

**Internal Service Rules of**  
**(ENTERPRISE NAME**  
**&**  
**LOCATION)**

## **Preliminary**

1. These Rules shall be called Internal Service Rules of (Name of Enterprise)
2. The provision of these Rules and Regulations shall apply to all the employees of (Name of Enterprise)
3. These Rules shall come into effect from the date of approval by Chief Labour Administrator, MoLHR
4. Where the provision of this Rule conflicts with Labour Rule or the where the Rules are silent, provisions of the Labour and Employment Act, 2007 shall prevail.
5. The internal service rules once approved shall be adequately and reasonably disseminated of its contents to the employees.

## **Recruitment Appointment**

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

## **Qualification for Appointment**

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

## **Minimum Age for Employment**

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

## **Probation**

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

### **Hours of Work**

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

### **Over time Work**

10. An employee's over time shall do so only with his/her agreement
11. The maximum overtime shall be of 2 hours per day or 12 hours per week
12. An employee working overtime shall be paid overtime pay for the number of hours worked:
  - a. Normal rate of pay calculated on hourly basis for work other than between 10'O' clock at night and 8'O' clock in the following morning
  - b. 1.5 times the normal rate of pay calculated on hourly basis for work between 10'O' clock at night and 8'O' clock in the following morning
13. A pregnant employee shall not be required to work between the hours of 10 'o' clock at night and 8 'o' clock in the following morning in the following:
  - a) 140 days before she is due to give birth and 56 days after she has given birth to the child; or
  - b) At any other time if the employee produces a medical certificate showing that such work would endanger the child or the mother.

### **Meal Intervals**

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

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

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

### **Night Work**

17. His/her safety shall be ensured by the workshop
18. An employee who works regularly between 10:00P.M and 8:00A.M shall be informed of health hazards
19. Have the right to undergo medical examination to determine the medical fitness to work at night;

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

20. A contract agreement signed with each employee shall specify a pay period of one month or less.
21. An employee shall be paid wages/salary at the end of the period specified under section 20
22. An employer shall have the right to withhold unto a maximum of 50% of wages/salary (including other mandatory deductions)
24. An employee appointed to a time scale of salary shall draw his/his increment in the scale after completion of the probation period.

### **Public Holidays**

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

## **Promotion and Training**

29. An employee shall be considered for promotion to the next higher level purely based on merit. No employee shall claim promotion as a matter of right or automatic entitlement
30. Training period beyond 24 months and extraordinary leave shall not be considered as active service for promotion.
31. The training and development obligation duration to serve back the Company shall be as follows:
  - a) At least one year after a short-term program and other long term program besides master or PhD.
  - b) At least three years after a master or PhD program.

## **Leave, Medical facilities**

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

## **Casual leave**

33. An employee shall be entitled to ..... days casual leave in a calendar year
34. Casual leave, if not availed during the calendar year, shall be merged with earned leave of an employee at the end of each calendar year
35. Probationers availing casual leave besides sick leave shall not be entitled to wages for the number of days he/she remained absent
36. Probationer shall not be entitled to casual leave

### **Earned Leave**

- 37. An employee shall be entitled to ..... days of annual leave in a calendar year
- 38. An employee shall apply for annual leave at least one day before the date from which leave is required
- 39. Employees entitled to annual leave shall be entitled to encash their earned leave.

### **Maternity leave**

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

### **Paternity Leave**

- 43. An employee shall be entitled to paternity leave of minimum ..... working days for three confinements.

### **Sick leave**

- 44. An employee shall be entitled to minimum of ..... working days per year as sick leave after notifying employer in advance of any sickness. The employer shall produce evidence of nature of sickness which will include a signed certificate from a registered medical practitioner in Bhutan indicating the employee is sick and unfit for work.

### **Service Benefits**

#### **Provident Fund**

- 45. An employee be a member of the Provident Fund Scheme of the Bhutan Insurance Limited/NPPF/RICBL, Bhutan for Provident Fund of.....of the employee's monthly wage/salary shall be deducted and deposited to the individual Provident Fund Account along with the matching contribution from the Both employer and employee's contribution with interest shall be paid to the employee who completes regular service of five years. Only employee's contribution with interest shall be paid to the employee who resigns before ..... years term.

## **Bonus**

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

## **Advances**

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

## **Retrenchment, Resignation and Superannuation**

### **Retrenchment**

48. A management shall have the right to retrench the employees depending on the needs and viability of the business. The employee(s) identified to be retrenched shall be conducted as in the followings;
- a) The company shall consult with the employees at the work place, advising of the number of employees likely to be made redundant and the period over which this may occur;
  - b) Give notice of one month and additional notice of seven days for every year of continuous employment by the employee for that employer up to a maximum of 42 days and ;
  - c) Notify the Chief Labour Administrator of the proposal, including the number and categories of employees involved and the reasons for their termination.

### **Resignation**

49. An employee intending to resign from the service shall notify the employer in writing of his intention ..... month in advance. In event he/she fails to do so, the employer shall be compensating with ..... months of his/her basic pay in lieu of the notice period.
50. The length of termination notice period shall be same for the employer and the employees.

## **Conduct and Discipline**

51. In the following cases of misconduct an employee shall be liable for punishment, including termination from the service
  - a) Fraud, theft or misuse of the enterprise's/employer's property, including employer's intellectual property
  - b) Assault and other serious crime
  - c) Willful insubordination or disobedience of a repeated or serious character
  - d) Habitual irregular attendance
  - e) Sabotage
  - f) Sexual harassment of co-workers
  - g) Abandonment of the employees post
  - h) Persistent absence from the workplace without good excuse; or
  - i) Willfully offending the Tsa-Wa-Sum
52. Depending on the nature and severity of any misconduct, an employee may be imposed any of the following penalties:
  - a) Reprimand
  - b) Withhold increment(s)
  - c) Withhold Promotion or demote to lower level/position
  - d) Compulsory retirement
  - e) Termination with benefits
  - f) Termination without benefits



### **Procedure for imposing penalties**

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

### **Superannuation Age**

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

### **Retirement Benefits**

55. An employee who retires on superannuation or resigns after completion of ..... years service shall be eligible for receiving gratuity.

