

ལས་གཡོག་ལྷན་ཁག། ལས་མི་ལས་ཁུངས།  
Ministry of Labour and Human Resources  
Department of Labour



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**Regulation on Working Conditions,  
2022**

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དངལ་ལྷན་འབྲུག་གཞུང་། ལམ་གཡོག་ལྷན་ཁག།  
Royal Government of Bhutan  
Ministry of Labour and Human Resources

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January 1, 2022

## FOREWORD

The Ministry of Labour and Human Resources is pleased to bring out the fourth edition of the Regulation on Working Conditions as empowered by Section 234 of the Labour and Employment Act of Bhutan 2007. This Regulation pertaining to employment conditions is necessary to implement the provisions of the Act effectively.

The Regulation is the outcome of the tripartite dialogues held amongst the Royal Government, Employers and Employees across the country. As such, every provision of the Regulation enjoys the consensus of all parties in the labour market and is legally enforceable.

The main thrust of the revision efforts has been to incorporate and adopt international best practices in labour administration as well as updating them in line with the changes in relevant national laws. With the implementation of this Regulation, all the provisions of the Labour and Employment Act of Bhutan 2007 will be in full enforcement.

The Regulation should benefit both the employers and employees. More importantly, they are expected to enhance the employment conditions to a new height, especially in the private and corporate sectors, ultimately realizing the national vision of productive, harmonious and happy working relationships between the employers and employees.

May there be a fair and just labour administration system, and may the Bhutanese people enjoy the full benefits of such an enlightened system.

(Karma Dorji)

**Minister**

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# CHAPTER 1

## PRELIMINARY

The Ministry of Labour and Human Resources (MoLHR), in accordance with the powers conferred under the Labour and Employment Act of Bhutan 2007 hereafter referred to as Act, hereby promulgates this Regulation which applies to all workplaces falling within the coverage of the Act.

### **Preliminary**

1. This Regulation shall be called “Regulation on Working Conditions, 2022”.
2. This Regulation contains legal requirements that must be met by all workplaces within the coverage of the Act that come under the inspectorial jurisdiction of the Department of Labour, MoLHR.
3. This Regulation shall come into force with effect from January 1, 2022.

### **Purpose**

4. The purpose of this Regulation is to:
  - (1) Establish uniform standards and procedures in accordance with the Act; and
  - (2) Ensure just and fair working conditions in the workplace(s).

## **CHAPTER 2**

### **REGISTRATION OF WORKPLACES**

#### **Application**

5. This Chapter shall apply to all the workplaces within the scope of the Act.

#### **Registration**

6. The employer shall register their workplace(s) with the MoLHR with the following information but not limited to:
  - (1) Business/organization/workplace name;
  - (2) Business Licence/ any formal registration number;
  - (3) Location;
  - (4) Contact persons and contact numbers;
  - (5) Type of ownership;
  - (6) Details of employees (including Citizenship Identity card Number/ Work Permit/ Passport, Wages, Years of Appointments etc.); and
  - (7) Manpower requirement forecast.
7. The workplace shall be registered:
  - (1) Within 60 days after the effective date of this Regulation from existing workplace; and
  - (2) Within 90 days from the date of the commencement of the business for new workplace(s).

8. Registration with the MoLHR shall be a prerequisite for endorsement of Internal Service Rules, availing of foreign workers and all other services provided by the MoLHR.

### **Disclosure of Information**

9. A person shall comply with Section 232 of the Act or respond to or obey a direction of the MoLHR.
10. The employer shall provide and update correct or valid information about the workplace and employees as and when required by the MoLHR.
11. The employer shall provide and update information about the workplace and employees through the online system, surveys/census or in-person.
12. Failure to answer or comply with any directives of the MoLHR, may result in a finding of contempt and the MoLHR may seek the assistance of the police to produce the party before it or forward the case to the court of law.

### **Data Validation and Management**

13. The MoLHR or any agency seeking information from the employer and employees shall validate the information for accurateness.
14. The MoLHR or any agency collecting information from the employer and an employee shall ensure their data privacy and data security.

### **Closure of Workplace**

15. In the event of closure of business or unit, the employer shall notify the same in writing to the Chief Labour Administrator.

## **Penalty**

16. An employer who contravenes Sections 6, 7, 9, 10, 11, and 15 of this Regulation shall pay a fine for each contravention as follows:
- (1) First instance: Ninety (90) times the Daily National Minimum Wage.
  - (2) Second instance: One hundred and eighty (180) times the Daily National Minimum Wage.
  - (3) Third and repeated instances: Three hundred and sixty (360) times the Daily National Minimum Wage.

## **CHAPTER 3**

### **LABOUR INSPECTION**

#### **General Provisions**

17. This Chapter applies to all workplaces liable for inspection under the Act. The scope does not extend to the inspection of working conditions and the working environment of the nation's uniformed services but does extend to institutions and agencies, including the civil service, to the extent that the laws of such institutions and agencies do not already cover any matter included in the Act.
18. The Department of Labour shall maintain a record of all workplaces liable for inspection either online or manually.
19. All workplaces entered in this record shall be liable for Routine, Follow-up and Special Inspection, as appropriate, by Labour Inspectors appointed under the Act.
20. The record of workplaces shall be up-dated regularly based on the inspection reports.

#### **Types of Inspections**

21. Labour Inspectors as defined under the Act are empowered to undertake three types of inspection visits, as follows:-
  - (1) Routine Inspection is aimed to anticipate and prevent problems by informing workers and employer on the content of the law, advising them on how to comply and if necessary, securing compliance with the Act and its Regulations through enforcement. Routine visits normally cover the full range of matters to be inspected.

- (2) Follow-up Inspection focuses on problems and contraventions of the Act and its Regulation as identified in previous routine visits, to determine the extent to which the enterprise has responded to the outcome of the earlier routine visit.
- (3) Special Inspection is unplanned and is based on complaints and specific issues constituting a priority matter as determined by the Department of Labour.

### **Announced and Unannounced Inspections**

22. Labour Inspectors are empowered to undertake both announced and unannounced inspections.
23. An announced inspection requires the Labour Inspector to notify the enterprise in advance of an intended visit and make a firm appointment. For an announced inspection, the Labour Inspector shall give a minimum of 2 working days' notice to the enterprise.
24. An unannounced inspection requires no advance notification to the enterprise and permits the Labour Inspector to enter the enterprise, at any reasonable time.
25. The Department of Labour on a case-by-case basis shall decide on whether an inspection should be announced or unannounced.

### **Inspection Work Plan**

26. The Department of Labour shall prepare an annual work plan of Routine inspection visits identifying priority sectors and locations to be targeted, specific workplaces to be visited, and indicating the Labour Inspectors who will undertake each visit.

27. The quarterly inspection work plan shall be approved by the Chief Labour Administrator or, as provided in Section 24 of the Act, the approval may be delegated in writing to the Head of the Department of Labour.
28. The Labour Inspection team shall undertake a minimum of 20 Routine inspection visits per month, and quarterly inspection work plans shall be based on that standard. This standard may be reduced if special circumstances apply, including a need on the part of inspectors to undertake more follow-up or special inspection visits, the number of complaints to be handled by inspectors is unexpectedly large or if hindered by any natural disaster or pandemic.
29. The Labour Inspection team shall comprise minimum of 2 Labour Inspectors.

### **Entry at Work Place**

30. As per Section 27 of the Act, the Labour Inspectors are empowered to enter at reasonable times during regular working hours.

### **Report**

31. The Labour Inspector shall prepare a written report on each inspection visit, the format and content of which shall be determined by the Department of Labour.
32. The content of the inspection report shall be treated as confidential unless:
  - (1) The Labour Inspector is required to divulge this information by a court of law; or

- (2) The Labour Inspector is required to divulge this information as part of their work.

### **Inspection Process**

33. When a Labour Inspector enters a workplace for an inspection visit, they shall take all reasonable steps to notify:
  - (1) The employer or employer's representative;
  - (2) The health and safety representative, if any, at the workplace; and
  - (3) One member of the workers' association, if any, at the workplace of their entry.
34. The Labour Inspector shall provide proof of identity at the commencement of each inspection visit.
35. The Labour Inspector shall explain the purpose of the inspection to the employer and employees or their representatives.
36. The Labour Inspector shall interview workers, if required, but in such a way to cause minimal disruption to the work flow and production process of the enterprise.
37. The Labour Inspector shall conduct an exit meeting prior to leaving the workplace with the employer and employees or their representatives to notify them of:
  - (1) The main outcomes of the inspection visit;
  - (2) The priority areas where improvements are required; and
  - (3) The specific action to be taken to ensure compliance with the Act and its Regulations.

## **Improvement Notice**

38. The Labour Inspector may issue an Improvement Notice as empowered by Section 40 of the Act. The format of the Improvement Notice shall be as per Annexure I.
39. The Improvement Notice shall be issued on each contravention at the time of the inspection visit or within 5 working days after the inspection.
40. At the time of issuing the Improvement Notice, the Labour Inspector shall take specific steps to bring to the notice of the employer or employer's representative the content of the Improvement Notice concerning appeals and penalties.
41. The Labour Inspector may issue more than one Improvement Notice to an enterprise during or as a result of a single inspection visit.
42. On the expiry of the number of days specified in the Improvement Notice, the Labour Inspectors shall conduct a Follow-up inspection to verify whether the Improvement Notice has been acted upon and if not complied with, the Labour Inspector shall impose penalty.

## **Prohibition Notice**

43. The Labour Inspector may issue a Prohibition Notice as per Section 43 and 44 of the Act. The format of the Prohibition Notice shall be as per Annexure II.
44. The Labour Inspector may issue a Prohibition Notice to stop an immediate risk emanating from within the workplace to the safety or health of any person in consultation with Chief Labour Administrator.

