



India's Booming Gig and Platform Economy

Perspectives and Recommendations on
the Future of Work

POLICY BRIEF



JUNE 2022



India's Booming Gig and Platform Economy

**Perspectives and Recommendations on
the Future of Work**

POLICY BRIEF

June 2022

NITI AAYOG & EXPERT RESEARCH TEAMS

Skill Development & Employment (SDE) Vertical Team, NITI Aayog

Dr. K. Rajeswara Rao	Special Secretary
Sh. Kundan Kumar	Adviser
Sh. Rajesh Gupta	Director
Dr. Sakshi Khurana	Consultant
Sh. Kailash Nath Verma	Research Officer
Sh. Satish Chandra	Economic Officer
Ms. Rashmi Ranjana Singh	Young Professional
Ms. Oshin Dharap	Young Professional

Expert Research Team

Dr. Sakshi Khurana	Consultant, Skill Development, & Employment, NITI Aayog	sakshi.khurana@gov.in
Dr. S.K. Sasikumar	Former Senior Fellow, V. V. Giri National Labour Institute	sasikumarsk2@gmail.com
Dr. Vinoj Abraham	Professor, Centre for Development Studies, Thiruvananthapuram	vinojabraham@gmail.com
Dr. Balakrushna Padhi	Assistant Professor, BITS-Pilani, Rajasthan	padhicds@gmail.com

Communications Team, NITI Aayog

Ms. Indrani Dasgupta	Consultant (Editor)
Ms. Saloni Sachdeva	Young Professional

Suggested Citation

NITI Aayog. (2022). *India's Booming Gig and Platform Economy: Perspectives and Recommendations on the Future of Work.* June, 2022.

Copyright© NITI Aayog, 2022 NITI Aayog Government of India, Sansad Marg, New Delhi - 110001, India

Report and Cover Design by YAAP

Every care has been taken to provide the correct and up to date information along with references thereof. However, NITI Aayog shall not be liable for any loss or damage whatsoever, including incidental or consequential loss or damage, arising out of, or in connection with any use of or reliance on the information in this document. In case of any doubt or query, readers are requested to refer to the reference section and footnotes. Readers of this document should be aware that the document may be subject to revisions. Any suggestion/input may please be sent to sakshi.khurana@gov.in





Introduction to the Report

The rapidly burgeoning gig workforce is ushering in a new economic revolution globally. India – with its demographic dividend of half-a-billion labour force and the world's youngest population, rapid urbanisation, widespread adoption of smartphones and associated technology – is the new frontier of this revolution. In this backdrop, this first-of-its-kind report presents comprehensive perspectives and recommendations on the gig-platform economy in India, engaging gig-platform workers in the millions.

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. 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.

