FINANCIAL MATTERS & MOTIVES:

Insights into the various lives of gig workers

Image Credit: Karmalife

Learning Report

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Acknowledgements

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Image Credit: Karmalife

About GigPulse

GigPulse is a collaboration between LEAD at Krea University and fintech startup KarmaLife to gain granular insights on gig workers and the ecosystem in which they operate. Our knowledge of the gig economy, its workers and their dynamic environment is still nascent. Since the segment is fast emerging as a source of employment, it is critical to gain insights into gig workers' income patterns, financial needs and key motivations, and identify how broader ecosystem actors can help address challenges faced by the segment. The objective of this partnership is to build a longitudinal narrative on the lives of gig workers, including their needs, aspirations, work patterns, financial lives, and resilience mechanisms.

How Significant is Gig and Contract Work in India?

The introduction of digital technology in key sectors has fundamentally altered how people work, and has far-reaching implications for the future of work. One such shift is seen in the emergence of the gig economy, which currently accounts for around 8 million workers in India.[1] A few studies have focused on the potential size of the economy. A study by Dell Foundation and BCG in 2021 projected the "gigable" economy to reach 90 million jobs and contribute up to 1.25 per cent to India's GDP (over $250 billion in volume of work) in 8-10 years.[2]

Another study by Niti Aayog estimated that the gig workforce is expected to expand to 2.35 crore (23.5 million) workers by 2029-30. Moreover, while gig work has been most prevalent in the transportation and logistics sectors, it is expanding to construction, manufacturing, retail and home services.

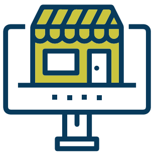
A combination of structural factors such as a rise in smartphone ownership, access to internet, increased uptake of online services, and disruptions in India's labour force have propelled the digital gig economy.

Broadly, there has been a trend towards contract work in the Indian organised labour sector. Between 2000-01 and 2015-16, contract workers accounted for over half of the increase in total employment (ASI), increasing its share of total employment from 15.5 per cent to 27.9 per cent.[3]

[1] India's Booming Gig and Platform Economy, NITI Aayog. (2022). Retrieved from https://www.niti.gov.in/sites/default/files/2022-06/Policy_Brief_India%27s_Booming_Gig_and_Platform_Economy_27062022.pdf
[2] Unlocking the Potential of the Gig Economy in India, BCG. (2021). Retrieved from https://www.bcg.com/en-in/unlocking-gig-economy-in-india
[3] Kapoor, R. & Krishnapriya, P.P. (2019). Facts and myths on rise of contract labour, The Hindu BusinessLine. Retrieved from https://www.thehindubusinessline.com/opinion/facts-and-myths-on-rise-of-contract-labour/article26571045.ece. 'Annual Survey of Industries', Ministry of Statistics and Programme Implementation. Retrieved from http://www.csoisw.gov.in/cms/en/1023-annual-survey-of-industries.aspx

Which institutional models exist in this space?

We observe three institutional structures that employ gig and contract workers::



Digital Marketplaces

An intermediary-led service platform that directly connects customers (individuals or businesses) that demand services with suppliers or providers of those services, typically on a transactional basis. These can include bi-sided (e.g., Urban Company, Uber) or one-sided (e.g., Shadowfax) marketplaces.

Flexi-Job Platforms

A model in which a third party engages and manages workers, typically on short-term, renewable contracts, to meet the needs of a principal client business (e.g., Quess, CABT).

Direct Engagement Models

Workers are directly engaged by manpower-intensive organisations through a mix of fixed-pay or performance-based service contracts (e.g., Jubilant Foods, Delhivery).

What is ‘Gig’ vs Contract Work?

Gig work broadly comprises "pay per task" compensation structures and highly flexible work timings, while contract workers are hired on renewable, assured-pay contracts for short periods, typically a few days to a few months. Whether formal or informal, such work arrangements are not a new phenomenon in India. However, gig work has taken a new dimension with the rise of digital platforms that connect demand to supply in real time. Another salient difference is the nature of the employer-employee relationship. Typically, contract work arrangements, even though short, entail a better-defined, more sustained relationship between the worker and a specific employer. On the other hand, the definition of an ‘employer’ for digital gig workers is ambiguous, as the former plays the role of an aggregating intermediary, which merely connects them to paying customers.

What are the advantages and disadvantages of Gig Work?

For gig workers, flexibility, independence, and work availability (due to low entry barriers) are key appealing factors. However, gig work also presents the challenge of income volatility, often stemming from unpredictability of work supply and is further compounded by lack of social security. This can lead to financial vulnerability especially when faced with unforeseen shocks. Further, low baseline and entry-level skills combined with inadequate investment in skills upgradation may limit career development and create bottlenecks in job progression. Finally, gig workers are disproportionately vulnerable to physical and mental health ailments, and safety issues.[4] It is also clear that gig work is largely male-dominated, with an under-representation of women, which may further skew gender balance in overall labour participation.

For employers and workforce aggregators, the gig economy allows the potential for lower cost overheads and new, more efficient service models as worker utilisation can be scaled up or down according to business needs, and worker cost-to-company can be reduced. For example, many digital platforms and e-commerce companies engage seasonal workforces during festivals or peak periods, which in turn leads to supplemental work and temporary migration patterns. Minimal or temporary contracts also have a lower statutory compliance burden under existing labour laws, which reduces risk and cost overheads, especially by eliminating benefits such as social security contributions, healthcare insurance, and paid leave. On the other hand, the transactional nature of the work may adversely impact worker loyalty, retention, and collaboration benefits.

This shift of work arrangements offered by digital gig platforms can therefore be a double-edged sword. On the one hand, it provides direct and easy access to livelihoods to a large, relatively young population and significantly impacts the "informalisation" of labour; and on the other hand, it potentially deepens labour market segmentation and institutionalises vulnerabilities of the gig and contract workforce. Its success will depend on how technological and demographic shifts facilitate interactions between companies and gig workers, and actions taken by key ecosystem actors to mitigate risks.[5]

[4] Tran NAT, Nguyen HLA, Nguyen TBH, et al. (2022). Health and safety risks faced by delivery riders during the Covid-19 pandemic. Journal of Transport and Health. 2022, doi: 10.1016/j.jth.2022.101343
[5] National Conference Gig Economy, ASSOCHAM. 2020. Retrieved from https://www.assocham.org/uploads/files/1628143386.pdf

Study Methodology and Context

Image Credit: Bharat Sundaram

Table 1: Sample composition by geography type and sector

	B2C Logistics	E-commerce	Flexi Staffing	Food Service	Merchant Sales	Total
Metro	26	47	22	123	19	237
Non-metro	93	69	24	11	69	266
Total	**119**	**116**	**46**	**134**	**88**	**503**

This learning note is part of a broader project that aims to capture and highlight perspectives of gig workers. The project seeks to build evidence to deepen our understanding of the financial lives of gig workers through a series of data-driven insights and narratives gathered over time, which will allow us to better understand trends in this segment and develop solutions required to enable its sustainable growth.

The sample for this study was derived from a purposive sampling frame of KarmaLife's customer segment of gig and contract workers (hereby collectively termed as gig workers). The sample selection was based on a mix of different worker sectors/categories, hiring modes (direct and third party intermediated contracts) and compensation models (task-based and assured pay). A random sample of 1,023 gig workers was selected for the study, based on the criteria mentioned above, of which 612 completed a telephonic survey. Attrition was due to one of the following reasons: refusal to participate (34), not reachable (221), telephone switched off (93), wrong number (50), and incomplete survey (13). Among the respondents that completed the survey, 503 were currently engaged in gig work at the time, while 109 reported having exited gig work. 54% of the sample was engaged on assured contracts whereas the remaining 46% was engaged on a task-based model.

Table 1 shows the sample of workers currently engaged in gig work distributed across sectors and geography types.

Self-reported information was gathered from a telephonic survey conducted in the vernacular language for the sub-sample of current gig workers; a separate survey was conducted for those who had exited gig work. The study was conducted from December 2021 to February 2022. Informed consent was obtained prior to survey administration. Respondents were given an INR 200 Amazon voucher to compensate for their time.

While we are aware of the limitations of self-reported data, this data collection method provided the opportunity to gather a first set of insights from gig workers. We compared the results of the survey with established sources of data to ensure relevance of the information collected.

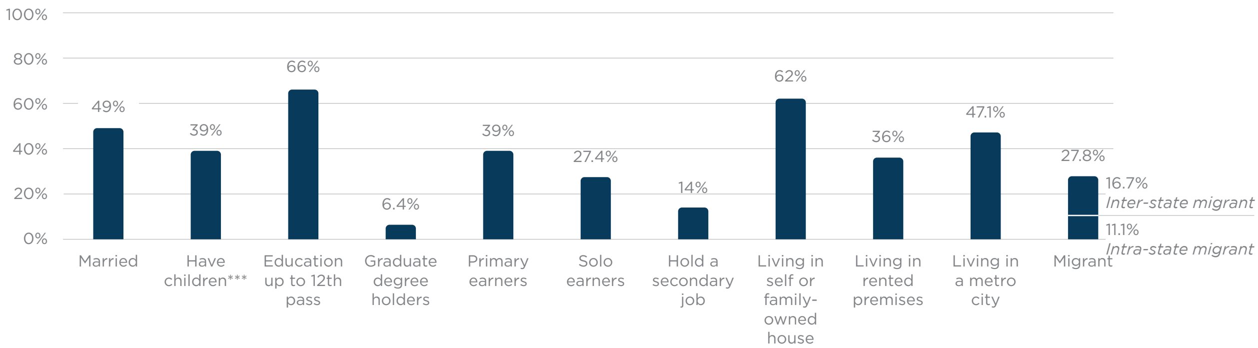
Findings

Image Credit: Bharat Sundaram

Who is the Gig Worker?

