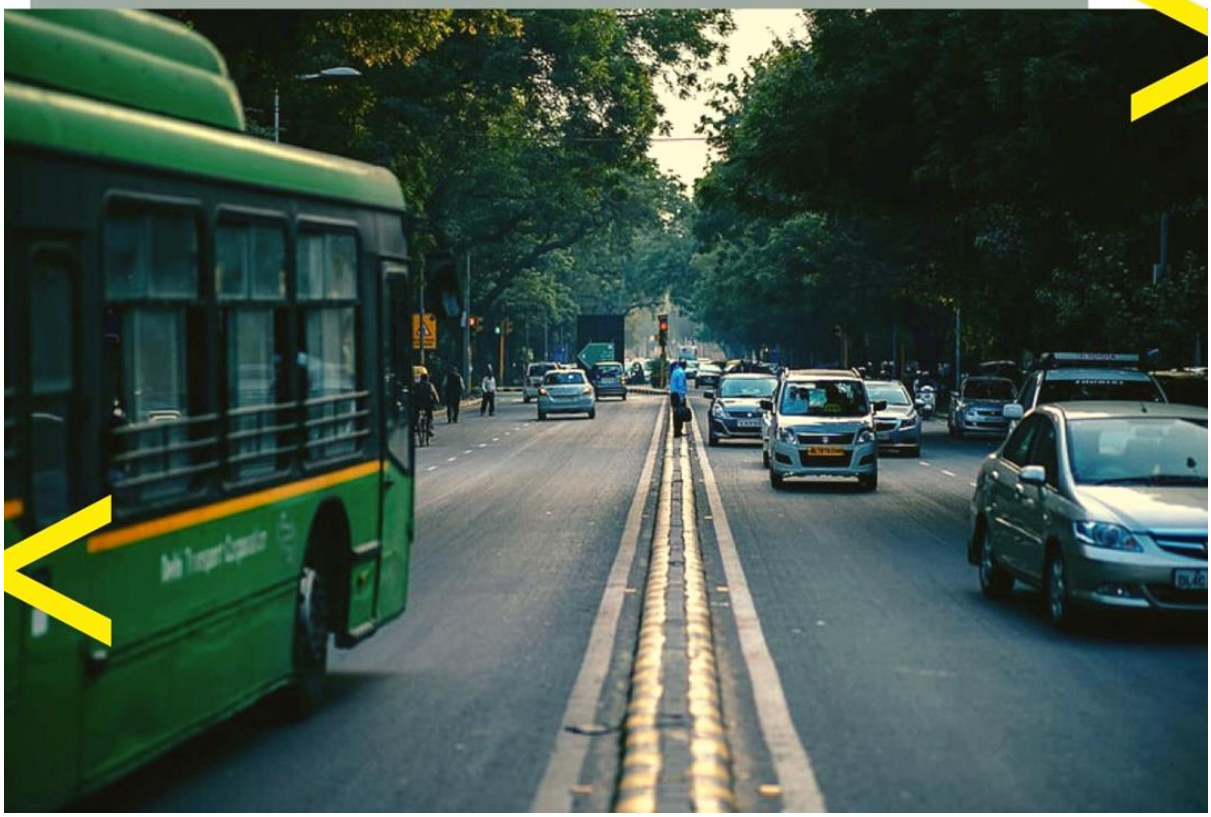
POLICY MONKS

THE IMPACT OF COVID-19 ON THE SHARING ECONOMY IN INDIA

Bhaskar Pant & Utkarsha Shende



© July 2020, Policy Monks Consulting Services Private Limited, Delhi

www.policymonks.com

This document is not a priced publication.

Policy Monks *is a public policy research and advocacy organisation working at the intersection of technology, policy and development. Our aim is to bring people, technologies and processes together for a brighter and smarter tomorrow. The team members at Policy Monks aim to be engaged and active participants in the policy discourse of the country. We aim to help governments, policymakers and private organisations to synergise with stakeholders through high-quality research and policy advice. Our research areas include Global Governance and International Cooperation, Platform Economy and Digital Ecosystems, Information and Communication Technologies for Sustainable Development, Financial Technology and Digital Financial Inclusion, Artificial Intelligence and The Future of Work.*

Authors: Bhaskar Pant and Utkarsha Shende

Report Cover Design: Rahul Lal

Recommended Citation:

Pant, Bhaskar and Shende, Utkarsha (2020). The Impact of Covid-19 on the Sharing Economy in India. Policy Monks.

All content reflects the view of the author(s), hereby responsible for the facts and accuracy of the research herein. Policy Monks and the authors are not responsible for any damage caused by the use of this report.

This work is licensed under a Creative Commons Attribution-NonCommercial 4.0 International License.

TABLE OF CONTENTS

EXECUTIVE SUMMARY 4

KEY RECOMMENDATIONS 6

RESEARCH METHODOLOGY 7

IMPACT OF COVID-19 ON SHARING ECONOMY PLATFORMS 8

1.1 Impact of Covid-19 on OLA and Uber

1.2 Impact of Covid-19 on Zomato and Swiggy

1.3 Impact of Covid-19 on Urban Company

1.4 Impact of Covid-19 on Airbnb

1.5 Impact of Covid-19 on WeWork

MEASURES TAKEN BY PLATFORMS FOR GIG WORKERS WELLBEING 13

2.1 Measures taken by OLA and Uber for Driver Partners Wellbeing

2.2 Measures taken by Swiggy and Zomato for Delivery Partners Wellbeing

2.3 Measures taken by Urban Company for Service Partners Wellbeing

2.4 Measures taken by Airbnb for Hosts Wellbeing

2.5 Measures taken by WeWork for Enterprises Wellbeing

IMPACT OF COVID-19 ON THE GIG WORKERS IN INDIA 19

CONCLUSION AND THE WAY FORWARD 24

ACKNOWLEDGEMENTS 33

WORKS CONSULTED 34

Executive Summary

We live in an age where digital platforms have the power to shape and channel our social and economic choices. The advent of technology and growth of digital platforms has created avenues for sharing outside trusted circles and brought opportunities for the establishment of entirely new kind of marketplaces. This business activity is what the World Economic Forum describes as the shift from 'sharing' to the 'sharing economy' (WEF, 2017).

