

HARYANA GOVERNMENT

LABOUR DEPARTMENT

Notification

The 10th August, 2016

No.11/38/2016-4Lab. The Governor of Haryana is pleased to formulate “Third Party Certification / Audit Scheme” for the factories, shops and commercial establishments in the State to liberalize the enforcement of labour laws in pursuance of implementation of the ‘Business Reform Action Plan 2016 - Ease of Doing Business’ as formulated by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India.

The Scheme shall consist of the following provisions:-

PART-A

Third Party Certification/Audit Scheme

under the Factories Act, 1948 and Rules framed there-under

Third Party Certification / Audit Scheme aims to simplify the business regulations (Ease of Doing Business), to facilitate the entrepreneurs for making the compliance of the provisions of the Factories Act, 1948 and Rules framed there-under and to curtail the unnecessary visits of inspecting officers.

1. This scheme shall be optional and applicable to the following factories-

- (i) where manufacturing processes involves use, storage, handling or processing of toxic or highly inflammable or explosive or hazardous chemicals or wherein such toxic or highly inflammable or explosive substances are likely to be generated or given off.
- (ii) Involving hazardous processes as listed in First Schedule appended to section 2(cb) of the Factories Act, 1948.
- (iii) Employing more than 250 workers.

2. In this scheme unless the context otherwise requires:-

- (i) “Third Party Certification / Audit” means a systematic, objective and document evaluation of the occupational safety, health and welfare provisions and procedures in a factory.

- (ii) “Third Party Auditor” means a person recognized by Chief Inspector of Factories, Haryana to carry out safety audit in accordance with The Factories Act, 1948 and rules framed there under and include the safety auditors mentioned in sub-para (iii) of para 4;
 - (iii) “Annexure” means the Annexure appended to this scheme;
 - (iv) “Institution” means a firm, association, body, corporate, society registered in accordance with the law for the time being in force and dealing mainly with the object of ensuring safety and health of workers engaged in factories.
 - (v) Words or expressions used, but not defined here in, shall have their respective meanings as assigned to them in the Factories Act, 1948 or rules made there-under.
3. The Safety Audit shall be carried out as per the standards laid down under the Factories Act, 1948 and rules framed there-under and as IS 14489: 1998 in the Indian Standard Code of Practice on Occupational Safety and Health Audit or any such standards prevailing at the relevant time whichever is latest by the Safety Auditor or in case of an institution, by the person or employee possessing the qualification, experience and other requirements as set out in Annexure-I.
4. (i) The Chief Inspector of Factories, Haryana may recognize any person possessing the qualifications, experience and other requirements as set out in the Annexure-I, hereto as a Safety Auditor for the purpose of carrying out Safety Audit as provided by this scheme.
- (ii) The Chief Inspector of Factories may recognize any institution, employing at least three persons possessing the qualifications, experience and other requirements as set out in the Annexure-I as a Safety Auditor for the purpose of carrying out Safety Audit as provided by this scheme.
- Provided that, where the institution to which such recognition has been granted ceases to employ at least three persons possessing the qualifications, experience and other requirements, set out in the Annexure-I, the recognition granted to such institute shall stand cancelled;
- Provided further that, Chief Inspector of Factories may for reasons to be recorded in writing, relax the requirements of qualification, if such institution is exceptionally specialized in the field of carrying out Safety Audit for not less than 5 years.

