

# Employment Law Update

## 2025 September

# Introduction

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The August 2025 edition of the KSK Employment Law Newsletter captures a wave of regulatory initiatives and state-level reforms that continue to reshape India's compliance landscape. On the policy front, the Ministry of Labour and Employment has released the Draft Private Placement Agency (Regulation) Bill, 2025 for stakeholder consultation, seeking to formalise recruitment practices, mandate registration of placement agencies, and create a unified oversight framework to protect jobseekers from exploitative practices. Complementing this, the Employees' Provident Fund Organisation has unveiled a suite of welfare and compliance measures most notably enhancing ex-gratia benefits under the Death Relief Fund to ₹15 lakh, simplifying Aadhaar-UAN correction protocols, and streamlining settlement of death claims to ensure quicker relief for bereaved families.

At the state and union territory level, regulatory changes have been aimed at reducing compliance friction while imposing sharper accountability standards. Kerala has extended the validity of fire NOCs, reducing repetitive filings but insisting on sustained adherence to fire safety norms. Delhi and Chandigarh have relaxed restrictions under their respective Shops and Establishments frameworks, permitting extended and even round-the-clock operations, but only under strict conditions relating to overtime wages, rest breaks, safety protocols, and protection of women employees.

Taken together, these developments reflect an unmistakable trend: governments are easing procedural burdens and granting operational flexibility, but with the simultaneous expectation of stronger self-regulation, enhanced welfare protections, and heightened compliance accountability. For employers, the direction is clear regulatory relief must be treated as an opportunity to innovate and expand, but also as a responsibility to strengthen internal governance and workplace safeguards.

# Notifications and Circulars

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## **Kerala extends validity of fire NOCs to ease compliance**

On 4 August 2025, the Government of Kerala announced a major compliance relaxation by extending the validity of fire No Objection Certificates (“**NOCs**”), aligning with its broader ease of doing business agenda. Previously, fire NOCs were valid only for one year, forcing establishments into a cycle of annual renewals and repetitive documentation. Under the revised framework, non-hazardous establishments can now obtain fire NOCs with a validity of up to five years upon payment of five times the annual fee, with an option for shorter durations on a proportionate fee basis. For hazardous industries and buildings storing hazardous materials, the validity period has been extended to two years, subject to payment of twice the annual fee.

For employers, this change substantially reduces the frequency of renewal and the related administrative costs, especially for commercial, retail, and service sector establishments that do not fall into the hazardous category. The longer validity, however, is not a free pass. It comes with the clear expectation of uninterrupted compliance with fire safety standards throughout the entire certification period. Authorities retain the power to impose penalties or cancel NOCs if safety obligations are breached.

The practical takeaway for organisations is two-fold: while the reform offers relief from repetitive filings and provides greater operational certainty, it also demands a higher degree of self-regulation. Employers should update compliance calendars to reflect the new validity cycles, strengthen internal fire safety protocols, and ensure regular monitoring and audits. By treating this as both a compliance advantage and a governance responsibility, establishments can fully benefit from the reduced burden without compromising workplace safety.

## **Draft amendment to disability rules: registered post replaced with speed post**

On 4 August 2025, the Ministry of Social Justice and Empowerment issued draft amendments to the Rights of Persons with Disabilities Rules, 2017, proposing a procedural but practical change. Wherever the Rules

currently mandate that communications be sent through “registered post,” the term will now be substituted with “Speed Post.” The rationale is straightforward to make official correspondence quicker, more reliable, and aligned with present-day postal practices. Stakeholders have been given 30 days from the date of Gazette publication to provide their feedback or objections to the Department of Empowerment of Persons with Disabilities.

For employers, this update may appear minor, but it carries operational relevance. Ensuring that sensitive documents, notices, or statutory correspondences are sent via the legally prescribed mode of delivery is crucial to avoid technical lapses.

While the change does not introduce any new compliance burden, it serves as a reminder that even small procedural adjustments can create administrative gaps if overlooked. Staying alert to such developments ensures smooth compliance and helps employers avoid unnecessary disputes or delays in disability-related cases.

## **Delhi grants conditional exemption to Shops and Establishments**

On 7 August 2025, the Government of NCT of Delhi issued a notification providing significant exemptions to all shops and commercial establishments except liquor shops from compliance with Sections 14, 15, and 16 of the Delhi Shops and Establishments Act, 1954. These provisions relate to restrictions on daily and weekly working hours, employment of women during night shifts, and certain record-keeping obligations. The notification reflects Delhi’s attempt to modernise its labour framework by offering businesses greater operational flexibility, but it does so under a carefully designed framework of safeguards.

The exemption is conditional, and employers remain bound by strict employee welfare protections. No worker may be engaged for more than nine hours a day or 48 hours a week, and not beyond five continuous hours without a break. Overtime is permitted but must be paid at twice the ordinary rate of wages. Employers must also provide weekly offs on a rotational basis, compensatory leave and double wages for work on national holidays, and ensure that

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wages are paid promptly through digital or banking channels.