In the Indian context, ever since their introduction to the digital and physical marketplace, within a matter of a few years, sharing economy[1] platforms like Uber, OLA, Urban Company, Swiggy, Zomato, WeWork and Airbnb have become household names in urban India.[2]

The sharing economy – unclassified capitalism, though a truant complier of regulations, has indispensable implications for the urban informal sector. The sharing economy has been on a steady thrive since its inception – majorly due to its ingenious utilisation of otherwise dormant private assets as a stream of services.

While it may not be large enough to obliterate the informal sector, the sharing economy does improve the reputation of part-time work and thereby its wages – reflecting the high opportunity cost for unorganised sector workers in their enhanced bargaining power.

Sharing organises informality by standardising output and enabling data collection in the informal economy[3]. Furthermore, it collaterally consolidates the given sector – both vertically and horizontally – enabling better management of its activities[2]. The sharing economy has thus

[1] Sharing economy is just one of the many names used for the businesses examined in this report. Some other terms used synonymously and inconsistently include on-demand economy, gig economy, mesh economy and Uberisation of Everything.
[2] We Work is not an online platform and operates through a B2B model providing shared workspaces. In contrast the other sharing economy platforms mentioned in this report work primarily started running on a B2C model, though some have now also ventured into B2B models.
3 (Rogers, 2017)

earned the distinction of democratising employment amplified by spill over effects on other markets.

Primitive sharing can be thought of as condominium and time-share arrangements that were the first to revolutionise the ability to scale and leverage assets[4]. The precursors to the sharing economy existed in what appeared to be more local, even marginal, pockets, contributing to an assumption that these forms of doing business could not flourish on a large scale. The technological versions of the sharing economy challenge the assumption mightily creating the possibility of new types of sharing - a perfect visualisation of an Adam Smithian world ruled solely by market forces of demand and supply. By combining micro entrepreneurship with democratic employment, it has undoubtedly overtaken traditional counterparts in obviating search cost and ensuring adequate supply. This seemingly perfect competition has the potential to redistribute resources in the economy and produce more equity in jobs and markets for a broader range of individuals typically marginalised from robust market participation[3].

However, the confident unicorns of sharing economy seemed to have met unpredictable fortune with the onset of the Covid-19 pandemic. This contagious disease has the potential to decimate the consumer demand for these platforms unless necessary measures are taken and a roadmap is charted to mitigate its impact.

4 (Dyal Chand,2015)

Key Recommendations

- A BASIC MINIMUM WAGE FOR GIG WORKERS IN TIMES OF A CRISIS LIKE COVID-19 OR EMERGENCY SITUATION
- THE GOVERNMENT SHOULD SPEED UP THE CREATION OF A NATIONAL DATABASE OF GIG WORKERS
- THE GOVERNMENT SHOULD SUPPORT START-UPS IN THE SHARING ECONOMY BY ENCOURAGING INNOVATION AND PROVIDING A FAVOURABLE GROWTH ENVIRONMENT
- SHARING ECONOMY IS FRAGMENTED, PLATFORMS NEED TO COME TOGETHER AND CREATE A COMMON PLATFORM FOR REGULATORY AND ECONOMIC CONCERNS
- CREATE AN INNOVATION LAB FOR THE SHARING ECONOMY IN INDIA WITH FINANCIAL SUPPORT FROM THE INDIAN GOVERNMENT AND PRIVATE SECTOR
- ENABLING COLLABORATIONS BETWEEN GOVERNMENT AND SHARING ECONOMY PLATFORMS FOR DELIVERY OF PUBLIC SERVICES
- STRENGTHENING HEALTH PROCEDURES TO ENSURE PROPER TRAINING AND SENSITISATION OF GIG WORKERS TO THE INVISIBLE THREAT
- BUILD TRUST AND CONFIDENCE BY PROVIDING PAID LEAVES FOR GIG WORKERS CONTRACTING COVID-19
- WHILE THE USE OF FACE MASKS AND SANITISERS IS BEING MANDATED, IT SHOULD BE MADE AVAILABLE FOR FREE TO GIG WORKERS
- ACCELERATE THE DESIGN AND IMPLEMENTATION OF GIG ECONOMY POLICIES FOR BOTH PLATFORMS AND GIG WORKERS

Research Methodology

For formulating this report, extensive secondary research was conducted to sketch the impact of Covid-19 on the sharing economy platforms in India. The next step was to validate these findings, assumptions, and market analysis with stakeholders through primary research. This involved key informant semi-structured interviews with stakeholders.

The research and stakeholders mapping exercise were carried out in May and June 2020. The primary and secondary resources referred to include official press releases, company blogs, reports, press articles and media publications.

This was coupled with semi-structured interviews with some of the major stakeholders in the Sharing Economy covering both supply and demand-side stakeholders, with the aim of forming a holistic perspective.

Impact of Covid-19 on Sharing Economy Platforms

The Government of India ordered a nationwide lockdown in the wake of Covid-19 which began on March 24, 2020, and continued till May 30, 2020 in four phases. From 1 June, 2020 Unlock 1.0 started, which was followed by Unlock 2.0 from July 1, 2020. The unlock phases witnessed the lifting of restrictions imposed during the lockdown except in the containment zones.

Food delivery platforms Zomato and Swiggy were exempted from the lockdown being classified as "essential services". However, in many parts of the country, their delivery partners were not allowed to operate by the police authorities during the lockdown period.

Uber and OLA provided a hundred cabs with each to serve as emergency care vehicles during the lockdown period. In Unlock 1.0 and 2.0 both cab aggregators have capped the number of passengers in their cars to two, both only in the rear passenger seat[5].

Airbnb had to suspend operations relying on providing online experiences, including yoga, music, cooking while staying indoors[6]. Airbnb's 'Open Homes' initiative comes into play. The home-sharing platform also launched 'Open Homes', a global free stay initiative for healthcare and relief workers so that they can be close to the hospitals and disaster zones and at a safe distance from their families[7].

Impact of Covid-19 on OLA and Uber

Travel demand fell by 80-90% in cities all over the world, and remote working, virtual events, distance education are now in use. Shared mobility platforms OLA and Uber were hit severely by

[5] https://www.oneindia.com/india/OLA-uber-swiggy-zomato-and-others-how-these-unicorns-are-trying-to-fight-coronavirus-3115538.html
[6] http://thecriticalmirror.com/analysis/impact-of-covid-19-on-airbnb-entrepreneurs-in-india/2020/06/12/
[7] https://travelandleisureindia.in/airbnb-free-stays-for-medical-workers/

Covid-19 during the lockdown period. According to OLA Mobility Institute, OLA saw a reduction in revenues to almost 95% in April and May. Jolted by the pandemic, Uber recently shut down its Mumbai office, though it will continue to operate in the city.

