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The Trilegal Labour and Employment Bulletin is a periodic update on recent developments in labour and employment law and policy in India.

IT INDUSTRIES IN KARNATAKA TO SUBMIT DRAFT STANDING ORDERS BY 31 DECEMBER 2012

The Industrial Employment (Standing Orders) Act 1946 (**SO Act**) requires employers to define and inform workers of the terms and conditions of employment on their premises. Information technology (**IT**) and IT-enabled service (**ITES**) companies in Karnataka have enjoyed a blanket exemption from the SO Act. The last notification granting an exemption to such establishments was issued in August 2009. This exemption was valid for a period of 2 years and expired in August 2011. However, upon its expiry, the exemption was not renewed and these establishments were expected to draft and submit their standing orders for certification of the Labour Commissioner.

Through a notification dated 24 September 2012 the Government of Karnataka has briefly extended this exemption to IT, ITES and Software Establishments from all provisions of the SO Act until 31 March 2013, on the condition that these establishments submit draft standing orders for certification, by 31 December 2012. This additional window period is intended to allow these establishments sufficient time to draft and submit standing orders in accordance with the provisions of the SO Act.

Failure to submit the draft standing orders within the time frame notified is punishable with a fine of Rs 5000 for the first conviction and Rs 2000 for every day of continued non-compliance. Further, it is important to note that IT/ITES establishment would be governed by the model standing orders prescribed under the Karnataka Industrial Employment (Standing Orders) Rules, 1961 from 1 April 2013 up to the period when the establishment has obtained certification of its standing orders from the Labour Commissioner. Establishments would therefore need to formulate standing orders within the coming two months to remain compliant. The labour authorities have also shown their willingness to allow the IT/ITES industry on the whole to come up with a standard set of standing orders that are suited to the industry. Should such a standard set of standing orders be created and accepted by the labour authorities, then IT companies could use that as a benchmark with respect to their own standing orders.

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