Enhanced responsibilities have been placed on establishments employing women, especially for night shifts. Written consent from female employees is mandatory, supported by adequate safety and transportation facilities. Employers must also set up an Internal Committee in line with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Infrastructural measures such as CCTV installation with one-month recording retention, as well as adequate restrooms and lockers, are also required.

To operationalise the exemption, establishments must formally submit their details and a compliance undertaking to the Labour Department, and display a copy of the notification at prominent entry/exit points. This framework underscores Delhi's shift towards conditional deregulation: businesses are offered autonomy to operate more flexibly, but with heightened accountability to ensure employee welfare, safety, and dignity are not compromised.

### **EPFO eases death claim settlements and Aadhaar–UAN correction processes**

The Employees' Provident Fund Organisation ("EPFO"), through a circular dated 13 August 2025, has rolled out procedural relaxations aimed at improving service delivery for both employers and employees. In cases of death claims, settlement proceeds for minor children will now be credited directly into the child's bank account without requiring a guardianship certificate. By eliminating this procedural hurdle, EPFO seeks to ensure faster disbursement of provident fund and pension benefits, reducing the administrative burden on employers who often face queries and follow-ups from affected families.

Simultaneously, Aadhaar–UAN linking and correction protocols have been simplified. Where member details align with Aadhaar, verification will be completed instantly. For discrepancies, employers may now file an online Joint Declaration ("JD") to correct particulars, including errors in Aadhaar entries. In situations where establishments have closed or employers are

unavailable, members will be allowed to submit a physical JD directly to the EPFO office. This framework provides employers with clearer, more efficient mechanisms to resolve data mismatches, thereby reducing compliance bottlenecks during employee onboarding and routine PF administration.

For HR and payroll teams, the circular underscores the importance of updating internal processes to align with the revised Aadhaar–UAN protocols. Employers who ensure timely verification and proactive use of the JD mechanism will be better positioned to avoid delays in extending PF benefits to their workforce. At the same time, the streamlined death claim procedure will ease employer engagement with bereaved families, ensuring quicker closure of sensitive cases and reinforcing trust in the employer–employee relationship.

### **Draft Private Placement Agency (Regulation) Bill, 2025 released for stakeholder feedback**

On 14 August 2025, the Directorate General of Employment, Ministry of Labour and Employment, Government of India, released the draft Private Placement Agency (Regulation) Bill, 2025 for public consultation. The bill represents a significant policy shift, seeking to bring private placement agencies whether operating domestically or overseas within a structured regulatory framework aimed at ensuring transparency, accountability, and the protection of job seekers from exploitative recruitment practices.

The obligations imposed under the bill are extensive. Agencies will be required to maintain detailed records of job seekers and employers, submit placement details within sixty days of recruitment through the integrated career service portal, and comply with inspection and monitoring requirements. The bill also prescribes grievance redressal mechanisms at the state level to address disputes or complaints against agencies. Operating without registration, failing to upload requisite information, or non-compliance with prescribed procedures will constitute offences, attracting penal consequences including suspension or cancellation of registration and monetary penalties.

In addition to addressing concerns of unethical recruitment, the bill integrates private placement



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agencies into the government's broader employment governance ecosystem. By requiring information uploads on the integrated career service portal, it creates a unified database of recruitment activities, enabling better oversight and data-driven policymaking. Notably, agencies registered under the new framework will be exempt from overlapping provisions of the Private Security Agencies (Regulation) Act, 2005, ensuring clarity and coherence in regulatory treatment.

Once enacted, the legislation is expected to formalise a sector long plagued by opacity, offering job seekers greater assurance of ethical treatment while requiring employers to engage only with duly registered agencies. In practical terms, placement agencies must prepare for mandatory registration, compliance audits, and stricter documentation norms, while employers relying on such agencies should anticipate enhanced due diligence obligations to ensure adherence to the regulatory framework. The bill, if enacted in its present form, marks an important step in balancing the twin objectives of expanding access to employment opportunities and safeguarding the dignity and rights of workers.

### **Chandigarh opens doors to 24x7 business operations**

In a landmark move, the Administrator of the Union Territory of Chandigarh issued a notification on 14 August 2025 under the Punjab Shops and Commercial Establishments Act, 1958 (as applicable to Chandigarh), permitting all registered shops and commercial establishments to operate 24 hours a day, 365 days a year. However, the approval comes with stringent conditions aimed at ensuring employee welfare, workplace safety, and gender-sensitive protections.

For employers, the notification is both an opportunity and a responsibility. On one hand, the ability to remain open round-the-clock creates immense flexibility to meet consumer demand, expand operations, and increase competitiveness in an evolving marketplace. On the other hand, establishments must strictly comply with detailed statutory safeguards to retain this privilege. These include ensuring weekly rest days without wage deductions, breaks after every five hours

of work, and capping working hours at nine hours per day and 48 hours per week. Failure to adhere could expose employers to penalties and even lead to revocation of the exemption.

