ABSTRACT
The motivation behind writing this paper is to analyze the current issues and challenges of the contract labour in India and suggesting some remedial measures to improve the working conditions of contract labour. At present, Indian labour market is wavering between two extremes, one extreme is defined by rigid and outdated labour laws with stringent regulatory framework and trade unionism, the other is characterised by a vast informal sector. Informal sector is governed by vaguely defined set of laws promising a lot but giving little access to safety and welfare measures and hence need to be revisited and reformed urgently. There is a need to impart greater clarity in laws and strengthening of welfare measures in case of Contract labour in India. Labour reforms is a long-pending issue and yet another symptom of policy paralysis that has engulfed the wider polity. Labour being the crucial factor of production must be given proper attention by law makers of the country. They should shirk their casual approach towards the issue and must expedite reforms.


INTRODUCTION
The employment of Contract labour is becoming a global phenomenon across all industries and services sectors. Engagement of contract labourers in India is regulated under the Contract Labour (Regulation & Abolition) Act, 1970. As per the provisions of this act “in cases where the contract worker perform the same or similar kind of work as the workmen directly employed by the principal employer of the establishment, the wage rates, holidays, hours of work and other conditions of service shall be the same as applicable to the workmen directly employed by the principal employer doing the same or similar kind of work. The liability to ensure payment of wages and other benefits is primarily that of the contractor and in case of default, that of the principal employer.” As far as the security in term of wages and other service conditions is concerned, the Contract Labour (Regulation & Abolition) Central
Rules, 1971 states that “the wages of the contract labour shall not be less than the rates prescribed under Minimum Wages Act, 1948.”

Although provisions are made for the regulation of Contract workers through this act but the actual scene is totally different. Earlier contract workers were hired only to do small jobs, but that has changed now. In most cases, these workers do the job of regular employees. The regular workers are employed for the first shift and contract workers do the same job in the next shift, but are paid less than a quarter of the wages of regular employees. The law prohibits employers from hiring contract workers for jobs that are perennial in nature but Contract workforce accounts for more than 85% of the total workforce in private factories and over 50% in public sector undertakings now. However, the estimated number of contract labour engaged by licensed contractors in central sphere including the industrial sector in the last three years is as under:

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of contract labour covered by such licenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009-10</td>
<td>13.73 lakhs</td>
</tr>
<tr>
<td>2010-11</td>
<td>14.89 lakhs</td>
</tr>
<tr>
<td>2011-12</td>
<td>13.07 lakhs</td>
</tr>
</tbody>
</table>

The system of hiring contract workers in jobs that are perennial in nature must be abolished. These workers should be paid minimum wages, applicable to that enterprise, and also given social security benefits. Back in 1957, the ILC had recommended a wage fixation system linked to calorie content of food, but the proposal remained on paper. In fact the economic and social condition of Contract workers in general is lower than that of regular workers. Not only are their earning lower, but due to factors such as large/joint families, living habits etc., the surplus money available with the Contract workers is limited and therefore they fall in the poor section of the society. In some cases the contractors' men take away part of the workers' wages as token money for giving them jobs and continuity in assignment. So new arrangements should be made for disbursement of payments to ensure that the illiterate workers are not exploited as far as possible.
Comparative Table of Wages To Regular/Contract Workers

<table>
<thead>
<tr>
<th>Parameters</th>
<th>Category of Workers</th>
<th>2003-04</th>
<th>2004-05</th>
<th>2005-06</th>
<th>Years % Increase in 2005-06 over 2004-05</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages / Salaries per Monday Worked (Rs.)</td>
<td>1. All employees</td>
<td>233.71</td>
<td>239.91</td>
<td>255.94</td>
<td>6.69</td>
</tr>
<tr>
<td></td>
<td>2. All Workers</td>
<td>165.55</td>
<td>168.58</td>
<td>174.73</td>
<td>3.65</td>
</tr>
<tr>
<td></td>
<td>3. Contract workers</td>
<td>100.96</td>
<td>109.71</td>
<td>116.40</td>
<td>6.10</td>
</tr>
</tbody>
</table>

