



**Government of Jammu and Kashmir
Finance Department (Codes Division)
Civil Secretariat, Jammu/Srinagar**

Subject:- Statutory obligations to be followed in the contracts for hiring manpower from outsourcing agencies on GeM Portal.

**CIRCULAR No. 08-FD of 2023
Dated: 04-12-2023**

Ministry of Labour & Employment, GoI, has expressed concern about possible underpayment of contractual workers engaged through outsourcing agencies due to unauthorized deduction in wages by such agencies. Further, the issue of delayed payment of monthly wages to such workers by the agencies and non deposition of EPF and ESIC contributions of the workers has also been highlighted.

In order to protect the interest of such workers, the Government of India has recently incorporated following statutory obligations in the contract of hiring manpower through outsourcing agencies on GeM portal:-

- a) Mandatory contribution of EPF and ESIC by the agencies in timely manner.
- b) The service provider/contractor shall be responsible for paying wages to contract labour at rates not less than the minimum wages as notified by the Appropriate Government.
- c) The service provider/contractor shall not make any unauthorized deductions from the wages of the contract labour.
- d) As per the Contract Labour (Regulation and Abolition) Act, 1970, the service provider/contractor shall be responsible for ensuring that wages are paid to the contract labour on time. The principal

employer/buyer shall ensure that the wages are paid on time to the contract labour by the service provider/contractor. In case the service provider/contractor fails to pay the wages on time or makes short payment, the principal employer/buyer shall be liable to pay the wages to the contract labour directly and recover the amount from the service provider/contractor.

- e) The service provider/contractor shall be responsible for paying bonus to contract labour in the manner prescribed by the Payment of Bonus Act, 1965 & shall get reimbursed from the buyer.
- f) The service provider/contractor shall be responsible for paying proportionate gratuity to contract labour who have rendered continuous service as per the provisions of the Payment of Gratuity Act, 1972.

Accordingly, all Administrative Departments are advised to direct their subordinate offices to incorporate above provisions in the contracts for hiring manpower from outsourcing agencies and ensure their compliance.

Sd/-
(Santosh D. Vaidya), IAS,
Principal Secretary to Government,
Finance Department.

NO: FD-Code/458/2021-02-492

Dated:- 04.12.2023

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37. I/C website, GAD (www.jkgad.nic.in).
38. Government Order File (W2scs).



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