



# NATIONAL CONFERENCE

# GIG ECONOMY

ALIGNING CONSUMER PREFERENCES: THE WAY FORWARD

JANUARY 24, 2020, NEW DELHI

BACKGROUND NOTE

The Associated Chambers of Commerce and Industry of India

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# **GIG ECONOMY**

## Aligning Consumer Preferences: The Way Forward

**JANUARY 24, 2020, NEW DELHI**

**BACKGROUND NOTE**

**The Associated Chambers of Commerce and Industry of India**

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**Dr. Niranjan Hiranandani**

President  
ASSOCHAM

## MESSAGE

Rapid digitization has led to the disruption in the labour market. Economy is witnessing a paradigm shift in workforce, workplaces and work platforms in the age of Tech Next- Gen. Technology played a crucial role in galvanizing the scope of independent work irrespective of the geographical boundaries. Independence & Flexibility has become the new work mantra which has redefined the meaning of labour. This so called Flex or GIG economy has always been prevailing, but it grabbed eyeballs quick expansion over the past couple of years.

The new tech bug known as IOT has led to transformation in work space arena. This has led to clear demarcation between traditional and non-traditional sector of employment. The evolving needs of today's working populace, the war for talent and the globalization of the workforce are just a few reasons to kick start the GIG economy in a big way. All of these forces are driving workforce management to the top of the business agenda, especially as talent becomes a true differentiator for organizations.

The gig economy is at a relatively nascent stage in India, but growing rapidly in Indian Labour market. Hence, it becomes important that the government should act as a facilitator and join hands with Industry and Academia by enabling various new platform for students, IT professionals and start-ups to interact with established corporates, leading technology companies and industry mentors to build collective capabilities for the industry to deliver on platform enabled technologies.

ASSOCHAM has prepared this document with the contributions from various experts with the objective of outlining factors which would provide impetus to the stakeholders for a better understanding about the growth prospects of gig economy in India.

I sincerely hope that this document will be useful to all the industrial stakeholders, consumers, aggregators, service providers, government agencies and consultation agencies and will help in fostering informed debate.

I extend my best wishes for the success of the conference.

**Niranjan Hiranandani**





**Deepak Sood**  
Secretary General  
ASSOCHAM

## MESSAGE

The gig economy is firmly on its way to becoming a key part of India Inc's strategy as most of the professional gig economy segments have seen rapid growth in last few years. The absence of entry barriers has led to a rising demand for researchers, consultants and skilled professionals from India and other developing countries as well.

A gig economy is cost effective for companies, given that they can accommodate temporary workforce, according to the customer requirements or business needs, leading to saving administrative and compliance costs. This framework allows startups and smaller companies to leverage skilled professionals as required. Companies may choose to enter into contracts with the professionals for specified time period. This relationship is rather symbiotic, and both parties have equal freedom to look for options that cater to their needs.

The burgeoning millennial workforce is driving the creation of this gig economy that leverages technology to accommodate their work and family life including the preference of workplaces offering the option of freelancing with projects that suit them best. The future of work will include changing business models where technological empowerment will empower the rise of self-employment leading to a larger gig economy.

ASSOCHAM has prepared this document based on the contributions received from various experts, highlighting the ways to enhance sustainability of the gig economy framework.

I hope that the stakeholders will find the document relevant and the views expressed therein will help in improving the understanding of the Gig Economy in a balanced and comprehensive perspective.

**Deepak Sood**



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# GIG Economy Aligning Consumer Preferences: The Way Forward

- By Harpreet Singh Malhotra  
Chairman & Managing Director, Tiger Logistics India Limited

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The present business environment is also known as the “Fourth Industrial Revolution” of India. It has reshaped our past thought processes and changed the common opinion like how people interacts with companies, also created a new business environment which is much professional. Today the technology as a tool replacing older modes of work at an increasing rate and with an ever-growing search for profitability in an increasingly competitive world, the Government of India has welcomed the benefits of newer technology with open arms. And as it is with any system of interconnected entities, aspects such as labor markets have greatly evolved too in the wake of these changes. The gig economy is one such result.

## Understand the term: 'Gig Economy'

‘Gig’ – a word, coined several decades earlier, seems to have gained prominence in today’s time. In the present context, a ‘gig economy’ involves a temporary contractual job or short-term contract or freelance work that a person may take, on a project-to-project basis, for which the payment is made once the task is completed. The gig economy gets its name from each piece of work being akin to an individual ‘gig’. It can be defined as an “economic activity that involves the use of temporary or freelance workers to perform jobs typically in the service sector.” A gig economy encompasses all platforms that hire independent contractors, consultants, and workers in different sectors, such as information technology, content creation, social media marketing, and communications, food and beverages, creative fields such as art and design. A gig economy, hence, means the existence of a temporary or part-time workforce instead of a conventional workforce.

The recent spree of changes that modern-day economies are undergoing due to the adoption of newer technology, today, has loosened a previously structured and often regulated access to formal work opportunities. The rapid adoption of technologies, in addition to changing candidate preferences, today means that workers are able to procure multiple pieces of work or ‘gigs’ while companies have the option of reaching out to candidates with requisite skills. With such shifts within the labor markets, it remains important to note how pervasive has the impact of a growing gig economy been for an

economy like India. With a large working population and an overall workforce which grows by over four million every year, the advent of the gig economy in the country has had a major impact on the country's labor market.

There has been a significant rise in both the number of gig workers across the country, as well as growing numbers on the hiring side. According to one such study that captured this growth, over 70 percent of respondents from the hiring side have used gig workers at least once or twice for solving organizational issues in the last year. Further, the report said, nearly 45 percent of the human resource (HR) heads surveyed wanted to hire a gig worker so that they can supplement skills of the existing workforce, 39 percent would do this to reduce the cost and 10 percent for filling temporary vacancies in their teams. India, due to its sheer number of the working population, many of whom are beginning to get digitally connected, has found a growing acceptance to gig work. It currently values the global freelancer market at \$2-3 billion which is growing at an annual rate of 14 percent. India currently accounts for \$1 billion of the global market. While the US leads the race with 53 million independent workers, India has 15 million freelancers with its gig economy workers increasingly gaining independent contracts in industries like IT and programming, finance, HR, and design, among others.

## **The 'Gigs': Driving force for the future**

An important aspect of the rise in tech usage in a country like India has meant that many who would've worked previously within the unorganized sector are now able to procure better employment. But that's not to mean gig economy finds itself in a clear area when it comes to the 'formality' of the jobs it generates. With a large working population and an overall workforce which grows by over four million every year, the advent of the gig economy in the country has had a major impact on the country's labor market. To look closely at the projected rise of the gig economy in India, one needs to follow the journey of how technological and demographical shifts have made companies and candidates evolve their interaction with each other. Increasing digitization has meant that remote working options have become an option in front of HR professionals, often playing a key role in incentivizing employees. Co-working spaces, both offline and online, have come up which allow people to connect and make the best use of each other's qualifications to perform efficiently. With talent pools today becoming way more diverse in their age constitution and with Millennials and Gen Z workers increasingly becoming part of the country's workforce, many have begun preferring to become part of the gig economy. Either under the force of lack of formal jobs and or just evolving economic conditions, studies show that as more and more companies undertake business transformation to make their processes more technologically driven, the number of gig workers are bound to go up. Increasing use of technology, like AI and automation, would also lead to the creation of new job profiles and a business's need to look for qualified talent. In the coming years, instead of hiring outright for such positions, it'll be possible for companies to just reach out to talent on a more project-like basis. Most jobs created under this growing

trend exist in their own informal space. Although this might seem to be an effective measure for both professionals to set their working wages according to free-market operations and a company to hire people with specialized skills on a temporary basis, the real-life implementation of the model doesn't essentially come back without its red flags.

The evolution of the digital age can be considered one of the major reasons for the growth of the gig economy. Workers or independent contractors get paid for each gig or job they do, and this very principle is the basis of all internet applications that involve this temporary workforce. Several companies pay their partners, be it drivers or delivery executives or other such personnel, according to the number of deliveries and/or customers they serve in a day or in a month, or as per the schemes that these companies put in place. These partners can undertake various tasks of similar or different nature with different companies since they are not in the permanent employment of any establishment. It is possible that the amount earned by these partners, in a month, maybe equal to or higher than the amount earned by an individual in full-time employment in an establishment.

## **Gig Economy and Indian standards**

India constitutes about 40% of the freelance jobs offered globally, with 15 million skilled professionals fuelling the ever-so-increasing demand for contract-based jobs or the freelance industry. Freelancers are attracted to the gig economy because they can follow their niche and, at the same time, leverage the flexibility and independence that comes with it. A worker or independent contractor has the choice of selecting his or her work hours and at times, even the mechanism through which he or she wishes to complete the work. Such workers or independent contractors can work from home, especially when the project is related to arts and design, information technology or creative writing. This also leads to freedom of choice for both, the employer as well as the worker or independent contractor, to look for other suitable options due to no restriction with respect to proximity to the workplace.

A gig economy is also cost-efficient for companies, given that they can accommodate temporary workforce, according to the customer requirements or business needs, leading up to saving administrative and compliance costs that they would otherwise incur if they choose to hire full-time or regular employees, especially in cases where business models do not involve the engagement of permanent workforce. It may not be possible for companies and start-ups to afford skilled professionals as full-time employees. In such situations, companies may choose to enter into contracts with the professionals for a specific time period. This relationship is rather symbiotic, and both parties have equal freedom to look for options that cater to their needs. Meanwhile, both parties simultaneously spend their energy in cultivating connections and building relationships with their respective demographics.

A gig economy is not a new concept on the global front. In Europe and in the United States of America hiring part-time workers or independent contractors has always been prevalent. It eventually leads

to employment generation and overall skill development. Gig workers control their employment with respect to the type of job they want to undertake and the time they wish to put in towards such a job. Therefore, a gig economy bestows upon these workers, the flexibility and independence to be able to expand into new markets and create a talent pool for employers to choose from. Industries like information and technology, art and design, and content creation see a high demand of gig workers and freelancers, and have relatively better-educated and trained persons who have access to better network infrastructure and more growth avenues. Over a period of time, the gig economy in India has brought under its purview several other occupations, as well. Further, independent workers working in the gig economy are paid according to the schemes that a company has put in place.

People who are part of the gig economy may have several benefits, including the independence to choose their hours of work, workdays, holidays and preferred organizations. However, the key disadvantages in a gig economy may include instability in a job, uncertain pay schedules, unsteady workload, and a lack of social benefits and/or any statutory protection akin to a worker in permanent employment. The market may not always be favorable to a particular industry and, therefore, freelancers are expected to be prepared for more than one type of skill. Due to the lack of permanent employment, there is no certainty pertaining to the pay scale and its continuity. Hence, people who choose such open work environments need to constantly keep updating their knowledge base and skill set to remain in business at all times.

The more an important downside of a gig economy is that, unlike traditional employment, workers in a gig economy do not seem to be eligible for any social benefits such as insurance, medical benefits, employees' provident fund, bonus or gratuity. These gig workers also do not have any employment-related rights, except in some cases involving any breach under their respective contracts. Not being a full-time employee of an establishment implies that an organization is not mandated to provide any social security or statutory benefits to an independent worker. Given the absence of any codified Indian laws in this space currently, the persons working in the gig economy, based on the nature of their engagement, are categorized as independent workers or independent contractors.

## **Regulatory Aspects: The Government of India take on 'Gigs'**

In the absence of an employer-employee relationship, such workers are mostly not entitled to any social benefits, such as provident fund, gratuity, annual leaves, sick leaves and overtime, besides a severance compensation. Hence, irrespective of no restrictions on the number of employments they might take, such workers may not be eligible for any basic rights at all. Cases in India have, time and again, dealt with situations where an employer-employee relationship could or could not be established. While the current focus of the central and state governments in India may be to deal with the larger challenges posed by the organized sector, it is possible that government may start focusing on the gig economy

and aspire to extend the applicability of certain statutes to them, taking into account the growing strength of gig workers.

The Directive may also prove to be helpful, if it is determined that the intent of labor and employment statutes is to grant protection to the workforce and identify minimum rights for gig workers, as well. Given the nature of the engagement or relationship, gig workers, at this stage, may not be eligible to avail of any legal or statutory claim. However, given the continuous growth of the gig economy, it is possible that some benefits may be extended to them even if not at par with the regular or contractual employees of an organization. It is certainly an area to watch out for, in times to come. With the tech-enabled gig economy gaining more prominence, the Indian government has been keen on bringing such transient workers under the formal employment umbrella.

