

A BRIEF NOTES ON CONTRACT LABOUR (R&A) ACT, 1970 & RULES

COMPOSED by
P.B.S. KUMAR

CONTRACT LABOUR (REGULATION & ABOLITION) ACT, 1970

CHECKLIST

& THE RULES

Object of the 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.

Applicability

- Every establishment in which 20 or more workmen are employed or were employed on any day of the preceding 12 months as contract labour.
- Every contractor who employs or who employed on any day of the preceding twelve months 20 or more workmen.

Sec. 1

Registration of Establishment

Principal employer employing 20 or more workers through the contractor or the contractor(s) on deposit of required fee in Form 1

Sec. 7

Prohibition of Employment of Contract Labour

Only by the appropriate Government through issue of notification after consultation with the Board (and not Courts) can order the prohibition of employment of contract labour.

Sec. 10

Revocation of Registration

When obtained by Misrepresentation or suppression Of material facts etc. after opportunity to the principal employer

Sec. 9

Licensing of Contractor

- Engaging 20 or more than 20 workers and on deposit of required fee in Form IV.
- Valid for specified period.

Sec.12, Rule 21

Revocation or Suspension & Amendment of Licences

- When obtained by misrepresentation or suppression of material facts.
- Failure of the contractor to comply with the conditions or contravention of Act or the Rules.

Sec. 14

Welfare measures to be taken by the Contractor

- Contract labour either one hundred or more employed by a contractor for one or more canteens shall be provided and maintained.
- First Aid facilities.
- Number of rest-rooms as required under the Act.
- Drinking water, latrines and washing facilities.

Sec. 16 & 17

Laws, Agreement or standing orders inconsistent with the Act- Not Permissible

Unless the privileges in the contract between the parties or more favourable than the prescribed in the Act, such contract will be invalid and the workers will continue to get more favourable benefits.

Sec. 20

Liability of Principal Employer

- To ensure provision for canteen, restrooms, sufficient supply of drinking water, latrines and urinals, washing facilities.
- Principal employer entitled to recover from the contractor for providing such amenities or to make deductions from amount payable.

Sec. 20

Registers of Contractors

- **Principal employer**
 - To maintain a register of contractor in respect of every establishment in Form XII.
- **Contractor**
 - To maintain register of workers for each registered establishment in Form XIII.
 - To issue an employment card to each worker in Form XIV.
 - To issue service certificate to every workman on his termination in Form XV.

Rule 74

Rules 75, 76 and 77

Muster Roll, Wages Register, Deduction Register and Overtime Register by Contractor

- Every contractor shall
- Maintain Muster Roll and a Register of Wages in Form XVI and Form XVII respectively when combined.
- Register or wage-cum-Muster Roll in Form XVII where the wage period is a fortnight or less.
- Maintain a Register of Deductions for damage or loss, Register or Fines and Register of Advances in Form XX, from XXI and Form XXII respectively.
- Maintain a Register of Overtime in Form XXIII.
- To issue wage slips in Form XIX, to the workmen at least a day prior to the disbursement of wages.
- Obtain the signature or thumb impression of the worker concerned against the entries relating to him on the Register of wages or Muster Roll-Cum-Wages Register.
- When covered by Payment of Wages Act, register and records to be maintained under the rules
- Muster Roll, Register of wages, Register of Deductions, Register of Overtime, Register of Fines, Register of Advances, Wage slip.
- To display an abstract of the act and Rules in English and Hindi and in the language spoken by the Majority of workers in such forms as may be approved by appropriate authority
- To display notices showing rates of wages, hours of work, wage period, dates of payment, names and addresses of the inspector and to send copy to the inspector and any change forthwith

Rule 79

Rule 80

Rule 81

PENALTIES

Sec.	Offence	Punishment
Sec. 22	Obstructions	For obstructing the inspector or failing to produce registers etc. - 3 months' imprisonment or fine upto Rs.500, or both.
Sec.23	Violation	For violation of the provisions of Act or the Rules, imprisonment of 3 Months or fine upto Rs.1000. On continuing contravention, additional fine upto Rs.100 per day

