

Understanding the **Biggest Challenges** faced by Blue Collar Workers in India

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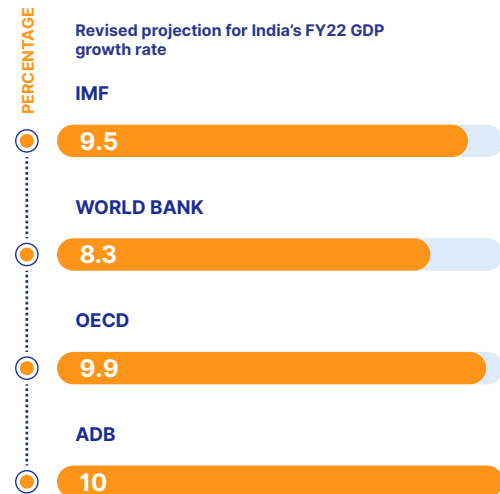
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From our
Desk

Despite the pandemic-induced setbacks, the Indian economy is quickly getting back on its feet. The economy grew at a record pace of 20.1% in Q2 2021, despite a devastating second wave and localised lockdowns. A huge part of this surge can be attributed to sectoral growth in the construction (68.3%), manufacturing (49.6%), mining (18.6%), and farm (4.5%) sectors.

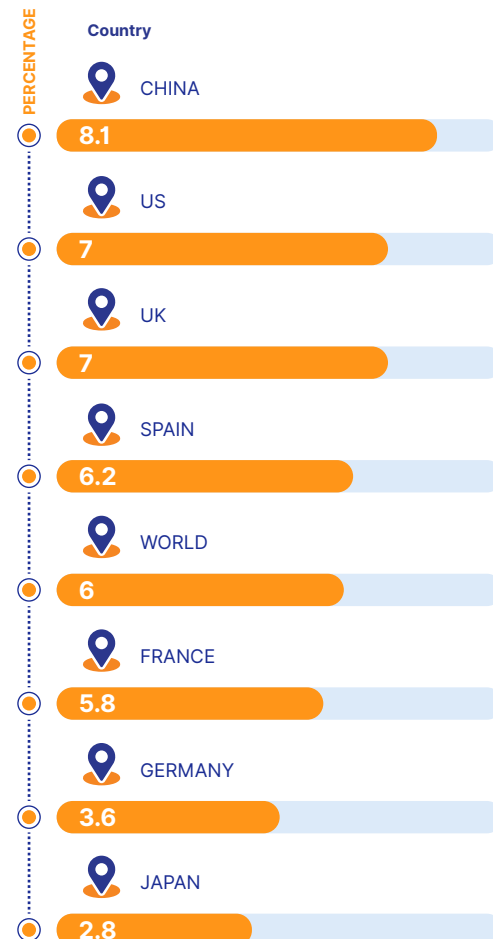
Behind these growth stories lies the hard work of over 450 million blue-collar workers, who operate on the ground level so that companies can prosper, and consumers can have access to essential goods, despite regional lockdowns. Rapid urbanisation

Growth Story



Pandemic Induced Woes

About 1.06 crores of migrant workers returned to their home states during the 2020 lockdown. In 2021, many of those who had lost jobs found employment again, but with a huge fall in aggregate income (90% due to a reduction in earnings).



such workers in India's promising and flourishing gig economy. But a huge percentage (80%) of workers in India belong to the informal sector, which creates employment but exacerbates the difference in standards of living among the population. A majority of blue-collar workers live in rural and semi-rural areas, in marginal poverty, and migrate to cities in search of employment. To add to their woes, they don't even get a fraction of the benefits extended to white-collar workers. In this whitepaper, we focus on the many challenges they face.

Finding Employment Opportunities

While there are many job boards and websites that cater to white-collar employment, blue-collar workers are still heavily reliant on old-school ads, word-of-mouth referrals, and recruitment agencies. Workers are

largely unaware of existing job opportunities. They often fall prey to middlemen, who charge hefty fees with the promise of jobs, and yet these workers earn meagre wages. The process is tedious and long-winded, taking weeks and months, leading to frictional unemployment. Workers are left with gaps in employment, and loss of income. Then there is the problem of seasonal unemployment in India. In sectors such as agriculture and construction, demand peaks only during a certain time period. Reduced demand for labour in other seasons leads to loss of income and adds to the struggle for low-income families. COVID-19 has further contributed to this job crisis.

