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# Employment Law Update

2026 July

# Introduction

The July 2026 edition of our employment law Newsletter covers significant regulatory updates and key judicial interventions across India's shifting labour landscape. The central ministries and state governments have introduced several changes aimed at balancing flexibility with enhanced worker protections.

The Ministry of Labour and Employment notified the Employees' Provident Funds Scheme, 2026, Employees' Pension Scheme, 2026, and Employees' Deposit Linked Insurance Scheme, 2026 under the Code on Social Security, 2020, replacing the existing schemes and further advancing the implementation of a unified social security regime. The edition also covers the National Commission for Women's advisory recommending enhanced implementation of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 through measures such as mandatory POSH audits, strengthened monitoring mechanisms, legally compliant Internal Committees, and improved workplace safety and grievance redressal.

At the State level, Andhra Pradesh notified the Industrial Relations (Andhra Pradesh) Rules, 2026 under the Industrial Relations Code, 2020, introducing a comprehensive framework governing trade union recognition, standing orders, grievance redressal, retrenchment, and digital compliance procedures. Collectively, these developments reflect the continued emphasis on modernizing labour regulation, strengthening workplace governance, and enhancing employer compliance across India.

This edition further covers notable judicial pronouncements clarifying the scope of the POSH Act, reaffirming employer liability under the Employees' Compensation Act, 1923, and recognizing the inclusion of contract labour for determining statutory thresholds under labour laws. Together, these developments reinforce the continuing evolution of India's labour law regime and underscore the importance of proactive compliance and governance for employers

## Employees' Pension Scheme, 2026 introduces key changes.

The Ministry of Labour and Employment (**"Ministry"**), through a notification dated June 29, 2026, has notified the Employees' Pension Scheme, 2026 ("**Scheme"**) under clause (b) of sub-section (1) of Section 15 of the Code on Social Security, 2020 ("**Code**"), in supersession of the Employees' Pension Scheme, 1995 ("**Erstwhile EPS Scheme**") and the Employees' Family Pension Scheme, 1971 ("**Erstwhile EFPS Scheme**").

The Scheme applies to the employees of every establishment to which Chapter III of the Code applies, i.e. an establishment employing 20 or more employees. Every employee who was a member, or was entitled to become a member, of the Erstwhile EPS Scheme or the Erstwhile EFPS Scheme continues to be recognised as a member under the Scheme, and the net assets of the Erstwhile EPS Scheme stand vested in, and transferred to, the pension fund constituted under the Scheme.

The Scheme largely preserves the contribution structure, pension formula, and benefit framework under the Erstwhile EPS Scheme, while consolidating the earlier pension schemes into a single framework. Among the principal changes lie the revised rates for levy of damages in cases of default in payment of pension contributions and, in relation to international workers, and the introduction of a thirty-six-month waiting period for availing withdrawal benefits where the worker exits before attaining the age of superannuation.

## Ministry of Labour and Employment notifies the Employees' Provident Funds Scheme, 2026 on 29th June, 2026.

The Ministry of Labour and Employment ("**Ministry**"), has notified Employees' Provident Funds Scheme, 2026 ("**Scheme**") on 29th June, 2026 under Code on Social Security, 2020 ("**Code**") which supersedes The Employees' Provident Funds Scheme, 1952 ("**Erstwhile EPF Scheme**") governed under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. This scheme came into force since 1st July, 2026.

The new scheme expressly defines the "principal employer", thereby clarifying responsibility for provident fund compliance in establishments engaging contract labour. The Scheme mandates electronic nomination (e-Nomination) through the EPFO portal, replacing the earlier manual process. It also simplifies the provisions relating to partial withdrawals by consolidating multiple categories into broader heads and prescribing eligibility conditions. Further, the Scheme expressly recognizes voluntary contributions and provides that members may reduce or discontinue their additional voluntary contributions at any time.

Eligible members facing unemployment may now withdraw up to 75% of their provident fund balance immediately and the remaining 25% is kept untouched to bring a balance between meeting immediate financial needs and protecting long-term retirement savings. Additionally, the Central Government has been empowered to defer or reduce EPF contribution rates during national emergencies such as pandemics or natural disasters. The Scheme also introduces the Employees' Enrolment Campaign, 2026, Vishwas Scheme, 2026, and Amnesty Scheme, 2026 to expand social security coverage and facilitate the regularization of historical compliance issues.

