

Case Study

Madhya Pradesh Shram Seva Portal- an initiative to rationalize Labour Laws

URL- <http://www.labour.mp.gov.in>

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1. EXECUTIVE SUMMARY

The project is focused on facilitation of “Ease of Doing Business” in Madhya Pradesh. The Labour Department undertook the major task of studying and analysing the existing Laws, processes, work-flows, procedures, forms etc. in its public interface and then amended 18 Labour Laws and also redesigned & automated the processes to ensure efficient, cost effective, paperless and quality services to its customers. The target beneficiaries and stakeholders include shops and commercial establishments, factories and other entrepreneurs on one hand and more than 10 lakh of construction workers requiring social security benefits on the other.

The range of processes involved rationalization of complex Labour Laws, simplification of forms & procedures, addressing multiplicity and duplicity of application forms and periodic returns, establishing a single window for all registrations & licenses for all categories of employers. Whole process has been made paperless & faceless by eliminating the need for office visits and bringing in the concept of self certification, joint inspections under all regulatory Labour Laws instead of multiple inspections thus providing payment gateways instead of manual bank challans and providing social security benefits to constructions workers with the help of e-Payments of benefits of schemes through the Portal and bringing all services under the domain of Public Services Guarantee Act.

2. INTRODUCTION

The initiative involves simplification and transformation of various processes and manual systems for ensuring compliance of various laws/acts related to welfare & protection of rights of labourers. It also aims to facilitate the business entities in their business by facilitating online registration, renewal of registration & other important services. It aims to provide an online system to ensure paperless, automated, fast, effective, transparent, convenient and hassle-free service delivery to shop, establishments, factories and other stakeholders involved in doing business in State of Madhya Pradesh. It also aims to identify, register & support labourers working in construction & other unorganized sectors and extend seamless and effective services to workers working in unorganized sector for their registration & renewal of membership and sanction as well as disbursement of benefits of schemes to them.

- To transform, simplify & automate the processes and replace manual process involved in registration, renewal and issue of registration certificates to shops and commercial establishments through a computerized system
- To link registration process of workers with "SAMAGRA" Household Survey.
- To ensure financial inclusion and Electronic Payment Transfers of benefits into the bank account of workers.
- To facilitate fast, effective and efficient delivery of services and sanction of benefits of schemes to registered construction workers from any place of their convenience in a transparent manner.

The initiative involves a web based portal that offers online self-services and is used by 53 District/Field Offices of Labour Department, 313 Janpad Panchayats and 387 Urban Local bodies in the State of Madhya Pradesh. Its services are also available at 9000+ MP-online Kiosks & Lok Sewa Kendras (LSK).

3. OVERVIEW OF THE CHAMPION

The Champion of the Project is Sh. K.C. Gupta, Principal Secretary, Cooperatives, Madhya Pradesh and earlier Labour Commissioner, Madhya Pradesh.

Sh Sunil Jain, Senior Technical Director, NIC, has contributed in design, development of the technology based solution and e-Payment platform for the initiative.

Other Champions include Sh. Prabhat Dubey, Dy. Labour Commissioner, sh. Jaidev, ACIO and sh. Pushpankar Chand, Scientist, NIC.

Shram Seva has also won MP Govt's Award for Excellence in e-Governance initiatives in MP 2013-14; SKOCH Order of Merit Award for being "India's Best 2015 in Smart Governance" for effective Citizen Centric Service Delivery at National Level; SKOCH Order of Merit Award for being "India's Best 2015 in Smart Governance" for Labour Reforms in Madhya Pradesh; "Award of Appreciation" in CSI Nihilent e-Governance Awards 2014-15.

The initiative has helped the State facilitate Ease of Doing Business and the State is now ranked number 5 in the World Bank's Ease of Doing Business Evaluation Study (Sep 2015) and VCS appreciated as "BEST PRACTICES" and has won MP Govt's Winner's Award for Govt Process Re-engineering 2014-15 and National e-Governance Silver Award for Government Process Re-engineering 2016-17.

4. PROJECT OVERVIEW/HISTORY OF THE PROJECT

Situation before the initiative:

- Complex Laws, Rules & Processes made the State an unattractive choice for doing business.
- Manual & Isolated operations with regard to the registrations, renewals, services, inspections etc.
- Large number of transactions ~1 lakh transactions to be handled manually by 51 district offices.
- Scope of Discretion in decision making in functionaries.
- Lack of accountability on officials & staff.
- Involvement of agents and middlemen in service delivery.
- Cost of compliance of Labour Laws and regulation was very high and stressful.
- Long delay in process flow. Cases/ Files had to move to many levels.
- Applicant was required to visit the office at least 3-4 times resulting in harassment and avoidable wastage of time & money.
- Manual system required large manpower & resources for service delivery.
- Average disposal time for applications of construction workers was about 30 days.
- Delivery of Registration Certificates to shops & commercial establishments was 40-45 days.
- Prevalence of large number of fake & duplicate worker registration cards.
- Lack of transparency & complaints of corruption.
- No sharing of status information with the applicants.
- No facility of tracking application.
- Long queues & applicant had to abide by office timings.
- No computerization, no regular updating hence no monitoring was possible.
- Inefficient & wasteful. Required more time & resources which led to huge drain on ghost cards
- No customer / worker / satisfaction
- Strenuous job for the service providing officials

