

The rise of the sharing economy

The Indian landscape

October 2015



Foreword

The sharing economy has been on an exponential growth curve over the last couple of years and has been the subject of considerable interest to the stakeholders and policy-makers across the globe.

Technology is pivotal to the growing concept of sharing economy, to enable scale and enhance economic impact. A number of sharing platforms have emerged which enable individuals to share goods and services like cars, houses, household products and services. The proliferation of mobile devices has heralded a digital revolution to serve as a catalyst of growth.

The appeal of the sharing economy lies in the fact that the sharing platforms create a win-win situation for all the stakeholders. The benefits of the sharing economy are manifold - including on-demand access to goods and services, efficient utilization of unused inventory of assets across industries, leading to a multiplier effect such as increased employment, consumerism, digital literacy and the rise of micro-entrepreneurship.

The concept of the sharing economy is still at a nascent stage in India. While sharing personal products (such as one's own home or car) which the owner is using currently is still negligible when compared to the West, the adoption of sharing platforms has been encouraging. This has been driven by the emergence of aggregators in industries like personal transportation and hotel room bookings.

For the sharing economy to make further in-roads in India, the sharing platforms will have to address a few key imperatives. This includes fostering trust between the individuals involved in a transaction. A technology platform that provides a transparent pricing, verified listings and background checks, and assured delivery of services will reinforce consumer faith in these platforms.

We believe that the sharing economy will open up a number of interesting possibilities across different economic activities and change the future of work, production, and collaboration. The sharing economy also represents a paradigm shift in the employment market and enables many individuals to attain gainful employment through the rise of micro-entrepreneurship.

This report aims to understand the landscape of the sharing economy in India, the associated benefits and challenges. This report also covers various stakeholders' perspectives on the drivers and challenges in adopting the concept. We hope you find this report useful.

Ravi Gururaj
Chairman, Nasscom
Product Council

Foreword

The concept of "sharing" is not entirely new as some of the earliest forms of human transactions involved bartering of goods and services without any monetary exchange. The digital evolution brought about by technology has taken this concept forward and created opportunities where individuals can monetize their skills and suitably use underutilised resources.

The emergence of sharing platforms is changing the way traditional industries such as travel and transportation, food & beverages, accommodation and services conduct business, and is forcing the relevant stakeholders to re-evaluate their business models. The sharing economy has far reaching implications; some prominent positive ones including increased convenience, improved resource utilization, job creation, improved digital awareness and environmental benefits. The growth of the sector is evident from the fact the global sharing economy is forecasted to grow at a CAGR of 139.4% to reach US\$115 billion by 2016 from US\$3.5 billion in 2012.

In many countries, it is observed that "shareable goods" (such as vehicles, drills, lawn-movers) account for 20-30% of household expenditure. If the sharing economy platforms are effectively used, they would help improve the utilization of these underutilised shareable goods, thereby reducing the overall spends.

In the Indian context, the appeal of the sharing economy as a concept lies in the fact that personal asset ownership (such as cars) is comparatively lower. The sharing economy, by its very nature emphasizes on the re-use of assets rather than absolute ownership, which helps individuals to experience the benefits of these assets without really owning them. On the supply side, the sharing economy is transforming the work force and is making the road to entrepreneurship more accessible for many people.

In India, the biggest impact of the sharing economy has been felt in the personal transportation space, where the emergence of these platforms has made it convenient for any individual to commute from one point to another. The concept has also become very relevant to industries like accommodation, food and grocery, household goods and healthcare. It is also likely to emerge as a growth driver for other specialised and niche services like hyper local, medical appointments and supplies, unorganised service sector expansion among others.

We believe this sector is poised to grow and the entire stakeholder community within the sharing economy ecosystem including the society, government and regulators will witness the underlying benefits this offers. The extent of success of the concept will also depend on how proactively the requirements of the sharing economy are addressed from a regulatory and policy perspective.

The insights in this report are based on detailed and comprehensive interactions with various stakeholders including sharing economy companies, consumers, suppliers, investors and lawyers among others and we would like to thank each one for the time taken to share their perspective with us that has made the analysis more meaningful.

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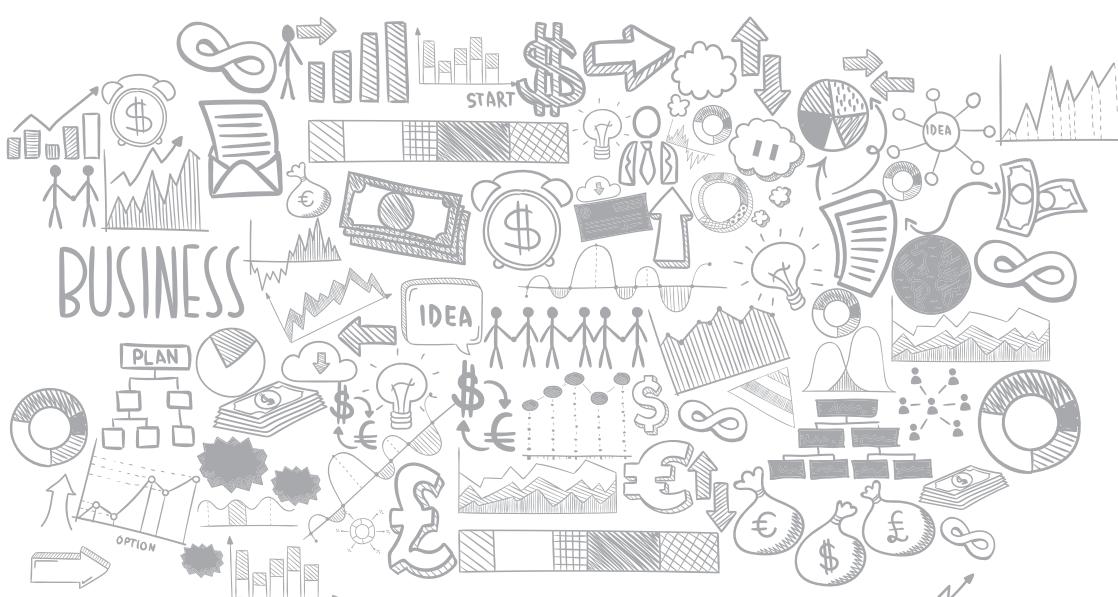
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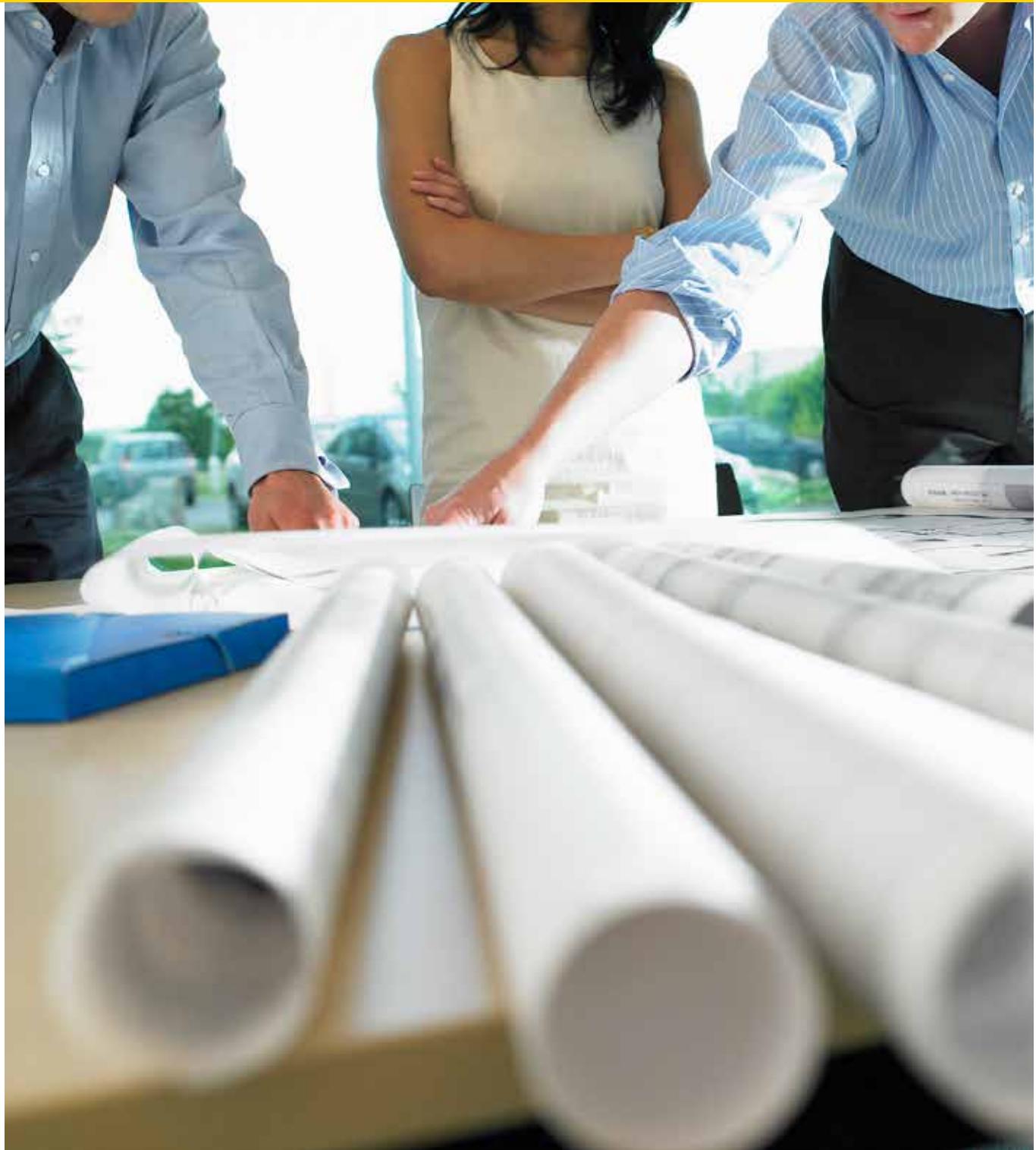
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The sharing economy – view from the top



