



ANNUAL REPORT

(JULY 2021- JUNE 2022)

DEPARTMENT OF LABOUR
MINISTRY OF LABOUR AND HUMAN RESOURCES

Prepared by
Labour Protection Division
Department of Labour

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Abbreviation

DoL	Department of Labour
FY	Fiscal Year
ISR	Internal Service Rule
LEA	Labour and Employment Act of Bhutan, 2007
MoLHR	Ministry of Labour and Human Resources
OHS	Occupational Health and Safety
PF	Provident Fund

Executive Summary

Internationally, it is observed that the spread of globalization and liberalization has a positive effect on the quantity of jobs, if not always on their quality. With the increase in competitiveness, employers sometimes compromise on working conditions and health and safety.

The Department of Labour, MoLHR, with the mission “promote decent working conditions through sound labour policies and enforcement of labour laws”, plays a crucial role in ensuring a conducive, safe and healthy work environment in the private and corporate sectors. The Department caters its services through four Divisions; Labour Protection, Labour Relation, Foreign Workers and Social Protection, and four Regional Offices; Phuentsholing, Gelephu, Samdrup Jongkhar and Trashigang. Employees and employers are educated on their legal rights and obligations. Workplaces are monitored through regular inspections. Measures are taken to improve labour relations through support in settling labour disputes, education, and training employees and employers. Improvement notices and penalties are issued to the enterprises not complying with the labour standards.

Labour Protection

Labour Inspection plays an important role in protecting employees’ rights, ensuring health and safety at the workplace and combating unsafe working environment. It also prevents any violation of the provisions of the Labour and Employment Act, 2007 and promotes decent working conditions in the world of work.

In the fiscal year 2021-2022, a total of only 1565 workplaces were visited. The highest coverage was in the Service Sector with 37.6 % followed by Construction Sector with 17.3%. Compared to the fiscal year 2020-2021, there is a increase of 36.9% in the overall inspections due to improvements in the Covid-19 situation.

During the inspections, a total of 382 Improvement Notices were issued to those enterprises not complying with the labour legislation and 43 Penalty Memos were issued for the same. The majority of Improvement Notices were issued to the Service Sector (39.3%) followed by the Construction Sector (30.4%) and then the Construction Sector (15.4%). Improvement Notices on working conditions were mainly issued for non-compliance on the provision of “Provident Fund (37.03%), Internal Service Rules (35.28%) followed by No Wage Record (10.5%). For working environment, Improvement Notices were mainly issued for non-compliance on Personal Protective Equipments (34.6%), other OHS violations(15.26%) and fire extinguishers(12.53%). Compared to the fiscal year 2020-2021, there is a noticeable increase in both the number of Improvement Notices issued (2020-21=40 and 2021-2022=382) and in Penalty Memos issued (2020-2021=4 and 2021-2022=43).

Aside from routine inspections, the Department and the Regional Offices also took proactive measures to ensure that the workers and employers know their rights and responsibilities, and also to gain their compliance with the various Regulations. The Department and Regional Offices conducted awareness to 1419 participants on the Labour and Employment Act 2007 with the objective to gain compliance with the provision of the Act and its Regulations. As compared to 2020-2021, there is an increase of 60% in the number of participants advocated and educated on Labour and Employment Act 2007 and its Regulations.

Occupational Health and Safety

Workplaces cannot be free from safety hazards if occupational health and safety is not properly observed. Thus, Occupational Health and Safety standards and laws are paramount to the well-being of the employees and the employers. Despite the hard work that the Department of Labour puts in to ensure a safe and healthy working environment, independent studies have shown that the prevalence of workplace accidents in the industries of Bhutan is still very high and that the workers are exposed to various hazards such as highly intensive noise levels and high concentrations of respirable dust.

A total of 24 workplace accidents were reported to the Department of Labour in the fiscal year 2021- 2022. Of the total 24 reported, fatal accidents comprise 37.5% of which 62.5% were from the Construction Industry. The remaining 14 workplace injuries only required first aid treatment. Considering sectors, the Manufacturing Sector contributed to 50% of workplace accidents followed by the Construction Sector (37.5%). The major cause of accidents found for the fiscal year 2021-2022 was contact with/by moving machinery at 50% followed by fall from height at 20.8%.

Occupational Health and Safety assessment was conducted to assess the good safety practices in the workplace of those enterprises having a safety and health committee. In the year 2018-2019, a total of 84 enterprises were assessed and 49 of them were found adopting good OHS practices in their workplace. However, Occupational Health and Safety Assessment for the fiscal year 2019- 2020, 2020-2021 and 2021-2022 could not be carried out due to Covid19 pandemic.

Labour Relation

Labour Relations aims to promote social justice and workplace peace and harmony. The Department influences the labour relations process through formulation and implementation of laws and policies.

The Department of Labour and Regional Offices received 428 labour disputes in the fiscal year 2021-2022 of which 269 were resolved successfully. 65.65% of labour disputes were from the Construction Sector, followed by 9.35% from the Service Sector and 7.71% from the Electricity and Water Supply. Thimphu alone received 78.97% of the disputes followed by Phuentsholing with 8.6%. From the total labour disputes received, 62.85% were successfully resolved by the Department and Regional offices and 27.1% of the cases were forwarded to the Royal Court of Justice.

The majority of the disputes were due to non-payment of wages by the employers (77.62%) followed by non-payment of advance taken (5.59%).

Social Protection Division

The Social Protection Division is aimed towards ensuring government support towards developing and promoting equality, fair remuneration for one's work and protection from exploitation for workers in Bhutan.

The Division is engaged in the periodic review of the National Minimum Wage, protecting and enforcing the creation and existing Provident Funds and Gratuities in enterprises/companies. For the year 2021-2022 there were 2419 enterprises registered with Provident Fund schemes in several financial institutions. Under these enterprises there were a total of 23429 employees(active accounts) registered in their respective enterprises Provident Fund schemes. However, there is a total of 32431 inactive accounts too. The Division also covers other Social Protection schemes for bettering workers lives including parental leave, SP framework, Portable PF, etc.

Foreign Workers

Foreign workers are hired in Bhutan to fill the gap between the demand for workers in certain occupations and sectors such as the construction industry. The Department of Labour assesses the need for foreign workers in the country and from time to time recommends to the government the requirement of foreign workers in specific industries and occupations. It also reviews the applications for foreign workers and provides approval accordingly. These services can be availed online or through Foreign Workers Recruitment Agents.

CHAPTER 1

Labour & Social Protection

Inspection

Region

A total of 1565 workplaces were visited during the FY 2021 -2022, which is a increase of 36.9% in overall inspections compared to FY 2020- 2021. The details are shown in Table 1.

Table 1: Number of Inspection by Region

Region	Types of Inspection			
	Routine ¹	Follow Up ²	Special ³	Grand Total
Gelephu	340	31	0	371
Phuentsholing	117	0	7	124
Samdrup Jongkhar	250	21	0	271
Thimphu	293	122	217	632
Trashigang	150	12	5	167
Grand Total	1150	186	229	1565

Table 2: Number of Inspection by Region in two Fiscal Year

Region	2020-2021				2021-2022			
	Routine	Follow Up	Special	Grand Total	Routine	Follow Up	Special	Grand Total
Gelephu	301	0	0	301	340	31	0	371
Phuentsholing	108	3	7	118	117	0	7	124
Samdrup Jongkhar	323	24	0	347	250	21	0	271
Thimphu	0	0	0	0	293	122	217	632
Trashigang	208	13	1	222	150	12	5	167
Grand Total	940	40	8	988	1150	186	229	1565

¹ Routine Inspection means a regular inspection visit as directed by DoL aim to anticipated and prevent problems by informing and educating on the content of law and enforcement. It normally covers full range of matters to be inspected.

