CHAPTER - II

LITERATURE REVIEW

2 Review of Studies through research journals and Other Publications

This Literature Review chapter refers to the various research studies published in the area of contract labour. An extensive literature search has been conducted encompassing publications of the Government of India, International Labor Organization, relevant books pertaining to the subject of Industrial Relations & Human Resources, and from other relevant publications in the field of IR. The relevant excerpts from the same are presented below:

2.1 Review from text books

2.1.1 Mathur, Dr. D. C (1989) in the book titled ‘Contract Labour in India’ states that working class is not only a significant segment of the population and beneficiary of the fruits of development, but is also the most important instrument for the achievement of national objective. These days the protection of the interest of this working class becomes a major issue of national policy. The employment of contract labour has been a matter of concern for the Government for more than 125 years. In the name of employment through contractors many employers have tried to evade their responsibilities towards a section of labour which is also connected with the production process and the overall development of the Industry as well as of the country. Contract labour has been regulated to some extent through Contract Labour (Regulation and Abolition) Act, 1970 and Rules. Still it is an exploited section of the Indian working class.
2.1.2 Ramanujan M.S (2004)\textsuperscript{45} in their book titled ‘Management of Contract Labour in India’ state that the subject of contract labour has attracted much attention during the last decade. Employers have been arguing that employment of contract labour has become essential in view of the rigidities of labour laws in India. During this period some of the court judgments have also created much heat on the subject. Contract labour are the most exploited as they come easy, at much lower wages, can be hired and fired at will, many fringe benefits are denied to them, and they are largely non-unionized.

2.1.3 Bhasin, Alok (2006)\textsuperscript{2} in the book titled ‘Law Relating to Contract Labour with Free Companion Volume containing States’ Rules under the Contract Labour (Regulation & Abolition) Act, 1970’ deals with such aspects as ascertainment of a genuine contracting arrangement, attitudinal differences between the employers and unions towards this phenomenon, how other statutes seek to protect contract workers, provisions of Contract Labour (Regulation & Abolition) Act, 1970, etc. The book delves into the fundamentals of the ‘employer-employee’ relationship in terms of contract labour. It focuses the work conditions of contract labour which is the most exploited class in India and aims at providing social security to it necessary for its sustenance.


2.1.5 Puri, S. D. & Puri, Sundeep (2009)\textsuperscript{40} in the book titled ‘Treatise on the Contract Labour (Regulation & Abolition) Act, 1970’ This book contains an exhaustive commentary and case law references on the Act, Rules, all State Rules,
Schedules, Forms, etc. along with ratios and relevant text of the judgments of the Supreme Court and High Courts relating to the Contract Labour (Regulation & Abolition) Act, 1970.

2.1.6 Upadhyaya, Sanjay (2013)\textsuperscript{62} in the book titled ‘Policy and Law on Contract Labour in India’ states that the process of globalization, liberalization has resulted in the increase in the trend towards substitution of regular employment by contract employment and this trend is going to continue and grow in future. One of the major factors responsible for preferring contract labour against the regular employees is the temptation to lower overall wage cost for similar quality and quantity of work. Poor conditions of work, excessively long hours, and very low wages as compared to workers with permanent status doing similar work. Many of the benefits, even the statutory ones, like provident fund, sickness insurance, gratuity, and privilege leave with pay, and so on are usually not available to contract workers. Indian state has made different enactments for labour at different points of time to cover various categories of workers including contract labour. However the limitations and constraints of most of these enactments are that majority of these enactments put one kind of ceiling or the other either in terms of number of workers engaged or wages or duration of employment for the purpose of coverage under these enactments. As a result, a large section of vulnerable group of workers including those working as contract labour is left out of the legislative coverage and protection. Another limitation of these legislative measures is that the various kinds of penalties provided under most of these enactments are quite meager in nature and the procedures prescribed under most of these enactments for realizing various kinds of dues and benefits are quite cumbersome, which defeats the very purpose of making elaborate legislative provisions.
2.1.8 Parashurama, K. G. (2011)\textsuperscript{35} in the book titled ‘Contract Labour in India – Problems and Prospects’ states that the use and abuse of contract labour is growing rapidly worldwide. It entails indirect hiring of workers in sub-contracting firms as opposed to direct employment contracts. Contract labour is also often used to cut companies cost and their social contributions to avoid job security. The contract labour is viewed as an alternative to direct or permanent jobs. The unions in many sectors see contract labour a serious threat to the wage system, and the conditions and are found to be major contribution to the casualisation of the labour market. It also affects workplace and the safety around the workplace.

2.1.9 Routh, Supriya (2011)\textsuperscript{46} in the book titled ‘Business Process Outsourcing and Law on Contract Labour in India’ analyses the contract labour issues related to the business process outsourcing (BPO) of information technology and enabled services (ITES) in India. India is one of the most popular outsourcing destinations for the ITES services. The Tenth Five Year Plan of the country identified BPO as the sunshine-sector for the country's economy. It is in this backdrop that this book analyses the (contract) labour issues in the BPO-ITES sector. The book discusses the evolution of the contract labour system in India. It charts the development of the law relating to contact labour in the country. It analyses whether the existing legal framework of the country is adequate enough to address the issues involving the workers in the BPO-ITES sector. It delineates some concrete proposals to devise a legal regime on contract labour that is attuned to the problems posed by the BPO-ITES sector.

2.1.10 Shyam, Sundar K.R. (2013)\textsuperscript{59} in the book titled ‘Contract Labour in India:
Issues And Perspectives’ states that contract labour system employing workers through contractors’ intermediaries is an important component of numerical flexibility and the incidence of contract labour has risen significantly, especially during the post-reform period. Trade unions consider the contract labour system to be ‘exploitative’; they demand regularization of the services of the contract workers, equal pay for equal work and better conditions of employment among others. Employers want freedom to use the contract labour system and demand removal of legal clauses providing for ‘abolition’ of the contract labour system. Both the social actors have held on to their positions in a rigid manner. The book provide diverse perspectives, legal, ideological, historic, economic, administrative and examine the origin and the working of the contract labour system, and make suggestions arising out of these analyses, which could prove to be valuable inputs for both understanding the issues concerning the contract labour system and policy-making.

2.1.11 The All India Organization of Employers Federation House,(2012) in their report ‘Industrial Relation and Contract Labour in India’, point out how the Liberalizations of market economy and primitive labour laws have forced industries to hire contract labours to survive and compete the globalized economy. They recommend the associated changes in the Industrial Disputes Act, 1947 with altered social security net, which are necessary to avoid the industrial unrest.

2.1.12 Dey, Deepanjan (2013) in the book titled ‘Concept & Supreme Court Rulings on Contract Labour (Regulation & Abolition) Act, 1970’ states an endeavor to capture the act and its importance in juxtaposition with the relevant judgments of the Supreme Court from time to time.

2.1.13 Xcess’ Board of Editors (2013) in the book titled ‘Appointment of Contract
Labour - Rules & Regulations (with Model Forms)” explain the provisions of the Contract Labour (Regulation and Abolition) Act, 1970 and the Contract Labour (Regulation and Abolition) Central Rules, 1971, construction and maintenance of Crèches and Model Forms for appointments, agreements, renewals along with detailed information about maintenance of records related to contract labour.

2.1.14 Kharbanda, K. B. (2014) in the book titled ‘Commentaries on Contract Labour (Regulation and Abolition) Act, 1970 & Rules, 1971’ which was formulated in order to regulate the employment of contract labour in certain establishments. There are two aspects of this Act: The act makes a provision for the abolition of contract labour, and a provision for full payment of wages. Various cases of contract labour have been discussed in this book.

2.1.15 Kumar, H. L. (2013) in the book titled ‘Practical Guide to Contract Labour Regulation & Abolition Act, 1970 & Rules’ states that the Act lays great emphasis on the flexibility of structure and generation of employment. The employers firmly believe that employment of contract labour has become essential in view of rigidities of labour laws providing job security to the employees who are ‘workmen’ under the Act. The employers gain because of low wages and saving in the cost of supervision. There has been, thus, an increasing tendency on the part of the employers to assign more and more work to contractors instead of getting it done through regular employees employed of their own.

2.2 Review from research studies/papers

2.2.1 Patel, Sujata (1986) has conducted a study on ‘Contract Labour in Ahmedabad Textile Industry’ in 66 textile mills with a sample of 639 respondents. The study is on conditions of work, wages, sex and caste compositions. The study
reveals that (i) there is no proper record keeping in the mills (ii) the hours of work are longer (iii) the wages are lower (IV) women workers are getting lesser wages than men (V) the daily wage is Rs.8/- or less than Rs.8/- and (VI) the average age of workers are less than 25 years age.

2.2.2 Saini, D. S. (1993) in his research paper titled ‘The Contract Labour (Regulation and Abolition) Act, 1970: Issues and Concerns’ assesses the legal framework of contract labour employment in India. It reviews role of the state in the enforcement of Contract Labour (Regulation & Abolition) Act, 1970 and relates it with the vulnerabilities contract labour suffers from. It also focuses on the changed attitude of the state agencies towards labour law enforcement. The formulations are built on secondary data and doctrinal reasoning to argue that there is a need for change in the framework of CLA so as to check rampant tendencies of the employers to indulge in contractualization. Contract labour is being employed even in core activities mainly with a view to lowering the costs through exploiting the weak bargaining power of workers. The paper cites the Andhra Pradesh amendment to the CL(R&A) Act, 1970 to be used as a reference point for effecting changes in the framework.

2.2.3 Dharap, S. M. (2012) in their study ‘Including the Excluded- A Study of the impact of Contract Labour (Regulation & Abolition) Act, 1970’ concludes the following:(i) contract labour which accounts for a significant proportion of the total labour force in the large scale industries, is also the most disgruntled and depressed as well as exploited segment of the workforce,(ii) after independence, the Central as well as State Governments Enacted different legislations and consequent rules and regulations, to safeguard welfare and interests of the labour class,(iii) the machinery to implement the said legislations and rules thereunder was neither adequate nor
vigilant enough to do the same,(iv) the permanent workers are refusing to carry out the works which they were carrying out earlier on the ground it is unhygienic, etc.,(v) the managements are now engaging contract workers on such unhygienic work to avoid confrontation with the permanent workers. This shows that the contract workers are engaged on unhygienic and mean jobs, (vi) one can understand employers’ interest in creating a rift between the permanent and contract workers or discouraging unionisation of the latter; but it is difficult to understand the reluctance on the part of trade unions to enrol the contract workers in their fold and make a common cause with them, (vii) under the new economic policy of liberalisation, the employers’ lobby always insists on reduction of costs of their production and services, because they have to sustain themselves in internal/external competition. An employer of a paper manufacturing factory located on the border of Maharashtra and Andhra Pradesh has been engaging contract labour in the regular production process. He says that if the contract labour system is abolished in Maharashtra and they are made permanent, his costs will increase and then he will not be able to compete with his competitors having their factories across the border in A.P. Many industries even threaten the respective State Governments to close down their operations if the Act is enforced diligently and go to neighbouring States. Under such circumstances, many State Governments are reluctant to strictly implement the Act.

2.2.4 Gupte, Bagaram and Tulpule Vasant, (1997) in their paper ‘Contract Labour in the Public Sector in India’ analyze the phenomenon, ‘contract workers’ in public sectors undertaking steel, engineering, coal, railways, civil aviation, ports and docks, chemical, defense, municipality and road transport by highlighting the absence of formal employment relationship between the contractors and the workers.
The authors have found the difficulty in unionization of the contract workers with job-insecurity, with need to protect their legitimate interest. So the authors find the importance to organize the trade unions without the fear of being victimized.

2.2.5 Gonsalves, Colin (1998)\textsuperscript{15} in his report on ‘Tragedy of Contract Workers’ shows that it has been nearly two decades since the Contract Labour (Regulation & Abolition)Act, 1970 has come into force, and still, the authorities have nothing to show in terms of amelioration/improving the conditions of the contract labours.

