

## **State governments take steps to ease compliance under labour laws**

Government of India has pressed the gas pedal to reform India's labour laws and improve ease of doing business, while at the same time protecting the welfare of employees. Recently, the government has consolidated 29 Central Labour Acts into four codes to do away with plethora of licences, registrations and renewals. The consolidation of labour laws has been a long pending economic reform as it was recommended by the second National Commission for Labour way back in 2002. This bold political reform will significantly reduce the number of periodic returns that employers have to file and do away with the need to maintain multiple wage registers, accident registers and muster rolls. The four labour codes are likely to come into force from April 2021 once all the state governments come out with rules and notifications to this effect.

In 2014, the central government launched Shram Suvidha portal to ease compliance under various labour laws. It has also invited all state governments to integrate their online system with this portal for single window compliance with relevant labour laws. The government exempted start-up enterprises from Labour Inspections under six different labour acts upon filing self-certified declarations on this Portal.

The central government's reform measures have been supplemented by the progressive measures taken by various state government in recent months to simplify labour legislations. Labour is a concurrent subject in the Constitution, which allows both the central and the state governments to introduce regulations. In fact, more action on this front is needed at the state level as there are more than 200 state laws dealing with labour, compared to 44 at the central government level.

According to the latest information available with the union Ministry of Labour, many state governments have taken progressive steps to improve ease of compliance under labour laws. For instance, at least nine state governments have exempted industries employing less than 300 workers from prior permission for laying off, retrenchment and closure. Earlier, only industrial units employing less than 100 workers had this permission. These states are Maharashtra, Assam, Uttar Pradesh, Jharkhand, Uttarakhand etc.

Around 12 state governments have simplified registration procedure under various labour acts and most of them introduced single window or online services for various license, registration and other services. These include Rajasthan, Chhattisgarh, Bihar, Punjab, Tamil Nadu, Uttarakhand etc. Almost all state governments, except Goa, Karnataka, Nagaland, Meghalaya Jharkhand and Maharashtra introduced transparent inspection system and exemption from inspection if employers comply with audit and assessment norms.

Other illustrious measures taken by various state governments are: introduction of voluntary compliance scheme, combined annual return and allowing night work for women.

At the same time, many state governments are yet to introduce other reform measures such as enhancing maximum permissible overtime, compounding of offences under Contract Labour Act and integration with the central government's Shram Suvidha Portal, among others. Also, most state

governments are yet to introduce deemed registration, if no action is taken on application under various acts.

A coordinated effort between the central and state governments will go a long way in easing compliance burden under various labour legislations and improve investor sentiment.

## Notifications

### Press Information Bureau

APEDA signs MoUs with NSIC for harnessing the export potential of MSMEs

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1705751>

Exchange Rates Notification No. 31/2021 - Customs (N.T.)

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1705756>

Gangwar Releases Compendium on C PI for Industrial Workers

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1705810>

Mineral Production during January 2021 (Provisional)

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1705747>