Processes that have been re-engineered using the portal - before (As-Is) and after (To-Be) re-engineering; changes in activities and their sequencing; level of automation achieved by the portal-

• **Online Shop & Establishments Registration and Renewal Service Delivery System**

Before	After
Offline and Manual Processes	Online Process
Physical Application	ONLY Online Applications. Paper Applications NOT ACCEPTED.
Required submission of physical copies of supporting documents	Totally Paperless, fully online, supporting documents uploaded on portal, no physical interface with office for any purpose.
Physical signed certificates/licenses	Digitally signed certificates / licenses
Services during office hrs only.	24 x 7 online process
No mechanisms to track the Status	User gets timely SMS alerts, tracking through Mobile App and web interface also facilitated
Services during office hrs only.	Services 24 x 7
Manual calculation of fee.	Automated and rule-based calculation of fee
Fee collection offline	Online fee collection through Cyber Treasury
Application through agents/middlemen/ direct	Simplified processes, Online self-service platform eliminates need of agents & middlemen,
Need to visit office for document verification and certificate collection	Online upload of documents, download of digitally signed certificates and orders has eliminated physical touch points
Delay in delivery of Services [Avg. disposal time 40 days]	Transparent and faster delivery - [7 days only]
Manual dependency for each work	Ease in computing various fees & their deposition Ease in monitoring, Generation of defaulters list (for renewal) Ease in tracking records
No mechanism to generate a centralized list of defaulters pending for renewal	Ease in monitoring, Generation of defaulters list (for renewal)

- **Online Factories Registration and Renewal Service Delivery System**

Before	After
Services during office hrs only.	Factory owner can directly apply from his home and can download his License online.
Need to visit office	Eliminates physical touch points
Application through middlemen	Eliminates agents & middlemen,
Delay in delivery of Services [Avg. disposal time 90 days]	Transparent and faster delivery [Avg. disposal time 10-15 days]
Manual dependency for each work	Ease in computing various fees & their deposition Ease in monitoring, generation of defaulters list (for renewal) Ease in tracking records
Number of visits to labour Offices for various Services. [Avg. Number of rounds 4-6]	Eliminates all physical touch points.

5. **SITUATION IN CHAMPION’S STATE/ DISTRICT**

5.1 Beneficiaries- Owners of shops, establishments, factories and other entities involved in doing business in Madhya Pradesh. Building and other construction workers, workers engaged in unorganized sectors

5.2 Strategy Adopted-

- **Details of base line study done:** Baseline Study with the help of a Team from IBM was conducted and their recommendations were duly incorporated in the system implemented.
- **Problems identified:** The main problems identified were related to complex processes, manual systems, need for physical visit to offices for seeking services, involvement of middle man, procedural delays, long pendency, lack of mechanisms for enforcement of rules and accountability, lack of transparency, scope of discretion in decision making, prioritizing the work and corruption.
- **Roll out/implementation model:** Pilot in selected districts and final roll out throughout the State after obtaining and evaluating valued feedbacks from offices and users.
- **Communication, dissemination strategy and approach used:** Meeting with concerned stakeholders, conducting training at Divisional and District levels, message disseminated through Circulars, Notice Boards and Newspapers.

6 MODALITIES OF THE NEW SYSTEM (SOLUTION)

6.1 Citizen Centricity

6.1.1 Impact on effort, time and cost incurred by user:

- **Effort:** The online and self-service facility has allowed the user to avail these services online or through kiosks and thus has eliminated the need for the user to visit the office for any-work.
- **Cost:** Online system allows calculation of fee in a rule-based and transparent manner. Simplified processes and online system has also eliminated the need for using the services of middleman and hence resulted in significant reduction in the cost on account of travel, middleman etc.
- **Resulted significant improvement in delivery time:** Simplification & automation of processes, facility to apply online, Online delivery of digitally signed Registration Certificates to shops and commercial establishments in an average of 7 days (instead of previous 45 days).
- Average disposal time for applications of construction workers reduced to 10-12 days (instead of previous 30 days).

6.1.2 Grievance mechanism:

- Available on portal
- Toll free number 181 under the CM Help Line

6.1.3 Audit Trails: The system maintains history and audit trails for various important actions/transactions. The audit trail also include IP Address, logged in user account which has performed the action/transaction, old value, new value, date, time etc.

6.1.4 Interactive platform for service delivery: The system is fully online and highly interactive so as to allow any user to avail the services themselves using their own system without any assistance from any middleman.

6.1.5 Stakeholder consultation:

- Organized tripartite meetings with Industries, Trade Unions at regular intervals.
- Tripartite Meetings are organized to take feedback and suggestions for various implementations of Labour reforms.

6.2 User Convenience

6.2.1 Service delivery channels (Web, email, SMS etc.): Services / Status updates are being facilitated through all possible channels, i.e. SMS, E-mail alerts, Mobile App, Web, Kiosks

6.2.2 Completeness of information provided to the users: The end-to end process is fully online.

6.2.3 Accessibility (Time Window): 24x7 through web portal

6.2.4 Distance required to travel to Access Points - Applicant/entrepreneur can avail all services in online mode from his office / residence and is not required to visit any office. Building and Other Construction Worker (BOCW) can avail the facility through any service access point (Local Authorities, MP Online Kiosks/Lok Seva Kendras. In all systems, even the objections are handled online thus eliminating physical travel to any office.

