

# **Model Internal Service Rules of an Enterprise**

## **Preliminary**

1. These Rules shall be called Service Rules (Name of Enterprise)
2. The provision of these Rules and Regulations shall apply to all employees of the...
3. These Rules shall come into effect from.....

## **Recruitment Appointment**

4. The ..... shall try its best to recruit only Bhutanese nationals as far as possible keeping in view of Royal Government's policy to reduce dependency on foreign workforce. Foreign workers shall be employed only when nationals are not available.
5. Vacancies..... shall be advertised in the local media giving details of the requirements of the posts and selection, as far as possible, and shall be carried out based on merit/qualification/experience.

## **Qualification for Appointment**

6. Appointment to posts in ..... shall be made subject to candidates possessing the required qualifications, or otherwise found suitable by the management to carry out the duties and responsibilities of the posts.

## **Minimum Age for Employment**

7. Candidates seeking employment in ..... shall normally have attained the minimum age of 18 years (Bhutanese nationals between 13 to 17 years may however be employed against jobs/posts prescribed by MoLHR)

## **Probation**

8. A employees who is employed for one year or more shall be on probation for 6 months days within which period either party may terminate the contract by giving the other party notice of 7 days.

## **Hours of Work**

9. The normal working hours for an employee of.....shall be:
  - a. 8 hours a day
  - b. 48 hours a week
  - c. 6 days a week

### **Over time Work**

11. An employee below supervisory level over time shall do so only with his/her agreement
12. An employee working over time shall be paid over time pay for the number of hours worked:
  - a. Normal rate of pay calculated on hourly basis for work other than between 10'O' clock at night and 8'O' clock in the following morning
  - b. 1.5 times the normal rate of pay calculated on hourly basis for work between 10'O' clock at night and 8'O' clock in the following morning
13. A female employee who is pregnant or nursing a child shall not be required to work over time

### **Meal Intervals**

14. An employee shall entitled to a meal break of 30 minutes after four hours of work and the meal brake shall be included in the working hours
15. A Contract of Employment agreement drawn up at the time of appointment may dispense the meal brake if the employee works less than six hours a day.

### **Daily and weekly Rest Period**

16. An employee shall have;
17. A daily rest period of 12 consecutive hours;
18. A weekly rest period of 24 consecutive hours (one day)

### **Night Work**

19. His/her safety shall be ensured by.....
20. An employee who works regularly between 10:00P.M and 8:00A.M shall be informed of health hazards
21. Have the right to undergo medical examination to determine the medical fitness to work at night; and
22. A pregnant employee or an employee nursing her child shall not be assigned work at night.

### **Payment of Wages/Salary**

23. A contract agreement singed with each employee shall specify a pay period of one month or less

24. An employee shall be paid wages/salary at the end of the period specified under section 23
25. An employer shall have the right to withhold upto a maximum of 50% of wages/salary (including other mandatory deductions)
26. An employee appointed to a time scale of scale of salary shall draw his/his increment in the scale after completion of the probation period.

### **Public Holidays**

27. An employee shall be entitled to 9 public holidays including National Day and His Majesty's Birth Day with full salary in addition to the normal rest days;
28. Public holidays to be availed by an employee shall be notified to the management in advance
29. Public holidays other than National Day and His Majesty's Birthday shall be staggered between different employees to ensure that an establishment continues to be operational on such holidays unless the management decides to remain the establishment closed on such holidays
30. Should the exigencies of the establishment require an employee to work on public holidays:
  - a) The employee may be engaged in work with his/her agreement
  - b) The employee shall be compensated with remuneration at 1.5 time normal rate of pay calculated at hourly basis
  - c) Or exchange a public holiday with a normal working day by mutual agreement.

### **Training**

#### **Conditions and Formalities for Training**

31. An employee whose nomination for training is confirmed shall sign an agreement with the .....to the effect
  - a) On completion of training the employee shall return to Bhutan and continue service with .....for five times the period of training subject to a maximum of five years, unless compulsorily retired or terminated
  - b) In the event the employee fails to abide by the terms of clause (a), the employee shall compensate the .....the full amount spent by the.....on training expenses

- c) An employee sponsored for training to a maximum of twenty four months, shall be entitled to his/her full monthly basic salary for the entire duration of the training
  - d) An employee sponsored for training exceeding twenty four months, shall be entitled to his/her full monthly basic salary four months and thereafter 50% of his/her basic salary and allowances (if any) for rest of the training duration
31. It shall be upon the discretion of .....whether an employee shall be sent for any type of training. However, if the employee wishes to go for training without the consent of the employer he/she shall have no right to claim for salary and other benefits stipulated above and shall be deemed to have resigned from the service.