The Department for Promotion of Industry and Internal Trade (DPIIT) is reportedly now working on making it compulsory for online marketplaces such as UrbanClap, HouseJoy and others to only engage service professionals who have a valid goods and services tax (GST) number or GSTIN. The move is aimed more at keeping a database of such professionals since the majority of them are exempted from GST charges as they have an annual turnover of less than INR 40 Lakh. The government is looking to get services professionals such as plumbers, electricians, and beauticians listed on tech-enabled service aggregator platforms onto the GST network. The workers may not be eligible for GST or quarterly filings, but the decision to get them listed onto the GSTN will make it easy for the government to trace the workers if there is any untoward event. Companies such as UrbanClap may be asked to keep a log of all the jobs done by these services professionals, which were facilitated through their platform. The move comes with a backdrop of the government finalizing its national e-commerce policy draft which will be released in the fiscal year ending March 2020. There are several issues that we are examining like consumer safety and protecting the rights of these workers.

Regulations here can come in various forms. They range from overarching schemes like the creation of a Universal Basic Income scheme and the provision of skill-building opportunities (even 'gigs' would soon require specialized skills) to looking closely at the freelance and gig-based employment and taking steps to make them an attractive and secure option for people to follow. Though proponents of the gig economy claim people can benefit from flexible hours, it has its fair share of detractors, who consider it a form of exploitation, with very little workplace protection. While gig work is a necessity for some, it is a luxury for others. It remains to be seen what journey we undertake.

The Indian government is also planning to extend worker benefits under the state-run Employees' State Insurance Corporation (ESIC) to gig economy workers, including delivery partners working with delivery startups such as Zomato, Swiggy, BigBasket, Dunzo, Grofers, UberEats and driver partners for Ola, Uber, Rapido and other mobility startups.

This is the first time that gig economy workers will be able to enjoy the benefits provided by the ESIC. The initiative is part of the government's Social Security Code Bill. The bill received a nod from the union cabinet in December 2019 and proposes setting up a social security fund using a corpus available under corporate social responsibility.

The proposed draft also ensures gratuity perks for fixed-term contract workers before completing five years of service and a gratuity bonus proportional to the time of their service at the company. They will basically enjoy almost the same benefits as permanent workers. Currently, any employee working in an Indian registered company has to complete five years of service to receive a gratuity bonus, according to the provisions of the Payment of Gratuity Act, 1972.

## **Ground realities of gig: Are you ready to gig it?**

The biggest difference between going gig and having a functional role with a steady income is that as a full-time gig worker, you have to become an entrepreneur. You have to understand financials, networking, and the human psyche deeply. That mindset is very difficult to cultivate, especially when you are conditioned in a single functional role. If that does not come naturally to you. You should understand the following:

- Network and be out there
- Develop partnerships
- Change your attitude – don't be stuck on past laurels

Going gig, It is like the first day of the rest of your life. You have to learn all the tricks afresh. A lot depends on the situation that drove you to take up gig work in the first place. If it was due to a passion, you have planned for it better (financially), however, if it was a coerced decision, you may not have ample patient-capital. It is then that the urge of going back to a full-time job is at its peak. It may also result from not getting the quality or consistency of gigs you expect. Many gig workers experiences that one in 10 gigs pitched for coming through. People who have been in such a situation, suggest the following:

- Be positive and use that time to upskill/learn a completely new skill
- Build credibility and get certifications in your field, so your specialization is taken seriously
- Gulp your ego! It is okay to intern with someone for your new role. Going gig is all about learning new skills

Unfortunately, in India, there is no regulation that standardizes rates paid out to gig workers. It becomes important then, for the gig workers to learn to negotiate. Imagine, the irony of this situation: you get paid very differently for the same deliverables when undertaken for a start-up, an MNC or a client in the US. Experienced gig workers shared some tips on negotiation that they have learned over the years:

- Initially, you have to learn to gauge a prospective client and how much can they pay. In the early days, you do lose projects because of the price. Find your sweet spot based on the nature and stage of the client – a base retainer is a good start, then devise a retainer/ project-based approach and a price range.
- Learn to set clear expectations, have written contracts with client success milestones clearly listed out
- Negotiation is a demonstration of value. There is merit in investing in so-called optics. Go to meetings with a team, work out of a co-working space and have a professional email ID.

***Advantages of going gig-route for companies are:***

- Access to highly specialized workforce
- No hassles of notice period/onboarding or training
- Timeline and milestone-based efficient work

Hence heeding the monetary needs, many have started moving towards temporary and flexible positions, treating them as a journey that fits their current gratifying lifestyles. This trend has eventually evolved to the gig economy – where temporary or fixed contract options are valued more than permanent ones. Conventional recruiting methods no longer work in the ‘gig economy’ and traditional engagement strategies cut no ice with a freelance workforce. ‘Uberisation’ of the workforce is happening in India too, with more and more people opting out of the daily grind and choosing to be ‘fluid’. The number of workers being hired as freelancers or contract workers has risen from 20 percent to 25 percent in the contingent workforce in the past two years. This points to the rise of the Gig or Flex Economy. More are opting for a flexible style of work, one that lets them remain in control of their time and allows them to work when and how they want.

## **Implications on the Indian ‘Gig’ Industry**

The gig economy is firmly on its way to becoming a key part of India Inc’s strategy. As many as 72% of all gig projects were in large corporates and professional services firms in 2018-19 compared with 52% two years back. Plus, most of the professional gig economy segments have seen growth double in two years, according to a foreign study. We find that large corporations are increasingly leveraging independent consultants and freelancers to drive priority strategic projects and to pilot new products or service models. This is driven by a need for specific expertise and new thinking, the urgency of deliverables and also a need for flexibility.

The whole thing is we have the unorganized sector, which is 92%. When the gig and platform economy comes in, when Uber came in, it brought drivers who were unorganized into the organized sector and

only these kinds of things can help, but the quality and longevity of such employment still leaves a great deal to be desired. While automating jobs such as drivers will be harder in India, with government ministers saying they will step in to prevent the use of technology that will harm jobs, there is still the quality of jobs to consider, particularly in the gig economy. The Government's interest is because of demand for these kinds of jobs, though hiring appears to be plateauing. But fundamentally there are issues to be resolved.

The staffing company helps startups fulfill their requirement for delivery agents and other roles. Benefits such as retirement and insurance are of particular concern in India, as most are tied to the company where an employee works. Formal workers pay into a provident fund account and large employers typically offer group health insurance. This is not the case for gig workers, who may in some cases have some insurance for accidents on the job. Governments are aware of these issues. There is a need to look at safety nets in these kinds of jobs. Technology generally runs ahead of policy. So there is a need to catch up.

While it has reached a fairly mature stage in developed countries where recruiters and employers are used to a concept of a mobile workforce, organizations in India is still getting used to this departure from the traditional work culture. But as estimates show, flexible jobs and gig-based employment are certainly growing. Given the technological journey that Indian companies are still to chart, the gig economy is bound to grow. But in order to successfully utilize the gig economy as a way of engaging the rising workforce of the economy, many other factors like skill levels and technological access of the masses have to fall in the right place. But all is not ideal with the current work of affairs.

With talent pools today becoming way more diverse in their age constitution and with Millennials and Gen Z workers increasingly becoming part of the country's workforce, many have begun preferring to become part of the gig economy. Many end up becoming a part of the gig economy not out of a yearning to try out different things but rather a very real need to have a job. Given the rapid growth of India's working population, the employment generation capability of a gig economy has helped many within the labor markets to become employed. A stance which many have proposed as a way of creating jobs. Although this might be a temporary solution towards creating employment, independent workers by nature of their work are more exposed to market shocks than regular salaried full-time employees of a company.

A study by McKinsey has estimated that up to 20%-30% of the workforce in developed markets are engaged in independent work. And over a third of India companies estimates up to 50% reliance on flexible talent in the next five years. However, like with any profession, going gig is no mean feat. It takes a lot of hard work and persistence. Reasons for going gig can vary from following your passion to a life event or a career dead-end.

## Area of Scope

Remote workspaces that enable freelancing and support the gig economy work structure are slowly replacing brick and mortar buildings. Randstad India's 2016 survey on workplace flexibility revealed that 1 in 2 Indian employees prefer telecommuting. As much as the steady but sure change in this trend has been over the past couple of decades, virtual teams working on multiple different freelance projects enabled due to technology and collaboration tools will be the wave that the future of work will ride on. Today, 1 out of every 4 freelancers globally is from India. Platforms such as Flexingit and Lancify are making it easier for them to earn on their own terms. Let's go through some steps to understand the area of scope.

**High-end technology:** Technological disruptions have in many ways changed the manner in which employers interact with their employees. A critical dimension of this change has been on the nature of work. Flexible work is slowly becoming a preferred option for urban employers. With reports showing the rise in the number of freelancers within urban spaces, many modern workplaces are also gradually shifting to this shift in working culture.

**Work-life balance:** The burgeoning millennial workforce, who according to the Business and Professional Women's Foundation will account for 75 percent of the global workforce by 2025, is driving the creation of this virtual workforce. Millennials being digital natives prefer work cultures that employ technology to accommodate their work and family life. This includes the preference of workplaces offering the option of freelancing with projects that suit them best.

**Super collaboration tools:** The future of work will include changing business models where technological empowerment will empower the rise of self-employment leading to a greater gig economy. The key to the success of virtually connected but geographically agnostic teams lie in deploying the right technologies that facilitates collaboration while aiding in strategy, planning, and knowledge sharing. This is what will maximize efficiency, productivity and help establish the future workplace

**Increased productivity:** The economics of freelance workers go beyond mere monetary savings. Increased productivity, which adds indirectly to profitability, is amplified with work from home workers. Entrepreneur.com stated that a telecommuter is twice as likely to be more productive as a non-telecommuter. Fifty-three percent of telecommuting workers work for more than 40 hours a week, compared to 23 percent of non-telecommuters.

**Freelance workers are happier:** Remote workers make happier teams: The greatest advantage of flexible work hours that cannot be measured in monetary terms is a happier, less stressed and more motivated workforce. Eighty-two percent of remote freelance workers reported lower stress levels according to a study by PGI, a leading provider of software services. Such happy and stress-free employees can be a huge competitive advantage in the marketplace.

## Conclusion: Modern problems require modern solutions

A gig economy, in simple words, is an environment in which organizations contract with independent workers for temporary, short-term engagements. Gig workers come with a lot of expertise and that saves time. The only challenge the company faces is when the gig worker is based overseas or another city. Coordination becomes a challenge and so does building a rapport with the team. Companies are open to hiring gig workers for roles like government relations, senior leadership positions as they move to new geographies, products, tech R&D and even for communication. The gig economy currently more prevalent in the USA, Europe, and India, is expected to bring transformational changes to traditional HR practices around the world, where gig and the traditional economy will thrive together. India with the uprising gig economy has the potential to become the top freelancing and crowd sourcing hub in the Asia region, even globally. A dramatic workforce transformation is underway and is changing the way companies find and deploy talent. Not long ago many were tempted to find lifelong careers that seemingly gave people satisfaction in their professional life. Today, tables have turned and a growing number of people believe that an ideal job doesn't stand in the way of being the boss of your own time/ personal life goals / self-growth.

In 2015, nearly a third of workers globally consider themselves freelancers. The rising numbers now comprise 34% of the workforce in the Asia-Pacific, 31% in the US, and 27% in Europe. These freelancers are independent by choice and chose to be part of the gig economy driven by the freedom and flexibility of the work-style affords. They are highly educated and skilled - 70% of freelancers in the APAC region possess a professional or technical skill-set. 35% of the total workforce comprising non-employee workers includes temps, freelancers, and contractors. As a result, 95 percent of businesses now view this new workforce as a key element to developing and running a successful business, which means big changes for hiring trends in the coming years.

