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Gig Economy

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Why is in news? Rajasthan's Gig and Platform Workers Welfare Act: empowering the young worker

The **Rajasthan Gig and Platform Workers (registration and welfare) Act** is a landmark legislation.

Rideshare cab services like Ola and Uber first arrived in India in 2010-11. Food delivery services, like Swiggy, came soon after, and multiservice platforms like Urban Company are now close to a decade old.

These services, benefiting from the labour of lakhs of workers, have by now spread to over 250 Indian cities, and countless other kasba towns.

Key features of the bill:

The Bill **applies to "aggregators"** (digital intermediaries connecting buyers and sellers) and **"primary employers"** (individuals or organizations engaging platform-based workers).

The Bill **proposes a Welfare Board** comprising State officials, representatives from gig workers, aggregators, and civil society.

The Board will be **responsible for setting up a welfare fund**, registering platform-based gig workers, aggregators, and primary employers, and ensuring social security guarantees for gig workers.

The Board will **maintain a database of companies and workers**, and **each gig worker will receive a unique ID**, valid indefinitely.

The **Social Security and Welfare Fund** will be created with contributions from individual workers, State government aids, and a 'welfare cess' paid by aggregators. The **welfare cess, not exceeding 2% nor falling short of 1% of each transaction's value**, will be submitted by aggregators within the first five days of each month.

The Bill **recognizes gig workers' right to be registered with the Welfare Board** upon joining an app-based platform, irrespective of the duration or number of providers they work for.

The Welfare Board will **formulate schemes for social security**, including accidental insurance, health insurance, and other benefits related to health, accident, and education.

Gig workers **can file grievances related to entitlements, payments, and benefits** provided under the Act either physically or online through the web portal. There is **also an Appellate Authority** to address objections raised by employers.

Aggregators are **obligated to deposit welfare cess on time**, update the gig worker database, and document any variations in numbers. Failure to comply may result in fines, with increasing penalties for subsequent violations.

Gig workers:

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Gig workers are **individuals who engage in temporary, flexible, and project-based work arrangements**, often through digital platforms or apps, rather than traditional full-time employment.

The term "gig economy" originated from the concept of musicians or artists being paid for individual performances, or "gigs."

However, in recent years, the gig economy has expanded to include a wide range of industries and job categories.

Gig workers refer to **workers outside of the traditional employer-employee relationship**.

There are two groups of gig workers – platform workers and non-platform workers.

Platform workers - When gig workers use online algorithmic matching platforms or apps to connect with customers, they are called platform workers

Non-platform workers - Those who work outside of these platforms are non-platform workers, including construction workers and non-technology-based temporary workers.

Issues faced by gig workers:

Since the gig economy falls outside the scope of traditional, full-time employment, gig workers usually lack basic employment rights such as **minimum wages, overtime pay, medical leave, and a statutorily bound resolution of employer-employee disputes**.

While platform companies have created avenues of employment, it has often been marred by **unequal gender participation, and a lack of possibility for upward mobility** within an organisation.

Whether gig workers should be **categorised as ‘employees’ or as ‘independent contractors’?**

It depends on the **extent of control and supervision exercised by the employer** and the integration of the worker with the organisation.

Gig workers are **typically hired by companies on a contractual basis** and are not considered their employees.

As a result, they **do not receive some of the benefits that an on-roll employee** of the company may have.

Size of Gig Economy in India:

A NITI Aayog study on **“India’s Booming Gig and Platform Economy”** has estimated that at present, about 47 per cent of the gig work is in medium-skilled jobs, about 22 per cent in high skilled, and about 31 per cent in low-skilled jobs.

These figures clearly indicate the importance of the gig working community in the Indian economy.

Research studies by **Boston Consulting Group (BCG)** have indicated that participation in the gig economy is higher in developing countries(5-12 percent) versus developed economies(1-4 percent).

Most of these jobs are in lower-income job-types such as deliveries, ridesharing, microtasks, care and wellness.

These studies further estimate that in 2020-21, 77 lakh workers were engaged in the gig economy.

The gig workforce is expected to expand to 2.35 crore workers by 2029-30.

The **median age of Indian gig workers is 27** and their **average monthly income is Rs 18,000**.

Of these, about 71 per cent are the sole breadwinners of their families. Additionally, gig workers operate with an average household size of 4.4.

Few steps taken by Government of India for Gig Workers:

Code of Social Security, 2020:

The Government has formulated the Code on Social Security, 2020 which **envisages framing of suitable social security schemes for gig workers and platform workers** on matters relating to **life and disability cover, accident insurance, health and maternity benefits, old age protection, etc.**

However, these provisions under the Code have **not come into force**.

e-Shram Portal:

The Government has also launched e-Shram portal in 2021 for **registration and creation of a Comprehensive National Database of Unorganized Workers** including gig workers and platform workers.

It allows a person to register himself or herself on the portal on a self-declaration basis, which is spread across around 400 occupations.

Pradhan Mantri Shram Yogi Maan-dhan (PMSYM) scheme:

The Indian government has introduced some social security measures for gig workers.

One notable initiative is the Pradhan Mantri Shram Yogi Maan-dhan (PMSYM) scheme, which is a voluntary pension scheme for unorganized workers, including gig workers.

Under this scheme, eligible workers can contribute a certain amount regularly to build a pension fund, which would provide them with a pension after attaining a certain age.

Way Forward:

The Indian government should **establish clear regulations and policies for the gig economy** to ensure that gig workers are protected and that companies are held accountable.

The government should **ensure that gig workers have access to social security programs** such as pension schemes and health insurance to ensure financial security for older workers.

Gig workers should be **granted the same labour rights as traditional employees**, including the right to organise and form unions.

The government should **invest in education and training programs for gig workers** to improve their skills and increase their earning potential.

The Government can **encourage fair competition** by having regulations that **prevent companies from misclassifying workers as independent contractors** and by enforcing fair trade practices.

The government can **encourage innovation in the gig economy** by providing tax incentives, funding and other support to companies that are creating new business models and technologies.

There is a **need to build the right physical and social infrastructure** that supports the **engagement of women in the gig workforce**.