

# NATIONAL LABOUR LAWS AND ORGANIZATIONAL COMPLIANCE

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## Abstract

This abstract provides an overview of the dynamics between national labour laws and organizational compliance, drawing on secondary data sources. In the contemporary landscape of employment, adherence to national labour laws is paramount for organizations seeking to maintain ethical and legal standards in their operations. This study delves into the intricate relationship between these laws and organizational compliance, analysing secondary data collected from legal databases, government reports, and scholarly articles. The research explores how organizations navigate the complex regulatory frameworks set by national labour laws, aiming to strike a balance between legal obligations and operational efficiency. Key themes include the impact of labour laws on workplace practices, the role of compliance mechanisms within organizations, and the evolving nature of regulatory landscapes. The findings contribute to a deeper understanding of the challenges and opportunities organizations face in aligning their policies with national labour laws, shedding light on the broader implications for the workforce, corporate governance, and societal well-being.

**Keywords:** National labour laws, Organizational compliance, Workplace practices, Regulatory frameworks etc.

## I. INTRODUCTION

Each nation has its own set of state and central labour laws that organizations need to conform to. Managing legal consistence expects organizations to be updated on all the work guidelines in their country. It is also required for organizations to adhere to them. Non-compliance with these guidelines can cause an organization a great deal of legal trouble like punishments and fines. That is the reason each organization invests a huge amount of money, effort and time to meet consistence necessities from professional duty to minimum wages act. To help in this, the organization looks for expert advice from labour law and taxation law experts. HR Compliance is the responsibility of the business to observe the working guidelines set out by business law. Further, this affects the systems, approaches just as documentation. Additionally, it infers that the employees should get all privileges in their business contract.

All business should stay with the business law, rules and regulations irrespective of where they are based. To achieve, this HR needs to follow a proactive way to deal with guarantee that the framework meets the entirety of its lawful commitments. Consistently, this implies being accountable for meeting all health and safety necessities. In addition, it additionally guarantees that staff gets their contractual and statutory workplace entitlements. In this includes the following fair recruitment policies, anticipating and tackling workplace discrimination and guaranteeing staff are paid what they are owed.

### **1.1 HR Compliance**

HR compliance is the advancement of methodology and approaches that ensure you carry out fair practices according to law and regulations.

The objective of a firm is to discover the compliance sweet spot, for example, where you adhere all laws and guidelines while also making sure your company's human resources objectives are met.

As labour laws develop, so does HR strategy. Therefore, the HR obligations also advance, making it hard for HR experts to keep up. That is the reason when HR leaders create HR approaches; there are a few things to always keep in mind:

### **1.2 Benefits of Human Resources Compliance**

A few advantages related with Human Resource review are listed below. A review helps part to remember HR department and others its commitment, making a more expert picture of the division between manager and specialist. The review explains the office's job and prompts more uniformity, particularly in the geologically dissipated and decentralized HR function of large organisations. Maybe generally significant, it discovers issues and ensures compliance with a variety of laws and strategic plans in an organization.

- Recognizes the commitment of Human Resource department to the organization.
- Improves the expert image of the Human Resource department.
- Empowers more responsibility and demonstrable skill among individual from the Human Resource department.
- Explains the HR department's responsibilities and duties.
- Stimulates uniformity of HR strategies and practices.
- Finds critical HR issues.
- Ensures timely compliance with legal requirements.
- Decreases human asset cost through more compelling Human Resource method.
- Makes expanded acknowledgment of required change in the Human Resource division.
- Requires exhaustive survey of Human Resource department's data framework.

### **1.3 Is it different for Organization?**

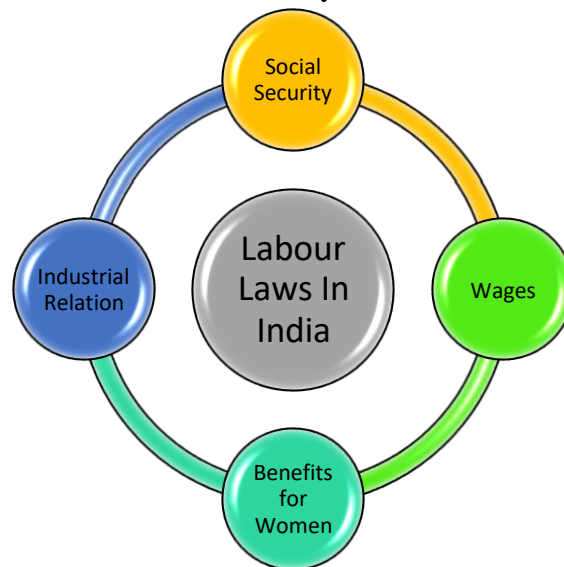
Statutory compliance for a partnership firm, private organization, LLP (Limited Liability Partnership), or any type of organization does not change. Each organization that recruits employees and pays salaries must comply with the labour laws.

