

CONTRACT LABOUR (REGULATION AND ABOLITION) ACT, 1970

SECRET : con:: To Copy No. No. S-16011/1/2010-LW Government of India Ministry of Labour & Employment Jaisalmer House, Mansingh Road, New Delhi, the 22nd March, 2010. All Labour Secretaries, State Governments/UTs Subject - Draft Note for Cabinet regarding amendment to the Contract Labour (Regulation and Abolition) Act, 1970. Sir, I am directed to forward herewith a Draft Note for the Cabinet to amend the Contract Labour (Regulation & Abolition) Act, 1970. It is requested that the comments/views on the above mentioned DRAFT CABINET NOTE may kindly be furnished to this ministry latest by 12th April, 2010. This has approval of the Union Minister of Labour & employment. Yours faithfully (B.A.Khan) Director 23389081 Encl: As above. SECRET Copy No (2— F. No. S-J 6011 Government of India Ministry of Labour & Employment Shram Shakti Bhavan, New Delhi, dated .93 D NOTE FOR THE CABINET 2-0 1 D Subject: Note for the Cabinet regarding amendment to the Contract Labour 1. 1.1 (Regulation and Abolition) Act, 1970. BACKGROUND With a view to preventing exploitation of contract labour which predominantly belong to vulnerable sections of the society, the Contract Labour (Regulation & Abolition) Act, 1970 was enacted. The Act aimed at the abolition of contract labour in respect of such categories as may be notified by the appropriate Government in the light of certain criteria laid down under Section 10 of the said Act, and at regulating the service conditions of contract labour where abolition is not possible. It also provides for setting up of Advisory Boards of tripartite character, representing various interests, to advise the Central and State Governments in administering the Act and registration of establishments and contractors. It further provides for provisions and maintenance of certain basic welfare amenities for contract labour, like drinking water, first aid facilities, rest-rooms, canteens etc. Provisions are also there to guard against defaults in the matter of wage payment. 1.2 1.3 with the changing global economic environment, there has been a tendency to squeeze the remunerations and social security provided to the contract labour with a view to improving profit margins. There is ample evidence available to indicate that the exploitation of contract workers has increased as has contractualisation itself. Thus, there are situations where despite performing similar tasks there is a vast differential in the remunerations being provided to contract workers as compared to those that are on regular roll. Accordingly, there has been a demand to revisit the provisions of the Contract Labour (Regulation & Abolition) Act, 1970 and make it more effective and practicable in the context of the changed global economic and working environment with a view to safeguarding the interest of both the Contract Labour and Employers. This would also be in tune with the objective of fostering inclusive growth in the country wherein all segments, especially the vulnerable sections, can participate and benefit from the growth in the economy. The issues relating to contract labour have been discussed in various fora and with all the stake holders. Finally, it came up for consideration before the State Labour Ministers Conference held on the 22nd January 2010. The Conference agreed unanimously to amend the Act and incorporate the following provision as a new section in the main body of the Act to make it more effective and visible. (The provision presently exists at Rule 25(2)(v)(a)). Once the Act is amended as proposed, this Rule will be deleted): 1. 1.5 contract: the same or similar work as performed by the Principal Employer/over-see or M'work , social security and other conditions of service of contract labour shall be the same as are available to the on the roll of the Principal Employer. 1.10 case. the same or similar kind of work is being performed by the workmen directly employed by the Principal Employer, the appropriate Government will fix the rates, holidays, hours of work , social security and other conditions of service. The State Labour Ministers' Conference also recommended the following amendment to the Act and incorporate a new Section so as to ensure wages and contribution towards social security to be paid by the contractor are clearly specified in the contract agreement between the Principal employer and the contractor: 'Whenever a contract is given to a contractor, the contract agreement between the Principal Employer and the contractor should clearly indicate the wages and contribution towards social security schemes and other benefits that are to be paid by the contractor to the contracted M'work; on any It was also considered necessary to carry-out an amendment in the Contract Labour (Regulation & Abolition) Act, 1970 so as to redefine the 'appropriate Government' under Section 2 (1) (a) of the Act. This is basically to clarify the jurisdiction of the Central Government in terms Of Central Public Sector Undertaking as well as the Central Government Ministries, Departments and their establishments. The existing provision does not

