

## **2. The Neglected Foot Soldiers of a Liberalised Economy**

**Prelims level: Governance**

**Mains level: GS-II Welfare schemes for vulnerable sections of the population by the Centre and States**

### **Why in News?**

- There has been a drastic rise in the contractualisation of the workforce in India. But the government has failed to address the aspiring needs of this segment including the Social Security benefit needs of the same.

### **Recent Issue:**

- There has been a proposed merger of BSNL and MTNL entities. Permanent employees of these two telecommunication companies are planning to opt for lucrative voluntary retirement schemes and a generous package also awaits the senior employees.
- But the future of thousands of contract labourers, contractual and temporary workers — who have served the two organisations for several years for far less wages and without any substantial social security benefits is in dire straits.
- There are also incidents of suicides among these contractual labourers of these two entities.

### **Who is a Contract Labour?**

- Contract Labour refers to the labourers who do not work directly for a firm but are employed by another firm (intermediary/contractor) which has a contract to do particular work.

### **Contract workforce share in India:**

- Annual Survey of Industries (ASI) shows that there was an increase in total employment from 7.7 million to 13.7 million between 2000-01 and 2015-16. Of this, over half of the increase was accounted for by contract workers.
- The share of contract workers in total employment increased sharply from 15.5% in 2000-01 to around 28% in 2015-16.
- But the Contract Labour Act, 1970, is applicable only to organisations and contractors who are employing 20 or more workers. Hence, the number of such workers could be much more than what the numbers suggest.

## **Issues Faced by the Contractual Labour segment:**

### **1. Non-compliance of the Contract laws:**

- The Contract Labour (Regulation and Abolition) Act, 1970 and the Inter State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979 have been in place for long; but non-compliance is the order of the day.
- Similarly, manual scavengers, most of them employed as contract labourers, are still forced to do cleaning jobs under the most inhumane conditions, despite this barbaric practice having been outlawed through successive pieces of legislation.
- The Supreme Court, in judgment after judgment, has ruled that contract workers should be paid the same wages as permanent employees for similar jobs, but these orders seem to exist only in the papers. Similarly, Unorganised Workers' Social Security Act, 2008, has largely been a cosmetic exercise.

### **2. Hire and fire norm:**

- Indian labour laws are stringent and protective, but this statement applies only to the fortunate permanent employees, who constitute roughly 10% of the total workforce. **Hire and Fire** is the rule for the contract labourers. Laissez faire is in Full Bloom.

### **3. Social Aspect:**

- Paradoxically, a rigid labour law system has also contributed to greater contractualisation of the workforce. And, engaged in substantial numbers as contract labourers are people from vulnerable caste groups.

### **4. Lack of Revisal in the salary structure:**

- Pay Commissions are always very gracious to upgrade the salary structure of permanent employees on a periodical basis, but the genuine needs of contract workers are repeatedly ignored by the state.

### **5. Precarious Service Conditions.**

- There are thousands of employees in the informal sector, a majority of them engaged through contractors, working in precarious service conditions.

## **Recommendations of the National Commission on Labour:**

- **The second National Commission on Labour, had Strongly Recommended for :**
  1. Abolition of the exploitative contract labour system in course of time
  2. Implementation of a comprehensive social security scheme.

3. A contract worker should be treated as a permanent worker, after two years of working for an organisation

- **But these Recommendations are yet to be Implemented.**

#### **Way Ahead:**

- The Contract Labour Act prescribes that contract workers are entitled to “same wages” for the same kind of work as regular workmen. It is thus important to ensure that wages of contract workers are at par with directly hired workers.
- This is necessary not just for the benefit of contract workers, but also for directly employed workers who have had meagre growth in their real wages.
- Further, now, contract workers should not be engaged in “core” and “perennial” activities as per the law. However, with increasing substitution of regular workers with contract workers and the changing nature of core and perennial activities, there is an urgent need to review the Contract Labour Act.
- The provision of decent conditions of work and social security for contract workers must be strictly adhered to.

#### **Conclusion:**

- In the liberalised Indian economy of the 21st century, such labourers are treated as sacrificial goats. Unless our policymakers ensure strong enforcement of policies linked to such workers, suicides, as in the BSNL-MTNL case, will continue.
- Parliament has already enacted the Code on Wages, 2019. Indeed, we do need reform in our labour laws to enhance globalisation. But, at the same time, we also need a comprehensive umbrella of social security for these foot soldiers of Growth and Development.