- **Advantage of Statutory Compliance**

Ensuring fair treatment of employees is a fundamental aspect of responsible and ethical business practices. This involves guaranteeing that employees are compensated fairly for their work, adhering to the minimum wage standards set by regulations. By doing so, companies not only meet legal requirements but also demonstrate a commitment to valuing their workforce. Furthermore, organizations must prevent employees from enduring extended work periods or harsh conditions, fostering a healthy and sustainable work environment. Compliance with ideal payment schedules helps avoid punitive measures or fines, ensuring smooth operations and fostering positive employee relations. Additionally, proactive adherence to employment laws safeguards companies from facing unreasonable compensation or advantage requests from trade unions, maintaining a balanced and constructive dialogue with employee representatives. By prioritizing legal compliance, organizations mitigate the risk of legal troubles, ensuring that they operate within the boundaries of the law. This, in turn, enhances awareness about statutory obligations, minimizing the likelihood of adverse incidents and promoting a workplace culture that values fairness, employee well-being, and legal adherence.

#### Risk of Non – Compliance

- Penal actions and monetary losses to the organization.
- Loss of reputation and business honesty.
- Client faithfulness will be affected harshly.

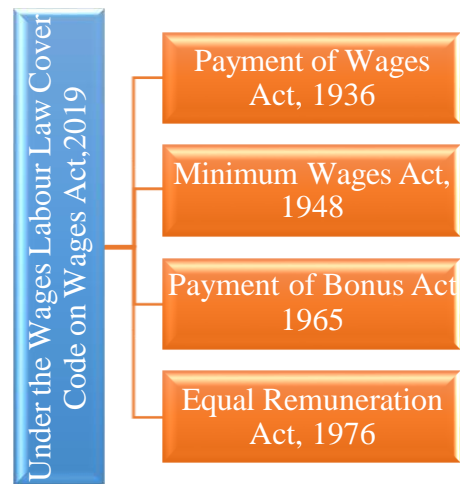


**Fig 1. Labour Laws in India**

#### 1.4 Wages

A wage is monetary compensation (or compensation, staff costs, work) paid by an employer to an employee in return for work done. From a more extensive perspective, compensation mean any economic premium paid by the employer under some agreement

to his employee for the services delivered by them.



**Fig 2. Wages Labour Law**

### 1.5 Minimum Wages Act, 1948

Minimum wages rates in India are fixed under the Minimum Wages Act, 1948 and is determined by both the Central Government and the Provincial governments. Minimum wages rates might be set up for any area, occupation, and sector and declared at the public, state, sectoral and occupational levels. The minimum wages are controlled by thinking about typical cost of living.

While fixing the minimum wages rate, it very well might be set for various work classes in same scheduled employment or set for different scheduled employment. It might likewise be fixed by hour, day, month or some other pay period.

Under the Minimum Wages Act, both the Central and State Governments may advise the scheduled employments and fix/re-examine the lowest pay permitted by law rates for these scheduled employments.

There are two strategies for fixing/re-examine minimum wages:

1. Under the board technique, the public authority sets up panels and subcommittees to hold requests and suggestions for fixing and changing minimum wages.
2. In the notification method, government proposals are published in the Official Gazette for people who are probably going to be affected and specifies a date (not less than two months from the time of the notification) where the proposals are taken for the consideration.

The government authority after the considering advice of councils and all the representations received by the specified date, fixes/re-examine the minimum pay permitted

by law of the concerned scheduled employment which comes into power following three months from the date of its issue.

### **1.6 Need for Statutory Compliance**

The complexity of doing business has expanded colossally and it has become extremely testing to be in a state of harmony with the operational part of each business. As discussed earlier, organization look for the assistance of statutory compliance experts whose principal centre is to be compliant with the always-changing regulatory environment. In addition, many companies also provide services on statutory compliance management, have a deeper understanding of the regulatory setting, and offer specific types of services to organizations. They streamline the cycle directly from the everyday upkeep of prescribed structures and registers to the recording alongside reports.

