

REPORT
OF THE
STUDY GROUP FOR
THE CONSTRUCTION INDUSTRY



NATIONAL COMMISSION ON LABOUR

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FOREWORD

The National Commission on Labour appointed the Study Group for the Construction Industry in its attempt to understand the changes in conditions of labour in that industry since Independence. This was one of the series of Study Group set up for different industries. The Study Group was required to analyse available information and Project its thinking on labour problems in the Construction Industry for the years to come taking into account the possible developments in the industry.

The views expressed in the report are the views of the Study Group. In examining them for framing its final recommendations, the commission will attach due importance to these views coming as they do from knowledgeable persons in the Construction Industry. In the meanwhile, the report is being published by the Commission with a view to seeking comments on it from persons/institutions interested in the development of that industry.

The Commission is grateful to the Chairman and Members of the Study Group individually for completing their work within the time limit fixed for them. The commission is also grateful to all persons/institutions who may have helped the Study Group in reaching its conclusions.

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INTRODUCTORY

The Study Group on the Construction Industry was constituted by the National Commission on Labour vide its memorandum No. 3(40)/68—NCL dated 6th February, 1968. The following persons were nominated as members of the Group.

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2. Subsequently, vide the National Commission on Labour Memorandum No. 3(40)/68-NCL dated the 24th February, 1968, the name of Shri K.P. Fadia ('RONUK', 37, Sanjiv Bag, Anandnagar, Ahmedabad-7) was added as a Member of the Group. Later, Shri N. S. Mankiker, retired as the Director-General of Factory Advice Service and Labour Institutes. So, in June 1968, Shri S.R. Bhise, his successor in that post, was nominated as a Member of the Group.

3. The Commission had instructed the Group to "ascertain facts from available literature on the subject, draw conclusions and suggest solutions to the problems posed by the Group for the consideration of the Commission".

4. The Group held in all six meetings. Since it was felt that not enough published material was readily available relating to the conditions in the construction industry, the Group requested the headquarters of the Commission to use its good offices to obtain from the various State Governments copies of their Minimum Wages Notifications relating to the construction industry and also other material such as Contract Rules applicable to Government contractors and so on. The help of the headquarters of the Commission proved to be very valuable in obtaining this information. Besides, the headquarters also made available to the Group, copies of the proceedings of the Industrial Committee on the Construction Industry and also certain reports published by the Labour Bureau and also the International Labour Organisation. All this material proved to be of great value to the Group.

5. The Group also felt that it would be necessary to make some direct observations about the conditions of construction labour on actual work sites. Hence, after obtaining

approval from the Commission, the Group visited two construction sites :

- (i) New building of Air India under construction at Nariman Point, Bombay ; and
- (ii) Upper Vaitarna Hydro-Electric Project—about 100 miles North of Bombay.

6. The persons in authority at these work-sites extended to the Group all possible help and co-operation in making these visits instructive and the Group derived considerable benefit from the observations made at these visits.

7. The Group would also like to place on record its appreciation of the assistance provided by the Bombay Office of the National Commission on Labour in the Secretarial and other related work which greatly facilitated the work of the Group.

8. During the first three meetings the Group discussed in considerable detail the various aspects of the subject assigned to it. The general pattern of the questionnaire of the Commission was followed in discussing the various questions. The report of the Group, however, does not strictly follow the pattern of the questionnaire since it was felt more appropriate to bring together related information on certain topics which in the questionnaire itself have been placed under different headings.

I THE CONSTRUCTION INDUSTRY

9. The construction industry covers a wide diversity of works and operations. Besides construction of buildings for residential, commercial and industrial uses, it also covers construction of roads, railways, air-ports, bridges, dams, irrigation canals and so on. Maintenance work on buildings, runways, roads and irrigation canals as also ancillary work related to construction is also included in the construction industry.

10. According to the 1961 Census of India, over 20 lakh workers were then employed in the major sectors of construction and maintenance, out of whom over 2.40 lakh were women.

11. The construction industry is unique in several respects. The conditions of labour in this industry have to be viewed against the background of its unique characteristics and the remedies that are considered feasible and adequate in other production or service industries are not always useful for the construction industry.

12. Construction works are not located at definite points permanently ; but by its very nature, the place of work changes at varying intervals. In the case of some kinds of construction work such as roads, the work-point moves continuously along the road-allignment. In the case of minor construction projects, the work may get completed in a matter of few months and the workers have to move on to some other place where construction might be going on. On major construction projects like dams or irrigation schemes, work may go on at a particular site for several years. But even there, it does come to an end after some years and the workers employed there have to look out for work elsewhere. The number of workers at a project is not constant. During the monsoons, work often comes to a stop. Similarly, at different stages of the project, the number of workers differs widely.

13. The fact that work does not go on continuously at the same place permanently has given to the work a certain casual character. This casual character of the work has also affected the nature of employment of labour, particularly

the security of their jobs. The living conditions of workers and the social security benefits that are commonly associated with industrial employment in the conventional sense are also greatly affected by the nature of the construction industry.

14. Even the employers themselves are often not permanently located at one place. Most construction work is actually done by big and small contractors : the small contractors usually working as sub-contractors under the big principal contractors. As the work relating to one contract is completed, the contractors or the sub-contractors, as the case may be, obtain other contracts and the site of their operations moves to the place of the new contract. In the case of big contractors' firms, the work sites may be scattered over vast areas or even the whole country.

15. The construction industry is governed by hardly any regulative or protective laws. Such general legislation as Payment of Wages Act, the Minimum Wages Act or the Workmen's Compensation Act, does apply to this industry as to any other industry ; but there is no specific legislation applicable to this industry to meet the special features and requirements of the industry.

