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## The Contract Labour (Regulation and Abolition) Act, 1970

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### 2.1 INTRODUCTION

Contract labour has its root from time immemorial. The size of contract labour in India has significantly expanded in the post-independence period with the expansion of construction activities. Contract workmen are hired, supervised and remunerated by the contractor who, in turn, remunerated by the establishment hiring the services of the Contractor. Contract labourers were considered exploited section of the working class mainly due to lack of organisation on their part. The primary objective of the Act is to stop exploitation of contract labourers by contractors and establishments. The Act does

to produce a given result for an establishment through contract labour, or who supply contract labour for any work of the establishment, and include sub-contractors. The Act does not regard persons as contractors who only supply goods or articles of manufacture to an establishment [Sections 1, 2 (c)].

## 2.4 DEFINITIONS

- (i) "Appropriate Government" means: (i) in relation to an establishment in respect of which the Appropriate Government under the Industrial Disputes Act, 1947 (14 of 1947), is the Central Government; (ii) in relation to any other establishment, the Government of the State in which that other establishment is situated. 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.
- (ii) "Contractor", in relation to an establishment, means 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.
- (iii) "Controlled industry" means any industry the control of which by the Union has been declared by any Central Act to be expedient in the public interest.
- (iv) "Establishment" means: (i) any office or department of the Government or a local authority, or (ii) any place where any industry, trade, business, manufacture or occupation is carried on.
- (v) "Prescribed" means prescribed by rules made under this Act.
- (vi) "Principal Employer" means: (i) in relation to any office or department of the Government or a local authority, the head of that office or department or such other officer as the Government or the local authority, as the case may be, may specify in this behalf; (ii) in a factory, the owner or occupier of the factory and where a person has been named as the manager of the factory under the Factories Act, 1948 (63 of 1948) the person so named; (iii) in a mine, the owner or agent of the mine and where a person has been named as the manager of the mine, the person so named; and (iv) in any other establishment, any person responsible for the supervision and control of the establishment.

**Explanation:** For the purpose of sub-clause (iii) of this clause, the expressions "mine", "owner" and "agent" shall have the meanings respectively assigned to them in clause (j), clause (l) and clause (c) of Subsection (1) of Section 2 of the Mines Act, 1952 (35 of 1952);

(vii) "Wages" shall have the meaning assigned to it in Clause (vi) of Section 2 of the Payment of Wages Act, 1936 (4 of 1936); (i) "workman" means any person employed in or in connection with the work of any establishment to do any skilled, semiskilled or unskilled manual, supervisory, or clerical work for hire or reward, whether the terms of employment be express or implied, but does not include any such person:

- (a) who is employed mainly in a managerial or administrative capacity; or
- (b) who, being employed in a supervisory capacity draws wages exceeding five hundred rupees per mensem or exercises, either by the nature of the duties attached to the office or by reason of the powers vested in him, functions mainly of a managerial nature; or
- (c) who is an out-worker, that is to say, a person to whom any articles or materials are given out by or on behalf of the principal employer to be made up, cleaned, washed, altered, ornamented, finished, repaired, adapted or otherwise processed for sale for the purposes of the trade or business of the principal employer and the process is to be carried out either in the home of the out-worker or in some other premises, not being premises under the control and management of the principal employer.

Any reference in this Act to a law, which is not in force in the State of Jammu and Kashmir, shall, in relation to that State, be construed as a reference to the corresponding law, if any, in force in that State.

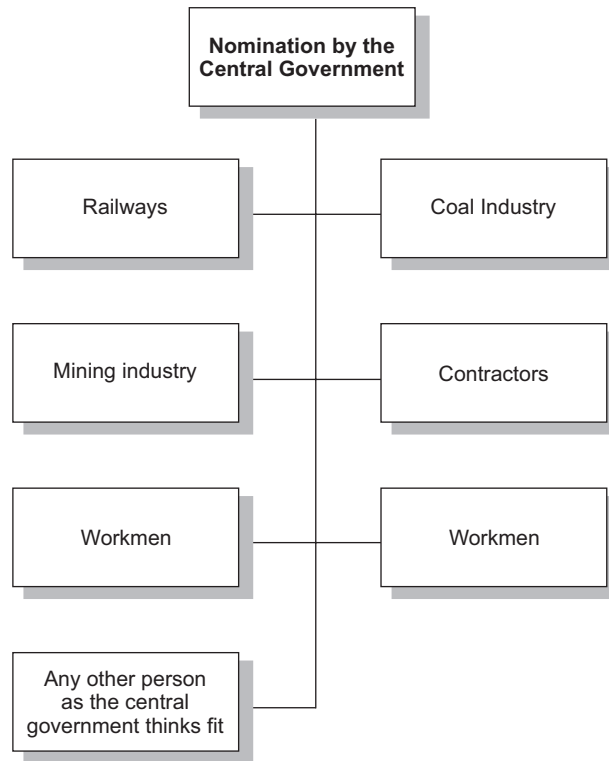
## **2.5 CENTRAL ADVISORY BOARD (SECTION 3)**

The Central Government may constitute a board to be called Central Advisory Contract Labour Board. It is the duty of the Central Advisory Contract Labour Board to advise the Central Government on such matter arising out of the administration under this Act. The Central Board has to carry out the functions assigned to it under the Act.

### **2.5.1 Composition of the Central Advisory Board**

The Central Board shall consists of:

- (a) a Chairman to be appointed by the Central Government;
- (b) the Chief Labour Commissioner (Central), ex officio; and
- (c) such number of members not exceeding 17 but not less than 11.

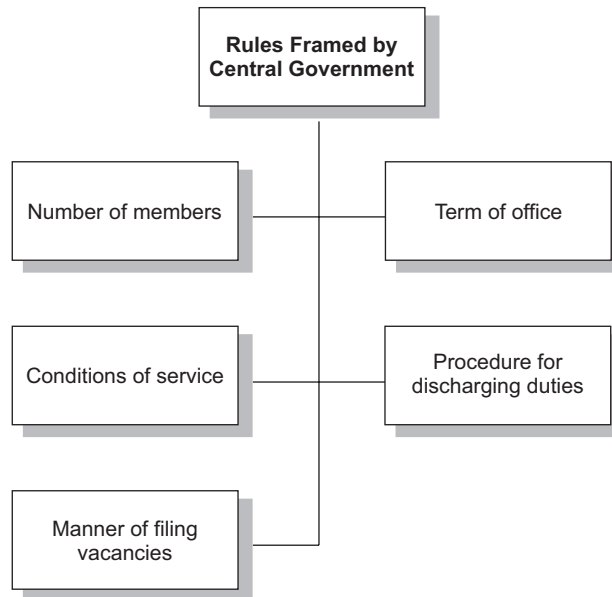


The Central Government has the right to nominate the members in order to represent the Government in the following:

- (i) The railways
- (ii) The coal industry
- (iii) The mining industry
- (iv) The contractors
- (v) The workmen
- (vi) Any other person which in the opinion of the Central Government ought to be represented on the Central Board

The Central Government shall have the powers to determine the following:

- (i) Number of members to be appointed in each categories.
- (ii) Term of office.
- (iii) Conditions of Service.
- (iv) Procedure to be followed in the discharge of their functions.
- (v) Manner of filling vacancies.



The number of members nominated to represent the workmen shall not be less than the number of members nominated to represent the principal employers and the contractors.

## 2.6 STATE ADVISORY BOARD

The State Government may constitute a State Advisory Contract Labour Board in order to advise the State Government. The State Advisory Board shall advise the State Governments on such matters arising out of the administration of this Act. It shall also carry out such other functions assigned to it.

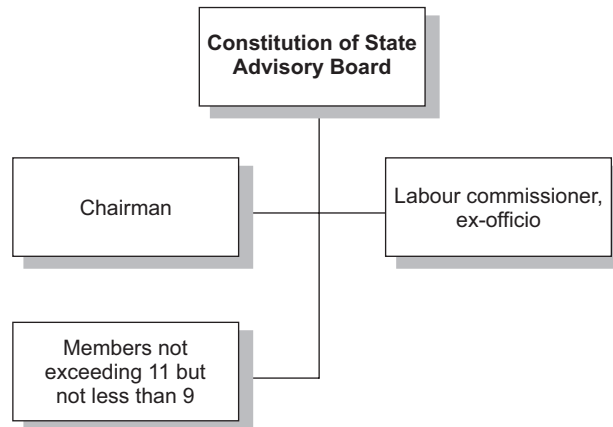
The State Advisory Board shall consist of:

- (a) A Chairman to be appointed by the Central Government.
- (b) The Labour Commissioner, ex officio or in his absence any other officer nominated by the State Government in this behalf.
- (c) Such other members not exceeding 11 but not less than 9.

The State Government may nominate to represent the Government, the industry, the contractors, the workmen and any other interest which it deems fit.

The State Government shall determine the following matters:

- (i) Number of members to be appointed in each category. Term of office of members.
- (ii) Conditions of service.



- (iii) Procedure to be followed in the discharge of their functions.
- (iv) Manner of filling vacancies.

The number of members nominated to represent the workmen shall not be less than the number of members nominated to represent the principal employers and contractors.

## 2.7 POWER TO CONSTITUTE COMMITTEES (SECTION 5)

The Central Board or the State Board may constitute such committees as it thinks fit. The committee constituted shall meet at regular intervals. It shall follow the rules and procedures with regard to the transactions of business and its meetings. The members of the committee are eligible for fees and allowances for attending its meetings. However, Government/Corporation officials are not entitled to claim fees for attending the meeting.

## 2.8 APPOINTMENT OF REGISTERING OFFICERS (SECTION 6)

The appropriate Government may by notification in the Official Gazette:

- (a) appoint such persons being Gazetted Officers of Government to be registering officers; and
- (b) define the limits, within which a registering officer shall exercise the powers conferred on him.

## 2.9 REGISTRATION OF ESTABLISHMENTS (SECTION 7)

Every employer of an establishment shall make an application to the Registering Officer in the prescribed manner for registration. The appropriate Government may specify the time limit within which the establishments shall make an application. If the Registering

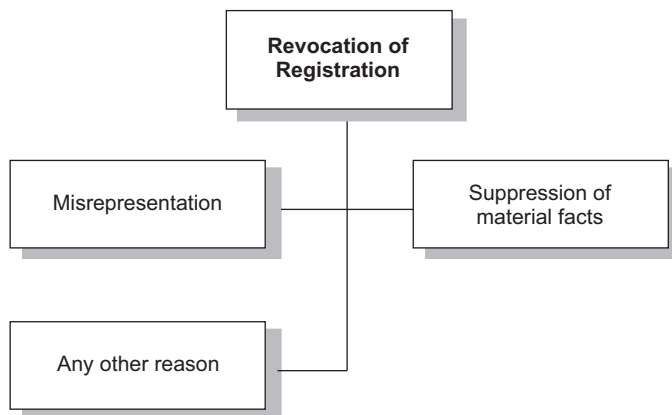
Officer is satisfied that the applicant was prevented by sufficient cause from making the application in time, the Registering Officer may entertain the application for registration after the expiry of the time fixed in this behalf.

If the Registering Officer is satisfied that the application for registration is complete in all respects, he shall register the establishment. The Registering Officer shall issue a certificate of registration to the principal employer of the establishment.

## 2.10 REVOCATION OF REGISTRATION (SECTION 8)

The Registering Officer shall revoke the registration, if he is satisfied that the registration of any establishment has been obtained by:

- (i) Misrepresentation.
- (ii) Suppression of any material fact.
- (iii) Any other reason the registration has become useless or ineffective.



Before revoking the registration, the registering officer shall give the principal employer of the establishment an opportunity of being heard.

The registering officer shall revoke the registration only with the previous approval of the appropriate Government.

## 2.11 EFFECT OF NON-REGISTRATION (SECTION 9)

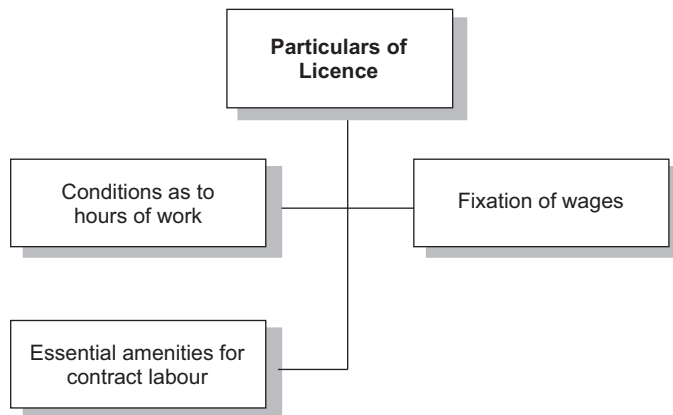
No principal employer of an establishment to which the Act applies shall:

- (a) in the case of an establishment required to be registered under Section 7, but which has not been registered within the time fixed;

## 2.14 LICENSING OF CONTRACTORS (SECTION 12)

A contractor shall not undertake or execute any work through contract labour unless a licence has been obtained from the licensing officer. The license may contain such particulars such as:

- (i) Conditions as to hours of work.
- (ii) Fixation of wages.
- (iii) Other essential amenities to be provided in respect of contract labour.



## 2.15 GRANT OF LICENCES (SECTION 13)

Every application for the grant of licence shall be made in the prescribed form. It shall contain the following particulars:

- (a) Location of the establishment.
- (b) Nature of process, operations.
- (c) Work for which the contract labour is to be employed.
- (d) Such other particulars as may be prescribed.

The licensing officer has the right to make an investigation in respect of the application received. The licensing officer shall follow the procedure as laid down under this Act.

The licence granted by the officer shall be valid only for the period specified therein. The licence shall be renewed from time to time on payment of the prescribed fees.

## 2.16 REVOCATION, SUSPENSION AND AMENDMENT OF LICENCE (SECTION 14)

The licensing officer may revoke or suspend the licence, if the licence has been obtained by:



## **2.19 RESTROOMS (SECTION 17)**

A contractor shall provide restrooms or other suitable accommodation for the use of the contract labour. A contract labour can halt at night in connection with the work of an establishment. The restrooms provided by the contractor shall be sufficiently lighted and ventilated. The rooms shall be cleanly maintained and should be in a comfortable condition.

## **2.20 OTHER FACILITIES (SECTION 18)**

Every contractor employing contract labour shall provide and maintain the following:

- (i) sufficient supply of drinking water at convenient places;
- (ii) sufficient number of latrines and urinals; and
- (iii) washing facilities.

## **2.21 FIRST AID (SECTION 19)**

Every contractor shall provide and maintain a first-aid box. The first-aid box shall be readily accessible during all working hours. The first-aid box should be equipped with the prescribed contents at every place where contract labour is employed.

## **2.22 LIABILITY OF PRINCIPAL EMPLOYER (SECTION 20)**

It shall be the duty of the contractor to provide the amenities to the contract labour. If a contractor fails to do so, such amenities shall be provided by the principal employer.

All expenses incurred by the principal employer for providing the amenities shall be recovered from the contractor or by deducting the amount payable to the contractor under any contract or as a debt by the contractor.

## **2.23 RESPONSIBILITY FOR PAYMENT OF WAGES (SECTION 21)**

A contractor shall be responsible for payment of wages to each worker employed by him.

Wages shall be paid before the expiry of such period as may be prescribed.

Every principal employer shall nominate a representative to be present at the time of disbursement of wages by the contractor. It shall be the duty of such representative to certify the amounts paid as wages in such manner as may be prescribed. A contractor has to ensure that the disbursement of wages shall be made in the presence of the authorised representative of the principal employer.

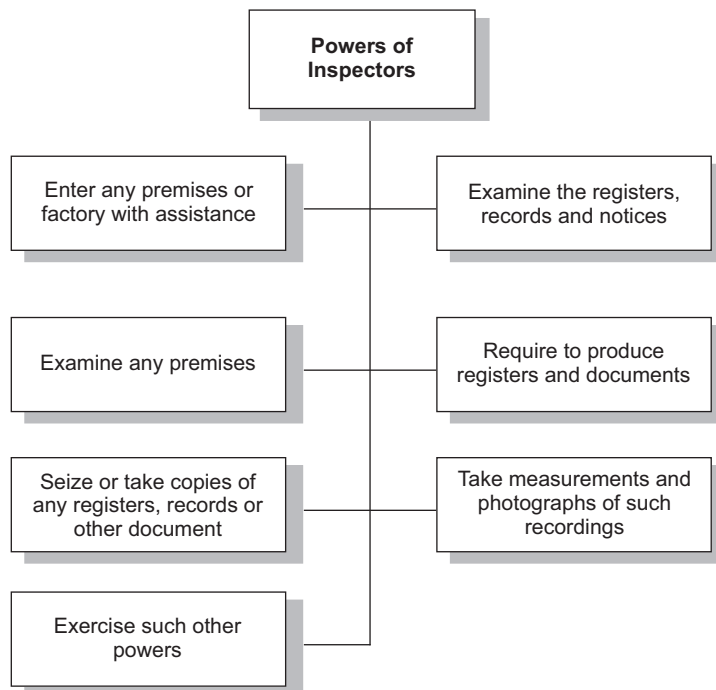
## 2.26 INSPECTORS (SECTION 28)

The appropriate Government may by notification in the Official Gazette appoint such persons to be the inspectors to carry out their duties. It may also define the local limits within which the inspectors shall exercise their powers.

### Powers of Inspectors

The inspector shall exercise the following powers:

- (i) Enter the premises or place where contract labour is employed at all reasonable hours with such assistance.
- (ii) Examine the registers, records or notices required to be kept under this Act.
- (iii) Examine any person whom he finds in any such premises or place.
- (iv) Require any person giving out work and any workman to give any information.
- (v) Seize or take copies of registers, records of wages or notices as he considered relevant.
- (vi) Exercise such other powers as may be prescribed.
- (vii) Take measurements and photographs of such recordings.



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## REVIEW QUESTIONS

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### Short Answer Questions

1. State the objectives of the Contract Labour (Regulation and Abolition Act) 1970.
2. Define the following:
  - (i) Principal employer
  - (ii) Contractor
  - (iii) Establishment
  - (iv) Controlled industry
  - (v) Contract labour
  - (vi) Workman
3. Who can appoint Licensing Officers under Contract Labour (Regulation and Abolition Act) 1970?
4. Who can make an appeal under Contract Labour (Regulation and Abolition Act) 1970?
5. Who is responsible for the payment of wages under Contract Labour (Regulation and Abolition Act) 1970?
6. Who has the power to make Rules under Contract Labour (Regulation and Abolition Act) 1970?

### Long Answer Questions

1. Write a note on the Central Advisory Contract Labour Board.
2. State the composition of the Central Advisory Contract Labour Board.
3. Write a note on the State Advisory Contract Labour Board.
4. Write a note on the Revocation of Registration under Contract Labour (Regulation and Abolition Act) 1970
5. State the composition of State Advisory Contract Labour Board.
6. State the provisions relating to appointment of Registering Officers under Contract Labour (Regulation and Abolition Act) 1970.
7. What is the procedure for registration under Contract Labour (Regulation and Abolition Act) 1970?
8. State the penalties levied under Contract Labour (Regulation and Abolition Act) 1970.
9. Who is an Inspecting Staff? State the powers of Inspecting Staff.

2. Who fixes the wage period in respect of which wages shall be payable under the Contract Labour (Regulation and Abolition) Act, 1970?
  - (a) Contractor
  - (b) Principal employer
  - (c) Appropriate Government
  - (d) Contract labour
3. The rules under the Contract Labour (Regulation and Abolition) Act, 1970 provide that no wage period shall exceed
  - (a) Fifteen days
  - (b) One month
  - (c) 45 days
  - (d) Two months

### Answers

1. Not transferable      2. Contractor      3. One month

### True or False

1. The Chairman of the Central Board under Contract Labour (Regulation and Abolition Act) 1970 shall be appointed by the Central Government.
2. The registering officer shall revoke the registration only with the previous approval of the appropriate Government.
3. The first-aid box shall be readily accessible during all working hours.
4. The Central Advisory Board may have a maximum of 20 members.
5. An person aggrieved by an order can make an appeal to the appellate officer within 30 days from the date on which the order is communicated to him.

### Answers

1. True      2. True      3. True      4. False      5. True