ISSN 2321 – 9378

IMI Konnect

Volume 10, Issue 1, 2021

An IMI Kolkata Publication

Highlights

Union Budget | Gig Economy | Tax Technology |
Brand Equity of Health Insurers |

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The article should be non-technical and should be within 2500 - 7000 words. There should be an abstract of 150-200 words. 3 to 4 keywords should be included. There should not be any mathematical expressions or equations or technicalities of methods in the main text. The article should not contain any notations or equations at least in the main text. If required, they may be put in Appendix. Appendix should be placed before References. It should be typed in MS Word, Font: Times New Roman 12, Line spacing 1.5. Kindly mention your complete name, surname, affiliation, email ID and contact number while submitting articles online.

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Comparing Customer-based Brand Equity of Private and Public Health Insurers

Swapnarag Swain*

Abstract

The main purpose of this study is to compare the customer-based brand equity of private and public health insurers in India. Aaker's framework consisting of four dimensions namely brand awareness, perceived quality, brand loyalty and brand association are used to measure customer-based brand equity. Questionnaire survey method was implemented online to collect responses from 187 individuals having subscription to health insurance policy. Factor analysis and one-way-ANOVA are performed to analyse the data. Findings suggest higher brand equity score for private health insurers across three dimensions namely, perceived quality, brand loyalty and brand association.

Keywords: brand equity, health insurance, brand loyalty, brand association

1. Introduction

Health insurance is one of the fastest growing sectors in the Indian economy and it is expected that the market size of health insurance will touch ₹2 trillion by the year 2030[1]. Factors like low level of market penetration at present, rising income, rising healthcare cost, increase in growth expectancy are acting as the key drivers for this growth. Apart from these factors, policy measures like launching of 'Ayushman Bharat Yojana' and increased tax benefits will boost fast growth of the health insurance sector in India, consisting of both private and public firms. These firms spend considerable amount in promoting their products through various channels of promotion such as television, print and digital media in order to influence customer's purchase decision. Earlier research has established brand equity as a driver of brand preference or, purchase intention (Cobb-Walgren *et al.,* 1995; Chen and Chang, 2008; Chang and Liu, 2009). Thus, it is very important for health insurance companies to understand their brand equity from consumer's perspective. Though many studies in the past (Yoo and Donthu, 2001; Pappu *et*

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[1]Statista (2021). Health Insurance Sector Market Size India FY 2018-2030, *Statista Research Department.* Retrieved from: https://www.statista.com/statistics/1116457/india-health-insurance-sector-market-size/

al., 2005; Kumar *et al.*, 2013; Biedenbach *et al.*, 2015; Su and Tong, 2015; Liu *et al.*, 2017; Bose *et al.*, 2018; Dwivedi *et al.*, 2018; Kumar *et al.*, 2013; Tasci, 2018) have measured brand equity in the context of different products and services, there is a dearth of literature in measuring brand equity of health insurance services. Hence, this research aims at measuring the customer-based brand equity (CBBE) of health insurance firms in India. Further, the difference between brand equity of private and public health insurance is still unexplored. Against this backdrop, the present study aims to measure and compare CBBE of private and public health insurance services. Hence, this study formulates the following research question.

RQ: Do private and public health insurance services in India have the same CBBE?

Findings of the study provide important insights for brand management practice in order to improve brand equity of health insurance firms. The next section discusses different dimensions of brand equity. Section 3 presents the details on data and methodology and Section 4 provides the data analysis. The final section concludes the article.

2. The Concept of Brand Equity and Its Dimensions

Brand equity is often considered as the additional value that a brand name brings to a product (Farquhar, 1989). It can be explained through two perspectives (Pappu *et al.*, 2005), viz. the financial perspective refers to the brand's financial value (Simon and Sullivan, 1993) and, the consumer perspective refers to the degree to which consumers attach value to the brand (Aaker, 1991; Keller, 1993, 2003). Research in marketing mainly focuses on measuring the consumers' perspective which is commonly known as customer-based brand equity (CBBE). Aaker (1991, 1996) developed a four dimensional framework to measure CBBE through brand awareness, perceived quality, brand association, and brand loyalty. This framework has been used by several studies in the past to evaluate CBBE (Pappu *et al.*, 2005; Atilgan *et al.*, 2005; Kayaman and Arasli, 2007; Rios and Riquelme, 2008; Chahal and Bala, 2012; Wang and Li, 2012; Kumar *et al.*, 2013; Biedenbach *et al.*, 2015; Su and Tong, 2015;Bose *et al.*, 2016; Rodrigues and Martins, 2016; Liu *et al.*, 2017; Bose *et al.*, 2018). These four dimensions of CBBE are defined in the literature by different authors.

Brand Awareness refers to the strength of recall and recognition of a brand in consumers' mind (Keller, 1993). It is a consumer's ability to retrieve the brand name from memory when asked about a specific product category to which the brand belongs. *Brand Association* refers to the meanings that consumers attach to a specific brand (Keller, 1993). Brand personality and organizational associations are the two most critical sources of brand association which act as one of the main reasons for consumers to buy a specific brand (Aaker, 1991, 1996). *Perceived Quality* refers to

consumers' subjective evaluation of a brand to perceive its superiority or inferiority compared to its competitors. It acts as a key differentiator. *Brand Loyalty* refers to the consumers' attachment with a brand leading to their intention or commitment to buy a specific brand consistently in future (Aaker, 1991; Oliver, 1999).

3. Research Methodology

3.1 Research Hypotheses

This research uses the four dimensional CBBE framework mentioned above to measure and compare brand equity of public and private health insurers in India. Hence the proposed alternate hypotheses of the study are as stated below:

H1: Consumers have different levels of brand awareness for private and public health insurers.

H2: Consumers have different levels of perceived quality for private and public insurers.

H3: Consumers have different levels of brand loyalty for private and public health insurers.