45. The Prohibition Notice may be given on particulars such as:
- (1) A workplace, or a part of workplace, at which the activity is not to be carried out;
  - (2) Anything that is not to be used in connection with the activity;
  - (3) Any procedure that is not to be followed in connection with the activity; and
  - (4) May include directions on measures to be taken to remedy the risk, activities, matters, contraventions or likely contraventions to which the notice relates.
46. At the time of issuing the Prohibition Notice, the Labour Inspector shall take specific steps to bring to the notice of the employer or employer's representative the content of the Prohibition Notice concerning appeals and penalties.
47. The Labour Inspector may issue more than one Prohibition Notice to an enterprise during or as a result of a single inspection visit.
48. The Labour Inspector may issue a Prohibition Notice for the entire enterprise if they are of the opinion that the safety and health of a significant number, a majority, or all persons within that enterprise or workplace and its immediate environment are at immediate risk.
49. If a prohibition notice is issued, it shall remain in force:
- (1) Until the Labour Inspector certifies in writing that the matters which give or will give rise to the risk are remedied; or

- (2) After an appeal under Section 47 of the Act has been decided.

### **Penalty Memo**

50. The Labour Inspector may issue a Penalty Memo to an employer for violating any Sections related to employee's basic rights without issuing an Improvement Notice.

### **Annual Report**

51. The Department of Labour shall prepare and disseminate an annual report on the work of inspection services and include, as far as possible:
  - (1) A list of the laws and Regulations relating to labour inspection work;
  - (2) The number of inspectors, including the number of female inspectors, and their location;
  - (3) Statistics on the number of workplaces liable for inspection by sector or industry, including numbers employed;
  - (4) Number and type of inspection visits;
  - (5) The number of Improvement and Prohibition Notices issued;
  - (6) The number of convictions for contraventions and the penalties imposed;
  - (7) The number of complaints from workers;
  - (8) Statistics of accidents and deaths at work or arising out of work, including causes;
  - (9) Statistics of notified occupational diseases, classified by industry, occupation, and causes;

- (10) Statistics of workers' compensation; and
- (11) Achievements and shortcomings of the labour inspection system.

## CHAPTER 4: INTERNAL SERVICE RULES

### Preparation

52. An employer shall prepare and implement, Internal Service Rules in consultation with the Workers' Association or, if there is no such Association, with the employees at the enterprise.
53. The employer with an enterprise that falls under the following shall be required to prepare and implement Internal Service Rules:
  - (1) A registered company under the Companies Act of Bhutan 2016; or
  - (2) A small, medium or large-scale industry; or
  - (3) Five (5) or more employees under the contract of employment/regular employees.
54. The Internal Service Rules shall be signed and dated by the employer or his/her designated representatives and by at least by 3 members of the workers' association or, if no such association exists, by at least 3 employees.
55. Once signed and dated by the parties, the Internal Service Rules shall be submitted to the Chief Labour Administrator for perusal and approval.
56. The Chief Labour Administrator shall notify the enterprise of approval or non-approval of the Internal Service Rules within 21 working days from the date of submission.
57. The Internal Service Rules approved by the Chief Labour Administrator shall take effect and be enforced from the date of approval and shall have no retrospective application.

58. The Internal Service Rules not approved by the Chief Labour Administrator shall be returned to the enterprise indicating the reasons for non-approval and re-directing the enterprise to rectify shortcomings and shall be submitted within 14 working days.
59. The Internal Service Rules have no status and are not enforceable until approved by the Chief Labour Administrator.

### **Content**

60. The Internal Service Rules shall comply with the minimum standards set out in the Act and its Regulations.
61. The Internal Service Rules may contain terms and conditions that exceed the minimum standards of the Act and its Regulations, but any terms and conditions that are less than those minimum standards shall be null and void and of no legal effect.
62. The Internal Service Rules shall make specific reference but not limited to the following:
  - (1) Non-discrimination
  - (2) Sexual harassment
  - (3) Child labour
  - (4) Recruitment procedures
  - (5) Written contracts of employment
  - (6) Probation
  - (7) Salary/Wages
  - (8) Payment of salary/wages
  - (9) Overtime rates

- (10) Wage advances and deductions
- (11) Provident fund
- (12) Gratuity
- (13) Workers Compensation
- (14) Redundancy
- (15) Working hours and breaks
- (16) Public holidays
- (17) Annual leave
- (18) Casual leave
- (19) Sick leave
- (20) Maternity leave
- (21) Paternity leave
- (22) Leave encashment
- (23) Night work
- (24) Disciplinary procedures
- (25) Summary dismissal
- (26) OSH policy, rules and implementation
- (27) Accidents and incidents
- (28) Training
- (29) Grievance procedures

## **Dissemination**

63. The Internal Service Rules once approved shall be displayed in one or more prominent locations in the workplace in a language understood by all employees.
64. An enterprise must ensure that the contents of the Internal Service Rules are explained and understood by all employees.

## **Amendment**

65. In the event of amendment in the Act and its Regulations, the enterprise shall be required to make necessary changes to their Internal Service Rules accordingly and submit to the Chief Labour Administrator for verification and approval. The employees should be made aware of such changes.
66. An enterprise seeking to amend any sections of their Internal Service Rule, may only do so with consultation and agreement of at least 90% of their employees following which the proposed amendment(s) along with the proof of consultation and agreement must be submitted for approval.

## **Model Internal Service Rules**

67. The Department of Labour shall on request provide enterprises with a sample for the preparation of Internal Service Rules and provide advice to prepare and implement the same.

## **Penalty**

68. An employer who contravenes Section 52 of this Regulation shall pay a fine for each contravention as follows:

- (1) First instance: Ninety (90) times the Daily National Minimum Wage.
  - (2) Second instance: One hundred and eighty (180) times the Daily National Minimum Wage.
  - (3) Third and repeated instance: Three hundred and sixty (360) times the Daily National Minimum Wage.
  - (4) After the third instance, the penalty will be double to the maximum of One thousand and eighty (1080) times the Daily National Minimum Wage.
69. An employer who contravenes Section 63 and 64 of this Regulation shall pay a fine for each contravention as follows:
- (1) First instance: Thirty (30) times the Daily National Minimum Wage.
  - (2) Second instance: Sixty (60) times the Daily National Minimum Wage.
  - (3) Third instance: One hundred and twenty (120) times the Daily National Minimum Wage.
  - (4) After the third instance, the penalty will be double to the maximum of 360 times the Daily National Minimum Wage.

## **CHAPTER 5**

### **NATIONAL MINIMUM WAGES**

#### **Fixing the National Minimum Wage**

70. The Ministry may fix or adjust the National Minimum Wage(s) through an a executive order in consultation with the government, employers and employees:
- (1) 90 calendar days after the making of the order; or
  - (2) From date fixed by the Ministry in the order but not earlier than the date of the order.
71. Every minimum wage shall be expressed in a daily rate and a monthly rate and, by calculation, at an hourly rate based on the normal daily working hours, excluding overtime.
72. A minimum wage may be set to reflect differences between:
- (1) Zones, regions or geographic locations in the country;
  - (2) Sectors or industries in the country;
  - (3) Occupations; and
  - (4) Employees of different work status including those under 18 years of age, trainees, disabled workers, and workers on probation.

#### **Consultation**

73. The Chief Labour Administrator shall chair the national Minimum Wage(s) Committee comprised of 8 to 10 members, appointed by the Ministry. The committee shall advise the Ministry on the level of national minimum wage(s).

74. The National Minimum Wage Committee shall be comprised as follows:
- (1) Chief Labour Administrator as chairperson;
  - (2) Two members from the Royal Government;
  - (3) One representative each of employers and employee from the private sector;
  - (4) One representative each of employers and employee from the corporate sector;
  - (5) The Head of the Department of Labour as the Member Secretary; and
  - (6) Two experts in relevant fields.
75. The National Minimum Wage Committee shall meet as and when required by the Ministry.

### **Criteria for Wage Fixing**

76. The National Minimum Wage Committee shall take into account the following factors when providing advice to the Minister about a minimum wage(s):
- (1) The needs of employees;
  - (2) The productivity of employees;
  - (3) The capacity of employers to pay;
  - (4) The general economic environment in which the country is operating, including the competitiveness of business;
  - (5) The general level of wages in the country;
  - (6) Social protection benefits; and

- (7) The cost of living in the country, including variations as between different locations, zones and regions.

### **Duration**

77. Once fixed by the Minister, the National Minimum Wage(s) shall remain in force until revised.

### **Adjusting the National Minimum Wage**

78. In consultation with the National Minimum Wage Committee, the Ministry may adjust the minimum wage(s) from time to time.
79. In advising the Ministry on adjustments to the National Minimum Wage, the National Minimum Wage Committee shall take into account the same factors as set out in Section 76 of this Regulation.

### **Compliance and Enforcement**

80. An employer shall not pay an employee less than the National Minimum Wage set or adjusted by order of the Ministry.

### **Penalty**

81. An employer who contravenes Section 80 of this Regulation shall pay a fine for each contravention as follows:
- (1) First instance: Ninety (90) times the Daily National Minimum Wage.
  - (2) Second instance: One hundred and eighty (180) times the Daily National Minimum Wage.
  - (3) Third and repeated instances: Three hundred and sixty (360) times the Daily National Minimum Wage.

## CHAPTER 6

### RECRUITMENT AND SELECTION

#### **Application**

82. This Chapter shall apply to all matters relating to recruitment and selection procedures of employee(s) that must be met by all enterprises within the coverage of the Act except for those under sole proprietorship.

#### **Eligibility**

83. A candidate shall have attained minimum of 18 years of age.

#### **Vacancy Advertisement**

84. Every vacancy shall be advertised irrespective of positions through mainstream media or any other social media.

85. The timeframe for each stage of the recruitment process shall be as follows

Sequence	Activity	Duration	
		Minimum	Maximum
1	Advertisement of vacancy	2 weeks	
2	Short listing		1 week
3	Interview notice	1 week	
4	Selection process/ interview		1 week
5	Submission of selection results to employer		2 days
6	Send 'Letter of Thanks' to non-selected candidates		2 days
7	Reference checks		3 days
8	Submission of grievance by non-selected candidates		1 week

Sequence	Activity	Duration	
		Minimum	Maximum
9	Redressal of grievance		2 days
10	Send 'Letter of Offer'		2 days
11	Receive 'Letter of Acceptance'		1 week
12	Sign Contract of Employment		3 days
13	Appointment Letter		3 days
Total approximate duration from advertisement of vacancy to issuance of appointment letter		9 weeks (63 days)	

86. Under Section 85, Sequence 1 to 9 shall not be applicable to the recruitment and selection of job seekers and students near completion of their studies through programs conducted within educational institutions, job fairs and other government initiatives and/or projects.

