



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



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Foreword



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2020 was an unprecedented year; and might well be a pivotal one for most of us. Beyond disrupting our lives, health, and social interactions, it also severely impacted the livelihoods for millions of people – and especially those in low-income jobs. Traditional notions of work and workplace were upended, and new forms of work emerged as a result. That said, it is easy to forget that even before the onset of the COVID-19 induced lockdowns in India (and much of the world), they were already in a flux with the emergence of technology-enabled platforms and services.

In the past decade alone, the advent of the now ubiquitous ridesharing apps and delivery platforms have brought terms such as ‘flexible work’, ‘gig work’, and ‘sharing economy’ into the mainstream. On-demand task-based work is not new to India – it has always existed in various forms in our large informal economy often operating through word-of-mouth and personal networks. Now with technology bringing many services to our mobile devices and fingertips, ‘gig platforms’ are meeting existing and new demand, while creating millions of jobs in the areas where they operate. Yet, despite speedy penetration of the gig economy into specific areas, a comprehensive guide on its potential across all sectors of India’s economy and what needs to be done to unlock it was missing.

It was in this context, that we at The Boston Consulting Group (BCG) partnered with the Michael & Susan Dell Foundation to explore the gig economy’s potential and shed light on its dynamics, pain points and opportunities for action. Our intent was to build a narrative that could equip leaders, policymakers, and platforms with the necessary data and insights to unlock economic impact via the platforms, while also creating livelihood pathways for low-income workers.

In the course of our work, we have uncovered the immense potential for gig platforms to generate value, create jobs, and meet latent demand across all sectors of our economy, especially for MSMEs and households. Detailed field research with workers and employers shed additional light on specific actions that platforms, ecosystem players and policymakers must take to accelerate the development of the gig economy in India, while ensuring worker protections and consumer privacy and safety needs.

Our hope is that this report will guide entrepreneurs, investors, non-governmental organizations as well as policymakers to drive their respective parts of the gig economy to create an economy that is vibrant, flexible, and inclusive of all workers.



Foreword



RAHIL RANGWALA

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Sangeeta is a trained beautician who does house calls for her clients. She works five to six hours a day via the Urban Company platform. Living in Mumbai with her husband, two children, and parents-in-law, she supplements her husband's income (he works as a factory supervisor). The money helps them pay for better education for their kids and finance a car loan. Her job gives her a sense of pride and financial independence, and the limited hours mean she can spend time at home.

Amar is a mini-truck driver who lives in Faridabad. He works for a small transporter who owns multiple vehicles. His day starts with milk deliveries in the morning, after which he picks up daily work at the *chowk* — the place where delivery vehicles congregate. He hopes to own his own truck one day. He lacks a formal employment contract and wishes his employer would provide him with health insurance and scholarship support for his children's education.

Sangeeta and Amar are just two of the 3 million+ individuals who make up India's large, informal, and thriving gig economy. Over the last few years, it has received a boost from rising smartphone and internet penetration, and the growth of platforms for delivering services. The Indian urban consumer can now order a meal, schedule a ride to work, or hire a professional cleaner in just a few clicks. This growth has led to new types of demand and consumption of micro services.

At the Dell Foundation, creating opportunities for people living in urban poverty to find sustainable livelihoods is core to our mission. For the millions of young adults finishing school and college each year, the gig economy can provide a jumping-off point for their careers. The gig economy can also be a viable option for women to re-enter the workforce in large and meaningful ways. With 85% of India's workforce employed through the informal sector, the use of technology platforms can lend a degree of formality and drive greater transparency of labor demand and supply.

Employers (both large and small) are also recognizing the value of these platforms to improve efficiency and increase demand for their services. Transport, logistics, and home-based services have seen rapid growth. We see significant potential for further adoption in labor intensive sectors like construction, manufacturing, and functional roles.

Behind each gig is an individual with their own story, dreams, and aspirations. This report is an attempt to build a more nuanced understanding of gig workers in India. We have identified eight distinct segments of gig workers with differentiated drivers to take up gig work.

This is an important topic but not much has been written about it so far. We hope you will find this an informative read and we look forward to your feedback and suggestions on digging deeper on how the gig economy can drive growth and employment opportunities for India.

List of Abbreviations

API:	Application Programming Interface
BCG:	Boston Consulting Group
BoP:	Bottom of the Pyramid
EMI:	Equated Monthly Installments
FTE:	Full-Time Equivalent
FY:	Financial Year
GDP:	Gross Domestic Product
HR:	Human Resource
ILO:	International Labour Organization
IT:	Information Technology
MeitY:	Ministry of Electronics and Information Technology
MSME:	Micro, Small and Medium Enterprise
NSDC:	National Skill Development Corporation
NSQF:	National Skill Qualification Framework
OEM:	Original Equipment Manufacturer
SSC:	Sector Skill Council
TAM:	Transport Authority of Marin
UK:	United Kingdom
USA:	United States of America



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

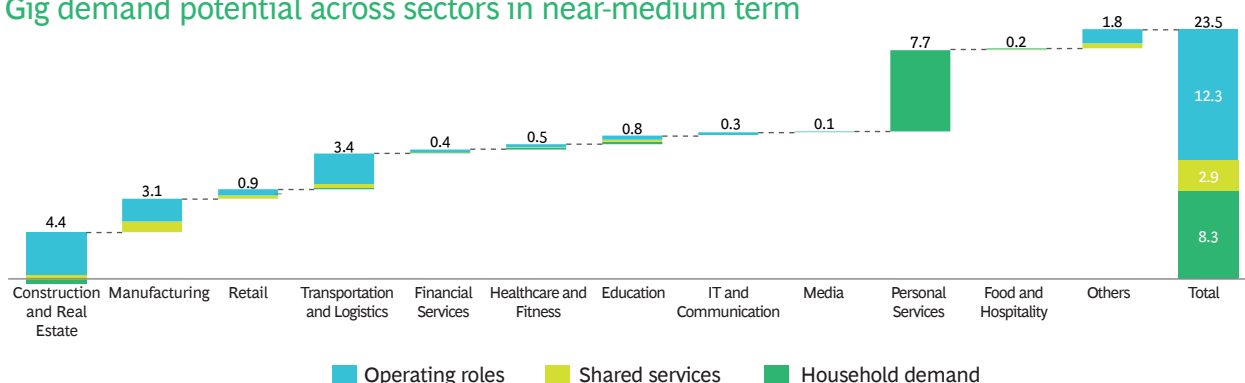
The four largest industry sectors – Construction, Manufacturing, Retail, and Transportation and Logistics could alone account for over 70 million of the potentially 'gigable' jobs.

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



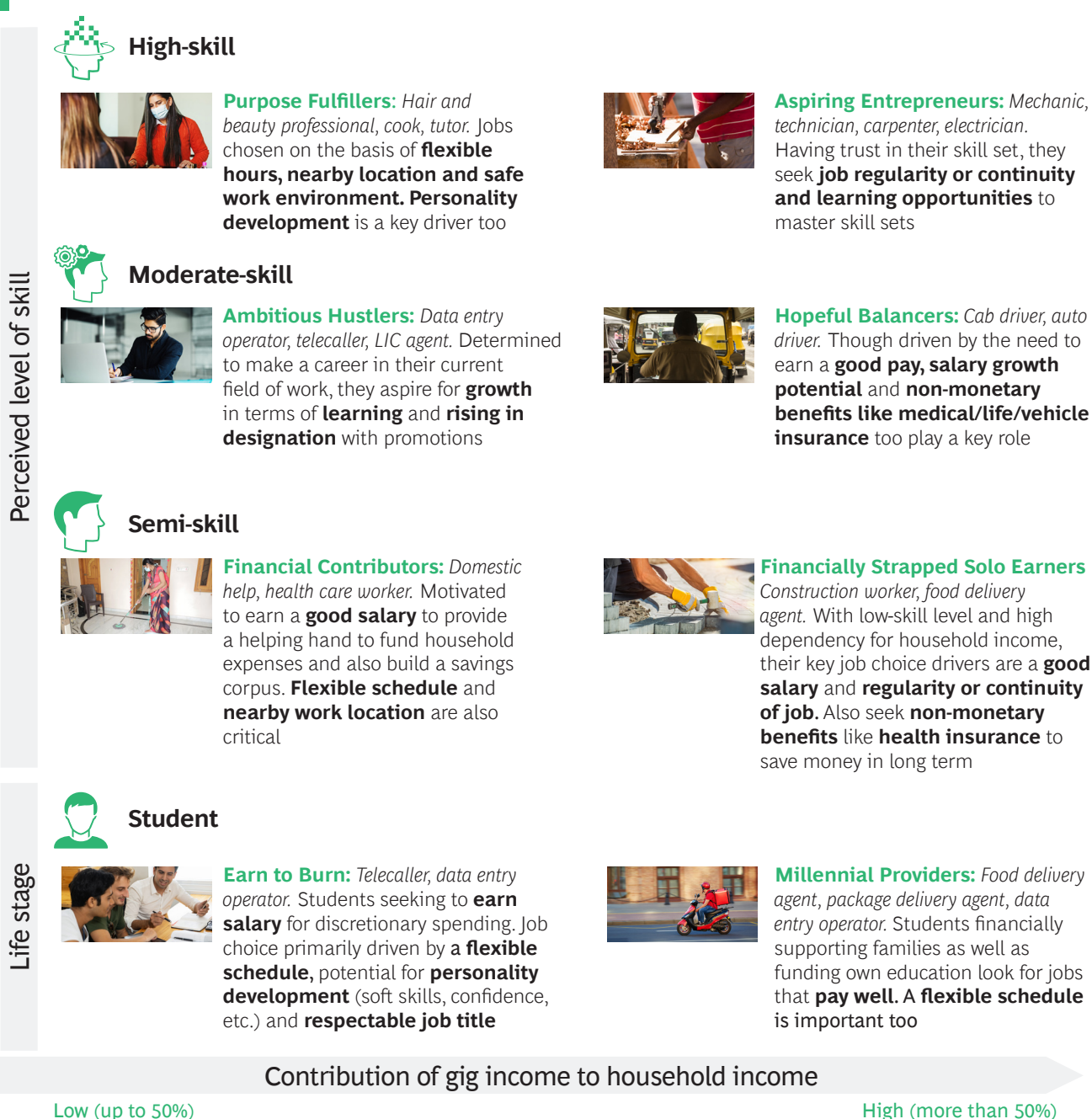
Non-monetary benefits (such as medical and life insurance) are not big motivators for gig workers

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

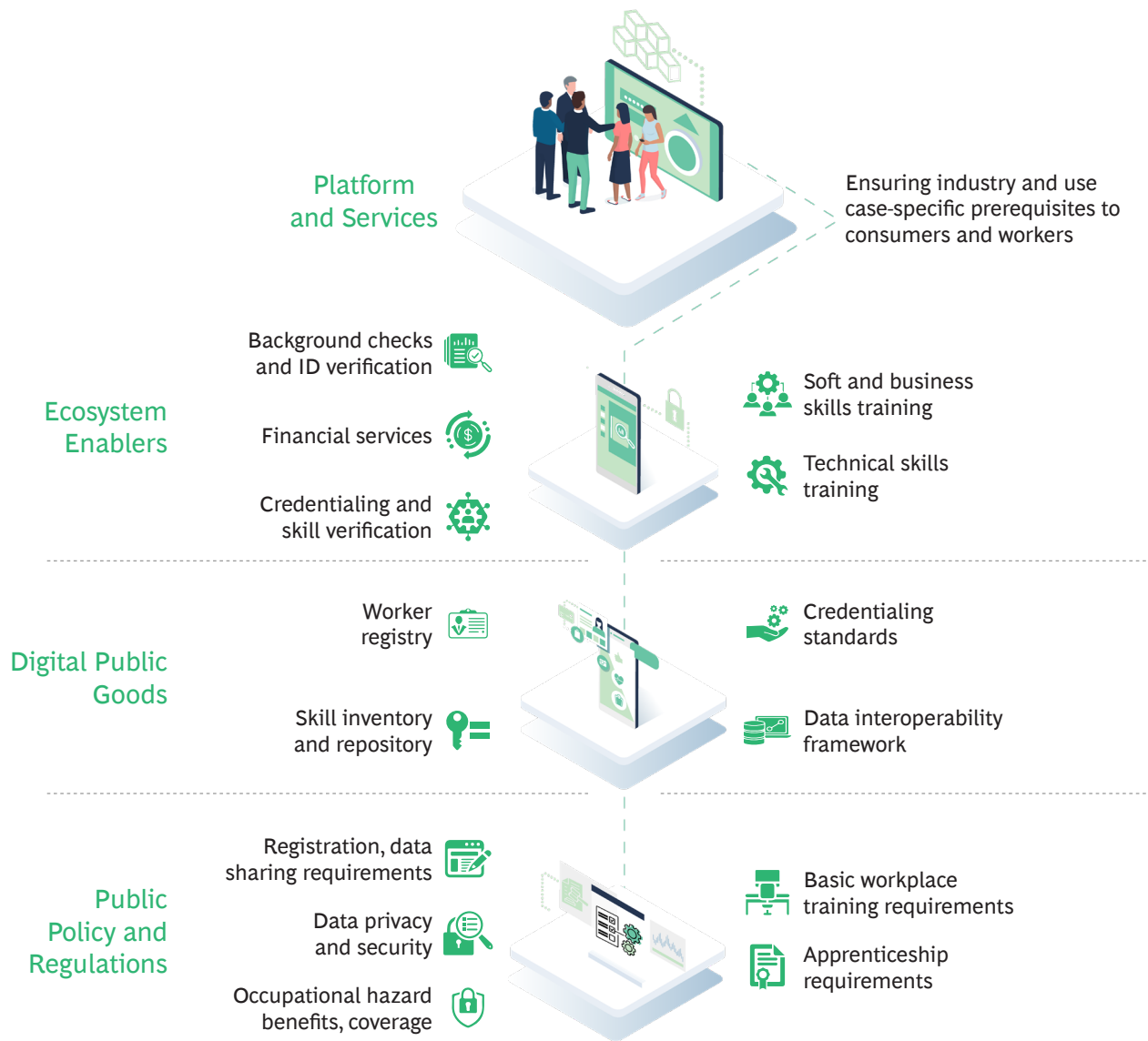


Digital Public Goods: Providing a set of common, secured, and consent-based digital goods serving as 'community-owned' systems-of-records and interoperability frameworks to enable portability and transparency of demand and supply-side information



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.



Chapter

1



Chapter 1 of this six-part series on the Gig Economy in India introduces readers to an emerging form of employer-employee relationship that has disrupted traditional views of 'work' held globally. While India is no stranger to 'on-demand' work thanks to its vast informal economy with offline networks, tech-enabled platforms have accorded such roles greater formalization and visibility. However, despite global prominence, there exists limited consensus on what is 'gig work' and therefore policy responses have varied as well.

What is the ‘Gig’ Economy?

The digital economy has seen rapid growth over the last couple of decades, particularly driven by the pace of adoption of smartphones across populations in developed and developing economies. A recent report pegged the number of smartphone users in India alone at 500 million.¹ This rapid digitization has also changed how we work and procure services, leading to the emergence of the sharing economy and the ‘gig economy’. Popular companies like Uber and AirBnB have made asset sharing and part-time, on-demand work both feasible as well as remunerative.

Other forms of platform-enabled ‘gig’ work have emerged in a variety of sectors from home construction and repairs to personalized services all around the world. The ‘gig economy’ is amongst the most popular buzzwords of the 21st century.

Despite its widespread appeal and usage, the term ‘gig’ is often used to encompass a wide range of activities, from part-time employment to ‘contract’ labor and on-demand staffing services. The range of categories that have been loosely included under the gig economy umbrella by published reports and press articles has also resulted in differing statistics on the employment and economic potential of the gig economy.

WHAT IS KNOWN ABOUT THE GIG ECONOMY AND ITS WORKERS

Despite the differing definitions, the consensus remains that the number of people using ‘gig work’ for part-time and full-time employment continues rising around the globe every year. The World Bank noted that **six percent of the world’s labor force is part of the gig economy.**² Thirty-six percent of workers in the United States of America (USA) are said to be involved in the gig economy;³ **and over 200 million workers globally are considered part of the gig workforce through freelancing.**⁴

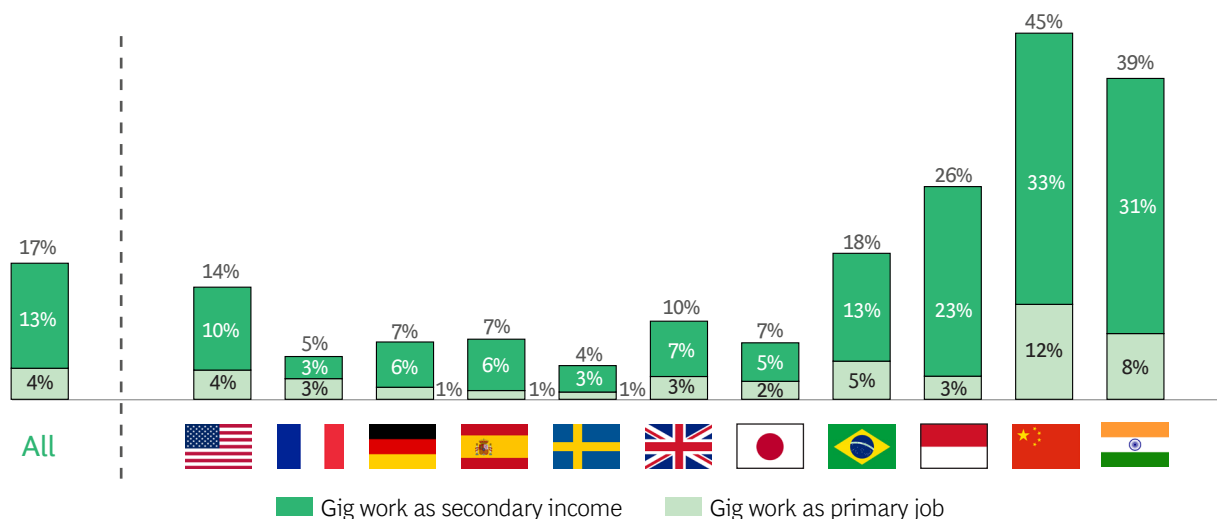
A substantial part of the world’s economic output is associated with gig work, with **around USD 4.5 trillion of gross volume**⁵ **having been generated from all forms of non-traditional work (of which the gig economy is a subset)** across the world in 2019. This includes contributions of independent contractors, temporary agency workers, directly sourced temporary workers as well as human ‘cloud workers’.⁶

While identifying key trends shaping the future of jobs and the workforce, the Future of Work⁷ research project noted that **gig participation is higher in developing countries.** The considered trends include the emergence of new jobs and skills, widening gaps in available talent, changes in government regulation, and evolving attitudes toward work itself.⁸ Only one to four percent of labor on labor-sharing platforms in mature markets like the United States of America (USA), Germany, Sweden, the United Kingdom (UK), and Spain treat gig work as the primary source of income, while five to 12 percent of workers in developing markets (including China, India, and Brazil) earn their primary income through digital platforms. Similarly, only around 10 percent of workers in the USA use gig platforms as a secondary income source, compared to around 30 percent of workers in developing markets like China and India.

1. Indo-Asian News Service. 2020. ‘Over 500 million Indians now use smartphones, 77 percent of who are online: techARC’. Gadgets 360 by NDTV. 2. World Bank. 2019. ‘The World Development Report (WDR) 2019: The Changing Nature of Work’. 3. Press reports, projections based on US Bureau of Labor Statistics data. 4. World Bank. 2019. ‘The World Development Report (WDR) 2019: The Changing Nature of Work’ gives statistics as 57.3 million, United States; 2 million, United Kingdom; 10 million, European Union; 15 million, India; has been added to China’s and UK’s estimate. 5. Staffing Industry Analyst Report. 6. A Forrester study defines “cloud work” as a new class of information workers who embrace cloud apps to serve their mobility and collaboration needs. 7. 2018 project by Harvard Business School and Boston Consulting Group’s Henderson Institute which included an in-depth quantitative survey of 11,000 workers and 6,500 business leaders across 11 countries. 8. Future of Work Survey, 2018 by BCG and Research Now SSI.

Exhibit 1.1: Share of workers using gig as primary source of income

BCG's Future of Work report shows a low share of workers using gig as a primary source of income



Survey question: "Do you currently (also) work through an online platform (such as Uber, taskrabbit, UpWork, Fiverr, Freelancer.com etc.)?"

Source: Future of Work Survey, 2018 by BCG and Research Now SSI.

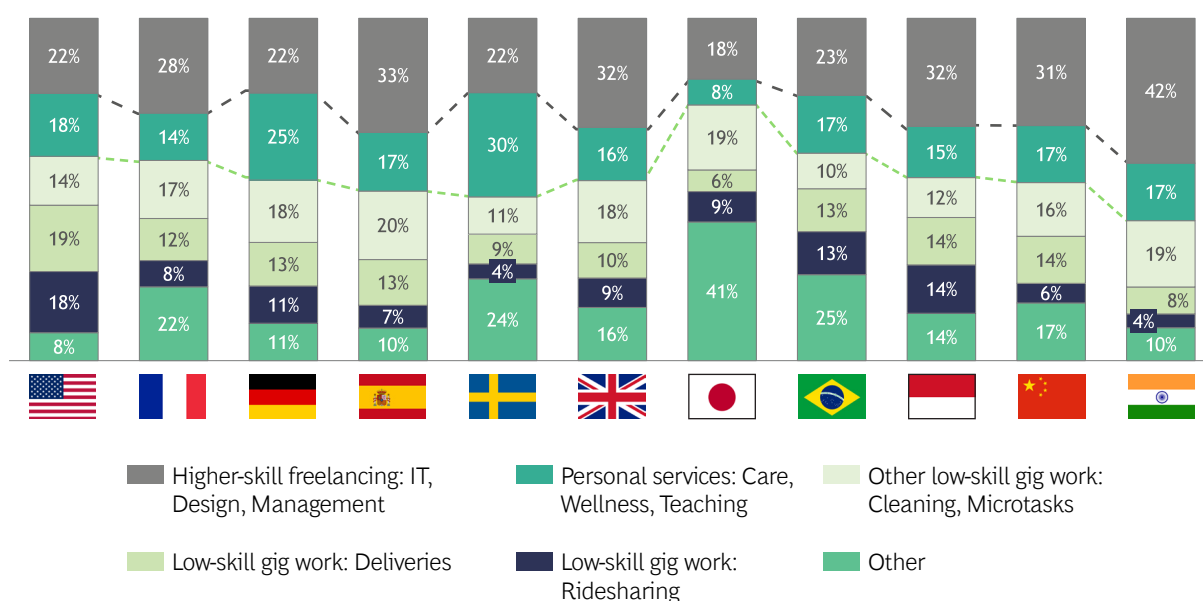


Globally, more than half of gig jobs are driven by demand for low-skilled, low-wage work. Only around 30 percent of them require specialized skills and expertise.

