REGULATION OF CONTRACT LABOUR- JUDICIAL PERSPECTIVE

By J. Adi Narayana[20]

Introduction:

Contract Labour is one of the acute forms of unorganized labour. Under the system of contract labour workers may be employed through contractor on the contract basis. Workmen shall be deemed to be employed as "contract labour" 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. In this class of labour the contractors hire men (contract labour) who do the work on the premises of the employer, known as the principal employer but are not deemed to be the employees of the principal employer. The range of tasks performed by such contract workers varies from security to sweeping and catering and is steadily increasing. It has been felt, and rightly too, that the execution of a work on contract through a contractor who deployed the contract labour was to deprive the labour of its due wages and privileges of labour class.[21]

The contract worker is a daily wager or the daily wages are accumulated and given at the end of the month. The industries justify contract labour on the grounds that the requirement is temporary or seasonal. Nonetheless, there are ready instances of contract labour being deployed for tasks as security, sweeping and cleaning, though it is difficult to comprehend how these tasks are temporary and do not justify full time regular employees. The managements try to by-pass the provisions of social legislations unless they are legally trapped or forced by circumstances, while the judiciary has always upheld the concept of social justice, dignity of human rights and worker's welfare.

The practice of employing labour through contractors and other agencies, thus, avoiding the direct nexus between the employers and their workmen, was very common. Thus, entire factories were farmed out to contractors requiring them to produce the goods in such factories through machinery owned by the employers, and thereafter, the goods were marked under the employer's brand name. This ensured that the workmen were paid much lower wages than they would be entitled to under direct employment. This system led to whole-scale exploitation of

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[21] Majid Abdul, Legal Protection to Unorgnised Labour, Deep & Deep Publication,p 52

labour, and a series of demands were made before tribunals for the abolition of contract labour system. The tribunals entertained the claims, and in many cases, granted the demands through their awards. In case of Standard Vacuum Refining Co. of India Ltd. v. Workmen,[22] a leading case on the subject, the Supreme Court upheld the right of workmen to seek abolition of contract labour on behalf of the contractors' workmen, and enumerated some of the circumstances in which such abolition can be directed.

The Indian Government decided to deregulate its economy in phases and the new economic policy, 1991 declared that the Government would endeavor to abolish the monopoly of any sector in any field of manufacture, and open all manufacturing activities to competition. Hence, the public sector was required to gear up to face competition and it was thought that they should conduct their business purely on commercial lines. They should show a healthy return on the capital invested and in cases where the enterprise has been making losses, privatisation[23] turned out to be the preferred alternative.

"Privatisation" is essentially an umbrella term encompassing various measures designed to reduce the power of the State and enhance private sector participation and ownership by selling off public assets which have not shown healthy returns in the past and are a burden on the State exchequer. It is argued by the proponents of disinvestment that opening up sectors to private players which have for long been the monopoly of the State, promotes competition and leads to overall efficiency. The policy of privatisation was to be a means whereby the public sector of the economy was to be a subject to market forces.

However, it is often argued that these developments have an unfavorable effect on the rights of employees, insofar as the legitimate expectations of employees are adversely affected. The paper is, therefore, a modest attempt to show that the harmonisation of labour welfare with the privatisation process is very real and is much desirable in the present scheme of things so as to strike a right balance between economic exigencies and social justice.

The object of the Contract Labour (Regulation and Abolition) Act, 1970:

The object of the Contract Labour (Regulation and Abolition) Act, 1970 is to regulate the employment of contract labour in certain establishments and to provide for its abolition in

[22] 1960 AIR 948, 1960 SCR (3) 466
[23] The terms "privatisation" and "disinvestment" have been used interchangeably

certain circumstances. Section 10 of the Act provides for the procedure for abolition of employment of contract labour. The issue which this paper seeks to address is whether the workforce that comprises contract labour should be automatically absorbed in the establishment as regular employees after a notification is issued under Section 10 abolishing the system of contract labour in that establishment.

The Contract Labour (Regulation and Abolition) Act, 1970:

As stated earlier, the object of the Contract Labour (Regulation and Abolition) Act, 1970 is to regulate the employment of contract labour in certain establishments and to provide for its abolition in certain circumstances. Wherever it is not practical to abolish the contract labour system, the Act provides for its regulation so as to ensure better service conditions and basic amenities to the contract labourers.[24] The intention of the legislature while framing this Act was to protect the contract labourers from the exploitative tendencies of the contractor as the factum of engagement of contract labour resulted in unwholesome labour practices and rendered them disadvantaged as compared with regular labourers. Contract labours do not receive the same security and dignity of labour as the regular workmen.

