Chapter No. 4:

LEGISLATIONS REGARDING SSI
Legislations regarding Small Scale Industrial Units

Workers are treated as vital part of any industry. To safeguard their interest and avoid any unlawful situation at the place of work and to mobilize the workers to achieve the common goal of growth and prosperity of the enterprise, the government has provided a set of acts like the minimum wages act, the industrial disputes act, the payment of bonus act, workmen's compensation act etc.

With a view to stimulating economic growth and development, raising levels of living, a country has to provide productive employment. Employers have to provide their workers safe, healthy living, employment, job security and working conditions. When employers fail to honour this obligation, the government attempts to safeguard the interest of workers by enacting laws. Thus, labour laws refer to body of laws, which are enacted to protect and promote the interest of working class.

Objective of labour laws are as under:

i) To ensure good working and living conditions for workers.

ii) To protect the workers from being exploited and giving fair deal.

iii) To maintain industrial peace and cordial relations between employers, to curb unfair labour practices on the part both employers and workers.

iv) To increase the productivity and development of the country, and

v) To provide adequate compensation, welfare and social security measures.

Labour laws mostly deal with many aspects such as employment, wages working conditions, industrial relations, social security and labour welfare. In general,
principles of labour legislation are social justice, social equality, international uniformity and development of national economy.

In the light of above stated objectives the important Acts applicable to SSI Units are discussed in brief. Each entrepreneur or small scale industrialist must aware about the legislations. For the study purpose the labour laws can broadly be classified in five groups as under:

A) Laws on compensation:
   ➢ The Payment of Wages Act, 1936.
   ➢ The Payment of Bonus Act, 1965.
   ➢ The Equal Remuneration Act, 1976.

B) Laws on working conditions:
   ➢ The Factories Act, 1948.
   ➢ The Shops and Establishment Act, 1948.

C) Laws on Industrial Relations:
   ➢ The Industrial Disputes Act, 1947.
   ➢ The Trade Union Act, 1926.
   ➢ The Industrial Employment (Standing Orders) Act, 1946.
D) Laws on Social Security:

- The Workmen’s Compensation Act, 1923.
- The Employee’s State Insurance Act, 1948.
- The Employee’s Provident Fund and Miscellaneous Provision Act, 1952.
- The Employees Pension Scheme, 1995.

The brief review of the above stated Acts has been noted in the following lines.

A) Laws of Compensation:

a) The Payment of Wages Act, 1936:

According to the provisions of this Act, an employer should make a prompt and regular payment of wages to his employees.

Objectives:

- Employers have to fix wage period and it should not exceed one month.
- To pay wages on working day, before expiry of seventh day (up to 1000 workers)/tenth day for above 1000 workers.
- Employer is not allowed to make deductions except as authorized i.e. adjustment of advances, income tax, provident fund, ESI etc.
- The employer should maintain registers for wages paid.
- Total amount of deductions in any wages period should not exceed 50 per cent of the wages.
• Employer can deduct the wages amount, if employees were on strike without notice up to 8 days.

• After obtaining written authorization of employee, employer may pay wages either by cheque or credit in his bank account.

• If the employee is discharged, his wages should be paid within two days.

• If wages of an employee, who has expired, cannot be paid to person nominated by him, the amount is to be deposited with the prescribed authority.

• For deduction of wages government appoints courts for appeal, whose employee can go for even non-payment of wages.

• Penalties range from Rs. 500 to 1000 if registers are not maintained or refusal to give information, or failure to fix wage period, or non-payment of wages or making an unauthorized deduction etc.

Offences and Penalties:

For the offence of discrimination against women in recruitment or payment of unequal wages to men and women, the penalty will be fine up to Rs.20000 (minimum Rs. 10000) or imprisonment up to one year (minimum 3 months) or both.

b) The Minimum Wages Act, 1948:

The key object of the Minimum Wages Act, 1948 is to provide for fixing minimum rates of wages in respect of certain employment with a view to protect the workers against exploitation. While fixing the minimum rates of ages, an employer is required to refer to this act. Wages means all remuneration expressible in money term including HRA but excluding value of any house accommodation, supply of light,
water, medical attendance, contribution to provident fund, traveling allowance, gratuity, etc.