Figure 1: Demographic characteristics of the sample*

27	40,000	18,000	4.6	3.2
Age (yrs, median)	Monthly household income (INR, median, if not living alone)	Monthly income** (INR, median)[6]	Average household size	Average number of dependants (if not living alone)



*The numbers may not be representative of the gig worker in general since purposive sampling was followed.
**Income from gig work.
***Number of gig workers with children regardless of marital status

The gig workers in our sample were relatively young, with 50 per cent under the age of 27, and 90 per cent under the age of 36. Overall, two-thirds had studied at least up to 12th standard, of which close to 10 per cent held graduate degrees. Given the specific sectors of study (primarily transport and service delivery), the sample comprised only men. About half of the sample was married and around 40 per cent among those had children. About two-thirds lived in their own house or in their family house. About half lived outside of metropolitan areas and less than a third had migrated either across States or within a State. About 40 per cent of workers in the sample were primary earners; the median monthly income from gig work was INR 18,000. Table 2 presents key demographic characteristics of gig workers in our study.

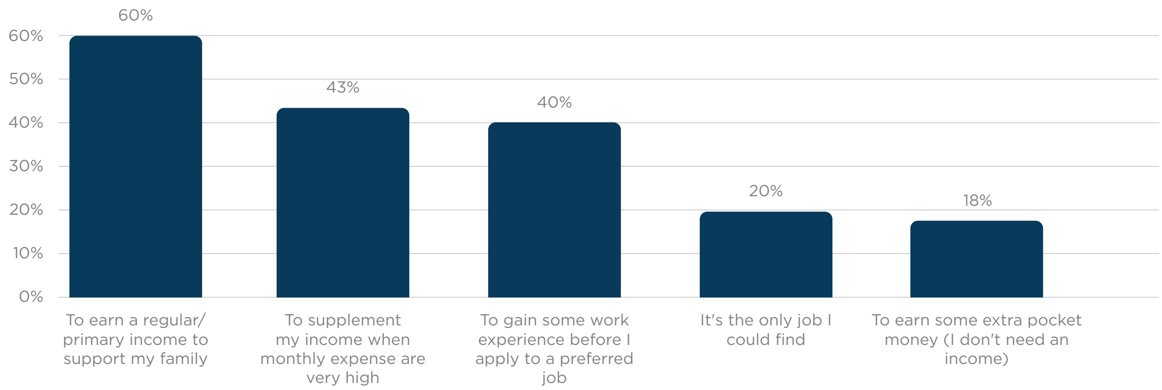
One of the features that distinguishes gig workers is the invariance in earnings across age and education levels. One of the reasons for this could be the uniform cap on effort (i.e., number of hours devoted to implied work), and hence earning potential. In order to unpack the complexity of gig work, we looked at the age-income and age-expense relationships of gig workers. While for traditional working segments, income increases with age till middle age, with an overall inverted U-shaped pattern over the course of the worker lifecycle, we do not observe this phenomenon in our sample.[7]

[6] We asked the Gig workers to provide the amount and frequency with which they were paid based on their model of payment. After this, we converted all payments to a common frequency (monthly) in order to ensure consistent comparison with the expense values we collected as well.
[7] 'Age and earning', Perspectives on Labour and Income. (2009). Retrieved from https://www150.statcan.gc.ca/n1/pub/75-001-x/2009101/article/10779-eng.htm

Motives for Choosing Gig Work

Given low entry and exit barriers, a worker's decision to take up gig work is triggered at different life stages, driven by aspirations, financial liabilities and family responsibilities. These factors also influence the duration for which they want to work in the gig sector. About 60 per cent of respondents highlighted earning a 'regular' income as a key motivating factor; gig work was also seen as a strategy to supplement income when constrained (43 per cent), or earn pocket money (18 per cent). Other motivations and push factors included aspirations, particularly an expressed need to gain some work experience before finding a "preferred" job.

Figure 2: Motivations for taking up gig work



A Tale of Three Stories

Based on insights from the survey data, gig workers in the sample can be categorised into three distinct but broad-based "thick personas", based on their self-reported motivations, household obligations, and financial situation. Acquiring a deeper understanding of these personas can help develop use cases and tailor nuanced solutions to address gig worker pain points, and enhance their experience through a digital ecosystem.

What distinguishes these personas are the particular push and pull factors that broadly fall under fulfilling their immediate financial needs and obligations, their life-stage, and their future outlook on the nature of work.

Constrained Earner

"Means to an end"

(n=123)

They have significant family obligations and are doing gig work because they could not find any other job or a job that offers them enough salary. They work for long hours and earn on the higher end of the spectrum, but the expenses are also higher. They are more likely to be sole earners.

Ambitious Achiever

"Means to something else"

(n=270)

They are relatively younger people with high aspirations to do well in life. They work hard and earn well, but perceive gig work as a stop-gap option before moving to a preferred job.

Millennial Spender

"Means to first-time livelihood"

(n=110)

They are typically the youngest workers (students too) with few family obligations and with aspirations to earn well. They pursue gig work as a hobby or as part-time work. It is often their first "formal" job.

Constrained earners are deeply focused on meeting their immediate financial needs and high obligation levels. With limited alternatives for remunerative work, many take up gig work as a last resort. In contrast, Ambitious achievers are more strategic in their engagement with gig work: they willingly choose gig work as a stop-gap option to supplement their income when needed, but also see it as an opportunity to gain work experience and as a stepping stone for a future career. A defining characteristic of Millennial spenders is their lack of major financial obligations and a motivation to work part-time to earn pocket money. Overall, despite varying needs, the desire to earn a regular source of income is a prominent common factor across the three personas.

The Constrained earner is on average a little older, and typically married with children; a large majority serve as the primary and sole earners for their families. About a fifth of them hold secondary jobs. The Ambitious achiever and Millennial spender are progressively younger, and typically secondary earners, with the main divergence between the two relating to life-stage. The Ambitious achiever is far more likely to be married and have children (and therefore have family obligations), and almost twice as likely to be a migrant, when compared to the Millennial spender.

Table 2: Variations in motivation across persona segments

Motivation*	Constrained Earner	Ambitious Achiever	Millennial Spender
To earn a regular and or primary income to support my family	72.4%	60.7%	43.6%
To supplement my income especially when monthly expenses are very high	43.1%	42.2%	46.4%
To earn some extra pocket money (I'm not the primary earner in my family)	14.6%	10.7%	38.2%
To gain some work experience before I apply for a preferred job	22.8%	45.2%	46.4%
It's the only job I could find	32.5%	20.4%	7.3%
Sample size	**123 (24.5%)**	**270 (53.7%)**	**110 (21.9%)**

*Multiple choice.

Table 3: Key characteristics of personas



Characteristics	Constrained Earner	Ambitious Achiever	Millennial Spender
Age (yrs, median)	31	28	23
Married	69.1%	58.5%	1.8%
Children	61.8%	46.7%	0.9%
Education: 12th pass or less	62.6%	64.5%	71.8%
Graduate Degree	11.4%	4.8%	4.6%
Primary earner	91.9%	25.6%	11.8%
Solo earner	81.3%	3.5%	1%
Average household size	4.1	5	4
Has a secondary job	20.3%	12.2%	10%
Own house (or live in family house)	56.1%	57.4%	80%
Rent	45.5%	40.4%	17.3%
Metro area	48.0%	47.8%	44.5%
Migrant	25.2%	33.3%	17.3%
Intra-state migrant	11.4%	13.7%	4.5%
Inter-state migrant	13.8%	19.6%	12.7%
Sample size	**123 (24.5%)**	**270 (53.7%)**	**110 (21.9%)**

Overall, 47 per cent of the sampled gig workers lived in a metropolitan area. While there is a significant share of migrants in all sub-segments, the Ambitious achiever shows the highest tendency for both intra and inter state migration. The top reason to migrate across personas is search for work followed by better opportunities for children. Also, the Constrained Earner is less driven by friends and family or new social networks compared to the other two personas.

In terms of household structure, around 5.6 per cent of workers in our sample reported they were single person households. Among the rest, average reported household size was 4.6 with one additional member on average contributing to household income. The Constrained Earner and Ambitious achiever are much more likely to live with a spouse as well as (young) children, whereas the Millennial spender is least likely to. At the same time, both the Millennial spender and Ambitious achiever are far more likely to live with parents and siblings.

Table 4: Reasons for migrating of gig workers

	All	Constrained Earner	Ambitious Achiever	Millennial Spender
Search for work in order to improve earning potential	58.6%	61.3%	55.6%	68.4%
School and better future for children	17.1%	22.6%	17.8%	5.3%
Relatives and friends are in the city	11.4%	9.7%	11.1%	15.8%
Wanted to find a better social network	9.3%	3.2%	11.1%	10.5%
Better access to healthcare	1.4%	-	2.2%	-
Sample size	**140 (100%)**	**31 (22.1%)**	**90 (64.3%)**	**19 (13.6%)**

Note: Data reported in Table 4 corresponds to 140 migrants in the sample

Table 5: Household composition of gig workers

	All	Constrained Earner	Ambitious Achiever	Millennial Spender
Live Alone	5.6%	-	5.2%	12.7%
Parents	84.8%	60.2%	91%	100%
Spouse / Wife / Husband	51.6%	69.1%	61.7%	2.1%
Siblings (sister/brother)	50.7%	22.8%	52.7%	81.3%
Children < 12 yrs of age	37.7%	51.2%	45.3%	-
Children between 12-21 yrs of age	8.8%	12.2%	10.6%	-
Children > 21 yrs of age	2.5%	4.9%	2%	1%
Relatives	3.2%	3.3%	2.7%	4.2%
Sample size	**503 (100%)**	**123 (24.5%)**	**270 (53.7%)**	**110 (21.9%)**

The figure below highlights key variations in the top three implied motivations for taking up gig work across the personas. Level of pay is a predominant motivation for all personas, with its prevalence ranging from 60 per cent to 65 per cent. Other important motivations among personas are job security and flexible hours, with some variations. Motivations such as on-the-job learning, social networks and promotion opportunities rank relatively lower in the priority stack. However, there are a few notable differences.

