

Overview

Hiring blue collar employees such as drivers, delivery staff, maids, cooks, peons, office boys, housekeepers, babysitters, aayah, carpenters, plumbers etc. is one of the most daunting tasks to do so in a country like India. Employers belonging to the informal sector such as shops, salons, beauty parlors, food joints, clinics, freelancers, self-employed individuals, startups and other small and medium scale businesses have always felt a huge gap to connect with blue-collar job seekers.

As per BetterPlace analysis, the total requirement of workforce would be 21 lakh-plus jobs in 2019-20. Some of the roles that would dominate 2019-20 would be delivery with 38 percent, driver with 29 percent, and security with 17 percent. Forty percent of the demand would be created in five states of South India. Also, five states would contribute to 60 percent of the migrating population namely UP, Andhra Pradesh, Assam, Odisha, Bihar with UP and Andhra Pradesh being the top contributors at 34 percent of migration happening from these states. Top destination for these job seekers would be Bengaluru, Delhi, Mumbai, Pune and Chennai.

City-wise data on blue-collar workers

Bengaluru	2,34,800	Chennai	93,222
Delhi	2,25,801	Noida	85,460
Mumbai	1,33,244	Hyderabad	54,052
Pune	1,10,520	Gurugram	50,690

Various skilling and training opportunities:

- Interpersonal and communication skills

Demographics

- 67 percent of the profiles are between the age group of 20-30. If we include below 20, then it's around 87 percent
- Demographic would be the education level wherein most people in white-collar jobs would be a graduate/PG while in the blue-collar segment the qualifications are distributed in a broader range of educational qualifications
- 37 percent of candidates who are at an education level of 12th Pass or below

Trends in Gig Economy

The digital gig economy generated a gross volume of approximately \$204 bn from worldwide customers in 2018. Transportation-based services contributed to over 50% of this value. The size of the gig economy is projected to grow by a 17% CAGR and generate a gross volume of ~\$455 bn by 2023.

Digital platforms have emerged as enablers for employment creation with the power to easily discover job seekers and job providers in the absence of middlemen. The McKinsey Global Institute mentions that digital platforms for labour could increase US GDP by 2.3% as well as its full-time equivalent employment by 2.7% by 2025. Due to the rapid developments in technology, the transaction cost for outsourcing non-core activities is reducing and facilitating an increase in the number of tasks which can be performed by each worker.

Total Addressable Market in India

The gig economy has a huge potential and following are certain calculations made to estimate the market size for the same in India— total population in India is 1,332 million and the working-age group is between 15 and 65 years. The working age population (66.8%) is 890 million and the labour force participation rate (51.8%) is 461 million.

The urban population of the country (30%) is 138 million. Considering that the gig economy enables trading of services, the share of services sector in the urban labour force is 25% and the total workers in the services sector in urban areas is 35 million. Out of which, the contingent worker population is estimated to be 20%, which means 6.9 million. Now, dividing the contingent workers into different income groups— low, middle and high, and taking into consideration different wage levels per annum, gross value of the market can be estimated at \$34 bn approximately. To determine the portion of this market which can be considered as the gig market size, we capture the gross value based on the e-commerce readiness index (10%). This takes into consideration digital penetration and income levels. **Thus, the total addressable market is worth \$3.4 bn.**

Challenges faced by Blue-Grey Collar Workers in India

As the demand for blue-collared workers increases in India, there are a certain set of challenges they face, cited below:

- Job search and recruitment process
- Automation
- Under-usage of skills
- Lack of pay structure
- Rigid schedules

Job search and recruitment process: While there are a number of job boards for white-collar workers, blue-collar workers are still heavily reliant on word of mouth, old-school advertisements and recruitment agencies. This process is quite long and laborious, often taking months which leaves these blue-collar workers with large employment gaps.

Automation: As a number of industries are choosing to go the automation routes, there is fear that skilled jobs might reduce, however, this is just a myth and although technology may be disruptive for jobs short term, it is usually considered as temporary and called a phase of maladjustment.