A major thrust of the order is the protection of female employees, with specific obligations for establishments operating beyond 8:00 p.m. Employers must obtain written consent for women working late shifts, arrange GPS-enabled transport with proper boarding registers, ensure adequate security personnel, and conduct annual self-defence workshops. Night shifts are also required to roster at least five women employees, while workplaces must maintain CCTV coverage with a 15-day backup, alongside alarm systems for emergencies. These measures reflect a strong emphasis on not just allowing flexible operations, but ensuring inclusivity, dignity, and safety for women in the workforce.

Chandigarh's decision marks a progressive step toward creating a truly modern business environment, aligning with global urban centres that thrive on continuous commerce. Yet, the model is clear: economic expansion cannot come at the cost of employee well-being. Employers keen to leverage this newfound flexibility must therefore commit equally to compliance and employee protection, treating this opportunity not just as a commercial gain but as a shared responsibility.

### **Rajasthan relaxes registration norms for small establishments**

In a notable step toward easing compliance for micro-businesses, the Government of Rajasthan issued a notification on 19 August 2025 under the Rajasthan Shops and Commercial Establishments Act, 1958. The order exempts establishments employing up to 10 workers from the obligation of registration under the Act, exercising powers under Section 3(2) of the Act read with Rule 3 of the Rajasthan Shops and Commercial Establishments Rules, 1959. This change represents a clear regulatory relief for small entrepreneurs and family-run businesses, allowing them to operate with reduced paperwork and fewer administrative hurdles.

The exemption translates into immediate savings in

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terms of compliance costs and time spent on procedural formalities. Small shops, start-ups, and local commercial setups can now channel their resources toward business growth rather than navigating registration requirements. However, this relief does not imply a free pass from other labour obligations. Employers must still adhere to wage laws, maintain prescribed working hours, and uphold safety and employee welfare standards. In other words, the regulatory load may be lighter, but the responsibility toward workers remains intact.

The move reflects Rajasthan's broader strategy of promoting ease of doing business by tailoring compliance frameworks to the size of establishments. For the smallest employers, it offers breathing space and flexibility to operate more informally while remaining within the legal fold. Larger establishments, by contrast, must continue with the standard registration process, ensuring that compliance scales up with workforce size. For micro-employers, this reform is both a recognition of their role in the state's economy and an encouragement to grow without being stifled by administrative processes.

### **EPFO Enhances death relief fund ex-gratia to ₹15 Lakh**

The Employees' Provident Fund Organisation ("EPFO"), through a circular dated 19 August 2025, has approved a significant increase in the ex-gratia payable under the Death Relief Fund for employees of the Central Board. The benefit has been enhanced from ₹8.80 lakh to ₹15 lakh, payable to the nominee or legal heirs of an employee who dies while in service. The benefit will continue to be disbursed from the Staff Welfare Fund, providing a formalised and structured avenue of relief to families of deceased employees. By substantially raising the lump-sum assistance and building in future revisions, the EPFO has sought to provide not just immediate financial stability but also long-term assurance for dependants.

For administration and HR teams within EPFO, the change requires updating claim procedures, standard forms, and internal guidance to reflect the revised amount and ensure timely communication to families. Maintaining accurate nomination records will be critical for avoiding disputes and delays in disbursement.

### **One-time window to backdate apprenticeship contracts on NATS 2.0**

The Board of Apprenticeship Training, has rolled out a significant one-time relaxation for establishments. With effect from 20 August 2025, employers can now create backdated apprenticeship contracts on the NATS 2.0 portal, covering both reimbursement and non-reimbursement contracts, provided the apprentice's date of joining is on or after 1 April 2025. This window is strictly time-bound and will close on 19 October 2025, after which the system will no longer accept any backdated entries. Establishments logging into the portal will see a system-generated pop-up reminding them of this limited opportunity.

For employers, this announcement carries more weight than it may appear at first glance. Failure to create contracts in time has always been a compliance risk, potentially leading to complications under the Apprentices Act and impacting eligibility for stipend reimbursement. This relaxation therefore serves as a much-needed chance to regularise all pending apprenticeship records, ensuring they are legally recognised and aligned with statutory requirements. By making use of this facility, employers can prevent future disputes, protect themselves from possible audit objections, and secure uninterrupted access to government reimbursements. This measure reflects the government's attempt to balance flexibility with discipline: establishments are being given a fair chance to put their records in order.

### **Puducherry eases Shops and Establishments Act compliance**

The Government of Puducherry has recently notified significant relaxations under the Puducherry Shops and Establishments Act, 1964, aimed at lightening the compliance burden for employers. The notification exempts all shops and establishments with fewer than 50 workers from the provisions of the act altogether. For establishments employing 50 or more workers, specific relaxations have been introduced around working hours and rest intervals, giving larger businesses more operational leeway while still retaining safeguards for employees.

The relaxations, however, are carefully balanced with

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clear limits. No employee may be made to work more than 12 hours in a day or 48 hours in a week, with overtime wages applicable beyond these thresholds. Overtime is capped at 180 hours per quarter, ensuring that extended working hours remain an exception rather than the norm. Additionally, employees must be provided with two rest intervals of 30 minutes each during the working day, with a break available after every four hours of continuous work.