Delivery and ridesharing (primarily cabs) are the most mature services in the global gig economy. Freelance consulting, design, and shared services such as marketing and Information Technology (IT) are quite prevalent in the high-skilled services.

Exhibit 1.2 Skill split across gig work

BCG's Future of Work report shows that India's gig workforce is dominated by lower-skilled workers compared to global averages



Source: Future of Work Survey, 2018 by BCG and Research Now SSI.

The growth of the gig economy has also prompted regulator response on worker protection and classification. Nevertheless, different countries have different approaches to the definition and treatment of gig work. **Laws and regulations are, however, catching up to the gig economy and its needs in different parts of the world, albeit slowly.**

PUBLIC POLICY AND REGULATORY RESPONSES TO THE GROWTH OF THE GIG ECONOMY

Across the world, various legislative and regulatory efforts have attempted to respond to the growth of gig work and its corresponding worker protection and classification issues. The efforts range from classifying gig workers as almost full-time employees to not adequately recognizing gig work as a separate category.

The state of California, in USA, has defined a three-pronged test to define gig work, with the aim to equate gig workers with employees and compel companies to provide benefits for them.⁹ The states of Massachusetts, New Jersey, and New York are likely to follow suit. This resulted in mixed reactions from employers and gig workers alike. The cost implications of providing added benefits is worrying companies, as well as driving apprehensive gig workers to protest the impending loss of their jobs, with the expectation that companies are likely to fire temporary workers rather than adhering to strict laws and running high expenses.

New legislature in the UK stresses on the responsibility of employers to provide benefits, and provides rights to gig workers to request permanent roles and paid time-off.¹⁰ Under new legislation, firms will have to provide a 'statement of rights' on the first day of a person's employment, setting out the paid leaves they are entitled to, including sick, maternity, and paternity leaves. The new legislation will give workers in the gig economy the right to request for a temporary or fixed-hour contract after 12 months, and to tackle the challenges in building up continuous service.

The Australian government, meanwhile, having recognized the lack of laws regulating gig work, has brought out the Fair Work Amendment to ensure that all workers have the protection of the Fair Work Act, 2009, and access to the labor standards, minimum wages, and conditions established under the act. The passing of the Making Australia More Equal Bill, 2018 (which includes the Fair Work Amendment), would enable the Fair Work Commission to apply certain wages, terms, and conditions to workers, even where they are not classified as 'employees'.

China, on the other end of the spectrum, does not formally define or recognize gig workers in its employee classifications. This has led to several discrepancies in how employer-employee relationships are defined, including the classification of cab aggregators as employers (versus platforms that provide gig work), and delivery agents as employees (and not contractual workers).

In India, the legal framework does not seek to equate gig or platform workers with employees; however, their definition remains unclear. Existing Indian jurisprudence refers to gig workers as independent contractors.¹¹ Under the Code on Social Security, 2020, the term 'gig worker' has broadly been defined as "a person who performs work or participates in a work arrangement and earns from such activities outside of traditional employer-employee relationship". The code has also defined 'platform work' as "an employment form in which organizations or individuals use an online platform to access other organizations or individuals to solve specific problems or to provide specific services in exchange for payment". The code also indicates that such workers, albeit not employees, may be provided with certain social security benefits as determined by the central government. These may include life and disability cover, accident insurance, health and maternity benefits, old age protection, crèche and childcare services, and other benefits.

GIG ECONOMY IN INDIA

India, with its large informal economy and workers, has always had the equivalent of gig work – and the current scenario presents an opportunity to formalize and organize it.

⁹ California Assembly Bill 5 (AB5).

¹⁰ BBC. 2018. 'Workplace reforms will protect gig economy workers.'; Crerar, P. 2018. 'Gig economy workers' rights to be given boost in overhaul.' The Guardian.

¹¹ The Code on Social Security, 2020.

Across industry sectors, many responsibilities and job-roles have traditionally been task-based and fulfilled by temporary labor who are hired on an as-needed basis. The construction industry, in particular, operates largely with on-demand informal labor, typically provided through a network of labor contractors and other third-party connections. In Indian households as well, there is frequent use of on-demand workers for personal services such as drivers, appliance repair and maintenance, renovation, and minor construction work.

Various reports and studies have attempted to classify and size the on-demand economy in India – ranging from part-time workers to staffing contracts. Such studies have indicated that half of all Indian gig workers are in industries such as software and technology. Strategy, technology, and marketing were identified as the top three skills in demand for around 50 percent of projects¹² with startups, large corporates, and professional services. But most of these gig work studies focused on white-collar jobs, with limited focus on the growth and need for blue and gray-collar gig workers who make up the majority of the gig work force in India.

The most visible spaces of activity in India's gig economy have been in personal transport, last-mile delivery, and at-home personal services. Key players include Uber and Ola (in the personal transport space), Swiggy, Zomato, Delhivery, Dunzo, and Foodpanda (in the delivery space), Urban Company, Housejoy, Handy, and Mr. Right (in the at-home personal services space), as well as others such as Portea (in the at-home nursing space), and FlexingIt and Upwork (in the high-skilled and professional tasks space).

DEFINING GIG WORK

Across various studies, reports, and articles on gig work, there are varying definitions of gig work encompassing a wide range of activities and work arrangements. Beyond the terminology serving as a 'catch-all', it also obfuscates the understanding of the dynamics, demand-patterns, and drivers affecting gig work. The variety of definitions in use also lead to imprecise discussions on the features, protection, and benefits required to adequately meet the needs of the gig economy and its workers; or understand the incentives required for various stakeholders to effectively participate in this important and growing model of work.

The International Labour Organization (ILO) defines the gig economy as encompassing two types of jobs: First, microtasks that can be performed online and organized on a global scale ('crowdwork'). Second, services enabled by online companies using websites and mobile apps that are typically performed locally (i.e. on-demand services).¹³ Recognizing the wide range of use types this definition can encompass, the ILO also notes that vagueness in the classification of gig work is to be taken into account when considering any statistics on the gig economy.



This study is focused on the gig worker as it relates to temporary on-demand labor employed on a task-based or time-based manner. As such, we define a gig worker as:

An
individual

Employed
transactionally on a time
or task-based manner

Having the flexibility
to choose his/her
hours of work

We developed a standard definition for gig workers based on flexibility and transactionality



Under this definition, we see a gig worker as a person who is engaged in a temporary and transactional work arrangement, paid on the basis of time or task for short durations, which may or may not involve a formal contract for each transaction. For example, a carpenter hired to fix a broken closet and paid on the basis of that task alone meets this criterion of transactionality, while a carpenter 'on the rolls' of a contractor and paid weekly or monthly (even if on the basis of the jobs) would not be covered by this transactionality clause.

We also see a gig worker as one who has **flexibility of supply** – to choose when he/she works, without negatively impacting his/her ability to earn.¹⁴ For example, an app-based cab driver can choose when to login to the app and for how long without that decision affecting his ability to earn, which is different from a doctor in a clinic where flexible timings (despite being transactional) would affect his/her ability to earn.

Finally, we define a gig worker as one who is hired as an individual (as opposed to a team of workers) and is paid on the basis of his/her individual work. For example, a cab driver taking up rides directly from a ride-hailing platform would be considered a gig worker, while a cab driver who is employed by a cab aggregator would not be considered a gig-worker even though he finds his/her work on a platform.

Under the above definition, we would exclude services provided by staffing agencies as well as labor contractors (both of which serve to aggregate demand), even if those services are paid for on a per use basis.

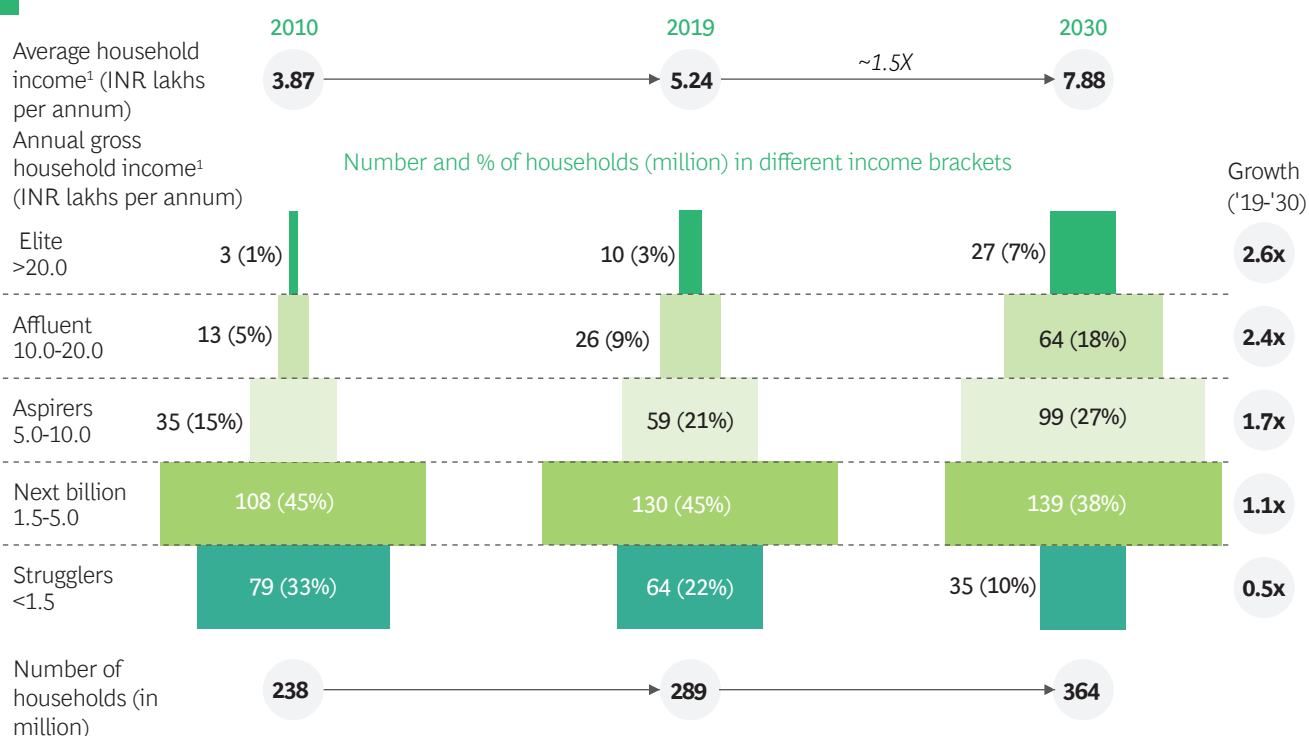
FOCUS OF THIS REPORT

We launched this study with the intent of defining and understanding the potential of the gig economy in India, with a specific focus on low-income workers; and the opportunity that technology (and tech-enabled platforms) can play in unlocking demand and livelihood pathways via the gig economy. Across the various job-types, levels, and industry verticals in India, we have sought to explore and bring clarity to the potential of the gig economy in providing jobs and livelihood pathways to low-income workers.

With the average annual Indian household income at around INR six lakhs, we consider every household earning less than INR 50,000 per month as a part of the low-income category. With a range of 1.3 to 2 earners per household, varying based on the household income tier, this translates to job-types that typically earn less than INR 30,000 per month. In our analysis of demand across industries, job-types, and earners, we have used this as an indicative threshold for the focus of this report.

¹⁴ We believe that this flexibility of supply is likely to be a reality once the gig economy reaches an equilibrium allowing workers to exercise true flexibility. Currently, gig economy is in an expansionary stage with various platforms vying for a market share. This has led to barriers to flexibility of supply in the form of revenue-based payment, or threshold-based incentives.

Average household income in India is approximately INR 6 lakhs per annum



Note : 1. Annual household gross income is based on 2018 prices.
Source: CCI proprietary income database; BCG analysis.

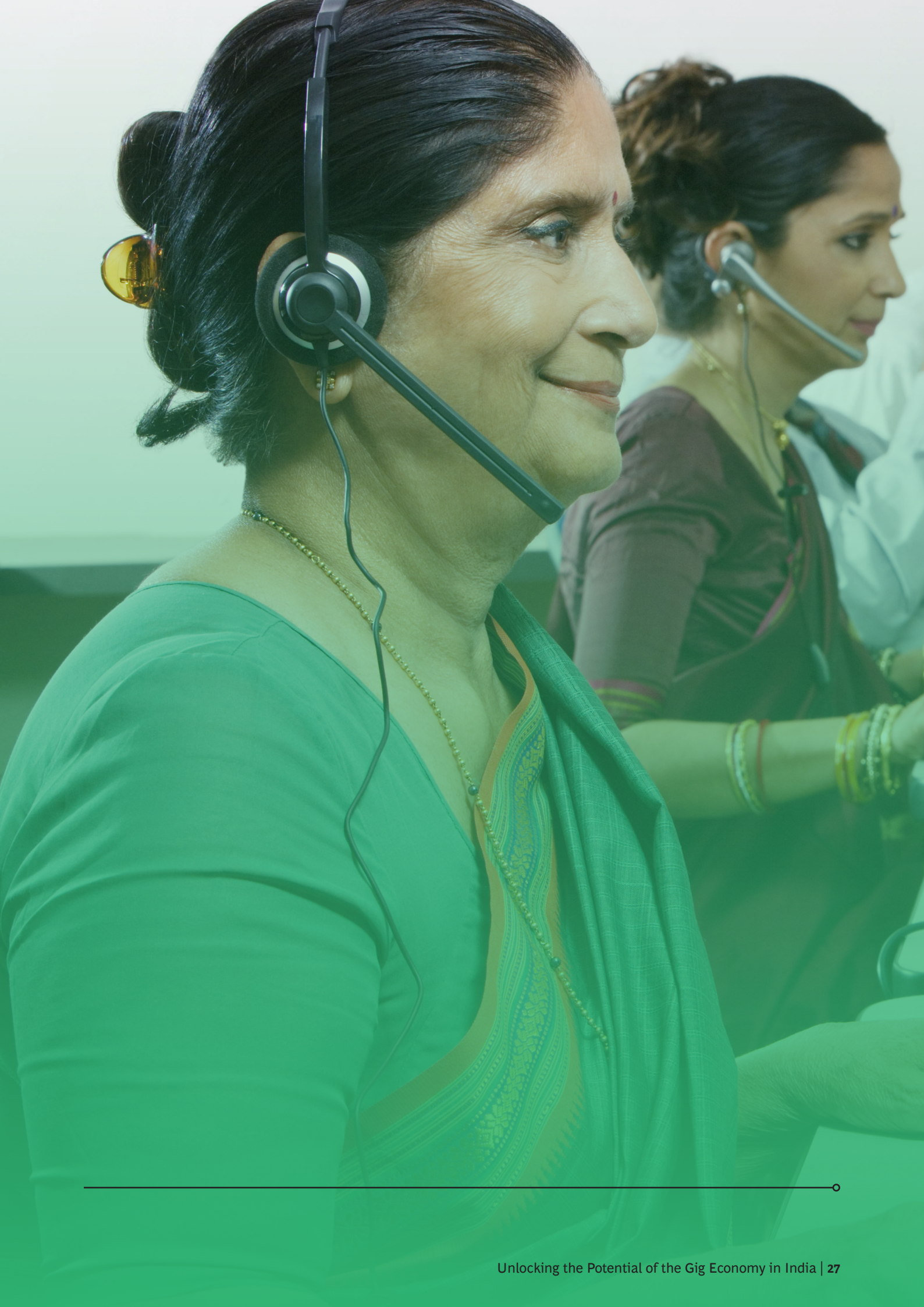
With the gig economy being spurred on by the rapid growth in digitization, we see technology as a critical enabler of the gig economy and gig workforce.

The focus of this report is also to explore the potential for technology to unlock the gig economy by providing at scale, technology-based platforms for discovering, matching and pricing.

This is distinct from traditional forms of gig work that often relied on personal connections with offline networks functioning as discovery and matching platforms.




Our intent and motivation for this body of work was to identify the opportunity spaces, drivers, and prerequisites that can unlock gig-based work to meet latent demand, create livelihood opportunities, and contribute to growth in the Indian economy. To that end, the various parts of this report and the final set of action steps are articulated in light of the opportunity spaces identified, the key drivers and ecosystem enablers that stakeholders from the private, social, and public sectors could contribute to unlock the full potential of the gig economy.



Chapter

2



Chapter 1 of the series establishes what the gig economy means to India and the world. Moving from a popular buzzword, gig economy and gig workers are part of a large and growing space – six percent of the world's labor force is part of the gig economy. India is no stranger to gig work given that it forms a bulk of its informal economy and, in more recent times, has embraced gig work in areas like personal transport, last-mile delivery, and at-home services. Policymakers are, however, grappling with appropriate regulations, leading to high diversity across the world. Therefore, as the first step, Chapter 1 defines the term 'gig' and explores what it means to be a 'gig worker' and as the next step, Chapter 2 defines the benefits technology platforms have unleashed.

Why is the Gig Economy exciting?

GIG WORKERS OPTIMISTIC ABOUT THE GIG ECONOMY, GLOBALLY

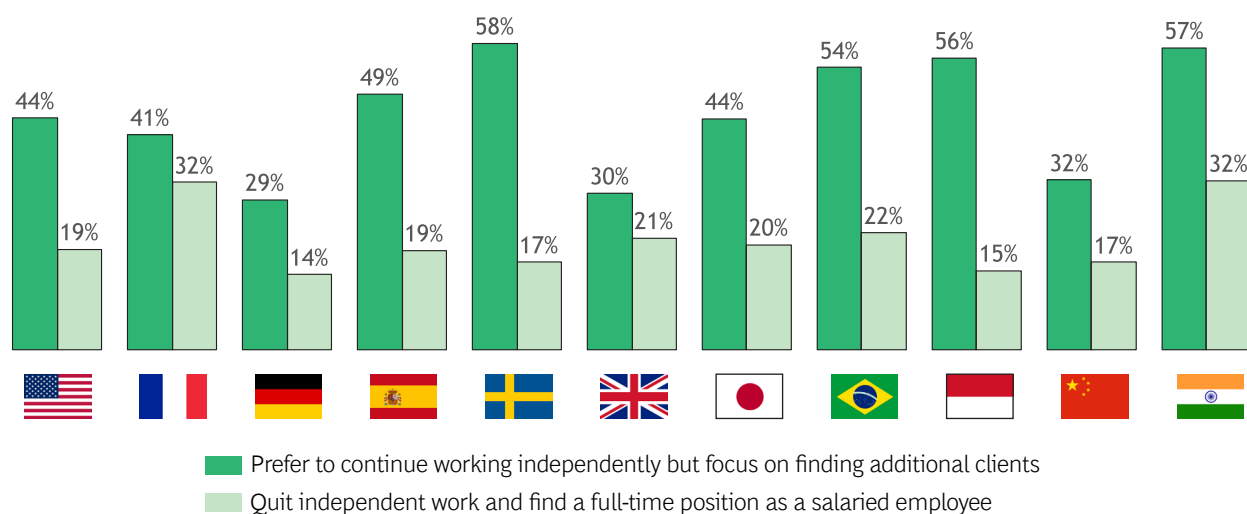
The gig economy, having seen a meteoric expansion across the world in the past decade, has raised legitimate questions about its viability as an economic and livelihood engine that can be sustainable in the long run. To pick a popular example, Uber was founded in San Francisco, USA in March 2009, and is now active in over 900 cities, boasting of more than 100 million active users worldwide (pre-COVID-19 numbers). This scale of rapid expansion is not uncommon among gig platforms across the world, including those in India.

The set of advantages that the gig economy provides has resulted in increasing levels of adoption and participation in gig work across the globe in both developed and developing nations.

Those currently engaged in the gig economy have quite a positive outlook,¹ and most of them endeavor to continue working independently, versus rejoining the traditional workforce as salaried employees.

Exhibit 2.1: Gig workers' preferences

BCG's Future of Work report indicates that twice as many gig workers prefer continuing independent work as against finding full-time salaried employment



Source: Future of Work Survey, 2018 by BCG and Research Now SSI.



SEVERAL BENEFITS MAKE THE GIG ECONOMY APPEALING

The gig economy is disrupting the way modern organizations work, and elevating employer-employee relationships to short-term symbiotic stints that are economically as well as practically beneficial. There are five primary benefits that the gig economy provides, which contribute both directly and indirectly to economic growth.

¹ Arruda, W. 2020. '6 Trends That Will Shape the Gig Economy in the 2020s'. Forbes; U.S. Bureau of Labor Statistics.

There are five key benefits of migration to technology-enabled gig platforms

Improved efficiency across supply-demand of gig labor



Increased number of earning pathways and enhanced livelihood potential for gig workers



Catalyzed economic recovery via gig jobs that expand labor participation (especially for women and students)



Formalization of on-demand gig work versus current informal status



Creation of around 3 million net new jobs to cater to currently unmet demand across corporates, MSMEs, and households in India



First, real-time technology-based platforms offering on-demand gig labor can greatly enhance the efficiency of large-scale discovery and fulfillment for labor and services.² This addresses two key concerns that Indian employers typically have:

- Despite widespread availability of workers in India, employers face a gap when attempting to locate qualified labor for critical path tasks or to cater to peak demand. For example, large builders often struggle to find unskilled labor during sudden demand peaks due to labor-contractor inefficiencies. **The gig economy can enable employers to hire workers real-time and at scale – thereby catering to the constrained demand in corporations as well as the latent demand in households which typically goes unmet due to a lack of transparency and visibility.**
- Gig work broadens the pool of potential employers (demand expansion) by ‘sachetizing’ demand and lowering the entry barrier for hiring workers or services.** Employers no longer need to hire someone full-time and commit to a monthly paycheck. Rather, they can **choose to hire the worker just for the hours the service is required for** (or for the duration of completion of the task in question).

Better visibility and discovery across the labor supply-demand journey, as provided by technology platforms, can thus lead to greater economic efficiency and increased likelihood of adoption when platforms operate at scale.

