

“If you work hard, you will move ahead.”

Migrants in the Platform Economy: Experience of Migrant Youth in Bengaluru, India

A FEINSTEIN INTERNATIONAL CENTER BRIEF 

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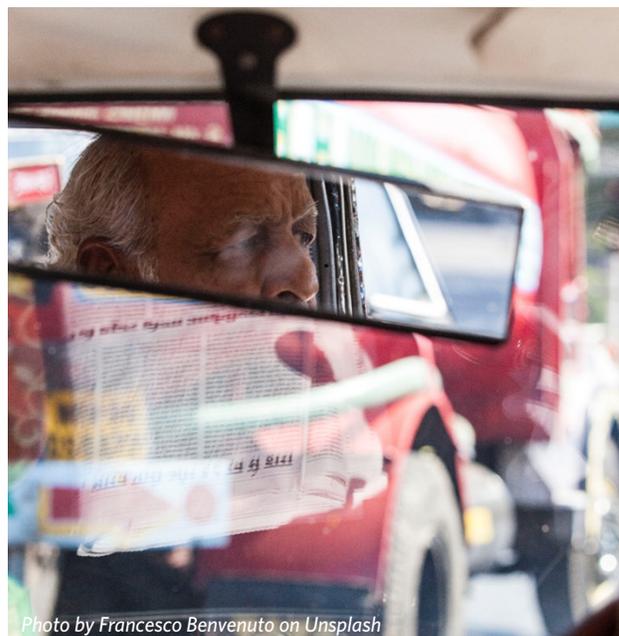


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Key Messages

- For migrants in Bengaluru, platform driving has provided a financially lucrative livelihood, at least in the short term. But their high dependence on the platform policies that decide their wages and incentives means this financial success may be short-lived.
- Loan repayments, high urban living expenses, and financial obligations to send remittances home are significant sources of financial stress for migrants. Incomes, due to changes in platform policies, have also fallen significantly in the year prior to the study, leading to disappointment.
- Migrants consider themselves successful in meeting family obligations and short-term goals. Yet personal goals concerning a future life in the city or the achievement of upward social mobility were unfulfillable at their current income status.
- Work conditions are worsening, with workers working long hours and risking their health and safety to make platform work profitable. So, while there were short-term returns for joining the platform, in the long run these jobs are largely unsustainable.

Research Overview

This paper summarizes findings from one of four studies on youth, migration, and resilience that emerged from a collaboration between Save the Children Federation, Inc. and the Feinstein International Center, Friedman School of Nutrition Science and Policy at Tufts University. This study focuses on young men from rural areas working in the platform economy in Bengaluru, India. The other projects researched i) young rural-urban migrants

to Addis Ababa, Ethiopia; ii) young Eritrean refugees and asylum seekers in Kampala, Uganda; and iii) protected persons in Vienna, Austria who arrived as minors. The research team produced a synthesis report that discusses common themes and practical implications across all four contexts. In addition to these materials, the virtual repository (<https://fic.tufts.edu/research-item/partnership-on-youth-migration-and-resilience/>) houses the full final capstone documents, the final presentations, and the data collection tools.

Research objective

This study investigates the financial and social impact of rural-urban migration on young migrants engaged in the platform economy in Bengaluru, India. It is focused on workers in app-based taxi services such as Uber and Ola. It aims to understand the livelihood strategies employed by these migrants, the positive and negative aspects of platform driving, and how migration affects their feelings of success. This study will be useful to non-governmental organizations (NGOs) and policymakers, as it adds to knowledge about the platform economy and its workers. It further provides information about migrant workers within this sector, adding to the already rich literature on migrants in the traditional urban informal sector in India. The research can help NGOs that work on migrant and labor rights in India to extend their services and advocacy to platform economy workers. Furthermore, the findings from this study add to the debate about whether platform work is good work or just another form of precarious work, from the perspective of migrant workers. These findings can potentially help policymakers make sound policies on regulations and protections for workers in the platform economy.

