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Gig Economy: Challenges And Opportunities In India

Sanjeev Kumar Gangwar Assistant Professor Department of Business Administration

Assistant Professor Department of Business Administration

Bharat Veer Gangwar Assistant Professor Department of Mathematics

ABSTRACT

The opportunities and difficulties associated with the gig economy's rapid expansion are examined in this study. The gig economy is a mode of employment where individuals work for themselves or on a contract basis, getting paid for each task they do. Freelancer.com, a global marketplace for crowdsourcing and freelancing, claims that India is among the top nations in the world with a growing gig economy culture. India is seeing the following major trends in the gig economy: The number of retirees working gigs is increasing, blockchain-based payment systems are becoming more prevalent, blockchain-based marketplaces are emerging, technology is taking over the employment process, and more contract workers are being hired by well-established businesses. The gig economy helps the economy in several ways, including reducing unemployment, increasing labour force participation, boosting demand, and increasing productivity. Increased service availability and better matching that better meets their demands could be advantageous to both consumers and enterprises. It also presents numerous difficulties: It lowers salaries. Working lives become episodic as a result. It shifts the risk to regular people, which leads to increased stress and mental illness. Pensions, sick pay, holiday benefits, and parental leave are not provided by gig work. Lending to persons with unstable employment makes mortgage providers cautious. The recommendations for businesses, individuals, and the government to help them take advantage of the gig economy are also included in the report.

I Introduction

The fourth industrial revolution is already upon us, bringing with it a completely new combination of automation and computers. Robots will be remotely controlled by computer systems that are outfitted with machine learning algorithms that can operate the robots with little assistance from humans. Marr (2016) The way that people and organizations interact and work together is being completely transformed by the digital revolution. Exciting chances, fresh approaches to global problems, and job openings for unimagined occupations are all part of the fourth industrial revolution. However, it also carries the risk of technological unemployment, which puts downward pressure on social agency and income security while society adjusts to the new normal. Martin (2017) The global economy will be affected in a variety of ways when whole families of work activities become more automated. For example, the nature of work will change, job roles will be redefined, and some job positions will become obsolete, which will lead to the emergence of new occupations and roles. For the present workforce and the developing talent pipeline, these shifts are bringing in a new era of learning that is continuous, agile, and mobile. (Report from EY) Due to these significant developments, the gig economy has emerged, where people work independently and in jobs that don't require a 9 to 5 schedule.

This trend is starting to emerge in India as well, following industrialized nations. The concept of labor itself is changing as a result of demographic advantages, technical breakthroughs, and the growth of digitization. The nation's employment situation is changing quickly overall. Job creation is no longer accurately represented by current job surveys that concentrate on employment in the conventional sectors. New work ecosystems are emerging as a result of the expansion of the technology-based and e-commerce industries, and these are quickly becoming significant sources of employment. Informal employment is very widespread and is still growing in industries like retail and infrastructure. (Report from EY)

The way a significant portion of the workforce earns a living is very different from the widely held belief that employment is a regular 9–5 job with a single employer. We refer to this important development as "independent work," and it includes millions of self-employed, freelancers, and temporary workers, as well as people who sell things on eBay, drive for Uber, or rent out apartments on Airbnb. McKinsey (2016) This type of employment is known as the gig economy.

In contrast to working for an employer, the gig economy is defined by the Cambridge Dictionary as "a way of working that is based on people having temporary jobs or doing separate pieces of work, each paid separately." Gigs are assignments or pieces of work completed for various clients over a predetermined amount of time. In India, the gig economy and freelancing are expanding quickly due to the rise of e-commerce and start-ups. Businesses are favoring freelancers or contract workers in order to lower the expenses associated with maintaining a permanent staff.

