

## **CONTRACT LABOUR IN INDIA**

### **INTRODUCTION**

**10.1** Contract Labour is a significant and growing form of employment. It is prevalent in almost all industries, in agriculture and allied operations and in service sector. It generally refers to workers engaged through an intermediary and is based on a triangular relationship between the user enterprises, the contractor including the sub contractor and the workers. These workers are millions in number and generally belong to the unorganised sector. The concern for providing legislative protection to this category of workers, whose conditions were found to be abysmal by various commissions and committees coupled with the judgement of the Supreme Court of India in the Standard Vacuum Refinery Company case, resulted in the final enactment of the Contract Labour (Regulation and Abolition) Act, 1970.

### **The Contract Labour (Regulation and Abolition) Act, 1970**

**10.2** The Contract Labour (Regulation and Abolition) Act, 1970 was brought on the Statute Book to regulate the employment of Contract Labour in certain establishments and to provide for its abolition in certain circumstances and for matters connected therewith. The Act and the rules came into force on 10.02.1971.

**10.3** The Act applies to every establishment/contractor in which 20 or more workmen are employed or were employed on any day on the preceding 12 months as contract labour and to every contractor who employs or who employed on any day of the preceding 12 months 20 or more workmen. It does not apply to establishments where the work performed is of intermittent or seasonal nature. An establishment wherein work is of intermittent and seasonal nature will be covered by the Act if the work performed is more than 120 days and 60 days in a year respectively. The Act also applies to establishments of the Government and local authorities as well.

**10.4** The Central and State Governments administer the Act and Rules in respect of an establishment coming within their sphere of jurisdiction.

### **THE CENTRAL AND STATE ADVISORY BOARDS**

**10.5** The Central Government and State Governments are required to set up Central and State Advisory Contract Labour Boards to advise the respective Governments on matters arising out of the administration of the Act as are referred to them. The Boards are authorised to constitute Committees as deemed proper.

**10.6** The Central Advisory Board- a tripartite Body was reconstituted on 24<sup>th</sup> June 2002 and the non-official members hold office for a term of three years. The Chairman of the Board was appointed on 10<sup>th</sup> May 2002 for a period of three years. Fifty-six meetings of the Central Advisory Contract Labour Board (CACLB) have been held so far. The last meeting was held on 6<sup>th</sup> February 2004.

**10.7** The existing Central Advisory Contract Labour Board has held three meetings during the year under report and considered various issues relating to abolition of contract labour system in certain establishments. The working of the Act was also reviewed in these meetings.

### **REGULATORY MEASURES:**

**10.8** Every establishment is required to register themselves as principal employers with the appropriate authorities. Every contractor is required to obtain a licence and not to undertake or execute any work through contract labour except under and in accordance with the licence issued in that behalf by the licensing officer. In case of a default by the contractor, the principal employer is made liable for contravention of the provisions of Act and rules made thereunder. The punishment for violation of rules/Act is imprisonment for a maximum term upto 3 months and a fine upto a maximum of Rs.1000/-.

### **PROHIBITION / EXEMPTION**

**10.9** Apart from the regulatory measures provided under the Act for the benefit of contract labour, the 'appropriate government' is authorised, after consultation with the Central Board or State Board, as the case may be, to prohibit, by

notification in the Official Gazette, employment of contract labour in any establishment in any process, operation or other work.

**10.10** The Central Government on the recommendations of the Central Advisory Contract Labour Board, have prohibited employment of contract labour in various operations/ category of jobs in various establishments. So far 61 notifications have been issued since inception of the Act. The prohibitory notifications issued by the Central Government during the period under report is given in Table I.

**10.11** The 'appropriate government' is also empowered to grant exemption to any establishment or contractor from applicability of the provisions of the Act or the rules made thereunder on such conditions and restrictions as may be prescribed. Eleven notifications granting exemption to establishments in exercise of this power in the Central sphere have been issued.

## **ENFORCEMENT**

**10.12** In the Central sphere, the Central Industrial Relations Machinery (CIRM) has been entrusted with the responsibility of enforcing the provisions of the Act and the rules made thereunder, through Inspectors, Licensing Officers, Registering Officers and Appellate Authorities appointed under the Act.

**10.13** In the wake of economic liberalisation, proposals received from social partners as well as court judgements on contract labour, a need has been felt to review the Contract Labour (Regulation & Abolition) Act, 1970. The second National Commission on Labour has also made certain recommendations to amend the Act to enable outsourcing of non-core activities of an establishment. Accordingly, a proposal to amend the Act with a view to enable the industries to survive in the highly competitive world market in this era of globalisation, liberalisation and privatisation but at the same time to safeguard the interests of contract labour in terms of their wages, social security, welfare, health and safety is under consideration of the Government.