H4: Consumers have different levels of brand association for private and public health insurers.

3.2 Data and Methodology

This research follows a cross sectional descriptive research design, involving primary data collected from 187 respondents with the help of a structured questionnaire consisting of 17 items on a 1-7 point agreement scale. The items in the questionnaire are adapted from the works of Aaker (1996), Yoo and Donthu (2001), Netemeyer *et al*. (2004) and Pappu *et al*. (2005). These studies were conducted in American/Australian context and established generalizability of the measurement scale. The questionnaire was administered online over social media platforms like Facebook, LinkedIn and WhatsApp. Respondents were mainly urban Indian consumers who had subscribed to health insurance plans. Out of total 187 respondents, 102 and 85 respondents had subscription to private and public health insurance plan respectively. Six biggest (in terms of market share) health insurance brands in India were considered, viz. the three public insurers i.e, New India Assurance, United India Insurance, National Insurance and the private insurers Apollo Munich Health Insurance, Star Health Insurance and Max Bupa Health Insurance. Table 1 presents the final sample composition. Data is analysed by applying factor analysis.

4. Data Analysis and Key Finding

Exploratory factor analysis with principal component extraction method was implemented to extract the four factors solution. The four factors are in accordance to the four dimensions of CBBE namely brand awareness (Factor-1), perceived quality (Factor-2), brand loyalty (Factor-3), and brand association (Factor-4). The KMO index value of 0.867 along with 74.56 per cent of total variance explained by the four factors,

Table 1. Demographic Composition of Research Sample

Sample Characteristics		Frequency	Percentage
Gender	Male	134	71.7
	Female	53	28.3
Age	20-30 Years	42	22.5
	31-40 Years	86	46.0
	41-50 Years	38	20.3
	Above 50 Years	21	11.2
Annual Income	Up to ₹5 Lakh	47	25.1
	₹5 Lakh – 10 Lakh	83	44.4
	Above 10 Lakh	57	30.5
Occupation	Salaried (Government)	52	27.8
	Salaried (Private)	84	44.9
	Business	24	12.8
	Independent Professional	29	15.5

suggest adequacy of data for factor analysis. Tabel 2 presents the factors extracted, items under each factor along with factor loadings. Cronbach's alpha values ranging from 0.891 to 0.934 suggest reliability of the four dimensions of CBBE in the context of health insurance. The four factors/dimensions are described below.

a. Brand awareness: It basically refers to consumers' degree of familiarity with the brand name/logo and ability to recognize a particular brand among other competitors.

b. Perceived quality: Refers to consumers' evaluation of a particular brand's features, quality and reliability.

c. Brand loyalty: Refers to consumers' intensity of preference for a particular brand over other competitors.

d. Brand association: Represents consumers' trust and likability towards a particular brand and its credibility.

One-Way ANOVA was conducted to test the differences in brand equity of private and public health insurers across the four dimensions. Result indicates statistically significant difference in CBBE of private and public health insurers across three dimensions namely perceived quality, brand association and brand loyalty. Result shows higher degree

Table 2. Result of Factor Analysis

Factor	Item Description	Factor Loading	Cronbach's Alpha
Brand Awareness	I am aware about this health insurance brand	0.877	0.934
	When I think of health insurance, this brand comes to my mind	0.865	
	This is a brand of health insurance, I am familiar with	0.872	
	I know what this brand of health insurance looks like	0.843	
	I can recognize this brand of health insurance among other competing brands	0.856	
Perceived Quality	This health insurance provides very good quality products	0.846	0.894
	This health insurance provides products of consistent quality	0.854	
	This health insurance provides very reliable products	0.832	
	This health insurance offers products with excellent features	0.817	
Brand Loyalty	I consider myself to be loyal to this health insurance brand	0.768	0.912
	This brand would be my first choice when considering health insurance	0.777	
	I will not buy other health insurance if this brand is available	0.726	
Brand Association	I like this health insurance company	0.728	0.891
	This health insurance offers good value for money	0.734	
	Within health insurance, I consider this brand a good buy	0.716	
	This health insurance brand is highly credible	0.698	
	I trust this health insurance brand	0.692	

of CBBE for private insurers compared to public insurers across these three dimensions. However, no statistically significant difference between public and private health insurers was reported for the dimension brand awareness. Table 3 and Table 4 present mean values and results of ANOVA respectively.

5. Conclusion and Managerial Implications

Results of the study demonstrate better CBBE score for private insurers across three dimensions namely brand association, perceived quality and brand loyalty as compared to public insurers. Critical

Table 3. Mean CBBE Scores for Private and Public Insurers

Dimension of CBBE	Insurer type	Mean Value
Brand Awareness	Private insurer	6.066
	Public insurer	6.093
Perceived Quality	Private insurer	5.352
	Public insurer	5.089
Brand Loyalty	Private insurer	4.549
	Public insurer	4.374
Brand Association	Private insurer	4.065
	Public insurer	3.852

observation reveals a common pattern of scores across the four dimensions in case of both public and private health insurers. Brand awareness received highest score followed by perceived quality, brand loyalty and brand association in descending order. Low score for brand loyalty can be attributed to consumers giving importance to premium amount than the policy features. Low score for brand association can be attributed to consumers' low credibility or, trust factor with the health insurers. However, regarding brand awareness, consumers are equally aware of both public and private insurance companies. Thus, managers of both public and private insurers

Table 4: SPSS Output of One-Way ANOVA

	Sum of Squares		df	Mean Square	F	Sig.
Brand Awareness	Between Groups	0.035	1	0.035	0.269	0.605
	Within Groups	23.957	185	0.129		
	Total	23.991	186			
Perceived Quality	Between Groups	3.222	1	3.222	11.467	0.001
	Within Groups	51.979	185	0.281		
	Total	55.201	186			
Brand Loyalty	Between Groups	1.413	1	1.413	4.174	0.042
	Within Groups	62.639	185	0.339		
	Total	64.052	186			
Brand Association	Between Groups	2.088	1	2.088	7.085	0.008
	Within Groups	54.521	185	0.295		
	Total	56.609	186			

should give high importance to consumer education and engagement to improve on brand association and loyalty score. Public health insurers also need to improve on the variety of health insurance policies offered along with their features.

