

The Platform Economy

A Case study on Ola and Uber from the driver partners' perspective.

Locating the socio-economic status of the driver partners, associated with the Ola and Uber platforms, in the cities of Kolkata and Hyderabad.



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INTRODUCTION



The *Time* magazine carried an article by Joel Stein in its January 2015 edition wherein the author muses...*“The sharing economy—which isn’t about sharing so much as ruthlessly optimizing everything around us and delivering it at the touch of a button—is the culmination of all our connectivity, our wealth, our stuff.”*

This business model has generated a lot of wealth and livelihood opportunities. This must have empowered the stakeholders. Has it also positively impacted the driver-partner.

What is the status of the driver-partner? Whether he/she enjoys the status of a partner at all? With these questions in mind, a group of 5 graduate students from the School of Public Policy and Governance, TISS, Hyderabad went on a field survey in the two cities of Hyderabad and Kolkata interviewing drivers associated with the platforms of Ola and Uber.

At the end of the survey we had a sample size of 132 out of which driver partners who also owned their vehicles [henceforth referred to as Driver-cum-Owner (DO)] numbered 86 and driver partners who worked for contractors (lessee drivers) accounted for one-third of the sample size (42 to be precise). Contractors numbered 3 in the sample space.

With a comprehensive questionnaire we have tried our best to capture as many socio-economic indicators as possible in the limited time slot we had with our respondents because of the nature of their work. We have also tried to present the data in a lucid and readable format as far as possible (without compromising the integrity of the data set) for the benefit of lay readers.

SOCIO ECONOMIC LOCATION OF DRIVER PARTNERS

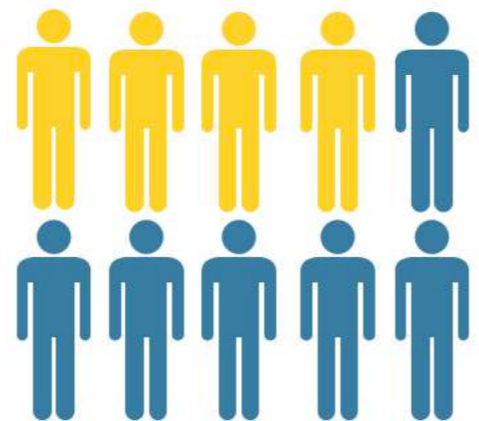
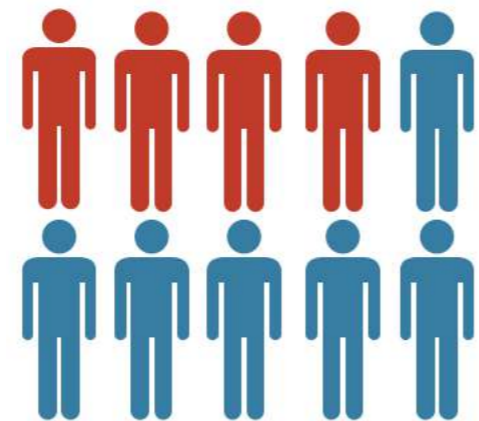
The Driver-Partner (DP) is the cogs and the wheels of the platform economy. Without the DP the platform would acquire its proverbial meaning and would not move an inch. Having realised the centrality of the DP in this business, our top priority became locating the socio-economic standing of an average driver so that it helps in furthering our research.

The various findings elucidate the work environment of a typical driver working in the gig economy. We hope this acts as an agenda setting initiative and that by the end of the report the reader is able to locate the DP under the socio-economic and the legal framework which currently dictate the terms of his trade.

The **mean age** of the respondents came out to be **32 years**.

A little more than **4 out of 10** driver partners were **migrants**.

4 out of 10 migrant driver-partners were accompanied by their family.



Variable	Obs	Mean	Std. Dev.	Min	Max
howlonghav~s	55	8.224182	6.356776	.33	23
familysize	131	5.129771	2.209758	2	20
numberofea~l	131	1.496183	.69475	1	4

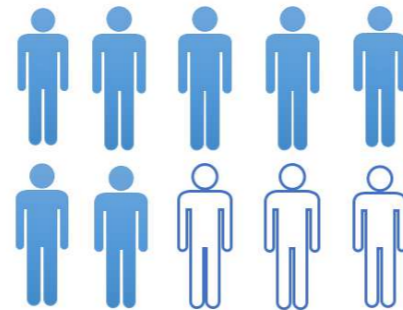
Table 1: Period of stay, family size and number of earning members in the family.

Table 1, tabulates the period of stay in the city of work, family size of the driver partners and the number of earning members in the family. The driver partners who had migrated to their city of work, had an average 8.22 years of stay. The family of a DP had, on an average 5 members in it. There were on an average 1.49 earning members per family. We see that although the average period of stay was more than 8 years only 4 out of 10 migrant DPs chose to bring their families along. Most of them (6 out of 10) chose to remit earnings back home. This combined with a mean age of 32 years says that the migrant DPs find it economically unfeasible to maintain their families in their city of work.

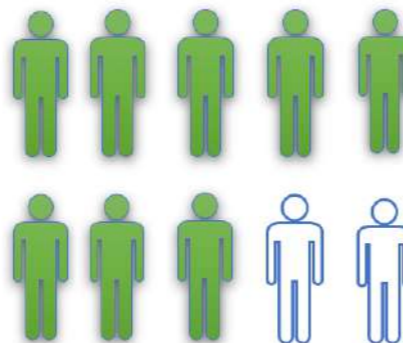
Less than two earning members per family points towards the dependence of livelihood on their continuance with the platform economy. An average family size of more than 5 makes the dependence all the more unavoidable.

All this combined paints a picture wherein the DP's association with the platform economy appears to be of a very precarious nature.

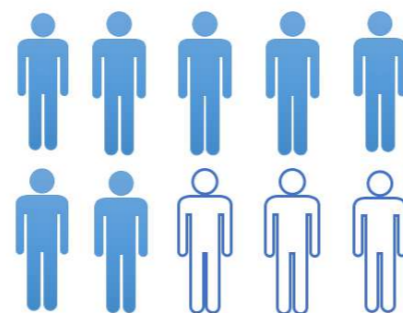
7 out of 10 respondents belong to the forward castes.



8 out of 10 are known to be practicing Hinduism.



7 out of 10 reported to have attained at least secondary level of education.



It is important for a country like India to bid on its diversity and to do that inclusivity is extremely important. To understand this inclusion aspect, we covered up the social institutions of religion and caste. While capturing this framework, the study found out that 80% of the interviewed driver partners were Hindus and 70% of the respondents belonged to the general category or from the forward castes. Also, the study has incorporated the literacy levels of the driving partners so as to check who make up this entire workforce of an entirely new platform and also, to see if better education level lands you up with a better job opportunities in cities like Hyderabad and Kolkata. The study found out that 70% of the respondents has attained at least education until secondary level. 70% is a huge number for us to deduce the notion that education plays a very vital role towards sustenance in the work culture which these cities provide.

Entry

In order to register oneself as a driver on platforms like Uber and Ola, one has to present a certain set of documents which include:

- Driving License
- Aadhar Card
- PAN Card
- Bank Passbook
- Vehicle Registration Papers

4 out of 10 were previously employed as drivers.
2 out of 10 were previously unemployed.



A little more than **7 out of 10** came to know about this opportunity from their friends.



