

21/c

No. LIR/A/11206  
M.S.E.B., Prakashgad,  
Bandra (E) Mumbai-400051

Date - 14<sup>th</sup> March 97

CIRCULAR

Sub:- Regulation of Contract Labour,  
extension of benefits, -observation  
of Rules etc.

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It is observed that though the Contract Labour (Regulation and Abolition) Act 1970 is applicable to the Board and it is obligatory on the part of the local competent authorities entrusting the works on contracts to observe Rules and Regulations prescribed under this Act, there is no uniformity in observance of Rules in the State as a whole. The Unions of the Contract Labour are, therefore, demanding for better facilities compared to other areas and are making issues out of these demands for agitations and discussions before the Contract Labour Advisory Board constituted by the Maharashtra State. During the discussions on this issue before the Contract Labour Advisory Board, the position of implementation of the Rules and Regulations under the Contract Labour (Regulation and Abolition) Act 1970 have been explained as far as the Board is concerned. However it is felt necessary to issue suitable guidelines for the information of the field officers to ensure that the provisions laid down under the aforesaid Act have been scrupulously followed uniformly in all the establishment of the Board.

The Contract Labour (Regulation and Abolition) Act 1970 is applicable to every establishment of the State in which twenty or more workers are employed (or where employed on any day in past twelve months) as contract labours. This condition of employment of twenty or more contract labours can be diluted by the appropriate Government for application of the provisions of the said Act. It is necessary, therefore, that the employer of the establishment where twenty or more workers are employed or where employed on any day of the last twelve months are getting themselves registered under this Act as principal employer.

#### REGISTRATION

The principal employer has to submit an application to the appropriate authority under this Act in Form I (Rules 17(1)) See Section 7 (1) of the Act for registration under the said Act. This registration is not renewable on year to year basis.

The principal employer is required to submit an application in prescribed form alongwith the Demand Draft of fees payable under the Act. It is necessary to note that it is not obligatory on the part of the principal employer to display the certificate of registration at the auspicious place/premises where the contract work is being carried out. However it is absolutely necessary to ensure that a copy of registration obtained as above is kept ready for inspection whenever the authorities under the Act

visits the premises.

The time frame as prescribed under C.L.(R&N) Act/Rule for Principal Employer/Contractor and Labour Department for fulfillment of respective obligation can be seen at Annexure 'B'.

This is a very important provision to be observed initially by the principal employer where the contract labours are employed by entrusting the works on contract. The local competent authorities who are the principal employers as far as this Act is concerned must follow this provision scrupulously.

On getting registration under this Act, under Section 7(1), the principal employer is required to send annual returns in Form XXV by 15th of February every year to the registering officer and at the same time it should be noted that the changes if required in the particulars given in the registration certificate are also communicated to the registering officer within 30 days.

## 2) LICENSE

The "License" is to be obtained by the contractor to whom this Act applies i.e. he who employs twenty or more workers in a year and shall undertake or execute any work through contract labours except under and in accordance with the license issued in this behalf by the licensing officer.

This license is valid only for one year and is to be renewed before this date of validation. The fees

general facilities extended by the Board. As far as the medical facilities are concerned, since it is an obligation on the part of the contractor to provide this facility, the arrangement of extending medical aid to the contract labours in the case of injuries sustained while on duty may be allowed to be made in the Board's dispensary by payment of prescribed fees by the contractors.

### 3) PAYMENT OF WAGES

The payment of wages to the contract labours is one of the issues all the time raised by the contract labour unions before the officer of the Commissioner of Labour at different places. The procedure and the responsibility for payment of wages as laid down under Section 21 indicates that primarily the contractors "shall be" responsible for wages to be paid before the expiry of the prescribed period. The "prescribed period" for payment of wages in the normal course connotes seven days from the expiry of the wage period and two days in case of employees terminated by the contractor for any reason.

The principal employer has got an important duty of confirmation of the facts that the wages are paid in his presence to ensure that the wages are paid in full and on due date. It is for this reason that the principal employer i.e. the Board's officers at appropriate places have to nominate a representative duly authorised to be present at the time of disbursement of wages who has to observe

disbursement of wages and has to certify on the register of wages as follows:-

"Certified that the amount shown in column..... has been paid to the workmen concerned in my presence on dt.....at....."

