



COMPLIANCE RESPITE IN THE STATES OF UTTAR PRADESH AND MADHYA PRADESH

The outburst of the novel coronavirus pandemic has delivered a severe blow to the businesses and supply chains across India and worldwide. As a result, various businesses are apprehensive about their survival and business continuity and are looking upon the Central and State Governments for relief packages.

In order to help industries emerge from the current crisis, the State Governments of Uttar Pradesh and Madhya Pradesh have taken certain measures with regard to ease of doing business and relaxing norms.

The following relaxations have been allowed in terms of the labour law compliances.

UTTAR PRADESH

With a view to encourage investments, setting up of industrial infrastructure and for the benefit of the existing factories and industries, the Government of Uttar Pradesh (in its cabinet meeting held on May 6, 2020) cleared an ordinance titled Uttar Pradesh Temporary Exemption from Certain Labour Laws Ordinance, 2020 ("**UP Ordinance**").

As per the UP Ordinance, new as well as existing entities have been granted temporary exemption (for the next 3 years) from complying with most of the labour laws. However, the following labour laws and/or provisions shall continue to remain in force: (a) Bonded Labour System (Abolition) Act, 1976, (b) Employee's Compensation Act, 1923, (c) Building and Other Construction Workers' (Regulation of Employment and Conditions of Service) Act, 1996, (d) provisions for the timely payment of wages within the defined timeframe as stipulated under Section 5 of the Payment of Wages Act, 1936, and (e) laws and provisions pertaining to women and children.

The UP Ordinance is awaiting the assent of the Governor before it is notified in the official gazette and implemented.

MADHYA PRADESH

The State Government of Madhya Pradesh, on May 5, 2020, introduced the following amendments in the existing labour laws by circulating the Madhya Pradesh Labour Laws (Amendment) Ordinance, 2020 (effective from May 6, 2020):

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- The statutory limit for the applicability of Madhya Pradesh Industrial Employment (Standing Orders) Act, 1961 has been increased from fifty (50) employees to one hundred (100) employees.
- The Government of Madhya Pradesh has empowered itself to exempt any establishment or any category of establishments from any or all of the provisions of Madhya Pradesh Shram Kalyan Nidhi Adhiniyam, 1982 (this legislation provides for the constitution of a labour welfare fund for the financing of activities to promote the welfare of labour in the State of Madhya Pradesh), subject to the condition(s) as may be specified by the government.

In addition to the above, the Government of Madhya Pradesh, by way of notification dated May 5, 2020, has introduced the following reforms:

- Amendment of the Contract Labour (Regulation and Abolition) (Madhya Pradesh) Rules, 1973 in order to permit the contractor to make an online application (for grant of license) on the official portal of the labour department as opposed to physically delivering the application for grant of license to the Licensing Officer. Additionally, the validity of the licenses granted to contractors shall stand extended for the period of the contract for which the application is made.
- The State Government (in supersession of the department notification dated March 28, 2017) has notified recognition to third party certification for non-hazardous category factories employing up to fifty (50) workers. Subject to certain conditions, factories submitting the certification report (as carried out by a third party authorized by the Labour Commissioner, Madhya Pradesh regarding compliance of the provisions of the Factories Act, 1948) to the inspector having jurisdiction, before January 31st of every year, shall be exempted from the routine inspection process. However, the factories that fail to submit their compliance certification report before the deadline of January 31st of every year shall not be entitled to such exemption.
- Certain industries shall be exempted from the provisions of the Industrial Dispute Act, 1947, except certain provisions such as those relating to lay off, retrenchment, closure and transfer of the workmen, for the next one thousand (1000) days effective from May 5, 2020, subject to the condition that adequate provisions are made by such exempted industries for the investigation and settlement of industrial disputes of the workmen employed by them. The exemption shall be applicable to those new industries which will be registered under the Factories Act, 1948 and start production for the first time in the next one thousand (1000) days from May 5, 2020.

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- The provisions of the Madhya Pradesh Industrial Relation Act, 1960 shall not apply to certain industries specified in the Schedule (appended with the relevant notification dated May 5, 2020 pursuant to which the exemptions were issued), provided that the exemption shall not affect the cases pending before the Labour Court, Industrial Court or any other Court of Law and such cases shall be disposed of or proceeded with as if such items had not been exempted.
- Exemption of all factories registered under the Factories Act, 1948 in the State of Madhya Pradesh from all the provisions of the Factories Act, 1948 and Madhya Pradesh Factories Rules, 1962 (except provisions relating to compliances with respect to approval, licensing, registration, health and safety, provisions related to hazardous process, overtime, leave, employment of young children, notice of certain accidents and general power to make rules) for a period of three (3) months from May 5, 2020.
- Allowing shops or commercial establishments to remain open from 6:00 A.M. to 12:00 A.M.

OTHER STATES

It is pertinent to note that Punjab, Gujarat, Rajasthan and Himachal Pradesh have also issued notifications to amend their respective Factories Act (as applicable to each of the above States) in order to increase the working hours to twelve (12) hours in a day in place of eight (8) hours and seventy-two (72) hours in a week in place of forty-eight (48) hours.

Further, the State of Gujarat has announced that it will ease the compliance of labour laws except compliance with the Minimum Wages Act, the Industrial Safety Rules and the Employee's Compensation Act for all new industrial units for a period of twelve hundred (1200) days. In addition, the process of approval for establishment of new industries in the State of Gujarat would be an online process and land for such industries would be allocated within seven (7) days along with the requisite Government approval within fifteen (15) days. However, the official notification on these aspects from the state government is still awaited.

Clasis Law supports 'Stay Home, Stay Safe' initiative to fight against pandemic COVID-19 crisis. We continue business as usual and our attorneys and staff are available to provide our clients uninterrupted service. Please do not hesitate to reach out with questions or concerns at any time. We hope that you and your family remain healthy and safe throughout this global health challenge.

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