In D.S. Nakara v. Union of India [25] the Supreme Court stated thus-

"The principal aim of a socialist State is to eliminate inequality in income and status and standards of life. The basic framework of socialism is to provide a decent standard of life to the working people and especially provide security from cradle to grave."[26]

Incidentally, however, the legislature did not feel it expedient to completely do away with contract labour, since there are several fields of employment where engagement of contract labourers becomes necessary in the interest of the industry. Therefore, the Act seeks to fulfill the following objectives-

- Affording security to the labourers in consonance with the objectives of a socialist economic model.
- Affording equal treatment and security to all labourers, be it employees of an industry or contract labourers.

[24] As per Chapter V of the Act — Welfare and Health of Contract Labour
[25] (1983) 1 SCC 305
[26] *Ibid*., SCC at p. 325, para 33

- Curbing of exploitation of contract labourers.

Section 10 of the Act provides for the procedure for prohibition of contract labour. Under this section, the appropriate Government may, after consultation with the Central Board or, as the case may be, a State Board, prohibit by notification in the Official Gazette, employment of contract labour in any process, operation or other work in any establishment. Before issuing such notification in relation to an establishment, the appropriate Government shall have regard to the conditions of work and benefits provided for the contract labour in that establishment, and other relevant factors, such as-

(a) Whether process, operation or other work is incidental to or necessary for the industry, trade, business, manufacture or occupation that is carried on in the establishment,

(b) Whether it is of a perennial nature, that is to say, of sufficient duration having regard to the nature of industry, trade, business, manufacture or occupation carried on in that establishment,

(c) Whether it is done through regular workmen in that establishment or an establishment similar thereto, and

(d) Whether it is sufficient to employ considerable number of whole time workmen.

If a question arises whether any process or operation or other work is of a perennial nature, the decision of the appropriate Government thereon shall be final.

Judicial perspective of non-absorption of Contract Labour on abolition:

The Constitution Bench of the Supreme Court has reversed its earlier decision given in the case of Air India Statutory Corpn. v. United Labour Union [27] and ruled in Steel Authority of India Ltd. v. National Union, Waterfront Workers [28] that on abolition or prohibition of contract labour under Section 10, the workers engaged through the contractor will not automatically become the employees of the principal employer.

Another landmark Supreme Court judgment on the absorption of contract labour is Gujarat Electricity Board v. Hind Mazdoor Sabha,[29] The Court recommended that the Central

[27] (1997) 9 SCC 377
[28] (2001) 7 SCC 1
[29] *Gujarat Electricity Board v. Hind Mazdoor Sabha*, (1995) 5 SCC 27

Government should amend the Act by incorporating a suitable provision to refer to the industrial adjudicator the question of direct employment of the workers of the ex-contractor in the principal establishment when the appropriate Government abolished the contract labour. This ruling is being explained by saying that the Apex Court has been guided by the principles of the new economic policy rather than the socio-economic policy enshrined in the Constitution. However, it is argued that the Supreme Court has in fact harmonised the new economic policy with the socio-economic policy authorised by the Constitution while delivering the aforesaid judgment.

The issue of whether there should be automatic absorption of contract labour on its abolition first came before the Supreme Court in the case of Air India Statutory Corporation v. United Labour Union. In this case, the appellant Corporation engaged the respondent Union's members, as contract labour for sweeping, cleaning, dusting and watching of the buildings owned and occupied by the appellants. The Central Government exercising the power under Section 10 of the Act, on the basis of the recommendation and in consultation with the Central Advisory Board constituted under Section 10(1) of the Act, issued a notification of September 12,1976 prohibiting "employment of contract labour on and from December 9, 1976 for sweeping, cleaning, dusting and watching of the buildings owned or occupied by the establishments in respect of which the appropriate Government under the said Act is the Central Government" (SCC p. 392, para 3).