The state governments are empowered under the Act to fix minimum rates of wages for different classes of employees—skilled, unskilled, clerical, supervisory etc. The government may fix the number of working hours for a working day, provide for rest day with wages in every period of seven days, provide for payment for work on a rest day at a rate not less than the other time rate, overtime wages is to be paid in excess of normal working hours for every hour or part of an hour under this act or under another law, whichever is higher and also to fix cost of living allowance.

Payment of wages at less than the minimum wages fixed under the Act entails imprisonment up to six months or fine up to Rs. 500 or both.

c) The Payment of Bonus Act, 1965:

The term bonus is generally referred to as extra amount given to workers beyond their wages. The amount is usually given to motivate the workers to do better for the organization. It is applicable to every factory (without power) and every establishment where 20 or more workmen are employed. (Part time employees are also included.

Bonus has to be paid to all the employees earning wages less than Rs. 2500 per month at the minimum, rate of 8.33% of the wages earned by them in the given accounting year. The wages include basic pay plus dearness allowance. A probationer is eligible for bonus. It is also payable to daily wage earners.
An employee is entitled for bonus if he has worked for at least 30 days in that year. Maximum bonus is not more than 20% of wages earned during the accounting year and time limit for payment of bonus is 8 months, from the close of the accounting year. Generally bonus is payable only annually (not half year basis).

d) The Equal Remuneration Act, 1978:
This Act provides for payment of equal remuneration to men and women workers for same work or work of similar nature and for prevention of discrimination on grounds of sex, against women in the matter of employment.

Following are the obligation on employers:
1) Equal wages for equal work: The employer shall pay equal wages to men and women employees for performing same work or work of similar nature.

2) There shall not be discrimination against women while doing recruitment of employees for same work or work of similar nature, or in respect of their promotion, training or transfer etc.

B) Laws on working conditions:
a) The Factories Act, 1948:
For the first time, the Factory Act was passed in 1881. It was mainly intended to protect children and to make provisions for the safety and health of workers working in factories. Subsequently, new Acts were introduced in 1881, 1911, 1922 and 1934.
In order to implement the recommendations of the Royal commission on labour in India, the Factories Act was passed in 1934.

In view of growing industrial activities in the country, it was felt to make radical changes in the law relating to factories. Hence the Factories Act was again passed in 1948. This act mainly provides for the health, safety and welfare of workers. Besides this, other aspects of workers like working hours, leave with wages, employment of young person's including children and adolescents are also covered in this act. This Act came into existence on 1st April 1949.

The factories act, 1948 defines the factory as a place, where 10 or more workers are employed and the manufacturing process is carried out with aid of power, if manufacturing is carried out without power and 20 or more people are employed, the industrial unit is covered under the Factories Act.

The Act provides conditions for sufficient space per worker in every room, sufficient lighting and prevention of glare and avoidance of shadows. The employer is expected to provide clean drinking water, dispose of wastage and affluent, proper ventilation and temperatures, protection against dust and fumes, avoidance of over crowding, separate latrines and urinals for male and female workers, etc.

Any machinery that may cause the injury to employees should be fenced. Persons generating dangerous machines should possess sufficient knowledge and experience of such machines. Employer should keep floors and stairs free from obstruction. There should be periodically examination of hoists, lifts, cranes and chains etc.
provisions of safety appliances—e.g. Goggles, gloves, hats and equipment for firefighting etc. should be made. Conditions of the building should be safe. Suitable facilities for washing and sitting arrangements should also be provided to the workers. First aid box should be also available in the factory.

