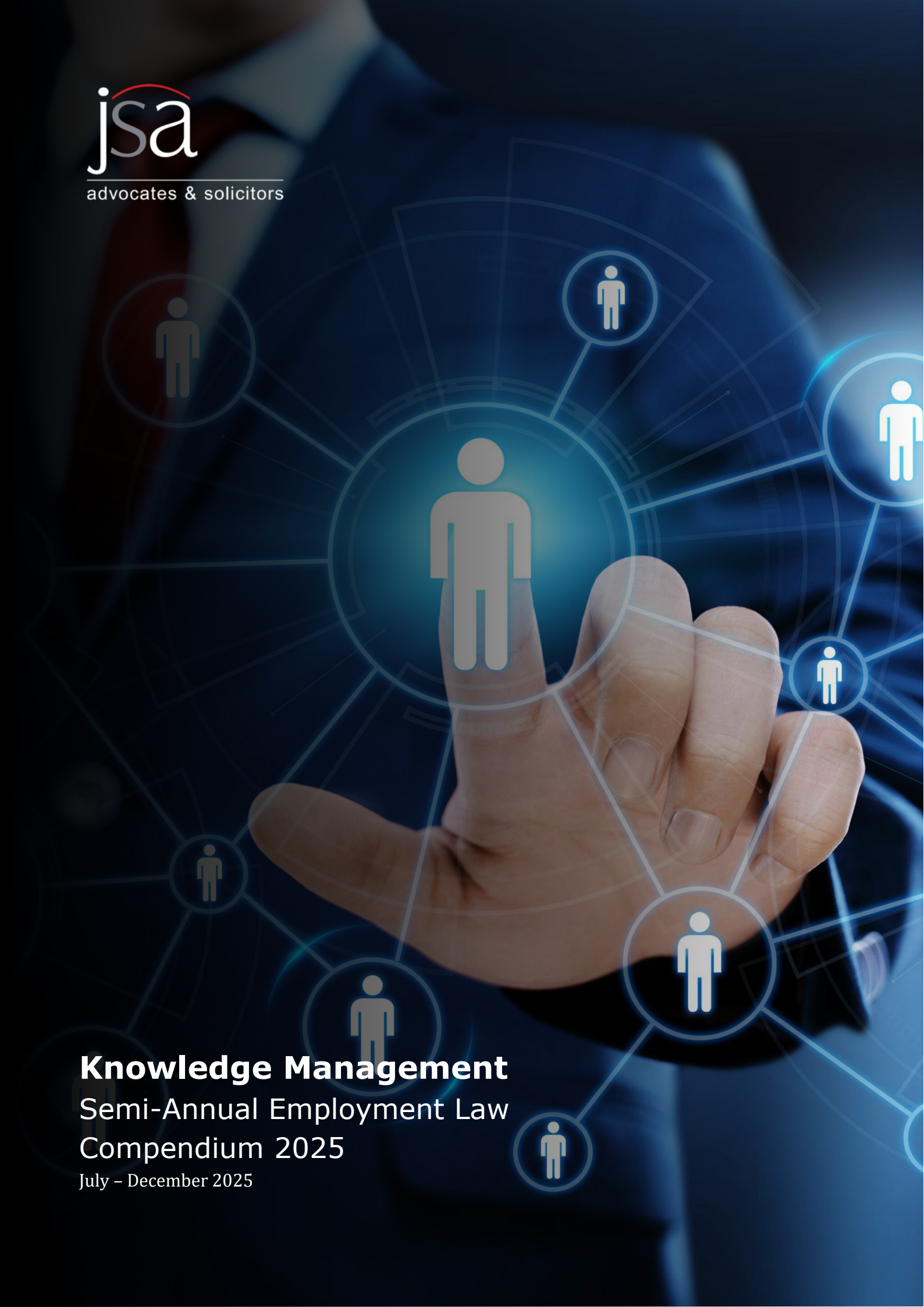

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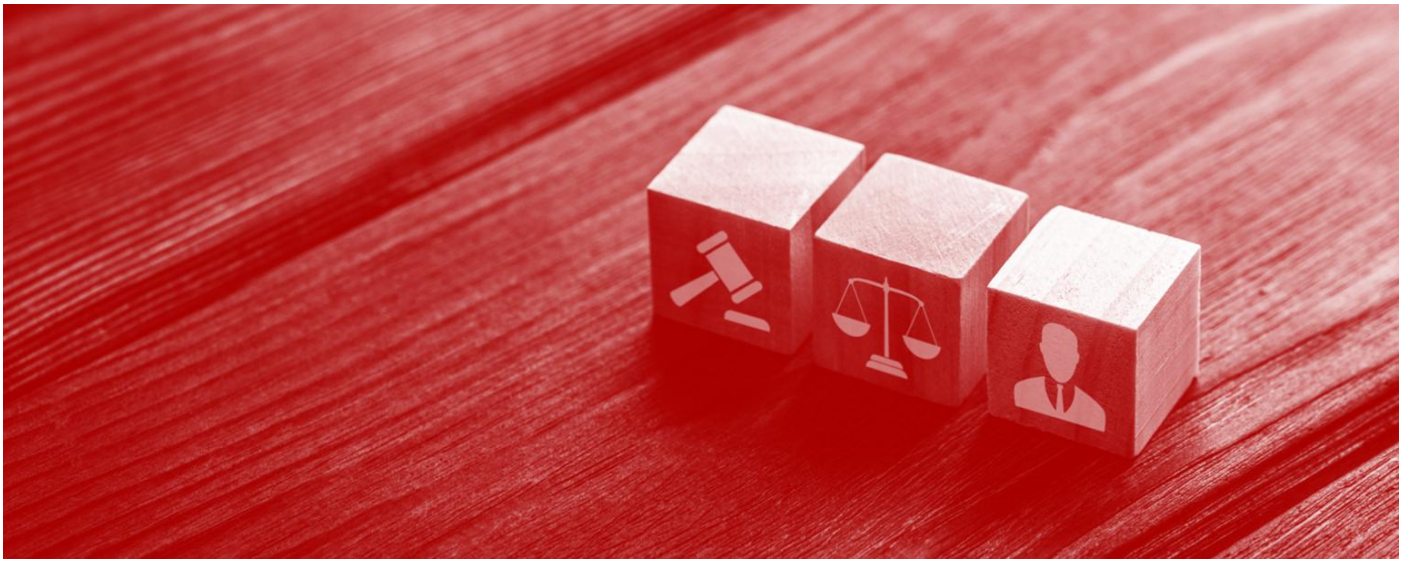
Semi-Annual Employment Law Compendium 2025

July – December 2025

Semi-Annual Employment Law Compendium 2025



Introduction

This Compendium consolidates all key developments undertaken in the labour and employment space in India, which were circulated as a part of the JSA Newsletters/Prisms during the calendar period from July 2025 till December 2025.

Regulatory updates

Procedural framework issued by the Tamil Nadu Government for the prevention and redressal of sexual harassment of women at workplace

The Tamil Nadu Government ("**TN Government**"), through its Social Welfare and Women Empowerment Department, had earlier issued an order[1] dated November 11, 2016, appointing District Collectors as the officers under the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013 ("**POSH Act**"), to exercise powers and discharge functions under the same in the relevant districts. This was supplemented by the order[2] dated November 23, 2017, through which the TN Government appointed the Commissioner of Social Welfare ("**Commissioner**") as the state nodal officer to oversee the implementation of the POSH Act. The Commissioner, *vide* letter dated November 29, 2024, shared a draft Standard Operating Procedures ("**SOP**") for its approval. In furtherance thereof, after careful consideration the TN Government, *vide* order[3] dated June 18, 2025, issued the SOP to be followed by all departments/establishments in the state of Tamil Nadu for proper and effective implementation of the POSH Act. The SOP aims to provide clear guidelines for the implementation of the POSH Act, clarity on the roles of stakeholders and streamline the process.

Findings and analysis

Scope

The SOP covers various aspects, including actions to be taken for:

1. prevention of sexual harassment;
2. formation of Internal Committee ("**IC**") under Section 4 of the POSH Act;

[1] G.O. (Ms) No. 80
[2] G.O (D) No. 249
[3] G.O.(Ms) No. 64

3. receipt of complaints under Section 9 of the POSH Act;
4. inquiry and reliefs possible to be directed under Sections 11 and Section 15 of the POSH Act; and
5. statutory filings to be complied with under the POSH Act.

The SOP has identified prevention and redressal as the 2 (two) core facets of the POSH Act and provide detailed guidelines for stakeholders involved within the purview of the POSH Act to ensure its effective implementation.

Preventive measures

Besides the statutory safeguards provided for women under legislations *inter-alia* such as the Factories Act, 1948 ("**Factories Act**"), the Tamil Nadu Shops and Establishments Act, 1947, the Payment of Wages Act, 1936 and the Equal Remuneration Act, 1976, that will have to be complied with by companies, the SOP also stipulates that the human resource departments of the companies must create policies on safe working space for women providing *inter-alia* the following:

1. declare that sexual harassment will not be tolerated or condoned under any circumstances (zero tolerance policy);
2. what actions/behaviour constitutes sexual harassment attracting punishment in a time-bound manner;
3. encourage all employees to report sexual harassment as early as possible and educate all employees about the redressal mechanisms; and
4. steps taken to prevent sexual harassment and promoter a gender-equal workplace.

The employer must also conduct periodic training for its existing staff to sensitise and create awareness of the internal policies, besides the statutory requirement per Section 11 of the POSH Act.

The SOP has also clarified that the internal policy of a private institution can address harassment of all genders.

Grievance redressal under the POSH Act

While the redressal mechanism under the POSH Act is only applicable to women, persons of other genders may seek redressal under:

1. human resource policy, if any; and
2. other civil/criminal remedies.

A transgender person may seek redressal through complaints officer under Section 11 of the Transgender Persons (Protection of Rights Act), 2019.

The POSH Act includes 'minors' within the definition of an 'aggrieved woman' and if a complaint is received, it must be mandatorily reported to the local police per Section 19 of the Protection of Children from Sexual Offences Act, 2012, ("**POCSO Act**") as failure to report this constitutes an offence under the POCSO Act.

The POSH Act provides for formation of quasi-judicial bodies namely for grievance redressal:

1. the IC that is formed in every workplace or administrative unit; and
2. the Local Committee ("**LC**") that is formed at the district level, headed by the Collector.

Both committees are required to have 50% women representation.

Receipt of complaints

1. Complaint can *inter alia* be submitted by an aggrieved woman/any person having knowledge of the incident with written consent of the aggrieved woman/legal heirs (in cases of death of aggrieved woman)/relative or friend, co-worker, special educator, qualified psychiatrist (in cases of physical and mental incapacitation).
2. The POSH Act can only consider complaints that are duly signed with identification of the author of the complaint.
3. The perpetrator can be of any gender.
4. All complaints must be addressed within 90 (ninety) days from the receipt of the complaint.

Inquiry mechanism

The SOP sets out a detailed inquiry mechanism.

1. **Step 1 – Conciliation**: Upon receipt of complaint, the IC must attempt conciliation between the parties if the aggrieved woman wants to mediate/settle the matter. The 2 (two) main requirements for conciliation is:

   a) conciliation can be initiated only upon request from an aggrieved woman; and

   b) no monetary compensation is paid as a form of conciliation.

   The aggrieved woman can seek to initiate enquiry if the terms of the settlement are not complied with.

2. **Step 2 – Inquiry procedure as per Section 11 of the POSH Act**: If the aggrieved woman does not wish to attempt conciliation or in the event conciliation fails, the IC can if the respondent is an employee take action as per the service rules and if there are no service rules, then follow the principles of natural justice. If the respondent is not an employee, inform the respondent's employer and seek their co-operation in conduct of inquiry, approach the LC if the respondent is not employed, assist the complainant with criminal compliant if the compliant chooses to do so.

   The IC must forward the complaint to the respondent within 7 (seven) days of its receipt. The respondent must tender their written response along with documents and witnesses within 10 (ten) days from their receipt of complaint.

3. **Step 3 – Interim orders**: The IC will have the power to take the following interim measures pending inquiry:

   a) transfer of aggrieved woman/ respondent to any other workplace;

   b) grant of leave to the aggrieved woman for up to 3 (three) months; and

   c) where the respondent is in a supervisory position, the IC/LC may restrain the respondent from reporting on the work performance or writing the confidential report of the aggrieved woman. In educational institutions, this protection extends to restraining the respondent from supervising any academic activity of the aggrieved woman.

4. **Step 4 – Conducting inquiry**:

   a) The IC sends a written notice to the complainant (aggrieved woman) indicating the date, time, and venue of the inquiry hearing. If the complainant does not appear, a second and third notice (for 3 (three) consecutive hearings) are issued.

   b) If the complainant remains absent after 3 (three) notices, a final notice is sent granting a 15 (fifteen) day grace period, warning that failure to appear may lead to the termination of the inquiry due to non-appearance.

   c) If the respondent is absent for 3 (three) consecutive hearings, a 15 (fifteen)day notice is issued informing them that the proceedings will continue *ex parte*. The complainant and respondent are not required to appear together in the same room before the IC. The respondent can submit a list of questions for cross-examination; these questions are posed by the IC rather than directly, or the respondent can nominate someone to conduct the cross. The IC has discretion to reject irrelevant or repetitive questions and must record reasons for doing so.

   d) If witnesses are cited by either party, they are summoned, and cross-questions are submitted in advance for the IC to review and ask as appropriate. Both parties are prohibited from engaging legal counsel for representation during the inquiry. Where service rules exist, they must be followed. Otherwise, the inquiry must comply with the principles of natural justice, ensuring a fair hearing and opportunity for response for both parties.

5. **Step 5 – Inquiry report as per Section 13 of the POSH Act**: The inquiry report, signed by the presiding officer, must summarise dates, evidence, findings, witness accounts, and reasoning. The employer is provided with 2 (two) copies of the inquiry report, one of which is also forwarded to the District Social Welfare Officer. Other copies are shared with both the complainant and respondent if both are employees.

Standard of proof

The inquiry follows the 'preponderance of probability' standard guided by the 'reasonable woman' standard, whereby the effect of the conduct on the aggrieved woman is determinative, rather than the intent of the respondent.

The inquiry report must provide a clear, reasoned, and structured account. It must include:

1. chronology of the case;
2. evidentiary details;
3. reasoning for decisions; and
4. standard of proof.

The 'preponderance of probability' standard is applied, meaning that the finding is based on whether, on a balance of the evidence, it is more likely than not that the alleged acts occurred.

The 'reasonable woman standard' mandates an assessment from the perspective of a reasonable woman placed in circumstances similar to those of the aggrieved woman, rather than focusing on the alleged perpetrator's intent.

If sexual harassment is not proved, no action is taken against the respondent. If sexual harassment is proved:

1. service rules are applicable; and
2. if no service rules exist, the IC/LC may recommend written apology, warning or reprimand, censure, withholding promotion, pay rise, or increments, termination from service, mandatory counselling sessions, or community service. Compensation may also be recommended for the complainant.

Appeal

Any party aggrieved by the recommendations or non-implementation of the IC/ LC's recommendations may appeal as per service rules or to the appropriate Appellate Authority under the Industrial Employment (Standing Orders) Act, within 90 (ninety) days from the date of recommendation.

Statutory filings under the POSH Act

The employer must mandatorily submit annual reports for every calendar year on or before January 31 of the next year providing details of:

1. number of complaints received;
2. number of complaints disposed off;
3. number of cases pending more than 90 (ninety) days;
4. number of awareness programs carried; and
5. nature of action taken by the employer/District Officer.

The SOP has clarified that withdrawn complaint details as well as absence of complaints will be included/indicated, as may be applicable, in the annual report.

The TN Government, if necessary in the interest of public or of women employees, can order the following in writing:

1. direct the employer or collector to furnish information relating to sexual harassment as may be required; and
2. authorise any officer to conduct inspection or records or workplace and have a report be submitted in a time-bound manner.

Penalties under the POSH Act

The employer is liable to pay a penalty of up to INR 50,000 (Indian Rupees fifty thousand) in case of committing the following contraventions:

1. failing to constitute an IC;
2. fails to act upon the recommendation of the IC;
3. fails to file the annual report before the District Officer; and
4. contravene or attempt to or abet contravention of the POSH Act or rules thereunder.

The employer will be liable to pay twice the penalty if convicted for the second time or more, including cancellation/withdrawal/non-renewal or registration/license required for carrying on business.

Conclusion

The SOP ensures a comprehensive, standardised framework for prevention, reporting, inquiry, and redressal of sexual harassment allegations at the workplace, emphasising fairness, timeliness, and the protection of complainants' rights. It comprehensively addresses both prevention and redressal aspects, ensuring that all stakeholders including employers, employees, committees, and government bodies, understand their roles and responsibilities. Through detailed procedures for complaint submission, inquiry, interim measures, and outcome enforcement, the SOP prioritises fairness, procedural integrity, and the protection of aggrieved women. It also sets forth strong penalties for non-compliance, reinforcing the seriousness with which these obligations should be taken.

Continued move towards women empowerment: Madhya Pradesh revises conditions for allowing women to work night shifts

For years in India, statutory provisions prohibiting employment of female employees in night shift have been argued as denying them the same opportunity as male employees. It has been established through judicial precedence[4] that employers cannot deny job opportunities to women workers on the grounds of 'night shift' work requirements. With a view to secure an inclusive workspace, several Indian States continue to issue notifications permitting employers to employ female employees in night shifts. These notifications prescribe several conditions to be satisfied by employers for engaging female employees in night shifts, with a continued focus on their safety and security, in order to enjoy the benefit of these exemptions.

In exercise of its powers under Section 3(2) of the Madhya Pradesh Shops and Establishments Act, 1958 ("**MP S&E Act**") and Section 66(1A) of the Factories Act, the State of Madhya Pradesh, *vide* notifications dated June 27, 2025[5], in supersession of its earlier notifications[6] dated August 1, 2022 and June 24, 2016 respectively, directed:

1. that provisions under Section 25 of the MP S&E Act (which restricts women from working in inter alia commercial establishments between 9:00 PM and 7:00 AM) will not apply to shops and commercial establishments in the state of Madhya Pradesh ("**2025 S&E Notification**"); and
2. measures for the safety of women required or allowed to work in any factory or manufacturing processes between 8:00 PM and 6:00 AM ("**2025 Factories Notification**"), subject to compliance with the prescribed conditions.

Notification under the MP S&E Act

Section 25 of the MP S&E Act prohibits employers from requiring or allowing *inter alias* women employees from working between 9:00 PM and 7:00 AM in shops and commercial establishments. In August 2022, the State of Madhya Pradesh issued a notification allowing employers to engage women employees during the above shift, subject to compliance with the prescribed conditions. These conditions largely focused on ensuring the safety and security of women employees, with a deeper compliance mandate around prevention of acts of sexual harassment and ensuring appropriate complaint redressal mechanisms, largely revolving around compliance mandates under the POSH Act. Notably, the compliance measures did not mandate employers to seek explicit written consent from women employees working night shifts.

In supersession of this notification, the 2025 S&E Notification prescribes revised compliance mandates for employers intending to engage women employees in night shifts. These include:

[4] *Treasa Josfine vs. State of Kerala*, WP(C).No.25092 OF 2020(J)
[5] Notification No. 734/1/0016/2025/A-16 and 736/ 1/ 0015/ 2025/A-16
[6] Notification No. 1283/443/2022/A-16 and F-4E-2/2015/A-XVI

Sr. No.	Key conditions
1.	Provision of mandatory written consent of women employees for working in night shift, with a mandatory batch size of not less than 5 (five) women working during such shift.
2.	Compliance with provisions of Maternity Benefit Act, 1961 and other related prevailing laws.
3.	Ensuring safe and secure workplace, with provision of women guards at entry and exit points where 10 (ten) or more women are employed.
4.	Ensuring the prescribed sanitation requirements, including provision of Closed-Circuit Television ("**CCTV**") surveillance where 10 (ten) or more women are employed.
5.	Compliance with requirements under the POSH Act.

Notification under the Factories Act

Similar to the MP S&E Act, the Factories Act also prohibits employment of women workers during night shifts, unless otherwise exempted by notifications from applicable State Governments. The 2025 Factories Notification allows for similar relaxation for employers to permit women workers to work during night shift i.e. between 8:00 PM and 6:00 AM, subject to compliance with the following key conditions:

Sr. No.	Key conditions
1.	Provision of mandatory written consent of women employees for working in night shift, with a mandatory batch size of not less than 5 (five) women working during such shift.
2.	No women are to be employed against maternity benefit provisions under applicable laws.
3.	Women employees are to be provided with adequate transportation facilities of pick-up and drop at their residence, and employers are to provide safe and secure working conditions in a manner such that women employees are not disadvantaged in connection with their employment.
4.	Ensuring the prescribed sanitation requirements, including provision of well-lit areas in the passage to work facilities and CCTV surveillance.
5.	Provision of women security guards at entry and exit points of workplace, and provisions of women wardens and supervisors where a factory provides boarding and lodging arrangements for female employees.
6.	Provision of 1/3rd of the strength of supervisors, shift-in-charge, foreman or other supervisor staff to be women during night shifts.
7.	The period of rest or gap between 2 (two) shifts should not be less than 12 (twelve) consecutive hours.
8.	Compliance with requirements under the POSH Act.

Conclusion

Both the 2025 S&E Notification and 2025 Factories Notification provide streamlined compliance measures aimed at enhancing women participation in shops, commercial establishments as well as factories. While the 2025 S&E Notification streamlines conditions issued under the erstwhile notification in so far as prescriptive measures around prevention of sexual harassment at workplace are concerned, the 2025 Factories Notification provides more onerous conditions on employers of factories, particularly with respect to stipulations around minimum women supervisory staff and rest intervals. Taken together, these notifications certainly highlight the State Government's continued measures towards ensuring a more progressive approach at facilitating an enhanced and more equitable workforce participation, while ensuring the safety and dignity of women employees in night shifts in Madhya Pradesh.

Employees' State Insurance Corporation launches special scheme for voluntary registration

With the objective of widening compliance coverage under the Employees' State Insurance Act, 1948 ("**ESI Act**"), the Employees' State Insurance Corporation ("**ESIC**"), during its 196th meeting held on June 27, 2025, approved a special scheme titled 'Scheme to Promote Registration of Employers and Employees' ("**SPREE**").

SPREE notified on July 1, 2025[7], marks a proactive move by ESIC to bring more employers and workers into the fold of statutory benefits, setting the stage for a more inclusive and secure workforce.

Applicability of SPREE

Under the Employees' State Insurance (General) Regulations, 1950 ("**ESI Regulations**"), every employer whose factory or establishment falls under the scope of the ESI Act is required to apply for registration within 15 (fifteen) days of the ESI Act becoming applicable to them. Despite this provision, a considerable number of establishments to which the ESI Act applies to, across various sectors, remain unregistered.

SPREE aims to address this gap by offering a one-time opportunity to encourage employers to voluntarily register themselves and their employees under the ESI Act. It applies to all factories and establishments, including shops, hotels, restaurants, cinema halls, road motor transport establishments, newspaper establishments, private medical and educational institutions, and contract or casual employees working under municipal corporations, with 10 (ten) or more employees, located in areas where the ESI Act has been implemented[8]. It covers such entities that have remained unregistered despite qualifying the applicability threshold under the ESI Act.

Notably, as per the 'Frequently Asked Questions'[9] issued by the ESIC, the applicability of SPREE also extends to employers who are already registered under the ESI Act but have not registered all their eligible employees, such as temporary, casual, or contractual workers. SPREE encourages such employers to bring all eligible employees under the ESI coverage without facing penalties or legal consequences for past non-compliances.

Key highlights of SPREE

SPREE has been conceptualised as a compliance-facilitation initiative. It provides employers with an avenue to register under the ESI Act without the burden of retrospective coverage or fear of punitive actions for previous non-compliance. SPREE is operational from July 1, 2025, to December 31, 2025, during which eligible employers are encouraged to voluntarily register themselves.

Any establishment registering during this period will be treated as covered from either the date of

[7] esic.gov.in
[8] esic.gov.in
[9] esic.gov.in

registration or the date specifically declared by the employer, whichever is applicable. Similarly, employees registered during this timeframe will be considered as covered from the date of their respective registration.

Notably, SPREE ensures immunity from inspection of past records, and there will be no demand for contribution liabilities for any period prior to the chosen date of registration. Having said that, any proceedings or actions already initiated under the ESI Act before July 1, 2025, will remain unaffected by SPREE. In other words, if the ESIC had already taken any enforcement action, such as issuing demand notices or initiating recovery proceedings, before this date, those actions will continue. In essence, SPREE does not offer immunity or relief for cases already under litigation, investigation, or enforcement.

Registration mechanism

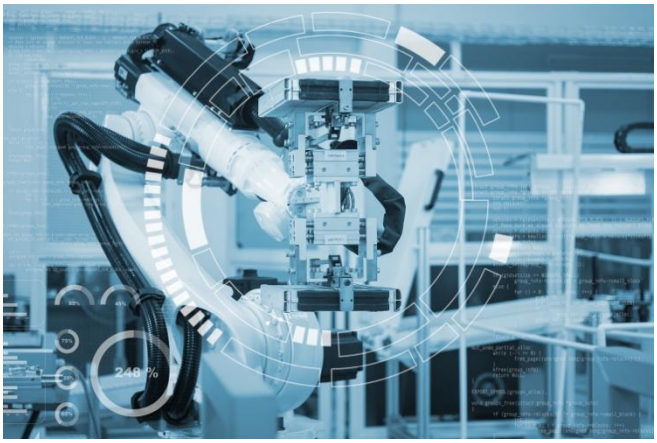
Employers may register their establishments through the ESIC portal, the Shram Suvidha portal, or the Ministry of Corporate Affairs portal. Under SPREE, the registration will take effect from the date voluntarily declared by the employer. There will be no requirement to pay contributions, nor will any benefits or liabilities accrue under the ESI Act, for any period prior to this declared date.