2. Schwellnus, C., et al. 2019. 'Gig Economy Platforms: Boon or Bane?'. Economics Department working papers No. 1550. Organisation for Economic Co-operation and Development (OECD).



Second, technology-based gig platforms help align the economic incentives of employers with those of workers. Platforms play the simultaneous role of reducing employers' fixed labor costs while increasing livelihood potential for workers.

Consider the example of an electrician working for an MSME doing residential construction. In a traditional work arrangement, the electrician could be on the payroll of the MSME and working on a set of construction sites, with an assured salary at the end of the month regardless of his utilization levels. Alternatively, in a gig construct, the electrician could be hired by the MSME to accomplish the same set of tasks, but paid only on a task or time basis; freeing up the electrician to take up additional jobs on other sites, or provide on-demand repair or maintenance services for additional income.

In the above example, by 'releasing' the unproductive time of the worker to the market, the **employer stands to gain** by only paying for the worker's productive time, which (even at a higher pay per unit) could reduce the total cost of consumption. Meanwhile, the **gig worker stands to gain as well**: payment made only for his productive time frees up non-value-added time (from a traditional work setup). This time can be deployed for other productive work, leading to a higher pay per unit of time, thus increasing the potential for earning.

Beyond increasing productive time and pay, **technology platforms help align incentives by enabling better price transparency, tracking of work quality, and creating a motive force for productivity improvements.** The Future of Work study noted that gig workers typically use multiple types of platforms, sometimes combining low and high-skill types,³ enabling gig workers to assess various pricing models and pick the most suitable one. Platforms are also increasingly bringing visibility to quality and performance, including qualification tests that gig workers take during onboarding, ratings from previous customers, as well as validating the credentials of the gig workers for certain tasks and capabilities.



Third, the gig economy could catalyze economic recovery and expand labor participation (especially for women and students).⁴

In the wake of COVID-19, the uncertainty associated with economic recovery and the existing or future requirements for full-time workers has made many companies, especially MSMEs, hesitant to restart hiring. Meanwhile, workers have also become acutely aware of the lack of stability and income assurance in traditional part-time and on-demand work. At scale gig platforms can play a critical role in enabling employers to hire workers on-demand while simultaneously providing employees with visibility and assurance of income without the need for 'full-time' work.

By definition, gig work has flexible work hours, and can induct into the workforce those segments of the population who are unavailable for traditional nine-to-five jobs. In fact, our research of gig workers (detailed in Chapter 4 of this report) points to higher gender inclusivity and student participation in gig work.



Fourth, the gig economy accrues several collateral benefits associated with 'formalizing' labor markets.

In the Indian context, traditional forms of gig work exist in every economic sector, typically driven through personal and offline networks. These 'informal contractors' and 'known workers' are connected

3. BCG Future of Work 2018 survey, conducted with Research Now SSI.

4. Chaudhary, R. 2020. 'India's Gig Economy: The Future of Work for Women?'. Initiative for What Works to Advance Women and Girls in the Economy (IWWAGE).

to each other and flourish under the broad umbrella of the ‘unorganized sector’ of the economy. With the advent of gig platforms like Uber, Ola, Swiggy, and Urban Company, among others, a certain level of formalization has set in for workers on these platforms with better visibility of work patterns and potential earnings.

Even such limited formalization can contribute to **financial inclusion, development of relevant services, public policy, and worker protection and benefits**. This was evident in the wake of COVID-19 induced lockdowns in India when a range of benefits and aid schemes like medical insurance and income protection plans were launched by platforms and the social sector. Further, the visibility and awareness of gig work has led to gig and platform-based work being included in the Social Security Code for Social Security, 2020. Formalization of gig workers and their earnings drives financial inclusion and facilitates access to financial services like loans, insurance, and government benefits.



Finally, technology-based gig work can improve productivity^{5,6} in various sectors of the Indian economy, leading to long-term expansion in employment and economic potential.

Tracking and reporting performance and productivity measures via platforms will lead to improvements over time. Uber, for example, rewards its top-rated workers with better perks and benefits (including higher earnings per ride, access to micro loans, and discounts on maintenance) thereby encouraging higher productivity and performance.

We have not attempted to quantify the gains from productivity improvements and incremental consumption that would be natural benefits extending from the gig economy. It is expected that productivity improvements over time will also reduce the total cost of consumption of the products and services that gig work contributes to. This will lead to increased consumption along with a virtuous cycle of additional job creation and economic expansion.

New business ventures, such as the development of ancillary services supporting the gig economy, will further contribute to economic expansion. Examples of potential services that could emerge to support the gig economy include training and skilling providers, skill validation and credentialing providers, financial services and credit facility providers, and adjacent partnerships. For example, across the USA, a series of partnerships have emerged between public transit authorities and ridesharing services, as well as cab companies. In late 2017, the Transportation Authority of Marin (TAM) in California commenced a pilot project with ridesharing service facilitator Lyft to offer discounts on Lyft rides to and from public transport hubs within the Marin County.



Gig work, far from being a stop-gap or temporary work option, is a large and growing contributor to economic growth and livelihood generation across the world. By aligning economic incentives of employers and workers and embedding mechanisms to improve productivity, expand labor participation, and develop ancillary economic activities, technology-enabled gig work is here to stay. It represents an exciting work arrangement that can bolster demand and improve livelihood opportunities, especially for low-income workers in the Indian economy.

5. Mehta, B.S. 2020. 'Changing Nature of Work and the Gig Economy: Theory and Debate'. SAGE Journals.
6. Cramer, J., & Krueger, A.B. 2016. 'Disruptive Change in the Taxi Business: The Case of Uber'. American Economic Review.



Chapter

3

After setting the stage in Chapter 1 and outlining the benefits of gig work in Chapter 2, Chapter 3 explores the estimated demand for gig work in the country. This chapter outlines the size of India's workforce, identifies the areas of demand for gig work, and estimates the demand from Corporates/MSMEs as well as Households for gig work across sectors. It also examines the reasons that are limiting the full adoption of gig work and the estimates for gig work demand in the near-medium term.

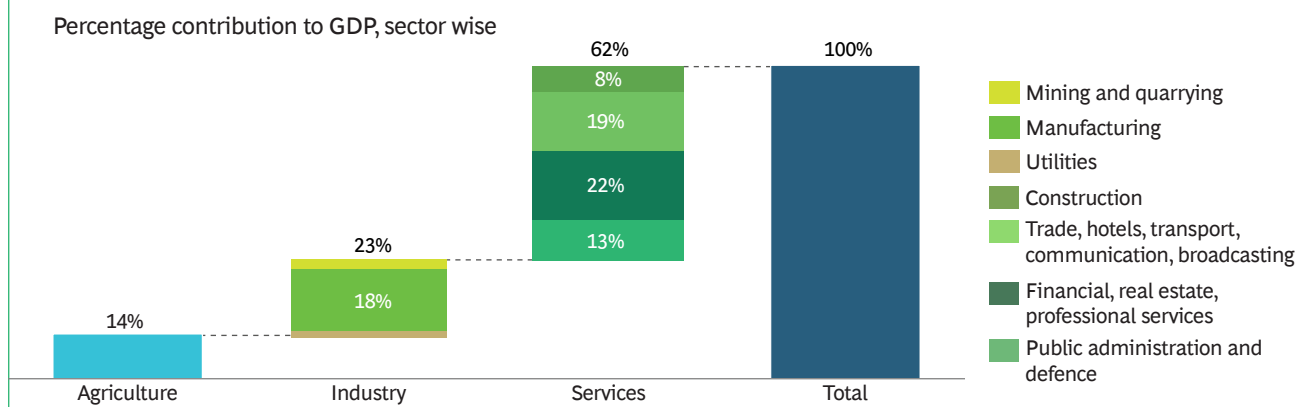
What is the size of the opportunity?

INDIA'S NON-FARM SECTORS TO CONTINUE DRIVING GROWTH AND JOBS IN THE FUTURE

India's service-driven economy continues to drive growth for the country and the world, contributing over 62 percent to India's Gross Domestic Product (GDP) in 2018-2019. Within the industry sector (23 percent of GDP), manufacturing is the largest contributor (18 percent). Meanwhile, the agriculture sector contributed around 14 percent to India's GDP. India's non-farm sectors are expected to continue to drive GDP growth, jobs, and livelihoods into the foreseeable future.

Exhibit 3.1

GDP contribution from various sectors of the Indian economy, 2018-19



Source: Reserve Bank of India Bulletin, 2019.

India's employment has historically been weighted towards agriculture, with more than 40 percent of the overall labor force engaged in agriculture and its sectors like forestry, fishing, and animal husbandry. With over 500 million workers in India today,¹ around 210 million are engaged in the agriculture and allied sectors, and the remaining 290 million participate in the non-farm sectors.²

Employment in non-farm spaces is dominated by four key sectors – construction and real estate, manufacturing and utilities, retail, and transportation and logistics.

With non-farm sectors, especially the growing services sector, continuing to increase their contribution to India's economy; job creation and livelihood opportunities are shifting towards these sectors. This trend is expected to persist into the future.

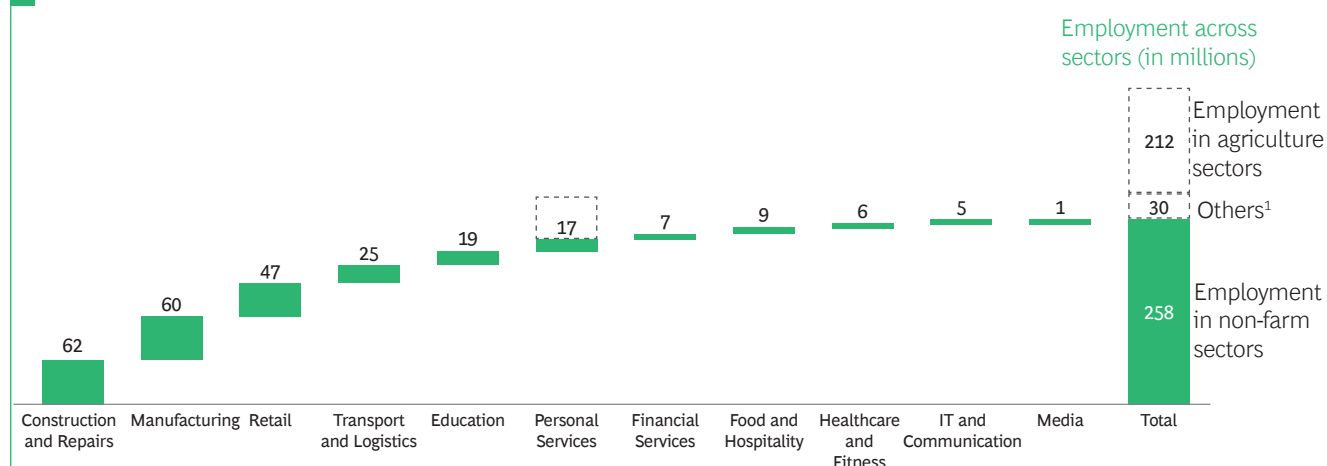
1. World Bank estimates the Indian labor force to be ~501 million people.

2. Periodic Labour Force Surveys (PLFS) 2018-19 estimates state that 42.5% of employment resides in farm sectors, and the remaining 57.5% resides in the non-farm sectors.

Against the backdrop of India's economic profile, employment patterns, and future trends, this study focuses on the gig economy's potential in the non-farm sectors and specifically on the lower-income jobs within these sectors.

Exhibit 3.2

Distribution of employment in India across industry sectors



1. Others includes labor employed in mining/quarrying, utilities operations, etc.
Source: World Bank; Periodic Labor Force Survey, 2018-19; industry reports; press articles.

By focusing on non-farm sectors and particularly on urban employment, this study does not account for the gig economy's potential in farm-related and rural employment. Opportunities not considered include seasonal farm labor, on-demand services, sharing economy for equipment, food processing, distribution, and future modernizations to the agriculture and food supply chain. Accounting for these will increase the potential size of the gig economy beyond what is presented in this study.

Of the approximately 290 million non-farm jobs in India, around 41 percent (around 120 million) of the workforce are in the so-called Bottom of the Pyramid (BoP) segment of households earning INR six lakhs per annum or less. For the purpose of this report, we focus on jobs and job-types that are filled by earning members in this segment, and we refer to these workers as 'low-income workers'.



Across sectors and employment spaces, we grouped low-income jobs into three distinct buckets: operational roles, shared services roles, and roles that fulfill household demand.

- Operational roles are industry-specific and tend to require sector-specific technical or trade skills. Demand for these roles typically stems from corporations and MSMEs operating in those sectors. For example, a skilled mason at a construction site or a machine operator at a manufacturing facility would be classified as holding operational roles.
- Shared services roles include commonly utilized services across industries, with differing degrees of usage by corporates and MSMEs. For example, IT technicians, accounting and finance personnel, facility management and housekeeping workers, and general administration personnel fall under

shared service roles. We further considered shared services roles under two categories – roles that are fulfilled by workers within the sector itself (such as facility management staff at a manufacturing factory) and those roles that are contracted from other sectors. The latter encompasses roles for truck drivers, loaders, and unloaders contracted for transport services - these jobs are accounted for under the transportation and logistics sector.

- ✦ Apart from operational and shared services roles, we also considered jobs that service household demand, from personal service roles (beauticians, babysitters) to repair and renovation (carpenters, electricians), and education roles (at-home tutors), among others.

GIGABLE ROLES WITHIN SECTORS DRIVEN BY SUB-SECTOR AND INDUSTRY PRACTICES

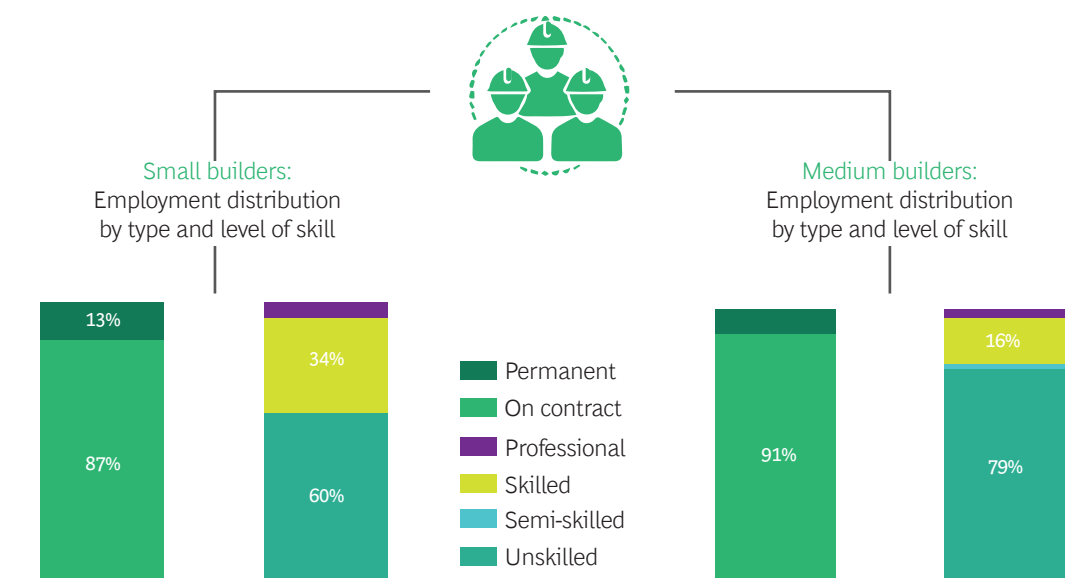
In order to estimate the gig economy’s potential for operational and shared services roles, we conducted detailed primary interviews with employers across corporates and MSMEs, and estimated the potential migration to gig work by various archetypes of corporate employers, the industry’s hiring patterns, and the need for workers.

An example of the detailed splits created is shown in Exhibit 3.3. In the case of construction MSMEs, the employment patterns and job-types vary depending on the size of the builder. Small builders (below INR 15 crore in turnover) and medium builders (over INR 15 crore in turnover) are further different from large corporations, which typically contract out modular pieces of work to small and medium contractors.

Detailed industry archetypes and operating role splits are available for all four deep dive sectors: Construction, Manufacturing, Retail, and Transportation and Logistics. For further data, please reach out to the authors.

Exhibit 3.3

Split of operating roles among construction MSMEs by type and skill level



Larger corporations aside, MSMEs in the retail sector fall into two broad categories: *kirana* and multi-chain stores; manufacturing MSMEs into five archetypes: textiles, equipment, food products, chemicals, others; and transportation and logistics MSMEs into three archetypes: car or truck transportation, warehousing and distribution, and air or rail or bus transportation. Within each industry and archetype, roles were classified (professional, skilled, semi-skilled, or unskilled) and evaluated for their potential to migrate to gig-based work, the prerequisites required, and the degree to which the industry is willing to adopt gig-based hiring by employers.

List of job-types typically employed in MSMEs in key sectors of the Indian economy



Typical roles in construction sector MSMEs

Professionals - Architects, interior decorators, and civil engineers (operating roles)

Skilled workers - Supervisors, marble polishers, false ceiling workers, electricians, carpenters, and plumbers (operating roles)

Semi-skilled workers - Low-skilled (basic) masons

Unskilled roles - Daily-wage laborers and helpers



Typical roles in manufacturing sector MSMEs

Professionals - Quality control personnel, engineers, managers (operating roles); accountants, Human Resource (HR) personnel, lawyers (shared services)

Skilled workers - Technicians, senior operators, material handlers (operating roles); sales personnel and computer operators (shared services)

Semi-skilled workers - Machine operators, line workers (operating roles); drivers and warehousing workers responsible for raw material and finished goods' transportation and stocking (shared services)

Unskilled workers - Packaging workers, loading and unloading helpers (operating roles); security guards, housekeeping workers (shared services)



Typical roles in retail sector MSMEs

Professionals - Store managers (operating roles); accountants, HR personnel (shared services)

Skilled workers - Stock keeping personnel, senior salespersons, cashiers (operating roles); IT technicians (shared services)

Semi-skilled workers - Counter sales staff (operating roles); procurement and delivery drivers and logistics workers responsible for raw material and finished goods' transportation and stocking (shared services)

Unskilled workers - Helpers for stocking and restocking shelves (operating roles); security guards, housekeeping workers (shared services)



Typical roles in transportation and logistics sector MSMEs

Professionals - Managers (operating roles); accountants, lawyers (shared services)

Skilled workers - Supervisors, temporary mechanics (operating roles)

Semi-skilled workers - Drivers (operating roles); general administration staff (shared services)

Unskilled workers - Loading and unloading helpers (operating roles); warehouse guards, housekeeping staff (shared services)

Based on inputs from primary interviews and sector-level deep dives, **we identified certain job-types as ‘gigable’ – those that could potentially be delivered on task or time-based hiring without the implied or explicit commitment to future hiring, with the job matching and hiring done via technology platforms.** (For a detailed definition of ‘gig’, please see Chapter 1 of this report).

For additional deep dives on gigable roles across industry archetypes, please reach out to the authors.

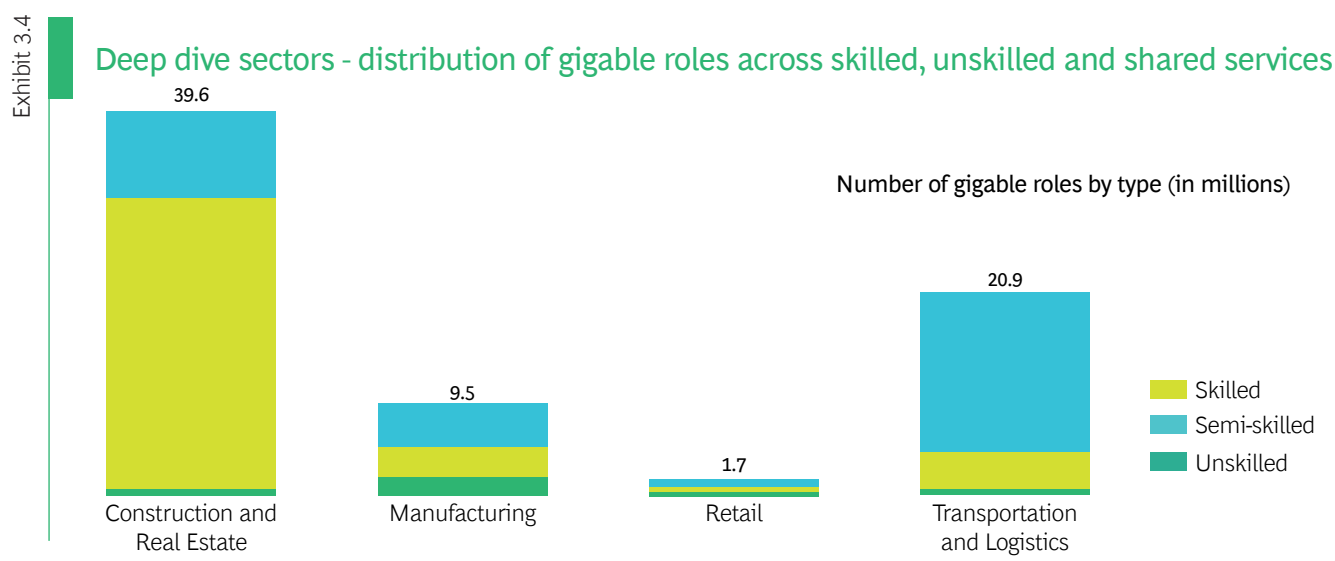


Four categories of such gigable roles emerge from our evaluation of corporate and MSME jobs

- Constrained gigable roles** (like, mosaic polishers in the construction industry): Unlocking gig-based hiring in this segment will lead to the creation of new jobs.
- Unconstrained gigable roles** (like carpenters and plumbers): Unlocking gig-based hiring will address existing market inefficiencies and create greater demand-supply and pricing transparency.
- Gigable roles with multiple prerequisites:** These roles, while gigable, have specific technical or institutional knowledge requirements; hence can be unlocked only with the maturing of the gig ecosystem to address those specific prerequisites (like salespersons at a retail store, machine operators trained on specific Original Equipment Manufacturer (OEM) equipment).
- Unskilled roles:** These are roles with very few prerequisites and highly gigable. However, they are characterized by demand volatility at volume (for instance, over 200 workers required on a specific construction site on a particular day) and as such are currently fulfilled via industry intermediaries such as labor contractors. Nevertheless, they represent a large long-term opportunity to address the demand-supply mismatch and availability issues that persist in these sectors.