It is unlikely that popular cost-saving features of carpooling like Uber Pool and OLA Share when up to three passengers were sharing the same cab will be operational anytime soon.

In the wake of the pandemic, OLA handed over pink slips to over a quarter of its workforce in India.[8] OLA may also downsize its fleet, as demand for its services deteriorates amid rising cases of Covid-19 infections across the country[9].

Uber too laid off about 600 employees, a quarter of its workforce in the Month of May (including its driver and rider support operations) in India[10].

Impact of Covid-19 on Swiggy and Zomato

For online food delivery platforms, the situation was not any better. Food delivery platform Swiggy in May announced a layoff of 1,100 employees, which was nearly 14 per cent of its workforce, due to Covid-19[11].

[8] https://tech.economictimes.indiatimes.com/news/internet/OLA-lays-off-1400-employees-as-covid-19-hits-95-revenue/75844055
[9] https://economictimes.indiatimes.com/small-biz/startups/newsbuzz/mobility-firms-OLA-zoomcar-may-downsize-fleet-as-rides-thin-out/articleshow/76761342.cms
[10] https://economictimes.indiatimes.com/small-biz/startups/newsbuzz/uber-lays-off-600-staff-as-covid-19-hits-ride-hailing-business/articleshow/75991117.cms
[11] https://www.thequint.com/tech-and-auto/tech-news/swiggy-fires-1100-employees-due-to-covid-19

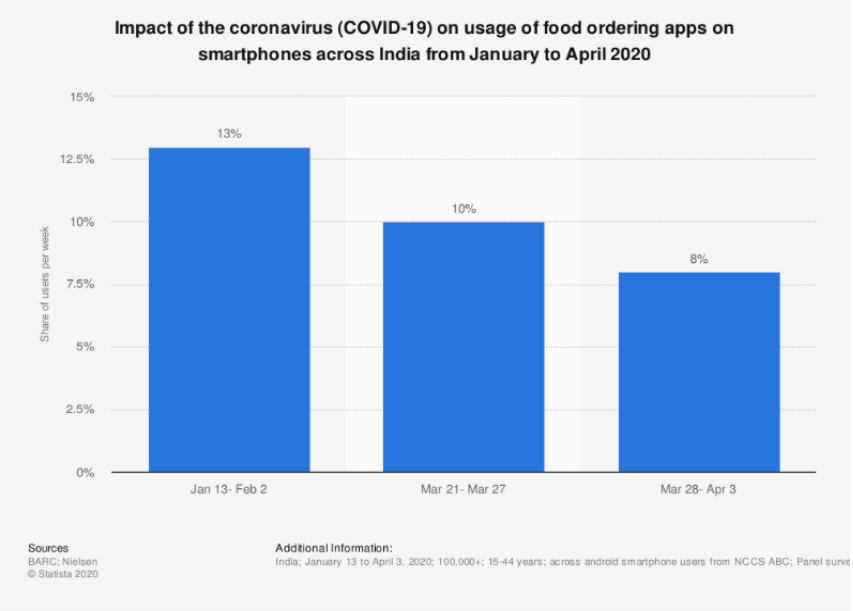
Its arch-rival Zomato too dismissed nearly 13 per cent of its workforce – over 600 employees, with salary cuts for the rest of the employees for at least the next six months starting June, with higher cuts going up to 50 per cent for people in senior roles.

In the light of the Covid-19 pandemic, Zomato's food delivery Gross Merchandise Value (GMV) hit its lowest point in two years and was 80% down during the end of March 2020, compared to their peak pre-COVID-19 week (in mid-February). According to Zomato, their food delivery GMV has now improved to 60% of the pre-Covid-19 levels[12] .

Orders on Zomato and Swiggy dropped by almost 60 per cent in the pandemic because people were scared to catch Covid-19[13].

Even after the lockdown was lifted, consumers have not been too willing to order restaurant food for home delivery.

[12] https://www.zomato.com/blog/performance-report
[13] https://www.inventiva.co.in/stories/tamanna/how-startups-like-oyo-will-continue-to-lose-its-business-end-in-tragic-death-even-after-lockdown/



Impact of Covid-19 on Urban Company

Urban Company (formerly Urban Clap), a platform for service professionals witnessed a fall from 50,000 orders per day to almost zero in April. The start-up has around 30,000 service professionals on its platform[14].

Urban Company turned the tide against Covid-19 by acquiring 33% new customers during the coronavirus-induced lockdown once they were allowed to operate.

It serviced and repaired appliances in 5 lakh households since the nationwide lockdown was announced on March 25. Of this, the company has serviced and repaired Air Conditioners in 4 lakh households across India.

[14] https://yourstory.com/2020/04/urban-company-vendors-coronavirus-startup-covid-19

According to Urban Company, there was a great pent up demand in the market, and it was able to serve consumers while ensuring that service professionals followed all the safety protocols.

Impact of Covid-19 on Airbnb

Home Sharing platform Airbnb laid off 25 per cent of its workforce, or nearly 1,900 employees in May as Covid-19 pandemic brought global travel to a near standstill[15].

Impact of Covid-19 on WeWork

Shared workspace company WeWork, which works on a B2B model, reduced its workforce by around 20 per cent in the wake of the Covid-19 pandemic[16]. The company already reeling with financial distress had to completely suspend its business activities during the lockdown period as many companies launched policies where employees could continue to work from home (WFH).

However, according to the office sharing company, even in the immediate, there has not been a huge reduction in demand and its business was affected by Covid-19 like any other business in the country.

