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ಪತ್ರಿಕೆಯ ಹೆಸರು : NAME OF THE NEWS PAPER: Sec can Herald
ದಿನಾಂಕ : DATE: 24/7/2020

State govt tweaks three laws, approves labour ordinance

Labour-related regulations to be relaxed for ease of doing business

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BENGALURU, DHNS

Karnataka's industrial sector is likely to witness a large-scale shake-up after the state Cabinet on Thursday approved sweeping changes to three important labour laws through an ordinance, in a move that will infuriate labour unions.

The Industrial Disputes and Certain Other Laws (Karnataka Amendment) Ordinance — which the government said will help ease of doing business amid the pandemic — will amend some provisions under the Industrial Disputes Act, the Contract Labour (Regulation and Abolition) Act and the Factories Act.

According to Law Minister JC Madhuswamy, the worker threshold will increase from 100 to 300 under Section 25(K) of the Industrial Disputes Act.

This means that only those establishments that employ 300 or more persons will have to seek the government's permission for closure, retrenchment or layoff.

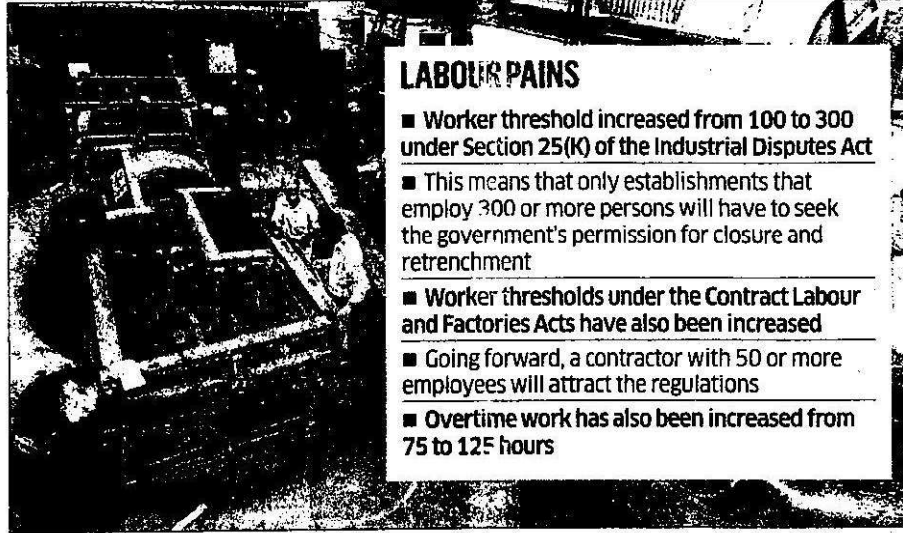
Similarly, worker thresholds under the Contract Labour and Factories Acts will be increased. While any contractor with 20 employees or more attracted the regulations under the Contract Labour Act, a contractor with 50 or more employees will attract the regulations going forward.

Madhuswamy said that the Industries Act will also be amended to increase the worker threshold from 10 to 20 in units which use power and from 20 to 40 in factories that do not use power.

"Overtime work of any quarter is also increased from 75 to 125 hours under section 65(3) (iv) of the Factories Act," he said.

According to government sources, the amendments were based on the recommendations made by the Ministry of Labour and Employment in May, and 'prior instruction' was issued by the President of India through a letter by the Ministry of Home Affairs on July 11.

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LABOUR PAINS

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- This means that only establishments that employ 300 or more persons will have to seek the government's permission for closure and retrenchment
- Worker thresholds under the Contract Labour and Factories Acts have also been increased
- Going forward, a contractor with 50 or more employees will attract the regulations
- Overtime work has also been increased from 75 to 125 hours

New industrial policy eyes Rs 5L cr investments

BENGALURU, DHNS

The Cabinet on Thursday approved the state's new industrial policy that aims to generate Rs 5 lakh crore investment over the next five years and create 20 lakh jobs by offering a slew of incentives.

All new investment projects, as per the policy, shall create direct employment opportunities "with a minimum employment of 70% to

Kannadigas on an overall basis and 100% in case of Group D employees".

Special Investment Regions (SIR) were also announced.

Govt may extend tenure of MSME loan scheme, PAGE 12

nounced, with Dharwad SIR — encompassing Gadag, Haveri and Belagavi districts — being the first.

"Probably for the first time in India, we have decided to offer investment promotion subsidy to medium, mega and large enterprises ranging from 1.75% to 2.5% on turnover in each year for a period of 5-10 years," Industries Minister Jagadish Shettar said.

The subsidy will be in the form of a grant and will be based on the company turnover.

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policy eyes

Rs 5 lakh cr

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The subsidy will be limited to 35-60% of the Value of Fixed Assets (VFA) of an enterprise. MSMEs, too, will be eligible for an investment promotion subsidy of 10% of their annual turnover for a period of five years and limited to 20-30% of VFA.

Shettar said that SIRs will be notified as areas with more than 100 sqkm and deemed industrial townships. While the first will be at Dharwad, another will be notified for Shivamogga, which will also cover Davanagere, Chitradurga and Chikmagalur districts.

The policy will allow development of private industrial parks in the state, he said, noting that such parks were functional in Tamil Nadu district.

Apart from amending labour laws to facilitate industries, restrictions on the purchase of agricultural land has been lifted by amending the Land Reforms Act.

"This will facilitate industrialists to purchase land and start industries," he said.

The Karnataka Industries Facilitation Act is also amended to ensure 'ease of business', and will allow investors to start work on their projects as soon as district-level committees clear them, he said.

The policy has identified automobiles and auto components, pharmaceuticals and medical devices, engineering and machine tools, knowledge-based industries, renewable energy, electric vehicles, and aerospace and defence as focus sectors. Industry 4.0, research and development, intellectual property rights and others will be thrust areas of the policy.