Findings from industries not deep dived into (such as education and healthcare) are available. Please reach out to the authors for further data.

Across the above gigable role-types, their sizes and the sub-sectors that they will come from, we estimate that **in four largest industry sectors alone – Construction, Manufacturing, Retail, and Transportation and Logistics – over 70 million jobs are potentially gigable** with the majority coming from the construction and transportation and logistics sectors. Of these, over 37 million jobs are likely to come from the unskilled roles in these four sectors – representing daily-wage construction workers, packaging-line workers, retail helpers and loading and unloading personnel. In addition, we estimate that around **five million jobs are potentially gigable in the shared services category** – representing legal, facility management, transportation, and accounting services, among others.



HOUSEHOLD DEMAND FOR GIG-BASED ROLES VARY BY SERVICE AND USAGE FREQUENCY

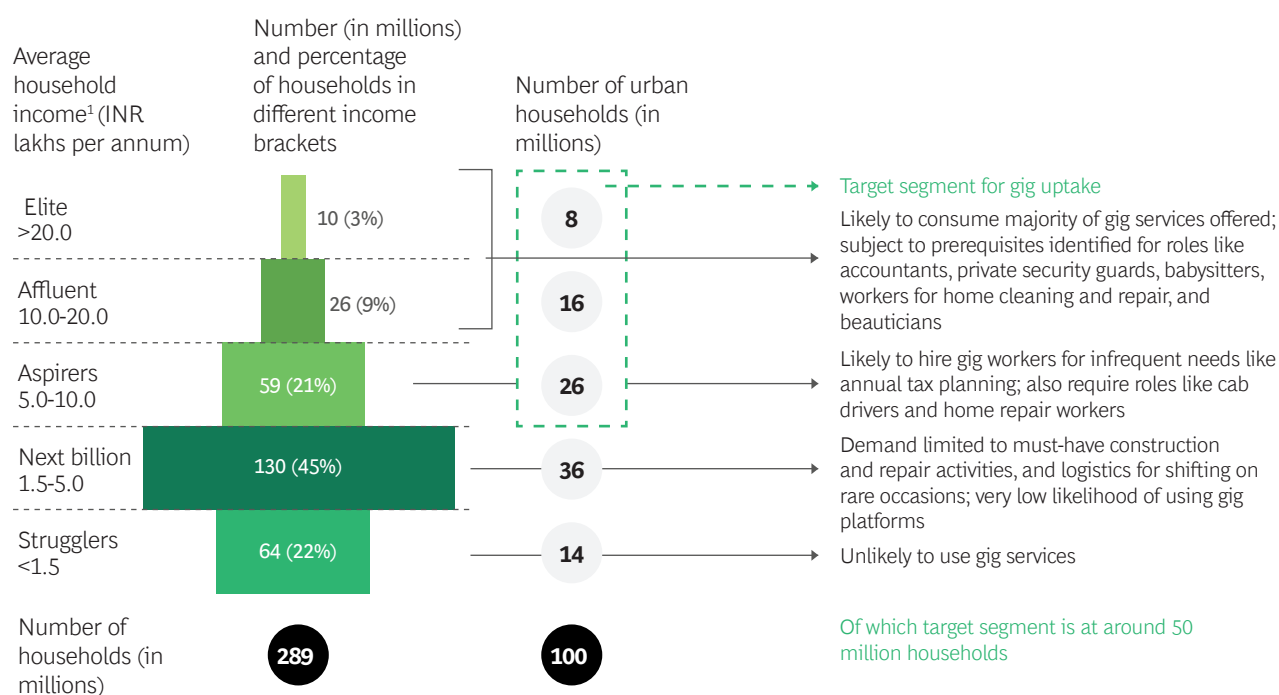
In addition to gigable jobs in the corporate and MSME spaces, gig-based services also have a large potential in the household segment. Demand for at-home services in India spans income thresholds in urban and suburban areas with the number of services and frequency and duration of use varying by household. Studies estimating household employment in India vary widely ranging between three million and 90 million jobs across government and other figures.⁴

To further explore household usage patterns and the propensity to adopt gig services across income levels and types of services, please reach out to the authors.

As such, we conducted a survey of over 600 urban households to estimate the potential demand for services, the propensity to hire such services from gig platforms, and identify opportunity areas that remain unserved within the household demand space. In compiling these estimates, we have focused on around 50 million urban households at the top of the income pyramid, representing households with incomes above INR five lakhs per annum.

Exhibit 3.5

Gig economy likely to penetrate the top ~50% of urban households in India



Note : 1. Annual household gross income is based on 2018 prices
Source: CCI proprietary income database, BCG analysis

Elite households have the largest per-household demand for services (across offline and online channels), demanding an average of 1.9 Full-Time Equivalents (FTEs) of workers across role types; in comparison, 1.2 FTEs are demanded by Affluent households and 0.5 FTE demanded by Aspirer households.⁵

Core household services like those provided by maids, cooks, and drivers constitute more than 85 percent of this overall requirement of approximately one FTE per urban household, with the remainder coming from less frequently used service providers such as gardeners, deep cleaning personnel, and beauticians.

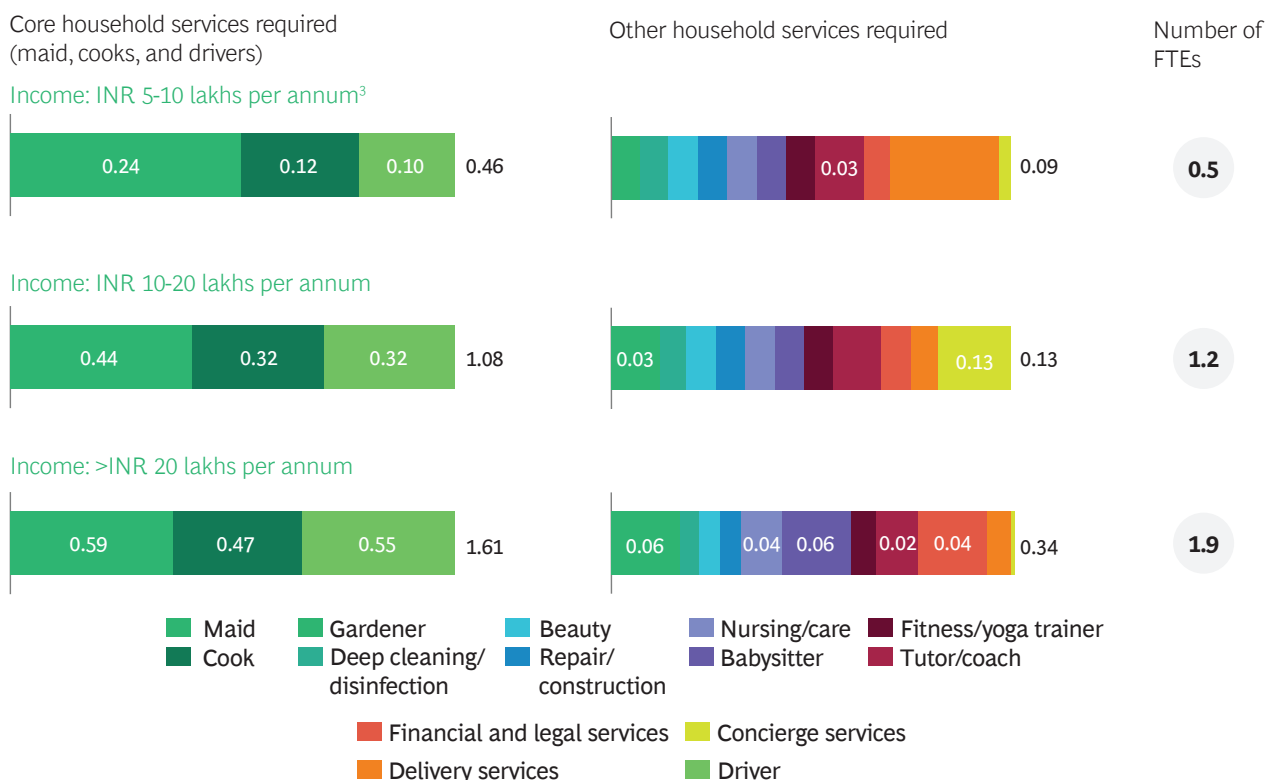
4. Luebker, M., et al. 2013. 'Domestic workers across the world: Global and regional statistics and the extent of legal protection'. International Labour Office (ILO); Viswanath, K. 2020. 'It Is Time to Stop Seeing Domestic Workers as COVID-19 'Carriers''. The Wire; Chandra, J. 2020. 'Rights of domestic workers in focus post-lockdown'. The Hindu.
5. Based on survey of 600+ households across income segments in metro and tier 1 cities.

Together, our estimates indicate that nearly 50 million jobs (at one FTE per household in the target segments) are required in the household space alone, with the vast majority of these currently fulfilled via offline channels.

Exhibit 3.6

Urban households on average require ~1 Full-Time Equivalent (FTE) across services

Average range of service requirement (number of FTEs,¹ averaged across households (HH)²)



Note: 1. One Full Time Equivalent (FTE) = a 40-hour workweek for 4.3 weeks/month. 2. Number of urban households in each income segment are: 26 million (5-10 lakhs per annum), 16 million (10-20 lakhs per annum), 8 million (>20 lakhs per annum).

Note: Security guards have been excluded from the analysis, given most house and apartments have community security services hired from staffing agencies.

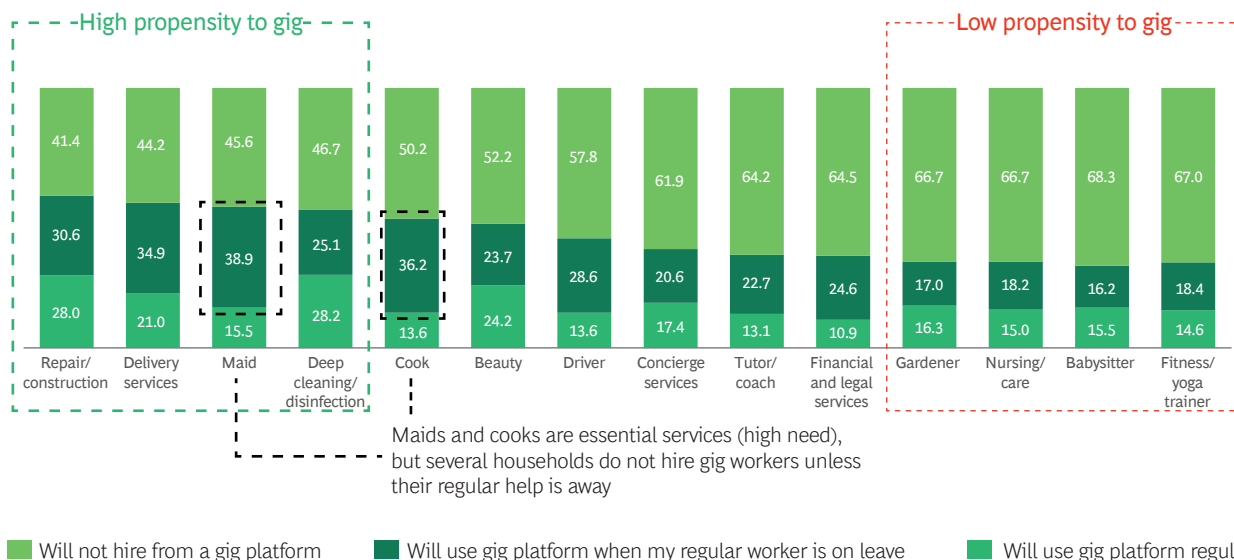


Households, similar to corporates and MSMEs, also demonstrate varying willingness to adopt gig platforms for sourcing services – depending on the specific nature and frequency of use of the service:

- Households hesitate to gig-out services that could pose risks to the physical safety of the vulnerable such as with at-home nurses, elder care workers, and babysitters.
- For regularly used services (like maids and cooks), households indicate a willingness to use gig-based services only when their regular worker is on leave.
- Familiarity with and availability of existing gig platforms is also a driver for adoption of gig-based services; in our conversations, households point to their awareness of platforms like Urban Company as their reason for hiring renovation or beauty services from the platform.

Households hesitant to hire gig workers for services like childcare, and regular services like maids

Likelihood of hiring services from gig platforms



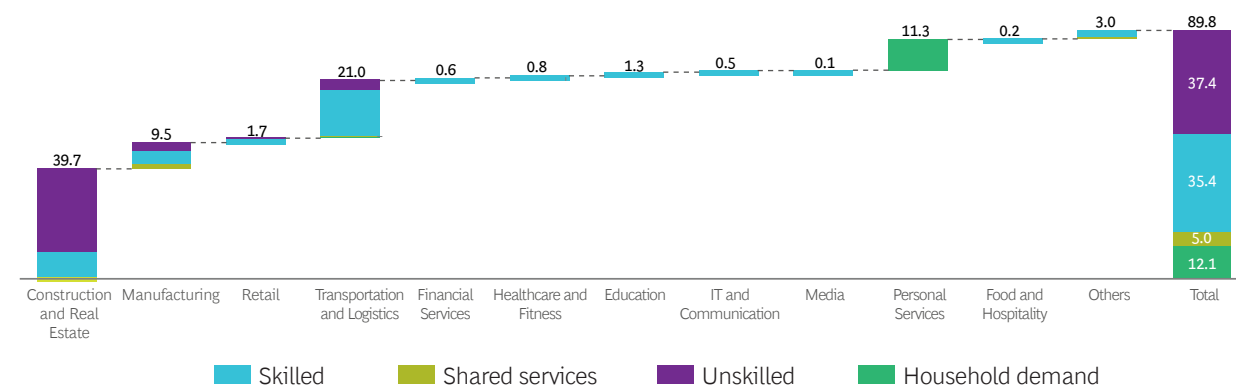
The willingness (or lack thereof) to hire gig-based services for household needs, while still evolving, holds tremendous potential for future unlocking across multiple service categories. The trend promises to continue growing as households get comfortable with the model, and the reliability of prerequisites matures. Adjusting for the willingness to hire from gig platforms for household services, **we estimate that around 12 million jobs servicing household demand are potentially gigable in India.**

90 MILLION: GIG ECONOMY'S POTENTIAL TO SERVICE ONE-THIRD OF INDIA'S NON-FARM JOBS



Consolidating the estimates for gigable jobs and extending them to other sectors of the economy, we estimate that the gig economy has the potential to service up to 90 million jobs in India's economy. The majority of these will be in the four industry sectors profiled earlier, along with the demand from household segments. Other sectors of the economy, while smaller contributors will nonetheless constitute nearly six million gigable jobs across skilled and shared services roles.

90 million Indian jobs potentially gigable; driven by construction, transport and logistics, and personal services



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.

The vast majority of these are jobs (around 87 million) that could migrate to technology platforms from their current offline mode of matching workers and jobs from discovery to fulfillment. In addition, we estimate that approximately **three million net new jobs** could be created, servicing constrained gigable jobs and latent demand for services in households. **Delivering these jobs as 'gigs' via technology platforms will contribute to better demand-supply discovery, price transparency, productivity improvement, compliance with worker benefits and protection, and effective public policy design.** Even at a conservative estimate of INR 16,500/month⁶ in earnings, India's gig economy could transact over USD 250 billion of work, **and the gig economy could potentially contribute an incremental 1.25 percent (approximately) to India's GDP over the long term.**

GIG ECONOMY'S POTENTIAL IN NEAR-MEDIUM TERM DRIVEN BY PREREQUISITES, INDUSTRY STRUCTURES, AND BEHAVIORAL PREFERENCES

While the gig economy's potential to impact jobs, livelihoods, and India's economy is large, **there are still a set of prerequisites, structural changes in industry sectors, and behavioral changes among gig workers and employers that need to be in place, before the full potential of the gig economy can be realized.**

Prerequisites across households and deep dives across industries are available. Please reach out to the authors for further data.

Across corporations and households, employers point to the need for several prerequisites (ranging from credentialing to safety and quality assurance), depending on the job-type and criticality of the role for their specific use case. For instance, skilled 'operational' roles in the manufacturing sector (like machine operators and line managers) often require prior experience in the industry sub-sector (such as auto component manufacturing). Employers indicate a willingness to hire from gig platforms, provided reliable verification of the worker's prior experience can be provided. Among households and across the over 30 service categories tested, different prerequisites are needed to varying degrees of importance, depending on the type of service. The most common prerequisites being the assurance of safety (via background checks, police verifications, health certifications), user ratings, pricing, and availability on-demand. A detailed discussion of the prerequisites required to unlock gig demand is covered in Chapter 5 of this report, and additional ecosystem-wide enablers are discussed in Chapter 6.

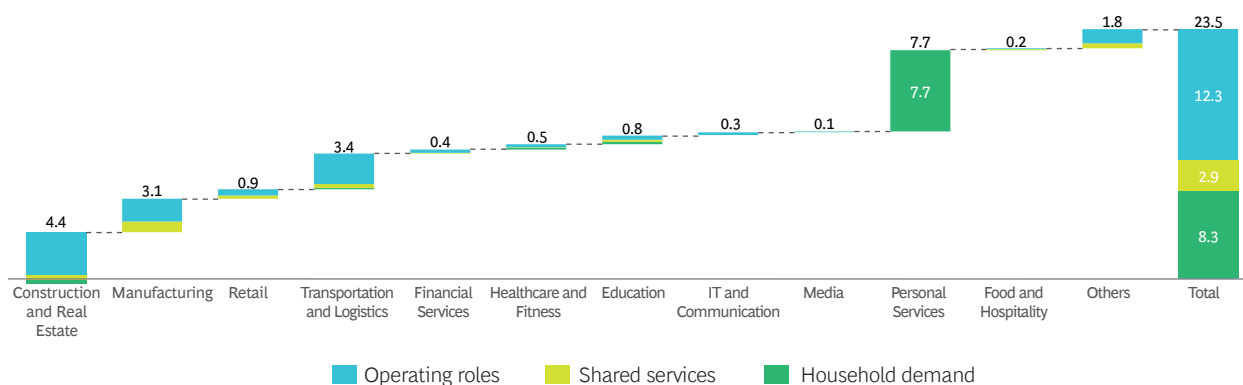
In addition to meeting prerequisites, the long-term potential of the gig economy will also be realized with progressive structural changes in industry practices themselves. For example, as greater tracking and

6. Based on Periodic Labour Force Surveys (PLFS) 2018-19 estimates.

reporting of individual workers' productivity, safety compliance, and work practices become the norm, the need to engage more formal labor will lend itself to gig-based hiring – either directly or via existing intermediaries such as labor contractors. We also expect that with greater familiarity of gig-based work and as industry and use-case-specific platforms emerge, a behavioral change among employers will drive further uptake of gig-based services, even among regularly consumed services. A visible example is the change in personal transportation that was ushered in by ride-hailing platforms like Ola and Uber.

Exhibit 3.9

24 million jobs could potentially migrate to gig-based technology platforms in the near-medium term



Low-income jobs that could potentially be delivered as gig-based services will be spread across industry sectors. Still, in the near-medium term, they will be dominated by jobs in the construction, manufacturing, retail, transportation and logistics, and personal services sectors.

We expect that over 12 million jobs in operational and technical roles across industry sectors could potentially be serviced as gig-based services. This demand is especially pronounced in MSMEs, many of which lack the scale to maintain high-quality full-time workers for all their needs; and indicate that they would benefit significantly from being able to hire temporary, task-based gig workers for key operational roles.

In addition, **nearly three million jobs in the shared services space** could potentially migrate to gig platforms in the near-medium term. Here too the need and willingness to hire gig-based services is most pronounced among MSMEs, who point to the attractiveness of gig-based services in providing high-quality services for infrequent or geographically spread demand. For instance, one of the MSMEs we spoke to in the construction sector pointed to the need for reliable, verified, and on-demand security services as a key need across multiple geographically distributed construction sites; the proprietor spoke of how he currently has to 'make-do' with word-of-mouth assurances about the reliability of security guards who watch over his materials and equipment every night. Similar stories across industries and specific use-cases point to demand for gig-based services in finance, legal and compliance, sales and marketing, general administration, IT, transportation and logistics, human resources, and management of facilities, real estate and infrastructure.

Finally, even with adjustments for prerequisites and willingness to hire from gig platforms, we estimate that **over eight million jobs to service household demand** could be delivered via gig platforms. While the majority of these jobs would be for core household services (roles for maids, cooks, and drivers), significant latent demand exists for services like repair and renovation, beauty, delivery, gardening, and at-home nursing.



In all, we expect that around 24 million jobs could potentially migrate to technology-based gig platforms in the near-medium term; with the provision of common prerequisites, job-type specific requirements and (as discussed in Chapter 4) compelling value propositions to gig workers. We expect that this could be realized even without change in the industry structure and practices, and despite widespread acceptance of gig work for commonly-used services.

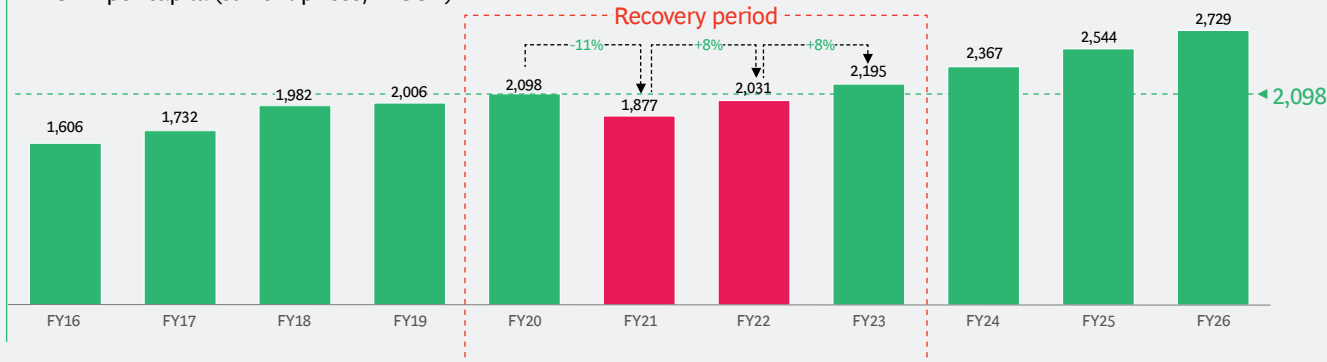
EPILOGUE: GIG ECONOMY AS A CATALYST FOR ECONOMIC RECOVERY

In addition to the benefits and potential impact of the gig economy outlined in this chapter, we believe that **the gig economy could be a catalyst for India's economic recovery after the effects of COVID-19**. Multiple reports and studies^{7,8} anticipate economic recovery to pre-pandemic levels only by FY (financial year) 2023.