For employers, the practical impact of this notification is two-fold. Smaller establishments, now exempt from the act, gain immediate relief from statutory record-keeping and compliance processes, allowing them to focus squarely on day-to-day business operations. Larger employers benefit from greater flexibility in managing shifts and schedules but must remain vigilant in monitoring attendance and payroll. Robust systems for tracking daily hours, weekly limits, and quarterly overtime will be essential to ensure that flexibility does not inadvertently lead to breaches during inspections or audits.

By combining relaxation with accountability, Puducherry has created a model that reduces compliance friction for smaller employers while giving larger businesses the space to adapt working arrangements without undermining employee welfare.

## **Bihar enacts new Shops and Establishments Act, 2025**

The Government of Bihar has taken a major step toward modernising its labour regulatory framework with the enactment of the Bihar Shops and Establishments (Regulation of Employment and Conditions of Service) Act, 2025. This legislation consolidates and updates provisions on working hours, conditions of service, leave entitlements, employee welfare, and workplace safety across shops and commercial establishments, bringing the state in closer alignment with contemporary labour standards.

A central feature of the new act is the introduction of a formal registration requirement for establishments employing ten or more workers, with prescribed timelines and conditions for compliance. Employers are now obligated to maintain employee records in standardised formats, process wage payments

through bank transfers, and ensure basic health and safety measures such as adequate lighting, ventilation, and sanitation facilities. The act also introduces progressive safeguards for women employees, including restrictions on night work unless supported by certified safety arrangements, and mandatory crèche facilities for establishments meeting a prescribed workforce threshold.

The legislation further harmonises working hour provisions with national labour reforms, restricting daily and weekly work limits while mandating overtime pay for additional hours. It codifies statutory leave entitlements such as earned leave, casual leave, and maternity protections, alongside safeguards for sickness-related absences. Enforcement has been strengthened through inspector-cum-facilitator oversight, clear dispute resolution mechanisms, and codified penalties for contraventions, aiming to ensure accountability and compliance across the board.

For employers, the new act represents both an administrative reset and an opportunity to standardise employment practices. While compliance obligations will increase particularly in relation to registration, record-keeping, and welfare facilities the law also provides clarity, consistency, and alignment with national labour reforms.

## **Goa proposes amendments to factories act on work hours and overtime**

The Goa Legislative Assembly introduced the Factories (Goa Amendment) Bill, 2025, marking a significant step toward labour law reform in the state. The Bill seeks to amend the Factories Act, 1948 as applicable to Goa, with two core changes designed to provide greater operational flexibility for employers. First, the daily working hour limit under Section 54 is proposed to be increased from nine hours to ten hours. Second, the overtime ceiling under Section 65(3)(iv) will be enhanced from 125 hours to 144 hours per quarter, giving industries more room to manage fluctuating workloads and seasonal production demands.

For employers, these changes present a clear advantage in managing workforce requirements without breaching statutory caps. Industries with

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dynamic demand cycles such as manufacturing, tourism-linked production, and seasonal industries stand to benefit most. However, the amendments do not dilute other safeguards in the act. Weekly maximum working hour limits and mandatory rest intervals remain unchanged, meaning employers will still need to carefully balance extended workdays with existing statutory protections. Compliance also hinges on accurate tracking of overtime and ensuring that all extra hours are compensated at legally prescribed rates. Proper documentation and transparent overtime management will be key to avoiding disputes or inspection-related risks.

Positioned as part of Goa's broader ease of doing business agenda, the reforms signal the state's intent to create a more industry-friendly regulatory environment while retaining essential labour protections. For employers, this is an opportunity to achieve operational efficiency, but one that must be balanced with rigorous compliance discipline.

### **Karnataka notifies platform-based gig workers welfare law**

Karnataka government notified the Platform-Based Gig Workers (Social Security and Welfare) Act, 2025, making it the first state to introduce a dedicated social

security law for gig workers. The act establishes a Welfare Board and a Social Security and Welfare Fund, financed through a welfare fee of 1–5% of each transaction payout to gig workers, payable by aggregators. It applies to a wide range of sectors including ride-sharing, food and grocery delivery, logistics, e-marketplaces, healthcare, travel, and professional services. Aggregators must register with the Board within 45 days, while gig workers will be electronically registered and issued a Unique ID portable across platforms.

For employers and platforms, the law brings both obligations and clarity. Transparent contracts, disclosure of automated decision-making systems, grievance redressal mechanisms, and strict compliance with fee contributions are now mandatory. While it increases accountability, the law also provides operational certainty and marks a pioneering step in formalising protections for gig workers in India's platform economy.