### **1.7 Fixing of minimum rates of wages**

(1) The appropriate Government shall, in the manner hereinafter provided, -

- (a) fix the minimum rates or wages payable to employees employed in an employment specified in Part I or Part II of the Schedule and in an employment added to either part by notification under section 27: Provided that the appropriate Government may, in respect of employees employed in an unemployment specified in Part II of the Schedule, instead of fixing minimum rates of wages under this clause for the whole State, fixing such rates for a part of the State or for any specified class or classes of such employment in the whole State or any part thereof];
- (b) review at such intervals as it may think fit, such intervals not exceeding five years, the minimum rates of wages so fixed and revise the minimum rates, if necessary: [Provided that, where for any reason the appropriate Government has not reviewed the minimum rates of wages fixed by it in respect of any scheduled employment within any interval of five years, nothing contained in this clause shall be deemed to prevent it from reviewing the minimum rates after the expiry of the said period of five years and revising them, if necessary, and until they are so revised the minimum rates in force immediately before the expiry of the said period of five years shall continue in force.]

Notwithstanding anything contained in sub-section (1), the appropriate Government may refrain from fixing minimum rates of wages in respect of any scheduled employment in which there are in the whole State less than one thousand employees engaged in such employment, but if at any time, the appropriate Government comes to a finding after such inquiry as it may make or cause to be made in this behalf that the number of employees in any scheduled employment in respect of which it has refrained from fixing minimum rates of wages has risen to one thousand or more, it shall fix minimum rates of wages payable to employees in such employment as soon as may be after such finding.

### **1.8 Minimum rate of wages. -**

(1) Any minimum rate of wages fixed or revised by the appropriate Government in respect of scheduled employments under sec. 3 may consist of-

- (i) A basic rate of wages and a special allowance at a rate to be adjusted, at such intervals and in such manner as the appropriate Government may direct, to accord as nearly as practicable with the variation in the cost of living index number applicable to such workers (hereinafter referred to as the “cost of living allowance”); or A basic rate of wages with or without the cost of living allowance and the cash value of the concessions in respect of supplies of essential commodities at concessional rates, where so authorized; or
  - (ii) An all-inclusive rate allowing for the basic rate, the cost of living allowance and the cash value of the concessions, if any.
- (2) The competent authority shall compute the cost of living allowance and the cash value of the concessions in respect of supplies of essential commodities at concessional rates at such intervals and in accordance with such directions as may be specified or given by the appropriate Government.

## II. LITERATURE REVIEW

**Elena Kiselyova et.al (2020)** indicates the necessity of adopting a Law of Ukraine on labor compliance, which would provide the definition of labor compliance, state the purpose of introducing compliance control in a business organization, main tasks and the principles of functioning, the structure and composition of a compliance service at an external and internal level, the rights and obligations of compliance professionals, guarantees of their activities and the responsibility attached to their position. Expediency of introducing a compliance control department in organizations, enterprises and institutions is emphasized, with such department controlling the subject at all levels, and also creating a position of a compliance specialist as a person acting in accordance with an established Compliance Program. Such measure will not only simplify the existence of organizations and enterprises, but will also significantly improve the quality of labor law.

**Mark Anner et.al (2017)** Since the early 1990s, a range of corporate monitoring and multi-stakeholder initiatives have sought to address the violation of workers’ rights by monitoring suppliers in global supply chain and attempting to remediate violations. However, their effectiveness in the area of freedom of association rights has been limited, particularly in labor-repressive regimes. This is because these initiatives have pursued inadequate strategies and lack either traditional forms of state power, notably the ability to sanction violators, or the leverage provided by activist campaigns. Recent social compliance program approaches, such as forming of worker-management committees, are largely of limited effectiveness in regimes in which workers face employer or state controlled unions. And most production in light industry supply chains such as apparel takes place in labor repressive regimes.

**Sunwook Chung et.al (2014)** I argue that there is increasing evidence that multiple stakeholders, such as labour intermediaries and independent workers, are involved in the regulation of labour standards in China, resulting in increasing compliance with labour laws. In addition, I argue that the differential interests of multiple stakeholders lead to a variation in compliance across different labour law provisions. I find support for these

arguments using original factory-level compliance data collected in southern China between 2009 and 2011. There is ‘thick’ compliance when stakeholders’ interests converge, as observed in the case of written contract requirements. There is ‘thin’ compliance when there is less convergence in stakeholder interests, as observed in the case of compliance with social insurance provisions. Finally, there is no compliance when there is convergence toward non-compliance in stakeholder interests, as observed in the case of overtime hour limits.