Interestingly, gig workers report high job satisfaction levels, with 46 per cent claiming to be very satisfied and another 42 per cent satisfied; in contrast, only 2 per cent were dissatisfied. These figures are higher than other studies; for example, a recent survey of 5,000 gig workers across 15 countries found that only 69.1 per cent of India's gig workers are satisfied or very satisfied.[8]

Gig workers, across persona types, view attaining self -reliance, achieving career success, and protecting their families as key life aspirations. Leisure and time with family are significant though ranked lower.

Figure 3: Variations in motivation across personas (top 3 rank)

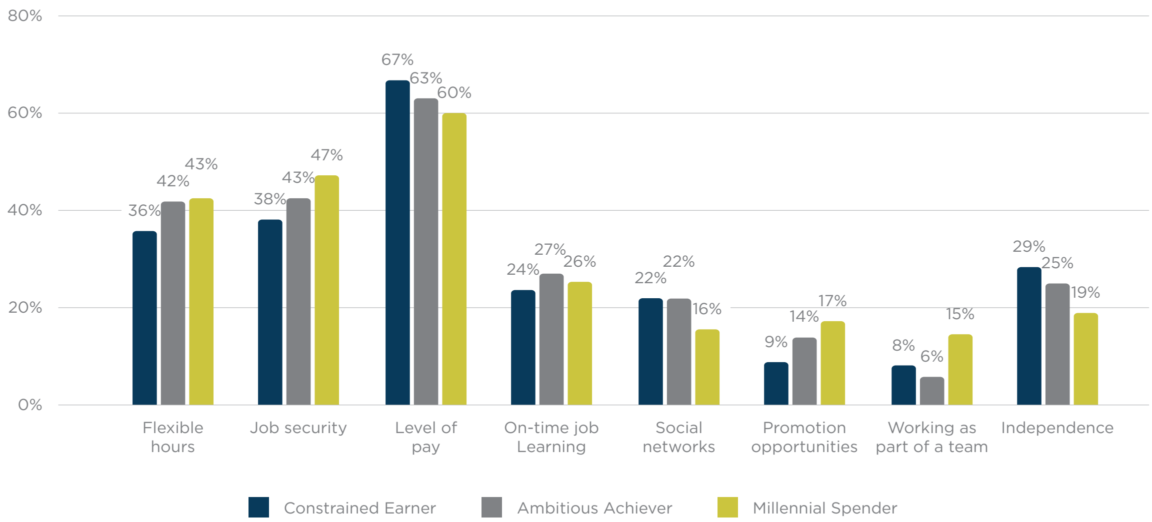


Table 6: Aspirations of gig workers across segments



Main motivation and aspiration	All	Constrained Earner	Ambitious Achiever	Millennial Spender
Self-reliance and owning their own destiny	29%	29.3%	28.5%	30%
Attaining career success and respect	27%	26%	22.2%	40%
Protecting and advancing kids/ family future	25.4%	29.3%	32.2%	4.6%
Having a happy relaxed life and spending time with family	11.3%	10.6%	10.6%	10.4%
Earning a higher salary to live a more comfortable life	6.2%	3.3%	6.3%	9.1%
Doing something that helps my community	1%	1.6%	0.4%	1.8%
Sample size	**503 (100%)**	**123 (24.5%)**	**270 (53.7%)**	**110 (21.9%)**

[8] The gig workers index: Mixed emotions, dim prospects, Rest of World. 2021. Retrieved from https://restofworld.org/2021/global-gig-workers-index-mixed-emotions-dim-prospects/

Why do gig workers leave their job?

A very small percentage (4.8 per cent) reported wanting to leave their gig job soon, even as more than half of them reported being "satisfied" or "very satisfied" with their current gig jobs. Almost half of them expressed a desire to start their own business.

We also collected information from an additional sample of 109 respondents who reported having exited gig work (and were therefore not included in our core sample). Their median age was 26 years. When compared with the core sample, a significantly higher percentage reported their key motivation to be "attaining career success and respect" (45.9 per cent vs 27 per cent). Relatedly, these gig workers prioritised higher salary and stability of long-term contracts over flexibility of work.

Figure 4: Motivations of current gig workers vs those who have exited gig work

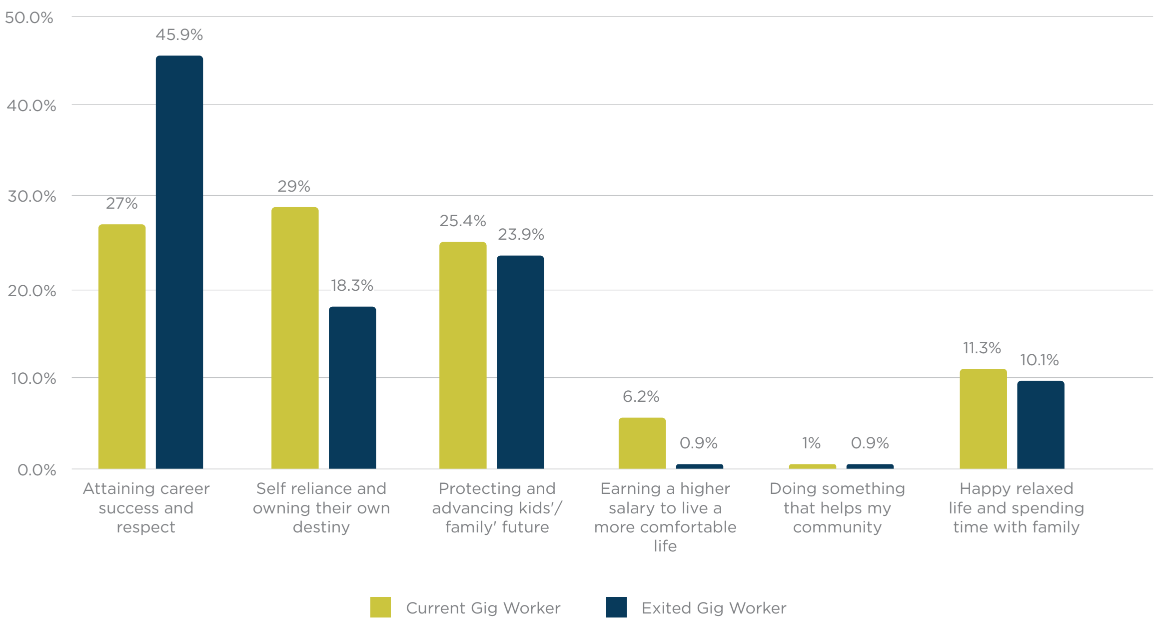
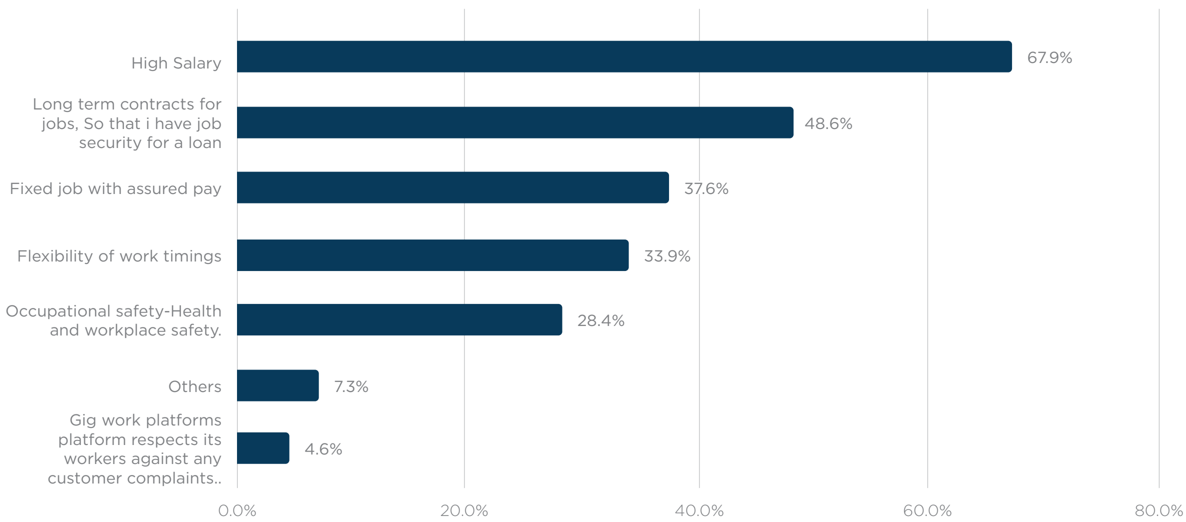


Figure 5: Aspirations of individuals no longer engaged in gig work



What is their pay structure and productivity?

Gig workers in our sample have been working for an average of two years; about 26 per cent of respondents have taken up gig work recently (less than a year ago) and only 13.9 per cent have over three years' experience in the industry. This points to high structural churn among workers employed with gig platforms.[9] Millennial spenders have significantly shorter tenures compared to other personas.

There is an even balance between assured pay and pay-per-task contracts in our sample. Overall, assured pay contracts are predominantly monthly payment contracts and seem more lucrative for all gig workers. Pay-for-task contracts on the other hand offer more flexibility and more frequent payouts. Millennial spenders and Constrained earners see significantly lower earnings from this contracting mode compared to Ambitious achievers. We also see some counterintuitive patterns in the relationship between reported number of tasks per day and earnings, which could reflect certain reference biases in the respondents.

