



Five guiding Principles of JRD:

- I. Nothing worthwhile is ever achieved without deep thought and hard work;
- II. One must think for oneself and never accept at their face value slogans and catch phrases to which, unfortunately, our people are too easily susceptible;
- III. One must forever strive for excellence, or even perfection, in any task however small, and never be satisfied with the second best;
- IV. No success or achievement in material terms is worthwhile unless it serves the needs or interests of the country and its people and is achieved by fair and honest means;
- V. Good human relations not only bring great personal rewards but also are essential to the success of any enterprise.

About KARMA :

KMCPL, an ISO-9001:2008 certified company is a pioneer in developing & providing customised personnel solutions, uniquely conceptualised & designed in line with the operational need of the client's organisation by its promoters since 30 years. The end to end Outsourcing & Staffing, Payroll Management & Personnel Laws Consultancy Solutions are cost effective & tailor made to suit the clients business. KMCPL has today undergone a 360 degree change to provide multiple personnel solution services to its clients under one roof with the strong support of its dedicated and committed team driving the future growth and expansion for the organisation.

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JULY 2011

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Contract Labour: A Ticking Bomb Amid Auto Industry's Labour Force

Managing Director Shinzo Nakanishi (Maruti Suzuki's Manesar factory) shrugged off an estimated Rs 500-600 crore revenue loss as 'negligible'. It's business as usual, except that there is a time bomb ticking amid the automotive industry's million-strong labour force. Contract workers, who are paid much less than permanent employees and enjoy far less benefits, make up 70-80% of the industry workforce, according to estimates by trade union leaders. And the underlying tension between their aspirations, auto companies' cost considerations and outdated labour laws could easily precipitate another big dispute - anytime and at any company. The strike at Maruti was only following a pattern - companies such as Hero Honda, Honda Motorcycles and [Scooters India](#) (HMSI), Hyundai, [Ashok Leyland](#), [MRF](#), [Apollo Tyres](#) and Sona Koyo have faced industrial unrest in the past five years. The truce at Manesar, and the rest of the industry, is uneasy. The \$73-billion industry employing close to 13 million people wants to double revenues by 2016. It will need a workforce of 25 million to get there.

Outdated labour laws a concern

"Companies can pay lower wages to contract workers and discontinue their services at will," says All India Trade Union Congress (AITUC) National Secretary DL Sachdev. "This is the foundation of most industrial unrest in recent times. There has been no credible effort to offer permanent employment at justified wages, despite the auto industry growing by leaps and bounds," he adds. Most of the contract labour work with the permanent workers cheek-by-jowl. Often they could be performing the same tasks as a regular employee but paid 30-70% lower. They aren't entitled to any incentives either. A regular employee at Maruti's Manesar plant, for instance, would draw around 16,000-24,000 depending on his experience, plus productivity benefits, while a worker on contract doing similar work may get 5,500-8,500 from the contractor who employs them on behalf of the company. Contract labourers are retained for a fixed period by companies with no retirement, PF, gratuity or annual bonus benefits. They cannot apply for a loan from the company and get no paid leave. Ajit Abhyankar, Pune city head of Centre of Indian Trade Unions (CITU), says companies increasingly prefer third-party workers (contract labour) to prevent unionising any kind of bonding, emotional or psychological, with the company. "Managements want to keep workers in an uncertain frame of mind but we have found that this works adversely and impacts quality," he says.

How contractors work

Companies do not hire such temporary workers directly, but only through labour contractors. This is an unlikely partnership and also an uneasy one. Auto companies like to play by the book. But the labour contractors often rise because of their political connections, according to GS Ramesh, chairman, Layam Group, a consultancy that advises Toyota, Renault, Hyundai, General Motors and Ashok Leyland.