6.2.5 Facility for online/offline download and online submission of forms- Submission of forms, documents is completely online, objection handling is online, fee submission is online, and downloading of the digitally signed certificates/licenses is also online.

6.2.6 Status tracking- is online through web and Mobile App

6.3 Efficiency Enhancement:

6.3.1 Volume of transactions processed: 2 lakh per month

6.3.2 Coping with transaction volume growth: The system has been designed to ensure total automation, paperless and face-less mode of governance and also regular growth in the volume of transactions. Regular database tuning and optimization of queries and procedures allows the system to sustain its performance and accommodate the transaction volume growth.

6.3.3 Time taken to process transactions: 20 seconds

6.3.4 Accuracy of output: The certificates, calculation of fee etc. are being done using the system and hence it is 100% accurate.

6.3.5 Number of delays in service delivery: None as the application are processed on first-cum-first-served basis leaving no scope for intentional delays.

6.4 Cost effectiveness: The initiative has resulted in a significant cost reduction to its users and they now get all the services online without requiring to visit to the office for application, follow-up and Tracking Simplification. Automation and enforcement of rules, and First Come First Served protocol has allowed the offices to process the applications at a high pace as completeness of the application is already validated by the software.

6.5 Capacity Building & Organizational Sustainability:

- Setup a dedicated IT Cell at Headquarter of Office of Labour Commissioner at Indore.
- Two technical resources are facilitated by the Department of Science & Technology, GoMP.

- Training to around 500+ users of Labour department and around 1000+ other stakeholders has been imparted during various Training programs, workshops, State & District level consultation programs during the last 2 years.

6.6 Accountability:

- The system has allowed enforcement of rules and transparency in operations.
- The system has also enforced processing of cases on first-cum-first served basis, thus eliminating the possibility of discretion in decision making.
- The system has allowed the enforcement of accountability on individual officer/office for delay in the processing or for unfair rejection/objection on the application. The information and history of all actions/transactions/ processes are maintained by system.

6.7 Innovation

- Simplification of Labour Laws (Amending 3 State and 15 Central Labour Laws)
- Voluntary Compliance Scheme (VCS) to facilitate self-certification
- Integration of various Registers & Returns as well as rationalization inspection procedures
- Transformation of Processes and Procedures from Manual to Online System
- Online registration and renewal of registration of Shops and Commercial Establishments & Factories
- Electronic receiving and disposal of registration/renewal applications in other Acts
- SMS, email, online tracking interface to ensure transparency in transactions
- Online Registration and Renewal of beneficiary cards for construction workers
- Online benefit disbursement through ECT to beneficiaries' bank accounts
- Online Submission of suggestions and complaints
- Knowledge management and document sharing

6.8 Appropriate Delegation

- **Amendment in 3 State Labour Laws** – Time and Labour (TL) Approximately 60 days, Key Officials :- Labour Commissioner, Additional Labour Commissioner, Field Officers and Supporting Staff Madhya Pradesh Shops & Establishments Act, 1958, Madhya Pradesh Shram Kalyan Nidhi Adhiniyam, 1982, Madhya Pradesh Industrial Employment (Standing Orders) Act, 1961

6.8.1 Details of Amendments in 3 State Labour Laws

A. Amendment in Madhya Pradesh Shops & Establishments Act, 1958:-

- i. Provision of deemed registration if no action is taken on the application within 30 days.

- ii. No inspection in establishments under any labour law where less than 10 employees are employed except with the permission of Labour Commissioner.
- iii. Provision of compounding of offences introduced.
- iv. Provision of consolidated form for maintaining registers and records introduced.
- v. Provision for allowing registers and records to be maintained in digital formats introduced.

B. Amendment in Madhya Pradesh Shram Kalyan Nidhi Adhiniyam, 1982:-

- i. Micro Industries exempted from application of this Law.
- ii. Provision of consolidated form for maintaining registers and records introduced.
- iii. Provision for allowing registers and records to be maintained in digital formats introduced.

C. Amendment in Madhya Pradesh Industrial Employment (Standing Orders) Act, 1961:-

- i. Applicability of this Law amended. Now applicable on Establishments with more than 50 workers instead of earlier figure of 20 workers.
- ii. Micro Industries exempted from application of this Law.
- iii. Provision of compounding of offences introduced.
- iv. Age of retirement of employee increased from 58 to 60 years

6.8.2 Amendment in 15 Central Labour Laws – Approximately 100 days of Time and Labour (TL) was required in 2014 for conceptualization and final draft. Key Officials include Labour Commissioner, Additional Labour Commissioner and Supporting Staff. The Madhya Pradesh Labour Laws (Amendment) and Miscellaneous Provisions Bill, 2015 was passed by State Assembly in July 2015, received Presidential Assent on 11th November 2015 and published as Madhya Pradesh Labour Laws (Amendment) and Miscellaneous Provisions Act, 2015 in MP Gazette on 27/11/2015.