clearly indicate the jurisdiction of the Central Government over these institutions. Sl.No. Section 2. Section Definitions- APPRm AL SOUGHT Approval of the Cabinet is solicited to amend the Contract Labour (Regulation and Abolition) Act. 1970, as detailed below: 1. Proposed Amendment Existing Provisions (1) In this Act, unless the context otherwise requires, - requires, - "appropriate Government" (a) means- Government" means,- (i) in relation to an establishment Central Government or establishment in respect of which the appropriate Government under the Industrial Disputes Act, 1947 (14 of 1947), is the Central Government, Central Government; 2. Chapter V WELFARE CONTRACT LABOUR AND OF AND OF the and Departments Ministries including the Central Public Sector Undertakings and other institutions and organizations under their establishment in respect of which the appropriate Government under the Industrial Disputes Act, 1947 (14 of 1947), is the Central Government, the Central Government. WAGES, WELFARE AND HEALTH OF CONTRACT LABOUR. Proposed Addition of new Section I (DA. Pros, isiens O 4

5. Heading of Responsibility I payment of wages.Section 21 Addition of for a new Section 21 A. Proposi Ville n di'i ell i Jdzuges: In, case wne're lhe 16-,1 contract Idibour per!or'71 lhe ;ame kind OJ' vvor/c as the or similar wor/cmen directly appointed by lhe Principal Employer the rates, holidays , hours (Dj • work social security provisions and Dther condition o/ • service oj contract labour shall be the same as are available to the direcr.ly appointed workmen on the rolls of • the Principal Employer. In case the same or similar kind of work is not being performed by the wor/cmen directly employed by the the Employer, Principal Appropriate Government will notify the wage rates, holidays, hours of work, social security provisions and other conditions of service. Provided that in case Dj any disagreement with regard to the ope Df work, the same shall be decided by the officer notified for this purpose by the "appropriate Government. Responsibility for payment of wages and contribution towards social security. 21-A Wages and contribution towards social security - Whenever a contract worker engaged *hrough a contractor coniract pet-ween Ühe Principal' xzreemenr Employer and contractor Shail earlv the vvaoes 3,nct rou;arâs social securin; •cnenaes Diner penetirs 'hat nae pe paid lite contractor -he -L nrree:ec •vor!cmcnz.

3. EQUITY PUBLIC ACCOUNTABILITY AND INNOVATION A Statement Qi Equity, Public Accountability and Innovation is attached at Appendix- I. IMPLEMENTATION SCHEDULE A

Statement of Implementation Schedule in respect of the above proposal is given in Appendix-II to the Note 5. The proposal has the approval of Labour & Employment Minister. F.No. S-16011/1/2010-LW (Anil Swarup) Joint Secretary to the Govt. of India Tel No. 233S36S4 1,101 O •luauuqsuqelsa ue JO -lelnßæ qum Å!tenba aaluæenß pue Å!MVJOS lepos aovuas lauaq unsua penuoo soet ujauaq se -Ise^ aunt) s! swawpuawe pasodoud acp JO aaeuaA0D •u!ewop D!lqnd Lil eq II!M jouaup uc!leluatualdul! atll pue swauapuawe pasodonl aql 'snq1 luauue!IEd atll JO sasnoy-l atll Illoq s! mel aq vodou lenuuv •wacuÅ01dLLIA pue unoqe-l JO aq-4 JO vodau lenuuv u! papelJ0J aq JO vodu pue 'eq Ketu ase0 aql se Ouatu0E/09 atu uo watUUEA09 IE)J4ua) Åq panuuo(Il pue paluauualdu.! aq pasodoud aqx •slope]luoo 40 suaÅ01dwe aill Åq sua)luom JO JO eql Hune!Aqo u! hem Huq e 08 osp supuaq queeq e-te}löm ' "uunoos lepos aopuas 'saHem alewdoudde all) JO paAl]dap pue pal!01dxa Alluasæd oqm ssep nod JO aleJ0!lawe •Anunoo Inotlßncntll moqel penuoo ssedtuoo0ua luawpuowe pasod0Jd aqx ileofi eouenpe gesod0Jd seop MOH uogerouul pue 0!tqnd un 310N -JO L VHVd I -3114 1383-3S suogenouul Kuuqewncnov 3!lqnd ssauerqsnug JO Aunb3 le03 pu!nbä2 uo wowe1e1S ON • S of S Etnploynnent Govern:nenl of •Xtnetldmetits to the Contract Labour (Regulation and Abolition) Act. Subiee's : . tsegatding. Decisions Required Projected Benefits'Results Time Schedule for I tupletnmentation Reporti th e Ca binet Secreta riat 10 The decision will Amendments Section inclusive nvision facilitate o? Heading Chanter-V amendment to of growth by preventing exploitation the contract labour and n exv and Once the amended. instructions issued to offices is Aet neecessarv will be the field for Headine Sections of 21 implementation of the revised •otovislon.