The appellant did not abolish the contract labour system and failed to enforce the abovementioned notification. The respondents filed writ petitions to give directions to the appellant to enforce the aforesaid notification and to absorb all the employees doing cleaning, sweeping, dusting, washing and watching of the buildings owned and occupied by the appellant with effect from the respective dates of their joining as contract labour in the appellant's establishment with all consequential rights and benefits. This writ petition was allowed by the learned Single Judge on November 16, 1989 directing that all contract workers be regularised as employees of the appellant from the date of filing of the writ petition. However, preceding the judgment of the learned Single Judge, the Government of India had referred the matter to the Central Advisory Board yet again under Section 10(1), and the Committee recommended to the Government not to abolish contract labour system in the aforesaid services. The Division Bench dismissed the appeal of the appellants in the impugned judgment dated April 3, 1992. Hence, this appeal came before the Apex Court.

The three-Judge Bench of the Supreme Court held that abolition of contract labour ensures a right to the workmen to be regularised as employees in the establishment in which they were hitherto working as contract labour through the contractor. By virtue of the abolition, the contractor stands removed, and direct relationship of employer and employees is created between the principal employer and the contract labour.

The reasons afforded by the Apex Court were as follows-

1. While interpreting the Act, judicial orientation should shift towards public law interpretation rather than private law. Such an interpretation would enlarge the spirit and purpose of the Constitution. The individual interest must give way to the broader social purpose of establishing social and economic justice assured in the preamble, Articles 14, 15 and 21 and the directive principles of State policy. The directive principles of State policy stand elevated to the status of inalienable fundamental human rights, and are justiciable by themselves. The right to development commands that every endeavour should be made to eliminate inequality in status through the rule of law. The aim of social justice is to attain substantial degree of social, economic and political equality, which is a legitimate expectation and a constitutional goal.

2. The Act is a piece of socio-economic welfare legislation and under Section 10; contract labour is abolished for perennial work. The necessary concomitant of such an objective is that fulltime workmen are required for carrying on the work in that establishment and therefore, the contract labourers would become regular employees. The intention of the Act cannot be to denude them of their source of livelihood and means of development by throwing them out of their employment. The very scheme and ambit of Section 10 of the Act indicates the legislative intent of making the erstwhile contract labourers direct employees of the employer on abolition of the intermediary contractor.

3. Even though there is no express provision in the Act for absorption of contract labour, the High Court as sentinel on the qui vive is required to direct the appropriate authority to act in accordance with the law and thus, grant proper relief. The Supreme Court further said that no limitation or fetters have been imposed on the power of the High Court under Article 226 except self-imposed limitations.

4. The plea that the contractor might have employed a number of workmen who on regularisation would be in excess of the requirement of the principal employer is unfounded. The principal employer would not be burdened with excess workmen because the principal employer would have in the first place ensured that the contractor brings only that number of workmen required to discharge the duties in the establishment. Further, the Court said that the scheme of the Act and regulations framed thereunder indicate that even the number of workmen required for a particular contract work is to be specified in the licence given to the contractor. Moreover, the Court stressed that it was always open to the principal employer to retrench excess working staff in accordance with the Industrial Disputes Act, 1947.

The abovementioned issue again came up before the Supreme Court in the case of Steel Authority of India Ltd. v. National Union Waterfront Workers. In this case, the validity of the notification dated December 9, 1976 issued by the Central Government under Section 10(1) of the Act in Air India Statutory Corporation case came up for consideration. The reason was that the abovementioned notification was applicable to all Central Government companies. However, the point for determination relevant to the paper is, whether the automatic absorption of contract labour working in the establishment of the principal employer as regular employees, follows on issuance of a valid notification under Section 10(1) of the Act.

The five-Judge Bench overruled the decision given in Air India Statutory Corporation case and held that automatic absorption of contract labour by the principal employer on prohibition of contract labour is not contemplated by the Act. The detailed reasons afforded by the Apex Court were as follows—

1. Neither Section 10 nor any other provision of the Act, whether expressly or by necessary implication, provides for automatic absorption of contract labour upon issuance of a notification under Section 10(1) of the Act. Neither is such a provision alluded to in the Report of the Joint Committee of Parliament on the Contract Labour (Regulation and Abolition) Bill, 1967 nor in the Statement of Objects and Reasons of the Act.

2. The Act does not spell out the consequences of the abolition of the contract labour system. Therefore it appears that Parliament intended to create a bar on engaging contract labour in the establishment covered by the prohibition notification, and thereby

leave no option to the principal employer except to employ the workers as regular workers.