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A Budget of the Future and Hope

G. R. Chintala*, K. J. S. Satyasai**

Successive Union Budgets over the last few years till the current fiscal have harped on continuity. But the current year being the year of once-in-a-hundred years pandemic, the budget estimates for FY 2020-21 went awry with fiscal deficit touching 9.5 per cent of GDP, due to shrinking revenues and bulging expenditure on account of COVID-19 management. Presenting the Union Budget for FY2021-22 is the most daunting task for even the best of the finance ministers. The Union Budget 2021-22 is bound to raise spirits as it laid thrust on the capital generation and health care. Even in the face of a difficult year with fiscal deficit touching almost double digit that can taper to 4.5 per cent of GDP by 2026, making several proposals for all sections of the economy is not a small task. We congratulate the Government of the day and the Finance Minister (FM) for this bold and inclusive budget. Incidentally, stock markets seem to have approved the Budget as the indices rose instantly.

By classifying the proposals under six pillars, the FM has followed an inclusive approach covering health, infrastructure and capital, inclusion, human capital, innovation and governance. Following the mood emanated by the Economic Survey 2020-21 presented on January 29, 2021, the Union Budget 2021-22 has many proposals for building economic infrastructure as well as health infrastructure. Health and wellbeing have been given the major thrust with ₹2.24 lakh crore outlay for 2021-22, which is very apt given the recent pandemic.

Thrust on physical and financial infrastructure is a welcome step as it would enhance the productive capability of the economy to yield higher growth in several years to come. Committing ₹1.97 lakh crore over next 5 years covering 13 sectors can bring size and scale to the key sectors, especially the manufacturing sector. Scheme for 7 Mega Textile Parks in next 3 years is much needed intervention for addressing unemployment triggered by the pandemic. Budget provides for expansion of National Infrastructure Pipeline (NIP) from 6835 projects to 7400 in FY2021-22 as a big boost to infrastructure development. Creating institutional structures, monetizing assets, and enhancing share of capital expenditure in central and

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Views expressed are personal and not of the organization the authors represent.

state budgets are the steps proposed in this regard. For financing infrastructure the Budget proposes Development Financial Institution (DFI) with ₹20000 crore share capital. It will have a lending book of ₹5 lakh crore in 3 years' time. The Budget proposes expanding rail, road network like never before. Power infrastructure, ports, airways etc. are other areas getting major push. Impressively, capital expenditure to the tune of ₹5.54 lakh crore, 35 per cent more than the budget estimate in FY 2020-21, is proposed during the next fiscal. In fact, even during the pandemic year, the thrust of the government has been on more of capital expenditure resisting the temptation of more of revenue spending. This strategy ensures higher future growth path.

On the agricultural front, the target for agricultural credit is fixed at ₹16.5 lakh crore with a focus on allied sectors. Given that we have achieved ₹11 lakh crore by December 2020, going by experience, the FY2021-22 target is achievable. Of course, our efforts are geared to more inclusive financing of both the geographic and population segments. Reducing margin money from 25 per cent to 15 per cent and including allied activities under Stand-up India, are steps towards further inclusion. Higher allocation to Rural Infrastructure Development Fund (RIDF) of ₹40000 crore compared to ₹30000 crore in FY2020-21 is a shot in the arm and in line with the overall emphasis on infrastructure. As we all know, RIDF has over last two and a half decades, connected remote areas with all weather roads and bridges, augmented irrigation facility and thereby increased farmers' incomes, led to growth in secondary and tertiary sector activities, and helped to improve social mobilization and empowerment, as studies have revealed. This enhanced funding of infrastructure will have a multiplier effect on farmers' income, labour absorption, and the credit needs due to higher absorption capacity at the ground level.This impact would further get amplified through micro irrigation due to efficiency gains. This budget doubled the allocation for Micro Irrigation Fund to ₹10000 crore.

The Budget has proposed 5 fishing harbours and inland river courses as hubs of economic activity. Seaweed farming is another promising activity and the budget proposes Multipurpose Seaweed Park in Tamil Nadu. With a long coastline, seaweed has immense potential for export earnings and is also fighting nutrition problems in the country. This Budget has something substantial to offer even for agricultural marketing. E-Nam will cover 1000 more mandis while the scope of Operation Green Scheme would expand to 22 perishable commodities across 1.68 crore farmers.

The budget has provided for more resources for agriculture through agri-infrastructure cess on various commodities including petrol, re-capitalisation of regional rural banks and public sector banks that can improve their health and borrowing power, and additional share capital for NABARD of ₹2000 that we

can leverage at least 10 times to mop up additional ₹20000 crore from the market to fund the dreams of rural people.

To sum up, the Budget has followed a balanced and inclusive approach and laid emphasis on capital expenditure and infrastructure build up to create a better growth potential in future. Perhaps, we may appreciate this budget more in the years to come than now. As Mr. Nitin Gadkari, Union Road Transports and Highways Minister rightly stated, this budget is sure to lay the foundation for a new India and will improve the lives of 130 crore Indians.

On Budget, Unicorns and More

Kamal Agarwal*

If I look at budget from a layman's perspective, over the years it has sounded the same irrespective of the government which presents the budget every year, similar comments are heard about the allocation of expenditure in various sectors, certain changes in the tax rates and duty rates. It is my observation that for a common man, the focus is on what the finance minister offers on direct taxes, whether there is reduction of tax rates, or enhancement of taxable slab etc.