## Ministry of Labour and Employment notifies the Employees' Deposit Linked Insurance Scheme, 2026, superseding the Employees' Deposit-Linked Insurance Scheme, 1976.

The Ministry of Labour and Employment, through Notification G.S.R. 526(E) dated June 29, 2026, has notified the Employees' Deposit Linked Insurance Scheme, 2026 ("**EDLI Scheme**") under clause (c) of sub-section (1) of Section 15 of the Code on Social Security, 2020, in supersession of the Employees' Deposit-Linked Insurance Scheme, 1976. The EDLI Scheme applies to employees of every establishment to which Chapter III of the Code applies, and the net assets of the erstwhile 1976 scheme stand vested in, and transferred to, the Insurance Fund constituted under the new Scheme.

Under the Employees' Deposit Linked Insurance (EDLI) Scheme, 2026, employers must contribute to the Insurance Fund based on employees' wages, subject to the prescribed wage ceiling and deposit both the contribution and administrative charges electronically within 15 days after the end of each month. These contributions cannot be recovered from employees' wages.

Where a member dies while in service, their nominee or legal heir is entitled to an assurance benefit, the amount of which depends on the employee's provident fund balance, wages, and length of service, with the Scheme prescribing both minimum and maximum benefit limits. Defaulting employers who fail to make timely contributions may be liable to damages at the rates specified under the Employees' Provident Funds Scheme, 2026.

Establishments may seek exemption from the EDLI Scheme by obtaining an IRDAI-approved group insurance policy that provides benefits more favourable than the Scheme, subject to prescribed conditions. Claims for assurance benefits must be settled within 20 days of receiving a complete application, and delays without sufficient cause attract interest at 12% per annum, recoverable from the responsible Commissioner.

## Andhra Pradesh Government notifies the Industrial Relations (Andhra Pradesh) Rules, 2026 in supersession of the previous Rules made by the State Government.

The Andhra Pradesh Labour Department notified the final Industrial Relations (Andhra Pradesh) Rules, 2026 on 12th June 2026 (G.O.Rt.No.111), under the Industrial Relations Code, 2020. The rules supersede the earlier state rules framed under the corresponding labour laws and take effect from the date of Gazette publication.

Works Committees are required in establishments to which the relevant provisions of the Industrial Relations Code apply. This committee will have no more than 20 members with worker representatives equal to or exceeding employer representatives, and women given proportional representation.

A Grievance Redressal Committee is required in establishments with 20 or more workers. A trade union holding 30% or more may be recognised as the sole negotiating union. The recognition ordinarily remains valid for three years, extendable to five by mutual consent, and is verified by secret ballot conducted by a state-appointed verification officer. Establishments with 300 or more workers must provide dedicated office space to the negotiating union/council.

Employers may adopt Central Model Standing Orders by intimating the certifying officer, with certification deemed granted if no objection issues within 30 days. Certified orders must be maintained in English and Telugu and displayed at the entrance.

Retrenchment of a worker with one year's continuous service requires prior notice to the State Government. A Worker Re-Skilling Fund requires employers to transfer 15 days' last-drawn wages per retrenched worker within 10 days, credited to the worker within 45 days.

Strikes/lock-outs, settlements, conciliation applications, recovery of dues, and offence compounding may be filed electronically through the designated portal (with the usual registered-post/speed-post/in-person alternatives), continuing the broader Labour Code push toward digitalization.

## NCW issues advisory to States, calls for POSH audits and robust workplace safety mechanisms nationwide

The National Commission for Women ("**NCW**") issued an advisory on June 19, 2026, to all States and Union Territories to strengthen implementation of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("**POSH Act**"). The advisory aims to ensure safer, inclusive and gender-sensitive workplaces by stricter compliance, accountability and grievance redressal mechanisms across government, private, organized and unorganized sectors.

The NCW recommended several recommendations such as establishing State-level POSH Monitoring Cells and compliance dashboards, conducting mandatory annual POSH audits, appointing District Officers to serve as a nodal authority for implementation, ensuring constitution of legally compliant Internal Committees ("IC's") consisting of a woman Presiding Officer and at least fifty per cent women members and ensure effective functioning of these committees to address all complaints. The Commission has also emphasized training for IC and LC members.