2.2.6 Rao, E. M. (1998)\textsuperscript{42} in his study on ‘Downsizing versus Contract Labour System’ conclusion drawn from the paper are cutting of jobs post liberalization via Voluntary Retirement Scheme has led to continuous skill drain leading to poor productivity which has forced employers to use contract labours for skilled jobs. In most cases, contractors are \textit{de facto} employees of principal employer, operating as contractor & claiming another legal entity just for the name sake. Regulations in the law make retrenchment of permanent employees practically impossible. Although the Act is placed on the statute book with all benevolent intentions, the legislature has not provided due relief to the concerned workmen.

2.2.7 ‘Report on the Working Conditions of Contract Labour in Cement Manufacturing Industry, Cement Related Mines, Food Corporation of India and National Thermal Power Corporation (2000-01)\textsuperscript{90} by Labour Bureau, Ministry of Labour, Government of India Chandigarh/Shimla’ has observed that the low wages are given to the contract labours with some deduction, who are appointed only for a short period of time and not for the kind of the job like the direct workers. This was introduced to mainly avoid the gratuity, bonus, etc., and to discipline the contract workers in order to get productivity of work much more than what direct workers can give, who are supported by their strong trade unions.
2.2.8 Shetty, Dr. I. Sharath Babu and Rashmi, (2004)\textsuperscript{94} through their work ‘Report of the Study Group on Contract Labour System in Karnataka’ request the government to ensure special protection to the vulnerable section of the society who are employed on contract basis through middlemen, which would create an awareness of their rights and privileges that are to be given by the legislation.

2.2.9 Chandur, F. Praveen, (2004)\textsuperscript{78} in his thesis entitled ‘A Study into the condition of employment, wages, working hours of contract workers working in selected private and public sector undertaking in Dharward city with reference to Contract Labour (Abolition And Regulation) Act 1970’ urges the need to increase the wage and to take only the expected work from the labour, which should be considered in the employer employee contract. Though the contract labour system has been prohibited by several notifications under section 10 of the Contract Labour (R&A) Act, 1970, organizations are refusing to comply with the law.

2.2.10 Das, Ashis and Pandey Dhananjay (2004)\textsuperscript{10} in their study on ‘Economic & Social Issues Relating to the Contract Workers’ The findings were that (i) the Contract Workers get minimum statutory wages with few instances where they receive higher wages for skilled work, (ii) incidents of contractors deducting token money from contract workers wages were reported, (iii) they get better deals if they have collective bargaining capacity,(iv) illiteracy, unscrupulous contractors, and hazardous working conditions impose serious safety concerns for them,(v) longer working hours and job insecurity is prevalent,(vi) there is no social security for them except ESI, (vii) a majority of them live in slums or rented hutments with poor civic amenities.
2.2.11 Jain, Paras (2005)\textsuperscript{80} research on ‘Facts of the Contract Labour (Regulation & Abolition) Act, 1970’ highlights the Contract Labour Regulation and Abolition Act, 1970, which has to a greater extent, prevented the exploitation of the contract labour, and has also introduced better working conditions, which could be enhanced. In his research, he brings out the differences between the direct labour and the contract labour in terms of employment, working conditions, recruitment and remuneration.

2.2.12 Maheswari, Sunil and Rupinder, Kaur (2005)\textsuperscript{29} in their work ‘Labour Reforms: A Delicate Act of Balancing the Interest’ state that out of the vast unorganized labour force, about 90 per cent of the labour are denied of fair wage and modest level of social security. They conclude stating that the labour market flexibility must be accompanied by some kind of insurance and social security to the vast unorganized labour force in the country.

2.2.13 Bhandari, A. & Heshmati A (2008)\textsuperscript{4} in his work ‘Wage Inequality and Job Insecurity among Permanent and Contract Workers in India: Evidence from Organized Manufacturing Industries’ explain how globalization has paved the way for flexible employment to both internal and external organizations, which helps the contract labour to save high costs in the form of compensation that are given to them at the end of their contract. He concludes by throwing light on the existing substantial wage gap between the permanent employers and the contract workers; where contract workers earn 45.5 per cent less than the permanent employers.

2.2.14 Guha, Atulan (2006)\textsuperscript{16} in his work on ‘Labour Market Flexibility in Indian Manufacturing: an empirical enquiry into Neo-liberal Propositions’ highlights the increase in labour market flexibility, derived with the increase in the preposition of non-permanent/casual worker in the total work force. Guha also shows that there is no positive impact of the employment growth, because the increase in the labour
flexibility would lead to the increase in productivity and growth. Labour absorption does not seem to be valid as far as Indian manufacturing industries are concerned. Therefore, the underlying amendment to the contract labour act, 1970, and Industrial Dispute Act (IDA), 1947, which was proposed to facilitate greater labour market flexibility, appears quite slippery, according to Guha.

2.2.15 Ramchandani, Dhiraj (2006)\textsuperscript{89} research on ‘Actual position of the workers’ explains in great detail, how in most of the industries, the contract labour system is adopted in different occupations, which includes skilled and semi-skilled jobs. He persuades the government to take up various initiatives to improve the condition of the contract labour.

2.2.16 Prakash, Yedhula (2008)\textsuperscript{36} in his study on ‘Contract Labour (Regulation and Abolition) Act, 1970’ summarized the content of the acts as follows: (i) 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, (ii) 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, (iii) 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, (iv) 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.

2.2.17 Ahsan, A. and Pages, C. Ahsan (2008)\textsuperscript{1} in their study on ‘Are all Labor Regulations Equal?’ concluded that (i) labor regulations are generally introduced to
improve the conditions of work of contract workers. However the results suggest that in India the labour laws are not achieving this goal and the workers are not being given proper share in the gains, (ii) there is lot of work pressure on contract workers, (iii) the job security for contract worker is negligible.

2.2.18 Shaikh, Mohsin (2008) in his study on ‘Globalization & Labour Flexibility: A Review of Contract Labour (Regulation & Addition) Act, 1970 from Multiple Perspectives’ concluded that (a) the organizations are resorting to restructuring, re-engineering and retrenchment, (b) To be competitive the organization are focusing on cost cutting, (c) There is a clash of interest among the various stake holders and there should be common platform to address the issues.

2.2.19 Tata Institute of Social Sciences and Navjeevan Samiti (2008) in their study on ‘Wages and Work Conditions of Contractual Conservancy Workers ’ their observations are noted below,(i) Conservancy work is statutory and perennial in nature; contract labour should not be employed for performing the same,(ii) the contract workers are not paid minimum wages, (iii) they do not get a single day of leave with pay,(iv) there is deduction in wages for provident fund, but the proof of the same is not given to contract workers,(v) contract workers are engaged alongside the permanent workers in the same tasks, where the issue of ‘Equal Pay for Equal Work’ emerges as significant and needs to be addressed,(vi) working conditions are very difficult and compounded by the fact that work with waste is itself hazardous to health and increases proneness to skin and respiratory infections (vii) contract workers are not provided any safety gear.

2.2.20 Verma, C.S (2008) in his study on ‘Contractualization of Indian Labour Market’ describes the contractual employment that traces its link to economic history during the British regime. It was controlled through labour brokers popularly
called muqaddams. The argument that the institution of contractors could become costly for the employer, especially because, it could potentially compromise skills, training, quality, and incentives, faces objections from both economic theory and economic history and therefore, needs to be qualified and contextualized. He discusses the issues such as quality concern, contemporary perspectives, comparative cost, unfair competition, labour regime, workers unions, fixed wage factor, efficiency agenda, etc.

2.2.21 Deogirikar A.B and Topare Y.S (2008)\textsuperscript{11} in their study on ‘Conceptualization of Contract Labour’ state that contractual labour acquired prominence due to cost minimizing attempt by companies. By highlighting different perceptions on the theme, they discuss legal aspects of contractual labour. They suggest that contractual labour should be slowly discouraged and direct employment should be encouraged.

2.2.22 Vaishampayan, J.V and Maurya, N.K. (2010)\textsuperscript{65} in their study on ‘Evaluation of Contract Labour Employment in India’ describe that in the changing structure of employment, contract labour is emerging as a potential system for employment generation. While economic factors such as cost-effectiveness and flexibility may justify the system of contract labour, consideration of protection of labourer and prevention of exploitation of labourer call for its proper regulation. Finally it seeks an evaluation of contract labour system in India and its future prospects.

2.2.23 Mathur, Dr. D.C (2008)\textsuperscript{28} in his paper on ‘The Status and prospects of Contract Labour in the Era of Economic Reforms’ depicts the distinctive characteristics of contract labourers which sets it apart from those in regular employment is that, in their case the principal employer for whom contract labourers work is different from the person or the agency which engages them as contract
labourers, Contract labourers are by and large non-unionized, which makes it difficult for them to act as a pressure group and reduces their bargaining strength. Thus, from a producer’s point of view, contract labour system provides him certain advantages that save his costs. Although from labourer's point of view, it is exploitative. There are the advantages conferred by the system to the producer, which led to its evolution in the early phases of industrialization in India, initially in the form of jobbers employed by English technicians who were not conversant with the lingua franca.

2.2.25 Neethi, P (2008)\textsuperscript{34} through her work ‘Contract Work in the Organized Manufacturing Sector Trends & Implications’ finds that globalization in its contest has showed the important component for the development, expansion and for the growth of the industry. According to this, the low labour cost, with the labour use flexibility and inter alia, has become the source of competitive advantage for firms which have varied in implications of labour, employment and in the industrial relations. She also brings to the forefront, of how the rigidity is caused by the excess of flexibility and the challenges that are before the Indian industrial relations system. Therefore, a device of framework is necessary in order to combine the efficiency of the enterprises with the interests of the workers.

2.2.26 Rajeev, Meenakshi (2009)\textsuperscript{43} in her study on ‘Contract Labour Act in India, A Pragmatic View’ concludes (i) many of the stipulations made in the Act to safeguard contract labour are not followed in practice, (ii) It has been felt by the workers that collusive agreement between the Labour Inspector, the protector of law, and the principal employer and the contractor has aided the violation of law, (iii) Among different kinds of employment that have been created in various economies to circumvent labour laws, contract labour is becoming one of the prominent forms,
Some of the companies maintain more than one register, one for the scrutiny of the labour inspector and other contains the actual figures. It has been reported that government officers have been neglecting their duties towards compliance of the Act for extraneous reasons.

2.2.27 Maiti, Dibyendu (2009)\textsuperscript{103} in his study Institution, Network and Industrialization: Field Evidence on Flexibility and Fragmentation from India", observed an increasing use of casual, contract or other such non regular labour over a time-period. In India’s manufacturing sector surprisingly high levels of contract workers are being used, in some cases, as many as three times the regular workers. The official estimate however, states that, some of India’s key industries such as cement, iron and steel, cotton textile and jute, rely on contract labour. As many as four out of every five workers are contract workers. The official record of industrial statistics puts the share of contract labour in organized manufacturing sector at 15% to 26% across West Bengal and Gujarat states; but research found the share to be much higher, up to 60% to 70% across these states.

But, India’s economic success is not improving the lives of contract and informal workers who form the largest section of the economy and make a major contribution to the country’s global success.

2.2.28 Maitreyee, Handique (2009)\textsuperscript{83} in the article on ‘No End In sight to Contract Labour Debate’ pointed out that (i) in order to remain competitive firms must be allowed greater flexibility to outsource workers, (ii) changing environment of business a separation of core and non-core activities in not possible.

2.2.29 Kolam, Kumar D S. (2009)\textsuperscript{81} reports on ‘Working Condition of Contract Workers in Petroleum Refineries and Oil Fields’ was a study conducted by the Labour Bureau, Ministry of Labour and Employment Government of India
Chandigarh, which was about the wage, working conditions, welfare measures and the industrial relation of the workers. The study also found that, in some places the workers are organized and possess a strong bargaining power because of which, the trade unions and some units have own grievance redressal machinery.

2.2.30 Srivastava, Vinod Kumar (2009)\textsuperscript{58} in his study ‘Indian Contractual Labour Market, Migration and Global Competition’ focuses on the reasons for migration and its social implications. He concludes that migrants are insecure and needs serious attention of the government.

2.2.31 Kumar, R (2009)\textsuperscript{20} in his study ‘Social Security on Contractual Workers’ raises concern regarding the lack of social security provisions for contractual workers. He compares and contrasts the regular and contractual workers and emphasis that there is a major difference between the two. While the former enjoys multiple benefits for being regular, the latter suffers multiple depreciations. It deals with several other aspects such as the social Security bill-2007 and the impact of globalization on the same. The author appreciates the role played by employees’ State Insurance (ESI) for social security and the benefits to be enjoyed by the workers.

