

GOVERNMENT OF TELANGANA
A B S T R A C T

Factories Department – Ease of Doing Business – Recommendations on Action Points – Jurisdiction of Factories Departmental Officers – Notification – Orders – Issued.

LABOUR EMPLOYMENT TRAINING & FACTORIES (LABOUR) DEPARTMENT

G.O.MS.No. 48

Dated: 13-06-2016
Read the following:-

1. From the Director of Factories, Telangana, Hyderabad, letter No.A1/6798/2015, Dated: 24.11.2015.
2. G.O.Ms. No. 37 of LET&F (Labour) Department, dated: 16.12.2015.
3. From the Director of Factories, Telangana, Hyderabad, letter No.A1/6798/2015, Dt.28.05.2016.

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ORDER:-

The Government of Telangana has been taking several steps to facilitate “Ease of doing business” so as to catalyse creation of employment opportunities while ensuring Safety, Health, Welfare and Social Security for every worker.

2. Government, have decided to bring more transparency in the inspection procedures by introducing Computerised Systems of Risk Assessment based Inspections with random allocation of Inspecting Officers and accordingly orders were issued in the reference 2nd read above.
3. The Director of Factories, Telangana, Hyderabad has submitted proposal vide the reference 3rd read above, to issue fresh orders by superseding the orders issued vide G.O. 2nd read above under the provisions of the Factories Act, 1948 (Central Act 63 of 1948) to improve Ease of Doing Business in the State of Telangana.
4. Accordingly, the following notification will be published in an Extraordinary issue of Telangana State Gazette Dated: 16.06.2016.

NOTIFICATION

1. In exercise of powers conferred by sub-sections (1) and (6) of section 8 of the Factories Act, 1948 (Central Act, 63 of 1948), the Governor of Telangana hereby decided to bring more transparency in the inspection procedures of Factories by introducing Computerised Systems of Risk Assessment based Inspections with random allocation of Inspecting Officers. The Risk Classification is as under.

a) The High Risk category of the Factories is as follows.

1.	Major Accident Hazardous Factories
2.	Factories covered under Section 87 (Dangerous Operations) & Rule 95 of the Factories Act 1948 and Rules made there under
3.	Factories covered under Section 89 (Notice or certain diseases) & Rule 97 of the Factories Act, 1948 and Rules made there under
4.	Factories covered under Section 2(cb) (List of Industries Involving Hazardous Process) of the Factories Act, 1948 and Rules made there under
5.	Factories where more than 150 workers are employed

The above said Factories will be inspected once in every year.

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- b) The Low Risk Factories are the Factories under section 85 (1) of the Factories Act, 1948 employing less than 10 workers(if working with the aid of power) and more than 20 workers(if working without the aid of power) and they will be inspected once in 5 years.
 - c) The remaining Factories (those which do not fall under the above two categories) shall be classified as Medium Risk and they will come up for inspection once in 2 years. There is an option for the Medium Risk Category Factories to opt for the Self-Certification scheme. In such a case, the Factory will be inspected only once within 5 years (as in case of Low Risk category Factories).
 - d) The Factories that have been closed or have proposed for removal need to be inspected once in 2 years by the local jurisdiction Inspecting Officer. If the inspections are not carried inspection in the above said factories
 - i) There will be loss of revenue to the Government
 - ii) There will be possibility of occurring accidents
2. The Schedule of Inspections will be determined through online inspection module. The Factories will be selected randomly as per the frequency of inspections indicated above. The Inspecting Officer will be selected randomly through computerised online inspection module. The same Inspection Officer will not inspect the same Factory twice consecutively.
3. There shall be single joint inspection under the Factories and Labour Laws. The local authorized inspector from the Labour Department will accompany the allocated Inspecting Officer of the Factories Department in the joint inspection. In case of any exigency such as leave, Court appearance etc., the Director of Factories has to be informed in advance by the Inspecting Officer concerned. The scheduled inspection will be annulled and it will be added in the pool of Factories to be inspected in the next month. The competency and jurisdiction for different cadre of Inspecting Officers is given in Annexure-I.
4. The Inspection Report will be uploaded online in the Department portal by the Inspecting Officer after 48 hours from the completion of inspection. An alert will be sent to the Occupier of the Factory, so that he may view/download the inspection report. There will be given two options at the time of uploading of the inspection report as follows:-

(a) Issue of Inspection order:-

If the officer selects the first option, inspection order will be generated and sent to the Occupier. After that, the Occupier will have to submit/upload compliance report within 15 days. If he/she fails to submit within the said timeline, a reminder message will be communicated to the Occupier to submit compliance report within the next 7 days. If satisfactory compliance report is received, then it will be considered as compliance and the Inspection process shall be completed. If compliance report is not received or unsatisfactory then it will be added to the database of "Non-compliant factories", and necessary action will be initiated and inspection process shall be closed.

(b) Issue of Inspection order with show cause notice:-

If officer selects second option, inspection order with show cause notice both will be generated and sent to the Occupier. After that, the Occupier has to submit/upload compliance report within 7 days (with no further extension). After receiving the compliance report, the Inspecting Officer will go for field verification within fifty (50) days. After field verification, the Joint Chief Inspector of Factories / Deputy Chief Inspector of Factories/ Inspector will enter field verification remarks and propose for further action,

which will be displayed in the dashboard of Director of Factories. The discretion of further action lies with the Director of Factories. In the discretionary power, the Director of Factories will either accept or reject the proposal by stating the reasons (Issuance of warning or Initiation of prosecution) and then it will be displayed in the Inspecting Officer's dashboard. Accordingly, the Inspecting Officer will take the further action based on the decision of the Director of Factories.