The sharing economy is a socio-economic ecosystem built around the sharing of human and physical resources. It includes the shared creation, production, distribution, trade and consumption of goods and services by different people and organizations.

Sharing economy activities fall into four broad categories:

- ▶ Recirculation of goods
- ▶ Increased utilization of durable assets
- ▶ Exchange of services
- ▶ Sharing of productive assets

Sharing businesses either:

1. Own goods or provide services that they rent to customers, often on a short-term basis, or
2. Create peer-to-peer platforms connecting providers and users for the exchange, purchase, or renting of goods and services.¹

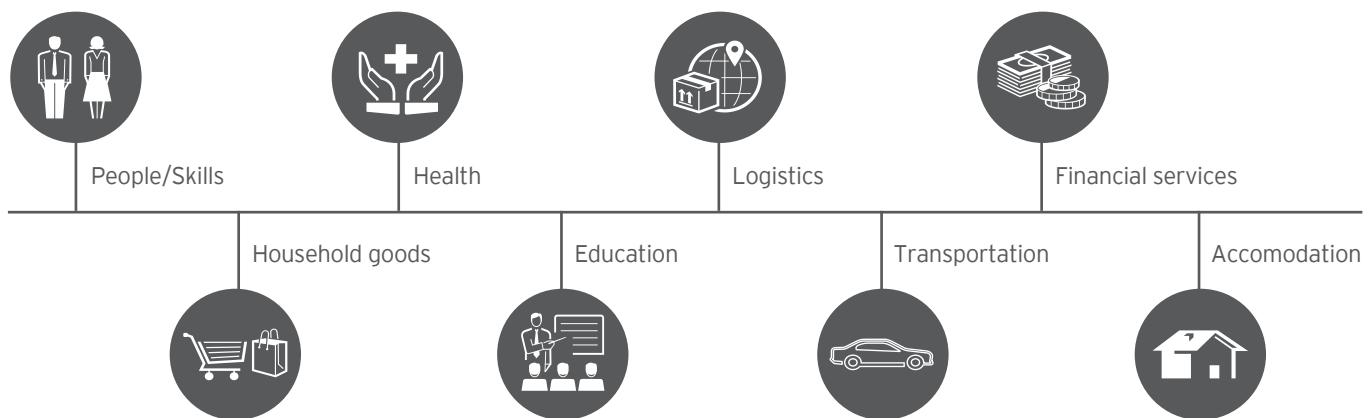
This can encompass everything from crowd-funding sites to on-demand technologies, such as Uber and Ola (transportation),

to hospitality platforms such as Stayzilla, Stayology and OYO Rooms (hospitality). The uniting factor for these companies and initiatives is their ability to bring people together, often through an online platform, to share or exchange underutilized assets without large transaction costs.

The sharing economy has spurred "micro-entrepreneurs" and facilitated the creation of new markets and economic activity where none previously existed. Enterprising citizens can now generate income by renting assets as varied as furniture, camping equipment and parking spots.

The proliferation of digital platforms and mobile applications in recent years has been the primary driver for the momentum in collaborative consumption in recent years. Although it is a relatively new concept in India, it is prevalent across the globe in the form of peer-to-peer ride-sharing (BlaBlaCar), accommodation-sharing and renting household items. Globally, the sharing economy is estimated to grow at a CAGR of 139.4% to reach US\$115 billion by 2016 from US\$3.5 billion in 2012.²

Diagram 1: Segments of the sharing economy



¹Rauch, Daniel E. and David Schleicher. Like Uber, But for Local Governmental Policy: The Future of Local Regulation of the Sharing Economy. George Mason Law & Economics Research Paper, No. 15-01

²"Share. Don't Own: The Sharing economy takes off," Forbes India website, www.forbesindia.com/article/chgsb/share.-don't-own-the-sharing-economy-takes-off/39241/0, accessed 30 September 2015;

This sharing economy coupled with new technologies drives substantial economic, social and environmental benefits by cutting down costs, conserving resources and reducing environmental impact.

The sharing economy services in most sectors in India are in its initial stages. Nonetheless, the adoption of platforms has been

encouraging, led by the willingness of consumers to try new things and the ease of going cashless through smartphones. The sharing economy as a concept first became popular in India with on-demand transportation platforms. The trend is now being followed by other sectors including hospitality and food & beverage.

Diagram 2: Sharing economy ecosystem



	Consumers	Aggregators/marketplaces	Suppliers
Drivers	<ul style="list-style-type: none"> ▶ Rising mobile adoption ▶ High internet penetration ▶ Growth in digital platforms 	<ul style="list-style-type: none"> ▶ Quick market penetration and higher revenues ▶ High speed internet availability ▶ Current inefficiencies in services 	<ul style="list-style-type: none"> ▶ Better resource utilization ▶ Expanded consumer reach and faster go-to-market
Benefits	<ul style="list-style-type: none"> ▶ On-demand services ▶ Convenience ▶ Lower prices ▶ Shared experiences ▶ Personalized/customized product/service ▶ Choice of multiple options 	<ul style="list-style-type: none"> ▶ Increased efficiencies ▶ Brand creation ▶ Better supplier prices ▶ Lower capital intensity 	<ul style="list-style-type: none"> ▶ Increased business due to wider market reach ▶ Digital literacy ▶ Social mobility ▶ Skill development ▶ Brand creation
Challenges	<ul style="list-style-type: none"> ▶ Trust and safety standards ▶ Consistent service experience 	<ul style="list-style-type: none"> ▶ Streamlining operations ▶ Regulatory considerations ▶ Management of unconventional workforce ▶ Delivering consistent service quality 	<ul style="list-style-type: none"> ▶ Insurance and security of assets ▶ Infrastructural challenges ▶ Consistent and quality service experience

"Having a good spread of supply ready, ensuring service reliability, building tech platforms/processes that enhance trust with the stakeholders are some of the critical capabilities that on-demand service aggregators should possess to succeed in the market."

Nandan Reddy,
Co-founder, Swiggy

Consumers, on-demand technology platforms and suppliers are critical elements of the sharing economy ecosystem, and their effective interaction leads to increased efficiency aimed at achieving better utilization of resources for all the concerned stakeholders as illustrated below.

- ▶ **Consumers:** From the demand side, consumers see numerous benefits such as on-demand services at lower prices, convenience and variety of options.
- ▶ **On-demand technology providers and suppliers:** There are increased benefits such as better utilization of infrastructure, easier access to wider customer base and increased business opportunities for micro-entrepreneurs.

Increased demand for goods and services enable suppliers such as hotels and restaurants to tap new customer groups who can access their platforms via the internet that were otherwise inaccessible.

In order to create trust among consumers, platforms must ensure their systems allow for consistent experience to consumers and suppliers to grow their businesses.

"Demographics and smartphone penetration are key drivers that are accelerating the adoption and usage of the sharing economy at this point. India, in the coming year will be the world's second largest smartphone and mobile internet market pushing the US to the third place. In terms of demographics, over 50% of the population is under the age of 25 and over 65% under the age of 30. Both these drivers, in conjunction, would mean more and more Indians would choose not to buy a car and instead look at transportation as a service at the tap of a button rather than a product sitting in their garage."