Conclusion

The launch of SPREE by ESIC marks a crucial initiative to bridge longstanding gaps in social security coverage under the ESI Act. Despite the clear mandate under the ESI Regulations, requiring employers to register within 15 (fifteen) days of the ESI Act becoming applicable to them, a large number of eligible establishments remain unregistered. This has been largely attributed to a combination of factors, including lack of awareness, ambiguity regarding the district-wise implementation of the ESI Act, administrative hurdles, and apprehension about retrospective liabilities or punitive enforcement.

By offering a clear and time-bound window of opportunity, from July 1, 2025 to December 31, 2025, SPREE presents a practical and forward-looking compliance facilitation mechanism. It allows unregistered employers, including those who have partially complied by omitting certain categories of employees (such as casual, contractual, or temporary workers), to voluntarily regularise their registration status without fear of retrospective contribution demands or inspections of past records. Importantly, it ensures immunity from enforcement actions for the period prior to registration, provided no proceedings were already initiated before July 1, 2025.

Employers are encouraged to view this scheme as a proactive step toward responsible employment practices. Extending ESI benefits to employees not only enhances workforce welfare and morale but also mitigates future legal and compliance risks for the employer. Establishments that have so far remained outside the scope of formal ESI coverage now have a meaningful opportunity to come forward, align with statutory requirements, and play a more constructive role in fostering social security for India's working population.



Gujarat amends Factories Act in an effort to promote ease of doing business

The Governor of Gujarat, on July 1, 2025, notified the Factories (Gujarat Amendment) Ordinance, 2025, to introduce significant changes to the Factories Act, as applicable to the State of Gujarat. This ordinance, effective immediately, aims to generate employment by enabling the State Government to increase work hours, extend total number of work hours without a rest interval, etc. and provides for equal opportunity to work by enabling employment of women workers in night shifts, subject to certain conditions. The amendments were deemed necessary due to an extraordinary situation of national importance to boost economic activities, attract investment to new projects and generate employment.

Key amendments to the Factories Act (as applicable to Gujarat)

1. **Daily working hours**: While the Factories Act limited the daily working hours to 9 (nine) hours, the State Government has now been vested with the authority to extend the daily maximum work hours up to 12 (twelve) hours, inclusive of rest intervals, with a maximum of 48 (forty-eight) hours in any week. This is subject to the written consent of the worker, provided that the remaining days of that week for the said worker are paid holidays.
2. **Intervals for rest**: While the Factories Act mandated at least half an hour of interval for rest after 5 (five) hours of work, the State Government can now extend the total number of hours a worker can work without an interval to 6 (six) hours, for any group or class of factories, to facilitate flexibility in working hours.
3. **Spread over of working hours**: While the Factories Act limited the 'spread over' (total duration of a worker's day, including rest intervals) to 10 ½ (ten and a half hours) hours, the State Government can now increase the spread over up to 12 (twelve) hours, inclusive of rest intervals, for any group or class of factories, to facilitate flexibility in working hours.
4. **Overtime wages:** Previously under the Factories Act any worker, who worked in a factory for more than 9 (nine) hours in a day or for more than 48 (forty-eight) hours in a week, would be entitled to overtime wages for the overtime hours of work performed by them at the rate of twice their ordinary rate of wages. Post the amendment, workers would be entitled to wages at twice their ordinary rate of wages for overtime work only if they work for more than 10 (ten) hours in any day or more than 48 (forty-eight) hours in any week, in cases where the work-week comprises of 5 (five) days. However, in cases where:
   a) the work-week comprises of 6 (six) days, overtime wages would be payable for any work rendered in excess of 9 (nine) hours a day or more than 48 (forty-eight) hours in any week; and
   b) the work-week comprises of only 4 (four) days, overtime wages would be payable for any work rendered in excess of 11 ½ (eleven and a half) hours in any day.
5. **Overtime limit:** While Section 65(2) permitted the State Government to grant certain exemptions in relation to daily working hours, spread over, etc., Section 65(3)(iv) of the Factories Act provided that no worker will be allowed to work overtime, for more than 7 (seven) days at a stretch and the total number of hours of overtime work in any quarter will not exceed 75 (seventy-five) hours in any quarter. However, post the amendment, the State Government has now been empowered to provide exemptions under Section 65(2) of the Factories Act in relation to working hours, spread over, etc., subject to a maximum of 125 (one hundred and twenty-five) hours of overtime work in any quarter, instead of previous 75 (seventy-five) hours.

   Separately, the Factories (Gujarat Amendment) Ordinance, 2025, has also introduced a new provision in Section 65 of the Factories Act, which provides that a worker may be required to work overtime subject to their written consent for such work has been obtained.
6. **Employment of women in factories (night shifts)**: Section 66(1) of the Factories Act generally restricted women from working in factories except between 6 A.M. and 7 P.M. However, with the amendment, the State Government now exempt factories or groups of factories from this restriction, allowing women to work between 7 P.M. and 6 A.M., subject to various stringent conditions. These conditions aim to ensure the safety and health of women workers in night shifts and include, but are not limited to:
   a) employer's duty to prevent sexual harassment and provide redressal mechanisms;
   b) provision of appropriate working conditions, including health and hygiene, to prevent a hostile environment;
   c) proper lighting and CCTV coverage inside and surrounding the factory, and in all places where female workers may move out of necessity. CCTV coverage must be stored for at least 45 (forty-five) days;
   d) women workers to be employed in batches of not less than 10 (ten);

e) sufficient women security provided during night shifts at entry and exit points;

f) sufficient rest rooms for female workers to arrive in advance and leave after working hours;

g) transportation facility with security guards (including female security guards), CCTV, and GPS for night shift women workers from their residence and back;

h) not less than 1/3rd (one third) of the supervisory staff in a night shift must be women;

i) a minimum of 12 (twelve) consecutive hours of rest or gap between shifts when a woman worker's shift changes from day to night or *vice versa*;

j) pre-employment screening of antecedents of all drivers, including collection of their biodata;

k) women employees' telephone numbers, mobile numbers, email IDs, and addresses not to be disclosed to unauthorised persons;

l) careful selection of routes for transportation to ensure no woman employee is picked up first and dropped last;

m) working in night shifts will not be compulsory or obligatory for any woman worker; written consent must be obtained from those interested; and

n) any other condition(s) prescribed by the State Government in the interest of women's safety.

7. **Change of shift for women workers:** The Factories Act did not previously contain any explicit provision in relation to change of shift for women workers. However, pursuant to the amendment, the State Government has clarified that change of shift for woman will only take place after a weekly holiday or any other holiday.

Conclusion

The Factories (Gujarat Amendment) Ordinance, 2025 reflects the State Government's intention to provide greater operational flexibility to factories, aiming to stimulate economic growth and job creation while concurrently balancing it with worker welfare.

Given the amended provisions, it would be imperative for factory employers in the State of Gujarat to thoroughly understand the new provisions, update their compliance frameworks and leverage these reforms to drive growth and set a benchmark for responsible and progressive industrial development.

Telangana rolls out operational relaxations for commercial establishments

In a significant move, the Government of Telangana, *vide* notification dated July 5, 2025 ("**Telangana Exemption 2025**"), rolled out certain relaxations for commercial establishments (other than shops) in the State by exempting them from select provisions of the Telangana Shops and Establishments Act, 1988 ("**Telangana S&E Act**"), specifically those governing daily and weekly work hours[10] and rest intervals[11].

This exemption has been granted under the Government's ease of doing business initiative and follows a similar notification issued on June 12, 2024, which granted a 4 (four) year relaxation to all Information Technology ("**IT**") and IT-enabled service ("**ITeS**") establishments in the State, effective May 30, 2024, from certain provisions of the Telangana S&E Act, subject to conditions stipulated therein ("**IT Exemption**").

Key features and conditions of the Telangana Exemption 2025

The Telangana Exemption 2025 provides relaxations to commercial establishments from Section 16 (weekly working hours) and Section 17 (rest intervals) of the

[10] Section 16, Telangana S&E Act

[11] Section 17, Telangana S&E Act

Telangana S&E Act. However, these relaxations are subject to the following conditions:

1. **Daily and weekly working hours**: While the Telangana S&E Act prescribes a standard workday of 8 (eight) hours and 48 (forty-eight) working hours per week, under the Telangana Exemption 2025, the permissible daily working hours have been extended up to 10 (ten) hours. However, the weekly work-hour limit of 48 (forty-eight) hours remains unchanged.
2. **Overtime**: As per the Telangana S&E Act, subject to payment of overtime wages (i.e., wages at twice their ordinary rate of wages), employers may require employees to work in an establishment for any period beyond the regular working hours, subject to a maximum of 6 (six) hours of overtime work in any week. This limit has been replaced with a quarterly cap of 144 (one hundred and forty-four) hours of overtime hours per quarter. The Telangana Exemption 2025 also makes it clear that any work performed in excess of 48 (forty-eight) hours a week will attract overtime wages.
3. **Interval for rest**: The Telangana S&E Act mandates that no employee will be required or allowed to work more than 5 (five) hours in a day without a rest interval of at least 1 (one) hour. The Telangana Exemption 2025 modifies this requirement, allowing employees to work up to 6 (six) hours a day without a break, provided that any period exceeding 6 (six) hours is followed by a rest interval of not less than 30 (thirty) minutes.
4. **Spread over of working hours**: Both the Telangana S&E Act and the Telangana Exemption 2025 stipulate that the total spread-over period of work, including the rest interval, will not exceed 12 (twelve) hours on any given day.

Any violation of the above conditions will result in immediate revocation of the exemption for such an employer, without any prior notice. Unlike the IT Exemption, which has been granted for a specific duration, the Telangana Exemption 2025 does not specify a time limit, implying its applicability until further notice.

Interplay between IT Exemption and Telangana Exemption 2025

The Telangana Exemption 2025, while broad in scope with respect to applicability to all commercial establishments (other than shops), does not expressly override or refer to the earlier IT Exemption dated June 12, 2024. While the Telangana Exemption 2025 may appear to be overlapping with the IT Exemption in terms of scope, their core intent remains aligned to ensure smooth and hassle-free operations for businesses. As a result, a harmonised reading of both notifications would be imperative. Therefore, IT/ITeS establishments, which are already covered under the IT Exemption, can enjoy the relaxations under the Telangana Exemption 2025 as well.

Conclusion

Building on the IT Exemption, the State Government of Telangana has now extended similar operational relaxations to other commercial establishments across the state, aiming to create a more business-friendly ecosystem. However, it is interesting to note that since the definitions of 'commercial establishment' and 'shop' under the Telangana S&E Act encompass places where trade and business is carried out, there could be instances where a shop may also qualify as a commercial establishment, making the scope and application of the exemption potentially complex in practice.

Overall, this move by the Government of Telangana reflects a progressive intent to modernise labour regulations in line with evolving business needs. By allowing extended daily working hours, reduced rest intervals, and a rationalised overtime framework, it offers employers with greater scheduling flexibility while maintaining core worker protections. While this is definitely a positive move, it is essential that these relaxations are put to the right use by employers, by leveraging these provisions to improve operational efficiencies, enhance workforce productivity and foster a compliant yet flexible work environment.

Delhi introduces conditional exemption for easing commercial operations

The Government of National Capital Territory of Delhi, *vide* notification dated August 7, 2025 ("**Delhi Exemption 2025**"), exempted all shops and commercial establishments except liquor shops from select provisions of the Delhi Shops and Establishment Act, 1954 ("**Delhi S&E Act**"). The exemption relates to provisions governing women working during the night time, opening and closing hours of shops and commercial establishments, and the weekly close day, subject to certain conditions.

Key features and conditions of the Delhi Exemption 2025

The Delhi Exemption 2025 provides relaxations to commercial establishments from Section 14 (women to work during day time), Section 15 (opening and closing hours of shops and commercial establishments), and Section 16 (close day) of the Delhi S&E Act. However, these relaxations are subject to the following conditions:

1. **Daily and weekly working hours**: The notification establishes that the standard working hours will not exceed 9 (nine) hours per day, inclusive of meal and rest breaks, and 48 (forty-eight) hours per week. This represents a departure from the original framework under the Delhi S&E Act, where 9 (nine) working hours per day did not include intervals of rest. Additionally, no employee is permitted to work for more than 5 (five) continuous hours without a break. Notably, matters such as daily and weekly hours, spread-over limits, rest intervals, and overtime will be governed by further notifications as issued from time to time.
2. **Overtime**: Employees required to work beyond the prescribed working hours must be compensated for overtime in accordance with the provisions of the Delhi S&E Act.
3. **Shift working**: Where shift work is adopted, employers must ensure that no employee is compelled to work exclusively during night shifts. The rotation of shifts must be structured in a manner that does not disproportionately assign inconvenient or late working hours to the same individuals on a consistent basis.
4. **Safety and security measures**: Employers are obligated to put in place appropriate safety, security, and transportation arrangements for all employees who are required to work beyond normal working hours prescribed under the Delhi S&E Act (i.e., between 9:00 pm to 7:00 am during summer and 8:00 pm to 8:00 am during winter). Furthermore, each establishment must install CCTV systems to record workplace activity and preserve these recordings for a minimum period of 1 (one) month. These recordings must be submitted to the Chief Inspector of Shops upon request.
5. **Work on national holidays**: In the event that employees are engaged on national holidays, they must be granted a compensatory day off in lieu of their service, along with payment of wages at twice the normal rate as overtime compensation. This condition ensures fair treatment and adequate rest for employees required to work during designated public holidays.
6. **Weekly off in rotation**: The weekly rest day for employees must be granted on a rotational basis. This ensures that while business operations can continue throughout the week, each employee is still provided with their mandated day of rest.
7. **Constitution of IC**: Every employer engaging women workers must constitute an IC in accordance with the POSH Act. This committee must be functional and accessible to all women employees, thereby ensuring that any grievances related to workplace harassment are promptly addressed and resolved.

8. **Consent for night shifts**: The deployment of women employees during night shifts is permissible only upon obtaining their explicit consent.
9. **Notice requirement**: A copy of the Delhi Exemption 2025 notification will be prominently displayed at the entrance/exit of the establishment.
10. **Provision for basic facilities**: All establishments availing the exemption must provide their employees with essential amenities, including access to washrooms, safety lockers, and other basic amenities.

Unlike similar exemptions rolled out in other States, the Delhi Exemption 2025 requires establishments to submit a detailed information to the Labour Department of the Delhi Government as a pre-condition for availing the exemption. The required details include the establishment's registration number, name and address, contact details of the occupier or employer, nature of business, and the number of male and female employees. Employers can apply for the exemption online through the official online portal.

As per the SOP[12] for dealing with exemption applications under the Delhi S&E Act, applications must be submitted electronically through the online portal by the authorised representative of the establishment. As part of the application process, employers are required to complete an online form and upload an undertaking along with the application form, affirming their commitment to comply with all conditions specified in the Delhi Exemption 2025.

The Labour Department will review the applications to verify the accuracy and consistency of the information provided. In case any discrepancies or mismatches are identified between the shop registration data and the exemption application, the applicants will be notified through letter or email and be given an opportunity to respond and rectify the issues.

Once the documentation is complete and any discrepancies have been resolved, the application proceeds through further processing by the Chief Inspector of Shops. The final approval is granted by the Hon'ble Lieutenant Governor of Delhi. Following this approval, the Labour Department will issue a formal gazette notification confirming the exemption. The approved exemption details will be subsequently published on the Labour Department's website for public reference.

Conclusion

The Delhi Exemption 2025 marks a progressive step towards fostering more flexible business operations in Delhi, while continuing to safeguard employee rights and welfare. Although the exemption application portal has been operational prior to this notification, the current framework formalises and clarifies the conditions under which these relaxations are granted.

The exemption granted under the Delhi Exemption 2025 does not override any other existing orders, notifications, advisories, or circulars issued by other government departments, authorities, or agencies, including law enforcement. Employers must remain mindful of all such obligations and ensure that no conflict arises between this exemption and other prevailing regulations.

By easing specific restrictions, the Government is encouraging a more inclusive and efficient commercial environment. However, the benefits of these exemptions remain conditional upon strict compliance with the prescribed requirements. Establishments seeking to avail themselves of these exemptions must ensure full adherence to the stipulated terms and stay vigilant for any further updates or instructions issued by the authorities.

Gujarat updates its social security framework: Key amendments to gratuity, maternity, and worker welfare rules

In exercise of its powers under Section 154(1) and Section 156(1) of the Code on Social Security, 2020[13]

[12] dlabourwelfareboard.delhi.gov.in

[13] Notification No. CG-DL-E-29092020-222111

("**SS Code**"), the State of Gujarat, *vide* notification dated August 18, 2025, released the Code on Social Security (Gujarat) (Amendment) Rules, 2025[14] ("**Amendment Rules**"). The Amendment Rules amend the Code on Social Security (Gujarat) Rules, 2023[15] ("**2023 Rules**") and lay down the procedure and manner for implementation of the SS Code in the State.

The SS Code consolidates and replaces 9 (nine) existing social security laws, including *inter alia* the Employee's Compensation Act, 1923, the ESI Act, the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 ("**EPF Act**"), the Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959, the Maternity Benefit Act, 1961, the Payment of Gratuity Act, 1972, the Cine-Workers Welfare Fund Act, 1981, the Building and Other Construction Workers' Welfare Cess Act, 1996, and the Unorganised Workers' Social Security Act, 2008. The SS Code empowers Central and State Governments to formulate welfare schemes for workers with an aim to ensure their access to equitable social security benefits provided thereunder. The SS Code provides coverage to all workers, including those in the unorganised sector, and provides a uniform framework for social security benefits across sectors and employment structures.

Key highlights under the 2023 Rules

To operationalise and localise the provisions under the SS Code within the State of Gujarat, the 2023 Rules highlight various provisions including gratuity, maternity, workers' compensation, social security for unorganised workers and building workers. The key highlights of the 2023 Rules are as follows:

Simplification of gratuity rules

The 2023 Rules lay down a unified process for employees, nominees and legal heirs to apply for payment of gratuity through prescribed standardised forms. Employers are mandated to notify the applicant within 15 (fifteen) days regarding the status of their application. If the claim for gratuity is found admissible, the employee/nominee/legal heir is entitled to receive gratuity within 30 (thirty) days from the date of application and the employer is required to issue a notice for the same. If the claim is found inadmissible, reasons for the same are to be conveyed in another notice.

The 2023 Rules specify that an employer is required to intimate details of gratuity payments made to eligible employees to the competent authority of the area. In addition to the above, the 2023 Rules allow applicants to apply to the competent authority for issuing a direction against the employer in case the employer refuses to accept a nomination or specifies an amount less than what is payable in the notice or fails to issue the notice granting admissibility within the specified time. The 2023 Rules also set out the procedure to be followed by the competent authority to assess applications for issuance of direction against the employer, in any of the above cases.

Appeal mechanism for disputes relating to maternity benefit

The SS Code as well as extant laws on maternity enables female employees to approach the inspector-cum-facilitator to make a complaint against the employer in the event of delayed payments or illegal dismissal during her approved absence from work under applicable maternity laws. Female employees aggrieved by the order of the inspector-cum-facilitator may prefer an appeal against such an order before the competent authority prescribed in that area. The 2023 Rules outline a comprehensive procedure for preferring an appeal against any such decision passed by the inspector-cum-facilitator.

The 2023 Rules require employers to supply to female employees at their request, the forms appended under the SS Code free of cost. Under the 2023 Rules, non-submission of any notice, appeal or complaint in prescribed formats by any female employee does not disentitle them from their right to maternity benefit.

Entitlement of social security to construction workers

The 2023 Rules establish the structure and functioning of the Gujarat Building and other Construction Workers Welfare Board ("**Building Workers Board**"). The constitution of the Building Workers Board under the SS Code is for matters relating to collection of cess

[14] Notification No. No. GR/2025/116/PGA/172021/24659/M3

[15] Notification No. No: GR/2023/158/PGA/172021/24659/M3

for the purposes of social security and welfare of building workers. The composition of the Building Workers Board along with provisions such as term of office, resignation, time limit, manner of paying cess, have been elaborated under the 2023 Rules.

The 2023 Rules provide further clarity on the functioning and responsibilities of Building Workers Board, including *inter alia* the implementation of welfare schemes for building workers and their family members. It introduces a fixed fee for appeal applications, mandates electronic payment of cess and specifies timelines and formats for filing of returns.

Welfare of unorganised workers

The 2023 Rules outlined the constitution of the Gujarat State Unorganised Workers' Social Security Board ("**Unorganised Workers Board**"). They also delineate its functions, including but not limited to, framing and monitoring the execution of social security schemes for unorganised sector workers, reviewing registration of and issue of cards to such workers, review expenditure from funds under various schemes.

The 2023 Rules lay down the procedure for the Unorganised Workers Board to discharge its assigned functions, including *inter alia* constitution of advisory committee(s), term and representation in its composition, resignation of members, salary and allowances, meetings and decision-making, quorum and attendance process. By providing a comprehensive mechanism for the Unorganised Workers Board's functioning, the 2023 Rules act as a bridge between policy and grassroots-level implementation.

Revisions introduced by the Amendment Rules

The State of Gujarat has issued the Amendment Rules which supersede and add to the 2023 Rules, in drafting provisions on gratuity, maternity benefits, social security for unorganised workers and welfare of building workers, in alignment with the evolving national framework. The Amendment Rules introduce the following amendments:

1. fixed-term employees are eligible to receive gratuity upon completion of a minimum period of 1 (one) year of continuous service. This is in alignment with the 2018 amendment to the Industrial Employment (Standing Orders) Central Rules, 1946[16]. It entitles fixed-term employees to gratuity at a pro-rated basis, corresponding to their service period, even if it is less than 5 (five) years as required under the Payment of Gratuity Act, 1972. A similar model of pro-rated gratuity benefit is provided to fixed-term employees in the State of Delhi as well;
2. employers are mandated to deposit (in addition to the compensation amount stipulated under the SS Code), a sum of INR 15,000 (Indian Rupees fifteen thousand) or higher, as prescribed, with the competent authority, to be disbursed towards the funeral expenses of an employee who met with a fatal accident/injury during the course of employment, resulting in death. In addition to this, the employer is also required to deposit the actual transport charges from the place of death/accident/hospital to the native place/where the rituals are being undertaken for the deceased employee, as calculated by the competent authority. The abovementioned expenses have to be deposited with the competent authority in the area within 48 (forty-eight) hours of the employee's death;
3. As required under the SS Code, the Amendment Rules mandate the Building Workers Board to:
   a) make required premium payments for the group insurance scheme of the beneficiaries;
   b) frame educational schemes for the benefit of children of the beneficiaries; and
   c) undertake medical expenses on behalf of the beneficiary or such other notified dependents in the treatment of major ailments. (Beneficiaries refer to building and other construction workers who are registered under the Building Workers Board);
4. The Unorganised Workers Board must conduct its meeting every 3 (three) months, replacing the earlier requirement of every 4 (four) months under the 2023 Rules;
5. The State Government is required to frame and notify a detailed policy expounding on the terms

[16] Notification No. G.S.R. 235(E)

for social security organisations to raise loans or constitute provident fund or other benefit funds for the officers and staff of these organisations; and

6. The Amendment Rules have included a column for witnesses' declaration in the gratuity nomination/fresh nomination/modification of nomination form, i.e., Form-IV. This serves as a tool for strengthening the authenticity of nomination forms that are submitted.

Conclusion

The State Government of Gujarat has taken a proactive stance in aligning State-level labour welfare mechanisms with national reforms. These rules consolidate and supersede the existing regulations by streamlining compliance measures and electronic submissions for nominations and gratuity claims, extending benefits to fixed-term employees, and establishing dedicated welfare boards for building workers and unorganised sector workers.

Similar to Gujarat, other States like Karnataka, Maharashtra and Uttar Pradesh have also notified their draft rules under the SS Code. The States of Karnataka, Rajasthan and Telangana have taken active steps in setting up specialised frameworks for gig and platform-based workers, focusing on fair and transparent contracts while ensuring protection against discrimination and equitable social security benefits. The Gujarat Government is presently focused on facilitating compliance with the SS Code and is yet to outline a robust framework targeted at addressing gig and platform worker vulnerabilities.

कौशल विकास और उद्यमशीलता मंत्रालय
MINISTRY OF
SKILL DEVELOPMENT AND ENTREPRENEURSHIP
सत्यमेव जयते

Amendments to the Apprenticeship Rules, 1992

The Ministry of Skill Development and Entrepreneurship ("**Ministry**") issued a notification dated September 3, 2025, to amend the Apprenticeship Rules, 1992 ("**Apprenticeship Rules**") by the Apprenticeship (Amendment) Rules, 2025 ("**Apprenticeship Amendment Rules**"). The amendments intend to bolster apprenticeship engagement, training and streamline the policy framework under the Apprenticeship Rules framed under the Apprentices Act, 1961 ("**Apprentices Act**"), which applies to establishments with 30 (thirty) or more workers. Further, it aims to upskill the youth workforce and bridge the gap between education, industry and employment.

Multiple proposals to amend the Apprenticeship Rules had been in the Ministry's agenda. These were addressed in its press releases dated May 26, 2025[17], July 21, 2025[18], and July 28, 2025[19]. The Apprenticeship Amendment Rules have covered most of the proposals.

Key amendments

1. **Enhanced monthly stipend**: The minimum monthly stipend has been enhanced from the existing INR 5,000 (Indian Rupees five thousand) - INR 9,000 (Indian Rupees nine thousand) to INR 6,800 (Indian Rupees six thousand eight hundred) - INR 12,300 (Indian Rupees twelve thousand three hundred), basis applicable apprentice category. This will require employers to pay an increased stipend to apprentices.
2. **Maintain gap between apprenticeship trainings**: An employer will now need to maintain a minimum gap of 1 (one)-year between 2 (two) apprenticeship trainings of an individual. This gap won't apply if an individual's previous training was terminated by the authority due to an employer failing to comply with the statutory obligations. Also, an employer will need to ensure that an individual does not undergo back-to-back trainings and such individual's second training spell is not repeated with the same department of the organisation.
3. **Cooling-off period**: If an individual terminates the apprenticeship contract due to health reasons or financial hardship or relocation or career changes or language barrier, such an individual will need to serve a 3 (three) months' cooling-off period to re-

[17] pib.gov.in
[18] pib.gov.in
[19] pib.gov.in

apply for an apprenticeship with the same or any other organisation. This requirement does not apply to females. An employer will need to ensure that it conducts prior check on male applicant's cooling-off period prior to confirming his apprenticeship.