### **Re-announcement**

87. If there is no eligible candidate, the employer shall announce the time extension of another minimum of 5 working days for more candidates to submit application.
88. Proceed with the selection process even if there is only one eligible candidate despite the time extension.
89. If there is no eligible candidate even after reannouncement, the enterprise or the selection committee may pursue other legal avenues for recruitment and selection.

### **Document Required**

90. A candidate applying for the vacant position shall be required to submit the copies of required documents. However, a candidate shall produce original documents at the time of an

interview for verification. For the purpose of record, the enterprise shall retain only the copies of the required documents of a candidate if necessary.

### **Selection Process**

91. Candidate shall be selected through a recruitment Committee.
92. The committee shall set the selection criteria before selection process.
93. A person with disabilities shall be provided with equal opportunities and enabling environment.

### **Contract of Employment**

94. An employer shall ensure that a contract of employment with an employee is in writing and the copy of it is provided to the employee and shall ensure that terms and conditions specified in Section 64 of the Act are fulfilled.

### **Penalty**

95. An employer who contravenes Section 84, 85, 87, 88 and 90 to 94 shall be liable to pay a fine for each contravention as follows:
  - (1) First instance: Ninety (90) times the Daily National Minimum Wage.
  - (2) Second instance: One hundred and eighty (180) times the Daily National Minimum Wage.
  - (3) Third and repeated instances: Three hundred and sixty (360) times the Daily National Minimum Wage.

## **CHAPTER 7**

### **WORKERS' ASSOCIATIONS**

#### **Functions of a Workers' Association**

96. The workers' association shall represent the members of that association in any matter affecting their rights and interests arising out of their employment at the enterprise including both their working conditions and the working environment.
97. The workers' association shall be entitled to prepare and serve claims on the employer and negotiate a collective bargaining agreement with the employer relating to the terms and conditions of employment including those relating to occupational safety and health.
98. The workers' association shall be entitled to represent an individual worker in any work-related complaint against the employer, participate in an enterprise grievance procedure where so requested by a worker, represent a worker in any case of sexual harassment complaint lodged by a worker, and be represented on an enterprise safety and health committee where one exists.
99. If a workers' association has been formed to represent the workers at an enterprise, no person or committee other than the workers' association or its duly appointed representative may act or purport to act for the workers in negotiating a collective bargaining agreement.

#### **Formation**

100. The workers of an enterprise with 12 or more employees engaged under a contract of employment for a period of 1 year or more shall be entitled to form a workers' association if

they so choose after a minimum 5 continuous years of commercial operation by the enterprise.

101. Workers shall be free to join or not join a workers' association according to their individual choice. An employer shall not take any action to influence the decision of a worker to join or not to join a workers' association.
102. A minimum of 7 workers over the age of 18 years shall be required to form a workers' association.
103. No employee in a managerial or supervisory position in the enterprise shall be entitled to join a workers' association or hold office in that association.
104. The employer shall not interfere in the organization or activities of the workers' association.
105. A workers' association shall not represent the interests of a managerial or supervisory employee.
106. There shall be no more than one workers' association for each enterprise.

### **Procedure for Formation**

107. The formation of a workers' association shall be in accordance with the following procedures:
  - (1) A Labour Relation Officer of the Department of Labour shall meet with a minimum of 75% of the workers of an enterprise to explain the purpose, role and functions of a workers' association. The Labour Relations Officer shall explain the legal rights and obligations of a workers' association, once formed.

- (2) The meeting shall decide whether or not to form a workers' association, without interference or influence of the employer, any managerial or supervisory employee, or an officer of the Department of Labour.
- (3) The decision to form a workers' association shall be taken by a majority vote of those workers present at the meeting.
- (4) If the meeting decides to form a workers' association the meeting shall by a majority vote appoint a chairperson to oversee the conduct of the meeting and any subsequent meetings concerning the formation of a workers' association, assisted, as required, by a Labour Relations Officer.
- (5) The Labour Relations Officer shall provide a sample constitution of a workers' association to the chairperson for discussion at meetings of workers to assist them in deciding whether or not to proceed to the formation of a workers' association. The Labour Relations Officer shall be available to explain the nature and importance of a constitution and explain, as necessary, the role and functions of various office bearers.
- (6) If the meeting decides to form a workers' association, all workers who join the association shall be entitled to vote in the election of the association's office bearers.

## **Registration**

108. A workers' association shall have no status and shall not be permitted to operate until it has had its registration application approved by the Chief Labour Administrator.

109. The workers' association shall apply for registration to the Chief Labour Administrator within 30 calendar days of its formation.
110. The application for registration shall comprise the following:
- (1) An application letter in the form required by the Department of Labour as shown in Annexure III;
  - (2) Name of the workers' association;
  - (3) Number and names of members;
  - (4) Address of the workers' association;
  - (5) Name of the enterprise in which the association is formed;
  - (6) Details of each office bearer including name, position held in the workers' association, date of birth, sex, highest level of education, job title in the enterprise;
  - (7) Copy of the constitution or charter of the association setting out its purpose, objectives, operational procedures and rules; and
  - (8) Minutes of the meeting establishing the workers' association including the names of those present and the resolutions passed by that meeting.
111. The Chief Labour Administrator shall within a period of 15 calendar days from receipt of the registration application notify in writing the workers' association of the outcome of its application.
112. If the registration application is approved, the Chief Labour Administrator shall indicate to the workers association the date of its effective registration, which shall in normal circumstances be the date of approval of the application by the Chief Labour Administrator.

113. If the registration application is approved, the Chief Labour Administrator shall notify the enterprise in which that association exists of the registration and its effective date and shall draw the attention of the enterprise to its obligations under the law concerning workers' associations.
114. If the registration application is not approved, the Chief Labour Administrator shall notify the workers association in writing, including the reasons for the non-approval of the registration application.
115. The non-approval by the Chief Labour Administrator of a registration application shall not be a barrier to that workers' association making a further application for registration at a later date.
116. The registration of a workers' association shall be effective for a period of 3 years after which time it shall be eligible to apply for renewal of registration.
117. An application for renewal of registration shall be in the form prescribed by the Department of Labour, as shown in Annexure IV.
118. If an application for registration or renewal of registration is not approved by the Chief Labour Administrator, the applicant shall be entitled to lodge an appeal with the Minister of Labour and Human Resources within 30 calendar days of the receipt of the non-approval by the Chief Labour Administrator. The Minister shall make a decision on the appeal within 15 calendar days and notify the applicant in writing.

### **Effect of Registration**

119. Once a workers' association has received a notice of registration from the Chief Labour Administrator the workers' association shall:

- (1) Have an existence distinct and separate from its members;
- (2) Be able to operate in its own name;
- (3) Be able to open and operate a bank account in its own name;
- (4) Be able to collect subscriptions from its members;
- (5) Be able to make disbursements from its bank account;
- (6) Be able to take legal action in its own name;
- (7) Be liable to have legal action taken against it;
- (8) Be required to submit an annual report and financial statements to its members and the Chief Labour Administrator;
- (9) Be able to request the employer to operate a 'check off' system whereby the employer deducts member subscriptions from each member's monthly pay and transfers this amount to the credit of the association's bank account at the end of each month;
- (10) Be able to prepare and serve claims on the employer for future benefits;
- (11) Be able to negotiate and enter into a collective bargaining agreement with the employer;
- (12) Be able to participate in the enterprise grievance procedure;
- (13) Be able to participate in the enterprise sexual harassment procedure;
- (14) Be able to assist in the settlement of complaints within the enterprise; and

- (15) Be able to participate in a safety and health committee within the enterprise.

### **Deregistration**

120. In the event of a workers' association ceasing to function within the enterprise, the association through its office bearers shall notify the Chief Labour Administrator of its dissolution, and indicating the arrangements to be made for meeting any financial liabilities of the association, and or the arrangements for the disbursement of any credit balances held in its bank account.
121. If the Chief Labour Administrator is satisfied that dissolution of the association meets all financial requirements and obligations, the Chief Labour Administrator shall notify the association in writing that it has been deregistered and ceases to operate, and shall also notify the enterprise in which the association was formed.
122. The Chief Labour Administrator shall be empowered to initiate the dissolution of a workers' association if there is evidence that the workers' association has operated in breach of the Act or its Regulations, or operated in breach of its own constitution or charter, or a majority of workers in the enterprise lodge a complaint in writing to the Chief Labour Administrator concerning the association's functions, activities or operations.

### **Workers' Association Committee**

123. A workers' association once formed shall elect a committee as the elected officer bearers of that association, in accordance with the procedures as indicated in the constitution or charter of that association.

124. The workers of an enterprise may at any time request the Chief Labour Administrator to assist with the election of a workers' association committee, and the Chief Labour Administrator shall direct a Labour Relations Officer to attend and provide assistance as soon as possible.
125. The workers' association committee shall meet at any time it considers necessary and conduct its meetings according to the procedures established in the charter or constitution of its workers' association.
126. The chairperson of the committee shall ensure that accurate records are kept of the meetings and the decisions of the committee.
127. The chairperson shall make all records of the committee's meetings available to any member of the workers' association.

### **Labour Dispute Relating to a Workers' Association**

128. In the event of the majority of workers in an enterprise lodging a complaint concerning the functions, activities or operations of the workers' association of that enterprise, that complaint shall in the first instance be treated as a grievance within the enterprise and resolved, if possible, through the application of the enterprise's grievance procedure.
129. If the complaint by workers is not resolved through the application of the enterprise's grievance procedure, the complainant shall notify the Chief Labour Administrator of the existence of a labour dispute, and the dispute resolution procedures as provided in the Labour and Employment Act, 2007 shall be applied.
130. During the hearing of the complaint, application of the grievance procedure and the dispute resolution procedure respectively, the workers' association shall continue to exist and the workers lodging the complaint against its functions, activities or operations shall not be permitted in any

circumstances to form or attempt to form an alternative workers' association.