[15] https://news.airbnb.com/a-message-from-co-founder-and-ceo-brian-chesky/
[16] https://www.newindianexpress.com/business/2020/may/18/tough-step-needed-for-sustainable-structure-wework-india-lays-off-20-per-cent-staff-amid-covid-19-2144959.html

Measures taken by Platforms for Gig Workers Wellbeing

Gig workers form an integral part of the sharing economy. The gig economy (also called the on-demand economy) is a term used in popular adage to identify work that is mediated usually through a digital platform. The kind of work in the gig economy is varied, though primarily it is work-on-demand via the app[17]. The Gig Workers' share of the services sector in the urban labour force is around 25% in India, and the total workers in the services sector in urban areas is assessed to be around 35 million[18]. The gig workers are treated as independent contractors, and they do not come under the purview of a standard employer-employee framework. They do not have standard employment rights and coverage under existing labour laws which have made them more vulnerable to a crisis like Covid-19.

Measures taken by Uber and OLA for Driver Partners Wellbeing `

OLA launched a free Covid-19 Medical Insurance for drivers and their spouses for up to INR 30,000 to help affected partners and their families. This will include hospital and home quarantine prescribed by a qualified medical practitioner, as approved by the Government norms from time to time. Drivers can make a claim for this compensation for themselves and (or) their spouse by providing appropriate medical documents.

[17] https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_534326.pdf
[18] https://www.investindia.gov.in/team-india-blogs/gig-economy-shaping-future-work

OLA has set up a special 'Covid-19' fund to help drivers who have been affected financially by the pandemic by compensating them for the loss of business revenue. OLA has fully waived all lease rentals for drivers in its vehicle leasing vertical. This relieves them of a burden of as much as INR 25,000 a month in this non-operational period.

The shared mobility platform also launched OLA Sahyog, an interest-free micro-credit scheme to help driver-partners and their families get instant access to instant cash in their bank accounts. The loan aims to supplant the incomes of driver-partners whose steady revenue declined due to the ongoing Covid-19 pandemic. All eligible driver-partners will be able to access loan amounts of up to INR 1200 per week, disbursed over the course of three weeks. The credit shall be set off against earnings on the platform over a period upon return of normalcy in business.

Uber launched a Driver Care Fund and deposited INR 25 crores in it. The grant aims to take care of the urgent needs of driver-partners and their families. Uber intends to raise an additional INR 25 crores through contributions from its employees, riders, CSR funds and citizens through a partnership with Milaap, a crowdfunding organisation[19]. Uber is also providing drivers with personal protective equipment, including masks, gloves, hand sanitisers and disinfectants to sanitise cars after each ride[20].

[19] https://www.uber.com/en-IN/newsroom/uber-care-driver-fund/
[20] https://www.theverge.com/2020/5/13/21257432/uber-face-mask-driver-rider-require-selfies-maximum-passengers

Uber launched Uber Medic, a dedicated and reliable service for frontline healthcare workers and formalised a partnership with the National Health Authority[21], India's nodal health agency, which manages 18,000 public hospitals.

It has also partnered with marketplace leaders like Flipkart, Big Basket and Spencer's Retail to support the delivery of essential goods to consumers[22]. This last-mile delivery service also unlocks opportunities for driver-partners to reliably deliver essential supplies to as many homes as possible.

Uber also waived lease rentals, facilitated EMI relief, and offered driver-partners access to online medical services. Additionally, it has launched a Hospital Cash Insurance policy to benefit driver-partners, for driver partners who need hospitalisation, for up to 14 days.

Measures taken by Zomato and Swiggy for Delivery Partners Wellbeing

Online food delivery applications such as Zomato and Swiggy too have taken a variety of measures for the wellbeing of their delivery partners affected by Covid-19. Zomato has a network of more than 250,000 delivery partners across more than 500 cities in India[23]. The delivery platforms have distributed masks to keep them and the customers safe. Zomato has been sensitising its riders on WHO recommended safety and hygiene practices.

[21] https://www.uber.com/en-IN/newsroom/uber-partners-with-national-health-authority-to-provide-free-rides-for-healthcare-workers/
[22] https://www.uber.com/en-IN/newsroom/uber-partners-with-flipkart-to-deliver-everyday-essentials-in-delhi-mumbai-and-bangalore/
[23] https://www.zomato.com/blog/rider-relief-fund

By collaborating with its restaurant partners, Zomato has facilitated hand sanitisation stations at more than 50,000 restaurants across the country. Zomato has set up a Rider Relief Fund to support delivery partners whose earnings have been affected due to a reduction in demand for food delivery. It is also providing an Insurance cover for drivers who get infected by Covid-19. Zomato's Delivery Partner Insurance Plan, which earlier covered only hospitalisation, will now also cover lost earnings due to Covid-19. Swiggy also set up a Hunger Savior Covid Relief Fund for its driver-partners and their families. It aims is to raise a total of INR 10 crores for the fund[24].

Measures taken by Urban Company for Service Partners Wellbeing

The online services marketplace has partnered with the Srinidhi Foundation to set up a relief fund to support gig workers and independent contractors on its platform during this crisis. Its founders, investors and employees committed INR 1.5 crore towards this fund for service partners who are most impacted medically and/or financially[25].

Urban Company provided interest-free credit to its 22,000 service professionals during the first week of the lockdown. It has also offered all its service partners a free Covid-19 health insurance and income protection plan, in addition to existing insurance plans. [26]

[24] blog.swiggy.com/news-updates/launching-the-swiggy-hunger-savior-covid-relief-fund>
[25] Ibid
[26] https://www.urbancompany.com/blog/company-updates/project-vishwas/

Measures taken by Airbnb for Hosts Wellbeing

Home Sharing platform Airbnb has developed an industry standard-setting Enhanced Cleaning Protocol for hosts on Airbnb. This Protocol, which includes a step-by-step cleaning handbook designed for everyday hosts, is now available to hosts in the United States and will be available to hosts around the world in the weeks ahead.[27]

Airbnb has released USD 250 million to hosts on its platform around the world who have lost money from Covid-19 related cancellations at their listed properties on the platform[28]. It has recently launched Go Near, a new initiative to boost domestic travel and support the economic growth of hosts. The announcement comes as local travel begins to recover from the impact of the pandemic, and as the world begins to travel again.

Measures taken by We Work for Enterprises Wellbeing

WeWork feels that the shift towards working from home is driven by uncertainty. It has pinned its hope on a remote working scenario where employees will not work from home but from anywhere.