Let us consider the question, what is the relevance of the budget in the present setup of the economy and the way things are unfolding in the economy today. We have a GST council which mostly handles the indirect tax matter. There is no more policy making in budget on the indirect taxes. So budget is mostly dealing with macroeconomic factors which again, for a common man probably doesn't make much sense because it is mostly statistics and data which is presented by the finance minister; understanding of the economy and the way the economy is shaping up becomes difficult from those data, at least for a common man. For the last few years, we have seen that the finance ministers have stayed away from making any significant changes in the direct taxes mechanism though there has been a clamour that direct taxes need to be looked at. There are direct tax codes which have been suggested by some panels, committees but changes are not made.

So, when we talk about the relevance of the budget, perhaps it is time to lay down the priorities of the economy today. We need some analysis of what the priority areas of the economy and the government today are, and how we compare those priority areas vis-à-vis the world economy, especially the developed countries, how we see ourselves positioned and what is the course that the governments are looking at to set for the economy for the years to come. That is one aspect regarding the relevance of the budget. Also, it would be more useful if the budget speech brings out the increases / decreases in proportion / priority terms in the budget allocations to various sectors; this would also assist listeners in understanding the priorities of the government and the direction in which things are headed.

Having said that, the budget this year has been exemplary, quite different from the last few years and the best evidence for that was the way the stock market has reacted. I have never seen the stock market reacting so strongly and so positively to a budget in the last two

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decades. Whatever the stock markets had lost in a period of 7 to 10 days, was recovered in flat 2 sessions immediately after the budget announcement.

So, what are those pluses that the market took very positively? If I try to count a few of them, it would be the whole thrust and focus around capital expenditure. The whole focus has been on the supply side. Supply side means capacity building, so the budget's focus has clearly been on building the capacity for the country. If we look at the proportion of the proposed capital expenditure to GDP, it is in the range of 2.5 per cent of GDP today versus what it used to be about 1.5 per cent in the past. So, this is a significant jump in terms of capital outlay that the budget is proposing to do. The benefits of this capital expenditure can be realized in the long term as anything that enhances capacity gives results over a longer term. So that's a big thumbs up that the market has given to this budget.

Next, is the increased allocation to the health sector. Obviously, in the ongoing pandemic scenario which we are still struggling to come out of, it was expected that the allocation to the health sector will have to be wider and bigger and obviously the finance minister didn't disappoint us on that. So the big allocation to the health sector is another plus point.

But there are a few minuses as well which relates to something that the budget has missed out. A little more attention to the salaried class has been a wide expectation since years now. A lingering question is, whether the budget is doing enough for the salaried class of the country in terms of their taxability and the proportion of taxes that the salaried class has to shell out, and the avenues to do some more tax planning, including allowing employment related expenses against their taxable incomes.

The taxability of the agricultural sector has been a long standing demand. We all know that the agricultural sector contributes a substantial portion of GDP to the Indian economy and the sector remaining untaxed generally provides a tax opportunity that is existing but untapped. The other aspect which I thought was missed out was some more measures on preventing black money or, tapping the black money. I am sure there is much more to what can be done to prevent the black money scenario in the country. To cite one mechanism which could be brought in is probably linking a few benefits to the citizens (example, Mediclaim coverages) to the amount of taxes that one pays or, the amount of return which one individual discloses in his or, her return of income. The moment such benefits are linked it could lead to much more disclosures and much more transparency in a way tax returns get filed by individuals.

Given that budget 2021 has put thrust on company matters, ease of doing business and incentivizing the startups, few points need to be mentioned. For any startup or any business to be on a consistent growth path, two-three elements are very critical. One is the flow of capital; second, the available incentives to

operate the business idea and third is the burden of compliances. We know compliances can really be tricky at times. So, the budget has taken the game further on how to make these much easier on all these counts. For availability of funds, there needs to be focus on deep liquid bond markets to make the flow of capital much easier for various projects. Capital gains from sale of residential property will be exempt from taxes if it is invested in a startup for subscribing equity shares of a startup company. That is a very nice way of bringing in additional sources of capital for a startup business. We all know that for a startup, public funding is not easy to come through. Every entrepreneur will look for private channels and their own network, their own social set up to draw capital from. So this measure definitely makes it easier for startups to look for easy availability of capital.

Talking of incentives, the whole tax deduction benefit, 3 years zero taxability out of a period of 10 years depending on how you want to choose it, is a big incentive. The schemes around production linked incentives that the government has also been focusing on provide additional benefits and incentives in certain identified sectors. Additionally, the relaxation on some of the GST forms, GST compliances and the need for tax audit not to be required for turnover up to 10 crores are also to incentivize the startups. So, the budget has definitely taken the action forward in terms of making it easier for the startup ecosystem of the country. Now 'startup' is the buzz word and India is continuously in search of its unicorns. So the budget has definitely come out well on that side.

Budget: Bad Banks, Fiscal Transparency and Reforms

Radhika Pandey*

The budget was presented in a difficult economic environment which was grim even before the onset of the pandemic. If we look at the trajectory of India's economic growth, it was already slowing down. The fiscal deficit also came in at 4.6 per cent of GDP for the year ending March, 2020 as compared to the revised estimate of 3.8 per cent of GDP. Then, the COVID-19 induced shock hit the economy and our first-quarter GDP shrank to the steepest to around 23.9 per cent of GDP. It was in this backdrop, that the budget was presented. It was anticipated that the budget will give a kickstart to the economy. While some nascent signs of recovery were visible in terms of better GST collections and car sales, it was expected that the budget would give a further impetus to growth.

There are three key takeaways from the budget. First, a big push has been given to infrastructure creation. Second, a move towards fiscal transparency and finally a series of structural reforms have been announced which could foster long-term sustainable growth.

