

Government of National Capital Territory of Delhi  
Labour Department  
C-Block, 5 Sham Nath Marg, Delhi-110054

No. F.12(142)/02/MW/VII/166

Date :22.05.2015

To

All Pr Secretaries/Secretaries/HoDs of all departments/Heads of all local bodies, autonomous bodies and public sector undertakings of the Govt. of NCT of Delhi.

Subject : Provision of services and labour through contractors – reg.

Sir/Madam,

A large number of contractors are providing services and labour in various departments, local bodies, autonomous bodies and public sector undertakings of the Government of National Capital Territory of Delhi. Complaints have been received that many contractors are depriving their contract labours of their legal entitlements. They are also not remitting ESI and PF contributions to the authorities concerned.

2. It is hereby informed that minimum wages for different categories like  
a) Unskilled, semi-skilled and skilled, Clerical, non-supervisory staff in schedule employment.  
b) Un-skilled, semi-skilled and skilled for employment in shops, commercial establishments and clubs where either meals or lodging or both facilities are provided, are fixed / revised by the Labour Department, Govt. of NCT of Delhi from 1 April and 1 October every year.

3. The contractors are mandated to provide at least the notified minimum wages, besides following statutory liabilities:-

(i) Provident Fund Contribution 12% +0.5 %(EDLI) + 0.85 % (administrative charges on EPF subject to minimum of 500 rupees) + 0.01 % (administrative charges on EDLI (Employees Deposit Linked Insurance Scheme) subject to a minimum of 200 rupees) totaling 13.36 % of the notified minimum wages. It may also be noted that the persons drawing wages upto 15,000 rupees are covered under EPF and ESI. However, the person once covered /made member of EPF Scheme, shall continue to remain member irrespective of the wage if exceeds 15,000 rupees per month . However, contribution on EPF shall be limited to wage ceiling of 15,000 rupees.

Sen  
22/5/15

Contd...2

- (ii) ESI Contribution @ 4.75 % of the notified minimum wages.
- (iii) In case, the minimum wages are upto 10,000 rupees, minimum bonus @ 8.33% of the wages earned during the financial year (monthly wage to be taken as 3,500 rupees for the purpose of calculation) shall also be paid, if the worker has worked at least for a period of 30 days in that year. To illustrate the employer's liability in case of unskilled, semi-skilled and skilled worker is as under :-

Illustration

a. Employer's liability in case of Unskilled Worker (Per Month)

i.	Minimum rates of wages	-	9048 rupees
ii.	Provident Fund Contribution	-	13.36 % of 9048 rupees = 1209 rupees
iii.	ESI Contribution	-	4.75% of 9048 rupees = 430 rupees
iv.	Bonus	-	292 rupees for every completed month and will be payable financial year-wise by 30 <sup>th</sup> November of next financial year.
	Total	=	10,979 rupees

PS:-Out of the minimum wages of 9048 rupees, contractor will deduct rupees 1086 (12% of mw) towards employee's contribution of EPF and pay it to EPFO. Similarly the contractor will also deduct 158 rupees (1.75% of mw) as employee's share towards ESI and pay it to ESIC. This is in addition to employer's liability as above, payable to EPFO and ESIC. Therefore, the net payable amount to the worker will be 7804 rupees i.e. [9048-(1086+158)=7804]

Total statutory liability to the employer in case of Unskilled Worker is 10,979/- rupees.

b. Employer's liability in case of Semi Skilled Worker (per Month)

i.	Minimum rates of wages	-	10,010 rupees
ii.	Provident Fund Contribution	-	13.36% of 10,010 rupees =1337 rupees
iii.	ESI Contribution	-	4.75% of 10,010 rupees = 475 rupees
	Total	=	11,822 rupees

PS:-Out of the minimum wages of 10010 rupees, contractor will deduct rupees 1201 (12% of mw) towards employee's contribution of EPF and pay it to EPFO. Similarly the contractor will also deduct 175 rupees (1.75% of mw) as employee's share towards ESI and pay it to ESIC. This is in addition to employer's liability as above, payable to EPFO and ESIC. Therefore, the net payable amount to the worker will be 8634 rupees i.e. [10010-(1201+175)=8634]

Total statutory liability to the employer in case of Semi-skilled Worker is 11,822/- rupees

*Gu*  
*2-15/15*

Contd..3..

c. Employer's liability in case of Skilled Worker (per month)

i.	Minimum rates of wages	-	10,998 rupees
ii.	Provident Fund contribution	-	13.36% of 10,998 rupees =1,469 rupees
iii.	ESI Contribution	-	4.75 % of 10,998 rupees = 522 rupees
	Total	=	12,989 rupees

PS:-Out of the minimum wages of 10998 rupees, contractor will deduct rupees 1320 (12% of mw) towards employee's contribution of EPF and pay it to EPFO. Similarly the contractor will also deduct 192 rupees (1.75% of mw) as employee's share towards ESI and pay it to ESIC. This is in addition to employer's liability as above, payable to EPFO and ESIC. Therefore, the net payable amount to the worker will be 9486 rupees i.e. [10998-(1320+192)=9486]

Total statutory liability to the employer in case of Skilled Worker is 12,989 rupees.

For any default for making the payment or short payment than notified minimum wages to the contract workers, principal employer is liable to make the payment as per section 21 of the Contract Labour (R&A) Act 1970 which can be deducted from the contractor's bill or if no bill is pending then the amount be termed as due from the contractor and can be recovered by due process of law.

It is, therefore, impressed upon that while inviting tenders, it may be noted that minimum financial liability for hiring any man-power would be as above subject to six monthly revision of notified minimum wages. As such departments should invite tenders on the basis of competitive administrative charges at which the contractors would supply the man-power or provide the services.

Attention is also invited to the fact that every principal employer is jointly and severely responsible and is required to ensure that payment to man-power engaged through a contractor is made every month by 7<sup>th</sup> day of every month.

The Labour Department has also issued administrative instructions vide order dated 04.03.2014 that the contractor shall pay to the contract labours either electronically or through account payee cheques and to upload the details of workers alongwith details of wages paid to them on his website or on the website of the principal employer. The Principal Employer should also ensure this compliance as well.

Contd..4..

*Handwritten signature and date*  
22/10/14



Instances of payment of less than the notified wages through various dubious means like withdrawing the money by the contractor from the accounts of the employee through forcible possession of their ATM cards or through any other dubious means would amount to payment of less wages than the notified minimum wages. Payment of less wages than the notified minimum wages would result into prosecution under Section 22(a) of the Minimum Wages Act 1948 which entails a penalty of imprisonment upto a period of six months or with fine upto 500 rupees or with both. This is in addition to the provision relating to compensation upto 10 times of the arrears of less payment which the Authority under Minimum Wages Act 1948 may direct to be paid to the concerned workmen.

This is for information and necessary action at your end.

Yours faithfully,

*Satish Mathur*  
22.5.15

Satish Mathur  
Secretary (Labour)