### **Protection of Association Members and Office Bearers**

131. Workers' association committee members, office bearers, and rank and file members shall be protected against any acts that prejudice their continued employment in the enterprise or that discriminates against them, including dismissal, transfer, non-promotion, or demotion, based on their status in or membership of a workers' association, or based on their activities in a workers' association, in so far as such representatives and members operate within existing laws, the Internal Service Rules, or collective agreement.
132. The protection referred to in Section 131 shall include candidates for election as office bearers or committee members in a workers' association as well as former office bearers or committee members of a workers' association.

### **Rights of Workers' Association and its Committee**

133. No person shall obstruct a workers' association or prevent the association from forming, meeting, raising a grievance or becoming involved in a labour dispute, negotiating or otherwise advancing or protecting the rights or interests of workers at the enterprise, or performing any of its other functions under the Act or its Regulations.
134. An employer shall provide the workers intending to form a workers' association reasonable facilities and time off with pay based on each member's normal rate of pay to enable them to meet together during working hours at the enterprise, provided that the ordinary conduct of the employer's business is not unduly interfered with.

135. The committee of a workers' association shall be entitled to paid time off at the normal rate of pay and without loss of other benefits to attend meetings and training activities associated with the work of the association, subject to the approval of the employer or the employers' representative, but with such approval not being unreasonably withheld.
136. The committee of the workers association shall be provided with facilities in the workplace to enable it to carry out its functions promptly and efficiently, but the provision of such facilities shall not impair the efficient operation of the workplace.
137. The members of the committee of the workers' association shall:
- (1) Have access to all parts of the workplace necessary for the efficient conduct of its operations;
  - (2) Be permitted to post notices in the workplace in such places as agreed with management;
  - (3) Be permitted to distribute information, news sheets, and pamphlets provided such distribution does not prejudice the operations of the enterprise or its tidiness;
  - (4) Have reasonable access to information, including the names and positions of all workers within the workplace, for the effective operation of its functions, subject to the approval of the employer; and
  - (5) Have reasonable access to information to assist in preparing claims against the employer as part of the collective bargaining process.

## **Subscriptions**

138. The workers' association at the time of its formation shall decide the monthly subscription fee of its members, either as a fixed sum or as a percentage of a worker's salary.
139. The agreed subscription fee shall not be changed other than by a majority vote of members at an association meeting to which all members have been invited.
140. The workers' association shall decide at the time of its formation by majority vote whether to request the employer to deduct the subscription fee from each worker's monthly pay as part of a check off system. An employer shall not be obliged to agree to such a request.

## **Reporting Obligations**

141. The committee of a workers' association shall prepare an annual report and financial statements for presentation to an annual meeting of the workers' association to which all members shall be invited to attend. The report and statements are to be prepared in accordance with the provisions of the association's constitution or charter.
142. A copy of the annual report and financial statements, together with any accompanying resolutions made at the annual meeting of the workers' association, shall be lodged with the Chief Labour Administrator within 30 calendar days of the date of that annual meeting.

## **Collective Bargaining**

143. A workers' association through its committee shall be entitled to prepare and serve claims to the employer towards maintaining and improving the terms and conditions of employment and the working environment of its members.

144. The employer shall within a period of 30 days from the receipt of such claims meet with the designated representatives of the workers' association to discuss such claims.
145. The workers' association and the employer through a process of negotiation shall make all reasonable efforts to reach a mutually acceptable agreement within a reasonable period of time.
146. If the workers' association and the employer reach an agreement, it shall be made in writing, dated and be known as a collective bargaining agreement.
147. If the workers' association or its committee negotiates a collective bargaining agreement with an employer, this agreement shall be referred to a meeting of the workers' association to which all members, have been invited. If more than fifty per cent of the members present at the meeting approve the agreement, the agreement shall become binding on the employer and the workers, subject to the endorsement of the Chief Labour Administrator.
148. The collective bargaining agreement shall be submitted to the Chief Labour Administrator within 7 calendar days of its approval by the members of the association with a view to advising the parties whether the agreement complies with the Act and its Regulations.
149. The Chief Labour Administrator shall advise the parties within 7 calendar days whether or not the agreement complies with the Act and its Regulations. If the agreement so complies, the workers and the employer shall then proceed to implement the agreement. If the agreement does not comply, the workers and employer shall meet to renegotiate the agreement.

150. A collective bargaining agreement negotiated in terms of this Regulation shall not be affected by:
- (1) A change in membership of the management or ownership of the employer; or
  - (2) A change in membership of the workers' association committee or the workers concerned; or
  - (3) A transfer of the undertaking or enterprise in which the workers concerned are employed.

## **CHAPTER 8**

### **TRAINING**

#### **General Provision**

151. This Chapter shall apply to any training programme provided or financed/ supported by the employers within the scope of the Act.
152. For the purpose of this Chapter, the training programmes shall refer to any training programmes conducted in the institutions which are registered or recognized by the relevant authorities.

#### **Categories of Training Programs**

153. The categories of Training Programs shall be as follows:
- (1) Training period of six months or less shall be considered as Short-Term Training (STT); and
  - (2) Training period of more than six months shall be considered as Long-Term Training (LTT).

#### **Obligation of an Employees on STT**

154. An employee after completing STT shall serve the enterprise for 6 months however, in the event that the employee resigns before completing the obligation period, the employee shall refund the expenditure incurred by the employer for the training. Such refund may be waived off by the employer at their discretion.

## **Obligation of an Employee on LTT**

155. An employee after completing LTT shall serve the enterprise for maximum of double the duration of the LTT.
156. In the event, the employee does not fulfil their obligation as mentioned in Section 155 or failing to return to the enterprise on completion of the training, the employee shall refund not exceeding to double the total amount of all the expenses incurred by the employer. Such refund may be waived off by the employer at their discretion.
157. If the employee fails to complete the course or withdrew/discontinued for reasons other than ill-health, the employee shall refund though not exceeding double the total amount of all the expenses incurred by the employer. Such refund may be waived off by the employer at their discretion.
158. In case of the demise of an employee during the study period or before completing the obligation as mentioned in Section 155, the financial obligation mentioned in the Section 156 and 157 shall be null and void.
159. The obligation of an employee on LTT may be partially or fully waived off by the employer at their discretion.

## **Penalty**

160. An employer who contravenes any sections in this Chapter shall be liable to pay a fine as follows:
  - (1) First instance: Ninety (90) times the Daily National Minimum Wage.
  - (2) Second instance: One hundred and eighty (180) times the Daily National Minimum Wage.
  - (3) Third and repeated instances: Three hundred and sixty (360) times the Daily National Minimum Wage.

## **CHAPTER 9**

### **HOURS OF WORK**

#### **Hours of Work**

161. The standard working hours must not exceed 8 hours per day and 48 hours per week, except where workers have agreed to perform overtime work.

#### **Overtime and Payment**

162. An employee shall be entitled to overtime payments which should not be less than the normal rate of pay.

163. Hours worked additional to standard working hours as specified in Section 161 of this Regulation are overtime hours and must not exceed 12 hours per week.

164. All overtime work shall be performed upon mutual agreement by both employee and the employer.

165. If an employee is required by the employer to perform work between the hours of 10.00 P.M and 8.00 A.M in the following morning besides their normal day shift, the employer shall pay an additional 50% of the worker's normal rate of pay for the number of overtime hours worked.

166. If an employee is required to perform work during Public Holidays, the employer shall pay an additional 50% of the employee's normal rate of pay.

## **Record Keeping**

167. An employer must keep and maintain a record of all normal and overtime hours worked by all employees, including the rates of pay for overtime hours performed, and make this record available to a Labour Inspector if so requested.

## **Rest Periods and Breaks**

168. An employee shall be entitled to a rest break of 10 minutes after 2 hours of work from the time of commencement of each day's work. This rest break shall not be included as part of the employee's working hours. The employee with the agreement of their employer may choose to forego this rest break and add it to their meal break, or forego it completely to enable an earlier finish time.
169. The employee shall be entitled to a meal break of 30 minutes after 4 hours of work, but the meal break shall not be included as part of the employee's working hours.
170. The actual duration and timing of rest and meal breaks can be varied by agreement between the employer and employees but shall not be less than 30 minutes per 8-hour period.
171. An employee working less than 2 hours per day is not entitled to a rest break.
172. An employee working less than 4 hours per day is not entitled to a meal break.

## **Daily and Weekly Rest Periods**

173. An employee shall have a daily rest period of a minimum of 12 consecutive hours.

174. An employee shall have a weekly rest period of 24 consecutive hours (1 day).

### **Unlawful Deduction**

175. The employer shall not make any deduction from employees wage(s) other than as specified in Section 131 of the Act.

### **Penalty**

176. An employer who contravenes Section 165 of this Regulation shall be guilty of an offence under the Section 126 of the Act.

177. An employer who contravenes Section 161 to 164, 166 to 170, 173 to 175 of this Regulation shall be liable to pay a fine as follows:

- (1) First instance: Ninety (90) times the Daily National Minimum Wage.
- (2) Second instance: One hundred and eighty (180) times the Daily National Minimum Wage.
- (3) Third and repeated instances: Three hundred and sixty (360) times the Daily National Minimum Wage.

# CHAPTER 10

## LEAVE

### General Provision

178. The Internal Service Rule/ contract of employment between an employer and an employee may include other leave entitlements and arrangements that are more advantageous to the employee than those contained in this Chapter.

### Leave Records

179. The employer shall maintain a record, either manual or electronic, of all availed and unavailed leave entitlements of all employees.

### Annual Leave

180. The employee shall be entitled to paid annual leave after completion of the probation period.

181. Annual leave shall accrue at the minimum rate of 1.5 days per month, or minimum of 18 working days per year, such accrual to commence after the employee has completed their probation period.

182. The annual leave shall include only working days of the employee, excluding public holidays and weekly rest periods.

### Notification to Employer

183. The employee shall provide a minimum of 14 calendar days' written notice to the employer intending to avail annual leave.

