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**The emergence of On-Demand Economy and its
implications for India**

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Digital technology in the form of the Personal Computer and the Internet has already transformed work, education, government, leisure and entertainment, generating new market opportunities and having a major economic impact across a broad range of sectors. Subsequent emergence of new digital infrastructures, including wireless networks, mobile devices and positioning technologies, brings the next radical shift in digital technology by getting embedded into the public spaces, architectures, furniture and the personal fabric of our daily lives.

It underpins the gradual transformation of transportation and healthcare sectors into 'on demand' sectors and future likely transformation to other sectors including the creative industries and financial services leading to a On-Demand Economy.

The On-Demand Economy comprises the economic activities created by technology companies that fulfill consumer demand through the immediate provisioning of goods and services. Supply is driven via an efficient, intuitive digital mesh layered on top of existing infrastructure networks. This leads to a very efficient and cost effective door to door delivery system. This in turn generates larger demand.

Immediate access to messaging, e-mail, media, and other online functionality through smart-phones has generated a sense of entitlement to fast, simple, and efficient experiences. The convenience of delivery was the overwhelming determinant in consumers' decision to purchase groceries online.

The fast-moving technology is transforming industries which have historically been slow to innovate. The ground transportation, grocery, and restaurant industries are prime examples of hyper-growth categories in the on-demand world.

Where there is a "surplus" of rooms, drivers, restaurants, or contractors - the on-demand economy takes this surplus and puts it to work for the benefit of the workers, consumers and the communities in which they reside. It creates 'Prosumers' both producing and consuming. It resembles the intermediary function of commercial banks in integrating deposit taking and credit disbursement functions. It is also like crowd-funding. The basic idea is of connecting people with freelancers. The Economist describes it as a way for two groups of people namely 'with money but no time' and 'with time but no money' to trade with each other.

A remarkable increase in the number of smart-phone connected consumers, simple and secure purchase flows, individual choices of engagement, commoditizing (value creating activities becoming digitally visible) practices and location-based services and technological innovations led to surge in on-demand services. On-demand market leaders have created successful business models, mostly through collaborative

advantages, which can satisfy the needs of consumers in a far more cost-effective, scalable, and efficient manner than their predecessors.

According to market sources, over \$4.8 billion in capital has been invested in on-demand companies in USA, with \$2.2 billion invested in the last 18 months. The transportation industry alone has amassed over \$2.1 billion in financing, including Uber's most recent \$1.2 billion financing round at a \$18.2 billion valuation.

On Demand Economy has bloomed in USA over the last five years or so. Significantly, its emergence coincides with the global recession of 2007-8 and obviously largely helped the recovery in USA.

In India, On Demand Economy is apparent already, albeit in patches. It will spread throughout with increasing digitization, cell phone use and on line commerce. The On-Demand Economy will revolutionize the way people transact or create thousands of jobs or move governments. This is already happening. The question now is when the services offered in this economy will begin to be utilized by consumers outside of the tech-savvy, early adopters.

When this happens, as explained hereinabove, this will enable overall larger accessibility on one hand and larger demand on the other. Then there will be more efficient supply chain mechanism lowering cost and in turn inflation. It will also generate larger effective demand. In brief, it will address India's three problems of slow growth, unemployment and inflation.

On Demand Economy, unfortunately clearly imposes more risk on individuals. To quote The Economist: 'But workers who value security over flexibility, including a lot of middle-aged lawyers, doctors and taxi drivers, feel justifiably threatened.' The Uber incident in Delhi is a glaring example of how things can go wrong if proper safeguard is not in place. Further, trust in the quality of services and delivery, particularly because of the traditional association of business and commercial class in India with sharp practices (in fact, plain deception), may take time to grow. Therefore, regulations need to be correspondingly responsive to eliminate such possibilities of crime or deception.

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