Table 7: Income, productivity, and nature of contracts



Variables	All	Constrained Earner	Ambitious Achiever	Millennial Spender
Tenure (mean, years)	1.9	2.2	2.1	1.6
Tenure greater than 3 years (%)	14%	17.1%	15.6%	6.4%
Assured contract workers	54%	49.6%	56.7%	54.6%
Monthly income (Median, INR)	20,000	18,000	20,000	20,000
Average number of hours worked per day (n=124)	8	8	8	8.5
Paid monthly	79.2%	72.1%	79.7%	85.0%
Paid weekly	13.1%	19.7%	13.7%	5%
Pay-per-task workers	46%	50.4%	43.3%	45.5%
Monthly income (Median, INR)	16,000	15,000	19,000	12,000
Median number of tasks per day	20	24	20	22
Sample size	**503 (100%)**	**123 (24.5%)**	**270 (53.7%)**	**110 (21.9%)**

[9] https://economictimes.indiatimes.com/tech/newsletters/morning-dispatch/gig-workers-shortage-hits-startups-delhivery-raises-rs-2347-crore-from-anchor-investors/articleshow/91480505.cms?from=mdr

Are they learning on the job?

On the job learning is among the top three motivations for choosing gig work. 79 per cent of the workers felt gig work gave them some form of on-the-job training. Millennial spenders and Ambitious achievers have a greater sense of skill-building, which could reflect relative age and life-stage distributions as well as the Constrained Earner's reduced ability to internalise on-the-job learning due to financial stress. In particular, social and communication skills stood out, particularly for the Constrained earners. On the other hand, computer and digital skills upgradation were perceived to be lower, perhaps given the younger and already tech savvy demographic. .

On-the-job skills achieved by the workers are likely to depend on the skills already acquired by them before joining gig work, their generational context, and their future career aspirations. For example, a gig worker joining the platform at middle age due to lack of opportunities may have a very different learning appetite compared to someone who is joining to gain work experience before moving on to other full-time jobs. While it is interesting to see that gig workers perceive some form of skill-building from their gig work, there is scope to personalise, formalize and structure training programs, and align them with future career opportunities. More in depth research is also required to better understand the nature and relevance of upskilling in the Indian gig economy.

Table 8: Skills learned on the job



Skilling characteristics	All	Constrained Earner	Ambitious Achiever	Millennial Spender
Feel they acquired skills/training as part of gig work	79%	72.4%	80.7%	80.9%
If yes, What is the top of skills/training that have benefited you?				
Social and communication skills	39%	51.7%	37.6%	31.5%
Mechanical skills	22%	18%	21.6%	25.8%
Computer/technical skills	17%	14.6%	17.9%	15.7%
Managerial skills	15%	13.5%	15.1%	18%
Financial literacy training	7%	2.3%	7.8%	9%
Sample size	**503 (100%)**	**123 (24.5%)**	**270 (53.7%)**	**110 (21.9%)**

What are their financial lives like?

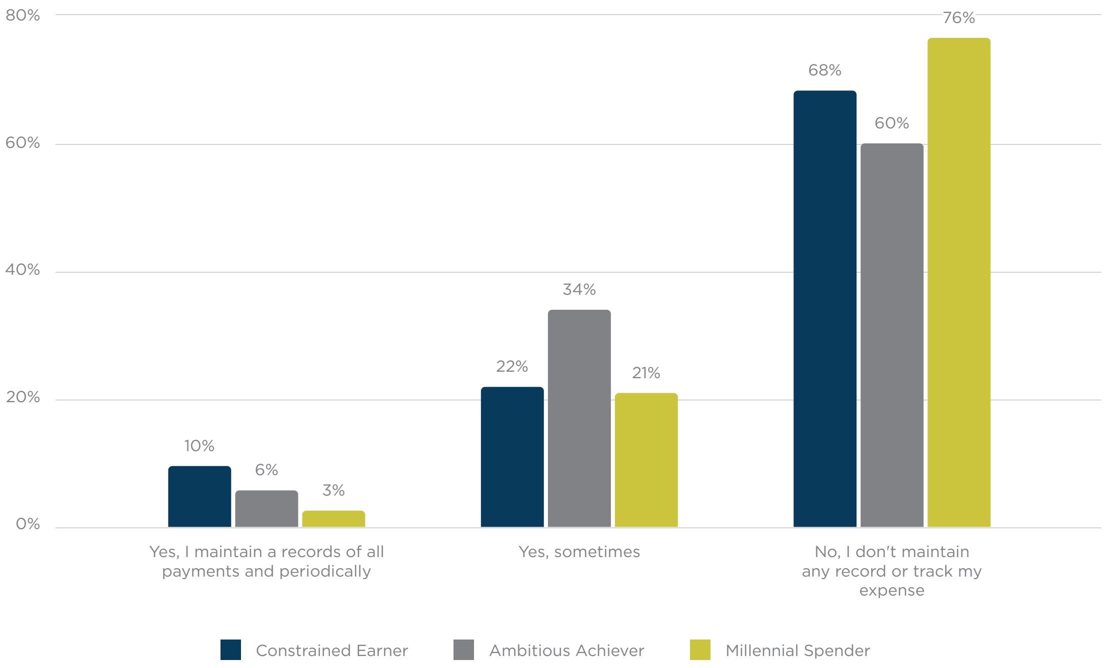
Income and Cash Flow Dynamics

Overall, gig workers in our sample show little financial management: 66 per cent do not maintain financial records or track their expenses. This is consistently observed across personas, with the Millennial spender being the least probable to plan their finances.

This is particularly salient given the fact that many gig workers have volatile financial lives where income and expenses seldom align and they often struggle to make ends meet or plan ahead. Roughly 16 per cent of all sampled workers (33 per cent of Constrained earners) reported that their monthly expenses exceeded their incomes, with average deficits in the range of INR 5,000-7,000.[10]

Our study highlights a correlation between gig workers' financial planning behaviours and their income-expense balances. This cuts across savings as well as credit behaviours. Workers who save regularly (18 per cent) or have never saved (13 per cent) report less negative surplus compared to workers who aspire to save but are unable to (41 per cent). One hypothesis is that workers who never save might be using that money to meet expenses, which accounts for the lesser negative surplus. Similarly, workers who maintain a budget and track their expenses have less negative surplus (11 per cent) compared to workers who do not budget their expenses (20 per cent). While we might presume that better financial discipline enables surplus funds for saving, deeper analysis would be required to establish any causal relationship.

Figure 6: Trends in financial tracking across the personas



[10] In our study, both income- and expense-related responses were recorded based on self-reported data for recent months. The respondents answered the questions based on recall.

Table 9: Monthly income, expenses and surplus (INR)



Income/Expenses Overall	All	Constrained Earner	Ambitious Achiever	Millennial Spender
Monthly income (Mean)	18,611	17,702	19,592	17,218
Monthly income (Median)	18,000	16,000	20,000	15,000
Monthly expenses (Mean)	10,697	13,607	10,811	7,163
Monthly expenses (Median)	9,250	13,000	10,000	5,875
Propotion who have more expenses than income earned (%)	16%	33.3%	11.8%	10%
Expenses surplus (Mean)	-6,672	-6,727	-6,942	-5,680
Expenses surplus (Median)	-5,000	-5,333	-5,000	-4,200
Total Household Income (Mean)	39,878	26,127	44,033	44,211
Total Household Income (Median)	40,000	21,000	45,000	49,000
Ratio of Total income/Total household Income (Median)*	0.51	0.72	0.46	0.40
Sample size	**503 (100%)**	**123 (24.5%)**	**270 (53.7%)**	**110 (21.9%)**

* Calculated for those not living alone

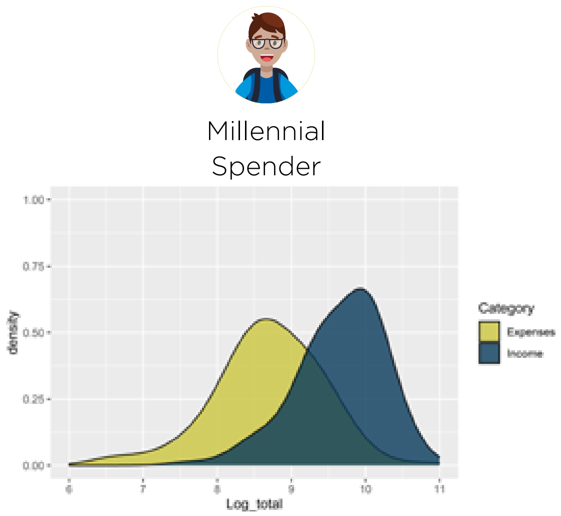
Similarly, a higher proportion of workers with outstanding loans (39 per cent) report a negative surplus compared to workers who do not have outstanding loans (15 per cent). A higher proportion of workers who borrowed money from colleagues (26 per cent) report a negative surplus compared to workers who did not borrow from colleagues (13 per cent). This may reflect a classic debt-trap wherein borrowing could be a response to stressed finances, while continuing debt burdens and due interest payments could further deteriorate financial deficits.

Median incomes vary for different personas, with Ambitious achievers earning 25 per cent higher incomes than Constrained earners. Conversely, Constrained earners see 30 per cent higher median expenses compared to Ambitious achievers.

Furthermore Constrained earners are particularly vulnerable to financial pressures given the significantly higher ratio of median individual income to median household income (75 per cent). In contrast, the other two personas on average seem to have more contributing members in their households, which reduces their share of the family's financial burden.

A comparative analysis of the logs of income and expenses corroborates these patterns. The Constrained Earner has a much tighter overlap between income and expenses, suggesting limited room to absorb economic shocks in the form of sudden income reductions or unexpected increases in expenses. The other personas seem to have far more flexibility, with the Ambitious achiever also having on average higher incomes compared to expenses, and therefore greater potential for future planning.

