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CHAPTER III

A THEORITICAL FRAMEWORK OF CONTRACT LABOUR IN SERVICE INDUSTRIES

3.1 INTRODUCTION

The global economy and the emerging cross-border exchanges in the competitive markets have brought a change in the employment pattern, which gives the employment insecurity in terms of the market economy. The nature of relationship between the organization and the employee has undergone fundamental changes. According to Pfeffer, the employers and shareholders, focus on the short term benefit, by entailing the methods of downsizing, outsourcing and externalization of employment and by the excessive use of contingent work arrangements. The employers take up flexible labour force as an effective cost measure to sustain the competency, in both global and domestic markets. ‘Contract labour’ has now become an inevitable part of all sectors, specially the service sectors. At present, the contract labour system avoids direct employment relationship between the employee and the employer.

3.2 CONCEPT AND DEFINITION

‘Contract labour’ generally refers to the ‘workers employed by or through an intermediary on work of any establishment’. However, the contract workers have no direct contact with the principal employer. This employment contract is the service between the employer and employee, where the employee agrees to serve the employer, in all subjectivity and supervision.
Encyclopedia Britannica, 1998 defines contract labour as, ‘the labour of workers whose freedom is restricted by their terms of contractual relations and the laws that make such arrangements permissible and enforceable’.

The contract labour system can be distinguished from direct labour in terms of employment relationship with the principal employer and the method of wage payment. The contract labourers are recruited by an outsider or by an agency and are supplied to any establishment by being engaged with work. That particular establishment allots work to the contractors who recruit their own labour. Unlike direct labour, which is borne on the muster roll of the establishment and is entitled to be paid directly, the contract labourers, are neither borne on muster roll, nor are paid directly. These establishment, generally do not take any direct responsibility to the workers appointed by the contractors.

3.3 TYPES OF CONTRACT LABOUR

‘Contract labour’ can be broadly divided into two main categories, one being on Job contracts and the other, on labour contract. Under the Job contract, employers allot particular work or jobs to the contractor for a lump-sum payment, wherein the material and labour would be of the contractor. Once the job is complete, they will move to the next contract. In this way, the production takes place at a location other than the establishment which has given the contract.

On the contrary, the ‘labour contract’ is the one in which the contractor supplies only the labourers to the principal employers for a specific work when needed, where the machine and the material would generally belong to the principal employers. The payment for these labourers is done by the contractor on the basis of the terms of
contract between the principal employer and contractor. For the supply of labourers, the contractor will get a remuneration or commission. But in both forms, the contract labour is neither borne on pay roll, muster roll or wages being paid directly by the principal employer. The establishments giving the contracts have no direct responsibility of the contract labour\(^4\). The Contract labourers are distinguished from regular employees based on the service conditions and by the terms of employment that they have with the principal employer. The remuneration of the contract labourers appears to be different from what the regular employees who are engaged in the similar jobs get.

### 3.4 CAUSES OF CONTRACT LABOUR

Among the many causes, the fundamental change in the global market economy, technological and the advancement of the information technology, leads to the flexibility of the labour capital and the labour market. Globalization brings a rapid integration of trade and culture between the nations, worldwide, which becomes an important movement towards the economic, financial, trade and communications integration, because of which the barriers are reduced and the economic competition among the employers have increased, making the labour market more flexible, comparatively. This flexibility in turn, brings a change in the informal economy. According to Sivanthiran and Venkata Ratnam, the informal economy refers to all the economic activities of the workers and the economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements\(^5\). The productivity of the workers is neither covered under the law nor is operated outside the formal reach of the law. One of the outcome of the neo-liberal reforms around the world, is the erosion of job security regulations and the other, the workers’ protection,
which is not carried out through legal changes or through the increase in informalisation, resulting in, the regulations being systematically bypassed or badly enforced.