**Eunmi Mun et.al (2016)** Scholars have conceptualized the interaction between law and organizations as a game of tug-of-war in which organizations try to protect those internal operations regulated by law. This suggests that organizations are likely to substantively comply if symbolic compliance alone is insufficient. This conceptualization, however, cannot capture a radical response: organizations may stop interpreting legal demands or protecting their internal operations and simply leave the game. In this case, they change their internal operations in order to disengage from the law. I term this negative compliance. In this paper, I identify conditions under which this occurs and demonstrate the unexpected consequences. Analyzing panel data on corporate responses to Japan’s equal employment opportunity law and its revision, I show that after the revision strengthened the law, firms followed one of three paths: substantive compliance (hiring more women); symbolic compliance (no change in hiring practices, effectively protecting sex segregation); or negative compliance (externalizing female labor and hiring even fewer women). I discuss the implications of negative compliance, which is likely to be an increasingly common corporate response to regulations.

**Faradj Kolieva et.al (2022)** find that governments tend to respond negatively to ILO “naming” (as we define it) for some, but not all, ILO conventions. More specifically, we conclude that governments tend to resist reporting on domestic social conditions—here, related to inequality, discrimination, and exploitation—but more readily report on issues (conventions) that are tied directly to the ILO’s core mission, where government culpability is also clearer. We conclude further that shaming—by “shortlisting” governments and holding them to account in public sessions—boosts compliance on some issues.

**Faradj Koliev et.al (2021)** reporting has significant and durable effects on state respect for labor rights. Second, reporting affects compliance both immediately and when repeated over longer periods of time. Third, reporting has stronger effects on improvements in labor rights when target states are democratic and resourceful, and have a stronger presence of labor NGOs. By contrast, it does not matter to reporting’s effect whether states are highly economically dependent on the outside world or whether reporting is coupled with active shaming of non-compliant states. Taken together, our results suggest that existing research has not fully appreciated the potential of monitoring systems based on reporting to generate compliance with international rules. While hard enforcement may still be important, especially in areas where incentives to renege are strong, the findings of this article suggest that it is not the exclusive path to compliance.

**Shazia Sadiq et.al (2014)** the ever-increasing obligations of regulatory compliance are presenting a new breed of challenges for organizations across several industry sectors.

Aligning control objectives that stem from regulations and legislation with business objectives devised for improved business performance is a foremost challenge. The organizational as well as IT structures for the two classes of objectives are often distinct and potentially in conflict. In this chapter, we present an overarching methodology for aligning business and control objectives. The various phases of the methodology are then used as a basis for discussing state-of-the-art in compliance management. Contributions from research and academia as well as industry solutions are discussed. The chapter concludes with a discussion on the role of BPM as a driver for regulatory compliance and a presentation of open questions and challenges.

**Julie Haddock-Millara et.al (2016)** explores the ways in which a multinational company approaches green human resource management (HRM) in its British, German and Swedish subsidiaries. The authors analyse the similarities and differences in Green HRM approaches in these three European subsidiaries of a US restaurant chain. This enables the comparison of Green HRM practices and behaviours, and considers the factors that influence the subsidiaries in this particular domain. Therefore, this research addresses the current lack of international comparative research in the field of Green HRM. The methodological approach is a multicase study with 50 participants, using semi-structured interviews and focus groups. The results present evidence of proactive environmental management, reflected through a range of operational and people-centred initiatives across the three European countries. Although there is an overarching commitment to environmental sustainability, the positioning and alignment of the environment and HR function differ amongst the subsidiaries, as does the way in which the subsidiaries choose to engage the workforce in environmental sustainability.

**Janet H. Marler et.al (2013)** One stated purpose of electronic human resource management (e-HRM) is to make the HRM function more strategic. The goal of this paper is to examine the research on e-HRM to provide evidence-based guidance to researchers and practitioners on the relationship between e-HRM and strategic HRM. We review 40 studies published from 1999 to 2011 using integrative synthesis as our evidence-based methodology. Results reveal that theoretical and empirical research in this area is still at an early stage. We find no empirical evidence showing that e-HRM predicts strategic outcomes. There is evidence suggesting that strategic HRM predicts e-HRM outcomes and that the relationship appears context dependent, however, research designs are not sufficient to establish causal direction. Our review highlights the need for more empirical studies on e-HRM and strategic HRM outcomes at a macro level.