Figure 7: Log of monthly income and expenses



Expenditure Profiles

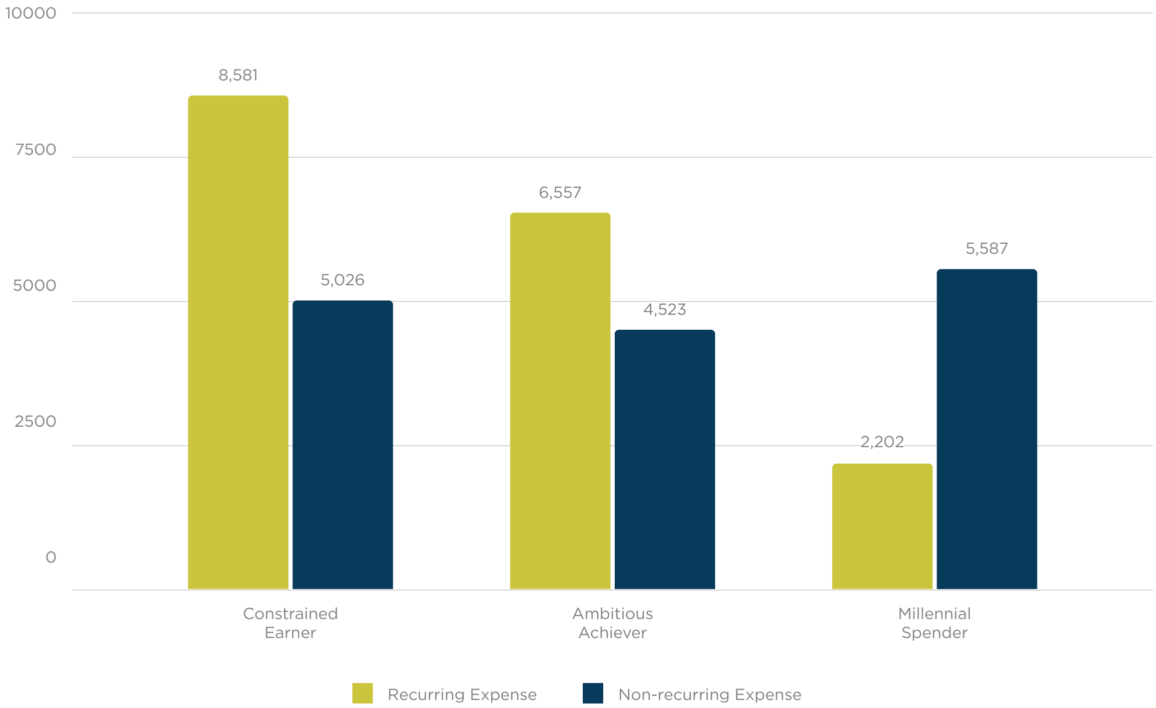
The type of expenses incurred by gig workers is also different across personas. Constrained earners have a higher prevalence of non-discretionary expenses on rent, household purchases, education, utility bills and medical expenses. This is in line with the fact that they bear a larger share of the household's cost burden. On the other end of the spectrum, the prevalence of expenses was low for Millennial spenders for all categories except entertainment.

Similarly, the expense levels incurred by workers also vary across personas. Constrained earners report having the highest ratio of recurring (mostly non-discretionary) expenses to non-recurring expenses, followed by Ambitious achievers, while Millennial spenders report having higher non recurring expenses.[11]

A tabulation of expenses also clarifies the different cost structures and obligation levels by persona type. For recurring expenses, the patterns are very clear as Constrained earners face highest prevalence of expenses such as rent, household expenses, utility bills but even others that may be more personalised like EMIs and fuel. For these expenses, Ambitious achievers report second highest prevalence whereas Millennial spenders see far lower incidence.

[11] Recurring monthly expenses are defined to include rent, household purchases, EMI, fuel, mobile recharge and utility bills, whereas non recurring expenses include vehicle maintenance, medical expenses, education, personal travel, entertainment, emergency and personal care.

Figure 8: Average monthly expenses across personas (INR)



The only exception to this norm is mobile recharges which sees highest prevalence with Millennial spenders but is also a far smaller average amount. Average amount of expenditure for each of these expense categories is far more even across personas.

Non or less recurring expenses also reveal insightful patterns. Certain expense categories that seem non-discretionary in nature such as emergencies, medical expenses and even educational and travel expenses follow the same patterns as core recurring expenditures above. Average spending levels for these expense categories are also higher for Constrained earners compared to other personas. Other seemingly more discretionary expenditures like entertainment and vehicle maintenance see the opposite pattern with Millennial spenders reporting highest prevalence and in some cases significantly higher spending levels as well. Even in a mixed category like clothes & personal items, while there is significant prevalence across all personas, the average spending levels are almost 85 per cent higher for Millennial spenders than Constrained earners. Furthermore, around 20 per cent of gig workers send money to friends as and when needed, the median amount of this infrequent expense is around INR 3,000.

Table 10: Major monthly expenses for gig workers (INR)

Overall Expenses	Constrained Earner		Ambitious Achiever		Millennial Spender	
	Prevalence (%)	Expense (Median)	Prevalence (%)	Expense (Median)	Prevalence (%)	Expense (Median)
Recurring Expenses						
Rent	37.4%	4,000	35.9%	4,000	8.2%	3,000
Household purchases (Ration/food)	82.9%	3,750	74.1%	4,000	34.5%	3,000
EMI	22%	3,000	10%	3,000	3.6%	2,150
Fuel[12]	43.1%	3,000	30.7%	3,000	12.7%	3,250
Mobile recharge/data	75.6%	480	85.6%	300	87.3%	300
Bills (Electricity/ water/gas)	52.8%	1,000	38.1%	1,000	20.9%	800
Non or Less Recurring Expenses						
Personal travel (Native town visit/family trips)	11.4%	2,000	5.9%	400	3.6%	750
Entertainment (Movies/ restaurants)	9.8%	1,000	13.7%	1,000	16.4%	1,000
Emergency or unplanned expenses	9.8%	1,250	4.8%	417	2.7%	0
Clothes and personal care items	52.0%	1,125	50.4%	1,500	43.6%	2,000
Vehicle maintenance	70.7%	1,667	77.4%	3,000	83.6%	4,000
Medical expenses (Medicines/ doctors/ hospitals)	35.8%	1,000	17.4%	800	9.1%	417

Table contd... to next page

[12] In some cases, gig workers are provided stipend for fuel.

Overall Expenses	Constrained Earner		Ambitious Achiever		Millennial Spender	
Non or Less Recurring Expenses						
Education (School and college fees/ tuitions/ books/ uniform	35.0%	2,000	24.1%	1,500	11.8%	2,000
Others	7.3%	0	2.6%	2,000	5.5%	3,750
Sample size	**123 (24.5%)**		**270 (53.7%)**		**110 (21.9%)**	

Access to Liquidity

We see significant income-expense shortfalls in the monthly financials of gig workers. This is consistent with broader literature that cites cash flow volatility challenges among gig workers.[13] It is therefore important to understand their access to short-term liquidity to bridge recurring financial shortfalls. Overall, only 19 per cent of gig workers own a credit card, and of these, a majority do not use it regularly. And, of those not owning a credit card, only about a third do not feel the need for one.

Only 6.6 per cent of sampled gig workers reported having an outstanding personal loan, whereas almost 12 per cent reported having an EMI worth INR 3,000 on

Table 11: Access to liquidity



Credit Card Characteristics	All	Constrained Earner	Ambitious Achiever	Millennial Spender
Do you own a credit card? (Yes)	19.1%	17.1%	24.8%	7.3%
If you own a credit card, what is the usage?				
Every few months, not regularly	53.1%	57.1%	50.8%	62.5%
Every month	41.7%	33.3%	44.8%	37.5%
Never	4.2%	9.5%	3.0%	-
Once in a blue moon, say once a year	1%	-	1.5%	-
If you don't own a credit card, why not?				
I wanted one, but have never applied	51.1%	56.9%	47.3%	52.9%
I never found the need for one	34.4%	33.3%	37.4%	29.4%
Tried to apply but was declined	14.5%	9.8%	15.3%	17.7%
Sample size	**503 (100%)**	**123 (24.5%)**	**270 (53.7%)**	**110 (21.9%)**

[13] https://www.businesswire.com/news/home/20221122005220/en/New-Study-Reveals-Gig-Workers-Need-Unique-Benefits-to-Reduce-Financial-Challenges

Table 12: Outstanding loans



	All	Constrained Earner	Ambitious Achiever	Millennial Spender
Do you have current or outstanding loans?	6.6%	9.8%	5.6%	5.5%
Do you have an EMI to repay?	11.5%	22.0%	10.0%	3.6%
If yes, what is the monthly amount? (median, INR)	3,000	3,000	3,000	2,150
Do you borrow from the people you work with?	26.3%	33.3%	28.5%	12.7%
If yes, how often? *"As and when needed"*	88.6%	92.7%	88.3%	78.6%
If so, how much? (median, INR)	3,000	3,000	3,000	2,500
Sample size	**503 (100%)**	**123 (24.5%)**	**270 (53.7%)**	**110 (21.9%)**

average; for the Constrained Earner, these shares were 9.8 per cent and 22 per cent, respectively. Over a quarter of workers reported borrowing from their peers, typically as and when needed, and on average around INR 3,000.

We observe that borrowers are on average older (30 years), compared to non-borrowers (27 years), and have greater family obligations. Roughly 43 per cent of primary earners in the household have outstanding debt compared to 31 per cent of secondary earners. A higher proportion of married workers have outstanding debt (45 per cent) relative to those who are single (27 per cent).

Our analysis of 34 loans (across 33 borrowers) throws up some potentially interesting findings on access to term liquidity. First, primary motivations for borrowing include emergencies (30 per cent), new homes (25%) and new vehicle purchases (21 per cent). Second, reported loan ticket sizes range from INR 10,000 to INR 6 lacs, with INR 71,000 as a median ticket size. Interestingly, a majority (51 per cent) were accessed through formal financial institutions, 12 per cent from money lenders, and 18 per cent via friends and family, but it's quite plausible that many informal modes of lending are not viewed as loans by respondents. Less than a fifth of the reported loans required asset-based collaterals. Repayment frequencies varied; Around 40 per cent were associated with weekly repayments, 30 per cent with quarterly repayments and around 25 per cent with bi-annual repayments. Repayments were made across all modes – cash, bank transfers, and via other online modes. However, despite asking very specific details on interest rates and terms, the figures reported were incongruent and inconsistent. This indicates a significant portion of gig workers were unable to parameterise and accurately recall the interest terms they were charged, in particular from formal financial institutions. This highlights a need for greater credit awareness and education as simplified pricing models that allow users to evaluate and make necessary tradeoffs.