3. There must be some reason why the Act does not specifically provide for automatic absorption of contract labour. The Act is intended to work as a permanent solution to the problem, rather than to provide a one-time measure by departmentalising the existing contract labour, who fortuitously happened to be the employed contract labour on the relevant date over and above that contract labour employed for a long duration of time earlier. Therefore, it is not for the High Courts and the Supreme Court to read in some unspecified remedy on Section 10. Such an interpretation will go far beyond the principle of ironing out the creases and the scope of interpretative legislation and therefore is clearly impermissible.

4. The principle that a beneficial legislation needs to be construed liberally in favour of the class for whose benefit the Act is intended, does not extend to reading in its provisions something the legislature has not expressly provided for, whether expressly or by necessary implication.

5. It must be considered whether the contractor has been hired on a genuine contract or contract is a mere camouflage to evade compliance of various beneficial legislations so as to deprive the workmen of the benefits thereunder. If the contract is found to be a sham, the so-called contract labour will have to be treated as employees of the principal employer who shall be directed to direct the regularisation of the services of the contract labour. If, however, the contract is found to be genuine and the principal employer intends to employ regular workmen he shall give preference to the erstwhile contract labour, if otherwise found suitable, and if necessary, by relaxing the condition as to maximum age taking into consideration the age of the workmen at the time of their initial employment by the contractor and also relaxing the condition as to academic qualifications other than technical qualifications.

6. It cannot be said that by virtue of engagement of contract labour by the contractor for any work of an establishment, the relationship of master and servant is established between the contract labour and the principal employer. What is true for a workman need not be true for contract labour. A workman is a generic term, and contract labour

is the species. In the absence of an express provision in the Act, a relationship of master-servant cannot be imputed between the principal employer and contract labour. Nor can such a relationship be implied from the issuing of a notification under Section 10(1) of the Act, much less can such a relationship be deduced from the rules or forms thereunder.

In Bhilwara Dugdh Utpadak Sahakaris Ltd. v. Vinod Kumar Sharma (Dead) & Others[30],the Apex Court dismissing the appeal of the appellate hold that, the workmen employed through a contractor are employees of the employer and not of the contractor and added that the judgment on SAIL v. National Water Front Workers has no application in the present case.

In Balwant Rai Saluja & Anr. V. Air India Ltd. & Ors[31] in view of the difference of opinion by two learned Judges, and by referral order dated 13.11.2013 of this Court; these Civil Appeals are placed before this bench for consideration and decision. The question before this bench is whether the workmen engaged in statutory canteens, through a contractor, could be treated as employees of the principal establishment. At the outset, it requires to be noticed that the learned Judges differed in their opinion regarding the liability of the principal employer running statutory canteens and further regarding the status of the workmen engaged thereof. The learned Judges differed on the aspect of supervision and control which was exercised by the Air India Ltd., respondent No. 1, and the Hotel Corporations of India Ltd.,(HCI) respondent No. 2, over the said workmen employed in these canteens. The learned Judges also had varying interpretations regarding the status of the HCI as a sham and camouflage subsidiary by the Air India created mainly to deprive the legitimate statutory and fundamental rights of the concerned workmen and the necessity to pierce the veil to ascertain their relation with the principal employer.

The Two Judge bench has expressed contrasting opinions on the prevalence of an employer–employee relationship between the principal employer and the workers in the said canteen facility, based on, inter alia, issues surrounding the economic dependence of the subsidiary role in management and maintenance of the canteen premises, representation of workers, modes of appointment and termination as well as resolving disciplinary issues among workmen. The Bench also differed on the issue pertaining to whether such workmen should be treated as

[30] 1 September, 2011
[31] CIVIL APPEAL 10264-10266 OF 2013

employees of the principal employer only for the purposes of the Factories Act, 1948 ("the Act, 1948") or for other purposes as well.

Change in judicial approach:

Kirpal, J. while delivering the judgment in BALCO Employees' Union (Regd.) v. Union of India [32]and allowing the Government to disinvest shares in BALCO said, (SCC p. 362, para 47)

"The courts have consistently refrained from interfering with economic decisions as it has been recognised that economic expediencies lack adjudicative disposition and unless the economic decision, based on economic expediencies, is demonstrated to be so violative of constitutional or legal limits on power or so abhorrent to reason, that the courts would decline to interfere."