16. The absence of regulative or protective legislation incidentally results in the virtual absence of any factual data or statistics relating to the total volume of employment, accidents, actual wages paid and so on. At present, most of the statistical material that the Government obtains is the by-product of various labour laws. Since few labour laws apply to the construction industry, the statistical information available is also meagre. Some information regarding accidents etc. in large Government-sponsored projects is regularly forwarded to the concerned Government Departments. But such information is not collected together and compiled into any significant or usable statistics.

17. The Government is the largest principal employer in the construction industry in the sense that most of the largest construction projects are usually sponsored by the Government or some local authorities. Besides, large numbers are employed directly to supervise such work and to do skilled work with the use of heavy machinery. Still others are employed on repairs and maintenance work. The practices followed by the Government in relation to the contractors and the sub-contractors as well as to its direct employees, therefore, have a far-reaching effect upon the conditions in the industry. It has been observed that though

a vast amount of construction work goes on under the general sponsorship of the Government, there is no co-ordination or planning in such work with the express purpose of achieving a steady volume of work in the aggregate and consequently making a steady volume of employment possible. The un-co-ordinated launching of projects results in sudden peaks in demand of labour and also sudden retrenchment of workers on a vast scale. It appears that with a little careful planning and co-ordination among the various Governments and local authorities, it should be possible to phase the launching of the major construction projects in such a way that these sudden peaks and troughs are avoided and a reasonably steady volume of work and level of employment are maintained.

18. The immediate employers of labour in the construction industry are generally the contractors or the various levels of sub-contractors. Entry into the industry as contractors or sub-contractors does not require any qualifications nor the satisfaction of any other conditions. This results in all kinds of adventurers coming into the industry as contractors alongside the experienced and reputed construction firms. The unregulated entry of contractors into the industry has been one of the main causes of the chaotic labour conditions, as also of much sub-standard and slipshod work. Any regulation of conditions in the industry, therefore, would have to begin with the proper regulation of the contractors themselves. It is suggested that it should be made obligatory for all contractors to get themselves registered with the Government and to fulfil certain graded qualifications in respect of technical competence and availability of resources. Some such qualifications are already prescribed to qualify for obtaining Government contracts. But, in private sector, no such qualifications are needed and even on Government work, the sub-contractors are not subject to such conditions at present. In *Annexure I* to this report, we have proposed an outline of the conditions for registration of contractors.

19. Construction work is allotted to contractors on the basis of tenders submitted by them. This system inevitably leads to contractors keeping their quotations low and subsequently economising on their expenses by poor quality of work and by sweated labour. The Group was told that unless the costs involved in providing the basic amenities as well as fair wages to labour are treated as legitimate costs of the construction work itself and the contractors are permitted

to include them in their tenders, the tendency of contractors to economise by depriving labour of the amenities cannot be checked. It is necessary that the Government, as the largest principal employer in the industry, sets the pattern in this respect as suggested later in this report.

30. There are no organised arrangements to regulate employment in the construction industry at present except in respect of technical and skilled workers directly employed by Government, who are usually recruited through the Employment Exchanges. The main contractor usually maintains a small nucleus of skilled workers necessary for their operations and out of this pool, the required number of skilled workers is deployed at the work-site by the contractor. The main requirement of labour is of unskilled workers and these are usually recruited locally nearabout the place of work. For this purpose, the contractor usually sends out a Mithadani or a Mistry to scout for available labour. This Mithadani goes around the villages recruiting workers and generally also fixes up the rates of wages. Alternatively, the main contractor breaks up his work into small parcels and gives out these parcels to sub-contractors. The sub-contractors then recruit labour for their own requirements. In some cases, there are also labour contractors who do the work partly of finding the necessary number of workers and bringing them to the work site.

31. Because of their scarcity, the skilled workers in many cases do enjoy a fairly high degree of security of employment. The semi-skilled and unskilled workers, however, have virtually no such security. In fact, since the recruitment of the unskilled workers is made by the sub-contractors or the labour contractor, the principal contractor assumes no responsibility about the continuity of their employment. It is true that under the Payment of Wages Act, the principal contractor is responsible for ensuring that correct wages are paid even to those workers who are engaged through the sub-contractor. However, such responsibility does not extend to continuity of employment. At present, the principal contractor who gives out the work to sub-contractors has no record or information as to the names of the workers actually at work on the project, since such workers are mostly employed by the sub-contractors. If any dispute regarding improper discharge of a workman or non-payment of proper wages arises, the principal

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contractor has to depend entirely on the record of the sub-contractor. The workers themselves have hardly any protection in such a situation.

22. The Plannig Commission recently set up a Working Group to draw up a standard contract form for construction work. The Group included some contractors also. The Group has suggested, among other things, that contractors should be required to maintain musters and wage records for all workers employed on the projects in the prescribed forms and also to issue employment card to each worker. It has also recommended that "the wages due to every workman shall be paid to him direct." If this is done, it will certainly go a long way in ensuring job-security to the workmen and in minimising complaints of irregularities in wage payment. Of course, such additional obligations should not be imposed upon the contractors piecemeal. The entire set of recommendations of the working Group should be taken as a whole and the above obligations will follow as a part of them.

23. Thus, the employment problem in the industry falls into two sharply different categories. The skilled workers are very scarce and there are no organised training facilities for training additional workers in the construction trades. The skills of the trade are usually handed down from father to son and are sometimes picked up on the job through learning by doing. Some of these trades have now been designated under the Apprenticeship Act. In practice, however, various difficulties have been experienced in implementing the provisions of the Act in relation to the work of the contractors. Hence, it is unlikely that a large number of apprentices in the construction trades will get recruited or trained under the Act in the near future. It is of the utmost importance that systematic training facilities be provided so that the scarcity of skilled personnel in building trades in the construction industry may be remedied in the shortest possible time. For this purpose, the Industrial Training Institutes should provide extensive facilities for theoretical and related instruction to apprentices in the building trades and on completion of such instruction at the ITIS, they should be given further practical training by the industry itself.

