CHAPTER IX

FINDINGS AND CONCLUSIONS:

FINDINGS

THE COMPANIES

1. The companies surveyed are engineering companies with their main manufacturing base in Pune. They are companies only in the private sector belonging to the public as well as the private limited category with turnover varying from half a crore to Rs. 600 crores and employees from 33 to 11,900. They produce a diverse range of products.

2. All these companies employ contractors varying from 2 to 55 in number and contractors do a variety of jobs including those traditionally undertaken through the contract system such as gardening and security to those which are either production or production
related such as welding and grinding.

3. In 5 out of 9 companies surveyed, the contract workmen are employed on the same job as the company workmen and in one case at less than prescribed minimum wage. The total number of contract employees varies and is as much as 400 in two cases.

4. The reason for employment of contract labour as stated by the large majority is that they are cheaper to employ than the regular workmen. Another important reason appears to be the fact that they can be terminated at any time. Another insight is that more than one contractor is engaged in doing the same job, presuming in addition to the regular employees.

5. 8 out of 9 respondents state that the minimum wage is being paid and that they ensure that it is in fact paid; whereas in one case the company states that the minimum wage is not being paid by them to the
contractors, and hence the contractor is not paying minimum wage to his employees.

6. Only 3 out of 9 were able to state the exact minimum wage. Of the rest, 3 gave figures more than the minimum and 2 gave less than minimum and one was unable to say.

7. The ESI payments were made by all. PF was not paid by one and Bonus not paid by 5. Overtime was compensated at the rate at which it should have been (double) by 4 out of 9 and leave with wages paid only by 1/3rd.

8. Responses relating to supply of uniform and Personal Protective Equipment, supply of subsidized food and Bus facility, were more or less the same as the response to Bonus about 1/3rd do provide such facilities while others do not.
9. The contract system has been running for a fairly long time in most of these companies and the majority expect that it will continue to do so indefinitely for the foreseeable future.

10. In 8 out of 9 companies, workmen of the company were unionised while only in 4 were the contractor employees also unionised. There were no significant suggestions regarding the changes to be made under law relating to contract employees.

11. Other than one response that the Office of Deputy Commissioner of Labour was reasonable, no other positive statement was made in this regard. There are clear statements saying that the companies are harassed by the officials of the Deputy Commissioner of Labour and that bribes are to be paid for renewals.

12. The Union of the company employees is by and
large non interfering and not concerned with the contract system as such. However, in some cases they are taking a lead in representing individual cases and unionising the contract employees also.

II. THE CONTRACTORS

1. A total number of 22 contractors were surveyed. 9 of them had more than 50 employees each. The jobs done by them are diverse in nature and include regular production work and also production related work. The majority of them are employed only in one company, possess a licence and employ only unskilled or semi-skilled workers.

2. 4 of them state that they are paying less than the prescribed minimum wage to their workmen. However only half of them could say correctly what the present minimum wage was.
3. 2 of them were not making ESI & PF payments and more than half were not paying Bonus.

4. Personal protective equipment was not provided by 14; leave with wages not given by 12 and overtime at the prescribed rate, paid only by 6.

5. A long list of reasons was given as to why the companies have decided to give jobs on contract. All these reflect the theme that it is to avoid high cost associated with permanent employees, the ease with which contract employees can be changed and the generally better performance of contract workmen.

6. The majority of respondents have been working as contractors for more than 4 years and at least 1/4th of them say that they will be required to work as contractors permanently.
7. 3 of them state that the labour office expects money and 7 say that the company "takes care" of the labour office implying that that company pays this money on their behalf.

8. The employees of only 3 contractors are unionised. The attitude of the union of the company employees towards the contractor and contract system are mixed in nature, about 1/2 perceive as interfering while other half are seen as non-interfering.

III. THE CONTRACT EMPLOYEES

1. A total of 131 employees were interviewed. 3/4th of them between the ages 21 to 30 years and about 45% of the total having studied between 5th and 9th standard.
2. They own wide variety of designation indicating the nature of work they are doing. The majority of them have less than one year of experience.

