

Handbook for Young Workers



Department of Labour, MoLHR
Japan International Cooperation Agency



Forward

The Labour and Employment Act of Bhutan 2007 is put in place to protect employees' right and set forth employers' obligations and responsibilities and to promote workplace harmony which includes discrimination, minimum wage, and workplace safety and health, as well as workers' compensation and child labor.

We are pleased to distribute this pocket booklet. This handbook is intended to benefit all employees or any person in the labour market. We hope this handbook will provide necessary information to have a harmonious and conducive workplace. This handbook presents basic but very useful information on basic employees' rights and duties under the Labour and Employment Act of Bhutan 2007 and its Regulations.

We wish this handbook would contribute to every working person in Bhutan.



(Sonam Wangdi)

Director, Department of Labour

Know your Rights and Obligations at your Workplace.

Watch the Animation Video on “Labour and Employment Act of Bhutan 2007” @ <https://www.molhr.gov.bt/molhr/?p=3946>

In just three minutes and fourteen seconds you can understand the Labour and Employment Act of Bhutan 2007.



THE LABOUR AND EMPLOYMENT ACT OF BHUTAN 2007

This handbook is a brief guide to Labour and Employment Act 2007 and its Regulations. The purpose of this handbook is to provide information on the employment and working conditions to everyone, especially the youth, in an easy to understand, yet comprehensive in its coverage so you can put it to use in your work life.

For detailed information, please check the Act and its Regulations or make inquiry with the Department of Labour, Ministry of Labour and Human Resources.



The standards for working conditions set by the Act serve as **minimum standards**.



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Chapter 1 Labour Act



THE LABOUR AND EMPLOYMENT ACT OF BHUTAN 2007



1. What is Labour and Employment Act of Bhutan 2007?

The Labour and Employment Act of Bhutan 2007 is a legislation or Act governing employment and working conditions in Bhutan.

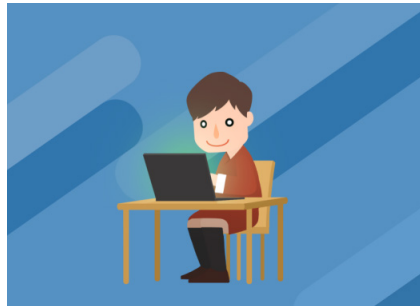
Under this, there are various components such as contract of employment, Internal Service Rules, compensation and benefits, labour standards such as hours of work, breaks, leave, wages/salary, Occupational Health and Safety, resolution procedure of workplace grievances and disputes etc.

In this handbook, we introduce you to the conventions stated by the Act and its Regulations.





Chapter 2 Before starting work





1. Do you know the minimum age of employment?

As per the Labour and Employment Act of Bhutan 2007 the minimum age of employment is 18 years.

However, children between 13 to 17 years of age can be employed in certain categories of work but under the supervision of their guardian and approved by Chief Labour Administrator who is the Secretary of Ministry of Labour and Human Resources. In other words, employment of children below 18 years in hazardous workplaces is strictly prohibited.

2. What do you need to know when you enter a contract of employment?

- Know your occupation and responsibility,
- Know more of working conditions such as working hours, wages/salary, and overtime and payment of the enterprise you are going to work,
- Read your contract of employment before you sign,
- Ask for a copy of Internal Service Rule of the enterprise

By entering a contract of employment, the company is obliged to comply with all the terms and conditions set by the contract.

But on the other hand, you are also obliged to “work in good faith” as per the contract terms and conditions and Labour and Employment Act of Bhutan 2007”

Do you know that the contract of employment may contain following provisions?

- I. Term of contract (in years)
 - including duration of employment and termination of contract

- II. Nature of work
 - Duties and Responsibilities to be performed

- III. Notice period for termination of the contract
 - contract of employment shall specify a notice period for the termination, not less than 30 days before the Termination

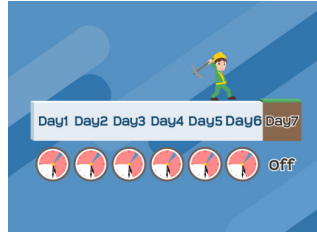
- IV. Working conditions
 - a. Wages/Salary:

The wage should not be less than National Minimum Wage (NMW). The NMW is Nu.125/- as of now. The Ministry may change the minimum wage from time to time and the information will be available from the Ministry website.



b. Working hours

The Labour and Employment Act of Bhutan 2007 allows you to work maximum of 8 hours a day excluding breaks



c. Probation period

Your probation period is maximum of 180 days



Do you know that you can terminate the contract of agreement during your probation period?