Table 13: Gig workers' loan portfolio and repayments

Characteristics Of Loan Portfolio	
Amount of loan (INR)	**Mean:** 1,47,219 **Median:** 71,000 **Min:** 10,000 **Max:** 6,00,000
Proportion of loans requiring assets for collateral	18.2%
Frequency of repayment	**Weekly:** 39.4% **Monthly:** 6.1% **Quarterly:** 30.3% **Bi-Annually:** 24.2%
Mode of repayment	**Bank related account:** 24.4% **Cash:** 36.3% **Online:** 39.4%
Reason for taking up the loan* (Multiple choice)	**Emergency:** 30.3% **New House:** 24.4% **Medical Expense:** 9.1% **EMI:** 6.1% **Buying Vehicle:** 21.2% **Other:** 15.2%
Who did you borrow this loan from?	**Bank/NBFC:** 51.5% **Money lender:** 12.1% **Friends/Family:** 18.2% **Other:** 18.2%

*Some have multiple reasons

Savings & Investments

A significant majority (66 per cent) of gig workers report never keeping money aside, while 8 per cent report aspiring to, but finding it challenging. Ambitious achievers report saving more, likely driven by greater surplus income, while Constrained earners have aspirations to save, but are unable to. Among those who save, the top motivations are to create funds for their children's education (26 per cent) and emergencies (24 per cent). Other less prominent but significant reasons include startup funds for a new business (11 per cent), a personal purchase (9 per cent), retirement (9 per cent) or a new home (8 per cent). Millennial spenders, a much smaller fraction of whom report saving, are more inclined to save to purchase something for themselves, invest in a new home and interestingly, their old age security.

It's also insightful to observe where gig workers save. While the majority (82 per cent) save through bank instruments, there are interesting variations across personas. In addition to bank accounts, 44 per cent of Constrained earners keep liquid cash at home, almost twice the proportion as Millennial spenders. Twice as many Millennial spenders use capital market products like mutual funds, compared to the other two personas, whereas only the other two personas invest in physical immovable assets like land and gold. These savings habits likely relate to demographic variables such as age and exposure to technology.

Table 14: Saving preferences and behaviour:

	All	Constrained Earner	Ambitious Achiever	Millennial Spender
Savings Behaviour				
I never keep money aside	66.2%	61%	62.2%	81.8%
Yes, I save every month	25.6%	24.4%	30.4%	15.5%
I aspire to keep putting money aside, but this never happens	8.2%	14.6%	7.4%	2.7%
Top Savings Purposes				
Emergency fund	24.1%	25%	27.5%	5%
Children's education	25.9%	33.3%	26.5%	5%
Saving to start our own business	11.2%	10.4%	11.8%	10%
Buying something for myself	9.4%	4.2%	7.8%	30%
Retirement	8.8%	2.1%	9.8%	20%
New home	7.6%	10.4%	3.9%	20%
Buying your own vehicle	4.1%	-	5.9%	5%
Children's marriages	1.2%	4.2%	-	-
Medical emergencies	1.2%	4.2%	-	-
Paying off debts	0.6%	-	1%	-
Travel	0.6%	-	1%	-
Where They Save/Invest*				
Banking instrument	81.8%	64.6%	92.1%	70%
Keep cash at home	34.7%	43.8%	32.4%	25%
Capital market and insurance	17.7%	16.7%	15.7%	30%
Others	12.4%	4.2%	18.6%	-
Physical assets	8.8%	10.4%	9..8%	-
Non-bank savings	2.9%	2.1%	2.9%	5%
Sample Size	**503 (100%)**	**123 (24.5%)**	**270 (53.7%)**	**110 (21.9%)**

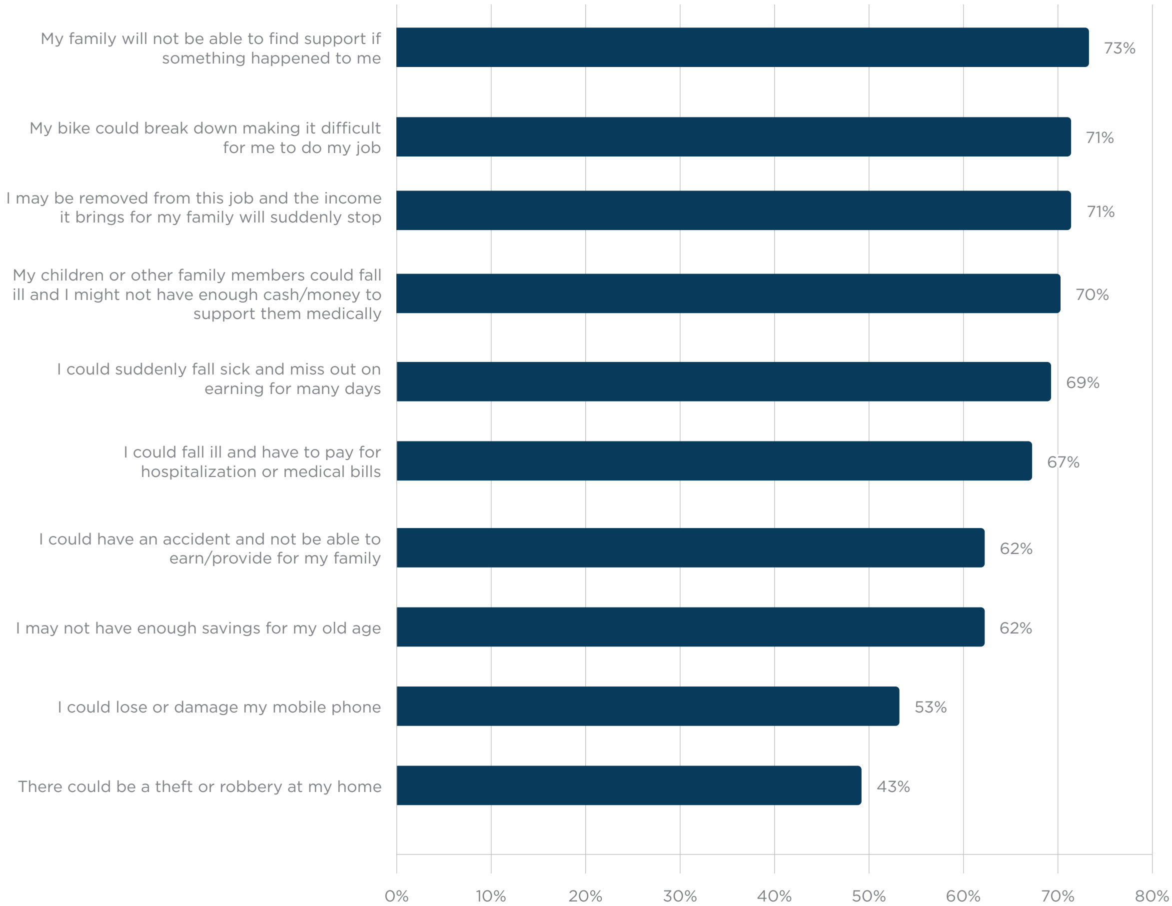
**Banking Instrument:* Kept savings in the bank/post office, invested in fixed deposit/recurring deposit etc.
Capital Market and Insurance: Invested in mutual funds, shares/equities/debt/Govt. bonds, new life insurance policies and/or paid premium on existing policies.
Others: Saved additional amount in pension deductions from salary, informal lending to friends and family.
Physical assets: Saved in other forms such as gold, jewelry, land, house, agricultural land, car, bike, TV, refrigerator, etc.
Non-bank Savings: Saved money with NBFC/chit fund/cooperatives/ponzi schemes, in a thrift and credit group/SHG/committee).

Risk Protection & Insurance

The lack of any institutionalised social protection for gig workers exposes them to significant risks and vulnerabilities, and it's important to understand their approach and access to financial tools available to protect themselves. Gig workers in our sample reported a combination of perceived insecurities, but the top sentiment expressed was about not being able to earn and its consequence on their ability to support their families.[14] Around two-thirds of respondents related to continuity of earning, be it triggered by life events, illnesses, accidents, damage to working assets, or removal from a job. There is also a strong feeling that their families would not be able to take care of them in the face of an adverse event. A majority also seem concerned about their security in their old age.

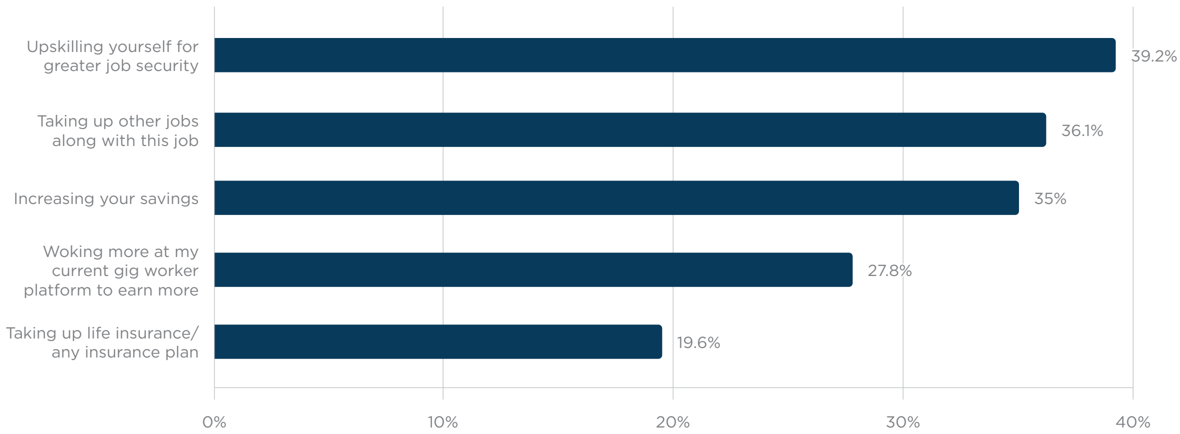
Only a subset of these workers that express vulnerability seek some form of resilience strategy as described in the figure below. Those that do resort to a combination of actions to hedge against potential hurdles. However, their strong preference is to find ways to take on more work, by working more hours, diversifying into other jobs, or acquiring skills to access more remunerative employment opportunities, whereas fewer rely on financial strategies like savings and insurance to mitigate risks.