Startups powering the gig economy hire talent across technology, marketing, finance and HR on freelance or need-basis. IT companies are opening roles for moonlighters, freelance consultants on non-mission critical parts of projects or as part of larger development efforts on a one-off basis. The changing needs of today's workers, the war for talent and the globalization of the workforce are just a few reasons that today's technology is evolving so rapidly. All of these forces are driving workforce management to the top of the business agenda, especially as talent becomes a true differentiator for organizations. The biggest sources that companies use to find this new class of talent include online labor marketplaces, freelancer networks, and social media. By understanding where this talent exists, how it can be engaged, and the general parameters of how it should be managed, companies will be able to derive additional value from the wealth of skillsets available in the on- demand talent marketplace.

The gig economy can be the answer to talent supply chain challenges faced by professional or technology sectors. While critical roles would still be in the realm of regular employment, freelancers can reduce the burden on the supply chain, increase operational efficiencies and reduce project costs. Attracting and retaining top talent has been a consistent challenge for global pharma companies and this could be the answer to an acute talent shortage in the pharmaceuticals sector, particularly bio-pharma. The advantages are aplenty for the workforce too, and not just the employers, as they can pick and choose the gigs they want to work on. This means their skills will be current while retaining flexibility and autonomy and avoiding the occupational hazards of a regular job.

In effect, freelancers can operate as entrepreneurs. More importantly, they can have a work-life balance few can dream of. However, a freelancer's work life is fraught with uncertainties as compared to a traditional employee. So, freelancers entering the gig economy should be ready with a do-it-yourself, disruptive attitude. Although this trend is increasing in popularity, there are also challenges with the reality of contingent workers. In the study, 48 percent cited a lack of visibility and intelligence into the ultimate ramifications of the gig economy. For example, it's difficult to ensure these freelancers are up to speed on compliance, training and their overall impact on the business; all things you can easily teach a traditional worker.

Ultimately, companies are realizing that the gig economy affords companies access to pre-screened, pre-trained workers with niche skills, who can get to work quickly and stay on only for as long as they are needed. And, as a company's needs change, an external workforce can be scaled up or down quickly. Employers need to think beyond full-time employees and tap into the Open Talent Economy. The art and science of management wouldn't be about overseeing an ever-shrinking base of internal resources; it'll instead be about curating capability or contribution across a network of sources.

While companies need to transform and come up with strategies to cope, even the government will need to put in place a new labor relations framework. The rise of platform models like Uber and Airbnb has given rise to anxiety. The world over, governments are trying to figure out the size, scale, and loopholes associated with the gig economy, particularly against the background of unionization and regular protests demanding regularization or extension of benefits akin to traditional employees. What will be the counters of such legislation is the moot question. As key economies grapple with jobless growth, the gig economy can be a redeemer. Gig workers have flexibility but no paid sick leave, no time off, and certainly no pension.

The government may need to legislate labor platforms where there is an urgent need to redefine labor laws that must not stifle innovation but certainly prevent exploitation. In India, freelancing as an employment option has not yet penetrated the rural landscape. Regulations enabling such possibilities

would be a step in the right direction. In India's huge informal work economy, 50 percent of self-employment is premised on self-exploitation. The larger workforce issue that needs to be addressed is workforce formalization.

The ground reality is that for a full-time employee, there are often statutory benefits such as provident fund, gratuity, and bonus, whereas for gig workers none of these hold true. There are no regulations to protect freelancers in India today and the most important document for them is the contract they sign. Today, 90% of these contracts are drawn in the company's favor. Freelancers have to read through the contract very carefully before signing. Some parameters that have to be well balanced and included in the contract are:

- A non-compete clause
- IP and who owns it
- The time period of the contract
- Deliverables
- Payment – specify if it includes an advance or not and timelines of payment

## What companies can do for the betterment?

**a) Overturn traditional job descriptions into skills-based categorizations:** Currently, most organizations leveraging the gig economy to scale-up their business are small – to medium-sized enterprises. Larger corporations have been slow to adapt to this trend and are still figuring out how their recruitment strategy and compliance practices can accommodate short-term contractors within their existing structure, especially in terms of how gig workers can fit their corporate culture and working style. With the rise of Robotic Process Automation (RPA), data analytics and routine tasks are often automated to achieve higher efficiency and accuracy, allowing staff to engage in skills-based, value-added tasks. Hence, instead of holding up to the traditional categorization of job descriptions, corporations can creatively divide work into skills-based tasks, so as to simplify processes of briefings, handover processes and management.

**b) Revamp employee policy assessments and evaluations:** Corporations should evaluate existing internal policies and candidate assessment processes to cater to permanent employees. As companies look towards engaging gig workers, it is essential for talent acquisition teams to revamp their approach to assessment processes and job requirements, as well as staff benefits and policies. This is equally necessary for jobs that require gig workers to work on-site and off-site. An effective evaluation process is required to ensure consistent and quality work, where customized assessment procedures will need to be developed with the active participation of the relevant line manager.

**c) Effectively communicate employer brand:** Communicating an authentic corporate brand is needed for traditional talent acquisition processes, even more, important in a gig economy, where the foundation is built upon trust. Skeptics perceive that the gig economy's impact on the workforce undermines a corporation's dedication to the fair treatment of employees; it is vital for corporations to communicate their brand in a manner that is true and personal to permanent employees, potential candidates or contractual staff. By focusing on the company culture and its people, companies will bring a positive experience to existing and potential employees alike. To avoid disconnection, corporations must also bring brands to life, ensuring the corporation is relatable by giving it a distinct voice and personality. Many companies are already doing this on digital platforms, such as user-centric mobile-friendly career sites, mobile-enabled application and assessment tools, usage of video content and employee video blogs. Such practices enhance employer brand and communicate brand culture. All in all, a corporation will need to embrace flexibility to address the ever-changing societal evolution.

The gig economy is cutting across generations, is no longer restricted to the services sector and raking in high- value gigs. It has arrived and is here to stay.

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# Rights of a GIG Worker – An Employee or An Independent Contractor

## A World Wide Comparison

- By CA Himanshu Goyal

Managing Partner, Ramanand Goyal & Co., Chartered Accountants

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Nowadays various aggregator's delivery executives are a ubiquitous thing in the streets of most cities. People, mostly youngsters who stay away from home and are not so good in cooking or do not have any own a vehicle depend on these saviours from time to time. Though it seems freelancing it leads to long hours, low pay and no job security for the employee. Many educated Indians are opting for these jobs for several reasons like lack of opportunity for permanent jobs or easy availability of these jobs and lesser effort needed to get in. This is making way for a thriving gig economy in India. But whether it will be sustainable or not in our country that cannot be said with conviction.

### Let's know a little about the concept:

**Concept** – A gig is a temporary or contractual job. It signifies a short-term contract or a freelance work as opposed to a permanent job. Workers are paid for each individual gig they do – such as food delivery or a car journey – instead of monthly salary/days wage/hourly wage, ex. OLA, Uber, Swiggy etc.

**What is a Gig Economy?** - A Gig economy is a free market system in which temporary positions are common and organizations contract with independent workers for short-term engagements.

Organising the gig economy is an uphill task. There is, at this point, no larger collective of gig workers across various sectors in India. Significantly, where unions operate, demands have focussed on altering terms with companies and not in reframing their legal position from independent contractor to employee. It is this framing that is likely to unify gig workers, helping the Zomato delivery driver, the service provider under UrbanClap and the Uber driver find common cause and advance labour rights. Better regulating the gig economy is important to ensure everyone benefits from technological change. We need to consider the gains to workers, not just companies and consumers. Is technology going to provide quality jobs and increase people's control over their work? Or is it going to be used to circumvent the basic minimum wage and drive down working conditions?

Every coin has two sides, so does this, there are a few positives and a few negatives of this economy as well, some to note are:

### **Pros:**

- the flexibility to work your own hours,
- the ability to choose exactly the type of work you want to do, and
- The ability to work for yourself rather than someone else.

### **Cons:**

- few or no benefits such as paid vacation, paid sick days, health insurance, and/or retirement benefits;
- fewer or no legal protections against discrimination and harassment;
- lack of eligibility for legally protected or paid family leave; and
- lack of eligibility for unemployment benefits.

This problem is not faced only by the Indian Govt. this has been the talk of various countries including The US, European countries and more. A few of them seem to have solutions that can be helpful for our economy as well. Following are the measures taken by the National Govt.'s to deal with this issue:

### **USA**

The state of California recently passed a landmark bill that has the potential to unleash a systemic change in the gig economy. On the back of a recent judgement by the California Supreme Court, Assembly Bill 5 has legislated that workers in the gig economy be classified as workers and not as independent contractors. Its effects are likely to resonate deeply with tech corporates such as Uber and Lyft in the US which built their businesses on this distinction. The Bill does more than just alter nomenclature; it attacks the very foundation on which the gig economy is premised. While this is a huge step taken to guarantee decent working conditions for the American gig worker, its ramifications may not be global and it is unlikely that Indian workers might see a similar change in policy. The gig economy's disruptive force (much celebrated in its early days) comes from a distinction they establish between independent contractors and employees. The former are those who offer services independently to consumers – in sectors such as transport, delivery services etc. Corporates such as Uber see themselves as providing a platform where the independent providers of a service and consumers are connected. Contrary to this, employees work on terms set by their employers – the services they provide would be regulated and determined by the employer. This distinction has played a critical role in the emergence of the gig economy as it allows tech corporations to avoid labour regulation altogether. Employees by law are guaranteed minimum wages, regulated hours of work, healthcare and other benefits. Independent

contractors, however, do not have a valid claim to these benefits, since they merely use the platform provided and do not work directly for the corporations; at least, this is the claim of the tech corporate. Companies such as Uber and Lyft have until now successfully avoided their contributions to employee benefits by reconfiguring the relationship and classifying workers as independent contractors. This has had the rather obvious outcome of saving on spending and adding to profit margins. But even as Uber and other such companies continue to aggressively champion that their role is limited to the technical function of aggregation, in reality, as gig workers have claimed, their conditions of work and the manner in which they provide services are strictly regulated by these corporates, making them more like employees and less like independent contractors.

The terms of regulating work were the very basis on which the California Supreme Court last year passed a judgement stating that Uber drivers were in fact not independent contractors associating with Uber, but were Uber employees. The Bill which has followed from this judgement is likely to shake the very foundation of the gig economy. Uber, Lyft and other ride-sharing companies and delivery apps are claiming that the Bill will damage the ability of workers to freely determine their schedules of work, leading to worse outcomes for both them and the ultimate consumers of the product. In this sleight of hand, little mention is made of the business model of these companies which rests on the distinction. But, as gig workers have been arguing, by denying them the right to be termed as employees, tech corporates have successfully built a structure that absolves them of any responsibility towards workers while accruing benefits from the work they provide.

## **CANADA**

Canada utilises two categories of work: employee and self-employed individual. In determining which category is applicable, 'the facts of the working relationship as a whole decide the employment status'.

Canada is a federal jurisdiction. The government does outline general rules around classification of employment, particularly regarding taxation. However, the factors which go to determining the nature of the working relationship will usually be decided by the jurisdiction within which the matter is heard. In determining the nature of the relationship, the key question is 'whether the person is engaged to carry out services as a person in business on his or her own account, or as an employee'. A two-step approach is used to answer this question. Firstly, the parties' intentions in entering the contract are established. Secondly, the practical nature of the working relationship is established. Matters which are relevant to this question are:

- the level of control the payer has over the worker's activities;
- whether the worker or payer provides the tools and equipment;
- whether the worker can subcontract the work or hire assistants ;
- the degree of financial risk the worker takes;

- the degree of responsibility for investment and management the worker holds;
- the worker's opportunity for profit; and
- any other relevant factors, such as written contracts

In January 2018, a matter was brought before the Superior Court of Justice, Ontario. The plaintiff there sought to bring a class action against Uber, seeking a ruling that drivers of Uber are employees and as such are entitled to relevant employment law rights. The case was primarily concerned with how the dispute should be handled in arbitration. The case is relevant in that the Court stated that the working relationship between Uber and its drivers could be an employment relationship. Similarly it could be an independent contractor relationship. Here, the Court confirmed that a finding on that issue should be conducted by a 'fact-based determination' of the actual working relationship, as opposed to the terms of the written agreement between the parties. The Court held that the matter should go to arbitration in the Netherlands (wherein the Uber entity with the power to arbitrate the dispute resides), and as such no finding was made on the nature of the working relationship.