- (iii) Director General Factory Advise Services & Labour Institute (DGFASLI), all Regional Labour Institutes (RLI), National Safety Council (NSC) and Haryana Safety Council (HSC) shall be deemed institutions for carrying out Safety Audit.
 - (iv) The Chief Inspector of Factories may from time to time fix the total number of such Safety Auditors to be appointed, depending on the total quantum of work available in the State and also the manner in which applications are to be invited.
- 5.
- (i) An application for grant or renewal, of certificate of recognition as a Safety Auditor for carrying out safety audit shall be made to the Chief Inspector of Factories by an individual in Form-A and by an institution in Form-B.
 - (ii) (A) On receipt of an application duly made in accordance with this scheme, the Chief Inspector shall accept/reject such application, after having satisfied itself as regards the competence and facilities available at the disposal of the applicant.
(B) For giving an approval to the applicant as a Safety Auditor, the Chief Inspector of Factories may constitute a committee, if required, consisting of such members as it may deem fit, to advise it. The application shall be scrutinized by such committee and recommend it to the Chief Inspector of Factories for its approval, after having satisfied itself as regards the competence and facilities available at the disposal of the applicant or recommend to the Chief Inspector of Factories for rejecting the application, after specifying the reasons.
(C) On receipt of the recommendation of the committee, if constituted under paragraph (B), the Chief Inspector of Factories may grant recognition to the applicant as Safety Auditor or reject the application, after specifying the reasons therefor.
(D) After the Chief Inspector of Factories grants approval to the applicant as the Safety Auditor, the Chief Inspector shall issue a certificate of recognition in Form-C, subject to the following conditions and any other condition as may be specified by the Chief Inspector of Factories, namely:-
 - (a) Safety Auditor shall maintain a log book of all safety audits

undertaken by him indicating the name and address of the audited factory, name of the person who has carried out safety audit, contact persons, date of the audit and date of submission of the audit report to the Occupier and Chief Inspector of Factories.

- (b) Safety Auditor shall not conduct a Safety Audit of any factory where such auditor or person is employed, or an occupier, partner, director, or manager of that factory, or of any factory owned, operated, managed, or conducted by immediate family members, relatives or extended family members or wherein that auditor has any direct or indirect interest whatsoever. An auditor shall not carry out the safety audit of those factories to which that auditor supplies any plant, machinery, raw material, safety equipment's or other materials or equipment.
- (c) Safety Auditor shall not disclose, even after he ceases to be a recognized auditor or employee of the institution, any manufacturing or commercial secrets or working processes or other confidential information which may come to his knowledge in the course of their duties as an auditor. Any failure in this regard may make such auditor liable for criminal or civil proceedings, in accordance with the law for the time being in force.
- (iii) The recognition granted under sub-para (ii) of para-5, shall be valid for two years from the date of issue of Certificate of Recognition.
- (iv) The application for renewal of recognition as a safety auditor shall be made at least three months before the expiry of the period of recognition and the procedure stated in sub-para (ii) of para-5, shall apply *mutatis mutandis* for its renewal.
- (v) The applicant shall not be eligible for renewal of recognition as a Safety Auditor if ,-
 - A. the Chief Inspector of Factories has revoked such recognition in the past on two occasions; or
 - B. he has not carried out at least five safety audits of factories in past one year;
- (vi) The Chief Inspector of Factories may, after giving an opportunity to the

Safety Auditor of being heard, revoke the certificate of recognition, if it has a reasons to believe that,-

- A. the Safety Auditor has violated any of the conditions stipulated in the certificate of recognition or renewal of recognition; or
 - B. the Safety Auditor has carried out the safety audit in violation of the provisions of the Act or the rules or has acted in a manner inconsistent with the intent or the purpose of the Act or rules made thereunder or has omitted or failed to act as required under the Act and rules made thereunder; or
 - C. for any other like reason;
6. The Occupier of the factory as well as the Safety Auditor shall inform in writing to the Chief Inspector of Factories, thirty days in advance before commencement of the safety audit in a factory.
7. The Safety Auditor shall within one week from the date of completion of safety audit forward the report to the Occupier of the factory and Chief Inspector of Factories in Proforma prescribed under Annexure II on the letter head and his recommendations regarding improvement of the occupational safety, health and welfare in the factory.
- Provided that if during safety audit, auditor finds any hazard posing imminent danger to the life of workers or threat to the safety of workers working there-in, he shall immediately communicate in writing to the occupier as well as to the Chief Inspector of Factories. In such case the occupier shall take immediate corrective action and submit the compliance report and the steps taken by him to the Chief Inspector of Factories within 72 hours.
8. The Occupier shall, within thirty days of the receipt of the Safety Audit Report in proforma prescribed under Annexure-II, shall take action on the recommendations of the auditor as pointed out in the safety audit report and also submit the action taken report / compliance report along with proofs of compliance to the Chief Inspector of Factories within sixty days in pursuant to the recommendations made in the Safety Audit Report.
9. The compliance of the observations / discrepancies pointed out in the safety audit report shall be monitored at the level of Chief Inspector of Factories. He may grant