4. **New format of apprenticeship contract**: Employers will need to use the new format of the apprenticeship contract introduced under the Amendment Rules to engage apprentices.
5. **Termination of apprenticeship contract**: If an apprenticeship contract was terminated due to an individual's failure to perform contractual obligations, then such an individual cannot apply for an apprenticeship with a new employer. A new employer needs to ensure that it conducts a background check prior to engaging an individual as an apprentice.
6. **Flexibility to conduct trainings**: Employers will now have the flexibility to conduct apprenticeship trainings offline, online or in hybrid mode. They may also deploy apprentices to client sites to enable them to gain practical training and exposure.
7. **Reserve training slots**: Employers will now need to reserve training slots for 'persons with benchmark disability' defined under the Rights of Persons with Disabilities Act, 2016.

Conclusion

The amendments to the Apprentices Rules seek to modernise apprenticeship engagement, expand inclusion, and clarify employer responsibilities. For employers, these changes mean more stringent quotas for engaging apprentices, new reserved categories, and increased administrative requirements.

Employees' Provident Funds Organisation issues direction for prominent display of Form 5-A at entrance of establishments

The Employees' Provident Funds Organisation ("**EPFO**") issued a direction on October 7, 2025 ("**Direction**"), mandating that all establishments falling within coverage of the EPF Act must display an extract of Form 5A (Return of Ownership to be sent to the Regional Commissioner), either at the entrance of the establishment or on their website and mobile application. The critical information to be displayed include:

1. EPF code;
2. registered name (of the establishment);
3. date of coverage;
4. number of branches of establishment along-with primary branch address; and
5. details of regional office. The Direction mandates compliance within 15 (fifteen) days of its issuance date.

Failure to comply would subject the concerned establishment to legal action under provisions of the EPF Act and schemes formulated thereunder.

As a response to an application submitted under the Right to Information Act, 2005 on November 10, 2025, seeking clarification on whether the display requirement extended to all offices of an establishment, EPFO clarified on December 12, 2025, that the aforementioned extract has to be displayed at the registered office/head office as well as all branch offices of covered establishments.

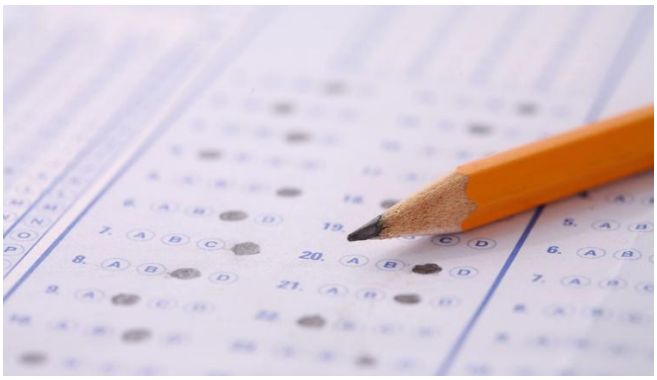
Haryana Government releases notification permitting engagement of female workforce in night shifts in factories and establishments

The State Government of Haryana, through a notification dated October 8, 2025, permitted engagement of female contract workers during night shift between 7:00 PM to 6:00 AM in factories and between 8:00 PM to 6:00 AM in shops and commercial establishments. Employers may apply online through prescribed portal for an exemption from Rule 25 (ix) of the Haryana Contract Labour (Regulation and

Abolition) Rules, 1975 (which prescribes that female contract labour cannot be engaged during the night shift between the hours of 7:00 PM and 6:00 AM), within 2 (two) weeks of start of night shift and the exemption status will be notified in auto mode pursuant to self-certification. This exemption is subject to conditions outlined for factories, in the notification dated July 4, 2025, published by the State Government of Haryana, that must be complied with by employers while engaging female contract labour in factories. Validity of the exemption is for a period of 1 (one) year from the notification issuance date.

Additionally, *vide* notification dated October 13, 2025, the State Government of Haryana has issued a list of guidelines to be complied with by employers for engaging female workers (including female contract labour) during night shifts in establishments. The list of guidelines include, among others, the following conditions:

1. obtaining consent of the female worker in writing to undertake work during night shift;
2. institution of adequate security and safe transport facilities including drop-off and pick-up of female workers in the manner prescribed;
3. maintenance of CCTV facilities in all areas of the establishment where the concerned worker may move in the course of night shift;
4. adherence to provisions of the POSH Act;
5. setting up adequate medical facilities through tie-ups with nearby hospitals to meet any medical emergencies that may arise, along with display of emergency numbers for hospitals, ambulances etc., at all prominent places in the establishment, and
6. provision of boarding and lodging facilities exclusively for female workers. Similar guidelines are prescribed for engagement of female contract labour in factories as well.



The Employees' Enrolment Campaign, 2025

The Ministry of Labour and Employment ("**MoLE**") introduced the Employees' Provident Funds (Amendment) Scheme, 2025 ("**Amendment Scheme**"), through a notification dated October 10, 2025, amending the Employees' Provident Funds Scheme, 1952 ("**EPF Scheme**"). The Amendment Scheme inserts paragraph 86B which discusses various provisions of the Employees' Enrolment Campaign, 2025. The Amendment Scheme is a continued effort (a previous edition was successfully completed in 2017) of MoLE to encourage enrolment of eligible employees under social security framework prescribed under the EPF Act and schemes framed thereunder. All employers who secure registration or declare new employees under the Amendment Scheme will thereby become eligible to avail benefits under the *Pradhan Mantri-Viksit Bharat Rojgar Yojana*, subject to certain terms and conditions.

Key take-aways of the Amendment Scheme are as follows:

1. the Amendment Scheme came into force on November 1, 2025, and will cease to operate on April 30, 2026;
2. employers have the option to:
    a) register for coverage if they are not currently covered, and/or
    b) register employees who are alive and were hired during the period between July 1, 2017, and October 31, 2025 ("**Eligible Period**"), and are currently employed but were previously not registered under the EPF Scheme, where relevant. These declarations must be submitted exclusively *via* the online platform made available by EPFO;
3. for the abovementioned newly registered employees, compliance obligations will begin from the month in which the employer submits the declaration (accepted only through portal of EPFO) under the Amendment Scheme, subject to a condition that no employee contributions were previously withheld and retained by the employer. Employers must remit all contributions dating back to each such employee's joining date as stated in the declaration but will solely be responsible for remitting the employer share of the contributions,

together with applicable interest for the retroactive period and administrative fees, as applicable. The employees' share for the Eligible Period will be waived, provided the quantum has not already been deducted by employer;

4. all employers intending to avail benefits under the Amendment Scheme should create a face authentication technology-authenticated Universal Account Number through Unified Mobile Application for New-age Governance (UMANG) application for each of the employees declared under the Amendment Scheme and remit contributions through an electronic challan-cum-return along with payment of lump-sum penal damages of INR 100 (Indian Rupees one hundred);
5. all covered establishments under the EPF Act are qualified to enroll under the Amendment Scheme irrespective of whether they are subject to ongoing inquiries under Section 7A of the EPF Act or under paragraph 26B of the EPF Scheme or under paragraph 8 of the Employees' Pension Scheme, 1995. If the declaration pertains to the period of inquiry, then benefits under the Amendment Scheme will be limited to notional damages for defaults committed in respect of eligible employees. Concluded assessments of inquiries under aforementioned provisions will not be considered under Amendment Scheme for limiting damages to a fixed and nominal penalty; and
6. EPFO will not undertake *suo moto* compliance action against those establishments who avail benefits under the Amendment Scheme with respect to those employees who were employed during the Eligible Period but who have exited the organisation as on the date of declaration, provided an undertaking is submitted wherein:
    a) all existing and eligible employees have been declared, and
    b) no amount regarding existing or exited employees' contributions which was previously deducted from their salaries is pending deposit with EPFO.

Karnataka introduces paid menstrual leave for women

Karnataka has made a landmark move by becoming the first State in India to implement a paid menstrual leave policy, granting 1 (one) day of paid leave every month for its female workforce.

On October 18, 2025, the Government of Karnataka announced a proposal to introduce annual paid menstrual leave for women employees. The Government had invited suggestions, objections, and opinions from factory owners, industry representatives, women's associations, labour unions, and members of the public. After reviewing the feedback, majority of the stakeholders expressed support for the initiative.

Following deliberation amongst the relevant stakeholders, the State Cabinet has approved the implementation of the Menstrual Leave Policy 2025 ("**Menstrual Leave Policy**") which was notified on November 12, 2025, which is applicable across the State of Karnataka.

Key highlights

Under the Menstrual Leave Policy, all women employees between the ages of 18 (eighteen) and 52 (fifty-two), including those employed on a permanent, contractual, or outsourced basis, are entitled to 12 (twelve) days of paid menstrual leave annually, which will be provided as 1 (one) day of paid leave each month.

The Menstrual Leave Policy covers women working in all industries and establishments covered under the Factories Act, the Karnataka Shops and Commercial Establishments Act, 1961, the Plantations Labour Act, 1951, the Beedi and Cigar Workers (Conditions of Employment) Act, 1966, and the Motor Transport Workers Act, 1961, within the State of Karnataka.

This menstrual leave entitlement is provided in addition to all other statutory or contractual leave benefits such as annual leave, maternity leaves and sick-cum casual leaves. Employees are expected to utilise the menstrual leave within the month for which it is applicable. Carryover or accumulation of unused menstrual leave to subsequent months is not permitted under the Menstrual Leave Policy.

Furthermore, the Menstrual Leave Policy makes it clear that no medical certificate or proof will be required for availing this leave.

Conclusion

The Menstrual Leave Policy marks a progressive and inclusive step by the Karnataka State Government, signaling a broader commitment to gender-sensitive labour reforms and workplace equality. Although the proposal to provide menstrual leaves was initially criticised on the basis that it could adversely affect the employability of women, the order notes that majority of the comments received on the proposal were supportive of the move and recommended for 12 (twelve) days of paid leave as opposed to the initially envisaged 6 (six) days of paid leave.

The Menstrual Leave Policy also seeks to normalise menstruation as a legitimate facet of health that can influence one's attendance, concentration and overall well-being, thereby reducing the long-standing stigma surrounding this subject. While this move is undoubtedly progressive, this policy should be used as a genuine support mechanism. In other words, employers and employees alike must approach this reform with a shared sense of purpose, that is, to sustain productivity while honouring health, dignity and gender equity.

Across India, many organisations already place a strong emphasis on employee wellness, weaving it into their core business strategy. For example, many companies have instituted flexible work arrangements, mental health days, access to telemedicine, preventive health checkups and employee assistance services. These initiatives coupled with the Karnataka Government's move, collectively signals a shift towards holistic employee care that recognises the links between health, morale and performance.

As other States watch closely, Karnataka's approach is expected to spark broader conversations about employee well-being, productivity and dignity. However, adoption of a similar policy in other states is likely to be influenced by local economic conditions, sector mix and administrative capacity. Therefore, the learnings from Karnataka's rollout will be crucial for responsible adoption of the same.

Haryana introduces ordinance amending shops and establishments legislation

The Government of Haryana, *vide* notification dated November 12, 2025, promulgated the Haryana Shops and Commercial Establishments (Amendment) Ordinance, 2025 ("**Ordinance**") under Article 213 of the Constitution of India. The Ordinance amends select provisions of the Haryana Shops and Commercial Establishments Act, 1958 ("**Haryana S&E Act**"), particularly in the areas of applicability, working hours, overtime limits, rest intervals and penalties, among others.

Interestingly, these changes closely mirror the recent reforms introduced in Maharashtra through the Maharashtra Shops and Establishments (Regulation of Employment and Conditions of Service) (Amendment) Ordinance, 2025, notified on October 1, 2025 ("**Maharashtra Ordinance**").

Given that the Ordinance has been issued under Article 213 of the Constitution of India, it will have the same force and effect as an Act of the State Legislature, until laid before the State Legislature upon its reassembly and is approved and enacted into law by the State Legislature. In the event that it remains unapproved, the Ordinance will expire at the end of 6 (six) weeks from the reassembly of the State Legislature.

Key changes

Applicability and intimation requirement

1. While the Haryana S&E Act applied to all establishments irrespective of their employee

headcount, the Ordinance revises the applicability of the Haryana S&E Act to extend only to shops and establishments employing 20 (twenty) or more workers. Accordingly, only establishments employing 20 (twenty) or more workers are required to be registered under the Haryana S&E Act.

2. Such establishments are required to submit an online registration application within 1 (one) month of commencing business. Upon verification of the application and accompanying documents, the inspector will issue an online registration certificate, which will remain valid unless amended, cancelled upon closure, or revoked after verification by the inspector.
3. Employers must report any change in the particulars furnished at the time of registration including in relation to the establishment's name, employer, manager or workforce details within 7 (seven) days after the change has taken place. Employers are also required to notify the inspector within 30 (thirty) days of closing the establishment, following which the inspector (once satisfied with the accuracy of information furnished) will cancel the registration and remove the establishment from the register.
4. Although shops and establishments engaging less than 20 (twenty) workers will not be governed by the Haryana S&E Act, such establishments must submit an online intimation to the inspector within 1 (one) month of commencing business, in the prescribed form (which is yet to be notified). Upon submitting the intimation, the employer will be issued a 'Basic Information Performa ID Number'. However, the Ordinance remains silent regarding compliance actions for establishments that are already registered under the Haryana S&E Act and engage fewer than 20 employees.

Increased daily working hours

The Ordinance increases the permissible daily working hours from 9 (nine) hours to 10 (ten) hours. However, the weekly work hours limit of 48 (forty-eight) hours continues to be the same. This amendment mirrors the change recently introduced in Maharashtra through the Maharashtra Ordinance.

Enhancement of overtime limits

Under the Haryana S&E Act, employees could perform overtime work up to 50 (fifty) hours in a quarter. The Ordinance significantly increases this limit to 156 (one hundred and fifty-six) hours per quarter, providing employers with greater flexibility to manage peak workloads and seasonal demands. In comparison, Maharashtra's Ordinance recently expanded overtime limits, from 125 (one hundred and twenty-five) hours to 144 (one hundred and forty-four) hours in a 3 (three) month period.

Revision of rest interval requirements

Under the Haryana S&E Act, a rest break of half an hour was required to be provided after every 5 (five) hours of work. The Ordinance now relaxes this requirement by mandating a rest interval only after 6 (six) hours of continuous work.

Enhanced penalties

1. Non-compliance with the registration related provisions may attract penalties ranging from INR 3,000 (Indian Rupees three thousand) to INR 10,000 (Indian Rupees ten thousand) for the first violation, INR 5,000 (Indian Rupees five thousand) to INR 25,000 (Indian Rupees twenty-five thousand) for the second violation, and INR 500 (Indian Rupees five hundred) per day for continuing subsequent violations.
2. Under the Haryana S&E Act, failure by an employer to produce records for inspection, provide information required by the inspecting authority, or wilfully obstructing the inspecting authority (including by preventing an employee from appearing or being examined) was punishable, upon conviction, by a fine ranging from INR 25 (Indian Rupees twenty-five) to INR 200 (Indian Rupees two hundred). The Ordinance removes the requirement of conviction and replaces the earlier fine with a monetary penalty that will not be less than INR 3,000 (Indian Rupees three thousand) and may extend to INR 10,000 (Indian Rupees ten thousand) for such violations.
3. The Ordinance also revises the penalty framework under Section 20 of the Haryana S&E Act relating to maintenance of records and exhibition of

notices. Previously, any contravention attracted a fine of up to INR 500 (Indian Rupees five hundred) for each day of continuing default and required a conviction before the fine could be imposed. The Ordinance replaces the term fine with penalty and removes the requirement of conviction, enabling the authorities to impose penalties directly.

4. The Ordinance further amends the consequences for falsification or omission of entries in statutory records or notices. Earlier, such actions could lead to imprisonment of up to 3 (three) months, and/or a fine ranging from INR 25 (Indian Rupees twenty-five) to INR 200 (Indian Rupees two hundred), upon conviction. The Ordinance removes the imprisonment component as well as the conviction requirement, replacing them with a monetary penalty ranging from INR 3,000 (Indian Rupees three thousand) to INR 10,000 (Indian Rupees ten thousand) for the first violation, and INR 5,000 (Indian Rupees five thousand) to INR 25,000 (Indian Rupees twenty-five thousand) for the second violation. For continuing offences, a penalty of INR 500 (Indian Rupees five hundred) per day may be imposed by the competent authority.

5. The Ordinance also amends the general penalty clause applicable in case of contraventions of the Haryana S&E Act or the rules made thereunder, where no specific penalty is prescribed. Under the Haryana S&E Act, such violations, upon conviction, attracted a fine of up to INR 100 (Indian Rupees one hundred) for the first offence and INR 300 (Indian Rupees three hundred) for subsequent offences, with a fine of INR 100 (Indian Rupees one hundred) for subsequent offences committed within the same year. For general violations, the Ordinance introduces a monetary penalty ranging from INR 3,000 (Indian Rupees three thousand) to INR 10,000 (Indian Rupees ten thousand) for the first violation, and INR 5,000 (Indian Rupees five thousand) to INR 25,000 (Indian Rupees twenty-five thousand) for the second violation. For continuing offences, a penalty of INR 500 (Indian Rupees five hundred) per day may be imposed by the competent authority.

In summary, the Ordinance increases the monetary penalties and removes the requirement of conviction.

Issuance of appointment letters

The Ordinance introduces a new requirement mandating every covered employer to provide each employee with a letter of appointment. The appointment letter must include the employee's photograph, and employers are required to obtain an acknowledgement from the employee upon issuance.

Mandatory identity cards

The Ordinance requires employers to issue identity cards to all workers. These identity cards must contain the particulars as prescribed, which will be specified once the relevant rules or amendments to the rules are notified.

Conclusion

The Ordinance introduces several employer-friendly reforms, such as increased daily permissible working hours, higher overtime limits, and relaxed rest interval requirements. At the same time, it introduces new compliance obligations, including issuance of appointment letters with photographs, and mandatory identity cards for all workers.

While establishments employing 20 (twenty) or more workers are required to register themselves, those with fewer than 20 (twenty) workers only need to submit an intimation. This will hopefully reduce the compliance burden for smaller establishments and streamline the registration process for larger ones. Overall, these changes are designed to empower employers to optimise productivity, manage workforce requirements more efficiently, and focus on business growth without being encumbered by outdated regulatory constraints.

Needless to mention, many procedural details will be operationalised only once the Ordinance becomes permanently effective and upon notification of the supporting rules. In the meanwhile, employers are encouraged to implement these changes in a balanced manner, leveraging the regulatory ease to enhance efficiency, but also prioritising fair work practices and employee welfare to maintain a motivated and productive workforce. By doing so, businesses in Haryana can achieve sustainable growth while fostering a positive workplace culture under the new legal framework.

Karnataka's legal leap for platform-based gig workers: Unpacking the Karnataka Platform Based Gig Workers (Social Security and Welfare) Act, 2025

The proliferation of digital platforms in India has redefined the nature of employment and labour relations. Needless to mention, cities like Bengaluru, the technological nerve center of India, have emerged as key hotspots for gig-based work, driven by various platforms. These platforms rely heavily on a vast workforce of platform-based gig workers who perform services ranging from transportation to food delivery to home-based services and logistics. Despite their integral role in the digital economy, such gig workers have long operated in a legal vacuum, excluded from the traditional labour protections such as minimum wages, social security coverage, safety standards, and protections against unfair termination.

In an effort to address these systemic gaps and bring formal recognition and protection to this emerging workforce, the Government of Karnataka enacted the Karnataka Platform Based Gig Workers (Social Security and Welfare) Act, 2025 ("**Karnataka Platform Workers Act**") with effect from May 30, 2025. Thereafter, on November 19, 2025, the Government of Karnataka notified the Karnataka Platform Based Gig Workers (Social Security and Welfare) Rules, 2025 ("**Karnataka Platform Workers Rules**").

By virtue of the Karnataka Platform Workers Act being brought into force, it replaces and repeals the Karnataka Platform Based Gig Workers (Social Security and Welfare) Ordinance, 2025, introduced on May 27, 2025, serving as the sole legal framework for platform-based gig work in the state of Karnataka.

Applicability of the Karnataka Platoform Workers Act

The Karnataka Platform Workers Act extends to aggregators[20] and platforms[21] operating within the State of Karnataka. This includes entities offering a wide range of services such as ride-sharing, food and grocery delivery, logistics, e-marketplaces (both marketplace and inventory models) for wholesale or retail sale of goods and/or services in a business-to-business or business-to-consumer format, professional activity providers, healthcare services, travel and hospitality, content and media services, within the State of Karnataka ("**Services**"). In terms of the beneficiaries under the law, the Karnataka Platform Workers Act applies to platform based 'gig workers[22]'.

Salient features of the Karnataka Platform Workers Act

Creation of a Karnataka Platform Based Gig Workers Welfare Board

As per the Karnataka Platform Workers Act, a Karnataka Platform Based Gig Workers Welfare Board ("**Board**"), headquartered in Bengaluru, will be constituted by the State Government, to perform such duties and exercise such powers as conferred upon the Board under the Karnataka Platform Workers Act. The Board will be chaired by the Minister in-charge of the Department of Labour, and will include representatives from gig and platform workers, aggregator platforms, civil society, and relevant government departments. A technical expert in the

[20] As defined under Section 2(b) of the Karnataka Platform Workers Act: "aggregator" means a digital intermediary for a buyer of goods or user of a service to connect with the seller or the service provider, and includes any entity that coordinates with 1 (one) or more aggregators for providing the services.

[21] As defined under Section 2(g) of the Karnataka Platform Workers Act: "platform" means any arrangement providing a service through electronic means, at the request of a recipient of the service, involving the organisation of work performed by individuals at a certain location in return for payment, and involving the use of automated monitoring and decision making systems or human decision making that relies on data.

[22] As defined under Section 2(e) of the Karnataka Platform Workers Act: "gig worker" means a person who performs work or participates in a work arrangement that results in a given rate of payment, based on terms and conditions laid down in such contract and includes all piece-rate work, and whose work is sourced through a platform, in the services specified in the Schedule.

field of data collection and IT systems may also be invited to provide inputs as necessary. The Board will oversee the implementation of welfare measures and ensure compliance with the Karnataka Platform Workers Act.

Registration of platform based gig workers

All platform-based gig workers in Karnataka must be registered with the Board to avail benefits under the Karnataka Platform Workers Act. For this purpose, aggregators and platforms must submit their existing database of all gig workers onboarded or registered with them to the Board within 45 (forty-five) days from the date of commencement of the Karnataka Platform Workers Act. Post-commencement, data on all new gig and platform workers onboarded must be electronically shared with the Board within 30 (thirty) days of their onboarding. The Karnataka Platform Workers Rules also specify that aggregators and platforms must update the Board of any changes in the number of platform-based gig workers, reflecting new additions or separations, within 7 (seven) days of such change. If technical issues or unavailability of the digital portal prevent timely compliance, the submission timeline will stand extended by 7 (seven) working days from the original due date.

The Board will generate a Unique Identification Number ("**UIN**") for each registered platform-based gig worker and communicate the UIN to the worker via the mobile number provided, as well as to the concerned aggregator or platform.

All data relating to individual platform-based gig workers will be handled by the Board in accordance with the Digital Personal Data Protection Act, 2023 and the rules made thereunder, and will be used solely for statistical analysis and for providing social security benefits to such workers.

Registration of aggregators/platforms

Every platform or aggregator must register with the Board within 45 (forty-five) days of the commencement of the Karnataka Platform Workers Act.

Upon successful registration, the Board will issue a registration certificate along with a unique registration number. Where a body corporate or group operates multiple distinct aggregators or platforms falling within the scope of the Karnataka Platform Workers Act, a single registration will suffice for that legal entity. If, after registration, such an entity begins operating a new and distinct aggregator or platform within the State or brings an existing aggregator or platform under its control, it must notify the Board of this addition within 30 (thirty) working days from the commencement of operations of the new or newly acquired platform.

If an aggregator or platform is demonstrably unable to complete its registration within the prescribed timeline solely due to technical malfunctions or unavailability of the designated registration portal, the Board may, upon being satisfied of such circumstances, grant an extension not exceeding 30 (thirty) working days. In cases where an aggregator or platform fails to register, the Board will issue a notice directing it to complete registration, require submission of work histories of all gig workers engaged since commencement of the Karnataka Platform Workers Act, ensure deduction and deposit of the requisite welfare fee for relevant transactions, and recommend to the State Government the imposition of a penalty.

Where a registered aggregator or platform operates in more than one sector, it must provide disaggregated data based on each of its sectoral verticals, such as ride-hailing, food delivery, logistics, or home services, including distinct payout structures and the number of platform-based gig workers in each sector. The aggregator or platform must also deposit welfare fee contributions separately for each sector.

Contractual obligations

The Karnataka Platform Workers Act mandates that any contract entered into between gig workers and platforms or aggregators must comply with its provisions. Importantly, in the event of any proposed changes to the terms of the contract, the workers must be given prior notice of not less than 14 (fourteen) days. Furthermore, platforms and aggregators are obligated to ensure that the contract terms are transparent, comprehensive, and fair, particularly in relation to payment obligations, including any applicable deductions. Notably, the Karnataka Platform Workers Act also requires the contract to

explicitly acknowledge the worker's right to refuse tasks offered by the platform or aggregator.