MP Labour Laws (Amendment) & Misc Provisions Act 2015 in force from 27.11.2015

S.No.	Labour Law
1	BOCW Act, 1996
2	BOCW Welfare Cess Act, 1996
3	Contract Labour Act, 1970
4	Equal Remuneration Act, 1976
5	Factories Act, 1948
6	Industrial Disputes Act, 1947
7	Inter State Migrant workers Act, 1979

8	Labour Laws Exemption Act, 1988
9	Maternity Benefit Act, 1961
10	Minimum Wages Act, 1948
11	Motor Transport Workers Act, 1961
12	Payment of Bonus Act, 1965
13	Payment of Gratuity Act, 1972
14	Payment of Wages Act, 1936
15	Sales Promotion Act, 1976

- **Launching of Voluntary Compliance Scheme** –Approximately 30 days of TL was spent. Key Officials include Labour Commissioner, Additional Labour Commissioner, Field Officers and Supporting Staff.
- **Regulation of inspections in establishments employing < 10 workers** under all Labour Laws. Key Officials :- Labour Commissioner, Additional Labour Commissioner, Field Officers and Supporting Staff
- **Registration/Licences under 6 Acts** (Factories Act, MP Shops and Establishment Act, Contract Labour Act, Interstate Migrant Workmen Act, Building and other Construction Workers Act & Motor Transport Workers Act) and application for joining VCS brought under Lok-Sewa – Mandatory time limit for providing services in 30 days. Key Officials:- Labour Commissioner, Additional Labour Commissioner, Field Officers and Supporting Staff
- Single Window under Ease of Doing Business / Online Services under above mentioned 6 Acts and VCS. Key Officials :- Labour Commissioner, Additional Labour Commissioner, Field Officers and Supporting Staff

7 **IMPACT ON THE STAKEHOLDERS/BENEFICIARIES**

7.1 **To organization**

- Ranked among Top 5 States in India in Ease of Doing Business as per World Bank's Index.
- Wide appreciation by Industry, Entrepreneurs and workers community
- 7.69 lakhs fake/duplicate cards weeded out.
- All records computerized and are available online. Automatic updating and better monitoring possible.
- Simplified procedures, electronic movement of processes and submissions
- Reduced administrative burden.
- Efficient, as it minimized use of resources in service delivery which has resulted in financial saving of approximately Rs. 50 Crores per year by weeding out 7.69 lakhs ghost beneficiaries.

- Resulted in considerably more customer satisfaction
- Enabled ease of business for the service providing personnel.

7.2 To citizen

- The average disposal time for applications from construction workers has reduced to 10-12 days (instead of previous 30 days).
- Ensures online delivery of Registration Certificates to shops and commercial establishments in average 7 days (instead of previous 45 days).
- Applicant is not required to visit the office at all.
- Service is available in a fair and transparent manner.
- Agents and middlemen have been eliminated.
- All details are available to the applicants online and through SMS alerts.
- Applicant can track the status of his application online.
- No queues and more convenient and easier process (24 x 7).

7.3 Other stakeholders

- The average disposal time for applications from construction workers has reduced to 10-12 days (instead of previous 30 days).
- Ensures online delivery of Registration Certificates to shops and commercial establishments in average 7 days (instead of previous 45 days).
- Applicant is not required to visit the office at all.
- Service is available in a fair and transparent manner.
- Agents and middlemen have been eliminated.
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- Applicant can track the status of his application online.
- No queues and more convenient and easier process (24 x 7).

8 FUTURE ROADMAP/SUSTAINABILITY

The project has been able to fulfil most of the intended objectives for its stakeholders. Most of the services G2G and G2B are online & paper-less.

- Measures to ensure adaptability and scalability – Service oriented architecture, A Relational database management system (RDBMS) and open standards used to ensure adaptability and scalability
- Measures to ensure reliability - Service oriented architecture, RDBMS and open standards used to ensure adaptability and scalability
- Restrictions, if any, in replication and or scalability – None. The platform was designed and developed after considering the volume of transactions.
- Risk Analysis- Has been carried out and No risk/threat was identified.

Sr. No.	Activity	Status	Timelines (Indicative)
1	Identification of leftout Building and other Construction Workers and their registration on Portal.	Done	Within 1 year.
2	Operationalization of high-end & automated Shramodaya Vidhyalayas for the children of registered construction workers	Done	Schools are already operational
3	Providing hand held smart devices to all Inspectorial staff.	Conceptualized	Upto Mar-19 (Depending on availability of budget).
4	State-wide roll out of Geo-Tagging under all Registration and Licensing under Inspections.	Done	Already done
6	Development of Dashboard for monitoring	Done	Done
7	All benefit disbursement through online portal (DBT)	Done	Done
8	Implementation of design under all online registration and licensing modules- Pilot under way in factory module.	Done	Done
9	Migrate Department's website to be accessible to persons with Disabilities as per GIGW (Guidelines for Indian Government Websites).	Done	Done
10	Seeding of Aadhar in Departmental databases- In MPBOCW Schemes.	Under Progress	Within 1 Year.
11	Integration with INVEST Portal of MP	Done	Done
12	Implementation of Online Emergency Plans Monitoring system.	Under Development Phase	Upto March 2019
14	Creation of Centralized Data Bank.	Done	
15	Development of Child Labour Tracking System	Done	
16	Development of Bonded Labour Tracking System.	Done	
17	Implementation of Uttara and eOffice.	Done	

18	System for Identification, Rehabilitation and Tracking of Silicosis Victims.	Planned	Upto March 2019
19	Online system for Registration of Slate Pencil workers and disbursement of benefits.	Planned	Upto March 2019
20	Registration of Beedi manufactory.	Planned	Upto March 2019
21	Online system for Returns by factories and establishments.	Done	Done-
22	Integration with GOI Portal for Providing unique LIN number to each Shop/ Establishment/ Factory.	Done	Done
23	Internal Returns filing system.	Done	Done
24	Simplifications & Revision of Labour Laws	Done	Done
25	Implementation of e-office.	Planned	Upto Mar 2019
26	Implementation of Bio-metrics Attendance system.	WIP	Upto Dec 2018
27	Training & Capacity Building Program.	Done	Done

