

Ordinance Summary

The Industrial Disputes and Certain Other Laws (Karnataka Amendment) Ordinance, 2020

- The Industrial Disputes and Certain Other Laws (Karnataka Amendment) Ordinance, 2020 was promulgated on July 31, 2020. It amends the Industrial Disputes Act, 1947, the Factories Act, 1948, and the Contract Labour (Regulation and Abolition) Act, 1970. These Acts respectively provide for: (i) the investigation and settlement of industrial disputes, (ii) regulation of labour in factories, and (iii) regulation/abolition of contract labour in certain establishments/circumstances. The Ordinance amends these Acts to provide measures to boost the ease of doing business in the state of Karnataka.
- **Lay off, retrenchment, and closure in certain establishments:** The Industrial Disputes Act, 1947 mandates a threshold of 100 employees for establishments to lay off employees or shut down without having to seek government approval. The Ordinance enhances this threshold to 300 employees.
- **Limit on number of workers and overtime working hours:** The Factories Act, 1948 defines the threshold criteria for any premises (using manufacturing processes) to be considered as a factory. The threshold is based on the: (i) number of workers employed on any day of the

preceding 12 months, and (ii) the nature of manufacturing process used. The Act also provides for limits on the number of overtime working hours per worker. The Ordinance amends these limits, as specified in the Table 1.

Table 1: Limit on number of workers and overtime working hours

Type of premises	Existing limits under the 1948 Act	Limits under the Ordinance
Number of workers		
Premises utilising power	10	20
Premises not utilising power	20	40
Overtime working hours (per worker, per quarter)		
All premises	75 hours	125 hours

- Further, the Contract Labour (Regulation and Abolition) Act, 1970 requires establishments to employ 20 or more workers to seek government approval to operate and to be regulated under the Act. The Ordinance enhances this limit to 50 or more workers.

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