## **Annual Leave Encashment**

184. The employer shall pay to the employee the unavailed annual leave at the normal rate of pay at the end of every calendar year. However, employer and employee may come to an agreement whether to avail or encash the unused annual leave.
185. The employees shall be entitled to encash annual leave if the employee serves a minimum of 12 months of continuous employment including the probation period.
186. On termination of contract of employment by either party, including summary dismissal or redundancy, the employer shall pay to the employee the unused annual leave at the normal rate of pay.

## **Sick Leave**

187. An employee shall be entitled to paid sick leave.
188. Sick leave shall accrue at the minimum rate of 5 working days per year.
189. An employee shall be entitled to take sick leave for part of a working day.
190. An employee who has availed all the sick leave entitlements but is unable to return to work due to sickness may, at the discretion of the employer, draw on their unused casual or annual leave entitlements.
191. An employee shall not be entitled to encash unused sick leave entitlements.

192. Unused sick leave shall accumulate for 5 years, or longer if agreed between the employee and the employer, following which the unused portion of leave is forfeited by the employee.

### **Notification to Employer**

193. An employee taking or seeking to take sick leave shall notify the employer in advance of any sickness that will cause the employee to be absent from work and the approximate period of absence or, if this is not possible in times of emergency, notify the employer as promptly as possible personally or through any other means of communication of the absence and the approximate period of such absence.

194. In the event of an employee failing to provide advance or prompt notice of intended sick leave, consideration of the leave is at the sole discretion of the employer.

195. If the employer so requests, the employee shall give evidence of the nature of the sickness. Such evidence shall include a signed certificate from a registered medical practitioner in Bhutan indicating the employee is sick and unfit for work. In the event of an employee failing to provide the evidence requested, consideration of the leave is at the sole discretion of the employer.

### **Casual Leave**

196. An employee shall be entitled to paid casual leave only upon completion of their probation period.

197. Casual leave shall accrue at the minimum rate of 5 working days per year.

198. An employee shall be entitled to take casual leave for part of a working day.
199. An employee who has used their casual leave entitlements but requires additional casual leave may, at the discretion of the employer, draw on their unused annual leave entitlements.
200. Unused casual leave entitlements shall be merged with the annual leave.

### **Notification to Employer**

201. An employee taking or seeking to take casual leave shall notify the employer in advance or, if this is not possible, notify the employer as promptly as possible personally or through any other means of communication of the absence on casual leave, the reason for casual leave, and the approximate period of such absence.

### **Maternity Leave**

202. A pregnant employee who works for an employer continuously for 12 months or more shall be entitled to a minimum of 2 months paid maternity leave at the rate of last basic pay and such leave shall be for an unbroken period of time.
203. An employee shall decide when the maternity leave period will commence and shall take all reasonable steps to notify the employer as far as possible in advance of that commencement date.
204. The employee shall be entitled to take a maximum of 3 periods of maternity leave during their service with an employer.

205. The employee on maternity leave shall be entitled to use any unused annual or sick leave entitlements to extend the period of paid leave.
206. The employee on maternity leave shall be entitled to take unpaid leave to extend leave period with the agreement of the employer.

### **Notification to Employer**

207. An employee taking maternity leave shall give the employer at least 2 months' written notice of their intention to take leave and a copy of medical certificate confirming that they are pregnant and the expected date of birth shall be furnished to the employer.

### **Leave for Pregnancy-related Illness or Termination**

208. If the employee's pregnancy terminates before the expected date of birth, other than by the birth of a living child, they are entitled to:
- (1) Unavailed paid sick leave, casual leave or annual leave; and
  - (2) Unpaid leave for as long as a certified medical practitioner certifies it to be necessary.

### **Work on Return from Leave**

209. On return from maternity leave, the employer shall place the returning employee in the same or a materially similar position to the position held by the employee immediately before starting the leave, and in every case at a rate of pay not less than what was received during the last pay period before the commencement of the maternity leave period.

## **Paternity Leave**

210. The employee who works for an employer for 12 or more months of continuous employment and whose legal spouse gives birth shall be entitled to paid paternity leave of a minimum of 10 working days at the rate of their last basic pay.
211. Unless otherwise agreed with the employer, the employee shall take his paternity leave within 2 weeks of the birth of the child.
212. The employee shall be entitled to take a maximum of 3 periods of paternity leave during their service with an employer.
213. An entitled employee who fails to take paternity leave shall not be entitled to encash it and forfeits the leave entitlement.

## **Unpaid Leave**

214. Except as provided in Section 208 of this Regulation, or as indicated in a written contract of employment or internal service rules, an employee shall be granted unpaid leave at the sole discretion of the employer.
215. In the event, an employer requires an employee to go on a compulsory unpaid leave, the employer shall consult an employee and come to an agreement either to take unpaid leave or not. If the employee decides to take the unpaid leave, it shall commence after 30 calendar days of the agreed date. However, the period of unpaid leave shall be considered as continuous employment of an employee.

216. If the employer requires any employee to take compulsory unpaid leave as specified in Section 215 of this Regulation, the employer shall notify the Chief Labour Administrator before 30 calendar days with the following details:
- (1) Details of employees (Name, age, gender, occupation and department/division);
  - (2) Duration of unpaid leave; and
  - (3) Reasons for unpaid leave.
217. Either party wishing to terminate the contract of employment during the period of compulsory unpaid leave, shall abide by the Section 68 of the Act and in the event of redundancy, the employer shall abide by Section 91 of the Act.

### **Public Holidays**

218. An employee is entitled to a minimum of 9 public holidays each year, inclusive of the birth anniversary of His Majesty the King and the National Day, to be taken as leave with pay based on employee's normal rate of pay that was paid to the employee in their most recent pay period
219. An employer may agree with their employees to substitute a public holiday under Section 108 of the Act.
220. If an employee is required to work by the employer on a public holiday, the employer shall pay an additional 50% of the employee's normal rate of pay.

### **Penalty**

221. A person who contravenes any sections of this Chapter shall be liable to pay a fine for each contravention as follows:

- (1) First instance: Ninety (90) times the Daily National Minimum Wage.
- (2) Second instance: One hundred and eighty (180) times the Daily National Minimum Wage
- (3) Third and repeated instances: Three hundred and sixty (360) times the Daily National Minimum Wage.

# **CHAPTER 11**

## **PROVIDENT FUND**

### **Participation in the Provident Fund Scheme**

222. The employer shall register their employees in a Provident Fund Scheme with an authorised financial institution.
223. The participation of both the employer and employee in a Provident Fund Scheme shall be mandatory on completion of the probation period. However, the participation may be initiated at the beginning of the probation period if agreed upon by both the parties.
224. Funds held in a provident fund account shall be guaranteed by the authorized financial institution at all times.

### **Contributions**

225. The employer and employee shall each contribute a minimum of 5% of an employee's monthly basic wage to the credit of an employee's provident fund account.
226. The employer shall deposit both the contributions of provident fund within the first week of the following month.
227. The employee's provident account shall be segregated by the employer from other assets of the enterprise and an assured individual accounts maintained with an authorized financial institution.

## **Individual Accounts**

228. The authorized financial institution shall maintain a provident fund account for each individual employee and provide the employee with information on the same upon request.

## **Interest Earnings**

229. Interest earned on the overall provident fund account shall be credited to an employee's individual account as per the norms of the authorized financial institution.

## **Transfer of Provident Fund Account**

230. The employer shall facilitate the transfer of contributory deposits, benefits and associated rights from one employment to another in accordance with relevant laws and rules.

231. The authorized financial institutions shall facilitate the transfer of contributory deposits, benefits and associated rights from one authorized financial institution to another in accordance with relevant laws and rules.

## **Entitlements**

232. Upon the termination of contract of employment by either party, an employee who works for the employer continuously for a minimum of 5 years shall be entitled to receive the full amount of provident fund contributions of both the employer and employee, including interest accrued therein.

233. Upon the termination of contract of employment by either party, an employee who works for the employer for less than 5 years shall be entitled to receive only the provident fund amount of the employee's contributions including interest credited. However, it is at the sole discretion of the employer to provide the portion of the employer's contribution over that period.

234. Section 232 shall not apply during the occurrence of a natural disaster or a global pandemic that forces an employer to declare their employees redundant or retrenched. In such a case, an employee with less than 5 years of service shall be entitled to receive the full amount of provident fund contributions of both the employer and employee, including interest accrued therein.
235. Section 232 shall not apply in projects or other time-bound works that are less than 5 years or specified as less than 5 years in the written contract of employment or Internal Service Rules. In such case, the employee shall be entitled to receive the full amount of provident fund contributions of both the employer and employee, including interest accrued therein.

### **Serious Misconduct**

236. An employee who has been dismissed on the grounds of serious misconduct after all procedures required by Section 87 of the Act have been complied with, shall be entitled to receive only the amount of the employee's provident fund contributions including interest credited.

### **Death**

237. If the employee's employment is terminated by death, irrespective of whether the death arises from work or not, the nominee of the employee shall be entitled to receive the full amount standing to the credit of the deceased employee's provident fund account regardless if the employee served 5 years or not.

## **Payments**

238. Provident fund payments to entitled employees shall be made in cash or by transfer to the employee's bank account within 15 working days from the date on which the employee became entitled to receive payment.

## **Records**

239. An employer shall keep records of all receipts, dates and amounts of contribution to the Provident Fund Accounts for all employees to enable Labour Inspectors to verify those employees entitled to participate in the fund and the amount of their entitlements.

## **Penalty**

240. An employer who contravenes Section 238 of this Regulation shall be liable for an offence as per Section 102 of the Act.

241. A person who contravenes Sections 222, 224 to 227, 230 and 239 of this Regulation shall be liable to pay a fine for each contravention as follows:

- (1) First instance: Ninety (90) times the Daily National Minimum Wage.
- (2) Second instance: One hundred and eighty (180) times the Daily National Minimum Wage
- (3) Third and repeated instances: Three hundred and sixty (360) times the Daily National Minimum Wage.

## **CHAPTER 12**

### **GRATUITY**

#### **General Provision**

242. The gratuity scheme indicated in this Chapter is a 'defined benefit scheme' or one that operates without contribution from employees whereby they receive payments on separation from employment based on the number of years served.

