

## **Precarization, Informalization of Labor, and Platform Capitalism: Exclusion, Inclusion, or Reformulation of the Forms of Labor in Global Capitalism?**

### **The Informal Sector in India**

India's labor force predominantly comprises informal workers, accounting for approximately 92% of the total, with only 8% categorized as formal labor. It is noteworthy that until recently, this substantial informal labor force in a nation with a population of 1.4 billion, the highest globally, was governed by a single law addressing social security specific to the informal sector. Regrettably, this legislation was revoked before its full implementation.

### **The Expanding Reach of Informalization and Precarization of Labor Due to New Labor Laws**

The Government of India has consolidated 29 labor laws into four labor codes: the Code on Wages, 2019; Industrial Relations Code, 2020; the Occupational Safety, Health and Working Conditions Code, 2020; and the Code on Social Security, 2020.

These four codes, which are believed to dilute labor rights, face criticism and opposition from trade unions in India. They undermine norms related to workers' rights to strike, grievance redressal, worker safety, and wages. The combined effect of these dilutions through newly introduced codes will further increase job precarity, worsen working conditions, and push workers deeper into the informal labor ecosystem.

### **The Platform Economy in India**

The platform economy in India is still in its early stages. Government data suggests that there are only 7.7 million workers engaged in platform work. Research on the platform gig work in India is limited, and regulatory oversight is insufficient. Currently, the government is primarily addressing social security concerns for platform workers but uses the term 'gig worker,' which fails to recognize the efforts of Indian unions advocating for platform workers to be recognized as 'workers' rather than 'partners' or 'freelancers.' This distinction is vital to accurately represent their employment status compared to their actual working conditions.

Government reports acknowledge the lack of information about platform workers in India but do not adequately address the absence of a regulatory framework for the platform economy. The reports recommend the provision of social security programs for platform workers.

### **Key Statistics on the Platform Economy in India from the Report:**

- In 2020–21, an estimated 7.7 million workers were engaged in the gig economy, constituting 2.6% of the non-agricultural workforce or 1.5% of the total workforce in India.
- The gig workforce is expected to grow to 23.5 million workers by 2029–30, comprising 6.7% of the non-agricultural workforce or 4.1% of the total livelihood in India.

- Approximately 47% of gig work is in medium-skilled jobs, 22% in high-skilled jobs, and 31% in low-skilled jobs. Trends indicate a shift towards an increase in low-skilled and high-skilled workers.

**To tap into the potential of the gig-platform sector, the report recommends:**

- Facilitating access to finance for platform workers.
- Connecting self-employed individuals in regional and rural businesses with platforms to expand their market reach.
- Implementing platform-led skilling initiatives.
- Promoting social inclusion through gender sensitization and accessibility awareness programs.
- Extending social security measures in collaboration with the provisions outlined in the Code on Social Security 2020.
- Conducting separate enumerations to estimate the size of the gig and platform workforce.

**Precarization in the Platform Economy**

As previously mentioned, the platform economy is the least regulated sector. A common exploitative practice by platform companies is misclassifying their workers as 'partners' or freelancers instead of recognizing them as 'workers.' This allows companies to evade their obligations to employees, depriving workers of employment benefits and increasing their vulnerability. Abrupt terminations without due process are also commonplace, a global issue.

**A Case Study of an Employment Scam and Exploitative Employment Terms**

**Introduction:** Urban Company, a prominent platform connecting service providers with customers for various home services, has faced scrutiny due to exploitative business practices. This paper highlights the company's exploitation of workers through substantial enrollment fees, demanding high customer ratings, and the absence of transparent feedback systems and formal employment contracts.

**The Scam:** Urban Company charges workers a fee for joining its platform, often equivalent to or exceeding one month's income. Initially, workers are enticed with lucrative job opportunities but later pressured to maintain a consistently high customer rating of 4.7, which becomes increasingly difficult to achieve. Workers failing to meet this target face adverse consequences, such as marginalization or withheld work. Urban Company exploits this situation to its advantage, enrolling more workers to generate surplus labor and enrollment fees while maintaining revenue from customers.

Urban Company's practices trap workers, rendering them vulnerable and dependent on the company. Once workers' potential is exhausted, they are either dismissed or coerced into resigning. This stands in contrast to traditional employee-employer relationships, where

employers do not charge workers for employment and adhere to mutually agreed-upon salaries. In cases of underperformance, traditional employment follows a structured feedback mechanism and due process before termination. However, Urban Company's feedback is arbitrary, non-transparent, and workers lack access to customer ratings. The absence of formal employment contracts means the company does not adhere to a standardized termination process.

**Conclusion:** Urban Company's practices raise serious ethical and labor concerns. Charging exorbitant enrollment fees, imposing unattainable rating targets, and maintaining a non-transparent feedback system exploit workers and subject them to precarious employment conditions. Traditional employment norms, characterized by fairness, transparency, and due process, are conspicuously absent. Regulatory intervention is urgently needed to rectify these exploitative practices and safeguard the rights and dignity of gig economy workers.

**References:**

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