Working hours should not exceed 48 hours in a week and 9 hours a day. There should be rest of half hour after five hours. Employees should be given annual leave with wages if they work for 240 days or more in a year.

Persons below 14 years are not allowed to work. Night shifts are prohibited for children. The act prohibits the employment of women in the factories between 7.00 p.m. to 6.00 a.m. There should not be overlapping of shifts in the factory and weekly holidays to worker in a week must be given.

A worker working more than 9 hours on any day or for more than 48 hours in any week shall be entitled to overtime wages, in respect of such overtime work at twice the ordinary rate of wages.

Total working hours in a week including overtime hours should not exceed 60 and the total overtime hours in a quarter should not exceed 50.

Thus the factories act imposes many restrictions on employer in order to protect the interest of the workers.
Those industrial units are not converted within the definition of factory and not governed by the Factories Act; these units are to be registered under the Shops and Establishment Act, 1948.

The objective of this act is to regulate the working and employment conditions of workers in so called unorganized sector, i.e. shop and establishment. The Act provides for working hours, rest intervals, overtime, holidays, leave, termination of service and other rights and obligations of the employers and employees.

This act is applies to various types of establishments such as a shop carrying retail or wholesale trade or service, offices of all types, a store room or warehouse, bank, stock exchanges, share brokers, commission agents, printing establishment with less than 10 employees, educational institution run for private gain and hotels and restaurants, clubs, canteens, theatres, cinemas and other places of public entertainment.

Obligations on employers:

The employer must register his shop under this act and must display the information about the registration of his shop at an establishment.

The employer must take care about the health and safety such as establishment to be painted at regular intervals, shop and establishment to be kept clean, free from any drain and have sufficient light and ventilation, sufficient supply of drinking water to employees and necessary precautions should be taken against fire.
Employers must observe 'spread over' means the period between the commencement and termination of the work of an employee on any day. It shall not exceed 12 hours in a day and daily and weekly hours of work for employees are for 9 hours in a day and 48 hours in any week, national and religious holidays, overtime working not to exceed one hour per day or 50 hours in three months, no children below 14 years can be employed, no women are to be employed between 7.00 p.m. to 6.00 a.m., rest interval of at least half hour, closed day or weekly pay-off to be noticed by the employer and not to change, maternity leave with wages for 6 weeks before and 6 weeks after the delivery and sickness and casual leave of 12 days is to be allowed. Employer should maintain the necessary registers and records in the premises, which are compulsory by this act.

c) Contract Labour (Regulation and Abolition) Act, 1970:

Employing contract labour is age-old practice. Malpractices of exploiting labour are attributed to contract labour. In many of the industrial establishments, instead of employing permanent workers, jobs are given on contract basis.

The Act covers:

a) Every establishment where 20 or more workmen are or were employed on any of preceding 12 months, and
b) Every contractor who employs 20 or more workmen.

Employer or entrepreneur can't directly employ contract labour but employs contractor who employs 20 or more workers for the job and the employer has to
ensure that the contractor has proper license which he has obtained after making a payment of necessary security deposit for each employee. Contract labour means the workmen who are hired for work by or through contractors, with or without the knowledge of the principal employer. Some of the processes where the contract labours may be permitted are to be employed such as loading and unloading, stacking and non-stacking, and construction works, renovation of machinery, etc.

The following are the obligations on the employers or contractors:

i) Registration of establishment by the principal employer is must.

ii) The contractor must have obtained license from licensing officer.

iii) It is essential to ensure the welfare and health of contract labour i.e. canteen facility, supply of drinking water and provision of latrines, urinals and washing facilities, first aid boxes etc.

ii) Contractor should pay wages to contract labour regularly and timely. If contractor fails to pay wages, the principal employer should make the payment and recover the same from the contractor.

iii) Principal employer and contractor should maintain such registers, records, send prescribed returns and exhibit notices containing hours of work etc.

iv) Persons who get displaced, on expiry of contract do not get statutory right for absorption in regular service of the employer.
C) Laws on Industrial Relations:

a) The Industrial Dispute Act, 1947:

The Act makes provision for the investigation and settlement of industrial disputes and certain other purposes. It ensures progress of industry by bringing about harmony and cordial relationship between the employers and employees. An industrial dispute means any dispute or difference between employers and employers, or between employers and workmen, which is connected with the terms and conditions of employment of any person.