Exhibit 3.10

Recovery to pre-COVID-19 levels of employment and economic activity likely only by 2023

GDP per capita (current prices, in USD)



During this period, ongoing uncertainties about the path and steadiness of recovery are top-of-mind for employers and workers alike. The employers we spoke with during this study voiced their plans to defer full-time hiring until they are certain of their order backlogs and the stability of recovery, reflecting concerns regarding their ability to sustain payrolls and utilizing working capital amidst uncertainty. Meanwhile, some segments of workers, especially those in the low-skilled and unskilled segments (further discussed in Chapter 4), point to fears of loss of income and the need for stable, assured incomes. Gig-based services and hiring could help merge both the incentives of employers and workers via at scale platforms that provide on-demand hiring for employers with assurance and stability of income for workers.

In addition, through gig-based hiring, we estimate that nearly **one million net new jobs could be created over the next two to three years** to meet constraints among certain categories of operational roles, as well as feed the significant 'latent demand' for services among households. These existing demands often remain unmet due to employers and households 'making do' without the service due to the lack of supply visibility and availability, unavailability of on-demand services for just-in-time needs, and the absence or unreliability of key prerequisites. At scale and effective gig platforms could unlock these existing demands, and also accelerate the adoption and use of gig-based segments, even as post-COVID-19 recovery takes shape.


7. Krishnan, M. 2020. 'Coronavirus: India will take 'years' to recover from unemployment crisis'. Deutsche Welle.

8. Nahata, P. 2020. 'Chart: India's Per Capita GDP To Rebound to Pre-Covid Levels Only by FY23'. BloombergQuint.



Chapter

4

A photograph showing the backs of four workers in India. They are wearing bright yellow safety vests with reflective silver stripes over their work clothes. They are also wearing traditional Indian headwear: turbans in green, white, white, and red. They are standing outdoors, looking towards a blurred background of trees and a road. The image is partially covered by a green overlay on the left and bottom.

A comprehensive picture of the gig economy covers the scale of opportunity and identifies the levers needed to unlock it from the perspective of both employers and gig workers. While Chapter 3 of this series covers the former, Chapter 4 looks at gig workers in India – who are they? How are they different from non-gig workers? Why do they pick up gig work and what motivates them to retain it? It also explores the segmentation among gig workers and what these divisions mean for platforms.

Who are the Gig Workers and what role does it play in their lives?

As mentioned earlier in this report, gig work is not new in India, particularly among workers in the informal economy. Many factories and construction sites utilize personal networks to hire workers on a daily basis with payment on completion of each day's task – very similar to gig work.

With the advent of gig platforms in the past few years, onboarding and delivering gig services is being done at scale, aggregating large numbers of customers and workers into marketplaces where demand-supply can be met on-demand in real-time. While a lot of studies have examined the trends and behaviors of the customers who demand gig services, there is limited understanding about the gig workers themselves – who are they? What are their aspirations? What are their reasons for taking up gig work? What is their willingness to continue working in gig-mode? As part of this study we decided to explore and understand gig workers in greater detail with the intention of defining the value propositions that gig workers seek from the platforms that they provide services on.

GIG WORKERS ARE FUNDAMENTALLY DIFFERENT FROM NON-GIG WORKERS

A 'regular job' is often associated with working for corporations or in government offices with fixed work hours, paid time-off and a steady or predictable income that gets paid out at the end of every month. The day-to-day lives of gig workers seldom fit into such definitions, differing from non-gig workers on four key aspects: **demographic profile**, **work and earning patterns**, **job triggers** (motivations and reasons for taking-up gig work), and **job drivers** (monetary and non-monetary benefits of gig work).

- ✦ **Demographic profile: Gig workers are relatively younger** compared to non-gig workers – nearly one in four gig workers belong to the 18-23 years age bracket versus one in six among non-gig workers. Considering that there are no fixed eight-hour commitments in gig work, many students pick up gig jobs alongside their studies, resulting in a skew towards younger age groups. Likewise, **gig work tends to be more gender inclusive**¹ since no fixed time commitments are required, providing flexibility to women to pick up gig work without compromising on their household responsibilities. Educational qualification is another differentiating profile variable between the two worker groups, with **gig workers being relatively less educated**² – nearly one in three gig workers have not completed matriculation (10th standard), whereas the corresponding number among non-gig workers is only 20 percent.
- ✦ **Work and earning patterns: Gig workers typically work for limited hours in a day**, with 61 percent of gig workers working less than eight hours a day, versus only 11 percent of non-gig workers.

With limited working hours, monthly incomes also vary significantly; 78 percent of gig workers earn less than INR 20,000 a month, whereas only about 50 percent of non-gig workers in similar profiles of work earn in the same range. Consequently, **gig workers are more likely to be secondary contributors to household income**, with 30 percent workers contributing less than 50 percent of household income, as compared to only 10 percent in the non-gig workers' segment.

1. PLFS 2018-19 estimates state that females comprise 13 percent of Urban Casual Labour and Helper in Household enterprise versus 11% amongst Regular wage/salary earners and Employers. This is similar to the results from BCG's survey where 30 percent of gig workers were women compared to 26 percent representation in regular jobs.
2. Gig Quantitative Survey (N=3857).

Demographic and job profile vary by gig and non-gig workers



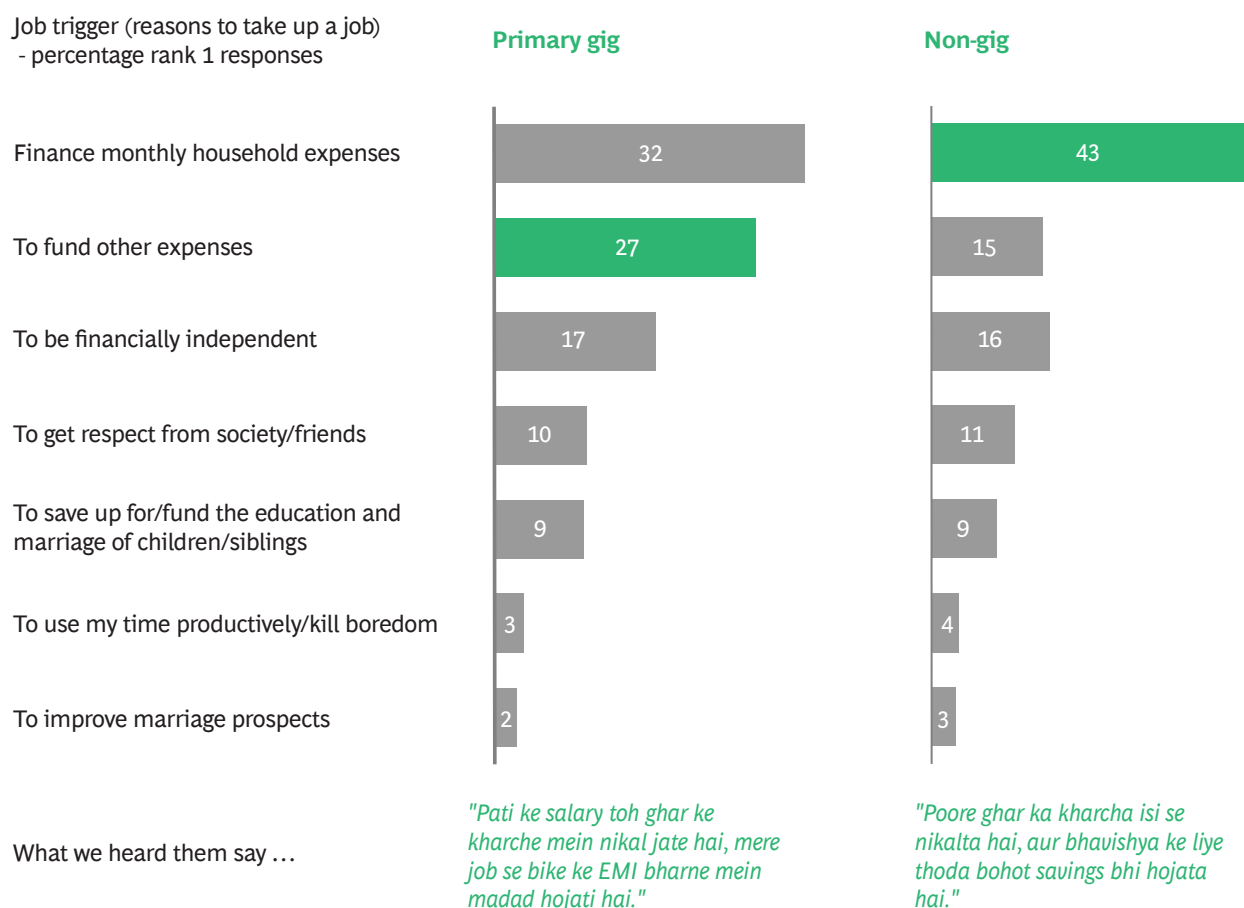
Source: Gig Quantitative Survey (N=3857); BCG analysis.

✦ **Triggers, motivations and reasons for taking up gig work:** While both non-gig workers and gig workers pick up jobs primarily to sustain household expenses, gig workers have more diverse drivers that go beyond livelihood sourcing. **More than one in four gig workers take up gig work to fund expenses other than regular monthly household expenses**, such as funding a medical emergency, paying off loans and monthly instalments and funding education. Whereas, fewer than one in six non-gig workers take up jobs for such expenses. This phenomenon is aptly captured in one of our interviews with a 35-year-old female gig worker from Jaipur, who said...

“...since marriage, I have been primarily looking after household work and bringing up our two kids. Last year my father-in-law was hospitalized, so I started working as a domestic maid so that I can help finance the medical bills, as my husband’s income from working at the factory was not sufficient.”

Exhibit 4.2

Job triggers (motivations and reasons to take up a job) vary between gig and non-gig workers



Question: Now think back to the time when you started working in your current job. Can you please tell me the top reasons why you started working in your current job?

Question: Now think back to the time when you started working in your current job. Can you please tell me the top reasons why you started with an additional job along with your main job?

Source: Gig Quantitative Survey (N=3857); BCG analysis.

✦ **Drivers³ - monetary and non-monetary benefits of gig work:** Like the demographics, work patterns and triggers to take up gig work, job drivers also vary significantly between gig and non-gig workers. While both gig workers and non-gig workers seek both assured and timely payments, the amount of income and flexible timings are heavily over-indexed in the case of the former.

3. Since our quantitative survey was done a few months after a lockdown was implemented in India due to COVID-19, it is possible that 'the recency effect' associated with it and the pandemic-induced income volatility could have affected these responses.

For instance, a gig worker in Mumbai mentioned that he used to work as a technician for 10 hours a day, earning INR 15,000 a month, and at the end of the month his boss would cut his pay for late arrivals and holidays taken. He then came across an Urban Company advertisement where they promised income in excess of INR 20,000, which was the primary driver for him to switch his job. He now makes INR 20,000 to 25,000 monthly, along with the ability to work as per his convenience.

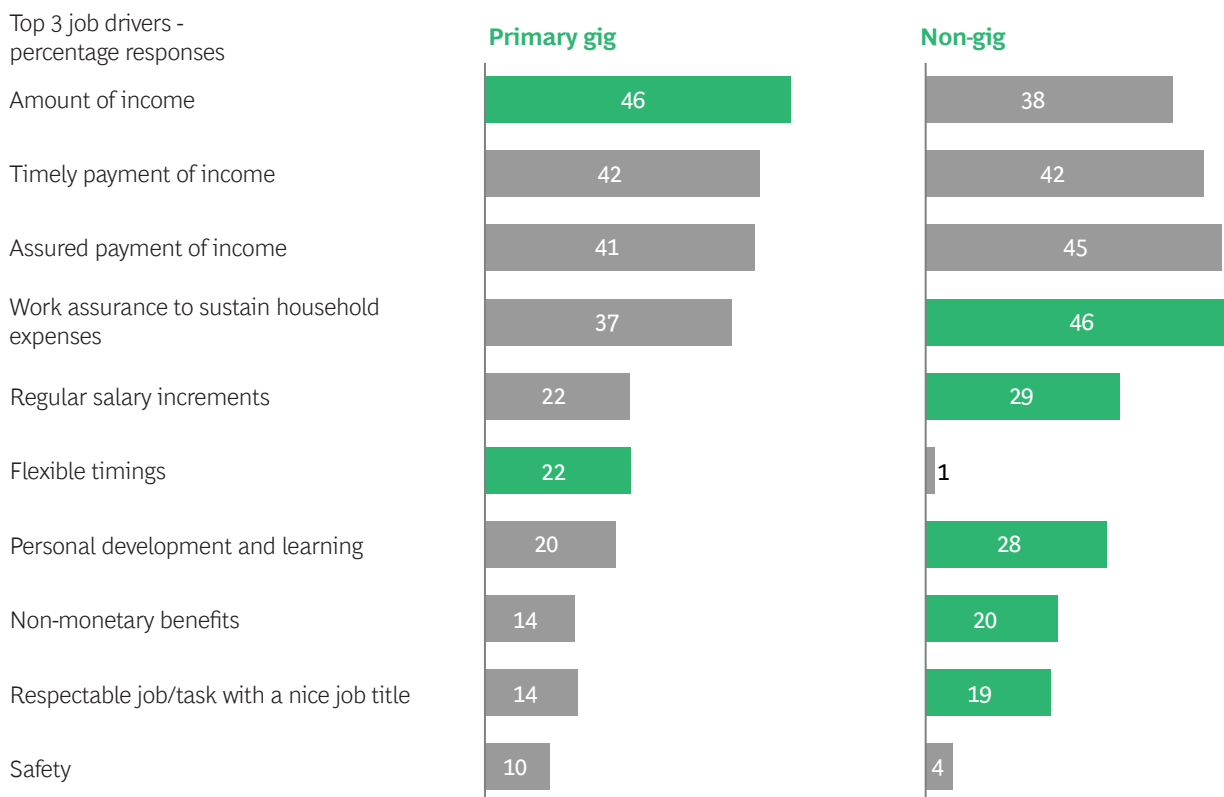
In comparison, **non-gig workers are primarily driven by job stability, prospect of regular salary increments, as well as the softer aspects related to learning, personality development and social validation.**

Our qualitative study (carried out prior to the lockdown) identified non-monetary benefits such as medical cover and life insurance that gig workers seek. However, findings from our quantitative survey demonstrated that non-monetary benefits play a limited role for gig workers. While we are cognizant of the fact that our survey was conducted in the context of COVID-19, our findings show that gig workers consider non-monetary benefits as ‘nice-to-haves’, with most indicating a willingness to deduct only two to three percent of their monthly income to avail these benefits. Among the non-monetary benefits, gig workers prefer benefits that can potentially help save money in the short term (like travel allowance and children’s education) or long term (like medical or life insurance and low interest credit) with the caveat that these are nice-to-haves in comparison to other monetary job drivers.

Job drivers such as work assurance, timely payment, and payment assurance are highly valued by gig workers. In a trade-off scenario (versus amount of income), gig workers place 12 to 18 percent premium on these drivers. For example, 71 percent gig workers are unwilling to trade work assurance for higher income, and the remaining 29 percent of workers demand an additional of around 18 percent to accept the trade.

Exhibit 4.3

Gig and non-gig workers driven by different sets of job drivers



Note: Low importance job drivers (<=10%) have not been listed.

Question: Can you please look at the below statements and tell me which of these factors did you consider important and not important while you were looking for the job that you're in?

Source: Gig Quantitative Survey (N=3857); BCG analysis.

GIG WORKERS ARE NOT A HOMOGENOUS GROUP – THEY FALL INTO EIGHT DISTINCT SEGMENTS

Gig workers, albeit different from non-gig workers, are not a homogenous group in themselves. Large variations in the demographic profile, work and earning patterns, job triggers and job drivers emerge among the different gig workers. We analyzed over 10 variables – a mix of demographic, household, and psychographic attributes - that could be contributing to these differences and identified three primary determinants:

- ✚ Gig worker's contribution to household income
- ✚ Skill level
- ✚ Life stage



Gig contribution to household income: Gig workers' prioritization of job drivers is heavily influenced by their contribution to household income. As gig workers transition from being secondary contributors (up to 50 percent of household income), to primary contributors (over 50 percent of household income) their patterns of job selection and job driver prioritization also change. Secondary contributors typically take up gig work to help finance additional household expenses (28 percent) followed by the need to be financially independent (21 percent). As a result, work time flexibility (30 percent) emerges as one of their top three job drivers. In contrast, primary contributors typically take up gig work to finance monthly household expenses (37 percent). Quantum of income, timely payment, and assured payment thus emerge as the key job drivers with 45 to 50 percent identifying them as one of the top three job drivers.



Skill level: Skilled workers such as mechanics, technicians, beauticians, stylists, carpenters, and tutors are typically more confident of their skill sets and define high income (44 percent) and personal development and learning (26 percent) among the top job drivers. Meanwhile, low-skilled and unskilled workers like daily-wage construction workers, household helpers, and delivery personnel primarily look for drivers related to income security. The key job drivers for them include amount of income (51 percent), timely payment (47 percent), assured payment (47 percent), and work assurance (41 percent).



Life stage: Material differences emerge among gig workers as they transition from students to full-time workers. Student gig workers typically seek out flexibility (35 percent) and learning (22 percent) as key job drivers. As quoted by a student gig worker, "I started working as a data entry executive as I wanted to be independent, fund my education, buy the latest clothes and a mobile phone as per my liking. The learning and experience from here can help me bag a better MNC job in the future." In contrast, non-students primarily start taking up gig work to sustain household expenses (34 percent); and as such, seek out job stability (40 percent) as well as non-monetary benefits (15 percent) like life and health insurance in their gig work selection.

Job triggers and drivers vary basis contribution to household income, level of skill, and life stage

Gig contribution to household income

Low contribution

Job drivers:

Flexible timings: **30%**

Personal development and learning: **27%**

"Sirf apne shauk poore karne ke liye naukri karti hoon...itni salary bahaut hai uske liye."

"Nayi cheezein seekhne ko mile, practical knowledge, logon ke saath deal karna."

High contribution

Job drivers:

Amount of income: **49%**

Timely payment: **44%**

"Har saal kharche badte ja rahe hai, delivery kaam shuru kia kyunki zyada paise mil rahe the."

"Saare ghar ki zimmedari mujh pe hai... salary time pe nahi ati toh doston se udhar maangna padta hai."

Level of skilled job

Low and semi-skilled

Job drivers:

Amount of income: **51%**

Payment assurance: **47%**

Work assurance: **42%**

"Paise ke liye hi hai naukri varna kyun karunga, khudka aur baccho ka pet bharna hai."

"Ghar ke kharche to fix hai par kaam nahi, kabhi 10 din milta hai kabhi 25, loan lena padta hai."

High-skilled

Job drivers:

Personal development and learning: **26%**

Respectable job: **16%**

"Nayi cheezein seekhne ko mile, practical knowledge, logon ke saath deal karna."

"Logon ko bolta hoon mein stylist hoon Urban Company mein, pehle nai bolne mein sharam ati thi."

Life Stage

Student

Job drivers:

Flexible timings: **35%**

Personal development and learning: **22%**

"Khudki padhai ka khud kharcha utha na tha, toh part time kaam bhi kar leta hu."

"Delivery ke sath billing aur order sikha dein, agey ki job mein kaam aega."

Non-student

Job drivers:

Work assurance: **40%**

Non-monetary benefits: **14%**

"Kaam ki kuch guarantee nahi, roz line mein lagna padta hai."

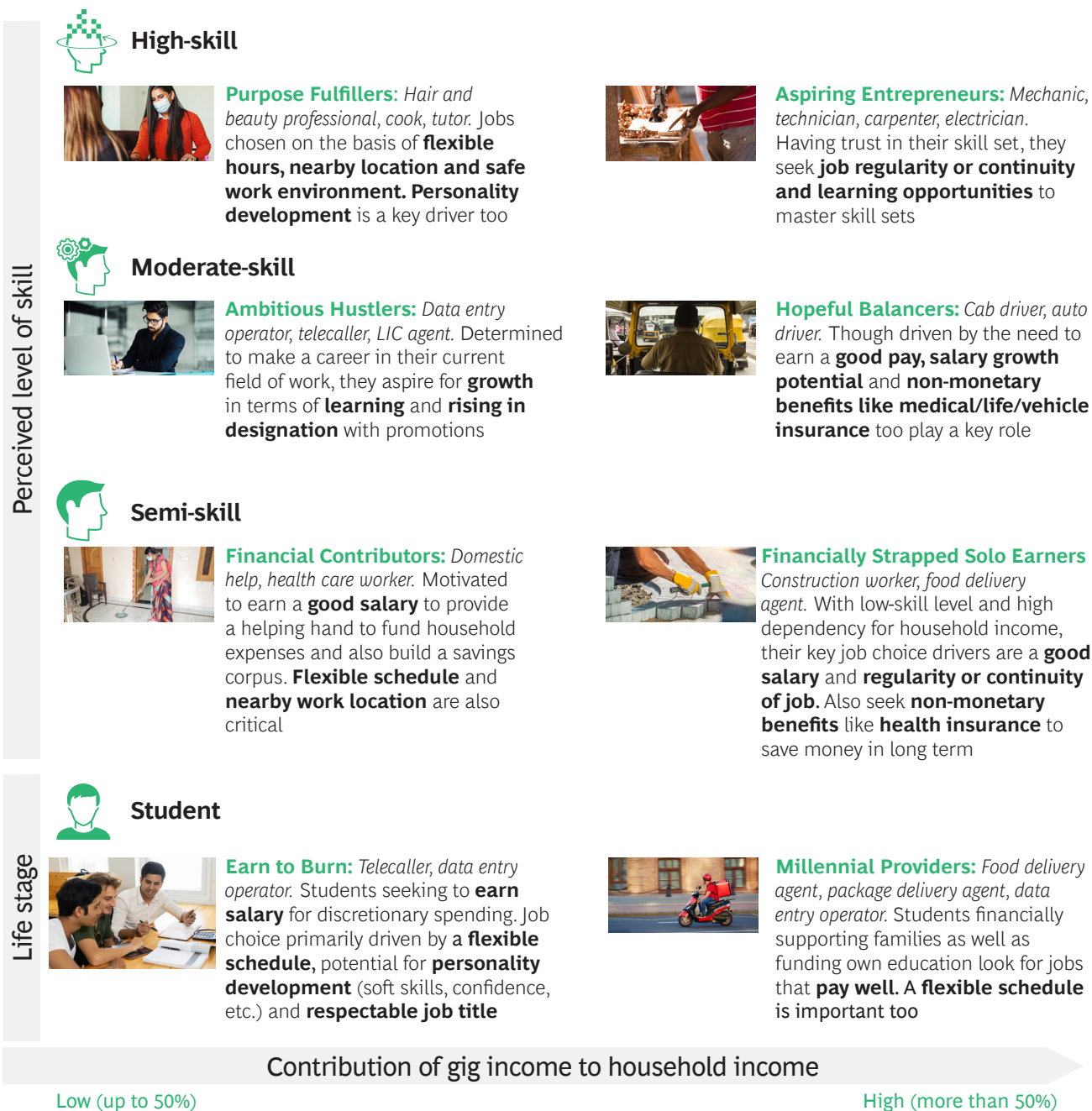
"Paiso ke saath saath health insurance bhi de, agey bimaari hui to paise bach jaenge."

