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A study on Wage administration, Savings & Debts of Contract Workers in Public and Private Sector Organizations: With reference to Rashtriya Ispat Nigam Limited (RINL) and Coromandel International Limited (CIL)

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ABSTRACT

Contract labour is becoming an increasingly prominent feature of the labour market throughout the world. An international trend is emerging whereby traditional employment patterns based on long term or open-ended employer-employee relationships are being replaced by non-standard arrangements. Increasingly large numbers of the work force are now engaged in typical work arrangements and many of these workers are contract labourers. The plight of contract workers in India is very bad. The Intermediary did recruiting, training and supervising of the workers. Thus, the present study highlights the Wage administration, Savings & Debts of contract workers in private and public sector organizations namely Rashtriya Ispat Nigam Limited (RINL) and Coromandel International Limited (CIL). This study based on primary data collected through a well-structured schedule.

Key words: Contract labour, Labour Market, Employment, Wage, Savings, Debts etc

INTRODUCTION

Contract labour is a significant and growing form of employment. The size of contract workers in the total workforce is significant and, largely, they belong to the unorganized sector. Though they contribute to the economy a lot it has been noticed that the contract labour has remained a disadvantaged section of the working class mainly due to lack of organization, ignorance, etc. Because of which it was recommended by many committees to abolish but recognizing its need and importance in certain business environment the Labour investigation committee in 1946 has recommended for regulation and to abolish wherever it is possible. In view of this, the Contract Labour (Regulation and Abolition) Act 1970 has come into existence. In addition to this, a many more acts were made applicable to the contract workers such as they are covered under minimum wages act, factories act 1948, ESI act and so on. Even after so much of protection of these contract workers there have been significant cases where they found to be ignored, unprotected and were not provided with proper wages or facilities.

Contract labour is increasingly becoming a prominent issue in different economic sectors both in developed and developing counties around the world. There is no explicit internationally accepted definition of the term "Contract Labour", which is often used to refer to different ways of employing workers otherwise than under a normal employment contract between the workers concerned and the enterprise for which they work. This lack of conceptual clarity regarding contract labour gives rise to contradictory interpretations and inhibits the development of adequate protection for the workers involved **(Bombay Chamber of Commerce, 1996).**

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The Contract arrangement has become an integral part of present system. The Contract Labour is prevalent largely in our country. **ILO (1997**) in its report stated that the Government Sector, public sector, private sector all are adopting contract labour under the guise of economic advantage, higher productivity, greater flexibility in employment etc. The employment pattern in the large number of economic sectors has changed dramatically in recent years worldwide. One consequence of this is of substantial increase in the contract labour in different economic sectors.

On one side the Contract labour system became an integral part of present business, on other side, contract labour are subjected to exploitation by their employers, paid low wages, inadequate safety provisions, negligible welfare and social security measures, long hours of work, exposure to dangerous and risky operations etc. in comparison to their counterparts in regular cadre.

The contract labour is an outcome of migration. There have been much deliberation on the fast emerging paradigm of business knowledge and knowledge of economy and how the current century will take advantage of human capital and information technology. **M.D. Chaudhuri (2007)** in his study stated that the trends in production of goods and services within the parameters of available resources are generally recognized as an effective and most efficient tool to monitor the progress of an industry or an enterprise. Most of the methods of producing goods are labour- intensive; these methods really require a large quantity of labour combination with a given unit of capital. An industry has affirmative for affecting the efficient change

WAGES AND WORKING CONDITIONS OF CONTRACT LABOUR

There is a wide disparity between the working conditions of the direct labour and the contract labour. The workers working outdoors do not get proper working conditions or any safety measures but have protracted working hours in order to complete the task assigned to them. The workers indeed, have to be given an ample rest interval. However, the contract workers usually wait for the higher authority to permit them to give any rest intervals, in their case, the periodical rest intervals are not scheduled in the first place. The employers deny legitimate leave with pay to the contract labourers and the deduction of holiday wages are also dependent on the contractor, so the contract labourers do not get any leave facility as the regular workers do.

