

शं. अग्रवाल, आई०ए०एस०  
भारत सरकार के सचिव  
SHANKAR AGGARWAL, I.A.S.  
Secretary to Govt. of India

*(RB)*  
*(CA)*



सत्यमेव जयते  
MINISTRY OF LABOUR & EMPLOYMENT  
SHRAM SHAKTI BHAVAN  
NEW DELHI - 110001

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D.O. No. Z-20025/ 1 /2016-LR Cell

February 19, 2016

Dear Chief Secretary,

Government of India is promoting the setting up of new Micro, Small and Medium Enterprises (MSMEs) to catalyze the creation of employment opportunities through them and therefore, various incentives and ease in regulatory compliance provisions are being conceptualized for the MSMEs. In this connection, it is proposed now to simplify and ease the compliance burden of these MSMEs under certain Labour Laws during their initial 3 years of establishment with an inspection scheme taking into account the self-certifying compliance with the Labour Laws. The Labour Laws to be covered under this are:

- (1) The Industrial Disputes Act, 1947
- (2) The Trade Unions Act, 1926
- (3) The Building and Other Constructions Workers' (Regulation of Employment and Conditions of Service) Act, 1996
- (4) The Industrial Employment (Standing Orders) Act, 1946
- (5) The Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979
- (6) The Payment of Gratuity Act, 1972
- (7) The Contract Labour (Regulation and Abolition) Act, 1970
- (8) The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
- (9) The Employees' State Insurance Act, 1948

2. It is observed that out of the 9 Central Labour Acts above, first 7 Acts are implemented both by State Government (State sphere) and Central Government (Central sphere). Last two (EPF and ESI Act) are mainly implemented by Central Government. Also, out of these 7, only 4 Acts (*viz. Industrial Disputes Act, Building & Other Construction Workers Act, Inter-State Migrant Workmen Act, and Contract Labour Act*) require establishments to file Return. Similarly, only 4 Acts (*viz Building & Other Construction Workers Act, Inter-State Migrant Workmen Act, Payment of Gratuity Act and Contract Labour Act*) require inspection of the establishments by inspectors.

3. In order to promote the setting up of MSMEs to generate employment opportunities through them, it is proposed to have an inspection scheme for the above mentioned labour laws taking into account the self-certified returns filed by them, provided the MSMEs are not more than 3 years old. MSMEs can self-certify compliance through a combined single self-certified return under these laws. For MSMEs which are less than 3 years old and have given a self-certified return mentioned above, the inspection scheme may provide that only a small percentage of such units shall be verified through a random risk based inspection system for compliance under the above

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mentioned laws. Further, the States/UTs may develop their self-declaration form to be furnished by the MSMEs during first year from establishment to decide the inspection criteria till the time the establishment files their first self-certified return.

4. In view of this, States / UTs are advised to devise their web-based inspection schemes, regulating the inspections of MSMEs less than 3 years old, where only a small percentage (not more than 5 percent) shall be verified through a random risk based inspection system for compliance under above mentioned labour laws, provided they have filed the self-certified returns or self-declaration form, as prescribed. These MSMEs may be asked to submit an online self-certified return for compliance, as is being done under Shram Suvidha Portal under these Acts for the Central sphere under aforesaid Acts.

5. You are, therefore, requested to direct the concerned Departments in your State/UT to regulate the inspections in the MSMEs, as suggested above, wherever applicable.

With regards,

Yours sincerely,

Sd/-

**(Shankar Aggarwal)**

**All Chief Secretaries**

*(By name, as per List enclosed)*

Copy to, *with request to take similar action for units in Central Sphere:*

- ✓ 1. Sh. Hira Lal Samariya, Central Provident Fund Commissioner, EPFO, New Delhi.
2. Sh. Deepak Kumar, Director General, ESIC, New Delhi.
3. Sh. A. K. Nayak, Chief Labour Commissioner (Central), Shram Shakti Bhavan, New Delhi.



**(Shankar Aggarwal)**