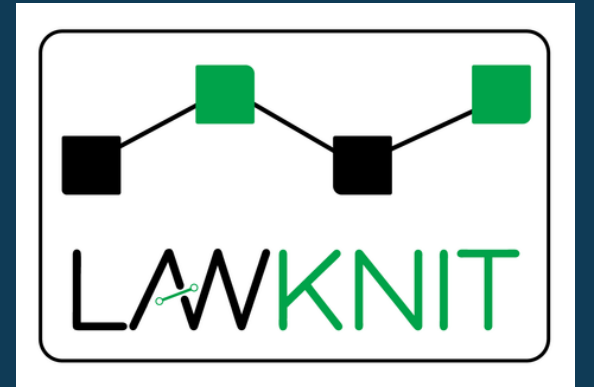


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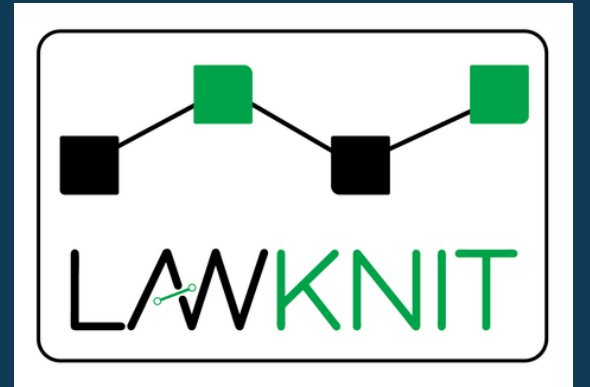
LAWKNIT ANALYSIS

Karnataka Govt. exempts
certain IT| ITES| Knowledge
Companies on Employment
Matters

SWIPE



02/06



INTRODUCTION

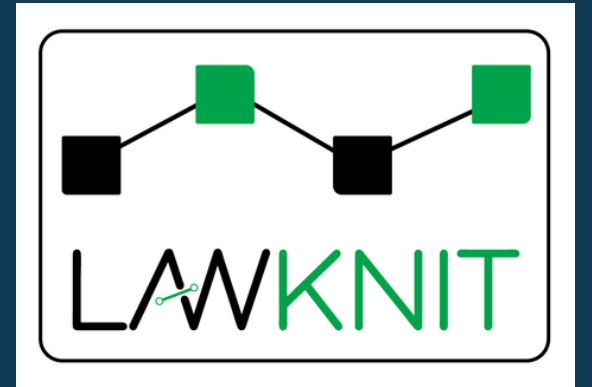
- The Karnataka Government has provided exemption for 5 years to certain IT| ITES | Knowledge companies from applicability of Industrial Employment (Standing Order) Act (“**Standing Orders**”).
- The exemptions are subject to certain Mandatory Conditions.
- The Companies needs to analyze the requirements and conditions to avail such exemptions.

WHAT ARE STANDING ORDERS?

The Standing Orders refer to a set of rules that determine and govern the overall working structure of the workers in the industries to which it applies. It may involve but not limited to determining the working hours, wage rate, attendance, etc.

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03/06

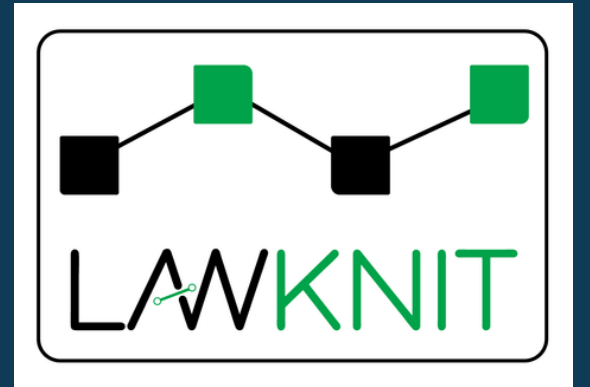


STANDING ORDERS & START-UPS

- The Standing Orders are applicable on such industries which falls under the definition of 'Industrial Establishment' or has been added through any specific notification.
- The Standing Orders is applicable to industrial establishments employing 100 or more employees. However, in Karnataka, through an amendment in 1975, the establishment shall be employing fifty (50) or more employees or had 50 or more employees in the preceding 12 months for its application. Startup industry is the only industry where the exemption from the Standing Orders will be applicable despite having more than 50 employees. However, such startup enterprises shall be recognized by the Department for Promotion of Industry and Internal Trade (DPIIT).