24. On the other hand, the problem regarding the unskilled workers is to ensure for them at least a minimum security of employment. Both the structure of the industry

at present and the inherent nature of the industry makes this somewhat difficult. All the same, since security of employment is of great importance to a worker, whatever is possible in this respect needs to be done urgently.

25. The problem can be approached sector-wise. In large urban centres where some construction activity can be reasonably expected to go on all the time even if the actual location of the construction work may move from point to point within the centre, it should be possible to evolve some kind of decasualisation schemes on the lines of those governing the cotton textile industry in Bombay and Ahmedabad or those applied in the Ports and Docks. All the construction workers in a particular city should be registered at any one of a suitable number of decasualisation centres distributed over the whole city. The construction contractors should be required to recruit their respective requirements from the pool of the registered workers available at these centres. Wherever possible, a worker should be recruited for a period to be stated, say a month, three months, a year, etc., depending upon the period for which the contractor expects his work to continue, so that the workers and contractors may not have to go to the decasualisation centre everyday. After the tenure of one job is completed, the workers can report back to their decasualisation centres from where they might get recruited for some other work project.

26. The approximate requirements of construction labour in each trade or category within a particular city should be estimated by making actual studies over a period and as soon as the total pool of registered workers in each trade category reaches the estimated figure, further registration should be stopped. Thereby the constant influx of new job-seekers into this industry can be checked and those who are already in the industry can expect to get reasonably steady work. It is true that such a scheme might impose certain restrictions on the contractors which, in the beginning, might be considered irksome by them. All the same, we feel that the scheme will not hamper their operations in any manner, but might actually help them by assuring them of the availability of labour to meet their requirements. The experience of the decasualisation schemes in the other industries can be drawn upon and a pilot scheme can be prepared for some suitable urban centres. The operation of such a pilot scheme will yield valuable data and indicate the

difficulties to be overcome. The final blue print for a decasualisation scheme, if found practicable on the experience of the pilot scheme, can then be produced for application in other urban centres.

27. This kind of decasualisation scheme will not be possible at work-sites which are distant from the urban areas such as the construction of dams or of major industrial projects. In such cases, unskilled workers will usually have to be recruited in roundabout areas, while skilled workers will have to be recruited over a wide area and will have to be taken to the work-site. The requirements of labour at the work-site are not constant. Moreover, when a particular project is completed, it is not usually possible for workers to find work elsewhere close to the original project.

28. The need for providing job security to the employees should not, however, be ignored even in such situations. Each contractor or sub-contractor should be required to estimate roughly how long he is going to need the services of a particular person when he employs that person. It may be that this period may be only short—about a month or two, or it may be fairly long—may be four to five years. In any case, workers should be given, at the time of recruitment, a work card, showing the approximate period for which his services are likely to be required and during that period the contractor should be required to give him work subject, of course, to accepted disciplinary rules and so on. Reciprocally, the worker should also be required to keep himself available for work during the stipulated period. This is important because it is often complained by contractors that the seasonal absenteeism amongst construction workers is very heavy. If the workers are to gain reasonable security of employment then they must also accept the obligation of being available for work during the agreed period of work. This kind of procedure will be beneficial to both the workers as well as to the contractors.

29. There are certain kinds of jobs in the construction industry which are not really casual at all. For instance, the maintenance work on roads, buildings, airports, irrigation canals, etc., is not casual. Similarly, the work of operating and maintaining construction machinery is not casual. Unfortunately, even the workers doing these kinds of work, a large majority of whom are employed either by the Government or by some other public authorities like the Zilla Parishads, do not enjoy the benefits of permanency.

They are employed either as "muster roll" or as "work-charged" staff. In either case, they are not deemed to be permanent. We see no justification for denying these workers the full benefits of permanency as are enjoyed by other employees both in the private sector and the public sector who do work which is essentially of a permanent nature. We would, therefore, strongly recommend that employees on such work should not be treated as temporary or casual but they should be treated as permanent and given all benefits accordingly.

III WORKING AND LIVING CONDITIONS

30. It is well-known that the working and living conditions of construction workers are appalling. These conditions have been discussed again and again on different forums for the past 15 to 20 years and various specific proposals to ameliorate them have also emerged from time to time. At various stages, specific enquiries have been held in the conditions of construction workers and suitable recommendations have been made. Even the draft of protective legislation was prepared many years ago and was discussed in the year 1965 in the Tripartite Industrial Committee for Construction Industry convened by the Government of India, Ministry of Labour.

31. The general absence of any regulative protective legislation applicable to the construction industry naturally results in some abuses like employment of child labour or of female labour under conditions which would not be permissible in factories or mines. Since there is no law, there is also little inspection and hence the precise extent of these abuses cannot be estimated and even where they are known to exist, no legal remedies appear to be available. This is one of the important reasons why a comprehensive law applicable to the industry as a whole is so urgently needed.

32. By and large, there are no organised arrangements for medical aid to construction workers. They are not covered by the Employees' State Insurance Act. Since in many cases they have to stay far away from urban areas, the necessary medical services are not available nearby. On very large projects there are some kinds of dispensaries provided for them but these are usually extremely inadequate, both in size and quality of service. On the other hand, since usually whole families of workers including wives and children stay at such work-sites, the need for adequate medical facilities cannot be over-emphasised.

33. There is, of course, no provision of any sick pay to the workers though some reputed firms of contractors do give some ex-gratia assistance to those employees who may have been with them for long periods.