Additionally, the advisory promotes the use of SHe-Box platform, encouraging annual reporting and it also aims to protect complainants from retaliation and victimization and enhance awareness and professional training. It also places special emphasis on educational and healthcare institutions, awareness campaigns in the unorganized sector, improved workplace safety infrastructure, and active district-level monitoring.

## Bihar repeals its Shops and Establishments Act to remove overlap with the Occupational Safety, Health and Working Conditions Code, 2020

The Governor of Bihar ("**Governor**"), in exercise of the powers conferred by clause (1) of Article 213 of the Constitution of India, has promulgated the Bihar Shops and Establishments (Regulation of Employment and Conditions of Service) (Repeal) Ordinance, 2026 ("Repeal Ordinance") on May 28, 2026, published in the Bihar Gazette (Extraordinary) on June 1, 2026. The Repeal Ordinance repeals, with immediate effect, the Bihar Shops and Establishments (Regulation of Employment and Conditions of Service) Act, 2025 ("Bihar S&E Act"), a state legislation that had been enacted only last year to consolidate the regulation of employment and conditions of service of workers employed in shops and establishments across the State.

The preamble to the Repeal Ordinance records that the Occupational Safety, Health and Working Conditions Code, 2020 ("**OSH Code**") was brought into force by the Central Government with effect from November 21, 2025, and that there is a material overlap between the provisions of the OSH Code and those of Bihar S&E Act. With the State keen to accelerate industrial and economic activity and generate fresh avenues for industrial investment, the continued co-existence of duplicate compliance regimes was viewed as counter-productive. Since the Bihar Legislature was not in session and the Governor was satisfied that circumstances existed warranting immediate action, the repeal has been done by way of an Ordinance rather than through the ordinary legislative process.

Bihar S&E Act stands repealed in its entirety. However, a savings proviso expressly preserves any proceedings already instituted under the repealed Act, which will continue as though the Act had not been repealed.

## Ministry of Labour & Employment directs all online aggregators to complete eShram on boarding and API integration by June 21, 2026

The Ministry of Labour and Employment ("**Ministry**"), vide its communication dated June 1, 2026 (No. U-11019/13/2026-GPW) addressed to all online aggregators, has directed every aggregator engaging gig and platform workers to complete its onboarding on the eShram portal and the requisite API integration in a time-bound manner, latest by June 21, 2026.

The Code on Social Security, 2020 ("**Code**"), which for the first time accords statutory recognition to gig and platform workers, came into force on November 21, 2025, mandating the Central Government under Section 114(1) to frame social security schemes for such workers. Rule 48(2) of the Social Security (Central) Rules, 2026, notified on May 8, 2026, correspondingly obliges every aggregator to share details of the gig and platform workers engaged through it, via API or other electronic mode, on the designated Central Government portal within 45 days of commencement of the said Rules. The eShram portal, originally launched on August 26, 2021 to register unorganised workers and issue them a Universal Account Number ("UAN"), now has a dedicated Aggregator module (launched December 12, 2024) through which fifteen aggregators, including Zomato, Blinkit, Swiggy, Uber, Ola, Rapido, Amazon, Zepto, Urban Company and Porter, have already been onboarded.

The communication applies to platform-based gig workers and to aggregators across nine notified categories, namely ride-sharing services; food and grocery delivery; logistics services; e-marketplaces (both marketplace and inventory models, B2B/B2C); professional services; healthcare; travel and hospitality; content and media services; and any other goods or services provider platform.

The authorised signatory of the aggregator registers on the eShram Aggregator portal (https://aggregator.eshram.gov.in) using mobile number and OTP verification, and completes a two-part registration form capturing entity details and the authorised signatory's details, followed by Aadhaar eKYC.

On successful Aadhaar eKYC, the application is submitted, an Acknowledgment ID is generated, and the status is displayed as "Pending Approval" until the Ministry completes verification and issues login credentials.

Once onboarded, aggregators must register platform workers (or link their existing UAN), and upload monthly engagement data, including days worked and amounts paid or payable, on a quarterly basis, as well as intimate exits of platform workers from the eShram portal.