Source: Gig Quantitative Survey (N=3857); BCG analysis.

Segmenting gig workers by their contribution to household income, skill level, and life stage; eight distinct segments emerge.

Exhibit 4.5

Gig workers can be divided into eight distinct segments – each segment taking up gig work for different reasons and driven by different job needs



Financially Strapped Solo Earners comprising of low and unskilled workers contributing more than 50 percent of household income is the largest segment, constituting 35 percent of the potential gigable jobs in the long term (i.e. 31.4 million gig workers), followed by Hopeful Balancers (22 percent) and Aspiring Entrepreneurs (13 percent). The student segments - Earn to Burn and Millennial Providers – constitute only two percent and three percent of all gig workers respectively.

Given the large base of potential gig workers, the absolute sizes of these segments are significant and merit deeper understanding of their motivations, drivers, and perceptions towards gig work. Gig platforms will in turn benefit from tailoring their value propositions to workers according to the specific segments that they are targeting, while an understanding of these segments can also inform future investments and policy interventions.

Exhibit 4.6

Sizing gig worker segments

Segments	Segment size in the short and medium terms (out of 24 million gig workers)	Segment size in the long term (out of 90 million gig workers)
Purpose Fulfillers	11 percent	5 percent
Ambitious Hustlers	13 percent	10 percent
Financial Contributors	3 percent	10 percent
Earn to Burn	2 percent	2 percent
Aspiring Entrepreneurs	26 percent	12 percent
Hopeful Balancers	31 percent	22 percent
Financially Strapped Solo Earners	10 percent	35 percent
Millennial Providers	3 percent	3 percent





To understand how gig workers behave differently across segments, we take a peek into the lives of two gig workers, as demonstrative case studies

Sandeep is a 36-year-old native resident of a small town in Unnao, Uttar Pradesh. He has studied till the 8th standard, and currently lives with his wife and two children in Indore. He has worked as a security guard as well as a helper at a grocery store in the past, before joining Zomato as a food delivery executive recently. While lack of sufficient income as a security guard made him switch over to working at a grocery store, the shop keeper replaced him after a year due to the availability of cheaper labor. For nine months, the family survived on savings, borrowed money, and small ancillary jobs before he was able to get onboarded as a delivery executive with Zomato. The amount of income promised, and the experience of his friends who had previously been in similar roles assured him that enough work will be available to meet his household expenses. As Sandeep puts it, “Those were extremely tough days, and I was planning to return to the village. People like me are easily available and the shop owner can replace us any day. My ideal job is a government job, where I will be assured work till retirement, but it’s difficult to land such a job. I now work 12 hours a day to save for rainy days, I don’t know when my current employer may end up removing me.”

In contrast, there is Ria, a 29-year-old with a bachelor of arts degree, born and brought up in Delhi. She lives with her husband, their child, and her in-laws. Prior to having her baby, Ria used to work at a local beauty salon. The family recently moved into a bigger house in the same neighborhood. Ria, in order to help fund the EMIs (Equated Monthly Installments) for the new house, started working with Urban Company as a beautician. While she wanted to work to help pay the additional household expenses, she also did not want to compromise on her household responsibilities and the upbringing of their child. As Ria puts it, “I can only work four hours a day every morning when my son is at school and once I have completed my regular household chores. On weekends, I sometimes do six or seven-hour stints as my husband is at home to take care of our son. Urban Company has assigned me the area near my house which helps me cut down on travel time and thereby helps me complete a greater number of assignments in a day. I earn about INR 15,000 to 17,000 a month without having to commit any minimum hours, plus I am able to work as per the times convenient to me.”



Demographic profile, job profile, job triggers, and job drivers across eight segments

Key metrics	 Purpose Fulfillers	 Aspiring Entrepreneurs	 Ambitious Hustlers	 Hopeful Balancers
Description	Low gig contribution to household income (1-50%) High-skilled job type Non-student	High gig contribution to household income (51-100%) High-skilled job type Non-student	Low gig contribution to household income (1-50%) Moderate-skilled Non-student	High gig contribution to household income (51-100%) Moderate-skilled Non-student
Top three job profiles	Beautician/stylist – 48% Tutor – 14% Chef – 13%	Mechanic/technician – 23% Electrician -11% Carpenter – 10%	Data entry operator – 16% Cab driver – 15% Telecaller – 15%	Personal driver - 16% Autorickshaw driver – 15% Cab driver – 14%
Typical age	24 - 40 years	24 - 40 years	24 - 40 years	24 - 40 years
Monthly income (INR)	15,200	24,100	11,300	17,700
Number of working hours a day	5.5	7.5	5.6	7.9
Top triggers for taking up a job	To be financially independent - 22% To fund asset purchase through EMIs - 13% To fund medical emergency - 13%	To finance monthly household expenses - 39% To be financially independent - 17% To save funds - 10%	To be financially independent - 23% To finance monthly household expenses - 22% To get respect from society - 18%	To finance monthly household expenses - 37% To save funds - 11% To fund medical emergency - 12%
Job drivers	Timely payment- 39% Amount of income- 37% Assured payment- 36%	Amount of income- 46% Timely payment- 39% Assurance of work- 38%	Amount of income- 39% Assured payment- 39% Assurance of work- 38%	Amount of income- 48% Assured payment- 39% Assurance of work- 39%

Source: Gig Quantitative Survey (N=3857); BCG analysis.



Financial Contributors



Financially Strapped Solo Earners



Earn to Burn



Millennial Providers

Low gig contribution to household income (1-50%)

Low-skilled or unskilled
Non-student

High gig contribution to household income (51-100%)

Low or semi-skilled
Non-student

Low gig contribution to household income (1-50%)

Moderate-skilled
Student

High gig contribution to household income (51-100%)

Low or semi-skilled
Student

Domestic help - 20%
Construction worker – 19%
Healthcare worker – 14%

Construction worker – 23%
Food delivery boy/girl – 16%
Domestic help – 11%

Telecaller – 19%
Data entry operator – 14%
Independent tutor – 11%

Food delivery agent - 19%
Package delivery agent - 7%
Data entry operator - 7%

24 - 40 years

24 - 40 years

18 - 23 years

18 - 23 years

8,300

12,600

11,200

16,800

5.6

8.7

4.7

6.2

To finance monthly household expenses - 39%
To be financially independent - 19%
To save funds - 12%

To finance monthly household expenses - 40%
To be financially independent - 18%
To save funds - 11%

To be financially independent - 30%
To get respect from society - 18%
To save for own education - 17%

To finance monthly household expenses - 33%
To save up for own education - 29%
To be financially independent - 12%

Amount of income- 52%
Assured payment- 46%
Assurance of work- 44%

Amount of income- 52%
Timely payment- 50%
Assured payment- 49%

Amount of income- 39%
Flexible timings- 37%
Personal development and learning- 37%

Timely payment- 51%
Amount of income- 49%
Assured payment- 45%

GIG IS ATTRACTIVE ON SEVERAL DIMENSIONS BUT CERTAIN CHALLENGES REMAIN UNADDRESSED

Gig work as it exists today in India is highly attractive on certain dimensions, but pain points exist as well. Therefore, the willingness of workers to participate in the gig economy depends on the segment to which they belong. Gig workers with higher numbers of pain points are taking up gig work out of necessity. It is therefore crucial to not only identify which 'delighters' to double down on, but also identify which pain points can be addressed to drive participation and enhance stickiness.

We explored the reasons for satisfaction and dissatisfaction among gig workers and a consistent theme emerges, irrespective of the segment the gig worker belongs to. Satisfaction among gig workers is driven by two drivers – amount of income and work time flexibility – both of which are compelling 'hooks' in retaining existing workers.

✚ Amount of income: Gig workers consider gig work to be high-paying jobs compared to similar profiles of regular jobs. Around 32 percent of 'satisfied' gig workers pointed to higher income as the most important job driver (versus 15 percent among overall gig population). The strong perception of gig work being higher paying is due to the perception of no ceiling on potential income. As a 26-year-old Uber driver notes...



...if there are additional expenses for the month, then I work 12-14 hours a day to earn the extra amount. In a regular job, I would have to ask the owner for advance salary or take a loan."

✚ Work time flexibility: More than one in four 'satisfied' gig workers pointed to flexible work timings as the most important job driver (versus one in 15 in the overall gig population). Work time flexibility not only makes it convenient for the gig worker, it also empowers the worker to feel in control of their own work schedule. As a gig worker in Delhi mentioned...



...boss would unnecessarily shout even if I was just 10-15 minutes late, sometimes he even went on to cut my pay. Now I am king of my time and can work as per my convenience."

Exhibit 4.8

Opportunity and challenge areas for gig work

Rank 1 job drivers - percentage response	Primary Gig	Satisfied workers	Dissatisfied workers
Amount of income		32%	8%
Timely payment of income		4%	14%
Assured payment of income		4%	12%
Work assurance to sustain household expenses		2%	20%
Flexible timings		26%	1%
Regular salary increments		5%	13%
Personal development and learning		9%	13%
Non-monetary benefits		5%	7%
Respectable job/task with a nice job title		2%	4%
Safety		3%	2%
Easy/less stressful jobs		1%	0%
Work hours limited to 8 per day		2%	1%
Fixed/predictable work timings		0%	1%
Manager's/customer's behaviour		0%	1%
Nearby location - within 5 kms of home		3%	1%

Source: Gig Quantitative Survey (N=3857); BCG analysis.

Dissatisfaction among gig workers stems from four job drivers – work assurance, timely payments, learning and personality development, and regular salary increments.

Retaining existing workers and attracting new workers will involve platforms addressing these pain points – especially if they are pertinent to the worker segments targeted by the platforms.

- ✦ **Work assurance:** Lack of job stability emerges as the biggest pain point with 20 percent of dissatisfied gig workers pointing to work assurance as their most important job driver (versus 12 percent in the overall gig population). Among the various segments, this becomes an even bigger pain point among unskilled workers, with more than 30 percent dissatisfied workers pointing to job stability as their most important job driver. A 41-year-old security guard in Jaipur mentioned that his household expenses are fixed every month, however gig work guarantees no fixed income every month resulting in him resorting to loans every now and then. Given the lack of work and income during the COVID-19 lockdown, lack of work assurance in gig work has become an even bigger hurdle for him. Platforms providing minimum work guarantees over a sustained time period can attract new gig workers as well as retain existing ones.
- ✦ **Timely payments:** More than one in four dissatisfied gig workers mention timely payments as the top most job driver. Since many workers take up gig work to fund additional expenses like loan installments and medical emergencies, timely payments are critical for low-income households; and thus, an imperative for platforms to deliver on. Gig workers also seek shorter payment cycles, cash payments as well as transparency in payment structures. A 32-year-old Ola driver in Bangalore said, “I was lured into the job expecting to earn INR 35,000 to INR 40,000 a month. However, at the time of payment, deductions for platform commissions, car insurance, and penalties for bad driver ratings results in my income being just about INR 20,000. My wife has to do a part-time job to ensure we are able to pay the loan installments on time.”
- ✦ **Learning and personality development:** Lack of sufficient learning opportunities is another key dissatisfier, with 13 percent of dissatisfied workers mentioning learning and personality development as their top most job driver (versus seven percent in the overall gig population). However, in this case the dissatisfaction is limited to select gig segments like the Ambitious Hustlers and Earn to Burn with 28 and 27 percent of respective dissatisfied workers looking for high learning prospects at work. A 21-year-old student, working as a data entry executive says, “I am earning decent money which helps me pay my education fees, party on weekends, and buy trendy clothes. However, I am not learning anything here, doing the same mundane task every day. I want to learn analytics, create dashboards; such jobs are in demand now and I can build my career on it but here I do not get such opportunities.”
- ✦ **Regular salary increments:** Although gig work is transactional by definition, many gig workers view it as a long-term opportunity and look for regular increments. This is more prevalent amongst specific segments – Hopeful Balancers and Ambitious Hustlers where 20-25 percent of dissatisfied workers indicate regular increments as their top most job driver at work (versus eight percent in the overall gig population). A 29-year-old Uber driver in Mumbai says, “I started driving for Uber in 2015, I used to earn in excess of INR 40,000 a month as compared to INR 25,000 now. The platform should include a 10-15 percent surge fee basis my past performance and loyalty, instead my earnings have reduced. With rising inflation, I cannot continue to support my family by continuing to work here.”

Understanding which drivers are serving as satisfiers and which ones as challenges for the specific segments will allow better customization of platform features and offerings, as well as create a better basis for public policy and intervention planning.

WORKERS HAVE A POSITIVE FUTURE OUTLOOK TOWARDS GIG WORK

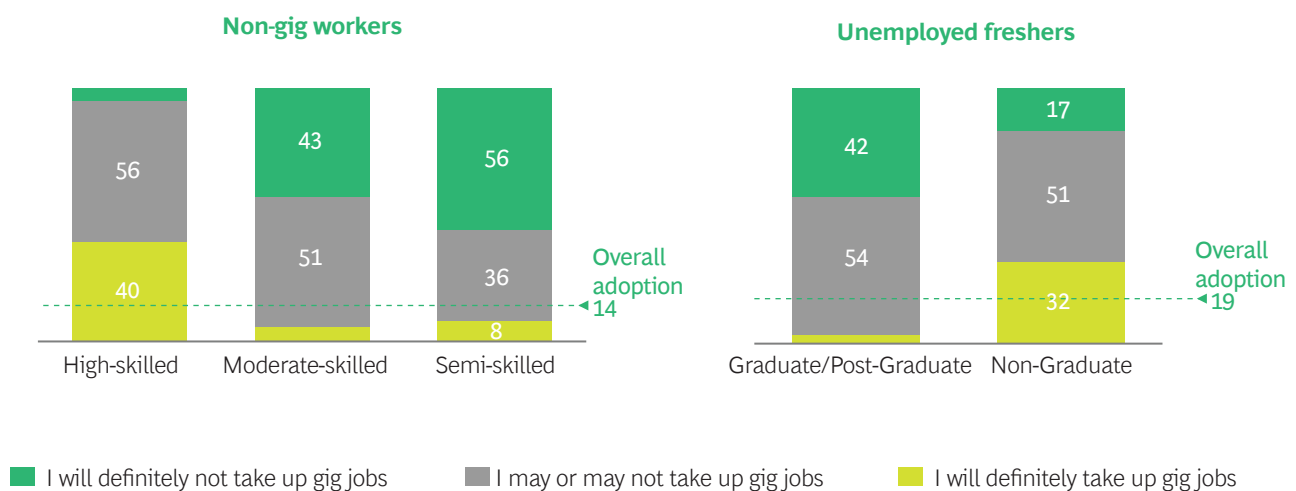
Along with the gig workforce's considerable growth in recent years; existing gig workers, non-gig workers and even the unemployed have a positive outlook toward gig work. As part of our research, we tested for people's attitudes towards working in the gig economy in the future. Our findings suggest a willingness across gig workers and non-gig workers alike to take up gig work in the future, subject to segment-specific pain points being addressed.

Among non-gig workers, willingness to take up gig work increases significantly with skill type.

Forty percent of skilled workers indicate their willingness to take up gig work in future, driven by the prospect of earning higher incomes as compared to their current job. On the contrary, semi-skilled and unskilled workers exhibit high unwillingness (43 percent and 56 percent respectively) to take up gig work in the future. They point to a lack of work assurance in the job-types that they serve as the biggest barrier to doing gig work. Further, for a majority of low-skilled gig workers, the income ranges between INR 5,000 to INR 20,000 per month. Whereas, more skilled gig workers can command an income between INR 20,000 to INR 40,000. The variability in incomes is likely to remain a barrier for low-skilled workers in the future as well.

Exhibit 4.9

Gig adoption varies by skill type and educational qualification



Question: Thinking of gig jobs, can you tell me which of the below statements best describes your future outlook towards doing gig jobs?
 Source: Gig Quantitative Survey (N=3857); BCG analysis.

Likewise, willingness to take up gig work varies among unemployed youth, depending on their level of educational qualification. Non-graduate youth exhibit high willingness to adopt gig work with **32 percent of non-graduates indicating willingness to take up gig work due to the prospects of higher income.** In contrast, unemployed youth with graduate qualification showcase high unwillingness for gig work – pointing to the lack of job stability, minimal learning opportunities, and a perception that it is not viewed (by society) as providing respectable work opportunities.

IN SUMMARY

Our study has uncovered several key findings and insights into one-half of the gig economy – its workers.



Gig workers are not a homogenous group but differ in their priorities and decision variables depending on their skill level, life stage, and contribution levels to household income. It is important to deeply understand the gig worker segments, including their demographic profiles, reasons for taking up gig work, willingness to participate in the gig economy, and unaddressed challenges.

This will allow platforms, civil society actors, and public policy decision-makers to design and deploy interventions that can truly unlock the gig economy to provide viable livelihood pathways and job opportunities for low-income workers across the various sectors of the Indian economy.

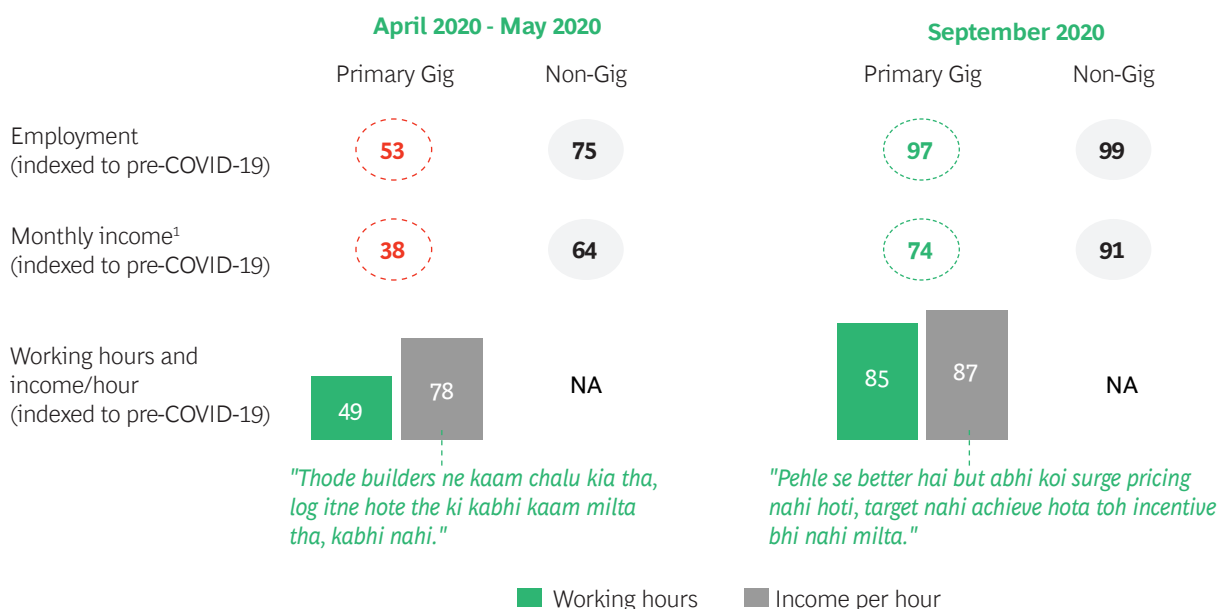
EPILOGUE: COVID-19 HAS LEFT GIG'S OUTLOOK LARGELY UNALTERED DUE TO THE STRONG RECOVERY

Gig workers were severely impacted during the lockdown period of April to May 2020, with employment levels down to 53 percent of pre-COVID-19 levels (versus 75 percent among non-gig workers). Further, amongst those employed, income levels dropped significantly to 38 percent of pre-COVID-19 levels (versus 64 percent among non-gig workers).^{4,5}

Exhibit 4.10

Impact of COVID-19 on gig workers

Impact of COVID-19 on income



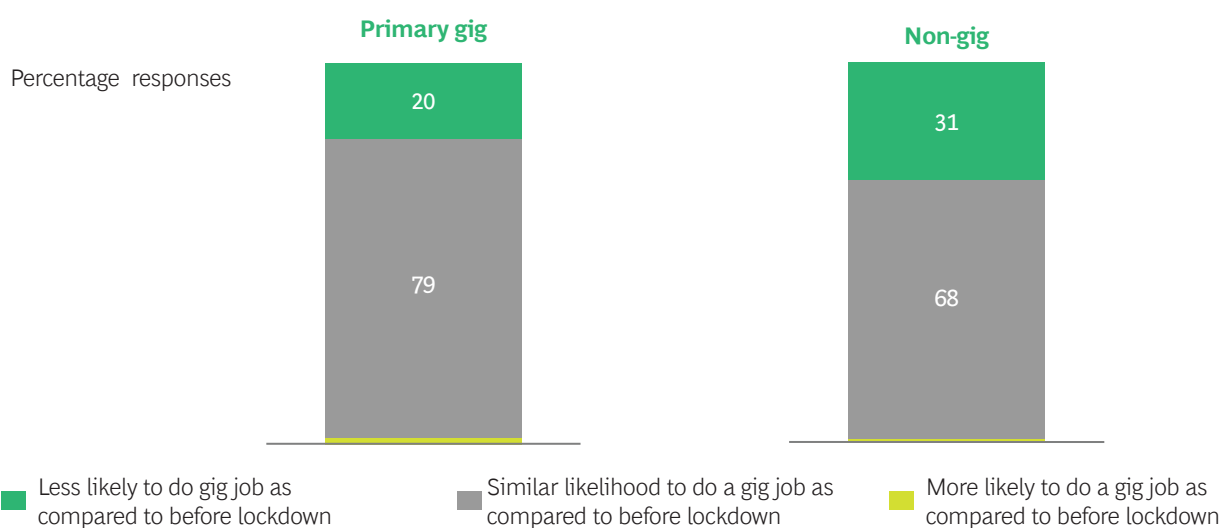
Note: 1. Average monthly income amongst employed workers.

