



Platform Based Gig Economy

Policy Perspectives To Drive An Atmanirbhar Sector

Smahi Foundation of Policy and Research

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About Smahi Foundation of Policy and Research

Smahi Foundation of Policy and Research is a non-profit organization based in Bengaluru. The word Smahi stands for progress. Smahi Foundation of Policy and Research (Smahi) works towards forward-looking policy making and harmonization of stakeholder views on issues of public policy to lead India towards progress. We focus on technology-led solutions to spur creation of stronger public digital infrastructure.

Authors



Ritu Bhandari
Head of Research, Smahi

Ritu Bhandari is a Chartered Accountant by profession, with extensive experience working in the banking industry.



Nimish Joshi
Director, Smahi

Nimish Joshi is an engineer and MBA, with experience in conceptualizing, funding and scaling technology businesses.



Aashish Chandorkar
Director, Smahi

Aashish Chandorkar is an engineer and MBA, with global experience running management consulting businesses.

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Contact Us: +91 97300 13314 | chandorkar@gmail.com

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Definitions

Gig worker

Gig workers refer to workers outside the “traditional employer-employee relationship”.

Platform worker

Platform workers are those who are outside the “traditional employer-employee relationship” and access organisations or individuals through an online platform and provide services or solve specific problems in return for a payment. Ergo, all platform workers are gig workers but all gig workers are not platform workers.

Blue-collar platform worker

‘Blue-collar platform workers’ are the platform workers engaged with platform-based cab services, food delivery, home delivery and home service providers such as drivers, delivery executives and service personnel.

Executive Summary

From a base of 10 million workers and increasing at a CAGR of 25 per cent, the gig ecosystem will have significant knock-on effects on the Indian economy as it doubles in size by FY23 and leave the same footprint over the next three years as it did in the last decade. The gig economy will impact every major sector in India, transforming the way India consumes. With a large working population of over 500 million, India needs to create jobs at a record pace to provide employment to the reportedly one million youth that get added to the workforce every month. Given the right impetus, the platform-based gig economy can generate millions of jobs in the future.

A National Registry of blue-collar platform gig workers can help boost this as back-ground checking and tracking of workers becomes smoother. Dissemination of social benefits would also become much easier. Easier access to loans can accelerate the platform workers' journey towards micro entrepreneurship. Opening up of bike taxis and bike pooling can provide a big income earning opportunity for the 200 million bike owners in the country while driving more efficient asset utilization. A revamp of the skilling infrastructure can make these professions aspirational while offering a proxy for a certain quality standard. Implementation of a digital door numbering program can ramp up efficiency of the gig economy while opening up areas unserved by current gig platforms generating significant employment opportunities.

Through the Covid-19 driven lockdown, platform workers have been operating at the frontline carrying people around and delivering essential and non-essential goods at consumer doors. These workers have operated at an amplified risk just like doctors and municipal workers, without commensurate recognition and rewards. The government should leverage the platform companies to expand social welfare coverage for these unsung Covid-19 warriors.

The platform companies are key vehicles for driving the expected growth in gig economy and excessive regulation can put significant financial and administrative burden threatening their own financial viability and sustainability. This was evident in August 2020 in the United States of America (USA), when Uber and Lyft were very close to temporarily suspending operations in California. Regulations need to balance the social and economic objectives of the government with core business objectives of the platforms – fast growth and profitability. Platform companies need significant foreign capital to sustain growth and government needs to incentivise investment into this sector to drive mass employment generation.

Platform-based Gig Economy in India

Characteristics of a Platform-based Gig Economy

Platform workers can be understood as the people who participate in a work arrangement system where they earn livelihood via activities outside the traditional relationship between employer and employee. They access organisations or individuals through an online platform and provide services or solve specific problems in return for a payment.

Digital platforms have emerged as big enablers for employment creation. The platform-based gig economy is comprised of three fundamental segments: the consumers who need a particular assistance, for instance, a ride or a food delivery or a service; the platform workers who get paid for the gig; and the application-based aggregator companies that interface the platform worker to the customer. In segments such as home delivery applications, there is also a fourth leg - restaurant (food delivery) or the merchant (grocery/ e-commerce).

In this report, we focus on the platform-based gig economy as characterised by short-term work arrangements which do not fall in the traditional employer-employee relationship structure, for blue/ grey collar workers like drivers and delivery staff on technology platforms which act as aggregators, to match the demand of consumers with the service providers.

Workers or independent contractors get paid for each gig or job they do instead of receiving a fixed salary and this very principle is the basis of all internet applications that involve this temporary workforce. In a platform-based gig economy, companies tend towards hiring independent contractors instead of full-time, permanent employees. Thus, a shift from a full time 9-to-5 job to an on-demand, freelance and task-based economy. Several companies pay their partners, be it drivers or delivery executives or other such personnel, according to the number of deliveries or number of kilometres clocked in a day or in a month or as per the schemes, that these companies put in place. These partners can undertake various tasks of similar or different nature with different companies since they are not in permanent employment of any establishment.

The rise of platform-based gig economy work is attributed to its flexible work hours, independence, side-income, portable work among others. As the work is job-specific, workers have the flexibility to switch between platforms and choose the hours of work. This relationship is rather symbiotic and both parties have equal freedom to look for options that cater to their needs. The burgeoning millennial workforce, which tends to change jobs often, leverages technology to select the workplaces offering the flexible job that best suits them, is driving the creation of this platform-based gig economy. Semi-skilled work dominates India's platform-based gig economy.

Platform workers cannot be compared to the employment contract based salaried employees and the social security benefits have to be tailored as such. The platform worker is an independent contractor who though has to work as per the norms of the company, may join or leave the job at any time without there being any contractual obligation on him, leading to high attrition levels. These platform workers have no guarantee till when they would perform the role for which they are

hired nor is there any stability as to when they may leave the work. Opportunistic switching between platforms, while on the job is also very common. For instance, most Delivery Executives (DEs) for food delivery platforms, work only for a short duration as income augmentation. Some DEs only work occasionally during festival period or weekends.

Drivers can just log off from their devices and do personal bookings in peak seasons. There is no minimum amount to earn or number of rides to perform per day, although there is a minimum for receiving an incentive. The platform also enables competition, thus improving performance and motivation levels. Competent drivers get a better rating, while complacent drivers get lesser trips.

In this scenario, it becomes difficult for a platform company to take any liability on its account in a traditional manner as tracing these workers at one place is difficult once they sign out of the respective portal. Therefore, the regulatory framework governing the platform-based gig economy needs to be structured keeping in mind such unique characteristics.

Size of the Platform-based Gig Economy

Global Overview

Although estimates of workers in the platform-based gig economy are hard to come by, they are estimated at over 70 million globally. The digital platform-based gig economy (including both blue collar and white-collar gig workers) generated a gross volume of approximately \$200 billion from worldwide customers in 2018. Transportation-based services contributed to over 50 per cent of this value. The size of the platform-based gig economy is projected to grow by a CAGR of 17 per cent and generate a gross volume of \$450 billion by 2023.

