

BIHAR SKILL DEVELOPMENT MISSION

IMPORTANT LABOUR LAWS

THE FACTORIES ACT, 1948

Factory means:

1. Any premises (including precincts thereof);
2. Such premises carrying Manufacturing process;
3. Where **10 or more workers** are working, or were working on any day of the preceding twelve months and the manufacturing process is carried on **with the aid of power,**
4. Where **20 or more workers** are working, or were working on any day of the preceding twelve months and the manufacturing process is carried on **without the aid of power,**
5. **But it does not Include:**
 - (a) a mine;
 - (b) a mobile unit belonging to the armed forces of the union;
 - (c) a railway running shed;
 - (d) a hotel, restaurant or eating places

Definitions:

Adult: Adult means a person who has completed his eighteen year of age.

Adolescent: Adolescent means a person who has completed his fifteen year of age but not completed his eighteen year.

Child: Child means a person who has not completed his fifteen years of age.

PAYMENT OF BONUS ACT, 1965

The Payment of Bonus Act, 1965 is an Act to provide for the payment of bonus to persons employed in certain establishment on the basis of production or productivity and for matters connected therewith. The purpose of payment of bonus to workers is to bridge the gap between wages paid and ideal. The Act applicable to whole of India.

The object of the Act is also to maintain the **peace and harmony** between labour and employer by allowing the employees a right to share the profit of the establishment. The Board **framework of the Act is –**

- (a) To impose statutory liability on employer to pay bonus.
- (b) To provide for minimum and maximum bonus.
- (c) To prescribe means for determination of bonus.
- (d) To prescribe machinery for administration and enforcement of liability of employer for bonus.

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Applicability of the Act

1. The Act apply to every **Factory**.
2. To every other establishment in which **twenty or more persons** are employed on any day during an accounting year.
3. The appropriate Government may, after giving **not less than two months notice** of his intention to do so, by notification in the official Gazette for any other (**trading sector and service sector etc.**) establishment.
4. Once the Act becomes applicable, it shall continue to be applicable even if the number of workmen fall bellow 20 in any establishment.

Definitions:

Employee: Any person (other than an apprentice) employed on a salary or wages **not exceeding RS. 21000/-** for hired or reward (**Permanent & Temporary**), whether the terms of employment be **express or implied**.

Min-Max Bonus : **8.33 percent** of the salary or wages and **20 percent** of the salary or wages earning by the employee during the year.

Eligibility : Workers who works **not less than 30 working days** in a accounting year.

EMPLOYEES PROVIDENT FUND AND MISCELLANEOUS PROVISIONS ACT, 1952

The employees Provident Funds and Miscellaneous Provisions Act, 1952 came into force on 1st November 1952. It extends to whole of India except the State of Jammu & Kashmir. It is **social security legislation** meant for providing employees **provident fund, family pension and deposit linked insurance**.

Applicability same as Bonus Act

Definitions:

Employee: Any person (other than an apprentice) employed on a salary or wages **not exceeding RS. 15,000/-** whether the terms of employment be **express or implied**.

Contribution: contribution time to time decided by central government, it may be **10 percent or 12 percent of basic Salary**.

Advances/Withdrawals: Advance from Provident Fund can be taken

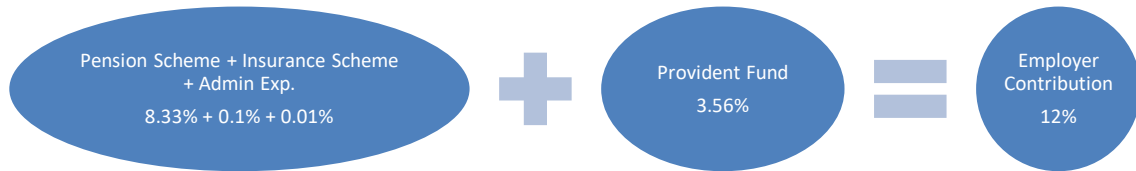
- (a) To Life Insurance Premium payment;
- (b) To purchase dwelling house or flat or for construct a house;
- (c) To hospitalisation, major surgical operation, etc;
- (d) To marriage of son or daughter;
- (e) To repayment of loans in special cases and
- (f) To purchase equipment for physically handicapped.

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Final Withdrawals: In case of Death, Permanent disability, Superannuation, retrenchment or migration from India and voluntary retirement, the full amount of provident fund with interest refunded.

EMPLOYEES PENSION SCHEME



Note: The Central government is also contributing to the **Pension Fund** at the rate of **1.16%** of the wages of the Employees subject to certain conditions.

Time When Pension Start: A person will get pension only after he **completes 58 years of age**.

Quantum of Pension:

$$\text{Member pension} = \frac{\text{Pensionable Salary} * (\text{Pensionable Service} + 2)}{70}$$

Pensionable Salary: The average balance in the account of the member during the preceding 12 months.

PAYMENT OF GRATUITY ACT, 1972

Gratuity is a retrial benefit. It is a lump sum payment made by an employer when the employment is terminated, to an employee in consideration of his past service. In the case of employment coming to an end due to **retirement or superannuation**, it enables the affected employee to meet the new situation, which quite often means a reduction in earning or even total stoppage of earnings. In the case of **death of an employee**, it provides much needed financial assistance to the surviving members of the family. Gratuity schemes, therefore, serve as instruments of social security. The Act came into force on 16th September, 1972.

Applicability of the Act

1. Every factory, mine, oilfield, plantation, port and railway company;
2. Every Shop or establishment, in which **ten or more persons** are employed, on any day of the **preceding twelve months**;
3. The appropriate Government may, after giving **not less than two months notice** of his intention to do so, by notification in the official Gazette for any other establishment in which ten or more persons employed;
4. Once the Act becomes applicable, it shall continue to be governed by it, even if the number of persons **fallen bellow ten**.

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WHEN IS GRATUITY PAYABLE: Gratuity shall be payable to an employee on the termination of his employment after he has rendered **continuous service for not less than five years on –**

- (a) his superannuation, or
- (b) his retirement or resignation, or
- (c) his death or disablement due to accident or disease or
- (d) to the completion of continuous service of five years.

Amount of Gratuity payable (Covered & Uncovered): Gratuity is calculated on the basis of continuous service i.e. for every completed year of service or part in **excess of six months**, at the rate of fifteen days wages last drawn. The **maximum amount of gratuity is Rs. 10,00,000/-**.

THE EMPLOYEE STATE INSURANCE ACT, 1948

It was the first major legislation on Social Security in independent India to provide certain benefits to the employees in the organised sector in case of **sickness, maternity and employment injury**. The Act extends to whole of India.

Applicability of the Act:

1. The Act applies to every Factory;
2. The appropriate Government may, after giving **not less than one month prior notice** of his intention to do so, by notification in the official Gazette for any other establishment.
3. Once the Act becomes applicable, it shall continue to be applicable even if the number falls.

RATE OF CONTRIBUTION

1. **Employer's Contribution:** A sum equal to **4.75% of the wages;**
2. **Employee's Contribution:** A sum equal to **1.75% of the wages.**

THANK YOU !!