



An Overview of the Contract Labour (Regulation and Abolition) Act

The Contract Labour (Regulation and Abolition) Act, 1970¹ was enacted to regulate the employment of contract labour in certain establishments and to provide for its abolition in certain circumstances.

Applicability: The act is applicable to:

- every establishment² in which twenty or more workmen are employed or were employed on any day of the preceding twelve months as contract labour;
- every contractor who employs or who employed on any day of the preceding twelve months twenty or more workmen.

Non- applicability:

- An establishment which performs an intermittent or casual nature of work.
 - The appropriate Government shall decide upon the intermittent or casual nature of work after consultation with the Central Board/ State Board.

Difference Between:

Registration of Establishment employing Contract Labour	Licensing of Contractors
Applicable to every establishment (Principal employer) which employs 20 or more contract labour	Applicable to every contractor who employees 20 or more workmen
The Principal Employer shall apply for registration of an establishment before the registering officer	The Contractor shall obtain a license from the Licensing officer
This is not renewable on year to year basis	This is valid for only one year / should be renewed before due date.
Certificate of Registration need not be displayed at the establishment by Principal Employer	License shall be displayed prominently at the premises where the contract work is being carried on.

¹ Received assent of the President on 5.9.1970; Published in Gazette of India on 7.9.1970

² Sec 2(e) "establishment" means--

(i) any office or department of the Government or a local authority, or
 (ii) any place where any industry, trade, business, manufacture or occupation is carried on;

Liabilities and responsibilities of Principal Employer

- The Principal Employer shall provide the essential amenities like Canteen (above 100 contract labours), rest rooms, drinking water facilities and first aid facilities if the same is not provided by the Contractor (Sec 16 to 19).
- The expenses incurred on amenities by the Principal employer may be recovered from the contractor either by deduction of any amount payable to the contractor under any contract or as a debt payable by the contractor (Section 20).
- The Principal employer must ensure the disbursement of wages through Contractor within the expiry of prescribed period by nominating a representative. If the Contractor fails to make payment or makes short payment then, the principal employer shall be liable to make payment of wages in full or the unpaid balance and recover the amount so paid from the Contractor (Section 21).

Compliances under the Act

Principal Employer: a) Within 15 days of commencement or completion of each contract work under each contractor, submit a return to the inspector, intimating the actual dates of commencement and completion of such contract work.

b) Submit annual returns to the registering officer concerned not later than, 15th February following end of the year to which it relates.

Contractor: File half yearly returns with the concerned Licensing Officer not later than 30 days from the close of the half year.

Recent amendment

Threshold for applicability of the Contract Labour (Regulation and Abolition) Act, 1970 increased from 20 to 50 in Maharashtra

The Government of Maharashtra, has, *vide* notification dated January 05, 2017, increased the threshold for applicability of the Contract Labour (Regulation and Abolition) Act, 1970 (“**CLRA**”) in the State of Maharashtra.

The CLRA and compliances thereunder (obtaining registration as a principal employer or securing a license as a contractor, maintaining registers, etc.) shall now be applicable only if an establishment engages 50 (fifty) or more workmen as contract labour in the preceding 12 (twelve) months or if a contractor employs 50 (fifty) or more workmen as contract labour in the preceding 12 (twelve) months.