Big Boost to Infrastructure

There can be two ways of supporting growth. One is by giving direct cash transfers in the hands of poor people who are directly affected by the pandemic and the other is to promote a broad based growth in the form of infrastructure spending. The government took a bold decision by not taking the populist route but adopting a more growth-oriented approach to infrastructure spending. Infrastructure spending has a higher multiplier effect as it leads to long term sustainable growth compared to just giving cash transfers in the hands of people. The boost to infrastructure spending is a key highlight and a positive feature of the budget.

The boost to infrastructure spending is sought to be achieved in three ways. One is through a comprehensive asset monetisation plan. This is very important because the government has a lot of unused land and a number of other resources like road. All these assets can be monetized so that the government can get additional resources to make fresh infrastructure investment. This is necessary because till the private sector participation in infrastructure investment remains subdued, the government needs to do the heavy-lifting in terms of generating cash resources to make

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fresh infrastructure investments. The government has laid down a comprehensive plan for asset monetisation through setting up of special purpose vehicles like real estate investment trust (REIT), where some stock of roads would be handed over by the National Highway Authority of India (NHAI) and then these can be issued as units to institutional investors so that they can be monetized. A number of mechanisms have been proposed in the budget to monetize the brownfield assets of the government so that a fresh set of resources can be generated for infrastructure investment. That is one way through which the government proposes to garner resources for infrastructure spending.

The second way by which the government proposes to boost infrastructure spending is by raising the budgetary allocation for capital expenditure. Capital expenditure has been around 1.5 per cent of GDP and around 12 per cent of the overall expenditure, but this time there has been an increase in capital expenditure as we see in the BE of FY22. Capital expenditure is budgeted to be around 2.5 per cent of GDP.

The third way by which the government plans to give a boost to infrastructure financing is through the setting up of a Development Finance Institution (DFI). This is a very important step because till now we have seen that banks have been financing infrastructure spending by giving loans for infrastructure projects. There is a typical problem with banks doing the bulk of infrastructure financing because banks face an asset-liability mismatch. Banks' liabilities are in the form of deposits which are short term and if they start lending to infrastructure that is long term, there is an asset-liability mismatch. We saw that from 2003 to 2008, there was a big increase in bank led infrastructure financing but post the global financial crisis (GFC) and after the onset of the recession in 2011-12, these loans turned bad and resulted in a spurt in NPAs of banks. To avoid the perils of bank-led infrastructure financing, the government is now thinking of alternative ways of infra financing and one such strategy is through setting up of DFIs.

While DFI is a significant step towards improving infrastructure financing, the policy-makers need to learn from past experience on DFIs. This is because DFIs are not new in the Indian policy landscape. DFIs were set up to promote financing to industries. At that time, a lot of subsidized credit was given to DFIs through government, RBI and banks so that they could allocate finance towards industries infrastructure, but after financial liberalization, the flow of subsidized credit dried up. The business profile of DFIs turned unviable as they were not able to access low cost financing and ultimately they had to be converted into universal banks.

The DFI experience did not run well in the early phase. The model is being proposed again. Policy initiatives need to be taken in conjunction to ensure that DFIs can play a significant role in infrastructure financing so

that the government's aspiration to achieve a $5 trillion economy by 2024-25 can be fulfilled. One major ingredient towards this is the development of deep and liquid bond markets because unless we have deep and liquid bond markets, there won't be a steady stream of finances at competitive interest rates available for development finance institutions. We need to allow more institutional investors like insurance and pension funds to invest in infrastructure because right now there are a lot of regulatory prescriptions on how much insurance and pension funds can invest in infrastructure. They are primarily allowed to invest in AAA rated bonds and in government securities. So we have to liberalize that source of financing so that these pools of funds can be incentivised to invest in infrastructure.

Government needs to initiate more market friendly reforms so that there is a steady flow of investments towards infrastructure. We have seen some progress in this direction. We have seen that foreign portfolio investors have been allowed greater access to invest in government and corporate bonds. More steps need to be taken so that there is a steady source of finance. The ₹5.54 lakh crore which the government has allocated for capital expenditure alone would not suffice for infrastructure financing. So, while it is a good decision, the fine print of the bill to establish DFI will give details on the management and financing of the proposed DFI.

Fiscal Transparency

Another highlight of the budget is that the government has introduced greater fiscal transparency. Over the past few years, some part of the expenditure of the government used to be hidden as an off-budget liability. This used to mask the headline fiscal deficit number. For example, the government has to pay to the Food Corporation of India (FCI), the difference between the amounts; the FCI pays to the farmers as procurement price and what it gets as central issue price through the fair price shops. The difference is supposed to be paid to FCI by the government as food subsidy but over the past few years, the government has been paying a very small portion of this amount and for the rest, it used to ask FCI to borrow from National Small Savings Fund (NSSF). This used to underestimate the true fiscal deficit of the government. A number of expert reports including the CAG report on fiscal compliance highlighted that the government should show the expenditure "on-budget" and should move towards greater fiscal transparency. In this year's budget, the finance minister has announced that the NSSF financing of food subsidy will stop and the full expenditure on account of food subsidy will be shown as on-budget.

The budget has proposed a comprehensive expenditure on not just health but what they call 'health and wellbeing', which covers health, water and sanitation. Therefore, when they are talking about a big boost to health spending, that covers health as well as well-being, taking into account both preventive and curative approaches to health. A big amount is

proposed to be spent on water and sanitation.

Structural Reforms

Finally, the budget has announced a series of structural reforms. The government has announced a strategic disinvestment policy under which four sectors are considered as strategic sectors where there will be a minimum presence of some central public sector enterprises and in other sectors, the entities would be disinvested or privatized. As part of this policy, the government has announced that it will privatize two public sector banks.

The finance minister said that the government will bring about legislative changes to privatize two public sector banks. This is a bold step and is bound to meet opposition from the unions and other stakeholders, but the government has finally taken this call because over the last three years a lot of money was infused into the public sector banks but the credit dispersal has not improved much. Given that government's finances are strained, it has proposed disinvestment and privatisation to improve the efficiency of public sector banks.