Arvind Singhatiya,
Vice-President, Corporate affairs, Ola Cabs

1.1 Landscape of the sharing economy

While new sectors like health care, groceries, handyman services, commercial trucks aggregation etc have members joining the sharing economy, the highest adoption rates are seen in these three industries: transportation, hospitality and food & beverages

Transportation

The most prominent examples in the transportation sector are on-demand technology aggregators such as Uber and Ola. These services allow consumers to connect with a verified nearby driver users willing to drive them to their destination for rates set by the service.

The sharing economy may also change other aspects of the transportation market. Emerging car-pooling platforms have emerged as an alternate to both car ownership and car rentals, by offering convenience and flexibility.

Similarly this concept is being applied to inter/intra-city logistics and movement of goods, thereby, organizing a highly fragmented transportation sector and ensuring customers enjoy a swift, simple and smarter on-demand service. Owners/drivers of traditional assets such as trucks and tempos drivers now enjoy increased, more predictable and sustainable earnings.

Hospitality (peer to peer accommodation)

New business models are allowing travellers to forgo traditional hotels in favour of renting new options like spare rooms and homes. Airbnb, Stayzilla and OYO rooms are among some of the platforms for accommodation currently present in India.

Food and beverage (F&B)

The F&B business is taking advantage of on-demand technology platforms by cementing the gap between

restaurant-goers and facilitating accelerated delivery. These businesses are making food delivery and payment more efficient. Success in these models is anchored on its user-friendly interface, comprehensive and verified listings, updated information and analytics to more effectively match supply with demand. Companies active in this sector include Swiggy, Food Panda, Tiny Owl and Zomato.

Compared to "traditional" markets', the on-demand sharing economy, facilitated by technology platforms, offers the following unique attributes:

- ▶ **More sustainable use of idle and under-utilized resources**
- ▶ **De-centralized exchange, leading to cost reductions**
- ▶ **Alternative pricing models such as dynamic pricing**

"As more Indians begin to embrace services offered by the sharing economy, we see the sector growing by leaps and bounds in the next few years. Trust must be achieved as a first step but more and more Indians are embracing services such as ride-sharing because the technology has made it more reliable, affordable and safe. We will see more players enter the Indian market just by virtue of its sheer size and potential."

*Bhavik Rathod,
General Manager Bangalore, Uber India*

1.2 Economics of the sharing economy

Recently, innovative on-demand technologies have significantly reduced transaction costs of exchange of goods and services. They have done this by making knowledge inexpensive and ubiquitous. Combining this with innovative software platforms, it has significantly extended the ability to coordinate economic exchanges.

1.2.1 Transaction costs

The reducing transaction costs arising from new technologies have had a deep impact on the way individuals undertake economic exchange.

Transaction cost economics focus on making the transaction—rather than commodities, which are the basic unit of analysis and by assessing governance structures, of which firms and markets are the leading alternative, in terms of their capacities to economize on transaction costs. A workable concept of transaction costs can be split into three main parts:

- ▶ Search and information costs
- ▶ Bargaining and decision costs
- ▶ Governance and enforcement costs

The importance of transaction costs is best illustrated through an example. You may be willing to pay someone INR100 to walk down the street and purchase a coffee. There may also be another individual who is willing to undertake the task for INR50. There is clearly potential for a mutually beneficial trade here. The reason why this may not occur is transaction costs – it is likely to take time, and potentially money, to discover who the other individual is, bargain a price with them (somewhere between INR50 and INR100), and enforce the agreement. In this scenario, transaction costs “eat up” the profitability of exchange, preventing mutually beneficial trade from taking place.

As economies grow, so do the number of potentially, mutually beneficial trades. The problem is that we cannot access all of them. When transaction costs are too high, many of these exchanges are rendered “unprofitable” and will not take place.

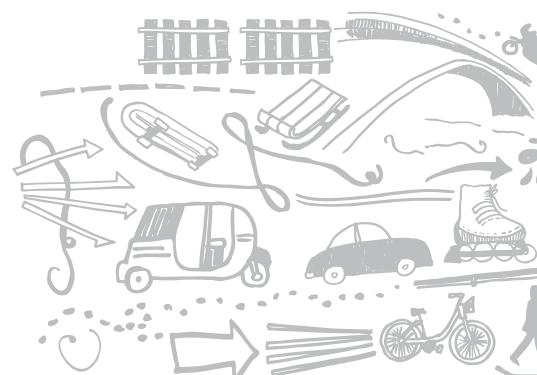
1.2.2 Dynamic pricing

With less costly and expanded information, we can leverage market mechanisms and match dynamic supply and demand more accurately.

Markets coordinate knowledge to match supply and demand. The sharing economy is able to implement several novel models for this purpose. This section touches on a prominent example – leading transport aggregators’ “dynamic” or “surge” pricing model. This is only one of the many examples emerging in sharing economy platforms.

On-demand technology transportation providers may charge peak-time variable fares in order to ensure that people get around reliably. Price variations under the dynamic pricing model are determined by an algorithm, which analyzes multiple factors to equalize demand and supply to arrive at a rate that incentivizes driver users to provide services at a time where no other service provider is willing to do so.

Dynamic pricing is not dependent on the time of the day, but rather on the conditions at the point of origin. The objective of dynamic pricing is to maximize supply and ensure service providers are available to address service requests and hence,



appropriately meet consumer demands. Dynamic pricing is applied on a location-specific basis depending on the supply-demand ratio at a particular point in time. The moment that the supply and demand ratio equalizes and steadies, dynamic pricing ends and the base model of pricing resumes. More often than not, consumers are always notified of an increase in price and are fully informed of the quantum of such dynamic change.

Dynamic pricing models are not limited to the type developed by the transport aggregators. Traditionally, the airline and hotel industries have used supply and demand metrics to raise and lower prices accordingly. Ever recall paying higher prices on holiday weekends or when space becomes limited?

Another recent example is Airbnb. Early in their development, one of the leading global accommodation aggregators discovered that listing a “space” was a relatively easy process until the potential hosts had to pick a price. It set out to fix this problem through a series of algorithms. The company now provides price recommendations to hosts on a model based on location, likeness and an idea that it describe as “recency”. These price recommendations also include temperature as a proxy for seasonal patterns of booking behavior.

Solutions to market-based issues of dynamic pricing are currently being tested in sharing economy platforms across the world. These models are all possible due to ubiquitous and necessary knowledge.

"The sharing economy has brought in efficiency and service quality that consumers have not been experiencing earlier. Before the emergence of service aggregators, customers used to get charged double for a ride. That has now changed to paying as per utilization after the emergence of aggregators and the technology-based platforms, which also enable the driver users to get the next consumer from near the end point of the first ride."

**Aprameya RadhaKrishna,
Former co-founder, TaxiForSure**



Impact and benefits of the sharing economy



The sharing economy provides several benefits across all the ecosystem stakeholders, including the consumer, seller/entrepreneur and the platform.

The sharing economy has boosted the entrepreneurial spirit and the platforms are converting innovative ideas into

disruptive businesses. Better resource utilization, social mobility through new jobs, flexibility to operate at one's convenience and skill development are some of the important benefits that come to the fore during discussions with stakeholders in the sharing economy.



2.1 Resource utilization

Efficient utilization of resources may be attributed to a better matching of the demand/supply gap in a particular segment. The consumer is the pivot which the sharing economy revolves around. With the world becoming more mobile, the consumer expects all the information and services at the tap of a button. On-demand information and services match the client's needs quickly, efficiently and conveniently through online platforms.

Revenue is lost if capacity is unused in the services sector. On-demand technology platforms help to transform the way suppliers reach potential customers by having their supply accurately mapped to the right demand. This, in turn, increases resource utilization and reduces the possibility of unsold inventory. For instance, ride-sharing services enable better utilization of cars leading to reduced number of cars on the road, and hotel rooms are better utilized leading to a decreased requirement for new construction.



- ▶ On-demand transportation platforms are connecting travellers to drivers in a more efficient manner leading to better utilization of vehicles.
- ▶ For instance, a leading on-demand transportation platform in India highlighted that drivers affiliated to its network have reported higher number of rides per hour and reduced idle time between trip.

- ▶ Hotel-booking segment is another industry where the platform model has picked up momentum since 2014. The hospitality platforms have created a win-win proposition as it allows the smaller budget hotels to increase their visibility and improve occupancy levels.



