise and formulate schemes for the well-being of gig and platform workers.

The gig economy has a huge potential, the market size for the gig platform in India is, the total population in India is 1332 million and working age group people are between 15 years to 65 years. The Working age group 890 million people means 66.8% of the population engaging in Gig platforms, The Labour Force Participation Ratio(LFPR) in India as gig workers is 461 million that means 51.8%.

The gig economy enables the trading of services, the urban labour force is 25% that is 138 million. The total workforce in the service sector is 35 million, gross value based on the e-commerce readiness index (10%). This takes into consideration digital penetration and income levels. Thus, the total addressable market is worth \$3.4 bn.

The gig economy has the potential to serve up to 90 million jobs in the non-farm sectors of India (around 30%) with the potential to add up to 1.25% to India's GDP through efficiency and productivity gains alone. In the short-medium term, nearly 24 million jobs in skilled, semi-skilled and shared services roles could be delivered via gig, including nearly 3 million shared services roles and around 8.5 million roles meeting household demand. The majority of gigable jobs are in the Construction, Manufacturing, Transportation and Logistics, and Personal Services sectors; primarily driven by MSME and household demand, with varying frequency of use. Unlocking demand for gig work requires strong credentialing, quality assurance, on-demand availability, and loss-protection; households require background checks, safety assurance, and pricing as additional prerequisites to uptake gig-based services. Over the long term, development of an ecosystem of offerings and services, public digital goods, and public policy combined with evolving industry practices will be required to unlock the gig economy's full potential.

## **CHALLENGES**

1. **Optional job or alternative job:** - Gig work platform is one of the alternative jobs where we can fulfill our short term needs. In long period employee will not get any benefit from Gig works
2. **No future Benefit:** - Gig workers will not get any benefits in their future because gig workers are not considered as full time and permanent employees so the workers can't expect any kind of social security measures and employment benefit in the future.
3. **No job guarantee/ job security:** - Gig work platform is not a full time job, and it is based on time duration, and some of the work no need of full time employees they hire only for time being and companies may terminate the employee from the work.
4. **Project incomplete – no benefit:** - Gig work platform when it provides the project based work to the workers. If projects are not satisfied by the company then the workers will not get any benefit for their work, investment and time spent on it.
5. **Contract based job:-** For some workers, the flexibility of working gigs can actually disrupt the work-life balance, sleep patterns, and activities of daily life because it is a contract based job. 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.
6. **No Promotion:** - Gig employees are short term workers, and they work on flexibility, therefore gig workers will not get any benefit of their work promotion, salary enhancement, work identification benefits, no consideration of experience etc.
7. **Migration:** - Due to gig work migration is increasing which is affecting urbanization. where they need to get all kinds of basic needs. And the traditional work and culture is affected by this gig economy. It may lead to an increase in urban disguised unemployment.
8. **Women workers:** - There is a need to build the right physical and social infrastructure that supports the engagement of women in the gig workforce. Timings will not be flexible for the women employees.

## **RESEARCH METHODOLOGY: -**

The study is based on the Secondary data. In order to derive all the research answers, secondary data, policies, facts and figures from various UN publications, Government publications, and independent research articles have been consulted and results have been examined and used suitably.

**CONCLUSION: -**

Gig economy plays a vital role in developing countries like India. Growing gigs really impacts the growth and development of an economy. It creates massive employment opportunities nowadays and the government itself gives opportunities for gig platforms to enhance their work criteria and strategies. Which motivates people to participate more in the gig work platform. It has its own benefit as well as negative impact but it is a great opportunity for the freelancers, tutor, teachers, drivers, baby sitters, and more. Where these labor forces are able to enhance their salary to meet the basic needs and create their own standard of living. The growing gig contributes and increases directly and indirectly the growth of the economy.

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