

Ministry plans Rs.10,000 minimum monthly wage for contract workers

- [Somesh Jha](#)

Of the 3.6 crore contract workers about 32 % are employed by contractors in the public sector



DRAFT LAW:At present, employers give the fixed minimum wages to workers for 45 economic activities, as mentioned in the Minimum Wages Act, 1948.

The Labour Ministry has proposed a minimum monthly income of Rs.10,000 for contract workers, evoking strong reactions from the industry.

The move will drastically increase the minimum wages of contract labourers from around Rs.6,000 per month that is paid to them in a few sectors at present. According to the plan the employers will need to pay Rs 10,000 as minimum monthly income to contract workers for all kinds of work. At present, employers give the fixed minimum wages to workers for 45 economic activities, as mentioned in the Minimum Wages Act, 1948. *The Hindu* has reviewed a copy of the draft rule framed by the Labour Ministry to amend the Contract Labour (Regulation and Abolition) Central Rules, 1971.

“The draft rule is not well thought out and will adversely affect employment in smaller states. It will take away jobs to bigger cities where the minimum wages are at par with Rs.10,000 per month. By this single move, the government is encouraging more informal jobs,” said Rituparna Chakraborty, president of Indian Staffing Federation.

Although there are varying estimate of contract labour employed at present, the VV Giri National Labour Institute, an autonomous body of the Labour Ministry, estimated in a study there were 3.6 crore contract labourers in the country. However, out of them, only 60 lakh contract workers were covered under the Contract Labour (Regulation and Abolition) Act, 1970.

The study also said that 30 per cent of all workers in private sector and around 32 per cent in the public sector are employed through contractors.

As per the Contract Labour (Regulation & Abolition) Central Rules, 1971, the wages of the contract labour shall be according to the minimum wage prescribed under Minimum Wages Act, 1948 and it should be at par with the regular workers in cases where the contract worker perform the same kind of work as the former.

“Although the move is welcome as contract labourers are more poor than regular workers according to the National Sample Survey data but it may impact the small-scale industries which may not be able to pay such salary,” said Amitabh Kundu, Professor at the Delhi-based Institute for Human Development. “Small and medium companies operate on thin margins and they may not be able to hire people at that income level. Large companies will welcome this as the jobs will move away from small factories,” Mr. Kundu said.

Trade unions were divided on their move. While the RSS-affiliated Bharatiya Mazdoor Sangh (BMS) appreciated the move, the Left-affiliated unions opposed it saying contract labour needs to be paid at par with regular workers.

“This is a very good move. This will ensure a minimum salary of Rs.10,000 every month to contract workers employed in all sectors. The unskilled workers in many states are paid far less than this,” BMS General Secretary Virjesh Upadhyay said.

D.L. Sachdev, general secretary, AITUC said: “We oppose the proposal. The contract workers should be entitled to wages at par with regular workers and the current law is not being made applicable. This will give liberty to employers to fix minimum wages at Rs 10,000 a month for similar nature of work .”

The issue of wages to contract labour has led to increasing labour unrest in the past. In 2008, Graziano Trasmissioni CEO Lalit K Chaudhary was killed in mob violence incited by contract labours of the factory and one of their demands was higher wages. Even the Manesar plant of Maruti Suzuki had witnessed labour unrests due to various demands put forward by the contract labour including pay disparity.

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