# Gig Economy Challenges through the Lens of Sustainable Development Goals (SDGs)

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## Introduction
Gig economy is the exchange of labour for money between the employer and workers on a gig basis. Gig is a slang word for a job that is held for a specified time.

As per the latest report of the NITI Aayog, India's Booming Gig and Platform Economy (June 2022), "The gig workforce is expected to expand to 2.35 crore (23.5 million) workers by 2029-30. The Employment elasticity to the GDP for these Gig workers have been greater than one which is greater than the general Employment elasticity to the GDP. This would further result into the conversion of the non-Gig workers to the Gig workers in future. The Gig economy thus is a free market system creating temporary and flexible jobs, granting more autonomy to workers and enabling companies to operate in a competent and cost-effective way and as such it is a win-win game for both, the workers and the employers. The Gig economy has proved as a boon for workers who lost their jobs during the Pandemic and those who belong to the informal sector. However, this emergence of the digital workers offers an opportunity to reap the demographic dividend along with a huge bundle of challenges too.

The demographic transition theory pivotal in population studies gives a picture of the population structure, composition and characteristics at any given time. This is done through comparative analysis of birth rates, death rates, occupational structure etc. A transition in this demographic composition produces certain 'dividend' or beneficial demographic structure to the economy as a whole. This is called the 'demographic dividend'. IMF acknowledges two types of dividends from the demographic transition process. The first dividend is where the population composition is such that the labour force grows at a faster pace than the dependent population. This makes labour easily available and brings about greater developmental potential to the economy as a whole. Currently India is experiencing this type of Demographic Dividend'. There is also a second type of demographic dividend. In this phase of transition, even though the old age population is rising, it is incentivized to create or accumulate assets that take away their dependency on the labour force.

For the sake of relevant research inquiry, this study is only concerned with the first type of demographic dividend, where there is an abundance of labour population over dependent population.

The flip side of India's potential to reap the demographic dividend is that the challenge of providing quality employment becomes extremely critical, because of the scale of unemployed. India, with a labour force of 512.1 million in the age 15–59 years in 2020–2021, is home to the largest youth population (15–29 years) in the labour force (151.9 million in 2020–2021). Starker reality is a large proportion of workers are engaged in informal employment (88.8 per cent of the workforce in 2020–2021) which is mainly deprived of decent work due to the job insecurity, income insecurity, lack of effective social protection, limited bargaining strength and limited social dialogue. In addition, gig and platform economy is found mainly in Tier I and Tier II cities. As a result, the cost of living of the workers goes up, which drastically reduces their ability to generate savings. As a result, the traditional career progression trajectory (such as raise, promotion, retirement etc.) is not experienced in this sector. All this brings down the job satisfaction levels too. Thus, it can be seen that the perceived benefits of the gig economy do not really seem to manifest in reality.

The Sustainable Development Goals (SDGs) are action missions adopted by all members of the United Nations for bringing into reality the vision of a sustainable future. The predecessors of SDGs, the Millennium Development Goals (MDGs), were adopted in the Millennium Summit in 2000. The aim of these MDGs was to reduce extreme global poverty by 2015. With growing global importance of a sustainable future, the MDGs were then revised as a Post-2015 Agenda. The outcome of the process was formation of SDGs as a part of the

'2030 Agenda for Sustainable Development'. Currently there are 17 SDGs in the above-mentioned framework. This study focuses on SDGs 3, 4 and 8 which are discussed here in detail.



Figure 1 Sustainable Development Goals (SDGs)

SDG 3 (Good Health and Well-Being) focuses on ensuring access to quality health service to all and eradication of fatal diseases such as Malaria, HIV etc. This SDG is particularly complex problem with many facets involved. The diseases include both communicable and non-communicable diseases while measures need to be both in the form of precaution and cure. While great progress as been made in reducing the incidence of maternal mortality, malaria etc., the world is lagging behind by leaps in achieving this SDG. Also, the inter-country disparity in fulfilling this goal is rather sizeable.