According to James Heintz and Robert Pollin, this type of informalisation is due to the decline of public employment, promotion of trade and foreign investment, macroeconomic policy strategy and by the increased pressure to engage in payable employment. This flexibility, seem to affect the various aspects of the labour market, such as working conditions, welfare measure, wage and job security. This flexibility also helps in changing the recruitment pattern by forming the two tier form of employment in the organizations. The permanent skilled labourers, on the one hand, are protected by the regulations and on the other hand, the contract labourers, and the other semi skilled and unskilled workforce have no protection of regulations. The contract labours of both sex, are allowed to increase in number to work from any household, yet preventing a decline in the living standard of those household. The workers between the ages of 20 to 36 constitute a majority of the informal economy. Though the education could be low, they are still suitable for the semi-skilled and unskilled nature of job. Most of them are immigrants, drawn from deprived and rural backgrounds and who belong to the lower castes/sections. They leave their families in order to support them, who are financially dependent on these workers. As these pathetic economic conditions of the labourers, provide a very low employment opportunity, they are willing to take up any kind of job, though it means a very low wage. This is what makes them ‘contract labourers’.

The new technology is responsible for two innovations in the business world: Innovations in production processes, organization and working methods, and
innovations resulting from new products and services. They are one of the main factors for the structural change in the labour market, jobs, working conditions and in the labour relations. The emergence of computers and telecommunication, by the information technologies, and the growing sophisticated networking data processing has led to the changes in the form and content of work-needs differing in the employment process. This changes the entire nature of work and the working environment. All of the above factors have a greater impact on the employment pattern which makes it favorable for the employers in economic and industrial relations.

3.5 EVOLUTION OF CONTRACT LABOUR

Though contract labour is an old practice in India there are only two schools of thoughts which substantiates the origin of it. The widely believed reason is that in the early times there were territorial and social barriers to labour mobility which restricted labour supply, as a result, organized industries resorted to contractors to recruit and supply labour.

The other school refuted this theory and gave a different reason of the origin of the contract labour system. According to this, in the early stages of industrialisation, most of the technicians in India were the Englishmen. This was due to lack of skilled technicians in India at that time. These technicians required interpreters to hire and train the labourers because of the language barrier. The jobbers were engaged in recruiting the gangs of labour to train them and to oversee their performance, in turn, these Jobbers would receive remuneration. Gradually, this
system became the contract labour system and jobbers became contractors on account of their power to hire and fire workers\textsuperscript{10}.

In 1860, the Government, concerned about the working conditions of the contract workers in plantations, appointed many commissions and committees. The revised survey came up with the regulations of contract labour, leading to the appointment of the Royal Commission on Labour in 1929. Even, after independence, a Labour Investigation Committee (1946) was appointed, highlighting the prevalence of the contract labour on a large scale, to the extent of exploiting these labourers. The committee had suggested appropriate amendment to be carried out through the labour laws and also recommended that the contract workers be included in the definition of ‘worker’.

All these Commissions/Committees found their conditions to be appalling and leading to exploitation, therefore the abolition of the contract labour system was given a thought. So, the Labour Investigation Committee recommended the abolition of contract labour system, which was feasible, but the regulation seemed impossible. This scenario is considered as a pragmatic approach to the problem. In 1970, the enactment of Contract Labour (Regulation and Abolition) Act was passed by the Parliament for the protection of contract labourers.

3.6 PROVISIONS OF THE CONTRACT LABOUR ACT

This Act regulates the employment of the contract labour only in certain establishments but abolishes under certain circumstances. The Act was passed to prevent the exploitation of the contract labourers and to embed better conditions of the work, as well as, for the workers. Its primary objective was to ensure the
prevention of any sort of exploitation of the contract labourers either by the contractors or the establishments. The Act is a socio-economic welfare legislative, according to which, the contract labour should not to be engaged where:

1. The work is perennial in nature and must go on from day to day

2. The work is incidental to and necessary for the work of the factory.

3. The work is sufficient to employ a considerable number of whole time workmen

3.6.1 WELFARE AND HEALTH CARE FACILITIES OF CONTRACT LABOURERS

The Act has laid down certain amenities to be provided by the contractors to the contract labour for establishments like, canteens and rest rooms, by arranging sufficient supply of wholesome drinking water, latrines and urinals, washing facilities, which is made obligatory. In case of failure by the contractor in providing these facilities, the principal employer is liable to provide the same.