5. If any complaint is received against any Factory management by the Department, it will be referred to the Director of Factories, who may order additional inspection. The procedure for additional inspection shall be decided by the Director of Factories after examining the contents of the complaint and he shall take further action accordingly.
6. Further, it is proposed to introduce Self-Certification Scheme for Medium Risk Factories. Participation in this scheme is voluntary for such Factories. In other words, any factory will be free to join or not to join the scheme. There is no time limit for joining the scheme. A Factory can opt to join the scheme at any point of time by applying online in the portal maintained by the Factories Department in the prescribed proforma along with remittance of Security Deposit in the form of Bank Guarantee (validity for 5 years) / DD in favour of Director of Factories, Telangana, Hyderabad and no interest will be paid on the security deposit. The approving authority will be the Inspector of Factories of that jurisdiction. If no reply is received by the establishment within sixty (60) days of the application made under Self -Certification Scheme, the applicant shall be deemed to have been enrolled under the Scheme.
7. The Security Deposit payable shall be as follows:

No. of Employees (working with the aid of power)	Security Deposit (in Rs.)
10 to 20 workers	5,000
21 to 50 workers	7,000
51 to 100 workers	10,000
101 to 150 workers	20,000

8. The Security Deposit is returnable to the Factory after 5 years. The Security Deposit can be forfeited in the following circumstances, namely:-

- i) On failure to file Annual Return under the Scheme
- ii) On failure to maintain the prescribed Register(s).
- iii) On failure to take corrective action on the deficiency pointed out during the inspections.
- iv) On failure to comply fully with the provisions pertaining to workers health and safety, which led to an accident in the factory.

In case of violation of the Factories Act, 1948, further necessary action as per the law shall be initiated in addition to forfeiture of the Security Deposit Amount.

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9. In case, any Factory decides to exit from the Self-Certification Scheme before 5 years, then, there shall be proportionate deduction of Security Deposit, i.e., 20% if the exit is before one year, 40% if the exit is between 1 to 2 years, 60% if the exit is between 2 to 3 years, 80% if the exit is between 3 to 4 years and 100% if its exit is after 4 years and before 5 years.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF TELANGANA)

AHMAD NADEEM,
PRINCIPAL SECRETARY TO GOVERNMENT (FAC)

To
The Commissioner of Printing, Stationary and Stores Purchases (PW),
Chanchalguda, Hyderabad (for publication in the Gazette and supply of 500 copies to Director of Factories, Telangana, Hyderabad and 20 copies to Government).
The Director of Factories, Telangana, Hyderabad.

Copy to:-

The Industries and Commerce Department.
The P.S. to Hon'ble Minister (Home & Labour)
The P.S. to Secretary to Government, LET&F Department.
The Law (A) Department.
S.F./S.C.

// FORWARDED :: BY ORDER //

SECTION OFFICER

Annexure to G.O.Ms.No. 48 , LET&F (Lab) Department,
Dated: 13.06.2016

Sl. No	Designation	Jurisdiction	Competency for inspection
1	2	3	4
1	Joint Chief Inspector of Factories, Head quarters, Hyderabad	State wide	Inspection of High Risk Factories where more than 500 workers are working including Major Accident Hazardous Factories in the Ten districts of Telangana State
2	Deputy Chief Inspector of Factories, Hyderabad (TC) Headquarters: Hyderabad	Hyderabad (TC) Zone	Inspection of High Risk Factories where more than 150 workers and less than 500 workers excluding Major Accident Hazardous Factories
3	Deputy Chief Inspector of Factories, Ranga Reddy Headquarters: Hyderabad	Ranga Reddy zone	
4	Deputy Chief Inspector of Factories, Hyderabad (R) Headquarters: Hyderabad	Hyderabad (Rural) zone	
5	Deputy Chief Inspector of Factories, Karimnagar Headquarters: Karimnagar	Karimnagar Zone	-do-
6	Deputy Chief Inspector of Factories, Nalgonda Headquarters: Nalgonda	Nalgonda Zone	-do-
7	Deputy Chief Inspector of Factories, Warangal Headquarters: Warangal	Warangal Zone	-do-
8	Inspector of Factories, Hyderabad-I	Hyderabad-I Circle	Inspection of High Risk Factories where less than 150 workers excluding Major Accident hazardous Factories
9	Inspector of Factories, Hyderabad-II	Hyderabad-II Circle	
10	Inspector of Factories, Ranga Reddy-I	Ranga Reddy-I circle	
11	Inspector of Factories, Ranga Reddy-II	Ranga Reddy-II circle	-Do-
12	Inspector of Factories, Ranga Reddy-III	Ranga Reddy-III Circle	
13	Inspector of Factories, Jeedimetla	Jeedimetla Circle	
14	Inspector of Factories, Sanga Reddy-I	Sanga Reddy-I Circle	-Do-
15	Inspector of Factories, Sanga Reddy-II	Sanga Reddy-II circle	

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16	Inspector of Factories, Nizamabad	Nizamabad circle	
17	Inspector of Factories, Karimnagar	Karimnagar Circle	-Do-
18	Inspector of Factories, Adilabad	Adilabad Circle	
19	Inspector of Factories, Nalgonda-I	Nalgonda-I circle	-Do-
20	Inspector of Factories, Nalgonda-II	Nalgonda-II circle	
21	Inspector of Factories, Mahaboobnagar	Mahaboobnagar Circle	
22	Inspector of Factories, Warangal	Warangal Circle	-Do-
23	Inspector of Factories, Khammam	Khammam Circle	

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PRINCIPAL SECRETARY TO GOVERNMENT (FAC)