3. Over 60% were paid less than minimum wage at the start of their employment. About 75% were presently paid minimum wage. Various reasons were given as to the method by which this increase was achieved.

4. Only 25 respondents stated that they were in receipt overtime at double the rate. ESI benefits were not received by 26, PF was not received by 40, bonus was not received by 55 and leave with wages was not received by 66, canteen facility not received by 32 and Bus facility by 122.

5. A plethora of benefits which are available to regular employees were not given to contract employees. Most of these are non statutory in nature.
6. Barring few employees all state that they received payment of wages in time, and one and all state that they are not required to give any kind back in money to their employing contractor.

B) CONCLUSIONS

1. The companies included in the present study employed Contractor Labour both in production/production related as well as in non-production and non-production related jobs. By itself this does not amount to anything but when taken together with the fact the contractor workers are not paid the same wages as the regular employees, this amounts to breach of the existing law. The companies doing so lay themselves open to the possibility of the Government abolishing contract labour in production and production related jobs.

2. To further add to this sorry state of affairs is
the fact that not all contractor employees are even paid the minimum wages required to be paid to them, but in some cases are in receipt of less than minimum.

3. The clearly stated reason for employment of contract labour is that its employment is far cheaper than that of regular company employees. Some other reasons have also been given such as that contractors can be terminated at any time and that there are less number of permanent employees. All these factors indicate that whether short or long term, cost is a major consideration in the employment of Contract Labour.

4. The number of employees employed under the contract system is also quite large, when compared to the population of regular company employees. This number is growing and there is a trend to employ workmen only through a contractor whenever additional
workmen are to be employed.

5. The majority of the company representatives as also Contractors were unable to state with accuracy what the present minimum wage was. This type of ignorance of the basic facts about which those responsible individuals are supposed to be aware would indicate the lightness with which they treat matters that are of the gravest concern to the recipients of the wages.

6. Legally due payment such as Bonus, Double the normal rate for overtime working, Leave with Wages, the supply of uniforms and Personal Protective Equipment, Employees State Insurance Benefits, Provident Fund supply of subsidize food, all of which the company employees are in receipt of are not given to the Contractor employees in about 1/2 the companies where the study was conducted.
7. The length of time for which the system has been already working and for which it is further expected to carry on would seem to indicate that this is no temporary affair. It has all the appearance of being here to stay in a very permanent form.

8. Both the company representative as well as the contractors generally see the Labour office not so much in the role of guide or as the impartial implementer of a piece of social Welfare legislation as in role of Government agency to be appeased by being bribed.

9. There also appears to be acceptance of the system of contract employment from the Union of the company employees. By and large the Unions do not interfere with the system, and where they have done so it appears to be for the increase of wages of the contract employees upto the minimum level or slightly
beyond that. In no case, in the companies surveyed has there been a demand for parity of wages with the company employees or for complete abolition of the system of Contract Labour in that company as a whole.

10. Though 8 out of 9 employers state that they are sure that minimum wages is paid this does not seem to be borne out by the contractors. Four of the contractors admitted that they are paying less than the minimum. 1/3rd the employers representatives and 1/2 the contractors gave wrong figure for the present minimum wage which would seem to indicate that they do not ensure its payment on the side of the employers, and that there is a false understanding about this wage which remains fixed and has no reference to the minimum notified by the Government.

11. The majority of the contract employees seem to
be young. (not more than 30 years old) educated (upto 9th standard) lot who have secured jobs as helpers, who do not have past experience but are willing to work at any job offered in this company or elsewhere with this contractor or with some other.

12. More than 60% of them were in receipt of less than minimum wage at the start of employment whereas about 75% are now in receipt of minimum wage.

13. They confirm what has been stated in earlier two categories of respondents regarding Overtime, ESI, PF, Bonus and Leave with wages but in much greater numbers, as not being in receipt of these facilities.

14. They also give a very long list of benefits which the company employees are getting but which are not given to them, but which they feel they should have.