

To,
Shri Hukum Singh Meena I.A.S
Joint Development Commissioner
Ministry of MSME
Govt of India
A-Wing 7th Floor Nirman Bhawan
New Delhi-110108

Subject :- IIA Comments & Recommendations on Simplification of Labour Laws in MSE Sector.

Dear Sir,

Kindly refer to your discussions with the President IIA Shri Anil Gupta on 12th Oct. 09 at Delhi. As desired by you, IIA Comments & Recommendations for simplification of Labour Laws for MSE sector are submitted as under:-

1. Every Industrial Employer in India today realises that a motivated employ is more productive compared to a de-motivated employee. Gone are the days when Britishers were the employers and Indians were serving for these foreigners. The theory X left behind by the Britishers resulted in a bias in the minds of the Employees of free India as well as the Labour Welfare Departments. Labour Laws in free India were therefore drafted with a total bias that the employees are to be protected from the exploitation of the employers. 62 years down the line, industrial environment has changed drastically, the Employers – Employees relations have also undergone sea change. Industries in India today will survive only when these are competitive globally. It is therefore absolutely necessary that Labour Laws and practices in India are also modified keeping view the changes and need of the hour. If Industries and Business flourishes, Employment flourishes automatically. A good example is IT boom in the recent times. Govt. and Law makers therefore need to change the laws for creating a win-win situation for both the Industry as well as Industrial Employees.
2. More then 95% Industries in India are in MSME Sector giving employment to more then 2.5 Crores people. MSE entrepreneur generally puts in his own Assets into the business and then try to get loan from Financial Institutions which normally is not available easily. MSE Entrepreneur is a self employed person who handles the entire management of his/her enterprise single handidly. As on date more then 35 Acts are applicable on

MSE's exactly the same way as these are applicable to large enterprises. It is practically impossible for a Micro and Small Entrepreneur to follow and implement all the provisions these Acts. As a result the MSE Entrepreneur becomes the victim of Inspector Raj. These various legislations provide for imprisonment/criminal prosecution of MSE's for certain violations, treating them as criminals. Such provisions are in the present economic scenario absurd and should be immediately done away with. Even a murderer is governed by one Act e.g. IPC but MSE Entrepreneurs are governed by large number of Acts for prosecutions.

3. During the past 62 years of Independence these Laws & Inspector could not achieve much towards Labour Welfare as was expected /envisaged. However it was the Industrial boom e.g. IT Boom which resulted in better salaries and welfare measures for the workers employed in this sector. We need to learn a lesson from this example.
4. Therefore there is a need for Separate, Simplified & Single Labour Act for MSE's which they can understand and implement properly. In IIA, the Labour Working Group of the Association has been studying the Labour Laws for quite some time and has recommended a single set of labour law in line with the earlier proposed Small Enterprises (Employment relation) Act 2002 as recommended by Second National Commission for Labour. The proposed Labour Law Act for MSE showing proposed changes in the Small Enterprises Act 2002 is attached herewith.
5. For Medium Enterprises we recommend that Laws related to safety may also be modified and clubbed into one Act.

Submitted for kind consideration please.

Thanking you,

Your's Truly