# Case Law

| SL No. | Overview  | Complete Breakdown   |
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| 1      | <b>Supreme Court</b> confirms employers need not disclose preliminary inquiry reports not relied on in domestic enquiries | <p>In K. Prabhakar Hegde v. Bank of Baroda dated 19 August 2025, the Supreme Court delivered a ruling of considerable importance to employers concerning the treatment of preliminary fact-finding reports in disciplinary proceedings. The appellant, a senior bank officer, contended that an internal fact-finding report prepared before issuance of the charge sheet should have been furnished to him because non-disclosure allegedly undermined principles of natural justice.</p> <p>The Court held that preliminary investigations serve only to assess whether charges ought to be framed, and do not form part of the domestic enquiry unless specifically relied upon. Since in this case the disciplinary authority neither incorporated nor used the findings of the preliminary investigation report in its decision, there was no obligation to share it. What is compulsory, the Court emphasised, is disclosure of all evidence and documents actually relied upon in the final decision (charge-sheet, enquiry report, witness statements used in the enquiry etc.).</p> <p>The decision reaffirmed that procedural fairness does not require that every material generated during preliminary investigation be shared; only those materials which are used or adopted by the disciplinary authority. By distinguishing between “fact-finding” (preliminary) stages and the enforceable evidentiary basis of charges, the Supreme Court drew a clear line that reduces undue burden on employers while preserving employees’ right to know and respond to what actually forms the basis of the charges.</p> <p>Employers should take heed, when conducting domestic enquiries, it is vital to clearly identify which reports, evidence or material are being relied upon in the charge sheet and final findings, because only then does the employee have a right to those documents. Reports or investigations that are not part of the decision-making record can remain confidential without violating natural justice.</p> |

| SL No. | Overview   | Complete Breakdown  |
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| 2      | <b>Delhi High Court holds local committee alone has jurisdiction over complaints against “employer” under POSH Act</b> | <p>In <i>X v. Akademi &amp; Ors.</i> (<b>2025 DHC 7501</b>), dated 28 August 2025 the Delhi High Court clarified that where a sexual harassment complaint is made against an individual who qualifies as “employer” under Section 2(g) of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (“<b>POSH Act</b>”), jurisdiction lies with the Local Committee (“<b>LC</b>”) and not with the organisation’s Internal Committee (“<b>IC</b>”). The case involved a woman appointed on probation at Akademi, alleging sexual harassment by the institution’s Secretary. The Secretary was held to be an “employer” under Section 2(g), including via its clause expanding “employer” to persons entrusted with management, supervision, control, policy implementation, even if not formally listed.</p> <p>The High Court observed that where an “employer” is implicated, the complaint cannot remain before the IC; instead, the LC is the appropriate forum. The Court found that Akademi’s IC lacked jurisdiction over the allegations against its Secretary. It also found the petitioner’s termination during the pendency of proceedings to be mala fide and in violation of natural justice. The Court quashed the termination order, restored the petitioner to her position, and directed immediate payment of all outstanding salary arrears.</p> <p>This judgment reinforces that statutory definitions under the POSH Act must be given purposive interpretation rather than narrow, formalistic gloss. Employers must therefore evaluate whether senior officials fall under “employer” as defined in Section 2(g). If they do, complaints must go to LC. Failing to appreciate this distinction not only risks jurisdictional challenges but also allegations of procedural unfairness, illegality or bias.</p> |
| 3      | <b>Delhi High Court upholds summoning in sexual harassment case despite closure reports</b>                            | <p>The Delhi High Court in <i>Asif Hamid Khan v. State &amp; Anr.</i>, dated 28 August 2025 considered whether criminal proceedings for sexual harassment can continue where both the Internal Committee (“IC”) and the police investigation have exonerated the accused. The case arose from allegations by a woman officer posted at the J&amp;K Resident Commission in New Delhi, who complained of persistent unwelcome advances,</p>   |

| SL No. | Overview   | Complete Breakdown  |
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|        |  | <p>suggestive remarks, and threats of transfer by her superior. While the IC concluded that no harassment had occurred and the police twice filed closure reports citing insufficient corroboration, the Magistrate nonetheless took cognizance and issued summons, a decision later affirmed by the Court.</p> <p>The High Court refused to interfere, holding that a Magistrate is not bound by a closure report and is empowered to independently assess whether the material on record discloses a prima facie case. It observed that departmental or IC findings are confined to service law remedies and cannot foreclose criminal jurisdiction, as disciplinary inquiries and prosecutions operate in different spheres with distinct evidentiary thresholds. The Court also stressed that the complainant's testimony, supported by statements of some colleagues, was adequate to summon the accused for trial. Importantly, it reiterated that the test of sexual harassment must be viewed from the perspective of the aggrieved woman rather than through stereotypical notions of acceptable conduct.</p> <p>By upholding the summons, the Court reaffirmed that workplace sexual harassment complaints can give rise to parallel civil, disciplinary, and criminal consequences, each with its own scope. For employers, the ruling serves as a reminder that IC findings, even if exonerative, do not insulate individuals from criminal liability, and that parallel processes may proceed independently.</p> |
| 4      | <b>Supreme Court clarifies courts cannot re-appreciate evidence once a fair domestic enquiry is upheld</b> | <p>In <i>The General Manager (P), Canara Bank v. Ganganarasimhaiah</i> (Civil Appeal No. 11461 of 2025), dated 9 September 2025 the Supreme Court examined the scope of judicial review over disciplinary proceedings under the Industrial Disputes Act, 1947.</p> <p>The respondent, a sub-staff employee of Canara Bank, had been compulsorily retired following charges of serious irregularities, including unauthorized entries in bank accounts, sanction of loans to close relatives without approval, and tampering with official records. While a domestic enquiry held the charges proved, the Central Government Industrial Tribunal (2019) and the Karnataka High Court (2022) set aside the punishment, directing reinstatement with continuity of service but without back wages.</p> <p>The Supreme Court reversed these findings, holding that both the Tribunal and the High Court exceeded their jurisdiction under Section 11A of the Industrial Disputes Act by re-appreciating evidence and applying a standard akin to proof "beyond reasonable doubt."</p>   |