Question: Thinking about the jobs you were doing just before COVID-19/lockdown, can you tell me the following details regarding your job: Monthly income, Working days/week, Working hours/day?

Question: Thinking about the jobs you were doing during lockdown period of April and May, can you tell me the following details regarding your job: Monthly income, Working days/week, Working hours/day?

Source: Gig Quantitative Survey (N=3857); BCG analysis.

Future gig outlook post-COVID-19



Question: As compared to before lockdown, how likely are you to do/continue to do a job in the next 6-12 months where you don't have fixed/ same timings on most days and the income is not fixed – it is dependent on number of tasks you complete or number of hours you work?

Source: Gig Quantitative Survey (N=3857); BCG analysis.

4. Nanda, P.K. 2021. 'Covid-induced job, income losses to hit poverty alleviation, development: report'. Mint.

5. Nath, P., et al. 2021. 'The poorest have been worst hit by pandemic'. The Hindustan Times.

Following the sharp drop in incomes and significant impact on livelihoods immediately after the lockdown, we had anticipated negative attitudes toward gig work. However, the strong recovery in income and jobs post unlock has translated into the positive future sentiment towards gig work. Notably:

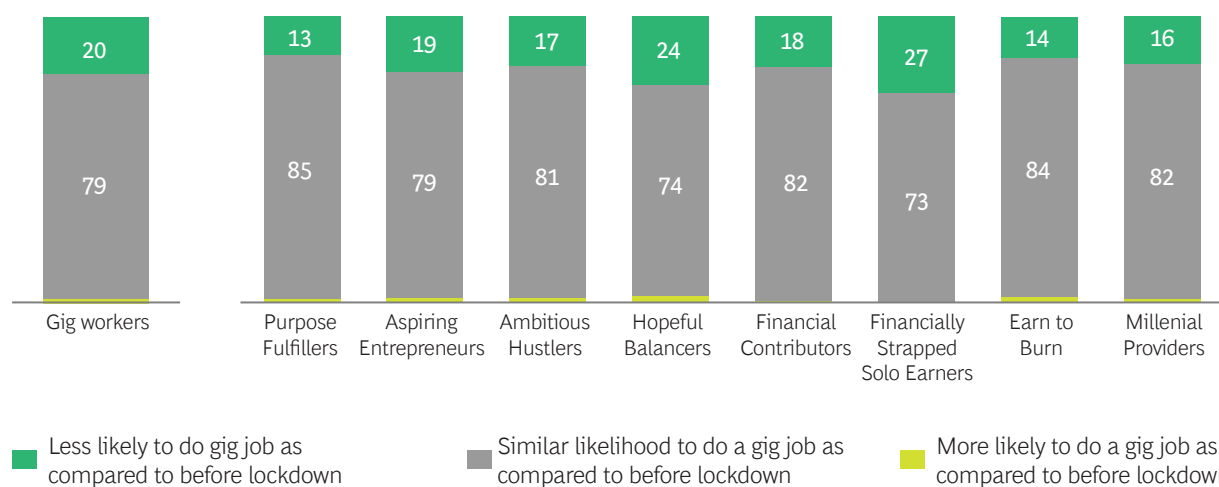
- ✚ Eighty percent of gig workers indicate that they are equally or more likely to take up gig work as compared to before lockdown.
- ✚ Positive sentiment towards gig work appears to be influenced by gig workers being mindful of the impact of lockdown on their non-gig peers. As a beautician working with Urban Company aptly put it, “Even if I was working in a salon, the owner would have cut my salary as everything was shut. Even since unlock, people do not want to visit a salon due to fear of catching COVID-19 and prefer calling home stylists. Now I am earning similar to my pre-COVID-19 income, whereas my friends at the salon are still earning less.”
- ✚ Workers who indicate they are less likely to take up gig work are typically semi-skilled and unskilled workers who are primary contributors to household income. The disruption caused by COVID-19 to their income levels appears to have led them to the conclusion that they prefer a 'more stable job' going forward.

Exhibit 4.11

Gig outlook remains unaltered on back of strong income recovery post unlock

Future gig outlook post-COVID-19

Percentage responses



Question: As compared to before lockdown, how likely are you to do/continue to do a job in the next 6-12 months where you don't have fixed/ same timings on most days and the income is not fixed – it is dependent on number of tasks you complete or number of hours you work?

Source: Gig Quantitative Survey (N=3857); BCG analysis.

Chapter

5

After introducing gig economy in India and illuminating the demand and supply dynamics that drive its adoption and participation in the earlier chapters of this report, this chapter deep dives on a range of prerequisites critical to deliver compelling value propositions for employers to view gig services as the go-to mode of sourcing, as well as for workers to see gig as a viable source of jobs and livelihoods.

What are the prerequisites to unlock the Gig Economy?

As discussed in Chapter 3 of this report, the potential demand for gig-based services from employers and households alike is large; and as discussed in Chapter 4, workers perceive clear benefits in taking up gig work. **Unlocking demand for gig services and ensuring a steady supply of gig workers is predicated on a range of prerequisites.** It is crucial to deliver compelling value propositions and for demand (employers) to view gig services as the go-to mode of sourcing, as well as for supply (workers) to see gig as a viable source of jobs and livelihoods.

GIG DEMAND FROM CORPORATIONS PREDICATED ON CREDENTIALING AND QUALITY

Across the demand spaces and job-types identified as ‘gigable’ by corporations, employers pointed to their existing offline networks as reliable primarily due to the extensive use of personal references and assurances. As a result, the recurring prerequisites across industry sectors when contemplating hiring on-demand workers from a platform was the need for **good credentials (work history and references)** and **commitment to task completion (output quality and reliability of work or products)**. In addition, employers also pointed to the need for **transparency, safety assurance, availability on-demand**, and the option to ensure **repeatability** of a specific worker for tasks spanning longer periods of time.

Exhibit 5.1

Key prerequisites for employers



Transparency and safety assurance of platform

Background check and verification of gig workers on the platform

Loss protection and assurance of safety

Transparency in price and effort required for task (ethics of platform)



Good credentials

Valid credentials

Provision of verified users' references for gig workers



Availability and reasonable price point

Availability of workers on-demand

Customization of services (products or materials used)



Repeatability / Continuity

Relatability or replication of specific tasks



Commitment to completing task

Assurance of quality of services and products used

In the following paragraphs we describe the common prerequisites mentioned across industry verticals such as requirement of work history, credentials, and availability. However, the specifics vary depending on the vertical and the specific job-type being considered. A complete list of prerequisites can be found in Chapter 6.

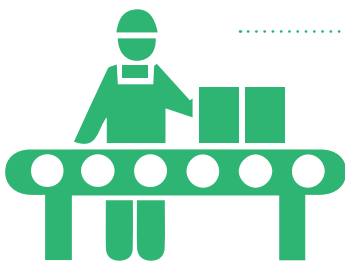


Corporations in the construction sector value validation credentials in the form of ratings from prior users, skill certifications and qualifications, or details of prior work experience to ascertain fit and suitability to their needs.

This is akin to the traditional gig-type hiring in the construction sector where skilled and unskilled workers are typically hired through ‘known’ contacts or personal references; and their competency judged based on word-of-mouth feedback. Employers in the construction sector also highlight the importance of gig workers being **responsible and committed** to ensuring that their task is completed diligently and on-time; reflecting the limited oversight and broad autonomy that most skilled workers have on construction sites, as well as the interdependencies between various work packages for timely completion of the project. Construction companies also point to the importance of **work quality assurances** and the option to seek **loss protection and/or damage coverage** for work delivered by platform-matched gig workers. Work related to plumbing and electricity as well as roles with direct access to expensive input materials like cable wiring were cited by construction employers as particularly susceptible to damage or theft, especially on small construction sites. Loss protection, in particular, is high on the minds of construction company proprietors who specifically point to the need for site security and material loss protection across all gig (and regular) workers.



We would love to hire security guards if available on gig platforms as they will be more responsible as compared to agency guards who sometimes misbehave and are negligent.



For corporations in the manufacturing sector, repeatability is an important theme, with employers expressing strong preferences to work with people who understand their specific business situation and manufacturing setup.

Employers also frequently mentioned that output quality assurance was a non-negotiable prerequisite since many MSMEs were suppliers to larger manufacturers with whom the terms of acceptance allowed little to no room for error. As a result, employers in manufacturing facilities with specific equipment or training requirements were hesitant to adopt gig-based services due to their long list of prerequisites including, in some instances, training on OEM-specified equipment. In addition, similar to other sectors with roles that are routinely hired in gig-mode, employers pointed to the importance of reliable **credentials** to be at par with the current mode of hiring via personal references.



I would be happy to let the gig platform manage the hassles of training and screening workers - I can just onboard and get them started.

Within the retail industry, the demand for gig workers centers around semi-skilled salespersons in small retail outlets and multi-store retail formats, which employers or proprietors plan on using to supplement existing workers during peak demand periods, and to provide specific transportation and logistics services.

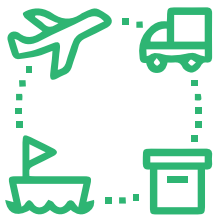


Prerequisites commonly cited in the retail sector include availability on-demand at reasonable pricing, along with reliable credentials or work history.

Further, similar to manufacturing facilities, the ability to rehire the same gig worker (repeatability) for future assignments was cited as highly valuable to employers, as was assurance of safety and loss protection. Safety and loss protection become increasingly important as the number of stock-keeping units in the store increases, with employers citing fear of theft as a key deterrent against hiring gig workers.



I don't mind playing a premium for a gig worker such as a qualified salesperson, if I know that the person is good and reliable, with decent credentials and having technical knowledge.



Employers in the transportation and logistics sector also point to the need for good credentials and an assurance of safety as key prerequisites to hiring gig workers.

Across multiple conversations, the primary concern from the employer's or proprietor's standpoint is around ensuring 'trustworthiness', 'reliability', and 'safety' when considering workers who will be tasked with handling their cargo or managing their materials storage in a warehouse. These are in addition to the fundamental prerequisites of being available as and when the demand arises, as well as having a price point akin to the market rate.



The gig platform should be able to ensure competency of its people - we have often had accidents in the warehouse due to mishandling of steel products. We don't want any inexperienced people who are liabilities.

Finally, in the case of shared services, willingness to hire gig-based services depends heavily on the frequency, criticality of the role, and the industry structure. For example, employers indicated significant hesitation in hiring gig-based services for accountants – especially in construction firms – since they are privy to financial details of the company and specific projects. Meanwhile, there was a greater willingness to hire lawyers and paralegal services on a gig-based model since the reviews were infrequent and the requirements were primarily around qualifications and credentials, and less reliant on a particular company's specifics.



Across shared services, strong credentials, reliability of the service provider (especially for facility management and security services), and the option to have repeatability were commonly cited prerequisites.



An accountant needs to have a personal connect and cannot be hired from a gig platform - my accountant knows more about me than my wife!

HOUSEHOLD GIG DEMAND DEPENDS ON SAFETY ASSURANCE, AVAILABILITY ON-DEMAND

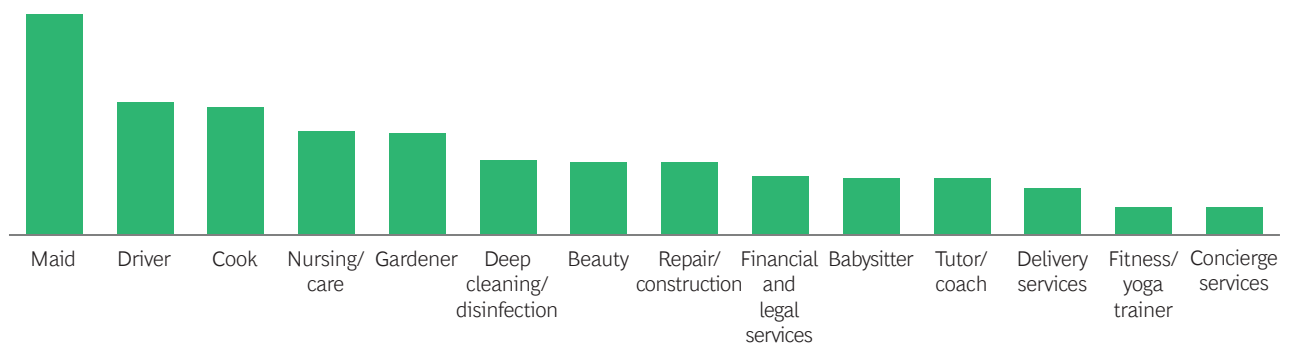
Across over 30 services that we tested in our survey, households prioritize a different set of prerequisites depending on the nature of services and frequency of use.

Unsurprisingly, **background checks and safety assurance** are of prime importance in services that are frequently or regularly used. For example, in case of essential daily services like cooking, domestic help and driving, safety assurance is a key prerequisite. Meanwhile, **availability on-demand** becomes a key prerequisite for infrequently used services such as repairs, renovations, and deep cleaning services.

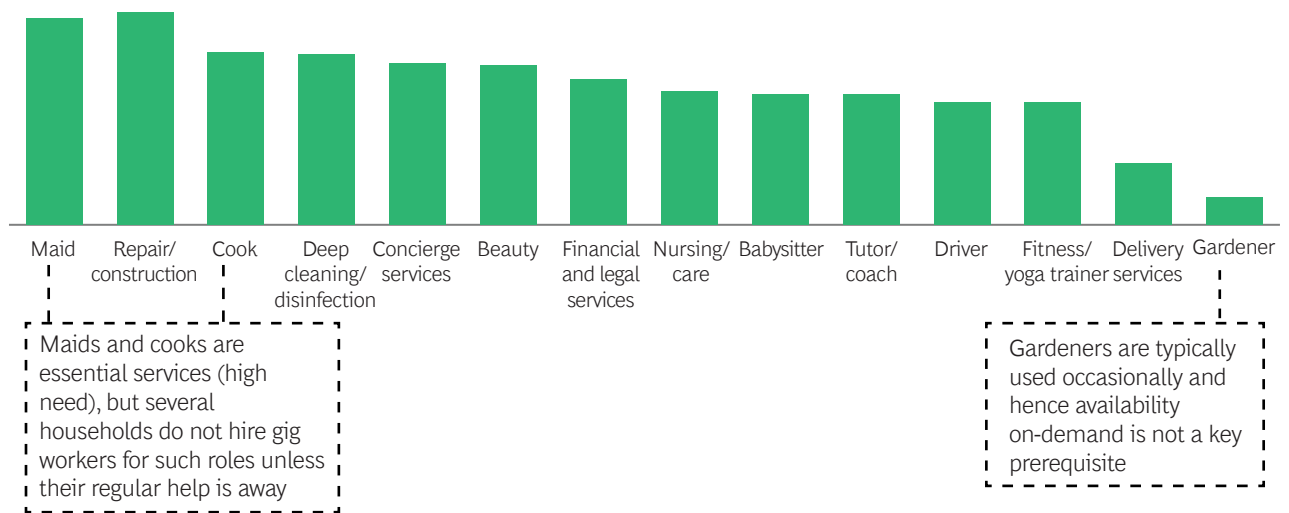
Exhibit 5.2

Prerequisites vary for household services based on their nature and frequency

Percentage of respondents who rated **safety assurance** as a prerequisite to adopt platform-based gig workers



Percentage of respondents who rated **availability on-demand** as a prerequisite to adopt platform-based gig workers



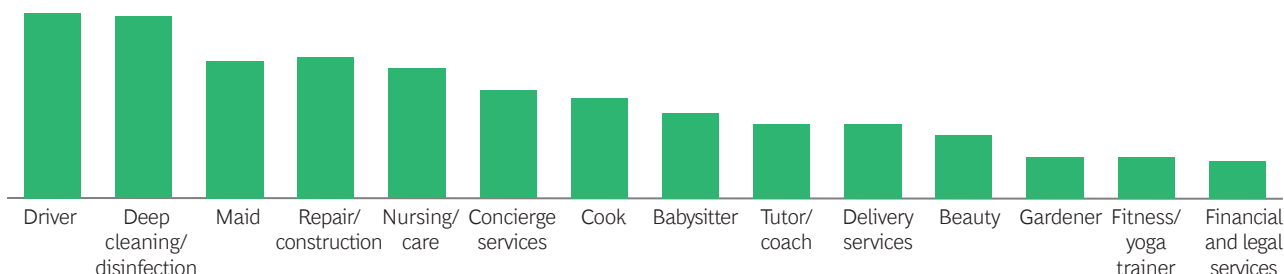
Note: The charts are indexed by relative importance

In addition, there is a higher bar on background verification, prior work experience or ratings, and price points when it comes to services related to repairs, deep cleaning, and beauty.

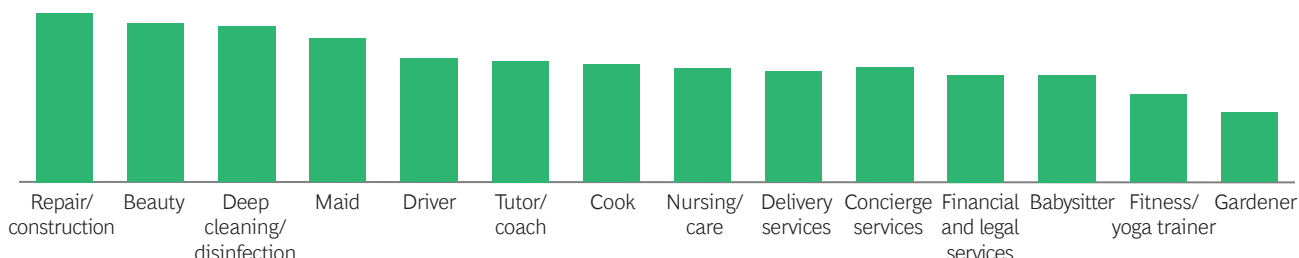
Exhibit 5.3

Emphasis on each prerequisite is valued differently by households

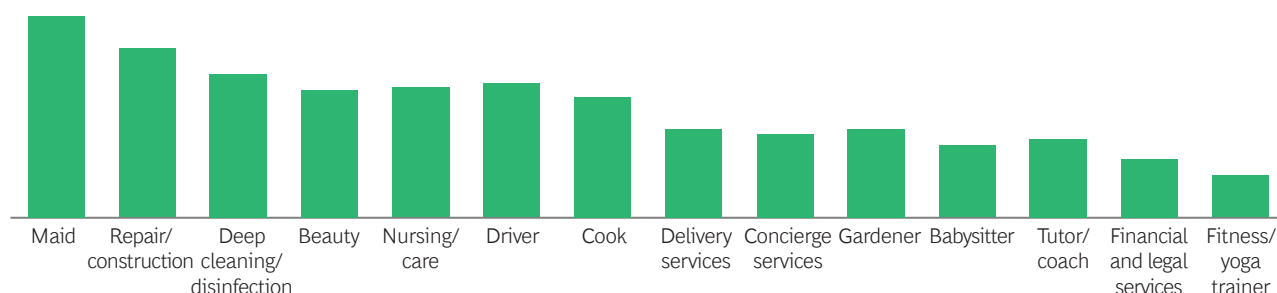
Percentage of respondents who rated **background verification** as a prerequisite to adopt platform-based gig workers



Percentage of respondents who rated **prior work experience and good ratings** as a prerequisite to adopt platform-based gig workers



Percentage of respondents who rated **reasonable pricing** as a prerequisite to adopt platform-based gig workers



Note: The charts are indexed by relative importance

Across the various services demanded, the following prerequisites and rationales are cited by households for hiring gig-based services:

- + Assurance of safety and loss protection feature prominently across household services. The sensitivity around availing at-home services and the need to trust an 'outsider' with entry into the home is reflected in this prerequisite. This becomes especially pronounced in the case of services that involve care or interaction with children (babysitters) or the elderly (nursing care). Safety is also cited for core household services such as maids, cooks, and drivers – but it is worth noting that these services were also identified as ones where households would utilize gig platforms only when the regular worker is not available.

- Background checks and validation of credentials are also cited by households as a key prerequisite to gig-based hiring, especially for services that involve qualifications and credentialing of some form such as financial or legal services, and repair and renovation services. In addition to criminal background checks, these include validation of the work experience and skills, transparency of user ratings, verified skill certifications, and educational and other qualifications.
- Pricing is another key prerequisite for households especially for infrequently used services and services that are viewed as non-essential. For such services, households indicate a willingness to forego the same if it is not available at the price and time of their choosing. However, they also indicate a willingness to pay a premium over offline hiring modes if quality, standardization, and transparency can be assured via the platform.
- Finally, availability of gig workers on-demand is an important factor for households. This is particularly true since most household services will be consumed ad-hoc – either when the regular worker (maid, cook, or driver) is not available, or for infrequently used services (deep cleaning or gardening).

Exhibit 5.4

Key prerequisites that households look for in gig workers



Safety assurance

Background check, police verification

Safety record and rating (especially drivers, security guards)

Health certification (COVID-19 negative certificate)

Assurance of hygiene maintainance (especially for beauty services)



Credentialing

Background check, police verification

Detailed record of past employment

Assurance of reputation and quality of work (especially financial and legal services)



Pricing

Economical as compared to full-time employment

Pay-per-hour / use options (especially cooks, event planners, fitness trainers)

Trial period options, deals



Demand-supply at scale

Availability whenever required (even during peak demand, especially for home cleaning)

ADDRESSING GIG WORKERS' PREREQUISITES IS KEY TO ENSURING AVAILABILITY AND SCALE

Platforms can only function effectively at scale if they are able to provide compelling value propositions to both the demand and supply-sides of the market. In this regard, it becomes critical to ensure availability of high-quality workers who have assurance of utilization (and thereby, income) via the platform.

As such, it is critical for platforms to deeply understand the target segments of workers, address the prerequisites, and alleviate the pain points to ensure that workers remain engaged on the platform. As detailed in Chapter 4 of this report, the specific prerequisites, opportunities, and challenges vary depending on the life stage, contribution to household income, and skill level of the gig worker. The most commonly cited prerequisites are recapped in Exhibit 5.5.