Additionally, young people are favoring "independent work." Many people are choosing gig labor over corporate positions due to its consistent flow of work, flexibility, learning opportunities, and improved work-life balance. According to a Paypal study, 41% of Indian freelancers have experienced growth in the

last 12 months, and one in four freelancers are from India. According to another industry report, India's gig economy might reach \$20–30 billion by 2025. (Online Preschool)

Three characteristics distinguish independent work: a high level of autonomy; payment based on sales, tasks, or assignments; and a brief client-worker connection. As digital platforms build expansive, effective markets where employees may interact with service consumers, independent work is changing quickly. The stated goals of traditional workers to become independent, the sizable unemployed and inactive populations who want to work, and the growing demand for independent services from both consumers and organizations are some of the additional factors that could contribute to the growth of the independent workforce as this digital transformation takes place. McKinsey (2016)

Freelancer.com, a global marketplace for crowdsourcing and freelancing, claims that India is among the top nations in the world with a growing gig economy culture. India is becoming the third-largest online labor market, per an EY analysis. According to the 2016 Online Labour Index survey, 5.9% of all projects and tasks posting for online labor were from Indian businesses, with software development and technology projects accounting for 45% of these postings. This pattern points to the evolving nature of work in the IT-BPM industry. Thus, the benefits and challenges associated with the gig economy's rapid rise are examined in this study.

II Review the Literature

In their 2017 paper "Future of Work in a Digital Era: The Potential and Challenges for Online Freelancing and Microwork in India," Kathuria R, Kedia M, Varma G, Bagchi K, and Khullar S evaluate the expansion of microwork and online freelancing in India as a chance to work independently and temporarily due to the emergence of web-based platforms that connect talent with companies. Microwork and online freelancing have become lucrative opportunities in what is essentially India's unorganized labour market. The digitally enabled workforce maximizes productivity and finds job opportunities along the spectrum of basic to complicated corporate activities. The study reveals that online platforms, including training facilities that prepare their users for technological advancements, are always developing to enhance freelancer engagement in this rapidly growing ecosystem. Platforms have also admitted to early problems with payments, bids, and website navigation; algorithmic updates are meant to make it easier for clients and independent contractors to utilize the platforms.

In her 2017 study, "GIG Economy and Its Impact on India," Tyagi, Akansha The situation of independent contractors in India is covered in the paper. It also looks at how the gig economy affects the Indian labor market and how regulations affect independent contractors. The paper claims that the gig economy will present three difficulties: a corporate culture that is insensitive to part-time and contingent workers, legal or regulatory uncertainty, and a lack of understanding among leadership. The paper suggests adding skills-based gig workers to traditional job classifications, updating employee policy assessments and evaluations, and implementing significant labor law reforms.

Mckinsey Global Institute. (October, 2016). In their report 'Independent Work: Choice, Necessity and the Gig Economy' reveals that 20 to 30 percent of the working-age population in the United States and the EU-15, or up to 162 million individuals, engage in independent work. This is based on analysis of existing data as well as an extensive MGI workforce survey across six countries. According to the report, independent work has three defining features: a high degree of autonomy; payment by task, assignment, or sales; and a short-term relationship between worker and client. The report discusses the benefits that independent work could have for the economy: cushioning unemployment, improving labour force participation, stimulating demand, and raising productivity. Consumers and organizations could benefit from the greater availability of services and improved matching that better fulfills their needs. Workers who choose to be independent value the autonomy and flexibility. Increased service availability and better matching that better meets the demands of consumers and organizations could be advantageous. Employees that opt for independence like the freedom and adaptability. Independent job has drawbacks despite its advantages. Benefits, income security measures, credit availability, training, and qualifications are among the areas that still require attention. While some of these could require regulatory changes, others might be resolved by new mediators and entrepreneurs.

In their paper "Future of Jobs in India: A 2022 perspective," Ernst & Young (EY) thoroughly analyzes five industries: IT/ITES, retail, financial services, textile & apparel, and auto. It examines the effects of three main factors: demographic shifts, globalization, and Indian businesses' embrace of exponential technology. It adopts a well-informed outlook on the future based on theories formulated through secondary research and confirmed by specialists, business executives, and academics through in-person contacts. According to the report, how India responds to the unavoidable effects of the interaction of three main forces—globalization, demographic shifts, and the adoption of Industry 4.0 exponential technologies by Indian industries—will decide the country's employment situation in 2022. It is anticipated that these three main forces will have a disruptive effect on industries like IT-BPM and BFSI, while having a less significant effect on core manufacturing industries like leather and clothing.

III India as Gig Economy

India's gig economy is expanding quickly. The top 5 trends that the Indian gig economy is seeing are covered by Proschool Online:

(1) The retired population is taking on gigs: Since contractual work offers flexibility, many people are taking on gigs after retirement. In order to prepare for the changing market, some are even reskilling themselves.

(2) Blockchain-based payment system: The inability to make payments is one of the main issues facing India's independent workers. The amount and method of payment received are scarcely transparent. The costs charged to freelancers by numerous centralized online markets, such as Fivver, Upwork, and

Freelancer.com, range from 5% to 10%. Cryptocurrencies and blockchains are also being utilized to settle payments.

(3) The rise of marketplaces based on blockchain technology: Digital marketplaces are useful for bringing together employers and independent contractors. In addition to listing new gig workers, these marketplaces assist them in creating a profile and posting reviews.

(4) Technology takes over hiring: Thanks to technology, firms and employment agencies can now gather and analyze detailed information about gig workers. These days, recruiters can better match freelancers' skills and working patterns to project requirements with the aid of artificial intelligence. Businesses will be able to select the best type of employee for their projects with the help of comprehensive data and analytics.

(5) According to a poll conducted by Flexing IT, an online marketplace for consultants, established businesses are looking to hire more contract workers. In 2016, start-ups accounted for 50% of the demand, while larger organizations made up 20%. Established businesses are also searching for contract labor to cut expenses.

India's gig economy is expected to expand overall. An EY survey claims that Indians are accepting a variety of jobs in the gig economy and on-demand work:

- Working as a freelancer
- "Uber" models
- Self-employment and entrepreneurship models in an e-commerce company's employment ecosystem
- The delivery of knowledge services in developing sectors made possible by technology

The three main megatrends (EY Report) that are fueled by demographic shifts are responsible for the growth of the gig economy in India:

- The middle class is growing.
- A large percentage of the population is young.
- A rise in urbanization

IV Opportunities and Challenges

India's gig economy is expanding quickly. A sizable population that speaks English and a thriving IT industry have contributed to the growth of the gig economy and the atmosphere for independent work. It does, however, present both opportunities and challenges.

Opportunities

Artificial intelligence and other technological developments have the potential to completely destroy jobs. Through online microwork and freelancing, it might be transformed into a chance for at least a portion of the millions of young and new workers to obtain employment. It gives the nation's large pool of unorganized laborers—women in particular—a chance. The platforms' flexibility may be well suited to the needs of a changing society that seeks autonomous, satisfying sources of income that only require part-time employment.

(Kathuria R, Bagchi K, Khullar S, Varma G, Kedia M (2017)) The economy may gain from independent work by reducing unemployment, increasing labor force participation, boosting demand, and increasing productivity. Increased service availability and better matching that better meets the demands of consumers and organizations could be advantageous. Employees that opt for independence like the freedom and adaptability. McKinsey (2016)

The following is a discussion of some of the opportunities and benefits:

1. Reducing unemployment: As a developing nation, India faces the difficulty of giving everyone access to work opportunities. Due to scheduling flexibility, the gig economy has increased employment availability and labor force participation.
2. Cost reduction: By creating a parallel job market within their company, which consists of both high-paid commitment employees and lower-paid freelancers, employers can get rid of inefficiencies and cut expenses. In order to get specialized talent, Fortune 500 organizations are increasingly using online freelance marketplaces. Some Indian businesses discover that traditional hiring procedures don't always fit with their business needs. According to case studies of Fortune 500 organizations, teams used to decide what work was done, but today the team's makeup is decided by the job. In addition, businesses no longer have to choose between permanent staff and independent contractors. Bagchi K, Varma G, Kedia M, Kathuria R, and Khullar S (2017)
3. More women could join the workforce: Encouraging the gig economy would also create new opportunities for women to join the workforce. Women with advanced degrees and skills who are unable to work full-time in the corporate sector may be able to find alternative methods to earn money. This might also be a significant way to raise India's GDP. (Report from EY)
4. Flexible work arrangements: Since they free up time for other crucial activities, such as further education, many skilled workers are embracing independent employment and flexible work initiatives.
5. As artificial intelligence has advanced, it is now feasible for robots to select the best candidates for each profile. It can aid in raising an organization's level of production.

Challenges

Despite its potential, this industry faces numerous societal and regulatory obstacles. Given that microwork and online freelancing are relatively new phenomena that have a big impact on how labor markets operate, the latter is only to be expected. On the social side, the common view of online freelancing is usually a long-standing barrier to expansion. One stakeholder brought out how, in Indian society, independent contractors were viewed as "second grade" compared to those who had permanent positions. The older generation continues to view the security and stability of a regular "9 to 5" job as a better alternative. The freelance market may suffer in the future as a result of this seeming mentality. Freelancers' inconsistent income—in certain circumstances, they must spend months without work—often supports this image (Kathuria R, Kedia M, Varma G, Bagchi K, Khullar S, 2017). The gig economy has a well-established case against it. It lowers salaries. Working lives become episodic as a result. It shifts the risk to regular people, which leads to increased stress and mental illness. Pensions, sick pay, holiday benefits, and parental leave are not provided by gig work. Lending to persons with unstable employment makes mortgage providers cautious. Gigs are one-on-one interactions between the contractor and the client; they are difficult to keep an eye on and are prone to exploitation. They are also challenging settings for trade union organization, at least when utilizing traditional methods. (World Bank, 2016)

V Recommendations

Recommendations for the companies

Both individuals and businesses can gain from the gig economy. Businesses should establish the setting and human resources tools necessary to engage with "independent workers." Businesses can take use of the skills of the possible laid-off workers by using the internet economy approach: Hiring will inevitably slow down and layoffs will result as industries use exponential technology to solve inefficiencies and create more competitive business models. Employers can help laid-off workers become gig or internet workers or entrepreneurs by providing them with reskilling, counselling, and mentoring. They can use their current skills to support legacy systems. By giving them access to company training modules and their newly acquired skills, which can be used to assist the firm's resource capacity ramping and utilization goals, their individual reskilling efforts can be encouraged (World Bank 2016).

Recommendations for the individuals

People should constantly reskill or upskill themselves in the ever-changing workplace. People must understand that the current paradigm of formal education up until the age of 20 to 25 is being gradually overturned, followed by employment and experience learning for the remainder of our lives. Making their own life meaningful and enriching in the new economy is their responsibility. In terms of learning opportunities, they must utilize the enabling ecosystem that is offered by the government and the organizations they work for.

Embrace the online economy: People must understand that the days of working for a firm or several companies for 25 years may be coming to an end. The employment arrangements of the future may combine gig labor patterns with employee arrangements. They must comprehend the significance of contractual labor and project-based work arrangements and weigh their advantages. These new methods of working ought to be regarded as the main source of income and as pertinent as any other kind of employment. Additionally, this would affect society, which places a high emphasis on job stability. (World Bank, 2016)

Recommendation for the Government

To gain from the gig economy, the government may play a big part. It must eliminate obstacles to market regulation. The ability to hire contract labor should be granted to organizations. Meanwhile, the government's job is to protect the rights of independent and contract workers. Like normal employees, gig workers and contractual workers must be protected by minimum wages, maternity benefits, and other social requirements. Appropriate labor legislation must be created for the same. Combining traditional job descriptions with skills-based gig workers, updating employee policy assessments and evaluations, and implementing significant labor law reforms are all suggestions made by Tyagi and Akansha (2017). The government must create a pool of skilled workers by collaborating with industry and educational institutions. Fluency in English and a basic understanding of IT will assist create jobs in the global economy. India is pursuing this goal through its "Skill India" initiative. In addition to training initiatives, increasing awareness through workshops and advertising can encourage prospective employees to retrain or upskill in order to meet the demands of emerging technology. Potential employees can be given access to basic infrastructure, such as computers and the internet, as well as instruction on how to sign up and receive payment on online platforms.

VI Conclusion

The gig economy is growing in the current fourth industrial revolution age and has the potential to greatly help emerging nations like India. Collaboration between the government, employees, and educational institutions can help turn obstacles into possibilities. The extent of the gig economy in India will be largely determined by labor regulations and government policy. Because they will need to reskill or upskill in the ever-changing environment, people must also be prepared for lifelong learning.

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