Background

Internal migration in India is largely under-regulated, leading to a lack of workers' rights, social and employment entitlements, ability to organize, protection from abuse from employers, and citizenship rights. However, migration is an important livelihood strategy for rural people. It is driven by the search for a basic means of survival due to a lack of opportunities in rural areas. Migration is also driven by aspirations for better opportunities and standards of living in either the sending or destination location. A large number of these migrants are absorbed into the informal sector in India. Digital technologies and the widespread availability of low-cost internet has created a new type of job in the urban informal sector: app-based platform work. The growing platform economy is providing employment opportunities to a large number of youths in urban areas, both migrant and non-migrant. It has created new industries such as platform driving (Uber, Lyft, Ola in India, and Estonia-based Taxify), homestays (Airbnb), food

delivery (Zomato and Swiggy in India), and courier services (Postmates and Dunzo in India).

The platform economy is distinguished by the prevalence of a digital marketplace where buyers and sellers are matched by intermediaries. For example, customers log on to the Uber app, which matches them with available drivers. Workers are paid for each ride completed, as opposed to receiving a regular salary. Additionally, they are paid incentives upon meeting weekly or daily targets set by the company. Drivers depend on the platforms for access to customers. Their income depends on the fares and incentive schemes set by the platforms, which can change frequently. While the platform economy is often praised for allowing workers greater flexibility and control over their labor, detractors question the lack of protections and potential for exploitation. Recent debates surround the proper classification of such workers—whether employee or independent contractor or something in between—and how to protect their rights and ensure benefits such as health insurance and pensions.

Methods

The findings in this study are based on mixed-methods research using quantitative surveys and qualitative semi-structured interviews with Uber and Ola drivers in Bengaluru, India from July–August 2018. The final sample size was 52 for the quantitative surveys and 36 for the qualitative interviews, with an overlap of 9 respondents between the two samples. Respondents were sampled on the basis of two inclusion criteria:

- i. Migrated to Bengaluru within the last 10 years;
- ii. Between 18–30 years of age at the time of interview.

The study used a purposive sampling strategy, and the researcher recruited respondents by approaching them in cabs, parking lots, and near the Uber and Ola offices. A translator was used to translate the research instruments into Kannada and Hindi. Additionally, a transcriber was hired to transcribe the interview audio files into English.

Limitations

This study involved 79 respondents in total, and the results cannot be generalized to the entire population of migrant drivers in Bengaluru. Additionally, due to the difficulty in finding women drivers in Bengaluru, the sample consisted only of male respondents. Thus, gender differences in experience of platform workers are not addressed in this study. Further, the sample is made up of both migrants who came specifically to do platform work and, to a larger extent, migrants who were already living in the city before switching jobs. Hence, this research could not disaggregate these two populations to find out if platform work is acting as a pull factor for migration.

Key Findings

Change in financial status

The study found that, by and large, respondents felt financially better off compared to how they felt with their previous earnings, both before migrating to the city and before switching to the driving platforms. The returns were commensurate with the amount of hard work they put in and were sufficient to support their families at home and meet expenses in the city. Respondents were able to invest in assets back home like buying land, building a new house, or increasing their savings. Higher contributions to household income as well as shifts in household demographics had resulted in an increase in financial decision-making for most drivers. They were able to exercise greater control over their finances in the city. For example, one respondent said, “When I was home, my parents used to decide everything, what is good and what is bad. After coming here, whenever there is an event at home, they ask me for my opinion.”

Higher income earned by the migrant member of the household had direct implications for households back home. Since supporting the family was the main goal of migration, a majority of migrants sent back remittances regularly. Families used the remittances for food consumption, for farm inputs like fertilizer and labor, for repaying loans, and for investing in savings groups. The flow of money was not always from the city to the home area. Many respondents used contributions from their households and family savings to finance their initial down payment on their

vehicles. Their families pooled money to finance the new livelihood, with the expectation of receiving regular remittances from the city. As expected, remittance amounts significantly increased with an increase in monthly income, especially in higher-income categories.

Sources of financial stress

Even though respondents reported that earnings were higher in the platform driving economy, car loan repayments, the high cost of living in the city, and changing incentive schemes set by platform companies were major sources of financial stress. Most drivers in the sample had bought a car to do this work, with an average loan amount of Indian rupee (INR) 500,000 or United States dollar (USD) 7,300. The monthly loan repayment used up a large share of the monthly income. Respondents also faced high costs of living in the city, especially for rent and food. Car repairs were another major expense. As one driver explained, “After loan repayment, commission by the platform, car maintenance and rent, what’s left is zero.” He went on to say life was more “peaceful” before this job, even though he earned less.