The important provisions of the Act, which are more applicable and connected with the small-scale industrial units, are summarized below:

- The employer should not make any change in the condition of service such as wages and allowance, contribution to pension and provident fund, hours of work, rest intervals, leaves, holidays, timing of shifts etc., without giving at least 21 days’ notice to the employees concerned.
- A strike or lockout declared illegally is prohibited under this Act. Strike means suspension of work by a group of employees employed in any industry, acting in combination. Lockouts are temporary shutting down or closing the place of business by the employer.

b) Trade Union Act, 1926:

Any seven workers, by subscribing their names to the rules of trade union, can apply for registration of the union. But at least half of the total number of office bearers must be actively engaged in the industry to which the union belongs.
The Act provides certain protections against criminal proceedings to the office-bearers and members of registered trade unions. They are also protected from civil suits in respect of acts done for the furtherance of trade disputes. The trade union is a corporate body, which has powers to buy, acquire and hold both moveable and immoveable property.

c) The Industrial Employment (Standing Orders) Act, 1946:

The purpose of this Act is to improve industrial relations. The Act requires employers to define and standardize conditions of employment and make it known to workmen. It is applicable to industrial establishments employing 50 or more workmen. Some states, i.e. Uttar Pradesh, West Bengal have reduced the number. Some states i.e. Madhya Pradesh and Maharashtra have their own standing order acts.

The following are the provisions of Industrial Employment Act, 1946:

1) Every employer is required to submit draft standing orders with required information to the certifying officer for certification.

2) Draft standing orders should confirm to model standing orders prepared by government and should cover all the matters.

3) Procedure for certification is laid down in the act to be followed by the certifying officer which are such as officer should supply copy of draft standing orders to workmen/union, opportunity to be given to the workmen to be heard, after discussion of draft standing orders by the union, management, the certifying officer certifies and gives copy to all concerned and appeal can be made by any party.
4) Certified standing orders come into operation after 30 days.

5) Modification can be made after only 6 months except when there is agreement between employer and workmen. But it has to be approved by the certifying officer.

6) Penalty can be imposed up to Rs. 5000 for non-submission of draft standing orders.

This Act forms the basis of day-to-day labour management relations, harmonious working conditions and disciplines etc.

Main provisions in the model standing orders are on the various matters such as classification of workers such as permanent, probationers, casuals and apprentices, publication of working time and shift working, attendance and late coming, leave and absence, notice of change in shift working, payment of wages—procedures, stoppage of work, termination of employment, disciplinary action for misconduct and suspension.

D) Laws on Social Security:

a) The Workmen’s Compensation Act, 1923:

This Act came into force on the first day of July 1924 for providing social security to workmen. The main object of the Act is to provide for payment of compensation by an employer to his workmen in case of an accident as a measure of relief and social security. Compensation is to be given not only for personal injuries sustained by
accidents arising out of and in the course of employment but also for certain occupational disease.

This Act does not apply to those workmen to whom the Employees State Insurance Act 1948 is applicable. The main purpose of the Act is to give compensation to the workmen, to provide special machinery to deal with cases of compensation in the event of an accident, to provide immediate compensation to workman who cannot afford to go to the court of law, to improve relations among employers and employees, and to relieve the parties of unnecessary litigation.

The injuries have been divided into four categories for the purpose of payment of compensations, which are death, permanent total disablement, permanent partial disablement and total or partial temporary disablement. The compensation has to be paid as soon as it falls due.

b) The Employees State Insurance Act, 1948:

The Employees State Insurance Act came into force from 1st September 1948. The scope of this Act is wider than under the Workmen’s Compensation Act, 1923.