You can terminate the contract by giving 7 days' notice period to the employer during your probation period. The employer can also terminate the contract in a same way.

d. Leave Entitlement and Public holidays

During your employment you are entitled for Sick leave, Annual Leave, Casual Leave, Maternity Leave or Paternity Leave and Public holidays.

3. Do you know about Internal Service Rules?



“Internal Service Rules” contain the do’s and don’ts on the working conditions fulfilling the minimum requirement prescribed in the Labour and Employment Act of Bhutan 2007 and its Regulation.

Who should prepare Internal Service Rules?

Under the Act, Internal Service Rules should be prepared by employer in consultation with the employee of the enterprise.

When can Internal Service Rule have Legal status or enforceable?

Under the Act, Internal Service Rules have no legal status and are not enforceable until they have been approved by the Chief Labour Administrator, the Head of the Secretariat of the Ministry of Labour and Human Resources.

Reference:

1. “Section 76 to 80” of the Act
2. Regulation:“INTERNAL SERVICE RULES”
3. Internal Service Rules (Model)

4. Compensation and Benefits

1. What is Workers’ Compensation?

Under the Act, an injured employee is entitled to claim medical leave, medical expenses and compensation for permanent incapacity or death. It is the employers’ liability to ensure compensation benefits are paid.



- *Who are eligible for compensation benefit?*

Every employee is entitled to compensation for work-related injuries and diseases.

The compensation is paid for the loss of earning capacity of an employee due to work related accidents and diseases.

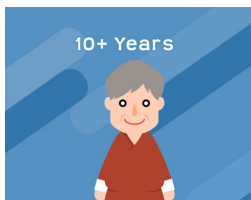
- *Who are not eligible for compensation benefit?*

Any employee who met with accident or contacted diseases which is not related to work or any business undertaking of an employer.

2. Gratuity

Employees are entitled to Provident Fund scheme and Gratuity on retirement. It is important to check if these systems are in place in your company.

An employee serving a company for more than 10 years of continuous employment is entitled to gratuity.



Gratuity calculation:

(no. of years served × last basic pay)

3. Provident Fund:

Enterprise must enroll its employees under “Provident Fund Scheme” with financial institution such as Royal Insurance Corporation of Bhutan



Limited and Bhutan Insurance Limited.

Under the Act, Employees shall be entitled to the PF amount after 5 years of continuous employment. However, employees terminating contract of agreement before 5 years will get only their own share of contribution with interests accrued on their share.



Reference:

1. "Chapter XI COMPENSATION AND BENEFITS" of the Act

Chapter 3 Rules when you work





1. Working Conditions

What should you do if you find out that the actual working conditions such as wages/salary, hours of work etc. are different from what is stated in the Labour and Employment Act of Bhutan 2007, company's Internal Service Rules, and Contract of Employment?

- Inform the management if the working conditions are not as per the Labour and Employment Act of Bhutan 2007 and its Regulation, and Internal Service Rules and claim your rights or
- you may also seek help from the "Department of Labour" or the nearest "Regional Office" of the Ministry of Labour and Human Resources.

2. Wages/Salary



Every employee is entitled for wages/salary for the work he or she undertakes for the employer. It applies to all forms of employment.

Under the Labour and Employment Act of Bhutan 2007 and its Regulations, the **minimum** amount of wages that an employer shall pay to its employee should not be less than the National Minimum Wage Rate (*to know how much is Minimum National Wage Rate refer to <https://www.molhr.gov.bt/molhr/?p=3946>*)

Under the Act, the rules for payment of wages/salary are as follows:

1. Specify a pay period of one month or less
2. Wages shall be paid at the end of the period specified above 1
3. Wages shall be paid to an employee directly
4. Wages shall be paid in either of the following ways: cash, credit in the employee's account, bank cheque, draft, money order or electronic fund transfer on a working day and at their workplace
5. Wages shall not be deducted from an employee for the costs related to the way the employer pays the wage.
6. Wages shall **not** be paid at shop, store or place where alcohol is served

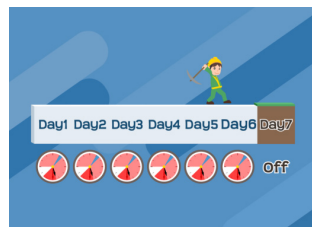


Reference:

1. "CHAPTER VIII WAGES" of the Act
2. Regulation: "NATIONAL MINIMUM WAGE"

3. Hours of Work, Overtime

Working continuously for a long time at any job can be demanding both physically and mentally. Stress caused by overwork is also one of the problems commonly found among workers. In order to prevent workers from getting overworked, there is a standard on working hours, breaks and holidays. The employer may fix the starting and ending time of work in the "Internal Service Rules" and "Contract of Employment".