3.6.2 PAYMENT OF WAGES

The contractor is to pay the required wages and the responsibility to ensure disbursement of wages, is on the contractor in the presence of the authorized representative appointed by the principal employer. In case of failure of the contractor in paying the wages either in part or in full, the principal employer is liable to pay the same. The contract labour that performs the same or a similar kind of work as regular workmen will be entitled to the same wage and service conditions as would apply as the regular workmen as per the contract Labour (Regulation and Abolition) Central Rules, 1971.
3.6.3 LIABILITY OF PRINCIPAL EMPLOYER

If any contractor does not provide the amenities prescribed above, within 7 days of the commencement of the employment, the principal employer shall make provision to provide it in a period of 7 days.

3.6.4 REGISTER AND RECORDS

Every employer should maintain a register of the contractors and every contractor should maintain a register of contract labourers. They have to maintain the muster roll, the register of wages, the register of deductions, fines, advances and the register of overtime.

3.6.5 ENFORCEMENT SET-UP

The primary aim of the Contract Labour Act is to stop the exploitation of the contract labour by its employer and establishment. This Act does not provide the complete abolition of contract labour but tries to regularize, with the help of state and central government. Through this, the State or Central government becomes responsible for the effective implementation of the Contract Labour Act. In the state level, the State Labour Department and in the central level, the Central Industrial Relations Machinery (CILM) is responsible for the enforcement of provisions of this Act. The overall implementation and enforcement of this act all over India, comes under the central government.
3.7 CONTRACT LABOUR: KARNATAKA

The Contract Labour (Regulation and Abolition), Karnataka Rules, 1974

In exercise of the power conferred by section 35 of the same Act, the Government of Karnataka published the draft rules on 29th July 1971, in the Karnataka Gazette and the same was brought into force on 9th December 1974.

Certificate of Registration: Every application for the Registration of Establishments, the inter alia should contain the following particulars:

(i) Nature of work carried by the establishment.
(ii) Nature of work in which contract labour is employed or is to be employed.
(iii) Maximum number of contract labour to be employed on any day by each contractor.

Every certificate of registration granted shall contain inter alia the particulars namely:

(a) The type of business, trade, industry, manufacture or occupation which is carried in the establishment.
(b) The maximum number of workmen to be employed as contract labour in the establishment.
(c) The type/nature of work to be carried by the contract labour.

The Registering officer shall maintain a register in Form III, showing the particulars of the establishment in relation to the certificates of registration that has been issued by him.
**Grant of License**

Every application by a contractor for the grant of a license shall contain inter alia, the following:

(a) Name and address of the establishment where the contract labour is to be employed.

(b) Type of business, trade, industry, manufacture or occupation which is carried on the establishment in the past 5 years.

(c) Nature of work in which the contract labour is employed or is to be employed by the establishment.

(d) Duration of the proposed contract work.

(e) Maximum number of contract labour proposed to be employed in the establishment on any date.

(f) The workmen employed by the contractor should perform the same or similar kind of works as the workmen who are directly employed by the principal employer. The wage rates, holidays, hours of work and other conditions of service of the workmen by the contractor should be the same as it is to the workmen who are directly employed by the principal employer on the same or similar kind of work. This should be decided by the Commissioner of Labour whose direction will be the final.

(g) In other cases, the wage rates, holidays, hours of work and conditions of service of the workmen of the contract labour should be as specified by the Commissioner of Labour.

(h) Every contractor should issue an employment card as mentioned in the form XIV to every worker within the three days of employment.

(i) On termination of the employment for whatsoever reason, the contractor should issue a service certificate in Form XV, stating why the service has been terminated,
(j) Every contractor should maintain a Muster Roll and a Register of wages in Form XVI and XVII respectively and obtain the signature or thumb impression of the worker concerned against the entries in the Register, for each work on which the contract labour are engaged.