How Companies use contractors

[Tata Motors](#) has increased temporary workforce in its plants by 10-15% recently. It has three categories of workers at its plants: those who are directly on the company's rolls, temporary workers who are recruited as per production plans, and contract labourers who are engaged for non-core activities such as housekeeping, gardening and rudimentary machine maintenance. There are exceptions. "We are very careful not to use contract labourers for skilled jobs," says an official at Mahindra & Mahindra. "The temporary worker who is part of the union gets permanent in two years after a training and probation period." But not everyone plays by the rules. The chief financial officer of a large automotive component firm says most companies officially maintain that they use only permanent staff for manufacturing operations, but the ground-level situation is different. "The huge gulf between salary structures of workers on contract and those who are permanent goes a long way in managing an efficient HR cost structure," he adds.

Automotive companies, for their part, claim to have been increasing compensation as per the law. For instance, the minimum wage in Haryana is around 4,800. Companies claim that they pay more than that. "Our minimum compensation for any skilled worker is one of the highest in the country. We want to stay ahead in terms of availability of quality labour and maintain our edge in productivity as the most suitable destination for investments and new projects," says Haryana Industries Minister, Randeep Singh Surjewala.

"We have introduced several productivity-linked incentives where the salary proportion goes up substantially as higher production targets are met," says Maruti's Managing Executive Officer-Administration (Human Resource, finance & IT) SY Siddiqui.

It's a fragile balance - cost considerations on the one hand, and worker expectations on the other. "Every contract labourer or temporary worker aspires to become permanent and get a sizable role in the company," says a senior Tata Motors official. Unless automotive companies learn to manage this better, the road to doubling revenues is likely to see many more disputes.

Mallikarjun Kharge Directs Provident Fund Organisation to Update All Accounts by December 2011

The first ever review meeting of the Regional Provident Fund Commissioner was held here today under the chairmanship of Shri Mallikarjun Kharge, Union Minister of Labour and Employment. Total 120 officers from regional and sub regional offices attended the meeting to review the progress in improving the service delivery to the employee provident fund members.

Speaking on the occasion the Minister said 4.72 crore accounts up to 2008-09 are likely to be updated online by 15.7.2011 to ensure more transparency. He said that the Provident Fund Organisation has been directed to update all accounts by December 2011 and expressed the hope that this will be done as per schedule as this will be one of the major achievements since nearly 14 crore accounts were pending for updation on 1.4.2011 i.e. the beginning of the new financial year. He expressed his happiness that EPFO will now put the account balances of members on website so that any member can check his balances up to the year his account are updated. Considering this as a big achievement he added that most of the members grievances will be resolved once they are able to access their accounts through website.

During the meeting minister also reviewed the position as regard to the settlement of claims. He said that the settlement of claims within 30 days has improved over the previous year. However, his aim is to achieve 100% settlement within 30 days. This claims settlement office-wise has also been put on the website so that everybody can see the position with regard to the settlement of accounts of our 120 offices. Minister underlined that employers can submit their returns and challans electronically, which will speed up the progress of updating of accounts and settlement of claims.

Those who were present during the meeting included P.C Chaturvedi, Secretary, Ministry of Labour & Employment, Shri S.Chatterjee, Central Provident Fund Commissioner, Shri Ravi Mathur, Additional Secretary, Ministry of labour & Employment and other senior officials of Employee Provident Fund organisation.

Bombay HC questions women's working hours

Calling for a change in mindset, the Bombay High Court on Tuesday observed that if men are allowed to work late hours then why should there be a restriction on the working hours for women.

"Why is it that men work till 1:30 in the night but women should work only till 9:30 pm? You (Maharashtra government) cannot have control over someone's work and lifestyle. Must change our mindset," a division bench of justices Ranjana Desai and RV More observed while hearing a bunch of petitions challenging the law restraining women from working beyond 9:30 in the night.



Though the petition filed by Womanist Party of India and other organisations specifically takes up the issue of waitresses in bars who are banned from working after 9:30 pm, the law is in fact even applicable to women working in shops and other establishments that are not given special exemptions by the state government.

"It is not a sin to go to a bar and work as waitress. What if a woman wants to have a drink after 9:30 pm? What if the owner of the bar is a woman who wants to sit at the counter till 1:30 am? Will the state government not allow that too," justice Desai questioned.