² Follow up visit mean an inspection visit focusing on the problems and contraventions of law as identified in the routine inspection.

³ Special inspection means an inspection focused on a specific and particular issue which such as specific issue, complains, and workplace accident.

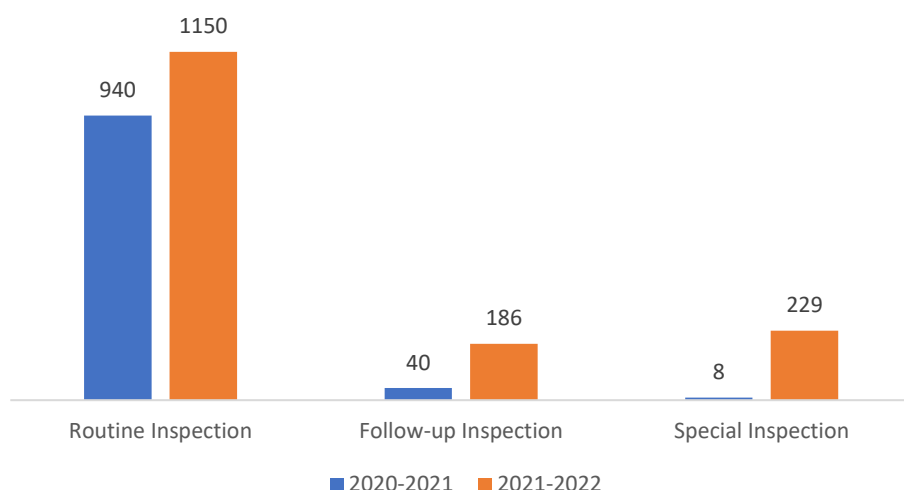


Figure 1 – Types of Inspection in two Fiscal years

Major Sector

In the fiscal year 2020-2021, the majority of inspections covered the Service Sector (37.6%) and Construction (17.3%) sectors.

Table 3: Number of Inspection by Major Sector

Major Sector	Routine	Follow up	Special	Grand Total
Agriculture Livestock Forestry and Fishing	5	1	1	7
Construction	236	16	19	271
Electricity and Water Supply	3	0	0	3
Entertainment	1	0	0	1
Health and Education	5	2	4	11
Hotels and Restaurants	174	11	0	185
Manufacturing	220	8	8	236
Mining and Quarry	10	1	1	12
Services	372	117	100	589
Transport Storage and Communications	10	5	0	15
Wholesale and Retail Trade	114	25	96	235
Grand Total	1150	186	229	1565

Table 4: Number of Inspection by Major Sector in two Fiscal Year

Major Sector	2020-2021				2021-2022			
	Routine	Follow up	Special	Grand Total	Routine	Follow up	Special	Grand Total
Agriculture Livestock Forestry and Fishing	5	0	0	5	5	1	1	7
Construction	82	11	5	98	236	16	19	271
Electricity and Water Supply	2	0	0	2	3	0	0	3
Entertainment	0	0	0	0	1	0	0	1
Finance, Insurance and Real Estate	2	1	0	3	0	0	0	0
Health and Education	14	0	0	14	5	2	4	11
Hotels and Restaurants	268	7	0	275	174	11	0	185
Manufacturing	198	6	1	205	220	8	8	236
Mining and Quarry	10	1	0	11	10	1	1	12
Services	183	6	2	191	372	117	100	589
Transport, Storage and Communications	8	5	0	13	10	5	0	15
Wholesale and Retail Trade	168	3	0	171	114	25	96	235
Grand Total	940	40	8	988	1150	186	229	1565

Dzongkhag**Table 5: Inspections by Dzongkhag**

Dzongkhag	Routine	Follow up	Special	Grand Total
Bumthang	73	4	2	79
Chhukha	110	0	7	117
Dagana	30	1	0	31
Gasa	1	0	0	1
Haa	2	1	13	16
Lhuentse	14	2	1	17
Mongar	45	2	2	49
Paro	103	32	82	217
Pemagatshel	50	5	0	55
Punakha	30	20	41	91
Samdrup Jongkhar	200	16	0	216
Samtse	7	0	1	8
Sarpang	179	19	0	198
Thimphu	145	61	45	251
Trashigang	19	3	1	23
Trashigang	72	5	1	78
Trongsa	32	4	0	36
Tsirang	13	1	0	14
Wangdue Phodrang	11	8	30	49
Zhemgang	14	2	3	19
Grand Total	1150	186	229	1565

Table 6: Inspections in two FY by Dzongkhag

Dzongkhag	2020-2021				2021-2020			
	Routine	Follow up	Special	Grand Total	Routine	Follow up	Special	Grand Total
Bumthang	49	0	0	49	73	4	2	79
Chhukha	108	3	7	118	110	0	7	117
Dagana	32	0	0	32	30	1	0	31
Gasa	0	0	0	0	1	0	0	1
Haa	0	0	0	0	2	1	13	16
Lhuentse	14	0	1	15	14	2	1	17
Mongar	60	3	0	63	45	2	2	49
Paro	0	0	0	0	103	32	82	217
Pemagatshel	74	10	0	84	50	5	0	55
Punakha	0	0	0	0	30	20	41	91
Samdrup Jongkhar	249	14	0	263	200	16	0	216
Samtse	0	0	0	0	7	0	1	8
Sarpang	163	0	0	163	179	19	0	198
Thimphu	0	0	0	0	145	61	45	251
Trashigang	35	0	0	35	19	3	1	23
Trashigang	99	10	0	109	72	5	1	78
Trongsa	15	0	0	15	32	4	0	36
Tsirang	28	0	0	28	13	1	0	14
Wangdue Phodrang	0	0	0	0	11	8	30	49
Zhemgang	14	0	0	14	14	2	3	19
Grand Total	940	40	8	988	1150	186	229	1565

Number of Workers

Table 7: Workers employed by Major Sector

Major Sector	Bhutanese Regular Worker			Bhutanese Casual worker			Bhutanese Workers Grand Total	Foreign Worker		
	Male	Female	Total	Male	Female	Total		Male	Female	Total
Agriculture Livestock Forestry and Fishing	27	18	45	0	0	0	45	0	0	0
Construction	577	130	707	681	206	887	1594	2171	0	2171
Electricity and Water Supply	465	93	558	0	0	0	558	0	0	0
Entertainment	1	0	1	0	0	0	1	0	0	0
Health and Education	20	10	30	1	0	1	31	0	0	0
Hotels and Restaurants	203	174	377	39	11	50	427	0	0	0
Manufacturing	3253	1006	4259	157	275	432	4691	566	13	579
Mining and Quarry	169	4	173	89	29	118	291	2	0	2
Services	535	266	801	43	26	69	870	25	2	27
Transport, Storage and Communications	50	0	50	100	10	110	160	0	0	0
Wholesale and Retail Trade	169	115	284	34	39	73	357	3	0	3
Grand Total	5469	1816	7285	1144	596	1740	9025	2767	15	2782

Notices and Penalty Memo

A total of 382 Improvement Notices and 43 Penalty Memos were issued in the fiscal year 2021-2022. There is a increase of 89.5% in Improvement Notices issued and also increase of 90.7% in Penalty Memos issued compared to fiscal year 2020-2021.

