

CONTRACT LABOUR SYSTEM IN INDIA: ISSUES AND PERSPECTIVES

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Abstract

The device of using Outsourced labour is everyday in maximum industries in special occupations together with professional and semi professional jobs. A workman is deemed to be hired as Outsourced Labour while he's employed in reference to the paintings of an established order through or thru a Service Provider. Outsourced workmen are oblique personnel; folks who're employed, supervised and remunerated through a Service Provider who, in turn, is compensated through the established command. The device of Outsourced labour gives outstanding possibilities for employment and permits the employers flexibility to pick what's fine for them. This facilitates enhance productiveness and carrier competitiveness. While financial elements like price effectiveness can also additionally justify device of Outsourced labour, concerns of social justice has referred to as for its abolition or law. Contract Labour [Regulation & Abolition] Act, 1970 is the number one labour regulation in India managing employment of Outsourced Labour in industries.

Keyword:-Labour, Issues, Industries

1. Introduction:

In the prevailing international Liberalisation and globalisation are growing at a totally excessive area and it supplied alternate of enterprise environment, income orientated economics and elevated opposition amongst industries for survival. Many MNC'S, representing the fine logo with inside the international, began out funding in India due to Potential marketplace functionality and availability of personnel. They began out putting in place their places of work in India, giving a hard opposition to their counterparts. To compete on this consumer pushed marketplace economic system, industries calls for flexibilities in handling manpower to cope with occasional upsurge or slowdown in request. But the historic and inflexible Indian Labour Laws which had been enacted 8-four a long time back, limiting proper length of manpower, are growing hurdles in clean functioning of industries. Industrial Relations and Contract Labour in India, All India Organisation of Employees, retrieved from These elements are tending industries to lease an increasing number of numbers of agreement labours to have extra flexibility to modify the variety of personnel primarily based totally on financial performance, higher utilisation of resources, optimisation of income and bringing price effectiveness no matter the threat of decrease employee loyalties and awful pay. But in the main we want to understand who's agreement Labour, Contract Labour may be prominent from „direct labour“ in phrases of employment dating

2. Historical Background:

The historic issue of the agreement labours in India might actually deliver a clean view of the way the device of using agreement labour got here into being. Contract labour has its root from time immemorial. During the early length of industrialisation, the economic institutions had been constantly confronted with the troubles of labour recruitment. British employers or their representatives had been now no longer accustomed with a few simple troubles of the personnel like Low reputation of manufacturing unit people, loss of labour mobility, caste and non secular Taboo, language etc. They had been not able to remedy those troubles. Therefore, they needed to rely upon center guy who helped them in recruitment and manage of labour. These intermediary and contractors had been regarded through special names in numerous components of the country. Contract labourers had been taken into consideration as exploited phase of the operating elegance particularly because of loss of business enterprise on their part. Due to this, the Whitely Commission (1860) advocated the abolition of agreement labour through implication. Before 1860, further to the various negative aspects suffered through the agreement labour, the Workmen's Breach of Contract Act 1959 operated in keeping them criminally accountable withinside the vent of breach of a agreement carrier .Subsequent to this, Many Committees had been shaped through the Government to observe the socio-financial situations of agreement labour like Bombay Textile Labour Enquiry Committee, The Bihar Labour Enquiry Committee, the Rega Committee etc. As a end result of those findings, the scope of the definition of "people" with inside the Factories Act, 1948, The Mines Act, 1952 and The Plantations Labour Act, 1951 turned into enlarged to consist of agreement labour.

- a) The paintings is perennial and should move on from daily
- b) The paintings is incidental to and vital for the paintings of the Factory
- c) The paintings is enough to appoint big variety of complete time workman
- d) The paintings is being completed in maximum issues thru ordinary workmen In the second five year plan months plan, the making plans fee harassed the want of development with inside the operating situations of agreement labour and thus, advocated for a unique remedy to the agreement labour so that you can make sure them non-stop employment wherein it turned into now no longer viable to abolish such kind of labour.

3. Overview of Contract Labour Regulation & Abolition Act:

of Contract Labour Regulation & Abolition Act: Before the enactment of this act there has been no unique regulation which dealt in element with the hassle of agreement labour. Although there had been regulation like Industrial Disputes Act, 1947, Payment of Wages Act, 1936 etc. But those enactment had been now no longer especially designed to remedy the hassle of agreement labour. Therefore, right here turned into a want to for a particular regulation to forestall exploitation of agreement labourers through Contractors and Establishments. The fundamental item of the Act is to offer for law of the employment of agreement labour and its abolition below sure circumstances.