How many hours you can work in a day?

Under the Regulations, you can work for 8 hours per day or 48 hours in a week excluding breaks.

If you are working more than 8 hours in a day or 48 hours a week, it is considered as overtime work. Under the Regulations, overtime should **not exceed 2 hours per day or 12 hours per week.**

An employer requiring an employee to work for more than 2 hours of overtime in a day or 12 hours in a week shall seek prior approval from the Chief Labour Administrator, Ministry of Labour and Human Resources.

Are you entitled for overtime payment?

Any employees working additional hours as overtime are entitled for overtime payment. The minimum overtime payment shall be calculated based on the worker's normal rate of pay.

For example:

- *Normal rate of pay (an hour) = Nu:16*
- *Overtime hours worked for the day = 2 hours*
- *Overtime payment = Normal rate of pay x numbers of hours worked*
= Nu.16 x 2 hours = Nu. 32

If you are below the supervisory level and required by the employer to perform overtime work **between 10.00p.m. and 8.00 a.m.**, you are entitled for **an additional 50%** of the worker's normal rate of pay for the number of overtime hours worked.

Reference:

1. "Section 104 and 105" of the Act
2. "Section124 to 126" of the Act

4. Rest periods, Breaks, Leave and Public holidays

1) Rest periods and Breaks

Under the Regulations, all employees have the right to take breaks between working hours as follows:

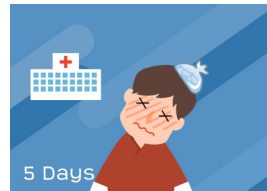
- a) A rest period of 10 minutes after 2 hours of work from the time of commencement of each day's work
- b) A meal break of 30 minutes after 4 hours of work

2) Leave

Leave is a holiday that you are entitled to be paid. Taking planned leave is important in order to restore physical and mental fatigue and to harmonize work with your private life.

As per the Act, leave entitlements of employees are as follows:

- a) Sick Leave
5 working days per year



- b) Annual Leave
18 working days per year



- c) Casual Leave
5 working days per year



d) Maternity Leave
8 weeks

e) Paternity Leave
5 days



f) Public holidays

An employee is entitled to a **minimum** of 9 public holidays inclusive of the birth anniversary of His Majesty the King and the National Day in a year with pay.

Are you entitled for more wages for working on a Public Holidays?

If you are required to work by the employer on a public holiday, you are entitled for an **additional 50%** of the normal rate of pay.

Example:

- If your normal rate of wage is (8 hours) Nu:125
- You work 8 hours on a Public Holiday
- Wage for the day = Normal rate of wage + additional 50% of Normal rate of wage
= Nu: 125 + Nu: 62.5 = Nu 187.5

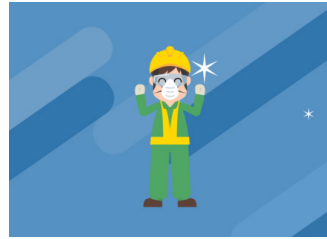
Reference:

1. "Section 106 to 110" of the Act
2. "Section 124 to 126" of the Act
3. Regulation:"LEAVE"

5. Occupational Health and Safety



Before



After

Why Occupational Health and Safety is so important at your workplace?

A safe and healthy workplace prevents you from unnecessary workplace accident, injuries and diseases. It can, not only protect the workers but also protect production and profitability of your company.



Under the Act and its Regulation on occupational health and safety, you have right to safe and healthy workplace and at the same time you have obligations to ensure safe and healthy workplace.

Under the Act, the employer has duty to prevent workers from accident or sickness caused by work and necessary measures need to be taken. Employees should adhere or comply with the measures taken by the employer for the workplace safety reasons.

Reference:

1. "Chapter IX Occupational Health and Safety" of the Act
2. Regulation:"Occupational Health, Safety and Welfare"
3. Regulation:"Occupational Health, Safety for Construction Industry"

6. Sexual Harassment

Under the Act, sexual harassment at workplace is prohibited. An employer shall not sexually harass an employee or a person seeking employment with the employer. The provision also applies to employees too.



What is sexual harassment?



Under the Act, making an unwelcome sexual advance or unwelcome request for sexual favours to other person or engaging in any other unwelcome conduct of sexual nature in relation to the other person is considered as sexual harassment.

Reference:

1. "CHAPTER II PROHIBITIONS: Provisions against sexual harassment" "Section 16 to 20" of the Act
2. Regulation: "Sexual Harassment"

7. Workplace Grievances and Dispute resolution Procedure



According to the Act, it is a written complaint by one or more employee or an employer, relating to any matter concerning working conditions or working environment arising at work or out of workplace related on their rights.