With 44 per cent of global transaction volumes originating from the USA, it is currently a leader in the platform-based gig economy. India has emerged as the fifth largest country for flexi-staffing after USA, China, Brazil and Japan.

Platform-based gig jobs face challenges in the future. They are the first kind of jobs that are far more likely to be eliminated or automated, through driver less cars or drone deliveries. However, automating jobs such as drivers will be harder in India given the country's unique challenges.

Indian Overview

Platform-based gig workers in India can be estimated at approximately 10-12 million. But the high and rotational attrition (which is when the same people move from one job to another) in the platform-based gig economy make exact estimates difficult. Platform-based gig jobs are seen mostly in large towns or cities that have higher job mobility which will continue to be the biggest drivers of growth, however tier 2, 3 and 4 cities are the next frontiers.

Platform-based gig economy business models:

Segment	Aggregator		
Cab services			
Bike-tax services			
Food Delivery			
E-retailing		 	
Grocery delivery	 <small>India's largest online supermarket</small>		

Segment	Aggregator		
e-Pharmacy	 netmeds™ <small>India Ki Pharmacy</small>	 PharmEasy	
Service listing	 housejoy.in	 UC	
Logistics	 DELHIVERY <small>Small World</small>	 Ecom Express	 Wefast

Source: various newspaper articles

The key platform-based gig economy business models are digitized cab services, food delivery, grocery delivery, medicine delivery, e-retailing, and service providers. The platform-based gig workers are web application or mobile application-based.

The number of rides on the shared mobility platform had grown from 1 million per day in 2015 to 4 million at the end of 2019. Ola and Uber India have a 95 per cent share of the country's platform-taxi market. According to an estimate, India's platform-based ride-hailing market is estimated to grow to \$15 billion by 2025. This is also attributable to rising disposable incomes in Tier-1 and Tier-2 cities.

Significance of Platform-based Gig Economy

Deeper penetration of smart phone and internet, vibrant start-up ecosystem of platform companies, foreign direct investment (FDI), rising urban affluence, affordability (e.g. cab rides), semi-skill gigs, inherent flexibility of platform-based gig work, easy entry level jobs in the formal sector have driven the growth of platform-based gig economy in India.

Given the rapid growth of India's working population, the employment generation capability of a gig economy has helped many within the labour markets to become employed. Platform-based gig economy provides an avenue for supplementing income or create newer avenues of income for the economically weaker sections (EWS) by allowing both part-time and full-time considerations. The easy availability of smartphones has allowed app-aggregator solutions to give huge impetus to the platform-based gig economy with a customer-centric and demand-responsive approach. Platforms tend to formalise various aspects of an already prevalent and highly precarious 'street economy' by consolidating it with smartphone technology.

Creation of Job Opportunities

Platform-based gig economy has been the biggest employment generator. BetterPlace estimates that of the 2.1 million jobs created in the metros in 2019-20, 1.4 million (67 per cent) were in the platform-based gig economy. These are direct jobs which have a multiplier effect and therefore leading to higher indirect employment creation.

NITI Aayog, a government think-tank, asserted in January 2019, that application-based cab companies such as Ola and Uber alone had created 2.2 million jobs.

Several global population forecasts have projected India to be the youngest nation in the world in 2020 with the median age of its population being 29 years vis-a-vis 37 in the USA and China, 48 in Japan and 45 in Western Europe. NITI Aayog has also noted that more than 50 per cent of the population in India is below the age of 25 and more than 65 per cent is below the age of 35.

India reportedly adds nearly a million youth in the workforce every month. With a large working population of over 500 million, India needs to create jobs at a record pace to arrest the growth of what is already the largest cohort of under employed labour in the world. According to a McKinsey & Co, August 2020 report, India needs as many as 90 million to 145 million additional non-farm jobs by 2030.

Platform-based gig economy has evolved in a major way in urban India, and is providing employment to millions of migrant workers and has the potential for generating more employment in the future. Uber, Ola, Zomato, Swiggy represent this new platform-based gig economy, where tech corporates float platforms that are 'lean' without significant asset ownership—no cars, no restaurants dealing with self-employed, independent contractors who use these platforms to engage consumers.

Formalising the Unorganized Sector

In India, non-standard forms of employment are not new - more than 80 per cent of jobs lie in the unorganized sector. Platform-based gig economy helps the platform workers to get some benefits of the organized sector without having to enter a formal employment contract. They help build earning history helping the workers get access to the formal financial system – loans, investment, insurance products among others.

Platforms follow a stringent worker-document verification process and mandate the use of bank accounts / digital wallets for all transactions pertaining to the platform workers. All platform workers access jobs online on mobile applications. Thus, platforms formalize the labour force by large-scale usage of JAM trinity (Jan Dhan- Aadhar- Mobile).

With rapid urbanisation, the labour market shift is occurring from farm to non-farm related activities and re-skilling is key to engaging the shifting labour force in productive activities. One of India's biggest challenges remains creating enough jobs in the formal sector, to accommodate the population transitioning from agriculture. McKinsey Global Institute's 2017 report on India's labour market identifies the sectors of transport, construction and trade as absorbing most of the shifting work-force from farm to non-farm sectors. The report further states that job growth has been the fastest in transportation and trade vis-a-vis the overall employment growth in the country. The platform-based gig economy through cab services, food delivery and home services have helped absorb a large number of this workforce.

Provides Jobs to the Less Educated Segment

It is estimated that, more than 60 per cent of the young people joining the workforce have not completed college. Platform-based gig economy gives jobs to these lower bracket of students and drop-outs - over 40 per cent of the drivers/ delivery personnel have only studied till tenth grade and did not attend college which largely makes them unemployable for a white-collar job.

Attrition rate is very high around 25-30 per cent per month for some companies, with many workers below the age of 23 leaving within three months. People either change jobs or leave for their home towns. Opportunistic switching between platforms, while on the job is also very common. Platform-based gig economy gives an avenue for employment opportunities for the unstable workforce. Thus, platform-based gig economy contributes immensely to the society by giving youth a chance to lead a life of dignity and self-reliance.

Ensures Safety of Consumers by Conducting Verification Enforcement of Safety Measures

Platforms undertake basic training and customer service sensitization before getting these workers on board. This ensures that despite a lack of formal education in these areas, the platform workers are quickly able to adapt to the needs of customer facing service economy. Despite being platform workers, they represent the brand of the platform to the customer. Hence this training and sensitization is important for the platform.