34. The appalling living conditions of construction workers are particularly hard on little babies and children. It is not unusual to find near a work-site infants not more than a few months old being placed under the shadow of a tree nearby, exposed to the elements and also to the dust and noise. The community owes to these children a more humane bringing-up. Where some minimum number of women have to work, provisions of appropriate creches, on the model of those provided in the Factories Act, should be made obligatory.

35. On the question of enacting legislation, the meeting of the Industrial Committee on Building and Construction Industry held in July, 1965 had agreed as follows :

- i. The coverage of the proposed legislation should be more or less on the lines of the Factories Act, but there should be some flexibility to make allowances for duration of the works and investment and for the degree of the mechanisation of operations. The appropriate Government will be empowered to exempt particular units or to extend the provisions to units which are smaller in suitable cases.
- ii. Depending on the nature of the work, its location and duration, suitable huts should be provided by the employers.
- iii. For housing accommodation in bigger cities for construction workers the employers would contribute towards a housing fund which might be utilised for setting up permanent camps.
- iv. The standards of housing regarding floor space suggested in paragraphs 6(20) of the memorandum on item 4 were considered generally suitable. The appropriate Government will prescribe what specifications should be followed and material used for local construction.
- v. There should be provision for appointment of safety and welfare officers in works employing 500 or more but in suitable cases the officer may combine both the functions.
- vi. There should be provision for compulsory insurance against accidents.

vii. The scheme of obligations and duties under the proposed legislation should be on the lines indicated in Annexure I of the memorandum on item 5.

viii. The definition of the 'works of engineering construction' should be made wide enough to include maintenance and laying of foundations."

We endorse these recommendations generally.

36. Lately, special legislation has been enacted by Parliament to regulate conditions in such industries as Motor Transport and Bidi. Since adequate preparatory work has already been done on similar legislation for the construction industry, there is no reason to delay it any further. Actual action, however, has been virtually 'nil'.

37. It has been suggested that one of the reasons for lack of action to improve the conditions of construction workers may be the fact that greater amenities to labour will add to the costs of the construction works and the Government itself, which sponsors much of the construction work in the country, is anxious to keep construction costs as low as possible. The industry itself or at least the main, reputed contractors do not seem to have opposed the enactment of protective legislation or the grant of basic amenities to labour. Their contention has been that the costs of providing these amenities should be viewed as an essential and integral part of the total work-costs. Whatever may be the reason, the Group feels that the continued neglect of this section of workers is regrettable. If the society has accepted a policy of protection of the rights of workers and the provision of certain minimum standards and amenities to them, if this is being enforced in relation to other sectors of industrial workers, there is no justification to leave out such a sizable number of workers, as are employed in the construction industry, from the purview of this social objective and policy. If certain costs have to be incurred in providing these benefits to construction workers, those costs must be accepted by the society as unavoidable.

38. Further, there is no reason to believe that the productivity of construction workers will not rise substantially with improvement in their working and living conditions and thereby more than offset the additional costs incurred in providing them with the basic necessities. We are, therefore, strongly of the view that the necessary legis-

lation and administrative measures to protect the construction workers should be initiated without any further delay.

39. One way of meeting the costs involved in providing construction workers with better housing, health and other amenities as also to meet the costs of training of workers in the construction trades, would be to levy a very small cess on the principal construction materials such as steel and cement, etc. The proceeds of such a cess should be set aside and ear-marked for the specific purpose for the betterment of the conditions of workers and for their training.

40. Another method of ensuring that the contractors do provide the prescribed minimum amenities to workers can also be suggested as follows :

The total costs of providing the requisite standard of housing, sanitation, water supply, lighting, medical services, recreation, etc. for workers at the construction site of a particular project, should be estimated and the total amount so estimated should be entered as a fixed item in the schedule of rates for the work to be filled by the tenderers. This amount having been provided in the tender itself, the actual work of providing these amenities might, if considered feasible, be taken out from the responsibility of the contractor concerned and delegated to a different contractor or to some other agency like a social welfare organisation. In any case, the work of providing these amenities should be started and completed sufficiently in time to be available for the workers of the main contractor when they arrive. The details of such a proposal will, of course, need to be worked out but it is felt that such an approach will prove quite practical.

41. Two needs which are apt to escape adequate attention are : (i) schools for workers' children, and (ii) shopping facilities. The former needs no emphasis and since many major projects employ several thousand workers for several years, setting up of at least primary and middle schools should not be an impractical proposition. Without them, the workers' children are condemned to-day to go without the most elementary schooling. If a project is of relatively small size, arrangements should be made to provide transport for the children to go to the nearest village or town which has a school. The hard life of workers at project sites is rendered harder because they cannot buy the necessities of life at fair prices. It is, therefore, of the utmost importance that consumer stores are organised at or near the workers'

camps to supply not only food-stuffs but also all other requirements of the workers. The provision of these facilities must be considered to be the responsibility of the Government which sponsors the project rather than of the contractor.

42. In the large industrial cities, considerable construction of residential accommodation is being done under the control of the State Housing Authorities or Boards. The Subsidised Industrial Housing Scheme, the Slum Clearance Schemes, the Low Income Housing Schemes, etc., are all receiving substantial subsidies and loans from the Union Government. At present, the construction workers are virtually precluded from the benefits of any of these schemes. There seems to be no justification for this. In large urban centres we feel that a certain quota of tenements constructed by the housing authorities under any of the above-mentioned schemes or otherwise, should be earmarked for allotment to construction workers.