- ▶ On-demand technology platforms have helped the real estate industry to lower housing inventories due to better utilization of under-construction and 'ready to move in' homes in both the rental and buyer spaces.



- ▶ On-demand technology platforms have allowed the restaurant industry to cement the gap between restaurant-goers and restaurants by facilitating accelerated delivery. Its success is anchored on its user-friendly interface, comprehensive and verified listings, updated information and analytics to more effectively match supply with demand.
- ▶ Restaurants also tie up multiple logistics service platforms for the last-mile logistics services.
- ▶ With the increasing number of delivery orders from service platforms, restaurants are also exploring options to reduce dine-in spaces as a measure to bring down the operational costs.



- ▶ On-demand education technology platforms serve a not-for-profit objective by more efficiently connecting potential users to academic institutes/companies/teachers that want to share information and knowledge. Massively open online courses (MOOCs) became a new and popular concept and potentially disruptive force in the area of education. Soon after, various websites began offering content that utilized academic and informative resources more efficiently.
- ▶ Within India, this concept has seen a push from leading academic institutions that are also working on developing platforms catering to the larger populations of students.

"We feel the food order service aggregators bring four fold benefits. Due to the inherent nature of their model, they help in reaching out to consumers faster, i.e. go-to-market is better; they help reduce capex requirement for expansion- thanks to their virtual platform; lesser hassles of managing delivery operations and related challenges and their technology helps improve consumer experience and satisfaction levels as customers get more visibility and control over their orders."

*Sumeet Yadav,
CEO, Nandos India*

Diagram 3: Snapshot of a leading global peer-to-peer accommodation portal³



The sharing economy's contribution to improved utilization becomes evident when one looks at the data of one of the world's leading peer-to-peer accommodation portal. Within a short span of time, the portal has grown exponentially and the number of listings on the portal has surpassed that of some of the leading hotel chains in the world.

The portal serves as a source of additional income for hosts listed on its platform. More importantly, the occupancy rates of properties listed on the portal is more than 70%, which is higher than that of leading global hotel chains. The company has leveraged technology and prioritized search results for hosts to help improve occupancy levels of properties listed on its portal.⁴

Low personal asset ownership driving the sharing economy

The population and asset acquisition patterns in India are very different from that in other countries. The reasons for asset acquisition also vary in the two economies. While cars are owned for more utilitarian purposes in the US, in India, an

owned car is perceived as a symbol of social status. As a result, personal car ownership is very low compared to the other major countries such as the US, the UK and BRIC countries. Car ownership is concentrated in major cities and is expensive when one considers fuel, maintenance, tax and parking expenses.

"In India, Uber is helping create tens of thousands of new jobs, empowering drivers with higher earnings potential and flexible work hours, and providing millions of consumers with a safe, reliable and convenient mode of transport."

*Amit Jain,
President, Uber India*

³ "Where Do Airbnb Hosts Make the Most Money?," Smartasset website, <https://smartasset.com/mortgage/where-do-airbnb-hosts-make-the-most-money>, accessed 8 October 2015;

⁴ "Airbnb Occupancy Rates Catching up with Hotels," Beyondpricing website, <https://blog.beyondpricing.com/sf-occupancy-matches-hotels>, accessed 8 October 2015;

Diagram 4: Car ownership in select countries⁵

'000 inhabitants	2010	2015	2010	2015	2010	2015	2010	2015
 '000 inhabitants	807	930	511	602	216	388	126	221
	2010	2015					44	187

Source: Skolkovo Institute of Emerging Market Studies

Considering low car ownership rates in India and the fact that emerging transportation on-demand platforms in India offer air conditioned, high-quality rides for fares under INR15/km (US\$0.23/km), utilizing the services of transportation platforms turns out to be more economical. The sharing economy enables a broad segment of the population to derive benefits of travelling comfortably, without having to own cars.

Therefore, sharing economy, gives people in India the opportunity to experience the benefits of these assets without owning them, upgrading living standards by use of shared resources and providing goods and services that would be otherwise unaffordable.

A common myth associated with the sharing economy is that it will replace ownership of assets. Considering the low ownership of personal assets in India, consumers will continue to buy new products. As penetration of modern consumer products

increases with the growing middle class, ownership of personal assets is also likely to grow in India. However, the sharing economy will ensure improved utilization of those assets.

2.2 Job creation

The sharing economy has increased job opportunities in India. Given the asset-light nature of the sharing economy, platforms are able suppliers to their platforms more quickly than traditional industries. The emergence of the sharing economy has made the road to self-employment easier and more people are turning entrepreneurs. This translates to increased income for stakeholders in the sharing economy.

Diagram 5: Job potential of the sharing economy⁶



⁵ "India's passenger vehicle and two-wheeler market steer towards a double digit growth: Report," The Economic Times website, www.economictimes.indiatimes.com/articleshow/44989399.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst, accessed 7 October 2015;

⁶ "How Sharing Economy Jobs Stack Up Against Traditional Ones," Inc. website, www.inc.com/laura-montini/infographic/the-uncollared-worker-and-the-future-of-work.html, accessed 1 October 2015;

"Uber Is Investing \$1B To Grow Its Business In India To 1M Rides Per Day," Techcrunch website, <http://techcrunch.com/2015/07/31/one-billion-in-india/#.lfbvps:mWYk>, accessed 1 October 2015;

Diagram 6: Role of sharing economy in promoting entrepreneurship



Source: Compare and share - 2015, Crowd companies - 2014

On-demand technology platforms are creating a massive opportunity to employ delivery associates, data collectors and sales agents across different geographies within India. These relatively less-skilled areas of work are creating employment opportunities for many Indians to earn their livelihoods.

“By empowering the hotel partners and enhancing their business, we have created jobs indirectly. I believe we have made a great positive impact which has created employment in various fields from hospitality to hotel management.”

Ritesh Agarwal,
Founder & CEO, OYO Rooms



- ▶ Uber in India has entered into a partnership with the Government of Telangana which enables job creation.
- ▶ The company has also signed a memorandum of understanding (MoU) with the Government of Tamil Nadu which will lead to the creation of 30,000 entrepreneurial opportunities for drivers, infrastructure development and development of programs to improve technology.
- ▶ Another Indian platform has signed a MoU with an investee company of National Skill Development Council (NSDC) and Automotive Skills Development Council for training, skill development and empowerment of 50,000 women drivers on its platform.
- ▶ The company has also entered into a partnership with The Directorate General Resettlement (DGR) under the Ministry of Defence to extend an opportunity for ex-servicemen to turn entrepreneurs on its platform.

2.3 Social mobility

The sharing economy has transformed the employment market to the benefit of millions of workers. It is empowering a new class of micro-entrepreneurs who are financially rewarded for sharing their expertise, resources and services. It has led to a hike in income levels of the individuals, especially those in the low socio-economic segment.

One of the important reasons that these platforms help in creating jobs is by encouraging sections of the population who would otherwise not have joined the sector, to become a part of it. However, now with these platforms initiating a paradigm shift and overcoming the structural obstacles in the industry that prevented or precluded entry into the sector, the number of people opting to work in this sector has increased drastically. The prevalent wages in this sector have been reported to be comparable to those paid to working in professional industries in other sectors such as government employees and software professionals.

In addition to providing additional income to people, the sharing economy provides workers with more flexibility and autonomy. Transportation platforms have offered flexibility to drivers to operate according to their own convenience. In the hospitality segment, sharing networks have emerged, which allow people to rent-out their houses or unused rooms to guests and make money. Furthermore, the sharing economy provides individuals the flexibility to work with multiple platforms and not be tied to one particular platform. This opens up additional opportunities for the participants in the sharing economy.



In India, on-demand transportation platforms are providing drivers more lucrative alternatives to full-time salaries. The launch of auto-rickshaw platforms has also helped to improve the business of auto-rickshaw drivers.



At the global level, a study by a leading home-sharing portal found that more than 10,000 of its hosts are using the rental income they earn to support themselves while launching a new business.

The additional income generated by the sharing economy increases the spending/purchasing power of the individuals. The sharing economy enables individuals to take entrepreneurial risks they would not otherwise consider and move up the social ladder. The entry of platforms will be a social benefit by introducing members of the lower social strata to the latest technology and also by familiarizing them with English, which would increase their overall employment⁷ and social prospects.

The aggregation community is forming cross-partnerships with many start-ups to further add functionality and ancillary services to their platforms. For instance, a restaurant platform has tied up with a leading transportation platform to provide seamless cab services to its dining platform. Vertical expansion of capabilities within larger platforms is providing budding entrepreneurs a very real opportunity to add value and fill potential gaps in services.