## United Kingdom

The UK has taken a different approach in classifying work, there are three overarching categories: employee, worker and independent contractor. Employees are entitled to the most rights and independent contractors the least. Workers are entitled to minimum wage, paid holidays, statutory sick leave, rest breaks and protection from unlawful discrimination. They are, however, not entitled to unfair dismissal rights or statutory redundancy pay. The status of gig economy workers generally is currently unclear. Two recent cases are discussed below, which led to different outcomes. A recent UK Supreme Court decision has been handed down in which a plumber working in the gig economy was held to be entitled to workers' rights.

### The Uber case

In 2016, a group of 19 drivers working for Uber challenged their employment status in the United Kingdom Employment Tribunal. The drivers claimed that they were employed by Uber as workers, and as such were entitled to workers' associated rights. They were successful in this claim. In its reasoning, the Tribunal closely scrutinised the written contract between Uber and the drivers working on its 'platform' and compared the contract to the working relationship in practice. The Tribunal found that Uber exercises a great deal of control over its drivers. Some instances of this include:

- an initial, though not interrogative, interview with driver applicants;
- management of the types of vehicles that Uber will accept;
- penalties for drivers who decline three trips in a row (referred to by the company as a 'Penalty Box Warning') and who cancel accepted trips;

- management of the routes drivers are expected to take, with the onus being on the driver to prove that a departure from a suggested route was justified if a passenger claims a refund; and
- Using the rating system to control drivers. For example, at the time of the decision, experienced drivers with a rating of less than 4.4 out of 5 were removed from the platform and their accounts deactivated. Overall, the Tribunal found that the contractual terms on which Uber relied in the hearing did not 'correspond with the practical reality'. The language used by the Tribunal was strong:

The notion that Uber in London is a mosaic of 30,000 small businesses linked by a common 'platform' is to our minds faintly ridiculous, drivers do not and cannot negotiate with passengers. They are offered and accept trips strictly on Uber's terms.

In evidence given to the Tribunal, one plaintiff stated that during some work he was paid GBP 5 per hour, whereas the minimum wage for drivers aged over 25 was then GBP 7.20 per hour. This represents payment of 70 per cent of the minimum wage for work which the Court decided should attract the minimum wage. In 2017, Uber's appeal of the Employment Tribunal decision was rejected.

Overall, the case suggests that current employment law in the UK is capable of regulating the gig economy – and that under the current laws, gig economy workers may be entitled to a wider range of rights.

## New Zealand

New Zealand operates with two classifications of work: employee work and independent contractor work. Employees and contractors are defined according to the Employment Relations Act 2000 (NZ). However, the definition is subject to 'a considerable overlay of Judge-made law'. The government has stated an intention to introduce statutory support and legal rights for "dependent contractors" who are effectively workers under the control of an employer, but who do not receive the legal protections that are currently provided to employees under the law. At the time of writing, draft legislation outlining how this change might take effect has not been released.

In a recent case in New Zealand, the courts have adopted a sympathetic approach to the status of gig economy workers who have claimed employee rights. A recent decision held that despite signing contracts as independent contractors, workers were employees. In a case involving LSG Sky Chefs New Zealand, the plaintiffs were workers seeking a declaration that they were not contractors, but employees. In its reasoning, the Court noted that the plaintiffs were supervised by the employer, wore company uniforms and attended meetings as company employees. Similarly, the 'contractors' were not registered for GST, did not market their services to other businesses and did not employ others—factors which would normally indicate independent contractor status. The Court also used strong language in making its 'fundamental' finding:

It is fanciful to suggest that either plaintiff was in business on their own account. They did not advertise their services, employ others, hold business assets, issue invoices or keep records. They could not delegate their work to anyone else, they enjoyed no scope for other business activities and they were exposed to no risk (and conversely no potential benefit) in terms of loss and profit.

Again, the Court was interested in the ability of the workers to substitute their labour, which was clearly not part of the contractual relationship; instead, it was accepted that the workers were expected to conduct the work personally.

The Court also stated that the traditional binary relationship between employer and employee has recently been challenged, due to innovation in both work and working relationships. In the face of these changes, the Court also stated that each case should be assessed on its facts. In this sense the Court adopted a similar approach to that of the Employment Tribunal in the Uber case referenced in the United Kingdom, above. Namely, that despite a seemingly independent contractual relationship being agreed by the parties in both cases, the practical reality of the working relationship gave rise to greater worker rights than those of independent contractors.

## Australia

In Australia, a recent case where the judgement of Fair Work Commission (FWC) found delivery riders are employees and not independent contractors in which the FWC applied the multifactorial test from the judgement of high court to assess the nature of relationship between the two parties.

In a recent case of *Joshua Klooger v Foodora Australia Pty Ltd* Joshua Klooger worked for Foodora for a number of years, delivering food to customers on a bicycle. Over time, the flat rate delivery payments received by Mr Klooger and other such workers had progressively reduced. Mr Klooger was subsequently dismissed for publicly talking about the declining working conditions and remuneration.

In order to decide whether Mr Klooger was unfairly dismissed, the FWC had first to decide whether it had jurisdiction to hear the application, as the law is ambiguous in relation to the status of gig workers as employees or independent contractors.

The FWC followed the approach taken in *Hollis v Vabu*, in which couriers who delivered parcels and letters on bicycles were found to be employees of Crisis Couriers:

**Control:** Not only was Mr Klooger required to wear Foodora's uniform and ride a bicycle with the company's branding, he was also told the geographical location in which he would make deliveries. Essential to the argument of control was Foodora's 'batch system', which ranked its workers' performance and meant that better workers received better shifts. This ranking system meant that workers, in reality, were forced to take the shifts they were offered by Foodora and did not have the freedom to choose when and where they worked.

**Contractual terms:** While the contract between Mr Klooger and Foodora was titled 'Independent Contractor Agreement', the terms were in a similar format to an employment contract (such as wearing Foodora branded clothing).

**Subcontracting:** Employees cannot subcontract, so a crucial part of Foodora's argument was that Mr Klooger allowed other drivers to use his online profile to complete shifts. While this delegation did take place, it ultimately required the consent of Foodora.

**Invoices:** Mr Klooger was given invoices for his approval and once he approved them he was paid by Foodora. Further, Foodora did not pay annual leave or sick leave entitlements.

Having decided that Mr Klooger was an employee, the FWC also found his dismissal to be unfair and ordered Foodora to pay compensation.

## India

In India, after years of deliberations, the union government has finally circulated the draft social security code, a key labour law proposal that seeks to amalgamate a clutch of existing laws and proposes several new initiatives including universal social security for unorganized sector workers and, insurance and health benefits for gig workers, following are the points brought forward in the Social Security Code 2019, which was introduced in the Lok Sabha by the Minister of state for labour and Employment on 11th Dec. 2019:

- **Social security schemes:** Under the Code, the central government may notify various social security schemes for the benefit of workers. These include an Employees' Provident Fund (EPF) Scheme, an Employees' Pension Scheme (EPS), and an Employees' Deposit Linked Insurance (EDLI) Scheme. These may provide for a provident fund, a pension fund, and an insurance scheme, respectively. The government may also notify: (i) an Employees' State Insurance (ESI) Scheme to provide sickness, maternity, and other benefits, (ii) gratuity to workers on completing five years of employment (or lesser than five years in certain cases such as death), (iii) maternity benefits to women employees, (iv) cess for welfare of building and construction workers, and (v) compensation to employees and their dependants in the case of occupational injury or disease.
- In addition, the central or state government may notify specific schemes for gig workers, platform workers, and unorganised workers to provide various benefits, such as life and disability cover. Gig workers refer to workers outside of the traditional employer-employee relationship (e.g., freelancers). Platform workers are workers who access other organisations or individuals using online platforms and earn money by providing them with specific services. Unorganised workers include home-based and self-employed workers.

- **Coverage and registration:** The Code specifies different applicability thresholds for the schemes. For example, the EPF Scheme will apply to establishments with 20 or more employees. The ESI Scheme will apply to certain establishments with 10 or more employees, and to all establishments which carry out hazardous or life-threatening work notified by the central government. These thresholds may be amended by the central government. All eligible establishments are required to register under the Code, unless they are already registered under any other labour law.
- **Contributions:** The EPF, EPS, EDLI, and ESI Schemes will be financed through a combination of contributions from the employer and employee. For example, in the case of the EPF Scheme, the employer and employee will each make matching contributions of 10% of wages, or such other rate as notified by the government. All contributions towards payment of gratuity, maternity benefit, cess for building workers, and employee compensation will be borne by the employer. Schemes for gig workers, platform workers, and unorganised workers may be financed through a combination of contributions from the employer, employee, and the appropriate government.
- **Social security organisations:** The Code provides for the establishment of several bodies to administer the social security schemes. These include: (i) a Central Board of Trustees, headed by the Central Provident Fund Commissioner, to administer the EPF, EPS and EDLI Schemes, (ii) an Employees State Insurance Corporation, headed by a Chairperson appointed by the central government, to administer the ESI Scheme, (iii) national and state-level Social Security Boards, headed by the central and state Ministers for Labour and Employment, respectively, to administer schemes for unorganised workers, and (iv) state-level Building Workers' Welfare Boards, headed by a Chairperson nominated by the state government, to administer schemes for building workers.
- **Inspections and appeals:** The appropriate government may appoint Inspector-cum-facilitators to inspect establishments covered by the Code, and advise employers and employees on compliance with the Code. Administrative authorities may be appointed under the various schemes to hear appeals under the Code. For instance, the appropriate government may notify an appellate authority to hear appeals against the order of the Inspector-cum-facilitator for non-payment of maternity benefits. The Code also specifies judicial bodies which may hear appeals from the orders of the administrative authorities. For example, industrial tribunals (constituted under the Industrial Disputes Act, 1947) will hear disputes under the EPF Scheme.
- **Offences and penalties:** The Code specifies penalties for various offences, such as: (i) the failure by an employer to pay contributions under the Code after deducting the employee's share, punishable with imprisonment between one and three years, and fine of one lakh rupees, and (ii) falsification of reports, punishable with imprisonment of up to six months.

The above policies and decision may appear to be a significant win for gig workers. However, it does not necessarily apply to other companies, nor does it tell us anything definitive about the position of delivery workers at companies with similar business models. Therefore, a worker found to be an employee within one model may be characterised only as an independent contractor within another.

The position in India is very critical looking to the doubtful sincerity of the workers performing the job and their attachment to one particular company. The worker is an independent entity which though has to work as per the norms of the company but may join or leave the job at any time without there being any contractual obligation on it which makes almost impossible for a promoter to provide social security and other benefits. Further there is no such database of the govt. through which a single social security number can be marked on a particular employee and that person can be followed and benefitted.

It is a catch 22 position where at one place until governments passes an appropriate protective legislation, gig workers have their social security at risk and despite of being an employee they do not get any benefit what an employee gets. Whereas on the other hand the fact that these workers have no guarantee till when they would perform the role for which they are hired nor there is any stability as to when they may leave the work it becomes impossible for a company to take any liability on its account as tracing these employees at one place is difficult once they sign out of the respective portal secondly already the companies are running on negative margins and to bear any additional cost is impossible at this stage. There might be no denial to the fact that these workers are also eligible for social security but how the same be granted in present scenario is the biggest challenge.

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# The Social Sector Pioneered the GIG Worker Concept

- By Sonal Singh  
CEO Maitri India

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**A**s a leader of non-profit organization for over a decade, I have hired many technical advisors, consultants, project managers, and even senior management as freelancers. This practice is not uncommon in the development sector and the reasons are quite simple. As non-profit organizations, we usually have a paucity of resources, and hiring skilled freelancers enables us to get high quality work without having to take on the liability of a full-time employee. Furthermore, it also allows the freelancer to work in their own space and at their pace as long as our mutually agreed time lines are met.

According to a research report by Payoneer in 2018, India has the world's second largest freelancers market in the world – the United States being the largest. It is estimated that by this year, 50% of Indian workers would be freelancers of which 85% of the people would be between the ages of 21-39 years. According to the Centre for Monitoring Indian Economy, there are currently 31 million unemployed Indians looking for opportunities. Many of these people could be guided towards building skills that suit freelance work and opportunities, an idea which is still struggling to catch on in the psyche of the Indian mind.

Another driver for why freelancing or the gig worker concept has been more successful in the development sector is because women have a higher participation in this sector than in other formal industries in India. Women prefer more flexible work arrangements that allow them the work-life balance that they want in their lives. Furthermore, women are able to negotiate working terms that are favourable to them, while still being able to work on multiple projects or areas that are of interest to them, and raise their skill level.