Wages paid to contract workers must not be lower than the prescribed minimum wage; and, while the responsibility of payment of wages is placed on the contractor, if the contractor falls short, the liability is placed on the principal employer (Section 21(4)) to make up for the payment due. The central (as well at least some state level rules) require parity with wages and conditions of work (hours, holidays etc.) that govern directly employed workers, if they are both doing the same work. The Act makes provisions for labour inspectors to examine relevant records as well as to speak with contract workers and initiate prosecution for contravention of the provisions of the Act **(Deb Kusum Das et. al, 2015)**.

REVIEW OF LITERATURE

Aditi Singh (2013) this study enumerates various vulnerable facts about the contract labourers in India. A huge discrimination exists between a regular and contract worker. Along with other aspects like wages, bad working conditions and social security, the author shows special concern over the issue of sexual harassment of women contract workers. The

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Act is silent on this issue. Though the new law relating to prevention of sexual harassment of women at workplaces is applicable to contract labour also but rarely any contractor or principal employer takes necessary steps prescribed by such law. Inferior treatment to contract labourers is the main cause of recent industrial unrest in India. The Author calls for more initiatives in concrete efforts on the part of International Labour Organization.

Chandur (2004) in his thesis entitled "A Study into the Condition of Employment, Wages, Working Hours of Contract Working in Selected Private and Public Sector Undertaking in Dharward City with reference to Contract Labour (Abolition And Regulation) Act 1970", urges the need to increase the wage and to take only the expected work from the labour, which should be considered in the employer employee contract. Though the contract labour system has been prohibited by several notifications under section 10 of the contract labour (R&A) Act, 1970, organizations are refusing to comply with the law, highlights Chandur.

OBJECTIVES

- To examine the socio-demographic and economic conditions of contract labour in public sector (RINL) and private sector (CIL) industries in Visakhapatnam.
- To observe the wage administration, savings and debts of contract labourers in RINL and CIL, Visakhapatnam.

NEED FOR THE STUDY

The contract workers face discrimination in wages, working conditions and social security when compared with the permanent workers working in the same organization. This has led to the inferior status of the contract workers even though they add high value during the production process largely. Due to the availability of skilled labour at the lower wages and unsaturated domestic market, Indian manufacturing industry has been emerging as a prominent sector in terms of its contribution towards the national and state economy. Therefore, the private and public industries are taking advantage of the existing contract labour system by bringing a lot of change in the employment its pattern. In this backdrop, it is crucial to conduct a comparative study on the pattern of wage administration, savings & debts of contract labour in the organized sectors with reference to both public and private sector organizations. The study also covered the socio-economic conditions of contract labourers in the selected public and private sector organizations in an industrially advanced city like Visakhapatnam covering two reputed public and private organizations namely, Rashtriya Ispat Nigam Limited (RINL) and Coromandel International Limited (CIL) respectively.

SCOPE OF THE STUDY

The present study is confined to the contract workers employed in the public and private sector companies, which are purely manufacturing namely Rashtriya Ispat Nigam Limited (RINL) and Coromandel International Limited (CIL) respectively in Visakhapatnam district. As the nature of the employment adopted by these organizations is mainly contractual, hence the present study focuses on the socio-economic conditions and wage administration, savings & debts of contract labourers with reference to the above said organizations.

METHOD OF STUDY

The present study is a combination of case study and survey method. Case study method is adopted to make an in-depth analysis of employment conditions of contract labour

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employed in RINL and CIL. Survey method is used to elicit pertinent and reliable information including the responses of the sample respondents.

UNIVERSE & SAMPLING

The Universe comprises of 17,200 contract workers covering both the organizations that is RINL and CIL. In CIL, the total workforce is 1210 of which 300 employees covering 25 percent have been considered for the study. The workforce of RINL being relatively very high i.e., 15002 employees, the percentage of sample had to be confined to 2 percent and were selected randomly pertaining to 300 employees who have been identified as sample for the study for uniformity in the number of respondents.