The ESI Scheme initially covers non-seasonal factories using power and employing 2 or more persons. However, now it has been extended to cover the following:

a) Factories using power and employing 10 to 19 persons.

b) Non-power using factories employing 20 or more persons.

c) Shops, hotels, cinemas, newspaper establishments employing 20 or more persons.
d) Beedi manufacturing 10 or more persons.

e) The Act covers all employees whose wages do not exceed by Rs. 7500 p.m.

The scheme provides seven types of benefit to the insured persons. They are sickness benefit, maternity benefit, disablement benefit, dependents’ benefit, medical benefit, reimbursement of funeral expenses and rehabilitation allowance.

c) The Employees’ Provident Funds and Miscellaneous Provisions Act, 1952:

This Act was passed in 1952 with the object of making some provisions for the future of the industrial worker after his retirement or for the dependents in case of his early death and to inculcate the habit of saving among the workers.

It is applicable to every factory in which 20 more workmen are employed, to every other commercial establishment employing 20 or more workers, and in case of cinema/theatre employing 5 employees.

The following are the various provisions under Employees’ Provident Funds and Miscellaneous Provisions Act, 1952 to provide an efficient and quick service to the subscribers which are partial withdrawals for payment of premium of life insurance, the purchase of dwelling house, repayment of loans in special cases property, illness of certain cases, marriage or post matriculation of children, withdrawal in abnormal conditions where property is damaged by drought or earthquake or floods or riots and
withdrawals to physically handicapped members for purchasing necessary equipments.

The full refund to the credit of subscribers along with interest thereon becomes payable to the members of his survivors on occurrence of any of the specified events. The event includes retirement, disablement, migration, death and completion of 10 years of membership.

After the closing of the period the commissioner must send an annual statement of members account to each member through their employers showing the opening balance at the beginning of the period, amount contributed during the year, the amount of interest credited and the closing balance at end of the period.

d) The Payment of Gratuity Act, 1972:
This Act is applicable to every factory, mine, oil field, plantation, port, railways or every shop and commercial establishment, or educational institutions, clubs, motor transport, local bodies, chambers of commerce and industry, in which 10 or more persons are employed. Generally gratuity is payable to the employees on retirement or on resignation or on retrenchment/termination, and on death or disablement.

e) The Maternity Benefit Act, 1948:
This Act aims at regulation of employment of women employees for certain periods before and after childbirth and provision of maternity and certain other benefits. The said Act is applicable to every factory and to every shop or establishment where in 10 or more persons are employed.
Every woman employee, whether employed directly or through contract, who has worked for a period of at least 80 days during the 12 months immediately preceding the date of her expected delivery, is entitled to receive maternity benefit. There is neither a wage ceiling for coverage under this Act nor there is any restriction as regards the type of work a woman is engaged in.

Other Legislative Provisions:

The State has entered into the phase of second-generation economic reforms, with emphasis on structural changes in addition to fiscal incentives for the promotion of industry and balanced regional growth. This has coincided with increasing international competition and rapid technological changes, which pose new challenges for industry. The Industrial Policy 2001 set out below has been formulated in this context, keeping in view the objectives of sustained growth and employment, and an expansion in livelihood opportunities. It supplements the provisions of the Information Technology and other sectoral policies announced earlier. The components of the new Package Scheme of Incentives contained in this policy were operative from 1st April 2001 up to 31st March 2006:

- **Exemption from Electricity Duty**: New industries establishing in C, D, and D+ areas and No-Industry District(s) will be exempted from payment of Electricity Duty for a period of 15 years. In other parts of the State, 100 per cent Export Oriented Units (EOUs), Information Technology (IT) and Bio-Technology (BT) units, and industries setting up in Special Economic Zones (SEZs), and Electronic Hardware Technology Parks will be exempted from payment of Electricity Duty for a period of 10 years.
• **Waiver of Stamp Duty and Registration Fees**: At present, IT units in public IT Parks are exempted from Stamp Duty and Registration fees up to 31st March 2006. Now all new industrial units including IT and BT units and expansions were exempted from payment of Stamp Duty and Registration fees up to 31st March, 2006 in C, D and D+ areas and No-Industry District(s). However, 50 per cent of the Stamp Duty and Registration fees will be waived for IT units set up in other IT Parks in talukas/areas in the State in "A" and "B" categories.