Under-usage of skills: Given the nature of their jobs, many blue-grey collared workforces is employed only for a certain number of hours a day, leading to under-usage of their skills. Some employers also offer zero-hours contracts, which essentially states that they get paid for the number of hours they work. This leads to the workers seeking different jobs with their skills with low income and low job satisfaction.

Lack of pay structure: In order to get employed & stay employed, a blue-grey collared workforce usually ends up taking any jobs which give them some amount of money which may not be linear to the number of hours they've worked and expertise of skill.

Rigid schedules: Many blue-grey collared jobs involve a workforce working for a set number of hours a day with no provision to alter shifts, which puts them in a vulnerable position in case of personal emergencies. The denial of flexible hours also leads to attrition and again unemployment, causing huge losses to their financial well being

ValPro Recommendation (macro level)

- Tech-based platform for matching employers and employee
- Financial Wellness services for Blue-Collar Employees
- Blue collar up-skilling tech companies
- Income Share Agreement (ISA) based companies

Tech-based Platform for Matching Employers and Employee

Company	Business Overview	Funding till Date (\$ mn)	Investors
WorkIndia	Work in India is a tech platform which uses a matching system to connect employers with potential employees in the mixed collar segment. Candidates download their app, search for jobs based on their location and get notifications of any vacancies.	\$11.5M Series A	Xiaomi, Beenext, Beenos, Asuka Asset, SFG Investments
Better Place	Better Place technology platform for managing the lifecycle of the informal and semi-formal workforce. They are helping the unorganised sector get training, employment, financial inclusion, digital footprint trust score and other benefits using technology. Offers safety solutions and services such as Hire Safe, Partner Safe and Train Safe with complete background verification such as personal, address, and previous employment, educational and criminal records through Hire Safe. Also offers verification services in real estate rental, cab and hospitality fields.	\$7.24M Series A (\$2.99M, Dec, 2018)	3one4 Capital, Venture Highway, Unitus Ventures
Babajob.com (Acquired By Quicker in 2017)	Babajob.com is a job website and mobile portal connecting informal sector workers - cooks, maids, drivers, guards, etc. and employers. The portal connects registered job seekers and employers using their website, voice services as well as SMS-texting.	\$10.8M	SEEK, Gray Ghost Ventures, Mapunity, Unreasonable
MeraJob	MeraJob is an employment marketplace for the under-served mid-market to entry level white-collar jobs and skilled blue-collar jobs. The company employs an innovative reach-out model to connect to job seekers who are unable to effectively signal their presence to employers using traditional recruitment tools (CVs) and channels (job portals).	\$4.04M Series A (\$294K, May 19, 2019)	FORE Partnership
Unnati	Unnati is a tech-enabled employment exchange platform for blue-collar jobs where people can contact prospective employees for their business and household chores. On the platform, employers are provided with an online wallet called "Unnati Wallet". Once recharged, employers can make calls to prospective employees and hire provided the skill set match.	\$596KSeed	Info Edge
Select Jobs	Select Jobs is an online job portal for blue collar workers. Lists call center, data entry, sales, BPO jobs. Claims to have 5 million candidates database. Recruiters can contact candidates using SMS, email, WhatsApp or through over network of job centers located across India.	Undisclosed Seed	Michael & Susan Dell Foundation
Labouradda	Labouradda is an online blue-collar industry job portal. The platform allows employers to search and connect with candidates for job vacancies. Enables candidates to search for jobs based on location, category, keywords and, salary. It also enables employers to post full-time, part-time jobs, internship opportunities, and freelancing projects.	Undisclosed Seed	iCreate
mHire	mHire is a platform that helps employers with their skilled & semi-skilled employment requirements by connecting them to manpower providers/vendors. Job seekers can register on the portal and browse through the available job postings categorized by location and company name.	Undisclosed	Startup Oasis