IV SAFETY

43. Construction work is physically hard and must be carried out in conditions which are difficult and hazardous. Most of the time the workers are exposed to the elements. There are serious hazards of accidental injury and even death due to objects or persons falling from height, collapse of scaffolding, caving in of earth-work, handling of explosives and so on. Fully reliable statistics of accidents in the construction industry are probably not available. What is available is through the operation of the Workmen's Compensation Act. The reputable construction firms do report accidents and pay proper compensation to the workmen involved in them. But this cannot be said of every contractor and it is probable that a considerable proportion of accidents do not get reported and payment of compensation is evaded on them.

44. The memorandum prepared by the Labour Ministry for meeting of the Industrial Committee in July, 1965, gave, *inter alia*, the following factual information :

".....In a memorandum prepared by a Project authority sponsored for the construction of three steel projects it has been stated that there were as many as 46 fatal accidents between the period 4th June, 1959 to 30th October 1959. Some information in respect of accidents in building and construction industry can be collected from the compensation figures paid under the Workmen's Compensation Act, 1923. It has been reported that there were 82 deaths, 125 cases of permanent disablement and 1340 cases of temporary disablement during 1957 alone against a total employment figure of about 100,000 workers. The rate of compensated accidents in building and construction industry in 1957 was 15.14 for 1,000 workers as against 16.84 in factories. The death rate according to compensation figures for all industries was the highest in the building construction industry, the figure being 0.80 per 1,000 workers compared to 0.75 for mining industry and only 0.15 for factories. These are not the total figures of accidents but only those which were compensated, but even these figures would show that the problem of safety in building and construction industry is at least as serious as in factories.

“.....One construction project on which the Ministry of Labour has been receiving reports of accidents is the construction of Banihal Pass Tunnel. The construction of the tunnel was taken in hand sometime in 1955 and from July, 1955 to December 1959 there were 394 accidents of which 25 were fatal.”

45. Whatever may be the actual incidence of accidents, there is no doubt that a considerable volume of personal hardship and misery is caused by them and much of it is avoidable if proper attention is paid to safety. Industrial safety, has, of late, been receiving increasing attention. Such attention does not seem to have reached the construction industry. The International Labour Organisation has produced considerable valuable material about safety in the construction industry and the Labour Ministry of the Government of India has also produced several years ago some draft proposals to enforce better safety, conditions in this industry in our country. As observed earlier, however, action to implement these proposals has been sadly lacking. In spite of a recommendation in 1955 by the Tripartite Industrial Committee, the Government has not still ratified the I.L.O. Convention No. 62 regarding safety provisions in the Building Industry.

46. The Central and most of the State Governments have prescribed certain standards regarding wages and other amenities to be provided by contractors to their workers on Government contract. It is common experience, however, that these conditions prescribed in the Contract Rules are observed more in breach. They are not statutory and the Government executive authorities on the spot are more anxious that work should go on than that the necessary protection to the workers is provided. There is, therefore, a conspiracy of silence among all the parties concerned in the matter of implementation of the Contract Rules relating to Workers' amenities. On private construction, of course, there are no obligations on the contractors at all except in the matter of payment of minimum wages notified under the Minimum Wages Act.

V WORKERS' ORGANISATIONS

47. Construction workers are not very strongly organised in Trade Unions except some sections of departmental labour. The casual nature of their employment is in itself one of the greatest obstacles in the growth of stronger unions in the industry. It cannot also be said that all the employers, i.e., the contractors in the industry, accept the formation of Trade Unions without any misgivings. It appears that some sections of workers employed directly by Government cannot get their Unions recognised as they are not deemed to be 'industrial' workers' according to Civil Service (Conduct) Rules. Such technical obstacles in the development of sound trade unions should be removed. The Trade Union movement in the country also does not seem to have given the same attention to the Unionisation of this sector of workers as it has to organising the factory workers or workers in mines and plantations.

48. In the Western countries, the construction trades were among the first to be organised into unions on the basis of their crafts. To this day, the craft unions of the construction employees are among the strongest in the trade union movement in those countries. These unions do the work of regulating not only the wages and hours of work but also the labour market in their respective crafts and the contractors have to approach the Unions concerned for their requirements of workers of the respective trades. The decasualisation of employment has thus been achieved by the trade unions themselves.

49. It may be that we are far from that stage of unionisation. All the same, there is no doubt that better trade union organisations in the construction industry will bring about greater order and better protection of the workers. It is well-known that the provisions of protective labour legislation remain on paper when there are no strong trade unions to ensure that such provisions are actually implemented.

50. The employers in the industry do not appear to be organised any better than the workers themselves. This is largely due to the haphazard entry of all kinds of people

into the fields as contractors. It would be to the benefit of the whole industry if the bonafide and reputed construction firms could evolve and enforce the appropriate qualifications and conditions for contractors and thereby ensure not only fair conditions for labour but also acceptable standards of work. Self-regulation by the industry itself is sure to be more effective and beneficial than legislation or administrative action by Government.

VI WAGES

51. Most of the workers in the construction industry are governed by the Minimum Wages Act and most of the State Government as well as the Central Government have to notify the minimum wages to be paid to workers doing different kinds of work in this industry. In some parts of the country, the workers employed on repairs and maintenance are not covered by the Minimum Wages Act. Therefore, in the sixth meeting of the Minimum Wages (Central) Advisory Board held on 1st February, 1966, it was decided to amend entry No. 7 in Part I of the Schedule to the Minimum Wages Act so that the workers on the maintenance of buildings and construction and maintenance of runways and railway tracks are also covered by the Act. But the amendment has not so far been made.

52. Such figures as the Group could collect regarding the Minimum Wages Rates notified by the different Governments are presented in *Annexure II* to this report. It will be noted from *Annexure II* that in several cases the notifications are quite old and have not been revised for many years. It will also be noted that on the whole the minimum wages prescribed are very low especially for the unskilled labourers as compared to the prevailing wages in the organised industries in the different parts of the country.