A toll-free helpline (14434) and a dedicated email (eshramcare-mole@gov.in) have been set up to assist aggregators and platform workers during and after the on-boarding process.

The Ministry has flagged that eighteen of the forty-five days available under Rule 48(2) had already elapsed at the time of issuing the communication, leaving a limited compliance window. Aggregators that fail to complete onboarding and API integration within the stipulated timeline by June 21, 2026 risk being subjected to the penal provisions under Section 133 of the Code, which penalises non-compliance with the social security obligations cast on aggregators.

## Rajasthan Labour Department directs intensified inspections to improve registration of establishments under the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996

The Office of the Labour Commissioner, Government of Rajasthan, Jaipur, has issued a circular bearing No. F8(1) Enforcement/IR/Labour/2026/02760 on 9 June 2026, directing Labour Inspectors across the State to step up enforcement of the registration requirements under the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 ("**BOCW Act**").

Section 7 of the BOCW Act, read with Rules 17 and 18 of the Rajasthan Building and Other Construction Workers Rules, 2009, requires every employer to register its establishment within sixty days of commencement of building or other construction work. Failure to comply may attract penal consequences under Section 50 of the BOCW Act.

The circular records that, on comparison of the number of construction approvals granted by local bodies and the volume of ongoing and completed construction activity across the State, the corresponding number of establishments actually registered under Section 7 is disproportionately low. This gap has been viewed with concern by the Accountant General's audit team and the Public Accounts Committee, prompting a review by the Labour Department. The review has attributed the low registration numbers, in part, to inadequate inspection activity by field Labour Inspectors under the BOCW Act.

Labour Inspectors are directed to undertake more frequent and thorough inspections under the BOCW Act, 1996. Priority is to be accorded to securing registration of building and construction worker establishments that are registered with the Real Estate Regulatory Authority (RERA) and those engaging ten or more workers. Penal action under Section 50 of the BOCW Act is to be proposed against employers who continue to remain unregistered. Fortnightly progress report is to be submitted by field offices to the Department's designated e-mail ID.

Principal employers, contractors and real estate developers undertaking construction activity in

Rajasthan, particularly RERA-registered projects and sites engaging ten or more building workers, should treat BOCW registration as an immediate compliance priority, given the State's stated intent to intensify inspections and pursue penal action against defaulting establishments in the near term.

## Central Government delegates power to appoint verification officers for recognition of negotiating unions to joint secretary-rank officers

The Ministry of Labour and Employment, vide notification S.O. 2996(E) dated June 11, 2026 (published in the Gazette of India, Part II, Section 3, Sub-section (ii)), has, in exercise of the powers conferred by Section 100 of the Industrial Relations Code, 2020 ("**IR Code**"), delegated to officers of the rank of Joint Secretary looking after Industrial Relations in the Ministry, the power vested in the Central Government under sub-rule (3) of Rule 9 of the Industrial Relations (Central) Rules, 2026 ("**IR Central Rules"**) to appoint a verification officer for the purposes of recognition of a negotiating union or negotiating council under Section 14 of the IR Code.

Section 14 of the IR Code provides the mechanism for recognition of a sole negotiating union, or, where no single union commands the requisite membership, a negotiating council, in industrial establishments having registered trade unions. The verification of union membership for such recogn-ition is central to the process, and Rule 9(3) of the IR Central Rules empowers the Central Government to appoint a verification officer for this purpose in establishments where the Central Government is the appropriate Government. Section 100 of the IR Code enables the Central Government to delegate any of the powers conferred on it under the Code, other than the power to make rules, to any officer of the Central or State Government, subject to such conditions as it may specify.

By this notification, the power to appoint verification officers, previously exercisable by the Central Government, now stands delegated to Joint Secretary-rank officers dealing with Industrial Relations within the Ministry, for all central sphere establishments. This is intended to expedite the process of trade union recognition by removing the need for each appointment of a verification officer to be routed through a higher level of Central Government sanction, thereby enabling faster disposal of recognition proceedings under Section 14 of the IR Code in establishments where the Central Government is the appropriate Government.

