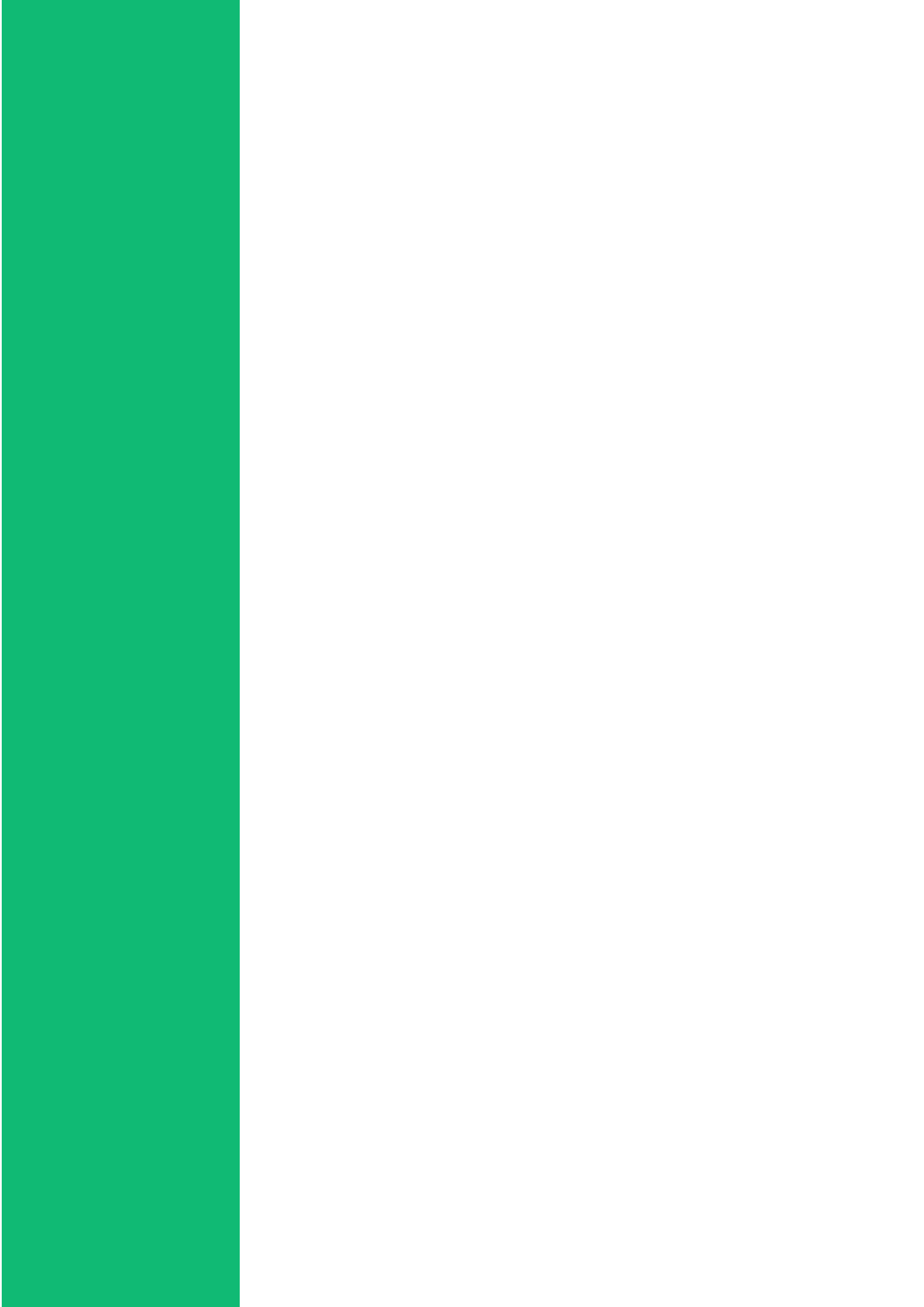




UNLOCKING THE POTENTIAL *of the* **GIG** ECONOMY IN INDIA





Executive Summary

GIG: NOT A NEW CONCEPT IN INDIA BUT GROWING ADOPTION WITH THE RISE OF TECH

‘Gig economy’ is among the most widely used terms in the business world today. While gig work (which broadly comprises work delivered on-demand with little to no formal contracting) has been around for a long time, it has gained momentum recently with the success of platform-based companies like Uber (in ridesharing), Swiggy (in food delivery), and Urban Company (in personal services, home renovations and repair). Today, thanks to the emergence of technology-enabled gig work platforms, over 200 million people are considered part of the gig workforce globally. Research studies have also indicated that participation in the gig economy is higher in developing countries (between five and 12 percent) versus developed economies (between one and four percent); and most of these jobs are in lower-income job-types such as deliveries, ridesharing, microtasks, care and wellness.

Gig work is not a new concept in India. With its large informal economy and ‘casual workers’ segment, India has always had the equivalent of gig work across urban and rural areas - from temporary farm workers to daily-wage construction laborers to household help.

Personal references and offline networks have operated in India to source and meet the need for on-demand services. **What has changed in the past few years is the use of technology to match and deliver on-demand services at scale.**

While there are some clear benefits to this type of on-demand work – namely, convenience, flexibility, higher unit pay, and greater efficiencies – it has also raised questions around minimum wage requirements, worker protection, and consumer rights. In response, governments across the world have initiated legislative and regulatory efforts – ranging from classifying gig workers as ‘traditional employees’ to defining requirements, social protection and safeguards to ensure there is parity with other modes of work. These efforts, while a positive step in the right direction, take a micro view of the challenges and do not go far enough in unlocking the potential of the gig economy in India.

GIG-BASED EMPLOYMENT CAN CREATE SIGNIFICANT INCREMENTAL ECONOMIC VALUE AND INCREASE LIVELIHOOD OPPORTUNITIES FOR LOW-INCOME WORKERS

The gig economy benefits employers, employees, as well as the economy at large with gains extending beyond the traditional notions of convenience and on-demand availability and flexibility. This is because