| SL No. | Overview  | Complete Breakdown  |
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|        |   | <p>The Court reiterated that disciplinary enquiries are governed by the principle of preponderance of probabilities rather than strict evidentiary standards. It stressed that once a fair enquiry has been upheld, judicial bodies cannot substitute their own factual assessments or sit in appeal over the findings of the disciplinary authority.</p> <p>This judgment reaffirms the limited scope of judicial interference in employer disciplinary actions and underscores that proportionality of punishment must be assessed with due regard to the gravity of misconduct. For employers, the ruling provides clarity that as long as disciplinary proceedings comply with natural justice and evidentiary standards appropriate to service law, subsequent judicial forums cannot casually overturn punishment orders.</p>   |
| 5      | <b>Madhya Pradesh High Court</b> directs EPFO to consider higher pension claims in line with Supreme Court ruling | <p>On 11 August 2023, the Madhya Pradesh High Court at Gwalior, Anil Mehra v. Employees Provident Fund Organization &amp; Ors., addressed the issue of entitlement to higher pension under the Employees' Pension Scheme, 1995 ("<b>EPS</b>"). The petitioner, a retired employee, had approached the court seeking higher pension benefits based on actual salary contributions rather than the statutory wage ceiling.</p> <p>The court observed that the question raised was already settled by the Supreme Court in EPFO &amp; Anr. v. Sunil Kumar B. &amp; Ors, the apex court upheld the 2014 amendment to the EPS but also issued detailed directions clarifying eligibility for higher pension, the exercise of joint options, the rights of employees who had retired before and after 1 September 2014, and the invalidity of the additional 1.16% employee contribution requirement.</p> <p>Relying on those directions, the High Court disposed of the writ petition with instructions to the competent authority to decide the petitioner's claim for higher pension strictly in accordance with the Supreme Court's ruling. The court directed that the exercise be completed within two months of receiving a certified copy of the order.</p> <p>This order reinforces that higher pension claims under EPS must now be examined in line with the Supreme Court's framework, ensuring consistency across cases. For pensioners and establishments alike, the judgment highlights the importance of compliance with the clarified option timelines and contribution requirements under the 2014 EPS amendment.</p> |



| SL No. | Overview  | Complete Breakdown   |
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| 6      | <b>Supreme Court</b> holds sexual harassment complaint as time-barred | <p>The Supreme Court in Vaneeta Patnaik v. Nirmal Kanti Chakrabarti &amp; Ors. on 12 September 2025 ruled that a faculty member's sexual harassment complaint filed against the Vice-Chancellor of NUJS was barred by limitation under the POSH Act. The complaint, lodged in December 2023, alleged unwelcome advances beginning in 2019, with the last incident said to have occurred in April 2023. The Local Complaints Committee rejected the complaint as time-barred, a decision initially overturned by a Single Judge of the Calcutta High Court but restored by the Division Bench.</p> <p>Upholding the Division Bench, the Supreme Court held that under Section 9 of the POSH Act, a complaint must be filed within three months of the last incident, extendable by another three months if justified. Administrative measures taken against the complainant after April 2023, including her removal from a directorship and initiation of inquiries by the Executive Council, could not be linked to earlier alleged harassment and did not extend the limitation period. The Court emphasised the distinction between a continuing wrong and a recurring wrong, concluding that the April 2023 episode was the final incident.</p> <p>While dismissing the appeal, the Court made the unusual observation that though the allegations could not be pursued legally due to limitation, they "must not be forgotten." It directed that reference to the incidents be reflected in the Vice-Chancellor's resume, thereby attaching a lasting reputational consequence. The ruling underscores the strict application of statutory timelines under the POSH Act while signalling that reputational accountability may operate independently of legal remedies.</p> |

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# Beyond the brief

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## The evolving intersection of employment law and data protection

The Digital Personal Data Protection Act, 2023 (“**DPDP Act**”) may look like a tech-law at first glance, but its impact stretches far beyond IT systems and compliance checklists it reaches right into the heart of the workplace.

From the moment a candidate shares a résumé to the day an employee leaves a company, personal data is everywhere: Aadhaar numbers in KYC forms, bank details for salary processing, medical records for insurance, performance reviews, even CCTV footage in the office. Until recently, this data was handled as a matter of routine; the DPDP Act changes that by making privacy and accountability a legal obligation rather than just good practice.