SDG 4 (Quality Education) targets at provision of free education to all till secondary level, access to quality childhood care, and affordable skill and vocational inputs to young adults as well. Eradication of gender disparity in all level of education is a major scope area of this goal. So far, the globe has seen a considerable reduction of drop-out rates, and increase in literacy levels all over. However, regional and income-wise disparity in levels of education is still rampant in the world.

SDG 8 (Decent Work and Economic Growth) acknowledges the poor working conditions of the working class and aims to take steps towards their emancipation. Unemployment is a major social and economic evil that is dealt with under this goal. Provision of employment and decent working conditions is the major action aim here. A rising middle class composition in the total employment mix across the world is thus seen as a positive sign of fruition of efforts in this direction. However, despite national and supranational efforts, the increase in employment has been staggering lately, while inequalities in the job market run rampant. The pandemic and post-pandemic years have been particularly brutal to the lower income groups in terms of job security.

In the light of SDGs such as Good health and wellbeing (goal 3), quality education (goal 4) and decent work and economic growth (goal 8), we have attempted to deal with the following research objectives.

- To look at the challenges of the Gig workers in Pune with reference to food and transportation sector
- To look at the possibilities of reaping the Demographic Dividend through Gig economy

This research paper mainly focuses on retail trade and sales in case of food (Swiggy and Zomato) and transportation sector (Ola and Uber) of this Gig economy with the help of primary data collection. A structured Questionnaire was used for the data collection of these Gig workers in Pune city in Maharashtra and then the results were corroborated with the secondary data sources. The major sources of secondary data include reports of National Sample Survey Organisation (NSSO), the Periodic Labour Force Survey (PLFS) and Census of India data base.

The platforms selected in the study are:

1. **Swiggy:** Swiggy is an India-based food delivery platform, and boasts to be the largest of its kind in the country. Swiggy was founded in 2014, by Sriharsha Majety and Nandan Reddy, with inputs from Rahul Jaimini. Currently it has a sizable presence in over 100 Indian cities.
2. **Zomato:** It is another food delivery platform that is very popular in India. The company was founded in 2008, and launched its operative platform in 2010. The company is based in Gurugram, Haryana. The founders of Zomato are Deepinder Goyal, Akriti Chopra, Pankaj Chaddah and Gunjan Patidar.
3. **Ola:** Ola is an Indian mobility platform founded by Bhavish Aggarwal and Ankit Bhati in 2011. As of now, it is the country's largest transport platform company. It is also operative in New Zealand, Australia and the United Kingdom. The app provides an interface for the service providers and customers to interact.
4. **Uber:** Uber is the cab-hailing platform headquartered in San Francisco, California. The idea of such a platform was apparently had, when one of the founders was having trouble getting a cab in a snow-covered Paris. The food delivery branch of Uber Inc, namely, UberEats, is also gaining popularity.

The primary data clearly reveals migratory trends along with lower to moderate education levels and relatively lower incomes. All these factors put a question mark on Decent work and its correlation to the economic growth that further can turn around the Demographic dividend that is expected for India by 2050.

## Literature Review:

The literature reviewed in this study, along with the key findings is as below:

Policy Brief Report by NITI Aayog titled 'India's Booming Gig and Platform Economy: Perspectives and Recommendations on the Future of Work' (June 2022). This paper focuses on the Platform subsector of the gig economy. Major recommendations in this paper are as follows:

- First time borrowers in this sector should be granted unsecured loans under Priority Sector Lending (PSL).
- There should be some form of collaboration between the gig platforms and the skill development agencies in the country (e.g. The Ministry of Skill Development and Entrepreneurship), in order to impart higher skills among the workers.
- Platforms can be collaborated with in order to generate 'skill certificates' for their employees, so that the career progression trajectories of the workers can take off.
- Platform work should provide scope for inclusive growth, where women, young adults and people from vulnerable sections can find easier employment opportunities. For this purpose, tie-ups with Civil Society Organizations (CSOs) and NGOs must be undertaken wherever necessary.
- Social Security benefits such as paid sick leaves, occupational disease insurance, retirement benefits etc., must be made available to platform workers alongside their traditional counterparts.