Automated monitoring and decision making systems

The platform-based gig workers must be provided with clear and accessible information with respect to the procedure to request further details or clarification, regarding the automated systems used by aggregators or platforms to monitor or make decisions that affect their working conditions. This includes, but is not limited to, systems influencing fares, earnings, customer feedback, and other related metrics. The Karnataka Platform Workers Rules specify that the aggregators or platform will respond to the queries of the platform-based gig worker within 5 (five) working days of receipt of the same.

Termination protocols

The Karnataka Platform Workers Act requires the contract executed between the workers and the aggregator or platform to contain an exhaustive list of grounds for termination of the contract by the aggregator or deactivation of the worker from the platform.

Further, the workers may only be terminated for valid reasons, which must be communicated to them in writing, and the principles of natural justice must be observed throughout the process. Aggregators and platforms are required to provide a minimum of 14 (fourteen) days' prior notice before terminating a platform-based gig worker's engagement.

However, the Karnataka Platform Workers Act creates an exception in cases involving allegations of bodily harm. Additionally, the Karnataka Platform Workers Rules also empower an aggregator to terminate a platform-based gig worker with immediate effect, in the interest of buyers and the public at large. Such immediate termination is permitted in cases involving offences under Chapter V (Offences Against Women and Children) and Chapter VI (Offences Affecting the Human Body) of the Bharatiya Nyaya Sanhita, 2023, as well as in instances of material and financial fraud. The Board may also specify additional offences from time to time for which immediate termination may be effected.

Deductions

In cases where a deduction is made from the final payout made to a platform-based gig worker, the aggregator/platform is obligated to inform the rationale for such deduction within the invoice raised.

The Karnataka Platform Workers Act stipulates that aggregators or platforms are required to make payments in accordance with the terms of their contracts, with payout cycles either daily, weekly, biweekly, or monthly. However, it also mandates that they be compensated at least on a weekly basis, with no delays in payment disbursal.

This creates a potential contradiction between the flexibility provided in the payout cycle. While the platform could technically offer other payout cycles (like bi-weekly or monthly), the explicit provision to compensate on a weekly basis with no delays appears to suggest that weekly payouts are a minimum standard.

Working conditions

The aggregator is liable to provide and maintain a working environment that is safe and without risk to the health of the worker. This includes ensuring that platform-based gig workers have adequate periods of rest, access to sanitary and rest facilities, and reasonable travel time to and from such facilities.

Any additional sector-specific occupational safety and health standards or SOP prescribed by the Board from time to time will also need to be complied with within 3 (three) months from the date on which such standards are communicated or published on the Board's official portal.

Aggregators and platforms are also required to provide all platform-based gig workers with access to safety guidance and in-app panic button features, wherever applicable. They must ensure that the workers receive information and training on occupational hazards and safe work practices, as well as access to first-aid guidance and emergency helpline numbers.

The Karnataka Platform Worker Rules also clarify that all complaints of sexual harassment faced by women will be addressed in accordance with the POSH Act.

Point of contact

Each platform is required to provide a human point of contact to assist platform-based gig workers with any clarifications related to the provisions of the Karnataka Platform Workers Act. In addition to providing contact details, the aggregator/platform may also establish physical spaces where the workers can visit in person to seek clarifications regarding their rights and responsibilities under the Karnataka Platform Workers Act. The contact information for the point of contact must be made readily available on the platform worker's account within the platform application, ensuring easy access to support for any inquiries or concerns.

Social security and welfare fund

The State Government will establish the Karnataka Gig Workers' Social Security and Welfare Fund for the benefit of registered platform-based gig workers where monies for welfare fee are levied, contributions made by individual platform-based gig workers, and such other sums are received.

Under the Karnataka Platform Worker Rules, any voluntary contributions made by aggregators over and above the mandatory welfare fee (and deposited into the said fund) will be treated as a Corporate Social Responsibility initiative under the Companies Act, 2013. Such voluntary contributions will also be eligible for income-tax deductions under the Income-tax Act, 1961.

Welfare fund contributions

Aggregator platforms will be mandated to contribute a welfare fee, known as the Platform-Based Gig Workers Welfare Fee ("**Welfare Fee**"), ranging between 1% and 5% of each transaction payout made to platform-based gig workers. Within 5 (five) working days from the end of each quarter, every aggregator must automatically calculate and self-declare the Welfare Fee, which must then be deposited on a quarterly basis.

If an aggregator fails to deposit the Welfare Fee within the prescribed timeline, it will be liable to pay simple interest on the outstanding amount at a rate notified by the State Government. The Karnataka Platform Workers Act specifies that such failure will attract simple interest at 12% per annum, calculated from the date the payment became due until the date it is actually made. However, no interest will be levied if the aggregator's failure to make the payment arose solely due to a technical malfunction of the Payment and Welfare Fee Verification System ("**PWFVS**") portal and the payment is made within an extended period of 30 (thirty) days.

Where an aggregator or platform fails to make the required contributions under the Karnataka Platform Workers Act, the prescribed authority may issue a show-cause notice and provide a reasonable opportunity to explain the non-compliance before imposing any fine or penalty. In cases of outstanding or unpaid welfare fee, the Board will issue a notice to the aggregator and, after granting an opportunity of being heard, pass an order imposing the applicable fine.

Every payment made to platform-based gig workers, along with the corresponding Welfare Fee deducted by platforms, must be reported to PWFVS, together with any additional required information, within 7 (seven) days of each transaction, in the prescribed manner. Each aggregator must also reconcile its data and upload the reconciled information to the system designated by the Board by the end of every month.

If an aggregator or platform has made an excess contribution toward the Welfare Fee, it may submit a claim for refund of the excess amount to the Board within 90 (ninety) days. The designated officer appointed by the Board will examine the claim, provide a hearing where considered appropriate, and issue an order, either granting or rejecting the refund, within 30 (thirty) days from the date of receipt of the claim.

If, during reconciliation, the Board's finance section identifies any short or insufficient contribution of the Welfare Fee, the Board will issue a show-cause notice directing the concerned aggregator or platform to remit the deficit amount within the timeframe specified in the notice.

The Karnataka Platform Workers Act also specifies that the Welfare Fee collected will be counted as part of the total contribution payable under Section 114(4) of the SS Code, which addresses the social security fund for gig and platform-based workers. In cases where there is a discrepancy between the Welfare Fee collected and the total contribution required, this difference may be reconciled on an annual basis. While the Karnataka Platform Workers Act permits reconciliation of any discrepancy between the Welfare Fee collected and the

total contribution required on an annual basis, the Karnataka Platform Worker Rules mandate that such reconciliation be carried out quarterly. Aggregators must upload the relevant reconciliatory calculations to the PWFVS, and upon approval by the Board's auditor, the Board will adjust or refund the corresponding amount within ninety days of the aggregator's request.

Grievance redressal

Registered platform workers are entitled to a 2 (two) tier grievance redressal mechanism, which allows them to file complaints against: (a) aggregators and platforms; and/or (b) the Board.

In relation to issues such as payouts, deductions, terminations, or any other violations of their rights, platform based gig workers may file a grievance with the Internal Dispute Resolution Committee ("**IDRC**") to established by the respective aggregator/platform, along with supporting documents within a period of 7 (seven) working days from the receipt of intimation about such violation. The process for filing the grievance may be done either in person or *via* an online petition through the prescribed web portal, which must be provided on the platform application by the aggregator/platform.

The IDRC will consist of the following members: 1 (one) Chairperson at a senior management level; 2 (two) management representatives; and not fewer than 3 (three) senior platform-based gig workers. At least 2 (two) members of the committee must be women. Additional IDRCs may be constituted at other units or branches as required. The IDRC must publish details of its grievance redressal procedures on the platform's portal and hold meetings at regular intervals to address and resolve worker grievances.

In terms of the process, the IDRC is required to resolve grievances within 14 (fourteen) days of receiving a petition, and a written action taken report must be provided to the complainant within this timeframe. If the worker does not receive the action taken report within 14 (fourteen) days, or if they are unsatisfied with the redressal provided by the IDRC, the grievance will be forwarded to the Board within 30 (thirty) days, whose decision will be final. The IDRC is required to dispose of the grievance by passing a redressal order within 45 (forty-five) days of receiving the petition. However, under the Karnataka Platform Worker Rules the IDRC will deal with such grievances and will make an endeavor to resolve them within 15 (fifteen) working days.

Additionally, if a grievance arises out of entitlements, social security payments, or other benefits provided by the Board, the platform-based gig worker may file a petition either in person before a grievance redressal officer appointed by the State Government or through the prescribed web portal.

Returns

The aggregator or platform will electronically submit quarterly returns to the Board, in the prescribed form, within 30 (thirty) working days from the end of each quarter. However, in the interest of promoting ease of doing business, the Government may, by notification, permit the submission of such returns on a half-yearly or annual basis.

Penalties

Contravention of the provisions of the Karnataka Platform Workers Act, may subject an aggregator or platform to a fine of up to INR 5,000 (Indian Rupees five thousand) for the first contravention and a fine up to INR 1,00,000 (Indian Rupees one lakh) for any subsequent contravention.

In case of any contravention of the provisions of the Karnataka Platform Workers Act or rules made there under, the Board will issue a notice to the concerned aggregator or platform. After providing an opportunity for the party to be heard, the Board may pass an order imposing the applicable fine. An aggregator or platform aggrieved by such an order may seek reconsideration from the State Government within 30 (thirty) days from the date of receipt of the order.

Conclusion

The Karnataka Platform Workers Act represents an ambitious attempt to introduce legislative protection for a class of workers who have remained outside the fold of conventional labour laws. While other states such as Rajasthan and Telangana have initiated similar legislative efforts, including the Rajasthan Platform Based Gig Workers (Registration and Welfare) Act, 2023 ("**Rajasthan Act**"), and the Draft Telangana Gig

and Platform Workers (Registration, Social Security and Welfare) Act, 2025 ("**Telangana Draft Bill**"), Karnataka's approach distinguishes itself in 2 (two) significant ways.

The Karnataka Platform Workers Act uniquely enshrines the right of platform-based gig workers to refuse tasks offered by the aggregator or platform, a right that is not explicitly recognised under either the Rajasthan Act or the Telangana Draft Bill. This provision is noteworthy in light of common platform practices where task refusals can result in reduced visibility, lower incentives, or deactivation. By legally recognising this right, the law in Karnataka acknowledges the autonomy and agency of platform-based gig workers and takes an important step towards balancing platform control with worker independence, a progressive move absent from peer legislations.

Another notable feature is the Karnataka Platform Workers Act is the detailed termination protocols, which mandate that platform-based gig workers may be terminated only for valid and reasonable cause and by following the principles of natural justice, with such reasons communicated in writing. These provisions also echo the principles enshrined under the Karnataka Shops and Commercial Establishments Act, 1961, which requires termination to be based on a reasonable cause or for misconduct, thereby extending similar standards of procedural fairness to the gig economy.

However, the requirement for an exhaustive list of termination grounds to be included in contracts can be seen as a double-edged sword. While it promotes transparency and prevents arbitrary terminations, it may also limit flexibility for aggregators/platforms, as not all contingencies or circumstances that might justify a termination can be anticipated and contractually enumerated. This could lead to challenges in enforcement and interpretation in future disputes.

In sum, the Karnataka Platform Workers Act represents a strong and progressive step towards recognising gig workers as a legitimate workforce deserving of legal protection, welfare entitlements, and procedural safeguards. However, the success of the law will ultimately depend on its implementation, digital infrastructure, and the cooperation of platforms and workers alike in building a more equitable and secure future for gig workers.

Government of India notifies the Labour Codes: Ushers a new era of compliances

On November 21, 2025, the Government of India ("**GOI**"), through an unforeseen announcement by way of a press release ("**Notification**"), notified the Code on Wages, 2019 ("**Wage Code**"), the Industrial Relations Code, 2020 ("**IR Code**"), the SS Code and the Occupational Safety, Health and Working Conditions Code, 2020 ("**OSH Code**", collectively with the Wage Code, IR Code and SS Code, the "**Labour Codes**"). The GOI announced that the immediate implementation of the Labour Codes is intended to modernise the labour workforce in line with the ethos of Aatmanirbhar Bharat. All 4 (four) Labour Codes are effective from November 21, 2025 ("**Effective Date**").

The Labour Codes

Set out below are the legislations subsumed within the Labour Codes.

Labour Code	Subsumed legislations
IR Code	The IR Code consolidates the following legislations: 1. The Trade Unions Act, 1926; 2. The Industrial Employment (Standing Orders) Act, 1946; and 3. The Industrial Disputes Act, 1947.
Wage Code	The Wage Code consolidates the following legislations: 1. The Payment of Wages Act, 1936; 2. The Minimum Wages Act, 1948;

	3. The Payment of Bonus Act, 1965; and 4. The Equal Remuneration Act, 1976.
SS Code	The SS Code consolidates the following legislations: 1. The Employee's Compensation Act, 1923; 2. The ESI Act; 3. The EPF Act; 4. The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959; 5. The Maternity Benefit Act, 1961; 6. The Payment of Gratuity Act, 1972; 7. The Cine-Workers Welfare Fund Act, 1981; 8. The Building and Other Construction Workers' Welfare Cess Act, 1996; and 9. The Unorganised Workers' Social Security Act, 2008.
OSH Code	The OSH Code consolidates the following legislations: 1. The Factories Act; 2. The Plantations Labour Act, 1951; 3. The Mines Act, 1952; 4. The Working Journalists and other Newspaper Employees (Conditions of Service) and Miscellaneous Provisions Act, 1955; 5. The Working Journalists (Fixation of Rates of Wages) Act, 1958; 6. The Motor Transport Workers Act, 1961; 7. The Beedi and Cigar Workers (Conditions of Employment) Act, 1966; 8. The Contract Labour (Regulation and Abolition) Act, 1970; 9. The Sales Promotion Employees (Conditions of Service) Act, 1976; 10. The Inter-state Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979 11. The Cine-Workers and Cinema Theatre Workers (Regulation of Employment) Act, 1981; 12. The Dock Workers Safety (Safety, Health, and Welfare) Act, 1986; and 13. The Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1966.

Effective provisions and key amendments through the Labour Codes

Industrial Relations Code, 2020

All provisions of the IR Code have been brought into force with immediate effect from the Effective Date. The IR Code intends to modernise labour workforce in India in line with changing global trends and evolving industry practices, and therefore, aims to simplify laws relating to trade unions and conditionalities associated with employment and retrenchment of employment in industrial undertakings.

Key highlights of the IR Code

Provisions in effect under the IR Code	Key highlights
All provisions	**Expanded definition of worker**: The definition of worker has been broadened to include sales promotion staff, journalists, and supervisory employees earning up to INR

Provisions in effect under the IR Code	Key highlights
	18,000 (Indian Rupees eighteen thousand) per month. This may result in large-scale changes to employee classification especially in scenarios of retrenchment in establishments. **Revised definition of wages**: Under the new definition, 3 (three) components have been expressly included in the definition, i.e.: (a) basic pay; (b) dearness allowance; and (c) retaining allowance, if any. Further, components such as (a) value of house accommodation or supply light, water, medical attendance; (b) travelling concession; and (c) any commission payable on promotion of sale or business, which were earlier part of the definition of wages under the Industrial Disputes Act, 1947 have been expressly excluded. This may have an impact on the computation of retrenchment compensation, subsistence allowance and compensation for lay-off. The definition also clarifies that in the event that any 'remuneration in kind' is offered to an employee, the value of such 'remuneration in kind' will also form a part of 'wages' to the extent such value in kind does not exceed 15% of the total wages. It is further stated that certain excluded components will still be factored by employer for the purposes of making salary payments and ensuring equal wages to all genders. **Novel definition for 'employee'**: In addition to the definition of 'worker', the IR Code introduces a separate definition of an 'employee' which includes every person employed in an industrial establishment, irrespective of whether they hold a position of supervisory or managerial capacity. Hence, while every 'worker' could be an 'employee' under the IR Code, every 'employee' may not necessarily be considered a 'worker'. While the intent of the law appears to offer larger labour protections to all categories of persons employed in an industrial establishment, employers may need to tread with caution in assessing and determining which provisions of the applicable Labour Codes would extend to 'employees', and which provisions would be limited to 'workers'. **Parity of benefits for fixed-term employees**: The IR Code retains the definition of fixed term employment which was previously added to the Industrial Employment (Standing Orders) Central Rules, 1946 *via* an amendment in 2018 as well as in some State-level rules. This provision maintains that fixed-term employees will receive all benefits afforded to permanent workers, including leave, medical, and social security. Having said that, the IR Code goes one step further in including provision for gratuity for fixed term employees, where a fixed-term employee would now be eligible for gratuity if they render services under a contract for a period of 1 (one) year. **Changes to industrial relations**: Industrial establishments, particularly factories, employing 300 (three hundred) or more workers (which is an increase from the previous threshold of 100 (one hundred) workers), must now secure prior permission of the Central/State Government, as appropriate, for initiating lay-off or retrenchment of workers and closure of establishments. Additionally, a worker re-skilling fund is proposed under the IR Code, where employers are required to contribute an amount equivalent to 15 (fifteen) days' of wages last drawn or such other number of days as may be notified by the Central Government, for every retrenched worker. This is in addition to retrenchment compensation, and this amount will be credited to the worker's account within 45 (forty-five) days of retrenchment. This is likely to pose significant financial burden on employers. Further, establishments employing 20 (twenty) or more workers are required to adopt a grievance redressal mechanism in the manner prescribed under the IR Code.

Provisions in effect under the IR Code	Key highlights
	Recognition of trade unions: In terms of recognition of trade unions, earlier, the concept of recognition of trade unions was not conceived, barring certain States such as Maharashtra and Telangana. The IR Code, however, includes provisions for recognition of trade unions as negotiating unions and mandates the creation of one such negotiating union or negotiating council in each establishment. Where there are multiple trade unions, the one having 51% or more workers of the establishment as members will be recognised as the sole negotiating union of the establishment. **Revised employee headcount threshold for standing orders**: The IR Code provides that standing orders will be made applicable to all industrial establishments employing 300 (three hundred) or more workers, which is a deviation from earlier laws, that provided for standing orders to be applicable only to industrial establishments employing 100 (one hundred) or more workers. It may be noted that this revised provision could conflict with exemptions presently provided to certain sectors such as IT/ITeS establishments in Karnataka, from applicability of standing orders provisions. Whether these exemptions will continue to remain applicable remains to be observed.

Code on Wages, 2019

The Wage Code consolidates and harmonises 4 (four) existing wage-related laws into a single cohesive legislation to establish a uniform framework for wage regulation. It seeks to ensure timely payment of wages and provide for a statutory floor wage across India, while simplifying compliance for employers through unified processes.

Key highlights of the Wage Code

Provisions in effect under the Wage Code	Key highlights
Sections 1 to 41	**Working hours and overtime**: The appropriate government has been empowered to prescribe the number of working hours, to be capped at 8 (eight) hours per day and 12 (twelve) hours including spread over, with overtime payable at twice the normal wage rate. **Fixed floor wage**: A national floor wage has been introduced, which the Central Government will fix, based on workers' minimum living standards, which may differ based on geographical location. States are required to set their minimum wages at or above this floor wage. The Wage Code also casts an obligation on the Central Government to fix the floor wage in consultation with State Governments and on the advice of advisory board, if required. **Time of payment of wages**: Employers are mandated to pay wages to all employees within prescribed timelines for each category of wage period, and complete payment towards their full and final settlement within 2 (two) working days of termination, resignation, or retrenchment, as the case may be. **Deduction from wages**: Permissible deductions under the Wage Code include fines imposed on employees, deduction for absence from duty, deductions for damage to or loss of goods or money in the employee's custody, deductions for accommodation, amenities or services supplied by the employer, but total deductions will not exceed 50% of the employee's wages in any wage period. This uniform rule is applicable to all employees.

Provisions in effect under the Wage Code	Key highlights
	Eligibility for statutory bonus: Employees earning up to the wage ceiling notified by the appropriate government and having worked at least 30 (thirty) days in an accounting year would be eligible for a minimum bonus of 8.33% of their wages or INR 100 (Indian Rupees one hundred), whichever is higher.
Sections 42(4) to 42(9)	A 'State Advisory Board' must be constituted by each of the State Governments to advise on matters such as fixation or revision of minimum wages, increasing employment opportunities for women. The State Advisory Board may form committees or sub-committees for these purposes, which must include representatives of employers and employees and independent persons.
Sections 43 to 66	**Payment of dues and claims mechanism**: Employers are responsible for timely payment of all dues, and for handling undisbursed amounts in case of an employee's death. The Wage Code provides a structured process for employees to raise claims for unpaid compensation before concerned authorities, along with provisions for appeals. **Compliance and inspection**: Employers must maintain prescribed registers, returns, and notices for compliance. The Wage Code has introduced the Inspector-cum-Facilitator for advisory roles and digital inspections. **Offences and penalties**: Penalties have been specified for non-compliance and compounding of offences have been allowed to reduce litigation.
Sections 67(1); 67(2)(a)–(r) and (u)–(zc); 67(3)– (5)	The appropriate government would be granted rule-making powers under the Wage Code, including for matters relating to minimum wages, working hours, overtime, payment of wages, deductions. These provisions also outline the process for notifying and laying such rules before the legislature to ensure transparency.
Section 68	The authorised government would be authorised to issue orders to address practical challenges in giving effect to the provisions of the Wage Code, which must be published in the official gazette and such orders cannot be issued after the expiry of 3 (three) years from the Effective Date.
Section 69	The Wage Code repeals the Payment of Wages Act, 1936; the Minimum Wages Act, 1948 (except Sections 7 and 9 of the Minimum Wages Act, 1948 insofar as they relate to the Central Government and Section 8 of the Minimum Wages Act, 1948, which pertain to constitution of advisory boards and committees); the Payment of Bonus Act, 1965; and the Equal Remuneration Act, 1976.

Code on Social Security, 2020

Certain provisions of the SS Code have been brought into effect from Effective Date. The most notable feature of the SS Code is that it extends social security coverage to all workers, including unorganised, gig, and platform workers, covering life, health, maternity, and Provident Fund ("**PF**") benefits, while introducing digital systems and facilitator-based compliance for greater efficiency.

Key highlights of the SS Code

Provisions in effect under the SS Code	Key highlights
Sections 1 – 14	**Fixed-term employment**: The SS Code provides that fixed-term employees are entitled to the same hours of work, wages, allowances and other benefits as permanent employees performing the same work or work of a similar nature. Additionally, they will also be eligible for pro-rated statutory benefits irrespective of the qualifying criteria prescribed under applicable law. This definition, however, is distinguished from that which is provided under the IR Code due to the absence of a 'pro-rated' gratuity entitlement in the IR Code. It remains to be seen how this conflict will be reconciled. **Platform worker, gig worker and unorganised worker**: The SS Code recognises gig[23], platform[24] and un-organised workers[25], making a clear distinction of such workers from regular employees and looks at extending social security benefits to such workers. **Wages**: The new definition of 'wages' includes all remuneration paid by way of salary, allowances or any other component expressed in terms of money such as basic pay, dearness allowance, retaining allowance, if any, and culls out specific exclusions. These revisions are likely to impact compensation restructuring and computation of employment benefits specifically those under the SS Code, such as PF contributions. The rest of the sections expand upon definitions, registrations and constitution of social security organisations such as Board of Trustees of the Employees' Provident Fund (to be called the Central Board), the ESIC (to be called the Corporation), the National Social Security Board for unorganised workers, State Unorganised Workers' Social Security Boards, and State Building Workers' Welfare Boards.
Sections 15(1) and 15(2)	Sections 15(1) and 15(2) empower the Central Government to notify schemes for provision of PF, pension funds, deposit-linked insurance and any other scheme for provision of social security benefits for self-employed workers and any other class of persons. From a nascent reading of this provision along-with Section 45 (also in effect), it may be anticipated that any scheme notified for gig, platform and unorganised workers by the Central Government going forward, will be rendered effective immediately. This may be viewed as another step in the direction of expanding social security coverage to unorganised workers, in addition to the registration of such workers on the e-Shram portal (a national database for unorganised workers).
Section 16(1)(c)	Under the extant law, employer contributions to the Employee Deposit-Linked Insurance Fund cannot exceed 1% of the aggregate of basic wages, dearness allowance and retaining allowance, if any. The SS Code, however, provides that employer contributions cannot exceed 1% of wages. The definition of wages presently includes basic pay, dearness allowance and retaining allowance, however, the definition of wages also includes: "*all remuneration, whether by way of salaries, allowances or otherwise, expressed in terms of money or capable of being so expressed which would, if the terms of employment, express or implied, were fulfilled, be payable to a person employed in respect of his employment or of work done in such employment*". This may leave the definition open to

[23] "Gig worker" means a person who performs work or participates in a work arrangement and earns from such activities outside of a traditional employer-employee relationship.
[24] "Platform work" means a work arrangement outside of a traditional employer-employee relationship in which organisations or individuals use an online platform to access other organisations or individuals to solve specific problems or to provide specific services or any such other activities which may be notified by the Central Government, in exchange for payment.
[25] "Un-organised worker" means a home-based worker, self-employed worker or a wage worker in the unorganised sector and includes a worker in the organised sector who is not covered by the Industrial Disputes Act, 1947 or Chapters III to VII of the SS Code.

