

THE Digital Hustle

Gig Worker Financial Lives Under Pressure

India

SPOTLIGHT

SEPTEMBER 2020



flourish

A Venture of The Omidyar Group

India's online platform economy has experienced a surge in recent years, expanding from early e-commerce in 2010 to a multitude of service platforms that have helped to formalize gig work opportunities such as ridesharing, delivery, and house cleaning.

Online platforms have created new ways for workers to seek out income opportunities and access formal financial services, while also building a digital trail that helps financial institutions and fintechs better understand the needs of an underserved population.

Gig workers in India have been hard hit by the COVID-19 pandemic and accompanying economic dislocation. As the country continues to grapple with the current crisis, financial institutions, fintechs, and platforms have an opportunity and a responsibility to understand the challenges gig workers face, as well as their financial aspirations and concerns as they look toward the future.

As a global fintech investor committed to helping people capture economic opportunity and improve their financial outlook, Flourish Ventures seeks to better understand the financial impact of the pandemic on gig workers and how their livelihoods are changing, as well as how fintechs can better serve this population. This *India Spotlight*, in partnership with research firm 60 Decibels and local partners Avail Finance and Unitus Capital, represents the fourth study in *The Digital Hustle*, our global research series. The following results highlight the financial lives, concerns, and aspirations of nearly 800 gig workers in India during August 2020.

Full results are available on our interactive dashboard at: app.60decibels.com/flourish-gigeconomy2020



COVID-19 Impact on Livelihoods & Well-being

India's gig workers have been hard hit by the COVID-19 pandemic, with 87% now earning less than INR 15,000 per month (USD \$200).

Overall, 81% have experienced a large decline in income.



“ I have had no work since April because no one is going anywhere. There is no hope until the lockdown lifts completely.”
 – Ridesharing driver

Monthly income before and after the COVID-19 lockdown



Primary COVID-19 Concerns

Across all respondents, 84% are concerned about COVID-19. At the time of our survey, respondents remain more concerned about the impact to their livelihoods than the risk to their health, indicating that thus far the economic crisis in India has outweighed health concerns for these workers.



61%
 Ability to work / earn an income



17%
 Access to basic needs



12%
 My health or my family's health



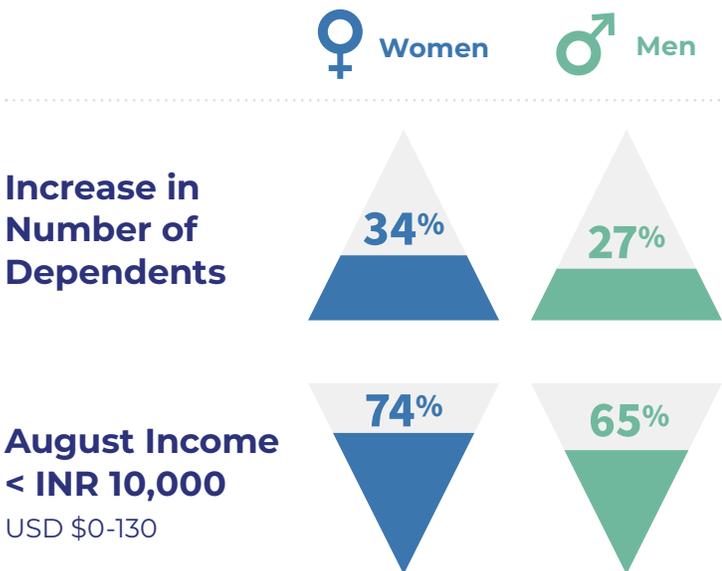
5%
 Childcare

Some Gig Workers Impacted More Than Others

Women continue to be underserved by the gig economy. We had a difficult time finding women to participate in this study, as India’s digital gig economy is dominated primarily by men. Women are underrepresented in the workforce as a whole, and they face a significant hurdle in the gig economy due to unequal access to digital technology. Women in our study (primarily delivery workers and house cleaners) have carried a higher burden of supporting new financial dependents during the COVID-19 crisis, and women continue to have lower incomes than men.

Ridesharing drivers are hardest hit.