(k) All Registers and records that are to be maintained under the Act and Rules, should be complete up-to date and submitted to an office nearest and convenient building within the precincts of the work place or at a place within the radius of three kilometers.

(l) The principal employer and the contractor should display notice regarding the rates of wages, hours of work, etc in English and Kannada in conspicuous places of the establishment and in the work site.

3.8 ESTIMATION OF NUMBER OF CONTRACT LABOURERS

About half of the work force in India, currently does not work for a direct employer, which is true not only in agriculture, but increasingly in a wide range of non-agricultural activities. The economic sector has experienced a peculiar tendency of fall in real wages along the relatively less regular employment of most workers.

In India, a total of 384 million people are employed at various levels, out of which, 51 per cent are self employed, 33.5 per cent are engaged as casual labour and only 15.6 per cent are employed on regular wage or salaried employees (66th Round NSSO 2009-10). The VV Giri National Labour Institute, in a study on the contract labour has estimated that, in a total of 3.6 crore contract labourers, throughout the country, only 60 lakh are covered under the Contract Labour (R&A) Act 1970, both in the Central and the State sphere. Unfortunately, there is no precise estimation of the contract labour who is employed in the country but they seem to constitute a substantial segment of the workforce. The countrywide survey conducted by the
Associated Chambers of Commerce and Industry of India (ASSOCHAM) under the aegis of its Social Development Foundation, reports that there is a Steep Rise of Permanent Temporary Workers in India’s workforce, in the last one year the number of contract workers grew by 39%, while the growth in the number of regular workers nearly halved to only 25%. The telecom sector scores the worst, where up to 60% of its staff is on contract basis. There has been a sharp rise in the number of contract workers in the automobiles (56%) and other industrial sectors like education (54%), manufacturers (52%), FMCG (51%), IT/BPO jobs (42%), Hospitality & travel (35%), pharmacy and healthcare (32%) in India\(^{11}\).

3.9 THE STATUS OF CONTRACT LABOURERS

The demographic and the economic pressures are induced on the contract labours to work on contract basis but the technology and the environment, by its nature, takes employer’s side in not recruiting the workers on permanent basis. In the service sector, majority of the work is based on the labour and the contract labour system, which is inevitable. In this situation, the study on the status of contract labour is also inevitable.

The problem of the contract labour has been exacerbated in the last few decades, particularly in the last two decades. The status of the workers is profoundly changing from ‘permanent’ or regular workers to ‘contract or casual’ workers. Therefore, the demography in majority of workplaces, including the government and public sectors has now reached a stage where the contract labourers outnumber the permanent workers. In the last two decades, the policy of the Government of India, of zero budget or ban on recruitment has led to non-filling of regular vacancies, and created a shortage of manpower at workplace. Therefore to meet the workload with its
productivity, either the job has to be outsourced or the contract labour be employed. On the other hand, the private employers initiated various cost cutting measures, in order to be competitive in the global business environment, in which, the employment of the contract labour became a very safe and easy option for employers.

3.10 WORKING CONDITIONS

There is a wide disparity between the working conditions of the direct labour and the contract labour. The workers working outdoors do not get proper working conditions or any safety measures but have protracted working hours in order to complete the task assigned to them. The workers indeed, have to be given an ample rest interval. But the contract workers usually wait for the higher authority to permit them to give any rest intervals, in their case, the periodical rest intervals are not scheduled in the first place. The employers deny legitimate leave with pay to the contract labourers and the deduction of holiday wages are also dependent on the contractor, so the contract labourers do not get any leave facility like the regular workers do.

