THE PRACTICAL ASPECTS OF CONTRACT LABOUR (REGULATION AND ABOLITION) ACT 1970, IN POWER PROJECTS

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ABSTRACT

The aim of the paper is to cross check whether the contract labours are facing same problems in different companies for their upcoming projects. Descriptive research is used for this purpose. The whole picture of Contract labour (regulation & abolition) act 1970 is totally different where the organizations try to implement this act but due to carelessness of contractors and uneducated labour workers they are not able to use this act fully. One rule has been issued by the chhattisgarh state that now banks will give the payment to the labour workers it means that contractors has to submit their cheques in the bank for the payments of the labour workers or open a different account for the labour worker from which they can take their payment on time positively but it is not being implemented by the BALCO OR LANCO’S contractors or even labour workers are not aware of this new rule.

KEYWORDS: amenities, disbursement, employer, establishment, registers of contractors.

INTRODUCTION

Contract labour remained ignored for a long time. Neither the contractor nor the principal employer cared for contract labour. The Parliament, therefore, passed the Contract Labour (Regulation and Abolition) Act in 1970 to prevent the exploitation of contract labour & to improve the conditions of work of contract labour.

Contract labours also suffer from inferior labour status, casual nature of employment, lack of job security and poor economic conditions. It was also observed that in some cases the contract labourers did the same work as the workers directly employed by the industrialist but were not paid the same wages and the same working conditions. This practice of contract labour has also lead to the exploitation of these labourers as they are not employed directly under the employer.
This practice of exploitation was and still is very much prevalent in India, therefore to encounter such problem and also to regulate the conditions of these labourers the Govt. passed an Act called the Contract Labour (Regulation and Abolition) Act, 1970.

**OBJECTIVE:** To regulate the employment of contract labour in certain establishments

**APPLICABILITY:** It extends to the whole of India and applies to: 1) Every establishment in which twenty or more persons are employed or were employed on any day of the preceding twelve months as contract labour .2) To every contractor who employs or who employed on any day of the preceding twelve months twenty or more workmen.

The appropriate govt. can extend the provisions of the Act to any establishments or contractor employing less than the number specified above, by notification. It shall not apply to establishments in which work is of intermittent or casual nature.

**WORKMEN:** Any person employed in or in connection with the work of any establishment to do any skilled or semi-skilled or unskilled, manual, supervisory, technical or clerical work for hire or reward whether the terms of the employment be expressed or implied but does not include: 1) Persons employed mainly in a managerial or administrative capacity. 2) Persons being employed in a supervisory capacity draws wages exceeding Rs.500/ per month. 3) An out worker.

**REGISTRATION OF ESTABLISHMENT:** Every principal employer of an establishment shall make an application for registration in triplicate in **Form No. I** to the registering officer of the area along with a treasury receipt showing payment of the prescribed fee. If the application for registration is complete in all respects, the registering officer shall register the establishment and issue a registration certificate in **Form-II**

**PROHIBITION OF EMPLOYMENT OF CONTRACT LABOUR:** The appropriate govt. is empowered to prohibit employment of contract labour in any process of operation or other work in any establishment after consultation with the Advisory Board.

**LICENSING OF CONTRACTORS:** No contractor shall undertake or excite any work through contract labour except under and in accordance with a license issued by the licensing officer

**GRANT OF LICENCES:** Every contractor shall make an application for the grant of a license in triplicate in **Form No. IV** along with a treasury receipt showing the prescribed fee to the licensing officer. The application shall also be accompanied by a certificate by the principle employer in **Form-V**. The licensing officer, after making necessary investigations subject to the provisions, grant a license in **Form VI**.

**SECURITY:** The contractor shall deposit a security amount at the rate of Rs.20 for each of the workman to be employed as a contract labour at the time of making application for license.

**RENEWAL OF LICENCE:** Every contractor shall make an application for the renewal of license in **Form VII** in triplicate along with the required fee not less than thirty days before the
expiry date. If the renewal application is not submitted within the time specified the contractor shall be liable to pay a fee of 25% in excess of the fee ordinary Payable. A duplicate certificate shall be issued on payment of Rs. 5/-. 

REGISTRATION FEE: Number of workmen proposed to be employed on contract on any day. Rs.

a. Up to 50 – 1000
b. 51 to 100 – 2000
c. 101 to 200 – 3000
d. 201 to 300 – 4000
e. 301 to 500 – 6000
f. exceeds - 10000

APPEAL: Any persons aggrieved by an order of the registering officer/Licensing officer may within 30 days from the date of communication of the order prefer an appeal to the appellate officer.

WELFARE AND HEALTH: Every contractor shall provide the welfare and health amenities such as canteens, rest rooms, drinking water, urinals, first-aid etc. to the contract workers employed.

