



## GIG ECONOMY: PAST, PRESENT AND FUTURE IN INDIA

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### ABSTRACT

The last two decades has witnessed the growth of the gig economy as freelance white collar professionals like translators, software developers, data entry operators, creative and multimedia professionals, writers, online sales and marketing professionals have found new ways of being a part of the gig economy. Because of this trend an exceptional growth is expected to be seen in this gig-based business model in the near future. It is primarily because it not only allows engagement of talent pool and quickens the process to delivery, but also lowers the indirect cost. As a result of this enormous prospect of the gig workers, the industry specialists have estimated that there could be over 15 million of them working in India right now. Their presence was acknowledged by the central government as they declared social security measures for the first time for the gig workers in India in the Union Budget of 2021-2022. This scholarly article tries to investigate the growing attributes of work around the world, precisely in India, with the dawn of gig economy. The article explores background, present trends and future prospects of gig work in India, primarily due to the augmentation of work involving high tech. This article draws inferences from secondary data available in reports, journals and scholarly research works. The study advocates for a gig-based business model, suggesting inclusion of gig workers as an important element of human resource (HR) planning and strategy.

**Keywords:** Gig Economy, Gig Workers, HR Policy, Freelance, Gig-based Business Model, Whitecollar.

### Introduction

The Indian economy is passing through a unique phase. On the one hand, India's current labour market looks rather

dispiriting with increasing joblessness while on the other hand, the number of people occupied by flexible labour work has increased in number. Assignment-based works are providing a relief to millions of

unemployed Indians by offering them a temporary solution. This major shift in the employment trend has given rise to a new trend called “gig economy”.

This concept of “gig economy” is not new. The US based jazz musicians called their performance in jazz clubs as gig around the early 1900s. The word gig is still used as a synonym for performance at a musical concert.

The “gig economy” is based on the self employed, freelancers, temporary contractual workers, on call workers and online platform workers.

In an informal economy like India, gig workers work in both urban and rural areas, in the form of blue collar or white collar jobs. The demand and supply of gig workers has grown in the last decade due to the heightened use of technology. There are multiple advantages attached to this on-demand work for the employers as well as the workers in the form of suitability, adaptability, higher unit pay, and greater professionalism. At the same time, it might seem disadvantageous for the employers when it comes to a standardized basic pay, protection of workforce and consumer rights. Many nations throughout the globe have proposed parliamentary as well as governing policies for treating “gig workers” as regular personnel by defining their needs, giving them civil protection and safeguards to make certain they have uniformity with other systems of work. A lot of steps are being taken in this regard in India as well, but these reforms take a micro view of the roadblocks and do not go

beyond the actual potential of “gig economy” in India.

### **Review of Literature**

Woodcock & M Graham, (2019) have analysed that the exponential growth of the ‘gig economy’ is a result of the changing work culture which is experiencing a rise in short-term contracts instead of long lasting secure jobs, as gigs provide considerable fluidity for workers, employers and customers as opposed to the rigid and restraining character of the conventional employment agreements. The benefits of gig economy is that the employers get to select when and how they want to recruit workers and the clients and customers can also avail the advantages of this fluidity.

Wood *et al.*, 2019 viewed that the policy makers of countries with high income are apprehensive regarding the effects of gig economy on the future of work because even though the real number of workforce in the gig economy remains relatively small they can fragment occupations, add to casualization (insecurity, instability, informalization) and weaken the regular employment relationship.

Prassl, (2018) states in his book that even though the gig economy relies on current technology its form of trade is very old as the gig economy like other business models comprises of large workforces competing over moderately low skilled tasks which controlled by influential intermediaries.

Shanmugavelan, (2021) had done a study on gig workforce in Bangladesh where two-thirds i.e. 60 of the total 103 gig

workers interviewed belonged to the lower-middle income group and were the sole income generators in their family. Around a third (39 of 103) were a part of the upper-middle class. Only five of the workers interviewed were of low-income group. Around two-thirds of the interviewees (69 of 103) were domestic migrants, mostly (93 of 103) residing in urban areas enjoying comparatively better living conditions in contrast to those living in rural areas and slums. Only four of the interviewed gig workers resided in slums. An additional finding was that the gig economy was tremendously male dominated, with only some exceptions like a platform named 'Lily' which had a considerable presence of female workforce.

Edison Research (2018): As per this report people whose major source of income comes from working in the gig economy report a high anxiety score due to a feeling of instability and insecurity about their personal financial situation. Furthermore, young adults around the age of 18-34 as well as African-American adults are more likely to depend on gig employment as their primary source of income. With continuous advancements in technology the gig economy will definitely boom in the coming future.

### **Conceptual Framework of GIG Economy**

Since technology has become an inevitable part of life, the general masses have become avid users of internet. With the help of technology, demand and supply in the gig market has become better. Technology-driven gig opportunities have helped in positioning financially viability of

employers with those of the workforce as it has facilitated the reduction of employers fixed labor costs and increased the livelihood potential for workers. It is perceived that the gig-economy could lead to fiscal revival and increased labor participation. It is particularly beneficial for people who look forward to re-enter the job market after a break or completion of their further studies. The Indian market has an extensive number of gig workers and companies are not obliged anymore to recruit a permanent employee and give him a monthly paycheck.