• **Octroi Refund**: The scheme of refund of octroi provided under the Package Scheme of Incentives, 1993 were included in the new Scheme up to 31-3-2006 on the same pattern. Where account-based cess or other levy is charged instead of or in lieu of octroi, such charge will also be eligible for refund as in the case of octroi.

### Fixed Capital Investment and Monetary Ceiling Limit of SSI

<table>
<thead>
<tr>
<th>Taluka/Area Classification</th>
<th>Ceiling as percentage of fixed capital investment</th>
<th>Monetary ceiling (Rupees in lakhs)</th>
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<tbody>
<tr>
<td>A</td>
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<td>B</td>
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<td>C</td>
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<tr>
<td>No Industry District</td>
<td>60</td>
<td>35</td>
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Table No. 4.1

• **Incentives to SSI units**:

1) **Special Capital Incentives for SSI units**: New small-scale industries (including IT and BT units) setting up in different parts of the State will be eligible for Capital Subsidy as follows:
The subsidy will be disbursed in equal annual installments over 5 years. Existing SSI and small-scale IT and BT units will be eligible for 75 per cent of the subsidy admissible as above for expansion, diversification or modernization involving additional investment to the extent of 25 per cent or more.

2) Interest Subsidy to new textile, hosiery and knitwear SSI units: New textile, hosiery and knitwear small-scale industries setting up in different parts of the State will also be eligible for interest subsidy on the interest actually paid to the financial institution/bank on the term loan for creating fixed capital assets, equal to the interest payable at 5 per cent per annum as stated in the table below. The monetary ceiling will be applicable for the complete period of eligibility.

<table>
<thead>
<tr>
<th>Taluka/Area Classification</th>
<th>Monetary ceiling limit (Rs. in lakhs)</th>
<th>Maximum period in years</th>
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<td>No Industry District</td>
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<td>7</td>
</tr>
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</table>

Table No. 4.2

Development of non-conventional energy: In order to give an impetus to the development of non-conventional energy, such projects will be eligible for benefits under the new Package Scheme of Incentives.
3) **Classification of talukas or areas**: The present classification of different talukas or areas in the State in A, B, C, D and D+ categories on the basis of their level of development is contained in the Package Scheme of Incentives, 1993, and will continue for the present. The matter of revision of the area classification will be separately considered by a Committee under the Chairmanship of the Minister (Industries). Norms for the mid-term reclassification of talukas depending on changes in their development status will also be considered, and No Industry District(s) will be separately categorized.

4) **Financing of capital incentives and refunds under the Package Scheme**: A budgetary provision of at least Rs.200 crores were made each year from 2001-2002 onwards to meet past commitments and the incentives under the new Scheme. Additional resources were also raised through bonds linked with Sales Tax repayments under past Schemes.

5) **Exemption from Sales Tax for Khadi & Village Industries**: 24 Khadi and Village industries were exempt from Sales Tax up to certain limits on annual turnover. Considering the potential of this sector for employment generation and rural industrialization, Sales Tax was also waived in respect of the 72 remaining industries for their annual turnover up to Rs.20.00 lakhs. This concession is available to Khadi and Village Industry units registered with and assisted by the Maharashtra State Khadi and Village Industries Board.

6) **Sales Tax on IT products**: Up to 31st March 2006, the Sales Tax rates on IT products were maintained at the level of the minimum floor rates, wherever
applicable. No turn-over tax, additional Sales Tax, surcharge or any other additional levy related to Sales Tax shall be applied to IT products.