3.11 WELFARE

Labour welfare is a comprehensive term that includes various services, facilities and benefits offered to the employees by the employers, in order to increase the efficiency of the workers, which would increase the productivity. It aims to improve the workers’ health, efficiency, economic status and betterment in the social status, also to reduce the labour turnover and absenteeism and to create a permanent settled labour force. These welfare measures are classified as statutory and non-statutory, where the statutory measures are drinking water, hygiene, rest room,
canteens, first aid appliances, spittoons, light, ventilation, latrine and urinals, which are compulsory. The non-statutory measures are housing, medical, transport, recreations, insurance and retirement benefits, which are not compulsory but can be offered by the employers out of their own interest or by negotiations, which totally depend on the contractors. But most of the contract labourers are denied of these facilities. In the telecom sector, the statutory measures are given only to the direct employees by the principal employers and not to the contract labourers. Apart from the welfare facilities that are to be provided by the employers, the government also provides some welfare facilities for the contract workers, in terms of games and sports, crèche, adult education, training in tailoring to the women of the workers family, etc, which are available at the labour welfare centers in different industrial cities.

3.12 SOCIAL SECURITY

The contract labourers are usually deprived of social security, though they fall under the ESI scheme, they lack knowledge of the available benefits under the scheme, which includes compensation and other health coverage. It is the responsibility of the contractor to issue the necessary documents and identification cards to the workers, from whom they deduct the mandatory employee contributions of Employee State Insurance (ESI) and Provident Fund (PF). The labourers are also unaware of the continuance in the coverage of ESI and PF, when there is a change of contract and they are unaware of the status of contribution made during the period of the earlier contract.

The frequent change of contractors for a particular job becomes a challenge for the workmen to retain the social security coverage. In most of the cases, the
contractors deduct the employer and employee contribution of ESI and PF from the wages and make unethical profits out of it. In some cases the contractors do not remit the contributions to the respective social security organizations, but violate the mandatory provisions of law. The contract labourers are not capable of demanding these mandatory social security schemes, because of which, these demands end up in losing the job. Hence, the contract labourers do not enjoy the immediate benefits and reliefs of the schemes and the existing unregulated violations make them untitled, to secure the long term benefits of these schemes.

3.13 CONTRACT LABOUR IN SERVICE INDUSTRIES

The growth of service industries in India started in the 1980’s and accelerated in the period of liberalization. After Independence, the country’s concentration was on the growth of agriculture and the development of industries. The service sector was paid very little attention, while some important services were under the government. In the 1990’s, through –‘Controlled, Regulated, and Protected economy (CRP)’, India shifted to the - ‘Liberal, Privatized and Global economy (LPG)’, which also brought a change in the services\(^12\). These changes led to the growth in the service sectors, due to the increase of the disposable income by increasing urbanization and a growing middle class. A population ‘bulge’ in the working age group seem to have provided a ‘demographic window of opportunity’, with the emergence of a wide array of unconventional/new services like IT, ITES, new financial services (ATMs, credit cards) and tourism services (eco-tourism, health tourism). The growth of the Indian service sectors contributed to the GDP and increased its share in trade and investment, which drew the world’s attention.
There are two other aspects that influenced the performance of the Indian service sector, firstly, by following an international trend, the FDI, moved India from manufacturing towards the service sector, increasing the overall productivity, which has been focused in the telecommunication and in the financial services\textsuperscript{13}. This led to the privatization of services, without any restriction of FDI inflow, which was followed by the approval procedures. This also increased the GDP growth with contribution from five sub-sectors in the business services, communication and banking services, followed by hotels, restaurants and community services that made India the outlier among the service sectors in the developing countries\textsuperscript{14}.

3.14 CONTRACT LABOUR IN TELECOM SERVICE INDUSTRIES

According to the Indian Constitution, some services fall under the union list and some under the state list, while, the remaining come under the concurrent list; telecommunication falls under the union list with a separate regulator.