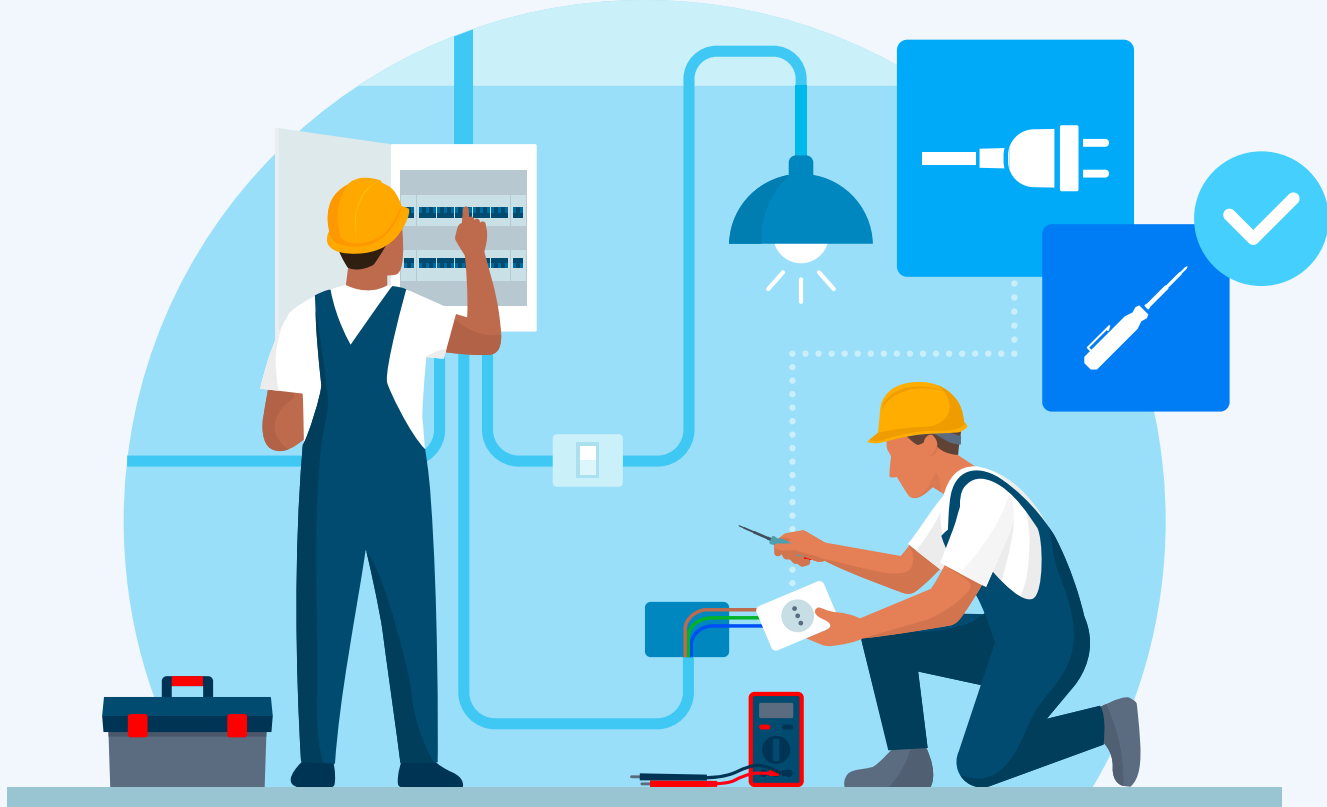
The purpose of this study is to view gig work, with a focus on its subset, platform work, through economic as well as worker perspectives. In economic terms, the job-creating potential of the gig economy, estimating its size and identifying its demand across various industries are some of the aspects that have been studied. The worker perspective focuses on both the opportunities and challenges for workers in the sector, skilling the workers to enhance employment opportunities for them in the sector, the potential of platform work in accelerating job creation for different categories of workers including women and Persons with Disabilities (PwD), and initiatives for providing social protection to all workers in this sector.

Some of the key findings and recommendations of the study are listed in this brief:

Estimates and Projections for the Gig & Platform Sector

- i. The study estimates that in 2020-21, 77 lakh (7.7 million) workers were engaged in the gig economy.
- ii. The gig workforce is expected to expand to 2.35 crore (23.5 million) workers by 2029-30.
- iii. At present about 47% of the gig work is in medium skilled jobs, about 22% in high skilled, and about 31% in low skilled jobs.
- iv. Trend shows the concentration of workers in medium skills is gradually declining and that of the low skilled and high skilled is increasing. It may be expected that while the domination of medium skills would continue till 2030, gig work with other skills will emerge.





Recommendations for Stakeholders

I. CATALYSING PLATFORMIZATION

- i. A **Platform India initiative**, built on the pillars of accelerating platformization by simplification and handholding, funding support and incentives, skill development, and social financial inclusion, like the immensely successful Startup India initiative, may be introduced.
- ii. Ferrying of passengers for hire may be permitted in all categories

ranging from two-wheelers (in the form of bike taxis or bike-pool) and three-wheelers (rickshaws, auto-rickshaws), to four-wheelers (taxi-cabs and carpool), and 10-12-seater vehicles (mini-buses).

