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India

State of Karnataka's New I4 Policy (IT, ITeS, Innovation and Incentives Policy) Provides for Employment and Labor Law Incentives

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The State Government of Karnataka has introduced the Karnataka I4 Policy ("I4 Policy"),¹ to help strengthen the thriving information technology ("IT") and Information Technology Enabled Services ("ITeS") sector in the State of Karnataka, which includes the city of Bangalore, India's IT capital.

The I4 Policy provides for the allotment of land by the state government at prices lower than the ordinary market rate outside urban Bangalore and rural district limits for IT/ITeS, animation and knowledge-based industries, with the objective of generating employment.

The I4 Policy declares IT and ITeS industries as 'essential services' meaning that employees of such establishments will be prohibited from going on strike unless prior notice has been served within six weeks of the strike, in accordance with the provisions of the *Industrial Disputes Act, 1957* ("ID Act").

The I4 Policy exempts IT/ITeS companies from the *Karnataka Industrial Employment (Standing Orders) Rules, 1946* for a period of five years,² with effect from November 1, 2013, provided that the IT/ITeS companies incorporate terms within their employment contracts and/or HR policies for protection of female employees and prevention of sexual harassment at the workplace.

The I4 Policy provides for reimbursement to employers for provident fund and employees' state insurance contributions of up to INR 2,000 per employee per month for two years for all new roles created in tier 2/3 cities (as prescribed), provided that the employment is continuous for a period of two years.

The I4 Policy also proposes skill development programs for unemployed youth, with part of the cost of such training to be borne by the trainee.

¹Announced on October 22, 2013.

²http://www.americanbar.org/content/newsletter/groups/labor_law/int_newsletter/2013/nov2013/india10-13.html