#### **Entitlement**

243. Upon the termination of contract of employment by either party, an employee shall be entitled to a gratuity payment on completion of a minimum of 10 years of continuous employment including the probation period. However, if the employer decides that the employee is entitled to a gratuity payment after less than 10 years of continuous employment, they may do so.

244. In the event, if the written contract of employment or Internal Service Rules has specified that the employee working for less than 10 years of continuous employment is entitled to a gratuity payment, Section 243 of this Regulation shall not apply.

245. Where the ownership or management of an enterprise is transferred, such transfer shall not affect the employee's right to gratuity payment as per Section 243 and 244 of this Regulation.

## **Payments**

246. The gratuity payment shall be paid in cash or transferred to the employee's bank account within 15 working days from the employee's actual retirement or date of separation from the enterprise.

## **Death**

247. If the employee's employment is terminated by death, irrespective of whether the death arises from work or not, the nominee of employee shall be entitled to receive the gratuity payment.

## **Serious Misconduct**

248. An employee who has been dismissed on the grounds of serious misconduct after all procedures required by Section 87 of the Act have been complied with, shall not be entitled to receive gratuity payment.

## **Calculation of Benefit**

249. The amount of gratuity payable shall be computed based on the last basic pay drawn times the number of completed continuous years of service, including probation period.

250. The gratuity payment shall be calculated from February 20, 2007 onwards. However, it is at the sole discretion of the employer to calculate the gratuity payment prior to the date mentioned in this Section.

## **Advances against Gratuity Payment**

251. The employee shall not be entitled to receive any advance payment against an accrued gratuity entitlement.

## **Records**

252. The employer shall maintain up-to-date records of gratuity payment to enable Labour Inspector(s) to verify the payment.

## **Penalty**

253. An employer who contravenes Section 243 of this Regulation shall be liable for an offence as per the Section 102 of the Act.

254. A person who contravenes Sections 246, 247, 249, 250 and 252 of this Regulation shall be liable to pay a fine for each contravention as follows:

- (1) First instance: Ninety (90) times the Daily National Minimum Wage.
- (2) Second instance: One hundred and eighty (180) times the Daily National Minimum Wage
- (3) Third and repeated instances: Three hundred and sixty (360) times the Daily National Minimum Wage.

## **CHAPTER 13**

### **PROHIBITED FORMS OF CHILD LABOUR**

255. In addition to the work activities identified in Section 9 of the Act, employment of children between the ages of 13 to 17 years in the following occupations, jobs, tasks and situations is prohibited.

- (1) Mining and quarrying
- (2) Confined spaces
- (3) Heavy labour and lifting
- (4) Manufacturing processes using toxic materials and substances
- (5) Slaughterhouses
- (6) Cement manufacturing
- (7) Construction works
- (8) Logging
- (9) Gas and electricity supply
- (10) Sanitary services
- (11) Bars
- (12) Discotheques
- (13) Karaoke
- (14) Drayangs
- (15) Scrap yards
- (16) Carpet weaving
- (17) Massage Parlour

256. Children are permitted to be employed in the occupations, jobs and activities not listed under Section 9 of the Act and Section 255 of this Regulation provided the work does not take place in an environment that is likely to harm the physical or mental health and safety of the children and does not affect their attendance at school, vocational orientation and training programs.
257. Children may be employed to perform work that is supervised by their schools, institutes, or parents to complement the children's education, training and work experience. However, the work shall not affect the health, safety, personal and social development, education and training of the children.
258. An employer shall obtain prior approval from the Chief Labour Administrator for the employment of children aged 13 to 17 years of age.

### **Working Conditions**

259. The employment of children aged 13 to 17 years between the hours of 10.00 P.M and 08.00 A.M is prohibited.
260. Overtime work for children aged 13 to 17 years is prohibited.
261. Wages paid to employed children between the ages of 13 and 17 years shall not be below the minimum wage(s) as set from time to time by the MoLHR.
262. Wages paid to employed children between the ages of 13 and 17 years shall be the same as those paid to adults doing the same work on the principle of equal pay for equal value of work.

## **Proof of Age**

263. Where a question arises as to the actual age of a child in employment, a Labour Inspector may refer the child to a medical practitioner for determination in writing as to the age of the child or refer to any of the documents such as the Citizenship Identity Card, Birth Certificate, School Leaving Certificate, Health Card etc. issued by relevant authorities.

## **Deeming Employment**

264. The child is deemed to be employed if a person causes or permits the child to:

- (1) Work as a domestic servant in a home which is not the home of the child's immediate family; or
- (2) Participate or assist in a business, trade, calling or occupation carried on for profit that is not owned by the child's immediate family.

## **Penalty**

265. Any person who contravenes Section 255 of this Regulation shall be guilty of an offence and the penalty shall be the same as Section 10 of the Act, which will be referred to the Royal Bhutan Police or Office of the Attorney General.

266. A person who contravenes Section 256,258, 261 and 262 of this Regulation shall be liable to pay a fine for each contravention as follows:

- (1) First instance: Ninety (90) times the Daily National Minimum Wage.

- (2) Second instance: One hundred and eighty (180) times the Daily National Minimum Wage.
- (3) Third and repeated instances: Three hundred and sixty (360) times the Daily National Minimum Wage.

## **CHAPTER 14**

### **SEXUAL HARASSMENT**

267. Sexual harassment in the workplace or during recruitment includes:

- (1) An unwelcome sexual advance or an unwelcome request for sexual favours by one person to another; or
- (2) Any other unwelcome physical, verbal, or visual conduct of a sexual nature by one person to another.

268. Conduct of a sexual nature includes:

- (1) Subjecting a person to any act of physical intimacy including but not limited to assault, impeding or blocking movements, inappropriate touching of a person or a person's clothing, kissing, hugging, patting or stroking;
- (2) Making any oral or written remark or statement or question with sexual connotations to a person or about a person in their presence, including vulgar language, degrading comments, sexual jokes and innuendo, comments about clothing, personal behaviour, or a person's body, requesting sexual favours, repeatedly asking a person out, telling rumours about a person's personal or sexual life, or threatening a person; or
- (3) Making any gesture or action of a sexual nature in a person's presence including looking up and down a person's body, making facial expressions of a sexual nature, or following a person, and displaying visual material of a sexual nature including posters,

drawings, pictures, photographs, e-mails, or screensavers.

269. The conduct must be based on sex and sufficiently pervasive to alter the conditions of the victim's employment and create an abusive working environment.
270. The victim of the harassment should indicate that the conduct is unwelcome by communicating verbally or in writing to the harasser that the conduct makes the victim uncomfortable and that the victim wants it to stop.
271. Conduct that is not pervasive and does not materially alter the victim's recruitment outcome, employment conditions and working environment does not limit, however, the right of the victim to lodge a complaint against the harasser, both within the workplace and to the MoLHR.
272. The victim of sexual harassment does not have to be the person harassed but could be another person affected by the offensive conduct.
273. The harasser as well as the victim may be any gender and the victim does not have to be of the opposite sex.
274. The harasser can be the victim's supervisor, a non-employee agent of the employer, a co-worker, a supervisor in another area, or the employer.
275. Psychological harm, injury or damage to the victim does not have to be established for conduct to constitute sexual harassment.

## **Prevention**

276. To prevent the incidence of sexual harassment in workplaces and during recruitment falling within the coverage of the Act, every enterprise shall prepare and implement a Policy on Prevention of Sexual Harassment and prepare a written complaints procedure to advise victims of the steps they should take to lodge a formal complaint against a harasser.

### **Policy on Prevention of Sexual Harassment**

277. A Policy on Prevention of Sexual Harassment should include the followings:

- (1) A statement from the employer that they do not condone sexual harassment in any form;
- (2) A commitment from the employer on the prevention and eradication of sexual harassment;
- (3) A definition of sexual harassment;
- (4) Examples of behaviour that constitute sexual harassment;
- (5) A statement reminding all employees whether worker, supervisor or manager of the seriousness of sexual harassment charges;
- (6) An explanation of the penalties to be imposed by the employer for substantiated sexual harassment conduct, including verbal warnings, written warnings, transfer, suspension, termination of employment, and the possibility of damages to the victim;

- (7) A commitment to ensuring that all sexual harassment complaints and personnel actions are kept confidential;
- (8) A commitment from the employer to protect the person lodging a complaint of sexual harassment from retaliation from the harasser or others;
- (9) A commitment to preparing and implementing an internal grievance procedure that includes special arrangements for sexual harassment complaints;
- (10) A commitment that a victim will not be required to address complaints through a supervisor who is involved in, condones, or ignores sexual harassment;
- (11) A commitment to the enforcement of the policy through action that is taken quickly, consistently and aggressively and through investigations which are prompt, thorough and documented in detail;
- (12) A statement that the victim will not be worse off as a result of any remedial action taken. A transfer of the victim, for example to avoid interaction between the victim and the harasser, is unacceptable unless requested by the victim;
- (13) An indication that all newly recruited staff will be provided with a copy of the sexual harassment policy;
- (14) A commitment to the training of all employees to improve their knowledge and understanding of sexual harassment issues; and
- (15) Communicate the policy widely throughout the workplace.

## **Lodging of Complaints**

278. A victim of sexual harassment may lodge a complaint with employing agency or the Royal Bhutan Police.

## **Liability of an Employer**

279. The employer of a person found to be guilty of sexual harassment may be legally liable to the victim if the employer knew or reasonably should have known of the harassment and failed to take action.

280. The employers who have prepared and conscientiously implemented a Policy on Prevention of Sexual Harassment, have taken positive steps to educate and inform their employees on sexual harassment and its consequences, and who have clear internal procedures for handling sexual harassment complaints, shall not normally be liable to the victim.

## **Penalty**

281. A person who contravenes Section 276 and 277 of this Regulation shall be liable to pay a fine as follows:

- (1) First instance: Ninety (90) times the Daily National Minimum Wage;
- (2) Second instance: One hundred and eighty (180) times the Daily National Minimum Wage; and
- (3) Third and repeated instances: Three hundred and sixty (360) times the Daily National Minimum Wage.