- iii. Self-employed individuals engaged in the business of selling regional and rural cuisine, street food, etc. may be linked to platforms so that they can sell their produce to wider markets in towns and cities.



II. ACCELERATING ACCESS TO FINANCE FOR PLATFORM WORKERS

- i. Access to institutional credit may be enhanced through financial products specifically designed for platform workers and those interested to set-up their own platforms. Venture capital funding, grants and loans from banks and other funding agencies should be provided to platform businesses of all sizes at the pre-revenue and early-revenue stages.
- ii. FinTech and platform businesses may be leveraged to provide cash flow-based loans to workers as against collateral-based loans, thereby catering to the needs of those new to credit.
- iii. Unsecured loans to first-time borrowers participating in the platform economy may be classified as Priority Sector Lending.
- iv. Special emphasis may be placed on access to formal credit for women and Persons with Disabilities (PwDs).
- v. Likewise, special emphasis should be offered to platform businesses started in small cities, towns, and villages in India.

III. SKILL DEVELOPMENT FOR PLATFORM JOBS

- i. Platform-led models of skilling and job creation need to be promoted for the gig and platform sector. Platforms can collaborate with the Ministry of Skill Development and Entrepreneurship, and the National Skill Development Corporation

(NSDC) to nurture skilled workers and micro-entrepreneurship.

- ii. Transformational upskilling for workers presently engaged in the informal sector in trades such as construction, driving and other services can create avenues for horizontal and vertical mobility for workers to take up jobs in the gig and platform sector, empowering them to augment their earnings.
- iii. Platforms can also enable the creation of potential "Skill Certificates" or "Skill Passports" for workers that platform businesses can provide. This can be envisaged as a "Skill Badge" in the platform worker's online profile, enabling better career progression for them through skill upgradation.
- iv. The potential and impact of platform-led skilling may be included in India's National Skill Development Policy, and incorporated in the formulation of all roadmaps and strategies for skill development.

IV. ENHANCING SOCIAL INCLUSION IN THE NEW-AGE DIGITAL ECONOMY

- i. **Gender Sensitisation & Accessibility Awareness Programmes for workers and their families:** Platform businesses can undertake partnerships with Civil Society Organizations (CSOs) to enable different sections of workers such as women workers and PwDs to take up employment opportunities in the platform sector through skill development, access to finance and assets. These CSOs may also promote



sensitization on legal/ economic/ social rights of women and PwDs for workers and platforms.

ii. **Inclusive Communication Systems, Work Design, and Processes:**

Platform businesses can create a more enabling environment for women and PwD workers through changes in the work-design and workplace facilities. Platform businesses can implement communication plans which are gender-and accessibility-inclusive. For instance, they can ensure there is a higher share of women and PwD managers and supervisors in the organization. They can ensure communication to workers does not perpetuate gender and disability stereotypes. They can have 24x7 helplines, etc.

iii. **Incentivise Inclusive Businesses:**

Women led-platforms or platforms that encourage recruitment of women employees and those with disabilities should be incentivized.

V. EXTENDING SOCIAL SECURITY FOR GIG & PLATFORM WORKERS IN INDIA

This study report sheds light on the various social protection approaches taken around the world for gig and platform workers and how they can pave the way for social protection measures for gig and platform workers in India.

- i. **Measures for Paid Sick Leave, Health Access and Insurance:** On the lines of measures introduced to mitigate the challenges posed by the Covid-19 pandemic by platforms businesses, measures for paid sick

leave, health access and insurance may be adopted by platforms as a part of their workplace or work-engagement policies for all the workers they engage, round the year. This will have positive implications for offering a social security cover to platform workers engaged by these firms.

ii. **Occupational Disease and Work Accident Insurance:**

On the lines of Indonesia's initiatives in offering accident and other insurance to workers through digital mechanisms, ride-hailing, delivery and e-commerce platforms may adopt such a model for providing accident insurance to all delivery and driver partners, and other platform workers across India. These may be offered in collaboration with the private sector or government, as envisaged under the Code on Social Security, 2020.

iii. **Retirement/Pension Plans and Other Contingency Benefits:**

As illustrated in the case of measures introduced in the U.K. in the study, gig and platform firms need to adopt policies that offer old age/retirement plans and benefits and other insurance cover for contingencies such as injury arising from work that may lead to loss of employment and income. Such plans and policies may be uniquely designed by a firm, in partnership with insurance companies, or could be designed and offered in collaboration with the government, as envisaged under the Code on Social Security, 2020.