DATA COLLECTION AND STUDY INSTRUMENT

The study is mainly based on primary data. Secondary data has been procured to substantiate the primary data. To seek the opinions of the respondents from the organizations a structured schedule covering the Socio-economic profile, Wages, Savings and Debts of the respondents.

DATA ANALYSIS

The attempt has been made, to analyze and understand the perceptions of sample respondents with respect to their employment conditions in RINL and CIL. The information collected from the sample respondents has been systematically analyzed through Simple Percentile Method, further to test the significant association between the demographic variables with wages, savings & debts between these two organizations the chi-square test for independent of attributes was applied for different possible combinations and is presented with inference. Below are the description of socio economic attributes and various aspects of wages, savings & debts of contract labour in RINL and CIL of the present study.

Table 1

Distribution of Respondents' based on their Socio economic conditions

Gender	**RINL**		**CIL**	
	n	**%**	**n**	**%**
Male	251	83.67	300	100
Female	49	16.33	0	00.00
Age				
Less than 25 years	58	19.33	22	7.33
25-35 years	125	41.67	76	25.33
35-45 years	86	28.67	131	43.67
Above 45 years	31	10.33	71	23.67
Marital Status				
Married	193	64.34	265	88.33
Unmarried/ Widow / Widower/ Divorcee	107	35.66	35	11.67
Family Type				
Joint family	141	47.00	68	22.67
Nuclear family	159	53.00	232	77.33
Social Status				
SC	82	27.33	64	21.33
ST	46	15.33	14	04.67
OBC	93	31.00	166	55.33
Others	79	26.34	56	18.67
Literacy				
Primary	22	07.33	46	15.33
10th / ITI	218	72.67	220	73.33
Inter / Diploma/ Graduate / B.Tech	60	20.00	34	11.34
Monthly Income				
Rs. 5,000 – Rs. 10,000	05	01.67	51	17.00
Rs. 10,000 – Rs. 15,000	262	87.33	248	82.67
Above Rs. 15,000	33	11.00	01	00.33

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Family members				
One	13	04.33	06	02.00
Two	122	40.67	89	29.67
Three	110	36.67	124	41.33
Above Three	55	18.33	81	27.00
Total	300	100	300	100

RINL

From the table 1, it can be observed that out of the total respondents, 83.67 percent are male and 16.33 percent are female. 19.33 percent are less than 25 years age, 41. 67 percent of them are in-between the age group of 25 - 35 years, 28.67 of them are in-between 35-45 years age group and the remaining 10.33 percent of them are above 45 years age. Out of the total respondents in RINL 64.34 percent respondents are married and the remaining 35.66 percent of them are unmarried /widower / widow / Divorcee. 47 percent are having joint family structure and the remaining 53 percent are having Nuclear Families. Out of the total respondents, 27.33 percent are belongs to SC, 15.33 percent are belongs to ST community, 31 percent of them comes under OBC category and the remaining 26.34 percent are belongs to other communities. Out of the total respondents, 7.33 percent stated that they completed their primary education, 72.67 percent done their 10th/ITI and the remaining 20 percent respondents stated have qualified above intermediate. Out of the total respondents from RINL, 87.33 percent stated that their monthly income from all sources lies in between Rs. 10,000 to Rs. 15,000, 11 percent stated their monthly income lies above 15,000 and the remaining 1.67 percent respondents' income lies in- between Rs. 5,000 to Rs.10,000. From the total respondents, 4.33 percent of them stated their family size is one, whereas 40.67 percent of them stated their family size is two, 36.67 percent respondents' family size is three and the remaining 18.33 percent stated that their family size is above three.