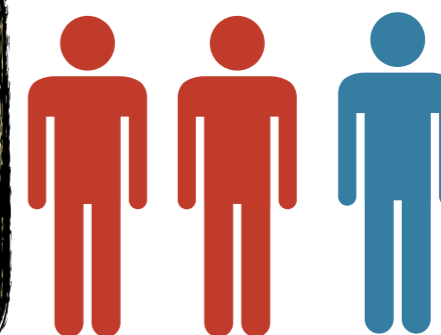
More than **7 out of 10** claimed to have initially joined this service for better pay opportunities.



Ownership

When it comes to the question of ownership; our vantage point should be the three kinds of associations which are at work between the taxi service providers and the aggregators. Firstly, there is the category of the driver partners who work for the secondary aggregators and are generally paid on a per trip basis— The study found out that 42 of the respondents followed this structure of

2 out of 3 driver partners own the vehicles they use to provide the taxi service.



ownership. The second category is that of such driver partners who own the vehicles they drive (Driver cum Owners). 86 of the respondents belonged to this category. The third category is that of contractors (secondary aggregators) who sub-contract the taxi service to driver partners and are the owners of the vehicles and the study found out that 3 of the respondents followed this framework of ownership association. However, the study could also find only one person who had rented a car for operating it in this business and for statistical reasons, this category has not been explored in our report.

“Till three years ago, those who owned a vehicle used to earn 30-35k after paying the instalments.”—Santosh Kumar Singh, Uber Owner-Driver, Kolkata

In order to establish and understand the relationship between hours of work put in per day by each driver partner, residential status and income that the driver-partners derive from the cab business we tabulated the data and tried to figure out the correlation among the variables hence chosen for the study.

The study found out that, the Income-Ownership cross tabulation (Table 2) establishes a strong positive correlation between the level of income and the ownership status. This means that the driver partners who owned the cars that they drove had more income as compared to those who worked on contractual basis. Similarly Income-Working Hours cross tabulation (Table 3) tells us that more the hours a driver-partner puts in per day, the greater his/her likelihood of earning more.

A positive correlation between the residential status (non-migrant) and the hours of service per day that a driver-partner is able to put in, along with hours-of-work-per-day and the average monthly income that a driver-partner earns (Table 4) points us towards a favourable economic environment for a non-migrant DP who is both able to and ready to put in more hours of work as compared to the migrant DP.

	Age	locality	average monthly income	hours per day	days per week
Age	1.0000				
locality	0.0470	1.0000			
average monthly income	-0.0394	0.0356	1.0000		
hours per day	-0.0647	0.2365*	0.2107*	1.0000	
days per week	-0.0224	0.2357*	0.1543	0.3958*	1.0000

Table 4: * p<0.1.

Income * Ownership						
		Ownership				Total
		Owner	On rent	Contract	Owner+Driver	
Income	Below 15k	1	0	12	3	16
	15-20k	0	0	10	12	22
	20-25k	0	0	5	13	18
	25-30k	1	1	5	17	24
	30k+	1	0	2	35	38
	NA	0	0	7	6	13
Total		3	1	41	86	131

Table 2: Income, Ownership cross tabulation.

Income v/s Working Hours					
		Hours/day			Total
		<8 hours	8-12 hours	12+ hours	
Income	0-15k	3	7	7	17
	15-30k	9	25	33	67
	30k+	5	11	29	45
Total		17	43	69	129

Table 3: Income, Working-Hours cross tabulation.



Almost **6 out of 10** reported to be the **sole earning members** of their family.

PAYMENTS, REWARDS AND BONUS

Both the tax payable to the government and the commission charged by the platform are deducted from the trip bill. In the illustrative screenshot (Fig. 2) of an Uber trip we have commission being charged at the rate of 20% and the tax at the rate of 7%. Table 5 lists the payments, rewards and bonus for the owner-cum-driver, contractor and the lessee driver. With the current rates of commission, taxes and the fuel price, the business remains sustainable for only for the category of owner-cum-driver as he saves on driver fee, and is the direct recipient of the incentives and the direct beneficiary of the rewards. The lessee driver works more like an employee of the contractor and is paid on a per trip basis as mentioned earlier. The contractor who takes up bulk of the investment (vehicle, fuel, mobile phone, data charges) was reported to be left only with the incentive amount after paying for the driver charges and the other recurring costs like fuel, maintenance and data charges.

Illustrative Ridesharing Trips	Without Excess Driver Incentives	With Excess Driver Incentives
Gross Bookings	\$ 10.00	\$ 10.00
Driver earnings	\$ (7.00)	\$ (7.00)
Driver incentives	\$ (1.00)	\$ (3.00)
Excess Driver incentives	—	\$ (1.00)
Driver earnings and incentives	\$ (8.00)	\$ (11.00)
Revenue	\$ 2.00	—
Excess Driver incentives in cost of revenue	—	\$ (1.00)
Adjusted Net Revenue	\$ 2.00	\$ (1.00)

The scenarios above assume that our Ridesharing trips comprising Gross Bookings do not include discounts.