53. There are different authorities notifying the minimum wages for construction workers relating to the projects within their respective administrative control. Thus, the railways, the C.P.W.D., and State P.W.Ds., may prescribe different minimum wage rates for the same kinds of jobs and these may be simultaneously applicable in the same State or area. In such cases, it has been complained by the contractors that they are placed at a great disadvantage. They must either pay different rates of wages to different workers working under them on different projects in the same area—which is obviously, difficult. In the alternative, they must pay at that rate which is the highest among those notified by the different authorities and the additional financial burden incurred thereby will not be reimbursed by the other authorities prescribing lower rates.

54. In many cases, the minimum wages so notified have become out-dated and the wages that have been paid actually to attract workers are substantially higher than the notified minimum rates. This fact is taken into consideration by the Governments which prescribe what are called the scheduled rates for different kinds of work on the basis of which the contractors can estimate their labour costs. The scheduled rates, so prescribed, are more in line with the prevailing wage levels in the industry and much higher than the notified minimum wages. However, such rates prescribed under the Schedules do not amount to any statutory protection to the worker's wages since if a contractor fails to pay these wages, the worker cannot enforce them through legal action. Only the minimum wages are enforceable statutorily. It is, therefore, necessary that the minimum wages fixed under the Act are revised at more frequent intervals than the five-year interval prescribed at present.

55. The actual methods of wage payment are somewhat peculiar in this Industry. The workers usually work in small groups under the general leadership of some mukadam or headman. The group as a whole works on piece-rates and the total payment for the whole group is made to the headman on the basis of measurements of the completed work. The payment to individual workers within the group, however, is on time-rates and depends upon the number of days worked by each worker. The difference between the amount received for the work done by the whole group on the basis of the piece-rates and the total amount paid out to all the members of the group by daily-rates, represents the profit of the headman. The latter is naturally interested in keeping the daily-rates of the members in his gang as low as possible and also to get as much volume of work completed as possible within a given time so that his profit margin can be maximised. There have been complaints that in order to get the maximum work done, the members of the gang are compelled to work long hours but get only the fixed daily wages.

56. The system of wage payment through the group headman also leads to other kinds of abuses and complaints such as non-payment to some members of the group or payment at rates lower than those agreed to in the beginning. It is true that in case of non-payment of wages, the principal contractor is responsible for ensuring that payment is made. But in case of short payment, the remedy must be extremely

difficult, in view of the illiteracy of most of the workers. The large numbers of claims for unpaid wages or illegally deducted wages filed before authority under the Payment of Wages Act are a measure of the extent of these kinds of abuses.

57. The wage rates in the construction industry are almost invariably on a consolidated basis and are not supplemented by any dearness allowance with the result that the real wages of the workers have no protection against the rising prices.

58. The skilled workers, because of their scarcity, are usually in a position to command fairly satisfactory wage rates but the unskilled workers due to their poor bargaining strength and low level of organisation are more or less at the mercy of the contractors and the sub-contractors in the matter of wage rates.

59. While, as mentioned above, the system of paying for group work by piece-rates is almost universal in the industry, incentive schemes to relate the earnings of individual workers to output are relatively rare. In the few cases where such schemes exist, they are limited to skilled workers.

VII SOCIAL SECURITY

60. Workers in the construction industry have no social security whatever in the accepted sense of the term. One of the important causes of these is said to be the casual nature of the employment itself. We have made some suggestions in the previous pages to bring about some measure of security of employment for these workers. Once such security of employment is achieved, there should be no great difficulty in extending the social security benefits like provident fund and health insurance, etc., to these employees also. This would necessarily mean some increase in labour costs, but as we have remarked earlier, social policy demands that these workers should not be left out from the benefits and amenities which are generally considered to be desirable for industrial workers as a whole.

61. Construction methods in our country are still largely primitive. The use of machinery and of sophisticated building techniques that are being developed in other countries have found only a very limited application in our country. This is largely due to the fact that wages are low and it is cheaper to get work done by employing a larger volume of labour than by the use of mechanised equipment, except on specialised jobs where the use of such equipment may be unavoidable on technical considerations. Under these conditions it is not surprising that labour productivity in the industry cannot be compared with that in other countries.

62. While the replacement of manual labour by machinery does not offer any significant economics and on the other hand might be undesirable in view of considerations of employment policy, we believe that higher productivity within the present methods is not ruled out. More systematic training of skilled workers in large numbers, better organisation of workers, greater insistence on the technical competence of the contractors, steady employment to workers and improvement in their nutrition and living standards would, in our opinion, go a long way in raising labour productivity in the construction industry.

63. Very little statistical data is available at present in this area and the norms for estimating the requirements of labour for specific jobs are largely approximate and based on past experience. It might be desirable and worthwhile to undertake more systematic studies on a pilot basis to evolve more dependable norms of performance for different kinds of work in this industry by the use of proper industrial engineering, techniques, etc.