Employers and trade unions in central sphere establishments seeking recognition of a sole negotiating union or a negotiating council can expect verification proceedings under Section 14 to be initiated and processed more swiftly going forward, as the relevant administrative approval now sits with officers directly handling industrial relations matters within the Ministry rather than requiring a separate reference to the Central Government.

## Draft Employees' State Insurance (General) Regulations, 2026

The Employees' State Insurance Corporation ("**ESIC**") has released the draft Employees' State Insurance (General) Regulations, 2026 ("**Draft ESI Regulations 2026**")

The draft envisages greater reliance on electronic filing for returns, contribution records and benefit claims, along with streamlined formats for employer registration, employee enrolment and contribution remittance. It also proposes defined timelines and digital tracking for processing of claims and appeals, and including a rationalised and graded penalty structure.

For employers, the proposed changes are expected to ease compliance by reducing paperwork and simplifying registration and remittance processes, though internal HR and payroll workflows will need to be updated once the Regulations are finalised. For employees, the emphasis on timelines and digital tracking is expected to translate into faster, more transparent processing of benefit claims. Taken together, the draft signals a continued shift toward a trust-based, technology-enabled social security framework, consistent with the ease-of-doing-business objectives underlying the broader Labour Codes reform. The draft notification also contains a comparative statement against the existing framework, which assists stakeholders in identifying the proposed changes.

## Lakshadweep notifies the Code on Wages (Lakshadweep) Rules, 2025

The Department of Labour, Employment and Training, Union Territory of Lakshadweep, has notified the Code on Wages (Lakshadweep) Rules, 2025, through Gazette Vol. LXII, No. 20, published on 15 June 2026. The Rules have been framed under the Code on Wages, 2019 and provide the procedural framework for implementation of the Code within the Union Territory.

The Rules lay down the mechanism for fixation and revision of minimum wages, constitution and functioning of advisory bodies, categorisation of employees based on skill levels, maintenance of registers and records, payment of wages and bonus, wage deductions, filing of claims, and the powers and duties of Inspector-cum-Facilitators. The notification also operationalises the administrative framework necessary for enforcement of the wage-related provisions of the Code on Wages, 2019 in Lakshadweep.

The Rules further prescribe the manner in which employers are required to maintain wage-related records and furnish information to the authorities. They also provide the procedural framework for adjudication of wage claims and recovery of dues under the Code. By specifying the forms, registers, and compliance processes to be followed by employers, the Rules seek to facilitate uniform implementation of wage-related obligations across establishments operating in the Union Territory.

The notification is another step towards the phased implementation of the labour codes framework across States and Union Territories. Employers operating in Lakshadweep should review the newly notified requirements relating to wage administration, maintenance of statutory records, payment of wages and bonus, and compliance procedures to ensure alignment with the Code on Wages, 2019 and the Rules framed thereunder.

## Ministry of Labour and Employment notifies ₹15,000 wage ceiling under the Code on Social Security, 2020

The Ministry of Labour and Employment, through Notification G.S.R. 522(E) dated 29 June 2026, has notified the Employees' Provident Funds Scheme, 2026, the Employees' Pension Scheme, 2026 and the Employees' Deposit Linked Insurance Scheme, 2026 under the Code on Social Security, 2020. Among the key provisions common to these schemes is the prescription of a wage ceiling of ₹15,000 per month for specified social security benefits and contributions, retaining the existing threshold that existed under the corresponding legacy schemes.

The notification assumes significance because the Code on Social Security, 2020 itself does not prescribe a statutory wage ceiling for provident fund, pension and deposit-linked insurance purposes. Instead, the Code empowers the Central Government to determine such limits through the schemes framed thereunder. By formally prescribing the ₹15,000 threshold under the new social security framework, the Government has provided clarity regarding the wage base on which contributions and benefits under the EPF, EPS and EDLI regimes will continue to operate.

For pension purposes, the wage ceiling remains particularly relevant because employer contributions towards the Employees' Pension Scheme continue to be calculated with reference to pensionable salary subject to the prescribed limit. Similarly, the Employees' Deposit Linked Insurance Scheme links the computation of insurance benefits and employer contributions to wages up to the notified ceiling. The continuation of the existing threshold ensures regulatory continuity and avoids disruption during the transition from the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 to the Code on Social Security, 2020.

