# Chapter 7
# The Rise in the Sharing Economy: Indian Perspective

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## ABSTRACT

*Peer to Peer sharing economy has tremendous potential for decentralized innovation and new ventures in a developing country like India but apart from self regulation there is need for a new regulatory framework to realise its full potential. The regulatory policy should concurrently enhance the key efficiencies of sharing platforms along with protecting consumers' rights. Government should aim to secure the opportunities offered by these sharing platforms to optimise their operations and better utilisation of public resources. Thoughtful regulatory intervention can serve to encourage the development of new ideas and new ventures in the sharing economy.*


## INTRODUCTION

The world is at an inflection point. Globally, economies are striving for frugal economics, environmental sustainability and community gains with a variety of enablers like technology, social networks, and cultural factors. The rise in population is leading to the depletion and scarcity of many natural resources across the globe. Rising urbanisation is also posing problems in terms of public services and community building. However, the millennial generation has made it clear through the use of digital technologies that they do not want to inhabit the world that is depleted in value. Digital technologies enable people to directly connect with each other in all possible meaningful ways so that they can use the idle and underutilised resources of others temporarily without permanently owning them. Technology has facilitated the step towards 'asset light' generation from 'asset heavy' generation which is termed as sharing economy or collaborative consumption (April,2013).

This trend has stimulated immense innovation, created new marketplaces and redefined the nature of business. Most of us in today's context relate sharing economy very well to UberPOOL, transporta-

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tion service provider and Airbnb, an accommodation service provider. These business models rely on sharing consumers' assets that are lying unused or could be spared. Increased digitalisation along with internet and mobile phones have facilitated efficient sharing of goods, services and information on one end and effective internationalisation of firms due to reduced transaction cost on the other end (Fellander et al., 2015).

## DEFINING THE SHARING ECONOMY

Sharing economy has been often referred and used interchangeably by several authors as collaborative consumption (Botsman and Rogers, 2010), peer to peer economy (Henning-Tharu et al., 2007) access-based consumption (Bardhi and Eckhardt, 2012), commercial sharing systems (Lamberton and Rose, 2012), connection consumption (Schor, 2015) and Mesh (Ganskey, 2010) among others.

The term 'collaborative consumption' was popularized by Botsman and Rogers in their pioneering work What's Mine is Yours (2010). According to their definition, collaborative consumption occurs when people participate in organized sharing, bartering, trading, renting and swapping to get the same pleasures of ownership with reduced personal cost and lower environmental impact. Bardhi and Eckhard (2012) defined sharing as 'access-based consumption' where the transaction in the market takes place without transferring the ownership. Meelen and Frenken (2015) also define sharing economy as granting temporary access to customers to use ones under- utilized assets in return for money.

Belk (2014a) has rightly pointed that the phenomenon of sharing is as old as humankind; nevertheless the internet age has given rise to the phenomenon of collaborative consumption and sharing economy. He argues that "you are what you own but the internet has given you the opportunity to express your identity without ownership". According to Belk (2014b) collaborative consumption is pseudo-sharing in nature because the sharing of goods results in temporary ownership in return to a fee or compensation unlike the true sharing where sharing does results in temporary ownership but without any compensation. Wosskow (2014) also opines that sharing economy as an online platform enables people to share access to assets, resources, time, and skills either for-profit or not-for-profit activities.

Schor et al., (2016), Schor and Fitzmaurice (2015) and Codagnone and Martens (2016a) defines sharing economy as digitally connected economic activity that facilitates exchange among unknown capital consumers based on the technology, like recirculation of goods (eBay), utilization of durable assets (Uber, Airbnb), exchange of services (Task rabbit) and sharing of productive assets and building social connections (Eatwithme). Codagnone et al. (2016b) also believes that sharing economy platforms facilitate the matching of different groups of users and providers to enhance the scale and speed for traditional transactions such as selling, renting, lending, labour trade, and provision of services. According to PWC report (2015) the five key sharing sectors—travel, car sharing, finance, staffing, and music and video streaming are expected to increase their global revenues from $15 billion in 2015 to $335 billion by 2025 by shaking up the established traditional market. Consumers are eager for sharing-based economy and are willing to borrow goods, rent homes, or serve up micro-skills in exchange for money.

Hamari et al. (2015) defines Collaborative consumption as a peer-to-peer-based activity of obtaining, giving, or sharing the access to goods and services, coordinated through community-based online services. Online platforms assist demand and supply match in a particular market by facilitating peer to peer (P2P) selling (eBay and Etsy), P2P sharing (Airbnb, Uber, TaskRabbit) and crowd sourcing (Mechanical Turks, Kickstarter, AngelList) (OECD, 2014).

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