**TABLE-I****NOTIFICATION ISSUED UNDER SECTION 10 OF THE CONTRACT LABOUR (REGULATION AND ABOLITION) ACT, 1970 DURING THE YEAR 2003-04**

<b>Sl. No</b>	<b><u>Notification No. &amp; Date</u></b>	<b><u>Establishment/Industry in respect of whom notification is issued</u></b>	<b><u>Works/ Jobs prohibited</u></b>
1.	S16014/19/01-LW dated 9.6.03 in super-session of notification S. O. 1168 (E) dated 27.12.00	Manoharpur Mines of Steel Authority of India Limited, Chiriya, District Singhbhum (West), Bihar	Raising and breaking of iron ore.
2.	No. S.16014/33 7/99-LW) dated 19.2.2004	Jheel Siding Coaching complex and Howrah/Bamangachi Diesel Shed	Job of 'Safaiwala' for sweeping, cleaning of yard, platform, stores, office and garden including drains/latrines, sprinkling of saw dust, scrapping and collection of garbages/rubbish, mud, silt etc and their disposal by lorry/railway wagon daily .
3.	No. U-23013/8/01-LW dated 19.2.2004	Kanchrapara Workshop of Eastern Railway, Kolkata	<p style="text-align: center;"><b><u>LOCO COMPLEX</u></b></p> <ol style="list-style-type: none"> <li>1. Collection of shop refuses, rubbish/silt from various points located in the loco complex and dumping into nominated bins.</li> <li>2. Sorting out scraps and rubbish/silt so collected.</li> <li>3. Cleaning of rubbish bins.</li> </ol> <p style="text-align: center;"><b><u>CARRIAGE AND WAGON COMPLEX</u></b></p> <ol style="list-style-type: none"> <li>4. Removal of all workshop ash and refuse including mud, after sorting from different shops of Carriage and Wagon Complex and loading the same into railway Wagons/Truck.</li> <li>5. Unloading of all workshop Ash and refuse including mud at selected sites.</li> <li>6. Unloading of coal/coke/sand or clay for different shops within the workshop area and re-loading of coal/coke without crane.</li> <li>7. Stacking and levelling of coal/coke.</li> <li>8. Separating slate and stones from</li> </ol>

			coal/coke and stacking. 9. Scrapping of shop floors.
4.	<b>No.S.16014 /324/2001-LW dated 8<sup>th</sup> March, 2004</b>	Seventeen Metro Stations, Tollygunge Satellite Reservation Office, Health Unit and Fire Station of Tollygunge and its other offices except car shed and its area of Metro Railways, Kolkata	Safaiwala.

**TABLE-II**

**ENFORCEMENT OF CONTRACT LABOUR ( R & A) Act, 1970**

Sl. No.	Item	Year				
		1998	1999	2000	2001	2002-03
1.	No. of Registration Certificates issued to principal employers.	639	670	658	619	796
2.	No. of Licences issued to contractors*.	5471	6632	7734	8582	7081
3.	No. of Inspections conducted.	4263	5281	5479	6052	5970
4.	No. of Irregularities detected.	65509	85936	83414	94685	82041
5.	No. of prosecutions launched.	3147	3805	3357	3671	3453
6.	No. of convictions.	2060	2019	2126	2071	2188
7.	No. of contract labourers covered by licences@.	664216	762425	773849	926969	1327298
8.	No. of Licences revoked/ cancelled.	1669	1099	3562	3998	6552
9.	No. of registration certificates revoked.	Nil	Nil	2	Nil	28

**TABLE-III**

No. of cases received/disposed of during the last five years under Rule 25(2) (v) (a) and (b) of the Contract Labour (Regulation and Abolition) Central Rules, 1971 relating to payment of wages.

Year	No. of cases received during the last five years under Rule 25(2) (v) (a) and (b)	Order issued
1998-99	15	03
1999-00	35	05
2000-01	23	20
2001-02	46	22
2002-03	23	06

\*\* Rule 25 (2) (v) (a) of the Contract Labour (Regulation and Abolition) Central Rules, 1971 has been amended vide notification No. GSR 41(E) dated 21<sup>st</sup> January, 1999 delegating powers to the Deputy Labour Commissioners (Central) instead of the Chief Labour Commissioner (Central).