Under the Act, employers are “data fiduciaries.” This means they must act fairly and transparently while handling employee information collecting only what is necessary, using it for legitimate employment purposes, and ensuring it is not misused or retained indefinitely. Employees, in turn, become “data principals,” enjoying enforceable rights such as the ability to access their data, demand corrections, or raise grievances if their information is mishandled. The DPDP Act therefore adds a new dimension to

employment law: while labour statutes traditionally safeguard wages, working conditions, and dignity at work, the DPDP Act safeguards the digital identity of employees. Together, they create a holistic framework where both physical and digital well-being are protected.

For companies, this means policies will need a makeover. Appointment letters must carry clear consent clauses, employee handbooks should spell out data-use practices, and exit processes must ensure that data is not stored longer than required. Beyond compliance, this shift encourages a culture of trust where employees know their personal information is respected as much as their professional contribution.

The DPDP Act is not just about technology it’s about reimagining the employer–employee relationship in the age of data. It is where employment law meets privacy law, and where the workplace evolves into a safer, more transparent space for all.

# Recent Developments

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## Bengaluru's Transition to Multiple City Corporations: Legal Challenges, Compliance Roadmap, and Lessons for Corporates

### Introduction

The Karnataka Government's decision to restructure Bengaluru's governance by replacing the Bruhat Bengaluru Mahanagara Palike (BBMP) with five new municipal corporations under the Greater Bengaluru Authority (GBA) has redefined the city's administrative framework. The move, notified in September 2025, created Bengaluru Central, East, West, North, and South Corporations, each with its own Commissioner and administrative setup.

For corporates, this transition represents both an opportunity and a compliance challenge. It promises greater administrative focus, decentralisation, and accountability, but simultaneously raises questions of regulatory consistency, multiplicity of approvals, and the risk of overlapping jurisdictions.

In this article, King Stubb & Kasiva analyses the legal, regulatory, and compliance implications of this structural change. Drawing from historical precedents in India and abroad, we provide insights into what corporates should prepare for, sector-specific impacts, and strategic steps to ensure smooth compliance during and after this transition.

### The legal framework behind municipal reorganisation

*Municipal corporations in India derive their authority primarily from:*

- The Constitution of India (74th Amendment Act, 1992) – which mandates decentralised urban governance.
- The Karnataka Municipal Corporations Act, 1976 – governing structure, powers, taxation, and bye-laws.
- State Government Notifications – for the creation, division, or merger of municipal corporations.

The September 2025 notification under the Karnataka Government Secretariat not only created the new corporations but also appointed

Commissioners and Additional Commissioners, signalling that the reorganisation is legally binding and operational.

For corporates, this means that all municipal law obligations trade licenses, property tax, health and sanitation rules, labour oversight, advertisement permissions, and environmental compliance will now be exercised by five independent authorities instead of one unified BBMP.

### Key Legal and Compliance Issues for Corporates

#### a. Multiplicity of Licenses and Approvals

- Businesses previously engaged with a single municipal body (BBMP).
- Now, corporates with multiple facilities across Bengaluru may need parallel trade licenses, building plan approvals, health permits, and fire safety clearances across each corporation's jurisdiction.
- This creates a compliance duplication risk and requires greater coordination in-house or via legal advisors.

#### b. Fragmented Property Taxation

- Bengaluru has long faced disputes on property tax calculation (based on guidance values, zonal rates, and self-assessment schemes).
- With multiple corporations, property tax methodologies may diverge, leading to inequalities and litigation risks.
- Corporates with large real estate portfolios (IT parks, malls, warehouses, industrial clusters) must prepare for multi-point taxation and reassessment notices.

#### c. Zoning, Land Use, and Building Bye-Laws

- Corporations may adopt different zoning regulations, floor space index (FSI/FAR) norms, and construction approval standards.
- Real estate developers and IT/ITES parks may face varying building code enforcement, complicating pan-Bengaluru projects.

#### d. Labour and Employment Law Compliance

- Municipal corporations oversee Shops and Establishments Act registrations, labour inspections, and workplace safety norms.
- Fragmentation could mean different compliance

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calendars and inspection regimes across corporations.

- HR and compliance teams must create location-wise legal compliance schedules.

e. **Public Procurement and Government Contracts**

- For sectors like infrastructure, construction, solid waste management, utilities, and advertising, fragmentation means new tenders floated separately by each corporation.
- Corporates must track five sets of procurement opportunities and compliance obligations.

f. **Environmental and Health Compliance**

- Corporations regulate solid waste disposal, sewage management, effluent control, and public health inspections.
- IT parks, restaurants, hospitals, and industries may now face multiple inspections and health licenses, increasing compliance complexity.

g. **Litigation and Dispute Resolution**

- Earlier, disputes with BBMP were centralised before municipal appellate tribunals or courts.
- Now, litigation may arise across five different corporations, increasing the volume of notices, penalties, and writ petitions.
- Corporates must budget for higher litigation costs and more complex dispute management.

