

# Exemption from tough labour laws for start-ups that self-certify

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**M**umbai: The ministry of labour has issued an advisory to all state governments to grant exemption from stringent labour laws if entrepreneurs submit self-certification for compliance of legislations to promote Prime Minister Narendra Modi's dream project, Start-up ecosystem for creation of employment opportunities.

A senior bureaucrat confirmed the advisory, stating that if start-ups furnish a self-declaration for compliance of the laws, there will be no inspection of units for the first year, and from the second year, up to three years from setting up of the units, the start-ups have to furnish self-certified returns. "The units will be inspected only when a credible and verifiable complaint of violation is filed in writing and approval has been obtained from the competent authorities," he said.

When the issue of concessions for start-ups was raised in the Lok Sabha, Union labour and employment minister Bandaru Dattatreya said that the advisory was not to exempt start-ups from the ambit of compliance of the labour laws but to provide an administrative mechanism to regulate inspection of the start-ups under the laws, so that they are encouraged to be self-disciplined and adhere to the rule of law.

"These measures intend to avoid harassment of entrepreneurs by restricting discretion and arbitrariness. Punitive action will be taken whenever there is a violation of the labour laws," he said.

On the labour legislations, he said it had been proposed that the entrepreneur should submit a self-declaration, stating that he will adhere to provisions of the Industrial Disputes Act, the Trade Unions Act, the Building and Other Construction Workers Act, the Industrial Employment Act, the Inter-state Migrant Workmen Act, the Payment of Gratuity Act, the Contract Labour (Regulation and Abolition) Act, the Employees' Provident Fund Act and Employees' State Insurance Act.

A labour department official said the proposal will go a long way in setting up start-up ventures and create more employment opportunities through them. "We found that there was a slowdown in investment due to large-scale inspection and harassment of entrepreneurs. Self-certification on compliance of labour laws is a key solution to promote start-ups," he said.

When the special economic zone (SEZ) concept was launched more than a decade ago, the official said, it was assured that stringent labour legislations will not be applicable in the zones but the concept failed to take off as most state governments failed to draft rules under the SEZ Act.

"In Maharashtra, out of 145 proposals, only 30 were implemented. The fate of the remaining hangs in balance," he said.