7) Sick SSI units: Issues relating to the rehabilitation of sick SSI units are reviewed in the State-Level Inter Institutional Committee and Sub Committee of the Reserve Bank of India, and in the District Level Committees, which have been set up as an adjunct of the Zilla Udyog Mitras. Sick SSI units taken up for nursing by the banks and financial institutions are at present eligible for rescheduling the arrears of Government and electricity dues, to be repaid in 36 monthly installments at 13 per cent interest. The interest rate on the rescheduled arrears will now be reduced to 10 per cent, in all except 'A' areas of the State. The repayment of such arrears would be allowed in 60 monthly installments.

8) Stamp Duty on Corporate Restructuring: The stamp duty for de-merger of companies as defined under section 2(19AA) of Income Tax Act, 1961 will be made applicable on lines of the stamp duty structure applicable for amalgamation of companies under every order made by the High Court under section 394 of the Companies Act, 1956.

9) Establishment of IT/BT units on textile mill lands in Greater Mumbai: While granting permission for the sale of textile mill lands in Greater Mumbai, the lands becoming available to the Maharashtra Housing and Area Development Authority (MHADA) for residential use would also be permitted to be used for the development of IT and BT industries by MHADA itself, or by MIDC.
10) **FSI for IT Units**: Twice the admissible Floor Space Index (FSI) is allowed for certain types of IT units setting up in IT Parks promoted by public bodies. Such units are also permitted in No-Development Zones of cities up to FSI of 0.2. Such IT units will now be permitted to establish in No-Development Zones with an enhanced FSI of 1. While granting permission for the sale of textile mill lands in Greater Mumbai, the lands becoming available to the Maharashtra Housing and Area Development Authority (MHADA) for residential use would also be permitted to be used for the development of IT and BT industries by MHADA itself, or by M-IDC.

11) **New Industrial Townships**: Maharashtra pioneered the establishment of institutions of democratic decentralization and local self-governance several decades ago. More recently, these concepts were extended through statutory amendments to enable the establishment of independent Industrial Townships. In the first phase, self-governing Industrial Townships with the power to raise resources and determine their application will be established in industrial areas being developed by MIDC at twelve locations across the State, i.e. at Vile-Bhagad (Raigad), Airoli (Thane), Talegaon (Pune), Hinjewadi - Man (Pune), Shendre (Aurangabad), Additional Latur (Latur), Nandgaon Peth (Amravati), Additional Yavatmal (Yavatmal), Tadali (Chandrapur), Butibori (Nagpur), Additional Sinnar (Nashik) and Nardhana (Dhule). The industrial townships so set up will pay 25 per cent of their revenue to the concerned Gram Panchayats or local bodies for the initial period of 5 years.

12) **Special Economic Zones**: The establishment of Special Economic Zones has been allowed under the recent policy of Government of India. India's most successful Export Processing Zone (EPZ), which was promoted by the State Government at
Mumbai nearly three decades ago, has been converted into one of the country's first Special Economic Zones. Another Special Economic Zone is being developed by the City and Industrial Development Corporation (CIDCO) at Dronagiri, near the Jawaharlaal Nehru Port. All the concessions, benefits and facilities extended to such Special Economic Zones promoted by public bodies will also be extended to Special Economic Zones set up by other parties. The establishment of Special Economic Zones at Aurangabad and Nagpur will also be proposed to the Government of India.

13) Specialized Industrial Areas: In the last few years, specialized industrial infrastructure has been developed by State agencies for various sectors, including Information Technology, leather, chemicals, etc. More recently, the establishment of textiles and food processing zones has been taken up. Taking into account the potential and requirements of agro-industry in different parts of the State, MIDC will set up new complexes for this sector, including 'Grape Wine Parks' at Nashik and Sangli, 'Orange City Park' for orange processing, Floriculture Complexes and Biotechnology Parks at suitable locations.