ample opportunities of personal hearing to the occupier for apprising the Chief Inspector of Factories regarding the steps taken by occupier and the status of compliance. In case, the Chief Inspector of Factories is not satisfied with the compliance made by the occupier, he may get it verified at his level within a period of one month.

10. The factory opting for this scheme shall not be inspected by the department till it carries out safety audit every year regularly (except the case where statutory provisions prescribed otherwise). The Chief Inspector of Factories may issue directions for inspection of any such factory in case of genuine complaint against the factory.

Provided that, in case of any changes, total or partial, in the manufacturing process, the occupier shall, within one month after such change, get the safety audit carried out by the Safety Auditor.

11. No legal action shall be taken against the occupier / manager of the factory for any discrepancies / observations / violations of Acts / Rules pointed out by the auditor in his safety audit report.
12. The Chief Inspector of Factories may, by order in writing, exempt any factory or category of factories from all or any of the provisions of this scheme, subject to such conditions as it may specify in such order.

Part-B

Third Party Certification / Audit Scheme under

The Minimum Wages Act, 1948, Payment of Wages Act, 1936, Contract Labour (R&A) Act, 1970, Payment of Bonus Act, 1965, Payment of Gratuity Act, 1972, Maternity Benefit Act, 1961, Child Labour (Prohibition & Regulation) Act, Punjab Shops & Commercial Establishments Act, 1958, Equal Remuneration Act 1976, Motor Transport Workers' Act, 1961, Punjab Industrial Establishments (National & Festival Holidays & Casual and Sick Leave) Act, 1965

Third Party Certification / Audit Scheme aims to simplify the business regulations (Ease of Doing Business), to facilitate the entrepreneurs for making the compliance of the provisions of the various labour laws and Rules framed thereunder and to curtail the unnecessary visits of inspecting officers. The provisions of the scheme are as follows -

1. This scheme shall be optional and includes compliance of the Minimum Wages Act, 1948, Payment of Wages Act, 1936, Contract Labour (R&A) Act, 1970, Payment of Bonus Act, 1965, Payment of Gratuity Act, 1972, Maternity Benefit Act, 1961, Child Labour (Prohibition & Regulation) Act, Punjab Shops & Commercial Establishments Act, 1958, Equal Remuneration Act 1976, Motor Transport Workers' Act, 1961, Punjab Industrial Establishments (National & Festival Holidays & Casual and Sick Leave) Act, 1965.
2. In this scheme unless the context otherwise requires-
 - (i) "Third Party Certification / Audit" means a systematic, objective and documented evaluation of the compliance of the various labour laws mentioned above.
 - (ii) "Compliance Auditor" would be a qualified practicing Company Secretary who is a member of Institute of Company Secretaries of India constituted under section 3 of the Company Secretaries Act, 1980 and approved by the Central Government; and who has not been an employee or on the regular pay role of the establishment or has not been a consultant of the company for the last three years. The units which submit third party certification regularly on annual basis shall not be inspected through the random list of

inspections. Such units may be inspected only in the event of serious complaints or unrest etc.

(iii) “Institution” means a firm, association, body, corporate or Company Secretaries, society registered in accordance with the law for the time being in force or an individual Company Secretary, auditing the compliance of various laws including labour laws.