2.2.32 Shastry, R. Tripathi and Singh, Anushree (July 2010)\textsuperscript{57} in their study on ‘Impact of Liberalizations on Employment in India’ (i) contract and sub-contract as well as migratory agricultural labours make up the most of the unorganized labour force, 90% of this labour force do not have social security and other benefits of employment as in the organized sector,(ii) harmonization of labour welfare with the privatization process is really desirable in the present scheme of things, so as to strike the right balance between economic exigencies and social justice.

2.2.33 Chaubey, P.K (2010)\textsuperscript{8} in his study on ‘Contractual employment in formal...
Sector: Concepts and contemporary structure in India’ states that except engagement for one’s own pleasure and self-employment, all employment is contractual and more so voluntary one, which is the characteristics of the modern system-capitalistic or socialistic—because it is the labour power of a person which is sold in such systems. The labour under slavery, serfdom and indenture systems may perhaps be not rated as employment, but they were human beings. In the case of slavery, nor were they paid in a regular manner, though they were treated as a little better or worse than cattle.

2.2.34 Roy, P.K and Kumari Meera (2010)\textsuperscript{44} in their study on ‘The Gloomy Picture of Contract Labour in India’ have analyzed and assess the factors influencing the emergence of contract labour. It discusses the regulations made regarding contract labour in India. It suggests to make contract labour more lucrative for labourers.

2.2.35 Singh, L.S (2010)\textsuperscript{50} in his study on ‘Earning patterns of Contractual Employment in Indian Labour Market’ discusses that in the post-liberation period, the Indian industry is more opened to global competition despite no significant changes brought in the labour laws. However, the general weakening of bargaining powers of the workers coupled with relaxed enforcement of mechanism and increased use of informal labour in the form of contract labour is making the degree of actualization and feminization of workforce more vulnerable. The regulatory provisions of the contract labour are diluted in practice and non-unionized employments with more labour flexibility norms are being witnessed in the organized sector of the economy.

2.2.36 Tripathi, Rashmi (2010)\textsuperscript{61} in his study on ‘Emerging Pattern of Contractual Employment in Indian Labour Market’ describes that recently the organizations are struggling with staffing challenges aroused from the increased knowledge work,
labour market shortages, increasing competition for applicants and workforce diversity, technological developments, applicants perceptions of selection procedures and construct-driven approaches. Solving these challenges requires the staffing scholars to expand their focus from individual-level recruitment, and selection research to multi-level research recruitment, and selection research to multi-level research demonstrating the business unit/organizational level impact of staffing.

2.2.37 V. M. Kumar (2010) in his study ‘Contractual Labour and Deprivation of Tribal Rights: An assessment of community forest management in Visakhapatnam district of Andhra Pradesh’ conceptualizes the contractual labour in community development programs and brought about the different dynamics of it. The problems associated with the contractual labour in the context of absence of adequate safeguards. He suggests certain safety mechanisms for contractual labourers in participatory forest management.

2.2.38 Majumdar, Bhaskar (2010) in his study ‘Wage Employment pattern of contractual Labours in UP rural Economy: Some facts and possibilities’ demonstrates the problem associated with the implementation of the 'food for work program' and suggest certain measures such as increase in the role of state in providing social security, creation of vocational training institutes and various other measures.

2.2.39 D. M. Diwakar (2010) in his study ‘Dimensions of interlocking labour market in backward Indian Agriculture’ links contractual labour with agriculture, and argued that the present paradigm of contractual labour is basically exploitative. He suggests new paradigm to understand the problem and to make policy on contractual labour.
2.2.40 Chantia, Alok (2010)\textsuperscript{5} in his study on ‘Various trends and dimensions of contractual labour with special reference to teaching on contractual basis in Uttar Pradesh’ refers (i) empirical evidences, (ii) the problem from the perspective of stress and psychology, (iii) the wage of the contractual teacher goes against the basic human rights of teachers, (iv) the study being a theoretical one opens many issues of teaching in higher education sector for further probe.

2.2.41 Sinha, Ashutosh (2010)\textsuperscript{49} in his study ‘Contractual Employment in Indian Labour Market: A Study of Faizabad District’ describes that in the present era of liberalization and globalization, firms are desperately trying to cut production cost so as to face competition from other domestic and foreign firms, and in the process substituting contract workers for regular workers. This has increased the woes of the contract workforce in India. However, the problems faced by the contract workers at a backward place are a little different. The employers are finding the provisions of the existing law too stringent for pursuing their business activities, but the labour unions hold the opposite view.

2.2.42 Sen, Kunal, Saha, Bibhas and Maiti, Dibyendu (2010)\textsuperscript{55} did their research on ‘Trade openness, Labour Institutions and Flexibilization: Theory and evidence from India’ states that there has been increasing ‘flexibilisation’, in the formal labour markets of both developed and developing countries. Labour institutions and globalization are often taken to be causally related to this phenomenon, but the evidence remains inconclusive. In India, there has been an increasing use of temporary workers employed through contractors (contract workers), who are not represented by trade unions and who do not fall under the purview of the labour laws that are applicable to directly employed workers (formal workers) in formal labour markets. They develop a model of labour demand where firms choose a mix of
contract workers and formal workers, rather than formal workers alone. Then they test the model using state-industry-year panel data for Indian manufacturing from 1998 to 2005. They found that both pro-worker labour institutions and increased import penetration lead to greater use of contract labour in Indian manufacturing.

2.2.43 Mishra, Preeti and Pandey, Pradeep Kumar (2010)\(^{30}\) in their study on ‘The Contract Labour (Regulation and Abolition) Act 1970: A Critical Evaluation’ reveal that by taking advantage of labourers poverty, illiteracy ignorance and helplessness, the contractors offer standard form of contract to the labourers with unreasonable terms and conditions. In contractual labour system, the employer is in the most gainful position as they are under no obligation regarding the workers bonus, provident fund, housing facilities and leave with wages, etc. It looks into the provisions of the Act and critically examines whether Contract Labour (Regulation and Abolition) Act, 1970 has been successful in achieving its objectives.

2.2.44 Saini, D. S (2010)\(^{54}\) researches on ‘the Role of the Contract Worker’ explains the rights conferred to the contract workers by the Constitution of India and various labour laws, which are hardly enforced. They show the importance of inclusive growth to be sustained, which can be achieved only if the working rights are enforced appropriately by the government.

2.2.45 Graham, Ian (2010)\(^{100}\) in his work ‘Working Conditions of Contract Workers in the Oil and Gas Industries’ highlights the practices and problems to be avoided for the betterment of the working conditions, which would enhance occupational safety and health in the oil and gas industries, for honest work as well for the prosperity of the industries. Though, the oil and gas sector appears to be one of the world’s highest wage payers, but the loophole is that the contract workers are exploited highly due to shortage of skilled labour, where the labour cost plays
relatively a minor role in the end price of its products. He paradoxically shows how the trade unions are much concerned about the contract labours undermine pay, wherein, the contracts taking place across national borders are much concerned about the strikebreaking potential for greater productivity.

2.2.46 ‘Murthy, Dr. R. Krishna (2010) in his work ‘Vulnerabilities of the Principal Employer Under the Contract Labour Act’ explains how the judicial pronouncement gives authority to the principal employers, who often abandon their initiative and interest and keep it in the hands of the contractor, who happens to be the one interested in maximizing his own benefits. Barely any attention is paid to the welfare of the employees and is almost ignored, which becomes the major problem to the industry on the whole. If the intention of the management or the principal employer is to resolve the problem, then the vulnerability would easily drop down, according to Murthy.

2.2.47 Joshi, R.D (2011) in his paper ‘Contract Labour: A Way Forward’ argues, that if India really wanted not just faster growth but sustainable and inclusive growth, it will have to convert the contract labour into a productive and happy workforce. The earlier it is done, the better will it get for the overall progress of business and society, states Joshi.

2.2.48 ShyamSundar, K.R. (2011) in his International Labour Organisation (ILO) reports on ‘Non-regular workers in India: Social Dialogue and Organizational and Bargaining Strategies and Practices’ shows a wider use of non-regular work arrangements has led to greater uncertainty about workers' employment status. The contractor workers are satisfied if there is continuity of employment even when there is a change in the contractor. The contract workers demands wage negotiation
ranging from minimum wages, equal pay for equal work, dearness allowances including bonus payment, welfare facilities and safety equipment, to social security benefits. The contract workers are to be made aware about their rights and responsibilities to enable to detect violation of laws.

2.2.49 Upadhyaya Sanjay (2011)\textsuperscript{63} in his study on ‘Labour, Employment and Social Security challenges faced by security personnel engaged by private agencies’ this is an in depth study into the problem that are faced by the contract workers. After analyzing the important issues concerned with them the author has concluded as follows :- (i) the management, contractor and the enforcement officials are to be sensitized for adoption of human approach towards the issues of the contract workers (ii) the enforcement officials have to intervene to address all the problem faced by the contract workers (iii) the author has also categorically specified following measures to minimize the problem – (a) the contract worker should be issued proper appointment letters clearly indicating the conditions of employment like coverage under minimum wages act, bonus act, PF and ESI, no of hours of work, various kinds of leave, weekly off, interval of rest, basic amenities provided at the place of work. The author suggested that the contract workers may be paid HRA, conveyance allowance, LTC, uniforms at free of charge, wage enhancement, granting annual increment etc., periodically and finally the contract workers should be treated in a dignified manner both by the contractor and the principal employer.

2.2.50 Kumari, Neeraj and Malhotra, Ruchi (2012)\textsuperscript{21} in their study on ‘The Practical Aspects of Contract Labour (Regulation and Abolition) Act 1970’ which aims to find out if contract labourers face the same problems across the nation have recommended that the contractors should provide proper safety shoes and equipment’s, gloves to their labour workers so that they can work without any harm
or injury. Maternity benefits should be provided to the workers. The concluded that the Contract Labour (Regulation and Abolition) Act, 1970, if used properly the entire picture would be different. However due to the carelessness of contractors and uneducated labourers the rights are not being afforded to the labourers.

2.2.52 Roy, Ashim (2012) in his report ‘Study of the Contract Labour System in the Garment Industry in Gurgaon’ shows how the theft of the minimum wage of the contract workers cause large socio-economic problems to the workers, which includes eviction from their home and inability to buy food, resulting in the malnourishment of younger generation, which also leads to their children’s education being affected. The non-compliance of the Provident Fund and the lack of coverage of ESI for workers and their dependence, seem to create economic pressure on the next generation, in terms of taking care of the older generation. Hence, the study shows the need to make the necessary amendments to protect, by giving importance to regularization and unionization of the contract workers.

2.2.53 Naser, Abdul and Muhammed Basheer (2013) in their paper titled ‘The need for safety and legal protection to the construction workers in India’ states that construction is an indicator of social, economic and cultural development of mankind. This sector requires workers with different skills, talents and educational background. A large number of workers in this sector are vulnerable to the vagaries of workplace accidents and occupational health problems. As the majority of construction contract workers are employed informally they have no written contract, no benefits other than wages and are excluded from social security schemes. These peculiarities in the construction industry lead to unstable relationship, insecurity of employment and lack of enforcement of existing Contract Labour (Regulation &Abolition) Act, 1970.
2.2.54 Varsney, Deepanjana (2013)\textsuperscript{67} in his study on ‘Contract Workers and the Rationale of the ‘Good Conduct Bonds’ stated that (i) employing temporary or contract workers have been the growing trends in recent times in developing countries, (ii) the adverse impact of contract workforce employment is bringing to problems in labour relations, (iii) the low morale and trust acting as impediments in signing the Good Conduct Bonds (GCB).