CHECKLIST FOR PRINCIPAL EMPLOYER

1. Registration of the Establishment :

The Principal Employer to apply in Triplicate to the Registering Officer of the area (Asst. Commissioner of Labour or Labour Officer) by furnishing all the relevant particulars in the prescribed application FORM – I. The Principal Employer is required to deposit the prescribed rates of fees for registration as per rules of the (Central or State Rules) Contract Labour Act. The Principal Employer to take one certificate of registration in respect of each establishment and it may not be linked with to the number of contracts or contractors in an establishment.

2. Regarding rejection of application for registration :

The Principal Employer should submit the application complete in all respects along with fees for registration. However, in case the Registering Officer requires the Principal Employer to amend or rectify the defects as pointed out the application the Principal Employer should do so within the specified date otherwise the application for registration may be rejected as per rules of the Contract Labour Act (Central or State rules).

3. Temporary Certificate of registration :

In case of urgency and where the Contract Labour for not more than 15 days is required to be employed in the establishment the Principal Employer should apply in triplicate for a certificate of registration in FORM – (PRESCRIBED IN THE ACT.) to the Registering Officer of local Labour Dept. who will grant a temporary registration certificate for a period not exceeding 15 days with certain fees.

4. Amendment of Certificate of Registration :

Whenever there is any change in the particulars specified in the certificate of registration of the establishment the Principal Employer shall apply to the Registering Officer within 30 days from the date when such change takes place, with the reasons for such changes along with the appropriate fees as per the Rules if necessary.

5. Effect of non-registration :

The effect of non-registration of the establishment or revocation of the registration certificate is that the Principal Employer cannot employ contract labour in the establishment otherwise he is liable for penal action.

6. Certain circumstances under which the registration of an establishment can be revoked. :

The Registering Officer, after affording reasonable opportunity to the Principal Employer, the holder of the Certificate of Registration can revoke the registration of an establishment with the previous approval of the appropriate State or Central Govt. in case he is satisfied that :-

- The registration has been obtained by mis-representation or suppression of any material facts or.
- The registration has become useless or ineffective for any other reason as specified in the schedules will be advised by the local labour department.

7. Issue of duplicate copy of registration certificate :

In case a registration certificate is defaced or accidentally destroyed or lost as per Rules (Central or State) the Principal Employer can obtain a duplicate copy of the Certificate or Registration on payment of normal fee.

8. Appeals :

The Appeals may be considered by any person aggrieved by an order made under Section ____ (Central / State) (or Registration of certain establishments & Section ____ (Central / State) (Regarding revocation of registration in certain cases) – could go in appeal against the order of the Registering Officer within 30 days of the receipt of such order as per rules ____ (Central / State). In case there is delay in filing the appeal within the time limit the Appellate Officer on being satisfied about the sufficient reasons for the delay could entertain the appeal by condoning delay. The expression “sufficient cause” & “condonation of delay”.

9. Prohibition of Employment of Contract Labour :

The Principal Employer should not permit a Contractor to employ contract labour in any prohibited process, operation or other work in the establishment as notified as per Section ____ (Central / State) by the appropriate Govt. otherwise he is also liable for penal action.

10. Display of Notices :

The Principal Employer shall display following notices at a conspicuous place which shall be maintained in a clean and legible condition in English / and local language understood by the majority of contract labour.

- Rate of Wages.
- Hours of work.
- Wage periods.
- Dates of payment of wages.
- Names of the Officer and address of the local Govt. of Labour Dept.
- Date of payment of unpaid wages.

11. Maintenance of Registers :

(a) 1. Register of Contractors :

Every Principal Employer to maintain in respect of each registered establishment, an up to date and complete register of contractors in the prescribed FORM as per the rules of Central / State of the Act.