of the underlying economic fundamentals that platform-enabled gig work addresses at scale, and the collateral benefits it can expand into a virtuous expansion cycle. These include:



Enhancing the efficiency of large-scale discovery and fulfillment for labor and services



Aligning the economic incentives across employers and workers, thereby increasing earnings for workers while reducing 'fixed' costs for employers



Catalyzing economic recovery by providing labour on-demand even if employers remain tentative about hiring workers full-time



Expanding labor participation especially for women and students who may only be available for part-time work to supplement household income



Accruing collateral benefits associated with 'formalizing' labor markets including financial inclusion and social protection



Driving overall improvement in productivity by reducing idle and unproductive time

CREATING A STANDARD ARTICULATION OF THE GIG ECONOMY, ITS POTENTIAL, AND STEPS NEEDED TO UNLOCK CONTRIBUTION TO INDIA'S ECONOMY



Our focus in this study and report is on gig work as commonly understood: temporary on-demand labor employed on a task-based or a time-based manner. As such, we are using the definition of gig work as:

Work done by an individual

Employed on a per-time or per-task basis (with no commitment of future work)

Having the flexibility to choose hour of work with no negative impact on earning potential

With the gig economy's growing traction around the world, its ability to create and grow jobs and incomes at scale, and its relevance in the Indian context, we have focused our study and this report on:

Sizing the potential of the gig economy in India – with a specific focus on opportunities for middle and low-income workers

Laying out the various segments of gig workers and the drivers to engage and involve them

Articulating the path forward to unlock, formalize, and enable the growth of the gig economy in India

GIG ECONOMY COULD POTENTIALLY SERVE UP TO 90 MILLION JOBS; ADD 1.25 PERCENT TO INDIA'S GDP (GROSS DOMESTIC PRODUCT)

India's workforce today is estimated to comprise around 500 million workers, of which around 210 million are engaged in the agriculture and allied sectors, and the remaining approximately 290 million in the non-farm sectors that include construction and real estate (62 million), manufacturing and utilities (60 million), retail (47 million), and transportation and logistics (25 million).

