



## KARNATAKA EMPLOYERS' ASSOCIATION

### **CIRCULAR NO 154/2020**

Date: 22.08.2020

To  
All Members of the Association

### **Centre's Fiat to State Government**

### **RELAX LABOUR LAWS**

### **TO BE ELIGIBLE FOR ADDITIONAL BORROWING**

In a move that reiterates its resolve to further relax Labour Laws and promote ease of doing business, the Central Government has allowed Karnataka, additional borrowing of 2% of Gross State Domestic Product (GSDP) subject to implementation of specific reforms under Labour Laws as suggested by the Ministry of Finance, Government of India.

The following specific reforms to the Labour Laws are to be implemented to avail the benefit of enhanced borrowing by Karnataka:

#### **1) Elimination of Renewals:**

State Government has to take steps to eliminate requirements for renewal of certificates/approvals/licences obtained by businesses for various activities such as:

- i. Registration under the Shops and Establishment Act
- ii. Licence for Contractors under provision of the Contract Labour (Regulation and Abolition) Act
- iii. Registration of Establishment under the Inter-State Migrant Workmen (RE&CS) Act.
- iv. License under the Factories Act.

#### **2) Computerised Central Random Inspection System:**

A Computerised Central Random Inspection System has to be put in place so that the same inspector is not assigned to the same unit in subsequent years. Prior inspection notice has to be provided to the business owners automatically and inspection report has to be uploaded within 48 hours of

Inspection. A synchronised format of inspections of different departments supporting joint inspection to be developed to co-ordinate and share the APIs/Integration requirements of Inspections under the following Acts:

- i. The Equal Remuneration Act 1976,
- ii. The Minimum Wages Act 1948,
- iii. The Shops and Establishment Act,
- iv. The Payment of Bonus Act 1965,
- v. The Payment of Wages Act 1936,
- vi. The Payment of Gratuity Act ,1972,
- vii. The Contract Labour (Regulation and Abolition )Act 1970,
- viii. The Factories Act 1948,
- ix. The Boilers Act 1923.

A copy of the Circular No. KUM/E9/EoDB/DB-RAP/111/2020-21 dated 17.08.2020 is attached.

**For KARNATAKA EMPLOYERS' ASSOCIATION**  
**sd/-**  
**( B C PRABHAKAR )**  
**PRESIDENT**

ಗೌರವ ಗುಪ್ತ, ಭಾ.ಆ.ಸೇ

ಸರ್ಕಾರದ ಪ್ರಧಾನ ಕಾರ್ಯದರ್ಶಿ

GAURAV GUPTA, IAS

Principal Secretary to Government



Government of Karnataka

ವಾಣಿಜ್ಯ ಮತ್ತು ಕೈಗಾರಿಕೆ ಇಲಾಖೆ.

Commerce & Industries Department

No.KUM/E9/EoDB/DB-RAP/111/2020-21

August 17, 2020

Dear

Sub: Ease of Doing Business: Government of India guidelines  
for additional 2% State borrowing subject to implementation  
of State Specific Reforms.

Ref: Letter No.F.No.40(06)PF-S/2017-18/Vol.V dated 17.05.2020  
of Ministry of Finance, Govt.of India

As per the communication referred to above, the State has been allowed additional borrowing of 2% of GSDP in 2020-21 subject to implementation of State Specific Reforms suggested by Ministry of Finance, Govt.of India. Copy of the said communication is enclosed herewith for perusal.

Department for Promotion of Industry and Internal Trade (DPIIT), Government of India would assess the progress in respect of District Level and Licencing Reforms for Ease of Doing Business, and recommend the release of additional borrowing.

The following reforms related to Labour Department are to be taken up:

1. **Elimination of Renewals:**

The requirements for renewal of certificates/approvals/licences obtained by businesses for various activities has to be eliminated. However, it is stated by DPIIT that mere collection of reasonable fees with automatic non-discretionary deemed renewal is permitted if done in a transparent, online, non-discretionary and automatic manner.

Action has to be initiated to issue the Govt.Order/Notification for the following services:

- (i) Registration under the Shops and Establishment Act.
- (ii) Licence for Contractors under provision of the Contract Labour (Regulations and Abolition)
- (iii) Registration of establishment under the Inter-State Migrant Workmen (RE&CS) Act, 1979.
- (iv) Licence under the Factories Act, 1946.

...2/-

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(2) **Computerised Central Random Inspection System:**

A computerized Central Random Inspection System has to be developed, which would enable centralized allocation of inspectors. The same Inspector is not to be assigned to the same unit in subsequent years, prior inspection notice has to be provided to the business owners automatically and inspection report has to be uploaded within 48 hours of inspection. The module based on a synchronized format of inspections of different departments supporting joint inspection is being developed at Karnataka Udyog Mitra.

In this regard, it is requested to co-ordinate by sharing the APIs/Integration requirements of inspections required under the following Acts:

- (i) The Equal Remuneration Act, 1976.
- (ii) The Minimum Wages Act, 1948
- (iii) The Shops and Establishment Act.
- (iv) The Payment of Bonus Act, 1965.
- (v) The Payment of Wages Act, 1936
- (vi) The Payment of Gratuity Act, 1972
- (vii) The Contract Labour (Regulation and Abolition) Act, 1970.
- (viii) The Factories Act, 1948
- (ix) The Boiler Act, 1923.

It is also requested to ensure that apart from the above, specific reforms pertaining to your department that are already communicated, need to be implemented by 15.09.2020 and compliance evidence shared.

With

Yours sincerely,  
Sd/-  
**(Gaurav Gupta)**

**Dr.Rajkumar Khatri, IAS.,**  
Additional Chief Secretary to Government,  
Labour Department,  
Vikasa Soudha, Bengaluru.

**Copy to:**

1. Commissioner, Labour Department, Karmika Bhavana, Bengaluru.
2. Director, Department of Factory, Boilers, Industrial Safety and Health, Bengaluru.

  
**(Gaurav Gupta)**