The gig economy has flexible work hours, and it can attract those sections of the populace who are not inclined towards doing the conventional nine-to-five job. Technology-based gig work can enhance output in diverse areas of the Indian market which can lead to lasting growth in employment and financial prospective.

### ***Different Segment of Gig Workers in India***

- Highly skilled workforce
  - a) Purpose Fulfillers: Inclined preference towards jobs that share factors like flexible working hours, safe and convenient environment. Personal growth can be included as a driving force too. Hair and beauty professionals, cooks, tutors come under this criterion.
  - b) Aspiring Entrepreneurs: Jobs that are steered by skill proficiency of an individual. They aspire for job assurance and learning opportunities in their respective fields. E.g.

Mechanic, technician, carpenter, electrician.

▪ Moderately skilled workforce

- a) Ambitious Hustlers: Individuals who are resolute to establish a career in their existing area of vocation and are persistent to grow and learn while simultaneously lifting their ranks with promotions.” E.g. LIC Agent, tele caller, Data entry operator
- b) Hopeful Balancers: They mainly look for earning a decent salary and non-monetary profits such as health/ life/ transport insurance given by their service providers. E.g. Local transport drivers.

▪ Semi-skilled workforce

- a) Financial Contributors: They are not the major bread winners in a household but tend to become an assistance to “fund side expenses and also build a savings corpus.” E.g. Domestic help or Health care workers. Flexible schedule and nearby working areas are factors that are kept insight.
- b) Financially Strapped Solo Earners: They have acquired low skill sets but area source of great reliance for family earnings. As key job drivers they have an adequate salary and job regularity and they also seek non-monetary benefits. E.g. Food Delivery Agent.

▪ Students

- a) Earn to Burn: Students who seek to earn salary for discretionary

expenditure. Job Selection is in terms of flexible work hours, potency in aspects of personal development (soft skills, confidence etc.) and decent job position. E.g. Tele caller, data entry operator.

- b) Millennial Providers: Students that need to cover up for their own education expenses and back their families financially search for jobs that pay well enough and have flexible and tentative work schedules. E.g. Data entry operators, package delivery agents and food delivery partners.

***Gig / Flexi economy for most people comes with the following benefits***

- There are almost no barriers to entry in the gig economy as everyone can enter the gig economy, regardless of their skill set.
- One can adjust their work-life balance
- With flexible working hours, one can also decide when to work and for how long
- A person gets to choose which kind of work and projects he wants to takeup
- It may even come with the liberty of work from home

***With such lucrative advantages, there are certain disadvantages of being in the gig sector***

- There are no standardized service terms and conditions
- Lack of norms for gig workers
- There is no provision for paid sick leave, health insurance coverage, pension plan, or paid holiday that the gig workers can avail of.

- There is absence of job security, lack of stable packages and absolutely no dismissal notice periods
- Lack of legal framework and support from government

### ***Surge of Covid-19 and ply of Gig workers***

Amid the backdrop of global COVID-19 pandemic, work from home became a norm which also gave the gig economy workers a sense of normality. Their services have now been acknowledged as they survived the Covid crisis and kept on running when everything else came to a standstill. The gig workers were found to offer essential services like delivering vital contactless food and medicines at the doorstep, providing online teaching services and many other crucial services during the pandemic throughout the globe. What's more, as many people got fired from their jobs or had their working hours reduced, many of these people moved to gig economy in order to promptly supplement their reduced income.

Today, it's quite common to hear about individuals working as contract employees on one hand and also working as a gig worker on the side for additional income. An example of this is live event organizers who have switched gears to organize online conferences on demand, or content writers who were employed full-time by one company doing freelancing for a range of other clients.

The gig economy was also instrumental in keeping restaurants afloat during lockdown. As restaurants did not open during lockdown, servers and

bartenders lost their jobs but the delivery agents pitched in to deliver food from the restaurant to customer's home. This ensured the survival of food businesses as chefs remained employed and the restaurants were able to pay their rent in the hope that they would open once again after the lockdown was over instead of shutting down forever.

### ***Budget 2021 and Gig Economy***

Many HR companies in India have concentrated on "white-collar hiring" but with the rise in adherence for companies to engage gig workers, they could pay attention towards deploying administration to "blue-collar workers" as well. The Finance Ministry of India has taken an initiative to provide social security benefits to gig workers as they all will be covered by the Employees State Insurance Corporation and minimum wages will also be valid to their entire category of workers.

With the establishment of "blue-collar workforce" in the country, there could also be "a massive shift to outsourcing" by the contemporary businesses. And due to a large remphasis on "manufacturing and infrastructure development", the demand for "blue-collar workforce" would also affect growth of the gig business.

### **Conclusion**

This paper observes that the concept of gig market and gig workers is not new. It is something which has been practiced by many since a long period of time. Gig economy covers manufacturing as well as the service sector. Technology plays a vital role in promoting the gig culture not only in a developing nation like India, but also in

various parts of the world. It is an opportunity as well as a challenge for many. The gig economy, with flexible work hours, and high tech attracts many and has given rise to a different job perspective. Gig work based on modern technology can elevate the efficiency and output in multiple sectors of India. This may lead to long-term expansion in employment opportunities and economic possibilities for workers. The gig economy will most certainly continue to evolve as people will look for gigs to work from home, have flexible work hours to pursue other professions on the side or to create a balance between professional and family needs etc. This study advocates for a gig based business model, suggesting inclusion of gig workers as part of HR planning and strategy.

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