Platforms place mandatory checks on bike owners and drivers by way of verifying their driving licence, registration certificate of the vehicle, insurance policy, PAN and bank account details and inspection of the vehicle itself. Platforms like Uber and Ola hire background verification services to check police and court records. Rapido, for instance, requires all its drivers to pass a series of tests including ride tests, as part of their mandatory training and verification measures. Urban Company has partnered with government accredited third-party platforms like AuthBridge to verify the background of every service professional. Each professional is interviewed in person by a category manager to check for behavioural traits.

The aggregators have adopted stricter code of conduct for partners to ensure safety of consumers. A feedback mechanism is also available on the platforms where the consumer can rate the worker. For e.g. as part of post service delivery on Urban Company, both professionals and customers can rate each other. The platform also blacklists customers from time-to-time, who do not adhere to its policies or have a low rating. Therefore, any poor performance or misbehaviour can be appropriately dealt with by the companies.

Bike-taxi services such as Rapido, Uber, Ola have an inbuilt emergency alert mechanism in the form of an Emergency or SOS button in their mobile applications, which can be used by a pillion rider during an ongoing trip, in case of any emergency or threat to safety. A platform like Rapido is also connected to hospitals and emergency ambulance services to enhance safety. Platforms allow riders to register friends and family as emergency contacts who receive a rider's emergency alerts via SMS and email.

Thus, platform-based gig economy provides a healthy environment for customer engagement through verification, continuous feedback and enforcement of safety measures.

Upward Mobilisation of Youth Through Training

Many platforms offer training in soft skills to help workers interact with customers. Examples of such skills include complementary training in spoken English, customer-service aptitude, digital skills, effective smartphone navigation, business and entrepreneurship skills, financial management, self-defence, knowledge of the city, road safety measures, learning the processes of online safety, such as preventing cyberbullying or phishing attacks etc.

These skills build the overall profile of the workers, which would be useful to them throughout their life personally, professionally and socially. Platform-led skilling enables horizontal mobility across jobs, thereby increasing the income avenues for young workers. They also provide vertical mobility, which help them move up the career ladder say to start their own business.

Skill India

In order to successfully utilize the platform-based gig economy as a way of engaging the rising workforce of the economy, the skill levels and technological access of the masses have to fall in the right place.

For instance, home services platform, Urban Company has pledged Rs 150-200 crore towards the training, quality control and safety-related efforts for its professionals over the next three years. Urban Company operates more than 100 classroom training centres across 22 cities in India. It has built an in-house team of 150 full-time trainers, who train between 3,000 to 5,000 professionals a month. These training programmes focus on both core skills and soft skills, and can last anywhere from one week to two months. The company is also working closely with the Ministry of Skill Development and Entrepreneurship (MSDE) and the National Skill Development Corporation (NSDC) to certify its fleet of service professionals.




In a bid to address the shortage of trained drivers, the government had asked the taxi aggregators to set up driver training institutes in small towns. NSDC had signed a memorandum of understanding with Uber and Ola to train about half a million drivers in the three years till 2020. Cab drivers have been trained on basic parameters and specifications suggested by the operators, including handling of mobile phones and speaking basic English.



For e.g. Ola has invested Rs 100 crore under the partnership with NSDC to train 100,000 drivers to nurture micro-entrepreneurship (training cost of Rs 10,000 per driver). Uber's tie-up with NSDC, UberSHAAN, supports driver training, delivered through NSDC's training centres nationwide and helps trained drivers receive commercial licenses, vehicle financing and leasing solutions.

Raised Foreign Direct Investment (FDI)

Platform-based gig economy has attracted lot of foreign capital. They have raised primary capital of over \$15 billion over the last 6-7 years largely through FDI with barely one per cent coming in from within the country. This is required as the platform-based gig economy is highly competitive and as a result capital intensive.

FDI raised by platform companies:

Platform	FDI Raised	Key Investors
	USD 7.7 billion	Microsoft, eBay, Tiger Global Management, Steadview Capital, Tencent Holdings
	USD 2.5 billion	Softbank Group, Sequoia Capital, Tiger Global Management, Matrix Partners, Falcon Edge Capital, Tencent Holdings, Steadview Capital, Sailing Capital and China, Eternal Yield International Ltd, China-Eurasian Economic Cooperation Fund
	USD 1.5 billion	Wellington Management, Accel Partners, Coatue Management, Norwest Venture Partners, Meituan Dianping, Hillhouse Capital, Tencent Holdings, SAIF Partners, Naspers

Platform	FDI Raised	Key Investors
	~ USD 1 billion	Sequoia Capital, Glade Brook Capital Partners, Alibaba Group (Alipay Singapore Holding Pvt. Ltd. & Ant Financial Services Group), Shunwei Capital, Temasek Holdings, Tiger Global
 <small>India's largest online supermarket</small>	USD 1 billion	Sands Capital, Mirae Asset, Helion Venture Partners, Bessemer Venture Partners, Alibaba Group, TR Capital
 <small>Small World</small>	USD 670 million	Softbank Group, The Carlyle Group, Tiger Global Management, Fosun

Source: <https://www.gatewayhouse.in/wp-content/uploads/2020/07/>

A surge in jobs for drivers and delivery executives on platforms, has led to a higher demand for cars and two wheelers and also opened up after-sales services opportunity in a big way.

Access to Formal Credit/ Insurance

Access to financial services from traditional financial institutions has historically been a challenge for platform workers. Earlier these people had to borrow at usurious rates from private money lenders. Lenders have faced two challenges which is accessibility of income history and volatility of income. This problem is solved by tracking their income on platform. Although platform workers on digital platforms can earn regularly and get paid on a predictable basis (i.e. weekly, biweekly, or monthly), they do not have fixed salaries or pay-slips. Their earnings can fluctuate based on variations in the number of orders they deliver and the amount of time they dedicate. However, while platform workers are not formally employed by the platforms, they can earn regularly and their earnings can be tracked via the platform's digital infrastructure.

Many aggregators have helped its partners gain access to credit. Ola and Uber have tied up with many banks and NBFCs to facilitate credit access to its drivers. Urban Company has partnered with many NBFCs to offer upfront kit loans as well as personal loans for its professionals.

Though not standardised across the industry, many aggregators such as Ola, Uber, Swiggy, Zomato, Urban Company provide medical insurance to its workers.

An entire new segment of fintech companies has emerged whose only focus is to service the financial needs of platform based gig workers.

Empowering Women

The flexibility inherent in platform-based gig work allows greater participation of women. From facilitating access to institutional credit for women to become driver-entrepreneurs by owning vehicle assets, securing safety of the driver-partners and customers alike through emergency

buttons on the app, 24x7 on-call support, to enhance safety, many platforms are increasingly becoming empathetic and committed to the cause of women empowerment.

Affordable and Environment Friendly Travel

The ride-share model of Ola/ Uber has especially made commute convenient, comfortable and affordable for the urban commuter. This has also led to reduction in air pollution levels and the carbon footprint as people drive lesser personal cars and use more of public cab transport.

