



## **INTERNAL AUDIT OF FUNCTIONS AND ACTIVITIES**

### **Introduction of Model Standing Orders in the State of Tamilnadu**

The Industrial Establishment (Standing orders) Act, 1946 (hereinafter referred to "**SO Act**") defines the uniform conditions of employment in industrial establishments.

This enactment comes within the powers of the relevant State where the industrial establishment is located and it is administered by the State Government. If a company has several industrial units located in several States, the respective State Government will have jurisdiction over the respective unit. An SO certified by the appropriate authority of the relevant State Government is binding on both Employer and the Employees. Section 10 of SO Act says that the SO can be modified only after 6 months from the date of certification by the State Government, provided it has the consent of both sides.

The significance of SO Act must be understood in contradistinction with that of the Factories Act, 1948 (hereinafter referred to "**Factories Act**").

Here is a quick review a major points of distinction between these two enactments:.

#### ➤ **Purpose & Effect on workmen:**

**SO Act** defines the terms and conditions of employment of all workers with their employer; irrespective of their categories (contract; permanent or temporary; apprentices and trainees). Their appointment letter may precede the terms of SO to the extent of not being inconsistent with its provisions.

**Factories Act** regulates the working conditions of workers including contract labourers but does not cover temporary workers or apprentices or trainees. However Apprentices Act, 1961 makes Chapters III, IV and V of Factories Act applicable to apprentices.

#### ➤ **Coverage of establishments:**

**SO Act** applies to every industrial undertaking (including a factory) with 100 or more workmen employed on any day of the preceding 12 months. However the State Government has powers to apply this Act to an undertaking employing less than 100 persons too. SO Act applies to workmen irrespective of whether they undertaken manufacturing process or not.

**Factories Act** is applicable to factories with 20 workers or 10 workers employed on any day of the preceding 12 months; directly or indirectly in a manufacturing process without aid of power or with aid of power respectively.

➤ **Onus of Compliance:**

Onus lies on both the workers and the management to abide by SO during the tenure of employment.

Onus lies on the employer only. Employees reap the benefits of a healthy and safe work environment.

Recently Government of Tamilnadu had notified The Industrial Employment (SO) TN Amendment Act, 2008. This Amendment Act will come into force from a date notified by the State Government.

One the important amendments brought about by the Amendment Act is that the **“owner of an industrial establishment”** shall be responsible under SO Act even with respect to contract labourers. Prior to this amendment, the contractors were liable directly.

Section 2-A of the Amendment Act states that the “model standing order [Model SO]” will apply to every industrial establishment within the State to which SO Act applies from such date as the State Government may appoint in this behalf. Now Model SO is going to give way for individuals SOs of different establishments.

Of course, a proviso under Section 2-A of the Amendment Act states that if in respect of an industrial establishment any certified SO has already been in operation prior to the coming into force of the Amendment Act, such SO will continue to apply instead of the Model SO to the extent the provisions of such SO are NOT inconsistent with the Model SO.

Thus is it not time to review existing SOs in the light of the Model SO?

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