**Promotion**

33. An employee shall be considered for promotion to the next higher level purely based on merit. No employee shall claim promotion as a matter of right or automatic entitlement

Training period beyond 24 months and extraordinary leave shall not be considered as active service for promotion.

**Leave, Medical facilities**

34. An employee shall be entitled to the following kinds of leave:
- a) Casual leave
  - b) Annual leave
  - c) Sick leave
  - d) Maternity leave
  - e) Paternity leave

**Casual leave**

35. An employee shall be entitled to ..... casual leave in a calendar year
36. Temporary employees serving more than six months shall be entitled to casual leave
37. Casual leave, if not availed during the calendar year, shall be added to earned leave of an employee at the end of each calendar year
38. Probationers availing casual leave besides sick leave shall not be entitled to wages for the number of days he/she remained absent
39. Probationer shall not be entitled to casual leave
40. Probationers availing casual leave besides sick leave shall not be entitled to wages for the number of days he/she remained absent.

### **Earned leave**

41. An employee shall be entitled to ..... of annual leave in a calendar year
42. An employee shall apply for annual leave at least 15 days before the date from which leave is required
43. An employee shall avail not more than ..... earned leave at a time unless approved by the .....
44. In the event an employee is required to forgo his/her annual earned leave with his/her consent, the employee shall be entitled to his/her one month's basic salary

### **Maternity leave**

45. A female employee shall be entitled to three months maternity leave in addition to other leaves on production of a medical certificate duly signed by a recognized medical practitioner in Bhutan
46. A female employee shall be entitled to maternity leave with salary subject to three confinements during the entire service of the employee.
47. In the event of miscarriage, a maximum leave of four weeks shall be granted on the production of a medical certificate from a recognized medical practitioner in Bhutan

### **Medical leave**

48. An employee shall be entitled to medical leave on genuiness for a maximum period of..... months with wages/salary on production of a medical certificate from a recognized medical practitioner in Bhutan

### **Leave encashment**

49. An Employee may encash his/her earned leave to an extent of 30 days at one time in a calendar, provided he/she has 30 days of earned leave (as balance) at credit as on 31<sup>st</sup> December of every completed year. He/she shall be paid one month's salary in lieu of 30 days, which will be debited to his/her leave account
50. An employee shall be paid .....wages/salary as LTC for.....of annual leave

51. An employee leaving service shall be entitled to encash annual leave for any number of days at his/her credit.

### **Medical and Aid Expense**

52. An employee and his/her family shall be provided medical treatment within Bhutan in keeping with the facilities afforded to Bhutanese nationals by the government. Provision of additional facilities, including expenses for treatment outside Bhutan if not met by the Government, shall be at the discretion of the .....

### **Transfer and Travel**

#### **Transfer Grant**

53. An employee who is to be transferred from one destination to another shall be entitled to transport facilities. In case transport facilities are not provided, the employee shall be entitled to one month's wage/salary to meet the transportation charges in case of distance not less than 60 km.

#### **Travel while on official Tour/Seminar/Conference**

54. If the employer provides transportation facilities to the employee while on official tour, he/she shall have no right to claim for travel expenses.
55. Subsistence Daily Allowance shall be paid as specified in Schedule while on official tour (An enterprise may draw up a TA/DA Schedule)

### **Service Benefits**

#### **Insurance**

56. An employee shall have to be covered by the Group Insurance Scheme of the Royal Insurance Company of Bhutan (RICB). The premium shall be deducted at source every month by the employer

#### **Provident Fund**

57. An employee be a member of the Provident Fund Scheme of the RICBL for Private Sector Employees or Provident Fund and Pension Schemes of NPPF.....% of the employee's monthly wage/salary shall be deducted and deposited to the individual Provident Fund Account along with the matching contribution from the..... Both employer and employee's contribution with interest shall be paid to the employee who completes regular service of five years. Only employee's contribution with interest shall be paid to the employee who resigns before 5 years term.