Table 8: Region-wise number of enterprise issued with Improvement Notice and Penalty Memo

Region	Improvement Notices	Penalty Memo
Gelephu	65	13
Phuentsholing	14	0
Samdrup Jongkhar	32	2
Thimphu	250	28
Trashigang	21	0
Grand Total	382	43

Table 9: Region-wise number of enterprise issued with Improvement Notice and Penalty Memo in two Fiscal Year

Region	2020-2021		2021-2022	
	Improvement Notices	Penalty Memo	Improvement Notices	Penalty Memo
Gelephu	1	1	65	13
Phuentsholing	2	2	14	0
Samdrup Jongkhar	24	1	32	2
Trashigang	13	0	21	0
Thimphu	0	0	250	28
Grand Total	40	4	382	43

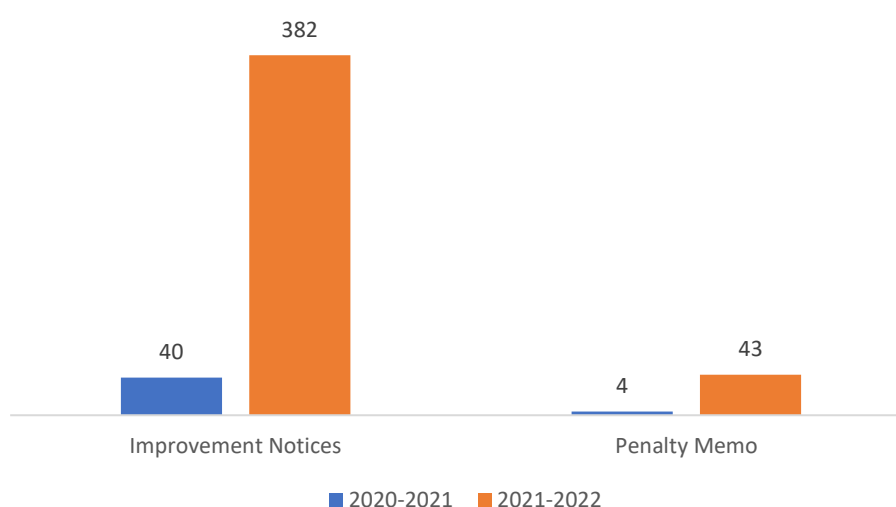


Figure 2 - Improvement Notice and Penalty Memo issued in two Fiscal Years

Table 10: Sector-wise number of enterprises issued with Improvement Notice and Penalty Memo

Major Sector	Improvement Notices	Penalty Memo
Agriculture, Livestock, Forestry and Fishing	2	0
Construction	116	17
Health and Education	5	0
Hotels and Restaurants	7	0
Manufacturing	42	1
Mining and Quarry	1	0
Services	150	21
Wholesale and Retail Trade	59	4
Grand Total	382	43

Table 11: Number of Improvement Notice and Penalty Memo issued by Dzongkhag

Dzongkhag	Improvement Notices	Penalty Memo
Bumthang	9	0
Chhukha	14	0
Dagana	2	1
Gasa	0	0
Haa	2	0
Lhuentse	4	0
Mongar	6	0
Paro	93	7
Pemagatshel	6	1
Punakha	33	7
Samdrup Jongkhar	26	1
Samtse	0	0
Sarpang	42	10
Thimphu	100	9
Trashigang	7	0
Trongsa	7	0
Tsirang	2	0
Wangdue Phodrang	15	5
Zhemgang	10	2
Grand Total	382	43

Table 12: Number of contravening sections of Improvement Notice

Contravening Sections	Number	Percentage
Working Condition		
Contract of Employment	5	1.46%
Internal Service Rules	121	35.28%
Leave	12	3.50%
Leave Record	9	2.62%
Provident Fund	127	37.03%
Public Holiday	14	4.08%
Training Obligation	1	0.29%
Unlawful Deduction	2	0.58%
Wage Record	36	10.50%
Weekly Rest Period	8	2.33%
Working Hours	8	2.33%
Total	343	100.00%
Working Environment		
Construction site not enclosed	18	4.90%
Electrical related	38	10.35%
Emergency Action Plan	5	1.36%
Fire Extinguisher	46	12.53%
First Aid Box	35	9.54%
Housekeeping	12	3.27%
Machine/Equipment not safe	13	3.54%
OHS Policy	11	3.00%
Other OHS Related	56	15.26%
Personal Protective Equipment	127	34.60%
Welfare facilities	6	1.63%
Total	367	100.00%
Grand Total	710	

Table 13: Number of contravening sections of Penalty Memo

Contravening Section	Number	Percentage
Internal Service Rule	4	8.51%
Machine not safe	1	2.13%
Need to have fire extinguisher	3	6.38%
No wage record	3	6.38%
Personal Protective Equipment	24	51.06%
Provident Fund	12	25.53%
Grand Total	47	100.00%

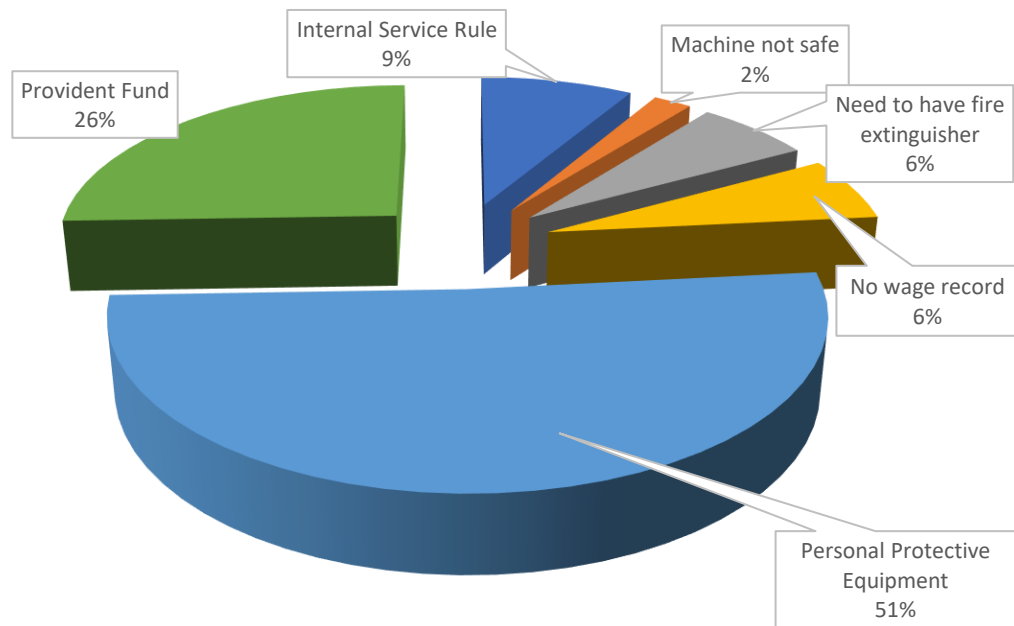


Figure 3 - Percentage of Penalty Memo issued by types of contravention sections

Table 14: Region-wise amount of Penalty collected

Region	Amount Collected	
	Number	Percentage
Gelephu	125750	26.78%
Phuntsholing	0	0.00%
Samdrup Jongkhar	4500	0.96%
Thimphu	339375	72.27%
Trashigang	0	0.00%
Grand Total	469625	100.00%

Working conditions

This section presents information on working conditions collected during the Inspection visits. The information will cover only those enterprises visited during the fiscal year 2021-2022.