Impact of Covid-19 Pandemic

A sudden shut down in March 2020 and a staggered unlocking of businesses since then has adversely affected business levels across India. Business levels have fallen by 50-90 per cent. Even now business levels are much lower than pre-Covid-19 levels, across all platform-based companies and the recovery has been slow and painful.

With low demand and limited opening up of services, platform workers have seen their income decline sharply. Most platform workers who are migrants have returned to their home towns and aggregators have been consequently working with a much lower platform gig-staff. Platform workers face falling incomes and an expected increase in medical expenditure as the pandemic deepens. Since they generally work hand-to-mouth, they do not have much savings to fall back on.

Falling Business Levels

Food delivery applications such as Swiggy and Zomato experienced a drastic fall in business levels initially from March end onwards, as people were choosing not to order in and eat out. However, the home delivery companies such as Swiggy and Zomato have steadily picked up business and are currently operating at about 80 per cent (September 2020) of pre-Covid-19 levels. These levels are expected to improve further in the impending festive season. Other home delivery services like Amazon, Flipkart, Bigbasket, Grofers etc. are at similar levels. This recovery could also be attributed to the growing belief that the probability of the virus spreading through surface infection is very low. Additionally, the companies have put in various safety measures including no-contact deliveries, card-only payments and displaying temperature readings of workers, which have boosted customer confidence.

However, the cab services Ola, Uber have been hit hard due to the Covid-19 pandemic. The numbers of rides has fallen drastically since March 2020. In the first 15 days of March alone, daily rides had dropped by 80 per cent, given the need for restrained mobility, social distancing and work from home. Office commutes, which are a large part of an Uber or Ola driver's rides, had halted in most metropolitan cities in the country.

Unlike other businesses, revenue lost cannot be recovered in services businesses. While the demand is improving week after week as lockdown eases, yet it is nowhere close to normal. With most companies continuing to allow employees to work from home or operating with low office attendance, even in September 2020, the trips are still only around 30-50 per cent of the pre-Covid-19 levels. Also now, there is a clear shift from shared mobility to personal mobility. Even after normalisation, at best the market is likely to come back to 50-70 per cent level of pre-Covid-19 levels in the near term.

Due to a lack of demand, the number of drivers on platforms has dropped significantly. As of August 2020, around 2.5-3 lac drivers, may already be out of job. Cab drivers are especially vulnerable because most of them have taken loans to buy vehicles. Many of these drivers, have invested their entire savings for a down payment to lease or buy their cabs.

Inability of the borrowers to pay their car loans is a drag on the banking and financial system as well. A loan book of Rs 10,000 crore is under threat due to closure of operations by these driver-partners. Thousands of cabs could be seized by the financiers. If banks seize the vehicles due to non-repayment of loans from September 2020 onwards, the worker account would get classified as a defaulter, their credit rating would be adversely affected thereby impacting future credit availability. These drivers are unlikely to return to the industry after the lockdown resulting in lasting adverse socio-economic fall-out for the society at large.

Relief Measures

The Government of India, had notified all States and Union Territories, during the lockdown, to exempt e-commerce operations from any prohibitory order to ensure smooth delivery of essential goods and services to all citizens, while practicing social distancing. Amid Covid-19, the on-demand platform-based gig economy workers across the world have been operating at the frontline, at an amplified risk, carrying people around and delivering essential goods at their doors. The workers have potentially exposed themselves and their families at the risk of getting infected.

However, the relief measures announced by the government exclude the platform workers. While most of the corona warriors such as doctors, security personnel and others have been given hikes in their salaries and been provided huge amounts of life insurance cover in case of death during the duty, but the platform-based gig economy workforce have remained neglected, though the latter are also involved in serving the people by risking their lives.

Some platform companies have undertaken a few relief measures like sick leave, insurance, medical aid and financial assistance for Covid-19 positive workers, driver relief fund by seeking donations from public, small advances with longer tenor to platform workers etc. However, these measures are not enough to address all platform workers. The companies have also tried to come up with innovative temporary solutions to increase business levels. For instance, Uber drivers in Bengaluru, working in partnerships with start-ups such as Big Basket and Grofers to deliver essential items to customers as well as transporting healthcare workers.

Regulatory Framework in India

Currently, platforms are governed under multiple central and state laws. For ride hailing apps, online platforms are governed by the Companies act 2013, while the Motor Vehicles Act grants State Governments the right to regulate taxis. The Information Technology Act, 2000, on the other hand, provides the legal framework for IT companies, including rules regulating e-commerce and cybercrime.

With the tech-enabled gig economy gaining more prominence, the Indian government has been keen on bringing such transient platform workers under the formal employment umbrella.

The Code on Social Security, 2020

After years of deliberations, The Code on Social Security, 2020 has been passed in both Lok Sabha and Rajya Sabha, in September 2020. The Social Security Code 2020 replaces nine laws related to social security, including the Employees' Provident Fund Act, 1952, the Maternity Benefit Act, 1961 and the Unorganised Workers' Social Security Act, 2008. It intends to provide for universal social security to all workers, including the unorganised and the gig and platform workers.

Definition:

The 2020 Code introduces definitions for 'gig worker' and 'platform worker'. Gig workers refer to workers outside the "traditional employer-employee relationship". Platform workers are those who are outside the "traditional employer-employee relationship" and access organisations or individuals through an online platform and provide services for payment.

Social security funds for unorganised workers, gig workers and platform workers:

The 2020 Code states that the central government *will* set up social security funds for unorganised workers, gig workers and platform workers. Further, state governments will also set up and administer separate social security funds for unorganised workers. The 2020 Bill also makes provisions for registration of all three categories of workers - unorganised workers, gig workers and platform workers.

Role of aggregators:

The 2020 Code clarifies that schemes for gig workers and platform workers may be funded through a combination of contributions from the central government, state governments, and aggregators. For this purpose, the Bill specifies a list of aggregators in Schedule 7. These mention nine categories including ride sharing services, food and grocery delivery services, content and media services and e-marketplaces.

Any contribution from such an aggregator may be at a rate notified by the government falling between 1-2% of the annual turnover of the aggregators. However, such contribution cannot exceed 5% of the amount paid or payable by an aggregator to gig workers and platform workers.

National Social Security for gig workers and platform workers:

The 2020 Code states that in addition to unorganised workers, the National Social Security Board may also act as the Board for the purposes of welfare of gig workers and platform workers and can recommend and monitor schemes for gig workers and platform workers.

In such cases, the Board will comprise of a different set of members including: (i) five representatives of aggregators, nominated by the central government, (ii) five representatives of gig workers and platform workers, nominated by the central government, (iii) Director General of the ESIC, and (iv) five representatives of state governments.

Composition of boards for unorganised workers:

The Code expands the representation of central government officials in the National Social Security Board for unorganised workers to 10 members (taking the total count of members to 42 in the 2020 Bill). Similarly, the number of state government officials in the state Boards for unorganised workers has been increased to 10 members (taking the total members to 34 in the 2020 Bill).