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04/06

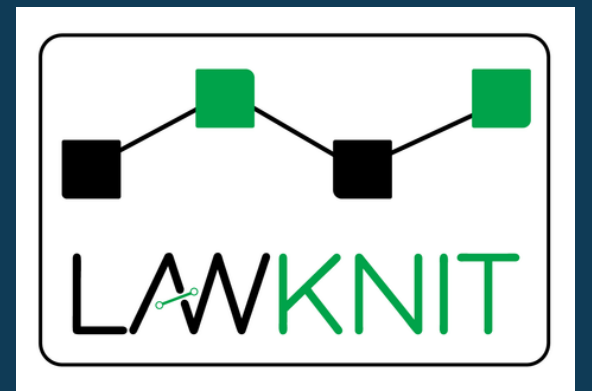


STANDING ORDERS EXEMPTION BY THE KARNATAKA GOVERNMENT

- The Karnataka government in 2014, through a notification, decided to exempt several knowledge - based industries from the Standing Orders for a period of five (5) years [refer Notification No.: LD 53 LET 2013, Date: 25/01/2014, Government of Karnataka].
- The rationale behind such exemption was to foster the IT| ITES and other knowledge-based industries in the state.
- The exemption was extended in 2019 by 5 more years and again extended through a subsequent notification dated 10th June 2024 (**2024 Notification**), up to 2029.
- The exemptions are to be sought post following the mandatory conditions (**“Mandatory Conditions”**) as stated below:-
 - Formation of an internal committee for addressing sexual harassment concerns.
 - Formation of Grievance Redressal Committee (GRC) for addressing all types of employment concerns.
 - Informing about any disciplinary actions taken against an employee to the commissioner of labour and jurisdictional deputy commissioner. Such actions may include suspension, termination, dismissal, etc.
 - If any information is asked by such commissioner, then it shall be provided to them at the earliest.

SWIPE FOR MORE

05/06

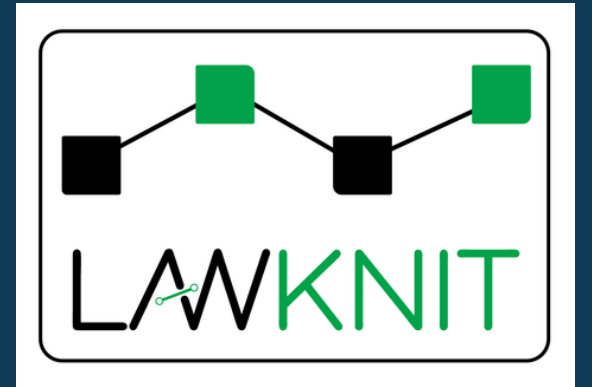


INDUSTRIES TO WHICH THE EXEMPTION APPLIES

- Information Technology
- Information Technology Enabled Services
- Start-ups
- Animation
- Gaming
- Computer Graphics
- Telecom
- Business Process Outsourcing (BPO)
- Knowledge Process Outsourcing (KPO)
- Other Knowledge Based Industries

SWIPE FOR MORE

06/06



LAWKNIT ANALYSIS

- The exemption of IT| ITES, gaming, start-ups, animation, computer graphics, telecom, business process outsourcing, knowledge process outsourcing and other knowledge-based industries stands extended till 2029 subject to Industrial Relations Code, 2020 coming into effect.
- Mandatory Conditions to be complied with along with creation of GRC with majority of employees as its members.
- The entity which has not been mentioned in the list can determine its applicability if it is classified under industrial establishment under Standing Orders and the nature of its products| services. For all the other industries, the Act remains applicable as before.

In case of any queries/clarifications, please feel free to reach out to Mr. Arunabh Choudhary at arunabh@lawknit.co; Mr. Amol Apte at amol.apte@lawknit.co; Ms. Tanvi Muraleedharan at tanvi.muraleedharan@lawknit.co; Ms. Renu Sirothiya at renu.sirothiya@lawknit.co

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COMMENT BELOW