We based our estimates on a detailed mapping of job-types across industry sectors to identify opportunity areas and barriers to unlocking demand for gig-based services. The potential of the gig economy was then determined using in-depth primary interviews with corporations, including large corporations and Medium, Small, and Micro Enterprises (MSMEs), a survey of over 600 urban households, and inputs from industry experts.

Based on these inputs, we estimate that the gig economy has the potential to service **up to 90 million jobs** in India's non-farm economy alone, transact **over USD 250 billion** in volume of work, and contribute an **incremental 1.25 percent (approximately) to India's GDP** over the long term.

This long-term potential of the gig economy could comprise:

- ✦ Skilled and semi-skilled jobs (around 35 million) within industry sectors
- ✦ Shared services roles (around five million) like facility management, transportation, and accounting
- ✦ Household demand for services (around 12 million)
- ✦ Unskilled jobs (approximately 37 million) across various sectors of the economy

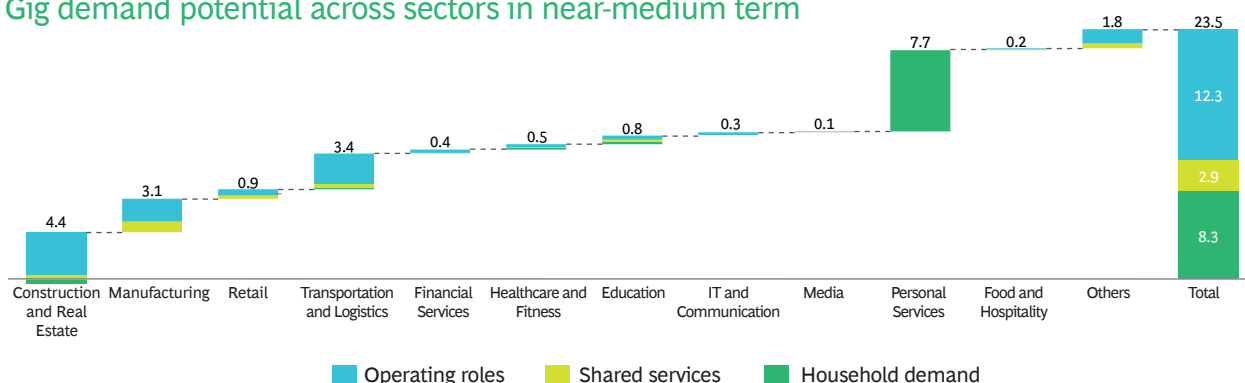
The four largest industry sectors – Construction, Manufacturing, Retail, and Transportation and Logistics could alone account for over 70 million of the potentially 'gigable' jobs.

The gig economy will comprise both existing jobs that migrate to gig platforms, as well as new jobs that are created in the economy. The net new jobs will result from better market transparency (ability to match demand-supply), greater efficiencies in delivery (lower cost), and growing demand (from availability of smaller increments in consumption or 'sachetization').

In the near-medium term, as many as 24 million jobs (approximately) could potentially migrate to technology-based gig platforms, including:

- ✦ Nearly three million jobs in shared services
- ✦ Over eight million jobs servicing household demand

Gig demand potential across sectors in near-medium term



Note: 'Others' includes Bottom of the pyramid (BoP) jobs in spaces such as General Administration, Real Estate and Facility management, Sales and Marketing services, Mining activities, etc.