Difficulty in maintaining the initially high incomes led to stress and disappointment with this work on the part of the migrants. Most drivers had very high expectations before entering the platforms. But incomes had dropped in the year prior to data collection because incentives from companies had changed and were reduced. With a flood of drivers on the platforms, the number of trips one driver could get per day also dropped. Daily earnings fell to half or one-third of what drivers were earning before. For example, one driver explained, “Earlier I used to make 100,000–150,000 [INR/month]. Now it’s hardly 50,000–60,000. Diesel cost is very high around 30,000 [per month]. 17,000 goes towards loan. I’m left with around 10,000. I’m not able to save anything.” Drivers had to work longer and longer hours without the same returns. This situation led some to sleep overnight in their cars to save petrol and time, risking their health and safety.

Change in social status

In terms of social status, there was a statistically significant improvement in power within the

household and respect from community back home. Respondents felt they were viewed positively by their community and peers in the home area because they had managed to get a job in the city and support their families. Because they lived in a big city, peers viewed migrants as wise and asked for their opinions. One driver explained, "They treat me as a leader. When we get together, my friends say, 'Dude, you take care of this. You know better, you've been to many places.'" Some interview respondents mentioned a negative impact on their social status and friendships. For example, one driver said his community thought driving was menial work. As a result of this view, he lost a marriage proposal.

Qualitative interviews showed that within the home, change in status was mixed. Some respondents felt there was no change, and some felt that their status had increased due to their financial contributions. Most respondents felt that their status in the city was not improving, mainly because of lack of upward social mobility in platform work. Most drivers were caught in a trap of loan repayments and urban expenses. As a result, they expressed a desire to go home or change their line of work after completing their loan repayments. However, quantitative analysis showed that there was significant improvement in feelings of personal freedom after migration.

Feeling of success

Many in the sample felt that migrating to the city and doing platform driving helped them meet the primary goal of earning more money. Respondents measured success in terms of better income: they felt successful if they were improving their family's financial situation. One driver explained, "I wanted to avoid a situation where we would have to beg others for help. I feel I have reached that goal. I don't have to ask anyone for money." Some drivers defined success as personal development brought about by moving away from home and becoming independent. Many of these young men were seeing big sums of money for the first time in their lives. This, in turn, made them feel more responsible and mature. Platform driving involved having to learn quickly about how to navigate the app, how to read maps, and how to interact with scores of people every day. This was different from their quiet village life or previous jobs.

However, some long-term goals, particularly those regarding a future life in the city, remained unfulfilled. Some drivers felt that they should focus only on providing for their families and repaying car loans. They felt that having goals beyond these was unrealistic, largely because of decreasing profits and inability to save money for the future, particularly if they owned a car. For example, one driver said, "You can't work towards a goal with this job. You just need to keep working and face whatever comes your way. You can't fix a goal in mind and reach it." Thus, feelings of success depended in part on the type of goals drivers had initially set for themselves, original expectations about platform driving, and their grit and determination to make this livelihood work for them.

Implications

This study can be useful for policymakers and practitioners working with rural-to-urban migrants in India as well as in the platform economy more broadly. The sample in this study is relatively wealthier than most rural-urban migrants targeted by NGOs. Nonetheless, platform drivers face risks due to the lack of worker benefits and protections. Their high dependence on the platform policies that decide their wages and incentives means they are vulnerable to a sudden fall in income, as experienced by migrants in this sample. Work conditions are becoming worse as drivers push themselves to keep up with financial commitments. Further, there was little sense of support from the platform companies, leaving drivers to figure out coping mechanisms on their own. It is important that organizations working on labor rights and migrant rights turn their attention to platform workers and advocate for some, if not all, benefits of formal employment for this sector. These workers should be recognized as both formal and informal, and it should be ensured that they have some safety nets to cope with the informal aspects of their work.

This study shows that platform driving for most drivers was a temporary job. Drivers wanted to repay loans and go home or start their own business. For the latter goal, NGOs could provide business training, and access to finance and knowledge to start their own enterprises. This type of support help workers transition out of platform work and plan for their future.

Areas For Further Study

Further studies in this field should focus on female migrants in the platform economy to investigate gender differences in the experience of platform work. Other types of platform work, such as food delivery, bike taxis, and courier services should also be studied to gather a more diverse sample. As the platform economy diversifies into different types of services and the number of workers increases, more research can help us to better comprehend and make policies regarding the future of this growing form of work.

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