LIABILITY OF PRINCIPAL EMPLOYER: If any contractor does not provide the amenities prescribed above within 7 days from the commencement of the employment, the principle employer shall make provisions to provide it within 7 days.

PAYMENT OF WAGES: The contractor shall be responsible for the payment of wages. The payment shall be made direct or to an authorized person on a working day at the work premise in the presence of an authorized representative of the principle employer.

The principle employer shall ensure the presence of his authorized representative at the place and disbursement of wages.

REGISTERS AND RECORDS

EVERY PRINCIPAL EMPLOYER SHALL MAINTAIN

A. A register of contractors in Form No.12

EVERY CONTRACTOR SHALL MAINTAIN

B. Register of contract labours in Form No. 13
C. Muster-roll in Form-16.

D. Register of wages in Form 17

E. Register of deductions, fines etc. in Form 20

F. Register of fines in Form 21

G. Register of advances in Form 22

H. Register of overtime in Form 23

DIFFERENT FORMS WHICH PLAY A MAJOR ROLE IN CONTRACT AND LABOUR ACT 1970

FORM NO.1 & FORM NO.2 = Application for registration of establishments employing contract labour. Every principal employer of an establishment shall make an application for registration in Form No. I to the registering officer along with a prescribed fee. If the application for registration is complete in all respects, the registering officer shall register the establishment and issue a registration certificate in Form II

FORM NO.IV, V, VI = Every contractor shall make an application for the grant of a license in Form No. IV along with a prescribed fee to the licensing officer. The application shall also be accompanied by a certificate by the principle employer in Form-V. The licensing officer, after making necessary investigations subject to the provisions, grant a license in Form VI

FORM NO.VII = Every contractor shall make an application for the renewal of license in Form VII in triplicate along with the required fee not less than thirty days before the expiry date. If the renewal application is not submitted within the time specified the contractor shall be liable to pay a fee of 25% in excess of the fee ordinary Payable. A duplicate certificate shall be issued on payment of Rs. 5.

FORM NO XII, XIII, XIV, XV = Every principle employer shall maintain in respect of each registered establishment a register of contractors in FORM NO. XII. Every contractor shall maintain in respect of such registered establishment where he employees contract labour register in FORM NO. XIII. Every contractor shall issue an Employment Card in FORM NO. XIV to each worker within 3 days of employment of the worker. On termination of employment for any reason whatsoever the contractor shall issue to the workman whose services have been terminated a service certificate in FORM NO. XV

FORM NO. XVI, XVII = Every contractor shall in respect of each work on which he engages contract labour:

1) Maintain a muster roll and a register of wages in Form No. xvi & xvii, respectively.

FORM NO.XX, XXI, XXII, XXIII : Every contractor shall maintain the Register of Deduction For Loss, Register of Fines, Register of Advances and Register of Overtime
LITERATURE REVIEW

- Meenakshi Rajeev (2009) did research on “Contract Labour Act in India”. The findings were that in India for a contract worker it is not only hard to prove his or her identity as worker under the labour law but employer employee relationship is also not easily to establish. It is observed that collusive agreements between various agents often result in the exploitation of the contract labour. However, to be able to do this it is necessary to make the workers aware of their rights and responsibilities so that they are able to detect violation of laws.

- Saini, Debi (2010) did research on “role of the contract worker”. The findings were that the rights conferred on the contract workers by the Constitution of India and various labour laws are poorly enforced. Since May 2007 the Indian Government has been talking to the need for inclusive growth mainly to counter act the above threats envisaged by the social scientists. It should be kept in mind that inclusive growth can be sustained only if it is built on the foundations of basic rights of the working people, especially the powerless people.

- Y. Prakash (2008) did research on “contract labour act”. The findings were that the Act applies to every establishment 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. The contractor is required to pay wages and a duty is cast on him to ensure disbursement of wages in the presence of the authorized representative of the Principal Employer. In case of failure on the part of the contractor to pay wages either in part or in full, the Principal Employer is liable to pay the same. In case the contract labour performs same or similar kind of work as regular workmen, they will be entitled to the same wages and service conditions as regular workmen.

- Das, Ashis, Pandey, Dhananjay (2004) did research on “economic & social issues relating to the contract workers”. The findings were that the Contract Workers (CWs) get minimum statutory wages with few instances where they receive higher wages for skilled work. Incidents of contractors deducting token money from CW’s wages were reported from the cement and white goods companies. However, they get better deals if they have collective bargaining strength. Illiteracy, unscrupulous contractors and hazardous working conditions impose serious safety concerns for them. Longer working hours and job insecurity are other factors that such workers face. There is no social security for them except ESI. A majority of them live in slums or rented hutsments with poor civic amenities. Employers and contractors to some extent fulfill their economic and social needs.