## **CHAPTER 15**

### **RESOLUTION OF LABOUR DISPUTE**

#### **General Provision**

282. An employer of an enterprise with 12 or more employees shall in consultation with the employee or their representatives, prepare and implement a workplace grievance procedure for use at workplace.
283. The employer shall make the grievance procedures known and available to the employees at the workplace.

#### **Workplace Grievance Procedure**

284. A grievance is defined as a complaint by one or more workers, a workers' association, or an employer, relating to any matter concerning working conditions or the working environment arising at work or out of the workplace, as covered by the Act. A grievance procedure shall normally relate to the existing rights of workers under the Act and its Regulations, a written contract of employment, the Internal Service Rules, a collective bargaining agreement between workers and their employer, and rules established by custom and practice.
285. A grievance procedure shall apply to future benefits and rights only to the extent such benefits and rights are not covered by a collective bargaining arrangement between a workers' association or a group of employees, and their employer.

286. A grievance procedure shall be distinguished from a disciplinary procedure. A disciplinary procedure shall normally be included in the Internal Service Rules of the enterprise, and aims to redress breaches of enterprise rules by workers by stipulating the range of possible actions to be taken by management against any workers found after due enquiry to be in breach of such rules.
287. Employers with a grievance against a worker or workers shall first exhaust the disciplinary procedure as included in the ISR, before making use of the grievance procedure within the enterprise.

### **Preparation**

288. A grievance procedure shall be prepared in consultation with the workers' association or employees' representatives of the enterprise.
289. A grievance procedure shall be agreed and signed by the employer and representatives of the workers' association or employees' representatives of an enterprise.
290. The grievance procedure shall be written in simple language and brought to the notice of all employees within the enterprise.
291. The grievance procedure shall be reviewed by the employer and workers' association or employees' representatives as and when required.

## **Rights and Obligations**

292. The employer shall not retaliate in any form whatsoever against an employee who lodges a complaint under the grievance procedure.
293. Any employee who lodges a frivolous or mischievous complaint under a grievance procedure shall be subject to the disciplinary provisions of the Internal Service Rules of the enterprise or other disciplinary rules, to the extent that such rule exists, or the provisions for misconduct as provided under the Act.
294. An employee lodging a complaint under a grievance procedure shall be entitled to have a representative of the workers' association to assist them or, if no such association exists, shall be entitled to seek the assistance of another employee in the enterprise or another person outside the enterprise.
295. An employee who is a party to a workplace grievance or a labour dispute is entitled to time off with pay based on the employee's normal rate of pay in order to attend the grievance, conciliation or court proceedings or procedures relating to the dispute.
296. The employer and the employee lodging a complaint under a grievance procedure shall:
- (1) respect the time limits set under the procedure and make every effort to resolve the complaint within the stipulated time;

- (2) do their utmost to resolve the complaint within the enterprise before notifying the complaint to the Chief Labour Administrator; and
- (3) use the grievance procedure with a clear understanding that this in no way limits, reduces or compromises their rights under the Laws of Bhutan.

### **Procedural Steps**

297. The grievance procedure shall comprise of a number of clearly defined steps which shall be decided by the enterprise in consultation with the workers' association or employees representatives in accordance with its size and production processes.
298. Each step shall indicate what the complainant shall do, who shall receive the complaint, and the time period in which the complaint shall be dealt with.
299. The employer shall make clear to all employees the name and position of each employee's immediate supervisor to ensure that a complainant knows who to contact in the event of a complaint. If the complaint is against the employee's immediate supervisor, the employee shall have the right to lodge the complaint to any of the managers/supervisors deemed appropriate by them.
300. The employer shall take steps to ensure that all supervisors and managers identified at various steps in the grievance procedure are aware of their role and obligations under the procedure.

301. The supervisor or manager at each step in the procedure shall keep a written record of proceedings and make this record available to the complainant for verification and agreement.
302. The enterprise shall compile a list of third-party facilitators to be contacted and used at the last step in the procedure should the complaint not be resolved at an earlier step.
303. If grievance remains unresolved following an attempt to settle it by applying the workplace grievance procedure at workplace, the party or the parties who initiated the grievance shall submit in writing to the Chief Labour Administrator within 15 working days.
304. A sample grievance procedure shall be made available by the Department of Labour for preparation of such a procedure.

### **Settlement of dispute at workplace**

305. If a grievance arises at a workplace, the parties to the grievance shall genuinely attempt to settle the grievance by applying the grievance procedures or, if there is no grievance procedure, by meeting to discuss the matter in dispute.

### **Notification of a Dispute**

306. If a grievance remains unresolved following an attempt to settle it by applying the workplace grievance procedure at a workplace, the parties who initiated the grievance shall notify the Chief Labour Administrator that a labour dispute exists.
307. The notice under section 306 shall state:
  - (1) The names of the parties to the dispute;
  - (2) The place where the dispute exists;

- (3) The subject matter of the dispute; and
  - (4) Any attempt made to apply workplace grievance procedures.
308. Any grievance notified to the Chief Labour Administrator by the employees without attempt to settle by applying grievance procedure shall be subjected to special inspection.
309. During the special inspection, if employer is found to contravene or fail to comply with any provisions of the Act and its regulations, the Labour Inspector or Labour Officer shall issue an improvement or prohibition notice or penalty memo in accordance to the Act and its Regulation;

### **Dispute investigation and Report**

310. The Chief Labour Administrator shall either send the dispute back to the parties to see if they can resolve it themselves or shall appoint a Labour Officer to undertake an investigation within two working days of the receipt of the notification of the dispute.
311. In investigating the dispute, the Labour Officer is required to:
- (1) indicate the procedures the parties have followed in their attempt to resolve the dispute;
  - (2) indicate whether either party is in breach of the Act or its Regulations;
  - (3) advise the parties on their rights and obligations under the law concerning the dispute;
  - (4) advise the parties on their options for settling the dispute;
  - (5) assist the parties to reach a resolution of the dispute;

- (6) indicate to the CLA within 7 days whether the dispute has been resolved or not; and
- (7) indicate to the CLA the terms of the resolution if the parties have resolved the dispute.

### **Dispute settlement**

- 312. The Chief Labour Administrator shall take actions and provide its decision based on the Labour Officer's investigation report.
- 313. If the terms of the resolution of the dispute comply with the provision of the Act and its regulations, the Chief Labour Administrator will send a letter to both parties indicating that the terms of the resolution of their dispute is in accordance with the law, and that the dispute has now ended.
- 314. If the investigation report indicate that the parties have failed to resolve their dispute, or the Chief Labour Administrator considers that the proposed terms of the resolution fails to comply with the Act and its Regulations, the Chief Labour Administrator will notify the parties that the dispute remains unresolved and that they should jointly appoint a conciliator to assist in resolving their dispute.

### **Appointment of Conciliator**

- 315. The parties to the labour dispute shall jointly appoint a Conciliator, in whom they share a mutual trust and confidence within 4 calendar days of the receipt of the Chief Labour Administrator's directive.
- 316. If the parties are unable to agree on a conciliator, the parties shall advice the Chief Labour Administrator of the fact within the 4 calendar days.

317. On the receipt of the advice indicated in Section 316 of this regulation, the Chief Labour Administrator shall immediately appoint two conciliators to assist in the resolution of the dispute.
318. The appointed conciliators may or may not be Labour Officers. In the event, the conciliators are not the Labour Officers, the conciliators shall be assisted by the Labour Officer.

### **Duties of a conciliator**

319. A conciliator shall:

- (1) commence the conciliation promptly;
- (2) conduct the conciliation in the manner which is fair and balanced to each of the parties involved in the labour dispute;
- (3) call the parties to the dispute to attend meetings to discuss the dispute;
- (4) if the conciliator is not a Labour Relations Officer, be assisted by a Labour Relations officer; and
- (5) allow the parties to appear on their behalf or be represented.

320. The Department of Labour shall prepare a guideline to assist a conciliator in their work.

### **Conciliator's Report and Record of Agreement**

321. Within 4 days of conducting the conciliation the conciliator is required to report to the Chief Labour Administrator on the outcome of the conciliation.

322. If the outcome of conciliation is successful, the report of the conciliator should indicate:
- (1) the names of the parties;
  - (2) the issues in dispute;
  - (3) how the dispute was resolved; and
  - (4) a record of the agreement reached and signed by the parties, indicating their free acceptance of its terms.
323. If the outcome of conciliation is unsuccessful, the report of the conciliator should indicate:
- (1) the names of the parties;
  - (2) the issues in dispute; and
  - (3) why, in the conciliator's opinion, the dispute was not resolved

### **Certification of Record of Agreement**

324. A record of agreement is binding on the parties if the agreement has been certified by the Chief Labour Administrator as being in compliance with the Act and Regulations and the Chief Labour Administrator shall:
- (1) certify in writing that the agreement is in compliance; and
  - (2) notify the conciliator and the parties to the dispute that the record of agreement is in compliance with the Act and its Regulation and is enforceable.
325. In the event that the agreement is not in compliance with the Act and its Regulations, the Chief Labour Administrator shall advise the conciliator and the parties as soon as possible that the agreement is not enforceable and specify where the agreement fails to comply with this Act and its regulations.

## **Failure of conciliation**

326. If the parties to labour dispute received advice from the Chief Labour Administrator that the record of agreement is not enforceable, the parties within 3 working days of that notification, seek to agree to amend the agreement to comply with this Act and its Regulation and:
- (1) If the parties agree to amend the agreement, they shall resubmit the amended agreement to Chief Labour Administrator for certification, or
  - (2) If the parties fail to agree to amend the agreement, the parties shall notify Chief Labour Administrator in writing of that failure.

## **Settlement by court or arbitration**

327. If the labour dispute is not resolved following the conciliation procedures or, the record of agreement is not certified by the Chief Labour Administrator, the labour dispute shall be settled by court or arbitration.
328. If conciliation fails in a rights dispute, the Chief Labour Administrator shall direct the parties to take their dispute to a Court of law of the kingdom for settlement.
329. In case of an interest dispute, the Chief Labour Administrator shall direct the parties that the dispute will be settled by arbitration.