[27] http://bwhotelier.businessworld.in/article/Airbnb-launches-new-summer-campaign-Go-Near-promoting-domestic-travel-/16-06-2020-287773/

[28] https://economictimes.indiatimes.com/small-biz/startups/newsbuzz/airbnb-will-give-250-million-to-hosts who-lost-income-to-virus/articleshow/74905283.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

It has mandated social distancing within its premises with proper sanitisation and safe hygiene practices being followed. WeWork wants to focus on building reassurance and trust so that scepticism amongst enterprise workers goes away. It feels that slowly the consumers' behaviour will shift from insecurity to security.

Impact of Covid-19 on the Gig Workers in India

The sharing economy reigns by skirting regulatory compliance and sharing economy platforms have often shaped a policy narrative that gives them the carrot of enriching competition, public policy and furthering digitalisation goals, whilst evading the stick of labour laws[29].

Uber and OLA have tightly bound driver performance to customer ratings – giving them excessive power over the drivers' future rides. The system is unfairly biased against drivers – as is evident by customer biases on the grounds of race and social status[30]. There is no shortage of customers racist prejudice seeping into the ratings, compromising the driver for no service-related reason. As a result, drivers carry the added burden of emotional labour – creating micro relationships with passengers to secure a good rating that keeps them from denial of future rides. The lack of human interface on the platform compounds its exploitative tendencies for the drivers – giving no scope of inputs to drivers who are therefore left mercilessly to the temperament of the passengers.

This lopsided equation is exacerbated with the onset of the contagious Covid-19. Unless platforms relax the implications of their ratings, urge compassion off its passengers and invite inputs from drivers – it could mean a heavy-duty on its drivers.

Uber is well famed for its inconspicuous, carefully coded, undisclosed algorithm outside of the understanding of consumers and regulators. The algorithm has often faced the backlash of price gouging in the name of balancing supply and demand given that prices never fall below an artificially set limit. A humbled civil society in the time of crisis could find the perfect

29 (Aneja and Shridhar, 2019)

30 (Rogers, B., 2017)

opportunity to lobby for the disclosure and reform of algorithm to make it more consumer-friendly and transparent, given that cash in hand has all but vanished in this crisis.

Gig workers[31] in India are struggling to pay EMI's for their vehicles which range from INR 12,000 to 25,000. And driver's daily income lies between INR 2,000 to 5,000, (excluding all the expenses). During the lockdown, they did not earn anything. In the unlock phase, the situation has improved, but it will take a long time for their earnings to reach a pre-Covid-19 scenario.

Picture Source: IFAT

According to the Indian Federation of App Based Transport Workers (IFAT), many drivers and delivery partners are now surviving by selling jewellery, clothes and keeping the house as collateral to avail credit and buy basic necessities for living.

OLA and Uber had announced a dedicated fund for the welfare of its car drivers. However, more than 30 days after "unlock 1" and resumption of their services, there is evidence of glaring holes in the commitment of the platforms.

[31] The term Gig Worker is an umbrella term which includes partner drivers, delivery partners, Airbnb hosts and service professionals in the sharing economy.

There seems to be a huge gap between promises and implementation as an internal survey by IFAT pointed out that only 10.2% people out of total gig workers surveyed received money from the driver relief fund set up by OLA.

There is a lack of transparency about the origin and disbursal of the fund in question, nor is there any responsive channel to receive information about the same.

Furthermore, according to IFAT, OLA has also officially demanded to receive the money back, disbursed from its funds, a gross counteraction to its welfare commitment towards driver partners.

Picture Source: IFAT

IFAT recommends that each state should have its own dedicated, democratic Drivers Welfare Board for the representation of all sharing economy platform employees under one roof. They also demand that the Ministry of Transport and Highways and Ministry of Labour should provide a clear classification to gig economy workers employed in the sharing economy. Are they drivers, workers or partners? This clarification is important as the designation of a partner robs them of the status of labour and subsequent welfare provisions.

The workers themselves are not adequately protected from the coronavirus. According to IFAT, the scant supplies of 5 masks, 50 ml sanitiser and half a bottle of disinfectant are not replenished on a regular basis. Moreover, the driver has no way of knowing if the passenger

client has symptoms, or carries exposure to the virus themselves. Cumulatively, the big risk of uninsured platform workers in resuming services could be construed as a threat to their very life, given that the platform itself is not willing to share causal or moral responsibility of spreading the virus.

While masks and sanitisers have been provided to gig workers, the supply does not match with the demand. Gig workers have complained of being provided surgical masks instead of N95 masks. They feel that ultimately, the sharing economy platforms will put the monetary burden on them for practising safe hygiene and sanitation, causing further economic woes for them in the future.

For Airbnb hosts who thrived profusely before the pandemic struck, the impact of isolation necessitated by Covid-19 travel industry has posed an uncertain future, especially for the ones who recently set up their businesses[32].

[32] http://thecriticalmirror.com/analysis/impact-of-covid-19-on-airbnb-entrepreneurs-in-india/2020/06/12/

Conclusion and The Way Forward

The consumers and service providers of the Sharing Economy are not bound by any rigid institutions other than that of civil morality in their exchange. However, the rising number of cases due to Covid-19 has majorly compromised this free interaction. On the one hand, demand for car hire services could be on the rise – by Government mandate of caps on public gathering and by consumer consciousness itself. As people come to realise that public transport like the metro or bus may become hotspots of contagion, they may shift to more isolated transport in pursuit of personal safety. On the other hand, equipment in car hire or hospitality services is certainly reused for the stream of customers – making the mode a potential of contagion too. Consumers may be forced to look at car seats, handles and salons with suspicion and caution. The two scenarios are likely to play out simultaneously, rather than exclusively – depending upon the states' outlook to the dichotomy. While sharing economy platforms have been allowed to resume operations in unlock phases, contingent upon the observance of strict sanitation by drivers – will it be enough to allay consumer concerns on safety is still up for question.

Sharing unicorns and their traditional counterparts have been at war since inception, the former being accused of unethical business practices. Then again, the sharing platforms have constantly evaded classification for fear of regulation - Is Uber an employer, a taxicab company, or a just a digital intermediary[33]? This evasion has helped them survive in the past, but the post-Covid-19 era will be one of inevitable intervention, as governments scrutinise more and more aspects of public interaction to minimise the spread of the virus. The unicorns may be forced to submit to regulation for availing of a critical economic boost from states. Platforms claiming to be mere intermediaries is of no consequence if there is a withdrawal of participants from the network

33 (Dyal Chand,2015)

that often has no physical office space. The smart thing would be to merge identity with traditional services – for the benefit of falling under a broad policy radar. Though it would oblige them to identify their service providers as employees deserving of social security – it will allow them the standard categorisation of a business enabling the avail of ESIC for its employees.