GST Identification Number (GSTIN)

The government is looking to get services professionals such as plumbers, electricians, and beauticians listed on tech-enabled service aggregator platforms onto the GST network. The workers may not be eligible for GST or quarterly filings, but the decision to get them listed onto the GSTN will make it easy for the government to trace the workers. This will bring platform workers into the fold of the formal workforce.

The Department for Promotion of Industry and Internal Trade (DPIIT) is reportedly now working on making it compulsory for online marketplaces such as UrbanClap, HouseJoy and others to only engage service professionals who have a valid goods and services tax (GST) number or GSTIN. The move is aimed more at keeping a database of such professionals since the majority of them are exempted from GST charges as they have an annual turnover of less than Rs 40 lac.

Log of Jobs

Companies such as Urban Company may be asked to keep a log of all the jobs done by these services professionals, which were facilitated through their platform for consumer safety and protecting the rights of these workers. These logs can be used for verification and tallying of benefits passed to the workers as against the business conducted by the company. The intent is to reconcile the two views at a granular level.

TCS of 1 per cent Under Section 52 of CGST Act (Existing)

E-commerce aggregators are made responsible under the CGST law for deducting and depositing tax at the rate of 1 per cent from each of the transaction. Any dealers/ traders selling goods/ services online would get the payment after deduction of 1 per cent tax. This increases compliance and

administration cost for online aggregators like Flipkart, Amazon etc. They would need to deposit the tax deducted by the tenth day of the next month.

All the traders/ dealers selling goods/ services online would need to get registered under GST even if their turnover is less than Rs 20 lac for claiming the tax deducted by e-commerce operators.

TDS of 1 per cent Under Section 194O of Income Tax Act (w.e.f. October 1 2020)

Additionally, a provision for levying TDS of 1 per cent on payments made by e-commerce entities was introduced in the Union Budget 2020 through section 194O. This was meant to expand the tax base and bring e-commerce entities in the goods, service and online travel sector under the ambit. This would be applicable from October 1 2020.

Smahi View

Platform-based gig economy is inevitable for a country like India which has a huge workforce, but lacks commensurate formal employment options. With a large working population of over 500 million, India needs to create jobs at a record pace to provide employment to the reportedly one million youth that get added to the workforce every month. It won't be out of context to mention that with a large proportion of the workforce that is young and technologically savvy, platform-based gig work might provide a way to access formal jobs.

With its rising platform-based gig economy, India has the potential to become the top freelancing and crowd sourcing hub in the world. The growing urban affluence resulting in ordering-in food culture has caught up in India in a big way. Shared digital mobility by using cabs for public transport provides a convenient, affordable and environment friendly way to commute. Given the right impetus, the platform-based gig economy can generate millions of jobs in the future as the aggregators diversify into cloud grocery stores, bike taxis among others.

The business models prevailing in platform-based gig economy are different from the traditional set-up and therefore the social security considerations should also be tailored as such. We cannot have a 'one size fits all' approach. The app is not actually an employer, but an 'internet service' or a 'platform', which merely aggregates i.e. seeks to connect the customer, the restaurant/ shop, and the delivery person or driver. Payments for platform workers in these sectors are determined by the 'gigs' they perform and are directly affected by demand fluctuation.

The platform worker is an independent contractor who though has to work as per the norms of the company, may join or leave the job at any time without there being any contractual obligation on him, leading to high attrition levels. Drivers can just log off from their devices and do personal bookings in peak seasons. These platform workers have no guarantee till when they would perform the role for which they are hired nor there is any stability as to when they may leave the work. Opportunistic switching between platforms, while on the job is also very rampant.

In this scenario, it becomes difficult for a platform company to take any liability on its account in a traditional manner as tracing these employees at one place is difficult once they sign out of the respective portal. We have to be cognizant of the fact that the platform workers probably make more money in 2-3 weeks as compared to a permanent employee in a month, thus the high uptake of such jobs. Therefore, it would be inappropriate to expect the traditional benefits of a permanent employee to be applicable to platform workers in toto.

Furthermore, most platform companies are running on negative margins and may be unable to bear any additional cost. Excessive regulation on providing social security benefits can put unnecessary financial burden on these aggregators and threaten the financial viability and sustainability of these platform companies. This was evident in August 2020, when Uber and Lyft were an inch away from temporarily suspending operations in California, but eventually managed to block a court directive that would have forced them to do so.

In California, USA, ride-sharing companies Uber and Lyft have been in a tussle with the state government's insistence on implementing labour protections. A landmark employment law, Assembly Bill 5 (AB5), came into effect in January 2020, requires platform workers such as

driver and delivery executives to be reclassified as employees rather than independent contractors, allowing them to access the benefits and protections afforded to standard employees.

The platform companies are backing— Proposition 22: App-Based Drivers as Contractors and Labor Policies Initiative (2020) — that California residents voted on as part of November’s USA presidential elections. It was be an “on ballot” option for Californian voters to have their say on the matter. The proposition allowed platform companies to define platform-based drivers for food delivery and cab services as independent contractors. Now that it is approved by Californian voters, the proposition would allow the aggregators to adopt their own labour and wage policies specific to app-based drivers.

If the platform companies deem the platform workers as permanent or quasi permanent employees, they would be able to hire only a fraction of the employees. The end consumer would be at a disadvantage as overall coverage of the services would fall, costs would rise, fares/ price to the consumers would rise, business levels would reduce and overall economy would suffer. It would also render a lot of platform workers out of employment. For instance, cab ride-sharing would become unaffordable for the middle class, which is the core market for Uber and Ola. If it becomes unaffordable for the passenger, they will have to switch to alternative means of transport such as personal cars, which could mean lesser trips for drivers and also increasing air pollution and congestion in the city.

The platform-based gig economy brings far too many benefits than downsides. Platform employees have the opportunity to choose projects that best align with their interests and goals, and earn income from multiple sources. This can also help in harnessing the talent located in remote locations especially as rural penetration for the platformised and digitized business models increase. This will improve the reach of the products and services. 5G Technology will be a great enabler.

We need to design social security benefits for platform workers such that the platform-based gig economy continues to sustain and thrive. While the Social security code 2020 has the right intentions of providing social security benefits to the platform worker, we need to etch out a social security system for the platform workers such that the platform-based gig economy continues to thrive and generate employment opportunities to absorb large number of urban youth, entering the labour market. We must devise portable benefits, because platform workers are highly mobile; a platform worker can work on multiple platforms simultaneously and need not always work in their home state.

