

**Abstract of the Contract Labour (Regulation and Abolition) Act, 1970  
and the Contract Labour (Regulation and Abolition) Central Rules, 1971.**

**I. Extent of the Act**

The Act extends to the whole of India.

The Act does not take away the right's/benefits of any workmen who by terms of any agreement or contract or standing orders are enjoying or can obtain or are entitled to more favourable conditions of service or from entering into such agreements etc., entitling them to more favourable benefits than provided under the Act.

**II. To whom the Act applies**

The Act applies to every establishment in which 50 or more workmen are employed or were employed on any day of the preceding 12 months as Contract Labour and to every contractor who employs or who employed on any day of the preceding 12 months, 50 or more workmen

The establishments in which intermittent or casual work is performed do not come within the purview of the Act. However, an establishment wherein work is performed for 120 days or more in preceding 12 months or more than 60 days in a year on work of a seasonal character will not be deemed as carrying out the work of intermittent nature.

**III. Definitions**

(i) Appropriate Government means:

(A) Central Government in relation to-

- (a) any establishment pertaining to any industry carried on by or under the authority of the Central Government.
- (b) any controlled industry which may be specified by the Central Government.
- (c) any Railway,
- (d) Cantonment Board,
- (e) Major Port,
- (f) Mine,
- (g) Oilfield,
- (h) any establishment of a banking or insurance company.

(B) In relation to any other establishment the Government of the State in which the establishment is situated.

(ii) Establishment

Any officer or department of the Government or local authority or any place where any industry, trade, business, manufacture or occupation is carried on.

(iii) Principal Employer

- (a) In relation to any officer or department of the Government or local authority, the head of the office of department or local authority or any other officer specified in this behalf by the Government or local authority.
- (b) In the case of a factory the owner or occupier of the factory and the manager appointed under the Factories Act and in the case of a mine the owner or agent of the mine and the manager of the mine.

- (c) In any other establishment the person who is responsible for supervision and control of the establishment.

Central Notifications.

(iv) Contractor

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. A contractor includes a sub-contractor.

(v) Contract Labour

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

(vi) Workman

Any person employed in or in connection with the work of any establishment to do any skilled, semi-skilled or un-skilled manual, supervisory, technical or electrical work for hire or reward, whether the terms of employment be express or implied.

A person employed mainly in a managerial or administrative capacity or employed in supervisory capacity and is drawing wages exceeding Rs. 500 per month or exercising functions mainly of a managerial nature and an out-worker who performs any work on behalf of the principal employer in premises which are not under the control and management of the principal employer, will not be deemed as a workman within purview of the Act.

#### **IV. Machinery for enforcement of the Act/Rules in Central sphere**

All Assistant Labour Commissioners (Central) have been appointed as Registering and Licensing Officers and all the Regional Labour Commissioners (Central), as Appellant Officers. All the Regional Labour Commissioners (Central), Assistant Labour Commissioners (Central), Labour Enforcement Officers (Central) and Junior Labour Inspectors, have been appointed as Inspectors.

#### **V. Advisory Board**

The appropriate Government shall constitute the Advisory Board to advise the Government on matters connected with the administration of the Act.

#### **VI. Registration**

Every principal employer of an establishment has to obtain a certificate of registration for his establishment, from the Registering Officer of the area in which his establishment is located, within the prescribed period fixed by the appropriate Government, on payment of the fees specified for the purpose. The certificate of registration can be revoked with previous approval of the appropriate Government if it is found that the certificate has been obtained by misrepresentation or suppression of any material fact or if the registration has become useless or ineffective.

#### **VII. Effect of non-registration**

No principal employer of an establishment can employ contract labour if his establishment has not been registered within the period specified by the appropriate Government or after revocation of his registration.

#### **VIII. Prohibition of employment of contract labour**

The appropriate Government may after consultation with the Central Advisory Board or the State Advisory Board as the case may be, prohibit by notification in the Official Gazette employment of contract labour in any process, operation or other work in any establishment. Before issuing such notification the appropriate

Government shall examine the conditions of work and benefits provided for the contract labour in that establishment and other relevant factors

#### **IX. Licensing of Contractors**

- (1) With effect from such date as notified by the appropriate Government, no contractor to whom this Act applies shall undertake or execute any work through contract labour except under and in accordance with a licence issued in that behalf by the Licensing Officer.
2. Every contractor to whom the Act applies has to obtain a licence from the Licensing Officer of the area in which the establishment is located within the period fixed by the appropriate Government by depositing Rs. 30 per worker and on payment of the prescribed -fee. The certificate of licence inter alia contains the following information:—
  - (1) that licence shall be non-transferable;
  - (2) that the maximum number of workmen that can be employed as contract labour in that establishment along with other particulars such as rates of wages payable, hours of work and other service conditions of the workmen;
  - (3) that in an establishment where 20 or more workmen are ordinarily employed as contract labour, the contractor shall provide 2 rooms of reasonable dimensions for use as creches and supply toys, games, beddings and cots for the use of their children.

The licence is valid for 12 months and on payment of prescribed fees it can be renewed and an application for renewal of licence should be made not less than thirty days before the date on which the licence issued expires. A licence can be revoked in case it has been obtained through misrepresentation, etc., or if the licensee has failed

to comply with the conditions of the licence. An appeal can be filed on such orders by the aggrieved party within 30 days of the order.

#### **X. Welfare and health of contract labour**

It is the responsibility of the contractor to provide canteen, rest shelter, drinking water, latrines, urinals, washing facilities and first-aid boxes on the following scales, within the prescribed time-limits shown against each of the welfare/health amenities:-

Welfare/Health Amenities	Conditions/Scales	Time limit
Canteen	Where employment of contract labour is likely to continue for 6 months and the number of contract labour employed is 100 or more, an adequate canteen has to be set up and run as specified in the Rules.	In the case of existing establishments within 60 days from the date the rules come into force, i.e., 10-2-71 and within 60 days of the commencement of the employment of contract labour in case of new establishment.
Rest Room	Wherever employment of contract labour is likely to continue for 3 months or more and contract labour is required to halt at night,	In the case of existing establishments, within 15 days from the date the

	rest rooms are to be maintained in accordance with the Rules.	rules come into force i.e., 10-2-71 and within 15 days or the commencement of the employment of contract labour in case of new establishments.
Drinking Water	Wholesome drinking water shall be supplied at convenient places.	In the case of existing establishments, within 7 days of the commencement of the rules, i.e., 10-2-71 and in case of new establishments within 7 days of the commencement of the employment of Contract Labour.
Washing facilities	Adequate and suitable facilities for washing be provided as detailed in the Rules.	do
Urinals and latrines	1. Where females are employed at least	In the case of existing

	one latrine for every 15 females.	establishments, within 7 days of the commencement of the rules i.e., 10-2-71 and in case of new establishments, within 7 days of the commencement of the employment of contract labour.
	2. Where males are employed at least one latrine for every 25 males. Where the No. of males or females exceeds 100 it will be sufficient if there is one latrine for every 25 males or females as the case may be upto the first 100 and one for every 50 thereafter.	
First aid facilities	First-aid boxes at the rate of not less than one box for every 150 contract labour or part thereof should be maintained and	In the case of existing establishments, within 7 days of the

	shall be readily accessible during all working hours.	commencement of the rules i.e., 10-2-7 1 and in case of new establishments, within 7 days of the commencement of the employment of contract labour.
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If the contractor fails to provide the above amenities within the time limit prescribed, then such amenities shall be provided by the principal employer within 60 days in the case of canteen, 15 days in the case of rest room, 7 days in respect of supply of drinking water, provision of latrines and urinals, washing and first-aid facilities on the expiry of the period during which time the contractor was required to provide them.

#### **XI. Payment of wages**

- (i) The contractor shall fix wage periods, not exceeding one month, in respect of which wages shall be paid.
- (ii) Wages are to be paid before the expiry of the 7th day after the last day of the wage period concerned in an establishment where less than one thousand persons are employed and before the expiry of the tenth day where one thousand or more persons are employed.
- (iii) On termination of employment of a worker due wages shall be paid to him before the expiry of second working day from the day of termination of his employment.