Provisions in effect under the SS Code	Key highlights
	further judicial interpretation and hence, presenting ambiguity on the implementation of Section 16(1)(c).
Sections 17 – 141	**Voluntary opt-in and opt-out mechanism for employees' PF and Employees' State Insurance ("ESI") contributions**: PF and ESI authorities, on receiving application from an employer (or otherwise by notification) can apply PF and ESI related chapters of the SS Code to the employer's establishment, subject to there being majority agreement of employees. Employer can apply to also opt out of such voluntary application, subject to majority agreement of employees, while complying with relevant conditions. **Limitation of 5 years for PF and ESI proceedings**: No proceeding can be initiated after 5 (five) years from the date of cause of action in respect of applicability of PF/ESI provisions or non-payment of dues. **Common crèche facility**: The SS Code permits employers to utilise a common crèche facility belonging to government, municipality, non-governmental organisation, or private entity. Additionally, a group of establishments may combine their resources to establish a common crèche facility in the manner mutually agreed between them. **Compounding of offences**: The SS Code introduces compounding of offences in the following manner (albeit with prescribed restrictions): (a) for an offence punishable with fine only: with payment of 50% of the maximum fine provided for that offence; and (b) for an offence punishable with imprisonment for a term which is not more than 1 (one) year along-with fine, with payment of 75% of the maximum fine provided for that offence. **Penalties**: While the SS Code imposes harsher penalties than the extant law, it also presents an opportunity for employers to rectify non-compliances prior to initiation of prosecution, through a written direction, which will specify a duration for rectification, and, if the employer complies with the direction within such duration, then the employer will not be prosecuted, subject to certain conditions.
Section 143	Provisions relating to the appropriate government's power to exempt establishments are in effect (except the provisions, in so far as it applies in giving effect to the provisions of Section 16(1)(b)(ii) in relation to the Employees' Pension Scheme, 1995).
Sections 144 - 163	**Joint liability of transferor-transferee under Section 145 of the SS Code**: Where an employer transfers the establishment wholly or partly, the transferor and the transferee would be jointly and severally liable to pay any outstanding amounts in respect of any liabilities under the SS Code up to the date of transfer, provided the liability of the transferee is limited to the value of the assets obtained via transfer. This may have implications on transfer of business undertakings particularly in cases of defaults of unpaid gratuity.
Section 164(1) – Items 1-2 and 4- 9; Section 164 (2) (a) and (c); Section 164(3)	The following legislations have been repealed: Employees' Compensation Act, 1923, the ESI Act, the Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959, the Maternity Benefit Act, 1961, the Payment of Gratuity Act, 1972, the Cine-Workers Welfare Fund Act, 1981, the Building and Other Construction Workers' Welfare Cess Act, 1996, and the Unorganised Workers, Social Security Act 2008. The EPF Act will continue to remain in effect till such time as may be later notified.

Occupational Safety, Health and Working Conditions Code, 2020

All provisions of the OSH Code have been brought into effect *vide* the Notification immediately as of the Effective Date. The OSH Code seeks to consolidate and rationalise the previous labour laws relating to workplace safety and health and establish a uniform framework ensuring safe and hygienic working conditions for employees, while streamlining compliance obligations for employers.

Key highlights of the OSH Code

Provisions in effect under the OSH Code	Key highlights
All provisions	**Expanded coverage**: The OSH Code is applicable to all establishments engaged in any industry, trade, business, manufacturing, or occupation where 10 (ten) or more workers are employed, thereby bringing commercial establishments within its scope. Under the OSH Code, persons employed in a supervisory capacity and drawing wage exceeding INR 18,000 (Indian Rupees eighteen thousand) per month (increased from the earlier limit of INR 10,000 (Indian Rupees ten thousand)) or such amount as may be notified by the Central Government are excluded from the definition of 'worker'[26]. Additionally, the provisions of the OSH Code pertaining to engagement of contract labours are applicable to establishments which employ at least 50 (fifty) (earlier, 20 (twenty)) contract labourers in the preceding 12 (twelve) months. The OSH Code expands the definition of contract labour to include inter-State migrant workers within its purview **Change in hours of work and leave entitlement**: A uniform daily working hour limit has been prescribed, stipulating that no worker in any factory or establishment employing 10 (ten) or more workers would be required to work for more than 8 (eight) hours in a day. Further, the period of work in each day will not exceed the hours prescribed by the appropriate government. The employers are also mandated to obtain consent of workers before requiring such workers to work overtime. Additionally, the OSH Code has reduced the eligibility threshold for paid leave. Workers who have worked for 180 (one hundred and eighty) days (earlier, 240 (two hundred and forty) days) or more in a calendar year will be entitled to leave with wages. Further, workers will be entitled to on-demand leave encashment at the end of each calendar year if they have unutilised accrued leaves; and will also allowed to encash any leaves accrued in excess of 30 (thirty) days in a year. **Prohibition of employment of contract labour**: Employment of contract labour in core activities of an establishment, would be prohibited, except in cases where such activities are ordinarily performed through contractors, do not require full-time workers, or involve sudden workload surges. Non-compliance may attract statutory penalties, necessitating establishments to reassess reliance on third-party personnel for core functions. **Removal of restriction on employing women**: Women employees may be engaged for work before 6:00 a.m. and after 7:00 p.m., provided their consent is obtained and

[26] "Worker" means any person employed in any establishment to do any manual, unskilled, skilled, technical, operational, clerical or supervisory work for hire or reward, whether the terms of employment be express or implied, and includes working journalists and sales promotion employees, but does not include any such person: (a) who is subject to the Air Force Act, 1950, or the Army Act, 1950, or the Navy Act, 1957; or (b) who is employed in the police service or as an officer or other employee of a prison; or (c) who is employed mainly in a managerial or administrative capacity; or (d) who is employed in a supervisory capacity drawing wage exceeding INR 18,000 (Indian Rupees eighteen thousand) per month or an amount as may be notified by the Central Government from time to time.

Provisions in effect under the OSH Code	Key highlights
	subject to conditions relating to safety, working hours, holidays, and other conditions observed by the employer and as per prescribed safeguards notified by the appropriate government. **Unified registration**: Consolidating multiple registration requirements under the earlier laws, a unified registration process has been introduced, where employers will be required to submit an electronic application before the registering officer within 60 (sixty) days from the date on which the OSH Code becomes applicable to their establishment.

Interplay between the Labour Codes and the rules presently notified

The unforeseen notification of the Labour Codes has generated considerable interest and prompted significant deliberations on the modalities of its implementation, particularly at the State level. Prior to the Notification, various States had already promulgated respective rules under the Labour Codes. Most states have notified State-specific rules under the Labour Codes but notifications in some States are still awaited. For instance, Karnataka, Maharashtra, and Kerala have notified their respective rules under the Labour Codes, whereas Delhi has notified its rules under the Wage Code and SS Code and is yet to release rules under the IR Code and OSH Code.

Conclusion

A significant matter of deliberation pursuant to the Notification is how the Centre and States will presently chalk out the way forward in terms of implementation of the Labour Codes at State level. The Notification provides that: "*In line with the wide-ranging consultations carried out during the drafting of the Codes, the Government will likewise engage the public and stakeholders in the framing of the corresponding rules, regulations, schemes, etc. under the Codes. During transition, the relevant provisions of the existing labour Acts and their respective rules, regulations, notifications, standards, schemes, etc. will continue to remain in force*."

A preliminary reading of the above language implies that presently any provision of the extant law that is not in conflict with the Labour Codes will continue to remain in force till such appropriate State mechanisms, through rules, regulations and schemes are instituted to effectuate the provisions of the Labour Codes. With respect to those provisions that have been expressly repealed and directly conflict with the Labour Codes, it may reasonably be presumed that they will be rendered inoperative from the Effective Date.

Provisions listed above and otherwise, which do not need the assent of the States, are likely to come into effect immediately (such as those pertaining to institution of social security organisations, unified registration and provision of gratuity for fixed-term employment) while provisions requiring State-level implementation may need additional time. Furthermore, all State-level legislations, including Shops and Establishments Acts and the notifications and rules issued thereunder, may be presumed to remain in effect until such time as may be later notified. It is expected that all remaining provisions will be effected in a phased manner over an extended transition period. Having said that, it remains to be seen how the Centre and the States will ultimately implement the Labour Codes in its entirety and to fruition.

What must employers watch out for?

1. **What should be the immediate and phased next steps?**

   As an immediate step, employers could evaluate and ensure that new employees hired post the Effective Date are onboarded in line with prescribed forms of appointment letter under the OSH Code to ensure alignment with the amendments. Further, revision of muster rolls, wage registers, overtime records, etc. is possible to be revised in a phased manner to be aligned with the updated formats under the Labour Codes.

2. **If we are not compliant on Day 1, are penalties inevitable?**

   Provision for repeal and savings of erstwhile laws under all 4 (four) Labour Codes provide temporary relief to employers from penalties during this transitional vacuum in light of implementation processes which are not notified in its entirety. However, the risk varies from State to State depending on whether all applicable rules, forms and/or clear processes required for implementation have all been notified. Where there remains an ambiguity regarding such implementation processes due to the lack of a notified rule or form, employers are likely to not be penalised for continuing previous structures in good faith immediately from the Effective Date.

3. **What must employers do in the next few weeks to stay compliant and avoid last-minute scrambling?**

   Employers can consider releasing internal communications to apprise employees of possible amendments being undertaken as part of organisational policies and practices to ensure alignment with the newly notified Labour Codes, to avoid any immediate employee unrest regarding implementation of such changes.

Government of Delhi amends exemption provisions under its Shops and Establishments Act

On November 24, 2025, the Labour Department of the Government of the National Capital Territory of Delhi ("**Delhi Government**") issued a notification[27] superseding its earlier notification dated August 7, 2025, amending conditions applicable to exemptions granted under Sections 14, 15, and 16 of the Delhi Shops & Establishments Act, 1954 ("**Delhi S&E Act**"). These provisions relate to employment of women during night shifts, opening and closing hours of establishments, and weekly closing days. The amendment seeks to balance operational flexibility for businesses with enhanced safeguards for employees.

Under the amended conditions, employers intending to engage women employees in night shifts must obtain their written consent for work between 9:00 PM and 7:00 AM during the summer season and between 8:00 PM and 8:00 AM during the winter season. Employers are mandated to ensure safe working conditions, which include installation of CCTV cameras, provision of secure transportation between workplace and home, and availability of separate restrooms, washrooms, and lockers. Additionally, establishments must comply with the provisions of the POSH Act, as amended from time to time.

These amendments under the revised notification reinforce the Delhi Government's commitment to promoting gender inclusivity while safeguarding employee welfare. While the exemptions under Sections 14, 15, and 16 of the Delhi S&E Act enable businesses to operate with greater flexibility, compliance with the prescribed safety conditions is mandatory. Employers must review their internal policies and infrastructure to ensure adherence to these requirements before availing the exemptions.

Gujarat promulgates ordinance to ease compliances for shops and establishments

The Governor of Gujarat, *vide* notification dated December 16, 2025, promulgated the Gujarat Shops and Establishments (Regulation of Employment and Conditions of Service) (Amendment) Ordinance, 2025 ("**2025 Ordinance**") with an intent to ease compliances under the Gujarat Shops and Establishments (Regulation of Employment and Conditions of Service) Act, 2019 ("**Gujarat S&E Act**") and promote ease of doing business in Gujarat.

For the period of operation of the 2025 Ordinance, the Gujarat S&E Act is intended to remain operational along with the amendments introduced *via* the 2025

[27] Notification No. 28/Addl.LC/Exemp./S&E,Act/2021/4304-4310

Ordinance, which aims to reduce certain regulatory burden for shops and establishments in the State by:

1. increasing applicability threshold of the Gujarat S&E Act and rules;
2. easing business hours and overtime limits; and
3. strengthening existing safeguards for women to work at night.

Key highlights of the 2025 Ordinance

Applicability of the Gujarat S&E Act

Pursuant to the 2025 Ordinance, with effect from December 16, 2025, shops and establishments in Gujarat employing less than 20 (twenty) workers are exempt from compliance under the Gujarat S&E Act, except for Section 7, which requires such shops and establishments to intimate the commencement of business to the jurisdictional inspector in prescribed manner, within 60 (sixty) days from the date on which the Gujarat S&E Act came into force or from the date of commencement of business, as applicable.

Previously, registration and other compliances under the Gujarat S&E Act applied to shops and establishments employing 10 (ten) or more workers. The 2025 Ordinance expands the scope of exemption by covering shops and establishments with less than 20 (twenty) workers, potentially relieving a broader segment of small businesses from statutory obligations relating to registration, working hours, leave entitlements, and other operational conditions. This regulatory relaxation could afford entrepreneurs greater flexibility to structure workplace policies aligned with operational requirements and growth strategies.

Revised working hours and increased quarterly limits of overtime

The 2025 Ordinance revises the framework governing working hours by increasing the maximum permissible daily working hours to 10 (ten) hours, from the earlier limit of 9 (nine) hours. It also extends the maximum period of continuous work after which a break is to be provided, to 6 (six) hours, from the earlier threshold of 5 (five) hours. Quarterly overtime limit has also been increased to 144 (one hundred and forty-four) hours, from the earlier limit of 125 (one hundred and twenty-five) hours.

Women working at night

Earlier, the Gujarat S&E Act required shops and establishments to obtain a specific order from the inspector (or any person authorised in this behalf) to permit women (with their consent) to work during night hours i.e., between 9:00 p.m. and 6:00 a.m. Such permission was granted only upon the inspector, or any authorised person, being satisfied that adequate safeguards such as provision of shelter, rest room, night crèche, protection against sexual harassment, and safe transportation from the shop or establishment to the doorstep of the woman worker's residence, were in place, along with any additional conditions specified in the order.

However, the 2025 Ordinance removes this prior approval requirement and replaces it with a more facilitative framework, where, if an employer ensures the provision of essential welfare and safety measures similar to those provided under the Gujarat S&E Act such as rest rooms, night crèche facilities, ladies' toilets, adequate protection of dignity, honour and safety, protection against sexual harassment, and transportation from the shop or establishment to the doorstep of the woman worker's residence, women may be employed during night hours (between 9:00 p.m. and 6:00 a.m.) with their consent, without the need for a separate order from the inspector or any authorised person.

The 2025 Ordinance has also introduced a sub-subsection (3) to Section 13 (prohibition of discrimination of women) which empowers the State Government to prohibit or regulate the employment of women during night hours (9:00 p.m. to 6:00 a.m.) in specified shops, establishments, or areas, notwithstanding the general permission framework.

Conclusion

The 2025 Ordinance has been promulgated to provide temporary relief to businesses from certain provisions of the Gujarat S&E Act. It has been promulgated by the Governor of Gujarat in exercise of powers conferred under Article 213 of the Constitution of India, in view of the Gujarat Legislative Assembly not being in session

and the Governor being satisfied that circumstances existed necessitating immediate legislative action.

The 2025 Ordinance is temporary in nature and will cease to operate upon expiration of 6 (six) weeks from the date on which the Gujarat Legislative Assembly reassembles, unless it is earlier withdrawn or is replaced with an amendment by the Gujarat Legislature within this period. By introducing enhanced flexibility in working hours and easing regulatory burdens for small businesses, the 2025 Ordinance aims to foster a more business-conducive environment while maintaining essential worker protections, especially for women. Even though the 2025 Ordinance provides for more flexible working hours, this enhanced flexibility is balanced by the retention of the overall weekly working hour ceiling at 48 (forty-eight) hours, which remains unchanged. By maintaining the weekly cap under the Gujarat S&E Act, the 2025 Ordinance ensures that any extended daily engagement does not translate into excessive workweeks and ensures that any additional hours worked beyond the prescribed limits continue to attract overtime compensation, thereby maintaining statutory protections for workers notwithstanding the enhanced daily flexibility. By increasing the total permissible overtime hours in a quarter, the 2025 Ordinance allows businesses to better manage any seasonal spike in business needs without affecting operations while ensuring workers are paid fairly for their extra work harmonising business efficiency with core labour welfare safeguards.

By removing regulatory constraints that disproportionately affected women, the 2025 Ordinance also enables women workforce participation while preserving core welfare principles, thereby advancing substantive workplace equality in a legally balanced manner.

Government of Rajasthan promulgates ordinance amending its Shops and Establishments Act

The Governor of Rajasthan, *vide* notification dated December 18, 2025, promulgated the Rajasthan Shops and Commercial Establishments (Amendment) Ordinance, 2025 ("**Rajasthan Ordinance**") to amend the Rajasthan Shops and Commercial Establishments Act, 1958. Through the Rajasthan Ordinance, the minimum age of apprentices has been increased from 12 (twelve) years to 14 (fourteen) years. Further, the Rajasthan Ordinance bans employment of children below the age of 14 (fourteen) years in any shop or commercial establishment, to prevent child labour. Adolescent children between the ages of 14 (fourteen) years to 18 (eighteen) years, are prohibited from working at night. Earlier, this prohibition only applied to children between the ages of 12 (twelve) years to 15 (fifteen) years.

The Rajasthan Ordinance increased the daily working hour limits from 9 (nine) hours to 10 (ten) hours, and the maximum period of continuous work after which a break has to be provided has been increased to 6 hours from the previous 5 (five) hours. The quarterly overtime limits have been raised to 144 (one hundred and forty-four) hours from the previous limit of 50 (fifty) hours, thereby causing a major shift in allowing for extended overtime work in case of business exigencies. The Rajasthan Ordinance is temporary in nature and will cease to operate upon expiration of 6 (six) weeks from the date on which the Rajasthan Legislative Assembly reassembles unless it is earlier withdrawn or is replaced with an amendment by the Rajasthan Legislature within this period.

Case laws

Sexual harassment law compliance under the spotlight: Supreme Court of India issues a 6 (six) week deadline to verify compliance

The Hon'ble Supreme Court of India ("**Supreme Court**"), in ***Aureliano Fernandes vs. The State of Goa***

and Ors.[28]**,** directed all States and Union Territories to complete a district-wise survey within 6 (six) weeks from the date of the order *(*i.e, on or before September 23, 2025). The survey must be conducted to verify whether employers, both in the public and private sectors, are compliant with the provisions of the POSH Act.

While the law has undeniably raised awareness, spurred the formation of IC and mandated policies, posters and trainings, the Supreme Court has issued the directive in response to the on-going non-compliance in certain quarters. The Supreme Court has reiterated that the legislation is not a mere formality but a critical safeguard for workplace dignity and safety.

Brief facts

The case originated from a sexual harassment complaint filed against the petitioner, Aureliano Fernandes, by female students at the Goa University. An IC as required under the POSH Act was constituted to investigate the matter. The IC found him guilty and recommended employment termination. Aggrieved by the IC's recommendations, the petitioner challenged this decision, arguing that the inquiry was conducted without giving him a fair and reasonable opportunity to defend himself, thereby violating the principles of natural justice.

The High Court of Bombay (Goa Bench) ("**Bombay (Goa) HC**") dismissed his petition, but the Supreme Court, in its judgment dated May 12, 2023[29], found that the inquiry was conducted in a 'tearing hurry' and the petitioner was not given reasonable time to effectively participate. As a result, the Supreme Court set aside the Bombay (Goa) HC's judgment and directed the matter back to the IC for conducting a fresh inquiry in accordance with the principles of natural justice.

The broader impact and current status

While the original case was about a specific individual, the Supreme Court's final judgment on May 12, 2023, went a step ahead to address the widespread and inadequate implementation of the POSH Act across the country. Noticing significant lapses in the enforcement of the POSH Act, the Supreme Court issued a series of broad directives to the Union of India, all State Governments, and Union Territories. These directions mandated a time-bound exercise to ensure that all concerned ministries, departments, government organisations, public sector undertakings, and other institutions have properly constituted ICs or LCs as required by the POSH Act.

Supreme Court directions

The Supreme Court's earlier order dated December 3, 2024[30], directed a survey to determine whether both public and private organisations have constituted ICs. Despite this directive, the petitioner's counsel and the amicus curiae appointed by the Supreme Court, pointed out that full compliance remains pending from all States and Union Territories. In response, the Supreme Court issued directions to ensure effective implementation:

1. the Labour Commissioners at the district level and Chief Labour Officers at the State level must provide a list of registered establishments to the respective District Officer;
2. the District Officer must transmit such data to the Chief Secretaries of the States and Union Territories for submission to the Supreme Court; and
3. these officers will then carry out a physical verification of compliance, focusing primarily on whether ICs have been constituted in accordance with the requirements under the POSH Act.

The Supreme Court pointed out that the purpose of this exercise is to ensure that ICs and LCs are established in accordance with the POSH Act, especially in the private sector, mandating completion of this exercise within 6 (six) weeks from the date of the order. The compiled data must be provided to the amicus curiae for the court's review and further directions. The States were also advised to ensure that the collected data is 'on-

[28] Miscellaneous Application Diary No(s).22553/2023 (decided on August 12, 2025)
[29] Civil Appeal No. 2482 of 2014 (Judgment dated May 12, 2023)
[30] *Aureliano Fernandes v. The State of Goa and Ors.* (Miscellaneous Application Diary No(s).22553/2023)(Judgment dated December 3, 2024)

boarded' onto the She-box platform created by the Ministry of Women and Child Development.

The Supreme Court has also made it clear that non-compliant entities stand at the risk of facing serious consequences, including possible refusal of licence renewals by the Labour Department until full compliance is demonstrated.

What this means for employers

The POSH Act requires every workplace with at least 10 (ten) employees to establish an IC. However, many private establishments have either failed to constitute such committees, appointed members improperly, or failed to duly train the IC members. These deficiencies are likely to be exposed during this survey, thereby remaining on record, if at all such non-compliances are observed.

Employers who are yet to constitute their ICs and frame anti-sexual harassment policy ("**POSH Policy**") must take immediate steps to ensure compliance with the provisions of the POSH Act to avoid regulatory and reputational fallout. Employers must confirm that their ICs are in place for each workplace/office that meets all statutory requirements within the 6 (six) week survey window. This includes verifying whether the IC has the proper number of members, gender representation, and the mandatory inclusion of an external member having the necessary expertise handling sexual harassment cases.

Employers should also ensure that the POSH Policy and other notices such as details of the duly constituted IC, list of punishments, are prominently displayed at the workplace. The details of IC members are communicated to all staff, and regular awareness sessions are conducted to familiarise employees with their rights and the complaint process. Training the IC to handle complaints with sensitivity and in accordance with the POSH Act's timelines is equally critical.

An internal audit of past complaints, redressal procedures, and record-keeping should be conducted to identify and fix gaps, if any. If there has been a failure to submit the annual report as required under the POSH Act or register the establishment on the She-Box portal, those actions must also be remediated immediately.

Conclusion

Recently, many State Governments have issued notifications directing public and private employers to mandatorily register and update details of their ICs on the She-Box portal. In view of the present Supreme Court directive, it is likely that other States and Union Territories will also follow suit by issuing similar directives.

The Supreme Court's order is a clear signal that passive or partial compliance will no longer be tolerated. With district officials tasked to verify on-ground adherence, employers will need to act quickly. Needless to mention, ensuring that the mechanisms under the POSH Act are fully functional is not just a legal obligation, it is a cornerstone of a safe and respectful work culture.

This development heightens the imperative to take a proactive, systemic approach to governance under the POSH Act, rather than a mere tick-box exercise. Employers should therefore use this opportunity to embed robust practices that protect employees, strengthen governance and safeguard the organisation's legitimacy and reputation.

Supreme Court traces evolution of the employer-employee test; holds bank subsidies for canteen do not establish control

The Supreme Court, in ***General Manager, U.P. Cooperative Bank Limited vs. Achchey Lal and Anr.***[31] , delivered a comprehensive judgment tracing the

[31] 2025 SCC OnLine SC 2096 (decided on September 11, 2025)

judicial evolution of the tests used to determine an employer-employee relationship.

Applying this framework in a dispute that spanned 3 (three) decades, the Supreme Court held that a bank providing infrastructure, finance, and subsidies for a non-statutory canteen run by its employees' cooperative society does not, by itself, establish a 'master-servant' relationship with the canteen workers. The Supreme Court set aside the concurrent findings of the Labour Court and the Allahabad High Court, holding that the determinative factor remains complete administrative control, which the bank did not possess.

Brief facts

The appellant, U.P. Cooperative Bank Limited ("**Bank**"), had permitted its employees to form a registered Cooperative Society ("**Society**") to run a canteen facility. The Bank provided the necessary infrastructure, finance, and subsidies (at one point, covering 75% of wages). The respondents ("**workmen**") were appointed, paid, and managed directly by the Society.

In 1995, after the Bank declined a request for enhanced subsidies, the Society closed the canteen, terminating the workmen's services. The workmen raised an industrial dispute. The Labour Court ruled in their favour in 1999. This decision was upheld by the High Court in a judgment dated 2012, setting the stage for the final appeal before the Supreme Court, which concluded the 30 (thirty) year long legal battle in 2025.

Issue

The central issue was whether the workmen, engaged by the Society to run a non-statutory canteen, could be deemed employees of the Bank merely because the Bank provided the premises and significant financial subsidies.

Findings and analysis

The Supreme Court allowed the Bank's appeals, holding that the lower courts had erred. The judgment provides a detailed analysis of the legal tests for determining an employer-employee relationship, based on a thorough review of existing case law.

The evolution of the legal tests (as detailed by the Supreme Court)

The Court traced the progression from a rigid test to a flexible, multi-factor analysis:

1. **The traditional 'Control Test'**: The Supreme Court explained that this test postulates that an employer-employee relationship is established when the hirer has control over the work assigned and the manner in which it is to be done. It was first established in cases like *Dharangadhara Chemical Works Limited vs. State of Saurashtra*[32], which defined the test as requiring "*due control and supervision*".
2. **The 'Organisation/Integration Test'**: The judgment observed that the 'control' test was insufficient for skilled professionals where the employer lacks the technical expertise to direct the *manner* of work. Citing *Silver Jubilee Tailoring House vs. Chief Inspector of Shops and Establishments*[33], the Supreme Court explained the shift to this test, which asks: "*is the person's work an integral part of the employer's primary business?*". The higher the level of integration, the more likely the worker is an employee.
3. **The modern 'Multiple Factor Test'**: The Supreme Court affirmed that the law has now settled on a holistic 'multiple factor' test, as laid out in cases like *Workmen of Nilgiri Coop. Mktg. Society Limited vs. State of T.N.*[34] The judgment explained that this holistic test is applied precisely because the 'control' and 'integration' tests alone are insufficient for modern, complex work arrangements. The multi-factor test is used, for example:
   a) adjudicate cases involving skilled professionals where the employer lacks the technical expertise to control the manner of work (as noted in the Silver Jubilee (*ibid*) analysis);
   b) "Pierce the veil" of what appear to be 'sham' or 'camouflage' arrangements to find the true

[32] (1957) 1 LLJ 477
[33] (1974) 3 SCC 498
[34] (2004) 3 SCC 514

employer (as held in Workmen of Nilgiri *Coop. Mktg. Society Limited* (*ibid*));

c) distinguish a 'contract of service' (employee) from a 'contract for service' (independent contractor) by looking at the complete economic reality of the relationship (as refined in *Sushilaben Indravadan Gandhi vs. The New India Assurance Company Limited*[35]).

d) This test provides a more complete picture by examining various factors, including:

i) who has the power to appoint (select the servant)?

ii) who is the paymaster (pays wages/remuneration)?

iii) who has the right to dismiss or suspend?

iv) who has the right to control the 'method' of doing the work?

v) who owns the tools?

vi) who takes the chance of profit or risk of loss?

vii) what is the degree of integration?