Source: Labour Statistics, Ministry of Labour & Employment

Meenakshi Rajeev (2009) did research on “Contract Labour Act in India” and analysed that in India for a contract worker it is not only hard to prove his or her identity as worker under the labour law but employer employee relationship is also not easily to establish. It is observed that collusive agreements between various agents often result in the exploitation of the contract labour. However, to be able to do this it is necessary to make the workers aware of their rights and responsibilities so that they are able to detect violation of laws. Saini, Debi (2010) stated that rights conferred on the contract workers by the Constitution of India and various labour laws are poorly enforced. Economic growth can be sustained only if it is built on the foundations of basic rights of the working people, especially the powerless people. The various studies conducted by commissions, committees and Ministry of Labour shows that the situation has always been exploitative. The government has taken minimal initiatives to improve the situation of the contract workers.

CONTRACT LABOUR: ISSUES AND CHALLENGES

During the recent years, increasing incidents of labour unrest are due to the poor working condition of contract labour. In November 2010 an Assistant General Manager of Allied Nippon, an auto parts maker, was stoned to death by angry workers, in September 2009 the Vice-President (HR) of Pricol was beaten to death by agitating workers. On 2nd February 2012, Reliance Textile workers had been on strike due to highly exploitative wage structure and dreadful working conditions. Most of the 1100 permanent and approximately 4000 contract workers assert their rights and continue their strike. Workers were of the view that since 20 years company’s profits increased ten-fold though the wages for the workers are more or less the same, but the salary of the staff increased many times. While the permanent workers earn Rs. 5000-6000 per month, the contract workers are paid Rs.85-100 per day.
most recent violence at Maruti Suzuki India Ltd., Manesar plant, where workers went rebellious, leaving its General Manager (HR) dead and 100 other officials laid up in hospital with serious injuries4. Financial and production losses have been incurred by the companies due to these violence. This segment of worker due to anxiety of job security, lack of social security, exploitation in the hands of contractors, low wages, unequal treatment by Trade Unions and even abusive behavior of the permanent workers and supervisors develop rebellion feelings. Now the need of the hour is to manage the contract labourers giving them their right dues. For this industry associations must sit down and relook at their condition they have to ensure that where the contract labour is not paid a decent wage, they have to be paid.

INTERNATIONAL PRACTICES
In most of the countries the contract workers are covered under the social security provisions and are paid at par with the permanent workers. In Canada, more and more jobs are being offered on contract basis. In 2009, 1.8 million Canadians, or 1 in 8 paid workers, were in some form of temporary employment and their average hourly wage was $19.61. There is no any fixed procedure to hire contract workers.5. The contract workers can be employed in any of the industrial sector but they are most often employed in the construction, natural resources, health-care, educational, trade, public administration and cultural industries. All contract employees are protected under the social security net through a provincial workers’ compensation scheme and provincial or private health insurance by making a contribution in the Employment Insurance and the Canada Pension Plan. Labour Code of the Russian Federation as well as other federal laws regulates contract labour in Russia.6 Contract Labourers are protected under the social security net and wages given to contract workers are same as given to permanent workers for performing similar nature of job. Contract labour can be employed in any activity of the establishment regardless of whether the work is core or peripheral in nature, for a maximum duration of 5 years. The contract labourers in Switzerland can be employed in any capacity. They are paid at par with the regular employees and are covered under the social security system. In under-developed countries, in Ghana and Sri Lanka, contract workers are hired directly by the employer or through an agency. In Ghana, a contract worker can be employed up to a maximum duration of 6 months and can be employed in any activities, while in Sri Lanka...
there is no any specified fixed duration but advised by Employers’ Organisation to not to engage contract labourers in core activities. In both the countries, contract workers and permanent workers are covered under the social security net and are paid accordingly with the prevailing National Minimum Wage rate.

