

**JOINT LIABILITY GROUP MODEL – A SELF EMPLOYMENT SUPPORTING TOOL
FOR RURAL YOUTH IN THE POST COVID-19 GIG ECONOMY**

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Abstract

A gig economy is an environment in which temporary positions are common and organizations contract with independent workers for short-term engagements. The post COVID-19 pandemic situation will certainly make the industries move towards the gig economy at a greater level. Difficult situation because of COVID-19 at one hand and the advancement in technology at another hand, the earning opportunities and avenues are becoming plenty for the current generation people. The GIG economy is going to be the future of work in India which cannot be averted. Though it throws some challenges, it also offers a lot of benefits to both the Industry and independent workforce. And, it becomes vital to rural poor youth to be ready to take up the full benefits of the gig economy. They can enter into some short-term contract jobs that they can work independently to earn some money to withstand the adverse effects of COVID-19. Since the Finance is an essential requirement of every productive activity, the rural youth should be able to find sources of finance to take up the full advantages of GIG economy. Until recently, aspiring but poor rural youth applying for micro loans in order to improve their self-employment opportunities were mostly excluded from the formal credit market. As a consequence, they were unable to be self employed and could not be able to start their own micro enterprises though they find good opportunities and avenues. On a macro-level, the lack of financial capital for small and micro businesses has been a major obstacle not only in developing, but also in transition and, to a smaller extent, in industrialized economies. Here, the joint liability group model comes in handy for the needy and aspiring rural youth. Joint Liability Group is a concept established in India in 2014 by the rural development agency National Bank for Agriculture and Rural Development (NABARD) to provide institutional credit to small farmers. Joint Liability Group is a group of 4-10 people of same village/locality of homogenous nature and of same Socio Economic Background who mutually come together to form a group for the purpose of availing loan from a bank without any collateral. And this paper analyses the various opportunities and challenges for the rural poor youth in the changing global and economic scenario post COVID-19 pandemic situation. It stresses the importance of career planning, awareness about gig economy, awareness about the joint liability group model, attitude and motives behind the independent working of the future workforce and their readiness to take up the challenges and benefits of the joint liability group model in the gig economy. The discussions in this paper will certainly benefit all the stakeholders of the gig economy and the joint liability group model such as rural youth, financial institutions, industries, society and the policy makers.

Key words: Covid-19, Gig economy, Joint Liability Group, Independent workforce

Introduction

It is obvious fact that rural economy is the backbone of the Indian economy and is central to all strategies of planned economic development in the country. It is the responsibilities of both central and state governments to foster the development in the rural parts of the country. The Indian rural economy has been shattered by the COVID-19 crisis to a larger extent. Particularly the rural youth have lost their jobs and livelihood because of the COVID-19 pandemic situation. Rural youth who had run some economic activities in the form of jobs, small enterprises, and trading activities away from their villages were also forced to return back to their respective villages due to COVID-19 situation. This sudden and unprecedented recession has led to a bigger challenge in generating the employment opportunities for the rural youth who have lost their jobs and livelihood due to this covid-19 pandemic situation.

GIG Economy

With the rise of the digital revolution in India, the trend toward a gig economy has begun. 'Gig' – a word, coined several decades earlier, seems to have gained prominence in today's time. In the present context, a 'gig economy' involves a temporary contractual job or short-term contract or freelance work that a person may take, on a project-to-project basis, for which the payment is made once the task is completed. The gig economy gets its name from each piece of work being akin to an individual 'gig'. The Merriam Webster Dictionary defines a 'gig economy' as an "economic activity that involves the use of temporary or freelance workers to perform jobs typically in the service sector." A gig economy encompasses all platforms that hire independent contractors, consultants and workers in different sectors, such as information technology, content creation, social media marketing and communications, food and beverages, creative fields such as art and design. A gig economy, hence, means an existence of temporary or part-time workforce instead of a conventional workforce.

A gig economy is an environment in which temporary positions are common and organizations contract with independent workers for short-term engagements. With the advancement in technology, the earning opportunities and avenues are becoming plenty. It has become common among current generation people to enter into some short-term contract jobs that they can work independently to earn some money. There are some forces behind the rise in short-term jobs. For one thing, in this digital age, the workforce is increasingly mobile, and work can be done from anywhere, so that job and location are decoupled. That means that freelancers can select among temporary jobs and projects around the world, while employers can find out the best individuals for specific projects from a larger pool than that available in any given area.

The post COVID-19 pandemic situation

The post COVID-19 pandemic situation will certainly make the industries move towards the gig economy at a greater level. Difficult situation because of COVID-19 at one hand and the advancement in technology at another hand, the earning opportunities and avenues are becoming plenty for the current generation people. The GIG economy is going to be the future of work in India which cannot be averted. Though it throws some challenges, it also offers a lot of benefits to both the Industry and independent workforce. And, along with the urban youth, it becomes vital to rural poor youth to be ready to take up the full benefits of the gig economy. They can enter into some short-term contract jobs that they can work independently to earn some money to withstand the adverse effects of COVID-19.