Precedents relied upon by the Supreme Court

To determine the relationship in this case, the Supreme Court placed direct reliance on the following:

1. ***Balwant Rai Saluja vs. Air India Limited***[36]**,** **and** ***Employers in relation to the Management of Reserve Bank of India***[37]: The Supreme Court drew heavily from these cases, establishing that the key test is "*complete administrative control*". The Reserve Bank of India ("**RBI**") case was particularly relevant as it held that in the absence of a statutory obligation and direct control, providing subsidies (even 95%) and infrastructure did not create an employment relationship.
2. ***State Bank of India vs. State Bank of India Canteen Employees' Union***[38]: The Supreme Court found the facts 'similar' to the present case. It relied on this judgment to hold that a bank's scheme for granting subsidies does not create an obligation to run the canteen, nor does it imply supervision or control over the canteen's employees.
3. ***Employees in relation to Punjab National Bank vs. Ghulam Dastagir***[39]: The Supreme Court found that the facts vary from case to case and a direct nexus between the bank and the driver (or, here, canteen worker) must be proven, which was absent.

Precedents distinguished or not relied on

The Supreme Court explicitly found that the High Court had erred by misapplying key precedents:

1. ***Indian Overseas Bank vs. I.O.B. Staff Canteen Workers' Union***[40]: This was the High Court's primary basis for its decision. The Supreme Court distinguished it, stating it was decided on its own 'peculiar facts' namely, that the Indian Overseas Bank ("**IOB**") canteen workers were integrated into the bank's own welfare fund, medical scheme, and ***provident*** fund. These crucial facts, which proved integration, were absent in the present case.
2. ***Parimal Chandra Raha vs. LIC of India***[41]: The Supreme Court noted that the High Court's reliance on this case was misplaced. It pointed out that the ratio in this case had already been corrected by a larger bench in the RBI case and subsequently clarified in *Indian Petrochemicals Corpn. Limited vs. Shramik Sena*[42]. The *Indian Petrochemicals* case established that even *statutory* canteen workers are deemed employees *only* for the limited purposes of the Factories Act not for all purposes.
3. ***M.M.R. Khan vs. Union of India***[43]: The Supreme Court also considered and distinguished this case, noting it dealt with statutory and recognised railway canteens where the Railway Administration had direct administrative control, which was not the fact in the present dispute.

[35] (2021) 7 SCC 151
[36] (2014) 9 SCC 407
[37] (1996) 3 SCC 267
[38] (2000) 5 SCC 531
[39] (1978) 1 LLJ 312) (SC)
[40] (2000) 4 SCC 245
[41] 1995 Supp (2) SCC 611
[42] (1999) 6 SCC 439
[43] 1990 Supp SCC 191

Application of the correct tests to this case

1. **No 'Complete Administrative Control'**: Applying the tests from *Balwant Rai Saluja* and the *RBI* case, the Supreme Court found that while the Bank played a 'pivotal role' in *setting up* the canteen, it had no direct role in managing the canteen's affairs. This was 'left absolutely to the Society'.
2. **Multiple factor test failed**: The workmen failed the multi-factor test for the following reasons:
   a) appointment/dismissal: Done by the Society.
   b) Paymaster: Done by the Society (the Bank's contribution was only a subsidy).
   c) Control/supervision: Vested with the Society.
3. **Non-statutory canteen**: The Supreme Court reiterated that this was a non-statutory canteen, and the Bank had no legal obligation to provide it.

Conclusion

This judgment, concluding a 3 (three) decade dispute, serves as a significant clarification in the judicial evolution of the employer-employee test. It signals a 'course correction' from a trend where lower courts, relying on fact-specific cases like IOB (*ibid*), had begun to equate significant financial subsidies with an implicit employment relationship.

The Supreme Court's 'change' here is to firmly re-establish that such precedents were exceptions based on 'peculiar facts' (like direct integration into provident fund and welfare schemes), not the general rule. By distinguishing IOB (*ibid*) and re-emphasising the ratio of the RBI and Balwant Rai Saluja cases, this judgment decisively re-centers the "*complete administrative control*" test as the dominant factor for non-statutory canteens. It clarifies that in the absence of this control, financial assistance, subsidies, or the mere provision of infrastructure are not determinative and do not, by themselves, create a master-servant relationship.

Supreme Court's interpretation of the limitation period in filing sexual harassment complaints under the POSH Act

The Supreme Court, in its recent judgment in ***Vaneeta Patnaik vs. Nirmal Kanti Chakrabarti and Ors.***[44], addressed the question on limitation period in filing complaints of sexual harassment under the POSH Act.

With a ruling that such complaint was time-barred and consequently, could not be examined on merits, the Supreme Court directed that the judgment itself must be included as a permanent part of the respondent's resume. This ruling re-affirms the settled position of law of limitation applicable to complaints under the POSH Act, while simultaneously imposing an out of the ordinary moral sanction on the accused, unprecedented in this space.

Brief facts

Ms. Vaneeta Patnaik (hereinafter referred to as the "**Appellant**") was a faculty member at West Bengal National University of Juridical Sciences ("**NUJS**"). The Appellant alleged that Dr. Nirmal Kanti Chakrabarti ("**Respondent No. 1**"), the then Vice-Chancellor of NUJS, harassed the Appellant with a series of unwelcome advances spanning 4 (four) years, including invitations to dinner, inappropriate physical contact, and requests to develop a personal relationship.

The last alleged incident of sexual harassment occurred in April 2023, when the Appellant claimed that the Respondent No. 1 again asked the Appellant to accompany him on a trip and threatened that a refusal could impact her career. She contended that her rejection of these advances resulted in various administrative actions and inquiries lodged against her

[44] 2025 INSC 1106 (decided on September 12, 2025)

on fabricated allegations of misuse of position. Subsequently, in August 2023, the Appellant was removed from her additional post as Director of a centre, and an inquiry was initiated against her concerning project funds based on a complaint from other faculty members and the National Foundation of Corporate Governance ("**NFCG**").

The Appellant then made claims of harassment and victimisation to NUJS authorities via email and other correspondence but did not refer to sexual harassment in these communications. However, on December 26, 2023, the Appellant lodged a formal complaint with the Local Complaint Committee ("**LCC**") alleging sexual harassment by Respondent No.1. The LCC rejected her sexual harassment complaint as being barred by the limitation period prescribed under the POSH Act. Under the POSH Act, a complaint of sexual harassment has to be filed within the prescribed period of 3 (three) months or within the extended period of 6 (six) months. Aggrieved by rejection of her complaint, the Appellant approached the Calcutta High Court ("**Calcutta HC**") through a writ petition.

Calcutta HC Proceedings

Single bench ruling

The single judge of the Calcutta HC found that the complaint ought to be examined on its merits, reasoning that the Appellant faced a hostile work environment beyond April 2023, so the complaint remained within limitation through a 'continuing wrong' analysis. The single judge directed the LCC to reconsider the complaint on merits.

Division bench appeal

On appeal, the division bench of the Calcutta HC disagreed with the ruling of the single judge holding that the acts after April 2023 were the collective decision of the Executive Council, and not a personal act of Respondent No.1. The division bench held the alleged acts were not sexual harassment or directly linked to earlier allegations and noted the Appellant's omission to allege sexual harassment in her email communications with the Executive Council and other NUJS authorities. The division bench upheld the LCC's dismissal of the complaint, rejecting the 'continuing wrong' argument except where fresh causes of action arise, and stressed the importance of proximity, direct connection, and a reasonable outer cap to the limitation period under the POSH Act.

Issues

Now the questions for consideration with the Supreme Court are as follows:

1. whether the complaint filed by the Appellant was within the period of limitation as prescribed under Section 9 of the POSH Act and whether the division bench of the Calcutta HC is justified in upholding the LCC's rejection of the complaint as time-barred?
2. whether the administrative actions taken by the Executive Council could be construed as 'continuing' sexual harassment or 'connected circumstances' under Section 3 of the POSH Act, thus extending limitation?

Findings and analysis

The Supreme Court's analysis is based on the interpretation and application of Sections 2(n) and 3 of the POSH Act. The Supreme Court stated that 'sexual harassment', as defined in Section 2(n) of the POSH Act, includes any unwelcome conduct of a sexual nature, with Section 3 of the POSH Act further expanding the scope to include threats, intimidation, or a hostile work environment directly connected to such conduct.

On the question of limitation, the Supreme Court emphasised that under Section 9 of the POSH Act, a complaint must be filed within 3 (three) months of the last incident, extendable by another 3 (three) months due to prevailing circumstances that prevent a woman from filing the complaint within the prescribed period. The Supreme Court examined whether the Appellant's removal from the position of 'Director' by the Executive Council after April 2023 could qualify as a 'continuing wrong' or an extension of any form of sexual harassment, thus justifying the time-barred complaint of the Appellant. To decide on the above, the Supreme Court drew precedent to the case of *Union of India vs. Tarsem Singh*[45], wherein the Supreme Court had clarified that a 'continuing wrong' is when the injury

[45] (2008) 8 SCC 648

itself persists, and whereas a 'recurring wrong' is when a fresh cause of action arises each time.

Applying this framework, the Supreme Court affirmed that the last alleged sexual harassment occurred in April 2023 and the subsequent administrative action of the Appellant's removal as Director, being a result of unrelated complaints and collective decisions of the Executive Council and NFCG, which could not be solely attributable to the actions of the Respondent No.1, as the decision to initiate an inquiry was a collective decision and not a unilateral one taken by Respondent No. 1. Additionally, the Supreme Court further referred to the expressions 'in relation to' or 'connected with' used in Section 3(2) of the POSH Act. The use of these expressions clearly demonstrates that there has to be a clear link between the action complained and an overt act of sexual harassment. In this case, the Supreme Court was unable to draw such a direct link between the last incident of sexual harassment that took place in April 2023 and the actions that happened subsequently between April 2023 and December 2023.Thus, the injury due to the harassment did not persist, and later administrative actions cannot be deemed an extension of the original harassment.

The Supreme Court further criticised the Appellant for not mentioning sexual harassment in her communications with the Chancellor and Executive Council after April 2023, suggesting the direct link had been broken, with the incident of April 2023, remaining as the last event related to sexual harassment.

Accordingly, the Supreme Court observed that that the alleged sexual harassment ended in April 2023, and the subsequent administrative actions in August 2023, being collective decisions of the Executive Council based on independent complaints, were not a continuation of the alleged sexual harassment but independent, administrative measures. Consequently, these later events did not extend the limitation period, making the complaint filed by the Appellant in December 2023 time barred. However, despite dismissing the appeal on this technical ground, the Supreme Court issued a unique directive requiring that the judgment be made part of Respondent No.1's permanent professional record, emphasising that the wrong committed against the Appellant must not be forgotten. The Supreme Court further directed Respondent No. 1 to personally ensure strict compliance with this order.

Conclusion

While the Supreme Court dismissed the appeal, it upheld the division bench's decision that the complaint was time-barred. The Supreme Court's rationale in the present judgment provides valuable jurisprudence, clarifying the severity of limitation period under the POSH Act and the necessity of demonstrating a direct nexus between subsequent administrative actions and alleged sexual harassment as a 'continuing wrong' for the purposes of extending limitation. However, this raises the question whether strict limitation serves justice in harassment contexts or adds more pressure on victims of sexual harassment to adhere to procedural aspects instead of the substantive purpose of the POSH Act.

Earlier, in contrast, the High Court of Madras ("**Madras HC**") in *R. Mohanakrishnan vs. The Deputy Inspector General of Police, Coimbatore Range and Anr*.[46] had clarified that "*in cases of serious allegations, such as rape or continuous molestation or harassment, the same would be a continuing misconduct and every day until the situation is redressed or brought to the notice of the appropriate authority would give rise to a fresh cause of action. The purpose of the provision of Limitation in Section 9 has to be understood in this context.*" and consequently, had rejected the time-barred limitation for an incident of sexual harassment which last occurred in the year 2018, where the complaint was filed with the LCC in the year 2022. The Madras HC, citing the Supreme Court's decisions in *Union of India vs. Dhilip Paul*[47] and *Union of India and Anr. vs. Mudrika Singh*[48], had held that the court should not be swayed by hyper-technicalities while considering cases of sexual harassment and cautioned courts to be mindful of the power dynamics that are mired in sexual harassment at the workplace, and the several considerations and deterrents that an aggrieved subordinate of sexual harassment has to face when they consider reporting sexual misconduct of their superior. It must be noted here that in the Madras HC case, the instances reported were of a very serious nature and involved 3 (three) victims, which added to

[46] (2024) IIILLJ 87 Mad
[47] [2023] 13 SCR 473
[48] (2022) 16 SCC 456

the considerations taken by the court to allow for an extension of the limitation period under the POSH Act.

While the Supreme Court's ruling in the present case does not outrightly deviate from the Madras HC decision (*supra*), it does put determination of what constitutes a 'continuing wrong' in a grey-area, since the administrative measures taken after April 2023 were considered independently to the earlier threats of detrimental treatment in career progression made by Respondent No.1 to the Appellant, thus treating it as a recurring wrong (each with its own cause of action) and not a continuing one.

Furthermore, in a significant concluding directive, the Supreme Court ordered that this judgment be made part of Respondent No.1's professional record permanently. This is an unprecedented move as it enforces a symbolic sanction in the absence of an inquiry on merits or a conclusive and formal determination of guilt. It signals that even when legal relief may be barred on account of statutory limitations, courts can still craft moral or administrative accountability. While it serves the interests of the complainant, it raises questions of the deleterious effects of such a direction on the accused's right to natural justice as it imposes reputational damage on the accused without affording him an opportunity to defend himself. The Supreme Court's judgment can be seen as having opened a new chapter in workplace harassment jurisprudence in India, provoking discourse on the fine balance between a victim's justice and an accused's right to be heard.

Supreme Court holds that complainants under POSH Act can approach internal committee of their own workplace to lodge complaints against an employee of different workplace

On December 10, 2025, a Division Bench of the Hon'ble Supreme Court, in ***Dr. Sohail Malik vs. Union of India and Anr.***[49]***,*** held that a woman can approach the IC constituted under the POSH Act of her own workplace even if the alleged respondent is employed in a different organisation or department. The present case involved 2 (two) central government employees – the aggrieved woman, who was a senior officer in the Indian Administrative Service, who at the relevant time was posted as Joint Secretary, Department of Food and Public Distribution, New Delhi, and the respondent, who was an officer in the Indian Revenue Service working as an Officer on Special Duty, Investigation, Central Board of Direct Taxes, New Delhi. Both persons were employed in different government departments.

The aggrieved woman alleged that on May 15, 2023, the respondent sexually harassed her at her workplace, following which she filed a complaint of sexual harassment with the IC constituted by her workplace, i.e. the Department of Food and Public Distribution, on May 24, 2023. When the aggrieved woman's IC summoned the respondent, he challenged the jurisdiction of the IC at the Central Administrative Tribunal, and subsequently with the Delhi HC. Upon rejection of his jurisdictional challenge at both forums, he appealed to the Supreme Court in the present case. The principal issue before the Supreme Court was whether the IC of the aggrieved woman's workplace could conduct an inquiry when the respondent employee belonged to another organisation or department, or whether jurisdiction was confined only to the IC of the respondent's own workplace. The respondent argued that Section 11 of the POSH Act contemplated inquiry only by the IC of the respondent's employer.

The Supreme Court analysed the meaning of the phrase "*where the respondent is an employee*" in Section 11(1) of the POSH Act and rejected that "*where*" refers to a physical place or departmental jurisdiction. The Supreme Court held that "*where*" operates as a conditional conjunction—similar to "if" or "in that case". It is merely a procedural trigger instructing the

[49] 2025 INSC 1415

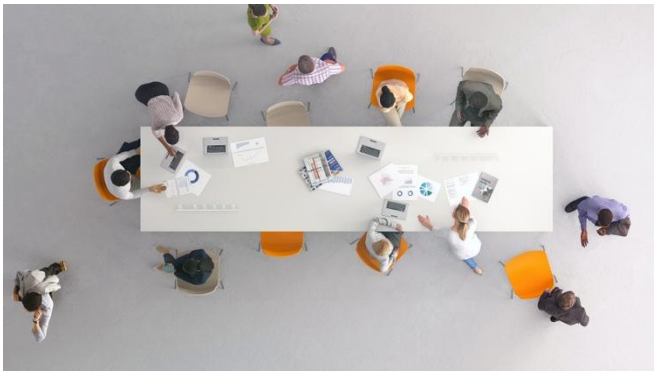
IC to apply the service rules applicable to the respondent, it is not a jurisdictional constraint limiting a particular IC to hear the complaint.

The Supreme Court also held that the term "workplace" under Section 2(o) of the POSH Act is to be interpreted expansively, encompassing any place visited by an employee in the course of, or arising out of, employment. The Supreme Court while dismissing the appeal, concluded that the IC of the aggrieved woman's workplace is empowered to undertake the fact-finding inquiry under the POSH Act, emphasising that the statutory definition does not require the respondent to be employed at the same workplace as the aggrieved woman. The Supreme Court further explained that the implementation of disciplinary action—where the respondent is governed by separate service rules—may be carried out by the respondent's employer based on the IC's report.

Bombay High Court rules that a presiding officer's seniority over respondent is not essential

In ***Dr. Shyam Bihari vs. Nuclear Power Corporation of India Limited and Ors.***[50], the Bombay HC ("**Bombay HC**") ruled that the presiding officer of an IC constituted under the POSH Act need not possess seniority over the respondent against whom the complaint of sexual harassment has been filed. In the present case, the petitioner was accused of sexually harassing the aggrieved woman while conducting her medical examination. Consequently, the IC of the concerned establishment took cognisance of the matter to inquire into allegations of sexual harassment. Pursuant to conclusion of the inquiry in which the petitioner had participated and the subsequent issuance of an adverse inquiry report, the petitioner contended that the IC constitution was not in compliance with provisions of the POSH Act, stating that the presiding officer was not senior to the petitioner as per Section 4(2)(a) of the POSH Act (which prescribes that the IC should be headed by a presiding officer who is a woman employed at a senior level in the organisation); and the IC did not include a member from a non-governmental organisation or association committed to the cause of women or any person familiar with the issues of sexual harassment, as required by Section 4(2)(c) of the POSH Act, as the person appointed in such position reported to the petitioner's employer.

The Bombay HC noted that the petitioner did not raise any objections during the inquiry proceedings and only raised them after around 9 (nine) months, when he received an unfavourable report after acquiescing to the inquiry. Further, by applying the literal rule of interpretation, the Bombay HC found no ambiguity in Section 4(2)(a) and stated that it does not specify that the presiding officer of the IC must be senior to the petitioner, rather it only prescribes appointment of a senior woman employee in the IC. The Bombay HC also negated the other contention, stating that the external member was a consultant engaged with the petitioner's employer and not an employee and therefore, her appointment was in compliance with applicable law. The Bombay HC therefore upheld the constitution of the IC as well as validity of the IC report while dismissing the writ petition.



Bombay HC rules that dismissed employee is estopped from challenging dismissal following acceptance of full and final settlement

In ***Suprabhat Lala vs. National Stock Exchanges Limited and Ors.***[51], the Bombay HC ruled that a dismissed employee cannot challenge his dismissal pursuant to settling and accepting all final dues in accordance with contract and applicable law. In the present case, a dismissed employee challenged his termination on grounds that it was illegal, unfair, arbitrary and in violation of his constitutional rights, and pleaded the Bombay HC to undertake a judicial review of the matter under Article 226 of the Constitution of India. The petitioner sought reinstatement in his original post, along with

[50] Writ Petition no. 11696 of 2025

[51] Writ Petition no. 4018 of 2024.

continuity of service with consequential benefits and full back wages.

The facts state that the petitioner was terminated from his services on July 24, 2023, in accordance with terms of his appointment letter, on account of redundancy of his role as a consequence of business restructuring. Clause 11 of his appointment letter provided that petitioner's services can be terminated at three months' notice on either side or equivalent pay in lieu thereof. Accordingly, he was paid salary in lieu of his notice period, along with gratuity and other emoluments, which was accepted by the petitioner.

Considering the petitioner had proceeded through a writ petition, requesting the court to issue a writ of mandamus to quash the termination order, Bombay HC at the outset ruled on its jurisdiction to hear the matter. Bombay HC opined that this was a purely contractual matter without a modicum of public law element involved, as contractual and commercial obligations are enforceable by ordinary civil action and not by judicial review under Article 226 of the Constitution of India. Further, Bombay HC held that employment contracts generally cannot be enforced through writ petitions, as they are contracts of service and can only be enforced where there exists an aspect of public law to be infringed. Additionally, Bombay HC observed that the petitioner had already accepted the full and final settlement amount that was paid to him following termination of his employment without any protest, and at this juncture, he cannot proceed to challenge the termination without basis.

Delhi High Court upholds EPF applicability to, and mandatory contributions for international workers

On November 4, 2025, a Division Bench of the Delhi High Court ("**Delhi HC**"), in ***Spice Jet Limited vs. Union of India***[52] and ***LG Electronics India Pvt. Ltd. vs. Union of India***[53]**,** upheld validity of 2 (two) key notifications issued by EPFO in 2008[54] and 2010[55] ("**Notifications**"), which introduced and later modified Paragraph 83 of the EPF Scheme under the EPF Act. These notifications mandate that International Workers ("**IWs**") employed in India must become EPFO members and contribute on their full monthly pay, without being subject to the wage ceiling of INR 15,000 (Indian Rupees fifteen thousand) applicable to domestic employees.

The petitioners challenged and sought quashing of the Notifications on 2 (two) grounds:

1. Violation of Article 14 of the Constitution of India: requiring IWs to contribute to EPFO irrespective of their income, while domestic employees contribute only if earning up to INR 15,000 (Indian Rupees fifteen thousand), was discriminatory; and
2. Withdrawal restrictions: it was contended that limiting withdrawal of EPF contributions until retirement at the age of 58 (fifty-eight) was arbitrary, given that IWs typically work in India for short durations (2 (two)–5 (five) years).

The Delhi HC held that equality under Article 14 of the Constitution of India applies to persons similarly situated. IWs form a distinct class due to shorter employment tenures, reciprocal social security arrangements under bilateral social security agreements, and absence of long-term economic dependence on Indian retirement benefits. Further, the Delhi HC upheld paragraph 69 of the EPF Scheme, which permits withdrawal only upon retirement or in limited circumstances for the reason that the EPF is designed for long-term retirement security, not short-term liquidity, and the exceptions provided are adequate.

Accordingly, the writ petitions were dismissed, the Notifications were declared constitutionally valid, and EPFO enforcement actions, including demand notices, were sustained. The present judgment aligns with the Bombay High

[52] Writ Petition no. W.P.(C) 2941/2012
[53] Writ Petition no. W.P.(C) 6330/2021 & CM APPL. 19949/2021
[54] Notification bearing number GSR 706(E) dated October 1, 2008
[55] Notification bearing number GSR 148 dated September 3, 2010

Delhi HC rules against defamatory termination letter: A case of contractual termination versus reputational harm

In a significant judgment addressing the limits of employer discretion and the boundaries of reputational harm within private employment relationships, the Delhi HC recently, in the case of ***Abhijit Mishra vs. Wipro Limited***[56]**,** ruled in favour of an individual who had challenged the defamatory language used in the termination letter issued by his ex-employer. While the Delhi HC upheld the employer's contractual right to terminate employment under a determinable agreement, it found that the employer had exceeded the permissible bounds of administrative communication by including stigmatic and unsubstantiated assertions that impugned the employee's professional integrity.

Brief facts

The case arose from a suit filed by an individual ("**Plaintiff**") against his ex-employer ("**Employer**") who was terminated from services on June 5, 2020. Upon cessation of employment, the employer had issued a termination letter that described the Plaintiff's conduct as 'malicious' and referred to a 'complete loss of trust, and confidence' alleging a breakdown of the employer-employee relationship.

The Plaintiff contended that these remarks were defamatory, untrue, and unsubstantiated, causing grave harm to his reputation and future employability. He argued that the letter went beyond a mere administrative act of termination and constituted a personal attack that cast aspersions on his professional conduct without any supporting evidence. Seeking redress, the Plaintiff filed a civil suit seeking the issuance of a fresh termination letter expunging the stigmatic termination, along with damages for reputational harm.

The Employer, in defence, argued that the statements were a factual account of the employee's conduct and were made internally without publication to third parties. It asserted that the remarks were justified in light of the individual's insubordination, underperformance, and repeated complaints to senior management.

Issues

1. Whether the termination of the Plaintiff was in violation of the employment contract.
2. Whether the language used in the termination letter amounted to defamation, thereby causing reputational harm to the Plaintiff.

Findings and analysis

1. **Termination under a determinable contract**:

   The Delhi HC began its analysis by interpreting Clause 10 of the Plaintiff's employment contract, which allowed either party to terminate the employment without assigning any reasons, subject to a 1 (one) month notice during probation or a 2 (two) month notice post-confirmation. The Delhi HC observed that this clause reflected the essence of a determinable contract, i.e., one that may be unilaterally terminated without cause or breach.

