

Sansad TV Perspective: GIG Economy

In the series Sansad TV Perspective, we bring you an analysis of the discussion featured on the insightful programme 'Perspective' on Sansad TV, on various important topics affecting India and also the world. This analysis will help you immensely for the [IAS exam](#), especially the mains exam, where a well-rounded understanding of topics is a prerequisite for writing answers that fetch good marks.

In this article, we feature the discussion on the topic: GIG Economy

Video link: https://youtu.be/lnmRaGKel_4

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Participants:

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Context:

The article analyzes the scope, challenges, and implications of the Gig Economy in India.

Background:

- A major shift in the employment trends has been the rise of the gig economy globally.
- 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.
- 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.
- Another study indicates that the gig economy is gaining a foothold in Tier 2 and Tier 3 markets.

What is a Gig Economy?

- A gig economy is a free market system in which organizations hire or contract workers for a short span of time.
- A gig worker is a person who performs work or participates in work arrangements and earns from such activities, outside of the traditional employer-employee relationship.
- The post-Covid phase has seen a rise and growth of the gig economy because many companies decided to move away from the employment structure to assignment or project structure.

- The gig economy does not have an employer-employee structure in an economic enterprise but rather it has a structure of a contract assignment wherein there are no other costs involved.

Read more on [Gig and Platform Workers](#) in the linked article.

Factors behind the growth of the gig economy:

There are two fundamental drivers behind the growth of the gig economy:

1. **Technological changes:** Technological changes made contracting far easier and have also made it possible for freelancers to find work.
2. **Stringent labour laws:** Because of stringent labour laws, many companies like to have a contract labour force.

In India, many changes have been introduced in both the factors such as digitization of the economy and reforms on the labour front.

Advantages of the gig economy:

The advantages of a gig economy are as follows:

- **Flexibility:**
 - Many freelance workers in the gig economy find that their status allows them great flexibility.
 - From working the hours they desire to working where they want, there are many options for gig economy workers.
- **A variety of jobs:**
 - Gig economy workers may find they have a wide variety of jobs to complete.
 - Instead of similar, monotonous tasks to be done each day, each project or gig may be filled with different elements that make the work interesting.
 - Workers may then find that they are more excited about certain projects and are able to be more creative with their work because it varies each day.
- **Value for money:**
 - Pay for freelance workers is variable from company to company.
 - Some companies pay gig workers less, while many pay their workers more because they aren't having to pay benefits in addition to salary.
 - Often they are able to charge hourly rates for their time. This means they are able to control their work hours and get paid for extra hours on the clock.
- **Greater independence:**
 - Many contract or gig economy workers find that they are given independence to complete their work.

- This can be a great boost of confidence and give workers the ability to complete a job the way they believe it will be best done on their timetable and in their way.

Challenges of the gig economy:

- **No safety net:**
 - Without things like healthcare benefits and fixed contracts, it can be difficult to feel safe in the gig economy.
 - If something goes wrong or a company cuts down its numbers, the gig workers can be left jobless at the drop of a hat.
- **No negotiations:**
 - Employees by law are guaranteed minimum wages, regulated hours of work, healthcare, and other benefits.
 - Gig workers cannot have the right to make such claims.
- **Lower bargaining power:**
 - There is a limitation in terms of bargaining power. Unless a worker is extremely talented, he or she cannot bargain to a greater extent.

Recent changes by the government:

- **Code on Social Security:**
 - The [Code on Social Security](#) (2020) makes provisions for gig economy workers, mandating that the Union and state governments frame and notify relevant welfare schemes.
 - These would provide life and disability cover, health and maternity benefits, old age protection, education, provident funds, injury benefits, and other types of measures.
 - A registration mechanism for gig workers and helplines to aid access to social security schemes are envisioned.

Way Forward:

- **Laws and policies:**
 - The country must bring out laws and policies that do not hinder the growth of the sector and ensure that the gig workers get a dignified life.
- **Focus on long-term:**
 - Companies need to make sure their gig workers come back to them for repeat tasks and build equity with them in the long term.
- **Fiscal incentives:**
 - The government needs to provide fiscal incentives to promote the gig platforms.
- **Provide a conducive environment:**
 - The gig economy has the potential to ensure multiple layers of economic growth.

- A conducive environment and policy will enable gig platforms to become unicorns.

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