2.2.55 Ramaswamy, K. V. (2013)\textsuperscript{17} in his study titled ‘Understanding the ‘Missing Middle’ in Indian Manufacturing: The Role of Size-Dependent Labour Regulations and Fiscal Incentives’ this paper studies the problem of missing middle in the size distribution of manufacturing plants in India as an outcome of threshold effects of labour regulations defined by employment size and fiscal incentives determined by turnover for small-scale enterprises. Two alternative avenues that firms could use to escape from higher adjustment costs of larger firm size are employment of non-permanent workers and subcontracting output to other firms. These two outcomes are measured by contract-worker intensity and subcontracting intensity. The study is based on a large unbalanced panel of manufacturing plants in the formal sector covering 25 states and 5 union territories of India spanning the period 1998-2008. Contract-worker intensity is found to be higher in size class 50-99 relative to others supporting the proposition that firms use non-permanent workers to stay below the size threshold of 100. Mean contract-worker intensity of factories in size group 50-99 is found to be higher in labour intensive industries located in states categorized as inflexible. Mean subcontracting intensity was found to be significantly high in the size group eligible for excise-tax exemption with turnover below Indian Rupees 50 million. The empirical results supported the threshold effects of size-dependent labour regulations and fiscal incentives.
2.2.56 Sapkal, Rahul Suresh (2015){56}in his studies on ‘Labour Law, Enforcement and the Rise of Temporary Contract Workers: Empirical Evidence from India’s Organized Manufacturing Sector’ examines the interactive effect of strict Employment Protection Legislation (EPL) and enforcement intensity on the incidence of contract workers. In the Indian labour market context where labour regulations differs state-wise and across types of workers (regular and contract workers). This study uses the state level amendments to Industrial Dispute Act of 1947, and the average size of total number of labour inspectors for each state, as independent variables to capture the variation in labour regulation and enforcement intensity across thirty one Indian states for the period 2000-2007. This paper argues that firms located in strict EPL states hire differentially more temporary contract workers in response to variable enforcement intensity. Among other findings, the analysis shows that firms prefer to employ excessive number of contract workers to circumvent firing and overall compliance costs of regular workers as stipulated by the Indian labour laws.

2.2.57 Chaurey, Ritam (2015){6} in his study ‘Labor regulations and contract labor use: Evidence from Indian firms’ states that labour regulations in India differ by states and apply differently across types of labourers. The most restrictive laws make it harder to fire permanent workers for firms. However, these laws do not apply to workers hired through contractors (contract workers). Using firm-level data from India, it was observed that compared to firms in flexible labor regulations, those in more restrictive labour regimes hire more contract workers as a response to transitory local demand shocks. There was no differential response in hiring of permanent workers by firms faced with these shocks. This suggests that firms circumvent labor laws by hiring workers indirectly through contractors in the face of
economic fluctuations.

2.2.59 Tayal, Aparajita (2004)\textsuperscript{60} in her article ‘Contract Labour and the New Economic Policy — Is the Harmonization Possible?’ the article is a modest attempt to show that the harmonization of labour welfare with the privatization process is very real and is much desirable in the present scheme of things so as to strike a right balance between economic exigencies and social justice. The article focuses on Section 10 of the Contract Labour (Regulation and Abolition) Act, 1970 (hereinafter the Act). The object of the Contract Labour (Regulation and Abolition) Act, 1970 is to regulate the employment of contract labour in certain establishments and to provide for its abolition in certain circumstances. Section 10 of the Act provides for the procedure for abolition of employment of contract labour. The issue which this paper seeks to address is whether the workforce that comprises contract labour should be automatically absorbed in the establishment as regular employees after a notification is issued under Section 10 abolishing the system of contract labour in that establishment.

2.2.60 Shastree, Aniruddh (2013)\textsuperscript{52} in his article ‘Contract Labour (R&A) Act, 1970: Practices, Problems & perspectives with respect to manufacturing Industry’ tries to portray the change of process of hiring; impact of contract labour on society and companies, concerns for employers, influence of these economic conditions on Contract labour (R&A), Act, 1970. Faced with economic onslaught unleashed by multinationals and global giants in the wake of introduction of contemporary policies of globalization and economic liberalization, Indian employers have been clamoring for more and more flexibility in their dealings with employees. Further, an introduction of Information technology and variety in product range has added the need to have workforce only on temporary basis, most commonly known as
contract labour. From assembly line workers to Information technology workforce, contract labourers have become a popular staffing option in today's market. Contracted workers solve several HR staffing issues: They provide flexible hiring for major projects and seasonal rushes; they provide specific expertise; and they let HR induct new employees without actually hiring them, and in the long run, they save money because many expenses, from salary to benefits, are managed by the staffing firm.

But a Contracted workforce also raises challenges for HR executives, who must manage the culture shock for temporary workers who feel excluded, and permanent workers who feel threatened. There are also added costs of training and the spectrum of potential lawsuits over benefits.

2.2.61 Verma, C. S. (2010)\(^{70}\) in his study 'Contractual Labour Market in the Era of Globalization' states the corporate and public policy nexus in undermining the profitable public sector industries. By taking case studies and empirical studies from IDPL and contractual farming, he demonstrates that labour conditions are worsening because of globalization.

2.2.62 M. Dr. Mani Sekhar (2014)\(^{32}\) in his study "An Overview on Contract Labour System in India" states that the Act is applicable to any establishment that has employed 20 or more workers as contract labour in any one of the days in the preceding twelve months, and to any contractor who has employed 20 or more workers on any day within the preceding twelve months. According to the Act, the company is the principal employer of workers even though they are employed through a contractor. This paper covers Provisions of the Act & the present status, summary on Legal Framework.
2.2.62 Navamukundan, A. (1997) in his case study, ‘Contract Labour on Plantations in Malaysia’, shows how the contract workers are abused by the contractors in various ways at different levels. However, he concludes saying that the contract system cannot be abolished because it is developed in a way to fulfill the functional needs in the plantations. This system definitely brings a total deterioration in its terms and conditions of employment, collective bargaining and the scope of grievance redressal. Nevertheless, there arises a need for a specific mandatory mechanism, which brings a transparency in the system, with respect to the licensing of all contracts of labour services, to avoid and to reduce the ill-treatment of the workers and to give them the workers’ rights.

2.2.63 Sayeed, Karamat Ali, Farhat Parveen and Sharafat Ali (1997) in his paper ‘Contract Labour in the Pakistani Garment and Textile Sector’ have found the existence of ‘numerical’ and ‘financial’ flexibility in these sectors. They conclude saying that the working conditions of contract workers are found to be poor. Data on ‘days and hours worked’ show the exploitation and the pay scales which reveal the low rate of pay.

2.2.64 Group of Researchers (1986), in their papers "Contract Labour in a Steel Plant: A Study for a Trade Union", have found that Contractual production has been increasing steadily in even the most organized sectors, in the most modern industries as well as in the public sector which boasts of being a 'model employer'. Since the sixties the government policy has been definitely favorable to the growth of this archaic system. In 1982 there were over 11,600 contract labourers working in the Rourkela steel plant in different jobs such as loading and unloading, metallurgical maintenance, cleaning of machinery and miscellaneous other low grade tasks. This sample study of 155 workers not only draws attention to the poor conditions of work
but also to some of the contradictions which trade unions face in making demands appropriate to contract labour.

2.2.64 Cooper, Allan D. (1999)\textsuperscript{7} in his article ‘The Institutionalization of Contract Labour in Namibia’ brings out the underlying contract labour system, where the government of South West Africa serves as an official employment agency, providing transport, food and are treated only as a subject of the employers, which was considered appropriate for any suspected offence. This abusive contract labour led to the South West African Native Labour Association (SWANLA) and paved way for the Namibia’s independence in 1990. Further, he shows that in 1994 the Consolidated Diamond Mines (CDM) has agreed to share the profits of Namibian diamond industry on an equal basis with the democratically elected government of Namibia for the next 25 years. Notwithstanding these political changes, the diamond industry continues to use the contract labour, and remains to be the most profitable sector of the Namibian economy.

2.2.65 Chapagain, Dinesh P. (2000)\textsuperscript{97} in his paper ‘Contract Labour in Nepal’ explains the status of contract labour system in Nepal, by showing the working conditions, social security and employer-employee relationship. He also brings out the intermediary play, which is an important role in the provisions of working conditions and in settling any disputes between the contract labours, without the knowledge of the principal employers. He concludes stating that the working conditions of the contract labour are found to be generally poor.

2.2.66 Caroline O’Reilly (2008)\textsuperscript{96} summarizes in her paper ‘Temporary Contract Labour in the Gulf States: Perspectives from two countries of origin’ that the contract labourers are being recruited from Bangladesh and Pakistan to the Gulf Cooperation Countries (GCC) such as Arab Emirates, Saudi Arabia, Kuwait, through
their Friends or relatives. She focuses on the low skilled workers who are misinformed about wages and about the nature of work and how they are blindly driven away. The writer also recommends the ILO to provide its own guidance to the migrant and to the contract labour system, by which in turn, they would be able to manage, in accordance with the ILO’s standards.

2.2.67 ASSOCHAM, The Associated Chambers of Commerce & Industry of India (2013) \(^{72}\), 'Rise of contract workers by 39%' reveals in their report that the steep rise in contract workers by 39% than regular workers in sectors like automobile, manufacturers, telecom, IT, BPO, FMCG, healthcare, education etc., posing serious risks to worker morale and corporate growth. The statistics reflected in the report are sad and shocking, as per the government’s strict norms for contract labour, the majority of private companies violating the labour laws. The high level of contract staff means that labour laws are hurting formal and permanent employability. There are many social security benefits that are not reaching workers especially with the contractualization of the workforce. The telecom sector scores the worst with up to 60% of its staff on contract. There has been a sharp rise in contract workers in automobile (56%) and other industry sectors like education (54%), manufacturers (52%), FMCG (51%), IT, BPO jobs (42%), Hospitality & travel (35%), pharma and healthcare (32%) in India. Contract labour is increasingly being used in smaller and larger Indian companies as well as multinationals”, reveals the ASSOCHAM Survey.
2.3 Reviews from Judicial Interpretation Judicial Interpretation on the regulatory provisions of the CL(R&A) Act, 1970

Problems and issues of contract labour were taken up in the second five year plan, which highlighted the need to regulate the working conditions of contract labour. The case of Standard Vacuum Oil Refinery Company vs. Their Workmen set a significant trend by laying down criteria in respect of certain types of work on which contract labour should be abolished.

The Indian labour conference recommended legislative action at its 19th & 20th session, for abolition of contract labour system, taking into consideration the reports of the labour bureau. Draft legislation on contract labour was assigned to the tripartite committee, which was debated at length throughout. A comprehensive regulatory framework for contract Labour was recommended by the National Commission of Labour (1969), which finally resulted in the Contract Labour Regulation and Abolition Act being enacted.

**Indian judicial approach**

More than 100 judgments on various aspects of contract labour have been delivered by the Hon. Supreme Court since the enactment came in force. All major concerns of contract labor have been addressed in these judgments, clarifying majority of the issues in relation to the Act, for example appropriate government, individual disputes raised by direct workmen supporting the cause of contract labour, abolition of contract labour system under article 32 of the constitution, other issues such as the effect of the abolition of contract labour system on contract labour, non-registration
by principal employer, sham contract, and the status of canteen workers engaged through contractor, etc.

A jurisprudential visit to the judgments reveals that the High Courts and Supreme Court have played an extremely important role in interpreting the various aspects of the CL(R&A)Act, 1970. The analysis of the judgments further reveals that the judicial approach, while dealing with the various issues pertaining to contract labour, was pro-labour in the past. Though at times there have been minor deviations, they have been corrected by the judiciary itself in due course.

The courts have interpreted section 10 through contradictory judgments, upholding the constitutional validity of the section under the Act (Alembic Chemical Works Co. Ltd. vs. State of Gujarat, 1996[ILLJ 584 (Guj. D.B.)].

**Judicial debate**

What happens to the labour after abolition of job in any industry? There are two opposite views on the matter. In case of Air India Statutory Corporation Vs. United Labour Union 1997[ILIJ 1113 (SC)] landmark judgment, the moment the contract labour system stands prohibited u/s 10 (1) of the Act, the embargo to continue as contract labour is put to an end and contract worker becomes regular employee of the establishment. The honorable apex court observed that

“...this behalf, it is necessary to re-capitulate that on abolition of the contract labour system, by necessary implication, the principal employer is under obligation to absorb contract labour. The linkage between the contractor and the employee stood snapped and direct relationship stood restored between the principal employer and the contract labour as its employees. Considered from this prospective, all the
workmen in the respective services working on contract labour are required to be absorbed in the establishment of the appellant.”