   Drawing from a well-established body of precedents, the Delhi HC reiterated that contracts of private employment, unless governed by statutory protections or public law obligations, do not warrant specific performance or reinstatement as a remedy for wrongful termination. Such relief is limited to 3 (three) narrow exceptions: (a) dismissal of a public servant in violation of Article 311 of the Constitution of India; (b) reinstatement sought by a worker under industrial law; or (c) where a statutory body has acted in breach of a mandatory obligation imposed by statute.

   Accordingly, even if the Plaintiff's termination was arbitrary or tainted with procedural infirmities, the Delhi HC held that such a claim could only result in monetary compensation, not

[56] CS (OS) 31/2021 (decided on July 14, 2025)

reinstatement. The right to terminate, said the Delhi HC, stood unaffected by the presence or absence of cause, and the mere inclusion of reasons in a termination letter does not transform the nature of the termination or invite a higher standard of scrutiny.

Therefore, the first issue, on whether the termination was in violation of the employment contract, was decided against the Plaintiff.

While the Delhi HC upheld that a determinable employment contract permits either party to terminate the engagement without assigning reasons, thereby insulating the Employer from a claim of wrongful termination, it did not equate this with an endorsement of arbitrary or unregulated dismissal. Indian employment law does not recognise the doctrine of *at-will employment* as understood in the United States. Even within private contractual arrangements, a termination must not be arbitrary, vindictive, or procedurally unfair, and must generally rest on reasonable cause or demonstrable misconduct.

2. **Defamation and the right to reputation**:

   While the Delhi HC upheld the Employer's contractual right to terminate, it took a sharply different view of the language used in the termination letter. The Plaintiff argued that phrases such as 'malicious conduct' and 'complete loss of trust' were defamatory, lacked any factual basis, and amounted to character assassination.

   The Delhi HC acknowledged the right to reputation as a fundamental right under Article 21 of the Constitution of India. While a termination letter can validly state the employer's reasons for cessation of employment, any assertions that are false, unsubstantiated, and injurious to a person's standing in society may amount to civil defamation.

The Delhi HC laid out the essential ingredients for defamation under civil law:

a) a false statement, either written (libel) or spoken (slander), which tends to lower the Plaintiff's reputation;

b) publication of that statement to at least 1 (one) person other than the Plaintiff;

c) reference or identification of the Plaintiff in the statement (whether expressly or by implication); and

d) absence of a valid defence such as justification, truth, privilege, or fair comment.

Keeping in mind the above parameters, the Delhi HC analysed whether the statements/remarks made in the termination letter would qualify as defamation.

a) Whether the purportedly defamatory remarks are false and defamatory, and is there an absence of a valid defence?

   On perusal of the record, the Delhi HC compared the stigmatic phrases 'malicious conduct' and 'complete loss of trust' with the employee's contemporaneous performance appraisals, all of which categorised him as a highly valued contributor. Basis the said documentary evidence on record, the Delhi HC held the above remarks as unsubstantiated remarks which would inevitably lower the employee's reputation in the society.

   The Delhi HC observed that nowhere was there any mention of 'malicious conduct' or even substandard performance by the Plaintiff. In fact, the Employer had failed to place on record any disciplinary records, warning letters, or internal inquiries that would justify the remarks made in the termination letter.

   The Delhi HC concluded that the defamatory assertions were not merely unsupported but also directly contradicted by the Employer's own internal documents. These remarks, according to the Delhi HC, were intended to stigmatise the Plaintiff's reputation and damage his credibility in future professional settings.

   Accordingly, the Delhi HC concluded that the impugned statements were factually baseless, defamatory in nature, and made without any valid justification or defence. The Delhi HC held that the elements of falsity and absence of a valid defence stood clearly satisfied.

b) Whether the defamatory remarks are identifiably referring to the Plaintiff?

The Delhi HC held there was no ambiguity with respect to identification of the Plaintiff as the person alluded in the termination letter.

c) Whether the Employer published the defamatory remarks?

Judicial precedents have held that publication is a *sine qua non* for the tort of defamation and it must be the case that the defamatory statement is brought to the awareness of a third party. Although the Employer argued that there was no third-party publication of the termination letter and that the letter was issued solely to the Plaintiff, the Delhi HC rejected this defence by invoking the doctrine of compelled self-publication, a concept which is widely recognised in American jurisprudence.

Before the Delhi HC, foreseeability, not physical dissemination, became the fulcrum for the publication limb. Because employers universally know that background-check protocols oblige candidates to share prior separation documents, the Delhi HC held that the employer ought to have foreseen that the defamatory remarks would reach third parties.

The Delhi HC observed that the Employer must have been fully aware that the Plaintiff would be required to furnish details of his exit in subsequent employment. The Delhi HC likened this situation to several international precedents, including the Minnesota Supreme Court's ruling in *Lewis vs. Equitable Life Assurance Society*[57], where in cases of compelled self-publication, an employer cannot claim absence of publication. The Delhi HC also cited other similar rulings involving compelled disclosure of termination reasons to future employers.

Therefore, the Delhi HC held that the element of publication was satisfied, even in the absence of direct transmission to a third party. The foreseeability of compelled self-disclosure made the employer liable for the natural and probable consequences of its defamatory statements.

3. **Quantum of damages:**

Having established that the termination letter was defamatory and unsupported by evidence proving the contrary *vis-à-vis* the statements made, the Delhi HC turned to the assessment of damages. It acknowledged that Indian law generally does not favour punitive or exemplary damages in routine defamation claims. Instead, courts seek to award general compensatory damages, aimed at achieving 3 (three) core objectives: (a) console the Plaintiff for emotional suffering, (b) repair the damage to his personal and professional reputation, and (c) vindicate the Plaintiff's standing in society.

The Delhi HC emphasised that there is no fixed formula for calculating damages in defamation claims, and the amount must reflect the gravity of the defamatory remarks, the extent of their dissemination, and their impact on the Plaintiff's career and emotional well-being.

In view of these considerations, and the absence of any documentary evidence to substantiate the statements made in the termination letter, the Delhi HC found it appropriate to award the Plaintiff a sum of INR 2,00,000 (Indian Rupees two lakh) in general compensatory damages.

Conclusion

This judgment establishes a crucial precedent for the intersection of employment law and defamation, particularly in private sector employment relationships. While the Employer had the contractual right to terminate the Plaintiff, it breached the bounds of propriety by inserting stigmatic and unsupported allegations in the termination letter which amounted to defamation.

By recognising the doctrine of compelled self-publication and drawing on both Indian and international precedents, the Delhi HC signalled a maturing judicial sensitivity to the reputational fallout of termination practices and the lasting harm caused by defamatory employment communications. The Delhi HC acknowledged the practical reality that employees are often compelled to share their termination letters with future employers during

[57] 389 N.W.2d 876 (1986)

background checks or interviews, making the damaging content effectively 'published' even when not formally circulated.

By way of this judgment, the Delhi HC also laid down the 4 (four) essentials of civil defamation: false and stigmatic statement; publication (including through compelled self-publication); clear identification; and absence of any sustaining defence. In essence, the Delhi HC held that termination letters were not privileged documents and statements/remarks made therein (without any substantial proof) would amount to defamation.

This judgment establishes that whilst companies invest heavily in protecting their own reputational interests, they cannot carelessly damage employee reputations through internal communications.

For employers, this ruling is a cautionary precedent. It makes clear that termination communications must remain factual, measured in tone, and substantiated by documented evidence if they venture into reasons for dismissal. The inclusion of defamatory language, especially without due process or supporting records, could attract civil liability, even in private employment arrangements. The case thereby establishes that defamation in employment is not shielded by the veil of contractual autonomy.

The Delhi HC's application of defamation principles, combined with its adoption of international legal doctrines, makes this judgment an invaluable precedent for employment law practitioners and an essential reference for understanding the evolving landscape of workplace defamation in India.

Delhi HC re-affirms un-enforceability of post-termination non-competes and emphasises the need for balance between an employer's confidentiality interests and employee mobility

In a recent ruling of the Delhi HC, in ***Varun Tyagi vs. Daffodil Software Private Limited***[58], the Delhi HC has re-affirmed the well-established legal position under the Indian Contract Act, 1872 ("**Contract Act**") regarding post-employment restrictions, particularly non-compete clauses. This judgment makes it clear that non-compete agreements that seek to restrain an employee's right to work after leaving an organisation are inherently unenforceable.

Through this judgment, the Delhi HC makes it clear that although confidentiality breaches may be addressed through damages, this cannot serve as a pretext to impose sweeping restrictions on an employee's right to employment or entrepreneurship.

Brief facts

The employee, an IT engineer ("**Complainant**"), was initially employed by an affiliate of Daffodil Software Private Limited ("**Company**") and was subsequently transferred to the Company in January 2022. The Company was engaged by Digital India Corporation ("**DIC**") in relation to a high-priority government initiative which was aimed at improving child nutrition nationwide. The Complainant was assigned to work on the said project as a full stack developer, with effect from January 2023. As per the contractual terms between the Company and DIC, the Intellectual Property Rights ("**IPR**") for the project belonged to DIC and not the Company.

After resigning from employment in January 2025 and serving the requisite notice period, the Complainant accepted an offer of employment from DIC and joined DIC as a Deputy General Manager in April 2025. In light of the same, the Company filed a suit seeking an injunction to prevent the Complainant from working with DIC or the other Company's business associates, relying on a clause in his employment agreement which restricted him from engaging with any business

[58] FAO 167/2025 & CM APPL. 36613/2025 (decided on June 25, 2025)

associate of the Company for a period of 3 (three) years post-termination of employment.

The District Court ("**Trial Court**") granted an interim injunction in favour of the Company restraining the Complainant from working with DIC and the National E Governance Division until final disposal of the suit before the Trial Court. Aggrieved by such order, the Complainant approached the Delhi HC.

In the proceedings before the Delhi HC, the Complainant *inter alia* contended that:

1. the Company's claim regarding misuse of IPR by the Complainant was invalid as the intellectual property pertaining to the project belonged to DIC and not the Company;
2. the post-termination obligations in the employment agreement were overly broad, amounting to a blanket prohibition impacting the Complainant's right to livelihood; and
3. Section 27 of the Contract Act, unlike English law, does not distinguish between a partial and absolute restraint. Any agreement that falls within the scope of Section 27 of the Contract Act is rendered void, unless it is covered within the exception provided thereunder.

On the other hand, the Company contended that:

1. post-termination restrictive covenants in the employment agreement if reasonable, limited in scope and duration, and aim to protect the legitimate business interests of the employer, can be enforced; and
2. the Complainant had access to confidential information, proprietary techniques and internal know-how during his employment with the Company and accordingly, the disclosure of the same would cause irreparable harm to the Company.

Findings and analysis

Upon appeal, the Delhi HC examined the validity of the non-compete and non-solicitation clauses in the Complainant's employment agreement in light of Section 27 of the Contract Act, which provides that any agreement restraining lawful trade, business or profession would be void. The only exception to Section 27 of the Contract Act is sale of goodwill. Accordingly, the Delhi HC overturned the Trial Court's injunction order, by holding that:

1. any contractual term restraining an employee from lawful employment post-termination is void under Section 27 of the Contract Act, thereby reaffirming that post-termination non-compete provisions are unenforceable in India;
2. Indian law does not recognise partial or reasonable post-employment restraints; all such restraints, including a partial restraint, would be void. Hence, the question of reasonableness or whether the restraint is partial or absolute does not arise at all;
3. employees have a fundamental right to seek better employment opportunities, and they cannot be forced to choose between working for the former employer or remaining idle;
4. in employer-employee contracts, it is quite often the case that the employee has to sign a standard form contract or not be employed at all. Accordingly, any term of employment that imposes a restriction on the right of an employee to be employed post-termination of the contract of employment will be void, being contrary to Section 27 of the Contract Act;
5. IPR for the project belonged exclusively to DIC, negating claims of misuse by the Complainant; and
6. negative covenants post termination of the employment can only be enforced to protect the confidential and proprietary information of the employer or prevent solicitation.

In view of all of the above, the Delhi HC emphasised that restrictive covenants must be tailored and justified by legitimate business interests. Blanket prohibitions restricting future employment would be impermissible under Indian law. However, the Delhi HC clarified that in the event the Company is able to prove a breach of the employment agreement, for example, a breach of the confidentiality obligations, it can be compensated by way of damages.

Conclusion

The Delhi HC's judgment affirms that while confidentiality and trade secrets are critical assets deserving protection, overarching restrictions that seek to prevent employees from joining competitors or starting similar businesses after separation of their

employment are un-enforceable. It serves as a reminder to employers that post-termination restrictions must be carefully drafted, focussing on safeguarding confidential information, rather than relying on broadly drafted non-compete clauses that hinder an employee's career progression.

This judgment can also significantly influence the enforceability and drafting of no-poaching or no-hire clauses in contracts with service providers and service recipients, business partners and other associates. For example, a clause preventing a partner from hiring any employee of the other party for an indefinite period could be viewed as unreasonable. In other words, overly restrictive clauses that are perceived as anti-competitive or that hinder free employment opportunities could be challenged and rendered un-enforceable. Employers should therefore ensure that such contractual restrictions are carefully tailored, reasonable and compliant with the principles laid down by Indian courts to avoid any potential legal challenges.

Ultimately, a balanced approach that respects employee mobility while protecting legitimate business interests will foster a sustainable and legally compliant employment relationship.

The High Court of Madras upholds an employer's right to cancel conditional employment offers based on material discrepancies

In an important ruling that underscores the importance of honesty and transparency in the hiring process, the Hon'ble High Court of Madras ("**Madras HC**"), in ***P. Karthikeyan vs. The General Manager, State Bank of India and Ors.***[59] ,upheld the cancellation of the appointment of a selected candidate ("**Candidate**") due to adverse credit entries found in his TransUnion CIBIL Limited ("**CIBIL**") Report ("**CIBIL Report**") dated March 12, 2021 and on account of false and untrue declarations made by the Candidate.

This ruling affirms the lawful right of an employer to revoke conditional employment offers, when candidates fail to meet the stipulated conditions or otherwise conceal material facts.

Brief facts

The instant case arises out of a writ petition filed by the Candidate whose appointment was revoked by the employer bank. The employer bank had issued a notification dated July 27, 2020, inviting applicants for the post of a circle based officer ("**Recruitment Notification**").

The Recruitment Notification clearly specified that: "*Candidates with record of default in repayment of loans/credit card dues and/or against whose name adverse report of CIBIL or other external agencies are available are not eligible for appointment.*" It further stated that "*Candidates against whom there is/are adverse report regarding character & antecedents, moral turpitude are not eligible to apply for post.*"

The Candidate who successfully cleared the selection process was issued an appointment order dated March 12, 2021. As part of the pre-appointment verification process, the employer bank obtained the Candidate's CIBIL Report, which was reviewed and verified by them. Following this, the employer bank identified concerns regarding the Candidate's credit history, particularly noting instances of delayed repayment of past loans as reflected in his CIBIL Report.

Although the Candidate submitted an explanation clarifying the personal circumstances surrounding such past defaults, the employer bank issued an order cancelling the Candidate's appointment, citing adverse credit history and on account of the fact that the Candidate had given false and untrue declarations.

Issue

The core issue for consideration before the Madras HC was whether the cancellation of the Candidate's

[59] W.P.No. 11122 of 2021 and WMP.No. 11768 of 2021(decided on June 2, 2025)

appointment on the grounds of poor credit history and an adverse CIBIL Report constituted a valid and legally sustainable ground for disqualification.

Analysis and key observations

Interpretation of eligibility clause

Although the Candidate asserted that as of the date of the Recruitment Notification, he had no outstanding loans or credit card dues, the Madras HC noted that the Recruitment Notification had explicitly cautioned applicants to carefully ensure their eligibility before applying. One of the key eligibility conditions thereunder categorically disqualified candidates with any record of loan defaults, adverse credit reports, or negative financial indicators. The Candidate's CIBIL Report, obtained during the verification process, revealed a poor credit history, including delayed repayment of loans multiple times and irregularities in credit card usage.

The Madras HC interpreted the eligibility criteria in the Recruitment Notification to mean that the requirement was not merely the repayment of loans as on the date of the notification. Rather, it was about maintaining a consistent record of loan repayment without any default or having an adverse credit report from CIBIL or other external agencies. This distinction is critical, as the emphasis lies on the candidate's financial discipline and overall creditworthiness, not just on a snapshot of loan status as on the job application date.

Internal guidelines and exceptions

The Madras HC also referred to a Circular dated March 20, 2021, issued by the employer bank ("**Circular**"), which provided clarification on handling cases involving default or adverse remarks. This Circular outlined certain exceptions where defaults had been regularised or rectified prior to joining and allowed candidates to join in exceptional circumstances. These included situations such as overdue credit card dues under INR 5,000 (Indian Rupees five thousand) arising from disputes or litigation, and overdue Equated Monthly Instalments ("**EMIs**")/instalments not exceeding 1 (one) instalment. This letter essentially established a narrow window of leniency while underscoring the importance of financial discipline.

Findings from the CIBIL Report

The employer bank argued that the Candidate's CIBIL Report was severely poor, showing multiple defaults in loan repayments, which reflected a troubling financial history. The Candidate had 9 (nine) irregular credit facilities and more than 10 (ten) credit inquiries between 2016 and 2021, ranging from small loans of INR 1,000 (Indian Rupees one thousand) to larger sums of INR 30,00,000 (Indian Rupees thirty lakh). The employer bank regarded this pattern as a serious risk factor, given the nature of the banking job that involves handling of public funds.

Candidate's explanation and court's view

Although the Candidate explained that the personal loans had been availed for his brother's business and that the defaults were on account of an unforeseen accident involving his brother, the employer bank and the court found this explanation unpersuasive due to the prolonged history of multiple defaults over an extended period.

Relevant Supreme Court precedents

The Madras HC also cited the Supreme Court judgment in *Chief Manager, Punjab National Bank and Anr. vs. Anik Kumar Das*[60], emphasising that a candidate who participates in a recruitment process in accordance with the published notification cannot later argue for a different interpretation of the eligibility criteria, especially when they have not legally challenged the clause itself. The Madras HC also referred to the Supreme Court judgment in *Yogesh Kumar and Ors. vs. Government of NCT of Delhi and Ors.*[61], which held that the recruitment to public service must strictly adhere to the terms set out in the advertisement and the applicable recruitment rules. Any deviation from these rules may result in the selection of ineligible candidates and unfairly exclude other eligible candidates who could have competed for the post.

[60] (2021) 12 SCC 80

[61] (2003) 3 SCC 548

Assessment of the employer's actions

The employer bank also emphasised that the issuance of the appointment letter did not confer a vested right to employment, as the appointment was expressly made subject to verification of various credentials, including the CIBIL Report, at the time of joining. The Madras HC found the employer's stand to be both reasonable and legally tenable. Accordingly, it noted that the criteria requiring a clean repayment record and a satisfactory CIBIL Report served as a clear and necessary purpose. In the banking sector, where employees are expected to handle public money responsibly, financial discipline is not only relevant but essential. A candidate who has demonstrated poor credit behaviour and frequent borrowing tendencies may not inspire the level of trust required in such roles and cannot be entrusted with such responsibilities without risking inefficiency or misconduct.

No discrimination found

Regarding the Candidate's claim of discriminatory treatment, the Madras HC found that the employer bank had consistently applied the standards outlined in the Circular. Only those candidates who met the conditions laid out in the Circular, such as a default of not more than 1 (one) instalment, were previously considered for appointment. The Candidate, having defaulted on more than 1 (one) instalment, clearly fell outside this bracket.

Final ruling

Ultimately, the Madras HC dismissed the writ petition, holding that the Candidate's poor credit history, supported by his own admissions and a pattern of defaults besides the false and inaccurate declarations made by him, provided sufficient grounds for the employer to cancel his appointment order.

Conclusion

In many organisations, it is a standard practice to include clauses that require candidates to disclose material information such as financial standing or adverse credit histories before finalising employment. This is especially common for roles that require handling financial assets, budgets, or sensitive monetary information. A history of defaults, insolvency, or poor credit behaviour may indicate a potential risk for the employer, making such candidates less suitable for positions that demand high levels of financial responsibility. The Madras HC's affirmation that employers have the legal right to revoke such offers when these conditions are not met or when false information is provided, offers a much-needed assurance.

It clarifies that employers are protected from legal challenges when acting in good faith to uphold the integrity of their recruitment process, ensuring that only candidates who meet the stipulated criteria are employed. Moreover, it emphasises that honesty and transparency are fundamental expectations in an employment relationship, particularly for sensitive roles including those involving financial responsibilities.

This judgment strengthens an employer's authority to enforce pre-employment conditions and take corrective actions where necessary, thereby safeguarding the organisation's interests, reputation and operational integrity. Having said that, in order to ensure a fair and legally sound hiring process, it is essential that employers clearly specify and communicate any applicable eligibility criteria in their job advertisements/postings as well as at the outset of the recruitment process. The conditional nature of the offers should also be made unambiguously clear, leaving no room for ambiguity about the terms and conditions attached to continued employment. Candidates should also be kept informed of the consequences of failing to meet any pre-conditions or providing false information.

Ultimately, transparency is key in ensuring a fair and legally sound hiring process. While for employers, clearly communicating the conditional nature of the offer along with the specific eligibility criteria helps withstand legal scrutiny; for employees, open disclosure of relevant information and understanding the conditions attached to their employment will help foster trust and accountability.

Madras HC directs that every employer under the Apprentices Act must formulate an apprenticeship policy even if there is a general ban on recruitment

In a recent ruling, the Madras HC, in ***G. Sakthivel & Ors. vs. Union of India & Ors.***[62]**,** held that it is mandatory for every employer to formulate an Apprenticeship Policy ("**Policy**") as per the requirements given under Section 22 of the Apprentices Act even if there is a general ban on recruitment by the employer. Further, the Madras HC reaffirmed that there can be no judicial interference with regards to policy decisions taken by the GOI.

Brief Facts

This writ petition was filed by a group of former apprentices ("**petitioners**") of Chennai Port Trust ("**CPT**") who had undergone apprenticeship training between October 13, 1995, and October 12, 1998. After successfully completing the training and participating in examinations conducted by the Regional Director, Apprentice Training Programme at the CPT establishment, the petitioners alleged that while some apprentices selected in 1995 were later absorbed as regular employees, the petitioners themselves were not considered for appointment.

The petitioners, challenging the impugned order dated March 21, 2024, passed by the Under Secretary, Ministry of Ports, Shipping and Waterways ("**R1**") which rejected their appointment, filed the instant petition. The petitioners sought certiorari and mandamus to quash that order and pass a direction, directing the respondents to frame a scheme/policy for absorption of petitioners who are full-term trained apprentices as per Section 22 of the Apprentices Act.

Issue

The Madras HC formulated the following 2 (two) core issues for consideration:

1. Whether the impugned order dated March 21, 2024, passed by R1 deserves to be quashed?
2. Whether the Chairman, CPT ("**R2**") and the Chief Engineer, CPT ("**R3**") were obligated under Section 22(1) of the Apprentices Act to formulate a policy for recruiting apprentices who completed apprenticeship training in their establishment and whether the court should direct them to frame such a policy?

Findings and analysis

Quashing of impugned order passed by R1

R1 *vide* the impugned order, rejected the request of the petitioners based upon the policy decision taken by the Ministry of Ports, Shipping and Waterways ("**Ministry**"), for a general ban on the recruitment of Class 4 employees (this includes manual/semi-skilled workers and workers skilled in sweeping, trackmen, peons etc.) on a regular basis, which included the petitioners. The ban arose due to an advisory letter circulated by the Ministry dated September 7, 2000, advising the Chairmen of all major port trusts to reduce manpower and increase the use of technology for obtaining optimum results.

The Madras HC held that when the GoI has taken a policy decision to place a ban on the recruitment of

[62] Judgment Dated August 12, 2025. WP No. 5998 of 2025 and WMP No. 6604 of 2025

Class 4 employees, the court has no ground to interfere with the same, provided they are bona-fide and are not in contravention of the statute.

Directions for R1 and R2 to frame Policy

The Madras HC applying Section 22(1) of the Apprentices Act, observed that it is incumbent on the employer to formulate a policy for recruitment of apprentices, who have completed the period of apprentice training in the employer's establishment. It further observed that to have an effective and transparent administration, when the Apprentices Act expects the employer to frame a policy for recruitment of apprentices, the CPT, being one of the major port trusts should be a model player and must be in the forefront of formulating the Policy.

In pursuance of the same, the Madras HC held that merely because there is a general ban for recruitment, there is no liberty to the employer not to frame any Policy, which is nothing but in contravention to Section 22 of the Apprentices Act and directed R2 and R3 to frame the requisite Policy in the event CPT wants to permanently employ the apprentices. The Madras HC mandated that this must be done within 6 (six) months from the date of receipt of a copy of this order.

Conclusion

The decision of the Madras HC directing that 'employers' under the Apprentices Act to formulate a Policy under Section 22(1), even when there is a general ban on recruitment, ensures that an employer recruiting apprentices has a Policy in place, providing for transparency and an effective administration in the event they want to permanently employ such apprentices or recruit new apprentices. The Madras HC also affirmed that it cannot interfere with the policy decisions taken by the GoI provided that it is bona-fide and it does not contravene statute. By directing the CPT to frame its Policy within 6 (six) months from the date of receipt of a copy of this order, the Madras HC adopted a balanced approach, emphasising judicial non-interference in matters of executive policy while upholding the enforcement of mandatory statutory obligations.