The telecom services have been recognized all over the world as an important tool in the socio-economic development of a nation, which helps in empowering the masses to achieve inclusive and sustainable growth of the country. It happens to be one of the prime support services that is needed for the rapid growth and modernization of various economic sectors. The rapid growth in the Indian telecom industry, contributes to the Gross Domestic Product (GDP) of our country. Indian telecommunication appears to be the second largest network in the world in terms of the number of wireless connections, after China. This sector seems to be growing at a speed of 45% during the recent years, which is possible only by various proactive and positive decisions of the government and with the cooperation of the public and the private sectors. Telecom Regulatory Authority of India was established to regulate
and to deal with competitions among the service providers, in terms of market performance for the year, the telecom managed services and in the networking market, which helped in the moderate growth in 2010, where there was a revival of the global economy and an improvement in the overall business climate. The Indian market is still adding about 15 million subscribers every month and about 10 million handsets. Presently, almost every sector or industry uses the telecom technology, which has led to a surge in telecom jobs in India. The telecom sector is vast, hence, offers a wide range of career opportunities, in both hardware and software fronts.

3.15 HISTORY AND THE GROWTH OF TELECOM INDUSTRY

Telecom, means transfer of information that takes place between two distant spaces. In Indian history, the telecom system was started with the telegraph system. Telecommunication was introduced in 1851 by the British Government near Calcutta, where the first telegraph line was laid between Kolkata and Diamond Harbor; but only after 5 years, in 1881, Alexander Graham Bell invented the telephone. A British firm introduced ‘POTSC’, which was a plain old telephone service, to be used in the colony, where, the telegraph and the telephone in India belonged to the Public Works Department.

3.15.1 INTRODUCTION - TELEPHONE

In 1880, two telephone Companies namely, the Oriental Telephone Company Ltd. and the Anglo – Indian Telephone Company Ltd., proposed to the GOI to establish telephone services in India. The permission was denied because the establishment of the telephone was the Government monopoly, where the Government itself would undertake the work:
Later in 1881, the Government reversed its earlier decision and a license was granted to the Oriental Telephone Company Ltd. of England to open the telephone services at Kolkata, Mumbai, Chennai and Ahmadabad. The first formal telephone service was established, on 28 January 1882, which was a Red Letter Day in the history of telephones in India. On this day, a member of the Governor General of India’s Council opened the Telephone Exchange in Kolkata, Chennai and Mumbai. The exchange at Kolkata was named Central Exchange, which was opened on the third floor of the building at Council Home Street. This Central Telephone Exchange had 93 numbers of subscribers; Bombay interned the opening of the Telephone Exchange in 1882 and in 1902 the first wireless telegraph station was established between Sagar islands and Sand heads.

By the time of Independence in 1947, the country had 321 switching centers (telephone exchanges) in urban areas and a tele-density of 0.15 phones, per thousand people. In 1948, all the major cities and towns in the country were linked to telephones and the total number of telephones in 1948 was around 80,000 but after independence, there was a spectacular growth. The number of telephones grew to 980,000 in 1971, 2.15 million in 1981 and 5.07 million in 1991, which led to the economic reform being initiated in the country.

In 1975, the Department of Telecom (DOT) was separated from Postal and Telecommunication Department, when DOT was made responsible for the telecom service in the entire country until 1985, when Mahanagar Telephone Nigam Ltd. (MTNL) was carved out of DOT to run the telecom services of Delhi and Mumbai and BSNL served the rest of India.
3.15.2 REVENUE AND GROWTH

Telecommunication is the lifeline of the rapidly growing Information Technology (IT) industry. The IT revenue of the financial year 2011 was estimated to be Rs 835 crore. But, the total revenue of the Indian Telecom Services Companies is likely to exceed Rs.200,000 crores for the Financial Year 2011-12. These are the consolidated numbers that include foreign operations of Bharti Airtel. The major contributions to this revenue are as follows (in crore rupees): Bharti Airtel R65,060; Reliance Communications 31,468; Idea Cellular 16,936; Tata Communications 11,931; MTNL 4,380; TTML 2,248; BSNL 32,045; Vodafone 18,376; Tata Teleservices 9,200; Aircel 7,968 15.

