



<b>Process Note</b>	<b>Contractors Management System</b>
<b>Applicability</b>	<b>All Manufacturing Units engaging Contractual workers</b>
<b>Responsibility</b>	<b>Unit HR &amp; Unit Head/Factory Manager</b>
<b>Issue Date</b>	<b>19<sup>th</sup> December 2018</b>
<b>Version</b>	<b>2.0</b>

## 1. Objective

The objective of this process note is to streamline the procedure for appointment of Contractors in the manufacturing units and to ensure strict adherence to all the relevant provisions of the Labour Laws by such Contractors in the Manufacturing Units.

## 2. Scope

All manufacturing units in India wherever Contractual Workers are engaged.

## 3. Process owner

The manufacturing unit HR and the Unit Head/Factory Manager.

## 4. Selection Committee

A Committee consisting of the following should critically examine the proposal of each Contractor willing to provide services: -

1. Unit Head/Factory Manager
2. Unit HR Head
3. Unit Commercial Head
4. Unit Engineering Head (in case of Engineering Contract only)

## 5. Process

### 5.1 Process of selection of Contractor

5.1.1 Whenever there is a requirement of a Contractor for existing job(s) or new job(s), the concerned Functional Head (herein after called the “initiator”) requiring the Contractor will complete the Contractor Engagement Form (Annexure A) attaching a formal introductory letter and an undertaking (Annexure F) from the Contractor on his/her official letter head containing address, contact number etc. and seeking contract with the Company.

5.1.3 The engagement form will be verified with required documentations like copies of Labour License, PF Code, ESI Code, GST Number, PAN Number etc. and signed by all eligible members of the Selection Committee as mentioned in point 4 above.

5.1.4 Obtain approval of Corporate-HR in Annexure A before engagement of the Contractor.



## 5.2 Guidelines for the Contractor

5.2.1 The Contractor is desired to own the responsibility for his/her employees (hereafter called the “Contract Labour”) and comply the following statues as currently applicable and/or its various amendments time to time during the continuity of the Contract in the respective State where the unit is located: -

- a) The Contract Labour (Regulation & Abolition) Act and obtaining and/or renewing Labour License by the Contractor under the said Act for the specified job allotted by the Company before engagement of Contract Labour.
- b) The Employees’ Provident Funds and Miscellaneous Provisions Act and obtaining independent PF Code by the Contractor under the said Act.
- c) The Employees’ State Insurance Act and obtaining independent ESI Code by the Contractor under the said Act.
- d) The Factories Act.
- e) The Minimum Wages Act
- f) The Payment of Wages Act
- g) The Payment of Bonus Act
- h) The Workmen’s Compensation Act wherever ESIC is not applicable.
- i) Any other State specific Statute/Rules as applicable

5.2.2 The Contractor must maintain all documents and ensure completion of all formalities and submission of returns under various Acts within the stipulated time.

5.2.3 The Contractor must engage Contract Labors who are physically fit and are not involved in any criminal act/political activities and are not under-age or overage or suffering from any contagious disease.

5.2.4 The Contractor must maintain full & final records along with resignations of all his/her employees who had left employment.

5.2.5 The Contractor should periodically rotate Contract labors engaged by him to avoid connivance with staff and dormitory workmen wherever applicable.

## 5.3 Guidelines for the Unit HR

5.3.1 Unit HR is required to obtain Registration Certificate under Contract Labour (Regulation & Abolition) Act and include all the Contractors being engaged by the unit in the said Certificate.

5.3.2 It is the responsibility of Unit HR to educate the Contractor on his/her duties.

5.3.3 Unit HR is desired to nominate Company representative at the time of disbursement of wages to the Contract Labors by the Contractor.

5.3.4 Unit HR must ensure all statutory compliance with respect to engagement of Contract Labors on behalf of the Company and also to ensure Compliance by the Contractor(s).





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5.3.5 Unit HR must ensure executing of formal contract as per Point 7 below before engaging the Contract Labour.

### 6. Process for monthly billing system

6.1.1 The Contractor shall raise monthly bills and submit the same to the concerned HOD by the closing hours on 3<sup>rd</sup> of a month for the previous month. The Contractor shall also attach PF & ESI contribution deposit challans of previous month and the copy of the bank statement reflecting the said deposits. The user department shall verify the job and forward the same to unit HR.

6.1.2 Unit HR is desired to verify the bills from the records and to verify PF & ESI contribution amounts along with date of deposits. In case of delay in depositing PF & ESI Contributions by the Contractor, Unit HR shall advise the concerned Contractor to deposit penalty & damages charges with the concerned Authorities through supplementary challans and submit proofs thereof. On completion of the same, Unit HR to verify & advice for further processing thru' Unit Commercial Head/Unit Head, ensuring disbursement of wages by the Contractor within stipulated date.

6.1.3 Unit HR is also desired to simultaneously verify ECR (Electronic Challan cum Return) / Contribution history with PF & ESI Challan and salary registers to get confirmation that contractor has deposited 100% PF & ESI for all their employees who are working in Unit premises.

6.1.4 Unit HR shall verify TRRN (Temporary Return Reference Number) which is generated as reference to ECR details for PF deposits confirmation. TRRN of every contractor should be scrutinized for the following: -

- a) Presentation date
- b) Realization date
- c) Date of credit

For ESI, Unit HR to verify the challan submitted date by using "Modify Challan" and "Online Challan Double Verification" options available in ESIC online portal.

Unless "Date of Credit" appears in EPF TRRN and "Challan Submitted Date" appears in ESIC Challan verification, the transaction is not complete, and thus reimbursement to contractor should not be made in such case.

### 7. Format for Contract Agreement

The Contractor shall execute a Contract with the Company on the prescribed formats (Annexure B, C or D as applicable) on non-judicial stamp paper of Rs.100/- before starting of work. Unit Head/Factory Manager shall sign the Contract on behalf of the Company.

### 8. Guidelines on Safe Management of Contractors

The Unit must follow the attached guidelines in Annexure E issued by Corporate HSE as renewed from time to time.



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### 9. Interpretation and amendments

In case of any doubts arising with regard to any of the provisions in the process note and in case some points are not covered by these rules, final authority of interpretation will vest with Head – Corporate HR whose decision will be final and binding to all.