- Paras Jain (2005) did research on “facts of the contract labour(regulation& abolition) act1970”. The findings were that the object of the (Contract Labour Regulation and Abolition) Act, 1970 is to prevent exploitation of contract labour and also to introduce better conditions of work. Contract Labour differs from Direct Labour in terms of employment relationship with the establishment and method of wage payment. Contract
Labour, by and large is not borne on pay roll nor is paid directly. The Contract Workmen are hired, supervised and remunerated by the Contractor, who in turn, is remunerated by the Establishment hiring the services of the Contractor.

- Dhiraj Ramchandani (2006) did research on “actual position of the workers”. The findings were that the practice of employing contract labour is prevalent in most of the industries in different occupation including skilled and semi skilled jobs. A workman shall be deemed to be employed as contract labour when he is hired in connection with the work of an establishment by or through a contractor. The various studies conducted by commissions, committees and Ministry of Labour shows that the situation has always been exploitative. The government has taken various initiatives to improve the situation of the contract.

RESEARCH AND METHODOLOGY

OBJECTIVES

1) Finding out genuine problems faced by Contract Labours at Work Place.

2) Study the role of Contractors, Management, and Contract Labour in the implementation of the Contract Labour Act.

RESEARCH DESIGN: The research design was used Descriptive Research Design. The key to good descriptive research is knowing exactly what you want to measure and selecting a survey method in which every respondent is willing to cooperate and capable of giving you complete and accurate information.

SAMPLE PROCEDURE: Stratified Sampling. Population is divided into homogeneous (identical) subgroups and then taking a simple sample in each subgroup. It assures that you will be able to represent not only the overall population but also the key sub-groups of the population.

SAMPLE SIZE: The sample size is 96 in which 72 were labour workers & 24 were contractors.

DATA SOURCE: PRIMARY DATA, SECONDARY DATA. In primary data questionnaire is used & in secondary data Published material, Computerized data bases, Syndicated services in which telephonic interviews and personal interview method was used.
ANALYSIS & FINDINGS

FACTOR ANALYSIS

TABLE 1: KMO AND BARTLETT'S TEST

| Kaiser-Meyer-Olkin Measure of Sampling Adequacy | .611 |
| Bartlett's Test of Sphericity | Approx. Chi-Square | 119.643 |
| Df | 45 |
| Sig. | .000 |

TABLE 2: COMPONENT MATRIX

<table>
<thead>
<tr>
<th>Component</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facilities</td>
<td>.727</td>
<td>.248</td>
<td>.099</td>
<td>-.067</td>
</tr>
<tr>
<td>want to work for long time</td>
<td>.633</td>
<td>-.131</td>
<td>-.504</td>
<td>.245</td>
</tr>
<tr>
<td>Medical /ESI benefit</td>
<td>.624</td>
<td>.507</td>
<td>-.079</td>
<td>-.365</td>
</tr>
<tr>
<td>salary disbursement</td>
<td>.586</td>
<td>.097</td>
<td>-.057</td>
<td>.339</td>
</tr>
<tr>
<td>work experience</td>
<td>.579</td>
<td>-.249</td>
<td>-.006</td>
<td>-.186</td>
</tr>
<tr>
<td>PF deduction</td>
<td>.553</td>
<td>-.416</td>
<td>.050</td>
<td>.499</td>
</tr>
<tr>
<td>differential opinion with employer</td>
<td>.061</td>
<td>.765</td>
<td>.000</td>
<td>.372</td>
</tr>
<tr>
<td>Safety equipments</td>
<td>.405</td>
<td>-.141</td>
<td>.607</td>
<td>.089</td>
</tr>
<tr>
<td>satisfied with wage</td>
<td>.452</td>
<td>-.031</td>
<td>.487</td>
<td>-.284</td>
</tr>
<tr>
<td>get proper overtime</td>
<td>.397</td>
<td>-.185</td>
<td>-.405</td>
<td>-.443</td>
</tr>
</tbody>
</table>
Kaiser recommends that accepting values greater than .05 as acceptable, and our value is more than .05 that is .611 which falls into the range being adequate. so we should be confident that Factor Analysis is appropriate for this data.

Bartlett’s test is significance (i.e. it has a significance value less than 0.05).

According to the component matrix we have taken four components and put the all the parameters into those four components.

RELIABILITY

| TABLE 3 |
|---------|--------|--------|
| Cases   | N      | %      |
| Valid   | 72     | 100.0  |
| Excluded| 0      | .0     |
| Total   | 72     | 100.0  |

a. Listwise deletion based on all variables in the procedure

RELIABILITY STATISTICS

| TABLE 4 |
|---------|--------|--------|
| Cronbach's Alpha | N of Items |
| .702        | 10     |

Reliability should be more than .6 and the reliability we got is .702 so we can estimate that our questionnaire is reliable and we can do the analysis on the basis of this questionnaire.
I Component is SUSTAINABILITY which includes Amenities, Medical/ ESI, Salary disbursement, PF, Work experience, Willingness for long time work.