However the Supreme Court held otherwise in the Case of SAIL vs. National Water Front Workers’ Union in 2001 and held that there cannot be automatic absorption of contract labour by principal employer on issuance of notification by Government for abolition of contract labour.

The Court observed that “We have already referred to the statement of objectives and reasons of the Act elsewhere in this judgment which also does not allude to the concept of automatic absorption of the contract on issuance of notification for prohibition of employment of contract labour”.

“In the light of the above discussion we are unable to perceive in section 10 any implicit requirement of automatic absorption of contract labour by the principal employer in the concerned establishment on issuance of a notification by the appropriate Government under section 10 (1) prohibiting employment of contract labour in a given establishment ”. (Steel Authority of India Ltd., Others. vs. National Union Water Front Workers & Others. (AIR 2001 SC)

It is pertinent to refer to the salient features under the Act that it deals with regulation and abolition of contract labour system in any establishment. The act basically aims at providing a set of safe guards for the vast majority of labour working under a contractor (employer) in any establishment which belongs to the principal employer. The legislators thought it prudent to regulate the contract labour system rather than to go for abolition at the first instance. Therefore elaborate arrangements have been made in accordance with section 10 of the Contract Labour
Regulation and Abolition Act, 1970 to deal with various aspects of the contract labour system.

For the purpose of regulation, the act provides for better service conditions akin to that of regular employees of the establishment and mandates to provide similar welfare facilities to a contract labour working in any establishment and ensuring minimum wage guarantee. The act also mandates to provide facilities like restroom, canteen facility, washing facility, a good working condition, special facilities for the woman worker, social security measures like Provident Fund, Gratuity, sickness benefit under ESI scheme, maternity benefits in accordance with Maternity Benefits Act, bonus, other allowances including house rent allowance. When regulation is sufficient and there is scope for engagement of contract labour in any establishment, the law doesn’t come as a bar for its continuance subject to condition that contract labour should not be engaged if the job is permanent or perennial in nature, and sufficient number of permanent workmen can be deployed for a considerable period.

In order to take up abolition, the government has an advisory setup called Contract Labour Advisory Board to examine any job in an establishment requiring abolition. The appropriate government is competent to take up any job within the purview of its evaluation for the purpose of abolition in accordance with section 10 of the contract labour regulation Act. The view expressed by Honorable Supreme Court in Air India case was an extreme view when the court held that soon after abolition the contract labour becomes permanent employee of the principal employer. The court failed to take into account the legal requirement in the purpose of the legislation under section 10 of their contract labour regulation Act. However the Honorable Court had the opportunity to rectify its mistake in a later judgment in 2001 in the case of SAIL and overruled its own judgment rendered in Air India case.
The background in which the judgments were passed bears the testimony of the socio-economic condition, and economic policy of the government prevalent then. The liberalization policy of the government coupled with globalization influenced the economic system of the country and accordingly the law relating to economy underwent a change, so also the judgments of the Honorable Supreme Court in interpreting those laws. Unfortunately the labour laws were not addressed in it right prospective to synchronize with the economic development and economic policy of the country. Therefore the contradiction in judicial approach as discussed about existed for some time.

The extreme view expressed in Air India case by the Supreme Court was not compatible with the economic policy of the country, as also the intention of the legislators expressed in the contract labour regulation and abolition Act.

Be that as it may, the contract labour system is to exist and shall continue in India due to unemployment of the vast majority workforce and economic necessity. The eagerness of the Honorable Court to see the welfare of the contract labour has prompted to deliver judgment in support of abolition and consequential absorption. The impact of globalization and liberalization policy adopted by the government compelled the court to revisit the judgment, and contemporary need of society is reflected in SAIL judgment.

The implementing authority, that is the labour department – both state and central, even though vested with power to regulate, at times due to other consideration fail to take cognizance of ground reality, circumstances prevailing in industry, the living condition of the work force and mechanically hold in favour of abolition, as a result of which the objective and purpose is defeated. Government being the enforcement
agency supposed to act on the mandate of the act, it is not reflected in their action many a times and the poor worker resigns to destiny.

The demand for absorption of the contract labourers in an establishment arises out of economic necessity and as a matter of security for employment and to ensure a better wage structure, with guaranteed Social Security measure. The disparity between the service condition of a regular employee and that of the contract labour, some real and some perceived, is the root cause for raising demand for absorption.

It is the settled position of law in India that the contract Labour cannot directly approach the High Court or the Supreme Court to claim absorption in any establishment. The position was settled way back in 1995 in the case of RK Panda vs. Steel Authority of India Ltd. However it is often demanded by the contract labour union for absorption of the contract labour in the establishment. This provokes to probe into the real cause for such a demand.

**Claim for equal wages for equal work and the artificial distinction**

The artificial distinction between the regular employees and the contract labour in an establishment is the root cause basing on which all managements try to differentiate the employment with a view to reduce employment cost, resulting in deprivation of benefit to a contract worker.

Normally the contract labour is employed for doing unskilled job in an organization even if some of them have the knowledge to perform semi-skilled or skilled job and in fact they do perform semi-skilled or skilled job. They are cited as the workforce of the unskilled category in order to avoid payment of higher wages. It is also seen that the regular employees and the contract labour work side by side and perform
similar jobs. The distinction is artificially created by citing factors such as educational qualification, training, responsibility, dependability, amenability to discipline, quality and quantity in performance of any given job. The resulting effect of the aforesaid factors places a contract labour in a subordinate position/disadvantageous position and because of unemployment fear, in case the matter is raised before the authorities, they resign to their fate and tend to satisfy themselves with the minimum wages received.

There are a number of jobs which are basically unskilled in nature and are being performed by regular employees as well as contract labour in several organizations in India, as the following illustrate:

Job of Driver, Mali, Safai Karamchari, Conservancy Staff, Watch & Ward, and Care taking staff.

These jobs are performed by regular employees as well as contract labour, but the disparity in their wage because of the aforesaid factors remains a problem without any solution.

In the past, the Courts in India were sympathetic towards contract labour, and whenever there was opportunity to address the issue in very many judgments, they have held that a contract labour is entitled to equal pay for similar work. Of late, the High Courts and the Supreme Court have accepted the arguments advanced by the managements and in every opportunity, they have negated the claim of the contract labour for ‘equal pay for equal work’. It is noteworthy to refer to the following judgments of the Hon’ble Supreme Court, wherein Apex Court of the country has rejected the demand for ‘equal pay for equal work’ on very many grounds and referring to the factors mentioned above:

In the case of Federation of All India Customs & Excise Stenographers Vs. Union of
India (1988 SCR 998), Hon’ble supreme court observed that “the problem about equal pay cannot always be translated into mathematical formula”.

In the case of Govt. of West Bengal Vs. Tarun Kumar Roy [2004 (1) LLJ 421], Supreme Court held that, “Only because the nature of work is same, irrespective of educational qualification, mode of appointment, experience, and other relevant factors, the principle of equal pay for equal work cannot apply.”

In the case of Union of India vs. PK Dey [2000 (8) SCC 580] Supreme Court held that “granting of pay parity by the court may result in a cascading effect and reaction which can have adverse consequence.”

The following cases also throw light on the same issue.

State of Haryana vs. Chandrajit Singh [2006 (1) LLJ 431]

The resultant effect of the judgment of the Hon’ble Supreme Court and the fact of creating artificial distinction as stated above are the root causes to deprive the benefit available to the contract labour, not only in the matter of equal pay but also in the area of other amenities and benefits. Every management has the tendency to circumvent the regulation with the support of the aforesaid judgments and indulges in practice of hiring contract labour with minimum payment so as to save cost. Due to the insecurity prevailing in the labour market, the contract labour does not venture to raise a protest and accepts what is being paid to them, to maintain their livelihood.

The principal employer, and for that matter the employer (contractor), often resort to practices with the motive of reducing cost/increasing profit, which are otherwise
illegal, by circumventing procedure/rule, as a result of which the labour is deprived of his legitimate dues. For example, a contract purposefully is brought to an end before completion of five years to avoid liability under various labour laws, including gratuity. Though such practices look legal, it is unethical and can be treated as unfair labour practices. The retrenchment compensation is another example, in the manner of calculation to circumvent the law.

Post SAIL Judgment

The landmark judgment in SAIL case holds the field and has clarified much confusion created due to Air India judgment. A five judge bench of the Hon'ble Supreme Court examined all respects and the matter was settled at rest with reference to

1- The employer and employee relationship between the principal employer and a contract labour,
2- The authority over the establishment,
3- Whether automatic absorption after abolition of the job is notified by the government
4- The status of the contract labour after abolition of the job and whether automatic absorption is the consequence once the job is an abolished. While answering the proposition, the honorable Supreme Court held that automatic absorption is not envisaged under the act and therefore the judgment of Air India was not the correct position of law. Hon'ble Supreme Court was pleased to overrule Air India judgment in SAIL.

Hon'ble Supreme Court in SAIL judgment provided two riders which hold the field in post sail judgment era. Hon'ble Supreme Court held that if it is the statutory responsibility of the organization, deployment of contract labour in such job should be discouraged and they will be entitled to claim absorption as regular employee. Also Hon'ble Supreme Court is of the view that if the contract is sham and camouflaged, the contract labour is will be entitled to absorption as regular employee.
After the SAIL judgment in 2001, Hon'ble Supreme Court had occasion to examine issues arising out of aforesaid riders and without hesitation held in some cases that the contract labour is entitled to be absorbed in the establishment. The following serve as examples in this regard:

- **Indian Overseas Bank vs. Staff Canteen workers union (2000):**
  
  Canteen contract labours are workers under Factory Act. If abolished by notification, they become permanent employees.

- **Bharat Fritz Werner Ltd - Vrs-Karnataka (2001)**

  To discharge a statutory obligation of running a canteen is of the factory owner/principal employer. Contract labours if engaged would be indeed employees of the principal employer [NTPC-Vrs-Kari Pothoraju (2003)].

**Symbiotic relationship**

The symbiotic relationship is the need of the hour between the employer (contractor), the principal employer, and the contract worker, which would ultimately help industry to maintain continuity in the manufacturing/service activity with a human touch towards labour force, and it would help the contract labour to maintain livelihood with a decent wage structure.

There is old age grievance of the trade unions that the labour is being exploited from time immemorial. Even though at the present juncture, it is not based on concrete proof, it can be eradicated if a human touch is given to the contract labour in the field of their employment. In India, unemployment looms large and therefore, it forces the vast work force to accept under-employment and the contract labour are
the burning examples of such under-employment, resulting in deprivation of a fair wage and other statutory benefits recognized under law.

Unfortunately, the labour enforcement authorities act like regulator without a proactive role. Often they resort to antagonize the management with a view to gain cheap popularity amongst the trade unions, as a result of which the management and for that matter the contractor, are the principal employers who take a stubborn stand. Ultimately the purpose of conciliation fails and the contract labour is left to the destiny without any benefit prescribed under law. An overhauling is the need of the hour and if necessary, the rules & regulations need a fine tuning to address the malady.

Unfortunately, the economic laws were changed and judgments were passed keeping in view the globalization and economic liberalization policy of the govt. but the labour laws and all judgments on labour laws were not synchronized with the govt. policy to advance the economy. The labour law scenario - both legislative and judicial – remains the same for the last 20-30 years without any change in their approach. Government has to take the leadership in this regard for a fine tuning of the rules & regulations along with labour administration.

**Conclusion**

At the end of the analysis, keeping in view the socio economic condition of the vast labour force, the objective of the law is not to abolish the contract labour system but to regulate the same so that the labour force in the unorganized sector at least maintains a livelihood by their employment as contract labour. Therefore, contract labour system has to exist in this country but the contract labour should be viewed as human being and Hon'ble citizen of India.
2.4 **Reviews from daily newspapers**

The subject matter of contract labour is generally concerned with the contractors, the management and the workers or their representatives. Of late the subject matter is drawing attention of all the stakeholders and the problems on account of engagement of contract workers are precipitating day by day. The following clippings from the daily leading newspapers around the country reveal the seriousness of the subject.

