



Compliance norms are statutory mandated rules and regulations which a corporate is necessitated to follow. Labour law compliance in India must be done in accordance with the laws of the land. The Indian government has recently implemented measures to make compliance for start-ups easier in the country. One of these measures include allowing exemptions from certain labour laws for a period of up to 3 years for start-ups that meet a certain criterion. The intention is to help start-ups focus on growth and development, rather than being bogged down by compliance requirements. However, it is important to note that start-ups will still be required to comply with the certain core labour laws, such as those related to minimum wages and safety in the workplace.

Compliances for Tech Startups in India

Labour Law compliance in India is subject to adherence of certain key laws. Mandatory compliance obligations in labour law for Indian tech start-ups include:

- The Minimum Wages Act, 1948: This act sets minimum wage standards based on the different types of work and different regions of the country. Employers are required to pay their employees the minimum wage set by the government.
- The Payment of Wages Act, 1936: This law requires employers to pay wages to employees on a regular basis and prohibits the withholding of wages for any reason.
- The Maternity Benefit Act, 1961: This law provides for paid maternity leave to female employees who are pregnant or have recently given birth.
- The Payment of Bonus Act, 1965: This law requires employers to pay a bonus to employees based on their salary and the company's profits.
- The Child Labour (Prohibition and Regulation) Act, 1986: This law prohibits

the employment of children under the age of 14 in certain types of work and regulates the working conditions of children between the ages of 14 and 18.

- The Occupational Safety, Health and Working Conditions Code, 2020: This law lays down provisions for the safety, health and welfare of workers in an establishment.

The Workmen's Compensation Act, 1923, the Equal Remuneration Act, 1976, the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979 are other such important laws.

These laws cover a wide range of issues, including minimum wages, working hours, overtime pay, social security benefits, and safety in the workplace. Failure to comply with these laws may result in penalties, fines, and even criminal charges. Therefore, it is important for companies to be aware of their obligations and to take steps to ensure compliance with all the labour laws.

For compliance for start-ups in India, the government has provided exemptions from certain labour laws for a period of up to 3 years, provided that the start-ups meet certain criteria. The specific laws that are exempt for tech start-ups include:

1. The Industrial Employment (Standing Orders) Act, 1946
2. The Industrial Disputes Act, 1947
3. The Trade Unions Act, 1926
4. The Factories Act, 1948
5. The Apprentices Act, 1961
6. The Professional Tax (PT)
7. The Contract Labour (Regulation and Abolition) Act, 1970
8. The Employee's State Insurance Act, 1948
9. The Employees' Provident Fund and Miscellaneous Provisions Act, 1952

It is important to note that these exemptions are only provided to start-ups that are registered with the government and that meet a certain criterion, such as being a new company that is less than 5 years old and having a turnover of less than INR 100 crore.

Labour law compliance in India for tech start-ups still needs to meet compliance obligations, even if they are eligible for certain exemptions. It is important for companies to be aware of their compliance obligations and to take steps to ensure legal compliance with all relevant labour laws.

These obligations include:

- Keeping accurate and up-to-date records of employee information: This includes information such as personal details, job titles, salary, and working hours.
- Complying with laws related to working hours and overtime: This includes laws that set limits on the number of working hours per week, as well as laws that require employers to pay overtime rates for hours worked beyond the standard working hours mentioned in states Shops and Establishments Act,
- Providing a safe and healthy working environment: This includes complying with laws related to workplace safety and health, as well as providing appropriate equipment and training to employees.
- Complying with laws related to social security benefits: This includes laws that require employers to contribute to provident funds, pension funds, and other social security schemes for their employees.
- Complying with laws related to termination and layoffs: This includes laws that set out the conditions under which an employer can terminate an

employee's contract, as well as laws that require employers to provide certain notice periods and compensation in the event of layoffs.

- Complying with laws related to discrimination and harassment: This includes laws that prohibit discrimination based on factors such as gender, race, religion, and age, as well as laws that prohibit sexual harassment and other forms of harassment in the workplace as per POSH[1].
- Complying with laws related to the rights of workers: This includes laws that protect workers' rights to form and join trade unions, as well as laws that protect workers' rights to fair wages, safe working conditions and other benefits as per Equal Remuneration Act, 1976.

Conclusion

Labour law compliance is an important aspect for tech start-ups in India as it helps to ensure that the employers are adhering to the legal obligations and providing a safe and healthy working environment for their employees. It is important for start-ups to be aware of these legal requirements and to take necessary steps to ensure compliance with the law. The team at KSK provides expert legal advice to navigate the legal landscape and provides assistance in navigating through the compliance framework for startups in India.

FAQs

Why should start-ups have a compliance checklist?

A compliance checklist is important for start-ups as it helps them be aware of their legal obligations pertaining to the labour laws. It also helps them to stay organized, avoid penalties and fines, improve employee relations, avoid legal disputes, maintain a good reputation, efficiently track compliance, and identify areas of risk.

What are the legal requirements for a start-up in India?

The legal requirements for a start-up in India can vary depending on the type of business and the industry in which it operates. However, some of the key legal requirements for start-ups in India include:

1. Company registration
2. Intellectual Property (IP) protection.
3. Compliance with Labour laws.
4. Taxation
5. Compliance with sector-specific regulations: Start-ups operating in certain sectors such as e-commerce, healthcare, and food and beverage may be subject to additional regulations and requirements.
6. Environmental and health & safety compliance
7. Data privacy and protection

Why is it important for business start-ups to comply with legal requirements?

Compliance with legal requirements is important for start-ups to avoid penalties and fines, protect the business, maintain good employee relations, maintain a good reputation, attract investors and customers, create a level playing field, and protect customer data.

[1] <https://legislative.gov.in/sites/default/files/A2013-14.pdf>