



**GOVERNMENT OF KARNATAKA**

No. LD 396 LET 2015

Karnataka Government Secretariat  
Vikasa Soudha,  
Bangalore. Dt. 05.10.2016



**NOTIFICATION**

**Classification of industries to streamline and simplify the inspection system**

Government of Karnataka are pleased to issue this Draft Notification on Classification of industries to streamline and simplify the inspection system inviting objections and suggestions from the persons likely to be affected thereby within 30 days from the date of publication of this Draft Notification in the official gazette. Objections if any, shall be submitted to The Additional Chief Secretary to Government, Labour Department, Room No. 414, 4<sup>th</sup> Floor, Vikasa Soudha, Bengaluru-560 001

The Department of Labour has taken certain measures to bring reforms in the inspection system under all labour laws being enforced by the Department. Inspection system is a mechanism to ensure the statutory and welfare benefits and decent livelihood to the working community. Normally an inspector is appointed by the competent authority through delegation of powers by government notification under each Act. The notified inspector inspects an establishment exercising the delegated powers in order to ensure these provisions. It is observed that all categories of industries / establishments do not require same frequency of inspections. Several establishments / industries are voluntarily complying with the provisions of various labour laws, and some are complying with the intervention of the Department. Hence the inspection requirement varies from establishment to establishment.

Recognising the voluntary compliance by certain industries, the government intends to fix the frequency of inspection accordingly. Therefore the government has

classified the establishments into 3 categories as high risk, medium risk and low risk industry, which require different levels of inspections, considering the nature of employment, awareness level among the workers, existence of internal unions, past history of compliances, mutual settlements, absence of industrial disputes and so on.—  
The parameters for classification of establishments are as follows:-

Sl. No	Risk Parameters	Low Risk	Weightage	Medium Risk	Weightage	High Risk	Weightage
1	Hazardous / Non-Hazardous	Non-Hazardous	8	Non-Hazardous	8	Hazardous	0
2	Lockouts/ strikes / Retrenchment / Lay-off-Closure (in past three years)	No	10	No	10	Yes in any one area	0
3	Types of Workers Employed in the Establishment	Permanent Workers only	12	No. of Contract Workers is more than 30%	6	No. of Contract Workers and migrant workers are more than 50%	4
4	Attrition	Low	8	Medium	6	High	4
5	Existence of Settlements	Yes	10	Efforts initiated for settlement through conciliation process	6	No	0
6	Existence Standing Order	Yes	8	Under process of certification	6	No	0
7	Trade Union	Existence of internal recognised Trade Union	12	Presence of Trade Union	6	Absence of Trade Union	2
8	Prosecution under Labour Laws (from past 5 years)	No	10	One Time	4	More than one time	0
9	Rate of Conviction in the last 10 years	No	10	Financial penalty	3	Imprisonment	0
10	Number of Industrial Disputes pending for adjudication	Zero	6	1 to 5 in last three years	4	More than five (5) in last three years	2
11	Payment of Fringe Benefits (Gratuity / Bonus)	Yes	6	Yes	6	No	0

For the classification of the establishments, weightage has been assigned to 11 components / parameter as shown above. If the consolidated weightage of a particular establishment is more than 60 then it shall be considered as Low Risk establishment, if it is between 40-60 such an establishment shall be considered as Medium Risk establishment and if it is less than 40, such an establishment shall be considered as High Risk establishment.

The inspection methodology under above categories is as follows.

**Low risk industries** : This category of industries do not require much intervention of the department. Hence these industries will be inspected once in 3 years.

**Medium risk industries** : This category of industries require moderate intervention by the inspection mechanism of the department. Hence these industries will be inspected twice in 3 years period.

**High risk industries** : This category of industries require constant monitoring of the department in ensuring statutory benefits to the workers. Hence these industries can be inspected upto two times in a year under all applicable labour laws.

This Notification applies to the Factories, Shops, Commercial Establishments and other Establishments which have not opted for the Self-Certification-cum-Integrated Periodic Returns Scheme – 2016 and The Karnataka State Third Party Certification of Compliances under Labour Laws Scheme – 2016.

By order and in the name of the  
Governor of Karnataka

  
(G.M. SIDDARAJU)

Under Secretary to Government,  
Labour Department

To:

The Compeller, Karnataka Gazette to publish this notification in the Extra-ordinary Gazette and supply 100 copies to the Additional Chief Secretary to Government, Labour Department and 100 copies to the Labour Commissioner, Bannerugatta Road, Bangalore.

Copy to:

1. Additional Chief Secretary to Government, Finance Department, Vidhanasoudha, Bangalore.