Arguing for the petitioners, advocate Veena Thadani, told the court, "The rule violates the fundamental right to work of 50 per cent of the population."

Unions Decry Labour Law Exemption for Investment Zones

Exempting new manufacturing investment zones (NMIZs) from some labour laws, despite certain objections by the Labour Ministry, has evoked a strong reaction from some trade unions.

We had stated our position clearly on issues such as 'hire and fire', outsourcing site inspections and a proper exit policy. We will now wait for the Committee of Secretaries (CoS) to take a final call and then react, said a Labour Ministry official. The draft national manufacturing policy, which got in-principle approval from the Government on 9.6.2011, has now been forwarded to a CoS to iron out labour and environment-related issues.

NOTIFICATIONS & AMENDMENTS

CONFIDENTIAL

**HEADQUARTERS' OFFICE
EMPLOYEES' STATE INSURANCE CORPORATION
PANCHDEEP BHAWAN:C.I.G. MARG:NEW DELHI - 110 002
Website : www.ESIC.nic.in**

No. C-12/19/12/32/09-Vig. Date: 2.06.11

To
All the Regional Directors/Directors/Jt. Director I/C,
Regional Office/Sub Regional Office/Divisional Office,
ESI Corporation.

Subject: Complaints regarding the illegal demand, harassment and mental agony of the employers against Regional/Sub Regional/Divisional Offices.

Sir/Madam,

In the recent past a number of complaints have been received from the employers regarding the illegal demand, harassment and mental agony against the Regional/Sub-Regional/Divisional offices. In a similar case, the complaint was received through CVC which was investigated/examined and outcome reported to CVC. The Commission in turn has made following observations:

" Lot of these complaints of harassment can be avoided if ESIC stops their punitive approach towards Industry. In fact, they should become friendly towards Industry & encourage them to give the benefits to their employees under ESI Act. For this, they need to be in touch with the Industry Associations to educate the Promoters. Once a trust is built & Inspectors from ESIC stop acting like prosecutors the change will come. This will help in curbing corruption on one hand and improving the future of Employees in private sector".

The above mentioned observations are brought to your kind notice with an object that the same may be kept in view in day to day administration of the scheme.

Receipt of the letter may be acknowledged.

Yours faithfully,

**(A.K. SINHA)
DIRECTOR(VIG.)**

**EMPLOYEES' PROVIDENT FUND APPELLATE TRIBUNAL
NEW DELHI
A.T.A. No. 364(2009)**

Between
M/s Benchmark Infocom (P) Ltd. Appellant
Vs
The Department Respondent

ORDER
Dated the 2nd June, 2011.

Present: Sh. S.H. Gupta, Advocate for Appellant.
Sh. Aparna West, Advocate for Respondent.

The appeal in this case is preferred against the order passed by the PF Authority under Section 7A of the Employees' Provident Fund and Miscellaneous Provisions Act, 1952 (hereinafter referred to as the Act) directing the appellant to deposit the dues.

2. The case of the appellant is that the appellant is a company registered under the Companies Act. The establishment was engaged in the business of service providing. The PF Authority issued a proceeding under Section 7A of the Act and alleged that the appellant was not paying the minimum wages to the employees required under the Minimum Wages Act and treated the Minimum Wages as the basic wage and assessed the dues. The impugned order is illegal.

3. The case of the respondent is that the appellant was not paying the minimum wages as the assessment has been made correctly.

4. It is contended that the Authority has no power to look into minimum wages matters to assess wage per the Authority has power to determine the amount of wages to be paid to the employees. Section 7A

UNOFFICIAL COPY
Sd/-
Registrar, EPFAT
New Delhi.

The Employees provident fund appeal tribunal, New Delhi, in ATA No.364(2009) in the case of M/s.Benchmark Infocom (P) Ltd v/s RPFC indore has quashed the order to the provident fund commissioner and vide its judgement dated 2.06.2011 stated that the Authority has the power to resolve the dispute regarding the payment of dues but it has no power to hold whether the minimum wages amount to basic wage or not or whether the payment was made as per the minimum wages act or not and the order of the authority is set aside.