This can be unlocked with the establishment of a few common prerequisites, job-specific employer requirements, and specific job-drivers important to gig workers. The potential and need for gig-based employment is so relevant that the gig economy could create **approximately one million net new jobs over the next two to three years** by aligning near-term incentives of employers and workers. In the long term, the full potential of the gig economy (i.e., up to 90 million jobs), will require evolution in industry hiring practices and growing familiarity with and optimization of gig-based services.

Learnings from estimating the gig economy's potential demand



The gig economy has the potential to serve up to 90 million jobs in the non-farm sectors of India (around 30%) with the potential to add up to 1.25% to India's GDP through efficiency and productivity gains alone



In the short-medium term, nearly 24 million jobs in skilled, semi-skilled and shared services roles could be delivered via gig, including nearly 3 million shared services roles and around 8.5 million roles meeting household demand



The majority of gigable jobs are in the Construction, Manufacturing, Transportation and Logistics, and Personal Services sectors; primarily driven by MSME and household demand, with varying frequency of use



Unlocking demand for gig work requires strong credentialing, quality assurance, on-demand availability, and loss-protection; households require background checks, safety assurance, and pricing as additional prerequisites to uptake gig-based services



Over the long term, development of an ecosystem of offerings and services, public digital goods, and public policy combined with evolving industry practices will be required to unlock the gig economy's full potential

TARGETED OFFERINGS REQUIRED TO EFFECTIVELY ENGAGE AND RETAIN GIG WORKERS

Beyond identifying the areas of demand for the gig economy, an equally important element is developing an in-depth understanding of gig workers and their motivations and pain points around gig work today.

We performed qualitative and quantitative consumer field research with gig workers from various sectors of the economy. The research included over 3000 gig workers, over 500 ‘non-gig’ workers (full-time workers, unemployed persons), as well as 20 focus group discussions covering approximately 160 gig workers across job profiles, skill levels, employment types, city tiers, age groups, and genders. The in-depth quantitative research was used to identify the triggers for gig work, drivers and motivations, points of satisfaction and dissatisfaction, and the impact of COVID-19 on the outlook towards gig work.

Our findings indicate that gig workers are different from non-gig (‘regular’) workers notably in:

- ✦ **Demographics:** Gig workers are relatively younger (compared to non-gig workers)
- ✦ **Work patterns:** Gig workers typically work for fewer hours per day (7 hours versus 8.5 hours for non-gig workers)
- ✦ **Education levels:** Gig workers typically have lower education attainment levels (30 percent have studied till grade 9 versus 20 percent in the case of non-gig workers)
- ✦ **Household contribution:** Gig workers are more often secondary contributors to household income (30 percent of gig workers are secondary contributors versus 10 percent of non-gig workers)

These findings point to the immense potential for gig work to create greater livelihood opportunities for lower-income workers, while creating a more inclusive workforce. They also suggest greater involvement of youth, students, and women in gig work, compared to traditional work arrangements.

Gig workers also differ from non-gig workers in their motivations and the drivers of choice of work. While there are differences amongst gig workers themselves, in general we learned that:



Gig workers prioritize the potential for higher earnings and flexible timings in their choice of work, with other drivers like salary increments and personal development considered lower in priority.



More than one in four gig workers take up gig jobs primarily to fund additional household expenses (beyond regular expenses) such as medical emergencies, household events, and paying-off leases