- iv. **Support to Workers in a Situation of Irregularity of Work:** As illustrated in the study through the examples



of initiatives undertaken in the U.S. and U.K., gig and platform firms may consider providing income support to workers. This will be a critical step in providing assured minimum earnings and social security from income loss in the wake of uncertainty or irregularity in work.

- v. **Supporting Small Businesses & Entrepreneurs associated with Platforms:** As a part of initiatives introduced to mitigate the challenges posed by the Covid-19 pandemic, there have been examples of certain platforms extending interest-free business advances and delayed payback periods to protect the gig workers, self-employed and small businesses engaged with them. Kerala State Civil Supplies Corporation in Kochi partnered with food delivery service Zomato to enlist grains and other essentials on the app. Following such examples, collaborations between platforms and small businesses/entrepreneurs may be encouraged.
- vi. **Contingency Cover out of a Corpus Fund:** As illustrated in the study, a mobility platform, in order to support auto-rickshaw, cab, kaali-peeli and taxi drivers to mitigate the effects of the Covid-19 lockdown on their income, created a corpus of INR 20 Cr, called the "Drive the Driver Fund." Measures such as offering a social security cover out of a corpus fund can help support gig and platform workers and other self-employed individuals associated with the sector in case of contingencies.

RAISE Framework for Operationalizing the Code on Social Security (CoSS), 2020

As Central and State governments draw up rules and regulations under CoSS 2020, they could adopt the five-pronged **RAISE approach** to ensure realisation of full access to social security for all gig and platform workers:

Recognise the varied nature of platform work to design equitable schemes.

Allow augmentation of social security through innovative financing mechanisms.

Incorporate, while designing schemes, the specific interests of platforms, factoring the impact on job creation, platform businesses and workers.

Support workers to subscribe to government schemes and welfare programmes through widespread awareness campaigns.

Ensure benefits are readily accessible to workers

VI. RECOMMENDATIONS FOR FUTURE ESTIMATIONS OF PLATFORM WORKERS

- i. Undertake a separate enumeration exercise to estimate the size of the gig economy, and identify the characteristic features of gig workers.
- ii. During enumerations (census, PLFS, NSS or otherwise), capture the different occupations an individual might be performing, including whether or not they are a gig worker.



- iii. During enumerations, collect information to identify gig workers. This could include questions on the nature of contract between worker and job creator, use of technology in work, etc.

VII. THE FUTURE OF PLATFORM ECONOMY: A RESEARCH AGENDA

Being in its nascent stage, the platform economy in India is yet to be studied comprehensively. Key aspects of the platform economy that need to be studied:

- i. **Survey of Small Platforms:** The functioning and issues of small platform businesses are not the same as those of their bigger counterparts. It would thus be important to study the unique features, needs and challenges of small platforms.
- ii. **Women-run Platforms:** Greater data is needed to understand the difficulties faced by women-run

platforms. Extensive research into this domain would help design incentives to promote their growth and help them scale up.

- iii. **Are Platforms leading to Formalization of Employment?** Even as various studies have recognised the employment generation potential of platforms, it may be of interest to explore if the use of technology and other new mechanisms in platforms is leading to formalization of employment.
- iv. **Contribution of the Platform Economy to India's GDP:** Using the estimates for growth and size of the gig and platform sector, its contribution to India's GDP must be determined. This exercise may also enable India to unpack the pace at which platformization is occurring across industries and what enablers and barriers might be causing the same.