3.1 Registration

This Act made it compulsory for the established order and industries to sign up earlier than the worried authority (Asst. Commissioner of Labour or Labour Officer) in a length as constant through the authorities earlier than employment of agreement labour. The Establishments which set up or have deployed extra than 20 agreement labours are required to sign up the Establishment below the Enactment. With the worried Authority. The utility for registration through the important business enterprise should comprise numerous details on the subject of the established order and it will be made in triplicate in Form-I to the registering officer of the vicinity with suitable costs as constant through the authorities. The certificates of registration will be granted citing the call and kind of the established order, kind of enterprise, most no. workmen to be hired as agreement labour and different details in relation with the agreement labour in Form-II. If there's any alternate withinside the details of the established order, it should be knowledgeable to the authority inside affordable time.

3.2 Licensing of contractor

To stable the reputation of the agreement labour the regulation made it obligatory for the contractor to gain the license for the agreement paintings from the licensing officer of the neighborhood labour branch through making use of in triplicate in Form-IV enclosed with Form-V of the precept business enterprise through depositing the prescribed refundable safety quantity and the licensing costs. A license issued for one contractor paintings can't be used for any other paintings that's special in nature. A contractor isn't always capable of interact in any paintings thru agreement labour with acquiring license from the licensing authority if it occurs the penal movement may be taken towards the contractor accordingly. The license granted is legitimate during one year and may be renewed.

3.3 Rights of labour

The act determines the rights of the agreement labour so that you can cause them to stable from any exploitation. These rights make sure identical reputation of them as of the workmen and the violation of that's enforceable in courtroom docket of regulation. In phrases of wages, hours of paintings, welfare, fitness and social safety agreement laborer's hobbies are protected. Any Agreement entered among the Parties and if any clauses with inside the settlement is inconsistent with the blessings supplied below the Act and aren't favorable for the labourers may be handled as invalid.

- The agreement labours are entitled for the wages together with time beyond regulation wages and allowances as stipulated for his or her paintings on the established order. It should be paid right now each time the salary length is over. It should be according with the Minimum Wages Act.
- The agreement labours have additionally the proper to be supplied the protection measures on the established order and on the spot fitness carrier in case of any damage to the labour. They are entitled for centers like relaxation rooms, canteens, washing facility, first aids facility and many extra. The women's labours are entitled for the separate washrooms, restrooms.
- They are entitled now no longer to be hired in any paintings that's prohibited below any regulation.

3.4 Responsibilities of principal employer

Responsibility of precept business enterprise is on precedence as he's the person that is attached with the agreement labour at paintings, consequently each facility and safety at paintings should be supplied to him through the important business enterprise. Although his legal responsibility for the agreement labour is secondary after the contractor but he's important in price of wages and offering the centres and safety at workplace.

- The business enterprise is accountable for acquiring the certificates of registration and should observe all of the vital provisions for registration of the established order and supply all of the details as demanded through the authority at times.
- The important business enterprise should keep a sign up of contractors in Form – XII.
- The important business enterprise is accountable for price of wages together with time beyond regulation salary and allowances at once paid to the labour in complete according with Payment of Wages Act, 1936 in case the contractor fails to make price with inside the prescribed time. The important business enterprise can also additionally get better such quantity from the contractor. A consultant of the important business enterprise should be gift even as the wages are paid to the contractor.
- He is likewise accountable for numerous centres which might be to be supplied at paintings and which might be critical for the agreement labour at paintings. The important business enterprise is entitled to get over the contractor any quantity spent on offering such centres to the agreement labourers.
- He is accountable that any agreement labour should now no longer interact in unsafe or such paintings that may purpose him the damage at paintings.
- He is likewise accountable for sending Annual Report in a Form XXV to the Registering Officer inside fifteenth February of each 12 months.

3.5 Responsibilities of contractor

In the agreement labour device, the contractor is maximum accountable individual toward the agreement labour. His legal responsibility below the act is made number one. In case of each scenario associated with the agreement labour, the contractor is accountable.

- The contractor is accountable to gain the license from the licensing authority and supply to them all of the details and files as are vital for the license.
- He is accountable to keep the sign up of people in Form XIII which shall comprise all vital details associated with every agreement labour.
- The contractor should problem an employment card to every of the people.
- All centres and facilities like live rooms, relaxation rooms, washrooms, food, and health facility are to be supplied through the contractor.
- He is in the main accountable for the disbursement of wages to the labours on time and continues vital Register of Wages, Deductions, Overtime, show an summary of this Act in English, Hindi and in a

neighbourhood language, and notices associated with charge of wages, length of paintings, cope with of labour inspector, etc.

- The contractor should ship Half-every year reviews in Form XXIV to the neighbourhood labour branch in December and June.