CIL

Total respondents are male. That is there no female contract labour working in CIL. Out of the total respondents, 7.33 percent are less than 25 years age, 25.33 percent of them are in-between the age group of 25 - 35 years, 43.67 of them are in-between 35 -45 years and the remaining 23.67 percent of them are above 45 years age. From the total respondents 88.33 percent of the respondents are married and the remaining 11.67 percent of them are unmarried /widower / widow / Divorcee. 22.67 percent are having joint family structure and the remaining 77.33 percent are having Nuclear Families. Out of the total respondents, 21.33 percent are belongs to SC community, 04.67 percent of them belongs to ST community, 55.33 percent of them comes under OBC category and the remaining 18.67 percent are belongs to other communities. From the total respondents, 15.33 percent are completed their primary education, 73.33 percent of them done their 10th/ITI and the remaining 11.34 percent respondents stated that they are qualified above intermediate. From the total respondents, 82.67 percent stated that their monthly income from all sources lies in between Rs. 10,000 to Rs. 15,000, 17 percent respondents' income lies in between Rs. 5,000 to Rs. 10,000 and the remaining 0.33 percent of them are stated that their monthly income lays above15, 000. Out of the total respondents, 2 percent of them stated their family size is one, 29.67 percent of them stated as two, 41.33 percent of them responded that their total family numbers are three and the remaining 28percent stated that their family size is above three.

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WAGES

In this section, the Wages of the respondents are considered and explained basing on simple arithmetic operation namely percentages.

Table 2
Distribution of Respondents' based on their variables of Wage

payment of wages by their employers / Contractor	RINL		CIL	
	'n'	%	'n'	%
Yes	300	100	300	100
No	0	0	0	0
Mode of wage payment				
Through Bank	300	100	300	100
By Cash	0	0	0	0
By Cheque	0	0	0	0
Any other	0	0	0	0
pay day is on or before 7th day of the preceding month				
Yes	300	100	300	100
No	0	0	0	0
Minimum Wages				
Yes	300	100	300	100
No	0	0	0	0
Opinion on their minimum wage revision for time to time				
Agree	143	47.67	241	80.33
Don't know	157	52.33	59	19.67
Disagree	0	0	0	0
Provision of Special Miscellaneous Allowance (SMA)				
Yes	300	100	0	0
No	0	0	300	100
Total	300	100	300	100

Table 2 depicts the opinion of the respondents in both RINL and CIL. It shows that all the respondents at RINL and CIL stated that their contractor pays their wages on a regular basis and all the respondents are receiving their wages through the banks to their respective accounts. All the respondents from RINL and CIL stated that their pay day is on or before 7th day of the preceding month.

All the respondents in both RINL and CIL are receiving the minimum wages as notified by the Department of labour, Govt. of India.

Out of the total respondents from RINL, 47.67 percent of them stated that their minimum wages are being revised from time to time and the remaining 52.33 percent of them stated their neutral opinion towards the statement. While from CIL, majority of the respondents (80.33 percent) stated that their minimum wages gets revised time to time and the remaining 19.67 percent of the respondents stated their neutral opinion towards the statement.

All the respondents from RINL stated that they are given Special Miscellaneous Allowance (SMA). Surprisingly, contrary to CIL none of the contract workers are provided with any Special Miscellaneous Allowance (SMA).

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SAVINGS AND DEBTS OF CONTRACT WORKERS

Table 3 Distribution of Respondents based on their savings and Debts pattern

Savings	**RINL**		**CIL**	
	n	**%**	**n**	**%**
Yes	95	31.67	11	03.67
No	205	68.33	289	96.33
Debts				
Yes	177	59.00	224	74.67
No	123	41.00	76	25.33
Total	300	100	300	100

Table 3 depicts about the Savings and Debts of the respondents from their income in both RINL and CIL. Out of the total respondents from RINL, 68.33 percent stated that they are not able to save anything from their income and 31.67 percent of them have some savings from their income. Whereas in CIL, 96.33 percent stated that they have savings from their income and the remaining 3.67 percent of them responded that they have some savings from their income. Out of the total respondents from RINL, 59 percent of them have debts and 41 percent of them do not hold any debts. Whereas, CIL 74.67 percent of the respondents have debts and the remaining 25.33 percent of them do not have any debts.

