

General Studies – 3; Topic: Indian economy – employment

Gig Economy

1) Introduction

- A gig economy is a work environment where organizations hire temporary workers or freelancers instead of full-time long-term employees.
- The trend is very strong in advanced economies like the US and European countries where firms engage in short term contracts with workers.
- Globally, growth in freelancers is expected to be one of the most significant employment related trends over the next couple of decades.
- In India too, the signs of freelancing is becoming increasingly relevant and attracting professionals.

2) What promotes Gig Economy?

- Emergence of the digital age. Workforce is highly mobile and work can be done from anywhere, anytime.
- Short term contract will be safe for the firms, as it avoids long term obligations like pension and other emoluments.
- Software and technological changes taking away human efforts also contributed to the gig economy.
- Uncertain business climate also tempted companies to go for short-term labours.
- The typical example is the workers like the Uber and ola workforce who are having a short term and flexible contract with the organization.

3) Benefits

- Created competition and efficiency among workers
- The organisations save training time, increase operational efficiencies and reduce project costs.
- Gig workers have the freedom to work as per their convenience, with no fixed working hours or employment policies
- Flexibility to pick and choose the kind of work they wish to participate in.
- By tapping into a global talent pool, a small business can operate like a major corporation
- Companies will be able to derive additional value from the skillsets available in the on-demand talent marketplace.
- Women now have flexible work options available to pursue their career while not missing important milestones in their family lives.

4) Concerns / Challenges

- It is making the work environment uncertain for the workers
- No labour welfare emoluments like pension, gratuity etc.
- Gig workers miss out on statutory safeguards with respect to unfair termination, minimum wages, paid leave, etc.
- Workers do not have the bargaining power to negotiate a fair deal with their employers.
- Banks and other financial service providers resist extending lines of credit when steady income is not assured
- In situations where teamwork is essential, gig worker teams formed and disbanded on a case-to-case basis will likely produce tardy, inconsistent and poor output.

- Unionization of workers will be difficult.
- In industries such as information technology and pharmaceuticals where confidentiality becomes crucial, having control over the actions of a gig worker will be challenging.

5) **Gig Economy in India**

- Software companies like Wipro and Infosys hire gig workers on a project-to-project basis.
- India has potential to become the top freelancing and crowd sourcing hub in the Asia region, even globally, says a report.
- In India, freelancing as an employment option has not yet penetrated the rural landscape.
- Any regulation that would lead to the rise of a gig economy in rural areas would be a step in the right direction.
- Gig economy in India is being fuelled by start-ups. Cab hailing apps have lowered the entry barrier as anyone who can drive can sign up on the platform.
- In India, the Union government hired freelancers to digitisation of documents as part of the Digital India initiative.

6) **Way Forward**

- Basic labour protection like minimum wages, paid leave provisions and maternity benefits should be available to gig workers as well.
- The state should balance the interests of business exigencies and social welfare.
- India can engage with the European Union and the United States, where discussion on protections in a gig economy is already underway.
- The government need to redefine labour laws that must not stifle innovation but certainly prevent exploitation.