For instance, in December 2020, the unemployment rate rose sharply as the rural economy failed to hire workers due to seasonal weakness.

“Like the rich versus poor divide; the urban versus rural divide, the literate versus illiterate divide; English speaking versus non-English speaking divide is a divide that keeps a segment of the population perennially at a disadvantage.”

~ V Raghunathan, Director, Schulich School of Business (India Program), York University, Toronto, former professor of IIM Ahmedabad, former president of ING Vysya Bank & former corporate CEO.

Most of these workers lack the skills that can enable them to seek employment in different sectors during the low-demand season. Many, who hail from rural areas, face language barriers in cities and, therefore, difficulties in communication.

There is an urgent need for technology that increases the visibility of these workers for companies. Companies should be able to have access to a verified and vetted pool of candidates (through tailored campaigns in native languages), so that they can deploy them at scale with ease. Only then can the demand-supply issue be addressed. Increasing difficulties in mobilising resources for companies can lead to lower production, revenues, and service quality.

Lack of Upskilling and Career Growth Opportunities

There are significant inequalities in the education systems around the world. In India, socio-economic hierarchies and even gender determine the level of access to professional education. While traditional blue-collar work was associated with mindless physical tasks, the new-age roles in companies today demand a certain level of digital literacy to manage intelligent workflows. In the manufacturing space, the pandemic has been a huge driver of automation, which means less dependence on manual labour, and greater demand for skilled labour. Over



innovation at the heart of their post-pandemic recovery efforts, and 78% of organisations have sped up their digitalisation efforts. Workers, therefore, face the challenge of up-skilling themselves, to be able to operate the newest technologies and grow in their profession. The emergence of the gig economy has also contributed to the demand for skilled workers in various roles across sectors. Yet, gig workers mostly have lower educational qualifications than non-gig workers, with 30% studying only till grade 9, compared to 20% of the latter. While companies are investing extensively in digital L&D initiatives for white-collar workers, blue-collar workers rarely have such opportunities. This stunts their prospects for career and wage growth.

Underpayment and Low Wage Growth

In India, the informal sector saw a sharp decline in wages by 22.6% in the pandemic.

The informal sector comprises a huge number of low-skilled workers who are desperate for employment. They are ready to work for miserly wages, to meet their requirements, without any written contract, minimum wages, or paid leaves. They still do not have a social safety net or job security in India. Owing to India's huge population and the workers' expendable nature, wages tend to remain at the legal



minimum.

Apart from policy issues, there is a lack of proper technologies in companies to record their attendance, effectively plan shifts, or convey any changes in shift timings to workers. This often results in errors in wage calculation or absenteeism that again leads to loss of income and reduced job satisfaction.

It is time for corporate India to look into the problems faced by poor households due to reduced earnings, and high indebtedness; exacerbated by the pandemic. Incorrect wages can lead to a high rate of employee turnover, given that there is huge

demand for blue-collar workers. As vaccine rollouts continue with a strong momentum, and lockdowns are lifted in India, over 7 million blue-collar jobs will be created in 2021. The Better Place Blue-Collar Report 2021 indicates that there will be a more than 50% increase in demand for these workers in the 4 largest industrialised states of Karnataka, Tamil Nadu, Maharashtra, and Telangana.

Absence of Financial Resources and Access to Credit

Lower wages translate to lower savings for workers. Commercial banks and non-bank financial institutions consider lending to them risky, due to their inability to provide collateral. The small size of loan requirements also often makes lending an expensive proposition for these institutions. Depleted incomes, due to the pandemic, and accrued indebtedness