Smahi Policy Recommendations

We propose that the government leverage platforms using JAM trinity (Jan Dhan- Aadhar- Mobile) to expand social welfare coverage and ease the distribution of benefits, effectively and at scale. Notably, platforms follow a stringent worker-document verification process that can be integrated with welfare scheme-based requirements. Using technology, platforms can match platform workers with the various schemes they are eligible for. Further, platforms mandate the use of bank accounts / digital wallets for all transactions pertaining to the platform workers. Thus, social welfare benefits too can be remitted to the platform workers via the medium of platforms.

We propose the following policy recommendations for the blue-collar platform gig workers engaged in driving, delivery, logistics and home services segments:

Worker Welfare

1. Policy Recommendation: Portable benefits fund

- Voluntary contribution up to 5 per cent out of the pay-out to platform workers to be contributed to a 'portable benefits fund'. For e.g., out of a pay-out of Rs 100 to the platform worker, a maximum of Rs 5 could be contributed to the portable benefits fund and balance Rs 95 to the worker.
- This fund to be used as a monthly retirement pay-out after attaining 60 years of age
- It can be prematurely withdrawn only in case of extreme contingencies such as loss of employment due to a disability or accident
- This fund to be administered in line with global best practices.
- "Portability" is important as the platform workers work on multiple platforms in a month and contribution from each of these platforms can go simultaneously to the fund.

Rationale: Platform companies can contribute to the portable benefits fund, out of the pay-out, based on the amount of work a platform worker completes for the platform company on a monthly basis. This will tantamount to savings for the future of the platform worker after cessation of employment, in his old age and also act as a cushion for any unforeseen circumstances. This must be kept voluntary to be decided by each platform company in consonance with the platform worker.

Relevant Regulation/ Ministry: The Code on Social Security, 2020 under the Ministry of Labour and Employment for platform workers.

2. Policy Recommendation: Medical insurance under Pradhan Mantri Jan Arogya Yojana

- Mandatory coverage of all platform workers under Bharat Pradhan Mantri Jan Arogya Yojana (PM-JAY) (erstwhile The Ayushman Bharat Yojana)
- This can be facilitated through the approved aggregator companies

Rationale: Currently some platform companies provide some medical insurance to some of its workers, not all. The PM-JAY comprehensive medical coverage for the platform worker's family would benefit the platform worker immensely. It would also standardise medical insurance across the platform companies.

The PM- JAY beneficiaries get an e-card that can be used to avail services at an empanelled hospital, public or private, anywhere in the country. With it, they can walk into a hospital and obtain cashless treatment. The coverage includes 3 days of pre-hospitalisation and 15 days of post-hospitalisation expenses. Moreover, around 1,400 procedures with all related costs like OT expenses are taken care of. All in all, PMJAY and the e-card provide a coverage of Rs 5 lakh per family, per year.

Relevant Regulation/ Ministry: Ministry of Health and Family Welfare (MoHFW)

3. **Policy Recommendation:** Accidental death and disability cover under Pradhan Mantri Suraksha Bima Yojana (PMSBY) and life cover under Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)

- Mandatory coverage of all platform workers under the Pradhan Mantri Suraksha Bima Yojana (PMSBY) and Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)
- This can be facilitated through the approved aggregator companies

Rationale: PMSBY and PMJJBY come with an accidental death cover/ coverage for disability and a life cover, respectively.

Pradhan Mantri Suraksha Bima Yojana (PMSBY) offers insurance against accidental death and disability and is available to all between the age of 18 and 70 years. Only death and disability arising out of accident will be covered and death due to natural reasons such as heart attack is excluded. In the case of death due to accident, the amount of cover is Rs 2 lac while for partial disability arising out of an accident, the claim amount is Rs 1 lac.

Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) is available to anyone between the age of 18 and 50 years and provides a fixed life cover of Rs 2 lac. The benefit of PMJJBY is that it provides life cover of the nature of the term insurance plan. PMJJBY covers death due to any reason including heart attack or accident or due to any other cause.

It costs Rs 12 for PMSBY (for accidental death and disability) and Rs 330 for PMJJBY (life cover) as a one-time annual premium payment i.e. a total of Rs 342 per annum.

Relevant Regulation/ Ministry: Ministry of Finance

4. **Policy Recommendation:** Pension scheme under Pradhan Mantri Shram Yogi Maandhan

- Mandatory coverage of all platform workers under the pension scheme, the Pradhan Mantri Shram Yogi Maandhan (PM-SYM)
 - This can be facilitated through the approved aggregator companies
-

Rationale: This scheme aims to provide old age protection to the platform workers at a minimal monthly contribution. Each subscriber under the PM-SYM, shall receive minimum assured pension of Rs 3,000/- per month after attaining the age of 60 years.

The subscriber's contributions to PM-SYM shall be made through 'auto-debit' facility from his/her savings bank account/ Jan- Dhan account. The subscriber is required to contribute the prescribed contribution amount from the age of joining PM-SYM till the age of 60 years.

Relevant Regulation/ Ministry: The Code on Social Security, 2020 under the Ministry of Labour and Employment for platform workers

5. **Policy Recommendation:** Comprehensive vehicle insurance

- Mandatory comprehensive vehicle insurance including own damage and third-party insurance for all platform workers using vehicles for driving or delivery

Rationale: Given the nature of travel and high probability of accidents due to the sheer coverage of distance, the platform workers should not be allowed to ferry around in vehicles without a comprehensive vehicle insurance.

Relevant Regulation/ Ministry: Motor Vehicles (Amendment) Act, 2019

6. **Policy Recommendation:** Easier Financing

- Extend the Emergency Credit Line Guarantee Scheme (ECLGS) to platform workers who have taken loans for income earning assets.
- Classify loans to platform workers for funding income earning asset as Priority Sector Loans
- Loans to platform workers for financing income earning assets should be covered under UDAAN (Credit Guarantee Fund Trust for Micro and Small Enterprises)
- Loans to platform workers for financing income earning assets should be covered under Pradhan Mantri MUDRA Yojana (PMMY)

Rationale: The livelihood of the platform worker has been badly affected by the Covid-19 pandemic. Many delivery executives, drivers have carried on with their duties much like a Covid-19 warrior, on the frontlines. Therefore, it is only equitable to extend credit to them as extended to other vulnerable sections of the society. Recently, The National Credit Guarantee Trustee Company Ltd (NCGTC), which runs the ECLGS, has extended the scheme to various individual entrepreneurs eligible for additional lending. Under the ECLGS scheme, banks are expected to offer up to Rs 3 lac crore of government-guaranteed loans- an extra 20 per cent of outstanding loans that are non- NPA.

If banks seize the vehicles due to non-repayment of loans from September 2020 onwards, the platform worker account would get classified as a defaulter, their credit rating would be

adversely affected and they are unlikely to get credit in future. This would have an adverse socio-economic fall-out for the society at large.

These loans are small ticket small tenor which fits into RBI's objective of financial inclusion through sachet loans.

