Notifications- Labour laws

KEY OBLIGATIONS UNDER LABOUR LAWS

The focus of our assessment in this Guide is on the Central laws categorized in the following functional categories:

Industrial Relations

1. *The Trade Unions Act, 1926;*
2. *The Industrial Disputes Act, 1947;*
3. *The Industrial Employment (Standing Orders) Act, 1946;*

Wages

4. *The Payment of Wages Act, 1936;*
5. *The Minimum Wages Act, 1948;*
6. *The Payment of Bonus Act, 1965;*

Women & Child Labour

7. *The Child and Adolescent Labour (Prohibition & Regulation) Act, 1986;*
8. *The Equal Remuneration Act, 1976;*
9. *The Maternity Benefit Act, 1961;*
10. *Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013;*

Social Security and Labour Welfare

11. *The Employees' Compensation Act, 1923;*
12. *The Employees State Insurance Act 1948;*
13. *The Employees' Provident Fund and Miscellaneous Provisions Act, 1952;*
14. *The Payment of Gratuity Act, 1972;*
15. *The Contract Labour (Regulation and Abolition) Act, 1970;*
16. *The Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979;*
17. *The Labour Laws (Simplification of Procedure for Furnishing Returns and Maintaining Register by Certain Establishments) Act, 1988;*
18. *The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959;*
19. *Shops and Establishments Act;*

20.Sales Promotion Employees (Conditions of Service) Act, 1976;

Labour Laws and the RMG Sector

There are no labour laws enacted specifically for the RMG sector. However,there has been a recent amendment in rules notified under the Industrial Employment (Standing Orders) Act, 1946for promoting fixed term contract employment in the apparel manufacturing sector.Additionally, there are some incentives and preferential schemes announced from time to time by various ministries/ departments of the Government of India, that benefit the employers and employees in the RMG sector.These aspects have been discussed briefly below.

a) ***Promotion of fixed term contract employment:***The rules notified by the Central Government under the Industrial Employment (Standing Orders) Act, 1946 were amended on 7thOctober 2016 to promote fixed term contract employment in the apparel manufacturing sector. The Government's stated objective in notifying these amendments is to provide flexibility in employment of workers in this sector, since the seasonal nature of the sector results in fluctuation in demand and requires flexibility in employment of workmen.

The amendments to the Industrial Employment (Standing Orders) Central Rules, 1946 notified on 7th October 2016 (**"IE Central Rules"**), mandate same working conditions (wages and other benefits) for fixed term employees in the apparel manufacturing sector, as those provided to regular employees.

*Applicability:*The IE Central Rules are applicable only to: (i)Union territories; and (ii) in the States, to industrial establishments under the control of the Central Government, or a railway administration, or in a major port, mine or oilfield.
The State Governments are empowered under the Industrial Employment (Standing Orders) Act, 1946 to extend similar benefits,as those available under the IE Central Rules, to workers in other establishments under their jurisdiction.

*Benefits provided to fixed term contract workers in apparel sector:*Pursuant to the amendments in the IE Central Rules, establishments in the apparel manufacturing sector with more than one hundred workmen, are required to provide same statutory benefits and working conditions to workmen who have been engaged on fixed term contract basis, as they provide to the permanent workmen.

A "fixed term employment workmen in apparel manufacturing sector" has been defined as a workman engaged on the basis of contract of employment for a fixed period. The IE Central Rules mandate that his working hours, wages, allowances, and other benefits shall not be less than that of a permanent workman. He is also eligible for all statutory benefits available to a permanent workman proportionately according to the period of service rendered by him, even though his period of employment does not extend to qualifying period of employment required in the statute.

b) ***Social security:***The Government of India has implemented various schemes to provide social security benefits to workers in the apparel and textile sector. The continuance of these schemes depends on budget allocations made for the same from time to time.

Some of the social security and welfare schemes of the Government of India which are relevant to the apparel and textile sector are discussed below.The schemes have typically been administered through departments of the Ministry of Textiles, or Ministry of Health and Family Welfare, or through Life Insurance Corporation of India.

(i) ***Provident fund contributions under the Pradhan MantriRojgarProtsahanYojana (PMRPY) Scheme:***The Pradhan MantriRojgarProtsahanYojana (PMRPY) Scheme (**"PMPRY Scheme"**) had been announced by the Government of India in the Budget for 2016-17 with the objective of promoting employment, and was notified on 9^{th} August 2016. Under the PMPRY Scheme, employers would be provided an incentive for enhancing employment by reimbursement of the 8.33% employee pension scheme (EPS) contribution made by the employer in respect of new employment.

For the textile/ apparel sector, the Government of India is providing additional incentive by also paying the employee provident fund (EPF) contribution of 3.67% in addition to paying the pension scheme contribution of 8.33%. These payments will be made by the Government of India after the employer has credited the 12% EPF contribution of the employees with EPFO.

The benefit can be availed of by the textile sector establishments dealing with the manufacture of wearing apparel, in particular NIC Codes 1410 (manufacture of wearing apparel, except fur apparel) and 1430 (manufacture of knitted and crocheted apparel).

The key features of the PMPRY Scheme are as follows:

i. The eligible employer must have added new employees to the reference base of workers in order to avail benefits under the PMPRY Scheme from August, 2016 onwards. The benefit would be available only in respect of the new employees earning wages up to Rs. 15,000/- per month.
ii. For new establishment getting registered with Employees' Provident Fund Organisation after 1st April, 2016, the reference base will be taken as zero/NIL employees. Thus, the employer can avail of PMRPY Scheme benefits for all new eligible employees.

iii. The benefit would continue to be applicable for three years (i.e. new eligible employees will be covered till 2019-20), provided they continue in employment by the same employer.
iv. If such new employee changes his job to a new establishment, the new establishment can avail of the scheme benefits by registering this employee in the PMRPY Portal for the balance period.