Uber and OLA rode the wave of operational efficiency compared to the traditional cab services, by enabling supply at the doorstep of the customer. The higher capacity utilisation though often seen as price gouging is critical to the macro efficiency of the platform – economies of scale can only be realised in dense population areas, reflecting the dominance of metropolitan cities in the areas of operation of these platforms.

The undisclosed algorithms also do the important task of price discrimination – scooping handsome amount of consumer surplus with its quick response. With the global crisis triggered by Covid-19, there has been a significant dip in purchasing power of consumers – which calls for the algorithm to factor in the same for maintaining a steady stream of service. On the flip side, the large scale of job losses triggered by the pandemic crisis could well furnish copious amounts of eligible service providers for sharing economy platforms. Known for its "democratic employment" opportunity, an excess supply of labour could well mean depression of costs of hiring and maintenance. While the platforms have stepped up in announcing limited paid leave and sanitation kits for its workers to contain the spread[34] – the possibility of workers contracting the disease in the call of duty largely persists due to possible sanitation loopholes in the delivery network. Morally, the sharing platform shares causal and ethical responsibility for such contraption itself and the spread of the virus through it. For Airbnb, the risk of contagion can be

34 (Kokalitcheva, 2020)

reduced but not mitigated – calling service providers to share causal and Airbnb to share moral responsibility. What panacea exists for service consumers is ambiguous.

In February 2020[35], Uber suspended 240 driver accounts in Mexico on the cause of contact with affected people. This implies that there must be data sharing between the states and Uber to trace and contain the risk of the virus. Sharing economy platforms have already grappled with issues of data privacy in the past for alleged corporate espionage. But in India, where the Aarogya Setu app itself has been challenged for violation of data privacy in the Supreme Court – prospects of data sharing seem questionable on consideration of the due process of law.

Sharing economy platforms work on the following basic principle - the value for a good increase when it is shared. Uber and OLA facilitate the sharing of a vehicle and driver, Airbnb allows that of living spaces, WeWork allows that for office spaces and Urban Company provides home services. Service providers prefer to join most of these platforms for obvious reasons - to escape solo venture and the cost of relying on price signals of the market. Sharing platform does the job of sharing start-up costs, enabling advertising and of sanction and monitoring of fellow providers. The requirements of joining such platforms are often fairly straightforward – to enable competition within the platform.

However, one can expect a more careful and comprehensive set of prerequisites for service providers with the onset of the coronavirus contagion. OLA and Uber's drivers had the option of using their own car or renting the company car for duty. Apart from rent on leasing the car and its maintenance, there are new added costs of sanitation. Assuming that sanitation costs are shared among platform and drivers, it raises the cost of entry into the platform – creating an entry barrier in a platform of competitive virtue. Given the worldwide crunch in purchasing

35 https://www.reuters.com/article/us-china-health-mexico/uber-suspends-240-accounts-in-mexico-to-prevent-coronavirus-spreading-idUSKBN1ZW003

power, it compounds the ability of a marginal informal sector worker laid off in the pandemic from joining the platform. Mandates of personal sanitation and hygiene take a further toll on marginal workers from joining such platforms.

Airbnb had more modest requirements from its hosts. Needless to say, sanitation has now become an added compulsory prerequisite on this list. To the extent that it raises the service fee for the hosts, they may be likely to keep from listing their property and rather use it for long-term rentals unless it earns them profit over newly hiked service costs.

Simply put, a corona conscious world may raise costs of joining the platform – thereby compromising the virtue of competition.

Furthermore, platforms as regulatory and monitory institutions will exercise more stringent norms in accordance with state standards of safety, raising the cost of its services.

The possibility of more lockdowns in the future in the wake of a second wave and rising number of Covid-19 cases will affect the use of Sharing Economy platforms. The risks associated with these platforms and social distancing norms will likely impact consumer choices. However, this would hold true for a limited period of time.

According to OLA Mobility Institute, many emerging economies, including India, have low car ownership. This trend will continue even after the contagion tides over since consumers would avoid discretionary spending - thereby making a compelling case for shared mobility. Even as

hygiene and safety are prioritised in the short- and long-term, the dependence on micro-mobility, ride-hailing, public transit, multimodal & digitalised services, and deliveries is only bound to grow - with these services strengthened further by public-private partnerships in operations and financing.

As the country moves ahead, things will not be the same for Sharing Economy in India. Social distancing and sanitisation are not a passing norm and here to stay by both Government orders and personal conscience. In this very spirit, there will be a remarkable shift in consumer demand to E-Commerce for more and more needs. More people will shift to home delivery and cab services from in house dining and public transport. It is the perfect time for sharing platforms to step up to these needs of the society as true essential, indispensable services. Technology may truly be the saviour of this era.

However, this swooping in of sharing services must be conjugated by caution and consideration. Given that a vaccine for Covid-19 is still underway and the long incubation period of the disease, preventive norms are paramount. That being said, it calls for greater social partnerships between government and businesses to ensure a safe and steady stream of services.

The need of the hour is coordinated fiscal and monetary measures to boost the sharing economy by financial lending, tax breaks and protect gig workers by social security benefits. In the time of economic fallout due to this black swan event, sharing services provide the twin benefits of essential public delivery and maintain the incomes of gig workers which helps ensure aggregate demand.

While the impact of Covid-19 is likely to see changes in the urban transportation landscape and behaviour toward different travel, social partnerships are laying the foundations for a post coronavirus world. The private sector is playing a contributive role in society, responding quickly to the themes of safety and access.

Governments can exercise an active crisis management approach by enabling collaborations with sharing economy platforms for public service delivery, e.g., partnering with food delivery services to provide food in containment zones. Ride-hailing services can play a critical role in ferrying health equipment and personnel to remote locations amidst a halt of normal travel. E-commerce giants like Amazon have made available personal protective equipment and essentials for doorstep delivery with government collaboration. Similarly, hospitality aggregators like Airbnb can also be leveraged for lodging of medical personnel and displaced migrant labourers at subsidised rates.