Another structural reform is the proposal to set up a bad bank. A bad bank is an asset management company to take over the bad loans of banks to clean the balance sheet of the banks so that they can kick-start their lending cycle. When the bad bank has taken over the bad loans of the banks, it will try to sell those assets depending on the market for the stressed asset. Although the proposal looks promising in its statement and intent, it needs to be seen what will be the structure of the bad bank, how much capital will the government be infusing, if at all. While the budget speech was silent on this, what we do hear from the post budget discussion is that in the bad bank, the government will not be infusing capital. Banks will have to allocate some amount of capital to set up this bad bank.

In some countries such as Malaysia, bad banks have been a successful experiment. It needs to be seen whether it will be successful in the Indian set-up. The pricing of assets and the capital structure of the bad bank will be critical factors to ensure its success.

Tax Technology Trends in India

Ajit Jain*

CA Ajit Kumar Jain has extensive experience into international taxation and transfer pricing matters including representation before the tax authorities, advising clients on complex transfer pricing models. He is a regular speaker at various forums and an avid writer on various topics. Currently, he is working in UAE with a consulting firm.

IMI Konnect: *Will you explain the relevance and emergence of tax technology?*

AJ: In the disruptive world, technology is becoming increasingly crucial to tax functions as the requirement is to centralize the activities, to get better data more frequently and on a real-time basis, to drive value from tax data, to maximize the return on investment in tax function transformation and to comply with exponentially increasing compliance requirements.

IMI Konnect: *Which are the key trends impacting the tax functions?*

AJ: The key trends impacting the tax functions include, digital tax administration which means tax authorities across the globe are going digital. Secondly, the multinational enterprises are adopting digital strategies in almost all the areas of their operations. Also, the use of technology in tax functions demands a greater level of transparency.

IMI Konnect: *What are the uses of technology in tax function in general?*

AJ: Tax technology is being used widely for consistency in the information used in various tax filings for diverse tax laws in multiple jurisdictions; effective control over compliance that needs to be undertaken; accurate tax input with high assurance for decision-making in business, and the ability to influence the shaping of new laws, protocols, and public opinion across multiple jurisdictions and diverse regulators.

IMI Konnect: *What kind of tax technology solutions are generally used for tax and finance functions?*

AJ: Finance and tax are the key areas where the companies are required to spend a significant amount of time. Generally, technological solutions are built in the areas that include tax compliance software to streamline the tax filings (for instance, GST, Direct tax); tax analytics software to analyze the trends, data, insights, and overall tax exposure. Also there are data visualization softwares to get the quick and better insights; transfer pricing software for benchmarking,

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documentation, Country-by-Country Reporting (CbCR), and exposure analysis; VAT and custom related software and process management solutions like payroll, accounting and process tracking.

IMI Konnect: *After the introduction of technology in tax functions, what, according to you, has been the best outcome?*

AJ: While using technology in tax functions resulted in numerous benefits, achieving efficiency in the work, transparency, and effective decision making are the best outcomes after implementing technology solutions in tax functions.

IMI Konnect: *What are the global best practices in the use of technology in taxation? How much has our country achieved to conform to such best practices?*

AJ: Globally, MNEs are using Artificial intelligence, big data, machine learning, blockchain technologies and robotic automation process in their tax functions.

The objective of the Indian government is to convert the Indian economy into a cashless one, introduce e-governance, and enable ease of doing business through digitalization. India also travelled a long journey in implementing technology solutions in tax functions and considering the population and the volume of the transactions, India has done a tremendous job in successfully implementing various tax-related digital solutions. Indian tax authorities are now way ahead in using advanced technology in tax compliance and tax scrutiny. E-assessment is the latest development in India which will definitely bring more efficiency and transparency. A few examples of technology used by Indian tax administrations are, the Central Board of Direct Taxes (CBDT) has devised a system-based method in a centralized manner through Computer Assisted Scrutiny Selection (CASS); in the Union Budget 2019, the Finance Minister announced an e-assessment scheme. Also, in Union Budget 2020, the Finance Minister announced e-appeals at the first appellate level, Commissioner of Income Tax (Appeals), (CIT (A)). Moreover, the GST Council has implemented e-invoicing in phases for reporting of business-to-business (B2B) invoices to the GST system.

IMI Konnect: *How can any organization start a tax technology and transformation journey?*

AJ: In order to implement successful tax technological solutions, the organizations need to evaluate the current processes being followed, and the challenges that are being faced. The tax solutions should be aligned with the overall tax strategy of the organization. Based on the identification of issues and challenges, one can work towards building up the required solutions and their implementation. The steps taken by the organisations include, defining the vision of tax functions, understanding the perspectives and expectations of the stakeholders and customers, evaluating the effectiveness by identifying the key opportunities, prioritizing the opportunities and developing an action

plan and implementing the same.

IMI Konnect: *What are the skills the tax professionals should acquire?*

AJ: Considering the significant use of technology in organisations, every tax professional needs to have analytical capabilities, to help the business make informed decisions. This might require organizations to rethink their organizational designs to suit the next-gen workforce.

IMI Konnect: *What are the key challenges in adopting the tax technology solutions?*

AJ: The key challenges in adopting the tax technology solutions are lack of experienced tax technology professionals, high investment cost and organizational internal issues such as lack of co-ordination.

IMI Konnect: *Do you think students graduating in data analytics can have better career prospects because of the growing focus on tax technology?*

AJ: Yes. There will be a huge demand for tax technology professionals in the country. People with a degree in data analytics will have better career prospects in this area.

IMI Konnect: *Is tax technology a requirement or an opportunity?*

AJ: Tax technology is a requirement for the organizations to survive in the new digital world. It is also an opportunity for the organizations who wish to grow by adding more value to business by making effective decisions.