3.6 Obligation and manner of payment of wages

The contractor is obliged to pay the wages of the agreement labour on the prescribed length of time. The contractor shall restoration salary durations in recognize of which wages will be payable. No salary length shall exceed one month. The wages of all and sundry hired as agreement labour in an established order or through a contractor wherein much less than a thousand such folks are hired will be paid earlier than the expiry of the 7th day and in different instances earlier than the expiry of 10th day after the final day of the salary length in recognize of which the wages are payable. Where the employment of any employee is terminated through or on behalf of the contractor the wages earned through him will be paid earlier than the expiry of the second one operating day from the day on which his employment is terminated. All bills of wages-will be made on a operating day of the paintings premises and at some point of the operating time and on a date notified earlier and in case the paintings is finished earlier than the expiry of the salary length, very last price will be made inside forty eight hours of the final operating day. Wages will be paid with none deductions or any type besides the ones precise through the Central Government through wellknown or unique order on this behalf or permissible below the Payment of Wages Act, 1936. A note displaying the salary-length and the area and/time of disbursement of wages will be displayed on the area of paintings. The important business enterprise shall make sure the presence of his legal consultant on the area and time of disbursement of wages through the contractor to workmen and it will be the responsibility of the contractor to make sure the disbursement of wages withinside the presence of such legal consultant.

3.7 Penalties

The Act penalizes the contractor, important business enterprise or another individual if he contravenes the provisions of the Act or any guidelines thereunder, prohibiting, limiting or regulating the employment of agreement labour or contravenes any situation of a license granted below this Act. The punishment in maximum of the offences is imprisonment for a time period up to three months or high-quality upto Rs 1000/- or each and in case of persevering with offence, an extra Rs one hundred/- in step with day. The act additionally gives for the penalty if any individual obstructs or make disturbance in inspection made through the inspector or refuses to supply any files, approvals or sign up as demanded, the punishment for those sort of offences may be the imprisonment for a time period upto three months and high-quality uptoRs 500/- or each.

4. Issues of Contract Labour Regulation and Abolition Act, 1970:

According to the Contract Labour Act, the establishments are meant to stick to the Minimum Wages norms. However it is able to be visible that there are people incomes much less than one hundred in step with month

which does now no longer observe the minimal wages criteria. In well known it's been determined that there are 3 classes of companies as a ways as salary price is worried. The large private companies that pay extra that marketplace wages as performance salary. The performance salary speculation in economics states that if the paintings attempt relies upon definitely at the salary degree, a income maximising organization might discover it worthwhile to pay above the marketplace cleansing degree. The 2d class companies are the ones which strictly adhere to the prescribed minimal salary norms. The 1/3 class accommodates the huge variety of small non-public companies which favor to appoint uneducated employee who may be paid much less than the prescribed minimal wages. Though agreement people revel in provident fund benefit, the provident fund is mostly a burden to them in place of a benefit. It is a burden withinside the feel that each month a few constant quantity is deducted from their meagre income for provident fund contribution. However, those people regularly alternate their contractors they paintings for and the account want to be transferred. Unfortunately as soon as a employee leaves a contractor, he/she in no way get any co-operation from the preceding contractor on this regard. It is the responsibility of the precept business enterprise additionally to affirm the PF details, that's however, now no longer regularly completed. In order to get better the PF quantity, a agreement employee has to have financial institution account wherein the sum due have to be deposited through cheque. Contract people regularly can't keep bills due to minimal deposit necessities through banks. This makes improving their PF dues even extra difficult. In addition, there are some of un-registered agreement companies that deduct provident fund contributions from the people however in no way deposit the identical withinside the provident fund workplace and after some years alternate the area and begin the brand new enterprise in special call. There are apparent benefits of being un-registered because it allows an employer to steer clear of taxes, further to keep away from paying PF, ESI Benefits etc. to a employee and thereby boom one's income margin. Therefore while a registered organisation attempts to compete with an unregistered one, the simplest opportunity seems to be to make the most the labour as they're in extra supply. Due to excessive degree of opposition, income margin measured thru fee has long past down drastically. Usually small and medium agreement companies do now no longer revel in scale economics and if extent of enterprise is going down, they can't perform in a totally low margin. This regularly leads them to collude with the precept Employer and occasionally with Labour Inspector and compete powerful withinside the marketplace. In the context of globalisation, privatisation and liberalisation in March 2000 a GOM as constituted to look at the concept of the ministry to certainly amend the provisions of the Act in an effort to facilitating outsourcing of sports to specialized companies having expert enjoy and know-how withinside the applicable vicinity and on the identical time to offer for a protection internet to agreement labour in such outsourced sports. Such a measure, it turned into felt, might generate employment growth.