Financial Wellness Services for Blue Collar Employees

Company	Business Overview	Funding till Date (\$ mn)	Investors
Bon	Bon, a Pune-based FinTech firm was created to bring financial services to the gig-economy workforce such as taxi drivers, delivery agents, independent contractors, and self-employed workers who are currently financially underserved in India.	\$1.41M Seed (\$167K, Nov 14, 2019)	AngelList, Axilor Ventures, Omidyar Network India, Better Capital, Prophetic
PerkFinance	PerkFinance offers payroll-linked loans and salary advance to blue collar workers. PerkFinance partners with Employers to provide financial wellbeing products to their employees. They has launched a new product especially aimed at enabling teachers and nurses across India easy access to affordable loans.	\$900K Seed	Fosun RZ Capital
Entitled	Entitled as a financial wellness platform for blue-collar employees. The company works with employers to enable access to financial services and rewards for their employees. Entitled uses the employment information to build alternate credit profiles of workers and thereby allows access to loans and salary advances, micro-insurance, micro-savings, discounts on healthcare and daily essentials, and financial counseling for workers.	Unfunded	NA
Bueno Finance	Helps blue-collar workers build their creditworthiness to improve the long-term financial health of the customers	Unfunded	NA

Blue Collar Up-Skilling Tech Companies

Company	Business Overview	Funding till Date (\$ mn)	Investors
RaPL	RaPL, Linkstreet's mobile micro learning solution is offered as an easy to adopt SaaS solution that can be launched for thousands of employees in a few days. Employees download the RaPL app and get personalized learning of business-critical content like product knowledge, SOPs, sales, customer service and compliance aspects and earning points, badges and rewards based on the leader board. RaPL helped us in bringing my pan India staff on a single platform which gives everyone an equal opportunity to learn and grow.	USD 1.5 Mn Series A	Faering Capital, OceanPro
Centum Learning Acquired Bharti Enterprise	Centum learning provides end-to-end training programmes and skill development solutions aimed at productivity improvement for businesses and employ-ability enhancement for workers. Provides solutions for entire talent supply chain ranging from school passed to post graduates and professionals in corporates	\$8.54M	Mayfield
Crio.Do	Crio offers learning platform for teams and individuals. Provides personalized and adaptive learning opportunities for developers and enable tech companies to nurture the talent.	\$1M Seed	Binny Bansal, Amod Malviya, Vaibhav Gupta, Mekin Maheshwari, Ravi Garikipati, Sujeet Kumar
Dhiyo.ai	Dhiyo.ai relies on multilingual conversational AI-powered technology to employ the blue-collar workforce	Undisclosed	100X.VC

*So far, EdTech has largely benefitted students for test prep purposes (Byju's etc.). There are also numerous online courses (Coursera, Unacademy, etc.) for executives and tech employees.

Income Share Agreement (ISA) based Companies

Company	Business Overview	Funding till Date (\$ mn)	Investors
InterviewBit	InterviewBit, a Bangalore-based startup that runs an advanced online computer science program for college graduates and young professional engineers. They pivoted business to operate on an income-sharing model, where students have the option to pay much of the coaching fee after they have landed a job.	\$21.5M Series A (\$20M, Jan 2020)	Sequoia Capital, Tiger Global Management, Surge
Pesto	Pesto is a training provider for software engineers. It provides a weekly-based training program. It starts with screening where the software engineering skills and communication skills are tested. Students are also given placement assistance and are charged a percentage of their income for a given period of time in lieu of fee payments.	\$2M Seed	Matrix Partners India, Zillionize
Masai School	Masai is a provider of job-oriented software training services. It offers a 20-week program in Bangalore. Users pay only if the salary received is above a certain amount. Courses offered include an android development & computer science program and full-stack web & computer science program.	\$186K Seed	India Quotient
AttainU	Corporate training company in india and income sharing agreement training institute in Bangalore	\$467K Seed	LetsVenture, Samyakth Capital, Venture Catalysts
6benches	Corporate training company provide 6months whole day boot camp training and get into our ever growing list of hiring companies.	Unfunded	NA

Source:

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4. <https://www.investindia.gov.in/team-india-blogs/gig-economy-shaping-future-work>
5. <https://medium.com/madaboutgrowth/leveraging-gig-economy-for-growth-a-blog-series-419311a9c4b1>
6. BetterPlace Research
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