

The Contract Labour (regulation and abolition) Act, 1970

An act to regulate the employment of contract labour in certain establishment and to provide for its abolition in certain circumstances and for matters connected therewith

While appointing contractor to supply temporary labour, license to be obtained by company form Labour Directorate and following compliances to be made

Form I – Registration, Form – IV for application of license, Form VII – for renewal of application etc. For new rules 29(1A) is introduced to submit declaration by Contractor that he complies with the act in addition to comply with provisions of P.F. & E.S.I. while applying for renewal of license.

Registration of establishment

The employer of contract labour shall register under section 7 of the Act.

Effect of non registration

No principal employer of an establishment to which this act applies shall

- a) in case of an establishment required to be registered under section 7, but which has not been within the time fixed in the provision under section
- b) In case of an establishment registered in respect of which has been revoked under section 8 (cause of revocation may be due to repetition or suppression of material fact)

shall employ contract labour in the establishment after the expiry of the period referred to in clause (a) or after the revocation of registration referred to in clause (b) as the case may be

Liability of principal employer

1. If any amenities required to be provided under section 16, section 17, section 18 or section 19 for the benefits of contract labour employed in an establishment is not provided by the contractor prescribed thereof then such amenities shall be provided by the principal employer within such time as may be prescribed
2. All expenses incurred by the principal employer in providing such amenities, may be recovered by the principal employer from the contractor by deduction of any amount payable to the contractor under any contract or as a debt payable by the contractor.

Responsibility and payment of wages

The contractor shall be responsible to pay the wages to each workmen employed by him as contract labour. Such wages shall be paid before expiry of such period as may be prescribed.

- a) Every principal employer shall nominate the representative duly authorized by him to be present at the time of disbursement of wages by the contractor and it shall be duty of such representative to certify the amount as wages in such manner as may be prescribed.
- b) In case the contractor fails to make the payment of wages within the prescribed period and make short payment, then the principal employer shall be liable to make the payment of wages in full or unpaid balance dues as the case may be to the contract labour employed by the contractor and recover the amount so paid from the contractor

either by deduction from any amount payable to the contractor under any contract or as a debt payable by the contractor

Self Certification by the owner

Self Certification by the owner shall be accepted under the Contract Labour(Regulation and Abolition) Act, 1970 as per the matter contained in Schedule I. Such self certification shall be deemed as sufficient compliance and shall dispense with the necessity of enquiry and verification (vide No. 192-Emp/EMP/IM-19/14 dated 18.06.15)

Principal employer has to ensure that contractor's workers are paid minimum wages.

FAQ

1. What is meant by Contract Labour?

A. A workman shall be deemed to be employed as "contract labour" in or in connection with the work of an establishment when he is hired in or in connection with such work by or through a contractor, with or without the knowledge of the principal employer.

2. What is meant by Contractor?

A. A person who undertakes to produce a given result for the establishment, other than a mere supply of goods or articles of manufacture to such establishment, through contract labour or who supplies contract labour for any work of the establishment and includes a sub-contractor.

3. What is meant by Principal Employer?

A. In respect of Government or Local Authority - Principal employer means head of the office or department or such other officer notified by the government or local Authority. In case of a factory – the owner or occupier or manager of the factory under the Factories Act. In case of a mine – the owner or agent named as the manager of the mine. In any other establishment any person responsible for the supervision and control of the establishment.

4. In which activities Contract labour is prohibited?

A. Contract Labour is prohibited in core activity.

5. What is core activity?

A. "Core Activity of an establishment" means any activity for which the establishment is set up and includes any activity which is essential or necessary to the core activity,

6. Is it permissible to deploy Contract labour even in Core activity under certain conditions?

A. Yes. The principal employer may engage contract labour in any core activity if there is any sudden increase of volume of work in the core activity which needs to be accomplished in a specified time.

7. Is the Act applicable in Government Departments and Local bodies?

A. Yes. The act applies to every establishment employing 5 or more contract workers. Establishment means any office or department of the Government or a local authority or any place where any trade, industry, business, manufacture or occupation is carried out.

8. Which Organization comes under the purview of the Act?

A. The act applies to every establishment employing 5 or more contract workers. Establishment means any office or department of the Government or a local authority or any place where any

trade, industry, business, manufacture or occupation is carried out.

9. How to get registration by the Principal employer?

A. Every employer shall submit the application in Form I in triplicate to the registering officer by paying the fees prescribed.

10. What is the effect of non-registration of Establishment?

A. If the principal employer engages the contractors' workmen without registration of his establishment he is liable for action under section 23 of the Act.

11. How to obtain license?

A. Every contractor shall make an application to the licensing officer in Form IV along with the Form V given by the principal employer by paying the fees prescribed and also by paying the security deposit as prescribed by the Government under Rule 24 and 26 of the AP Contract Labour Rules,

12. When the license is to be renewed?

A. Renewal shall be made not less than 30 days before the date on which the license expires.

13. What are the amenities to be provided to the Contract Labour?

A. Sufficient supply of wholesome drinking water, sufficient number of latrines and urinals, washing facilities and first aid facilities, rest rooms and canteens.

15. What is the liability of Principal employer, if Contractor fails to provide amenity?

A. Principal employer is liable to provide amenities.

16. What is the responsibility of the Principal employer for less payment to the Contract Labour ?

A. Principal employer shall ensure payment of wages to the workmen as per the law and if contractor fails the principal employer is liable to pay the wages.

17. What are the registers and records to be maintained by the Contractor?

A. i) Maintain a Muster roll and register of wages in Form XVI and Form XVII respectively; provided that a combined Register of Wages-cum-Muster Roll in Form XVIII shall be maintained by the Contractor where the wage period is a fortnight or less.

ii) Maintain a Register of Deductions for damage or loss; Register of Fine and Register of Advances in Form XX, Form XXI and Form XXII, respectively;

iii) Maintain Register of overtime in Form XXIII recording therein the number of hours of, and wages paid for overtime work, if any.

18. What the Registers and records to be maintained by the principal employer?

A. Every principal employer shall maintain in respect of each registered establishment a register of contractors in Form XII.

19. Whether Contract labour is entitled for the wages prescribed under Minimum Wages Act or wages notified by the Commissioner of Labour.?

A. Contract Labour are entitled to minimum wages if they are employed in a schedule employment. They are entitled to wages notified by the commissioner of labour under Contract Labour Act if they are employed in non-schedule employments.

20. Is it necessary that the license should be displayed, if so, where?

A. The Contract Labour (Regulation and Abolition) Central Rules as amended on 11th August, 1987 provide that a copy of the license shall be displayed prominently at the premises where the contract work is being carried out.

21. Is a contractor bound to look after the welfare of his workers?

A. Yes. The Contract Labour (Regulation and Abolition) Act stipulates that a contractor will have to provide canteens, rest rooms, latrines, urinals, washing facilities, water, first aid box for the contract labour. In addition to this, a contractor is required to make prompt payment to his labour.