Therefore, it is not the court's prerogative to direct economic policy in the absence of the sanction given by the legislature. The primary point on which the Apex Court has stressed in Steel Authority case and the significance of which cannot be over emphasised is the fact that the Act is silent on the subject of automatic absorption of contract labour. Neither is it stated in its Statement of Objects and Reasons, and nor does the Report of the Joint Committee of Parliament on the Contract Labour (Regulation and Abolition) Bill, 1967 even refer to automatic absorption. It is not denied that the Act is welfare legislation, however, that does not impute reading into the Act benefits that are not provided for, and which go beyond the purpose and scope of the Act. The judiciary cannot assume legislative intent by itself if the legislature has already exhaustively dealt with the subject. The contention is that there must be practical reasons why the legislature has deliberately omitted to provide for automatic absorption, and why the judiciary cannot provide for it in view of the deliberate gap left by the legislature.

Firstly, every substantive provision in an Act is complemented by a procedure to be followed in order to curb administrative discretion and to follow the rule of law. If automatic absorption is made mandatory under the Act, the principal employer will look to the Act or the Rules thereunder to absorb according to a given procedure. For instance-

- Whom to absorb? Contract labour might be rotational, or the number of contract labourers might be in excess of the requirement. Further, it might be that on the relevant

[32] (2002) 2 SCC 333

date of the notification, a fortuitous group of contract labour has recently started work as opposed to an erstwhile group of contract labour that would have been working for a number of years. In such a case, whom should the principal employer absorb?

- What criteria to follow while absorbing (seniority according to age), and on what basis would the appointments be made? Whether the violation of government service rules is permitted in such a case since in government undertakings there are service rules governing the appointment of staff including giving equal opportunity to Backward Classes, Scheduled Castes and Scheduled Tribes?

If the legislature had the welfare of the workmen in mind, it would have given directions for the just implementation of the provision.

Secondly, the assumption made while providing for automatic absorption of the contract labour is that on prohibition of contract labour system, the labourers will be rendered permanently unemployed. This is an unwarranted assumption since the contractor, who still remains their employer will give them work in an organisation where contract labour is not prohibited.

Thirdly, on prohibition of contract labour if the principal employer intends to employ regular workmen, he is directed by the Supreme Court to give preference to the erstwhile contract labour. However, it is contended that on abolition of contract labour the principal employer will be left with no choice but to employ regular workmen, and he would be employing such workmen from similar economically weaker sections of society. The advantage is that fresh employment will be in observance of the company's service rules and according to the company's needs.

Lastly, public sector undertakings have been facing the problem of absorption of contract labour, which has been running into thousands of additional workmen. The decision of the Supreme Court in Air India case has raised the expectations of contract labour and has opened the floodgates of litigation. Thousands of writ petitions have been filed in the High Court and a substantial number of industrial disputes have been raised before adjudicatory bodies by the contract labour claiming that they are entitled to their absorption as regular employees. Such a measure poses to be a heavy economic burden on the PSUs since the regularised employees will have to be given economic benefits like provident fund, insurance, promotions and bonuses. Government undertakings are constantly in the red, because of which they are

paralysed to give better services, are rendered inefficient and are reduced to being a liability on the State exchequer.

Liberalisation demands that the efficiency and cost-effectiveness of government undertakings be stepped up so they can be globally competitive. Government companies deliver services which are essential to the public, and they deliver services at subsidised rates. The efficiency and competitiveness of these companies will only raise the social and economic standard of the country, and thereby its people. Therefore, it is reiterated that Steel Authority judgment harmonises the reality of the new economic policy with the socio-economic policy enshrined in the Constitution.

Contract Labour - The recommendation of the Second National Labour Commission Report, 2002:

The First National Commission on Labour was constituted on December 24, 1966 and carried out a detailed examination of all aspects of labour problems, both in the organised and unorganised sector. The need for setting up of the Second National Commission on Labour had been felt for the following reasons:

i. During the period of three decades since setting up of the First National Commission on Labour, there has been an increase in the number of labour force because of the pace of industrialisation and urbanisation.
ii. After the implementation of the new economic policy in 1991, changes have taken place in the economic environment of the country which have in turn brought about radical changes in the domestic industrial climate and labour market.
iii. Changes have occurred at the workplaces, changes in the industry and character of employment, changes in hours of work and overall change in the scenario of industrial relations. These changes have resulted in certain uncertainties in the labour market requiring a new look at the labour laws.