Know Your EPF Balance(Service launched on 01/07/2011)

Please click on the following link to know the balance in your EPF Account upto the date, the accounts are updated, which also includes the latest approved transactions of settlement/advances/transfer-in/transfer-out, if any.

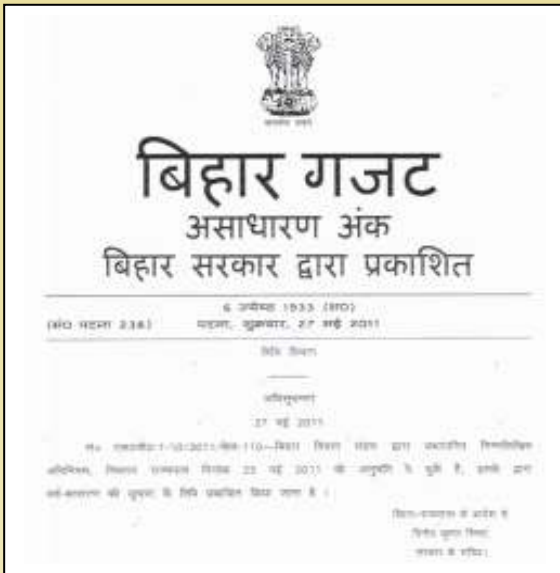
Select the EPFO office where your account is maintained and furnish your PF Account number.

Leave the extension field blank, in case your account does not have one.

You will be asked to enter your name and mobile number. The given mobile number will be recorded along with the PF Account Number.

On successful submission of above information, the details will be sent through SMS to the given mobile number.





The Bihar state assembly has gone ahead and adopted the Bihar Profession, Trade, Livelihood and Employment Tax Bill, 2011 and hence the Bihar [Government](#) is imposing [professional tax](#) on central and state government officers and employees, Railways, boards and corporation. It has cover salaried professionals earning more than Rs 3 lakh per annum. According to sources professionals earning between Rs 3 lakh and Rs 5 lakh would pay an annual professional tax of Rs 1000 while those earning between 5 lakh and Rs 10 lakh will have to pay Rs 2000. Employees getting above Rs 10 lakh per annum will pay Rs 2500. Self-employed professionals like doctors, lawyers and accountants will also be covered by this tax. The tax will be collected from [salaried employees](#) in the form of TDS.

Office Humor



The Union Cabinet today gave its approval to amend the title of the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979 to 'Inter State Migrant Workers (Regulation of Employment and Conditions of Service) Act, 1979' by introducing a Bill, namely the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Amendment Bill, 2011 (Appendix-III) (page 6 to 7) in the ensuing session of Parliament.

The Act provides for regulating the employment of inter-state migrant workmen and their conditions of service.

The Act will become gender neutral by amending its title and replacing the word 'workman and workmen' by the words 'worker and workers' respectively.

Background:
The system of employment of inter-state migrant labour is an exploitative one. To safeguard the interests of migrant workers, the Government enacted the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979. The Task Force constituted for amendment of labour laws concerning women and children, recommended that the title of the Act may be changed in order to make it gender neutral. This recommendation of the Task Force has been accepted and amendment in the title of the Act changing it as 'the Inter-State Migrant Worker (Regulation of Employment and Conditions of Service) Act, 1979 has been proposed.

India, Luxembourg and France Social security agreements between Luxembourg and India; and France and India have entered into force

Luxembourg - the legislation concerning pension insurance in case of old-age, invalidity and survivorship and articles 2 and 173 of the Social Security Code for the purpose of admission to optional continued insurance. As regards the assignment provisions, the legislation concerning the social security for employed persons (sickness insurance, accidents at work and occupational diseases insurance, unemployment benefits and family benefits).

India – all legislation concerning old-age and survivors pension for employed persons and the permanent Total Disability pension for employed persons. As regards the assignment provisions, the legislation concerning social security for employed persons. The social security legislation of either country will be applicable to all individuals who ordinarily reside in such country regardless of their nationality.