## **Appointment of Arbitrator**

330. The Chief Labour Administrator shall appoint an independent, impartial and competent person as an arbitrator to settle the unresolved interest dispute.
331. The Chief Labour Administrator shall not appoint Labour Officers as an arbitrator. However, the Labour Officers can be assigned to assist the arbitrator if the arbitrator considers it necessary.

## **Duties and power of an Arbitrator**

332. The arbitrator shall:

- (1) commence the arbitration promptly;
- (2) conduct the arbitration in a manner which is fair and balanced to each of the parties involved in the labour dispute;
- (3) if the arbitrator considers it necessary, appoint a person with expert knowledge to assist in an advisory capacity;
- (4) call the parties to the dispute to attend meetings to discuss the dispute; and
- (5) allow parties to appear on their own behalf or to be represented.

333. The arbitrator has the power to:

- (1) call the parties to the labour dispute;
- (2) call witnesses if required;

(3) cause an oath to be administered and examine the parties and witnesses; and

(4) call for the production of books, and documents.

334. A decision of the arbitrator shall be final and binding on the disputing parties.

### **Appeal against arbitrator**

335. The party to a labour dispute who is aggrieved by the decision of an arbitrator may appeal against that decision to a Court of law on a matter of Law.

### **Penalty**

336. An employer who fails to prepare, implement and make the grievance procedure known and available to the employees at the workplace shall be guilty of an offence under Section 191 of the Act.

## CHAPTER 16

### DEFINITIONS

337. The following words, phrases and acronyms are defined for the purpose of this Regulation unless the context indicates otherwise.

**Accident** means any unintended or unforeseen event or mishap arising from work activity that results in death or injury to an employee.

**Act** means the Labour and Employment Act, 2007 and includes any other Regulations issued under the Act.

**Applicant** includes a person who makes a formal application to the Ministry of Labour and Human Resources to operate as a FWRA.

**Business Licence** refers to a licence issued by the Ministry of Economic Affairs.

**Chief Labour Administrator** means for the purpose of this Act, the Head of the Secretariat of the Ministry of Labour and Human Resources or an officer of the Royal Civil Service recruited, selected and appointed under the Bhutan Civil Service Rules to exercise the functions and powers in sections 22 to 24 of this Act.

**Continuous employment** means employment under an unbroken contract of employment, whether full or part time work.

**Contract of employment** means an agreement, whether oral or in writing, expressed or implied to employ or to serve as an employee for payment and includes a contract of training.

**Death** means the end of life, the permanent cessation of all bodily functions.

**Department of Labour** means the Department of Labour under the Ministry of Labour and Human Resources.

**Dependant** means a member of the family of an employee who was wholly or partly dependent on the employee's earnings at the time of the employee's death, and includes legal spouse, child or parent.

**Disability** means the inability to perform a range of tasks to a reasonable standard considered normal for a particular job or work activity due to some physical, mental or sensory impairment. The degrees of disability are assessed in relation to a job or work activity rather than the extent of physical, mental or sensory impairment.

**Discrimination** means if a person is treated less favourably, either directly or indirectly, on the basis of race, colour, sex, gender, marital status, pregnancy, religion, political opinion, social origin or involvement in a workers' association or as an occupational health and safety representative.

**Employee** means a person employed under a contract of employment.

**Employer** means a person who employs one or more other persons under a contract of employment.

**Enterprise** means the business of an employer comprising of one or more workplaces.

**Foreign worker** means a foreigner recruited from country other than Bhutan to work for the employer.

**Foreigner** means a person who is not a citizen or resident of the Kingdom of Bhutan, or who is living in the Kingdom and is married to a Bhutanese citizen.

**Grievance** means a complaint by one or more workers, a workers' association, or an employer, relating to any matter concerning working conditions or the working environment arising at work or out of the workplace, as covered by the Act.

**Immediately** means within 12 hours of any accidents or dangerous occurrence occurs at workplace.

**Injury** means any physical, mental, or emotional deprivation or damage to a person resulting from an accident or exposure to risk over a period of time as, for example, with hearing loss.

**Insurer** means a legally authorised Insurance Company in Bhutan with which a worker is insured and to which the monthly or annual premium is paid.

**Labour dispute** means an actual, threatened or probable dispute notified under section 193 involving any employer, one or more employees or a workers' association about any other matter affected by this Act.

**Labour Inspector** means an officer of the Royal Civil Service recruited, selected and appointed under the Bhutan Civil Service Rules to exercise the functions and powers in Sections 26 to 29 of this Act.

**Minister** refers Minister for Labour and Human Resources.

**Ministry** refers Ministry of Labour and Human Resources

**National Minimum Wage** is a time-based wage that applies to all unskilled adult workers or adult workers of different qualifications and skills and workers under 18 years of age entering work for the first time, set at a level that provides sufficient purchasing power to enable an employee to enjoy a basic standard of living. The National Minimum Wage is set at a daily and monthly rate, and can be calculated at an hourly rate in accordance with the normal daily working hours, excluding overtime.

**Night work** means work between the hours of 10 o'clock at night and 8 o'clock the following morning.

**Normal rate of pay** means the rate of pay for a specific unit of work or time and excludes allowances, bonuses, overtime payment and other benefits.

**Occupation** is a group of jobs that are reasonably similar with regard to the tasks performed, and the knowledge, skills and abilities required for the successful performance of those tasks.

**Overtime pay** means pay earned for performing overtime according to Section 124 of this Act.

**Regional Office** refers to the Regional Employment and Labour Office of the Ministry of Labour and Human Resources.

**Supervisor** means an employee who shall be responsible not only for his/her own work, but also for the work and actions of other employees.

**Wage** means remuneration or earnings that can be expressed in terms of money and payable by an employer to an employee by virtue of a contract of employment.

**Worker** means an employee who is not a managerial or supervisory employee at a workplace.

**Workers' Association** refers to a group of 7 or more workers formed to protect and further the interests of its members concerning their terms and conditions of employment and the working environment in which they operate.

**Workplace** means any place, whether a building or structure, open space, home, office or factory, where an employee works.

**Monthly basic wage** means the wage paid to an employee before the deduction of income tax but excluding overtime, allowances and other benefits.

**Reasonable time** means any time period of an employee's working hour where he/she is engaged for any activities that are undertaken by the employer.

**Sole proprietorship** means an unincorporated business with a single owner who pays personal income tax on profits earned from the business.

# ANNEXURES

## Annexure I – Improvement Notice

Each improvement notice shall indicate:

- a) a unique reference number,
- b) the name of the enterprise to whom the Improvement Notice is addressed,
- c) the name of the employer or employer's representative responsible for making the required improvement,
- d) the Section(s) of the Act, and its Regulations, or orders to which the improvement relates,
- e) the specific improvement to be made to ensure compliance with the law,
- f) the time period for rectifying the contravention shall not be less than 7 or more than 35 calendar days from the date of the improvement notice,
- g) the date the improvement notice is issued,
- h) the signature of the labour inspectors issuing the notice,
- i) the right to appeal by the receiver of the Improvement Notice to the Chief Labour Administrator within 15 calendar days. In the event the receiver appeals to the Chief Labour Administrator, the Improvement Notice shall stand suspended until the decision of the Chief Labour Administrator.
- j) the penalties incurred by the receiver in the event that the specified improvement is not effected within the stated time.

## Annexure II – Prohibition Notice

Each Prohibition Notice shall indicate:

1. a unique reference number,
2. the name of the enterprise to whom the Prohibition Notice is addressed,
3. the name of the employer or employer's representative who has or who may reasonably be presumed to have control over the activity that is the subject of the Prohibition Notice,
4. the Section(s) of the Act and its Regulations, or orders, if any, to which the prohibition relates,
5. the specific activity or activities to be prohibited and the reasons for the Labour Inspector's opinion,
6. directions from the Labour Inspector as to the measures to be taken to remedy the activity giving rise to the immediate risk,
7. that the prohibition notice takes immediate effect from the date and time indicated on the notice, as signed by the Labour Inspectors
8. the date and time the prohibition notice is issued,
9. the signature of the Labour Inspectors issuing the notice,
10. the right of the receiver to lodge an appeal against the notice, the procedure for doing so, the time limits for lodging such an appeal, and reference to the fact that the notice shall remain in force until the appeal has been decided,
11. the penalties incurred by the receiver in the event that the Prohibition Notice is not acted upon or the appeal against it being issued is dismissed.

## **Annexure III - Application for the Registration of a Workers' Association under the Labour and Employment Act of Bhutan 2007.**

Chief Labour Administrator  
Ministry of Labour and Human Resources  
Thimphu

Sir,

**Sub: Registration of Workers' Association**

On behalf of the \_\_\_\_\_ Workers' Association formed at a meeting held at \_\_\_\_\_ on \_\_\_\_\_ on which it was resolved by those present that this workers' association be formed, we the undersigned office bearers of the association hereby apply for the registration of the association under the Labour and Employment Act 2007, and its related Regulations.

We hereby declare that the association has no managerial or supervisory employees as members, that the association shall not represent the interests of such employees, and that the association has been formed without any influence whatsoever from the employer or managers of the enterprise.

We herewith attach the necessary documentation required by law in support of registration application and look forward to your advice in due course on the outcome.

Yours sincerely,

President

Vice President

Secretary

Treasurer

## **Annexure IV - Application for the Renewal of Registration of a Worker's Association under the Labour and Employment Act of Bhutan, 2007**

Chief Labour Administrator  
Ministry of labour and Human Resources  
THIMPHU

Sir,

Sub: Renewal of Registration of Worker's Association

On behalf of the \_\_\_\_\_ Worker's Association that was formed on \_\_\_\_\_ and registered under the Labour and Employment Act, 2007 and its related Regulations and approved by you on \_\_\_\_\_ expires on \_\_\_\_\_, we the undersigned office bearers of the association hereby apply for renewal of the registration of the association.

We, once again declare that the association has no managerial or supervisory employees as members, that the association shall not represent the interests of such employees, and that the association has been formed without any influence whatsoever from the employer or managers of the enterprise.

We herewith attach the necessary documentation required by the law in support of registration/renewal application and look forward to your advice in due course on the outcome.

Yours sincerely

President

Vice President

Secretary

Treasurer