14) Promotion of Education and Research Institutions: Educational and research institutions of international or national standards, including world-class business education institutions, would be provided land in industrial areas/estates at nominal or concessional rates.

15) Captive Power Generation: Captive power generation is permitted for industries throughout the State in respect of IT units, and in the case of co-generation, hydroelectric power and non-conventional energy. Other types of captive power
generation are at present permitted in respect of new industries in D+ and tribal areas.
New as well as existing industries in D and D+ areas and No Industry District(s) will
also be permitted to set up captive power plants. Public bodies or joint ventures
promoted by them can establish 'Independent Power Producers' for the dedicated
provision of power to IT and BT Parks and Special Economic Zones promoted by
them.

16) Gas Cooperation Agreement: Gas is an important fuel and raw material for
industry. As Mumbai High gas supply declines, commercial supply of LNG will
become increasingly important for industrial units. To facilitate the planned
development of gas supply infrastructure in the State, the Gas Authority of India
Limited (GAIL), MIDC and the Maharashtra Petrochemicals Corporation Limited
(MPCL) have recently entered into a Gas Cooperation Agreement. A techno-
economic feasibility study for the development of gas infrastructure and associated
facilities has been taken up by GAIL. It will include assessment of the medium and
long-term gas requirement for the State, and various supply options.

17) Labour Laws and Procedures: The State Government has initiated a review of
labour laws and procedures, including Central statutes, to enable industry and labour
to meet the new economic challenges. The review is intended to remove disincentives
to additional employment generation, facilitate restructuring and technological up
gradation in the context of increasing global competition, provide an impetus to
industrial dispersal, and promote production at efficient levels. It is also intended to
safeguard labour interests and provide workers with greater financial security during
re-structuring. As an outcome of the first phase of this review, the following steps will be taken:

a) Subject to the approval of the Legislature and Govt. of India's assent, the Industrial Disputes Act will be amended to limit the applicability of Chapter V-B to industries employing 300 or more workers, as against 100 workers at present. The condition of prior Government permission for retrenchment under Section 25N will be waived in cases where substantially higher financial payment is made to the retrenched workers, viz. three times the existing retrenchment compensation (four times in case the principle of 'last in - first out' is not followed). Section 25M, which provides for prior Government permission for lay-offs, is proposed to be deleted, and lay-offs in such cases will be governed by the provisions of Section 25C. Section 9A will be amended to obviate the need for giving notice of change unless such change affects the number of hours of work, holidays or emoluments of workers. Keeping in view rising salary levels, supervisory personnel drawing wages up to Rs.6500 per month will be brought within the purview of the Act, as against those earning up to Rs. 1600 per month at present.

b) Subject to the approval of the Legislature and Government of India's assent, the Contract Labour (Regulation and Abolition) Act will be amended to exclude certain activities such as cleaning services, loading and un-loading of materials and goods, canteen services, distribution of mail, gardening, etc. from its purview. Keeping in view the context in which 100 per cent EOUs operate, such units would also be excluded from the purview of the Act.

c) A Committee, which will include representatives of industry and labour, will be set up to comprehensively review the Maharashtra Recognition of Trade Unions and Prevention of Unfair Labour Practices (MRTU and PULP) Act.
d) In order to rationalize and reduce the multiplicity of minimum wages stipulated for different industries and also within each industry under the Minimum Wages Act, steps will be taken to club the scheduled industries in a few groups, and also to move towards a single minimum wage within each such industry group.

e) The process of inspections under various labour laws will be rationalized, and the number of such inspections will be reduced and regulated.

f) The paper work required of industrial units under various labour laws will be reduced. 46 registers, forms and returns required from industrial establishments have recently been clubbed, substituted or deleted.

g) Keeping in view the nature of their operations, the provisions of the Mumbai Shops and Establishments Act relating to shift working, employment of women, etc. have been relaxed in respect of Information Technology units.
REFERENCES

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