Rural Youth and Job avenues through gig economy

As we are entering the age of the fourth industrial revolution and as the use of technology becomes ubiquitous, the traditional form of employment is also undergoing a massive change. Digitisation, internet penetration, technologically skilled workforce, advancements in information technology, a booming startup culture and skills in demand are propelling the growth of gig economy in India. One of the major advantages of being a gig worker or a freelancer is the flexibility associated with working hours, diversity of work since the worker is not tied with a single organization, career mobility and above all work - life balance. The workers can choose when they want to work, with whom they want to work and the volume of work they wish to undertake. Further people turn to gig jobs to supplement their earnings from a primary job or use it as a stop gap between roles. Millennials or Generation Y, the group of people born between 1980 and 2000, comprise 34% of India's population and represent 45% of the Indian workforce. According to an article in the Times of India, 'Living in the gig economy Key skill for millennials is preparedness to move across industries and roles', this number is expected to reach 75% by 2025. (Mathias, 2018) According to a 2016 Millennial Survey by Deloitte, 16.8% of millennials evaluate career opportunities by good work-life balance, followed by 13.4% who look for opportunities to progress, and 11% who seek flexibility. This makes gig economy an attractive prospect for millennials.

The reported employment share of India's informal sector is 75% in rural areas and 69% in urban areas. (Kathuria & Et., 2017) This shows that informal sector comprises an important part of the Indian labour force. Employment in the informal sector is commonly thought of as largely low-skilled or unskilled given low levels of formal education and training. It is erroneous to assume that technology is only a privilege of the skilled and an opportunity for the formally employed. Technology is not only creating jobs for less educated workers, it is also an opportunity for informal workers to use technology and digital platforms in their work. (Bessen, 2014) The occupational sectors sampled for India in a study by the John F Kennedy School of Government, included garment makers, construction workers, incense stick rollers and waste pickers. The findings from this study suggest that informal workers and their organizations are beginning to use technology in their work.

Thus, the gig economy is very much applicable to the rural India too provided they are supported with a proper ecosystem of gig employment opportunities. Particularly in the post COVID-19 situation the rural youth may think of alternatives to the full-time employment and will be excited about short-term projects that allow them the flexibility to work on their own terms. The entrepreneur mindset may arise in the minds of the rural youth to exploit the opportunities that prevail in the forced rural entrepreneurship in the post COVID pandemic era. Thanks to the rise of digital technology, the rural entrepreneurs will be more successful at par with their urban counterparts in the gig platform. Despite its great potential for gig economy, rural entrepreneurs do face significant barriers. Like, access to capital, un-interrupted power supply, un-interrupted internet connectivity and supportive labour are some of the struggles faced by the rural youth in their small enterprises ventures.

Generally, capital is one of the biggest hurdles for the rural small business entrepreneurs. Though they have good business idea, family support and greater motivation to do business they face lot of issues while attempting to gain access to funding like poor credit market, lack of trusted lenders, lack of collateral securities and higher interest rates. While business mentors, small business investors and business support organizations may be prevalent in urban areas, they aren't as numerous in rural areas.

JOINT LIABILITY GROUP MODEL AS A SUPPORTING TOOL

Since the Finance is an essential requirement of every productive activity, the rural youth should able to find sources of finance to take up the full advantages of GIG economy. Until recently, aspiring but poor rural youth applying for micro loans in order to improve their self-employment opportunities were mostly excluded from the formal credit market. As a consequence, they were unable to be self employed and could not able to start their own micro enterprises though they find good opportunities and avenues. On a macro-level, the lack of financial capital for small and micro businesses has been a major obstacle not only in developing, but also in transition and, to a smaller extent, in industrialized economies. Here, the joint liability group model comes in handy for the needy and aspiring rural youth.

What is a Joint Liability Group (jlg)?

Joint Liability Group is a concept established in India in 2014 by the rural development agency National Bank for Agriculture and Rural Development (NABARD) to provide institutional credit to small farmers. Joint Liability Group is a group of 4-10 people of same village/locality of homogenous nature and of same Socio Economic Background who mutually come together to form a group for the purpose of availing loan from a bank without any collateral.

What is the Purpose of JLG?

- Providing Credit to Small and Marginal Farmers, Tenant Farmers, Oral Lessee, Landless Labourers and Artisans
- Providing Collateral free Loan to Groups
- Building Confidence between Groups and Banks
- To mitigate the credit risk by way of group dynamics, peer pressure, credit discipline and cluster approach.
- To provide self-employment and increase production of agricultural products.

What are the features of JLGs?

1. Members should have a common activity.
2. Members need not to have a land title.
3. Members should be of the same village.
4. Only One member of a family can become a member of JLGs.
5. Members should not be a defaulter of bank loan.
6. Member should hold regular meetings.

Benefits of JLG to rural youth in Post COVID-19 era

At the crisis time like this, the JLG model contributes to the rural economy in many ways. At first, it gives glimpse of hope to the rural youth to start their own venture for their livelihood. Secondly it provides an opportunity for networking and trust between the aspiring individuals. Thirdly, it enhances the collective action and cooperation among the members. Fourthly, as more people unite for specific goals it leads to social cohesion and inclusion. And lastly, it empowers the rural youth to a greater extent by the way of sustainable livelihood support.

CONCLUSION

Thus, all these developments in the gig economy give enormous opportunities to the present rural youth of the nation. A dramatic workforce transformation is under way, one that will change the way companies find and deploy talent. The conventional recruiting methods won't work in the 'freelance economy'. The traditional engagement strategies will cut no ice with a freelance workforce. Free agents or freelancers who would like to work part-time around other responsibilities, or as a supplement to their regular full-time job, are powering this on-demand economy. And, since the finance is the core hurdle for any business venture, the concept of JLG may be a big boon to the aspiring rural poor youth to start their business ventures. Though certain concerns arise as mentioned in this article, proper career planning, mentoring, well drafted business plan and strategies, proficiency in required competencies and skills, expertise training from the stakeholders, good support from the banks, well drafted policies of the government will make the JLG concept a big successful tool for self employment creation which in turn foster the socio economic development of the rural youth in the post COVID-19 pandemic era.

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