

## Socio-Economic Impact Assessment of Food Delivery Platform Workers

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### Introduction

The objective of this report is to conduct a socio-economic impact assessment of a food delivery platform worker. NITI Aayog brought forth the challenge of estimating the number of platform workers and highlighted the challenges of policy formulation around them due to the dearth of data. The subject of platform workers in food delivery has been the subject of much debate especially regarding their incomes, work conditions, social security and more. A 3–E framework of entry, experience and exit has been used to assess food delivery platform workers in this report. This report has posed and answered several questions including some from the list below:

- What is the impact of platforms on workers and the operation of labour markets?
- Is platform work making previously informal work and workers, formal?
- Is platform work offering more job opportunities than had previously existed?
- Is it a viable career option for India's youth or just an opportunity to skill up?

### Key Highlights

#### A. Labour Market

- Platform work helps generate local jobs in Tier 2 and Tier 3 cities. **Almost 70% of surveyed workers were non-migrant, and working in their hometowns.**
- Platform work in the food delivery sector demonstrates a shift towards formalization compared to traditional employment. In this sector, all workers have task-based written contracts, while only 31% of long-shift workers had tenure-based contracts exceeding one year in their previous jobs. Interestingly, all food delivery workers have accident insurance, highlighting a safety aspect. However, the platform does not provide paid leave or pensions, in contrast to **40% of long-shift and 30% of short-shift workers in conventional employment who had access to paid leave in their previous positions.**
- Food Delivery Platform acts as a tool for social protection. The platform acts as a shock absorber during episodes of unemployment. Such platforms create jobs for young urban Indian males and serve as a stepping stone for students into a 'world of work' but not necessarily a long-term career.

#### B. Incomes

- Higher or additional income is the main reason for workers to take up platform work. **The active long-shift food delivery platform worker on average works 27.7% longer than the average urban youth male worker, but generates 59.6% more (gross) income than him.** However, after accounting for fuel costs, the increase in income reduces to 5%.

- Mixed performance on incomes: In comparison to their previous jobs, real incomes (indexed to CPI Urban 2011–12) had either increased or remained the same for 65% of the long-shift platform workers and decreased for 35%. **Active short-shift workers earned about 42% of their total incomes from the food delivery platforms in nominal terms in 2022.**
- The average real monthly income of food delivery platform workers has come down over time between 2019 and 2022 due to inflation. Long-shift workers were breaking even in 2019 and 2020 but not in 2021 and 2022. As fuel costs and overall inflation started to rise, workers found it increasingly difficult to meet monthly expenditures.
- Workers suffered a double whammy in 2022. Real incomes came down because of higher inflation and expenditure went up due to a rise in fuel costs at a faster rate than the rise in nominal incomes.

### C. Step up Skilling

- Platforms help skill and train delivery workers. **88.6% of the active workers reported receiving training from the platform. 55% of the active workers ‘regularly’ re-skilling or upskilling themselves from the skilling content provided by the food delivery platform.**
- Workers move on to better-paying jobs after the platform experience. Skilling on the platform sets up workers for their next job. **38.2% of exited workers favourably viewed their platform experience as useful in their new jobs.** They highlighted GPS, knowledge of roads, customer handling and speaking English as key skills they picked up in their time as delivery workers.

### D. Policy Recommendations

- Food delivery platform work involves a trade-off between regulation and flexibility. It offers easy entry and exit, making it suitable as a temporary income source rather than a career choice. However, food delivery workers fall somewhere in the middle of the autonomy spectrum. India must navigate a trade-off between stringent regulations that might hinder flexibility and preserving the ease of this work option. **Striking a balance is crucial to maintain the nature of the work while enhancing worker conditions.**
- Platform workers have access to benefits like medical insurance and direct wage deposits, but they lack paid leave and pensions. In terms of social security, a significant portion receives rations, but only a small fraction possesses Ayushman Bharat cards, and even fewer are registered on the e-Shram portal or the Atal Pension Yojana.
- The need for social security among platform workers is evident, given the progress made in formalization. However, the question arises about who should provide it – the government or the platform companies. Food delivery platform workers are not traditional employees, which means they don't receive employer-provided benefits, and their work is often part-time with limited autonomy. Moreover, high attrition rates make it challenging for individual companies to offer comprehensive social welfare support. Therefore, it is suggested that the government should be the primary source of social security, with platform companies contributing financially to a centralized system. Additionally, platform companies should assist workers in enrolling on the e-Shram portal and accessing the Public Distribution System.
- Platforms can tie up with the National Skills Development Corporation and provide skilling certificates to platform workers along with recordings of their current ratings. The NSDC's RPL scheme can be leveraged here. This can help workers get their next job.

- Municipalities need to improve health facilities to enable walk-ins. One does not always need a hospital stay (and therefore not health insurance) but just first aid. Platforms can make information available about doctors who provide such walk-in facilities in key neighborhoods. SOS facilities on the workers' app are also helpful.

## **Conclusion**

The overall question that one has to think about is whether food delivery platforms can offer a sustainable long-term career similar to other occupations as proposed by NITI Aayog. Food delivery platform work offers a stepping stone, a way to upskill and re-skill workers and perform the function of a social welfare net. However, the analysis suggests that it is fraught with uncertainty if we are to rely on platform work to provide sustained long-term employment. The workers' incomes are vulnerable, similar to a traditional informal sector job. They work longer hours with little or no social security.

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