As the gig economy concept has become more recognized and technology is being leveraged, many online platforms have targeted women and even those in rural environments as their key markets. This has helped immensely in filling a large gap where women are now able to find jobs that suit their needs, especially if they are returning after taking time off in their careers or accessing online work that was otherwise not possible to do. However, there still remain issues around providing support to these women in terms of helping them identify skill gaps and train them

on those skills for them to be able to do their work optimally and also be able to negotiate better contractual terms.

With the advent of gig workers, one of the biggest advantages has been that social development sector professionals are seeking and fulfilling international gigs that they are able to receive through online platforms, or social networks or even through references. This has expanded the field for the freelancer in the social development sector and allows them to seek opportunities that were otherwise invisible.

Unfortunately, it is also a documented fact that like there is gender pay gap in formal pay structures across industries, there is also a significant pay gap based on gender amongst gig workers with a bias against women (Hindustan Times, Gender gap in Indian formal sector worse than global average, LinkedIn data shows, November 2018). This is something that is prevalent across industries and is seen also in the non-profit sector, and needs to be addressed.

I would also like to highlight is that the development sector has also been instrumental for decades on skill building, whether it has been for sewing or beauty workers or training teachers. Many of these trained workers have gone on to establish themselves as freelancers whether working from home stitching clothes or going from home to home doing beauty treatments or even taking tuitions for children in their free time. This is epitome of the gig worker and we can clearly see that this is where the first gig workers really came from.

In conclusion, though the social development sector has used and provided freelancers for decades, its time that we embrace technology, and enable much better and stronger connections between employers and freelancers, while also offering training & capacity building opportunities that will help develop our sector as we look ahead to the next decade.

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# GIG Economy – Reshaping the Future of Work & Public Policies

- By Mr. Vijay Sardana  
Director, ARPL Techno – Legal Services

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Technology has slowly transformed every aspect of human life. This is not only impacting work culture but also human behaviour. Are you starving or looking for choice but don't have the time to cook? There are plenty of apps that deliver any type of food your taste buds desire. Do you need a quick and cheaper ride to somewhere but don't own a car or don't want to drive? With so many transportation apps now available, finding a car, either small or big, to take you to your desired destination is a click away.

## Gig Economy

Several factors greatly influenced the opportunities and risk of the independent skilled work economy. One of the main reasons was the financial crisis of 2008. Thousands of people faced unemployment or underemployment. A great number of them had to find temporary or short term work wherever they could. This temporary work had to be flexible. Some people held down a full-time or a part-time job and worked a side gig for additional income. Others made a living by working a few part time jobs as gigs at once.

The second major factor and player that triggered the popularity of the independent work arrangements was the development of new technologies mainly internet based technologies. These new cutting-edge technologies enabled the creation of many online platforms. These platforms connected workers with specific types of work gigs. Technology platforms have been a significant force in the expansion of the independent skilled work economy as they erased the difficulty of finding temporary/part-time gigs and supported transactions between providers and consumers. These gigs became popular because these offered flexible work schedules like remote work for gig workers and enabled the creation of online profiles and reviews of both producers and consumers.

With these platforms, individual workers could now work for any company around the world and sell their skills for a higher price and perform a variety of tasks for strangers based on real-time demand.

This added the flexibility in time and location and it's easy to infer why the trend does not show signs of slowing.

The advance of technology has also been altering the way people view and perform work or operate in personal life. It's been estimated that nearly 150 million workers in North America and Western Europe have quit their stable company lives to join the gig economy.

According to a report by McKinsey, the largest and fastest-growing segments of the project-based economy are the knowledge-intensive industries and creative occupations. It seems like the full-time employment culture is under threat and companies will suffer due to inflexible old ways of working which may not attract bright talent. The gig industry is the one to blame.

## What is the Gig Economy?

If the term "gig" reminds you of jazz musicians, you would be right. Although the term has long been associated with musicians, the gig work is a new nature of work. It involves independent contractors across all industries, including:

- software development
- content writing
- graphic design
- maintenance crew
- teaching
- and many others and list is expanding

In a nutshell, the fast pace project-based economy is a free market system in which companies collaborate with freelancers, experts, independent contractors, project-based workers and part time employees. These companies can be small businesses or larger organizations.

Forward looking companies are willing to test the waters of this type of independent work economy and hire temporary workers. They manage to save costs as employee training and cost of employee benefits go down drastically.

In this model, gig workers have a lot to gain as well. They get to choose their own work hours, maintain a work/life balance and improve their productivity. They also get time to learn new skills.

For instance, let's imagine that you need to hire top tech talent to craft the architecture of a blockchain system or ERP system or legal drafting or app for sales promotion. Instead of hiring someone full-time, you could hire temporary gig workers. Once they successfully complete the tasks they're given, your collaboration comes to an end and you're free to part ways.

## Who all are the part in the New Gig Economy?

The new sharing economy involves three major components. They are elaborated below.

### ***The independent Skilled Workers will be game changer for Corporate Sector mainly SME Segment:***

The independent workers are paid by companies to complete a gig. They're increasingly mobile and can work from anywhere. Meaning, they can choose between temporary jobs all around the world. There are three groups of independent workers:

- The labour providers
- The goods providers
- The knowledge and skill provider

The labour providers are the less-educated workers. They joined the freelance economy because they have trouble finding other job options. This type of workforce includes drivers, delivery men, and handymen.

The goods providers are the more educated workers who often have another full-time job. They can be artists, craftsmen, and software developers.

The third category is highly skilled workers like Trainers, Lawyers, CAs, designers, etc.

### **Existing Business Models are changing:**

The modern concept of companies are that they act as a medium between the worker and the consumer. These companies that connect the worker to the consumer directly are the second component. The majority of them are technology platform companies like Uber, Ola, Flipkart, Airbnb, etc. These companies act as a medium between the worker and the consumer. They facilitate direct transactions from which they take a cut as service provider. Workers can easily find a quick and temporary job, from Uber drivers to SEO experts at a tech company. On these platforms, people can see online profiles and reviews of both workers and consumers.

### **The consumer behaviour and experience is driving the gig economy:**

The consumers are the people who need a specific service, for example, help with their software development project or designing project, or a ride to somewhere or food of choice.

### **What is the State of the Independent Work Arrangements?**

According to various estimates, the independent work economy in the developed world is growing at the rate of 5 to 10% annually. At least 10% of workforce is linked to gig economy for major earning.

The existing studies suggest that full-time gig workers make up less than half of all gig workers. The others work on a supplemental basis, in addition to their part-time or full-time traditional work.

Many new age workers frequently use online platforms to find work opportunities.

## What are some of the Major Gig Economy Benefits and Challenges?

In order to enjoy the benefits of the freelance economy, the challenges and disruptive effects associated with it must be addressed.

Independent workers enjoy multiple gig economy benefits, including:

- higher salary
- flexible work
- location independence

However, the freelance economy is freelance and contact-based. Unlike traditional full-time work, independent contractors don't receive benefits like health insurance or paid time off. They are forced to obtain them on their own.

As a large part of a company's costs comes in the form of benefits, employers are saving on these costs by hiring individual contractors instead of employing workers. Their recruitment, hiring, and interviewing costs are reduced. What's more, there's no risk of making big investments in employees that later turn out not to be a fit for the company. Employers have access to a wide pool of diverse talent with the right skills for a specific project, without worrying about benefits or long-term fit.

One way of resolving the issue of employee benefits is by introducing new work policies such as "portable benefits". Meaning, companies that hire freelances must contribute to employees' benefits based on the amount of work an employee completes for the company on a monthly basis.

Several companies have already stepped up to offer benefits to their contract employees. Uber and Lyft have begun offering perks and rewards to drivers. Uber subsidizes car maintenance and offers phone plan discounts, while Lyft offers discounts for fuel, roadside assistance, and telemedicine.

Discussions about portable benefits will surely continue. The future of portable benefits will greatly depend on the goodwill of employers and governmental policies.

## Regulations in Gig Economy

While gig economy will be big booster for many sectors of the society and the economy. There are chances that disputes may also rise between parties due to distant locations and differences in

expectations. The gig economy is a way of externalizing costs. In other words it allows some sectors of society not to pay the true costs for making profits. Much of the existing legislation is still based on people having a salaried job, but if skilled contractors are actually contented entrepreneurs, we must be very careful not to crush this movement by over-regulation.

Countries need to extend their social and labour protections to people who are working part time or in serial part time or temporary jobs. The key to making this happen could be to use the very same technology that is being used to drive the gig economy. There is huge scope for governments to use technology for enforcing the new regulations to ensure fair working environment. Most transactions on the gig economy are done via the internet and as such they can be tracked. These companies do need to contribute to insurance and other social contributions besides other tax liabilities. Equalizing benefits and dismissal procedures between fixed-term and open-ended contracts might prevent misuse of successive fixed-term contracts. Code of conduct and Code of Ethics should be designed for the proportion of Gig economy as an alternate and important source of employment generation.

### **Indian SMEs should take benefit of this growing Gig economy:**

The gig economy brings far too many benefits than downsides. Gig employees have the opportunity to choose projects that best align with their interests and goals, and earn income from multiple sources.

Traditional workers, although not participants in the independent work economy, have also been experiencing its benefits. As the workplace continues to change, more and more traditional employees are demanding for more flexible work arrangement. Employers are pressured into offering more remote work options to their in-office employees.

Companies have also been enjoying the advantages of the freelance economy. They're able to hire independent workers to meet seasonal demands, cut down on overhead costs of hiring employees, and remain competitive.

Hopefully, as the independent work economy continues to grow and advance, the workplace of tomorrow will have a bright future ahead. It'll be a future abundant in flexibility, choice, and opportunity. In this bright future of gig economy, everyone wins.

Government departments and Corporates should use gigs for better and faster implementation of programs in various locations. This will help in harnessing the talent located in remote locations. This will improve the reach of the products and services. 5G Technology will be great enabler.

Please feel free to contact if keen to develop in-house systems to manage business in Gig economy.

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# GIG Economy: Introduction and Perspective of a Common man

- By Kiran Bhatia Tandon  
Head - Human Resources, Loyalty Prime

**The “gig economy” has fearlessly entered business word reference, a mainstream phrasing and eye catcher for every working proficient be it a driver running a taxi or independent expert taking up present moment or long-haul assignments.**

The gig economy is comprised of three fundamental segments: the free workers paid by the gig (i.e., an assignment or a task) instead of those employees who get a pay or time-based compensation; the consumers who need a particular assistance, for instance, a ride to their next goal, or a specific thing conveyed; and the organizations that interface the specialist to the customer in an immediate way, including application based innovation stages.



The gig economy is not new or secured under layers. It exists in market with a solid base, primarily on account of elevation of interest in various verticals and expert individuals are picking these days. With an expansion in pattern of working for yourself, principally experts are deciding on legally binding and consultant job, where they get wanted adaptability and opportunity to contribute their endeavours and hours as per their will. These days its spreading like a viral fever-no job or vertical is immaculate from this. This idea has picked up prominence particularly among ladies who takes break from their perpetual occupations because of marriage or childcare and need to come back to their working professional and independent working job role. The GIG economy assumes an essential job for both the gatherings Employers and representatives, as it gives a major help on overhead expense in addition to finance cost to managers and for representatives by encouraging opportunity and adaptability of

working from remote area, odd days and dissipated hours. However, it displays a basic experiment, since hiring specialists would need to scout another ability pool and go to new work models to make such business a triumph.

**A recent study by the McKinsey Global Institute “Independent work: Choice, necessity, and the gig economy”, reveals that “up to 162 million people in Europe and the United States—or 20 to 30 percent of the working-age population engage in some form of independent work**

How about we take a gander at our corporate existence where ‘war for ability’ is the same old thing and with serious challenge, most associations will in general spotlight on main concerns to expand benefits. This is the sweet spot for every one of those independent experts, who penance the solace and security (or perhaps not) of the corporate world, to take the necessary steps they love, and be their very own lord. Organizations are hooking onto this clan as it encourages them get a quick workforce, lessen cost and improve quicker. It likewise encourages them maintain a strategic distance from the issues of culture-conflict, advancements, workforce the board, framework and so on permitting more spotlight on the work, instead of on the individuals.

