



सत्यमेव जयते

शंकर अग्रवाल, आई०ए०एस०  
भारत सरकार के सचिव  
SHANKAR AGGARWAL, I.A.S.  
Secretary to Govt. of India

MINISTRY OF LABOUR & EMPLOYMENT  
SHRAM SHAKTI BHAVAN  
NEW DELHI - 110001

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D.O. No. Z-13025/ 39 /2015-LR Cell

*[Handwritten signature]*

January 12, 2016

Dear Chief Secretary,

*[Handwritten note: Discrepancy]*

Government of India has decided to promote the Start-Up ecosystem in the country to incentivize the entrepreneurs in setting up new start-up ventures and thus catalyze the creation of employment opportunities through them. In this connection, various incentives and ease in regulatory compliance provisions are being conceptualized. Start-ups are defined by Department of Industrial Policy & Promotion (DIPP), as an entity, incorporated or registered in India not prior to five years, with annual turnover not exceeding Rs. 25 crores in any preceding financial year, working towards innovation, development, deployment or commercialization of new products, processes or services driven by technology or intellectual property.

2. Promoting the Start-ups, as defined above, would need special handholding and nurturing. Thus such Start-ups, as defined by DIPP, may be allowed to self-certify compliance with the Labour Laws. The Labour Laws to be covered under this are:

- (1) The Industrial Disputes Act, 1947
- (2) The Trade Unions Act, 1926
- (3) The Building and Other Construction Workers' (Regulation of Employment and Conditions of Service) Act, 1996
- (4) The Industrial Employment (Standing Orders) Act, 1946
- (5) The Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979
- (6) The Payment of Gratuity Act, 1972
- (7) The Contract Labour (Regulation and Abolition) Act, 1970
- (8) The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
- (9) The Employees' State Insurance Act, 1948

3. It is observed that out of the 9 Central Labour Acts above, first 7 Acts are implemented both by State Government (State sphere) and Central Government (Central sphere). Last two (EPF and ESI Act) are mainly implemented by Central Government. Also, out of these 7, only 4 Acts (*viz. Industrial Disputes Act, Building & Other Construction Workers Act, Inter-State Migrant Workmen Act, and Contract Labour Act*) require establishments to file Return. Similarly, only 4 Acts (*viz Building & Other Construction Workers Act, Inter-State Migrant Workmen Act, Payment of Gratuity Act and Contract Labour Act*) require inspection of the establishments by Inspectors.

*[Handwritten notes: 22/1/16, 80 (MCE-2), Recty, Kop., 27/1/2016]*

*[Handwritten notes: 29/1/16, 8th ver, 5/4/2016-Act]*

*[Handwritten file number: 300/SIPP/16, 14/1]*



4. In view of the above, State / UT Governments are advised that:

- (i). For the first year of setting up of the Start-ups such establishments may not be inspected under any of the 4 Labour laws mentioned above (*viz. BoCW Act, ISMW Act, Payment of Gratuity Act and Contract Labour Act*). These start-ups may be asked to submit an online self-declaration instead.
- (ii) Start-Ups may be allowed to submit self-certified returns (*as is being done under Shram Suvidha Portal under these Acts for the Central sphere*) under aforesaid Acts. From the second year onwards, upto three year from the setting up of the unit, such Start-ups may be taken up for inspection only when very credible and verifiable complaint of violation is filed in writing and the approval has been obtained from at least one level senior to the inspecting officer.

5. You are, therefore, requested to direct the concerned Departments in your State/UT to regulate the inspections in the Start-ups, as suggested above, wherever applicable. For submitting self-certification online, the Shram Suvidha Portal of Government of India may be used.

With regards

Yours sincerely  
Sd/-  
**(Shankar Aggarwal)**

Chief Secretaries of all States/UT  
(By name, as per List, separate copy to each)

Copy to: *with request to take similar action for units in Central Sphere:*

1. Sh. K. K. Jalan, Central Provident Fund Commissioner, EPFO, New Delhi
2. Sh. Deepak Kumar, Director General, ESIC, New Delhi
3. Sh. A. K. Nayak, Chief Labour Commissioner (Central), Shram Shakti Bhavan, New Delhi

*Sd-*  
**(Shankar Aggarwal)**

Copy also to:

1. Sh. Rohit Nandan, Secretary, Ministry of Skill Development & Entrepreneurship, New Delhi, *for taking similar action in respect of the Apprentices Act 1961, as this is being handled now by that Ministry.*
- ✓ 2. Sh. Amitabh Kant, Secretary, Department of Industrial Policy & Promotion, Udyog Bhavan, New Delhi *for information.*

*Amitabh Kant*  
**(Shankar Aggarwal)**



रोहित नंदन, आई ए एस

सचिव

**ROHIT NANDAN, IAS**  
SECRETARY



सत्यमेव जयते

भारत सरकार  
कौशल विकास और उद्यमशीलता मंत्रालय  
GOVERNMENT OF INDIA  
MINISTRY OF SKILL DEVELOPMENT  
AND ENTREPRENEURSHIP

D.O. MSDE-6(1)/2016-AP  
15-01-2016

JS(S) ✓  
DIPPA ✓  
Kumar ✓  
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19/1/2016

In order to create more employment opportunities through Start-ups ecosystem, Government of India has decided to incentivize Start-ups by provision of ease in regulatory compliances. Start-ups are defined by Department of Industrial Policy & Promotion(DIPP), as an entity, incorporated or registered in India not prior to five years, with annual turnover not exceeding Rs. 25 crores in any preceding financial year, working towards innovation, development, deployment or commercialization of new products, processes or services driven by technology or intellectual property.

Start-ups will be allowed to self-certify compliances with various labour laws. Similar action has been mooted to incentivize Start-ups engaging apprentices.

The Apprentices Act, 1961 has been amended from 22<sup>nd</sup> December, 2014 to make it more users friendly to industry as well as to the youth. Establishment has been allowed for selection of trades and self-regulation of engagement of apprentices in a band of minimum 2.5% to maximum 10% of total strength of establishment including contractual workers. The procedure for furnishing regular information through returns have been simplified by providing them through apprenticeship portal [www.apprenticeship.gov.in](http://www.apprenticeship.gov.in)

As per the Apprenticeship Rules, 1992, establishment may be inspected by an Officer not below the rank of Assistant Apprenticeship Adviser after prior approval of the Central or the State Apprenticeship Adviser. In the first year of setting up of start-ups, inspection be completely dispensed with against self-declaration. From the second year onwards up to the next three years, start-ups may be taken up for inspection only when very credible and verifiable complaint of violation has been filed in writing and the approval has been obtained from concerned Apprenticeship Adviser.

You are, therefore, requested to direct concerned Departments in your State/UT to regulate the inspections in the Start-ups, as suggested above, wherever applicable.

With regards,

Yours sincerely,

Sd/-

(Rohit Nandan)

Chief Secretaries of all States/UTs

Copy to:

1. All States/UTs Apprenticeship Advisers
2. All Regional Directors of Apprenticeship Training

Copy also to:

- ✓ 1. Shri Amitabh Kant, Secretary, Department of Industrial Policy & Promotion, Udyog Bhavan, New Delhi
2. Shri Shankar Aggarwal, Ministry of Labour & Employment, Shram Shakti Bhavan, New Delhi.

673/SIPP/16  
05/2

(Rajesh Agrawal)  
Joint Secretary