2.3.1 **Economic and Political Weekly August 30, 1997**

ILO Initiative on Contract Labour, Bagaram Tulpule

"When governments of developing countries are increasingly adopting policies depriving contract workers of job security and promoting contract labour in the name of labour market flexibility, it is in the interests of all working class to devise strategies together to roll back the so-called economic reforms."

2.3.2 **Times of India, New Delhi, April 13, 2003**

Contract labour set for creeping reforms

"The government is all set to abandon radical revision of the law on contract labour and has opted for creeping reforms that will progress step by step. For starters, the restriction on employment of contract workers is likely to be lifted for about a dozen activities and 100% export oriented units and units in special economic zone may also be allowed to outsource several activities without restrictions. The government proposes to amend the law on contract labour."

2.3.3 **Times of India, New Delhi, August 6, 2003**

Govt. may widen scope of contract labour

"A contentious amendment to Section 10 of the Contract Labour (Regulation and Abolition) Act, which will allow the government to simplify opening up new areas
to contract labour through just a notification, is among those that will be discussed at length at the meeting of the Group of Ministers (GoM) on labour scheduled on Wednesday. However, indications are that the labour minister will push aggressively for a firm commitment from the (GoM) on provisions relating to the improving the conditions of work of the contract labours."

2.3.4 **Economic Times, New Delhi, August 14, 2003**

GoM clears contract labour in 13 areas

"In a positive signal to the international business community, the Group of Ministers (GoM) on contract labour on Wednesday put its "in principle" seal of approval on opening up 13 new areas to contractualization. The GoM has recommended to the Union Cabinet that existing restrictions on hiring workmen for these areas should be removed. The draft Contract Labour (Regulation and Abolition) Act including the relevant amendments will now be reworked accordingly and sent to the Union Cabinet."

2.3.5 **Times of India, September 8, 2005**

Amend contract labour law: Let temping beat jobless growth

"The idea that no job is better than a temporary job is doubtless absurd. Not even the most committed trade unionist dares to argue otherwise. But such unanimity amounts to little if legal obstacles to temporary jobs are not removed. The government must begin by amending the Contract Labour (Regulation and Abolition) Act, 1970 to make temporary staffing easy and legitimate. That would enable more people to gain access to well-paying and dignified jobs in the formal sector."

2.3.6 **Economic Times, New Delhi, December 5, 2007**
"Aluminum maker BALCO, which was privatized a few years ago, is resorting to contract labour after giving VRS to its permanent employees, the Government informed the Rajya Sabha. *-It is a fact that after offering Voluntary Retirement, the company is resorting to contract labour, Labour Minister Oscar Fernandes said replying to supplementary during Question Hour. ".

2.3.7 Business Standard, New Delhi, October 1, 2008

Should contract labour laws be liberalized?

"Manish Sabharwal, Chairman, Team lease Services, definitions like core/ non-core are aimed at preserving the labour aristocracy. They are friendly fire that hurt the very people they masquerade to protect. The notion that legislation or regulators should decide what is a core or perennial activity for a company is intrusive, dysfunctional and outdated. Static notions of corporate strategy and organizational design do not recognize a change in the employment contract from ‘maibaap’ to a ‘taxicab’ relationship and a deconstruction that has blurred organizational boundaries. In the 1950s, William Whyte wrote a book called Organization Man whose thesis was that if you were loyal for life, learnt all aspects of a company, and were a man, the company would keep you for life. This change is strongly evident at one of the companies he modeled his book on — IBM. The company recently said that 50 per cent of IBM employees have spent less than two years with them, 40 per cent do not come to an IBM office every day and 30 per cent are women.

The notion that companies should only use people or process outsourcing for non-core or episodic work is totally subjective. Is operating a telecom network a core and perennial activity for a telecom company? Bharti and IBM don’t think so. Is security core and perennial to operating an airport? Airports Authority of India and Central Industrial Security Force don’t think so. Is pension administration core and perennial
to a pension plan? Pension Fund Regulatory and Development Authority and National Securities Depository Limited don’t think so. Is a tax information network core and perennial for tax collection? Obviously, the ministry of finance and NSDL don’t think so. I could go on but the outsourcing of people and processes have made static definitions of organizations irrelevant.

India’s archaic labour laws are now a weapon for trade unions. The partition between core and perennial work exists only in the cerebral cortex of trade union leaders trying to keep labour market outsiders (less skilled, less educated, people from small towns, women, etc.) out of organized employment. The question of organized versus unorganized employment is more important than the temporary/permanent or core/perennial issue. The Contract Labour Act has failed because only 300,000 of the 80 million people on contract today are in the organized sector.

The public policy case for organized contract or fixed-term jobs is strong. Most contract workers are labour market outsiders for whom temporary jobs have a powerful “apprenticeship effect”. Temporary jobs reduce frictional unemployment by providing labour market liquidity and substituting for the shameful performance of employment exchanges (who have 2 lakh jobs for the 4 crore registered last year). These jobs are a non-fiscal market substitute for social security and unemployment insurance. So, first we must ignore calls of self-interest by organized labour to block contract labour because a job is better than no job. Then we must rapidly review the regulatory cholesterol that breeds contract employment in the unorganized sector.

R A Mittal, National Secretary, Hind Mazdoor Sabha

Contract labour is now a reality and the courts’ stance is also changing. It’s time then to ensure better wages and security for these contract workers. The argument so far has been that contract labour should be used where work is not of a regular
nature, where work orders change. So to adjust the number of workers and to be able to increase them as demand grows, you depend on contract workers. But now, employers have been using contract labour on a regular basis, even when there is no fluctuation in the nature of work. The distinction between core sector and non-core sector is also being violated.

The recent agitation in Italian company, Graziano Transmission, is a case in point. The company hired 400 contract workers this year as a substitute for permanent workers who were agitating for their right to form a union.

The problem is that the Contract Labour Regulation and Abolition Act, 1970 is not being followed by any company today. The trend has got a fillip from the judiciary itself. The law says that any worker on a job for more than 120 days should be regularized. But in the Steel Authority of India (SAIL) judgment of 2001, the Supreme Court reversed its own judgment in an Air India case a couple of years prior to this on the rights of contract labour. While the Air India judgment said contract labour had to be absorbed, the SAIL judgment stated that contract workers would have no right to automatic absorption. They would only have a right to a preference in employment if permanent workers were to be employed to fill in the vacancies created by the removal of the contract workers. In fact, the Maharashtra government has made a law where contract workers need to be considered first when regular vacancies emerge.

Given the court’s stance, there is no option left but to accept contract labour as a reality and work towards empowering workers.

If a contract labourer is made to do regular work, he must be provided social security, better wages and all other benefits at par with regular workers. If the labourer can be fired any day, then the employer should be made responsible for
equipping each worker with skills and training that will enable him to find work when he loses his job.

Also, even if a labourer works for a single day, he should be entitled to Provident Fund and Employees State Insurance. At some stage, the contract worker should also be considered eligible for regularization. May be after two to three years of work. The current law does not prohibit contract labourers from organizing and they should be allowed to seek their rights in an organized manner. The law is now redundant as far as the ban on contract labour is concerned. But is still valid in the social security benefits it seeks for contract labour. Unfortunately, even these are being violated.

A government order is enough to change any law today. The latest instance is that of the order by the Uttar Pradesh government last week, setting up an industrial relations unit which will make labour officials report to the police and civil administration heads. Where does that leave the workers?

2.3.8 Economic Times, New Delhi, October 4, 2010

Contract labour law: Convincing workers, employers key

“The Centre will push for laws to bring the 130 million contract labour on a par with permanent employees in terms of wages and benefits but not security of tenure. The labour ministry has decided to hard sell its own proposal to better the lot of contract labour at the tripartite conference of government, employers and employees. The task force set up last year failed to reach common understanding”.

2.3.9 Economic Times, New Delhi, December 14, 2011
Contract labour pay parity plan caught up in bureaucratic tangle

"A proposal to match the salary of contract labour to that of permanent staff has got caught up in a bureaucratic tangle that the cabinet secretariat has been asked to resolve. The committee of secretaries examining a labour ministry proposal to provide contract workers same monetary and other benefits as regular workers has sought a more exhaustive study on its impact on various stakeholders."

2.3.10 Economic Times. New Delhi, Mar 10, 2011

More contract labour in Govt sector than in private

"The government is more guilty of employing contract labour on unfair terms than the private sector, a study commissioned by the prime minister's office said. A recast of the laws to give contract labour the same benefits as the regular worker doing the same work will cost the government 11,000 crore annually against 5,500 crore for private firms. The financial outgo is insignificant compared to the benefits it would bring to contract labour who are often exploited," a labour department official said. The finance ministry opposed the amendment to the Contract Labour (Regulation & Abolition) Act proposed by the labour department, following which the PMO called for an impact study. The V.V. Giri National Labour Institute carried out the study on behalf of the labour ministry.

If implemented, the amended law would entitle the estimated 36 million contract labour in the country to the same wage rates, holidays, and hours of work and social security provisions offered to regular employees doing similar work. In case, similar work is not being performed by contract workers, the government will notify the wage rates, holidays, hours of work and social security provisions. The study report
is being examined by the committee of secretaries vetting the proposed amendment before it decides on handing it over to the union Cabinet for approval.

Almost 32% of the labour force in public sector is on contract as against 30% in the private sector. While average wage of contract labour in public sector at 185.28 is higher than that paid by the private sector at 143.45, regular workers with the government get a much higher average wage of 441.9 compared with 212.45 in the private sector.

The wage differential is, therefore, much higher at 256.62 in the public sector than 69 in the private sector. Employers’ organizations opposing the proposed amendments argue that it would hurt both the workers and the industry.

"If you want employment generation, you need to have the CL(R&A) Act, 1970 (in its present form) in place," said Michael Dias, secretary, the Employers Association. If employers are forced to pay similar wages to both contract and regular workers, they will increasingly shift to mechanization, he said.

Trade unions, however, view things differently. Once the Supreme Court had said if you cannot pay you have no right to run a business, said AK Padmanabhan, president of the Centre of Indian Trade Unions. While in the initial years, contract labour was only used for certain activities such as construction, now it is used for regular production work.

"If somebody tries to justify differential wages in the name of economy and financial liability, it is unjust and illegal," Padmanabhan said, adding that all trade unions as well as most state governments supported this view at a recent labour conference."
2.3.11 Economic Times, New Delhi, February 29, 2012

No, it will make business unviable

"M R Umarji, Chief Adviser (Legal), Indian Banks' Association Any establishment that engages contract labour is regulated by the Contract Labour (Regulation and Abolition) Act, 1970. The Act provides for regulation of contract labour and also empowers the appropriate government to prohibit employment of contract labour. A major factor to be considered for prohibiting engagement of contract labour is whether work is done ordinarily through regular workmen in that establishment."

2.3.12 Economic Times, New Delhi, Jun 29, 2011

Contract labour: A ticking bomb amid auto industry's labour force

"Contract workers, who are paid much less than permanent employees and enjoy far less benefits, make up 70-80% of the industry workforce, according to estimates by trade union leaders. And the underlying tension between their aspirations, auto companies' cost considerations and outdated labour laws could easily precipitate another big dispute — anytime and at any company.

The strike at Maruti was only following a pattern — companies such as Hero Honda, Honda Motorcycles and Scooters India (HMSI), Hyundai, Ashok Leyland, MRF, Apollo Tyres and Sona Koyo have faced industrial unrest in the past five years. The truce at Manesar, and the rest of the industry, is uneasy.

Inflexible and out-of-date labour laws could derail India's automotive ambitions, market research firm JD Power - which specializes in the automotive industry - points out in a recent report."

"Companies can pay lower wages to contract workers and discontinue their services at will," says All India Trade Union Congress (AITUC) National Secretary DL
Sachdev. "This is the foundation of most industrial unrest in recent times. There has been no credible effort to offer permanent employment at justified wages, despite the auto industry growing by leaps and bounds," he adds.

Most of the contract labour work with the permanent workers cheek-by-jowl. Often they could be performing the same tasks as a regular employee but paid 30-70% lower. They aren't entitled to any incentives either. A regular employee at Maruti's Manesar plant, for instance, would draw around 16,000-24,000 depending on his experience, plus productivity benefits, while a worker on contract doing similar work may get 5,500-8,500 from the contractor who employs them on behalf of the company.