In any case, the truth for most ‘independently employed temporary workers’ is that working in the gig economy implies lower pay, absence of security, and no business rights worth discussing.

In my view, this is truly not a major issue in light of the fact that an independently employed proficient, from specialists to businesspeople, never had benefits, wiped out compensation, occasion qualification or parental leave. Gig economy is setting down deep roots and will prosper. Organizations should return to their arrangements, be sensible in utilizing the ‘better’ gifted specialists to do normal jobs while keeping basic profiles in-house.

**Accomplishment in the gig economy originates from a harmony among suitability and imperativeness.**

This previous decade’s development of the GIG workforce has been driven by the improvement of new advances that empower exchanges straightforwardly among suppliers and consumers, and the trouble of finding customary, stable occupations. From one perspective, application-based innovation stages are supplanting individuals as brokers to associate consumers and makers rapidly and effectively, enabling people to play out an assortment of undertakings for complete outsider’s dependent on ongoing interest. Then again, individuals are progressively inclining toward this non-traditional division of business either to enhance their present salary or basically since they can’t discover customary, full-time, salaried positions.

**“GIG economy” is changing the way that individuals see and perform work, and regions must be prepared to react with imaginative approaches and projects.**

We may say that individuals in the GIG economy must pursue different stage of progress — one that originates from finding a coherence among consistency and probability, between feasibility (the guarantee of proceeded with work) and essentialness (feeling present, true, and alive in one's work). One may do as such by building holding conditions around place, schedules, reason, and individuals, which assist them with continuing efficiency, persevere through their tensions, and even transform those emotions into wellsprings of inventiveness and development. “There’s a feeling of certainty that originates from a profession as an independently employed individual,” “You can feel that regardless of how awful it gets, an individual can beat this, transform it, can work more from a position of decision rather than a position of need.”

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# The Rise of GIG Economy in India

- By Hitender Mehta, FCS, FCA, LL.B.

Managing Partner, CENTRUM LEGAL; Member, Managing Committee, ASSOCHAM  
Central Council Member, ICSI

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**T**he current business environment has redefined how companies interact with consumers. Technology advancements continue to replace older ways of work at an increasing pace. Artificial intelligence is reshaping the way businesses are functioning today. With a view to be profitable on a sustainable basis in an increasingly competitive world, businesses have been embracing the technological advancements with open arms. The labour markets have also evolved in the wake of these changes. Genesis of gig economy is also an outcome of such developments.

Gig economy can be characterized as a free market system wherein there are temporary jobs, short term engagements, freelance work assignments and the like. Organizations contract with independent workers for short term engagements. The term “gig” is a slang used to refer a ‘job for a specified period of time’.

Gig economy is growing in India by leaps and bounds. The growth of the companies like ola, uber, swiggy, amazon, flipkart, groffers and the like have given tremendous fillip to the gig economy. The scope of gig work has been constantly increasing ever since companies began resorting to hiring people to work part-time/ on a gig basis. Gig workers are usually spoken of in the context of the sharing economy, like ola and uber drivers, delivery persons for amazon, flipkart, zomato, swiggy, etc. These are jobs enabled by a tech-enabled platform where the workers are not bound to the organisation and can choose to work as long they want. In fact, it would not be an exaggeration to say that the e-commerce companies across the spectrum, from taxi ride services to food and product delivery companies, all depend on gig work to ensure their business models are successful.

Gig economy in India holds tremendous potential in terms of providing jobs and aligning consumer preferences. For the reason that there is no defined regulatory framework in place to regulate the gig economy, such companies prefer engaging the workforce on short term contracts. Quite likely, a significant size of the workforce in future would be part of the Gig economy. According to Forbes, more than one-third (36 percent) of US workers are a part of the gig economy, about 57 million people. Therefore, gig economy is something which cannot be overlooked while talking about the future of work.

Further, it remains to be seen as to how pervasive has been the impact of a growing gig economy for Indian economy. With a large working population that is growing roughly by over four million every year, the advent of the gig economy in the country has had a major impact on the country's labour market.

As more and more companies undertake business transformation to make their processes more technologically driven, the number of gig workers ought to go up significantly.

Ever increasing digitization has given rise to remote working options. Co-working spaces, both offline and online, have come up which allow people to connect and make the best use of each other's qualifications, skills and experience to perform efficiently. An important aspect of the rise in usage of technology in a country like India is that many people who would have earlier worked with unorganised sector are now having more and better opportunities. Gig economy offers several benefits such as the independence to choose their hours of work, workdays, holidays and preferred companies.

## **Concerns and Challenges of gig economy**

The growing gig economy has its own share of problems and challenges. Most jobs created under this the gig economy exist in its own informal space. The real-life implementation of the gig model comes with the cautions and riders attached to it. While it may have reached a fairly mature stage in some developed countries where organisations are used to the concept of mobile workforce, organisations in India are yet to get used to this departure from the conventional work culture. Given the constant technological advancements, the gig economy is bound to grow. But in order to utilize the gig economy as a way of engaging the rising workforce of the economy, many other factors like skill levels and technological access of the masses have to fall in the right place. It's hard truth that all is not ideal with the current state of affairs.

The fact that there is no defined regulatory framework is sufficient enough to give rise to so many grey areas, such as denial of the basic social security benefits (viz., Provident Fund, Employee State Insurance benefits, etc.) in many cases. It would therefore not be out of place to state that perhaps the most important downside of the gig economy is that, unlike conventional employment, workers in the gig economy do not seem to be eligible for any social benefits such as insurance, medical benefits, employees' provident fund, bonus or gratuity. Except having recourse to civil law remedies on account of breach of contractual obligations under their respective contracts, the gig workers also do not have any employment-related rights. For regulators, another big challenge would be to get the accurate data about the size of gig workforce.

Further, the possibility of rather difficult working conditions for the gig workforce cannot be ruled out. Key disadvantages of the gig economy may include job instability, uncertain pay schedules,

unsteady workload, and a lack of social benefits and/or any statutory protection akin to a worker in permanent employment. Due to all these reasons, independent workers by nature of their work are more vulnerable to market shocks than regular full-time salaried employees of a company.

Another challenge would be that the market may not always be favourable to a particular industry. As such, the freelancers are expected to be prepared for more than one type of skill. Due to the lack of permanent employment, there is no certainty about the pay scale and its continuity. Hence, people who choose such open work environments need to constantly keep updating their knowledge base and skills to remain adaptable and acceptable at all times.

Many people may end up becoming a part of the gig economy not out of sheer desire to try out different things. It may be due to the urgent need to have a job. Given the rapid growth of India's working population, the employment generation capability of a gig economy has helped many to become employed.

## **Recent Regulatory developments in India**

Regulations for the gig economy workers may come in different forms. There have been recent developments concerning providing certain benefits to the gig economy workers through some regulatory provisions. According to news report, the companies belonging to the gig economy may not be pushed to contribute towards social security cover for its workers. Instead, the Government is planning to provide medical treatment to gig economy workers at a subsidised rate from the Employees' State Insurance Corporation (ESIC) hospitals and dispensaries across the country. This may come as a relief to such companies as they will not be compelled to bear the social security cost of its workers.

The Government had introduced the Social Security Code Bill, 2019 in December 2019 in the Lok Sabha that proposed to provide, for the first time in India, social security cover to workers employed in the gig economy. The Bill proposes setting up a social security fund using corpus available under corporate social responsibility. This fund will provide welfare benefits such as pension, medical cover, and death and disablement benefits to all workers, including gig workers.

The Bill mentioned that the government would launch a scheme to cover gig workers under the ESIC. The medical treatment through ESIC to gig workers is planned to be based on minimum user charge rather than on a contribution basis from employers. As such, the gig economy workers will be able to go to ESIC hospitals and dispensaries for medical treatment where they will be charged discounted rates under the Central Government Health Scheme. To give effect to this, the Government proposes to frame rules to cover gig workers through ESIC.

When the Government had released the draft Social Security Code Bill in September 2019, some firms and experts had expressed concerns as there was ambiguity related to whether firms will have to also

contribute towards social security cover of gig workers. They had argued that any move to regulate the gig economy will impact the firms, which have flourished due to the flexibility it offers to workers.

According to the proposed Social Security Code Bill, gig workers are those who perform work or participate in a work arrangement and earn from such activities outside of the traditional employer-employee relationship. Gig workers are classified as unorganised workers, so provident fund contribution will not be required for them. The Government will frame a scheme to give benefits under the Employees' State Insurance scheme to gig workers. The Government will not ask for contribution from employers of gig workers, as is done in other cases.

According to yet another news report of January 20, 2020, the Government is looking to get services professionals such as plumbers, electricians and beauticians listed on online platforms onto the Goods and Services Tax Network, in what could be yet another move to bring gig economy workers into the fold of the formal workforce.

To conclude, while the advocates of the gig economy may claim that people can benefit from flexible hours, it has its fair share of detractors, who may consider it a form of exploitation with very little statutory protection. While gig work may be a necessity for some, it may be a convenient option for others. In a country like India, the scope of gig work is multifaceted and enormous. Flexible work options are gaining preference with gig work becoming an important player in accessing semi-formal jobs. It won't be out of context to mention that with a large portion of the workforce that is young and technologically savvy, gig work might provide a way to access formal jobs. Regardless of the divergent views, the fact is that gig economy is inevitable for a country like India which has a huge workforce, but lack of commensurate employment options. It is good to note that the Government is considering to put in place minimal regulation, striking a balance between the needs of the businesses and the growing gig workforce. Let's keep our fingers crossed and witness what is in store in future.

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# Insurance Agents and the GIG Economy

- By Devender Parashar  
Regional Head, Bajaj AllianzLife Insurance Company Ltd.

The advent of gig economy has brought about many new roles and work profiles, however one of the time tested profession which was working as gig before the word got coined was 'insurance agents'.

Agents have been the backbone of the Insurance business in India. All the insurance companies both life and general rely heavily on the outreach of their agents and Bajaj Allianz in particular have taken exemplary steps in combining technology and recruitment.

Agent's productivity has been one of the major issues for the life insurance industry. The industry has particularly dealt with it by imparting high quality training to their new agents and putting in place a rigorous recruitment system for agents. The company provides trainings in soft skills, story-telling skills and social media strategies to help them acquire new clients.

## ***Some of the Benefits which are for Agents are as following:***

1. Flexible working hours: Agents can choose their working hours and with new tools they can increase their productivity
2. Attractive Commissions: Agents can earn very attractive incomes based on the hours and commitment they put in their business. Together with company's incentive schemes from time to time, the overall package becomes very attractive.
3. Skill Development: Agents are encouraged to go for certification life financial planning so that they are able to service their customers better and create name for themselves
4. Training: Bajaj Allianz provides training to its agents not just in the field of insurance selling, but also overall personality development which helps agents in their over professional and personal growth.
5. Reward and recognition: Daily, monthly, quarterly and yearly reward and recognition program helps Agents build their self-esteem.

Indian Life Insurance market is poised for significant growth and it will be driven by the agents across India. In fact, based on some of the market studies, it was found that people still prefer to buy policies through agents. It is important to get agents across the nook and corner of the country, because the demand is huge.

In a gig economy, workers are treated as contractor and there is no guarantee of a fixed pay every month, but the contractors are paid per job with a certain bonus on completing a set number of jobs in time. The companies tout this model as efficient, highlighting the flexibility to work and being able to choose work hours. But the workers are not nearly as enthusiastic.

Insurance companies are also bringing new products to cater to the gig economy workers. In order to deal with this, insurance companies are now coming up with pay as you go or monthly subscription based short term insurance policies that can be changed or cancelled at any time depending on the user's preferences. Insure-as-you-go models are slowly gaining popularity and the insurance industry has limited time to either adapt or be side-lines as new start-ups are coming up with unique algorithms that bypass the entire underwriting model of traditional insurance.

### **Market Size (Source: IBEF)**

Government's policy of insuring the uninsured has gradually pushed insurance penetration in the country and proliferation of insurance schemes.

Gross premiums written in India reached Rs 5.53 trillion (US\$ 94.48 billion) in FY18, with Rs 4.58 trillion (US\$ 71.1 billion) from life insurance and Rs 1.51 trillion (US\$ 23.38 billion) from non-life insurance. Overall insurance penetration (premiums as % of GDP) in India reached 3.69 per cent in 2017 from 2.71 per cent in 2001.