The COVID-19 lockdown and subsequent “no touch” economy have hit ridesharing drivers hardest, although all industries have been affected.



Large Decline in Income

- 90% Ridesharing drivers
- 75% Delivery workers
- 72% House cleaners

Large Decline in Quality of Life

- 69% Ridesharing drivers
- 48% Delivery workers
- 48% House cleaners

Government aid has alleviated some hardship. 42% of respondents received food provisions or financial support from the government as part of the COVID-19 relief efforts. While still struggling, government aid recipients have a stronger sense of hope than those who did not receive aid.

Only 12% of government aid recipients reported a lack of hope.

53% of those who did not receive government aid reported a lack of hope.

Early City Epicenters Reaching State of Despair

Worker sentiment varies widely by city based on the length and severity of the health crisis and economic dislocation. Lack of hope is widespread in Mumbai and New Delhi, which experienced the earliest virus outbreaks and longest lockdowns. Concerns are widespread in Chennai as well, where residents faced a recent spike in COVID-19 cases in July.

Mumbai

Hit earliest and longest, resulting in the highest percentage of respondents reporting a lack of hope.

Daily confirmed new cases
(5-day moving average)



Large Income Decline

76%

Very Concerned

43%

Lack of Hope

62%

New Delhi

Enormous spike in late June with a recent uptick in August, leading to highest levels of concern and a lack of hope.

3,947 daily cases
6/24/20



86%

83%

49%

Chennai

July spike has led to high levels of concern, but workers find hope in aid from government, community, and gig platforms.

2,358 daily cases
6/30/20



86%

68%

6%

Bangalore

Protected from the virus until recently, worker sentiment has remained relatively high despite income decline.

2,993 daily cases
8/29/20



76%

23%

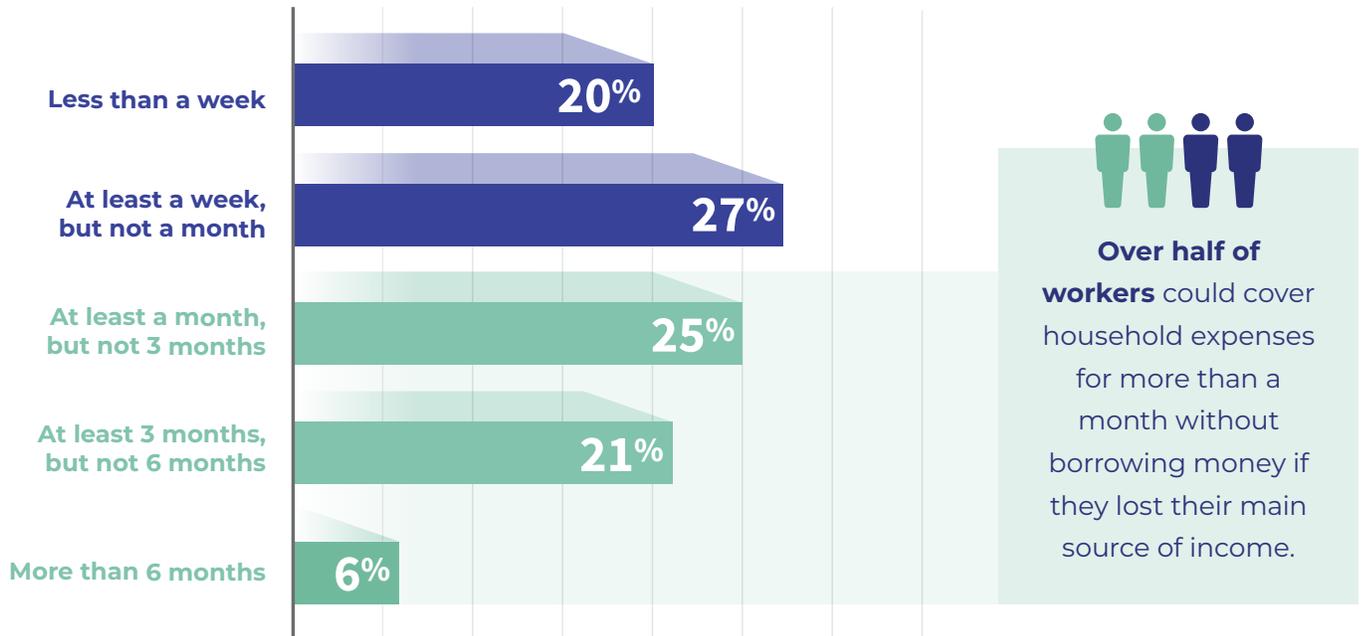
27%

Source: [Times of India Coronavirus Cases](#)