Digital Personal Data Protection Rules, 2025

On November 13, 2025, the Digital Personal Data Protection Act, 2023 ("**DPDPA**") was operationalised through the notification of the Digital Personal Data Protection Rules, 2025 ("**Rules**") by MeitY. With this notification, the DPDPA moved from a broad legislative framework to an enforceable regime, as the Rules lay down the detailed procedures, compliance requirements, and operational mechanisms needed for its implementation. The enforcement of the Rules is structured in a phased manner as follows:

Timeline	Commencement date	Implication
Immediate	November 13, 2025	Establishment of the Data Protection Board of India and its operational procedures
12 Months	November 13, 2026	The framework for the registration and detailed obligations of Consent Managers, the term used for a person registered with the board, to act as a point of contact to enable a Data Principal to give, manage, review and withdraw consent, comes into force.
18 Months	May 13, 2027	Core compliance duties apply, including notice, security safeguards, breach intimation, significant data fiduciary obligations, and data principal rights; provisions in relation to repeal of Sensitive Personal Data Rules, 2011 become effective.

Judicial discourse

1. The Supreme Court of India ("**Supreme Court**"), in ***Satender Kumar Antil vs. CBI***[63], held that the newly introduced provisions in the Bharatiya Nagarik Suraksha Sanhita, 2023 ("**BNSS**") that permits usage of electronic communication by courts and the police do not apply to service of notices to accused persons under Section 35(3) of the BNSS / Section 41-A of the Code of Criminal Procedure, 1973 ("**CrPC**"). In holding so, the Supreme Court dismissed an application filed for modification of it's previous directions passed in the same case[64], prohibiting service of notices under Section 35(3) of the BNSS and Section 179 of the BNSS/Section 160 of the CrPC through WhatsApp or other electronic modes. The Supreme Court reasoned that Section 530 of the BNSS permits usage of electronic means only by court for the purpose of inquiry or trial, expressly excluding investigation-stage provisions such as Section 35 of the BNSS, notices issued, which have an impact on the liberty of an individual. These 2 (two) orders passed in this case have significant implications for investigations conducted across the country by law enforcement agencies, which frequently resort to the short cuts of serving notices by electronic modes.
2. The Supreme Court, in ***M.C. Ravikumar vs. D.S. Velmurugan and Ors.***[65], has reiterated that a second quashing petition against the very same proceedings can only be maintained when it takes grounds or relies on circumstances that were not available at the time the first quashing petition was dismissed.
3. The Supreme Court, in ***The State of West Bengal vs. Anil Kumar Dey***[66]**,** held that the police are empowered to freeze bank accounts under Section 102 of the CrPC even where the case is registered only under the the Prevention of Corruption Act, 1988 ("**PC Act**"). The decision arose from a disproportionate-assets investigation against a police officer in which bank deposits held in relatives' names were frozen. Setting aside the Calcutta High Court's order, the Supreme Court clarified that freezing under the CrPC is distinct from attachment under anti-corruption law and can validly be used during investigation. It reasoned that seizure/ freezing was an urgent measure taken to secure evidence and serve investigative needs, whereas attachment was a more deliberative process. The Supreme Court restored the freezing orders and directed redeposit or security where funds had been withdrawn, thereby upholding the ongoing investigation.
4. In a significant decision, the Supreme Court in ***Re: Summoning Advocates***[67] made observations on various aspects of attorney-client privilege in the context of criminal investigations. It held that:
    a) the privilege between advocates and clients provided under Section 132 of the Bharatiya Sakshya Adhiniyam ("**BSA**") is not confined to active or ongoing suits and prosecutions, but also to advice given without any pending prosecution, such as advice taken once or periodically or under retainership;
    b) investigating agencies cannot compel advocates to disclose privileged communication made with their clients by summoning them as witnesses under Section 179 of the BNSS. The same would: (a) violate the privilege under Section 132 of the BSA enjoyed by the client and enforceable by the advocate; (b) amount to professional misconduct by the advocate under the Advocates Act, 1961; (c) be inadmissible as evidence against the client in view of Section 132 of the BSA; (d) be an indirect violation of the client's fundamental right against self-incrimination under Article 20(3) of the Constitution of India ("**Constitution**"); and (e) be a violation of the right to legal representation under Articles 14, 19(1)(d), 21, 22(1) and 39-A of the Constitution;
    c) in case privilege does not apply because the facts of a case fall within the exceptions to Section 132 (i.e. consent by client, communication being in furtherance of illegal

[63] 2025 SCC OnLine SC 1578 decided on July 16, 2025
[64] 2025 SCC OnLine SC 1322 decided on January 21, 2025
[65] SLP (Crl) 12715/2022 decided on July 23, 2025
[66] 2025 INSC 1413 (decided on December 10, 2025)
[67] 2025 SCC OnLine SC 2320

purpose, or facts observed by advocate showing any crime or fraud committed by client after commencement of such advocate's service), then the same must be expressly reasoned in the summons issued by the investigating agency to an advocate, in order to allow for judicial review under Section 528 of the BNSS. Such summons must also first be approved by a superior police officer not below the rank of the Superintendent of Police;

d) investigating agencies may issue summonses to lawyers to produce documents or digital evidence relatable to their clients (under Section 94 of the BNSS read with Section 165 of the BSA), but the same can only be for production before a court, which will test its admissibility based on objections, if any, made by the lawyer as well as the client;

e) the agencies may also seek production of digital devices, but the same would be produced only before court which would hear any objections by the lawyer or the client. If the production is allowed, the device must only be opened in presence of the lawyer, client and any person of their choice who is conversant with technology, in order to protect any material on the device relatable to the lawyer's other clients; and

f) the privilege under Sections 132 and 134 of the BSA does not apply to communications between in-house counsels and their employers. Such counsels are full-time salaried employees and do not fall within the definition of 'advocates' under the Advocates Act, 1961 and cannot be said to be professionally independent in their advice.

5. In an unusual decision, the Supreme Court in ***Hemant S. Hathi vs. CBI and Ors.***[68], quashed multiple criminal proceedings arising from a loan fraud on the basis of deposit of a settlement amount of INR 5,100 crore (Indian Rupees five thousand one hundred crore) agreed between the accused and the various investigating/prosecuting agencies. The criminal proceedings were under the Indian Penal Code, 1860, the PC Act, the PMLA, the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015, the Fugitive Economic Offenders Act, 2018 and the Companies Act, 2013 involving the CBI, the ED, the Serious Fraud Investigation Office ("**SFIO**") and including actions of seizure and attachment of properties. The Supreme Court quashed all proceedings, observing that these proceedings were intended to restore the defalcated public money, upon the doing of which, continuation of criminal proceedings would not serve any useful purpose. Though the order records that it not be treated as precedent, it suggests a shift in priorities in economic offence cases, where recovery of public money may be given more importance than punishment or deterrence, which are other conventionally understood aims of the criminal justice process.

6. The Supreme Court, in ***P. Somaraju vs. State of Andhra Pradesh***[69]***,*** reiterated that the statutory presumption under Section 20 of the PC Act arises only after foundational facts of demand and acceptance are proved. Section 20 of the PC Act provides that the trial court will presume that any undue advantage obtained by a public servant was for the criminal motives required for the offences under Sections 7 and 11 of the PC Act.

7. The Bombay High Court, in ***Nagani Akram Mohammad Shafi vs. Union of India***[70], held that the ED has jurisdiction to investigate money laundering arising from predicate offences under the Bharatiya Nyaya Sanhita, 2023 ("**BNS**"). It held that references to IPC offences listed under the Schedule to the PMLA should be interpreted as being updated to their BNS counterparts after the repeal of IPC. The Court made these observations in the context of certain scheduled offences of cheating and forgery committed after the commencement of the BNS and based on Section 8(1) of the General Clauses Act, 1897.

8. The Madras High Court, in ***R.K.M Powergen Private Limited vs. Union of India***[71], clarified that the ED cannot rely on the principle that 'criminal law can be set into motion by anyone' in order to investigate cases where there are no complaint of

[68] WP(Crl) Nos. 37 and 48 of 2020 (decided on November 19, 2025)
[69] 2025 INSC 1263 (decided on October 28, 2025)
[70] 2025 SCC OnLine Bom 2586 decided on July 8, 2025
[71] 2025 SCC OnLine Mad 3272 decided on July 15, 2025

a predicate offence, and hence, where there exist no proceeds of crime. The Court further held that even if during the course of investigation, the ED comes across violations of other provisions of law, then under Section 66(2) of the PMLA, the ED can only inform the appropriate agency empowered by law to investigate into that offence, but the ED cannot assume the role of investigating those offences as well. The observations were made in a writ petition wherein the Court quashed freezing of certain fixed deposits of a company.

9. The Madras High Court, in ***Anil Kumar Ojha vs. The State and Ors.***[72], has held that a Resolution Professional ("**RP**") under the Insolvency and Bankruptcy Code, 2016 is a public servant under Sections 2(c)(v), 2(c)(vi), and 2(c)(viii) of PC Act. It directed the Insolvency and Bankruptcy Board of India to decide the question of grant of sanction for prosecution of an RP for offences alleged against him under the PC Act. Notably, the Court passed its order despite acknowledging that a contrary decision had been delivered by the Delhi High Court in *Dr. Arun Mohan vs. CBI*,[73] and despite the question of law being pending before the Supreme Court.[74] Hence, an authoritative ruling on this question is awaited.

10. In an important development, the Punjab and Haryana High Court, in ***Sikander Singh vs. ED, Gurugram***[75], has held that the right of an accused of being given a pre-cognizance hearing, as provided by the newly introduced first proviso to Section 223(1) of the BNSS, would equally apply to complaints filed prior to the enactment of the BNSS, i.e. prior to July 1, 2024. The Court reasoned that the principle of 'beneficial construction' usually invoked in the context of *ex post facto* laws (which, say, reduce punishments) could equally be applied to the newly created beneficial right of hearing given to an accused. Another relevant observation the court made is that mere filing or presentation of a complaint prior to July 1, 2024 would not attract Section 531 of the BNSS (savings provision) leading to CrPC being applicable. Instead, the relevant determination for Section 531 of the BNSS would be whether an 'inquiry' was 'pending' as on July 1, 2024, which meant whether application of judicial mind had taken place under Sections 202 to 204 of the CrPC as on that date. In the facts of the case, the inquiry had taken place subsequent to July 1, 2024, which too supported the Court's conclusion that the BNSS and not the CrPC applied.

11. The Delhi High Court, in ***ED vs. Rajesh Kumar Agarwal***[76]**,** has held that in order to confirm the retention of property seized/frozen by the ED under Section 17 of the PMLA, the ED's 'reason to believe' for retention must be independently recorded under Section 20(1) of the PMLA, and it is not sufficient to merely reproduce or rely on the application for retention/continued freezing made by the ED officer previously under Section 17(4) of the PMLA. The requirement of Sections 20(1) and 20(2) of the PMLA are mandatory safeguards, and compliance with them is necessary for an order passed by an Adjudicating Authority under Section 8(3) of the PMLA confirming the retention.

12. The Delhi High Court, in ***Sachin Dev Duggal vs. ED***[77]**,** held that as per Section 73 of the CrPC, non-bailable warrants could only be issued by a court against a person accused of a non-bailable offence and evading arrest, and not merely against a witness or even suspect summoned by the investigating agency (in this case, by the ED under Section 50 of the PMLA). Non-compliance of summons by such witness would make them liable for prosecution under Section 174 of the IPC.

Enforcements landscape

ED arrests son of former Chhattisgarh Chief Minister in liquor scam

The ED has arrested the son of former Chhattisgarh Chief Minister, in the Chhattisgarh liquor scam

[72] Crl OP 16812/2025 decided on August 4, 2025
[73] WP(Crl) 544/2020 decided on December 18, 2023
[74] *Sanjay Kumar Agarwal vs. CBI*, SLP(Crl) 7029/2023
[75] CRM-M-29954-2025 decided on July 29, 2025
[76] 2025 SCC OnLine Del 5974 decided on September 12, 2025
[77] 2025 SCC OnLine Del 9366 (decided on December 19, 2025)

involving over INR 2,500 crore (Indian Rupees two thousand five hundred crore) of alleged proceeds of the crime generated between 2019–2022. Per media reports, he is accused of receiving INR 16,70,00,000 (Indian Rupees sixteen crore seventy lakh), laundering funds through real estate projects, and handling over INR 1,000 crore (Indian Rupees one thousand crore) of scam money in coordination with other key accused individuals. The ED alleges that part of the funds were funneled through associates, shell firms, and contractors, with some amounts reaching political channels. Several senior officials and politicians have already been arrested, and investigation into fund flow and utilisation continues.

SEBI bans Jane Street for market manipulation

On July 3, 2025, SEBI through an interim order banned Jane Street, a Wall Street proprietary trading firm, for manipulating India's Bank Nifty Index. Using pump-and-dump strategies on 3 (three) key stocks (HDFC Bank, ICICI Bank, Kotak Bank), Jane Street earned over INR 36,502 crore (Indian Rupees thirty-six thousand five hundred and two crore) in just 21 (twenty-one) trading days, including INR 735,00,00,000 (Indian Rupees seven hundred and thirty-five crore) in 1 (one) day i.e., January 17, 2024. Interim order directed impounding INR 4,843 crore (Indian Rupees four thousand eight hundred and forty-three) in illicit gains, restricting derivative exposures, and freezing part of its holdings. Reportedly, investigations began after a US lawsuit exposed Jane Street's India-linked strategies, prompting SEBI to closely monitor trades. The regulator cited 93% retail investor losses in derivatives as evidence of the damage caused by Jane Street's actions.

CBI arrests senior official of the Airports Authority of India accused of corruption and misappropriation of funds into personal account

CBI has arrested a senior manager of the Airports Authority of India ("**AAI**") for alleged corruption and embezzlement of INR 232,00,00,000 (Indian Rupees two hundred and thirty-two crore). The agency registered the case based on a complaint received from the AAI. It is alleged that while posted at the Dehradun airport, he engaged in a systematic scheme of fraud and embezzlement of AAI funds into personal accounts by manipulation of official and electronic records. On August 28, 2025, the CBI conducted searches on the official and residential premises of the accused in Jaipur and thereafter placed him under arrest.

UK's collaboration with CBI to bust Noida fake calls scam

The UK's National Crime Agency ("**NCA**"), the CBI, and US agencies such as the Federal Bureau of Investigation ("**FBI**"), successfully busted a large fraud call centre racket in Noida. This scam targeted victims in Britain and the US by impersonating Microsoft employees and offering fraudulent tech support. The investigation began early last year, with data from Microsoft and law enforcement reports from the UK helping to identify the scam's scope. Intelligence sharing between the NCA, FBI, and CBI led to urgent action and arrests. The collaboration lasted 18 (eighteen) months and involved analysing data, dismantling information technology infrastructure used by the fraudsters and targeting their operations. UK victims alone reportedly lost more than GBP 390,000 (Great Britain Pound three hundred and ninety thousand). The fraudsters used sophisticated techniques, including spoofed phone numbers and internet-based calling methods, to hide their identities and route calls through multiple countries.

ED issues summons to actors and cricketers in the 1XBET scam

1XBET is officially banned in India, but the company has kept a visible profile via event sponsorships, ads on rideshare platforms, and celebrity associations, prompting regulatory and legislative crackdowns. The

ED's actions are part of a wider government campaign, which has blocked over 1,500 (one thousand five hundred) betting sites since 2022 and enacted new laws to ban real-money online gaming due to concerns over fraud, addiction, and massive revenue losses. It has summoned and questioned several prominent celebrities, including actors influencers, and former cricketers regarding their promotional activities and endorsements for 1XBET. Investigators have demanded contracts, payment records, emails, and other documentation to determine whether celebrities knowingly promoted an illegal betting app. Payments via banking channels and hawala, as well as transactions abroad, are being scrutinised in detail.

Prevention of Money Laundering Act, 2002

ED initiates major action in Goa land grab case

On December 16, 2025, the ED, Panaji Zonal Office, conducted search and seizure operations against a real estate developer in connection with a Goa land-grabbing case under the PMLA. The action follows a First Information Report ("**FIR**") alleging a criminal conspiracy to fraudulently delete the lawful tenant's name from city survey records and illegal transfer of the land at Caranzalem, Goa, to the developer. The ED has seized incriminating documents, digital devices and foreign property title deeds, indicating generation and layering of proceeds of crime and the investigation remains ongoing.

Prevention of Corruption Act, 1988

CBI apprehends Delhi Police officer in trap-based bribery case

On November 10, 2025, the CBI apprehended Assistant Sub-Inspector of Delhi Police, a public servant, while accepting a bribe of INR 2,40,000 (Indian Rupees two lakh forty thousand) in connection with a property verification matter pending before a Delhi court. The case was registered on November 9, 2025 following a complaint alleging that the officer demanded INR 15,00,000 (Indian Rupees fifteen lakh) to submit a favourable verification report and threatened adverse action if the bribe was not paid. Acting on the complaint, the CBI laid a trap and caught the accused red-handed while accepting part payment of the bribe. The conduct attracted offences under Sections 7 and 13(1)(a) read with Section 13(2) of the PC Act and the accused was apprehended with the investigation continuing.

CBI busts fake-official bribery racket involving impersonation of public servants

On November 11, 2025, the CBI apprehended 2 (two) private individuals in a trap-based bribery and impersonation case involving false representation as senior public servants and enforcement officials. The accused allegedly demanded money to 'settle' a Goods and Services Tax ("**GST**") related investigation initiated by the Directorate General of GST Intelligence (DGGI) and were caught red-handed while accepting INR 18,00,000 (Indian Rupees eighteen lakh). Subsequent searches across Delhi, Rajasthan, and Odisha resulted in the seizure of approximately INR 3,70,00,000 (Indian Rupees three crore seventy lakh) in cash, gold jewellery, property documents, vehicles, and digital devices, indicating an organised racket exploiting the identity and authority of public offices.

Prohibition of Fraudulent and Unfair Trade Practices Regulations, 2003

SEBI cracks down on unregistered finfluencers

On December 4, 2025, SEBI took one of its largest enforcement actions against a finfluencer and

associated entities, ordering the seizure of INR 546,00,00,000 (Indian Rupees five hundred and forty-six crore) for operating an unregistered investment advisory service. SEBI found that trading strategies, buy–sell calls, and market recommendations were provided to paying subscribers under the guise of 'education', effectively misleading investors. The regulator restrained the concerned persons and entities from accessing the securities market and froze bank and demat accounts to recover unlawful gains. The action signals a significant tightening of regulatory oversight over finfluencers and online trading platforms operating outside the securities law framework.

Information Technology Act, 2000

CBI uncovers transnational network behind digital arrest cyber frauds

On December 11, 2025, the CBI filed a chargesheet against 13 (thirteen) accused in a major 'Digital Arrest' cyber fraud case under Operation Chakra-V, targeting organised and transnational cybercrime networks. The case was registered *suo motu* to investigate multiple digital arrest scams across India. During the probe, coordinated searches across several States resulted in the seizure of electronic devices, financial records, and digital evidence, and 3 (three) accused were arrested and remain in judicial custody. The investigation revealed the use of mule bank accounts and cross-border control of funds, with links to operators based in South-East Asia.

International developments

Ex-Mckinsey & Company Africa, senior partner sentenced to time served for role in bribery scheme

A former partner at McKinsey & Company Africa, who previously pleaded guilty to conspiracy to violate the Foreign Corrupt Practices Act ("**FCPA**") in connection with an alleged bribery scheme in South Africa, was sentenced to time served. In addition to his sentence, which corresponds to the conduct for which McKinsey resolved a USD 61,400,000 (US Dollars sixty-one million four hundred thousand) FCPA action in December 2024, the former partner was ordered to pay a USD 250,000 (US Dollars two hundred and fifty thousand) fine and required to return to India within 72 (seventy-two) hours of sentencing. The court recommended that his 3 (three) year term of supervised release would be managed on a long-distance basis from his home in India.

US Securities Exchange Commission's cross-border task force

The Securities Exchange Commission announced the formation of a 'Cross-Border Task Force', an enforcement initiative that would combat international fraud, market manipulation, and other securities violations committed by foreign-based companies and the auditors or underwriters who assist them. This new task force would increase scrutiny on illicit conduct that attempts to evade the US law by crossing borders, with the core goal of protecting investors and preserving market integrity.

India elected member at Interpol Asian Committee

India was elected as a member of the INTERPOL Asian Committee during the 25th Asian Regional Conference in Singapore on September 19, 2025, marking a significant milestone in its engagement with international law enforcement. The Committee advises the Asian Regional Conference, identifies regional strategic priorities, and facilitates deliberations on crime and police cooperation issues specific to the region. India's membership will strengthen regional collaboration in tackling organised crime, cybercrime, human trafficking, terrorism, and drug trafficking,

reflecting its proactive participation in global policing initiatives and commitment to reinforcing security cooperation in the Asia-Pacific. Represented by a CBI delegation, India's election resulted from coordinated efforts by Indian diplomats, Embassies, High Commissions, and the National Central Bureau, underscoring India's growing global leadership in law enforcement and transnational security.

UK'S Economic Crime and Corporate Transparency Act, 2023 (Consequential, Incidental and Miscellaneous Provisions) Regulations, 2025

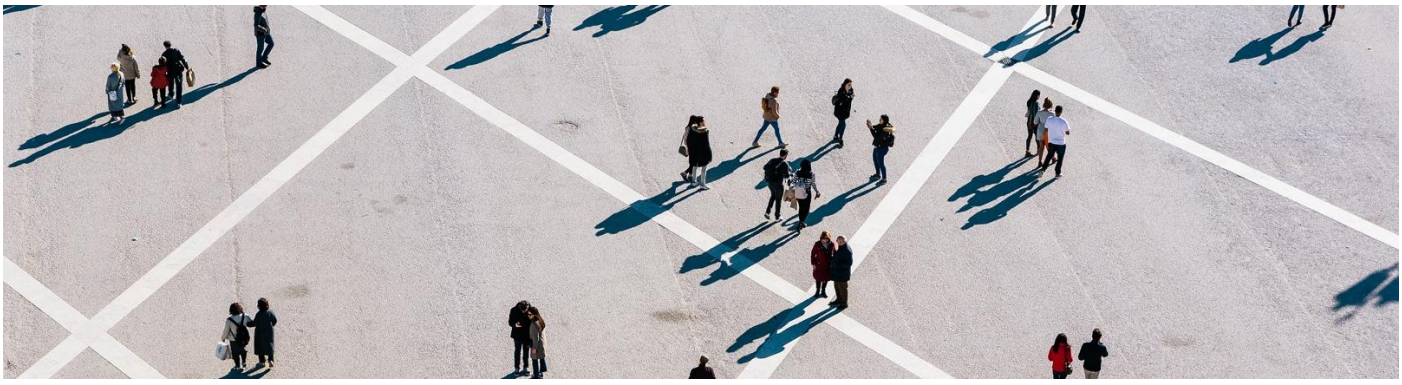
The aim of these regulations is to update the Economic Crime and Corporate Transparency Act, 2023 by removing the need for companies to keep their own local registers of directors, secretaries and persons with significant control, and instead centralising this information with the registrar. They ensure that authorised corporate service providers supply proper registration details, require identity-verification statements to include unique identifiers, and allow information sharing for insolvency purposes. The regulations also protect sensitive identity verification information from public inspection, streamlining processes without creating significant burdens on businesses or the public sector. The identification process was to be done by November 18, 2025.

Fourteenth Annual Anti-Bribery and Corruption Forum in London

On November 12, 2025, the Fourteenth Annual Anti-Bribery and Corruption Forum was convened in hybrid format in London, bringing together more than 300 (three hundred) participants from approximately 30 (thirty) countries, including representatives from law-enforcement agencies, regulatory authorities, financial institutions, and corporate compliance functions. The forum underscored the growing importance of coordinated private-sector compliance mechanisms, strengthened corporate governance standards, and enhanced cross-border cooperation, particularly in light of increasing global enforcement activity. Participants highlighted that 2025 may represent a turning point in the global anti-corruption landscape, marked by deeper public-private collaboration and more integrated international enforcement strategies.

Cayman Islands–India regulatory cooperation on information sharing

On December 4, 2025, the Cayman Islands publicly proposed entering into a memoranda of understanding with SEBI and the International Financial Services Centres Authority to enable structured information-sharing on investment funds and cross-border financial flows, with a particular focus on strengthening Anti-money Laundering ("**AML**") and counter-terrorist financing cooperation. The proposed framework is intended to enhance transparency around beneficial ownership, improve regulatory visibility over offshore fund structures investing into India, and facilitate earlier detection of suspicious transactions, illicit financial flows, and complex layering structures, reflecting a broader effort by the Cayman Islands to align with international AML standards and reduce risks associated with regulatory arbitrage.



Employment Practice

JSA has a team of experienced employment law specialists who work with clients from a wide range of sectors, to tackle local and cross-border, contentious and non-contentious employment law issues. Our key areas of advice include (a) advising on boardroom disputes including issues with directors, both executive and non-executive; (b) providing support for business restructuring and turnaround transactions, addressing employment and labour aspects of a deal, to minimise associated risks and ensure legal compliance; (c) providing transaction support with reference to employment law aspects of all corporate finance transactions, including the transfer of undertakings, transfer of accumulated employee benefits of outgoing employees to a new employer, redundancies, and dismissals; (d) advising on compliance and investigations, including creating compliance programs and policy, compliance evaluation assessment, procedure development and providing support for conducting internal investigations into alleged wrongful conduct; (e) designing, documenting, reviewing, and operating all types of employee benefit plans and arrangements, including incentive, bonus and severance programs; and (f) advising on international employment issues, including immigration, residency, social security benefits, taxation issues, Indian laws applicable to spouses and children of expatriates, and other legal requirements that arise when sending employees to India and recruiting from India, including body shopping situations.

JSA also has significant experience in assisting employers to ensure that they provide focused and proactive counselling to comply with the obligations placed on employees under the prevention of sexual harassment regime in India. We advise and assist clients in cases involving sexual harassment at the workplace, intra-office consensual relationships, including drafting of prevention of sexual harassment (POSH) policies, participating in POSH proceedings, conducting training for employees as well as Internal Complaints Committee members, and acting as external members of POSH Committees.

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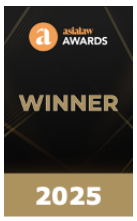

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