Simultaneously, states also need to follow a hands-off approach as a facilitator of such services. This includes relaxations for the resumption of production work, warehousing and travel along with tax exemptions on the same. States need to provide an encouraging environment for micro entrepreneurship to enhance the depth of the sharing platforms as well as the income of its providers.

At the same time, there is a need for active intervention in securing the safety and health of service providers. Governments will have to be strict and non-negotiable on this clause with sharing economy businesses. The platforms must ensure proper training and sensitization of gig workers to the invisible threat, build trust and confidence by ensuring paid leave in case of workers that have contracted the disease. The use of face masks and sanitizers needs to be mandated and made available to the workers without charging them. They should also be provided a minimum basis wage during the time of an endemic or a similar emergency situation.

The woes of the Gig workers need to be taken into active consideration. Treated as independent contractual workers, their concerns are often neglected. It is important to address the existing loopholes in legislation related to gig workers.

The government is set to create a national database of an estimated 450 million informal sector workers and provide them universal social security coverage which includes gig workers[36].
The labour ministry is currently working on a policy that will provide minimum social security to gig economy workers and digital consumer platform partners. The Code on Social Security, 2019[37] seeks to formulate provisions for pension, provident fund contributions, health insurance and unemployment wages and inclusion in various government schemes for gig workers. The draft of the bill is currently under review of the Standing Committee on Labour and needs active impetus.

Sharing platforms have always been lauded for furthering digitalisation goals of the government. This needs to be reinforced aggressively going forward as cashless payments reduce contact points involved in the exchange of physical cash. The government must provide impetus to digital money platforms like Paytm, G Pay, etc. for the same.

Sharing Platforms themselves also need to step up and do their bit in restarting the service chain. Many restaurants and food outlets are staring at closures. It is important for food delivery platforms to change their commission structure, reduce discounts and help restaurants to enable a smoother cash flow[38].

According to the OLA Mobility Institute, Global mobility networks have to regain the trust of commuters. They must adapt short-term in response to the crisis but develop a long-term framework to operate. Strategies for the new mobility normal must be leveraged on digitalised,

[36] https://economictimes.indiatimes.com/news/economy/indicators/national-database-of-workers-in-informal-sector-in-the-works/articleshow/73394732.cms?from=mdr
[37] https://labour.gov.in/sites/default/files/375_2019_LS_Eng.pdf
[38] https://timesofindia.indiatimes.com/business/india-business/food-delivery-cos-asked-to-cut-offers-commission/articleshow/76433463.cms

demand-responsive shared mobility combined with hyperlocal deliveries, indigenization of supply chains, Electric mobility integrated with renewable energy and Data-driven decision-making in cities, making them 'smart'. Businesses and governments will now have the opportunity to deliver dynamic and new ways of safely moving people and goods.

According to WeWork, as remote working becomes the new normal, companies will utilise it because localisation factor will kick in. Today every company big or large is considering coworking spaces to move its workforce. Many large corporations are deciding to move out of large campuses into smaller coworking spaces, which would provide easier access to its employees. It is important for state governments to invest in creating more spaces where people can work, especially in Tier-2 and Tier-3 cities. In the shared workspace arena, Indian Workspace Association (IWA) came into being in the wake of Covid-19 which has built a consortium with all flexible workspace owners and operators to ensure that a common solution can be identified for the space operators as well as its working members and property owners. According to IWA, it has been able to build a consensus for providing moratorium to the members working out of various coworking spaces on their payments, seek rental reliefs and waivers from landlords and provided discounts on internet service rates.

The Sharing Economy is fragmented, and it is important for platforms to come together for a unified voice to tackle regulatory and economic concerns. A common platform should be conceived for all sharing economy platforms through an innovation lab that encourages peer learning amongst sharing platforms, provides financing for start-ups in sharing economy and work with government both at the central and state level to identify areas for public-private partnerships for better delivery, innovation and efficient utilisation of resources.

The Covid-19 crisis has come as a shocker for the growth of the Sharing Economy in India. However, the increasing digitisation across businesses has also presented a ray of hope that more jobs will be created for gig workers at all levels of the income ladder.

We believe that by addressing all the shortcomings and recommendations highlighted in the report, the sharing economy will not just revive in the near future but play a pivotal role in the recovery of the Indian economy.

Acknowledgements

The authors are thankful to Carson Dalton and Snehil Singh at the OLA Mobility Institute for their well-timed and informed views. We are grateful to Shaik Salauddin, National General Secretary of the Indian Federation of App Based Transport Workers (IFAT) for sharing the plight of the gig workers due to Covid-19. We are also grateful to Soumojit Basu at WeWork India and Yatin Thakur from Indian Workspace Association for their comments.

Works Consulted

Rogers, B., 2017. *The Social Costs of Uber*. Chicago: Chicago Unbound, pp.89-90.

Dyal-Chand, Rashmi, "Regulating Sharing: The Sharing Economy as an Alternative Capitalist System" (2015). School of Law Faculty Publications. Paper 38.

Raman, A. and Ramachandran, S., 2020. *Leveraging And Protecting The Gig Economy Against COVID-19*. OLA Mobility Institute.

Kashyap, S., 2020. *OLA, Uber, Swiggy Zomato And Others: How These Unicorns Are Trying To Fight Coronavirus*. [online] https://www.oneindia.com. Available at: https://www.oneindia.com/india/OLA-uber-swiggy-zomato-and-others-how-these-unicorns-are-trying-to-fight-coronavirus-3115538.html

M, D., 2020. *Impact Of Covid -19 On Airbnb Entrepreneurs In India | The Critical Mirror*. [online] The Critical Mirror Available at: http://thecriticalmirror.com/analysis/impact-of-covid-19-on-airbnb-entrepreneurs-in-india/2020/06/12/

Travel + Leisure India. 2020. *Airbnb Offers Free Stays To Medical Workers During COVID-19*. [online] Available at: https://travelandleisureindia.in/airbnb-free-stays-for-medical-workers/

ETtech.com. 2020. *OLA Lays Off 1,400 Employees As Covid-19 Hits 95% Revenue - Ettech*. [online] Available at: https://tech.economictimes.indiatimes.com/news/internet/OLA-lays-off-1400-employees-as-covid-19-hits-95-revenue/75844055

Philip, L. and Peermohamed, A., 2020. *Mobility Firms OLA, Zoomcar May Downsize Fleet As Rides Thin Out*. [online] The Economic Times. Available at: https://economictimes.indiatimes.com/small-biz/startups/newsbuzz/mobility-firms-OLA-zoomcar-may-downsize-fleet-as-rides-thin-out/articleshow/76761342.cms