2.4 Skill development

The sharing economy, by its very nature, allows people to better utilize their skills and talents. Technological improvement introduced by platforms has led to the improvement in technology skills of the unskilled workforce. On-demand technology platforms have also led to the adoption and use of English by the unskilled workforce force. These business models are incorporating initiatives to train their workforce so that they can comfortably use the technology to efficiently run their businesses.

In addition to boosting the technology skills of the unorganized workforce, the leading transportation platforms are investing in improving the behavioral skills of driver users. Furthermore, one of the on-demand technology transportation platforms in India has partnered with coaching institutes to help the children of its driver users to perform better in board exams. As a result, the platforms also contributes in the skill development of the service-providers and their dependents, which can lead to a multiplier effect in skill development. In the hotel space, the platforms provide service training for ensuring standardized quality to customers across its properties.

7 For the purposes of this report employment may include entrepreneurs, and self employment.

2.5 Convenience

Convenience is a material incentive for customers to adopt services provided in the sharing economy. The sharing economy is convenient for both the consumer and the service provider. It provides consumers with convenient and cost-efficient access to resources and to access various services with a few taps on their smartphones.

The sharing economy is also flexible from the perspective of a service provider. Service providers also have flexibility to operate according to their convenience. For instance, in the transportation space, the driver can log in to the system at any time of the day. In the hotel space, the platforms allow users to book rooms on the go without waiting for a reply from a host, and they can check in and out instantaneously instead of waiting at a reservation desk. Community-based marketplaces allow people to rent/share goods such as cameras, computers, tablets and travelling gear that one does not use frequently.

Going forward, the ability to access resources and services at any time and from any place will be a major driver that will attract more people to the sharing economy. In addition to convenience, building trust is another critical aspect that the stakeholders in the sharing economy need to address to ensure its widespread adoption.

2.6 Transparency of business and accountability

Technology has facilitated transparency and accountability by developing open-ended, user friendly platforms that promote sharing among users. For instance, leading restaurant platforms have a broad database of restaurants that are assigned mass ratings based on its users' experiences. Similarly, on-demand technologies have created a more transparent real-estate market in an otherwise opaque industry by promoting price transparency among buyers and sellers and also by streamlining the brokerage process which is otherwise difficult to navigate.

Transportation platforms have introduced more transparency in pricing and consumers are given an estimate of the trip cost in advance. Furthermore, they have introduced a rating mechanism on their apps whereby driver users and users can both rate each other. In addition, they have a pick-up time

display that allows travellers to be informed of any delays that may arise.

Peer-to-peer accommodation sites encourage a two-way rating mechanism, whereby renters can rate guests and guests can rate renters. The most obvious benefit of two-way rating mechanisms in the sharing economy is creating an eco-system of accountability and transparency between parties.⁸

The sharing economy business also improves transparency of business for the tax authorities. Small sellers or service providers who may not be transparently paying their sales tax or service tax, need to be more transparent, as transactions are easily traceable through the platform and thus help in more transparent tax filings by the small aggregated entities.



- ▶ Globally, a leading peer-to-peer accommodation company is working with authorities to ensure that regulations are honoured and that its hosts are aware of legal obligations and local regulations.
- ▶ The company has forwarded the details of its hosts to tax authorities and in some cases has collected local accommodation taxes on behalf of the respective municipal authorities.
- ▶ This increases the transparency and accountability and reduces the possibility of undeclared rental income.

⁸ "Trust and transparency in the new 'sharing economy,'" Irish Times website, www.irishtimes.com/business/trust-and-transparency-in-the-new-sharing-economy-1.2323066, accessed 2 October 2015;

2.7 Impact on environment and infrastructure

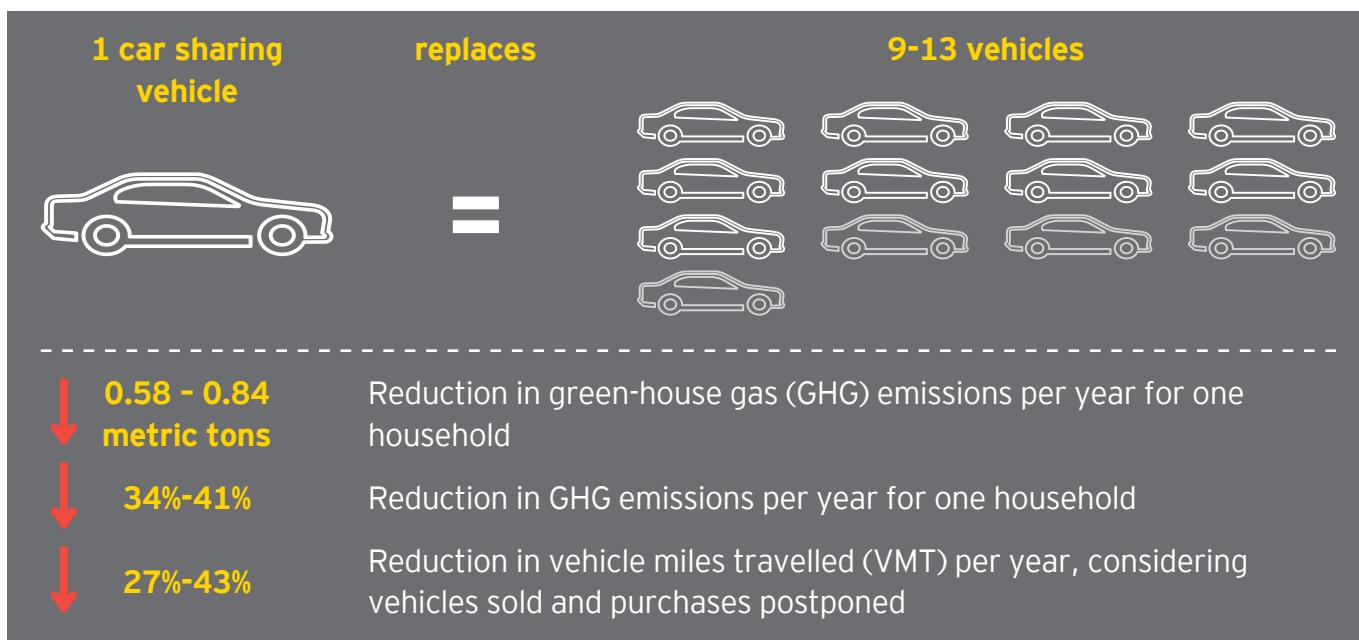
As transportation platforms become more popular, people are becoming less dependent on their own vehicles to get around, reducing the total number of cars on the road. This creates greater efficiency and has a favorable impact on the environment, as well as reducing wear-and-tear on public infrastructure, leading to substantial savings for public coffers.

Globally, car-sharing services have contributed to reduction in travel costs and GHG emissions. The sharing economy emphasizes on re-use of assets rather than absolute ownership. People can use products/services when they

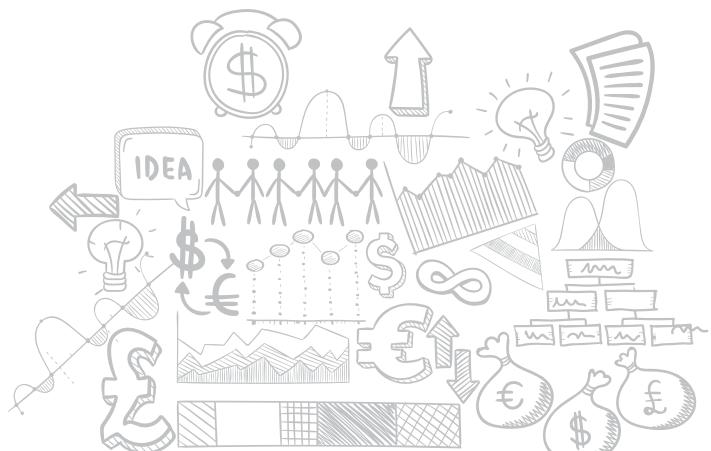
need it, without having to own it. Furthermore, as there are fewer vehicles on the road, this leads to a reduction in road maintenance costs for municipal authorities.

In India, the passenger car market has been on an upward climb over the last decade. However, the road length (in available kms), particularly in the metros and tier-I cities is not growing correspondingly. As a result, the physical infrastructure is severely constrained, leading to frequent and long traffic jams during peak hours.