Gig Economy, Gig Workers and the Implications of the Social Security Code 2020

Anirban Das*

Abstract

With the start of a new decade, there has been a significant rise in business in the corporate industry. The work culture has seen a shift, and enterprises are now adopting recent trends that benefit them the most. And as we speak of new trends, we should not forget to mention that the gig economy has made its presence in the booming market. The gig economy has always been there, but organizations have been sceptical about it until recently. And with the rise in the gig economy, there has been a widespread increase in gig workers. This article will discuss who these gig workers are, the pros and cons of gig working, how they help organizations fulfil their potential and some of the salient features of the Social Security Code 2020 for gig workers.

Keywords: gig economy, gig worker, platform worker, social security

1. Introduction

The term 'gig' is jargon for 'temporary job'. It started popping up in the 1920s for Jazz Musicians who used to perform. The 1940s and 50s saw the rise of temporary staffing agencies like Kelly Services Inc. and by the late 1990s, the internet connected people through sites like Craigslist and Upwork. After that, start-ups began developing apps and websites like Mechanical Turk, Airbnb and Task Rabbit. But in 2010, the launch of one app, in particular, turned the gig economy upside down, when Uber accepted its first ride.

Gig Economy, means a free market system in which businesses use independent contractors, for short periods, to handle their various needs. In 2017, the Bureau of Labor Statistics reported that 55 million people in the U.S. are "gig workers," which is more than 35 per cent of the U.S. workforce. That number was projected to jump to 43 per cent by 2020 (Hyken, 2018). The digital gig economy generated a gross volume of approximately $204 bn from worldwide customers in 2018. Transportation-based

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services contributed to over 50 per cent of global value[1]. The size of the gig economy is projected to grow by a 17 per cent CAGR and generate a gross volume of approximately $455 bn by 2023. India has emerged as the 5th largest country for flexi-staffing[2] after the U.S., China, Brazil and Japan. Haryana, Madhya Pradesh, Andhra Pradesh, Gujarat and Telangana have most opportunities in terms of growth for the flexi-workers.

Some of the common examples of gig workers include photographers, web designers, chefs, freelance programmers, drivers (like Uber, Ola etc.), delivery boys (like Zomato/Big Basket/Swiggy etc.), freelance interior decorators, content writers and digital marketers.

2. Rapid Expansion of Gig Economy

Gig Economy has been there for so many years. Still, COVID-19 and existing economic conditions have given a huge boost to the gig economy, especially in India as it serves win-win for both the workers as well as the corporates.

For the workers it provides flexibility, advantages of remote working, creates sense of ownership, helps in skill development and ensures job security.

2.1 Flexibility: The Generation Y and Z people have been laying a lot of emphasis on a flexible working arrangement rather than the traditional 9 am to 5 pm job. Being a gig worker, one can completely choose how many hours to put everyday on work. Based on individual preference, they can take up assignments which offer them sufficient flexibility in managing their time.

2.2 Remote Working: Gig workers, especially the white-collar workers, are not bound by working from a particular office location or city. With the advent of technology and digital platform, they can deliver their work sitting anywhere in the world.

2.3 Ownership and Skill Development: Gig workers can choose to work on different projects based on their preferences which will allow them to enhance their skills and give them different experiences. They are also not bound by working in a typical hierarchy system like a regular office environment, and hence they are their own masters.

2.4 No Fear of Job Loss: The important characteristic of the gig workers to flourish is to be self-disciplined and to continuously upgrade their skills and stay relevant. In the world of digital nomads and freelancers, once they have built a strong reputation and market

[1](November 30, 2020). What is Gig Economy and How is it Taking Shape in India, *Ekprice.* Retrieved from: https://www.ekprice.com/blog/what-is-gig-economy-and-how-is-it-taking-shape-in-india/

[2](January 30, 2021). India Emerges as Leading Country for Flexi-Staffing, Platform Workers: Economic Survey, *HRWorld.com*, *The Economic Times.* Retrieved from: https://hr.economictimes.indiatimes.com/news/industry/india-emerges-as-leading-country-for-flexi-staffing-platform-workers-economic-survey/80598322

differentiation and have multiple recommendations, then they will be able to select and pick up the job offers that "best" suit their interests with work life balance. In such a scenario, they don't have to live in constant fear of job loss as they are engaged in multiple projects and not attached to a single employer.

For the corporates, the advantages include low payroll and admin cost, the flexibility in scaling up and down and lower cost due to reduced space.

2.5 Low Payroll and Administrative Cost: For the specialised jobs, where experts are needed for a particular assignment or for some specific period, the corporates wish to engage with gig workers and pay for the particular task rather than taking them on permanent payroll. This saves a lot of cost to the corporates. Also, with a permanent hire; they need to include them under many statutory benefits and policy benefits which are not applicable in case of engaging with the gig workers. For example, suppose a corporate needs to develop content for its website, which is a one-time activity and not a continuous process. They can hire a freelance digital content writer and pay for the specific assignment rather than hiring a full-time content developer and keep worrying about how to keep the person utilised throughout the year.

2.6 Agility in Scaling Up and Down: The corporates can have greater flexibility in scaling their workforce upwards or downwards to meet specific business demands if they engage gig workers rather than full-time employees.

2.7 Reduced Space Cost: Office space remains as one of the significant overhead costs to every corporate. Since gig workers can work remotely from anywhere, the organisation saves a huge expense by not allocating them fixed seating spaces and other infrastructure.