Provident Fund contribution**Table 15: Number of Enterprises found having Provident Fund during inspection by Major Sector**

Major sector	PF Scheme	
	Number	Percentage
Agriculture, Livestock, Forestry and Fishing	1	0.42%
Construction	24	10.13%
Electricity and Water Supply	3	1.27%
Finance, Insurance and Real Estate	5	2.11%
Health and Education	6	2.53%
Hotels and Restaurants	33	13.92%
Manufacturing	73	30.80%
Mining and Quarry	8	3.38%
Services	56	23.63%
Transport, Storage and Communications	9	3.80%
Wholesale and Retail Trade	19	8.02%
Grand Total	237	100%

Table 16: Number of Enterprise found having Provident Fund during inspection by Region

Region	PF Scheme	
	Number	Percentage
Gelephu	54	2.23%
Phuentsholing	63	2.60%
Samdrup Jongkhar	94	3.89%
Thimphu	2138	88.38%
Trashigang	70	2.89%
Grand Total	2419	100%

Provident Fund as per Financial Institutes**Table 17: Number of Enterprises with PF by Sector**

Major Sector	Enterprise Participated in PF	
	Number	Percentage
Agriculture, Livestock, Forestry and Fishing	30	1.24%
Construction	286	11.82%
Electricity and Water Supply	80	3.31%
Entertainment	33	1.36%
Finance, Insurance and Real Estate	87	3.60%
Health and education	169	6.99%
Hotels and Restaurants	296	12.24%
Manufacturing	246	10.17%
Mining and Quarrying	16	0.66%

Major Sector	Enterprise Participated in PF	
	Number	Percentage
Public Administration	215	8.89%
Services	879	36.34%
Transport, Storage and Communications	82	3.39%
Grand Total	2419	100%

Table 18: Number of Employees with PF by Financial Institutions

Financial Institute	Member Participation in PF		
	Active	Non-Active	Grand Total
Bhutan Insurance Ltd	2537	1905	4442
National Pension and Provident Fund	10285	11364	21649
Royal Insurance Corporation of Bhutan	10607	19162	29769
Grand Total	23429	32431	55860

CHAPTER 2

Occupational Health and Safety

Accident

The workplace accidents reported to the Department of Labour in the FY 2021-2022 was 22. Fatal accidents comprised 36.4.8% of the total accidents reported, of which 82.4% were from the Construction Industry. The Manufacturing Sector contributed to 20.8% of total reported workplace accidents.

In the FY 2020-2021, there was decrease of 20% in workplace accidents reported when compare to FY 2019-2020. Phuentsholing region has 77% decrease in workplace accidents reported followed by Gelephu region (- 43%).

The major cause of accidents was found to be *“Trapped by something collapsing or overturning”* at 41.7% followed by *“Contact with/by moving machinery”* at 25% and contact with electricity or electrical discharge at 16.7% for the fiscal year 2020-2021.

Table 19: Workplace Accident by Region

Region	Fatal	Injury	Grand Total
Gelephu	3	3	6
Phuentsholing	3	3	6
Samdrup Jongkhar	0	8	8
Thimphu	1	2	3
Trashigang	1	0	1
Grand Total	8	16	24

Table 20 – Workplace Accidents by Region in two FY

Region	2020-2021	2021-2022	Increase/ decrease in workplace accident
Gelephu	4	6	50%
Phuentsholing	3	6	50%
Samdrup Jongkhar	4	8	50%
Thimphu	11	3	-72.7%
Trashigang	2	1	-50%
Grand Total	24	24	0%

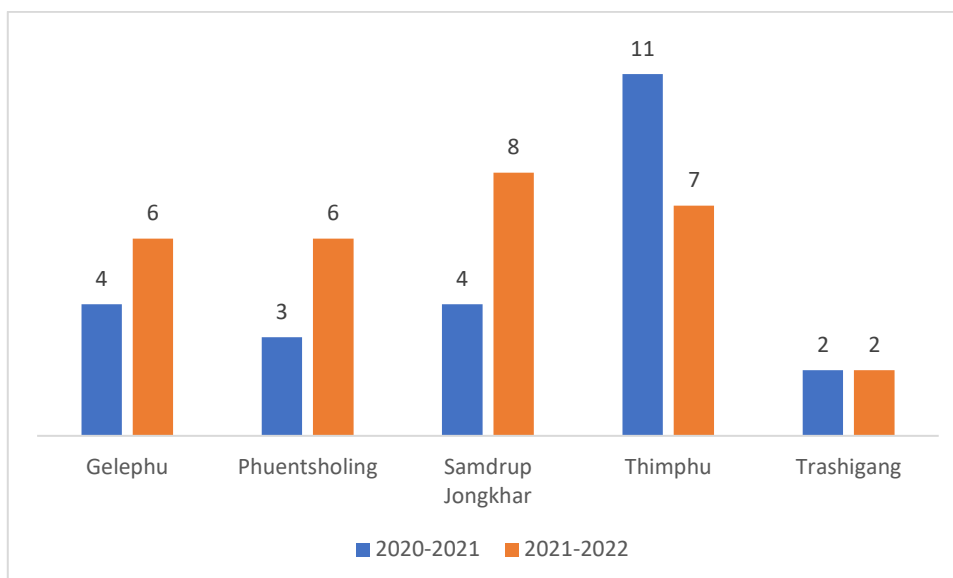


Figure 4 – Workplace Accidents by Region in two FY

Table 21: Workplace Accident by Major Sector

Major Sector	Fatal		Injury		Grand Total	
	N	%	N	%	N	%
Agriculture, Livestock, Forestry and Fishing	0	0%	0	0%	0	0%
Construction	5	62.5%	4	25%	9	37.5%
Electricity and Water Supply	1	12.5%	0	0%	1	4.16%
Entertainment	0	0%	0	0%	0	0%
Finance, Insurance and Real Estate	0	0%	0	0%	0	0%
Health and education	1	12.5%	0	0%	1	4.2%
Hotels and Restaurants	0	0%	0	0%	0	0%
Manufacturing	1	12.5%	11	68.75%	12	50%
Mining and Quarrying	0	0%	0	0%	0	0%
Public Administration	0	0%	0	0%	0	0%
Services	0	0%	1	6.25%	1	4.2%
Transport, Storage and Communications	0	0%	0	0%	0	0%
Wholesale and Retail Trade	0	0%	0	0%	0	0%
Grand Total	8	100%	16	100%	24	100%

*N: Number

Table 22: Workplace accident by Major Cause

Major Cause	Fatal	Injury	Grand Total
Contact with electricity or electrical discharge	4	0	4
Contact with/by moving machinery	1	11	12
Falls from height	3	2	5
Slips and trips	0	1	1
Struck by moving (and flying / falling) object	0	2	2
Grand Total	8	16	24