9. Appendix

Labour Reforms & Ease of Doing Business in Madhya Pradesh (Rationalization & Simplification)

(A) Significant Measures:

- i. 3 State Labour Laws amended in Dec 2014
- ii. 15 Central Labour Laws amended:- Consent for amendment obtained from GoI. State Amendment Bill, 2015 already approved by the cabinet on 7th July, 2015 and by the Assembly on 22nd July 2015, Hon. Presidential assent was received on 11th Nov 2015 and Amendment Act came in force from 27th Nov 2015.
- iii. Voluntary Compliance Scheme (VCS) launched.
- iv. Regulation on inspections.
- v. Registration/Licences under 6 Acts (Factories Act, MP Shops and Establishment Act, Contract Labour Act, Interstate Migrant Workmen Act, Building and other Construction Workers Act, Motor Transport Workers Act) and application for joining VCS brought under Lok-Sewa (Mandatory time limit for providing services in 30 days).
- vi. Single Window/Online Services under 6 Acts (Factories Act, MP Shops and Establishment Act, Contract Labour Act, Inter-state Migrant Workmen Act, Building and other Construction Workers Act, Motor Transport Workers Act) and VCS.
- vii. Mobile app -SHRAM SEWA launched on 26th Jan 2016 available on Google play store.
- viii. -

(B) Details of Amendments in 3 State Labour Laws

➤ **Amendment in Madhya Pradesh Shops & Establishments Act, 1958:-**

- i. Provision of deemed registration if no action is taken on the application for registration within 30 days.
- ii. No inspection in establishments under any labour law where less than 10 employees are employed except with the permission of Labour Commissioner.
- iii. Provision of compounding of offences introduced.
- iv. Provision of consolidated form for maintaining registers and records introduced.
- v. Provision for allowing registers and records to be maintained in digital formats introduced.

➤ **Amendment in Madhya Pradesh Shram Kalyan Nidhi Adhiniyam, 1982:-**

- i. Micro Industries exempted from application of this Law.
- ii. Provision of consolidated form for maintaining registers and records introduced.
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➤ **Amendment in Madhya Pradesh Industrial Employment (Standing Orders) Act, 1961:-**

- i. Applicability of this Law amended. Now applicable on estts with more than 50 workers instead of earlier figure of 20 workers.
- ii. Micro Industries exempted from application of this Law.
- iii. Provision of compounding of offences introduced.
- iv. Age of retirement of employee increased from 58 to 60 years

(C) Details of Voluntary Compliance Scheme [VCS]

- ❖ Covers all factories, shops, commercial establishments
- ❖ Excludes hazardous factories.
- ❖ Covers following 16 Labour Laws

S. No.	Name
1	Contract Labour Act, 1970
2	Equal Remuneration Act, 1976
3	Factories Act, 1948
4	Industrial Disputes Act, 1947
5	Inter State Migrant workers Act, 1979
6	Labour Laws Exemption Act, 1988
7	Maternity Benefit Act, 1961
8	Minimum Wages Act, 1948
9	Motor Transport Workers Act, 1961
10	MP Standing Orders Act (STATE), 1961
11	MP Shops and Estt. Act (STATE), 1958
12	MP Shram Kalyan Nidhi Adhinyam (STATE), 1982
13	Payment of Bonus Act, 1965
14	Payment of Gratuity Act, 1972
15	Payment of Wages Act, 1936
16	Sales Promotion Act, 1976

- ❖ Entry & Exit optional
- ❖ Maximum One inspection in 5 years (on prior notice). Additional inspection on complaints on authorization by LC
- ❖ Two annual returns (instead of 13) & One register (instead of 61)
- ❖ Application on-line/off-line. No processing fee. Refundable security deposit. One page application and requires self declaration only

Security Deposit:-

- ❖ In the form of bank guarantee/bank draft/FD

No of Employees	Amount (Rs.)
1 to 20	5,000
21 to 100	10,000
101 to 300	25,000
301 to 500	40,000
Above 500	50,000

(May be revised after 3 years)

Deduction in Security Deposit on Voluntary Exit

20 %	if exit within 1 year
40 %	if exit within 1-2 years
60 %	if exit within 2-3 years
80 %	if exit within 3-4 years
100 %	if exit within 4-5 years

(D) Amendments in 15 Central Labour Laws.

MP Labour Laws (Amendment) & Misc Provisions Act 2015 in force from 27.11.2015

S . No.	Labour Law
1	BOCW Act, 1996
2	BOCW Welfare Cess Act, 1996
3	Contract Labour Act, 1970
4	Equal Remuneration Act, 1976
5	Factories Act, 1948
6	Industrial Disputes Act, 1947
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10	Minimum Wages Act, 1948

11	Motor Transport Workers Act, 1961
12	Payment of Bonus Act, 1965
13	Payment of Gratuity Act, 1972
14	Payment of Wages Act, 1936
15	Sales Promotion Act, 1976

Major Amendments:-

1. Provision of compounding of offences introduced in 5 Central Labour Laws. Offences with imprisonment up to 3 months are compoundable.

