

Maternity Matters: What India's Amended Maternity Benefit Act Means for Companies

Recent amendments to maternity benefits in the country are expected to ease the transition for working mothers and their families. Details for some of the changes are still being worked out.

Despite marginal improvements over the past few years, the gender ratio at the workplace in India remains heavily skewed towards men. The proportion of women directors in National Stock Exchange (NSE) listed companies is about 13.7%. According to a survey report by the Confederation of Indian Industry's (CII) Indian Women's Network (IWN), 37% of women opt out of their jobs mid-career due to maternity or childcare issues. The pressure of balancing responsibilities at home with a professional career has resulted in such discouraging statistics.

As a welcome move, India's president agreed to change some of the provisions of the over 55-year-old law, which were enforced on April 1, 2017. With this, India now qualifies as one of 16 countries that offer the longest paid leave for new mothers, ensuring a smooth transition upon returning to work.

Key features of the amendment include an increased number of paid leaves provided to employees, an introduction of maternity leave for adoption, an introduction of a crèche* facility, or child daycare, and a policy for working from home.

Figure 1
Summary of Maternity Law Changes

	Prior to Amendment	Post-Amendment	Immediate Impact
Duration of Mandatory Paid Maternity Leave	12 weeks	26 weeks**	<ul style="list-style-type: none">▪ Tangible benefits for female employees — spend more quality time with child and family▪ Notional cost to employer, but long term benefits in terms of retention and a smoother transition for women employees when returning to work

Maternity Leave for Adoption	Not Allowed	12 weeks	<ul style="list-style-type: none"> Maternity leave of 12 weeks extended to cases of adoption of a child below 3 months of age Encourages adoption, which is quite common in other developed countries
Work From Home	Not Allowed	Allowed	<ul style="list-style-type: none"> Employers may need to take decisions on formalizing work from home policies Employers may need to invest in the required infrastructure to facilitate work from home options for employees
Crèche Facilities	Not Mandatory	Mandatory	<ul style="list-style-type: none"> Employers may need to arrange for crèche facilities 4 breaks per day may be necessary for child care
Disclosure to Employees	Mandatory	Mandatory	<ul style="list-style-type: none"> Employers must ensure that all statutory benefits details in India are available to employees at the time of joining, as well as on a continuous basis

*Crèche is a daycare facility / nursery, where babies and young children are cared for during the work day.

**For first 2 children only

Practices Seen So Far in the Market

With these amendments in mind, we conducted a quick pulse of several clients and their offshored entities in India. Here is what we found:

- Almost all surveyed firms have already extended their weeks of paid leave from 12 to 26 weeks.
- The further portion of leave without pay remains mostly unchanged. If an organization had a framework of 12 weeks of paid leave plus 1 month of unpaid leave before the Act, the same company would move to 26 weeks of paid leave plus 1 month of unpaid leave.
- While the clause on a crèche facility and formal work-from-home policy isn't very clear, most organizations have either already taken action on it through a tie-up, or are exploring a tie-up in the near future.
- The crèche mandate clause applies to organizations with 50 or more employees. A few organizations have started with their core locations first, and are formulating action plans for the remaining locations.

- Some companies are also exploring a reimbursement model for crèche expenses, and in exceptional cases, there is talk of opening company-owned crèche facilities or setting them up jointly with other organizations in the common work area.
- Other recently-adopted employer practices include reimbursement of transportation costs in the last trimester, priority parking, flexible working hours/part-time working, online maternity care queries support, secured performance rating, workshops for new parents and post-maternity career management programs.
- There is no change observed for other related aspects, such as paternity leaves, total number of leaves, etc.

The Big Picture

The highly anticipated and long-pending amendment holds tremendous value to returning mothers. While hiring and retaining a skilled workforce is one of the greatest challenges in the Indian marketplace, the fact that qualified female employees want to return to their jobs after an extended leave should be seen as a huge positive by employers. Hence, companies must continue to pro-actively plan for long absences, mitigating any negative impact on the organization's overall business goals. This will also ensure smooth transitions for women returning after extended periods of absence.

For further amendment clarity, we can expect finer details on open topics such as children's age for crèche facilities, duration of breaks, crèche expenses and rules around working from home.

In the meantime, if you have any questions regarding the amended Maternity Benefit Act in India, please [reach out to our team](#).

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