Contract labourers are retained for a fixed period by companies with no retirement, PF, gratuity or annual bonus benefits. They cannot apply for a loan from the company and get no paid leave. Ajit Abhyankar, Pune city head of Centre of Indian Trade Unions (CITU), says companies increasingly prefer third-party workers (contract labour) to prevent unionizing any kind of bonding, emotional or psychological, with the company. "Managements want to keep workers in an uncertain frame of mind but we have found that this works adversely and impacts quality," he says. How contractors work

Companies do not hire such temporary workers directly, but only through labour contractors. This is an unlikely partnership and also an uneasy one. Auto companies like to play by the book. But the labour contractors often rise because of their political connections, according to GS Ramesh, chairman, Layam Group, a consultancy that advises Toyota, Renault, Hyundai, General Motors and Ashok Leyland.
"Our regular clients operate with bulk of their labour force on contract," says a Gurgaon-based labour contractor preferring to remain anonymous. Firms such as his tap migrant labourers from all states, including UP, Punjab, Haryana, Orissa, Kerala and a large component from Bihar.

"Unionized labour scares the smaller ancillary companies," says a labour contractor in Pune. The same can be said of larger companies. Contractors feed on the arbitrage this fear creates. But their business model leaves workers vulnerable to exploitation.

"Malpractices in the supply of labour cannot be ruled out," admits a senior Maruti Suzuki executive. "We pay a standard wage to a skilled worker even if they are on contract, but what they are given in hand by the contractors could be much lower," he adds. The wage paid by Maruti to the contractor is much higher than the minimum wages stipulated by the government.

2.3.13 Times of India, Hyderabad, November 20, 2011

Strike at Dr Reddy's Srikakulam unit called off

"Dr Reddy's Laboratories today said the agitating contract workers at its manufacturing facility in Srikakulam, Andhra Pradesh, have called off 3-month old strike and the plant has resumed normal operations. "Yesterday, further to successful discussions between the company's management and the contract workers, facilitated by and in the presence of district administration officials, an understanding has been reached to engage contract workers as per the shift requirement."

2.3.14 Economic Times, New Delhi, August 25, 2011

Western labour laws harsher: PC Chaturvedi, Labour Secretary

"There can't be two classes of workers and apprehensions on job losses will have to be addressed, asserts Labour Secretary PC Chaturvedi as he clears the air around
contract labour issues in national manufacturing zones and multi-brand retail FDI.

Excerpts of an interview with Amit Sen: Do you agree with the view that rigid labour laws are responsible for low manufacturing? It is incorrect. There is no evidence, study or data to substantiate this".

2.3.15 **Times of India, New Delhi, September 15, 2011**

Supreme Court directs Delhi International Airport Limited to abolish its contract labour system

"The Supreme Court today directed Delhi International Airport Limited (DIAL) to abolish its system of contractual labour and asked it to pay compensation of Rs. 5 lakh to each of its 136 workers who were not reinstated after expiry of their contracts. A bench of justices Dalveer Bhandari and A K Patnaik said the Centre's notification of July 26, 2004 pertaining to regularization of contractual labour is binding on DIAL. "DIAL must abolish all contract labour."

2.3.16 **Economic Times, New Delhi, June 23, 2012**

Beyond Maruti: India’s progress calls for a new set of labour laws and labour relations

"We condemn the violence at Maruti Suzuki's factory at Manesar, Haryana, which claimed one life, left many injured, has stopped production at India's largest car factory and has implications for industrial investment and growth in India far beyond Maruti and Haryana. Such incidents should not recur. For that to be more than a pious wish, we need to see beyond the particularities of the conflict at Manesar and the culpability or otherwise of Maruti workers and managers. The immediate provocation at Maruti is reported to be an altercation between a supervisor and a worker that resulted in the worker's suspension, which the newly-recognized union failed to reverse."
The contract workmen employed at Bharat Sanchar Nigam Ltd. (BSNL) have resorted to an indefinite strike from Wednesday to press for their “legitimate demands”.

The demands include coverage under the Provident Fund, payment of bonus, revised minimum wages, facility of paid weekly off, holidays, overtime, and direct employment as departmental workers.

The 350 BSNL contract workers are engaged in the realm of construction and maintenance of telecom work, including cable-laying, jointing 0/H line works of cable laying, jointing works installation and maintenance of transmission systems, transmission tower erection, tower maintenance work, operation of engine alteration works, installation of maintenance of BTS equipment, maintenance of battery, and power plants and so on.

The striking workers claimed that the BSNL management and the contractors had assured the workmen/union before the Assistant Labour Commissioner that all these contract workmen would be entitled to Statutory Labour Legislations such as leave, weekly off, holidays, overtime, and bonus and payment of wages at revised rates.

However, the Principal Employer, BSNL – Goa, and the contractors of BSNL have time and again failed to honour their commitments, said All India Trade Union Congress (AITUC) General Secretary Christopher Fonseca.

These contract workmen, a majority of whom were the “sons-of-the-soil”, have urged Chief Minister Manohar Parrikar, and Labour Minister Avertano Furtado to intervene urgently and alert the Union Government authorities to take steps to resolve the BSNL workers’ long-pending problems.
The BSNL striking workers who had gathered on Wednesday at the BSNL headquarters at Patton in the city were addressed by trade union leaders R.D. Mangueshkar, John Clark, Prasanna Utagi, Suhas Naik apart from Mr. Fonseca. On behalf of the AITUC, Mr. Fonseca assured its unflinching support to the fight of BSNL workers.

2.3.18 Economic Times, Kolkata, July 22, 2012

Four reasons behind Maruti Suzuki's Manesar problems

"The bad old days of militant trade unionism are back. The violence at Maruti Suzuki's Manesar factory, which killed one senior employee and injured close to 100 others, bodes ill for the future of not just Maruti but also the industrial hub of NCR.

This is not the first time that Maruti is fighting trouble in Manesar. Last year, labour unrest resulted in a loss of over Rs 2,500 crore for the company. So, what's causing Maruti such big problems at Manesar? ET Magazine looks at four reasons that could have resulted in the simmering tension between the management and workers at Maruti Suzuki."

2.3.19 Economic Times, Bangalore, July 24, 2012

Contract labour not being treated fairly: Rajeev Dubey, Employers' Federation of India

"Industrial relations are at a "critical stage" and the issue of income inequality has to be tackled immediately, the president of the Employers' Federation of India has said. In the backdrop of the violence at Maruti Suzuki's factory at Manesar, Rajeev Dubey in an interview with ET said the conditions of contract workers as a major area of concern. Excerpts: How would you characterize the current state of industrial relations in India? I would say that industrial relations in India are at a very critical stage."
2.3.20  Times, New Delhi, July 26, 2012

Rise in contract labour causing unrest: Centre

“A week after the unprecedented mob attack at Maruti Suzuki's Manesar plant, the central government has identified corporate India's increasing reliance on casual and contract labour to get routine operational jobs done at cheaper costs as the primary reason for the recent increase in labour strife and violence. Pulling up India Inc. for denying benefits like gratuity and provident fund by hiring contract workers to do permanent jobs, a senior official of the ministry of labour quoted.”

2.3.21  Times of India, New Delhi, July 27, 2012

Amend law to make it labour-friendly, says SudhaPillai

Sudha Pillai, Former Secretary, Ministry of Labour "Engagement of contract labour is not per se prohibited, except where specifically disallowed. No separate wages are fixed either and rates set under the minimum wages law are applicable to contract workers also. However, the Contract Labour (Regulation and Abolition) Act, 1970 provides that where contract workers do the same or similar work that is done by regular employees of the principal employer, the contract workers have to be paid the same wages in terms of the rules under the Act. Since the passage of the law in 1970, the economic environment has undergone a huge change."

2.3.22  Times of India, Kolkata, July 27, 2012

All workers should be made permanent

Gurudas Dasgupta, Member of Parliament, CPI "The tragic incident in the Maruti's Manesar plant shows the growing antagonism among workers, especially those employed in MNCs that are thriving for super profits by reducing labour costs."
Across India, more so in organized manufacturing, the trend is to employ cheap labour by resorting to contractualization. In some factories, contract workers outnumber permanent labour and are made to work in core sectors, doing perennial jobs."

2.3.23 **Economic Times, Bangalore, July 30, 2012**

Time for paradigm shift in approach & practice of contract labour: ISF

The Indian Staffing federation has said that the "Contract Labour (Regulation & Abolition) Act, 1970 should be altered keeping in mind that the staffing industry has changed in the last 40 years." One can say with reasonable amount of confidence that the interests of contract workers managed by professional staffing companies in the organized sector, are secured and in line with stipulated statutory regulations," said a statement released by the ISF. ISF has over 3.5 lakh temporary staff on their payrolls and said that the professional firms who manage contract staffing follow statutory guidelines and can assist clients to help them manage their contract staff better as well."

2.3.24 **Economic Times, New Delhi, August 20, 2012**

Food ministry opposes move to bring wages and working conditions of contract workers on par with regular employees

"The food ministry, which oversees the Food Corporation of India (FCI), has opposed a landmark government move to bring the wages and working conditions of contract workers on a par with regular employees, saying it would inflate the food subsidy bill. The FCI is one of India's largest employers of contract workers. The condition of India's contract workers has recently come into sharp focus due to the
violence that broke out at Maruti Suzuki's Manesar factory and the repeated instances of labour strife in the Gurgaon-Manesar auto industry hub that widely employs contract labourers."

2.3.25 Economic Times, New Delhi, August 23, 2012

Reform labour laws to bridge the gap between permanent and contract workers

"The government's plan to amend the Contract Labour (Regulation & Abolition) Act, 1970, to ensure a better deal for contract workers has met with opposition, including from some ministries that fear higher costs. This is a one-sided view. We need to redeem the appalling conditions that mostly attend on contract workers. However, piecemeal reform to bring wages and working conditions of contract workers on par with regular employees will not work. The need is to overhaul labour laws that shower protection and privilege on permanent workers to create an expensive labour aristocracy that cannot be held to account."

2.3.26 Economic Times, New Delhi, August 24, 2012

Poor pay for contract labourers and inequality seen as an important trigger for violence

"Brian Wilkinson, Executive Board Member, Randstad Holding July's violence at Maruti Suzuki's Manesar plant claimed the life of a general manager, cost hundreds of workers their jobs and caused the company a production loss of close to a quarter of a billion dollars. It also threw light on the disproportionately high use of contract workers by India's manufacturing companies, a practice that helps them maneuvre around the country's rigid labour rules. Contract labourers have been found to be often poorly paid in comparison to permanent workers."
2.3.27 *Times of India, Kolkata, August 26, 2012*

Maruti Manesar violence: Its time India Inc. complies with the Contract Labour (R&A) Act, 1970

"Souvik Ganguly & Shruti Surendran, Souvik Ganguly is managing partner and Shruti Surendran associate, Acuity Law. In view of the incidents at the Manesar factory of Maruti Suzuki, it is imperative to consider whether discrimination between temporary and permanent employees is permitted under the "archaic" labour laws of India. If an establishment desires to employ temporary workers, it would need to comply with the provisions of the Contract Labour (Regulation and Abolition) Act, 1970."

2.3.28 *Economic Times, Mumbai, August 31, 2012*

"Huge difference in wages between regular and contract workers was leading to unrest B-schools may soon need to introduce course on contract labour: XLRI professor, Santanu Sarkar. The growing contractualization of jobs and the resulting complexity may soon demand a full-fledged course on managing contract labour in business-schools, particularly the ones that specialize in industrial relations and labour law."

2.3.29 *Times of India, New Delhi, October 10, 2012*

Government mulling proposal to amend Contract Labour Act: Mallikarjun Kharge

Observing that huge difference in wages between regular and contract workers was leading to unrest, Government today said a proposal to amend the Contract Labour
(R&A) Act, 1970 was under consideration. Labour Minister Mallikarjun Kharge said, "A proposal to amend the Contract Labour (Regulation and Abolition) Act 1970 safeguarding interest of contract workers is under consideration". Speaking at an 'India staffing conclave' function here, he said,

2.3.30 **Economic Times, New Delhi, August 7, 2013**

No proposal to regularize contract workers: Govt.