put these workers at the risk of becoming bonded labourers. In the absence of formal credit options, these workers resort to informal credit lines, such as friends, family, and local money-lenders, leading to higher debt. Along with that, rising food inflation contributes to starvation. For instance, a recent survey revealed that 63% of the respondents could afford 2 meals a day post-lockdown, compared to 93% before the pandemic. All this has put these workers into a vicious trap. Financial literacy is an important factor in financial inclusion, and these workers lack the knowledge to manage their finances. In fact, a 2015 survey by the Standard & Poor's Rating Services indicated that only 24% of the Indian population was financially literate, with the country's financial literacy being one of the lowest in the world. Thus, workers invariably fall into debt traps with informal lenders, who charge exorbitant and unjustified interest



rates. The lack of financial literacy means that people don't understand the importance of adequate life insurance either. Over 988 million Indians did not have life insurance coverage in 2019. For low-income blue-collar workers, who are barely able to make ends meet, an insurance policy is a luxury. This makes them prone to high financial instability. Informal workers in unorganised sectors are exposed to hazardous workplace conditions, lack of benefits, and income volatility. Unexpected shocks, like the death of an earning member in these families, could lead to extreme poverty in many cases.

Despite the government's far-reaching initiative to improve access to financial services for everyone through the Pradhan Mantri Jan Dhan Yojana (PMJDY), it looks like many Indians are

yet to be brought under the country's formal financial system. The Reserve Bank of India's Financial Inclusion Index released in August 2021, reveals that the country has a long way ahead to total financial inclusion. The FI-index reading stood halfway at 53.9 by the end of March 2021.

Lack of Healthcare Facilities

Blue-collar workers often work in precarious conditions. Long hours of manual work and occupational hazards leave them vulnerable to diseases and injuries. Financial constraints also make them prone to high stress levels and mental health issues. There is also a prevalence of high alcohol intake and other bad habits among low-income workers. For instance, a 2019 study in Lancet stated that alcohol intake was on the rise in low- to middle-income countries. In India alone, alcohol intake had increased 38% between 2010 and 2017, which entails serious health implications.

The size of the average household in India is 4.45%, and 59.6% of the population lives in a 1-room flat or less. This makes it practically impossible for them to follow social distancing protocols.

India is home to 189 million rural households, and only 42.5% have access to piped drinking water, under the government's Jal Jeevan Mission.

India is home to 189 million rural households, and only 42.5% have access to piped drinking water, under the government's Jal Jeevan Mission. This makes families without such access prone to diseases like Japanese encephalitis, typhoid, and hepatitis A. The pandemic has further highlighted the harsh realities of the Indian healthcare system. Inequalities in access to proper treatment, and lack of resources in the public healthcare system led to many deaths in rural and semi-urban areas. In the absence of adequate financial resources, workers do not have access to proper healthcare. In a nation of over 1 billion people, only 500 million had access to health insurance in 2020.



Lack of Visibility Within Organisations

A major factor that leads to disengagement, high turnover, and events like labour unrest in companies is the lack of visibility for workers. Blue-collar workers are employees who have similar desires to be valued and respected like their white-collar counterparts. In the absence of inclusive platforms for their evaluation, incentives, and other benefits, they remain disillusioned and dissatisfied. Companies need to introduce initiatives that make these workers feel welcome and a part of the organisation. This initiative needs to start with a demographic study of this

segment, to get information about their social needs, expenses, family obligations, and intrinsic motivations. For starters, while it is understood that money is a significant motivator for them, companies today are dealing with a vibrant and dynamic young workforce, who have different priorities. For instance, the BCG report on India's gig economy reveals that many millennial providers in families, who work as food and package delivery agents, are students who are supporting their education as well as looking after their loved ones. They are tech-savvy and demand a work-life balance.

Conclusion

It is evident that blue-collar workers face tremendous challenges in their lives, which spill over to their workplaces too. Companies today can no longer lack a strategic approach to engage them. They remain the key drivers and backbone for India's recovery. However, the demographic composition of the workforce is fast changing. No longer is today's blue-collar workforce unaware of the latest technologies. With the rapid penetration of smartphones and the internet in India, companies can connect with them through inclusive platforms.

Better Place offers an all-in-one lifecycle platform that makes it possible for companies to manage the complicated blue-collar space. The platform can be adapted to the specific requirements of each company, helping them to hire, engage and manage employees in the most efficient manner.

