

# Guide to Indian workplace laws and regulations

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# Indian workplace laws and regulations



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## 1. Employment is freely chosen

- Forced and bonded labour are prohibited by law.
- Employers are not allowed to take deposits from workers upon commencement of work.
- All full-time workers must have written contracts specifying length of contract, job, location, working conditions, wages and the disciplinary procedure.
- Employees are free to terminate employment contract after reasonable notification.
- Overtime work should be voluntary.

## 2. Freedom of association and the right to collective bargaining

- Employees have the right to form and join a trade union, if they so wish and no organisations or individuals should obstruct or restrict them.
- Trade Unions should safeguard the legitimate rights and interests of workers and staff. Trade unions shall organise workers and staff members to participate in democratic decision-making and management of and democratic supervision over their own work units.
- Trade union / worker committees should be democratically elected.
- Trade union members should not be discriminated against.
- Trade union organisations at higher levels (e.g. local trade union federations and national or local industrial trade unions) may assist and guide workers and staff at enterprises to set up their trade unions. These efforts may not be obstructed by any

units or individuals.

- Employers' policies and rules "that have a direct bearing on the immediate interest of workers" must be subject to consultation with all employees or an employee representative's congress.
- A factory with more than 100 employees must establish a worker committee.

## 3. Health and Safety

### Management and training

- The factory must have a health and safety management system.
- Workers must receive appropriate health and safety training including fire training, production safety, the correct use of protective equipment and first aid for workers exposed to danger. Workers should be retrained if there are any new techniques, materials or equipment introduced.
- A factory with more than 250 employees must establish a safety committee.
- A factory with more than 1000 employees should appoint a full time Safety Officer.
- The employer must provide health care facilities for all employees and provide regular check-ups for workers in hazardous jobs.
- A factory must provide an ambulance room if it employs more than 500 workers.
- Pregnant women must not work with hazardous machinery or hazardous chemicals.
- Women who are pregnant or menstruating must not work in low

- temperatures or do heavy labour.
- Workers are allowed to stop work without penalty if the working conditions are unsafe. The factory must truthfully report any production safety accidents.

### **Fire precautions**

- Factories must comply with the detailed regulations on fire precautions including the number of fire extinguishers, fire safety signs, fire exits, etc.
- Sufficient fire exits must be provided for all areas of the production site. These must be kept unlocked and clear of obstructions.
- Smoking must be strictly prohibited at work sites where inflammable and explosive substances are used.

### **Safe use of machinery and chemicals**

- The employer must ensure that machinery and other equipment is safe.
- The employer must provide appropriate personal protective equipment (PPE) free of charge and must regularly check the equipment.
- Electrical equipment and wires must be safely insulated, equipped with safety fuses and regularly inspected and repaired.
- Clear safety warning signs should be displayed on relevant equipment.
- Equipment that produces harmful steam, gas or dust must be sealed tightly or sufficiently ventilated.
- Raw materials and products must not obstruct work or passages.
- Where hazardous substances are used, relevant supervisions, controls and emergency plans should be provided. Employees must be informed of the relevant emergency measures.
- Hazardous substances should be stored in a separate area to the production site.

- Washing facilities should be provided in areas where acids or other corrosive substances are used.

### **Hygiene and factory environment**

- The work site should be kept clean and neat.
- Workers must have access to clean drinking water.
- Toilet facilities must be provided near the work site and must be segregated by sex.
- The work site should be provided with hand-washing facilities if needed, with soap available.
- Number of toilets:
  - Men's: If there are less than 100 male workers, the factory should provide one toilet for every 25 workers. If more than 100 male workers, the factory must provide an additional toilet for every 50 workers.
  - Women's: the factory should provide one toilet for every 25 workers.
  - Requirements for number of toilets depends on the regional laws.

### **Accommodation (if provided)**

- Each worker must have sufficient living space.
- Dormitories and toilet facilities must be segregated by sex.
- Workers must have access to clean, running drinking water in dormitories. Dormitories must not be located above production or warehouse areas.
- Dormitories must be a safe distance from areas where hazardous chemicals are used or stored. Fire regulations specify that:
  - there must be enough exits to allow people to leave in an emergency (i.e. two fire exits from each floor)
  - exits must be marked, unlocked and clear of obstructions.

## 4. Age of workers

- The minimum working age is 14 throughout India.
- Young workers (between the ages of 14 and 18) must:
  - be registered with the local labour department
  - not to do hazardous work
  - have regular physical examinations.

## 5. Wages and benefits

- The minimum monthly wage varies between region, municipality and is revised at least once every two years. The correct level for any business can be obtained from the local labour department.
- The minimum wage covers a 208-hour working month (48-hour working week).
- Guidance from local labour bureau indicates that the minimum wage does not include any bonuses (e.g. overtime/shift premiums, attendance or production bonuses) or other benefits entitled by laws/regulations.
- Minimum wage does not include any non-currency income such as the employer providing meals, dormitories, etc.

### Overtime premiums

- Overtime (time worked over 8 or 9 hours on a normal working day / above 48 hours per week) must be paid at 200% of the basic rate.
- Payment for work on a day of rest must be at a rate not less than the overtime rate specified above.
- Working on statutory holidays must be paid at 300% of the basic rate.
- Overtime must be calculated on the basis of the wage stated in each worker's contract.
- Workers paid by the piece must receive overtime at the above rates.