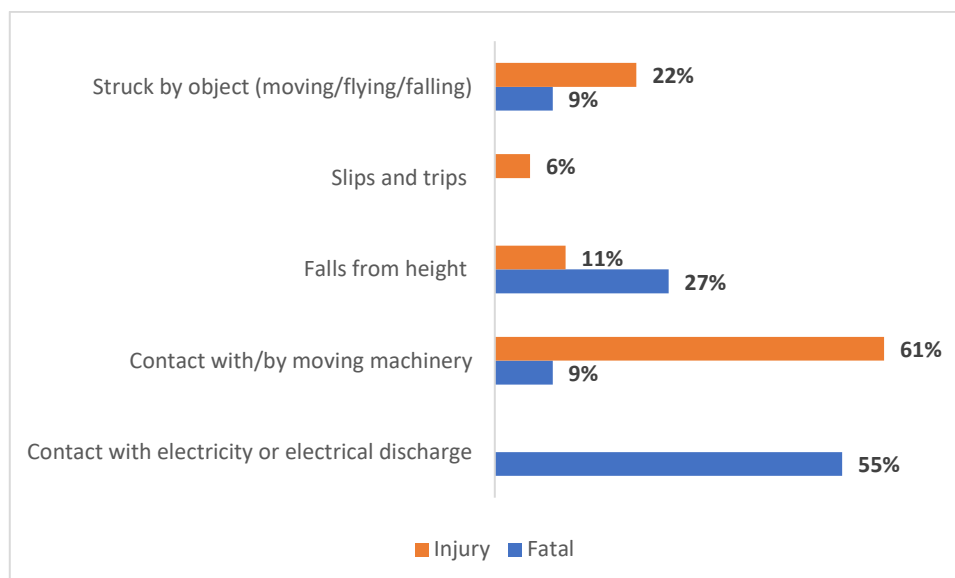


Figure 5 – Workplace accident by Major Cause

Table 23: Number of Workplace accident by Major Sector in two FY

Major Sector	2020-2021			2021-2022		
	Fatal	Injury	Total	Fatal	Injury	Total
Agriculture, Livestock, Forestry and Fishing	0	0	0	0	0	0
Construction	14	1	15	5	4	9
Electricity and Water Supply	1	1	2	1	0	1
Entertainment	0	0	0	0	0	0
Finance, Insurance and Real Estate	0	0	0	0	0	0
Health and education	0	0	0	1	0	1
Hotels and Restaurants	0	0	0	0	0	0
Manufacturing	1	4	5	1	11	12
Mining and Quarrying	1	0	1	0	0	0
Public Administration	0	0	0	0	0	0
Services	0	1	1	0	1	1
Transport, Storage and Communications	0	0	0	0	0	0
Wholesale and Retail Trade	0	0	0	0	0	0
Grand Total	17	7	24	8	16	24

Table 24: Types of Injury by Region

Region	First Aid treatment ⁴	Temporary Partial Disability ⁵	Total Permanent Disabilities ⁶	Grand Total
Gelephu	3	0	0	3
Phuentsholing	3	0	0	3
Samdrup Jongkhar	8	0	0	8
Thimphu	0	2	0	4
Trashigang	0	0	0	0
Grand Total	14	2	0	16

⁴ First aid treatment means an emergency care or treatment given to an ill or injured person before regular medical aid can be obtained.

⁵ Temporary Partial Disability means a condition where an injured employee's capacity is impaired for a time, but he or she is able to continue working at reduced efficient or temporarily cannot perform his or her normal task, but is expected to fully recover.

⁶ Total Permanent Disabilities – due to injury caused by work accident or occupational diseases, an employee is unable to work in his or her occupation for which he or she is suited by training, education or experiences and will be unable to perform any task throughout his or her lifetime or he or she will not recover or that in all possibility will continue indefinitely, e.g. loss of both eyes, arms or legs.

Table 25: Types of Injury by Major Sector

Major Sector	First Aid treatment	Temporary Partial Disability	Total Permanent Disabilities	Grand Total
Construction	4	1	0	5
Manufacturing	10	1	0	11
Grand Total	14	2	0	16

Note: The injuries were occurred in above two Major Sectors only.

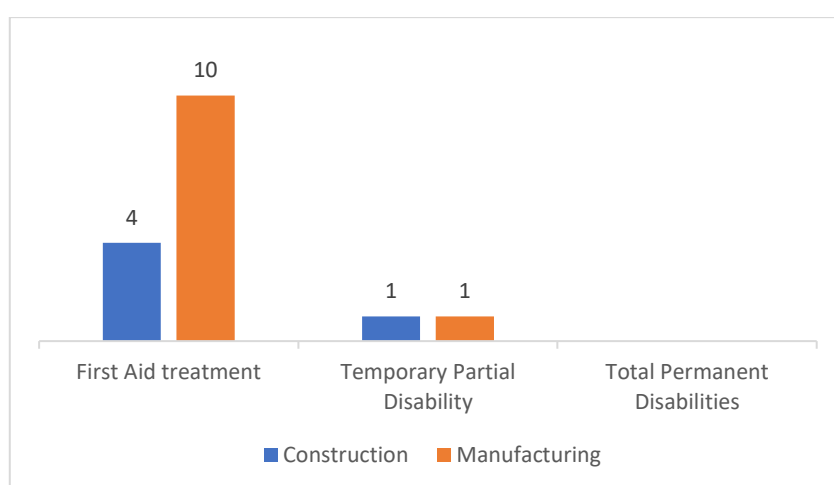


Figure 6 - Types of Injury by Major Sector

Workers Compensation

Table 266: Sector-wise number of Enterprises with amount of compensation paid

Major Sector	Number	Compensation amount
Agriculture, Livestock, Forestry and Fishing	0	0
Construction	8	1,518,000
Electricity and Water Supply	1	0
Entertainment	0	0
Finance, Insurance and Real Estate	0	0
Health and education	1	0
Hotels and Restaurants	0	0
Manufacturing	0	0
Mining and Quarrying	0	0
Public Administration	0	0
Services	2	174,900
Transport, Storage and Communications	0	0
Wholesale and Retail Trade	0	0
Grand Total	12	1,692,900

CHAPTER 3

Labour Relation

Labour Dispute

A total of 428 Labour Disputes were registered with the Department of Labour and the Regional Offices in the fiscal year 2021-2022. Among the disputes registered, Construction Industry had highest with 65.65%, followed by 9.35% from Service Industry and 7.71% from Electricity and Water Supply Sector. Region wise, Thimphu (338) had highest number of dispute cases registered followed by Phuentsholing (37).

Majority of the disputes registered were due to non-payment of wages by the employers (77.62%) followed by Non-payment of advance taken (5.59%).

Of the total 428 Labour disputes registered, 62.85% were successfully resolved by the Department and Regional offices and 27.10% to Royal Court of Justice.