In FY19 (up to October 2018), premium from new life insurance business increased 3.66 per cent year-on-year to Rs 1.09 trillion (US\$ 15.46 billion). In FY19 (up to October 2018), gross direct premiums of non-life insurers reached Rs 962.05 billion (US\$ 13.71 billion), showing a year-on-year growth rate of 12.40 per cent

### **Road Ahead**

The future looks promising for the life insurance industry with several changes in regulatory framework which will lead to further change in the way the industry conducts its business and engages with its customers.

The overall insurance industry is expected to reach US\$ 280 billion by 2020. Life insurance industry in the country is expected grow by 12-15 per cent annually for the next three to five years.

Demographic factors such as growing middle class, young insurable population and growing awareness of the need for protection and retirement planning will support the growth of Indian life insurance.

Going forward, increasing life expectancy, favourable savings and greater employment in the private sector is expected to fuel demand for pension plans. Likewise, strong growth in the automotive industry over the next decade would be a key driver for the motor insurance market.

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# Role of Direct Selling in GIG Economy

## Fulfilling the government's vision through opportunities and skill development

- By Gautam Bali  
Managing Director, Vestige Marketing Pvt. Ltd.

Several global population forecasts have projected India to be the youngest nation in the world in 2020 with the median age of its population being 29 years vis-a-vis 37 in the US and China, 48 in Japan and 45 in Western Europe.<sup>1</sup> While the rest of the world faces a dearth of youngsters, India has a readily available workforce of over 47 million. However, unemployment persists to be one of the foremost concerns of the country. At a point in time, where the economy is struggling to create new employment opportunities, the direct selling industry is playing a pivotal role in shaping the future of India, by training and providing an opportunity to hundreds of thousands to become self-reliant entrepreneurs every year.

Globally, 118 million people are associated with the direct selling industry as on December 2018.<sup>2</sup> At a time when many industries are struggling, the direct selling industry attained an impressive growth of 13% in 2018-19.<sup>3</sup> It has become a Rs 130 billion industry in the country, of which nearly half is driven by wellness category. The industry contributed Rs 25 billion to the public exchequer. Globally, the direct selling industry's worth was \$192.9 billion in 2018 in which China topped with 18.5% share, followed by the US with 18.3% share.

The Government of India's flagship 'Skill India Mission' aims to impart employable skills to a minimum of 400 million people by 2022. In 2018-19 alone, the direct selling industry trained more than 5.7 million people and provided them an opportunity to become financially independent. Out of these, nearly 2.85 million were women, many of whom got their maiden scope through direct selling to come out of the traditional closet they have been confined to due to lack of proper opportunities. Direct Selling has opened new livelihood avenues particularly for individuals, who were struggling to make a cut into the mainstream. Through quality education and training programmes, direct selling transforms ordinary people into extraordinary leaders, equipping them with necessary skills in

1 [https://www.unfpa.org/sites/default/files/pu/pdf/UNFPA\\_PUB\\_2019\\_EN\\_State\\_of\\_World\\_Population.pdf](https://www.unfpa.org/sites/default/files/pu/pdf/UNFPA_PUB_2019_EN_State_of_World_Population.pdf)

2 *Global Direct Selling - 2018 Retail Sales, WDSA, June 2019*

3 *Indian Direct Sellers Association Annual Survey 2018-19, published in September 2019.*

marketing, communication, leadership, and personality development. These people, later, mentor a thousand of others, passing down their learning and experiences, helping others to become self-reliant and be transforming entrepreneurs. This is the significant contribution of the direct selling industry in nation-building. Direct selling has become a popular self-employment model for the masses due to various unique factors.

**Empowering women:** Due to the dominance of women-centric products, the direct selling industry renders self-employment opportunities notably for women. Through equal income generation opportunities and quality training, direct selling aids in the holistic career development of those women who wish to earn for themselves and supplement their household income, or whose responsibilities or circumstances do not allow them to work full-time.

**Low or no capital investment:** Direct selling is a low-investment entrepreneurial opportunity for those who aspire to build their own business, at their own pace and terms. Many individuals have realised their entrepreneurial dreams through the industry's free enterprise system, low/no cost of entry and minimal risk environment.

**Flexible working hours:** Direct selling serves as a secondary source of income for many working professionals due to its flexible work schedule. People can work from their home, at their own convenience and bandwidth, while also working elsewhere.

**Source of income for students:** Direct selling allows students to work without sacrificing their studies as one can work on a part-time basis and recover their cost of living. Many students are able to fund their higher studies with the help of income generated from direct selling.

**No restrictions on entry:** There are no restrictions and criteria to become a direct seller. People from all walks of life, regardless of their age, gender and skill set can join the direct selling industry.

Over the last two decades, the direct selling industry has penetrated every nook and corner of the country, touching millions of lives. Apart from Skill India, the direct selling industry supports and promotes the Indian government's several other initiatives. Most direct selling companies now manufacture in India, promoting 'Make in India'. Many direct selling companies have launched mobile applications and websites for their distributors to order products, check payments and access training modules, strengthening 'Digital India'. By promoting startups in transportation, logistics and training sectors, the direct selling industry is also paving way for 'Startup India'.

The government's guidelines on direct selling have helped the industry in observing compliance in a better way and it has enabled the genuine players to grow their business exponentially. At the same time, the need of the hour is to have a comprehensive legislation on the direct selling industry so that the industry can grow manifold and empower many to take on the path of entrepreneurship.

The need of the hour is to boost the direct selling industry, which is playing a crucial role in nation-building and has a large socio-economic impact on India's population. Not only is it generating new employment opportunities for masses, but it is also empowering the young Indian workforce with knowledge and confidence. By cultivating their interpersonal skills above all, it lets them lead the life of a 'leader', inspiring others to replicate their success stories. The direct selling business did not get the scope to unleash its full potential in a fast-growing economy like India. In case it gets the chance to do it, backed by proper laws and regulations, then it will be a catalyst for the Indian economy and contribute immensely to help it gallop towards the goal of reaching the \$5 trillion target set by the prime minister.

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# GIG Economy – How Money is the Driver for the Trend we see

**‘Objects of the universe are for enjoyment and not for possession’ - Upanishads**

- By Siddhartha Bhargava  
Managing Partner, Zyadaincome.com

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**N**othing explains the current state of consumerism that the adage from Upanishads. It seems as if we unconsciously living what our scriptures had advised us to. Unknowingly, by doing that and living in a rental economy we are creating a new milieu and disturbing and destroying the established business models of 20th Century.

But at the heart of consumerism lies the ever growing need to supplement the income levels or create newer avenues of income. The question, ‘How to earn more money?’ is perhaps one of the most intriguing questions of our time. We are all, perhaps, seeking the elusive pot of gold at the end of the rainbow or is the pot of gold lying where we are? Do we really know our potential to earn or increase our income levels, or the herd mentality built in our minds and psyche over the years far too compelling to think us rationally and decide what’s good for us or is the greed so overpowering to blind our so called rational behaviour. Or are we over estimating our ability to think rationally? But let’s start with the basics.

‘We are living in an ‘Apple’ economy. I use the word ‘Apple’ to denote the rise of consumerism and materialism.. most of us want to own an Apple product, be it iPhone, iPad or iWatch and to do that we all want to earn more income.

Classical economists Adam Smith had propounded a theory that it takes Labour and Capital to produce a product and thereby generate an income. He lived at a time when goods were the primary source of trade and commerce. However in today’s digital era, where services is as big and in some cases bigger contributor than goods, to labour market and GDP, we have to expand this list of resources to include –

- Land (to start business / rent),
- Labour (skill set, hobby, talent),
- Capital (investible money to invest),

- Time (how time you can give to a new venture) and
- The Network of people you have.

Every individual will have a unique combination of the above given factors and will thereby have a different earning potential. It is important to know what your resources are and put them to best available options.

Let's look at the above resources individually and then as a combination

## 1. Land

We all know that if we have a piece of land, we can cultivate (do farming) or use for non-farm commercial activities, which includes renting or leasing. These are perhaps time tested usage of land. However, in today's day and age, you can look beyond the renting / leasing and explore options like

- Convert your home to PG's (Paying Guests)
- Home stay solutions through Airbnb and others
- Franchising
- Start your own small business
- Contract farming (The concept is growing very fast)

## 2. Labour

Earlier labour was only associated with physical work of tilling the land or mining or working in factories, since the economies were mainly raw material based. However, the concept of labour has undergone a paradigm shift in recent years. Skills and /or talent have become a factor in determining the income earning potential of the individuals. The need to have the second income, due to reasons cited above have forced people to look at their skills and talents to increase or create second income sources. Technology has been a great enabler and thanks to proliferation and explosion of Apps, and startups ecosystem, new ways of doing age old businesses are emerging. The success of aggregators like Airbnb, Ola, Uber have unleashed an entirely new stream of earning money.

So how can a person earn money using his / her skills or talent? And I am not going to discuss about the obvious skills in IT which people can trade over platforms like freelancers, upworketc, but other innate talent or skills which sometimes people don't even consider

- a. **Cooking:** If you are a home cook (basically like cooking and are cooking only for family) and like cooking, then that's a skill. A lot of companies are aggregating such home cooks for tiffin services

and other income streams associated with it. You could start a youtube channel, write a blog, be a food review, share recipes

- b. **Stitching / Embroidery / Knitting:** If you know these things or have interest in these things then, Etsy.com is a good option for you to start your own shop and reach out to the world with your creative handiwork. Or if you still like the old fashion way, there are companies and NGO's who encourage housewives to take up their talent in a more professional way and earn second income
- c. **Skills in utilities / home servicing:** Carpentry, Plumbing, Electrician and other such services are in big demand and thanks to startups like Urbancalps etc. people with good skills and certification are earning good money. Upgrade your skills and use of modern tools have greatly enhanced the efficiency and earning potential in this skill group.
- d. **Fashion / Beauty / Health:** If you have an interest in any of this field and already have a skill set or can acquire one (government has aided setting up a lot of skill institutes), then sky is the limit for you. The consumer economy that we live in, there is an accentuated pressure to look good and be fit (which is not a bad thing). If you have a certification in any of these, including areas like dietician, yoga instructor, gym instructor, you can enjoy both health and wealth.
- e. **Teaching:** Teaching is an art, its like coaching. Its not necessary that the best player will be an excellent coach. Similarly, you don't have to be the best in your subject to start teaching. You should be good but more importantly do have the talent to reach out to students and address their queries. If you think you can and want to teach but don't have any formal requisites like B.Ed or NET, then don't lose heart, there are a lot of platform which are looking for people like you

3. **Capital/ Money:** Money is a very complex subject and though we all require some amount of money to start a business, we tend to forget the other aspects of money.

- a. **Money saved is money earned:** How many of us make a genuine attempt to save money or bargain for the cheapest deal. There are a lot hacks which can help you save money in your daily routine. And as they say, 'take care of pennies and pound will take care of themselves'. From cab sharing, to flight discounts, credit card free day usage, best bargains shopping from supermarkets, switching to LED, going on holidays during off peak seasons are just some of the ideas to save money.
- b. Not all of us will start our own business. It is important to know and realise, we all are different and have different risk taking abilities and are also wired differently to carry out roles and responsibilities assigned to or taken by us. The need to have a passive income however is all encompassing. Even today, bulk of the Indian household savings is in the form of bank deposits. So for an economy like India which should grow at about 6-7% year on year, the inflation would hover around 5-7% and your interest in Fixed Deposit is only 7.5-9% (over 5

year period), which basically means that if you are lucky you are getting a real positive return of only 2% and in some cases you may be having a negative or zero return. Mutual funds offer a better solution than fixed deposit to individuals who are risk averse and don't have time and understanding to invest in stock markets directly. Mutual Funds offer both liquidity through dividends and / or growth option through reinvest and other instruments.

- c. **Peer to Peer lending:** This is probably the next big thing in lending and is however like all new thing will have its own challenges and opportunities. But for those who are willing to take a few risks, this could be a new way to put your money to work.
- 4. **Time:** Well, people say time is money and it couldn't be more true and relevant than now. Some of us, who are already working somewhere, this is perhaps the biggest constrained resource, and yet for those who are not into the work force or at home, this is the biggest available resource they have. So the opportunities for both end of the spectrum will be different – one is a passive seeker and the other is an active seeker. Your ability to take out time for the activity will determine how much money can you earn.