(b) Preservation of Register :

The above register maintainable under the Rules shall be preserved in original for a period of three calendar years from the date of last entry therein and shall be produced on demand before the local Govt.of Labour Dept. officials.

12. Submission of Copies of Notices :

Principal Employer to submit copies of notices to the Local Labour Department under acknowledgment as required to be displayed under Rule ____ (Central / State), whenever, any change occur, the same should be communicated to the local Labour Department immediately.

13. Submission of Return of Commencement or Completion of Contract Work. :

(a) Every Principal Employer shall within 15 days of commencement of each contract work submit a return to the local Labour Department of the area intimating the actual date of the commencement of such contract work, in the prescribed FORM (Central/State) under acknowledgement.

(b) Every Principal Employer shall within 15 days of completion of each contract Work submit a return to the local Labour Dept. of the area intimating the actual date of the completion of such contract work in the prescribed FORM (Central/State) under acknowledgement.

14. Annual Returns :

Every Principal Employer shall send Annual Return with correct, complete and upto date information in the prescribed FORM (Central/State) so as to reach the Registering Officer concerned by 15th February, following the end of the year to which it relates, under acknowledgement.

15. Liability of the Principal Employer for provision of Welfare amenities to the Contract Labour :

In case the contractor fails to provide the following amenities for the welfare and health of contract labour employed in an establishment within the stipulated time limit then the principal employer is under a legal obligation under Section ____ (Central/State) of the Act, to provide such amenity for the benefit of the Contract Labour. Under Section ____ (Central/State) also empowers the Principal Employer to recover all expenses incurred by him from the contractor for providing welfare amenities of the prescribed standards from the amount payable to the contractor or as a debt payable by the contractor.

16. Responsibility of the Principal Employer regarding payment of Wages to the Contract Labour :

Principal Employer shall nominate his authorized representative to ensure his presence at the time and place of disbursement of wages directly in full, without any unauthorized deductions (a part from PF & ESI as applicable), such as messing charges, advances given to the contract workers at their native place by the Thekedar / Sub-Contractor, or by the Contractor to his workmen etc.,

The authorized representative of the Principal Employer is required to record the following prescribed certificate at the end of the entries of each relevant wage period in the Register of Wages or Register of Wages-cum-Muster Roll as the case may be certifying that the wage amounts have been paid directly and in full without any unauthorized deductions to the contract labour "Certified that the amount shown in column No----- has been paid to the workmen concerned in my presence on-----".

There is a joint inter-linked responsibility and liability on the contractor as well as on the principal employer for payment of wages to the Contract Labour. Therefore, in case the contractor fails to make payment of wages within the due date the Principal Employer is legally liable to make payment of wages in full. Thereafter, the Principal Employer is entitled to recover the amount from the contractor's bills.

CHECKLIST FOR CONTRACTORS

1. Licence :

The contractor to obtain licence for the contract work from the Licensing Officer of the local Govt.of Labour Department by applying in triplicate in the prescribed FORM __ (Central/State) enclosing there with FORM – V of the Principal Employer by depositing prescribed rate of refundable security amount and licence fee etc.

A license issued for one contractor work cannot be used for another work with entirely different nature of contract work, even though there is no change in the establishment.

2. Temporary Licence :

In case of urgency of commencement of contract work and where the employment of contract labour is not likely to last for more than 15 days, a contractor may apply to the Licencing Officer, in triplicate in FORM____(Central/State) along with the Licence fee and the Security amount.

3. Effect of not taking a Licence :

A Contractor not to undertake or execute any work through contract labour without obtaining a valid licence otherwise he is liable for penal action. Moreover, such breach is a continuous offence punishable until he obtains a Licence.

As per the definition of a Contractor under the Act it includes a Sub-Contractor. Therefore, the Contractor will be liable for breaches of the provisions of the Act and Rules, if any committed by a Sub-Contractor. However, a Sub-Contractor, subject to fulfillment of certain conditions, could apply for a licence which has already been prescribed in the Act.