- i. Equal Remuneration Act, 1976
- ii. Labour Laws (Exemption from Furnishing Returns and Maintaining Registers by certain Establishments) Act, 1988
- iii. Minimum Wages Act, 1948
- iv. Payment of Wages Act, 1936
- v. Sales Promotion Employees (Conditions of Service) Act, 1976

2. Provision of deemed registration/licence, if application is not disposed off in 30 days, in 4 Central Labour Laws.

- i. BOCW Act, 1996
 - ii. Contract Labour Act, 1970
 - iii. Inter State Migrant workers Act, 1979
 - iv. Motor Transport Workers Act, 1961
3. Plant and Machinery excluded for assessment of Cess levied by the Building and Other Construction Workers Board under “Building and Other Construction Workers Welfare Cess Act, 1966”.
 4. Appeal against Assessment Order filed after depositing undisputed amount and 1% of disputed amount instead of full amount fixed by the assessment order (To be prescribed by State Government) under Building and Other Construction Workers Welfare Cess Act, 1996.”
 5. Overtime hours in a quarter increased from 75 hours to 125 hours under “Factories Act, 1948”.
 6. Entitlement of a worker for Leave with wages after completion of 180 days service in the same calendar year instead of present provision of leave with wages from the next calendar year after completion of 240 days of service.
 7. Minimum retrenchment compensation and notice period increased to 3 months from 1 month
 8. Bar on employment of women workers and employees in night shift withdrawn. Government may prescribe security measures

9. Permission from Government for layoff or retrenchment of workers or closure of unit - Number of workers in the Unit increased from 100 to 300.
10. Limitation of 3 years for workman to approach conciliation officer.
11. **Provision of simplified and unified registers and returns under 15 central labour laws and can be maintained in digital/computerized format, viz.** BOCW Act, 1996, BOCW Welfare Cess Act, 1996, Contract Labour Act, 1970, Equal Remuneration Act, 1976, Factories Act, 1948, Industrial Disputes Act, 1947, Inter State Migrant workers Act, 1979, Labour Laws Exemption Act, 1988, Maternity Benefit Act, 1961, Minimum Wages Act, 1948, Motor Transport Workers Act, 1961, Payment of Bonus Act, 1965, Payment of Gratuity Act, 1972, Payment of Wages Act, 1936, Sales Promotion Act, 1976.

10. Teaching Notes

Madhya Pradesh Shram Seva Portal- an initiative to rationalize Labour Laws

1. OVERVIEW

The project is focused on facilitation of “Ease of Doing Business” in Madhya Pradesh. Labour Department undertook the task of studying & analysing the existing Laws, processes, work-flows, procedures, forms etc. in its public interface and then amended 18 Labour Laws and also redesigned and automated, paperless processes for them to ensure efficient, cost effective and quality services to its customers. These were mainly shops and commercial establishments, factories and other entrepreneurs on one hand and more than 10 lakhs construction workers requiring social security benefits on the other.

The range of processes involved rationalization of complex Labour Laws, simplifying of forms and procedures, addressing multiplicity and duplicity of application forms and periodic returns, establishing a single window for all registrations and licenses for all categories of employers. The whole process has been made paperless without need for office visits and bringing in the concept of self certification, joint inspections under all regulatory Labour Laws instead of multiple inspections thus providing payment gateways instead of manual bank challans and providing social security benefits to constructions workers with the help of ECT the Portal and bringing all services under the domain of Public Services Guarantee Act.

The project involves simplification and transformation of various processes and manual systems for ensuring the compliance of various laws/acts related to welfare and protection of rights of labour. It also aims to facilitate the business entities in their business by online and paperless registration, renewal and other important services. It aims to provide an online system to ensure totally paperless, automated, fast, effective, transparent, convenient and hassle-free service delivery to shop, establishments, factories and other stakeholders involved in doing business in State of Madhya Pradesh. It also aims to identify, register and support labourers working in construction and other unorganized sectors and extend seamless and effective services to workers working in the unorganized sector for their registration and renewal of membership and sanction as well as disbursal of benefits to them under various schemes.

The application is a web based portal which offers online self-service directly from the portal and covers 53 District/Field Offices of Labour Department, 313 Janpad Panchayats and 387 Urban Local bodies in the State of Madhya Pradesh. Its services are also available at 9000+ MP-online Kiosks & Lok Sewa Kendras (LSK).

2. TEACHING OBJECTIVES

➤ Learning Objectives

- As-is situation analysis and identification of pain points in the existing labour laws and their implementation.
- Importance of innovation and technology to bring transparency and proper accountability.
- Expected outcomes and ease in business due to the project.