Gig workers place high importance on transparent, timely, and assured payments



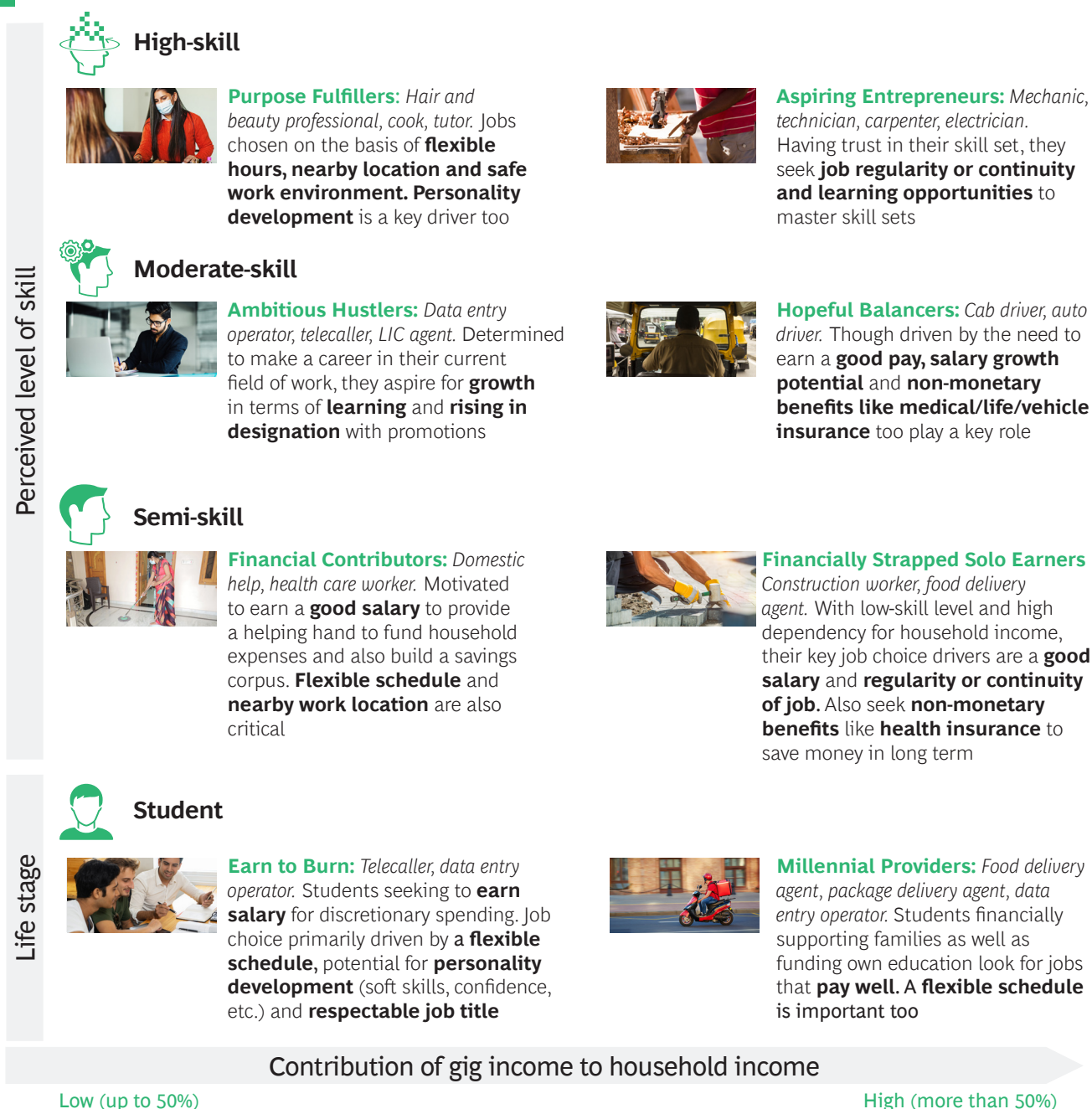
Non-monetary benefits (such as medical and life insurance) are not big motivators for gig workers

Still, it is vital to note that **gig workers are not a homogenous group, but fall into one of eight distinct segments, depending on their skill level, life stage, and contribution to household income.** The eight segments vary significantly in their job drivers, willingness to trade-off job drivers for higher or lower pay, order of prioritization of monetary or non-monetary benefits. For instance:

- Women in one of the high-skill segments highlighted the importance of flexible work hours, pointing to household commitments and the limited hours they have available to work
- Semi-skilled workers who are also primary earners in the household prioritize income level, continuity, and assurance of work when considering gig jobs
- Students looking to earn discretionary income (often working as telecallers and data entry operators) point to learning on-the-job, and schedule flexibility as their priorities

Exhibit 3

Gig worker segments in India



Understanding the specific segment of workers, their drivers, and their motivations is critical to tailoring compelling value propositions that can attract and retain workers on gig platforms.