## **Sector-Specific Implications**

i. **Real Estate & Construction**

- Fragmented approvals for building plans, occupancy certificates, and property taxation.
- Risk of non-uniform FSI norms leading to differential project viability across zones.

ii. **IT/ITES & Tech Startups**

- Multiple Shops & Establishments registrations for offices across Bengaluru.
- Fragmented property tax and trade license renewals for campuses in different corporations.

iii. **Retail & Hospitality**

- Food and beverage outlets, malls, and hotels will require separate health licenses, signage approvals, and trade licenses.
- Increased frequency of inspections (sanitation, fire safety, liquor permits).

## **Manufacturing & Industrial Units**

Factories located in the outer belts (Bengaluru North, South, East) may face different compliance notices on pollution, waste disposal, and industrial taxes.

v. **Infrastructure & Utilities**

- Companies bidding for road, waste, water, or transport contracts must prepare for five sets of tender processes.
- Fragmentation may create opportunities for mid-sized contractors but increase compliance for large conglomerates.

## **Historical Precedents and Lessons**

1. **Delhi MCD Trifurcation (2012) and Reunification (2022)**

- Split into North, South, and East MCDs in 2012.
- Corporates faced duplicated licensing, inconsistent taxation, and fragmented enforcement.
- In 2022, inefficiency forced reunification into a single MCD.
- Lesson: Decentralisation without harmonisation burdens businesses.

2. **Greater Hyderabad Municipal Corporation (GHMC, 2007)**

- Created by merging surrounding municipalities.
- Initial chaos in property taxation and approvals; later streamlined through digitisation.
- Lesson: Technology adoption is key to corporate ease of compliance.

3. **Mumbai's Ward Autonomy**

- A single BMC but with strong ward-level enforcement differences.
- Corporates adapt by maintaining localised compliance networks.
- Lesson: Local officer relationships matter, even within a large city.

4. **Chennai Expansion (2011)**

- Expansion into new areas delayed property tax collection and created confusion in building approvals.
- Lesson: Expect transitional uncertainty and backlogs until corporations stabilise.



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## 5. International Comparisons

- New York City – Five boroughs with local governance, but a unified Mayor's office for overarching policies. Corporates deal with borough-specific compliance but within a unified legal umbrella.
- London Boroughs – 32 borough councils operate independently, leading to variation in local taxes and zoning approvals, but corporates adapt via borough-specific compliance teams.
- Shanghai Districts – Rapid decentralisation improved efficiency when digitised licensing platforms were introduced.

## Practical Learnings for Corporates

- **Map Jurisdictional Exposure:** Identify which corporation governs each office, facility, or project.
- **Harmonise Licensing Calendars:** Maintain parallel compliance schedules for licenses, renewals, and tax payments across corporations.
- **Adopt Centralised Compliance Technology:** Implement digital dashboards to track municipal obligations across jurisdictions.
- **Engage in Policy Advocacy:** Collaborate with industry associations (CII, FICCI, NASSCOM) to push for uniform bye-laws, harmonised tax rates, and single-window clearances.
- **Legal Risk Planning:** Prepare for increased municipal litigation. Retain dedicated legal teams to address notices from multiple corporations.
- **Sector-Specific Compliance Officers:** Retail, real estate, and hospitality companies should deploy in-house compliance officers for each corporation.
- **Strengthen Corporate Governance:** Boards must mandate compliance reporting not just at the state/national level but also corporation-wise.

## Compliance Checklist for Corporates

### a) Trade & Business Operations

- Obtain trade licenses for each branch/facility under respective corporations.

- Renew Shops & Establishments registrations location-wise

### b) Property & Infrastructure

- Reassess property tax liabilities across corporations.
- Revalidate building plan approvals and occupancy certificates.

### c) Labour & HR

- Maintain location-wise labour compliance records.
- Prepare for multiple inspection authorities.

### d) Environmental & Health

- Secure separate waste disposal, effluent, and sanitation clearances.
- Restaurants/hospitality must obtain health trade licenses from relevant corporations.

### e) Dispute Management

- Maintain a legal tracker for notices, penalties, and litigation across corporations.
- Ensure early settlement/mediation where possible.

## Forward-Looking Corporate Strategy

- **Embrace Digitisation:** Lobby for and adopt integrated e-governance systems to reduce duplication.
- **Seek Uniformity:** Push the state government for standardised bye-laws and taxation frameworks across all five corporations.
- **Decentralised Corporate Engagement:** Develop local liaison offices for corporation-specific compliance.
- **Board-Level Oversight:** Treat municipal compliance as a key risk area, reporting to the board regularly.

## Conclusion

The restructuring of Bengaluru into five municipal corporations under the Greater Bengaluru Authority is a landmark governance reform. While it promises greater local accountability, corporates must brace for new compliance challenges, regulatory

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fragmentation, and potential disputes.

**Past experiences**—from Delhi’s MCD trifurcation to international borough systems—teach us that corporates succeed when they adapt early, digitise compliance, and actively engage in policy advocacy.

**For businesses in Bengaluru, the message is clear:** map your compliance, localise your strategy, and prepare for a complex but potentially more accountable urban governance framework.



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