Financial Resilience

Some gig workers have a financial cushion, indicating greater resilience than expected.

Q: If you lost your main source of income, how long could you continue to cover living expenses without borrowing money?



“ I am a self reliant person. I have my own bike and I have purchased my home. My company has paid me INR 300 daily during lockdown, and the rest I have covered with savings.”

– Delivery worker

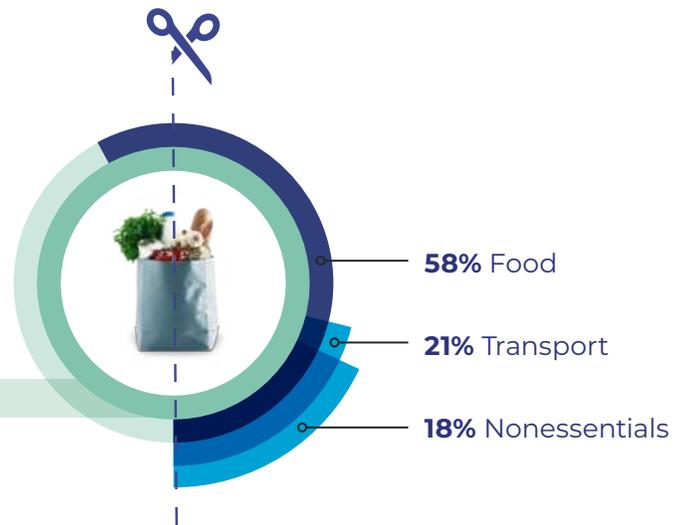
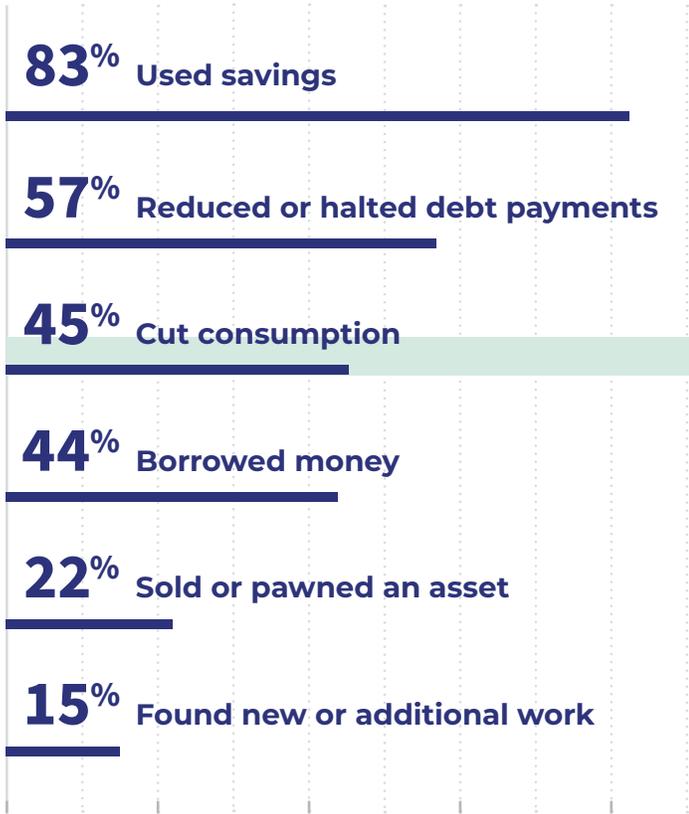


Coping Mechanisms

Most gig workers have made sacrifices to cope with the COVID-19 crisis.