Despite the disruptions from COVID-19 induced lockdowns around the country, workers have a positive perception and outlook towards gig work with around 40 percent of skilled workers and 32 percent of non-graduates indicating their willingness to take up gig jobs in the future. **However, while gig work remains broadly attractive to workers, specific pain points remain unaddressed. These are typically related to work assurance, timely payments, learning and personality development, and regular salary increments.**

Learnings from the study of gig workers



Gig workers tend to be younger, and prefer flexible work hours, timely payment, and work assurance; they also tend to be secondary contributors to household income



Gig workers' drivers and preferences are defined by one of eight segments based on skill-level, life stage, and contribution to household income



While appreciated, non-monetary benefits (insurance, working capital loans, etc.) are not high on the priority list for low-income workers, who are willing to trade around 1 to 2% of their income for it



For low-income workers, gig work continues to have unaddressed pain points such as assurance of work, timely payments, and, in some segments, learning opportunities



Despite the disruption caused by COVID-19, the perceptions towards gig (including opportunities and pain points) appear to remain largely unchanged, driven by strong job and income recovery post lockdown



Platforms providing gig-matching services need to tailor their offerings to the specific industry or sub-space they are serving to ensure that specific prerequisites (across demand and supply) are met

Understanding the specific segment(s) of workers providing services on a particular gig platform, and addressing their pain points is crucial to platforms matching the demand side growth with a reliable supply of motivated workers who see gig work as their source of livelihood and growth.

UNBUNDLING: AN ECOSYSTEM APPROACH TO UNLOCKING THE GIG ECONOMY FOR INDIA

Growth of the gig economy is often associated with the growth of individual platforms. The feature sets (option to choose worker, ability to provide task-specific instructions) or functionality (ease of setting-up service, precision of matching) of the platforms are viewed as the determinants for choosing one platform over the other.



The features and functionalities (referred to as 'prerequisites') of the platforms need to address the requirements of both workers and employees, and are indeed critical enablers of the success of individual platforms and the growth of the gig economy at large.

However, with the gig economy spanning multiple industry verticals and job-types, the specific prerequisites vary depending on industry sector, job-type, and nature of the service being offered. For example:

- ✦ Manufacturing facilities looking for skilled technical workers ask platforms to demonstrate and assure reliable worker credentials including certifications, work history, and quality of work
- ✦ Construction firms seeking security guards are primarily looking to ensure reliability, background checks, and availability at short notice

Across the various industry sectors we researched, the most mentioned prerequisites from employers were the **need for good credentials** (work history and references) and **commitment to task completion** (output quality and reliability of work products). In addition, employers also point to the need for **transparency** and **safety, ability to be on-demand**, and the option to **ensure repeatability** of a specific worker for tasks spanning longer periods of time.

Meanwhile, households point to different sets of prerequisites depending on the specific services (among the 30+ services indicated) that we tested in our survey. **Background checks** and **safety assurance** are of prime importance in services that are frequently sought by households. For example:

- ✦ In the case of regularly used services such as cooks, domestic help, and drivers, safety assurance is a key prerequisite for households
- ✦ Ability to be on-demand is important for infrequently used services, such as repair, renovation, and deep cleaning services
- ✦ Prior work experience, ratings, and price point are most cited for services related to repairs, deep cleaning, and beauty

Understanding the needs of both employers and workers, and correspondingly tailoring platform offerings, is crucial to ensure the success of platforms and drive up the adoption of gig work in the market. A summary of the most mentioned prerequisites is presented in Exhibit 5.

