

# Business Standard

## Madhya Pradesh assembly passes labour law amendments

**Factories with up to 300 workers can fire without government approval**

**Somesh Jha & Shashikant Trivedi | New Delhi July 23, 2015** Last Updated at 00:42 IST



After failing to get the Centre's approval to the ordinance route, the Madhya Pradesh Assembly on Wednesday passed a single Bill to amend eight major labour laws; seven other laws would be changed through compounding provisions, etc. With this, Madhya Pradesh became the third state in a year, after Rajasthan and Gujarat, to pass its own labour law amendments in Assembly.

After the amendments, those companies in Madhya Pradesh that employ up to 300 people will be allowed to retrench workers or shut shop without government approval (the current provision is for those employing up to 100 to do so).

To be able to do so, employers will have to give a higher compensation package — workers will get a three-month notice and at least three months' salary in the event of retrenchment. At present, either of two is provided; and employees are paid 15 days of wages for every year worked. Also, in case of a dispute, a worker will have to approach the conciliation officer within three years of getting retrenched.

### EASIER RULES

- Retrenched workers to get at least 3 months' compensation
- In the event of a dispute, a worker has to approach conciliation officers within 3 years
- Workers to get earned leave after 6 months, which could be availed of in the same calendar year
- Overtime hours in a quarter raised from 75 hours to 125 hours
- Women can work in night shifts; state govt to ensure security

\* Plant & machinery to be excluded in calculating building and construction cess

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M K Varshney, principal secretary in the Madhya Pradesh labour department, said the Bill would be sent for the President's approval within 10 days.

After the Bharatiya Janata Party (BJP)-led government took charge at the Centre, the states ruled by the party have shown intent to change their respective labour laws. According to sources, the BJP government in Haryana is also planning to ease retrenchment norms for workers. "We are thinking of changing the laws in the manner proposed by the central government," said a source in the Haryana labour department.

The central government has been encouraging states to change their labour laws according to their needs and conditions. Sources said the Maharashtra government had sent similar labour law proposals for approval of the state Cabinet.

The Union government has drafted an Industrial Relations Bill to ease retrenchment rules and toughen the rules related to forming trade unions. This, along with the state government's actions, has been strongly opposed by trade unions.

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In Madhya Pradesh's case, a proposal to amend 17 labour laws was sent in the form of an ordinance for the President's approval. However, after examining the proposals for six months, the Centre in April raised objections to various provisions of two such Acts. Those provisions related to exempting micro industries from seven labour laws, increasing work hours and prior permission for labour inspections.

Following this, the Madhya Pradesh government decided to first table the proposals cleared by the Union government in its state Assembly and then re-send those to the Centre.

A President assent will still be required, as labour fall in the concurrent list of the Constitution, where the state might legislate but the final approval rests with the Centre.

Gujarat also passed a slew of labour law amendments in its state Assembly and the approval is pending with the President. It has eased "hire and fire" provisions in special investment regions like the Delhi Mumbai Industrial Corridor (DMIC), National Investment and Manufacturing Zone (NIMZ), export-oriented industrial establishments and some other economic zones. In these areas, companies are allowed to lay off workers without the government's permission, but wages equivalent to 60 days of work every year have to be paid to the retrenched workers.

Workers in Madhya Pradesh will get the benefit of earned leave after six months of service, in the same calendar year. This will apply to factories with at least 10 workers if they are without power connection, or factories with at least 20 workers if they have power connection. At present, employees are entitled to annual leave after they have worked for at least eight months, but they are able to avail of these in the next calendar year.

The process of registration or grant of licences for establishments will also be expedited under the Contract Labour Act, Inter State Migrant Workers Act, Motor Transport Workers Act and Building & Other Construction Workers Act.

At present, establishments under these Acts have to apply for registration or licence and wait till they come. According to the Bill, if an application is not disposed within 30 days, it will be deemed registered or an approved licence.

Plant and machinery will be excluded for assessment of cess levied by Building and Other Construction Workers Board under the BoCW Act. With this, builders in the state will have to pay a considerably reduced cess for their construction work.

Overtime hours for workers in a quarter will be increased from 75 hours to 125 hours under the Factories Act. The factories will have to maintain a record of overtime of workers and pay double the wages if the work hours are extended.

Also, women will be allowed to work in night shifts at factories — they could work from 8 pm to 6 am in morning. The state government will make necessary provisions for their safety and security.

Industrial and commercial firms, after the amendment, will not be required to maintain multiple registers. Instead, they will be allowed to file simple returns and maintain a single register pertaining to labour. Where penal provisions attract three months of imprisonment, the new amendment law will provide “compounding” option to the employer.