Fig. 1. Source: Uber S-1/A filing, U.S. Securities and Exchange Commission

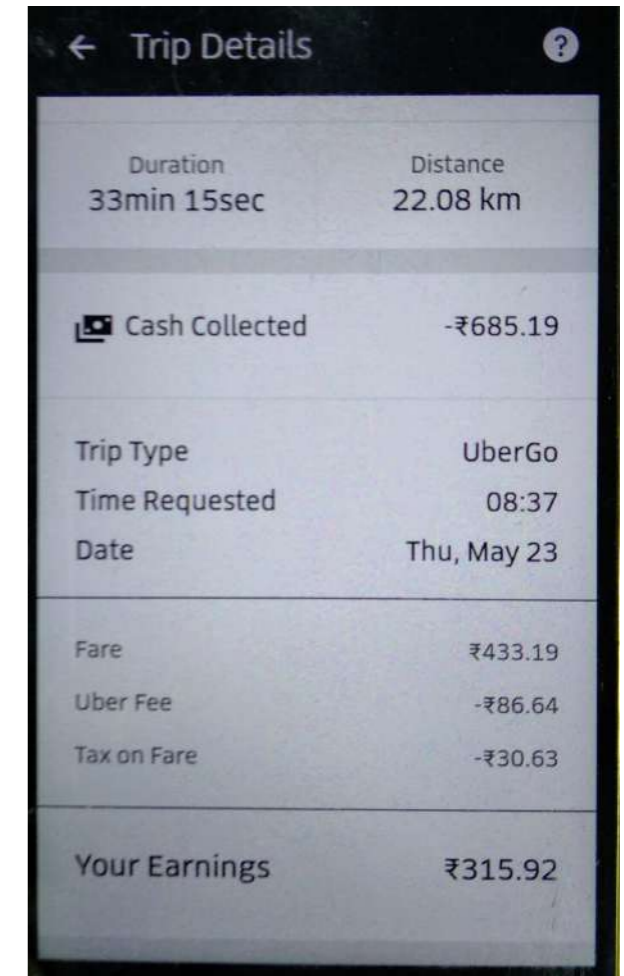


Fig. 2: An Uber Trip Detail

Incentives

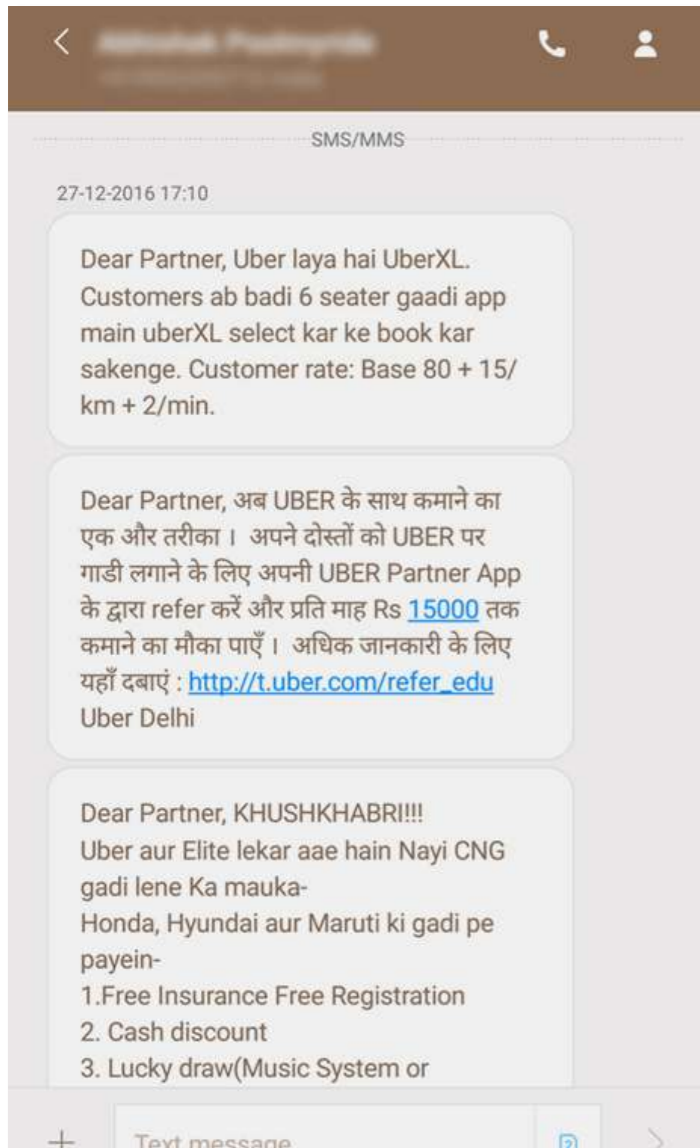


Fig. 3. Screenshot of an incentive model

To understand the incentive model, we tried to gather data and qualitative inputs from the driving partners. The screenshot to the left (Fig.3), that was provided to us during the course of the study is dated December, 2016 and is representative of an incentive model that was designed to help populate the business in its early days.

“In Ola incentives have been cut and Ola leased vehicles are getting preferential bookings. Uber has also reduced incentives recently...”—Prakash Goud, Owner-Driver, Hyderabad

Keeping the screenshot provided in the rearview; the study would try to encapsulate it by underpinning a gaming analogy to describe how the trip-based incentive model has evolved; as in the starting stages of a game the tasks are less effort intensive and it becomes increasingly difficult to meet the targets in the subsequent stages, the Uber incentive model has evolved along the same lines. As Dhillon (2018) points out; in the initial phases the incentive was as high as ₹ 2000/day for meeting a daily target of a minimum of 12 trips. Now we have DPs working for more than 4 times the earlier target (56 trips, Table 5) to be able to earn an even smaller incentive amount (₹ 1200-1900). This combined with actual earnings which can go as low as ₹7 per kilometre of ride (Fig. 3) point towards a precarious and unsustainable situation for the DPs.

The Uber Incentive Model		
Time Interval	Monday to Thursday	Friday to Sunday
Target	56 Trips	40 Trips
Incentive	1200-1900	1000-1400

Table 6: Trips and Incentives

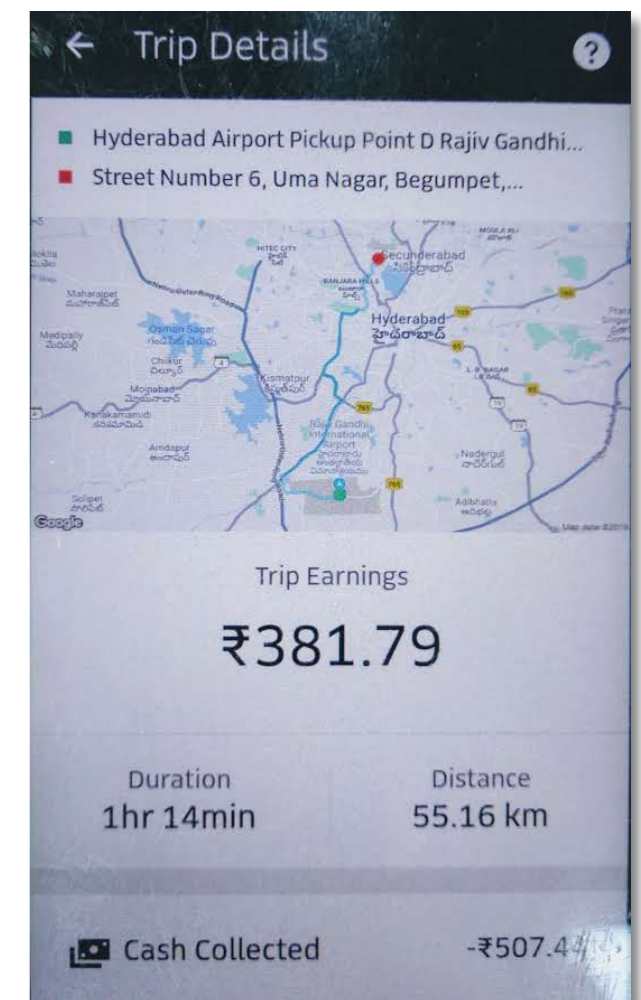


Fig. 3: An Uber Trip Detail

The Ola Incentive Model		
Minimum Business	Minimum Business Guarantee	Takeaway after Commission (20%)
1200	2200	1700
2200	3750	3000
2900	5300	4160

Source: Md. Tayub Ansari, Ola Owner-Driver, Kolkata

Table 7: The Ola Incentive Model

The Ola incentive model is designed around the Minimum Business Guarantee (MBG) scheme wherein a driver partner is assured of a minimum amount after meeting a particular target (either number of rides or or particular earnings). For example the ride based MBG scheme used to operate on a per day basis with with 12 to 14 trips per day resulting in a Rs. 3000 MBG to the driver. The driver used to retain Rs.1200-1800 after meeting the fuel expenses and meeting the commission charges of Ola. The DPs reported that Ola charges us a commission both on a per-trip basis and then on the MBG amount.

The earnings based scheme as tabulated in table 7 as reported in the city of Kolkata becomes operable after a minimum of 4 trips per day. For example, if the DP manages to get a bill earning of 1200 then Ola assures him of a MBG of Rs. 2200 from which a 20% commission is charged by the platform resulting in total earnings of Rs.1700 to the DP and included the fuel expenses.

Average Monthly Income	
Lessee Driver	18,970
Driver-cum-owner	31,173

Table 8: AMI

From the survey, the earnings after meeting all the expenses was reported to be an average of Rs.18970 for the lessee drivers and Rs.31,173 for the driver-cum-owner. These numbers have to be read in the context of an average family size of more than 5 and less than 2 earning members per family. [Table 1]

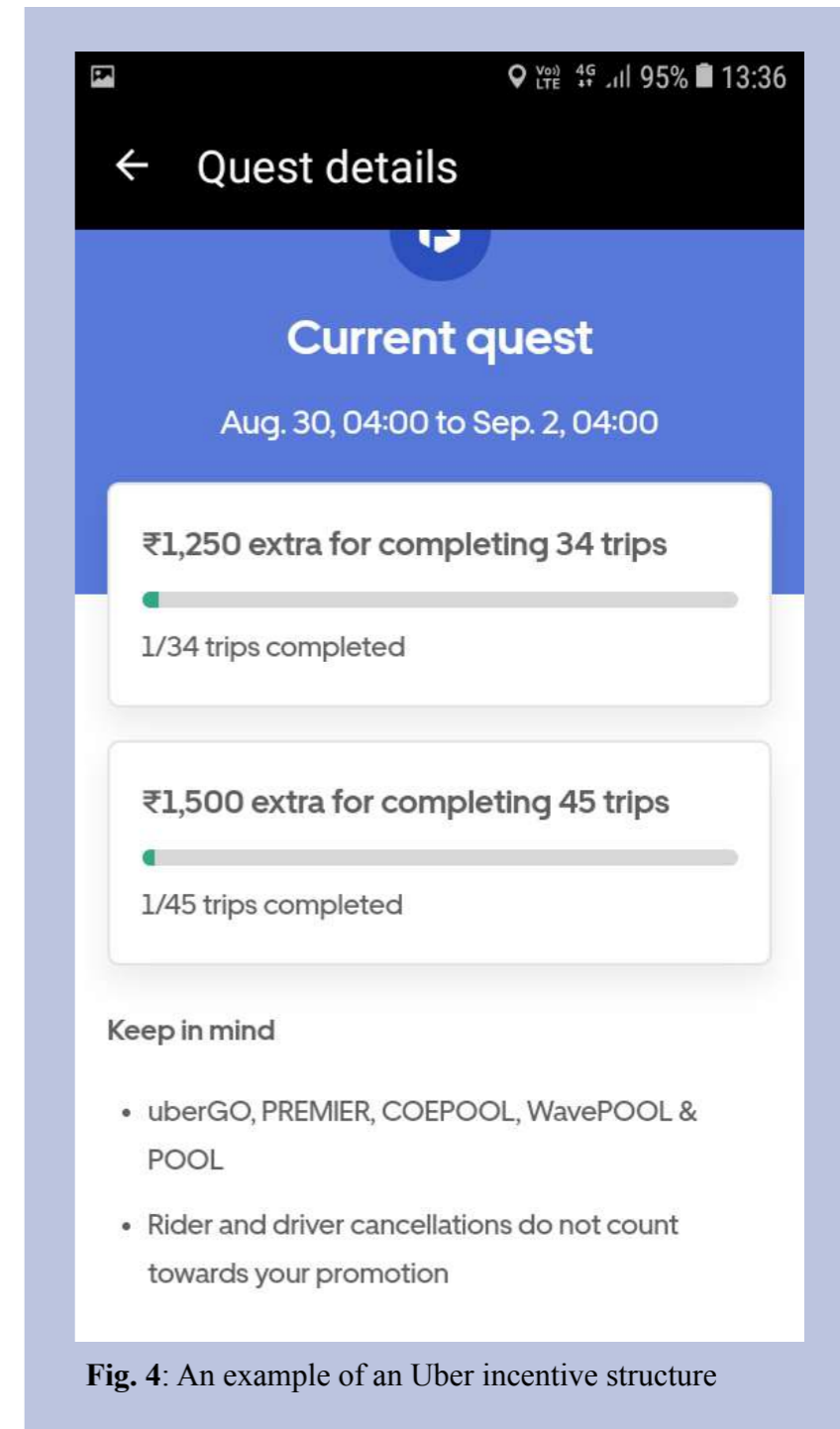


Fig. 4: An example of an Uber incentive structure

“We can choose to use incentives, such as promotions for Drivers and consumers, to attract platform users on both sides of our network, which can result in a negative margin until we reach sufficient scale to reduce incentives.” [UBER TECHNOLOGIES, INC. (2019)]

Payments, Rewards and Bonus

Table 9 lists out the various payments, rewards and bonuses as availed by the various stakeholders in the platform economy. In case of the lessee driver partners, the payment by the platform goes into the contractor's account and he/she is paid on a per trip basis (₹60/trip). The incentive amount and the bonus is appropriated by the contractor; as with the current commission rate charged by the platforms, it is the only profit that the contractors make after paying for the expenses. As Ram Vilas Paswan (Uber Driver Partner, Kolkata) put it;

"All of the payments go to the owner, we only get paid on a per trip basis."

Given the steep commission rate, number of rides dependent bonus opportunities and rewards linked to customer ratings; it can be said that the model which pioneered and situated itself at a position wherein it made the driver partners eager to work hard to earn more, has now turned exploitative as the same driver partner now has to work for more than 12 hours a day, more than 6 days a week to be able to support his/her family. This makes it difficult for the driver partner to sustain as the pressure on him is not only

physical; because he is working for more hours to earn a bit more, but wrecks havoc on him both economically and mentally. On the whole, given the pleasure-pain equation by the utilitarians, we can easily deduce that, if the task has less provision for happiness and is painstaking, there are a lot of chances that the driver partners might just withdraw from this entire business model which would on the other hand would lead to a failure of the entire platform economy ecosystem.

More than **7 out of 10** driver-partners joined the platform(s) in search of better pay.



Income	Owner-cum-driver	Contractor	Lessee Driver
Payment	Sum of income on all the trips (minus the commission to the platform on each trip and the tax payable to the government).	The entire earnings of the lessee driver deducting the salary of the lessee driver.	The fixed payment as decided by the contractor.
Rewards	Easy availability of rides on maintaining an average star rating (of four and above) by the driver.	Impacted by the star rating of the lessee driver.	More rides available on maintaining the optimum star rating (4.5+).
Bonus	Incentives as provided on completion of a certain number of rides.	Incentives as provided on completion of a certain number of rides (by the lessee driver).	No bonus. The incentive amount is appropriated by the contractor.

Table 9: Payment, reward and bonus in the business of platform economy

Local Authorities (RTO/Police)

A dispute which appeared recurrently in the interviews was the one with the traffic police (predominantly in Kolkata). Out of the 129 respondents who chose to reply to this question 49 reported to have had a bad experience with the traffic police. The driver partners complained of being fined regularly for picking up customers as they were supposedly doing so from no-parking zones (but which were application designated pick up points). This issue needs some serious work on the application front and some police sensitisation needs to be performed so that the driver partner does not have to bear such fines (as these fines are not shared by the owner of the vehicle or the platform). Till such time as to when this issue remains unresolved, the platform should take over the fines paid whenever a *challan* is produced.

Platform(s)

The study's hypothesis was that work independence, targets for incentives as well as the impact of feedback mechanism support driver's sustainability in the business. Work independence, for the purpose of this report shall mean the freedom to choose the platform with which one wants to associate. This freedom is

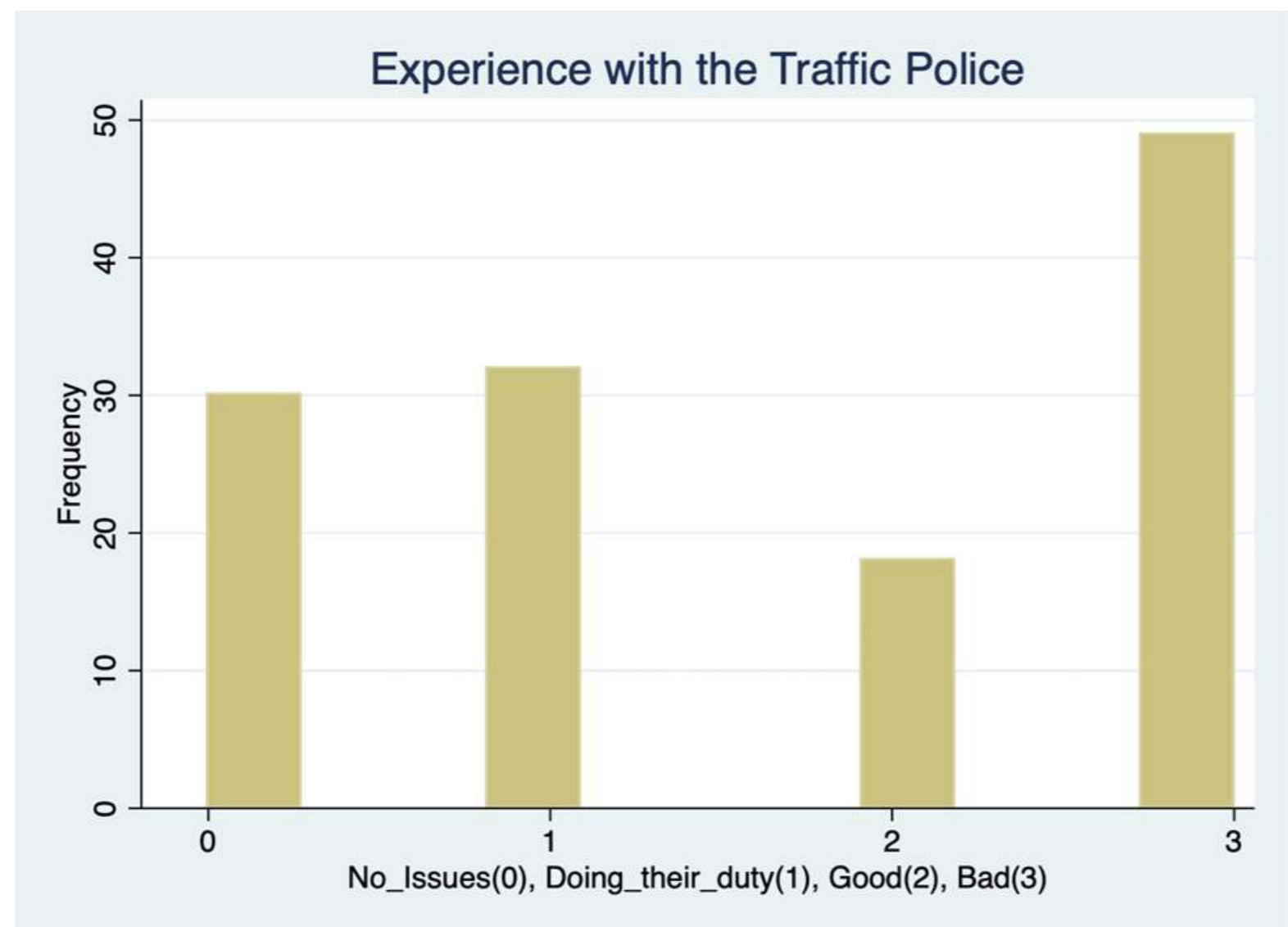


Fig. 5: Experience with the Traffic Police

available to the secondary aggregators and the driver partners who own their vehicles. The same is not available to the driver partners who work for the secondary aggregators.

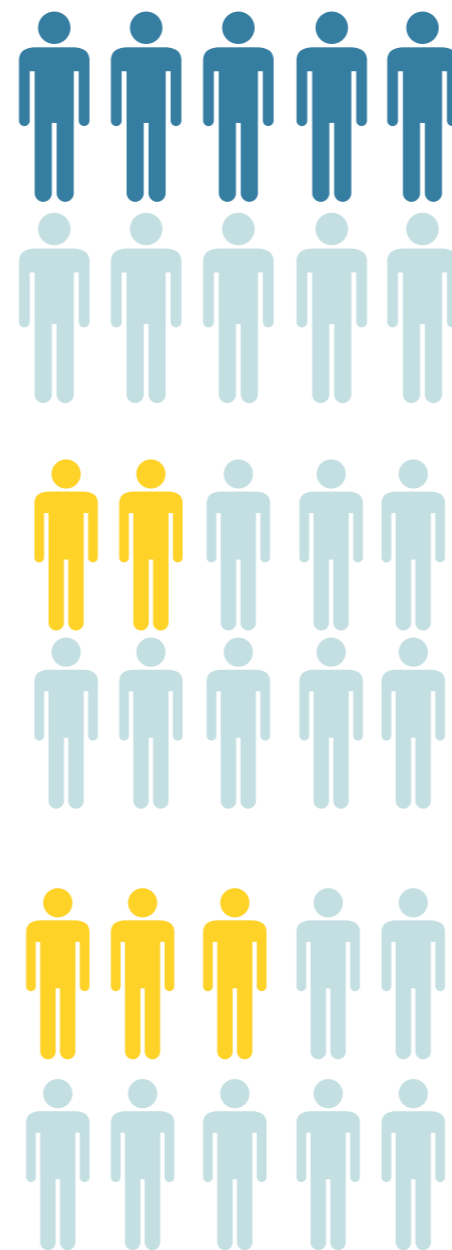
Work independence was an important factor in attracting many individuals to join the platform driven cab business. According to the collected data, most of the drivers gave the same response indicating the fact that a driver is free to refuse the rides by just switching off the app.

Platform(s) continued...

There was this prevalent perception amongst the driver partners that platforms are biased in favour of the customers in handling complaints of misbehaviour. In the case of drivers leasing cars from Ola (Ola Green), the daily withdrawal of lease amount from their bank accounts has resulted in situations wherein a driver isn't even left with money to secure their daily needs.

Platforms are not involved in anything other than providing rides. They do not come to help in case of problems with the police, nor do they listen to the driver partners when in dispute with customers. Most of the driver partners preferred Uber over Ola nonetheless because of better incentive structure and better complaint redressal.

Average period of association with the platform economy was 2.467 years



A little over **5 out of 10** driver partners were associated **exclusively with Uber**

Less than **2 out of 10** were associated with both the platforms

A little more than **3 out of 10** believed that the platforms work with only the customer's interest in mind

"To remain competitive in certain markets, we have in the past lowered, and may continue to lower, fares or service fees, and we have in the past offered, and may continue to offer, significant Driver incentives and consumer discounts and promotions, which may adversely affect our financial performance." [UBER TECHNOLOGIES, INC. (2019)]

Taxi Unions

Ola driver partners in Kolkata have a union which is supposed to look after their interests. When surveyed only 2 of the respondents (1.7% of the sample size) found the taxi union to be of any help. A majority of the respondents (58%) said there was no union on which they can bank to act as their representatives. A sizeable chunk (31.1%) reported of not being associated with any union. Quite a few driver partners reported of having their own *WhatsApp* groups, on which they call for help when in dispute with a customer. Again these WhatsApp groups have limited use as other group members need to be in the vicinity to be of any help. Uber driver partners were not members of any union in Kolkata. Taxi unions were reported to be non-functional in Hyderabad. Most of them said that they have to visit the nearest office of the platform to resolve their issues, whether it be low ratings, or some customer complaint or payment issues.

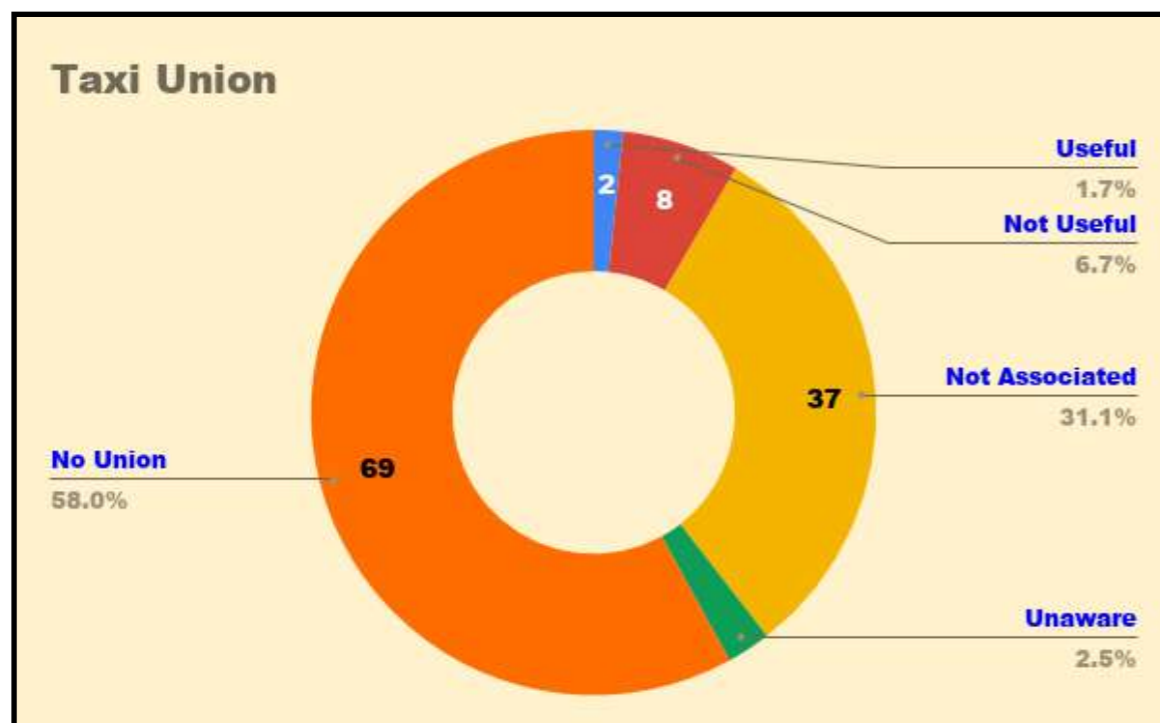


Fig. 6: Experience with the Taxi Union(s)

Customers

Ola drivers reported a particularly bad experience with customers. This was explained as resulting from a false sense of entitlement amongst the employees of certain firms with which Ola had arranged for commute arrangements.

1 out of 4 respondents' first response to the question of customer behaviour was either "bad" or "abusive".

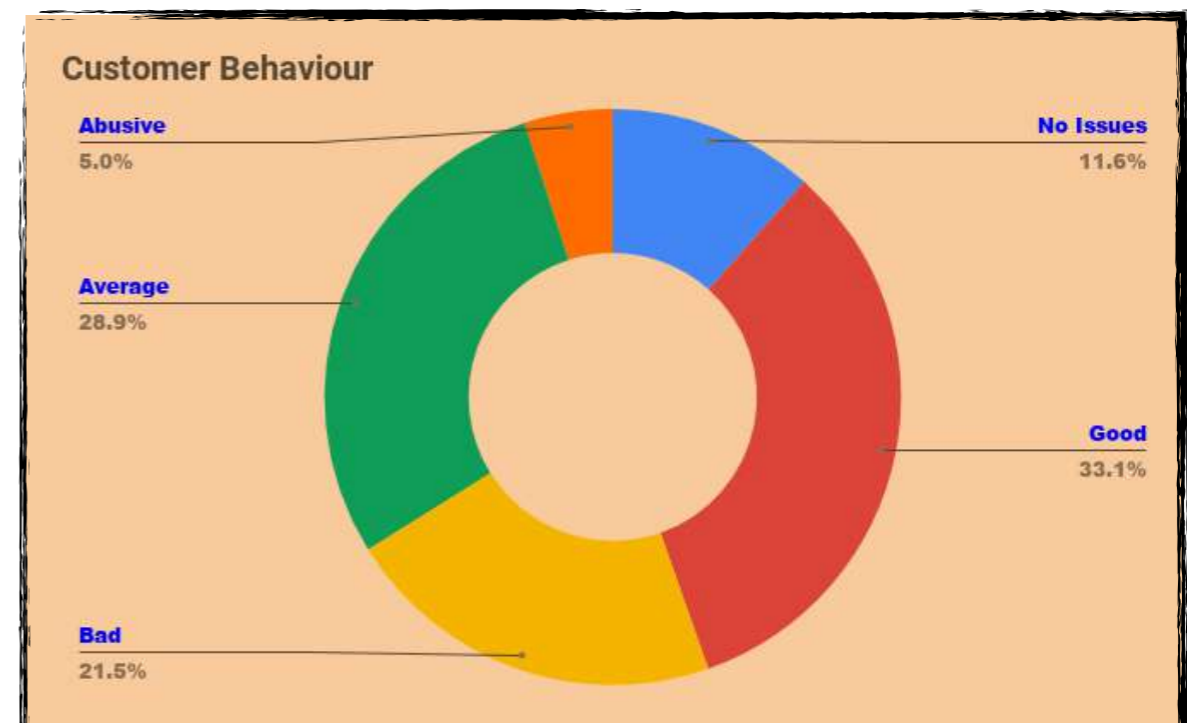
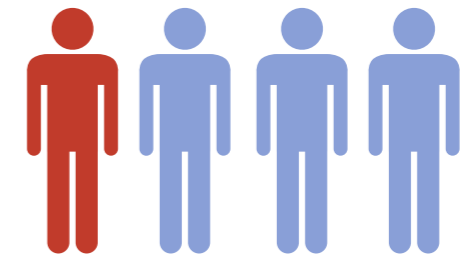


Fig. 7: Experience with the Customer(s)

DRAWBACKS OF WORKING WITH THE PLATFORMS

Long working hours just so to make ends meet was one of the major drawbacks of working with the platform(s). The amount of commission being charged which ranges from 20% to 35%. Long drives to the pick-up points. No parking slots. Only listens to the customer's end of the complaint.

A point which appeared almost as a pattern was the concern that because of the incentive structure prevalent, either the earnings were hand to mouth or they were just able to meet their monthly needs. The amount of commission being charged (20-30%) was another major drawback of the current regime.

...“for the first two years I operated as a night time driver on the owner's vehicle, then because I could not give time to family, I started as a daytime driver. I left Uber 6 months ago and now am working with a private cab operator” —Debdas Pal,

Having no fixed operational timings with a taxing incentive structure wherein they have to get at least 12-14 rides a day means that they have very less leisure time at their disposal. Most of them reported having a lunch break as their only leisure activity. One of the pressing concerns of the driver partners was the feeling that no one was ready to hear their concerns.

The driver partners felt that the platforms are not bothered about the distance between the current location and pick up location. This costs them dearly as they have to drive for as much as 5 to 8 kilometres sometimes just to pick up a passenger. This cost is not

included in the fare. Neither do the platforms consider traffic jams when customer cancels ride due to delay in pick up. The absence of parking slots for the cabs force the drivers to keep moving. They were of the opinion that the platforms should make parking (waiting areas) available for them near the frequently availed pick up locations.

Some of the driver partners were of the view that they have heard of the bonus structure but never received any. Till 3 years ago the incentive structure was good enough to earn them a healthy 30-35k per month after meeting all the expenses (including the EMI that was to be paid to the banks).

“Mauka mila toh khoon choos lega(if they feel the opportunity is right, they might suck our blood)” —Md. Parwej, Ola, Kolkata

The platforms often lock ID without prior information. This results in loss of work as they have to visit the office to get the ID reactivated.

“...after paying for the instalments nothing much is left with the owners. Ola bada chor hai, Uber chota chor hai!” —Wasiur Rahman (Uber, Kolkata)

DRAWBACKS OF WORKING WITH THE PLATFORMS

Leisure?

The mean age for the sample of 132 respondents from the two cities of Kolkata and Hyderabad comes out to be 32.22 years. This number in itself represents a workforce which is past its prime age and has a family to support.

To answer the question of primacy of income source, a positive response was coded as 'Zero' and a negative response as 'One'. The mean of 123 responses from a sample size of 132 came out as 0.073 which is very close to zero. This indicates that very large number of respondents quoted this job as their primary source of income.

The mean value for hours per day of work given to earn a livelihood comes out to be 1.65 which puts the average working hours in the range of 12 to 16 hours of work per day.

3 to 5 days of work was coded as '0' which signifies a comfortable work week of international standards. The code for 6 days of work was '1' and for a full working

week was coded as '2'. The mean of 99 samples comes out as 1.525 which places the average number of work days as something in between 6 and 7 days of work which is quite a tasking work schedule.

The picture painted by this analysis shows that there is no scope for any leisure in the work life of driver partners who are associated with these platforms. Most of the driver partners reported a lunch break that they take as their only leisurely activity.

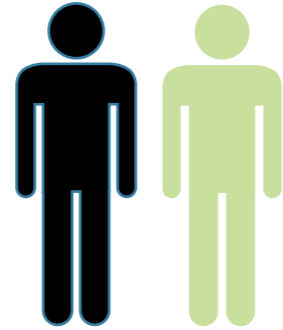
age				primary_source Yes(0), No(1),			
Percentiles		Smallest		Percentiles		Smallest	
1%	21	20		1%	0	0	
5%	22	21		5%	0	0	
10%	24	21	Obs	10%	0	0	Obs
25%	26	21	Sum of Wgt.	25%	0	0	Sum of Wgt.
50%	31.5		Mean	50%	0		Mean
			Std. Dev.				Std. Dev.
75%	37	50		75%	0	1	
90%	41	58	Variance	90%	0	1	Variance
95%	45	59	Skewness	95%	1	1	Skewness
99%	59	63	Kurtosis	99%	1	1	Kurtosis

hours/day: Below 8 hrs(0), 8-12 hrs(1), 12-16 hrs(2), Above 16 hrs(3)				days/week: 3-5_days(0) 6_days(1) 7_days(2)			
Percentiles		Smallest		Percentiles		Smallest	
1%	0	0		1%	0	0	
5%	0	0		5%	0	0	
10%	1	0	Obs	10%	1	0	Obs
25%	1	0	Sum of Wgt.	25%	1	0	Sum of Wgt.
50%	2		Mean	50%	2		Mean
			Std. Dev.				Std. Dev.
75%	2	3		75%	2	2	
90%	3	3	Variance	90%	2	2	Variance
95%	3	3	Skewness	95%	2	2	Skewness
99%	3	3	Kurtosis	99%	2	2	Kurtosis

Fig. 8: Work profile of the Driver Partners

Constraints

1 out of 2 driver-partners knew of someone who had ended their association with the platform(s).



“Work load was too much for them to handle. They are moving to the private. There is less of work over there. Here you have to drive for 200 kms per day, there only 20 km per day and then you chill...”. Sanjay Chowdhary, Ola-Uber Driver Partner,

Familiarity with the application and the difficulty for some to operate and understand the way it works was also one of the quoted reasons for quitting the service.

Reasons as quoted by the driver partners include the depreciating incentive structure, and issues with customers. Issue with operating the application which requires a certain

technical acumen was another reason cited for some quitting. Issues with the police was found to be a major irritant in our survey, specially in Kolkata. Many driver partners also quoted this line of livelihood as an unstable income source and therefore the attrition.

The frequency of bookings depends upon a rating system wherein if the rating falls below 4.5 (out of 5) then the number of rides allotted goes down as the driver is downgraded in the preferential rating system. This creates a peculiar sort of dispute wherein the primary complaint of the driver partners was that their side of the story has not got any weightage in the scenario of a customer complaint.

Pick up from doorsteps is another situation which was highlighted in the focused group discussion (FGD). Going into congested and narrow lanes wastes a lot of time and the driver partners mused that with the kind of technology available with the platforms they can easily ask the customers to come to some convenient pick up points.

The driver partners were of the view that on the whole the platform has turned inconsiderate to their needs and low ratings leads to poor business which makes it difficult for them to improve their ratings.

Against Customers

Customer related grievances are generally reported by the DPs to the platforms. A often repeated complaint of the DPs was that the platforms ignore the complaints filed by them but in case a customer complains against them then either their ratings are downgraded or their app access is blocked. To get the the app unblocked the DPs have to visit the nearest office of the platform, explain their side of the story and after having spent at least half-a-day they are either successful in getting their access tot he application reactivated or are forced to leave the platform economy altogether.

Another way in which DPs deal with customer issues is with the help of other drivers if available nearby. Such cases arise mostly in respect of customers who are not willing to pay the agreed upon fare. Even though they are assured that some action will be taken against such unruly customers the DPs are not communicated to about what, if any, action was taken.

Against Platform(s)

DPs file their grievances either through the app or they physically visit the office to lodge their complaints. The grievances included; complaints against riders, non-issuance of ride cancellation fee, fare not accounting for the toll charges and fare issues.

“The company is not bothered about the distance between the current location and the pick-up location. It doesn't consider traffic jams when customers cancel rides due to delay in pick up. No parking areas force the drivers to keep moving...”—Dinesh Kapoor, Ola Driver Partner, Kolkata