Prerequisites that platforms must provide to employers and workers

| | | |
|--------------------------|---|---|
| Employer prerequisites |  Background checks* | Validation of gig worker's identity and background verification for safety and criminal records |
| |  Repeatability | Facility to rebook the same gig worker multiple times (due to preference of working with known people) |
| |  Loss protection | Guarantee of damage coverage if any material is lost or stolen, or if any person is harmed by gig workers |
| |  Quality assurance | Assurance of quality of the work done by the gig worker, references to validate quality pre-hiring |
| |  Credentialing* | Credentials validating the experience, training, and work history of the gig worker (including certifications) |
| |  References* | References, ratings, and testimonials for gig worker's work by verified users and prior employers |
| |  Customization | Ability to customize services to meet employer's needs like the use of materials or tools preferred by the employer |
| |  Pricing | Competitive pricing of gig services and pricing models (per task, per hour) suited to type of service delivered |
| |  Transparency | Transparency in price and effort required for a job; cash-in-hand payoff transparency for worker |
| |  Availability | Assurance of demand (and consequently, income) for worker; availability of workers on-demand for employer |
| Gig worker prerequisites |  Provision of benefits* | Provision of non-monetary benefits such as insurance, low-interest loans to gig worker |
| |  Flexibility | Flexibility to work as many hours as desired, at preferred (convenient) time slots for gig workers |
| |  Soft skills development* | Opportunities (pathways) to improve soft skills and business skills required to become better at the job |
| |  Timeliness of payment | Regular, timely (frequent) payments for completed work to gig worker |

*Could be facilitated by extensions/ancillary service providers

However, unlocking the full potential of the gig economy for India requires more than just platform-delivered prerequisites: it requires 'unbundling the stack' of information and services to provide a common set of standards, inventories and registries, interoperability protocols, and conducive public policy. An ecosystem of registries, services, community-adopted standards, regulations, and interoperable systems can unleash innovation in market-facing services, while ensuring worker protection and expanding the uptake of gig-based services across sectors in India.

We see four distinct, critical, and inter-related components to such an ecosystem:



Platforms: Providing gig services to end-users and addressing industry and worker-specific prerequisites, and innovations in offerings, pricing, and delivery models



Ecosystem Enablers: Providing supporting and commonly used services across platforms, including background verifications, financial services, training and skill development