3. The Compliance Audit shall be carried out as per the standards laid down under various labour laws mentioned above.

(i) The Company Secretary (hereinafter referred to as a Compliance Auditor), conducting the audit shall maintain a log book of all audits undertaken by him indicating the name and address of the audited establishment, name of the person who has carried out the audit, contact persons, date of the audit and date of submission of the audit report to the notified head of the establishment and the Labour Commissioner.

(ii) A Compliance Auditor and the person authorized to carry out shall not conduct Compliance Audit of any establishment where such auditor or person is employed, or an occupier, partner, director, or manager of that establishment, or of any other unit owned, operated, managed, or conducted by immediate family members, relatives or extended family members or wherein that Compliance Auditor or such person has any direct or indirect interest whatsoever. A Compliance Auditor or such person shall not carry out the compliance audit of those establishments to which that auditor or such person has any participation in its business within the last three years.

(iii) Compliance Auditor and the person authorized to carry out compliance audit shall not disclose, even after he ceases to be an auditor, any commercial secrets or working processes or other confidential information which may come to his knowledge in the course of their duties as an auditor. Any failure in this regard may make such auditor or person liable for criminal or civil proceedings, in accordance with the law for the time being in force.

(iv) If the Compliance Auditor has carried out the audit in violation of the provisions of the Act or rules or has acted in a manner inconsistent with the intent or the purpose of the Act or rules made thereunder or has omitted or failed to act as required under the Act and rules made thereunder; or for any other similar reason

by which he has failed in duty as a Compliance Auditor, he shall liable to be debarred from conducting such Compliance Audits;

4. The Compliance Auditor shall within one week from the date of completion of audit forward the report to the Head of the establishment on the letter head and his recommendations regarding the compliance under various labour laws.
5. The Head of the establishment as well as the Compliance Auditor shall inform in writing to the Labour Commissioner, thirty days in advance before commencement of the compliance audit in an establishment.
6. The Head of the establishment shall, within thirty days of the receipt of the Compliance Audit Report in proforma prescribed, shall take action on the recommendation of the auditor as pointed out in the audit report and also submit the action taken report / compliance report along with proofs of compliance to the Labour Commissioner within sixty days in pursuant to the recommendations made in the Audit Report.
7. The compliance of the observation / discrepancies pointed out in the audit report shall be monitored at the level of Labour Commissioner, Haryana. He may grant ample opportunities for personal hearing for apprising the authorities regarding the steps taken by him and the status of compliance. In case he is not satisfied with the compliance made by the Head of the establishment, he may get it verified at his level.
8. The establishment opting for this scheme shall not be inspected by the department till it carries out an audit every year regularly. The Labour Commissioner may issue directions for inspection of any such establishment in case of genuine complaint against it.
9. No legal action shall be taken against the Head of the establishment / manager for any discrepancies / observations / violations of Acts / Rules pointed out by the auditor in his audit report.

DR. MAHAVIR SINGH
Principal Secretary to Government of Haryana,
Labour Department.

ANNEXURE- I

(See para 4)

The applicant, for being recognized as Safety Auditor, shall possess the following qualifications and experience, etc.:-

1. Academic Qualification and Experience. - The applicant shall hold, -

- (i) Degree in Chemical or Mechanical or Electrical or Production Engineering and having five years' experience in manufacturing, maintenance, design, project or safety department in the supervisory or above capacity in factories; or
Diploma in Chemical or Mechanical or Electrical or Production Engineering and having Eight years' experience in manufacturing, maintenance, design, project or safety department in the supervisory or above capacity in factories; or
Master Degree in Physics or Chemistry and having ten years' experience in, manufacturing or safety Department of any factory in the supervisory or above capacity in factories,

and

One year full time Diploma in Industrial Safety recognized by the Board of Technical Education or All India Council of Technical Education or a recognized University;

or

- (ii) Degree or diploma in any branch of Engineering and having fifteen years' of experience in Factory Inspectorate or Directorate of Industrial Safety and Health or Director General Factory Advisory Services and Labour Institute or Regional Labour Institute or National Safety Council or hazardous factories of PSU's of Govt. of India.
2. The applicant shall not be directly or indirectly interested in the factory or in any process or business carried on therein or in any patent or machine connected therewith, in respect of which the safety audit is to be conducted.
 3. If the age of applicant is more than 65 years, he shall submit a Certificate of physical fitness for carrying out safety audit of factories issued by civil surgeon or certifying surgeon alongwith the application for recognition or renewal of recognition.