Sd/- Shri Bagaram Tulpule	Chairman
Sd/- Shri S. R. Bhise	Member
Sd/- Shri M. A. Rehman	Member
Sd/- Shri M. T. Shukla	Member
Sd/- Shri K. A. Khan	Member
Sd/- Shri B. V. Apte	Member
Sd/- Shri B. K. Kapadia	Member
Sd/- Shri N. N. Manna	Member
Sd/- Shri K. P. Fadia	Member

Ahmedabad :

Dated 15.7.1968

VIII Summary of Conclusions and Recommendations

1. Construction industry covers a wide range of works and operations including construction of buildings for residential, commercial and industrial uses, construction of roads, railways, airports, bridges, dams, irrigation canals, maintenance and repair work on the above and also ancillary work related to construction. (Para 9)
2. According to the 1961 census, over 20 lakh persons were employed in this industry of whom over 2.4 lakh were women. (Para 10)
3. Since construction works are not located permanently at fixed points and since the employment on particular construction projects fluctuates widely according to seasons and the stage of work, both the works and employment therein have assumed a certain casual character. (Paras 11—14)
4. The construction industry is governed by hardly any regulative or protective legislation. (Para 15)
5. The statistical and factual information available about labour conditions in the construction industry is meagre. (Para 16)
6. The Government is the largest principal employer (sponsoring authority) in the construction industry. By devoting some care to the planning and co-ordination among different Governments and local authorities, it would be possible to phase the launching of major construction projects in such a way that a reasonably steady volume of work and level of employment are maintained. (Para 17)
7. The un-regulated entry of contractors into the industry regardless of qualifications or resources has been a major cause of chaotic labour conditions and much sub-standard and slipshod work. Hence, some system of classification and registration of contractors on the basis of their qualifications and resources should be introduced as suggested in *Annexure I*. (Para 18)
8. Since construction contracts are given out by the tender system, there is a practice among contractors to economise on labour amenities and wages so as to keep their bids low. (Para 19)

9. To ensure that contractor's labour gets proper amenities, it is necessary that the cost of such amenities is accepted as a permissible cost item in the tender and care is taken to ensure that the expenditure allowed under that head is in fact incurred and the amenities provided. Alternatively, a small cess on building materials may be imposed for financing these amenities. (Paras 19, 39, 40)

10. There are no organised arrangements to regulate employment in the construction industry. (Para 20)

11. The unskilled and semi-skilled workers working under contractors and sub-contractors have no security of employment, though the Minimum Wages Act does afford some protection to their wages. The principal contractor does not keep any record of the names of workers working on the project. This gives rise to many complaints. (Para 21)

12. The Working Group of the Planning Commission has recommended that contractors should be required to maintain musters and wage records for all workers and issue employment cards to them. This will be helpful but the Group's recommendations should be taken as a whole and not piecemeal. (Para 22)

13. Skilled workers in building trades are relatively scarce, but arrangements for systematic training in such trades are very limited. It is necessary that adequate arrangements are made for such training in the Industrial Training Institutes and by the industry itself. (Para 23)

14. To provide greater security of employment to construction workers, the possibilities of introducing decasualisation schemes like those in the docks or in the Cotton Textile Industries in Bombay and Ahmedabad should be examined. Pilot decasualisation schemes should be tried out in one or two suitable not-very-large urban centres on an experimental basis and, if found workable, should be introduced in all other urban centres also. (Paras 24, 25, 26)

15. Workers employed on major projects away from urban areas should be given employment cards for specified duration and should be entitled to get work for that duration. Reciprocally, they should be under obligation to remain available for work for the duration. (Paras 27, 28)

16. Workers employed by Government or by local authorities on maintenance work on buildings, roads, airports, dams, irrigation canals, etc. should be deemed to be

permanent and get all benefits of permanency, since their work is not of a casual nature. (Para 29)

17. Working and living conditions of construction workers are appalling. In the absence of specific legislation, improvements therein cannot be enforced. (Paras 30, 31, 34 and 46)

18. Enactment of legislation to regulate labour conditions in the industry has been discussed for many years. Specific recommendations have been made by the Tripartite Industrial Committee and draft of the legislation has been prepared long ago. However, no such legislation has, in fact, been enacted. There is no reason to delay it any further. (Paras 30, 35 and 36)

19. As part of the amenities to be provided for construction workers, schools and shopping facilities need special attention. (Para 41)

20. A certain quota of tenements constructed by the State Housing Boards or authorities under the subsidised Industrial Housing or other schemes should be earmarked for allotment to construction workers. (Para 42)

21. Fully reliable statistics regarding accidents in the construction industry are not available, but there is some evidence that their number is considerable. (Paras 43, 44)

22. Greater attention to safety in the industry on the lines proposed in the ILO Conventions and the schemes prepared by the Chief Adviser of Factories needs to be given. (Para 45)

23. Construction workers are not strongly unionised, the causes being the casual nature of employment, the attitude of contractors, the Government rules regarding recognition and the lack of determined organising efforts by the trade union movement itself. Only stronger unions will be able to ensure real improvement in the workers' conditions as in the Western countries. (Paras 47, 49)

24. Employers in the industry are also not well-organised. Fair conditions for labour as also proper standards of work will be possible only if the industry itself properly regulates the qualifications and conduct of the contractors. (Para 50)

25. Wages in the construction industry are mostly fixed under the Minimum Wages Act and are low compared to those in organised industries. (Paras 19, 51 and 52 and Annexure II)

26. Different authorities fix different Minimum Wages applicable to the same area or region. Contractors, however, cannot pay different wages to their workers in the same region on different projects. This puts the contractors to much inconvenience and loss. (Para 53)

27. Minimum Wages fixed under the Act should be revised more frequently than the five-year interval prescribed under the Act. (Para 54)

28. The system of wage-payment in the industry is that the contractor pays the sub-contractors on piece-rates, but the latter pay individual workers by daily-rates. This leads to complaints of non-payment or short-payment by workers. (Paras 55, 56)

29. Payment of separate dearness allowance is almost non-existent on the construction industry. (Para 57)

30. Incentive payment systems are very rare in the industry. (Para 59)

31. Workers in the industry have no social security benefits of any kind except Workmen's Compensation. Extension of the benefits of Health Insurance and Provident Fund to construction workers will be feasible once some degree of decasualisation of their employment is achieved. (Paras 32, 33, and 60)

32. Use of machines for construction work is not usually economical in India and has an adverse effect on employment. But labour productivity could be increased by better training of skilled workers, better organisation of work; greater technical competence of contractors and sub-contractors, and, above all, better nutrition and living standards for workers. (Paras 61 and 62)

33. Systematic studies to evolve satisfactory norms of performance need to be undertaken, as, at present there is little reliable data available. (Para 63)

ANNEXURE I

CLASSIFICATION AND REGISTRATION OF CONTRACTORS

1. Every contractor should be required to get himself registered with a central Registering Authority in the respective States and should not be permitted to take private or public construction contracts unless he gets so registered.