Since this obligation of nomination of representative at the time of disbursement of payment under Section 21 (2) of the Act is on the principal employer, it is necessary to ensure that this Rule is scrupulously followed or otherwise as per Section 21(4) of the said Act it becomes the responsibility of the principal employer to pay wages in full or unpaid balance due to the contract labour and recover the same from the contractor subsequently. In case it is observed that the contractor has either failed to make the payment of wages or that he has made part payment.

The liabilities and obligations of Principal Employer can be seen, as Bird's eye view, at Annexure 'C'.

This payment of wages by the contractor is necessary to be made on the premises and during working hours only.

A notice of wages period/place and time are to be displayed by the contractor at the auspicious place by the side of the work with a copy to the principal employer for strict observance of this Rule.

The Contract Labour (Regulation and Abolition) Act 1970 is mainly meant for regulating the service condition so that there is no exploitation of the C.L. or otherwise

in the absence of this to abolish Contract System. The Act has, therefore, taken sufficient care to see that all service conditions have been covered and so it imposes certain more responsibilities upon the contractor/Principal Employers. The responsibilities imposed upon the contractors and to be confirmed by Principal Employer under different Acts are as under:-

1) Employees Provident Fund Act 1952

The Employees Provident Fund Act 1952 is applicable to the Contract Labours also. The subscription as prescribed under the provisions of the said Act is required to be deducted from the wages of the contract labour and are deposited with the Regional Provident Fund Commissioner at local level along with the contribution of the contractor in prescribed form within the stipulated time. The principal employer; has an obligation to ensure that this is scrupulously followed by the contractor and so as far as the Board is concerned, local principal employer in the Board has to ensure that the contractor has fulfilled this condition.

It has been brought to the notice by some of the field officers that the Regional Provident Fund Commissioner at local level have recently refused to allot code nos to the contractors for depositing the contribution on behalf of the contract labours on the pretext that the Board sought exemption under Section 17(1) (a) of the Provident Fund Act and has, therefore, to allot suitable

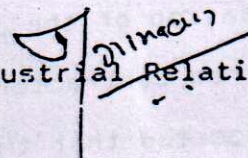
## WORKMEN'S COMPENSATION ACT

The employer, according to the provisions laid down under this Act, is liable to pay compensation in case the workman sustains injury resulting in non fatal or fatal accident in the course and out of employment. As far as the contract labours are concerned, it becomes a primary responsibility of the principal employer to take suitable measures for observing the provisions of the said Act and pay compensation to the concerned injured employees or to his dependents within the prescribed time. The principal employer, however, can indemnify the said amount from the contractors concerned. It is, therefore, necessary that actions are immediately taken in such cases and measures for implementation of the provisions of this Act are taken by the concerned contractors. To overcome the liability, it could be suggested that the contractors may be advised to take a comprehensive insurance policy in respect of his employers for prescribed period of the contract.

The Dy.C.I.R.Os, I.R.Os and W.Os have already been briefed about the guidelines and about the details of each and every provision of the Act so that necessary guidelines if required by the field officers can be extended by those officers at local level. In view of this, the field officers are requested to kindly see that necessary record is built up on the lines of the guidelines given above through the officer looking after the work of the Contract Labour and keep it ready for the inspection of the

authorities either in the Government or in the Board whenever asked for.

The Officers of the L.I.R. Section are also instructed to ensure that necessary inspection of the records to be kept under this particular Act is maintained at appropriate levels and updated from time to time so that any lacuna or irregularities is found that can be corrected and suitable action for correction of the actions can be taken by the field officers at local level only. In other words, the field officers of L.I.R. Section have to work as authorities under the respective Acts for getting ensure that the provisions of this Act i.e. C.L. (R&A) Act/Rules or the other Acts are correctly followed failing which they will be held responsible for the lacunas pointed out by Government authorities under different Acts.

  
Chief Industrial Relations Officer

Copy submitted with respect to:-

- 1) The Member (Adm)/Secretary, M.S.E.B., Prakashgad, Mumbai.
- 2) The Technical Directors, M.S.E.B., Prakashgad, Mumbai

Copy to: All Dy.C.I.R.Os/I.R.Os/W.Os/Labour Officers.