ANNEXURE-II

(See para 7 & 8)

Proforma for Safety Audit Report

1. Name and address of the factory:

Email ID

Contact Number

2. Name of the Occupier:

3. Name of Factory Manager:

4. Date of Audit:

5. List of raw material with maximum storage quantity:

6. List of finished products with maximum storage quantity:

7. Manufacturing process flow chart:

8. P I Diagram of all plants (Chemical Factories):

9. Name of the Safety Auditor and Certificate No. and name of the person who has carried out safety audit in case of institution:

10. Whether enclosed Safety Audit Report as per the Factories Act, 1948 and rules made there under and IS 14489, or any such standards prevailing at the relevant time, whichever is latest:

Date :

**Signature of Safety Auditor/
Person or employee of an Institution
authorized to carry out safety audit**

I(Occupier) undertake to submit the action taken report on recommendations of Safety Audit on or before

Date :

Signature of the Occupier

FORM- A
[See para 5(i)]

Application Form For recognition or renewal of recognition as Safety Auditor (to be filled in by individuals)
(In Duplicate)

Applicant's Latest Photograph signed across.

1. Name :

2. Father/Husband Name :

3. Date of Birth and Age :

4. Permanent Address :

5. Address for Correspondence :

Telephone No. :

Mobile No. :

Fax :

E-mail :

6. **Educational Qualification (Attach certified copies):**

Sr.No.	Degree/Diploma	College/Institution/University	Year of completion

7. **Technical Qualification in Safety (Attach certified copies)**

Sr.No.	Degree/Diploma	College/Institution/University	Year of completion

8. **Work Experience (Attach certified copies)**

Sr.No.	Employment Date	Name and address of Employer	Designation	Nature of work
	From To			

9. For renewal of recognition.- Certificate No. _____ Date :

DECLARATION

I hereby declare that,

- a) my recognition as a Safety Auditor was not revoked or cancelled by the Chief Inspector of Factories of any state in the past;
- b) my recognition as a Safety Auditor was revoked or cancelled in the past, and its details are as follows :-

Date of revocation or cancellation and its order number, if any	Period	
	From	To

Note.- If the recognition was cancelled or revoked twice in the past, then, the Safety Auditor is not eligible for recognition.

- c) I have carried out five or more than five, Safety Audits in the past one year, the list showing the name, address of the factory and date of audits are attached herewith.
- d) I, ----- hereby declare that the information furnished above are correct to the best of my knowledge. I undertake to:
 - (i) maintain the facilities in good working order, and
 - (ii) Fulfill and abide by the conditions, if any, stipulated in the certificate of recognition.

Signature of the Applicant:

Full Name :

Date :

Place :

FORM – B
[See para 5(i)]

**Form of Application for recognition or renewal of recognition to an institution as
Safety Auditor**

1	Name and full address of the Institution:	
2	Institution status (specify whether Government, autonomous, co-operative, corporate or private) with registration number:	
3	a) Name of head of Institution b) Phone/Mobile No. c) E-Mail address d) Fax	
4	Whether the Institution has been declared as a Safety Auditor by this State or any other State? If so, give details.	
5	Attach bio-data of at least three employed persons, in the Annexure attached to this application:	
6	Any other relevant information	
7	Certificate No. (in case of renewal)	

DECLARATION

I hereby declare that,-

- (a) Recognition of the institution as Safety Auditor was not revoked or cancelled by the Chief Inspector of Factories in the past;
- (b) The recognition of the institution as Safety Auditor was revoked or cancelled in the past, its details are as follows :-

Date of revocation or cancellation and its order number, if any	Period	
	From	To

Note.- If the recognition was cancelled or revoked twice in the past, then, the institution is not eligible for recognition.