The Second Labour Commission released its report in 2002, which primarily proposed a new legislation called "labour management relations law" in place of the existing legislations.[33] Vis-à-vis, contract labour, the theme of the Commission's recommendation is that

[33] Like the Industrial Disputes Act, 1947, Trade Unions Act, 1926, Industrial Employment (Standing Orders) Act, 1946, Sales Promotion Employees (Conditions of Service) Act, 1976, etc

"organisations must have the flexibility to adjust the number of workforce based on economic efficiency" and that it is "essential to focus on core competencies if an enterprise wants to remain competitive". The recommendation essentially is —

- Contract labour shall not be engaged for core production or service activities.
- Contract labour may be engaged in the case of sporadic and seasonal demand of core production or service activities.[34]

The inference to be drawn from this recommendation is that-

- Contract labour has been allowed in almost all work in any establishment except the permanent "core" jobs, that is, the direct production or service job in case of a manufacturing or service enterprise.

The Commission has further stated that they are aware that off-loading perennial non-core services like canteen, watch and ward and cleaning to other employment agencies would have to take care of three aspects, which are-

- The employer would have to firstly ensure that perennial core services are not transferred to other agencies or establishment.
- Where employees on the payrolls of the enterprises are performing such services, no transfer to other agencies should be done without consulting and bargaining.
- Only if such services do not involve any employee already in employment would the management be free to entrust the service to outside agencies.[35]

Harmony between the Capital and Labour:

The Commission has further recommended that no worker should be kept continuously as a casual or temporary worker against a permanent job for more than two years.[36]Even then, it has been observed, that the contract labour would be remunerated at the rate of a regular worker engaged in the same organisation doing work of a comparable nature and if such worker does not exist in the organisation, at the lowest salary of a worker in a comparable grade of unskilled, semi-skilled or skilled grade. Therefore, these recommendations do not leave an opportunity

[34] Para 6.109 of the Report of the Second National Labour Commission
[35] *Ibid*
[36] Para 6.110 of the Report of the Second National Labour Commission

for discrimination between contract labour and regular employees. Further to ensure that the recommendations are not misused, the onus and responsibility is sought to be cast on the management to show and guarantee that the employer is paying such contract worker the wages of a regular employee doing comparable work or the lowest-skilled regular employee.

Since 1970, the time when the Contract Labour (Regulation and Abolition) Act, 1970 was enacted till the Report of the Second Labour Commission, the economy of India has undergone a sea change from an era of protectionism to liberalisation, from restricted domestic competition to international competitiveness. The system of contract labour and outsourcing reduces government expenditure, offers tremendous opportunities for employment and allows the employers flexibility to choose what is best for them. This helps to improve productivity and service competitiveness. The negative fallout of the contract labour system is that the contract labour generally belongs to the weaker sections of society and will be deprived of the benefits that accrue to regular employees. Therefore, to resolve the conflicting interests, Section 10 of the Act should be made applicable to the core permanent activities of the establishment and contract labour in such activities must be abolished.

However, supportive and allied services may be outsourced as may be the work requiring specialised skills is unavailable within the establishment. In such cases, the Act should regulate the working conditions and wages, and the principal employer should ensure payment of wages to contract labour as laid down under the law in force as also other basic amenities and social security benefits. Such measures ought to be enforced and regulated to ensure protection to contract labour.

If the contract labour system, which is cost-effective, is not allowed to continue, industries may go in for technological restructuring with less number of workers leading to reduction in employment. However, this inevitable tension which exists between the pressures of a market economy and the protection offered to workmen by law appears to be resolving itself in the direction of allowing a reasonable balance between market imperatives and worker protection.

Conclusion:

Although, employment of contract labour in India has attracted debates and raised conflict of interest among the social partners, it has become a significant and growing form of employment, engaged in different occupations including skilled, semi skilled and unskilled

jobs. The system of employing contract labour is prevalent in almost all sectors; in agriculture, manufacturing and high GDP yielding service sector. Liberalisation of market economy in early nineties has necessitated greater flexibility of employment for the industries to compete in the global perspective and antediluvian labour laws have forced industries to hire contract labour to address the cyclical demands and creating business friendly compliance mechanism to survive and compete in the globalised economy.

Therefore, addressing the issue of contract labour through a sustainable method and avoiding future industrial unrest is the need of the time and the only remedy to it is by bringing this segment of workers under the social security net.