Table 4 Cross classification of Respondents from RINL and CIL based on their Marital Status and their opinion on minimum wage revision

Marital Status	**Revision of Minimum wage**				**Total**	
	Agree		**Not Know**			
	RINL	**CIL**	**RINL**	**CIL**	**RINL**	**CIL**
Married	**90**	**217**	**103**	**48**	**193**	**265**
Unmarried/ Widow / Widower/ Divorcee	**53**	**24**	**54**	**11**	**107**	**35**
Total	**143**	**241**	**157**	**59**	**300**	**300**

RINL - Chi Square (χ^2) =0.232 **degrees of freedom (df) =1** **P Value =0.630**

CIL - Chi Square (χ^2) =3.47 **degrees of freedom (df) =1** **P Value =0.062**

The table 4 depicts the cross classification of marital status of the respondents and their opinion on minimum wage revision. In order to know the association between the marital status of the respondents' and their minimum wage revision in both RINL and CIL, a chi square test for independence of attributes is used and the test for the null hypothesis that these are independent is accepted. Hence it can be concluded that the marital status of the respondents and their minimum wage revision are independent in both RINL and CIL. It is further observed that is, in both RINL and CIL the opinion of the respondents on the minimum wage revision is same among married and unmarried category.

FINDINGS BASED ON THE SOCIO-DEMOGRAPHIC PROFILE OF THE CONTRACT WORKERS

The present study reveals that in RINL majority of the respondents who are working as contract workers are male (83.67 percent) similarly in CIL all the respondents are male and there exists no female contract worker in CIL. It is also found that in RINL majority of the respondents (61 percent) are below the age group of 35 years, whereas in CIL only 32.66 percent of them are below the age group of 35 years. Thus it can be observed that in RINL majority of them are in the lower age group when compared with CIL and majority of the respondents in both RINL and CIL are married.

The study also reveals that nearly three fourth portion of the respondents in both RINL and CIL have done their 10th/ITI. It shows that these organizations are mostly hiring the workers with technical background and with matriculation. In CIL the respondents with

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primary education back ground (15.33 percent) are more when compared with RINL who are only 7.33 percent. The monthly income of the majority of the respondents in RINL (87.33 percent) and CIL (82.67 percent) is in between INR 10,000 to INR 15,000. Whereas the respondents earning more than INR 15000 are more in RINL (11 percent) when compared with CIL (0.33 percent). It is also found that the respondents with the total family size above three is more in CIL (69.33 percent) when compared with the RINL (55 percent).

FINDINGS BASED ON THE SAVINGS OF THE CONTRACT WORKERS

The study also reveals that in both RINL and CIL, the savings of the respondents is very low as majority of them in both the organizations are having debts.

FINDINGS BASED ON THE WAGES OF THE CONTRACT WORKERS

In terms of regular wage payment, it is found that in both RINL and CIL all the respondents are getting their wages on regular basis by their contractor on or before 7th day of the preceding month and all the respondents are receiving their wages directly to their respective accounts through the banks. All the contract workers in both the organizations are receiving the minimum wages as notified by the Department of Labour, Government of India.

Through the present study, it also found that in CIL majority of the respondents (80.33 percent) expressed that their minimum wages gets revised regularly where as in RINL about half of them (52.33 percent) stated their neutral opinion towards the minimum wage revision. In RINL, Special Miscellaneous Allowance (SMA) is given to all the respondents whereas in CIL none of them is paid with SMA.

CONCLUSION

The work done by contract labour is on par with regular employees. Though numerable acts were made applicable to the contract workers, they are still being ignored to some extent. In the present study, it was revealed that they are provided wages as per the minimum wages act in both RINL and CIL. However, most of their earning income is low, because of which they are not able to save any income due to lot of debts on them. With regard to the special allowances it is found that the contract workers working for RINL receive Special Miscellaneous Allowance where as none of the contract workers receive the same in CINL. This clearly shows that other than the wages and facilities at the work place as per the act the other privileges provided to the contract workers working for different organizations is not same. It purely depends upon the organization or the contractors whether to provide on not to provide these privileges. There is a need for more revision of the act so that every contract workers is benefited irrespective of where and for whom he is working for.

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