Challenges/Issues Faced

- Complex Laws, Rules and Processes made the State an unattractive choice for doing business.
- Manual and Isolated operations with regard to the registrations, renewals, services, inspections etc.
- Large number of transactions ~1 lakh transactions to be handled by 51 district offices.
- Scope of Discretion in decision making in functionaries
- Lack of accountability on officials and staff
- Involvement of agents and middlemen in service delivery.
- Cost of compliance of Labour Laws and regulation was very high and stressful
- Long delay in process flow. Case/ File had to move to many levels.
- Applicant was required to visit the office atleast 3-4 times resulting in harassment and wastage of time and money.
- Manual system required large manpower and resources for service delivery.
- Average disposal time for applications of construction workers was about 30 days.
- Delivery of Registration Certificates to shops and commercial establishments was 40-45 days.
- Prevalence of large number of fake and duplicate worker registration cards
- Lack of transparency and complaints of corruption.
- No sharing of status information with the applicants.
- No facility of tracking application.
- Long queues and applicant had to abide by office timings.
- No computerization, no regular updating hence no monitoring was possible.
- Inefficient and wasteful. Required more time and resources which led to huge drain on ghost cards
- No customer satisfaction
- Strenuous job for the service providing officials

Ways to Improve the Situation

- To transform, simplify and automate the processes and replace manual process involved in registration, renewal and issue of registration certificates to shops and commercial establishments through a computerized system

- To transform simplify and automate the processes and replace manual process of registration, renewal and issue of registration cards to construction workers through a computerized system.
- To link this registration process of workers with Household Survey.
- To ensure financial inclusion and Electronic Cash Transfers (ECS) for workers.
- To facilitate service delivery to construction workers from any place of their convenience.
- To ensure fast, effective and efficient service delivery in a transparent manner.

➤ **SUGGESTED QUESTIONS & ANALYSIS**

a) What changes were brought in the system using the Shram Seva Portal?

It is an end-to-end system. All processes/ services involved in issuing registration certificates, renewal of registrations, issuing of licenses, renewal of licenses, amendments of certificates / licenses for various stakeholders, i.e. shops, firms, commercial establishments, Contractors, factories under different Acts have been made totally paperless and online. Both front-end and back-end systems have been computerized and automated. All the systems involved in the registration of building and other construction workers as well as extending the benefits of various schemes have been automated and made online.

Online Shop & Establishments Registration and Renewal Service Delivery System

Before	After
Offline and Manual Processes	Online Process
Physical Application	ONLY Online Applications. Paper Applications NOT ACCEPTED.
Required submission of physical copies of supporting documents	Totally Paperless, fully online, supporting documents uploaded on portal, no physical interface with office for any purpose.
Physical signed certificates/licenses	Digitally signed certificates / licenses
Services during office hrs only.	24 x 7 online process
No mechanisms to track the Status	User gets timely SMS alerts, tracking through Mobile App and web interface also facilitated
Services during office hrs only.	Services 24 x 7
Manual calculation of fee.	Automated and rule-based calculation of fee
Fee collection offline	Online fee collection through Cyber Treasury
Application through agents/middlemen/ direct	Simplified processes, Online self-service platform eliminates need of agents &

	middlemen,
Need to visit office for document verification and certificate collection	Online upload of documents, download of digitally signed certificates and orders has eliminated physical touch points
Delay in delivery of Services [Avg. disposal time 40 days]	Transparent and faster delivery - [7 days only]
Manual dependency for each work	Ease in computing various fees & their deposition Ease in monitoring, Generation of defaulters list (for renewal) Ease in tracking records
No mechanism to generate a centralized list of defaulters pending for renewal	Ease in monitoring, Generation of defaulters list (for renewal)

Online Factories Registration and Renewal Service Delivery System

Before	After
Services during office hrs only.	Factory occupier can directly apply from his home and can download his License online.
Need to visit office	Eliminates physical touch points
Application through middlemen	Eliminates agents & middlemen,
Delay in delivery of Services [Avg. disposal time 90 days]	Transparent and faster delivery [Avg. disposal time 10-15 days]
Manual dependency for each work	Ease in computing various fees & their deposition Ease in monitoring, Generation of defaulters list (for renewal) Ease in tracking records
Number of Visits to labour Offices for various Services. [Avg. Number of rounds 4-6]	Eliminates all physical touch points.

b) Are there any identified issues with the new process? If yes, please share your plan to overcome the issues.

- After re-engineering, all the services were made online. Conventional methods of accepting paper applications along with the supporting documents and processing them manually were discontinued and a complete end-to-end online paper-less

process was introduced. It required capacity building of field officials to fully handle the online processes.

- Doing away with the system of issuing signed copies of the registration certificates / licenses and switching on to digitally signed certificates/licenses also required capacity building.
- Madhya Pradesh is one of the pioneers in taking up the labour related reforms and re-engineering of processes.
- Eliminating the role of middle man in the process of issuing registration certificates/licenses was also tricky and had to be handled very carefully.

c) How has Shram Seva Portal helped in increasing efficiency and effectiveness in the system?

- 1) Simplified procedures, electronic movement of processes and submissions \ Reduced administrative burden.
- 2) Efficient and optimal use of resources in service delivery resulted in financial saving of approx. Rs. 50 Crores per year by weeding out Rs.7.69 lakhs ghost cards.
- 3) Online and database driven system helped the Department to identify and weed out ~7.69 Lakhs fake / duplicate cards issued to Building and Other Construction Workers.
- 4) All records computerized and made online. Integrated database of all stakeholders entities and processes. Automatic updating and better monitoring possible.

Parameters	Before Re-engineering	After Re-engineering
Time taken to process transactions/service delivery	30 days	3-5 days
State Laws reformed	-	15
Central Laws reformed	-	3
Savings		Substantial due to weeding out of fake beneficiaries
Online Services	0	19
Services under Public Services Guarantee Act	0	19
Registration of construction Workers	4 Lakh	57,000 (reduction due to rule-based identification and filtering out of non-eligible cases)
No of Registered construction workers who got the benefit of welfare schemes	~7 Lac annually	~3 lac Annually (reduction in number due to rule based sanction process)

d) What are the distinctive features or accomplishments of the project?