**KATE ANDRIAS (2016)** Labor law is failing. Disfigured by courts, attacked by employers, and rendered inapt by a global and fissured economy, many of labor law's most ardent proponents have abandoned it altogether. And for good reason: the law that governs collective organization and bargaining among workers has little to offer those it purports to protect. Several scholars have suggested ways to breathe new life into the old regime, yet their proposals do not solve the basic problem. Labor law developed for the New Deal does not provide solutions to today's inequities. But all hope is not lost. From the remnants of the old regime, the potential for a new labor law is emerging. In this Article,



I describe and defend the nascent regime, which embraces a form of social bargaining long thought unattainable in the United States. The new labor law rejects the old regime's commitment to the employer-employee dyad and to a system of private ordering. Instead, it locates decisions about basic standards of employment at the sectoral level and positions unions as political actors empowered to advance the interests of workers generally. This new labor law, though nascent and uncertain, has the potential to salvage and secure one of labor law's most fundamental commitments—to help achieve greater equality, both economic and political—in the context of the twenty-first century economy.

### III. METHODOLOGY

This study involves a systematic and comprehensive approach to gather, analyze, and interpret existing information pertaining to the subject. Secondary data refers to information that has been previously collected and is readily available for analysis. In this study, the primary sources of secondary data include legal documents, government publications, academic articles, reports from labor organizations, and corporate compliance records. The research process begins with an extensive literature review to establish a comprehensive understanding of the national labor laws and the regulatory framework governing organizational compliance. The identification and selection of relevant secondary sources are based on their credibility, relevance, and recency. The data collected will be analyzed using qualitative and quantitative methods to draw insights into the alignment and adherence of organizations to national labor laws. Additionally, a comparative analysis may be employed to assess variations in compliance across different sectors or regions. The reliability and validity of the findings will be ensured through a rigorous evaluation of the selected secondary data sources and the application of appropriate analytical techniques. This research methodology aims to provide a robust and insightful exploration of the relationship between national labor laws and organizational compliance, contributing to a deeper understanding of legal and regulatory dynamics within the realm of employment practices.

#### 3.1 Payment of Wages Act, 1936

The Payment of Wages Act, 1936 manages the payment of wages to direct and indirect workers or employees. The act warrants payments of wages on schedule and without any deductions aside from those approved under the Act. As per this Act, the payment ought to be made before seventh of every month where the no. of employees or workers are under 1000 and on the tenth day if greater than 1000.

The Payment of Wages Act, 1936 manages the payment of wages to employees or workers (direct and indirect). The Payment of Wages Act controls the payment of wages to specific classes of person in industry, and its significance cannot be thought little of. The Act ensures payment of wages on schedule and without any deductions aside from those authorized approved under the Act. The wage period will not exceed 1 month.

The Payment of Wages Act does not make a difference to employees whose pay is Rs. at least 10000 every month. The Act also provides to the effect that an employee or labour cannot contract out of any privilege given upon him under the Act.

Under the Act, the payment must be through the real money. Cheque payment or crediting wages to a bank account is allowed with the consent of employee or workers in writing. The deduction made by the employer should be made under the act only.

Under the act, payment must be made in cash notes or coins. The employee or worker allows cheque payment or crediting to bank account with the consent in writing. (Section 6)

This Act includes fines for (Section 8), absence from obligation (Section 9), Damages or loss (Section 10), allowance for administrations (conveniences) given by boss (Section 11) recovery of advances and loans (Section 12, 13) and payment to cooperative society and protection (Section 13).

### **3.2 The payment of bonus act, 1965**

The Payment of Bonus Act gives a yearly reward to the employee in the specific establishment including industrial facilities and establishments employing at least 20 people Under the Act, the bonus is calculated by the employee's compensation and the profits of the establishment.

Employees drawing ₹21000 each month or less (basic + DA, excluding other allowances) and have finished 30 working days in that monetary year are qualified for the bonus payment.

Salary or wages incorporate just basic and DA for the bonus payment and the remainder of the allowances (e.g., HRA, overtime, etc.) are excluded. Bonus should be paid as per minimum rate of 8.33% to 20%. It should be paid inside 8 months from the end of the financial year.