Diagram 7: Impact of car sharing⁹



Source: Mobility and the sharing economy: impact synopsis; Spring 2015; Transportation Sustainability Research Center - University of California, Berkeley study



9 "Mobility and the sharing economy," Berkeley University, 2015, p.2



- ▶ On-demand transportation platforms connect riders to travellers and drivers in a more efficient manner leading to better utilization of vehicles.
- ▶ For instance, a person traveling from Delhi to Jaipur can use a long distance ride-sharing service to look for people travelling on the same route. The ride-sharing service connects car owners and co-travellers and as a result, the fuel expenses can be shared between multiple people.
- ▶ In addition, the fuel consumption can be reduced when multiple people share one car, instead of opting to travel separately.
- ▶ As a result, this leads to reduced number of cars on the road, eases traffic congestion and reduces fuel emissions.

associates, sales agents and restaurant managers) associated with the sharing economies will need to be comfortable with the use of smartphones and the internet. In addition, there is a push for customers to start becoming tech-savvy by using such apps and navigating through embedded features such as using mobile wallets to pay for services.

Some of the platforms provide a free smartphone to its driver users for using their platform, which they also use for other personal activities including e-commerce, mobile banking, citizen services and bill payments, which also enable inclusion of more people on such digital platforms.

Diagram 8: Sharing economy and its role in digital literacy



2.8 Digital literacy

The term "Digital Literacy" can be defined as "the awareness, attitude and ability of individuals and businesses to appropriately use digital tools and technology to identify, access, interact, transact, manage, analyze and synthesize digital resources to create or construct new knowledge". The sharing economy promotes digital literacy by helping to build a skilled, tech-savvy workforce by increasing familiarity with smartphones, financial bank statements, technology and the English language.

Companies facilitating the sharing economy use digital platforms to deliver their products and services in a seamless manner. Due to the requirement of digital media such as mobile devices, the service providers (driver users, delivery

The sharing economy is also transforming the manner in which education is consumed and delivered. Institutions around the world develop informative material that, in the brick and mortar economy, was focused on just a subset of the population leading to its limited utilization. However, as online platforms for sharing became popular, such material became accessible to a much broader population through the internet. Thus, knowledge sharing and information utilization picks up in a big way.

Companies provide technology platforms that allow anyone to set up and run their own class. The sharing economy enables students to watch videotaped lectures and take quizzes online at their convenience. Education platforms or knowledge marketplaces can provide a powerful alternative to the traditional learning experience and makes educational resources more affordable and readily available.

The sharing economy has a big role to play in digital literacy. For digital literacy to play a key role in creating a sustainable entrepreneurial shared service economy, an attempt to adopt the following initiatives will be a first step in powering the digital economy.

- ▶ Change in employment practices that enhance access, participation, mobility, competitiveness and productivity while maintaining social protection and worker certainty
- ▶ Closing the gender gap between male and female employment rates
- ▶ Increasing fixed-term contracts and temporary employment
- ▶ Develop right skills for the digital economy to respond to change
- ▶ Create a skills strategy at a country level
- ▶ Support shared service firms in training and development programs through PPP models
- ▶ Engage with international organizations to define skills and programs for success in the digital age
- ▶ Ensure coverage of new skills in primary, secondary and tertiary education relevant to the knowledge economy
- ▶ Defining Key Performance Indicators (KPIs) for measuring talent and skill effectiveness

Action must be taken to ensure that people are appropriately skilled and have the capability, flexibility and adaptability to participate in the workforce of today and the workforce of the future. Special consideration must be given to actions that motivate unemployed youth and groups with low participation so that the larger populace or workforce can be gainfully engaged.

India can create conditions for successful and sustained job growth through entrepreneurs and established businesses by enabling a fair and competitive landscape supportive of private sector growth; providing adequate or better infrastructure to support new enterprises and encouraging broad-based tolerance for failure.

Rapidly changing technology will continue to impact the nature and type of skills required in the future economy. Science, Technology, Engineering and Mathematics (STEM) occupations will need focus in the new economy. Basic skill needs will broaden and evolve from literacy and numeracy, to digital literacy, creativity, problem solving, critical thinking and resilience. The environment is continuously changing and prior experience and qualifications are no longer relevant or lasting. Lifelong learning, vocational skills and career reinvention becomes the norm. Not all jobs in the new economy will require university education – apprenticeships and on the job skills will become more critical and drive the “middle skills”. This will require sufficient technical and trade skills.

The increasing reach of digital and mobile technologies will continue to enable opportunities for young entrepreneurs to be created and grown outside traditional markets, and this in turn will challenge mature businesses to respond with similar entrepreneurial and innovative efforts. To be successful, young entrepreneurs require additional, tailored support in areas such as access to finances, simpler regulatory norms, training and mentoring and forums for connecting with other businesses.

In conclusion, digital literacy will only flourish and be successful if technology can create an increased impact on socio-economic processes to narrow the digital divide and the rural-urban chasm in skills, development, economic disparity, workforce migration and arbitrage.

Challenges and regulatory hurdles for the sharing economy



While the benefits provided by the sharing economy are innumerable, its rapid growth also poses complex challenges. Winning consumer trust is an integral element of the sharing economy, and is critical for peer-to-peer businesses. As the sharing economy makes rapid inroads into our day-to-day lives, protecting consumer interests will be of paramount importance. People (consumers and service providers) need to trust both the platform they are using and the people with whom they are connecting.

The innovative business models enabled by the sharing economy are blurring the lines between personal activities and professional services. This has complicated implications on taxation and regulatory compliance. As these business models evolve, there will be a need to establish regulatory frameworks that address the operating modalities of the ecosystem.



The challenges faced by service providers in a sharing economy are:

3.1 Consumer-side

Consumer trust and safety: Trust is a prerequisite for any form of sharing, whether it is to use another's accommodation or get into their car. It can be difficult to build trust with customers via an online platform as the tech-savvy consumers of today focus more on affordability and convenience than on building loyalty with providers or social relationships with other consumers. Moreover, lack of accountability in consumer grievances and its redressal is a major barrier in winning consumer trust.

For the sharing economy to continue on its growth trajectory, businesses will have to find ways to foster trust. Authenticating the identity of the service provider is a good measure to build a basic level of trust between strangers but this is more challenging in a peer-to-peer business model as compared to the business-to-consumer model. For example, not everyone engaged in the sharing economy services has a passport to upload, and they may not have a profile on leading social media sites. In addition, lack of transparent regulations may lead to instances of asymmetric information during transactions, i.e., sellers might withhold information about products or services that will prevent users to distinguish between good and bad purchases. Therefore, transparency through ratings and

positive online reviews plays a crucial role in gaining consumer trust and generating leads.

Security and risk mitigation: The sharing economy model is faced with multiple challenges that require strong risk mitigation strategies in place.

The process for solving customer grievances should be well defined and responsibilities well established for the consumer, on the relevant players in the eco-system responsible for the quality of products and services.

Consistency in service quality: The pressure to maintain consistent service quality is high in a sharing economy marketplace as the level of customer service may vary from place to place and supplier to supplier. With the rapid improvement in technology, it may be easy to build a marketplace app, but it is not easy to provide consistent high-quality services and scale it across multiple locations. The service providers have to keep up to the consumer expectations of a superior experience at all touch-points every single time. For example, a unique experience holds equal importance as service quality in terms of appeal of the sharing economy in hospitality.

3.2 Business-side

Regulatory considerations: The traditional industries operate under the influence of regulations placed by the GoI. However, with the emergence of the sharing economy business models, there may be a need to re-examine the regulations around them and specifically address the requirements of each sub-segment of the shared eco-system. For example, while regulations are in place for traditional taxi operators, most Indian states do not have specific regulations covering on-demand transportation platforms.¹⁰ While the GoI has enacted guidelines that limit the liability of intermediaries¹¹, many platforms feel that governments and regulators must clarify the applicability of these rules to various sectors within the sharing economy. In a welcome first step, the recent advisory issued by the Ministry of Road and Transport, Government of India has issued advisory guidelines to states that specifically look at regulating on-demand transportation platforms.¹²

- ▶ According to Aprameya Radha Krishna, former co-founder, TaxiForSure, "Every state has its own regulation when it comes radio taxis schemes and some states enforce transportation platforms to comply with the radio taxi schemes. Some of the radio taxi regulations do not match with the need of current times such as having printers inside the cab, carrying yellow taxi board sign on the top of vehicle."
- ▶ For instance, all drivers of radio taxis, black and yellow taxis and autos in Mumbai have been issued a Public Services Vehicle Authorization badge. Majority of the drivers users, working with transportation platforms do not have the badges, which leads to non-compliance of state-specific laws.
- ▶ Another state transport department has amended its policies to pave the way for transportation platforms to operate. According to new rules, apart from the GPS- and GPRS-based tracking devices, a printer and a display panel showing the path traversed and the total distance covered has to be installed in taxis. The color of the radio taxi should be white, with a colored strip on both sides of the taxi, prominently displaying the name of the licensee. Transportation platforms find it difficult to comply with this requirement as cars on such a network have multiple operators and, therefore, cannot carry the label of one service provider alone.