The report also makes acknowledgement of the Code on Social Security (2020), which is the first statute to include platform work in its ambit.

The Report by the World Bank titled 'Working Without Borders: The Promise and Peril of Online Gig Work'(2023) is one of the most comprehensive documents on the current status of gig economy on the global level. It covers nearly all aspects and stakeholders in the entire system. The major highlights of the report are:

- Although gig work is on the rise in developing countries, it is practised more intensively in the developed countries.
- Gig economy's share in the global employment mix is estimated to be between 4.4% and 12.5%.
- Alongside major platforms, minor regional gig platforms have also emerged lately. They seem to have a more prominent impact on the local economy than the former.
- On the global scale gig work provides great scope for inclusive work, much more than its traditional counterpart.
- The demand for gig work has grown exponentially post the Covid-19 pandemic, and is expected to continue the trend in the future too.
- It also suggests policy prescriptions for a smooth-functioning platform work: using gig work as a gateway to the formal labour market, digital upskilling of the people, investment in digital infrastructure etc.

Detailed global researches on the aforementioned premises are provided in the report, which are useful for further inquiry.

The paper 'Growing Gig Economy in India: Is More the Merrier?' by Gaurav Shetty (2022) studies the Gig Economy platform in a broader societal and macro-economic perspective. The major findings of the paper are:
- The gig and platform economy model provides both blue-collar employment (on the ground) level, and white-collar employment (at the top tier).
- The share of gig economy in the employment mix is higher in developing countries than developed ones.
- Platform economy has gained traction due to inadequate pay in the formal labour market, flexibility in the gig sector, and less-demanding nature of the latter in terms of skills required. This exhibits information asymmetry since even a low pay in the traditional market is higher than the remuneration earned in the gig economy.
- The gig economy operates in seasonality manner, and experiences greater supply of labour than demand. Due to these reasons, it possesses great scope for bringing about macroeconomic instability.
- Both financial security and employee rights are at threat in the gig economy due to its flexible structure.
- Generation of savings from gig work is practically impossible. Thus, one cannot escape or retire from the job in a satisfied manner.

The study concludes by stating that in order to attain macroeconomic stability, both traditional and gig employment markets need to provide flexibility and security in their functioning.

An article 'Labour Laws for Gig Workers in the Context of Labour Law Reforms' by Deepika M G, and, Madhusoodhan M (2022) express as follows:
- The average age of gig workers in India is estimated to be 24-38 years.
- The tripartite nature of the gig platforms – the worker, the consumer, and the digital platform provider – makes the process of regulation complicated. It is observed that much of the risk of regulation is borne only by the workers.
- Due to its scope for exploitation, the Gig Economy is hailed by some scholars as the new form of capitalism, termed as 'coordinated market economies (CME)'.
- The major attraction of the gig economy, i.e., flexibility and freedom of work, is often asymmetrical in nature, and instead of benefitting the workers, it causes more harm. Some researchers even go on to say that the supposed 'flexibility' offered by the gig platform is often notional.
- The new labour codes introduced in India have pulled the gig economy in their ambit. They also aim to provide safety net to the workers engaged in this sector through greater social security measures. However, even in this regard, proper codification of gig work has not been done.
- Gig work benefits the economy as a whole through creation of new markets, easier absorption of labour, female labour participation etc. As such, it should also be adequately backed by the government through social security incentives.

In conclusion, the article argues that the gig economy model should be accounted for in not just the Code on Social Security, but also other codes such as the Code on Industrial Relations. This would result in strengthening the Gig Platform work.

