



RAMA UNIVERSITY

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FACULTY OF COMMERCE & MANAGEMENT

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Lecture-10



The Contract Labour (Regulation and Abolition) Act, 1970

The Contract Labour (Regulation and Abolition) Act, 1970 (CL Act), ostensibly enacted to abolish contract labour, that cemented their exploitation by offering a legal operating framework to labour contractors. Before this legislation, temporary workers and permanent workers could make claims on their employer and negotiate as members of the same union. But the CL Act, by introducing a distinction between an 'employer' and a 'principal employer', kept the door open for expansion of contractualisation.

Getting around the law

Contract labour was initially employed only for non-core work such as gardening, cleaning, and maintenance. Soon, they began to be increasingly employed in production as well. Workers protested. In response, the CL Act was enacted. It expressly prohibits the employment of contract labour for perennial work, that is, in core production

THE CONTRACT LABOUR (REGULATION AND ABOLITION) ACT, 1970

ACT NO. 37 OF 19701

[5th September, 1970.]

An Act to regulate the employment of contract labour in certain establishments and to provide for its abolition in certain circumstances and for matters connected therewith. Be it enacted by Parliament in the Twenty-first Year of the Republic of India as follows: -

CHAPTER I PRELIMINARY

1. Short title, extent, commencement and application. - (1) This Act may be called the Contract Labour (Regulation and Abolition) Act, 1970.

(2) It extends to the whole of India.

(3) It shall come into force on such date 1* as the Central Government may, by notification in the Official Gazette, appoint and different dates may be appointed for different provisions of this Act.

(4) It applies--

(a) To every establishment in which twenty or more workmen are employed or were employed on any day of the preceding twelve months as contract labour;

(b) to every contractor who employees or who employed on any day of the preceding twelve months twenty or more workmen: Provided that the appropriate Government may, after giving not less than two months' notice of its intention so to do, by notification in the Official Gazette,

apply the provisions of this Act to any establishment or contractor employing such number of workmen less than twenty as may be specified in the notification.

(5) (a) It shall not apply to establishments in which work only of an intermittent or casual nature is performed.

(b) If a question arises whether work performed in an establishment is of an intermittent or casual nature, the appropriate Government shall decide that question after consultation with the Central Board or, as the case may be, a State Board, and its decision shall be final.

Explanation.-- For the purpose of this sub-section, work performed in an establishment shall not be deemed to be of an

intermittent nature--

(i) if it was performed for more than one hundred and twenty days in the preceding twelve months, or

(ii) if it is of a seasonal character and is performed for more than sixty days in a year.

2. Definitions.- (1) In this Act, unless the context otherwise requires,--

(a) "**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, the Central Government;

(ii) in relation to any other establishment, the Government of the State in which that other establishment is situated;

(b) 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;

(c) "**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 of 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;

(d) "**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;

(e) "**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;

(f) "**prescribed**" means prescribed by rules made under this Act;

(g) "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,

(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);

(h) "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 un-skilled 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.

(2) 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.