5. Judicial Pronouncements on certain issues

There are variety of judgments wherein the courtroom docket brought its opinion on the subject of the reputation of agreement labour being abolished below the notification as it's far one of the disputed social problems on the subject of authorities reforms. Therefore Judiciary is constantly cognizant to modify the

safety and standing to be supplied for such kind of labour and to make sure that they won't be exploited through the economic elegance of the society. In Standard –Vacuum Refining Company of India V. Its Workmen and Others , 1960, (three) SCR, 466, The Supreme Court declared that if the process is of perennial nature completed through the agreement labours and if much less income is being given to the agreement labours while in comparison to ordinary workmen , then courtroom docket can order regularization of carrier of the agreement workmen with the Principal business enterprise.

In Gammon India Ltd. vs. Union of India 1974 SCC (L&S) 252 Judiciary interpreted many provisions and guidelines of the Contract Labour Act, 1970 extensively. Various centers, salary price way, responsibility of contractor and important business enterprise had been extensively interpreted. In this situation it turned into additionally held that the agreement labour statute is constitutionally legitimate. In Hussain Bhai v. Alath Factory, Tezvilali Union, 1978(2) LLJ, 397, A workmen below CLRA Act is likewise a workman below Industrial Disputes Act. A contractor will be the business enterprise of such individual. The Principal Employer below the Act might be business enterprise below I.D. Act in sure circumstances. In Deena Nath case AIR 1991 SC 3026, Supreme Court held that the important business enterprise can't be required to take in the agreement labour that's abolished. In Gujrat Electricity Board, Thermal Power Station ,Ukai, Gujrat v. Hind Mazdoor Sabha, 1995 LLR, 552 It turned into held that thermal electricity in Gujrat-1500 people below agreement-hails from Adivasi. Contractors exploited the people extra than 20 years. Supreme Court ordered absorption of maximum of the agreement laboures through appointing a committee. But after that there had been steady court cases that the agreement labours are being thrown out from the employment. So the questions arose as to the reputation of abolished labour below the Act. On this important query of the after impact of the abolition of Contract Labour, the Supreme Court in Air India Statutory Corporation vs. United Labour union AIR 1997 SC 645, overruled the 2 member bench choice in Deena Nath Case AIR 1991 SC 3026 keeping that the excessive courtroom docket can also additionally direct the important business enterprise to take in the agreement labour who've been abolished below the authorities notification. The courtroom docket additionally dominated that the linkage among the contractor and the labour stood snapped and the direct dating stood restored among the important business enterprise and agreement labour as its personnel. Abraham, S, The problems, Concerns, Problems and Remedies in handling the Contract Labour

Later with inside the landmark case specifically Steel Authority of India vs. National union of Water Front people and others, AIR 2001 SC 3527, the Supreme Court overruled the choice brought with inside the Air India Statutory Corporation Case keeping that neither phase 10 of the act nor another provision of the act whether or not expressly or through vital implications gives for the automated absorption of the agreement labour. Consequently the important business enterprise can't be required to take in the agreement labour operating with inside the established order.

Conclusion:

Although employment of agreement labour in India has attracted debates and raised battle of hobby a number of the social partners, it has turn out to be a extensive and developing shape of employment,

engaged in special occupations together with professional, semiskilled and unskilled jobs. The device of using agreement labour is everyday nearly in all sectors, in agriculture, manufacturing, and excessive GDP yielding carrier sector. Liberalisation of marketplace economic system in early nineties has necessitated extra flexibility of employment of for the industries to compete withinside the international views and antediluvian labour legal guidelines has compelled industries to lease agreement labour to cope with the cyclical needs and growing enterprise pleasant compliance mechanism to live to tell the tale and compete withinside the globalised economic system. Concomitant modifications withinside the Industrial Disputes Act, 1947 might be vital to lessen reliance on agreement labour device. The agreement labour (law and abolition) act 1970 gives safety and safety to the people hired on agreement. On the only hand, it seeks to offer agreement people minimal wages thru licensing of contractors and through keeping important employers responsible for enforcement of the regulation. On the opposite hand, it empowers nation and relevant governments to limit the behavior of sure forms of paintings thru agreement labour. The suitable authorities can problem a notification withinside the respectable gazette to limit employment of agreement labour in any process, operation or different paintings. The relevant authorities has taken steps in advance and abolished agreement labour practices in some of jobs in special industries and has issued notifications on this regard. But withinside the absence of any labour regulation reforms during the last such a lot of years, even the courts have taken contradictory positions withinside the current past. One judgement stated precedence should receive to absorption of agreement labour each time a new (Industrial Relations and Contract Labour in India, All India Organisation of Employees) role comes up, even as any other stated no such assure may be given through a organisation due to the fact the phrases of employment itself speak approximately a hard and fast agreement

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