



## Mains Practice Question

**Q.** "The rise of the app-based gig economy has created new forms of social stratification in urban India." Analyze this statement in the context of emerging class structures. (150 words)

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### Approach

- Introduce the answer by justifying the rise of app-based gig economy and overall impact on society.
- Give supporting arguments to Gig Economy Leading to New Forms of Social Stratification in Urban India
- Delve into the arguments that despite creating new stratifications, Gig Economy has also been key in ensuring economic empowerment.
- Conclude suitably.

### Introduction

The **Economic Survey of 2020-21** noted that India had emerged as a leading country for flexi-staffing or gig and platform workers

- The rapid rise of the app-based gig economy in India with a **gig workforce projected to reach 23.5 million by 2030** has reshaped urban employment and created new forms of social stratification.
- While it has democratized access to jobs, it has also **entrenched inequalities due to unstable incomes**, lack of social security, and differential access to opportunities.

### Body

#### Gig Economy Leading to New Forms of Social Stratification in Urban India:

- **Creation of a Precarious 'Gig Worker' Class:** Gig workers face **income instability** and lack benefits like health insurance or paid leave, unlike salaried employees.
  - This creates a **"working poor" class**, vulnerable to economic volatility. For instance, delivery partners for **Swiggy and Zomato** earn based on demand, leading to unpredictable earnings.
- **Wage Disparity and Economic Vulnerability:** The gig economy has widened wage gaps between **"high-skill" (e.g., IT freelancers)** and **"low-skill" (e.g., delivery drivers)** workers.
  - While high-skill workers enjoy more autonomy and better pay, **low-skill workers struggle with low wages** and limited bargaining power.
- **Lack of Social Security and Growing Inequality:** Unlike **salaried workers**, gig workers lack social protections like **provident funds and pensions**, making them susceptible to economic and health shocks.
  - The **Covid-19 lockdown exposed this vulnerability**, with many gig workers losing income without compensatory support.
- **Algorithmic Control and Exploitation:** Gig workers are managed by algorithms that dictate their schedules, tasks, and earnings.

- Frequent changes to policies by platforms can lead to **arbitrary pay adjustments and job insecurity**, contributing to stress and power imbalances in worker-employer relations.
  - **Example:** A **24-year-old gig worker** was made to pledge to skip toilet and water breaks until all packages from **six large trucks were unloaded**.
- **Rating-Based Class System:** Workers with 4.5+ ratings gets better time slots, creating an "**elite class**" of highly-rated workers.
  - Workers with better ratings get access to premium localities and earn significantly more than those in peripheral areas.
  - **Example:** Food delivery workers in **South Mumbai** earn more than suburban counterparts.

Despite creating new stratifications, Gig Economy has also been key in:

- Significantly increasing economic opportunities and social mobility, with **platform workers' average earnings rising by 48% in 2023** compared to traditional low wage employment.
- Offering flexible work options for **28% of women.(Taskmo Gig Index)**.
- Enabling workers to pursue education while working with **47%** of the gig work now in medium skilled jobs (**NITI Aayog**).
  - Additionally, large numbers of **migrant workers** have found quick employment in urban areas through the gig economy.
- Playing a crucial role in addressing income inequality and reducing unemployment to help India to reach a **USD 5 trillion economy by 2025**.

## Conclusion

The rise of the **app-based gig economy** has undoubtedly expanded job opportunities in urban India but has also introduced **distinct social stratifications**. Addressing these emerging inequities requires a strict implementation of **Social Security Code, 2020** and fair labor practices within the gig economy.

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