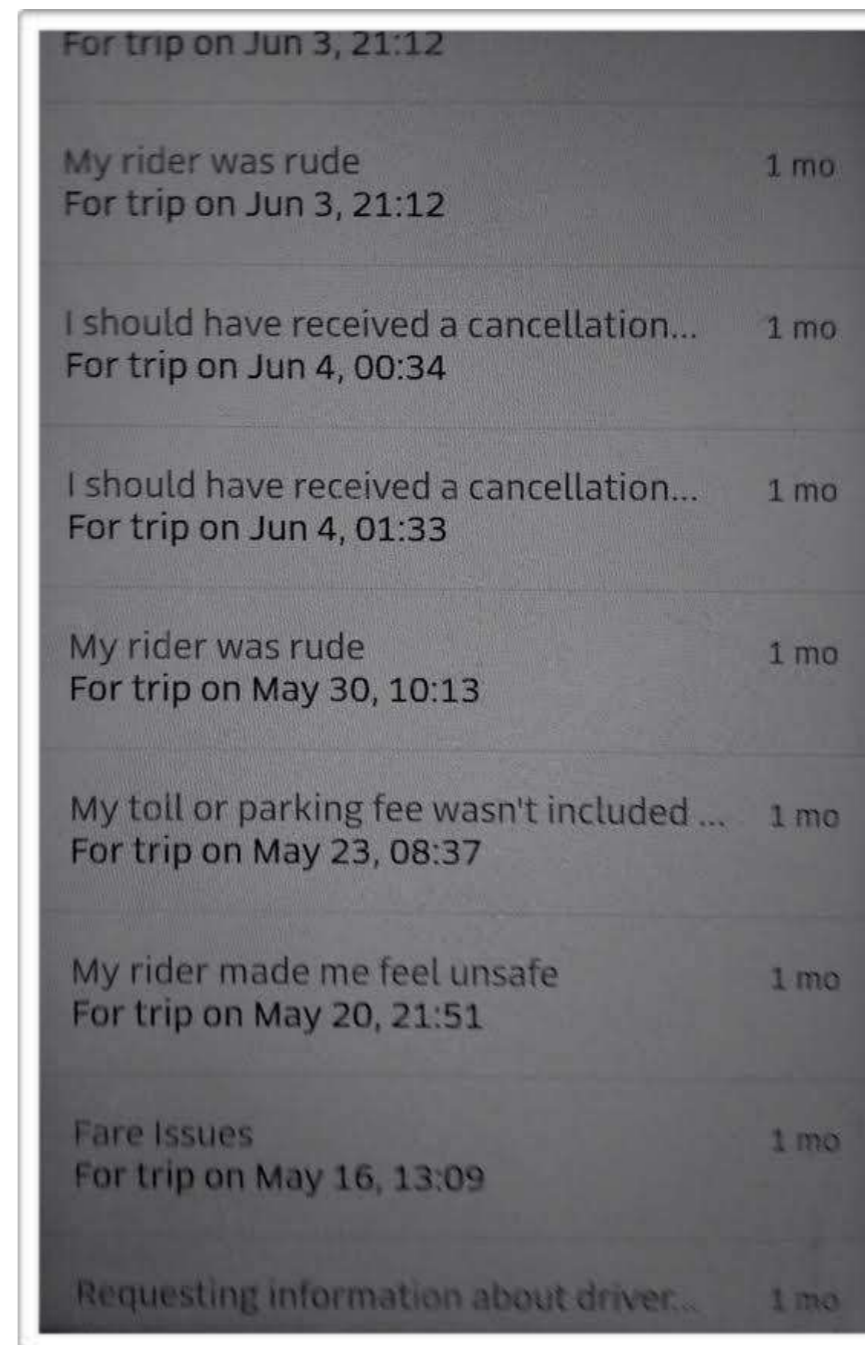


Fig. 9. Complaints

Source: Screenshot of a Uber Driver Partner, Hyderabad

The Motor Vehicles (Amendment) Act, 2019

The Motor Vehicles (Amendment) Act, 2019, defines the term “aggregators”. The very definition places such entities under the purview of the Information Technology Act, 2000. Keeping the aggregators under the purview of the IT Act absolves them of any tort claims and strictly restricts the courts to treat them as agents facilitating electronic commerce as defined under the Act. This implies that the “aggregators” would not be responsible for the acts of the driver partners.

“**aggregator**” means a digital intermediary or market place for a passenger to connect with a driver for the purpose of transportation;

The **Driver Partner** under this new scheme of things would be treated as an independent contractor and will be regulated under the **Motor Vehicles Act, 1988**. This would put the onus of police verification and all other licensing formalities including vehicle maintenance and adherence to traffic and environmental norms on either the driver partners (in case of them being owners of the vehicle they are driving), or on the owner of the vehicle who has rented it out.

Information Technology Act, 2000

The IT Act, 2000 basically legalises electronic commerce. It extends to the whole of India and unless otherwise mentioned is not limited by the international borders in case of any offence or contravention by any person.

There is no jurisdiction to any civil court under this act. The High Courts can entertain appeals to the orders of the Cyber Appellate Tribunal.

“**intermediary**”, with respect to any particular electronic records, means any person who on behalf of another person receives, stores or transmits that record or provides any service with respect to that record...;

The penalty clause which would be of use to customers is dealt with under section 43 of the IT Act, 2000.

The Information Technology (Amendment) Act, 2008 removed the upper limit of compensation which a defaulter has to pay to the affected person. The same had a ceiling of 1 crore rupees previously. The amendment to the act inserts a separate clause 43A which deals with body corporates, their responsibilities, their definition and defines the conditions under which they are liable to compensate the affected person.

Plus Points

"Maan Samman, Earnings according to the amount of effort you put in. Can work for the better future of kids". – Dinesh Kapoor, Ola Driver Partner (Kolkata)

Quite a few DPs who chose to respond to this query said that a positive that could be taken out of their association with the platform is that they frequently got rides which was not the case with private taxi service providers. Uber had better ratings amongst driver partners than Ola as it apparently provides them with nearby bookings as compared to Ola which arranges far away pickups which leads to an

increase in cost on the part of the drivers, both in terms of time and the fuel burnt to reach the spot. Another plus point pointed out was the chance to get to know the routes of the city.

"I now have a better paying job and I am able to send my kids to school". –Ola Driver Partner (Hyderabad)

More profit than the previous occupation was also one of the quoted plus points. The idea of operating an air-conditioned vehicle in which they do not have to itch was also found to be appealing to some driver partners.

"Better pay opportunities than the Kaali-Peeli taxi service."–Ram Vilas Paswan, Uber Driver Partner, Kolkata

"Better behaved customers. Everything is worked out for you, including the pick up and drop points". Uber Driver Partner (Hyderabad)

Conclusion

The model of the platform economy was supposed to act as a panacea for the problem of urban mobility; using the existing resources to ease conveyance, to generate wealth and at the same time reduce the carbon footprint of the city dwellers. However, when delved into, a happy ending is elusive. The DPs are finding it increasingly unattractive to continue with this business with the ever tasking incentive model and other factors like bill-negotiation, route-determination and knowledge about the potential destination of a particular ride remaining out of their control.

The DP will be a truly independent-contractor only when he/she has access to this information set before he/she accepts to enter into a contract with a commuter for a particular ride. Not everything paints a sad picture though. Quite a few DPs felt the association with the platform economy has enabled them to lead a fulfilling and meaningful life. But the number of such respondents was very less. So in order to sustain this business model, the needs of the driver partners should be located, understood and addressed.



Picture taken from <https://www.uber.com/en-IN/blog/500-million/>

We can all agree that this model sprouts from the capitalistic; or what Sundararajan, A. (2016)., calls crowd-based capitalistic approach and might ignore the processes which alienate the workers from the market and society. Hence the need for a regulatory apparatus which would ensure a level playing field for all the stakeholders of the platform economy. The three pillars (state, market and the community) will have to accept the importance of trust, as elucidated beautifully in Rajan, (2019), and recognise the commensality of the transactions involved. What might have started as an exercise in optimising resources in the backdrop of the global recession has now been turned into a business model where the driver partner is less of a partner and more of an “*I don't know whether I'm hired or fired*” employee.

“...let the objective set for firm management be to maximise the value of the firm, but define firm value to be more than just the value of the financial investments in the firm. Let it also include the value of specific investments made in the firm by those who have a long-term attachment to it.”(Rajan, 2019)

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The Team



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My dissertation topic explores the aspirations of driver partners associated with the platform economy.

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My dissertation explores the user experience in the platform economy and the motivational factors at play.



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My dissertation explores the nature of the contract between the driver-partner and the platform(s) and where does that place him/her on the Employee-Independent Contractor continuum.

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My dissertation explores the incentive model and its impact on employability in the platform economy with special focus on Uber & Ola.



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