3.15.3 MODERN GROWTH OF INDUSTRY

A large population with a low telephonic penetration levels and a rise in income and spending patterns of consumerism, owing to the economic growth, has helped India to grow at a faster pace in the telecom market throughout Asia. The first operator was the state owned BSNL, which was created by corporatization of the erstwhile DTS (Department of Telecommunication Service), a government unit, which was responsible for the provision of the telephone service. In 1990, the telecom sector was opened up by the Government for the private investment as part of Liberalization, Privatization and Globalization policy. Thus there was a need to separate the Government’s operational wing, wherein the Government of India corporatized the operational wing of DOT on the 1st of October 2000.

Subsequently, the telecommunication policies were revised to allow private operators and companies like Vodafone, Bharti Airtel, Tata Indicom, Idea Cellular, Aircel and others, to enter the spectrum of telecommunication in India.
3.15.4 TOP TELECOM PLAYERS IN BANGALORE

**Bharat Sanchar Nigam Limited:** It is an Indian State-owned telecommunication company, headquartered in New Delhi, is the largest provider of fixed telephony and the fourth largest mobile telephony provider in the country and also provides broadband services. It is India’s oldest and largest communication service provider, having its footprints throughout India, except for the metropolitan cities of Mumbai and New Delhi. BSNL, by and large provides connections to both, urban and rural areas. Pre-activated Mobile connections are also available at many places across India. It had a customer base of 95 million as of June 2011 and it leads the market with 67.7 per cent of shares followed by MTNL and its total landline subscription stood at 30.2 million in 2013. BSNL has also unveiled the cost-effective broadband internet access plans (Data One) targeted at homes and small businesses.

**Bharti Airtel Limited:** It is an Indian multinational telecommunication service company, headquartered in New Delhi, India. It operates in 20 countries across South Asia, Africa, and the Channel Islands. Airtel is the world’s fourth largest mobile telecom company by subscription, with over 275 million subscribers as of August 2013. It increased its revenue from USD 4 billion in the financial year 2007 to USD 14.8 billion in the financial year 2013. It is the third largest in-country mobile operator by the subscriber base, behind China mobile and China Unicorn. Airtel is the largest provider of mobile telephony and second largest provider of fixed telephony in India and is a provider of broadband and subscription television services. It is a very popular telecom service in Bangalore.

**Vodafone:** It is a British multinational mobile network operator headquartered in Newbury, United Kingdom. It is the third largest mobile network operator in India,
after Airtel and Reliance Communication by subscriber base. It is based in Mumbai, Maharashtra. It has approximately 147.48 million customers as of December 2012. In Karnataka, it has 6,452,620 numbers of subscribers. Its revenues stood at USD7.4 billion in financial year 2013.

**Tata Docomo**: It started its GSM service in 2009 and is the country’s sixth largest operator in terms of subscription. Tata Docomo is the second 3G network in India and the first private operator to launch 3G in India, providing 3G services in the main cities in Karnataka, whereas other cities makes use of Aircel’s 3G network.

**Reliance Communications**: It is the second largest next to Bharti Airtel, which was started in 2004. Reliance Communications formerly was known as Reliance Infocomm, along with Reliance Telecom and Flag Telecom, which was a part of Reliance Communications Ventures. It is an Indian telecommunication company, which provides internet data centre services at Mumbai, Bangalore and Chennai. Reliance also introduced Android smart phones with its partner Lenovo\(^7\).

**Idea Cellular**: It is a wireless telephony company, operating in all the 22 telecom circles in India. Initially it started in 1995 as a joint venture among the Tatas, Aditya Birla Group and AT&T by merging with ‘Wings Cellular’ that operates in Madhya Pradesh, Uttar Pradesh (UP) West Rajasthan and Tata Cellular as well as Birla AT&T Communication. It also offers GPRS services in the urban areas, it is India’s 3\(^{rd}\) largest mobile operator, which acquired Spice Telecom on Jan 2\(^{nd}\) 2009 and made its entry to Karnataka and has expanded its coverage to a larger part of Karnataka. Idea does not have a 3G license for Karnataka but provides 3G services through Airtel's 3G network\(^8\).
With the government offering licenses to new players and auction of 3G and BWA spectrum, the telecom sector has gone into high scale recruitment. There is a huge demand for software engineers, mobile analysts and hardware engineers for mobile handsets and there are ample opportunities to marketing people, whose services are required to capture a broad customer-base. The new projects, on different service bases, expansion of coverage areas, network installations, maintenance, etc, provide much employment opportunities in the telecom sectors. But due to competitiveness, all these public and private sector companies use contract labours for their vast activity in order to maintain their cost effectiveness in the global market.

