

Business Standard

Govt moots factory regulator, insurance policy for workers

Transgenders to be recognised on a par with other workers

Somesh Jha | New Delhi September 17, 2015 Last Updated at 00:34 IST

In a first, the Union labour ministry has mooted setting up a safety regulator for factories in India, which will set the guidelines for establishments after public hearing and consultation. The regulator, Occupational Safety and Health Board of India, is aimed at making factories a 'zero-accident place' for work and substantially reduce the time to set up factories.

According to the proposed amendments to the Factories Act, transgenders will be at par with other workers and there won't be any discrimination against them. The amendment Bill states state governments may frame rules to ensure respect for "inherent dignity, non-discrimination and respect for difference and acceptance of transgender persons as part of human diversity".

The proposed amendments say a factory will be deemed approved in 15 days of the receipt of application if guidelines set by the regulator are followed by the employer. The proposal to amend the Factories Act has been put up in the public domain by the labour ministry.

The Union government will allow entrepreneurs to self-certify the compliance of set guidelines, while setting up factories. At the same time, there will be severe punishment for employers in case of non-compliance or declaring wrong information as the penalties to be paid will be linked to wholesale inflation instead of a fixed amount paid at present. This will lead to manifold increase in the penalties to be paid by employers.

In another proposal, the government has incentivised employers to purchase accident insurance policy for workers.

According to the draft Bill, the regulator is mandated to draft a 'concept note' stating the set of procedures to be followed by entrepreneurs while setting up a factory. Then, the regulator will hold public hearing of locals around the factory to finalise the notification. The regulator will issue separate regulations for inspectors, employers and employees on health, hygiene, safety, hazardous process, working conditions, welfare measures, among others. The regulator will also issue licences to private safety auditors, which will prepare compliance reports to be submitted by an entrepreneur while setting up a factory.

Factories will be registered after the employer submits a declaration stating the standards prescribed in the regulation have been fully complied with. Besides, a report by a certified safety auditor on compliance of standards will have to be submitted. If the government doesn't respond within 15 days, the factory will be deemed as approved.

"Predictable and informed environment makes doing business easier and reduces cost. Currently, it takes

272 days to set up a ware house. It would be matter of days to set up a factory," said an internal note prepared by the labour ministry.

"The regulator will be alert and keeping in mind the changing environment, it will frame rules time to time after taking into account public views. At present, employers have to run from pillar to posts to understand the complex and archaic laws. The regulator will come out with a checklist for factories. We want to ensure India become a 'zero-accident' workplace," said a senior labour ministry official.

In case of setting up factories with hazardous activities, the Centre has hastened approval process. The site appraisal committee - a body constituting members from environment, meteorological, scientists and others - will have to convene a meeting within 15 days of receiving an application to decide upon the proposal. At present, the committee is required to make a recommendation to the state government within 90 days. Also, for the first time, entrepreneurs will be part of such discussions. The sectors that manufacture hazardous processes include coal, gas, iron and steel, petroleum, cement and leather, among others.

According to the proposal, for contravention of health and safety provisions of the Act, an employer will have to pay a fine of up to Rs 6 lakh or face imprisonment of two years or both. At present, an employer pays Rs 1 lakh in the form of fine in contravention of the present rule. In case of death or serious accident, an employer will have to pay Rs 1.5 lakh compared to the present Rs 25,000. However, in case an accident policy has been purchased for the worker, a lesser amount of Rs 75,000 needs to be paid as fine.