We can easily estimate that in BALCO labour is more sustain in comparison with LANCO because they are all getting more than LANCO like proper amenities, ESI benefit, salary on time, proper deduction of PF, they have more experience and they are willing for working more time but in LANCO they are not that much sustain because they are not getting all the things in properly.
II Component is MOTIVATION which includes difference opinion with employer/contractor.

We can easily estimate that labour worker is more motivated to work in LANCO because they don’t have difference of opinion with the contractor or engineers on the site, one reason is that there is no trade union in LANCO but in BALCO there is Trade Union so labour sometimes they do strike or conflict with the contractors or engineers because they know that TRADE UNION is there who is in support of the labour workers.
III Component is PRODUCTIVITY which includes safety equipments, contended with wage.

Labour worker in BALCO they are getting accurate safety equipments and they are satisfied with the wage which they are getting. But in LANCO labour worker are not being provided proper safety equipments by the contractors and they are not even getting the accurate amount which has been confirmed by the state government in MINIMUM WAGES. So, the labour of BALCO contributes more in the productivity of the company.
IV Component is RIGHT which includes OVERTIME.

Overtime is the right of the labour worker who works for extra time and it is responsibility of the contractor also to provide overtime to the workers who works for extra time. in BALCO labour gets overtime but most of them getting single overtime and due to this there was problem between labour and contractor & in LANCO most of the even don’t get the actual amount of single overtime also.

**FINDINGS**

One rule has been issued by the chattisgarh state that now banks will give the payment to the labour workers it means that contractors has to submit their cheques in the bank for the payments of the labour workers or open a different account for the labour worker from which they can take their payment on time positively but it is not being implemented by the BALCO OR LANCO’S contractors or even labour workers are not aware of this new rule.

Minimum wage have been revised again october up to march but when asked from the labour worker then found that they are not getting according to revised one even they are getting too less in both BALCO & LANCO.
Labour worker as well as engineers has to face problem due non availability of water coolers on the project site. Workers have to go for mile to take the water. In LANCO they also have to sit in open and take rest & lunch, they do not have canteen from which they can take the breakfast or lunch on subsidize rates.

In BALCO Head-HR (Expansion Projects) called a meeting to solve the labours problems about distribution of payment of wages, PPE and redeployment of Contract Labours. This meeting was attended by Union Leaders, Representatives from CLM Department. The solution given by HR Department was accepted by one and all and the STRIKE was made to an end.

No training is given in the LANCO to the labour workers in the morning before starting of work so that they can do their work properly even they are not provided with the proper safety shoes, gloves, halmat. Ladies work in open without any safety guard or shoes.

In LANCO Ladies workers do not get maternity benefit even some contractors have said that they do not provide any maternity benefit to the ladies workers.

SUGGESTIONS & RECOMMENDATIONS

- Contractors should make the disbursement of payment on time whether it is 7th & 10th of every month or they should pay according to the revised amount.
- They should provide proper safety shoes and equipments, gloves to their labour workers so that they can work without any harm or injury.
- Maternity benefits should be provided to the ladies Labour workers.
- Proper supervision should be held on the site regularly or weekly basis so that they can get to know what is actually going on the site.
- One canteen should be there in the LANCO so that labour workers can get their breakfast on the subsidized rates.
- Proper medical aid should be provided to the labour worker.
- Proper lifts should be on the site for uplifting the material on the building.
- Safety steward should be there for the taking care of all the safety measures of the labour workers especially in the LANCO.
- The principal employer should ensure the presence of his authorized representative at the place and time of disbursement of wages by the contractor to the workmen.
- Management should take trade unions in to the confidence that they will do all the things in the betterment of the workers so that TRADE UNIONS do not create the problems in the organizations.
Need of effective implementation of Contract and Labour (Regulation & Abolition) Act 1970 is felt which will bring about many favorable results like:

- 100% presence of workers due to zero strike.
- Timely achievement of goals.
- Better industrial relations.
- No loss of time & money.

CONCLUSION

The whole picture of Contract labour (regulation & abolishment) act 1970 is totally different where the organizations try to implement this act but due to carelessness of contractors and uneducated labour workers they are not able to use this act fully. As we all know that organizations, contractors & labour workers play important role because activeness of every one make the use of this act 100%. So for this organizations should become aware about the duty of the contractors on the site, make sure that they will help in making the labour worker aware about their rights and they themselves play their role effectively. For the effective implementation of Contract Labour (Regulation & Abolition) Act 1970 it is very necessary to establish and maintain very good relations indeed between Contract Labour and the Organization. Government should become more active for the safer side of the labour workers by making some things mandatory for them so that they can get essentials and can work effectively and 100% use of this act would lead to 100% presence of the labour on the site, no conflicts, more productivity & all would help in making the goodwill of the organization.

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