3.16 CONTRACT LABOUR AND DECENT WORK

The structural adjustment policy of the World Bank and its conditions on LPG of WTO has resulted in the unemployment, as well a parallel growth of the phenomenal contract labour, which reaches its peak. The contract labour system exists around the world, which as already noted, has emerged to meet the competition in global market economy with lower cost of labour. There is a need for flexibility in managing the manpower to nimble and respond to the market conditions and to the customer’s demands, without bearing additional cost, and industries prefer to employ the contract workers. However, in most of the countries, the contract workers are covered under the social security provisions and are paid at par with the permanent workers.

Contract labour is one of the predominant forms of informal employment, where the workers are poor, not recognized, recorded, protected or regulated by the public authorities. In 1997 and in 1998, the International Labour Conference examined the term of contract labour, and identified the workers, who should be
granted protection by an international standard as ‘persons who perform work for a physical or moral person (“the user enterprise”) personally under actual conditions of dependency on, or subordination to, the user enterprise and these conditions are similar to those that characterise an employment relationship under national law and practice, but where the person who performs this work does not have a recognised employment relationship with the user enterprise’.

For the fair working condition and the improvement in the status of the global workers of informal sector, the International Labour Organisation (ILO) proposed the ‘Decent Work’ formulations in 2000. Decent work is the availability of employment in conditions of freedom, equity, human security and dignity. Decent Work involves opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men. It has four main components: rights at work: employment and work; social protection; and social dialogue, these are powerful tools to achieve socially equitable and economically sound development.

Right at work “affects all aspects of work. That is rights to a minimum wage and a healthy working environment affect the form and volume of employment. The right to freedom of association and collective bargaining has consequences for the degree and pattern of social protection. It also affects the nature and substance of social dialogue”.

Productive employment levels and status “affect the social security in obvious ways. High levels of remunerative employment obviate the need for certain types of
social security. Decent work proposes the delivery and financing of social security and is influenced by the proportion of the labour force in different work categories. The employment levels and remuneration affect the content of collective bargaining. They also affect the ability of worker and enterprise of workers to negotiate on a range of issues pertaining to rights at work”.

Social protection is an important component of decent work as the coverage and the benefit levels of social security affect the employment and impact the labour supply, investment levels, productivity and worker response to change and innovation. They also influence the bargaining power of workers in social dialogue and their ability to secure other rights at work.

Social dialogue “provides a vehicle for negotiations on rights at work such as social security, minimum wages and condition of work. It also makes it possible to influence the implementation of these rights, as well as to monitor achievement collective bargaining has an obvious impact on the structure, level and conditions of employment. It also provides a forum for negotiations on the form and content of social security. Tripartite and broader forms of social dialogue involving governments, enterprises, workers and civil society agencies exercise an influence on all dimensions of decent work through their impact on macro-economic and other key social and economic policies”\(^\text{21}\). The welfare of the state and the betterment of the workers, where every worker has to be protected by the well established employment relation to pave way for the socially equitable and economically sound development.

To achieve ILO’s Decent Work, the focus should be on development and poverty eradication through peace and security, values and human rights, democracy
and good governance. Hence, the study on contract labour in service Industries gets its importance and they certainly entitled to ‘Decent work’.

3.17 CONCLUSION

Telecommunication has supported the socio-economic development, by playing a significant role in narrowing down the rural-urban economic inequality to an extent by providing vast employment opportunities to the people in India. Wide usage and modern technology, facilitates people in uplifting their knowledge and to withstand the global competition and to make the industry effective. Hence, the modern employers have to follow the ‘Decent Work’ proposal given by the ILO.