4. Amendment to Licence :

Contractor to get his Licence amendment in respect of changes (such as increase in number of contract labour) as occurring subsequent to obtaining of Licence from the Licensing Officer by submitting an application stating therein the nature of the amendment and the reasons thereof, and if necessary, along with the prescribed licence fee, and on refusal, Licensing Officer to pass an order.

5. Renewal of Licence :

After expiry of the validity of _____ months period of a licence (from the date the licence is granted or renewed as the case may be); in case the Contractor desires to renew the licence he should apply, in triplicate, in the prescribed FORM____(Central/State), not less than 30 days before the expiry of the licence to local Labour Department.

6. Revocation / Suspension or amendment or amendment of the Licence :

The Licensing Officer after giving reasonable opportunity to the Licensee can revoke or suspend licence or amend the Licence or forfeit the security deposit as the case may be in case he is satisfied that:

- (a) The licence has been obtained by misrepresentation or suppression of any material fact or,
- (b) That the holder of the licence has failed to comply with the terms and conditions of licence.
- (c) Or that the holder of the licence has contravened any of the provisions of the Act or Rules made there under.

7. Terms & Conditions of a Licence :

The Contractor should observe the terms and conditions specified in the Licence otherwise as per Section 14 (1) (b) the licence is liable to be revoked/suspended/amended as the case may be.

8. Issue of Duplicate Licence :

In case a licence is defaced or accidentally destroyed or lost, a duplicate copy of the licence can be obtained by the Contractor on payment of fee from the local Labour Office.

9. Appeals :

Any person aggrieved by an order made under Section____(Central/State) could go in appeal against the order of the Licensing Officer within 30 days of the date of the communication of the order to him as per rules of the Act. In case the Appellate Officer, is satisfied about the delay in filing the appeal within the time limit he could entertain the appeal by condoning delay. The appeal will lie to the person as nominated in this behalf by the appropriate Govt. The Appellate Officer should give reasonable opportunity of personal hearing to the Contractor/Principal Employer while disposing of the appeal after following the principles of natural justice.

10. Security Deposit :

The Contractor is required to deposit a refundable amount of security deposit with the local Labour Department while obtaining the licence.

11. Adjustment of Security Deposit :

On expiry of licence in respect of an old contract work, the contractor is eligible for the refund of the Security amount paid in respect of licence of old contract work. The contractor can request the licensing officer by submitting an application in the prescribed FORM ____ (Central/State) for adjustment of the Security amount to be refunded towards the security required to be deposited in respect of the new licence and in such case, the contractor could deposit only the balance amount of security, if any, after making adjustment.

12. Refund of Security Deposit :

On expiry of the period of Licence, the Contractor could apply to the local Labour Department for the refund of the Security amount. The Licensing Officer on being satisfied that there is not breach of terms and conditions of licence and that the Contractor has fully complied with provisions of the Act & Rules.

13. Prohibition of Employment of Contract Labour :

As per notifications issued from time to time under Section. 10(1) by the Central / State Governments as the case may be, a Contractor not to employ contract labour in the prohibited process.

14. Maintenance of Registers & Records (as per Central/State rules):

- ✓ Register of persons employed
- ✓ Muster Roll
- ✓ Register of Wages
- ✓ Register of Wages-cum-Muster Roll
- ✓ Wage Slips
- ✓ Register of Deductions for damage or loss
- ✓ Overtime Register
- ✓ Register of Advances

15. Display of Notices :

The Contractor to display conspicuously at the worksite the following notices in English/Local language spoken in by the contract labour.

- Rate of Wages
- Hours of Work
- Wage period
- Dates of payment wages
- Name of the Officer and address of the local Govt. of Labour Dept
- Date of payment of unpaid wages.

16. Other Liked Acts:

A part from the Contract Labour Act, the contractor has to observe the Provident Fund Act, Employees State Insurance Corporation Act. Migrant workmen Act., etc

17. Submission of Returns :

Half-Yearly Return ; The Contractor to send a Half-yearly Return in the prescribed FORM____(Central/State) in duplicate to the Local Labour Department within 30 days of close of Half-Year ending 31st December and 30th June of each year.