"Despite the demand from the trade unions, the government today said there is no proposal to regularize contract workers." There is no provision of regularization under the Contract Labour (Regulations and Abolitions) Act 1970 and therefore, there is no proposal to regularize the contract workers," Minister of State for Labour and Employment K Suresh told the Rajya Sabha in a written reply. He said there are an estimated 18.44 lakh contract workers across the country in central spheres engaged by licensed contractors."

2.3.31 **Economic Times, New Delhi, August 6, 2013**

HUL's export arm faces contract labour dispute

"HUL subsidiary Unilever India Exports has been dragged to the industrial tribunal by the contract labour union after the company sought mass resignations of its contractual employees at its unit in Kandla Special Economic Zone, earlier this year. Unilever India Exports says the intention was to absorb 285 employees as permanent workers and offer higher wages with family benefits, but a workers' union has termed the move illegal and accused the company of unfair labour practices."

2.3.32 **Economic Times, New Delhi, September 2, 2013**
Government ropes in India Inc. to frame norms for contract labour

"With legislative changes in labour laws not happening anytime soon, the government has roped in big corporate houses and industry chambers to encourage Indian companies to adopt voluntary guidelines for contract labour to give them a better deal. Business houses like Tatas, Mahindras, and Godrej, Confederation of Indian Industry (CII) and the Federation of Indian Chamber of Commerce and Industry (Ficci), and engines company Cummins India have already joined the initiative, the Planning Commission claims."

2.3.33 Economic Times, New Delhi, September 26, 2013

Will contract workers in automotive industry be a permanent problem?

"In the fifteen months that have gone by since a Maruti Suzuki HR manager was killed in labour unrest at its Manesar plant, at least three other auto companies have been crippled by the contract workers strikes. A demand for better terms for temporary workers, comparable to permanent employees, has been a contentious issue common to most of these disputes. Auto companies hire temporary contract workers when demand picks up and release them when sales slump, thus saving cost."

2.3.34 Economic Times, New Delhi, January 5, 2014

Delhi government to initiate schemes for contract workers

"The AamAadmi Party government is initiating steps to implement welfare schemes for unorganized sectors workers (contract workers) in the city with an aim to fulfill another poll promise. The Delhi Building and Other Construction Welfare Board, constituted by previous Congress government on September 2, 2002, at present has
an unutilized amount of over Rs 1,200 core and the new Labour Minister, Girish Soni plans to use it under new schemes for contract labours."

2.3.35 Economic Times, New Delhi, January 22, 2014

Haryana government’s failure to revise minimum wages for contract workers leads to a restive.
"The failure of the Haryana government to revise minimum wages for contract workers, overdue for more than a year, has led to a restive labour force in the Gurgaon-Manesar industrial belt, bringing uncomfortable reminders of previous outbreaks of strife that disrupted Maruti Suzuki and other companies in one of the country's biggest automotive clusters. Unions have begun to put pressure on companies."

2.3.36 Economic Times, New Delhi, February 26, 2014

Tata, Mahindra group, Cummins India & others part of government’s initiative to give better.
"Tata and Mahindra group companies, Cummins India and state-owned BHEL could be part of a government-backed industry initiative to absorb contract workers as part of a push for more equitable treatment of the labour force. The Planning Commission is working with companies to frame guidelines that will increase the number of permanent workers and raise the wages of those on contract and bring them closer to those who are permanent."

2.3.37 Economic Times, Bangalore, March 29, 2014
Toyota contract workers union petitions labour department

“As stand-off between employees and management of Toyota Kirloskar Motor over the lockout of two plants at Bidadi near here continues, contract employees union today petitioned the state Labour Department over engaging contractors in production and recruitment of new workers. "We have petitioned the Labour Commissioner and the Chief Inspector (Factories) that the company is engaging contract labour in the line of production."

2.3.38 Economic Times, Bangalore, April 4, 2014

Toyota, employees-management standoff continues

“The management-employees standoff over lockout at Toyota Kirloskar Motor's two plants at Bidadi near here persisted today even as the company claimed that 300 contract workers who are unionized have reported back to work. The contract workers have reported back to work after signing good conduct undertaking”.

2.3.39 Business Standard, New Delhi, July 22, 2014

Labour ministry to study hiring contract workers at CIL units wants to make this category at IGIA permanent employees

The central advisory committee of the Union labour ministry has constituted two sub-committees to look into the employability of contract workers at various subsidiaries of Coal India Limited (CIL) and the Indira Gandhi International Airport (IGIA), Delhi.

Through a notification in 1988, the central government had barred employing contract labourers in certain activities such as coal loading and unloading, overburden removal, earth cutting and soft coke making at six units of CIL. The
Central Advisory Contract Labour Board, which functions under the labour ministry, has formed a five-member committee to study whether contract workers can be employed in these jobs at CIL units. The committee has been asked to submit its report within two months.

"The Central Advisory Contract Labour Board hereby constitutes a Committee... to study whether there is justification for grant exemption to various Coal Companies under the aegis of Coal India Ltd under Section 31 of the Contract Labour (Regulation and Abolition) Act, 1970, against notification prohibiting of employment of Contract Labour in the works given in the schedule," said the document reviewed by Business Standard.

Reacting sharply to the move, Gurudas Dasgupta, national general secretary of All India Trade Union Congress, said the committee had been formed to favour CIL’s demand of hiring contract workers for permanent work. "This should be opposed by all the trade unions. CIL wants to employ the contract workers to do jobs of a permanent nature," said Dasgupta.

Another committee has been asked to study whether contract labour can be abolished in various jobs at IGIA, such as operation and maintenance of conveyor belt system, cleaning and housekeeping, civil maintenance (plumbing, masonry, etc.), and cargo handling. The idea is to see if contract workers could be made permanent employees. The committee has been asked "to make suitable recommendations whether or not the employment of contract labour in the above jobs/works in the said establishments (IGIA) is prohibited," the document noted.

2.3.40 Press Trust of India, New Delhi, January 11, 2015

Bulk of contract workers at major sea ports not paid bonus
Reflecting the plight of contract workers at ports, a government survey has said that about two-thirds of such labourers at major sea-ports were not paid annual bonus last year. "The annual bonus was paid to about 34 per cent contract workers in major sea-ports and 43 per cent in major shipyards. About 21 per cent contract workers in non-major sea-ports and 37 per cent in non-major shipyards were paid annual bonus at all-India level," the survey said.

2.3.41 Economic Times, New Delhi, June 12, 2015

Labour ministry examining proposal to bring wages of contract workers at par with regular workers

The labour ministry is reexamining its proposal to bring wages of contract workers on a par with those of regular workers, evoking strong reactions from trade unions that allege that the government is backpedalling under pressure from corporates.

A senior labour ministry official said the proposal is being reconsidered because the existing salaries of the regular workers are not in sync with market rates. "Over a period of time because of better negotiating powers of regular workers, their salaries have gone up significantly, which is not in sync with market rates. Hence, we are relooking at it and hope to finalize the changes within two-three months," the official told ET on condition of anonymity.

Contract workers account for 55% of public sector jobs and 45% of all private sector jobs in the country and raising their salary to the levels of regular workers would lead to significant cost escalation for employers.

An estimate suggests that bringing contract workers' wages and benefits on a par with regular workers would cost the central government alone more than Rs 10,000 crore every year because of the sheer number of public sector companies.
Employers mostly prefer contract workers owing to the flexibility of terminating their service as well as the fact that contract labourers are paid much less than permanent workers in a country like India with high unemployment levels.

As part of its amendment to the Contract Labour (Regulation & Abolition) Act, 1970, introduced contract workers on the rolls of in July last year, the ministry had proposed to add new sections under the existing Act to ensure that contract workers are paid the same wages and social security benefits as regular workers for the same work.

The ministry's move to go back on this has prompted sharp criticism from trade unions, including the RSS-affiliated Bharatiya Mazdoor Sangh (BMS).

Vrijesh Upadhyay, All India general secretary of BMS, said the country's largest trade union will not settle for anything less than same wage and benefits to contract workers as entitled to a regular worker in the same grade. "If the government deviates from this, there will be an acute crisis as trade unions will not settle for anything less than the same entitlement under a particular grade to contract workers vis-a-vis regular workers," he said.

Ashok Singh, Vice president of Indian National Trade Union Congress (INTUC), said the Congress-affiliated union would not support any proposal where contract workers are paid less those regular workers. "How can you expect them (contract workers) to work at lower wages than their counterparts in regular jobs when commodity prices are touching the roof?" he said.

Trade unions have been accusing the Narendra Modi government of being pro-corporate after the government introduced a series of changes in the archaic labour laws of the country over the last one year in the name of labour reforms. "This
government is pro-capitalist," INTUC's Singh said. Out of an estimated 80 million contract workers in the country, a mere 300,000 are employed in the organized sector.

2.3.42 **Press Trust of India, Madurai, July 11, 2015**

Contract workers: HC directs Govt to constitute a committee

"Contract workers of the Tamil Nadu Newsprint and Papers Ltd got a relief when the Madras High Court bench here directed the state government to constitute a special committee for considering their plea to absorb them as regular employees. Justice S Vaidyanathan, disposing petitions filed by various associations of contract labourers, said the government could not delay the process further since two members of a committee, constituted about 15 years ago, had died."

2.3.43 **Press Trust of India, New Delhi, July 19, 2015**

Govt., trade unions differ on contract labour, minimum wages

Differences persisted over the contentious issues of contract labour and minimum wages between central trade unions and the government at a meeting in New Delhi on Sunday, on the eve of the 46th Indian Labour Conference.

There were, however, points of convergence over certain other issues including recognition of trade unions, amendment to the Bonus Act and provision for greater social security benefits for workers.

The high-level meeting was attended by representatives of central trade unions and members of an inter-ministerial panel comprising Finance Minister Arun Jaitley, Labour Minister Bandaru Dattatreya, Petroleum Minister Dharmendra Pradhan and
Power Minister Piyush Goyal and Minister of State in the Prime Minister's Office Jitendra Singh.

"There is consensus on the issues of recognition of trade unions, (the) Bonus Act and matters related to social security of workers. There is gap (differences) on issues related to contract labour and minimum wages. Discussions are in progress on these issues," Dattatreya told reporters after the meeting.

While the trade unions are demanding similar wages and services conditions for contract labour as available to regular employees, the government is reluctant to concede to their demand. The trade unions are demanding a minimum wage of Rs 15,000 per month across the country, up from Rs 5,000 to Rs 9,000 in different states.

2.3.44 The Hindu, Raichur, August 10, 2015

Labourers’ leader demands end to contract labour system in KPTCL

The State secretary of KPTCL contract labourers’ association, K. Somashekhar, has demanded that the government scrap the contract labour system in Karnataka Power Transmission Corporation Limited (KPTCL) and regularize the services of labourers who were working in the various Electricity Supply Companies (ESCOMs) for the last several years.

He said at a press conference at the Reporters’ Guild here on Monday that "The condition of contract labourers is miserable. Neither they get good payment nor do they have any job security. The contractors never comply with the laws of the land and provide statutory facilities to the labourers such as provident fund, bonus, and night duty allowances, weekly off and equal pay for equal work."
According to him, there are around 4,000 contract labourers employed in various establishments of KPTCL and another 3,000 with all ESCOMs. The government should seriously think about ending the contract labour system which is essentially anti-labourer, he added.

He expressed dissatisfaction over the fact that contract labourers were not put on priority when fresh requirements are made. “These labourers are working for the last several years. KPTCL doesn’t put them on priority when it goes for fresh requirements despite the workers having the required academic qualification and expertise. As a result of years of uncompromised struggles, now it has agreed to consider the demand. Its practice alone would tell us how it keeps its words,” he said.

2.3.45 Economic Times, New Delhi, September 8, 2015

Fostering equality: Government may limit portion of contract workers in companies to 50%

"The government is considering fixing the proportion of contract workers that an organization can hire, a move that may help it dilute opposition to labour reforms but is sure to trigger stiff opposition from industry. The first draft of the proposal will be finalized soon, after which the government will kick-start consultation with key stakeholders, including trade unions and employers".