Key prerequisites for gig workers – specific levels of importance vary by segment of worker



Commitment to timely payment of salaries



Flexibility of timings



Provision of non-monetary benefits



Availability of skill trainings



Assurance of work and income



Transparency regarding value of payment

Broadly, gig workers' prerequisites focus heavily on their ability to earn a steady and assured income from the gig platform, as well as the flexibility of work. Together, these two prerequisites translate to platforms needing to balance available work and the number of workers on the platform. **Timely and transparent payments are two other prerequisites that emerge from our study of gig workers – reflecting the importance that gig workers place on shorter-cycle payments and the need to have clarity on how much cash-in-hand they will receive for each task that they perform.** Finally, workers in certain segments point to the **upskilling opportunities** (both in technical as well as soft and business skills) as a key determinant for their stickiness to certain platforms and/or willingness to continue in gig work. Surprisingly, across segments, there was **limited demand for non-monetary benefits** like life and medical insurance, low-interest credit, and working capital loans.



Prerequisites to gig-based services vary based on the industry sector, job-role, and household service being sought. They also vary by the segment of workers who could provide the service. Understanding the prerequisites of employers as well as workers to engage in and deliver gig-based services is a critical step to unlocking consistent demand and reliable supply on platforms. While some of these services can be provided by the platforms, we also identified five key services that can be aggregated across verticals and delivered by ancillary providers.

Chapter

6

In this final chapter of our study on the Gig Economy, we outline a holistic framework for unlocking the full potential of the gig economy in India. This includes a 4-layered roadmap that addresses pre-requisites, supporting services, public digital goods and public policy. In addition, this chapter also specifies action steps for stakeholders in the gig ecosystem to open-up the gig economy for India, as well as existing efforts that could be starting points in this endeavor.

What are the action steps for key stakeholders?

Most platforms in the gig economy today bring their offerings to the market by bundling a range of services and mini services from worker registration and validation of credentials to verifying demand generation and delivery, as well as maintaining a system of ratings, among others. Some of these technologies are developed and deployed by the platforms themselves, while others are outsourced to third parties. While this approach has allowed platforms to bring their services to market rapidly and achieve scale, unlocking the gig economy's full potential will require the broader ecosystem of public policy, information and data flow architecture, and supporting services. We see four key principles at the heart of such an ecosystem, to 'unbundle the stack' of information and services and unlock the gig economy's potential:



Worker-centric information and credentials



Standard inventory or language of skills and services



Common standards for credentialing and quality validation



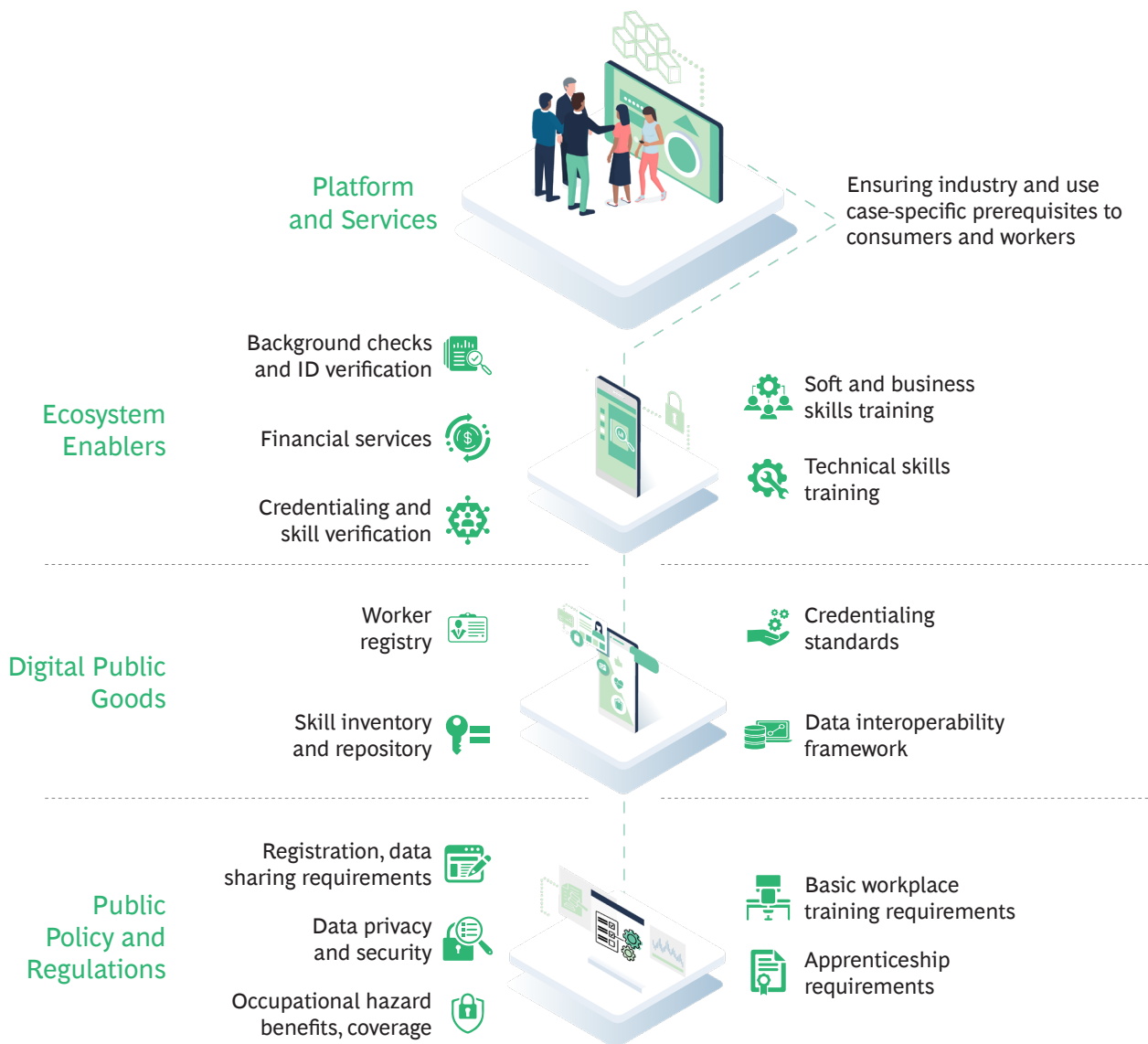
Interoperable data and data exchange protocols

To give shape to the above principles, we see the gig ecosystem consisting of several components that work together:

- ✦ **Platforms providing the gig services to end users:** The face of the gig economy to the market providing services and ensuring key prerequisites of employers and gig workers such as quality assurance, competitive pricing, transparency in price, and effort required for the selected task are fulfilled. Typically developed by the private sector, these platforms will be specific to use cases and services or to certain industries and demand centers like households.
- ✦ **Ecosystem enablers providing supporting services to platforms:** Certain prerequisites such as background verification, worker skill validation, training and soft skills development could be standardized and delivered by service providers to the gig platforms (as B2B services).
- ✦ **Digital public goods that serve as systems-of-records and interoperable framework:** Shared data repositories, common quality and delivery standards, and interoperable data and information frameworks are critical elements of the gig economy ecosystem; to provide systems of record as well as data exchange standards for the overall ecosystem to mature even as adoption increases over time. For example, a data interoperability framework (with adequate data protection standards), will enable information from across public (governmental) and private data sources to be utilized in tailoring service offerings, minimizing information asymmetries, and designing long-term public policy. The build of these digital public goods could be led by the social sector, with deep engagement from public, private, and social sector stakeholders to ensure buy in, usability and broad-based relevance.

✦ **Public policy and regulations governing the gig economy:** The gig economy also needs to operate within a conducive public policy and regulatory environment. That will drive its growth, while providing for adequate worker protection, consumer rights, and data privacy requirements. These include worker and platform registration requirements, benefits and social protection, and data sharing and privacy requirements, among others. Several public policies and regulations required to unlock the gig economy are already in place in various parts of India's digital economy; their sufficiency and adequacy will need to be assessed and built upon for the future.

Four elements together enable the gig economy ecosystem in India



PLATFORMS AND ENABLERS ARE KEY IN FULFILLING WORKERS' AND EMPLOYERS' PREREQUISITES

In the current scenario in India, the **gig economy is led by startups that have disrupted the ridesharing, food and package delivery, and at-home construction and repair services segments**. These early movers in the gig economy have capitalized on the trends towards asset sharing, on-demand services and the market opportunity presented by latent and unaddressed demand in these initial sets of spaces with growing interest from investors and users alike. Apart from ensuring a smooth user experience, many of these platforms also 'own' the various services and feature sets required to meet the needs of the demand and supply-sides of the gig economy. This includes providing the various prerequisites and enabling services. As presented in other chapters of this report, the specific prerequisites vary by the particular service and industry; still, across inputs received from corporates, workers, and households, 14 prerequisites are commonly mentioned. These are presented below as a list of minimum requirements to consider, curate and contextualize for the specific industry and service that platforms seek to serve; and develop compelling value propositions for both the supply and demand-sides.

Exhibit 6.2

Key prerequisites being addressed by the private sector

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
Gig worker prerequisites	 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
	 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

Many of the prerequisites in Exhibit 6.2 are typically provided by the platforms themselves, with some being outsourced to supporting service providers. However, from our study we believe five of the prerequisites could be aggregated and delivered across gig platforms:

- ✦ **Background check and verification services**, ranging from **identity verification** to comprehensive **criminal record checks**. These may partly migrate to real-time identity check systems with the advent of improved facial recognition and artificial intelligence technologies. For instance, Ola and Uber had roped in background verification agency AuthBridge to verify their driver-partners in 2015; they have now moved on to a real-time identification system that requires the driver-partners to take a selfie and self-verify their identity.
- ✦ **Verification and validation of credentials and skills**, including **qualifications** (educational and others), **certifications** (including skilling), **license checks** (driver's license, licenses essential to operate machinery in factories), and validation of **prior work experiences and key skills** that the gig worker has in his/her repertoire. For example, Lynk is a Kenyan gig platform that verifies skills and certificates of its gig workers with the help of external partner agencies.
- ✦ **Financial and other add-on services** to support existing platform features, such as various non-monetary benefit providers (life insurance, medical insurance, health insurance) as well as providers of low-interest credit schemes, and easy installment loans. These were leveraged by major gig economy players to support their workers during the COVID-19 pandemic. For instance, Urban Company offered interest-free business advances to its service partners. In the long term, provision of insurance cover for occupational hazards (especially in the construction and manufacturing sectors), transaction-level benefits coverage (loss prevention for a specific repair, or a single trip), could be services provided on a standalone basis; especially once public policy and regulations make these required for gig-based work.
- ✦ **Training services for business and soft-skills:** As gig work becomes increasing common, so will the need for soft skills (**communication skills, interpersonal skills, customer service skills**) as well as business skills (**finances, managing for profits, time allocation, personal profit and loss statements**). These are commonly cited as key barriers to workers taking up gig work – and is especially resonant among the informal workforce of India. For example, Grab (a ridesharing cab aggregator popular in Southeast Asia) hired an agency, Axonify, to provide training related to soft skills of financial literacy and English proficiency to its driver-partners. Over time the need for **basic language training** and workplace practices among others could also evolve to serve migrant workers who could be working in states and regions with different languages from their own.
- ✦ **Skilling services: Technical skills training including vocational and hands-on training** is another area that can emerge at scale in the long term to provide demand-responsive and market-relevant skills. With the emergence of widely used skill inventories, the skilling space will become even more prominent from the perspectives of both the gig worker and the platform in the expansion of the gig economy. Such skilling services are also critical to enabling the future of jobs and job training as traditional jobs are replaced with newer forms of labor utilization and job-types. Further, a deeper integration between training and work experience, in the form of **apprenticeship-based training programs** could potentially emerge in partnership between skilling providers and platforms (employers), especially in job categories with high-demand and low availability of workers. For example, GIG, a UK-based platform, runs an apprenticeship program as part of its skilling school (the GIG Academy). Today, this could be provided by an associated ancillary service provider (or an extension to the platform) in the long term, with the advent of regulations aiding this notion.

It is worth noting that in the absence of a robust gig ecosystem in India, many of these services are being and will continue to be delivered by the platforms themselves – to equip and validate workers with the minimum requirements to meet the services and industries that the platforms are targeted towards. Aggregating these services across platforms will in turn standardize and improve their quality, enable the

robust growth of the gig economy in India, and be utilized by non-gig employers to help formalize the low-income Indian worker.

These supporting services, in addition to meeting a key B2B market need, will also bolster the reliability of the prerequisites delivered by the platforms and drive further adoption. For example, a strong verification mechanism will build trust in the gig economy, while high-quality skilling services will ensure the supply of workers equipped with the latest and most relevant trainings for the work they do; and allow them to adapt to the evolving needs of customers.

DIGITAL PUBLIC GOODS AID IN UNBUNDLING INFORMATION TO ACCELERATE ECOSYSTEM DEVELOPMENT

A set of **common, portable, and secured public digital goods can serve to unbundle key elements of the information value chain and help unlock the gig economy** by creating the digital equivalents of ‘interchangeable parts’. Value chain elements including credentialing, worker’s work history, and quality standards along with the framework and protocols to enable interoperability between platforms; public goods and governmental repositories will accelerate adoption while reducing the barriers to entry for new services and offerings. In turn, this will create greater innovation of offerings, services, pricing, and delivery methods in the market. We see four key public goods that are critical to accelerating the growth of the gig economy.

- ✦ **Worker registry:** A registry of all **verified workers along with basic background check** information, that serves as a **system of record that is accessible across platforms**, is critical to creating a unified view of the worker, enable worker mobility (especially for credentials and work history) across platforms, design and deliver benefits and worker protection, and inform compliance and refinements to existing public policy governing gig workers.
- ✦ **Skill inventory and repository:** An **inventory of skills in various trades, repository of verified skills, prior work history for gig workers**, that can be **accessible to platforms as well as skill providers to leverage and contribute to**, is essential to aid employers in getting the necessary information to quickly onboard and deploy gig workers to platforms. The same repository can also aid relevant governmental agencies to design, deliver, and track gig worker benefits.
- ✦ **Credentialing standards:** Collectively agreed to **standards for validating work experience, skills, and qualifications along various competency dimensions. Linkages to registered skilling and credentialing providers** will help in the standardization of skill levels across the spectrum of gig roles.
- ✦ **Data interoperability framework:** A governing **interoperability framework, protocols and standards that permit and require authorized information flow between public, shared services and government repositories**. Such frameworks enable cohesion by bridging various service providers, public digital repositories, and governmental systems; and could be community-developed by various private and social sector stakeholders, along with governmental support and buy in.

A RUNNING START

India already has some elements of the above mentioned public goods in place. While some of these can and do directly cover gig workers, others do not. Nonetheless, we have listed these as starting points for the expansion of public goods for the gig ecosystem. These existing public goods include:

- ✦ The Code on Social Security, 2020, for example, already stipulates that all gig and platform workers are required to update their current address, present job, period of engagement with gig firms, skills, and mobile number on a portal specified by the central government to avail benefits and social security schemes.

- ✦ The National Skill Qualification Framework (NSQF) provides standardized levels of competencies and knowledge that are applicable across skill levels. In addition, over 30 Sector Skill Councils in India have defined job roles with detailed outcomes that are aligned to the NSQF. This current skill ecosystem provides a base for validating skill credentials across the country.
- ✦ Similarly, the Ministry of Electronics and Information Technology has launched policies on Application Programming Interfaces (APIs) and Open Source Software to facilitate interoperability within the government, while, at the same time, the Personal Data Protection Bill, 2019, is being evaluated by a Joint Parliamentary Committee.

While these starting points exist, it is essential to bring together stakeholders across the public, private, and social sectors to ensure the sufficiency, and the need for additional development of these public goods to cover potential use cases. In addition, a robust and responsive governance of these public goods will be critical to ensuring that their neutrality – for both employers and workers – is maintained, while being responsive to the evolving needs of the market.

CONDUCTIVE PUBLIC POLICY AND A ROBUST REGULATORY ENVIRONMENT ARE NECESSARY ENABLERS FOR THE GIG ECOSYSTEM

The gig economy's full potential can only be unlocked by operating withing conducive and relevant regulations and public policies for marketplaces to develop. This includes operationalizing mechanisms that recognize and encompass gig workers, such as putting in place worker protection, ensuring that their job search journey is smooth, and the longer-term objectives of workforce development are covered. In order to achieve this and meet the prerequisites outlined at the start of this chapter, we see five areas that existing and future public policy and regulations should cover:

- ✦ **Registration and data sharing:** Registration and data sharing by both platforms and workers, allowing information to be collected and collated to facilitate the development of the necessary digital goods, and bring the gig workers under the purview of the formal economy.
- ✦ **Data privacy and security:** Robust data privacy and security guardrails across marketplaces to ensure consent-based access and secured sharing and usage of data.
- ✦ **Medical, life, hazard, and other coverages:** Extending health, life, and workplace hazards insurance and other coverages to gig workers. In particular, workplace hazard coverage for workers in construction and manufacturing industries will be important to ensuring similar levels of coverage as traditional employees.
- ✦ **Basic workplace training:** Basic training requirements for gig workers, especially those related to safety and materials handling will be important to equalizing the standard of care associated with both traditional and gig work arrangements. Apart from essential safety training in some workplaces, gig workers are typically not required to undergo any other trainings. Implementation of regulations governing this space will enhance the inclusivity of gig workers under the umbrella of 'employees' and provide a significant boost to the adoption and maturing of the gig economy.
- ✦ **Apprenticeship requirements:** Predefining a certain percentage of platform-based workers as apprentices, who will further evolve into revenue-generating gig workers, will create an ongoing virtuous loop of training, worker supply, and skill development. The specific skills and trades for compliance could be determined by platforms, while such broad-based regulations can provide new entrants with training or skilling pathways as well as mechanisms for linking hands-on (apprenticeship-based) training providers with the sources of demand (platforms) in the long term.



On the public policy and regulation dimension in India, several of these are already in place – with several more in development as demonstrated in Exhibit 6.3.

Existing and in-development regulations that can cover the gig economy



Registration and data sharing requirements

Code on Social Security, 2020, recognizes and extends benefits to gig workers



Data privacy and security assurance

Personal Data Protection Bill, 2019, will lay down transparency and accountability measures for employee data processing



Medical, life, hazard, and other coverages

Occupational Safety, Health and Working Conditions Code, 2020, collates existing regulations in this space, but does not explicitly mention gig workers



Basic workplace training requirements

Existing Sector Skill Councils are involved in outlining job requirements



Apprenticeship requirements

Apprenticeship Act, 1961 and the realigned National Apprenticeship Promotion Scheme cover apprenticeship requirements across sectors and industries

- Code on Social Security, 2020, for example, extends social security benefits to gig and platform workers. It also mandates the National Social Security Board to formulate suitable interventions for the welfare of gig and platform workers.
- Personal Data Protection Bill, 2019, has already been introduced in the Parliament, which will provide for protection of personal data of individuals, create a framework for processing such personal data, and establish a Data Protection Authority for the purpose.
- Occupational Safety, Health and Working Conditions Code, 2020, brings together and updates several existing codes relating to workplace safety and occupational standards under one unifying code.
- Basic workplace training and apprenticeship requirements are addressed to an extent by the skill development ecosystem, led by the National Skill Development Corporation (NSDC) and Sector Skill Councils (SSCs). Existing qualification packs for the job roles defined by the SSCs ensure that students focus on building occupational knowledge and safety, customer centricity, and professional skills.
- Further, the Apprenticeship Act, 1961, and the corresponding National Apprenticeship Promotion Scheme mandates that all establishments with 30 or more employees are required to undertake Apprenticeship Programs in a range from 2.5 to 15 percent of its workforce (including contractual employees) every year.

Similar to our recommendation on public digital goods, the adequacy of these existing regulations needs to be assessed and additional requirements identified that can enable the unlocking of the gig economy in the long term. For example, the Occupational Safety, Health and Working Conditions Code, 2020, does not explicitly call out gig or platform workers. Therefore, a further deep dive will be required before identifying the appropriate public policy changes and advocacy to be undertaken to facilitate the opening up of the gig economy.

IN SUMMARY

India has seen tremendous growth in the gig economy in the last few years. The emergence of successful gig work platforms further points to the existing need and tremendous opportunity that the gig economy represents. It must be noted that the ‘gig economy’ is not a new sector per se; rather it is an evolution in the way that work, and workers are sought out, contracted, and compensated. As our report has illustrated, its applicability spans nearly all sectors of the economy and holds great potential to create jobs and livelihoods for millions of low-income workers, while unlocking economic value and GDP growth.

Each of the four elements outlined in this chapter – platforms, ecosystem enablers, digital public goods, and regulations – is a key component to ‘unbundling the stack’ and unlocking the full potential of the gig economy in India. Concerted efforts across industry bodies, market players, social sector players, and public-private actors are needed to build the respective elements of the ecosystem that can work together to unlock the gig economy’s potential for India.

Efforts needed across players to unlock the gig economy



Private sector players

- Explore opportunity areas to expand provision of gig-based services
- Ensure that the right mix and set of prerequisites are met and necessary support services are provided by ancillary providers
- Expand the gig economy opportunities in the four key sectors



Social sector players

- Bring together coalitions of various stakeholders to build the necessary public goods
- Invest in advocacy and analysis related to private and public reforms



Government players and Public-Private Partnerships

- Identify and assess existing laws and regulations that can be extended to cover the gig economy to promote its growth environment while ensuring worker protection

As discussed in detail in Chapter 3, our estimates indicate that with the potential to migrate up to 90 million jobs to technology-enabled gig platforms, up to nine percent of India's GDP could potentially be delivered as gig work; leading to an incremental contribution of ~1.25 percent to India's GDP over the long term. This incremental contribution is only from unlocking market-making efficiencies and unlocking latent demand. Once the collateral benefits associated with the formalization of informal workers and financial inclusion are considered, the benefits accruing to India from the gig economy could be even larger.



The gig economy's potential for India is truly exciting. And India already has multiple starting points to bring together prerequisites, supporting services, public goods, and public policy to unlock the gig economy for India and its workforce. Bringing together a coalition of private, social, and public sector stakeholders, philanthropies, and investors could orchestrate and unleash the potential of gig economy at scale and contribute to India's growth; creating jobs and livelihood pathways for millions of low-income workers across the country.

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