2. All contractors should be divided into four classes, A, B, C and D according to the technically qualified personnel machinery and other resources at their disposal and a limit should be prescribed on the total value of contracts that can be taken by each class of contractors.

3. The qualifying conditions for each class of contractors and the value limit of the contracts permissible for each class may be as follows :

Class D :- Should have at least one experienced supervisor. Also tools and equipment for the work and instruments like levels, measuring instruments, etc. Permissible limit of contracts value—Rs. 50,000.

Class C :- At least one qualified engineer and adequate experienced supervisors. Sufficient machinery for execution of work. Permissible limit of contracts Rs. 5,00,000.

Class B :- Three qualified engineers and sufficient number of supervisors for both site and office. Machinery like crushers, etc. Additional machinery for earthwork, batch mixing of concrete, transport, quality control, etc. Adequate financial reserves and sufficient past experience of execution of construction works. Permissible limit of contract—Rs. 50 lakhs.

Class A :- Adequate (more than three) qualified staff of engineers and supervisors for both office and site work. Specially trained staff for specialised jobs like roads, excavations, marine work, bridges, heavy concreting, dams, underground work, etc. Should possess the

whole range of machinery needed for such works and a good record of completed works. No limit on value of contracts.

4. Registration should be periodically reviewed in the light of past performance.

5. For contractors engaging themselves only in supply of labour, the technical conditions prescribed above will not apply. But they too should be required to get themselves registered with the Authority separately as labour supply contractors.

ANNEXURE II

Minimum Wages Notified by Various State Governments and by Central Government for employment in Construction Industry

Sl. No.	State	Date of last Notification	Wage Rates Per Day					Remarks
			Unskilled			Semi-skilled	Skilled	
			Man Rs. P.	Women Rs. P.	Child Rs. P.			
1.	Andhra Pradesh	11.2.1961	1.50 to 1.75	1.25 to 1.50	75% of adult	2.00 to 3.00	2.25 to 3.25	State divided into two zones and separate minimum wages notified for each.
2.	Assam	16.11.1964	3.25	—	—	—	4.50	No separate rates fixed for Semi-skilled work.
3.	Bihar	5.4.1968	2.50	—	—	3.00	4.00 to 5.00	
4.	Delhi	7.2.1964	2.50	2.25	1.44	3.00 to 5.00	5.00 to 5.75	
5.	Gujarat	28.12.1966	2.00 to 3.00	—	—	2.75 to 3.75	4.50 to 5.50	State divided into 3 zones and separate minimum wages notified for each.
6.	Himachal Pradesh	20.10.1966	2.50	2.20	—	3.00 to 3.25	4.00 to 5.50	
7.	Kerala	24.11.1962	2.20 to 2.75	1.65	1.38	—	3.30 to 3.85	

1	2	3	4	5	6	7	8	9
8.	Madhya Pradesh	28.6.1963	1.25 to 1.75	1.00 to 1.50	0.87 to 1.25	2.00 to 2.25	2.75 to 3.50	A Committee set up to revise these rates has already submitted its report which is being considered by State Government.
9.	Madras	17.12.1964	1.50 to 1.80	—	1.20	2.75	3.60	
10.	Maharashtra	6.7.1965	45.50 to 71.50	—	—	78.00 to 130.00	104.00 to 156.00	Rates are monthly.
11.	Mysore	25.10.1966	1.75	1.75	1.10	2.70	3.55 to 4.45	
12.	Orissa	25.6.1965	1.00 to 1.50	—	—	1.25 to 1.75	2.50 to 3.50	For certain jobs minimum piece rates are also fixed.
13.	Punjab	1.3.1960	1.90	—	—	2.50	4.45	Rates notified by the former Punjab State have been continued in the Haryana.
14.	Haryana		2.00	—	—	3.00	5.50	
15.	Rajasthan	24.2.1965	60.00 to 65.00	—	—	80.00 to 90.00	100.00 to 150.00	Rates are monthly.
16.	Uttar Pradesh	22.6.1965	1.73	1.73	1.16	—	—	Minimum wages not fixed for semi-skilled and skilled workers.
17.	West Bengal	22.7.1960	1.75 to 2.00	1.75 to 2.00	—	2.25 to 3.00	3.50 to 6.00	

1	2	3	4	5	6	7	8	9
18.	Central Government							
(a)	All India Radio Project installations	17.2.1964	1.50 to 2.25	—	—	2.25 to 3.37	3.00 to 5.00	Different minimum wages are notified for different centres.
(b)	National Coal Development Corporation	16.10.1962						
(i)	Coal Mine Areas		2.66	—	—	2.92	3.75	
(ii)	Development Areas		1.50	—	—	2.25	3.00	

- Notes : (1) Manipur and Tripura have informed that they have not fixed any minimum wages for the Construction Industry.
- (2) Jammu and Kashmir and Goa, Daman and Diu have informed that Minimum Wages Act is not applicable to them.
- (3) There are numerous Notifications issued by the Central Government fixing Minimum Wages for Construction Workers under different Ministries. The two most recent ones are covered above. Many others pertaining to the year 1959 and earlier upto 1954 have been furnished by the Central Government and appear to be still in force. They are not, however, covered above.