Figure 9: Risks and vulnerabilites faced by gig workers[15]



[14] This analysis is based on a random subsample of 97 gig workers from our overall panel so persona-based segmentation was not possible.
[15] Based on multiple choice questions.

Figure 10: Resilience and protection strategies



Almost a quarter of the gig workers sampled were unaware of any social protection benefits provided by their employers. According to those that were aware of these benefits, personal accident insurance coverage was provided to 45 per cent, whereas less than a fifth benefited from some health insurance cover. Provisions for leave without pay, sick leave, and pension contribution were even less prevalent.

We further asked gig workers whether they had invested in personal insurance. Only about a quarter said they had self-purchased insurance, whereas 43 per cent were estimated to not have any form of insurance (the rest could be considered to, at minimum, have some form of employer sponsored insurance). Among those who did not have personal insurance, apart from claiming existing employer coverage, the key barrier cited was absence of affordable options, with lack of need, trust, and awareness cited as secondary reasons. At the time of the survey, COVID had also prompted one in two workers to reconsider availing insurance products. Across insurance types, uptake for accidental (44 per cent) was highest followed by general medical (21 per cent), and life (14 per cent) insurances.

Table 15: Employment benefits

Does your employer provide the following benefits? (Multiple choice)	**%**
I don't know	23.7%
Among those that know, benefits provided include:	
Personal accident insurance	45.4%
Written contract of employment	28.9%
Health insurance/ESIC	18.6%
Provision for leave without pay	7.2%
Sick leave (with pay)	3.1%
PF/pension contributions	2.1%
Sample size	**97**

Figure 11: Personal insurance

Have you invested in any personal insurance products (N=97)

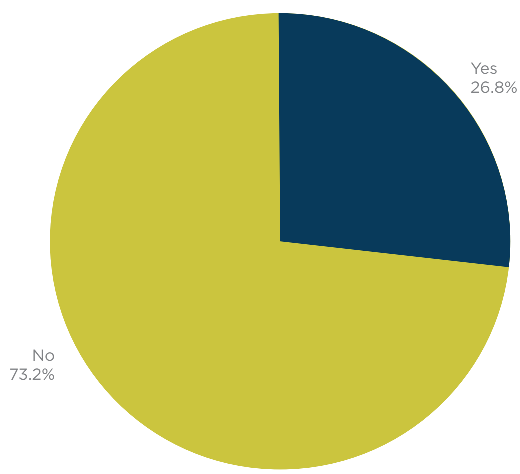


Table 16: Reasons for not taking up insurance

Why have you not taken up insurance? (Multiple choice)	%
I cannot afford to purchase insurance	40.8%
My employer provides it	33.8%
I don't need insurance	15.5%
I don't trust insurance providers	14.1%
I am not aware of products	12.7%
Other reasons	1.4%
Sample size	**71**

Table 17: Gig workers' insurance coverage

Which of these insurance covers do you currently have? (Multiple choice)	%
Personal accident assurance	44.3%
I don't have any insurance	43.3%
General medical insurance	20.6%
Life insurance	14.4%
Mobile insurance	0%
Home insurance	0%
Sample size	**97**

Another critical emerging space is old age security and pension. This is particularly salient for the younger gig worker segment, given demographic trends. By 2050, 20 per cent of India's population is expected to be above 60 years in age, and therefore in the category of dependents. If current levels of 35 per cent pension uptake among senior citizens are maintained, this would result in 20 million or almost 62 per cent of India's elderly population having no income security.[16]

While a majority of gig workers report being aware and concerned about their old age security, almost half of these workers haven't adopted any conscious strategy to address this risk (but want to). Also, a far greater share see investment in children's education as a preferred strategy when compared to pension or long term investment solutions. Even workers that report not being concerned about old-age security (45 per cent) tend to focus on more immediate needs which include bills and family needs, citing their inability to think that far ahead.

Figure 12: Has COVID prompted you to think/rethink taking insurance?

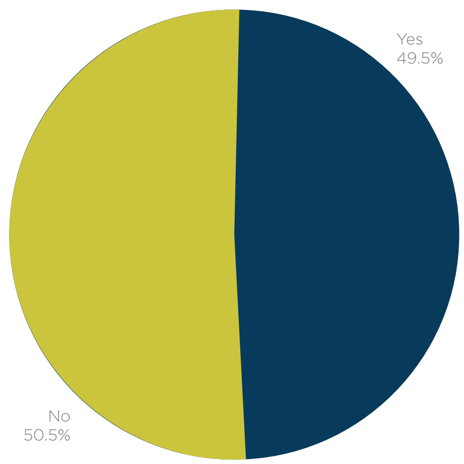
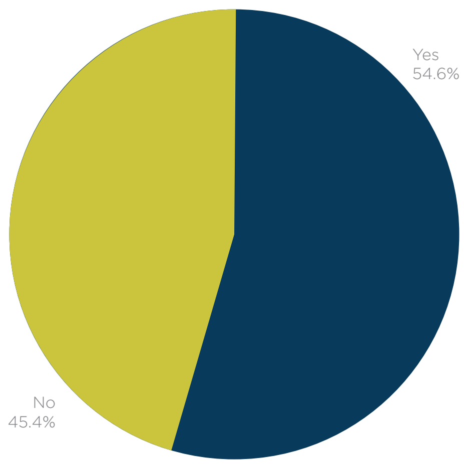


Figure 13: Do you ever worry about old age security?



[16] https://www.livemint.com/opinion/online-views/indias-elderly-population-fiscal-challenges-offer-opportunities-11629303880874.html

Table 18: Reasons for not worrying about old-age security

Why do you not worry about old age security? (Multiple choice)	%
I can't think that far ahead	40.0%
I need to plan for my life and children first	36.4%
I just need to make enough money to pay my immediate bills	27.3%
I don't have enough money	9.1%
Nobody in my family had done this sort of planning	9.1%
Sample size	**41**

Financial Resilience

It's evident from the above discussion, that many gig workers face financial stress and volatility, and lack access to the appropriate financial products to address this. This ultimately erodes their financial resilience, or ability to weather financial shocks, as was observed during the COVID pandemic. When we asked workers how long they could survive on existing resources in the face of an income shock related to their gig job, 21.5 per cent reported not being able to last even a month, whereas another 34.3 per cent may be able to last 2-6 months. Only 40 per cent of workers expressed the confidence to rely on diversified income streams, and this also varied significantly across personas.

Table 19: Gig workers cashflow situation



	All	Constrained Earner	Ambitious Achiever	Millennial Spender
If you were unable to work for some reason, how long would you be able to financially stay afloat?				
Less than a week	4%	6.5%	3.7%	1.8%
One week-one month	17.5%	35.0%	10.7%	14.6%
2-6 months	34.3%	34.2%	39.3%	22.7%
Longer than 6 months	1.6%	1.6%	1.9%	0.9%
I'll be fine: Gig work was never my main source of income	40%	18.7%	41.5%	60%
Do not know	2.6%	4%	2.9%	-
Sample Size	**503 (100%)**	**123 (24.5%)**	**270 (53.7%)**	**110 (21.9%)**

Key Insights

Image Credit: Karmalife

Insight 1: Gig workers are not a homogeneous workforce, but instead show varying professional as well as financial needs and attitudes based on their economic obligations and personal motivations.

Overall, gig workers are younger in the age spectrum compared to other worker categories, and they show differentiated, household contexts, financial behaviors, and life aspirations. Structure of the household is an important component as the worker's income relative to household earnings and the number of dependents affect their level of obligation and financial constraints, which appears to further affect their mindsets. For example, a primary breadwinner who lives with dependents is far more restricted financially and professionally than an unmarried worker dependent on parents for various overheads. The number of other earners in a family also influences a worker's financial choices and behaviors. Life stage and educational background also appears to have an impact on the worker's motivations, aspirations and visions of their future.

In this report, we have personified three distinct gig worker types with the aim to better understand variations in needs and behaviors, as well as to enable broader stakeholders in the financial inclusion ecosystem to design tailored policies and products for this segment.

- **Constrained Earners,** who have a restricted vision of the future, are cash constrained, and remain focused on the immediate priorities and well being of the family. This in turn tends to lead to higher debt burdens, lower savings potential, and comfort with more traditional modes of finance.
- **Ambitious Achievers,** who display a longer term perspective with aspirations that transcend gig work, which is seen as a stepping stone to build skills and/or a savings corpus. They have more surplus income, especially at a household level, with better financial discipline to plan ahead, and also tend to be more open to financial products that enable them to plan and invest in their future.
- **Millennial Spenders,** who do not appear to have a well-defined strategy vis à vis work, and seem more focused on the present. They tend to view their income as discretionary and focus on finance as a means to address more gratifying and impulsive personal needs. They also tend to be more open to modern financial products and formats.

Insight 2: Financial products need to be tailored to the unique work context, needs and behaviors of gig workers.

As a case in point, these segments need liquidity through their work lifecycles to address initial startup costs (e.g., purchasing work assets, paying rental security deposits), manage day-to-day cash flow volatility stemming from income-expense mismatches, and eventually boost their earnings potential with working capital. Depending on life stage, some may need personal loans to invest in home renovations or their children's education. Finally, as workers transition out of the gig sector, some may need capital to set up their own businesses. These map to different credit solution formats based on ticket size, tenure, and other key parameters, and therefore could require multiple specialized fintechs and financial institutions to address these needs. Credit solutions also need to mitigate against the high worker churn rates associated with the sector.