The paper 'Gig Economy, Austerity and "Uberization" of Labor in Brazil 2014-2019 (2020) was analysed in order to study the impact of a growing gig economy on the entire macro-economic structure of a country. Brazil was the chosen country due to its similarity of economic development pattern in comparison with India. The highlights of the paper are:
- The paper establishes that due to the nature of employment in Gig Economy, and the ample supply of labour, a complete maturation of such type of business model will lead to exploitation of labour by capitalism.
- The paper likens the rise of 'uberization' of work to the Marxian bourgeoise exploitation of the proletariat.
- Under gig economy, there is a rise of companies that do not produce any material goods, but rather control the markets through their almost monopolistic hegemony. Thus, as suggested by Marx in Capital, this leads to capitalization of any commodity.
- The Brazilian Economic Crisis led to imposition of austerity measures by the government. This in turn also promoted the employers to keep practising gig work model. As of now, majority of Brazilian workforce finds itself engaged in Gig and Platform work as their primary source of income.
- This uberization of work along with other policy measures taken up by the Brazilian Government to led to adverse impacts on the economy. Reduced private sector investments, adverse balance of payments, rising unemployment etc. were some of the consequences.

Although this paper shed light on the negative impacts of gig economy, it seems to provide biased arguments, which are only negatively skewed. As a result, though this paper may be extrapolated to India to some extent, it should be taken with a pinch of salt.

As a whole, the existing literature focuses on the social security aspect of Gig Employment and offers suggestions. However, scant credible research is found regarding the efforts to be taken on the education of the gig workers.

## Methodology:

This research paper mainly focused on retail trade and sales in case of food (Swiggy and Zomato) and transportation sector (Ola and Uber) of this Gig economy with the help of primary data collection. The Gig workers in Pune City, Maharashtra were included in the research sample. A structured Questionnaire is used for the data collection of these Gig workers in Pune city in Maharashtra. Accordingly a sample of 200 respondents each for food and transportation sector in Pune city.

The main responses are analysed with the answers from the respondents.

## Results:

The responses of the participants are summarized as below:

Transportation sector (Ola and Uber) responses

- Education level: 5% with tenth standard, 90% with 12th standard and 5% graduates
- Permanent address: hardly 1% are from Pune district, rest all from different districts within Maharashtra. It is a clear case of intra-state migration.
- Motivation for this job: fully for employment or Additional income? Only 4% of the sample are looking it as a source of additional income but rest 96% depend upon it as employment.
- Daily/monthly earnings: These ranged between Rs.700 per day to Rs. 25,000 per day (only 1%). The general range is between Rs. 2000-3000 per day.
- How many hours do you ride the vehicle? Nearly half of these drivers work for more than 12 hours a day while rest work around 10 hours.
- Earnings against working hours: 40% are not happy with the earnings as compared to work hours. Rest 60 % are happy with the current earnings.
- Health problems: 82% had back pain issues, 9% had sleep related issues and remaining 9% faced the issue of weakness. All these issues further would be aggravated with the negative effects of pollution and traffic congestion.
- Accidental Insurance: Almost everyone has the accident insurance provided by the company.
- Switching over to other jobs: 45% are interested to switch over to other jobs but more than 50% are not interested to switch over to other jobs.
- Having the driving licence is the only pre-condition for the gig workers in transportation sector.

The following figure shows some of these details like Job satisfaction and education of the Gig workers in the Transportation sector.



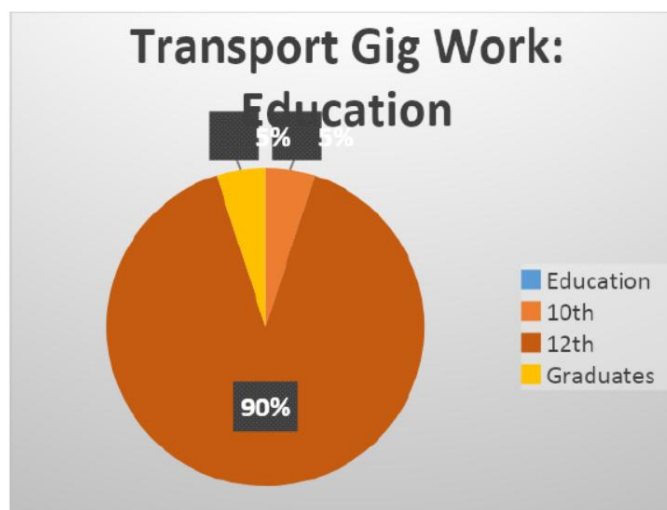Figure 2 Transport Gig Work: Job Satisfaction