Whereas in United States, employment as well as termination of contract labour for most of the employment is at will of the employer. There is no distinction between employees hired for a period of one week or one month or five years or more, although the law does permit employers to delay some benefits from vesting for a period of time. In USA, the staffing industry plays a major role in recruiting temporary workers. Temporary employees are generally hired to perform work such as clerical, labour, education, information technology and in healthcare sectors. Some temporary jobs may lead to permanent employment where appropriate - in which case the agency may charge a fee if the worker is hired permanently. More often, companies to avoid the cost of hiring permanent employees, hire temporary employees for a specific business purpose. Although not typically eligible for company benefits, some temporary agencies offer health care and other benefits to their temporary employees.

**FUTURE PERSPECTIVES**

So far the Government has not come up with any social security package for the contract labour. Except for a nominal contribution that a contractor makes in favour of Employees' State Insurance, which sponsors medical treatment to workmen and his family, there is nothing that secures the workmen's future. A large number of contract workers express the need for Government efforts in this direction. They also feel that the contractor and principal employer should run a social security fund with contributions from workers, contractors and the principal employer. This could be managed by an independent society or trust for the benefit of such contract workers who need financial help from time to time partly compensate for loss of earning capacity.

As far as the living Conditions of the workers are concerned, a large number of them live in slums or in rented accommodations. The rented accommodations are not much better than the slums. So they live in hygienically difficult environment, with inadequate water facility or basic amenities like toilets/washrooms or proper electricity. With the average earning that a Contract worker gets, economically he is not able to afford a better living condition. After meeting basic requirements like food, clothing, and education of children, expenditure on
personal undesirable habits, life style, and medical for family members, etc. there is hardly any money left to spend on accommodation. The Government also does not provide any succor to such Contract labour.

There is need to revisit the Contract Labour (Regulation & Abolition) Act, 1970. Section 10 of the act, should be deleted providing for prohibition of employment of contract labour, and renaming the Act as Contract Labour Regulation Act. The dire need is the application and enforcement of the legislation rigorously. The prohibition of employment of contract labour is not acceptable by industrialists as any policy which constraints the availability of the human resource or restricts the enterprise from shedding extra manpower during lean season, or on completion of the task, would have negative impact on time and schedule of delivery. This would undermine the efficiency and credibility of the exporting units.

Moreover, contract labour is the main-stay for employment generation to an increasing labour force. Abolition of contract labour would reduce the pace of employment generation as industry may not be able to add permanent liability and increase its cost of production to be uncompetitive. Contractors should make the disbursement of payment on time whether it is 7th & 10th of every month or they should pay according to the revised amount The Labour Commission has recommended that contract labour shall not be engaged for core production / service activities. However, for sporadic seasonal demand, the employer may engage temporary labour for core production / service activity. Off-loading perennial non-core services like canteen, watch and ward, cleaning, etc. to other employing agencies has to take care of three aspects - (1) There have to be provisions that ensure that perennial core services are not transferred to other agencies or establishments; (2) Where such services are being performed by employees on the payrolls of the enterprises, no transfer to other agencies should be done without consulting, bargaining (negotiating) agents; and (3) Where the transfer of such services do not involve any employee who is currently in service of the enterprise, the management will be free to entrust the service to outside agencies. The contract labour will, however, be remunerated at the rate of a regular worker engaged in the same Organisation doing work of a comparable nature or if such workers does not exist in the Organisation, at the lowest salary of a worker in a comparable grade, i.e. unskilled, semi-skilled or skilled. The Commission has recommended that no worker should be kept continuously as a Casual or temporary worker against a permanent job for more than 2 years.
CONCLUSION

The Contract Labour (Regulation and Abolition) Act, 1970 has not been able to address the problems of the contract workers. It should need a comprehensive change to ameliorate the social and economic status of the contract labourers. Being an important and growing form of employment, contract workers must be given due attention by bringing them under the net of welfare programmes and social security. Many large corporation have already initiated the reforms of which ‘personal touch with the workers’ is the major one and extremely effective. Workers should be treated as partners and Indian corporates always try to find out the evasive roots and rarely go into studying the spirit of the act. The body of the act is not important which the Indian corporates feel but the spirit of the act is important.

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