Access to financial services from traditional financial institutions has historically been a challenge for platform workers. Lenders have faced two challenges which is accessibility of income and volatility of income. This problem is solved by tracking their income on platform. Although platform workers on digital platforms can earn regularly and get paid on a predictable basis (i.e. weekly, biweekly, or monthly), they do not have fixed salaries or pay-slips. Their earnings can fluctuate based on variations in the number of orders they deliver and the amount of time they dedicate. However, while platform workers are not formally employed by the platforms, they can earn regularly and their earnings can be tracked via the platform's digital infrastructure.

Lenders may utilise new kinds of data available through digital transactions to profile the social and economic background of the borrowers. This should be leveraged to provide loans to platform workers. Such loans should be classified as Priority Sector Lending (PSL) as this generates employment opportunities for the platform workers. Banks/ NBFCs can offer micro-credit to blue-collar platform workers via tie-ups with platform businesses. This can enable cash flow-based lending as against asset-based lending to platform workers.

UDAAN (Credit Guarantee Fund Trust for Micro and Small Enterprises) and MUDRA (Micro Units Development and Refinance Agency Bank) provide loans for income generation and employment creation. This will mainstream lending to platform worker. By using transactional data available on platforms, the government can promote financial inclusion. Banks can use data available on platforms to profile platform workers and estimate their creditworthiness.

Relevant Regulation/ Ministry: Ministry of Micro, Small & Medium Enterprises (ECLGS), Ministry of Commerce and Industry (Priority Sector Loans), Ministry of Finance (MUDRA and UDAAN)

Ease of Doing Business

7. Policy Recommendation: National Registry of blue-collar platform workers

- Have a National Registry of 'blue-collar platform workers'

Platform workers are those who are outside the "traditional employer-employee relationship" and access organisations or individuals through an online platform and provide services or solve specific problems in return for a payment. Ergo, all platform workers are gig workers but all gig workers are not platform workers.

'Blue-collar platform workers' are the platform workers engaged with platform-based cab services, food delivery, home delivery and home service providers such as drivers, delivery executives and service personnel.

- Capture data such as Aadhar, bank account number, mobile number, address, monthly engagement details on the platform etc.
- Mandatory for all aggregator companies to enlist themselves and to submit their platform worker data with this registry
- Mandatory for each platform worker to register with the National Registry in order to work on the platform
- Update the Registry at periodic intervals

Rationale: For regulators, another big challenge is to get the accurate data about the size of platform-based gig economy workforce. We should have a database of all platform workers with the government through which a single social security number (or Aadhar) can be marked on a particular worker and that person can be followed and benefitted. This could include background checks or references and verification from previous employers. Transactions on the platform-based gig economy are done via the internet and as such they can be tracked.

This will help the government in tracking migrants across states. This will also help the companies in hiring new platform workers. This registry would also facilitate implementation of our further policy recommendations discussed in the report.

Relevant Regulation/ Ministry: The Code on Social Security, 2020 under the Ministry of Labour and Employment for platform workers

8. **Policy Recommendation:** Scrap section 194O of Income Tax Act

- Scrap section 194O of Income Tax Act, 1961 which levies a TDS of 1 per cent on all e-commerce transactions.

Rationale: The e-commerce companies are already deducting TCS at the rate of 1 per cent under section 52 of the CGST Act. Already the data of the goods/ service provider is captured through the GSTIN. The introduction of section 194O introduces an additional administrative burden in case of certain providers. Also, many platform workers work on a cash basis and it is difficult for platforms to manage this 1 per cent TDS procedure. Most of the platform workers also don't fall under the tax bracket. And they do not have the wherewithal to engage with a Chartered Accountant to claim tax refund. They would end up losing their hard-earned money.

Relevant Regulation/ Ministry: Income Tax Act, 1961

Employment Generation

9. Policy Recommendation: Skilling

- Setting-up of at least 1 marquee and huge Centre of Excellence (CoE) for each of the most in-demand vocations. The CoEs should become the apex centre for that particular discipline defining curriculum, training the trainers besides offering skilling for students in and around that region.
- These CoEs should have big and well-crafted campuses. The visual imagery from such CoEs will be a big driver for making such skilling aspirational. A case in point is Infosys' training Centre in Mysore. It was an important marketing tool for Infosys to both prospective employees as well as clients.
- These CoEs can also serve as assessment centres for existing workers in that particular field (but who haven't gone through a training there) and they can give an exam which rates them on a 5 point scale in that profession. That can become a powerful proxy for quality/skill level which can become an acceptable standard in the industry.
- This certificate can expedite the enrolment of such workers on platforms.
- Besides vocational training, these skilling programs also should focus on digital and financial literacy and soft skills training – elements which are missing today.

Rationale: India has a huge population, but the correct skilling for the platform jobs is largely absent. There is a need to revamp the skill development infrastructure in the country to enhance the employability of platform workers and ensure upward social mobility. Trainings currently offered under the programs are not aspirational. The certificate offered to anyone getting skilled under these programs is not seen as a proxy for quality. As a result, placement levels are at just around 20% which in-turn acts as a deterrent for further mobilization of trainees.

A revamped approach to skill development can lead to a substantial jump in employment-ready gig workers.

Relevant Regulation/ Ministry: Ministry of Skill Development and Entrepreneurship

10. Policy Recommendation: Digital Door Numbering (DDN)

- Implement a Digital Door Numbering system (Aadhar for addresses) across the country
- Integrate the DDN exercise with Census 2021, across the country
- Also integrate the DDN exercise in 6.6 lac Indian villages, with the SVAMITVA Yojana 'Survey of villages and mapping with improvised technology in village areas', where drones will be used to create digital maps of villages and ascertain ownership of residential properties.

Rationale: India does not have a uniform digitized street and property addressing system resulting in inefficiencies in the operations of platform workers. The lack of standard addresses leads to inefficiencies and adds to the increased cost of logistics for e-commerce companies.

Incorrect PIN codes/ wrong addresses increase delivery time, costs and number of attempts/ calls made to reach the customer.

We propose a unique, digital, scalable and future proof addressing solution by identifying and numbering streets using a standard format. For e.g. AGC – 270 – 234 where House no 234, Street no 270, Area coded AGC.

The implementation of a digital door numbering program can open up areas unserved by current gig platforms. This will open up employment opportunities across multiple sectors and improve delivery of government services. This will increase financial and administrative efficiencies across sectors. The increased seamlessness of deliveries will encourage more deliveries by platform workers therefore creating more employment opportunities. Efficiencies in deliveries and completing rides will increase fuel efficiencies and result in more income per hour for the platform workers.

Relevant Regulation/ Ministry: Ministry of Home Affairs

11. Policy Recommendation: Valid Permanent License holders to be allowed to drive taxis without the waiting period of one year for commercial license

- Allow holder of a valid Permanent License (PL) for equivalent vehicle, to drive taxis on aggregator platforms in all states, on commercial basis
- Remove the waiting period of one year for attaining Commercial Licence after gaining PL so individuals can drive non-private vehicles immediately after training
- Mandatory police verification by the transport authorities prior to issuance of driving license.