Figure 3 Transport Gig Work: Education

**Food (Swiggy and Zomato) sector responses**
- Education level: 18% with tenth standard, 45 % with 12th standard, 34 % graduates and 3% post graduates
- Permanent address: hardly 6% are from Pune district, rest all from different districts within Maharashtra. It is a clear case of intra-state migration.
- Switching over to other jobs: 40% are interested to switch over to other jobs but almost 60% are not interested to switch over to other jobs.
- Working hours: 46% work for more than 10 hours, 34% work for more than 8 hours and 20% work for 7 hours a day. So minimum duty is for 7 hours daily. Those working for 7 hours are mainly having their education level of 10th standard.
- Daily/monthly earnings: 13% enjoy the monthly income of Rs. 30,000, 47% enjoy the monthly income ranging between Rs.20,000 and Rs. 30,000. 36% of respondents receive income between Rs. 15,000 and Rs. 20,000. Hardly 4% receive income less than Rs. 15,000 per month.
- Earnings against working hours: 48% are not happy with the earnings as compared to work hours. Rest 52 % are happy with the current earnings.
- Accidental Insurance: Almost everyone (around 99%) has the accident insurance provided by the company.
- The major issue concerning these food delivery gig workers was reported as traffic congestion and thus delays in the food delivery.
- Having own vehicle (two-wheeler) is the only pre-condition for the gig workers in food delivery sector

The following figure shows some of these details

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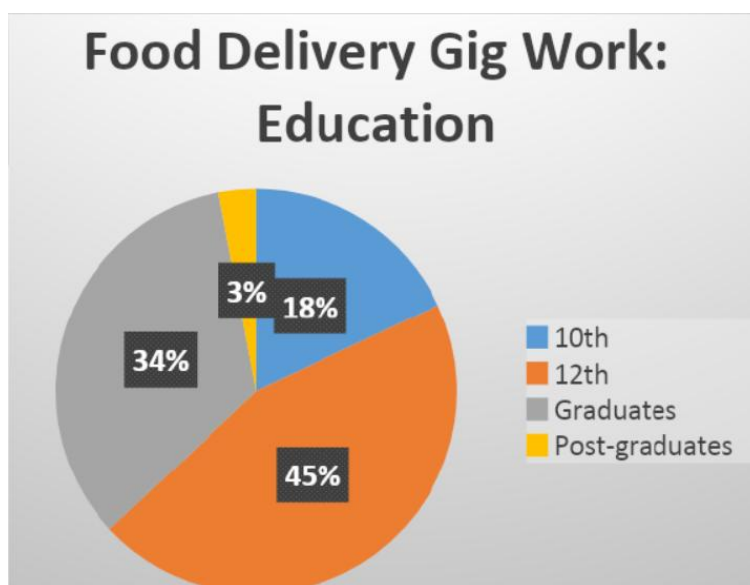Figure 4 Food delivery Gig Work: Job Satisfaction



Figure 5 Food delivery Gig Work: Education

**Challenges and further Discussion:** With these observations from the data collected, we want to draw the attention on some serious concerns about these Gig workers when seen from the SDGs 3,4 and 8 and demographic dividend angle. The major concerns are:

- The SDG 3 focus on Good health and wellbeing and SDG 8 on decent work and economic growth. In case of these gig workers from the two segments mentioned above, the health issues are registered by the respondents as back pain, sleep related issues and weakness along with the traffic congestion and pollution would definitely affect the health of these workers in the long run. This would adversely impact their efficiency and productivity in the light of no or very poor health insurance and other social security measures. Again, the question of decent work is not addressed well for these gig workers due to the informal nature of their employment.
- SDG 4 focus on quality education. Looking at the education standards of these gig workers in the sample, majority of them have the education just of 12th standard. Investment in education has to take place in case of quality education that would reap better earnings in future. But these gig workers are interested to

earn with a greater opportunity costs in terms of ending up their education. This is the forgone benefit due to the easy entry of these less educated labourers in the labour force at an early age.