Employees can be disqualified of the bonus payments if they are dismissed by fraud, unfortunate behaviour, or even absenteeism. The business needs to guarantee that on excusal, the methods of domestic inquiry, legitimate documentation and employee acknowledgment of the misconduct are totally done according to the standing orders before disqualifying the bonus payment.

### **3.3 The maternity benefit act, 1961**

To manage the employment of women in certain establishments for certain time periods before and after childbirth and to provide for maternity advantage and certain different advantages.

To whom does Maternity Benefits Apply:

- Maternity Benefits Act is applicable to all organization or establishment which incorporate industrial facilities, estates, and mines having a place with Government. To each organization or establishment wherein people are employed for the presentation of equestrian, aerobatic and different performances.
- Any shop or organization or establishment that falls inside the domain of laws for shops and organization or establishment in any State wherein at least ten people

are employed or were employed inside the preceding twelve months.

- To women who can't guarantee under ESIC for the reason of her pay being above INR 3000/  
- each month.

### 3.4 The employees' provident funds act, 1952

Employees Provident Fund is established in 1952 and hence the act is named as Employees Provident Fund & Miscellaneous Provisions Act, 1952, which extend to the whole of India except Jammu & Kashmir.

- **Employee Provident Fund (EPF)**

Provident fund is a welfare scheme for the benefits of the employees. Under this scheme both the employee & employer contribute their part but whole of the amount is deposited by the employer. Employer deducted the employee share from the salary of the employee. The interest earned on this investment is also credited in pf account of the employees. At the time of retirement, the accumulated amount is given to the employees, if certain conditions are satisfied.

- **Taxability of PF**

Deduction of PF can be claimed under section 80C while calculating Income Tax & when the employee withdraws the amount of PF & Interest after the retirement then, PF amount & Interest amount is not taxable.

Pf can be accumulated withdrawn by the employee if he is unemployed for more than 2 months. 75% PF can be withdrawn after the employment of 1 month & rest 25% PF can be withdrawn after the unemployment of 2 months. It is on the choice of the employee after withdrawn of 75% amount that they should continue with the PF account or want to withdrawal the whole amount.

**Table 1 Income Tax Liability on PF withdrawal**

Sr. No	Scenario	Taxability
1.	Amount withdrawn is < Rs 50,000 before completion of 5 continuous years of service.	No TDS. But while filling return amount of pf shall be shown.
2.	Amount withdrawn is > Rs 50,000 before completion of 5 years of continuous service	TDS @ 10% if PAN is furnished; No TDS in case Form 15G/15H is furnished No TDS.
3.	Withdrawal of EPF after 5 years of continuous service	No need to mention in return as the amount is not taxable No TDS.
4.	Transfer of PF from one account to	No need to mention in return as

	another upon a change of job	the amount is not taxable.
5.	Before completion of 5 continuous years of service\ if employment is terminated due to employee's ill health The business of the employer is discontinued or the reasons for withdrawal are beyond the employee's control.	No TDS. Further, the individual need not offer the same in the return of income as such withdrawal is exempt from tax.

### 3.5 Types of Provident Fund

It is a provident fund registered under Provident fund Act, 1925. They are also known as government provident fund. So, the employees who are meant for govt, semi-govt employees, university or educational institutions affiliated to a university established under the statue or other specified institution would be qualified to give to them.

- **Public Provident Fund (PPF)**

PPF is covered under Public Provident fund Act, 1968. Any member of the public weather employed or not can invest in PPF. Minimum Contribution in this fund is Rs. 500 & Maximum amount is 1, 50,000 per year. The contributions made to the scheme along with the interests are repayable after 15 years unless extended. The rate of interest, at present, under the scheme is 8% per annum.

- **Recognized Provident Fund (RPF)**

This Scheme is registered under Employee's Provident Funds and Miscellaneous Provisions Act, 1952. According to the act, any person who employees 20 or more employees is under an obligation to register himself under this Act. Any person can register himself by their choice weather they had less than 20 employees.

- **Unrecognized Provident Fund (URPF)**

A scheme started by the employer and the employees in an establishment, whether approved by the commissioner of Income Tax is called an unrecognized provident fund.