Can you resolve your grievance within your workplace?

It is encouraged to resolve the workplace grievance within your workplace in the first place. Under the Act, it urges that employee and employer must first exhaust the initial disciplinary procedure and should discuss the dispute with his/her supervisor in an attempt to resolve the problem informally.

What if you can't resolve workplace grievance with your company?

If the workplace grievance is not resolved within your workplace, you have right to put the issue to the Department of Labour.

Reference:

1. "CHAPTER XII RESOLUTION OF LABOUR DISPUTES" of the Act
2. Regulation:"GRIEVANCE PROCEDURE"

8. Prohibitions

Under the Act, sexual harassment, forced or compulsory labour, worst forms of child labour, and discriminations are prohibited at your workplace.



1) Forced or compulsory labour

Do you know that forced labour is work done against one's own will?

The Act prohibits employer to force any employees to work for him or her against the will of an employees by means of assault, intimidation, imprisonment or any other means thereby restraining their mental or physical freedom.



Reference:

1. "CHAPTER II PROHIBITIONS" of the Act

2) The worst forms of child labour

Do you know that Child labour refers to labour that interferes with education for children and any occupation under the age of 18 that is prohibited by the Act and the Regulations?

Then what is worst forms of child labour?



When Children under 18 years of age are employed in the hazardous workplace that has adverse effect to their physical and mental development. It is considered as Worst Forms of Child Labour.

***"Small hands can handle a pen better.
Lend your support to abolish child labour"***

Reference:

1. "CHAPTER II: PROHIBITIONS" of the Act
2. Regulation: "ACCEPTABLE FORMS OF CHILD LABOUR"



3) Discrimination against employees and job seekers

Who can possibly discriminate you and under what circumstances?



An employer or an employment agent may discriminate you.

Under the Act, Employer cannot discriminate you with regard to wages and working conditions. The employer and employment agent cannot discriminate against employees or job applicants for vacancies in connection with recruitment, dismissal, transfer, training and demotion.

Chapter 4 When you resign from the job or Superannuate





According to the Act, either employee or employer may terminate contract of employment after serving notice period of not less than 30 days or pay in lieu of notice period.

1. When you resign from job (retirement)

Retirement is a process of leaving one's job and ceasing to work. Before retiring from work, it is important to abide by company rules such as notifying the manager of the intention of retiring, reporting it in writing, handing over of work and so on. In general, companies stipulate the terms and conditions for retirement in the contract of employment. In case of retirement, it is also necessary to make sure the procedures of retirement in the Internal Service Rules are fulfilled.

2. Involuntary resignation from the job (dismissal)

Can employer terminate you from the Job?

Under the Act, the employer can terminate you if you are guilty of serious misconduct. Serious misconduct includes;

- fraud, theft, or misuse of the employer's property, including the employer's intellectual property;
- assault and other serious crime;
- willful insubordination or disobedience of a repeated or serious character;
- habitual irregular attendance;
- sabotage;
- willful damage;
- sexual harassment;
- abandonment of the employee's post;
- redundancy;

- persistent absence from workplace without good excuse; or
- willfully offending the Tsa Wa Sum

Reference:

1. "Section 68 to 95" of the Act

Appendix





1. Applicable Act and the Regulations etc.

You can find all of these on the Website of the Ministry.

@ <https://www.molhr.gov.bt/>

- 1) Act
 - Labour and Employment Act of Bhutan 2007

- 2) Regulations on Working Conditions
 - Acceptable forms of Child Labour
 - Sexual Harassment
 - Leave
 - National Minimum Wages
 - Workers' Compensation
 - Gratuity
 - Provident Fund
 - Internal Service Rules
 - Grievance Procedure
 - Penalties under the Labour and Employment Act of Bhutan ,2007 and its related Regulations
 - Hours of Work

- 3) Others
 - Sample Contract of Employment & Internal Service Rules ~Model~

2. Regional Offices

The Ministry sets Regional Offices for the arms of the Ministry to reach its services closer to the public.

1) Phuntsholing

Phone: General-05-254658
covering Chukha and Samtse Dzongkhags

2) Gelephu

Phone: Direct no. 06-252006;
General no. 06-252010
covering Sarpang, Tsirang, Dagana, Trongsa, Zhemgang
and Bumthang Dzongkhags

3) Samdrup Jongkhar

Phone: Direct no. 07-251694 ;
General no. 07-251315
covering Samdrup Jongkhar and Pema Gatshel
Dzongkhags

4) Trashigang

Phone: 04-521208
covering Trashigang, Trashi Yangtse, Mongar and
Lhuentse Dzongkhags



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