Table 27: Number of Labour Dispute handled by Region

Region	2020-2021	2021-2022
Gelephu	30	20
Phuentsholing	13	37
Samdrup Jongkhar	7	9
Trashigang	8	24
Thimphu	282	338
Grand Total	340	428

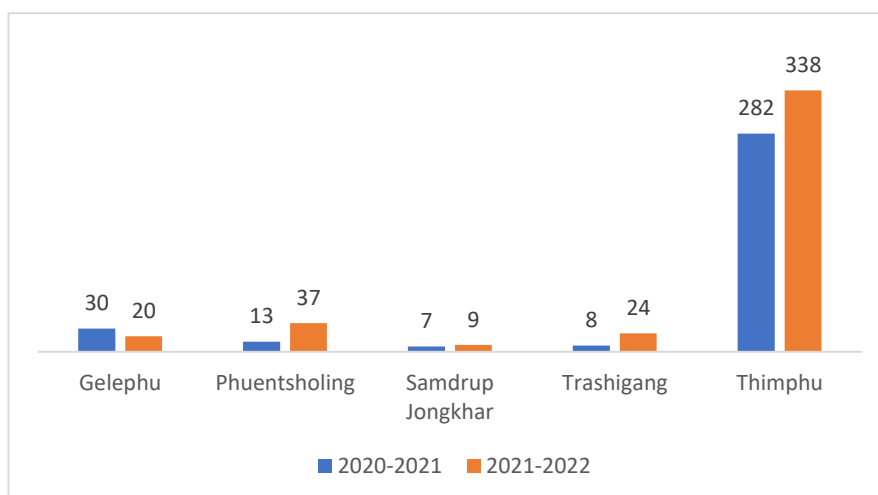


Figure 7: Number of Labour Dispute handled in two FY by Region

Table 28: Number of Labour Dispute handled by Major Sector

Major Sector	N	%
Agriculture/Livestock/Forestry/Fishing	1	0.23%
Construction	281	65.65%
Electricity and Water Supply	33	7.71%
Finance, Insurance, and Real State	2	0.47%
Health and Education	1	0.23%
Hotels and Restaurants	18	4.21%
Manufacturing	32	7.48%
Mining and Quarry	7	1.64%
Services	40	9.35%
Transport, Storage and Communications	7	1.64%
Wholesale and Retail Trade	6	1.40%
Grand Total	428	100%

Table 29: Number of Labour Dispute by Nature

Nature of Dispute	N	%
Absconded after taking advance	6	1.40%
Breach of agreement	23	5.36%
Harassment at workplace	2	0.47%
Non-payment of advance taken	24	5.59%
Non-payment of Benefits such as PF, GIS, allowance, and Gratuity	18	4.20%
Non-payment of wage	333	77.62%
Non-payment of worker's compensation	8	1.86%
Termination of contract without serving notice	10	2.33%
Others - bondage	5	1.17%
Grand Total	428	100%

Table 30: Number of Labour Dispute handled by region and status

Status	I	II	III	IV	V	Grand Total	
						N	%
Forwarded to Court	3	10	0	4	99	116	27.10%
Forwarded to HQ	0	1	0	1	0	2	0.47%
Forwarded to Regional Office	0	0	0	1	4	5	1.17%
Under Review	0	0	9	2	14	25	5.84%
Resolved	16	26	0	14	213	269	62.85%
Withdrawn	1	0	0	2	8	11	2.57%
Grand Total	20	37	9	24	338	428	100.00%

Note: I – Gelephu, II Phuentsholing, III- Samdrup Jongkhar, IV- Trashigang, V- Thimphu

Internal Service Rules (ISR)

In the Fiscal Year 2021-2022, a total of 266 Internal Service Rules were received by the Department of Labour and the Regional Offices, of which 209 were reviewed and endorsed by the CLA and 40 ISR are still under review. Sector wise, 121 ISRs were submitted from the Service Industry, followed by 47 from the Manufacturing Sector. Thimphu alone received 173 ISR, of which 129 were endorsed, followed by Samdrup Jongkhar where 64 ISR were received and 64 were endorsed.

Table 31: Number of ISR received, endorsed, Amendment and under process by Region

Region	Amendments	Endorsed	Under process/ review	Grand Total
Gelephu	1	11	3	15
Phuentsholing	4	2	2	8
Samdrup Jongkhar	0	0	0	0
Trashigang	0	3	0	3
Thimphu	9	129	35	173
Grand Total	14	145	40	199

Table 32: ISR received, amended, endorsed and under process by Major Sector

Major Sector	Endorsed	Under process or review	Grand Total
Agriculture/Livestock/Forestry/Fishing	0	0	0
Construction	8	1	9
Electricity and Water Supply	1	0	1
Entertainment	2	0	2
Finance/ Insurance/ Real Estate	2	0	2
Health and Education	5	1	12
Hotels and Restaurants	12	3	19
Manufacturing	21	8	47
Mining and Quarry	1	0	1
Services	83	15	121
Transport, Storage and Communications	0	0	0
Wholesale and Retail Trade	24	12	36
Grand Total	159	40	199

Table 33: ISR in two FY by region and status

Region	2020-2021				2021-2022			
	Amendments	Endorsed	Under process/ review	Grand Total	Amendments	Endorsed	Under process/ review	Grand Total
Gelephu	1	6	0	7	1	11	3	15
Phuentsholing	2	6	2	10	4	2	2	8
Samdrup Jongkhar	1	1	0	2	0	0	0	0
Trashigang	0	3	0	3	0	3	0	3
Thimphu	14	52	17	83	9	129	35	173
Grand Total	18	68	19	105	17	145	40	199

Table 34: Number of ISR received, endorsed, Amendment and under process by Dzongkhag

Dzongkhag	Endorsed	Under process/ review	Grand Total
Bumthang	0	1	1
Chhukha	6	1	7
Haa	0	1	1
Mongar	1	0	1
Paro	32	8	40
Pemagatshel	0	0	0
Punakha	5	2	7
Samdrup Jongkhar	0	0	0
Samtse	0	2	2
Sarpang	12	0	12
Thimphu	71	23	94
Trashigang	1	0	1
Trashiyangtshi	1	0	1
Trongsa	0	1	1
Wangdue	30	1	31
Grand Total	159	40	199

CHAPTER 4

Foreign Workers

Foreign workers

A total of 18688 foreign workers were issued work permits as of June 2021. Majority of foreign workers were approved for craft and related trade occupations. By nationality, Indian workers represent the majority compared to other nationalities. Thimphu Dzongkhag had the highest number of foreign workers compared to other Dzongkhags.

Table 35: Number of Foreign workers by Sector

Sl. No.	Sector	Foreign Workers	
		N	%
1	Construction	26065	72.05%
2	Hydropower	5740	15.87%
3	Manufacturing	2889	7.99%
4	Services	1070	2.96%
5	Transport, Storage and Communication	84	0.23%
6	Wholesale and Retail Trade	80	0.22%
7	Hotels and Restaurants	79	0.22%
8	Health and Education	73	0.20%
9	Mining and Quarry	43	0.12%
10	Electricity and Water Supply	27	0.07%
11	Finance, Insurance and Real Estate	20	0.06%
12	Public Administration	4	0.01%
13	Agriculture, Livestock, Forestry and Fishing	4	0.01%
Grand Total		36178	100.00%

Table 36: Number of Foreign workers by Types of worker

Sl. No	Type of worker	N	%
1	Skilled	32557	89.99%
2	Unskilled	2965	8.20%
3	Professional	656	1.81%
Grand Total		36178	100.00%