- **PF Contribution Rate**

Contribution of Pf paid by employer & employee is 12% (basic pay + dearness allowance + retaining allowance) Equal contribution is paid by the employer & employee. The establishment which employees less than 20 people shall be restricted to contribute 10% for both employee & employer contributions. It is voluntary for the employees who drawn a salary less than 15000 per month to become the member of EPF. The employee who drawn a salary more than 15000 per month at the time of joining is not required to make pf contribution. If they want to become the member of EPF, then they become with the consent of the Employer & Assistant PF Commissioner. The entire 12% of your contribution goes into your EPF account along with 3.67% (out of 12%) from your

employer, while the balance 8.33% from your employer's side is diverted to your EPS (Employee's Pension Scheme) and the balance goes into your EPF account.

- **Breakup of EPF Contribution**

12% of the employee's salary goes towards the EPF. Whereas the employer's contribution is divided as below:

1. 67% goes towards contribution for EPF
2. 33% goes towards contribution for EPS
3. 5% goes towards contribution for EDLI
4. 1% goes towards contribution for EPF administration charges
5. 01% goes towards contribution for EDLI administration charges

Therefore, the employer contribution is 13.61%. The premium and management charges are borne by the employer and the maximum limit is set at 0.5% of Rs.15, 000.

### **3.6 THE PAYMENT OF GRATUITY ACT, 1972**

An Act to provide for a scheme for the payment of gratuity to employees engaged in factories, mines, oilfields, plantations, ports, railway companies, shops or other establishments and for matters connected therewith or incidental thereto. Be it enacted by Parliament in the Twenty-third Year of the Republic of India as follows: -

#### **1. Short title, extent, application and commencement. -**

- (1) This Act may be called the Payment of Gratuity Act, 1972.
- (2) It extends to the whole of India: Provided that in so far as it relates to plantations or ports, it shall not extend to the State of Jammu and Kashmir.
- (3) It shall apply to-
  1. every factory, mine, oilfield, plantation, port and railway company;
  2. every shop or establishment within the meaning of any law for the time being in force in relation to shops and establishments in a State, in which ten or more persons are employed, or were employed, on any day of the preceding twelve months;
  3. Such other establishments or class of establishments, in which ten or more employees are employed, or were employed, on any day of the preceding twelve months, as the Central Government may, by notification, specify in this behalf.
 

(3-A) A shop or establishment to which this Act has become applicable shall continue to be governed by this Act, notwithstanding that the number of persons employed therein at any time after it has become so applicable falls below ten.
- (4) It shall come into force on such date as the Central Government may, by notification, appoint.

#### **IV. RECOMMENDATION**

This Study recommend a comprehensive and proactive approach to national labor laws and organizational compliance for any business. Understanding and adhering to these laws is not only a legal obligation but also a strategic imperative to foster a positive work environment and mitigate potential risks. To achieve this, organizations should establish a robust compliance program that includes regular audits, training sessions, and continuous updates on evolving labor regulations. It is essential to create a culture of compliance throughout the organization, ensuring that all employees are well-informed about their rights and responsibilities. This approach not only minimizes the risk of legal repercussions but also contributes to the overall well-being of the workforce. Additionally, staying abreast of legislative changes, both at the national and local levels, is crucial to adapting policies and procedures accordingly. By prioritizing national labor laws and organizational compliance, businesses can build trust, enhance their reputation, and cultivate a sustainable and ethical workplace environment.

#### **V. CONCLUSION**

The significance of statutory compliance in the context of payroll management cannot be overstated, emphasizing the crucial need for companies to prioritize and address this aspect with utmost diligence. The adherence to statutory regulations is not merely a legal obligation but serves as a fundamental pillar ensuring the smooth and lawful operation of businesses. Establishing a robust payroll management system is paramount for companies, as it not only facilitates compliance with statutory requirements but also streamlines the entire payroll process. This systematic approach not only reduces the risk of legal repercussions but also contributes to the overall efficiency of the organization. Furthermore, the study of statutory compliance allows for the construction of a conceptual framework that serves as a valuable guide for integrating and explaining the findings of the research. By understanding and incorporating the nuances of statutory requirements into the conceptual framework, researchers can provide a comprehensive and contextualized analysis of their study on the payroll system. This integration not only enhances the academic rigor of the research but also contributes to the broader body of knowledge by drawing connections and building upon prior studies conducted in the field. In essence, a well-constructed conceptual framework based on the study of statutory compliance provides a solid foundation for advancing understanding and contributing to the ongoing discourse surrounding payroll management systems.

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