For more details please visit <http://www.epfindia.com/IntWorkersNew/IntWorkersNew.html>

IMPORTANT GLANCE ON CASE LAWS



When a dispute raised by the workers of the contractor about their regularisation has been referred for adjudication before the Industrial Tribunal, granting of relief that during pendency of the proceedings, their services will not be terminated by the contractor, such interim order of *status quo*, will tantamount to granting them the main relief which is not permissible under the Industrial Disputes Act.

Reference : *Batra Hospital Employees Union (Regd.) vs. Management of Batra Hospital & Medical Research Centre & Ors.* [2011 LLR 682]

Whenever an establishment carries on activities in the nature of trade or commerce, it must be held that the premises being used therefor is shop by giving the expanding meaning to the words for coverage of establishment under the ESI Act. Employees' Insurance Court has rightly held that it is not necessarily only a place where 'goods' are sold which comes within the meaning of word 'shop' and the order of the EI Court covering the establishment carrying on consultancy services for which it charges from its clients will be covered by ESI Act.

Reference : *Consulting Engineering Services (I) Pvt. Ltd. vs. Chairman, ESI Corporation & Ors.* [2011 LLR 687]

While calculating 240 days' working for a daily-wage workman, weekly offs and public holidays are to be excluded hence in the present case, the Labour Court has erred in concluding that the workman has worked for 240 days whereas by excluding weekly offs and holidays, he has worked only for 215 days hence the impugned Award of the Labour court is set aside.

Reference : *Ranjit Natvar Lal Chauhan vs. Morbi Nagar Palika* [2011 LLR 704]

Conveyance allowance, as paid to the employees, will **not** attract ESI contribution hence the Employees' Insurance Court has erred in holding that conveyance allowance forms part of wages whereas the Division Bench of Madras High Court has held that the conveyance allowance would not be a part of wages within the meaning of section 2(22) of the ESI Act.

Reference : *M/s Asian Paints (India) Ltd. vs. The Employees' State Insurance Corporation & Anr.* [D/-1-4-2011]

SPLITTING OF MINIMUM WAGES FOR PROVIDENT FUND CONTRIBUTIONS

It may be recollected that in *Assistant Provident Fund Commissioner, Gurgaon Vs. G4S Security Services (India) Limited & Anr, 2011 LLR 316*, the Punjab & Haryana High Court has held that the provident fund contributions are not necessarily to be paid on the wages which are fixed under the Minimum Wages Act.

Being aggrieved, the EPFO filed a Letters Patent Appeal No. 1139 of 2011 before the Division Bench challenging the order of learned Single Judge. The Division Bench, comprising of the Hon'ble Chief Justice Adarsh Kumar and the Hon'ble Justice A.K. Mittal, on 20.07.2011 dismissed the appeal.

keyfacts®

- In America , the Indian Scientists are **12%** whereas the number of doctors is **38%** .
- Mahindra Satyam plans to hire 17,000 new hands this year.
- There are around 40 million workers in construction industry.
- The **cement workers & Managements** have reached a wage settlement of the order of **Rs. 168 crore** benefiting 1.25 lakh employees.
- Emerging as economic super power, India will need 500 million skilled people in the coming year. That India orders may create 7 lakh jobs in US in 10 years.
- Indian companies are now second fastest growing investor with a support of 57,000 jobs in America.
- With increase of milk production, the dairy section will generate one lakh jobs every year.



COMPLIANCE Checkup

Statutory Compliance August 2011

- ✓ *Pay PF before 15.08.2011*
- ✓ *Pay ESIC before 21.08.2011*
- ✓ *Pay Profession Tax before 31.08.2011*
- ✓ *Submit Form No. 5 & 10 under PF Act before 15.08.2011*
- ✓ *Submit Form No. 12 A under PF act before 25.08.2011*

** [Employers employing International Labour to submit the information to the EPFO]*

Office Humor



"I never promised you a company car.
I promised you a set of wheels."



"Nine out of 10 people disagree with my idea, which sends a very clear message — nine out of 10 people are idiots!"

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