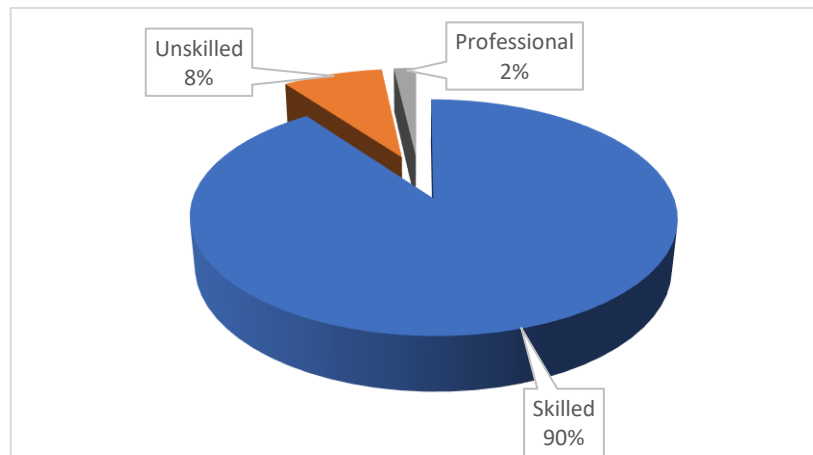


Figure 8: Number of Foreign workers by Types of worker

Table 37: Number of Foreign workers by Job Category (Top 25)

Sl. No.	Job Category	N	% (from total)
1	Mason	15848	43.81%
2	Carpenter	4375	12.09%
3	Rod Binder	4293	11.87%
4	Welder	1425	3.94%
5	Tile Layers	1302	3.60%
6	Belter	1204	3.33%
7	Rigger	776	2.14%
8	Fitter	496	1.37%
9	Technician	492	1.36%
10	Driller	410	1.13%
11	Fabricator	329	0.91%
12	Motor Vehicle Mechanic	256	0.71%
13	Plant Operator	109	0.30%
14	Electrician	103	0.28%
15	Supervisor	102	0.28%
16	Foreman	91	0.25%
17	Heavy Vehicle Driver	82	0.23%
18	Spray Painter	62	0.17%
19	Backhoe Operator	54	0.15%
20	Auto Electrician	49	0.14%
21	Mechanic	49	0.14%
22	Assembly Worker	44	0.12%
23	Metal Molder	32	0.09%
24	Plumber	31	0.09%
25	Cook	29	0.08%
Total		32043	88.57%

Table 38: Number of Foreign workers by Dzongkhag

Sl. No.	Dzongkhag	N	%
1	Thimphu	8484	23.45%
2	Wangdue Phodrang	5485	15.16%
3	Chhukha	5429	15.01%
4	Sarpang	3471	9.59%
5	Samdrup Jongkhar	2916	8.06%
6	Paro	2188	6.05%
7	Trongsa	2150	5.94%
8	Samtse	1985	5.49%
9	Mongar	952	2.63%
10	Trashiyangtse	509	1.41%
11	Pema Gatshel	423	1.17%
12	Punakha	414	1.14%
13	Trashigang	412	1.14%
14	Haa	394	1.09%
15	Dagana	242	0.67%
16	Lhuentse	222	0.61%
17	Tsirang	167	0.46%
18	Zhemgang	128	0.35%
19	Bumthang	117	0.32%
20	Gasa	90	0.25%
Grand Total		36178	100.00%

Table 39: Number of Foreign workers by Country of Origin

Sl. No	Country of Origin	N	%
1	India	35889	99.20%
2	Japan	58	0.16%
3	Nepal	39	0.11%
4	Thailand	34	0.09%
5	Bangladesh	18	0.05%
6	United States of America	17	0.05%
7	Sri Lanka	14	0.04%
8	Germany	12	0.03%
9	Armenia	12	0.03%
10	Singapore	9	0.02%
11	Switzerland	8	0.02%
12	China	8	0.02%
13	Myanmar	8	0.02%
14	South Korea	7	0.02%
15	Philippines	7	0.02%
16	United Kingdom	5	0.01%
17	Australia	5	0.01%
18	Czech Republic	3	0.01%
19	Kazakhstan	3	0.01%

Sl. No	Country of Origin	N	%
20	Russia	2	0.01%
21	Canada	2	0.01%
22	Israel	2	0.01%
23	Austria	2	0.01%
24	Indonesia	2	0.01%
25	Guatemala	1	0.00%
26	Finland	1	0.00%
27	South Africa	1	0.00%
28	Belgium	1	0.00%
29	Spain	1	0.00%
30	Malaysia	1	0.00%
31	Greece	1	0.00%
32	Estonia	1	0.00%
33	Iran	1	0.00%
34	Portugal	1	0.00%
35	Netherlands	1	0.00%
36	Ivory Coast	1	0.00%
Grand Total		36178	100.00%

Table 40: Number of Foreign workers by Employer (Top 20)

Sl. No.	Employer	N	%
1	Gyalsung	5163	14.27%
2	Jaiprakash Asosociates Limited	2915	8.06%
3	Hindustan Construction Company Limited	2131	5.89%
4	Afcons Infrastructure Limited	735	2.03%
5	DANTAK	518	1.43%
6	SD Eastern Bhutan Ferro Silicon Private Limited	428	1.18%
7	Chhimi R.D Construction Pvt Ltd	398	1.10%
8	Rigsar Construction Pvt. Ltd	380	1.05%
9	The Royal Academy Project	363	1.00%
10	J.M Builders Pvt. Ltd	352	0.97%
11	Construction Development Corporation Limited	330	0.91%
12	Lhaki Steel and Rolling Pvt Ltd	290	0.80%
13	wangthang const private Ltd	266	0.74%
14	Penjor Construction	239	0.66%
15	Druk Green Power Corporation Limited	231	0.64%
16	NTT Construction	213	0.59%
17	vajra builder Pvt Ltd	204	0.56%
18	Yangchhak Ferro Alloys Private Limited	193	0.53%
19	Noryang Pvt Ltd	193	0.53%
20	Passang Construction	193	0.53%
Grand Total		15735	43.49%

CHAPTER 5 Awareness, Training Program and other activities

Awareness and Training Program

The Department of Labour and Regional offices provided awareness program on Labour and Employment Act 2007 to 1419 participants, and awareness on OHS for 1146 participants. A total of 382 participants were trained on OHS.

Table 41: Types of Program Conducted with number of participants in two FY

Types of Program	No. of Participants	
	2020-2021	2021-2022
Awareness on LEA 2007	566	1419
Awareness on OHS	569	1146
Training on OHS	10	382
Grand Total	1145	2947

Table 42: Types of Program conducted by region

Region	Awareness on LEA 2007	Awareness on OHS	Training on OHS	Grand Total
Gelephu	6	6	0	12
Phuentsholing	0	0	0	0
Samdrup Jongkhar	1	0	0	1
Thimphu	19	19	15	53
Trashigang	1	2	0	3
Grand Total	27	27	15	69

Table 43: Number of Participant attended the programs by Region

Region	Awareness on LEA 2007	Awareness on OHS	Training on OHS	Grand Total
Gelephu	450	432	0	882
Phuentsholing	0	0	0	0
Samdrup Jongkhar	300	0	0	300
Thimphu	582	582	382	1546
Trashigang	87	132	0	219
Grand Total	1419	1146	382	2947

Table 44: Number of types of Program conducted by Major Sector

Major Sector	Awareness on LEA 2007	Awareness on OHS	Training on OHS	Grand Total
Agriculture/Livestock/ Forestry/ Fishing	1	0	0	1
All Sector	7	6	0	13
Construction	17	17	13	47
Electricity and Water Supply	0	0	0	0
Entertainment	0	0	0	0
Finance/ Insurance/ Real Estate	0	0	0	0
Health and Education	0	2	0	2
Hotels and Restaurants	0	0	0	0
Manufacturing	0	0	0	0
Mining and Quarry	2	2	2	6
Public Administration	0	0	0	0
Services	0	0	0	0
Transport, Storage and Communications	0	0	0	0
Wholesale and Retail Trade	0	0	0	0
Grand Total	27	27	15	69