Our learning suggests that gig workers, even those that have been cash constrained, face intermittent periods of surplus income. Given low propensity for self-imposed financial discipline, these workers would benefit from solutions that can help them budget as well as save for both short and long horizon goals. Savings is also an inculcated behavior and short term, tangible formats can help change behavior to facilitate deeper, longer-term savings. This is critical given the age profiles of gig workers against the broader demographic and cultural trends, and the associated imperative to solve for old age security. Similarly, insurance solutions can be better aligned with specific risks and vulnerabilities perceived by gig workers, especially linked to income loss. Product designers may need to focus on providing trust and psychological assurance to drive adoption as much as core value to effectively contain financial downsides. Since most gig workers do not view insurance as a primary risk-mitigation strategy, automated and contextually bundled solutions may be worth exploring.

Most gig workers find it difficult to access formal financial services due to the lack of stable income from a single, easily verifiable source. This often has to do with less understood occupational patterns reflecting seasonality, migration and frequent change of jobs. Stressed cognitive capabilities to plan future finances as well as to understand and identify relevant products is another obstacle.

Our analysis suggests certain overarching design elements for financial products focused on gig workers. First, financial offerings should be sachetised into small-ticket formats such that they are aligned with earning and spending capabilities. Business models that are biased towards larger ticket finance are unlikely to prove viable for low-income earners, and should be replaced with more dynamic and sustainable models. Second, personalised financial products are required to address varying needs of different worker profiles. For example, technologies can enable credit limits to be individually tailored and dynamically adjusted based on a worker's track record. Similarly, asset classes behind investment solutions – e.g., gold vs. mutual funds – can be tailored to a user's comfort to drive more trust and adoption. Third, products need to be flexible, especially when it comes to payment requirements. Savings or investment plans without minimum contribution levels or longer lock-in horizons are more likely to resonate. Similarly, credit repayments can be made more flexible and context-driven, in line with earning levels and cash flow patterns. Fourth, gig-focused financial products should be convenient to use and especially address the significant time and cognitive bandwidth constraints faced by these workers. This could entail optimising speed of access to credit or connecting credit to specifically relevant end-use purposes(e.g., roadside assistance or fuel). Lastly, financial solutions have an opportunity to create new financial trust paradigms in this emerging segment by focusing on genuine and recurring value drivers, vernacular and easy to understand interfaces, as well as simpler & affordable pricing structures.

Overall, there is a very significant opportunity to integrate and embed financial services with work platforms and payroll solution providers to enable consent-based access to worker performance data as well as facilitate payment flows that can be seamlessly deducted from worker payouts.

Insight 3: Role of Ecosystem Players

With continued growth in the gig economy and its unique worker context patterns, the sector presents a unique opportunity for financial services innovation. A rich fintech ecosystem has already emerged in India and other geographies to offer digital, low cost-to-serve business models – across credit, savings and insurance – to address the needs of this underserved segment.[17,18] These models are typically data intensive, using data points like work histories, digital transitions, social interactions and more. Scaling these financial products however will also require deep partnerships and dynamic coordination across a complex web of broader ecosystem players.

- **Worker Employers and Aggregators** (and sometimes even HR Management Solution providers) can be critical enablers to provide channel access to large workpools, share valuable data that can help fintechs understand and underwrite workers, and link payment flows such as loan repayments, SIP contributions, or insurance premiums to payroll processes (through deductions at source). In return, there are evidenced benefits that can be accrued by employers from such 'payroll-linked fintech' propositions in the form of lower cost overheads as well as greater worker engagement and retention.[19]

- **Regulated Financial Institutions** or manufacturers of financial products including banks, NBFCs, asset managers, and insurance companies can help create value-driven product formats, balance sheets, regulatory licenses, backend infrastructure and necessary compliances to ensure finance is relevant and affordable but also that vulnerable end-users are safeguarded.

- **Brands, merchants and digital commerce providers** can create compelling end-uses for financial services, especially by offering new product formats that integrate with smaller ticket financial flows, so that these products and services can be sustainably and seamlessly accessed by low income earners. Many products are already moving from ownership-based formats to subscription-based models, a trend which can be leveraged for gig-focused retail propositions. A classic case has become vehicle rentals, particularly in the emerging EV space,[20] but this can have wider application to other gig-relevant commerce including scheduled vehicle maintenance, skilling & vocational services, family-oriented medical and education services, affordable housing and more.

- **Regulators** play a significant role in creating the right incentives and enabling environment to balance innovation and customer protection. Regulatory policies can have strong implications for deep and sustained partnerships between different market players, especially fintechs and other regulated financial entities. RBI's 2022 digital lending guidelines

[17] Thanawala, H. (2022). TransUnion CIBIL study: More than 160 million Indian consumers are credit underserved. Moneycontrol.com. Retrieved from https://www.moneycontrol.com/news/business/personal-finance/transunion-cibil-study-more-than-160-million-indian-consumers-are-credit-underserved-8426671.html

[18] The Digital Hustle. (2020). Retrieved from https://flourishventures.com/wp-content/uploads/2020/10/FlourishVentures-GigWorkerStudy-India-FINAL-2020-09-29.pdf

[19] https://www.hks.harvard.edu/sites/default/files/centers/mrcbg/working.papers/88_final.pdf

[20] https://zypp.app/escooter-rental

is an important step in this direction as it has created space and clarified parameters for lending fintechs to work with NBFCs.[21] It has has also paved the way for fintechs to work with workforce aggregators and also direct credit towards specific end uses. Other financial sector regulators have also been on the anvil to support products and delivery systems optimised for gig worker segments.[22] In the future, regulators may help streamline how work data can be effectively and safely leveraged by financial sector players to underwrite and serve gig workers, for whom such data is critical to financial access.

Beyond those listed above, there are other stakeholders such as **Governments, venture capitalists, research institutions, and social impact funders** who have a stake in financial inclusion and innovation in the gig economy. These entities can support germination, validation and scaling of new business models through policymaking, financing & patient capital, infrastructure development, and risk guarantee programs. Social and public sector initiatives can particularly address lacunas where more commercially motivated and risk-averse actors may be slow to move.

With over USD 200 billion in estimated annual wage processing mapped to India's organised blue collar sector, most of which is spent and contributing to the country's GDP, the imperative for financial innovation in this sector is immense.[23]

[21] https://rbidocs.rbi.org.in/rdocs/notification/PDFs/GUIDELINESDIGITALLENDINGD5C35A71D8124A0E92AEB940A7D25BB3.PDF
[22] https://www.moneycontrol.com/news/business/personal-finance/regulatory-sandbox-innovative-health-and-motor-insurance-products-on-the-anvil-4837891.html
[23] This calculation assumes 100 million blue collar workers linked to the organized sector, earning Rs 15,000 per month. In reality, the blue collar workforce is estimated to be much larger. https://hr.economictimes.indiatimes.com/news/industry/the-blue-collar-bedrock-needs-an-ecosystem-solution-at-scale/81255676. The BCG-MSDF report also estimates India's "gigable" sector at 90M.

Future Areas of Investigation

This study focuses on the financial needs and behaviors of gig workers, and how they access and use financial tools and products available to them to improve their lives. Much of the data was self reported and future studies can corroborate these learnings with objectively verifiable sources of data. At the same time, the work highlights deeper information gaps and points to the need for more evidence.

A key area of investigation is the dynamic nature of job trajectories, risks and obligations, and associated changes in financial needs across worker life cycles. Future studies can track the nature of financial needs and prevailing coping mechanisms for workers from when they first enter the industry to when they exit to next level careers. Also, a deeper perspective on the influence of financial obligations and risk factors on career and employment choices could be instrumental in understanding these trajectories and designing the right policies and products for gig workers.

There is also much to be uncovered on how gig workers use prevailing financial and fintech products, and how these interact with each other to drive overall financial resilience. We know little about how gig workers can combine different formats of liquidity, or how to mix savings, credit and insurance. Further, this must be understood both from a standpoint of worker needs as well as viability of supply (e.g., risk containment). Small-ticket, short-cycle finance formats may be the starting point for most gig workers, but it's less clear where transition points and opportunities for deeper finance are, along a progressive financial inclusion journey. While cash flow volatility of gig work has been broadly documented, specific patterns of financial deficits and surpluses along with associated behaviors can be better understood, along with the specific nature and frequency of financial shocks faced by gig workers. This is an opportunity for researchers and product innovators to collaborate.

Future career aspirations, especially in the context of post-gig career trajectories, should also be better understood. In particular, it is important to relate these to on the job learning opportunities or deficits, and identify upskilling and associated financing needs along the way. A central question would be whether gig workers are able to leverage these skills to progress on the job and transition into better jobs. This would be critical for a long-term sustainable and thriving gig employment sector.

Finally, there is growing evidence of the negative physical and psychological health impacts of cash flow volatility and uncertainty faced by low-income households. Given that a significant portion of gig workers are either sole or primary earners, it would be pertinent to study whether India's gig workers face similar challenges. Worsened health due to unfavorable contextual factors can translate into acute and chronic health outcomes, which also affect their ability to work and thus lose income, in addition to imposing further medical costs. Mental health challenges can also severely affect this growing segment of the working population. In particular, there is the bi-directional relationship between income volatility, and depression, and anxiety, and the impact of these mental health conditions on job performance and financial decisions. Unpacking these complex relationships is critical as this form of employment grows in scale. As a first step, understanding how health and mental health indicators can be easily measured can help understand the extent of risks faced by gig workers.

As India's largest Earned Wage Access provider, KarmaLife empowers gig & blue collar workers with earnings-linked finance offered on a subscription model. It solves their unmet need for small-ticket, recurring liquidity to address cash flow volatility, grow earnings and increase resilience.

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