

# Is contract labour the problem or the solution?

Following the murder at Maruti's Manesar plant, the debate over the plight of India's contract labourers has come to the fore. Most argue that India's labour laws need a relook, while others say the violence has nothing to do with the nature of employment

There is an increased incidence of deployment of contractual labour by company managements because resorting to this reduces labour costs. In India, contractual workers get only a quarter of what regular workers are paid. Hence, contractual labour is undoubtedly a major reason for the increasing labour unrest—even in Manesar where the riots and killing happened. This incident is not particular to Maruti because not only the private sector but even government departments and public sector undertakings have resorted to contractual labour. However, the reasons behind the incident at Manesar were many, including the fact that workers were not allowed to form a union of their choice.

A study by the National Labour Institute says that close to 55% of the workforce is on contract and highlights how poorly they are paid. We have pressed the government to amend the Contract Labour Act so that they are paid the minimum wages of the industry where they work. This is important because even the PSUs don't follow this, and instead pay the minimum wages set by the respective states.

This is why contract workers are a dissatisfied lot. It is difficult for them to sustain themselves. The situation is similar in other parts of the world. European countries provided social security benefits to their workers, but these are also being curtailed.

In India, contract workers are employed for six months, after which a new batch replaces them and this cycle goes on. So, they don't get work all year round. Now even the government has frozen fresh appointments and has started recruiting workers on contract employment with low

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INDUSTRY USING CONTRACT LABOUR TO LOWER COSTS IS A MAJOR REASON FOR THE INCREASING LABOUR UNREST. AMENDING THE CONTRACT LABOUR ACT WILL ENSURE INDUSTRY-SPECIFIC MINIMUM WAGES TO THESE WORKERS EVEN IF JOB SECURITY IS NOT ASSURED

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ONE MUST APPRECIATE THAT THE ABILITY TO USE CONTRACT LABOUR ENABLES A VERY LARGE PART OF THE LABOUR FORCE, WHO WOULD HAVE OTHERWISE GONE WITHOUT ANY EMPLOYMENT OR LIVELIHOOD OPTIONS, TO BE EMPLOYED

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consolidated pay.

If the Contract Labour Act is amended, it will ensure minimum wages of the industry to these workers even if it does not assure them job security. Another important factor is that MNCs do not tolerate the formation of trade unions, and even if they do, the unions remain under their control and most of them become puppet unions.

In the case of Maruti, the new union was registered with the blessings of the management in December 2011. The union was recognised, but the management's negative attitude led to the release of this cumulative anger.

Of the total labour force, only 7% is in the organised sector in India, especially in automobile and con-

struction industries, and other manufacturing and service sectors. The law permits contract workers to form unions or join any union of regular workers, but they are unable to do so due to repression, victimisation and unemployment.

The Joint Action Committee formed by all central trade unions has urged the government to amend the law so that ₹10,000 can be given as minimum wages, besides assured pension and suitable provisions to protect the interest of contract workers.

If these recommendations are accepted, the incidence of labour unrest might reduce to an extent in future.

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While the number of contract workers has gone up in recent years, the numbers of strikes and lockouts is on the decrease. Hence, it is quite unlikely that industrial unrest is related to increased contractualisation. However, the violent stand-off at the Maruti Suzuki Ltd factory at Manesar was unprecedented. Assault and brutality under any circumstances cannot be condoned, and the loss of life is inexcusable.

The larger issue for industrial unrest is the labour environment in India. It is unfortunate that economic growth in India has not been accompanied by commensurate employment creation in the organised sector. Although the public sector accounts for the lion's share of or-

ganised sector workers, incremental accretions are actually higher in the private sector. As against a labour force of 470 million in 2009-10, only 15.6% had regular wage employment/salaried work while about one-third was casual labour and over half was self-employed. This has deprived large sections of society of the benefits of work security and emoluments, leading to social rifts.

One must appreciate that the ability to use contract labour enables a very large part of the labour force, who would have otherwise gone without any employment or livelihood options, to be employed. One of the reasons for the preference for contract labour is that while competition and globalisation have brought in their trail severe fluctua-

tions in market conditions, the labour law framework in India discourages flexibility and exit in the use of labour. This is why the ability to use contract labour provides a win-win situation for both sides.

It is important to understand that contract workers are protected under several provisions of labour laws. While there may be company and region specific variations in implementation across the country, it will be presumptive to assume that contract labour is the cause of labour unrest. There are many companies who have managed the coexistence of both types of employees i.e. regular and contract. These practices are usually culture-specific and help the employees to trust the employers.

Violence, whether it happens inside the premises or outside it, is a "law and order" issue and not an "industrial relations" issue. We have to recognise that it is human beings that are pushed to and instigated to unleash violence; this is not necessarily based on the "nature" of the employment. In fact, studies have indicated that contract labour is a social phenomenon that brings in employability, flexibility and specialisation, enabling industrial competitiveness.

CII strongly feels that a convergence needs to be built on the perception gaps that exist around contract labour. It is necessary to revisit the labour laws in India. Currently, we have over 50 Central laws and many more state laws. The term wages has been defined in 11 different ways under 11 different laws. Such rationalisation can bring about the required convergence amongst the stakeholders and can truly leverage the opportunity that contract labour can offer for large-scale employment generation in the country.

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