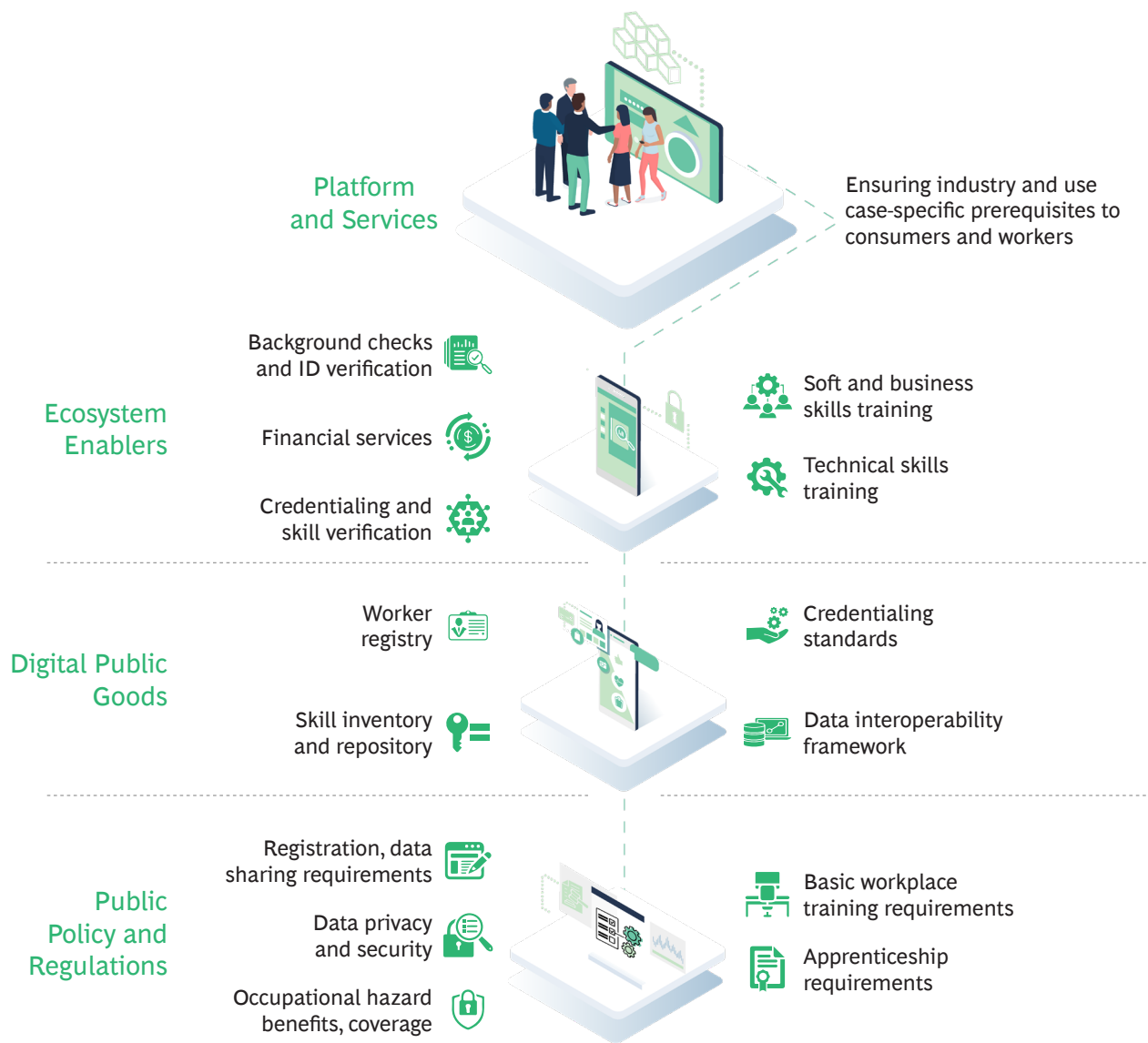


Digital Public Goods: Providing a set of common, secured, and consent-based digital goods serving as 'community-owned' systems-of-records and interoperability frameworks to enable portability and transparency of demand and supply-side information



Public Policy and Regulations : Governing the rules of the road for the gig economy, covering worker protection, social benefits, and standard of care

Four components to unlock the gig economy



India already has many of these elements in various stages of maturity with a wide range of gig platforms across multiple sectors, along with innovations in transaction-level financial services, and on-demand training. Public goods like the National Skill Qualification Framework (NSQF), and the policies on Open Application Programming Interfaces and Open Source Software by the Ministry of Electronics & Information Technology (MeitY) are in place. Public policy in the form of the Personal Data Protection Bill, 2019, and the Code on Social Security, 2020, have also been enacted. A coalition between private, social, and public sector stakeholders, philanthropies, and investors is required to assess the sufficiency of these existing components and ascertain the need for building new ones.



Even in the absence of such an ecosystem, the gig economy has continued to generate traction across multiple industry sectors. These gains have come from individual platforms and efforts replicating the information, service and data requirements needed to deliver gig offerings to a marketplace of employers and workers that continues to demand more. Such momentum is only indicative of the immense potential that the gig economy holds for India. Bringing together an ecosystem of platforms, services, public goods, and public policy can unlock the gig economy at scale, contribute to India's growth, and create jobs and livelihood pathways for millions of low-income workers across the country.