Table 45: Number of Participant attended the programs by Major Sector

Major Sector	Awareness on LEA 2007	Awareness on OHS	Training on OHS	Grand Total
Agriculture/ Livestock/ Forestry/ Fishing	87	0	0	87
All Sector	750	564	0	1314
Construction	542	542	342	1426
Electricity and Water Supply	0	0	0	0
Entertainment	0	0	0	0
Finance/ Insurance/ Real Estate	0	0	0	0
Health and Education	0	0	0	0
Hotels and Restaurants	0	0	0	0
Manufacturing	0	0	0	0
Mining and Quarry	40	40	40	120
Public Administration	0	0	0	0
Services	0	0	0	0
Transport, Storage and Communications	0	0	0	0
Wholesale and Retail Trade	0	0	0	0
Grand Total	1419	1146	382	2947

Table 46: Types of program by Dzongkhag

Dzongkhag	Awareness on LEA 2007	Awareness on OHS	Training on OHS	Grand Total
Bumthang	0	0	0	0
Chhukha	0	0	0	0
Dagana	1	1	0	2
Haa	0	0	0	0
Lhuentse	0	0	0	0
Mongar	0	1	0	1
Paro	0	0	0	0
Pemagatshel	0	0	0	0
Punakha	0	0	0	0
Samdrup Jongkhar	1	0	0	1
Samtse	0	0	0	0
Sarpang	3	3	0	6
Thimphu	19	19	15	53
Trashigang	1	1	0	2
Trongsa	1	1	0	2
Tsirang	1	1	0	2
Wangdue Phodrang	0	0	0	0
Grand Total	27	27	15	69

Table 47: Consultative meeting held with FWRA on foreign workers' Policies and Procedures

Region	Number	Percentage
Gelephu	1	25.00%
Phuentsholing	0	0.00%
Samdrup Jongkhar	3	75.00%
Thimphu	0	0.00%
Trashigang	0	0.00%
Grand Total	4	100%

Inhibiting Factors

The Department experienced the following inhibiting factors, which if addressed adequately, more can be achieved:

- Lack of competent and trained professionals to carry out inspections on occupational health and safety. The Department is also not equipped with Work Environment Exposure monitoring equipment.
- Lack of competent and trained professional to conduct training and provide technical support for implementation and enforcement of OHS standards.
- The Labour Relation Division have seen an increase in the number of Labour Dispute registered with the Department however, there is shortage of human resources. The situation is further aggravated due to lack of competent person or without any legal background.

Classification of economic sectors

The economic sector is classified into 13 categories as follows:

1. Agriculture, Livestock, Forestry and Fishing
2. Construction
3. Electricity and Water Supply
4. Entertainment
5. Finance, Insurance and Real Estate
6. Health and education
7. Hotels and Restaurants
8. Manufacturing
9. Mining and Quarrying
10. Public Administration
11. Services
12. Transport, Storage and Communications
13. Wholesale and Retail Trade

Other Achievements

Regulation on Working Conditions and two Regulations on Occupational Health and Safety revised and published.

The Regulations on Working Conditions, 2012 and the Regulations on Occupational Health, Safety and Welfare, 2012 were both reviewed, revised and published. The purpose of the revision was to review and revise it to make it more implementable in the context of our own country and also to resolve issues with some of the earlier provisions, which were noted during the actual implementation of the earlier Regulation during inspection, reviewing the Internal Service Rules and during dispute mediation. The revision was done with consultation with relevant stakeholders.

The Regulation on Occupational Health, Safety and Welfare, 2022 was reviewed, revised and printed with financial assistance from the Helvetas Project

LabourNet Revamped

The Department of Labour instituted an online system for recruitment of foreign workers into the country in 2004 called the LabourNet System (LNS). To capture the change in the process of application for recruitment of foreign workers brought about by the COVID-19, the Department of Labour started the enhancement, which is now known as the Foreign Workers Management System (FWMS). The development of FWMS is based on an agile process and follows three principles: a dynamic, adaptive, and evolutionary approach. The process flow has changed to include functions such as the ability to check the entitlement of foreign workers online on the application form before submitting the application, thus making the process transparent and efficient. The employer need not upload the documents in other systems as the FWMS is now linked with those relevant agencies such as, Department of Immigration, MoHCA, Construction Development Board (CDB) and Ministry of Economic Affairs. This will reduce the duplication of

document submission which has been a source of frustration for most clients. They will also have access to the system to verify the application.

The important features of the FWMS are as follows:

Data symmetry: The DoI and DoL shall be using the same system, thereby producing consistent and reliable real time data on foreign workers by Dzongkhags, sectors, occupation, and locations.

Transparency: Processing applications for foreign workers recruitment often lead to face-to-face interaction between service providers and clients thus, increasing bureaucratic discretion and opportunity for influence, extortion, bribery and solicitation (corruption). With the new system, all the processes will be completed online.

Audit Trail: The system will ensure accountability on the approving officers by keeping track of the applications approved.

Import of Foreign Workers aligned with Labour Market Demand: The system will be linked with the Employment System, TVET MIS, and Labour Administration System to check the local demand and supply for various sectors to assess the need of workers. The FWMS will also support the enforcement of the Regulation on Working Conditions and the OHS Regulations to include the foreign workers thereby uplifting the safety standards and image of them while in the country. The revamp of the FWMS is done with financial assistance from ADB Project.

Labour Administration System (LAS)

Guided by the labour administration policy and the Labour and Employment Act 2007 with financial assistance from the Asian Development Bank, the Department developed the Labour Administration System for effective implementation of the Act and its Regulations. It was formerly launched on 28th May, 2022. The LAS is to be used for effective inspection work and will generate reliable data on all the enterprises inspected for policy intervention and decision making at national level as well as at sector/firm level.

Uniform for Labour Officers

The Field Uniform for Labour Officers was officially launched on 18th April, 2022 by the Director, Department of Labour. The Field Uniform was officially approved by the Department of Law and Order, Ministry of Home and Cultural Affairs. The Field Uniform is designed to communicate the importance of having field uniform in the workplaces and to promote safe working environment. Over the years, the inspectors have faced lots of inconveniences while inspecting dangerous machines with moving and revolving parts, steep and narrow roof edges and structural beams. It is evident that most of the industries in our country, especially in the construction, manufacturing and mining sectors involve hazardous working environment and pose risk to the inspectors. With field uniform, the inspectors now can conduct inspections and assessment on time and safely.

The Field Uniform is to be worn by all Labour Officers of the Department and the Regional Offices, Ministry of Labour and Human Resources and any person authorized by the Department of Labour to conduct workplace inspection.

Safety Gears for Labour Officers

Safety gears like safety shoes and helmets for the staffs of the Department and the Regional Offices were also procured with financial assistance from the Helvetas Project. The Personal Protective Equipments were issued to the staffs of the Department and the Regional Offices to protect themselves while going for inspection to hazardous and risky workplaces and also present themselves as professional and exemplary figure in terms of Occupational Health and Safety.