- Looking from the angle of demographic dividend that India can reap in coming two-three decades, if the flexible working hours and relatively better earnings with which more than 50% of these workers are happy, the issue of reaping such demographic dividend by this youngest group of labour force seems blur. This is because, the skill enhancement in terms of labour productivity gains and then from their earnings either through quality education or through skill development is not accorded the needed priority by them.
- Another observation from the sample that the gig work has 100% bias against the female members of the labour force too is disturbing. On a positive note if females are attracted towards these activities, the issue of low rate of female labour force participation can be sorted out.

Summing up, the challenges faced by the gig workers are multi-dimensional. Although gig work promises in theory to be a good solution to achieving the selected SDGs, it falls short by a good mile.

SDG 3 emphasises commitment towards a universal accessible and affordable healthcare system. Although gig work in the study does provide accidental insurance to the employees, other kinds of health benefits such as other medical insurances, sick leaves etc. are not found. Also, health problems such as neck pains, weakness, sleep related issues etc. are exacerbated by the kind of work taken up under platform employment.

In terms of education, the workers only seem to have the most rudimentary educational qualification. Passing Higher Secondary seems to be the norm for most, with very few graduates. There is absolute dearth of post-graduates in either the food sector or the transport sector. This clearly showcases a trade-off between higher education and employment. Further, there do not seem to be any efforts by the employers to raise the educational standards of the employees. Since these types of work do not require much in the way of skill employment, any vocational training and enhancement of the work force is also markedly absent.

The gig economy boasts of a flexible work culture. However, in reality, the gig workers have to put in at least 7 hours a day to make a decent living. The job hours are unforgiving, and the work is full of hardship. The kind of services undertaken in platform economy are often menial and repetitive, often taking away the sense of satisfaction from the employees. Any sorts of career progression prospects like promotion, appraisal etc. are unrealistic. About half of all people engaged in this sector are unsatisfied with the work-pay parity.

Apart from these issues, rampant exploitation of workers by the employers, lack of proper regulations of platform economy, societal and peer pressure to start earning etc. make the matters worse. All this culminates into poor integration of the gig-employees into formal labour force.

We do understand the need of earnings especially in case of under-privileged young population, they should not go for the trade-off between education and work. In fact, we believe that the Gig platforms are the best options/ opportunities for such young crowd who can opt for earn and learn simultaneously. We strongly recommend the promotion of such a culture even by these platforms. Completing formal education would help them in acquiring various skills which would further give them better employment options. It would surely help our country to reap the benefits of the demographic dividend. The example of the contract signed between the Indian and Israel government about the provision of Indian labourers (42,000) for certain skilled works in the war-affected Israel is self-depicting of the opportunities our youngest labour force would be able to grab against the labour shortages elsewhere in the world. This strongly demands the higher levels of education along with skill enhancements to take place. Overall a positive attitude/approach towards the Gig platform will work as a stepping stone towards fulfilling the SDGS 3, 4 and 8.

**Scope for Further Inquiry:**
The other side of the picture can be presented through further research, regarding the customers' view points on Gig Economy. A detailed survey of the consumers may be pivotal in designing effective policy prescriptions to regulate gig economy. The age composition of the service beneficiaries is a hitherto unexplored topic of research. Another research area may be to study the composition of gig work across various regions, and look for the resultant similarities and differences. Such a diversified corpus of literature will prove to be effective for all the stakeholders in the sector.

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