¹⁰ State's Motor Vehicles regulations

¹¹ Intermediary Liability Rules, 2011,

¹² Clause 1.2, Advisory for licensing, compliance and liability of on demand information technology based transportation aggregator (Taxis 4+1) operating within the jurisdiction of India, Ministry of Road Transport and Highways, Government of India dated 8th October, 2015.

As the eco-system grows, the regulatory policies should be agile to keep pace with the rapidly changing technologies. In crowdfunding, for instance, a venture is funded by raising small amounts of money from a large number of people, typically through an internet-based platform. The Indian corporate law regulations require a company to go through the public offer process for raising funds from more than 200 investors, even where the amounts involved are small.¹³ Another example is the lack of clarity on fares around dynamic pricing adopted by transportation platforms, which brings their operations under regulatory scrutiny.

Managing the unconventional workforce: The last two decades have recorded a structural shift in the way we work. The traditional employer-employee relationship has evolved. The sharing economy is driving this fundamental shift as it relies heavily on short-term, elastic employment, rather than traditional stable employment. Individuals rendering services through the sharing economy platforms participate as independent contractors, self-employed or freelancers. Adequate background verification, training and skilling of this workforce is imperative for the successful delivery of services due to the consumer-facing nature of the businesses. For instance, an online education platform provider has a multi-tier review and on-boarding process that includes references, optional background checks and verification of social media accounts, online training and exams and a manual review that determines whether every candidate has the experience to maintain an appropriate level of customer service.

Distinction between employee and independent contractor: The primary distinction between the sharing economy and traditional industries is that the sharing economy does not own or directly employ people to provide goods and services. Alternatively, the sharing economy promotes micro-entrepreneurs to leverage their platforms for gain. Independent contractors also have the ability to operate in their own time and are not bound by timing restrictions.

Acceptance of dynamic pricing: As the sharing economy is dependent on maintaining a steady supply stream to meet its demand, dynamic pricing is an effective way for market participants to ensure a supply of service.

Insurance: On-demand transportation platforms have specifically expressed challenges to India's insurance regulations when compared to most other jurisdictions in the world.

1. Insurance rates and contracts are both pre-determined under regulations and there is no flexibility or scope for negotiations.
2. Any new insurance product will also have to be approved by the regulator.
3. Peer-to-peer (P2P) ridesharing becomes complicated to implement in the face of this regulatory uncertainty. This is because the Motor Vehicles Act does not permit private vehicles from plying on "hire or reward". If any vehicle were to do so, the insurance policy associated with such vehicle is deemed void ab initio.
4. Furthermore, as the term "hire or reward" is not specifically defined, any vehicle that only charges the basic cost from a passenger for a ride, also faces the risk of its insurance policy not being honored by an insurance company.
5. This situation is compounded by the fact that plying any vehicle without appropriate insurance is a punishable offence under the Motor Vehicles Act.

New technology: Companies in the sharing economy strongly believe that the GoI must replace some of the existing laws and regulations impacting the sharing eco-system and allow for latest technologies to prosper in the sector. For example, the law stating that each taxi must have a physical printer to issue invoices to customers at the end of the trip may be replaced with smartphones and email invoices to customers.

Tax compliance: The structure of sharing economy business models has serious implications for the compliance enforcement of consumption taxes. The sharing economy ecosystem involves providers of goods and services that operate on thin margins use personal property for business purposes, and who are unfamiliar with the challenges associated with filing and reporting independent contractor

¹³ "Section 42 of the Companies Act, 2013," Ministry of Corporate Affairs website, <http://www.mca.gov.in/Ministry/pdf/CompaniesAct2013.pdf>, accessed 6 October 2015;

"Companies(Prospectus and Allotment of Securities), Rules 2014," ICSI website, <http://www.icsi.edu/portals/0/PROSPECTUS%20&%20ALLOTMENT.pdf>, accessed 6 October 2015;

incomes.

Typically, on-demand transportation platforms only bring the consumer and the service provider together, the actual service delivery is from the service provider to the consumer. In this context, the tax authorities had raised questions regarding the person liable to discharge the service tax on the services delivered. The Finance Act 2015 has now introduced provisions under which the platform is required to discharge the service tax liability on the services provided by the service providers.¹⁴ While this has provided some clarity on taxation for on-demand transportation platforms, some issues still remain unaddressed including credit loss to the vendors.

"Insurers are still trying to figure out a way to structure and price their products for the shared economy. This makes tech and analytics a key competitive advantage for aggregators by helping them select their vendors and customers and incentivize good behavior."

Vishal Dixit,
Managing Director, Mayfield Advisors

"Service tax implications on aggregation is a challenge, with incidence of tax at the point of collection. Holding monies in escrow can be deemed income, and proving that is only pass through is cumbersome. So while large companies have figured it out, the smaller startups suffer with a lack of clarity, and unnecessary delay dealing with the laws of the land."

Arjun Baljee,
Founder and CEO, Stayology



¹⁴ "Notification No 5/2015 dated 1 March 2015- Service Tax," Central Board of Excise and Customs website, <http://www.cbec.gov.in/resources//htdocs-servicetax/st-notifications/st-notifications-2015/st05-2015.pdf;jsessionid=2381E08677BE8529FB4BAE1D7A7A9FD7>; accessed 6 October 2015;

3.3 Addressing the regulatory hurdles associated with the sharing economy

To realize the full potential of the sharing economy, there is a need that workforce markets, finance markets and the laws of contract are flexible and adaptable. The sharing economy companies believe that the “regulation gap” between incumbent and new entrants can be bridged by establishing strategic operating frameworks and extracting maximum value out of shared resources through self-governance mechanisms. Some suggestions emerging from the sharing economy industry are:

As a welcome move, the central government has issued advisory guidelines for on-demand transport technology aggregators and it is the industry's opinion that these guidelines should be largely followed by the state governments.

Accepting tech platforms to do redundant tasks

- ▶ Acceptance and increased reliance on advanced technologies to perform redundant tasks including invoicing
- ▶ For example, a smartphone available to taxi drivers or delivery agents may also perform the function of generating and emailing an invoice to the customer

New approach to legislation

- ▶ Use emergence of new business models as an opportunity to develop a new, “empty the box” approach to regulation, building on the committee’s research, findings, analysis, and recommendations
- ▶ This approach to regulatory reform keeps intact only those provisions that are necessary and relevant today



Establishing strategic operating framework

- ▶ Establishing a strategic operating framework that contemplates key considerations and enables the GoI to take specific policy decisions, evaluate those decisions and make mid-course adjustments
- ▶ This framework could be based on a cross-jurisdictional committee with representation from GoI, thought leaders, and industry (including existing operators and new market entrants) with a mandate to analyse the opportunities and impacts of the sharing economy on the economy of the state and make comprehensive recommendations to help the state government pass adequate regulations
- ▶ Creating increased clarity for workers and users of the sharing economy by providing a how-to guide on tax compliance