(c) The institution has carried out five or more than five Safety Audits in the past one year, the list showing the name, address of the factory and date of audits are attached herewith.

(d) I, hereby declare that the persons whose bio-data is attached to the application are employees of the institution whose copies of appointment letters are attached herewith.

(e) I, _____ hereby declare that the information furnished above for _____ (name of the institution) is correct to the best of my knowledge. I undertake to,-

(i) notify to the Chief Inspector of Factories, immediately, in case the employed person on the basis of which this recognition was procured leaves the employment,

(ii) Maintain the facilities in good working order,

(iii) Fulfill and abide by all the conditions stipulated in the certificate of recognition.

Signature of the Head of the Institution

Designation:

Place:

Date:

Annexure to Form – B
Personal Information of the persons employed

1. Name :
2. Father/Husband Name :
3. Date of Birth and Age :
4. Permanent Address :
5. Address for Correspondence:
 Telephone No. :
 Mobile No. :
 Fax :
 E-mail :

<p>Latest Photograph</p> <p>_____ /Signed</p>

6. Educational Qualification (Attach Certified copies):

Sr.	Degree/Diploma	College/Institution/Universit	Year of completion

7. Technical Qualification in Safety (Attach certified copies)

Sr.	Degree/Diploma	College/Institution/University	Year of completion

8. Work Experience (Attach certified copies)

Sr. No.	Employment Date	Name and address of Employer	Designation	Nature of work
	From To			

DECLARATION

I hereby declare that all information provided in this annexure is true and correct to the best of my knowledge. If recognised, I shall abide by the terms & conditions of the recognition and uphold the high standard of professional ethics in discharge of my duties as a Safety Auditor.

Signature of the Applicant:
Full Name:

Date :
Place :

FORM – C
[See para 5(ii) (D)]

Certificate of recognition / renewal of recognition as a Safety Auditor.

CERTIFICATE NO.:

Date:

It is to inform that M/S / SHRI / SMT _____
(address) _____ has been
Recognized under The Factories Act 1948 for the purpose of carrying out Safety Audit under
Third Party Certification / Audit Scheme.

The Certificate is valid from _____ to _____

This certificate is issued subject to the conditions stipulated hereunder:-

1. Safety audit shall be carried out in accordance with the provisions of the Factories Act, 1948 and rules framed thereunder.
2. Every safety audit shall conform to the IS 14489:1998 or latest relevant standard.
3. He or the person authorized, in case of the institution, to carry out safety audit shall be physically present at the time of conducting the Safety Audit and shall maintain the record of the work done in the Log Book, as per para 5(ii)(D)(a).
4. Certificate No. and validity period should invariably be recorded on Safety Audit Report,
5. No safety audit shall be carried out after expiry of validity period.
6. The Chief Inspector of Factories reserves the right to revoke, annul or amend this Certificate at any time during its validity,
7. He or the person authorised, in case of the institution, to carry out safety audit shall not conduct a Safety Audit of any factory where such auditor is employed, or an occupier, partner, director or manager of that factory, or of any factory owned, operated, managed or conducted by immediate family members, relatives or extended family members or wherein that auditor or such person shall not carry out a safety audit of those factories to which that auditor supplies any plant, machinery, raw material, safety equipments or other materials, equipment.
8. He or the person authorised, in case of the institution, to carry out safety audit shall not disclose, even after ceasing to be a recognized Safety Auditor or the employee of the institution, any manufacturing or commercial secrets or working processes or other confidential information which may come to his knowledge in the course of their duties as an auditor. Any failure in this regard may make such auditor or person liable for criminal or civil proceedings, in accordance with the law for the time being in force.
9. The application for renewal of the recognition as a Safety Auditor shall be made at least three months before the expiry of the period of recognition.

**Chief Inspector of Factories,
Haryana, Chandigarh**

Date: