



CURRENT AFFAIRS



Argasia Education PVT. Ltd. (GST NO.-09AAPCAI478E1ZH)
Address: Basement C59 Noida, opposite to Priyagold Building gate, Sector 02,
Pocket I, Noida, Uttar Pradesh, 201301, CONTACT NO:-8448440231

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GIG ECONOMY

This article covers "Daily Current Affairs" and the topic details "Gig Economy". The topic "Gig Economy" has relevance in the Governance section for the UPSC CSE exam.

Relevance of the Gig Economy

For Prelims:

What is the Gig Economy?

What is the Legal Framework for Gig Economy Workers?

For Mains:

GS 3: Economy

What are the key drivers of the Gig Economy?

What are the issues related to the Gig economy?

What are the relevant solutions?

Why in the news?

Recently the Rajasthan government is working to bring a law for gig workers.

What is the Gig Economy?

A Gig economy refers to a market system that operates on a freelance or temporary basis, where organisations engage with independent workers for short-term assignments.

What is a Gig Worker?

A Gig worker is an individual who performs work or takes part in a gig work arrangement and receives compensation for such services outside of the conventional employer-employee setup.

What is the Legal Framework for Gig Economy Workers?

- **Existing Legislation:** The Code on Wages, 2019, establishes a universal minimum wage and floor wage across organised and unorganised sectors, including gig workers. Additionally, the Code on Social Security, 2020, recognizes gig workers as a new occupational category.
- **Associated Issues with the Security Code:**
- **Lack of Guaranteed Benefits:** The Code on Social Security Bill, 2020, provides that platform workers are eligible for benefits such as maternity benefits, life and disability cover, old-age protection, provident fund, employment injury benefits, and more. However, eligibility does not guarantee that these benefits will be received. The Central government can create welfare schemes that cover these aspects of personal and work security from time to time, but they are not guaranteed.

- **Unclear Responsibility:** The Code stipulates that the provision of basic welfare measures is a joint responsibility of the Central government, platform aggregators, and workers. However, it does not specify which stakeholder is responsible for delivering what quantum of welfare.

What are the key drivers of the Gig Economy?

There are several key drivers of the Gig economy, including:

- **Technological Advancements:** Advances in digital technology, particularly the rise of mobile devices and cloud computing, have enabled workers to connect with potential clients and customers from anywhere and at any time. This has created new opportunities for freelance workers to find work and for businesses to access a wider pool of talent.
- **Changing Attitudes Towards Work:** Many people today value flexibility and autonomy in their work, and are willing to trade the stability of a traditional job for the freedom of self-employment.
- **Economic Pressures:** The uncertain economic conditions and increasing competition have made many organisations seek ways to remain agile and cost-effective. The gig economy offers organisations an opportunity to tap into a flexible and cost-efficient workforce, which allows them to scale up or down quickly to meet their needs.
- **Demographic Shifts:** The emergence of younger generations, who are more comfortable with technology and prioritise flexibility and work-life balance, is also driving the growth of the Gig economy. Additionally, older workers who are looking to supplement their retirement income are also turning to gig work.
- **A Start-up Culture Emerges:** Start-ups, being cautious of high fixed costs, have turned to hire contractual freelancers for non-core activities. Moreover, start-ups are increasingly seeking out skilled technology freelancers for specific projects in areas such as engineering, product development, data science, and Machine Learning (ML) to enhance their tech platforms.

What are the issues related to the Gig economy?

While the Gig economy offers several benefits, it also presents various issues, including:

- **Lack of Job Security:** Gig workers do not enjoy the same level of job security as traditional employees. They often work on a project-by-project basis and may not have a steady stream of income or benefits such as health insurance or retirement plans.
- **Unequal Treatment:** Gig workers are often treated differently from traditional employees, with limited access to legal protections and benefits. For instance, they are not entitled to minimum wage, overtime pay, or unemployment benefits.
- **Income Inequality:** The Gig economy has led to income inequality, with some workers earning significantly more than others. This is often due to the availability of higher-paying gigs in specific industries or geographic locations.
- **Lack of Regulation:** The Gig economy is largely unregulated, and there is little oversight of the relationship between gig workers and their employers. This can lead to exploitation and abuse, such as non-payment for services rendered or unsafe working conditions.
- **Lack of Social Interaction:** Gig work is often solitary, and workers may miss out on the social interaction and collaboration of traditional employment.

What are the relevant solutions?

There are several potential solutions to address the issues related to the Gig economy:

- **Legal Protections:** Governments can introduce new legal protections for gig workers, such as minimum wage laws, health insurance, and unemployment benefits. This would help to ensure that gig workers are treated fairly and have access to essential benefits and protections.
- **Collective Bargaining:** Gig workers can form unions or other forms of collective bargaining groups to advocate for their rights and interests. This would give them more bargaining power in negotiations with employers and help to level the playing field.

- **Platforms for Benefits:** Some companies have started to offer platforms for gig workers to access benefits, such as health insurance, retirement plans, and other services. These platforms could help to fill the gap in benefits for gig workers who may not have access to traditional employer-provided benefits.
- **Skill Development:** Governments and private organisations can invest in training programs and skill development initiatives to help gig workers develop new skills and increase their earning potential.
- **Technology-Based Solutions:** Technology-based solutions such as blockchain, smart contracts, and reputation systems could be used to provide gig workers with greater security and more transparent relationships with their employers.

Overall, these solutions aim to create a more equitable and sustainable Gig economy, where gig workers are treated fairly and have access to essential benefits and protections.

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Mohit Pratap Singh