Relaxing industry-specific regulations

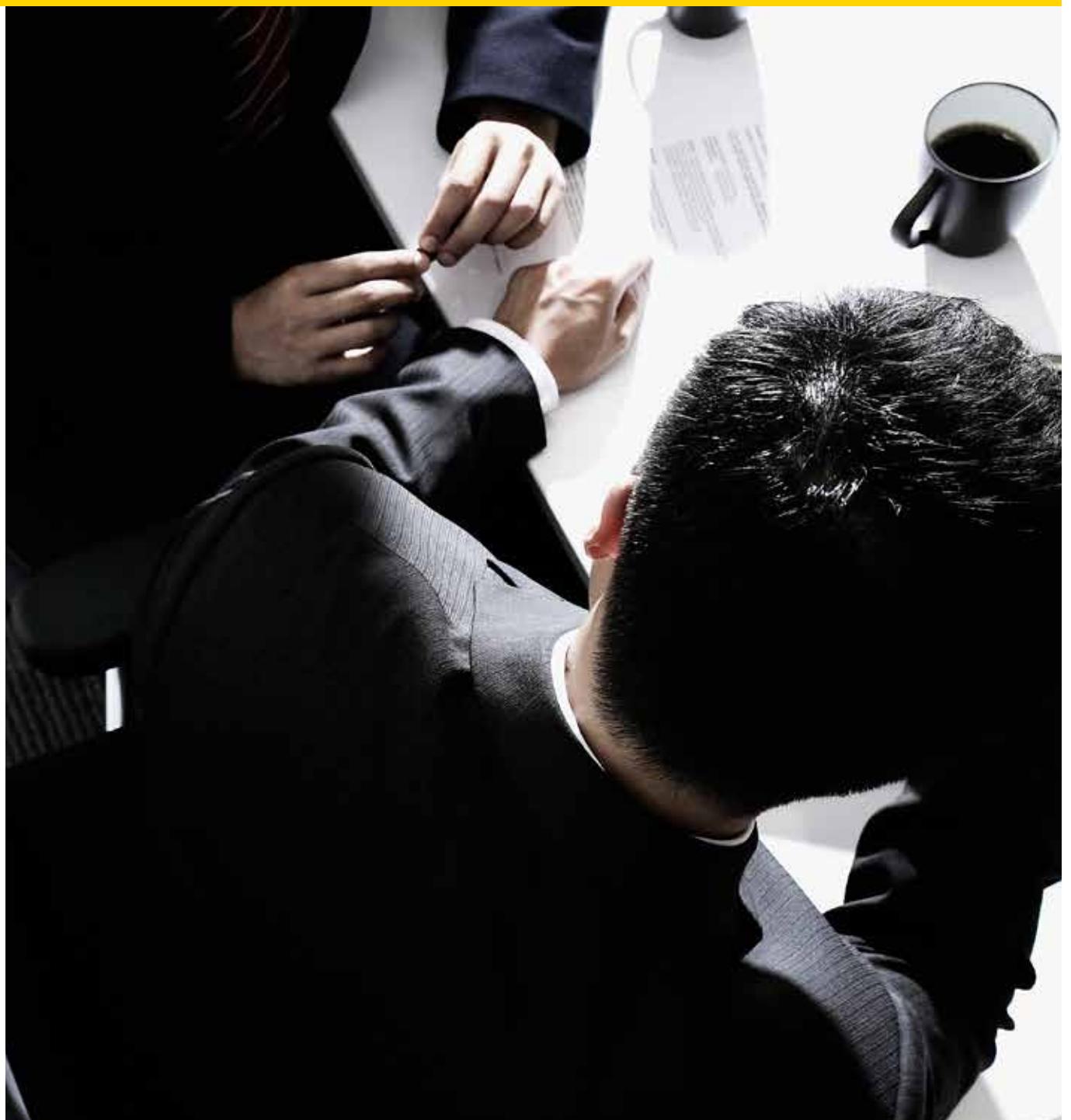
- ▶ Relaxing regulatory controls to drive the growth of the sharing economy businesses. For instance, such regulatory flexibility could include low corporate tax rates; better access to credit through financial market reform; workforce market reforms to attract talented staff and flexible contracting laws

Strengthening self-governance mechanisms

- ▶ Implementing bottom-up governance mechanisms by utilizing information available that only the consumers can provide. For instance, the ubiquitous use of rating and reputation systems is not forced inclusions by top-down regulators. These mechanisms are the result of market competition aiding the development and supply of reliable products and services



Sharing economy and its role in key initiatives of the Government of India (GoI)



The benefits of the sharing economy companies are not just limited to the consumer, employees or the society but the sector also indirectly helps in some of the GoI initiatives.

Digital India program

The shared economy companies directly help in expanding the reach of the internet and smart phones in the society. Since smartphone usage is one of the major drivers of the on-demand economy, service providers and consumers need to be connected to the Internet to participate. The sharing economy companies in the domain of F&B, transportation and hospitality suggested that they have put smartphones in the hands of such people who otherwise either could not afford or were not inclined to adopt one. The incentive of better income acts as a driver to propagate the digital literacy drive. These companies also train them in the usage of internet and its associated benefits.

"Sustainable environment is one of the major contributions that a shared economy is lending. By encouraging peer to peer renting, resources such as food, water and electricity are utilized economically and thus the concept of a sharing economy as against individual ownership is being popularized. Additionally, due to the organic availability of more livable spaces, land and forest depletion caused by the building of new hotels and shelters will considerably reduce."

*Sachit Singhi,
Co-founder, Stayzilla*

Skill India program

The shared economy companies are not only providing digital literacy to its employees or stakeholders in the industry, but are also training them on language skills, soft skills as well as basic mechanic skills for efficiency. All of these contribute towards upskilling people, which is the basic aim of the government's skill India program.

The sharing economy companies are putting a significant focus on training the staff in hotels, delivery personnel, drivers etc because customer satisfaction has become a key success factor in the success of any of these companies. One of the leading transportation platforms in India has plans to train 50,000 women drivers to make them fit for the job and be micro-entrepreneurs themselves.

Positive impact on the environment

The very concept of the sharing economy is based on efficient utilization of existing assets. Creation of new assets eg. hotels does have an adverse effect on the environment. Lesser cars on the road would have a positive effect on pollution levels and also causes lesser wear and tear of road infrastructure.

Smarter cities

The sharing economy companies, particularly in the transportation sector, generate significant data on the behavior of traffic in the city at various times of the day. This data can be utilized to route vehicular movements, identification of bottlenecks etc to reduce congestion and ensure better traffic flow.

The opportunity ahead for the sharing economy in India



Internet penetration in India compared with the other BRIC and developed countries is still nascent. However, in terms of actual numbers, the available pool of internet users that can be targeted is only third in the world, next to China and the US. Further, India is poised to surpass the US to become the country with the second-largest internet user base in 2015. With internet penetration at just 19.2%, there is significant opportunity for the companies in the sharing economy to grow.

Mobile proliferation has been a key driver for the sharing economy companies in all countries including India. The number of mobile subscribers is expected to grow at a much faster rate due to decreasing costs of smartphones and affordable connectivity costs. 4G roll-out and increase in 3G penetration will boost speeds. Since most of the sharing economy companies leverage mobiles as a medium to reach customers, these companies are all set for a rapid growth.

	India	Key developed countries		BRIC countries		
 Internet user base	243m	280m	57m	642m	108m	84m
 Internet penetration	19.2%	86.8%	89.9%	46.0%	53.4%	59.3%
 Online shoppers	35m	197m	41m	361m	33m	30m
 Retail e-commerce (\$ billion)	5.2	305.7	82.0	426.3	16.3	17.5
 2012-2014 CAGR	47.2%	16.1%	16.7%	40.9%	25.0%	21.6%
 Online as % of total retail	0.7%	6.5%	13.0%	10.1%	3.8%	2.2%
 Total m-commerce market (\$ billion)	0.6	86.0	22.0	140.0	1.1	3.0

Sources - Internet live stats, IAMAI, eMarketer, Statista and Internet retailer

* All data as of 2014

The sharing economy trend in India is gaining traction as more consumers, particularly urban millennials, are finding it convenient and cost effective. Sharing personal products such as one's home or car that are currently not in use by the owner is still to be seen. However, the opportunities it presents are substantial, given the demographics, market demand and shift in consumer preferences.





Till now, the sharing economy has been more impactful in the consumer markets e.g. transportation and retail where physical assets are consumed as services. However, as the brave new world of commerce unfolds, sharing economy models will make rapid inroads to include a whole range of intangible services such as on-demand cleaning services and delivery services. Furthermore, the proven success of the sharing economy has huge potential to be replicated across industries such as healthcare and education. Various factors make these industries “sharing economy-ready”. Intense competition and inherent inefficiencies in delivering education and care are driving providers’ relentless focus on economies of scale, and digital technologies (cloud, mobility, social media and analytics) are laying strong groundwork for making seamless sharing possible in these industries. Some use-cases include transportation aggregator offering its platform for heart-disease screenings or administering vaccines. Nurses, who work for service providers instead of one particular hospital – they are told where to report, based on need. Similarly, applying sharing model to education is a major step to make educational resources accessible and readily available. A knowledge marketplace can provide a powerful supplement to the traditional learning experience.

The evolving sharing economy business models may lead to significant regulatory changes. At the moment, however, the sharing economy market is growing at a quick pace with new start-ups emerging in existing and new categories. Technology has enabled the consumer to experience a new way in which goods and services are consumed. Considering that the benefits of the sharing economy model are visible, the potential for growth is great. As clarity on the regulatory environment around these business models emerges with time, the existing models will adapt to the changes and platforms will become more secure business models. This will also enable consumers to experience a better and consistent level of service.

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