Shrivastava, A., 2020. *Uber Lays Off 600 Staff As Covid-19 Hits Ride-Hailing Business*. [online] The Economic Times. Available at: https://economictimes.indiatimes.com/small-biz/startups/newsbuzz/uber-lays-off-600-staff-as-covid-19-hits-ride-hailing-business/articleshow/75991117.cms

The Quint. 2020. *COVID-19 Impact: After Zomato, Swiggy Lays Off 1,100 Employees*. [online] Available at: https://www.thequint.com/tech-and-auto/tech-news/swiggy-fires-1100-employees-due-to-covid-19

Zomato. 2020. *Mid Covid-19 Performance Report*. [online] Available at https://www.zomato.com/blog/wp-content/uploads/2020/07/ZOMATO_AR_FY2020_Q1FY211.pdf?update=1

Inventiva. 2020. *How India's Startup Has Been Appaling Shaken By The Impact Of COVID-19?*. [online] Available at: https://www.inventiva.co.in/stories/tamanna/how-startups-like-oyo-will-continue-to-lose-its-business-end-in-tragic-death-even-after-lockdown/

P, A., 2020. *Coronavirus: How Urban Company Is Fighting The COVID-19 Pandemic By Helping Its 30,000 Vendors*. [online] YourStory.com. Available at: https://yourstory.com/2020/04/urban-company-vendors-coronavirus-startup-covid-19

Agarwal, N., 2020. *Lockdown Impact: Urban Company Acquires 33% New Customers*. [online] Livemint. Available at: <https://www.livemint.com/companies/news/lockdown-impact-urban-company-acquires-33-new-customers-11591859369313.html

Airbnb Newsroom. 2020. *A Message From Co-Founder And CEO Brian Chesky*. [online] Available at: https://news.airbnb.com/a-message-from-co-founder-and-ceo-brian-chesky/

COVID-19, T., 2020. *Tough Step Needed For Sustainable Structure: Wework India Lays Off 20 Per Cent Staff Amid COVID-19*. [online] The New Indian Express. Available at:

https://www.newindianexpress.com/business/2020/may/18/tough-step-needed-for-sustainable-structure-wework-india-lays-off-20-per-cent-staff-amid-covid-19-2144959.html

Aneja, U. and Shridhar, A., 2019. *Worker Wellbeing On Digital Work Platforms In India*. Tandem Research.

Ilo.org. 2020. [online] Available at: <https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_534326.pdf> [Accessed 7 July 2020].

Investindia.gov.in. 2020. *Gig Economy – Shaping The Future Of Work*. [online] Available at: https://www.investindia.gov.in/team-india-blogs/gig-economy-shaping-future-work

Uber Newsroom. 2020. *Uber Partners With National Health Authority To Provide Free Rides For Healthcare Workers | Uber Newsroom India*. [online] Available at: https://www.uber.com/en-IN/newsroom/uber-partners-with-national-health-authority-to-provide-free-rides-for-healthcare-workers/

Uber Newsroom. 2020. *Uber Partners With Flipkart To Deliver Everyday Essentials In Delhi, Mumbai And Bangalore | Uber Newsroom India*. [online] Available at: https://www.uber.com/en-IN/newsroom/uber-partners-with-flipkart-to-deliver-everyday-essentials-in-delhi-mumbai-and-bangalore/

Uber Newsroom. 2020. *Drivers On Uber'S Platform Receive First Batch Of Grants From INR 25 Crore Relief Package | Uber Newsroom India*. [online] Available at: https://www.uber.com/en-IN/newsroom/uber-care-driver-fund/

The Verge. 2020. *Uber'S Response To COVID-19: Face Masks, Selfies, And Fewer People In The Car*. [online] Available at: https://www.theverge.com/2020/5/13/21257432/uber-face-mask-driver-rider-require-selfies-maximum-passengers

The Swiggy blog. 2020. *Launching The Swiggy Hunger Savior Covid Relief Fund · The Swiggy Blog*. [online] Available at: https://blog.swiggy.com/news-updates/launching-the-swiggy-hunger-savior-covid-relief-fund

Mathur, A., 2020. *Project Vishwas: Helping 27,000 Service Partners Bounce Back*. [online] The Urban Guide. Available at: https://www.urbancompany.com/blog/company-updates/project-vishwas/

The Economic Times. 2020. *Airbnb Will Give $250 Million To Hosts Who Lost Income To Virus*. [online] Available at: https://economictimes.indiatimes.com/small-biz/startups/newsbuzz/airbnb-will-give-250-million-to-hosts who-lost-income-to-virus/articleshow/74905283.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

BW Hotelier. 2020. *Airbnb Launches New Summer Campaign 'Go Near', Promoting Domestic Travel*. [online] Available at: http://bwhotelier.businessworld.in/article/Airbnb-launches-new-summer-campaign-Go-Near-promoting-domestic-travel-/16-06-2020-287773/

Kokalitcheva, K., 2020. *The Gig Economy's Coronavirus Test*. [online] Axios

Ore, D., 2020. *Uber Suspends 240 Accounts In Mexico To Prevent Coronavirus Spreading*. Reuters [online] Available at: https://www.reuters.com/article/us-china-health-mexico/uber-suspends-240-accounts-in-mexico-to-prevent-coronavirus-spreading-idUSKBN1ZW003

NEWS, B. and News, I., 2020. *Food Delivery Companies Asked To Cut Offers, Commission - Times Of India*. [online] The Times of India. Available at: https://timesofindia.indiatimes.com/business/india-business/food-delivery-cos-asked-to-cut-offers-commission/articleshow/76433463.cms

Sharma, Y., 2020. *National Database Of Workers In Informal Sector In The Works*. [online] The Economic Times. Available at: https://economictimes.indiatimes.com/news/economy/indicators/national-database-of-workers-in-informal-sector-in-the-works/articleshow/73394732.cms?from=mdr

Labour.gov.in. 2020. [online] Available at: https://labour.gov.in/sites/default/files/375_2019_LS_Eng.pdf

Policy Monks Consulting Services Private Limited

https://www.policymonks.com/

/policymonks/ @policymonks/

contact@policymonks.com