

RACE TO THE BOTTOM FOR GIG WORKERS

Relevant for: Indian Economy | Topic: Issues Related to Poverty, Inclusion, Employment & Sustainable Development

A delivery worker of Zomato rides her bicycle along a road in Kolkata. File | Photo Credit: REUTERS

The recent announcement by Zomato CEO Deepinder Goyal of its plans to deliver food to customers in 10 minutes has raised a small twitter storm, forcing the CEO to put out a clarification. This raises several questions on the nature of delivery platforms, and the impact on [delivery workers](#).

Platform industry is all about grabbing market share. This is done by introducing innovations to increase “efficiency”, which in the case of food delivery implies cost reduction and speed; both directly impact the platform worker, or “delivery partner” as he is euphemistically termed. It is the earnings of workers that represent the only variable cost element; cost reduction finally pinches his earnings. It forces him to “run twice as fast just to stay in the same place” to quote *Alice in Wonderland*.

Mr. Goyal in his clarification claimed, “We do not put any pressure on the delivery partner to deliver food faster.” Well, in the platform world where the customer is the king (or queen), it is the delivery partner who will face the wrath of the customer for late delivery. There are enough anecdotal experiences from platform workers of the wrath turning ugly with customers even refusing to pay leaving the partner at the mercy of the platform, which often is insensitive to the grievances of the workers.

The Member of Parliament from Tamil Nadu, Karti Chidambaram was probably the most articulate among the Twitter responses. In a follow-up letter, he raised, among other queries, average earnings of the gig workers employed in food delivery, and average daily hours worked. The Centre for Labour Studies at the National Law School of India University (NLSIU) addresses these very questions in a recently completed [study on food delivery platform work in the city of Bengaluru](#).

First, on earnings of the platform worker – the numbers generally put out by platforms are the potential gross earnings a worker might earn. In a system where all costs are borne by the worker, including fuel, asset cost including cost of maintenance and depreciation, all taxes and levies, the real earnings are substantially lower. At a time when fuel prices have been skyrocketing, some attention has been given to the impact of fuel on earnings in this sector. However, the other cost elements are generally not discussed in popular reports. Between the two big daddies of the food delivery sector, Zomato and Swiggy, they claim creating employment for around five lakh “delivery partners”. They claim that these “partners” can earn a decent daily wage, with freedom to log on and off at will. However, our study estimated that the net earnings for the worker was only around 40% of the total gross earnings from delivery pay-outs and incentives, with 30% eaten up by fuel costs and another 30% on various capital costs and levies. What this meant was that the worker could make the platform worthwhile, with some money in the pocket after meeting all fixed cost obligations only if he stayed on the platform for really long hours. There was no question of the freedom to log on and off at will.

This leads to the second question of work intensity. Our study showed that over a window of a week, the worker averaged up to 13 hours per day, covering over 190 kilometres each day. Mr. Goyal, in his responses, explained the 8-principles around which Zomato was building its instant

delivery platform — the seventh principle was delivery partner safety. Well, at 13 hours and 190 kilometres travel on a two-wheeler through busy city traffic, it is surely impossible to ensure delivery partner safety.

Mr. Goyal was candid to state that innovation was the only way to survive and thrive in the food industry. His company has surely thrived, with current market prices giving the company market capitalisation of close to 1 lakh crore! The question is whether his “delivery partner” has been a partner in this prosperity? The contribution of the platform to technology and lifestyle improvement cannot be denied, particularly during the course of the pandemic. However, there is also the human involvement, providing the last link to make the platform an efficient delivery machine. Surely this link is equally important to the ultimate success of the industry. Maybe the MP from Tamil Nadu can also get some answers to his queries through this study’s findings.

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