Rationale: In a Supreme Court verdict in 2017 and a 2018 directive by the Ministry of Road Transport and Highways, it was established that the arbitrary differences between commercial and private driving licenses - the one year waiting period in the former - was to be done away with as it had served little of the intended purpose. This needs to be adopted uniformly across the country. The distinction between private and commercial licenses has less bearing on the skill of the individual and has been acknowledged in the above cited SC ruling. Therefore, removing this barrier will boost job creation in the economy.

Many individuals, equipped with only private licenses, wishing to enter the platform economy of driving are unable to do so as they are first time drivers who do not possess a commercial permit, required to start driving with a platform. Commercial permits are issued only to those who have prior driving experience, and have completed at least one year of driving using a private licence. This precludes many freshly trained individuals, especially women and the youth from immediately participating in the platform economy of driving.

Although this was disregarded by the Supreme Court recently and was followed by a notification by the Ministry of Road Transport and Highways, the restriction continues in some states. Only

14% male and 1% female qualified drivers in the country hold requisite licenses to drive commercial vehicles.

Relevant Regulation/ Ministry: MoRTH Advisory No RT-11021/44/2017- MVL, Ministry of Road Transport and 45 Highways, 16 April 2018.

12. Policy Recommendation: Legalise bike taxis and bike pooling

- Legalise bike-taxis/pooling in all states in India
- States should actively classify bikes under the transport vehicle category
- Remove the requirement to change from white plate to yellow plate
- Allow holder of a valid Permanent License (PL) for bikes, to drive bike-taxis on aggregator platforms in all states, on commercial basis
- Mandatory police verification by the transport authorities prior to issuance of driving license
- Remove restrictions on types and numbers of bike-taxis that can operate in a city or across a state
- No restriction on number of working hours for drivers
- Mandatory use of helmets for both the driver and the pillion rider

Rationale: As per estimates, Bike Taxis alone have the potential to create more than two million livelihood opportunities along with a revenue of \$4-5 billion in urban India alone. Legalising bike taxi would unlock huge employment opportunity to monetise existing assets, decongest roads and enhance overall resource utilisation. The convenience and cost-effectiveness of bike taxis in ensuring first and last mile connectivity is significant. With the average speed of seven metropolitan cities at 22.7 kmph, bikes, a category which maintains an average speed of 30 kmph, can better navigate traffic.

There are around 200 million two-wheelers in India. Half the households in big cities and developed rural areas own two wheelers. It is highly recommended that existing private bikes may also be allowed for such transportation in order to facilitate utilization of idle assets.

With ‘hyperlocal’ emerging as the new pattern and doorstep deliveries becoming increasingly common, bike-taxis can augment incomes of delivery persons by offering another source of income through passenger travel for both part-time and full-time considerations. People from diverse professional backgrounds as well as students and those unemployed, and not just individuals traditionally involved in the driving domain, find bike-taxis to be an attractive livelihood opportunity.

There are 14 States and Union Territories that have currently notified Bike-Taxi Policies. In states where bike-taxis are legalised, bike-taxi operators are required to convert their private (white plate) vehicles into commercial (yellow plate) vehicles to ply as a taxi. Conversion from white plate to yellow plate officially costs Rs 4,000-5,000, but other informal costs drive this figure up to Rs 10,000-11,000 for yellow plate conversions. With average selling price of bikes at INR 40,000 - 60,000 in India, the conversion costs stand at 15- 25 per cent of the price of the vehicle which crowds out potential bike owners/ drivers from the market. Removing this requirement

would therefore ensure that a greater number of existing vehicles start plying on road at minimum additional cost thereby improving idle vehicle utilisation.

Relevant Regulation/ Ministry: MoRTH Advisory No RT-11021/44/2017- MVL, Ministry of Road Transport and 45 Highways, 16 April 2018; Under the Motor Vehicle Act, 1988, the states may issue permits for taxi under section 72 and 73.

13. *Policy Recommendation:* Ease transport restrictions

- Aggregators ought to be permitted to aggregate any vehicle falling within the ambit of Section 2(35) of the Motor Vehicles Act, 1988, therefore, any vehicle which may be referred to as a “Public Service Vehicle”. This includes a taxi operating under a City Taxi Scheme or with an AITP or a three-wheeler, autorickshaw, two-wheeler taxi, bus etc.
- All taxis with an All India Tourist Permit (AITP) should be allowed to operate on aggregator platforms, for point to point operations within city limits, subject to compliance of regulations applicable to taxis plying on such platforms, alongside their inter-state operations which was initially the purpose for grant of AITP.
- There should not be any kind of embargo on the number of vehicles which may ply on an aggregator’s platform. All taxis with a valid permit should be allowed to associate themselves with an aggregator subject to their compliance of the applicable regulations.
- Remove restrictions on the types and numbers of taxis or cabs that can operate in a city or across a state
- Road tax paid in any state should be waived-off if the driver may choose to operate Ola/ Uber in a different state in India

Rationale: This would unlock employment opportunities for existing assets. It would permit lacs of young men and women to take up driving as a substantial livelihood opportunity. Also, it would help the aggregators in providing seamless connectivity to the public at large including the remote areas of the country.

It is a well-known fact that the tourist season is only limited to a few months in a year, therefore, it would be harsh on a driver if they are forced to use a vehicle with an AITP permit only for tourism purposes. It would restrict their options to provide service during lean seasons resulting in a considerable negative impact on their earnings. It would also lead to tourist transport operators charging more during peak season to compensate their loss of earnings during lean seasons. AITPs are by their very nature allowed to transport passengers across states and allowing them to engage in point-to-point operations within city limits would better address last-mile connectivity.

Relevant Regulation/ Ministry: MoRTH Advisory No RT-11021/44/2017- MVL, Ministry of Road Transport and 45 Highways, 16 April 2018.

Conclusion

The new business models of cab services, home delivery and home services driven by technology, touch the lives of millions of Indian consumers every day and improve their quality of life. They have made various services affordable, accessible and convenient for the Indian consumer. At the same time, platform-based gig economy has generated millions of jobs with significant potential to expand further. It has given flexible and dignified earning opportunities to the less fortunate youth of the country. This has had a multiplier effect on the economy leading to indirect employment creation as well. The gig economy is also working towards government's objectives by formalizing the hitherto informal workforce through large-scale usage of the JAM trinity (Jan Dhan- Aadhar- Mobile).

Regulatory unlocks on some fronts can help accelerate the growth of this gig ecosystem. While some key issues around social security of the gig workforce need resolution, policymakers need to balance the social objectives with economic objectives of the platforms. A policy push in the right direction, can steer platform-based gig economy to lead India to the path of economic prosperity.



SMAHI

Contact Us: +91 97300 13314 | chandorkar@gmail.com