Other distinctive features/accomplishments of the project

- Labour Reforms : Rationalization of 18 Labour Laws, 15 central laws and 3 State laws to set the foundation for the GPR
- In-house design & development for sustenance, easy adaption and scale up
- Web-based and Mobile App based Single Window interface for all shops, firms, commercial establishments, Contractors, factories and other stakeholders to facilitate Ease of Doing Business
- Only Online services for shops, firms, commercial establishments, Contractors, factories and other stakeholders. No one needs to visit office for any interaction or application. All physical touch points have been eliminated.
- Enforcement of accountability in case of delays
- Enforcement of First Come First Serve rule in processing of all cases
- Total Paperless operations for all services
- Digitally signed copies of the documents/certificates/licenses etc. made available for being downloaded. Paper copies are NOT issued.
- 19 services for shops, firms, commercial establishments, Contractors, factories and other stakeholders brought under Public Service Guarantee Act so as to guarantee the services within the stipulated time.
- Online System for registering Construction Workers and delivery of social security benefits through ECT.
- All functions/services handled in rule-based manner leaving no scope for discretion in decision making at any level
- Rule-based identification of the factories to be inspected by the system and as well as rule-based assignment of the inspector for inspection.
- No need for inspection for renewal of registrations/licenses
- Concept of joint inspections by joint team of different agencies authorized for enforcement of various labour laws

Achievements of BOCW System

- MP is the only State where registration and benefit disbursement both are online.
- Weeded out fake & duplicate cards (Approx 6.99 Lacs) due to effective re-engineering [Resultant saving approx. Rs. 50 Cr / year] to be utilized for genuine workers.
- Pendency and administrative burden in implementation of the schemes reduced
- Transparent and faster delivery [Avg. disposal time 7 days]
- More customer satisfaction, Transparency, ECT, SMS & Tracking facility
- Procedures simplified for faster and accurate decision making
- Benefit accessible by migratory workers from anywhere in M.P.
- Automatic updating of records. Past history is also available
- Ease in monitoring, Live Reports & MIS

Achievements of Inspection System

- Joint inspections under all regulatory Labour Laws to eliminate the need of multiple inspections of a single industrial unit under different Acts
- Rule-based list for Inspections generated through Portal in a random manner.
- Regular & Scheduled Inspections.
- Facility to view/download Inspection reports.

Achievements e-Services system for Factories

- Factory occupier can directly apply online from his home and can download his License there itself.
- Eliminates all physical touch points
- Offline process replaced with 24 x 7 online process, User gets timely SMS
- Transparent and faster delivery [Avg. disposal time from 90 days to 10-15 days]
- The digitally signed License/Renewal certificates issued online can be downloaded
- Ease in computing various fees
- Online Deposition of fee
- Ease in monitoring, Generation of defaulters list (for renewal)
- Ease in tracking records, Strong MIS

The initiative has received following Awards & Appreciations:

- The initiative has received appreciation from World Bank.
- Won MP Govt's Winner's Award for "Govt. Process Reengineering"
- Won MP Govt's Award for Excellence in e-Governance initiatives
- CSI Nihilent e-Governance Awards - "Award of Appreciation"
- The State is ranked number 5 in the World Bank's Ease of Doing Business Evaluation Study (Sep 2015) and VCS appreciated as "BEST PRACTICES"
- SKOCH Order of Merit Award "Smart Governance" for effective Citizen Centric Service Delivery at National Level.

3. Classroom Management

➤ **Group Discussion**

Divide the participants in groups of 4-5 and discuss the case on following aspects. Each group should take one aspect:

1. Discuss Change management and Communication as some of the key factors to project success.
2. Challenges, issues and risks of the project are to be rolled across other states.
3. What is next in the project?

Please have an open brainstorming session regarding how this project can be evolved and replicated in other states. Each group should present their findings in a short 5-10 minutes presentation afterwards.

➤ **Group Activity (30 -40 minutes)**

Make two groups of participants. One group has to act as major stakeholders i.e., employees i.e., construction workers or workers engaged in unorganised sector and the employers i.e., shop owners or factories involved in business and other to act as Government.

Major Stakeholders: The task of the stakeholder group is to come up with a novel and different (but realistic) service requirements that they want from a project like Shram Seva Portal. They should consider all the problems they face or they can face in future and build up a suggestion around them. They should also build a justifiable timeframe against each service they want to build in the system.

Government: The task of the Government group is to see how they can provide such services within shortest possible time. They should hold discussion with stakeholders to devise a roadmap and an implementation plan.

The objective of this exercise is to highlight expectations of stakeholders and the readiness of Government in meeting them. It is a role play type of exercise which offers plenty of flexibility in the way services can be further augmented.

Hands On/ Field Training (if required): Training to employees for effective adoption of the system and ensure proper availing of social security and employers for ease in doing business. Within Group activity, workshops and group training to be incorporated to ensure ease of use of application by employers and employees.

➤ **Summary- Key lessons learnt (15 minutes)**

Each participant shall write down a summary in not more than 500 words highlighting the key learning from the case.

ABBREVIATIONS

SLA	Service Level Agreement
ECS	Electronic Cash Transfers
LSK	Lok Sewa Kendras
TL	Time and Labour
RDBMS	Relational database management system
VCS	Voluntary Compliance Scheme