

A Review on Labor Shortage & Labor Welfare in Construction Industry

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Abstract

The decreasing labour shortage is the biggest challenge in the construction industry. For sustainable construction work, proper labour availability is a must. On the other hand, poor labour welfare also influences the labour shortage. PF & ESI are the facilities awarded to the labourers for their better livelihood in their old age. But unfortunately, these do not make much difference. This study mainly focuses on the various aspects, factors, or parameters that greatly impact labour shortage, labour welfare, and PF and ESI for labourers.

Keywords: - Labor shortage, Labour welfare, PF & ESI

INTRODUCTION

The construction industry plays an important role in the country's growth, and the labour force is the lifeline of the construction industry. Day by day, the project's complexity is increasing, and at the same time, a labour shortage is also increasing (Giatec Scientific Inc., 2019). As the construction industry is the major industry globally, the labour force plays an important role in the Construction field. Due to lack of labour availability, builders/contractors are trying to optimize their construction schedules by offering overtime hours to their employees. But there exists a limit to how much a person can work overtime.

Furthermore, it is difficult for a company to pay its employees overtime regularly. Some employers are forced to hire less-skilled workers to meet the

demand as it results in risky endeavours. Safety regulations are of utmost importance in the construction industry. Fund Act 1952, an EPF account is mandatory for all employees earning up to Rs 15,000 per month in firms employing more than 20 workers. Of India's 47.41 crore workforce, 90% is in the unorganized sector, and the EPF benefits are practically restricted to this sector. (Ray, 2016) According to the committee on labour welfare (1969) includes under it such services, facilities, and amenities as adequate canteens, rest and recreation facilities, sanitary and medical facilities, arrangements for travel to and from work, and the accommodation of workers employed at a distance from their homes and such other services, amenities and facilities including social security measures as contribute to improving the conditions under which workers are

employed. The sector is labour-intensive, and most labourers are unskilled, unorganized, and tend to work under inhuman and pitiful conditions. To address this Government of India enacted the Building and Other Constructions Workers (Regulation of Employment and Conditions of Service) Act, 1996. It is referred to as the "BOCW Act". But still, it does not make any difference.



LITERATURE REVIEW

Rahim (2016) stated that for sustainable construction work, properly skilled labourers are a must. According to him, sustainable labourers are prepared to fulfil the needs of the present time. The sustainability of the construction industry is influenced by the availability of skilled and productive labourers because it is labour-intensive. Some of the factors that caused labour shortage are lack of training and skill knowledge, unattractive and inadequate images of construction jobs, low salary, and the changes in skill requirements or skill mismatch. According to him, the best strategy to address the shortage of skilled labour lies within the technical education and vocational training program because if education and training failed to provide the labourers, who are required by the industry, the other issues in sustainable Construction become irrelevant.

Surya Ray (2016) gave a study of EPFO moves to ensure PF benefits to contract workers. According

to him, The major points overlooked by extending EPF Act 1952 to the unorganized sector were, The cost to the employer for maintaining the records and observe the obligations defined above was in most cases more than the value of the contribution itself. The worker was given to understand that the government has introduced a welfare measure for them. While receiving his wages, to their dismay, it was found that their money is being deducted and is being kept for "his/her welfare" with an unknown/faceless organization, causing great disappointment. The disappointment turns to anger when they found that numerous forms are needed to be filled, and records are to be produced to retrieve their money.

Ramana and Ramakrishna (2013) stated that the construction industry is the major contributor to the Indian economy and shortage of skills is a major obstruction in overall growth. Much of the workforce in the construction sector and outside has poor skills – both education and functional. National Academy of Construction (NAC) in Andhra Pradesh was set to train the workforce of various trades of Construction. They also said that it is important to evaluate construction skill development through training programs.

Jayanthi and Ilangovan (2019) stated that workers are considered major resources of all organizations, including service and manufacturing industries. In methodology, the Survey was conducted by employees and provided some suggestions to improve better welfare measures in the company. The study states that the employee welfare measures are highly satisfactory in their concern through perfect analysis & interpretation. This study would be helpful for the

company and also improve some welfare and safety activities inside the company.

Soham and Rajiv (2013) stated that there is a reason for a lesser rate of labour productivity. Among them, the skilled labour shortage is the main factor. They have taken the area of the south Gujarat region for their study. They provide methodology by ranking the factors by AHP (analytical hierarchy process) and RII (relative importance index) techniques.

S. Kanchana et al. (2015) provided a study on labour safety on construction sites. In methodology, they took questionnaire surveys and collected data about safety factors of different construction sites. That data they used to analyze the safety performance of the construction industry. They suggested, the accident rate can be decreased by following safety laws properly.

FACTORS INVOLVED

***Lack of training and skill knowledge causing skill labour shortage:**

Most of the firms are facing the main problem is to find skilled labourers for particular work. According to the Associated General Contractors of America report from August 2018, 80% of construction firms were having trouble hiring craft workers. There is a global construction skills shortage in 2019 is not a statement seemingly open for debate anymore. (Brown, 2019)

***Lack of interest from younger workers to work in Construction:**

The young generation wants to do a white-collar job, and they do not want to do labour work. Furthermore, the existing workforce is ageing and retiring. According to the Bureau of Labor Statistics, about 32% of construction labourers

were between 45-64 years old in the USA, as per the 2018 survey. That means the labour shortage rate will be increased.

***Only mode of hiring labour by labour contractor:**

There is no other effective option for hiring labourers, and that's why sometimes it is difficult to get the required number of labourers in urgent work.

***PF & ESI are unknown to labourers:**

Most of the labourers do not know anything about PF, and the irony is the labour in whose name the money was deposited are unaware of the account details. The result is an unclaimed Rs 40865 crore lying with Indian PF's office as of 12th April 2017!!!! (Ganjapure, 2019)

***Effective administrative scenario:**

According to the Act, 24% of an employee's salary, with equal contribution from employees and employers, is contributed to the EPFO. It is a pity that the scenario is gloomy as employers show a certain number of employees on a roll until the project lasts and keep filing returns to cop up with inspection irrespective of workers coming and going.

***Unavailability of online mode:**

There are available only offline modes for hiring labourers. In this present COVID 19, it is important to have an online platform by which builders/contractors can hire labour and get the work easily.

***Dangerous working conditions:**

Most of the deaths at constructions sites are caused due to falling from a height, being stuck between two objects, working without safety equipment, being hit by an object.

DISCUSSION

- For labour shortage, a solution is given by providing a technical and educational program to labourers. But this is not an innovative solution or specific methodology to decrease labour shortage.
- The labour shortage rate will more increases in a short time because a huge number of labourers will retire soon.
- The government had introduced Universal Account Number (UAN) and Labor Identification Number (LIN) to simplify the PF, ESI, etc., implementation in 2016. Unluckily still, it had not made much difference to the end-user, i.e. workers. So, a user-friendly and simple solution to this problem should be worked out.
- Most of the contractors facing problems regarding hiring labour and finding skilled labourers.
- They do not have any online mode of hiring labourers. In this pandemic condition of covid19, an online platform is the most needed thing.
- Most of the labourers do not know anything about PF!!! So it seems that a lot of work and effort is required in this field.

FUTURE SCOPE

- Developing an online platform accessible by all the stakeholders like employers, workers, labour contractors, government agencies, etc., could be a possible solution.
- Recently the government has given facilities to labourers to withdraw EPF money online using UMANG mobile application. Still, it does not cover all the labourers, so an easy

solution is required by covering the whole labour force.

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