Sector in Focus : Automotive Skill Development Council



About

Indian Automotive industry currently accounts for 7.1% of GDP and 49% of manufacturing output, generating 32 million direct or indirect employment. Based on the Automotive Mission Plan 2019-2026, which is a collective vision of the Government of India and the Indian Automotive Industry, the sector is expected to employ 36 million people by 2026. To cope up with such a transformation, constant skilling,

re-skilling and up-skilling of the existing and future workforce is extremely important. Currently, there is a mismatch in certain areas between the skills that the industry requires and those possessed by the youth in our country. Hence, the Indian automotive sector may face a huge void if the structured reforms and initiatives are not taken to bridge the demand supply mismatch for the skilled workforce.

Supply

(By State/ UT) Top 5

MAHARASHTRA

62764

UTTAR PRADESH

56226

HARYANA

46927

BIHAR

35276

TAMIL NADU

34895

Supply

(By Job Role) Top 5

TAXI DRIVER

95447

SERVICE TECHNICIAN

75149

WELDING ASSISTANT

55917

COMMERCIAL DRIVER

44630

AUTOMOTIVE TECHNICIAN (LVL 3)

23685

Sector Stats

Demand

(By State/ UT) Top 10

KARNATAKA

17140

UTTAR PRADESH

5483

MAHARASHTRA

5119

DELHI

5056

GUJARAT

4223

MADHYA PRADESH

1847

ANDHRA PRADESH

1636

TAMIL NADU

1470

TELANGANA

1455

HARYANA

940

Demand

(By Job Role) Top 5

GLUING, JOINING, NAILING ASSEMBLER

10000

REGIONAL MANAGER - CUSTOMER CARE

3951

TELECALLER

2490

ACCESSORY FITTER

2485

AUTOMOTIVE SERVICE TECHNICIAN LEVEL 4

2400

ASSEMBLY LINE OPERATOR

1987

COURIER DELIVERY EXECUTIVE

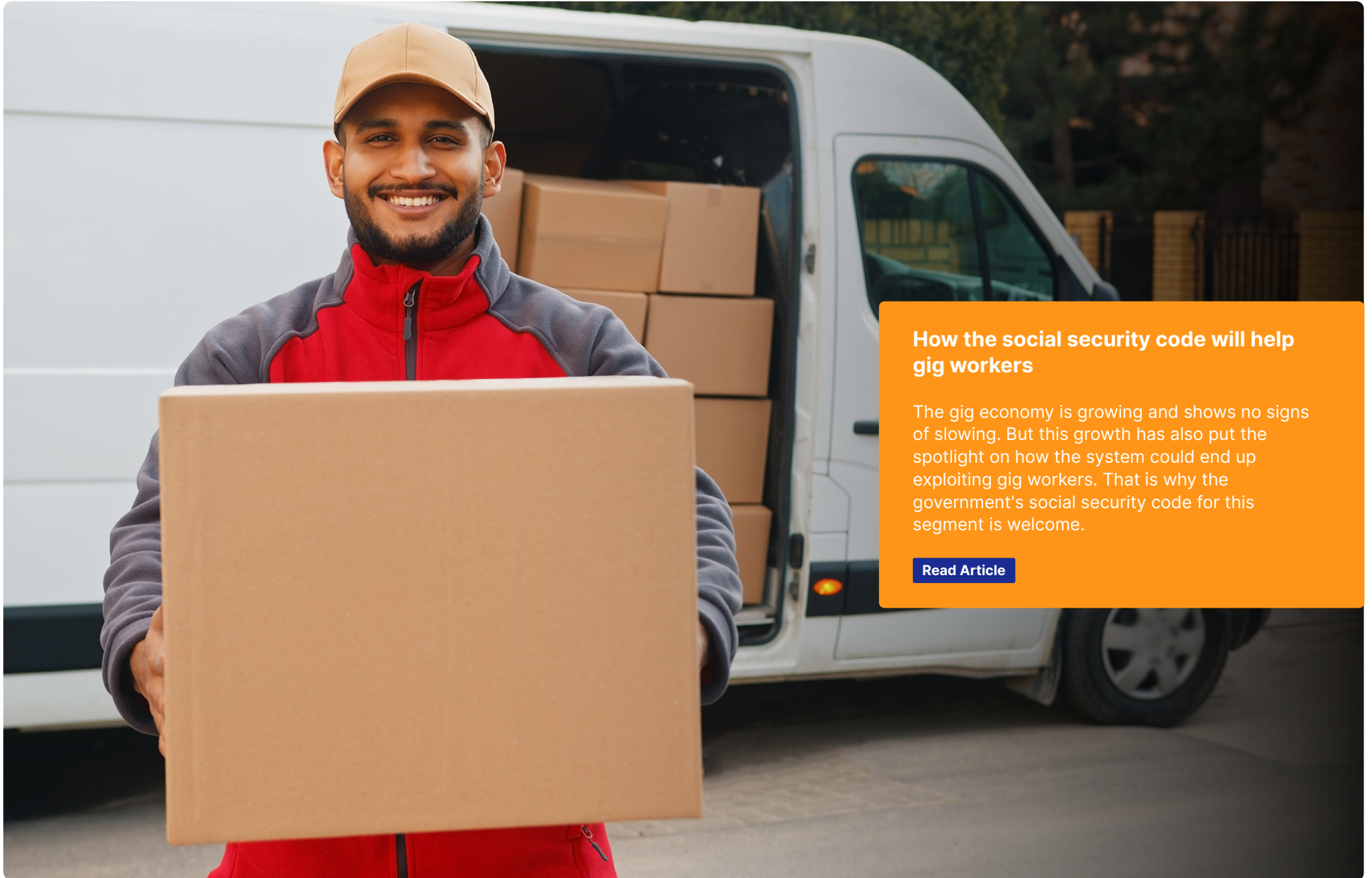
1863

CNC OPERATOR / MACHINING TECHNICIAN L3

1785

2W DELIVERY ASSOCIATE

1687