However, being a gig worker has its flip side as well. First, considering that the gig workers are working on assignments and get paid accordingly, there is no regular income which hit their bank accounts every month unlike a full-time employee. Second, gig workers have to be continuously on their toes to fetch new projects for them, unlike a full-time employee where the organisation has the responsibility to give tasks to them. Hence, constant upskilling, continuous internal branding of their work and building a strong personal network is inevitable for them. Third, most of the gig workers work independently away from a regular office environment. Hence, the sense of loneliness can creep into them as they don't get the opportunity to interact with their colleagues everyday unlike in a traditional corporate set up. This isn't the case for people working as drivers or caregivers for sure. But, imagine someone doing pickups and deliveries across long distances and spending all those hours alone. This might also be the circumstance for designers, developers or copywriters working on their laptop from home. They can be spending a whole week working at home without real-life interactions.

Finally, traditional employment often provides a lot of social security and perks to an employee, including health benefits, paid holidays, insurance coverage, retirals etc. However, unfortunately, the same is not true in the case of gig workers as they are independent freelancers and have to manage all these benefits on their own. However, The Code on Social Security Bill, 2020[3] (S.S. Code) passed by the Modi led NDA government in September 2020 has for the very first time extended the social security benefits to the workers in the country's booming gig economy sector.

3. Social Security Code 2020, and Implications for GigWorkers

S.S. Code has enhanced the coverage and extended the security benefits to all workers in the organised as well as unorganised sectors. S.S. Code deals with the protection under 'social security' to (i) employees, (ii) gig workers (iii) unorganised workers (iv) platform workers and (v) Inter-state migrant workers. Here we discuss the salient features of this code which is related to gig workers.

3.1 Gig Worker and Platform Workers

The definition of 'gig workers' under S.S. Code is an inclusive definition. As per the said definition, any person who (i) performs work or participates in a work arrangement, and (ii) earns from such activities, outside of a traditional employer-employee relationship, is called a gig worker. The definition indicates that gig work is a category outside the typical employee-employer framework (Example: independent contractual workers, freelancers, temporary workers, project-based workers, Zomato and Swiggy delivery boys etc.).

Under the S.S. Code, platform workers are also similar to gig workers which is a work arrangement between the persons outside the traditional employer-employee relationship. However, the only difference is that the platform workers can access the organisations or individuals through online platforms and provide services or solve specific problems or provide specific services directly, in lieu of payment (Example: Urbanclap, Uber, Ola, Rapido drivers, etc.).

3.2 Overlapping Definitions of Gig Worker and Platform Worker

There may be an overlap between gig workers and platform workers. Overlapping of the definition is leading to ambiguity. In the absence of appointment letters and fixed work timings etc. by the employer, e.g., a driver working for one app-based aggregator might work for its competitor as well, falls under the gig worker definition. However, he would also fit under the definition of a platform worker since he works through an online platform. This allows workers to take up multiple gigs at the same time, reaping benefits under all schemes launched by the government for each

[3](28th September, 2020). THE CODE ON SOCIAL SECURITY, 2020 NO. 36 OF 2020, *The Gazette of India*. Retrieved from: https://labour.gov.in/sites/default/files/SS_Code_Gazette.pdf

type of such worker, which will create ambiguity in the future, after the various schemes have been notified. Hence, the central government may clarify the same through the rules framed under the S. S. Code (Ministry of Law and Justice, 2020).

3.3 Aggregators

Aggregators under the S.S. Code, mean "digital intermediaries or a market place for buyers or, users of a service to connect with the seller or, the service provider". Aggregators have been specified under Schedule VII of S.S. Code to include i) ridesharing services ii) food and grocery delivery services iii) logistic services iv) e-Market places v) professional service provider vi) healthcare vii) travel and hospitality and viii) content and media services.

Under the S.S. Code, the aggregators are specifically required to contribute to the Gig and Platform Workers' Social Security Fund (Gig and Platform Workers' Fund), setup by the central government to provide social security and welfare benefits to the gig and platform workers.

The central government will launch schemes for gig and platform workers on matters relating to (i) life and disability cover (ii) accident insurance (iii) health and maternity benefits (iv) old age protection (v) creche and (vi) other benefits as determined by the central government from time to time. The scheme (if set up for the welfare of gig and platform workers) by the state government, the same may be funded by the respective state government, contributions from beneficiaries, and by corporate social responsibility funds defined under the Companies Act, 2013.

3.4 Contribution from an Aggregator

The contribution from an aggregator has to be at a rate specified by the central government, which is in the range between 1-2 per cent of the annual turnover of the aggregators. However, such contribution cannot exceed 5 per cent of the amount paid or payable by an aggregator to the gig workers and platform workers. It has also been clarified that under the S.S. Code if an aggregator has more than one business, such a business will be treated as a separate business entity or aggregator to remit contributions. It is to be noted that mere engaging gig workers or, platform workers won't attract the obligations under S.S. Code. The entity needs to be an aggregator in the first place to attract the obligations of payment of contributions to the fund.

Due to the introduction of such a contribution, there is an imminent threat of heavy deductions from the gig workers' income by the aggregators. Further, the fixed percentage of payment towards social security obligations also does not take into account the fluctuating incomes of the gig workers (e.g., due to factors like the number of rides or deliveries being higher or lower than average). This may continue to be a drawback for gig workers concerning their payments.

3.5 Registration of Gig and Platform Workers

The S.S. Code mandates the registration of

gig and platform workers to be eligible for the benefits under the various schemes of the central government and criteria specified for the same, including Aadhaar details, and fulfilment of various other statutory requirements, like updating details etc.

Due to this, there is over-regulation and increased documentation of the gig and platform workers, and added economic and human resource stress on the aggregators or entities employing such gig workers. Over-regulation can also reduce the flexibility of the structure of business for gig workers, reducing mobility, creating entry and exit barriers and increasing costs etc.

4. Conclusion

While we will wait for further enhancements in the S.S. Code, with the development in technology and the advent of artificial intelligence in work environments, the gig work models will continue to adapt, innovate and expand. The potential advantages of the gig economy are going to be manifold in a country like India and the days are not far when the gig economy working will become the new normal.

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