Labor and Employment Challenges for Companies Doing Business in India

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Companies are expanding their presence internationally, and a significant part of this new focus on globalization and strategy includes new or increased business activity in India. As traditionally domestic U.S. employers start up operations in India, they will be confronted with new concepts related to legal compliance with respect to their employees. These employers will find fundamentally different legal principles than those they are used to facing in the United States.

Indian labor and employment laws, similar to laws in the U.S., are legislated at both a state and federal level. India, like America, is a federation of states with a constitution that delineates various powers to both the national or central government and the state governments. Therefore, care should always be taken to consider the effects of national legislation along with state and local laws when an employer in India reviews its compliance obligations.

Employers starting or expanding operations in India face many challenges, and careful consideration of applicable legislation is an absolute necessity. In making any such analysis U.S. employers accustomed to significant freedom in setting terms and conditions of employment as well as the flexibility of the employment-at-will doctrine will need to accept that these principles will generally not be a basis for any employment relationships in India.

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