## **Bonus**

58. An employee shall be entitled to bonus on the annual profit after tax or after due observance of individual performance. No individual shall claim it as a matter of right.

## **Advances**

59. An employee may be entitled to interest free special advances for meeting the following personal expenses on repayment on monthly basis:
- a) Marriage of self or dependent – 2 months' salary
  - b) Funeral expenses subject to production of evidence/ genuine ground – 3 months' salary.
  - c) Medical ground, 1-5 months salary subject to degree of health condition.

## **Loans**

60. An employee who has completed five years service can avail loan up to 70% of the accumulated Provident Fund.

## **Service Record**

61. A service re record book will be maintained showing the detail of pay and allowances, increments, revisions from time to time, promotion, transfer, earned leave account, GSLI, provident fund and other administrative proceedings by the authorized official of .....

## **Conduct and Discipline**

62. In the following cases of misconduct an employee shall be liable for punishment, including termination from the service
- a) Fraud, theft or misuse of the enterprise's/employer's property, including employer's intellectual property
  - b) Assault and other serious crime
  - c) Willful insubordination or disobedience of a repeated or serious character
  - d) Habitual irregular attendance
  - e) Sabotage
  - f) Sexual harassment of co-workers
  - g) Abandonment of the employees post
  - h) Persistent absence from the workplace without good excuse; or
  - i) Willfully offending the Tsa-Wa-Sum
63. Depending on the nature and severity of any misconduct, an employee may be

imposed any of the following penalties:

- a. Reprimand
- b. Withhold increment(s)
- c. Withhold Promotion or demote to lower level/position
- d. Compulsory retirement
- e. Termination with benefits
- f. Termination without benefits

### **Procedure for imposing penalties**

64. While taking a decision on imposing any penalty, the management shall observe the principles of natural justice and afford a full opportunity to the employee to defend himself/herself by presenting written and oral evidence. In particular, the following procedure shall be adhered to:
  - a. Charges shall be framed on the basis of allegations on which the inquiry is proposed to be conducted. Such charges shall be communicated in writing to the employee who shall be required to submit a written statement in his/her defense. In the event the employer finds the explanation submitted satisfactory, the charges against the individual shall be dropped.
  - b. The management shall, in the course of investigation, consider such documentary evidences and witnesses that may be relevant or materials to such charges. The employee shall be entitled to give evidence in person and cross examine the witnesses.
  - c. At the conclusion of the inquiry, if the decision is to impose any penalty, the employer shall give a written communication to the employee stating the grounds for the decision.

### **Retrenchment, Resignation and Superannuation**

#### **Retrenchment**

65. An management shall will have the right to retrench the employees depending on the needs and viability of the business. The employee(s) identified to be retrenched shall be served with a written notice of at least ..... in advance or compensate with ..... month's basic pay in lieu of the notice period.

#### **Resignation**

66. An employee intending to resign from the service shall notify the employer in writing of his intention ..... months in advance. In event he/she fails to do so,

the employer shall be compensated with .....months of his/her basic pay in lieu of the notice period.

### **Superannuation Age**

67. An employee shall be superannuated on completion of ..... years of age. However, an management may extend the superannuating age of an employee up to a maximum of an additional two years based on physical fitness and other merits of the employee.

### **Retirement Benefits**

68. An employee who retires on superannuation or after completion of 5 years service shall be eligible for receiving gratuity and other benefits (PF/GIS).

### **Amount of Gratuity**

69. The amount of gratuity payable to an employee shall be an amount equivalent to one month's last basic pay of the employee for every completed year of service with the employer times the number of years of his active service with the employer.

### **Settlement of Dues**

70. An employee shall settle all outstanding dues to the employer through adjustment against benefits payable to the employee before gratuity is paid.

### **Miscellaneous**

71. These Service Rules and Regulations shall be reviewed, and, if necessary, revised from time to time by the management in consultation with the workers committee (if any) or the employees.
72. Employment of foreign workers shall be in line with the Labour and Employment Act, 2007 and Immigration Act, 2007.