

## HR Law Hotline

July 21, 2006

### CONTRACT YOUR WORRIES OUT

Vide Notification dated May 2, 2006, the State Government of Maharashtra effected an amendment ("**Amendment**") to the Contract Labour (Regulation and Abolition) Act, 1970 ("**Act**"). The Amendment exempts from the purview of the Act, work of an ancillary nature carried out in the area of a Special Economic Zone ("**SEZ**"). The Amendment clarifies the list of ancillary activities, being canteen, gardening, cleaning, security, courier services, transport of raw material and finished products, or loading/unloading within the premises of a factory/establishment. Further, it also clarifies that the work carried out in factories/establishments designated as 100% export units by the Government, which is required to achieve the objective of a principal establishment in the SEZ, is to be considered to be of temporary and intermittent nature, irrespective of the period of performance of the work by the workers in such ancillary establishments.

The Act was primarily enacted to regulate the employment of contract labour in certain establishments and to provide for its abolition under certain circumstances. The implication of the Amendment is that contract labour can now be used in the 100% export units located in SEZ in Maharashtra to contract out any activity as long as it satisfies the condition of being required to achieve the 'principal objective' of such establishment. The impact of this would be that at least the 100% export units located in SEZs in the State of Maharashtra could carry on their entire activities using contract labour. They would not need to take on employees on their payroll on permanent basis and thus be subjected to the provisions of the other employment laws, governing termination provisions etc.

As expected, this notification has not gone down too well with certain section of the society. Labour unions and some political parties are opposing this Amendment.

- **Jitender Tanikella & Vikram Shroff**

Source:

- **Notification No. MH/MR/South-227/2006-07**
- *The Economic Times* (dated June 16, 2006) - "**Policy blue: It's hire & fire at state SEZs**"
- *The Economic Times* (dated June 19, 2006) - "**Unions feel 'labour' pain in SEZ policy**"

### DISCLAIMER

The contents of this hotline should not be construed as legal opinion. View detailed disclaimer.

This Hotline provides general information existing at the time of preparation. The Hotline is intended as a news update and Nishith Desai Associates neither assumes nor accepts any responsibility for any loss arising to any person acting or refraining from acting as a result of any material contained in this Hotline. It is recommended that professional advice be taken based on the specific facts and circumstances. This Hotline does not substitute the need to refer to the original pronouncements.

This is not a Spam mail. You have received this mail because you have either requested for it or someone must have suggested your name. Since India has no anti-spamming law, we refer to the US directive, which states that a mail cannot be considered Spam if it contains the sender's contact information, which this mail does. In case this mail doesn't concern you, please unsubscribe from mailing list.

## Research Papers

### Mergers & Acquisitions

July 11, 2025

### New Age of Franchising

June 20, 2025

### Life Sciences 2025

June 11, 2025

## Research Articles

### 2025 Watchlist: Life Sciences Sector India

April 04, 2025

### Re-Evaluating Press Note 3 Of 2020: Should India's Land Borders Still Define Foreign Investment Boundaries?

February 04, 2025

### INDIA 2025: The Emerging Powerhouse for Private Equity and M&A Deals

January 15, 2025

## Audio

### CCI's Deal Value Test

February 22, 2025

### Securities Market Regulator's Continued Quest Against "Unfiltered" Financial Advice

December 18, 2024

### Digital Lending - Part 1 - What's New with NBFC P2Ps

November 19, 2024

## NDA Connect

Connect with us at events, conferences and seminars.

## NDA Hotline

Click here to view Hotline archives.

## Video

### Reimagining CSR: From Grant Giving to Blended Finance & Outcome Based Funding

June 16, 2025

### Courts vs Bankruptcy code: The