How the social security code will help gig workers

The gig economy is growing and shows no signs of slowing. But this growth has also put the spotlight on how the system could end up exploiting gig workers. That is why the government's social security code for this segment is welcome.

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Blogs



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BetterPlace in News

Making the blue-collar workforce more women-inclusive

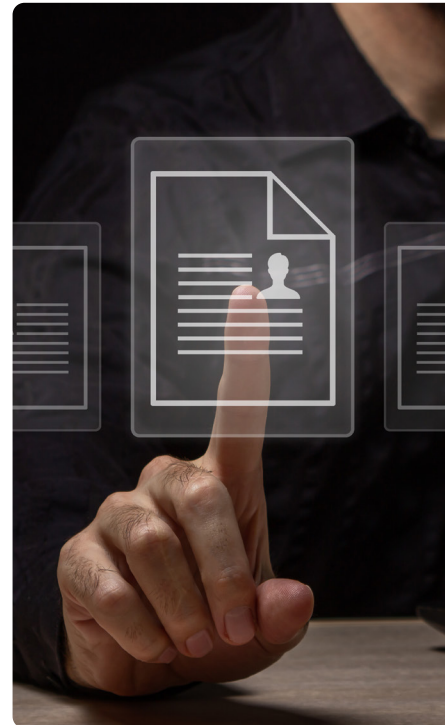
With countless roles under her belt, a woman is a mother, a wife, a daughter, a sister but even with all these demanding responsibilities, they are ferocious leaders, innovative entrepreneurs, and competent employees.

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Contractual Staffing Services from BetterPlace

our cutting-edge, tech-enabled staffing solutions find the right candidates and allow you to efficiently manage your workforce, thereby improving productivity and reducing employee turnover.

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Conversations

Humanized tech for future strong organizations

Ep 3: Redefining labour, workforce agility and labour flexibility through Humanized Technology

Catch Tarun Sinha-CEO AasaanJobs, CRO/CMO BetterPlace (A part of BetterPlace) & Balaji Ethirajan President - People Services TVS Supply Chain Solutions as they discuss

- 1.About how to retain existing employees, attract new talent and retain them.
- 2.Motivating and engaging existing or future workers to shape up Organizations of the future.
- 3.New ways of thinking about - and managing - talent in the digital era.
4. The gig/ traditional worker and re-thinking how to best attract, engage and retain short-term & long-term talent.

[WATCH EPISODE](#)