**For Passive Seekers** – the opportunities are in Mutual Funds, Renting / Leasing, Airbnb, Homestay, Realty investments.

**For Active Seekers** – Opportunities are unlimited, so based on your skills, money and network (discussed later), you have plenty of options to choose from.

- 5. **Network of People:** We are living in connected world where social media has impacted our lives for good and for bad. The world is now literally in our hand, through mobile phones. We get access to the latest trends, products, styles, news – fake and real. All this information influences our buying behaviour and companies want just that. The companies are using social media tools not just to engage with their audience but also to 'sell to them' and 'through them'. Now you can earn money by using your social media, so next time you spend time on different platforms – remember time is money and you could be using that time to earn extra income.

Every individual has a unique set of resources and the challenge to know them and discover your true potential.

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# GIG Economy: HR Challenges

- By Sameer Mittal  
Managing Partner, Sameer Mittal & Associates LLP

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In a country like India where the demographic pressures are really high, Gig economy comes as a big solace for a large part of the population comprising of skilled, semi-skilled and unskilled labour force in meeting their employment needs. Along with the generation of employment this temporary staffing trend often gives the millennials, who form the large proportion of the workforce deployed a sense of satisfaction with the job, flexible timing, additional income source and independence. The country has seen a surge of the staffing companies emanating both domestically as well as through the foray of the international players. These staffing firms not only are providing the industry with the office boys and liftmen but also the people for the job description of CEO & COO's. But yet there is downside too, as the staffing firms face serious HR related issues – some of them are highlighted below:

**a) Vague Job Description:** The Client expectations should be clearly understood, before starting the recruitment process, as it is often seen that there is a lack of clarity on the job requirement from the client's side, as the HR department might not understand the technical requirement for a particular job and conveys a vague job description to the staffing firms, who in turn burn a lot of time and resources in choosing the candidates as per the wrong job description provided. These aspirants so chosen often don't qualify for the first interview round and are shelved off. Therefore the elaborate job description should be provided by the clients before starting the recruitment process, so that the vacancies are filled in a timely and cost effective manner. Staffing firms should try to cull a room for dialogue between the line manager to whom the staff to be recruited is to report and its hiring team, so that the requirements are understood clearly.

In fact the importance of correct job description and attributes can also be impressed on the facts that many of the staffing companies are now using data analytics, to electronically shortlist the candidates whose attributes meet the job description provided by the Client. Therefore proper job description is the first step towards the gig jobs.

**b) Forecasting:** It is a common experience that there are seasonal cycles in the demand for the temporary staff during certain months. These seasonal cycle varies from industry to industry.

Therefore the staffing industries should carefully analyse the data and try to determine the kind of staff that is required by different industries, the timings on which the staff is normally hired by a particular industry, sources from which the staff may be hired, salary trends, dispute trends, payment delays by particular industry etc. to be in a position to leverage its position. The staffing firm should plan in a manner that the staff that becomes free from a certain cycle gets recruited in the other organisation or activity, leading to the minimisation, in the idle time and leading to cost savings and that we are prepared with the pool of staff for meeting the demand in the next cycle.

- c) The staffing firms have to do the compliances:** Though the employees work on the project of the Clients but yet the compliances in relation to labour laws, taxation etc. have to be done by the staffing firm. Therefore the staffing firms should ensure that it has been complying with the applicable laws so that there are no disputes between the staffing firm and the employees. It is observed that though the organised staffing firms are doing their compliances in a timely manner but yet the employees hired through the unorganised agencies do not often deposits the employee benefit dues etc. Therefore this exploitation shall also be looked into and the legislation shall try to bring more clarity on the segment.
- d) Ensuring right pool of persons for the right job:** The staffing firms, shall clearly outline the requirement of their clients and shall ensure that the staffing company knows, the sources from whom the temporary staff can be procured as and when the demand arises. Therefore the talent acquisition team, should be technically sound to understand the requirement of both the client and the employee.
- e) Poaching of employees:** There should be a non-solicitation clause in the staffing contract as at a good no. of times, it is seen that the companies end up hiring the staff provided by the client on its payroll, in case the employee meets the expectation criteria of the client and the remuneration payable to the staffing firm is not paid. The staffing firm in such a case loses the value of the efforts it has put in to choose and identify the employee so appointed.
- f) Preferences of the Employees:** The current pool of the temporary staff largely comprises the millennials. The millennials often are very clear about the job satisfaction and in case the same is not there on the project on which they are deployed, they often leave the job and shift to a more intriguing job, therefore with the changes preferences of the staff the staffing agencies are often left in a limbo. Further it is seen that the millennials today are more interested in the brand rather than the position on which these are employed, therefore hiring employees for the mod size companies also becomes a serious challenge for the staffing companies.
- g) Termination and replacement:** The staffing firms should always try to have an alternative for the positions on which their employees are manner so that in case there is any sudden

termination of employment or replacement requirement or staff transfer or the resignation by the person manned then the staffing firm is suitable equipped to ensure that the business is not interrupted.

- h) Training:** From our experience we have seen that the manpower outsourcing agreements usually have a clause that the temporary staff being deployed will be governed by the policies of the Company on whose project the staff is being hired, therefore the staffing firms should also ensure that they have gone through the policies referred to in these agreements and proper training and orientation is provided to the staff to be deployed, so that he/she is aware about the expected code of conduct, his deliverables and rights. Further in case if there is anything conflicting in the outsourcing agencies policy and the companies policy, then the parties should try to work on the parity, so that any disputes in the future are avoided.
- i) Data Transfer:** The temporary staff hired have an access to highly confidential data of the companies on whose projects they are working, therefore it is imperative for the outsourcing agencies to have back to back agreements for the protection of confidential information of their clients with the staff being outsourced. Further the staffing agencies are often bound by highly tight non-disclosure agreement, therefore it is even advisable that proper information technology based checks are established into the systems or the devices on which the staff are working, further the staff is trained pertaining to the same.
- j) Wage differential between the permanent and the Temporary Staff:** This is becoming a very major concern in the industry, as we have in the recent past seen many upheavals, in few cases even leading to the shutdown of the whole plant because of the large income, benefits and working condition disparity between the temporary staff and the permanent staff. Often these temporary staff are exploited and have to work for longer hours compared to the permanent staff, on lesser remuneration, lesser holidays and without much of benefits. For eg; The temporary staff may not be provided the meal benefits, which might be provided to the permanent staff deployed in the same premises and working on the same project.
- k) Working conditions for the employees:** A very big challenge in the temporary staffing is the safety of the people deployed. The temporary staff though work on the project and the site of the Client, but yet the responsibility remains with the staffing agency. The provisions for safety for women or the employees deployed on remote locations is a big concern and needs to be suitable addressed before accepting the project. The staffing firms should also carefully draft the indemnity clause for such projects.

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## **ABOUT ASSOCHAM**

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## **EVOLUTION OF VALUE CREATOR**

ASSOCHAM initiated its endeavour of value creation for Indian industry in 1920. Having in its fold more than 400 Chambers and Trade Associations, and serving more than 4,50,000 members from all over India. It has witnessed upswings as well as upheavals of Indian Economy, and contributed significantly by playing a catalytic role in shaping up the Trade, Commerce and Industrial environment of the country.

Today, ASSOCHAM has emerged as the fountainhead of Knowledge for Indian industry, which is all set to redefine the dynamics of growth and development in the technology driven cyber age of 'Knowledge Based Economy'.

ASSOCHAM is seen as a forceful, proactive, forward looking institution equipping itself to meet the aspirations of corporate India in the new world of business. ASSOCHAM is working towards creating a conducive environment of India business to compete globally.

ASSOCHAM derives its strength from its Promoter Chambers and other Industry/Regional Chambers/Associations spread all over the country.

### **VISION**

Empower Indian enterprise by inculcating knowledge that will be the catalyst of growth in the barrierless technology driven global market and help them upscale, align and emerge as formidable player in respective business segments.

### **MISSION**

As a representative organ of Corporate India, ASSOCHAM articulates the genuine, legitimate needs and interests of its members. Its mission is to impact the policy and legislative environment so as to foster balanced economic, industrial and social development. We believe education, IT, BT, Health, Corporate Social responsibility and environment to be the critical success factors.

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ASSOCHAM represents the interests of more than 4,50,000 direct and indirect members across the country. Through its heterogeneous membership, ASSOCHAM combines the entrepreneurial spirit and business acumen of owners with management skills and expertise of professionals to set itself apart as a Chamber with a difference.

Currently, ASSOCHAM has more than 100 National Councils covering the entire gamut of economic activities in India. It has been especially acknowledged as a significant voice of Indian industry in the field of Aerospace and Defence, Auto and Auto Ancillaries, Corporate Social Responsibility, Environment & Safety, HR & Labour Affairs, Corporate Governance, Information Technology, Luxury and Lifestyle, Biotechnology, Telecom, Banking & Finance, Company Law, Corporate Finance, Economic and International Affairs, Mergers & Acquisitions, Tourism, Civil Aviation, Infrastructure, Energy & Power, Education, Legal Reforms, Real Estate and Rural Development, Competency Building & Skill Development to mention a few.

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ASSOCHAM derives its strengths from the following Promoter Chambers: Bombay Chamber of Commerce & Industry, Mumbai; Cochin Chambers of Commerce & Industry, Cochin: Indian Merchant’s Chamber, Mumbai; The Madras Chamber of Commerce and Industry, Chennai; PHD Chamber of Commerce and Industry, New Delhi.

Together, we can make a significant difference to the burden that our nation carries and bring in a bright, new tomorrow for our nation.

**Deepak Sood**  
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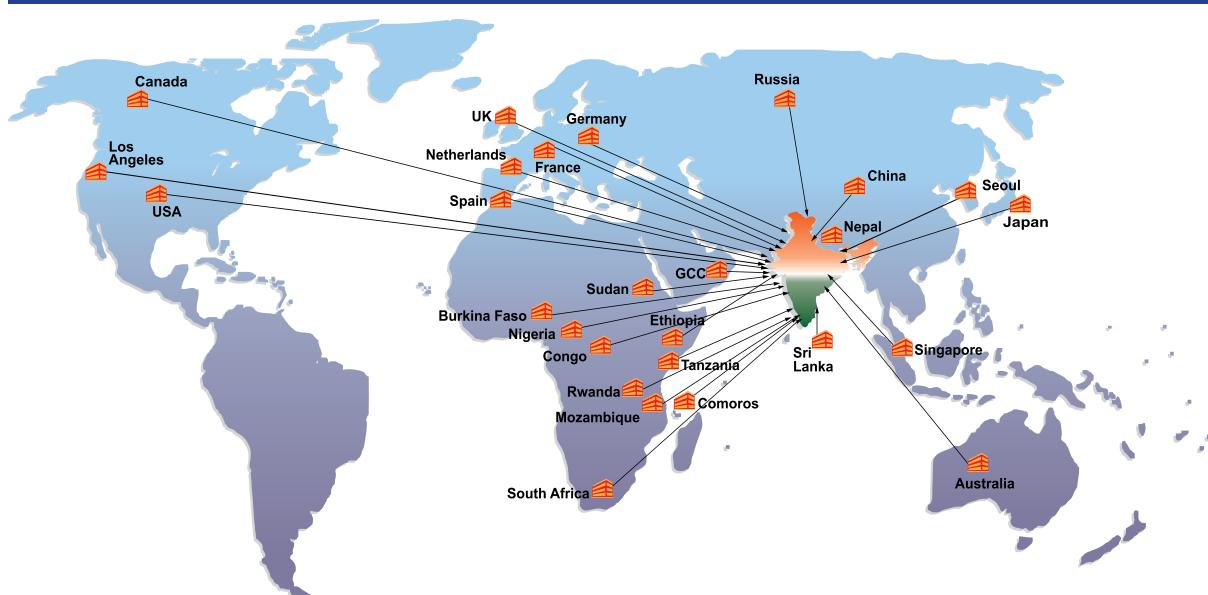
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## ASSOCHAM OVERSEAS 28 OFFICES



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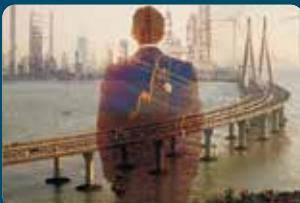
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