83% have relied on savings, 45% have reduced consumption, and 44% have borrowed money. Acting on the government sponsored loan moratorium, 57% have reduced or halted debt payments. Yet only 15% are finding new or additional work - likely because of the strictly enforced lockdown.

How Gig Workers are Adapting



“ I haven’t been able to pay my children’s school fees. We eat mostly rice and lentils now. We have reduced our vegetable consumption and we stopped drinking milk and tea.”
– Ridesharing driver



Looking Forward

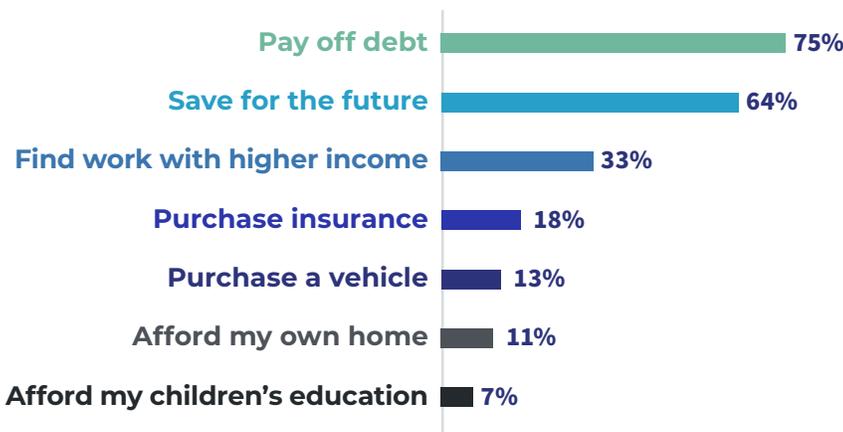
As the lockdown lifts, workers seek to return to work and build greater financial stability. In the next 6 months, 89% of respondents confirmed they plan to continue with their previous work from before the crisis. 61% of respondents indicated that they need support in planning toward their financial goals.

Planning for the future is a top priority. 62% of respondents are very concerned with their ability to save for old age, and 61% are very concerned with ability to pay off debt. Debt repayment and saving for the future are also the top two financial goals across all respondents.

Security is a moderate concern, particularly the risk of not being able to work. A number of respondents are meaningfully concerned about inability to work if they get sick or in an accident (26%), or if they damage their phone or vehicle (14%). Notably, a significant number of respondents (18%) listed purchasing insurance (health, life, or asset) as a top financial goal.

Ability to manage day-to-day cash flows is a moderate concern. One in four respondents expressed a high level of concern about accessing sufficient cash for day-to-day work needs. This indicates that workers may lack short term liquidity to bridge the gap between daily work expenses (such as fuel) and payment.

Top Financial Goals



Top Financial Concerns

% Very Concerned

- 62%** Ability to save for old age
- 61%** Ability to pay off debt
- 26%** Risk of getting sick or in an accident and not being able to work
- 25%** Access to sufficient cash to do my job
- 14%** Risk of vehicle or phone breaking and not being able to work
- 11%** Access to financing for assets

“There is risk in my work. We are traveling and meeting people. If I fall sick then I cannot work or make money.”

– Delivery worker

“Since there have been floods in our village, I want to save up to send money to my family there.”

– House cleaner

The Case for Fintech Solutions

***The India Spotlight* provides some early insights that may inform how platforms and financial service providers can best serve a growing digital gig workforce.**

We believe fintech solutions have the potential to advance economic opportunity and improve gig workers' financial outcomes. Gig platforms have become a growing form of employment for previously informal workers in India, and we expect this to be sustained through the pandemic and beyond. Yet there remains an important need among gig workers for access to formal solutions for financial planning, income protection, and day-to-day cash flow management.



Survey Methodology

Flourish Ventures partnered with 60 Decibels, Avail Finance, and Unitus Capital to conduct an online survey of 770 gig workers in August 2020. Of these respondents, there were 322 ridesharing drivers, 307 delivery workers, and 141 house cleaning workers. Underlying data can be viewed at app.60decibels.com/flourish-gigeconomy2020

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