### Social Security benefits

- Social security payments vary by region, municipality and type of enterprise.
- From the date of commencement of employment, workers must be given insurance cover for the following:
  - Provident Fund
  - Employee State Insurance
  - Maternity (covering all related medical charges).
 Insurance is funded by employer and employee contributions. The level of contributions is set by the local labour bureau.

### Bonus

- Every employee shall be entitled to be paid by their employer in an accounting year bonus, in accordance with the provision of the Payment of Bonus Act, provided they have worked in the establishment for not less than thirty working days in that year.
- Every employer shall be bound to pay to every employee a minimum bonus which shall be 8.33% of the salary or wage earned by the employee during the accounting year or one hundred rupee (whichever is higher).

### Deductions

- Deductions must not exceed 25% of the monthly wage.

### Payslips/contracts

- Workers must have contracts which specify their wage.
- Workers must receive payslips detailing hours worked, wages earned, and deductions made. Wages must be paid within the prescribed time frame, and payslips must be issued prior to or at the time of wage disbursement, as mandated by Indian labour laws.



## 6. Working hours

- Standard hours per day = 8 / 9 hours.
- Standard hours per week = 48 hours.

### Overtime

- Workers may work a maximum of 2 hours overtime on any one day, and 12 hours per week and 50 hours per quarter. ("Quarter" means a period of three consecutive months beginning on the 1st of January, the 1st of April, the 1st of July or the 1st of October).

### Time off

- Workers are entitled to one day off per week, on average. Any work on these days off should be paid as overtime.
- Workers must have statutory holidays as specified by local bureau per year.
- Maternity leave: 26 weeks paid leave includes 8 weeks before birth.
- The Maternity Benefit Amendment Act makes crèche facility mandatory for every establishment employing 50 or more employees. Women employees would be permitted to visit the crèche 4 times during the day (including rest intervals).
- Workers' entitlement to additional paid leave is set out in local regulations. These cover:
  - o Annual leave: a worker is entitled to one day paid leave for every 20 days working.
  - o Casual Leave: depends on the state regulations.
  - o Sick leave: depends on the state regulations.

## 7. Discrimination

- There must be no discrimination at work on the grounds of sex, ethnic origin, race or religious belief.
- Females shall benefit from equal rights within the workplace.
- Contracts of employment cannot be

terminated due to pregnancy.

- Women have the right to return to their jobs after maternity leave.

## 8. Contract of employment

- All workers must have written contracts from date of the commencement of employment.
- Penalties for non-compliance are in place.
- Gratuity payment should be made to employees upon termination of the employment as applicable.
- A contract cannot be terminated solely due to an employee's loss of ability to work resulting from occupational diseases or injuries sustained at work, or if the worker is suspected to have an occupational disease. In such cases, the Workmen's Compensation Act applies.

## 9. Disciplinary

- Corporal punishment is strictly prohibited.
- Factory management must consult and comply with applicable factory rules, and clearly communicate to all employees that no form of corporal punishment will be tolerated within the premises.

## 10. Supply Chain management

- The main production site must ensure that any subcontracting units have suitable conditions for safe production.
- A formal agreement must be established with the contractor or leaseholder, clearly outlining the duties and responsibilities of each party in ensuring production safety.

## 11. Environmental management

- All units must protect the environment.
- All units must comply with national and local laws on environment quality and discharge of pollutants.
- Units that cause environmental pollution and other public hazards must establish a system for environmental protection and adopt effective measures to prevent and control pollution and harm to the environment.
- The production, storage and transportation of toxic chemicals must comply with provisions to prevent pollution.
- Enterprises which discharge pollutants in excess of legal standards must pay a fine and take responsibility for eliminating and controlling the pollution.
- If an enterprise or individual causes a serious environmental pollution accident which results in heavy loss of property or human injuries or deaths, the person responsible will be investigated for criminal responsibility.



# Appendix

# Laws used for reference

## Key legislation

- Factory Act, 1948.
- Contract Labour (Regulation and Abolition) Act, 1970.
- Trade Unions Act, 1926.

## Age of workers

- Child Labour (Prohibition and Regulation) Act, 1986.
- Factory Act, 1948 section 67, Prohibition of employment of young children.

## Forced labour

- Bonded Labour System (Abolition) Act, 1976.

## Working hours

- Factory Act Section 51, Weekly hours; 52, Weekly holidays; 53, Compensatory holidays; 54, Daily hours; 55, Intervals for rest; 56, Spread over; 57, Night shifts; and 58, Prohibition of overlapping.

## Wages

- Payment of Wages Act, 1936.
- Minimum Wages Act, 1948.
- Payment of Bonus Act, 1965.
- Payment of Gratuity Act, 1972.
- Workmen's Compensation Act, 1923.
- Employees' Provident Fund and Miscellaneous Provisions Act, 1952.
- Employees' State Insurance Act, 1948.
- Maternity Benefit Act, 1961.

## Discrimination

- Equal Remuneration Act, 1976.

## Contract of employment

- Industrial Employment (Standing Orders) Act, 1946.

## Disciplinary

- The Industrial Disputes Act, 1947.
- The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

## Health and Safety

- Factory Act, 1948.
- The Indian Boilers Act, 1923.

## Environmental management

- The Environment (Protection) Act, 1986.
- Water (Prevention and Control of Pollution) Act, 1974.
- Air (Prevention and Control of Pollution) Act, 1981.

## Sources of laws include:

<https://labour.gov.in>

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