- (iv) All payments will be made to workers directly or through other persons authorised by the workers for the purpose, the wages being paid in current coin or currency or in both and on a working day at the work premises during working hours on dates notified in advance.
- (v) If the work is completed before the expiry of the wage period, final payment shall be made within 48 hours of the last working day.
- (vi) The wages shall be paid to workers without any deduction except those authorised under the Payment of Wages Act, 1936.
- (vii) Payment of wages will be made in the presence of an authorised representative of the principal employer at the place and time notified for the purpose.

#### **XII. Registers and Records**

- (i) The principal employer shall maintain a register of contracts.
- (ii) Every contractor shall maintain a register of persons employed by him and also issue an employment card to each worker within three days of his employment. On termination of employment, the contractor shall issue to the workmen a service certificate.
- (iii) The contractor shall maintain the following registers in English or in Hindi:-
  - (a) Muster Roll;
  - (b) Register of Wages;
  - (c) Register of Deductions;
  - (d) Register of Overtime.
  - (e) Register of Advances.

- (iv) Every contractor shall display an abstract of the Act and rules in English and in Hindi and in the language spoken by the majority of workers.
- (v) All registers and other records shall be preserved in original for a period of three calendar years from the date of last entry therein. The registers and records maintained under the Act or Rules shall be produced on demand before the inspectors or any other authority under the Act or any person authorised in that behalf by the Government.

### **XIII. Notices**

Notices showing the rates of wages, hours of work, wage periods, date of payment of wages, names and addresses of the inspectors having jurisdiction and date of payment of unpaid wages, shall be displayed in English and in Hindi and in the local language understood by the majority of the workers.

### **XIV. Returns**

Every contractor shall send half-yearly return in Form XXV (in duplicate) to the Licensing Officer and every Principal Employer shall send annual return in Form XXV (in duplicate) to the Registering Officer.

Note:- Half year means a period of 6 months from 1st January to 1st July of every year.

The half-yearly return is to be sent later than 30 days after the close of the half year and the annual return not later than 15th February following the end of the year to which it relates.

### **XV. Powers**

The Board, Committee, Chief Labour Commissioner (Central) or the Inspector or any other authority under the Act shall have powers to

call for any information or statistics in relation to contract labour from any principal employer or contractor at any time by an order in writing.

### **XVI. Penalties for offences**

- (1) Any person who obstructs an inspector in discharge of his duties or refuses or wilfully neglects to afford the inspector any reasonable facility for making any inspection, examination, inquiry or investigation under the Act, shall be punishable with imprisonment up to a period of three months or with fine which may extend up to five hundred rupees or with both. The same punishment will be applicable to any person who wilfully refuses to produce any required document or any register kept under this Act or prevents or attempts to prevent or does anything which the inspector has reason to believe is likely to prevent any person appearing before or being examined by him.
- (2) Any person who contravenes any provisions of this Act or Rules prohibiting, restricting or regulating the employment of contract labour or contravenes any condition of a licence granted under this Act, shall be punishable with imprisonment upto a period of three months or with fine of one thousand rupees or with both, and in the case of a continuing contravention with an additional fine of Rupees one hundred for every day during which such contravention continues after conviction for the first contravention.
- (3) Every person who contravenes any of the provisions of the Act or rules for which no other penalty is elsewhere provided, shall be punishable, with imprisonment up to three months or with fine of one thousand rupees or with both.

### **XVII. Offences by companies**

If the person committing an offence under this Act and Rules is a company, the company as well as every person in charge of and

responsible to the Company for the conduct of its business shall be liable for the proceedings under the Act and the rules.

#### **XVIII. Powers of Inspectors**

An Inspector under the Act may—

- (a) enter, at all reasonable hours, with such assistance as necessary and premises or place where a contract labour is employed, for the purpose of examination of any register or record or notices required to be kept or exhibited by or under this Act or Rules made thereunder and require the production thereof for inspection.
- (b) examine any person whom he finds in any such premises or place and who, he has reasonable cause to believe, is a workman employed therein.
- (c) require any person giving out work and any workman, to give any information which is in his power to give with respect to the names and addresses of the persons to, for and from whom the work is given out or received and with respect to the payments made for the work.
- (d) seize or take copies of such documents or notices etc., which he may consider relevant in respect of an offence under this Act.
- (e) exercise such other powers as may be prescribed by the Government.