18. Employment Card:

The Contractor to issue Employment Card in the prescribed FORM____(Central/State) to each worker within 3 days of his employment. The card shall be maintained upto date and any change in the particulars shall be entered therein.

19. Service Certificate :

On termination of Service of a Contract Labour the Contractor to issue a Service Certificate in the prescribed FORM____(Central/State) to the Contract Labour.

20. Payment of Wages to Contract Labour :

The Contractor to ensure disbursement of wages to contract labour in the presence of the authorized representative of the Principal Employer.

21. Rates of Wages :

The Contractor to pay the rates of wages to contract labour at the rates prescribed under the Minimum Wages Act, 1948 for such employment where applicable and where rates have been fixed by agreement, settlement or award to pay not less than the rates so fixed by agreement, settlement or award to pay not less than the rates so fixed whichever is higher. Any agreement made with concerned employees reducing their minimum rate of wages will be null & void. The rates of Minimum Wages are fixed by the concern Sates Authorities as per their Rules and Central Rules will be fixed by the Authorities from time to time which will be published in the official gazette notification.

22. Welfare amenities for Contract Labour :

i) Supply of Drinking Water, ii) Washing facilities, iii) Canteen, iv) Rest Rooms, v) Latrines and Urinals, vi) First Aid Facilities, vii) Creche etc.

STATUTORY RECORDS AND FORMS AS PER CENTRAL RULES:

SL.NO.	REGISTER / FORM NO.	DESCRIPTION
01	Form – I (See Rule 17 (1))	Registration form
02	Form – II (See Rule 18(1))	Certificate of Registration
03	Form – III (See Rule 18 (3))	Register of Establishment
04	Form – IV (See Rule 21 (1))	Application for licence
05	Form – V (See Rule 21 (2))	Form of Certificate by Principal Employer
06	Form – VA (See Rule 24(1-A))	Adjustment of Security Deposit
07	Form – VI (See Rule 25 (1))	Licence
08	Form – VIA (See Rule 25 (2))	Notice of Commencement/Completion of work
09	Form – VIB (See Rule 81 (3))	Notice of Commencement/Completion of work
10	Form – VII (See Rule 29 (2))	Application for Renewal of Licence
11	Form – VIII (See Rule 32(2))	Application for Temporary Registration
12	Form- IX (See Rule 32(3))	Temporary Certificate of Registration
13	Form – X (See Rule 32 (2))	Application for Temporary Licence
14	Form – XI (See Rule 74)	Register of Contractors
15	Form- XIII (See Rule 75)	Register of workmen employed by contractor
16	Form – XIV (See Rule 76)	Employment Card
17	Form – XV (See Rule 77)	Service Certificate
18	Form – XVI (See Rule 78(1))	Muster Roll
19	Form – XVII (See Rule 78 (1))	Register of Wages

SL.NO.	REGISTER / FORM NO.	DESCRIPTION
20	Form – XVIII (See Rule 78 (1))	Register of Wages cum Muster Roll
21	Form – XIX (See Rule 78 (1.b))	Wage slip
22	Form- XX (See Rule 78 1a ii)	Register of deductions for damages or loss
23	Form – XXI (See Rule 78 1a ii)	Register of Fines
24	Form – XXII (See Rule 78 aii)	Register of Advances
25	Form – XXIII (See Rule 78 a iii)	Register of Over Time
26	Form – XXIV (See Rule 82 (1))	Half – Yearly Return by contractor
27	Form – XXV (See Rule 82 (2))	Annual Return by Principal Employer

STATUTORY RECORDS AND FORMS AS PER STATE RULES:

“As prescribe by the respective State Governments Rules”

NOTE: The Central / State Governments may issue notifications / amendments etc from time to time on the Contract Labour Act, accordingly in the official Gazettes.