### **Amount of Gratuity**

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

### **Settlement of Dues**

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

## **Miscellaneous**

- 58. These Service Rules and Regulations shall be reviewed, and, if necessary, revised from time to time by the management in consultation with the employees.
- 59. Employment of foreign workers shall be in line with the Labour and Employment Act, 2007 and Immigration Act, 2007.

## **Workers' Compensation**

- 60. The company shall insure employees with an authorized insurer (name the Insurance Company) to ensure that all types and levels of compensations are covered by the insurance policy as per Labour Laws.
- 61. The agreed premium shall be paid by the company and shall not be deducted from the employees' wage/salary.

## **Occupational Health and Safety Policy**

62. Policy: The policy of this rule is to establish standards on occupational health, safety and welfare of premises, instruments, appliances, tools and other hazardous conditions. It is to ensure safety, health and welfare of employees from work related risk to health.
63. Duties of Employer;
- a) Ensure health and safety of all employees and other person at work place and comply with regulations.
  - b) Improve working conditions that are hazardous to the health and safety of employees.
  - c) Ensure that the employees are;
    - Made aware of all known or reasonable foreseeable health and safety hazards to which they are likely to be exposed by virtue of their work.
    - Made aware of their rights and duties under the regulation.
    - Establish occupational health and safety policies and programs in accordance with the regulation.
    - Provide and maintain protective equipments, devices and clothing as required in good condition.
    - Provide information, instruction and necessary supervision to ensure health and safety of employees.
64. Duties of Employees;
- a) Carry out work in accordance with established safe work procedures.
  - b) Use of protective equipments, devices or and clothing as required in the work place.
  - c) Not engage in horseplay or similar conduct that may endanger him/her or other workers or any other person.
  - d) Ensure that his/her ability to work without risk to his /her own safety and health or to the health or safety of any other person is not impaired by alcohol, drugs or other causes.
  - e) Report any contravention, absence of or defect of any equipment that is likely to endanger an employee or anyone.

## **Sexual Harassment**

65. Policy: The policy of this rule is to prohibit the incidence of sexual harassment in work places and during recruitment. It is to establish and introduce procedures for dealing with sexual harassment complaints within workplace and during recruitment.
66. Sexual Harassment shall include;
  - a) Subjecting a person to any act of physical intimacy.
  - b) Making any oral or written remark or statement with sexual connotation to a person or about a person in his or her presence.
  - c) Making any gesture, action or comment of sexual nature in a person's nature in a person's presence.
  - d) Conduct is not sexual harassment if it is welcome.

## **Sexual Harassment complaint procedure**

1. The victim shall make a complaint in writing identifying the alleged harasser/harassers, describing the incident including places, times and dates, naming any witness, signed by the complaint and bring it to the attention of the person designated in the procedure.
2. The designated officer shall acknowledge receipt of the victim's written complaint within 2 days and commence an investigation within 5 days. The outcome of the investigation shall be communicated to the victim within 10 days from the commencement of the investigation.
3. If the victim is not satisfied with the outcome of the internal complaint procedure, the victim may lodge a complaint to the Chief Labour Administrator, Ministry of Labour and Human Resources.
4. If a victim is dissatisfied with the outcome of the Internal Complaints Procedure or who chooses to by-pass that procedure may lodge a sexual harassment complaint with Chief Labour Administrator

## **Liability of Employer**

70. Employer of a person found to be guilty of sexual harassment may be legally liable if the employer knew or reasonably should have known of harassment and failed to take action. However, if the employer had prepared and implemented sexual harassment policy and who have clear internal procedures for handling sexual harassment complaints, employer shall not normally be liable to the victim.

## **Grievance Procedure**

### **71. Policy;**

- a) The policy of this rule is to ensure that complaints and problems within the enterprise are resolved without the need for government intervention.
- b) Prevent minor labour problems and complaints from escalating in to a formal dispute.
- c) Encourage great cooperation and build trust between workers and managers.

## **Grievance Procedure Preparation**

- 72. The procedure shall be prepared in consultation with the employees.
- 73. The procedure shall be written in simple language and presented in form easy to follow by all employees.
- 74. It shall be reviewed periodically.

## **Rights and Obligations**

- 75. Employer shall not retaliate in any form against an employee who lodges a compliant.
- 76. Employee who lodges the complaint shall not be subject to disciplinary provisions of the Internal Service Rule.
- 77. Employee lodging the complaint shall have the right for representative from within or outside the company.
- 78. Both employer and employee should make effort to resolve the compliant within the company without having to notify the complaint to the Chief Labour Administrator.

## **Steps in Procedure**

79. The aggrieved complainant shall make complaint in writing identifying the other party about the dispute, the place where the dispute exists and subject matter of the dispute.
80. The dispute matter shall be received by the designated officer who shall acknowledge complaint receipt within two working days and commence investigation within 5 working days.
81. The time period in which the complaint matter shall be dealt with will be 10 working days from the commencement of the investigation.
82. If a grievance remains unresolved following an attempt to settle it by applying the workplace grievance procedures at a workplace, the party or the parties who initiated the grievance shall notify the Chief Labour Administrator that a labour dispute exists.

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