The notification also assumes practical importance for employers from a payroll and compliance perspective. Organisations that had anticipated a revision of the wage ceiling upon implementation of the social security schemes under the Code must now align their contribution calculations, payroll configurations and compliance processes with the continued ₹15,000 threshold. The notification therefore provides clarity regarding contribution obligations under the newly notified schemes.

The continuation of the ₹15,000 wage ceiling reflects the Government's approach of preserving the substantive contribution architecture of the existing provident fund, pension and insurance framework while transitioning to the unified regime contemplated under the Code on Social Security, 2020. Employers should review the newly notified schemes in their entirety to assess the impact of the revised procedural and compliance requirements introduced alongside the retention of the existing wage threshold.

## Rajasthan notifies the Occupational Safety, Health and Working Conditions Rules, 2026

The Labour and Factories & Boilers Department, Government of Rajasthan, vide Notification S.O.23 dated 30 June 2026, published in the Rajasthan Gazette Extraordinary, has notified the Rajasthan Occupational Safety, Health and Working Conditions Rules, 2026 ("**Rajasthan OSH Rules**") under Sections 133 and 135 of the Occupational Safety, Health and Working Conditions Code, 2020 ("**OSH Code**"). The final Rules follow the draft version published on 3 February 2026 and constitute the primary regulatory framework governing occupational safety, health, welfare measures and working conditions in establishments covered by the OSH Code within the State.

The Rajasthan OSH Rules operationalise several provisions of the OSH Code by prescribing detailed compliance requirements relating to registration of establishments, duties of employers, health and safety standards, welfare facilities, working hours, leave entitlements, employment of contract labour, engagement of inter-state migrant workers, and maintenance of statutory records and registers. The Rules also provide the procedural framework for inspections, inquiries, licensing and other regulatory functions envisaged under the Code.

A significant feature of the Rules is the emphasis on digital compliance and streamlined regulatory processes. The framework contemplates electronic filing of applications, returns and other statutory submissions through designated portals, reflecting the broader objective of the labour codes to simplify compliance and improve administrative efficiency. The Rules also prescribe forms and procedures for registration, licensing and record maintenance, thereby providing greater operational clarity for employers and establishments covered under the Code.

The notification is particularly relevant for establishments engaging contract labour and inter-state migrant workers, as the Rules prescribe detailed obligations concerning licensing, welfare facilities, working conditions and employer responsibilities. Employers should review their existing compliance practices to ensure alignment with the new regulatory framework, especially in relation to health and safety measures, welfare amenities, maintenance of records and statutory reporting requirements.

The Rajasthan OSH Rules represent a significant step towards implementation of the Occupational Safety, Health and Working Conditions Code, 2020 in the State. Employers operating in Rajasthan should undertake a comprehensive review of their workplace safety policies, labour engagement practices and compliance systems to ensure readiness for the transition to the new regime and to mitigate potential regulatory risks arising from non-compliance.

## Rajasthan exempts Shops and Commercial Establishments from restrictions on opening and closing hours

The Labour Department, Government of Rajasthan, vide Notification S.O. 20 dated 19 June 2026, has exempted shops and commercial establishments registered under the Rajasthan Shops and Commercial Establishments Act, 1958 from the provisions of Section 11(1) and Section 12(1) of the Act, with immediate effect. The notification has been issued in exercise of the powers conferred under Section 3(2) of the Act and supersedes the Department's earlier notification dated 15 April 2024.

The exemption effectively removes the statutory restrictions relating to opening and closing hours and weekly closure requirements applicable to registered shops and commercial establishments. However, the relaxation is subject to compliance with a series of conditions prescribed by the State Government. Most notably, employers are required to provide all employees with one day of paid weekly rest on a rotational basis, ensuring that employee welfare protections continue notwithstanding the exemption from establishment-level weekly closure requirements.

The notification also places limits on employee working hours. Employers are prohibited from requiring employees to work for more than ten hours in a day or forty-eight hours in a week. Where additional work is performed, a separate record of such work must be maintained by the employer. Further, overtime work must be compensated in accordance with applicable legal requirements, thereby preserving statutory protections relating to wages and working conditions.

A significant compliance requirement introduced by the notification is the obligation to issue appointment letters to all employees. Employers must furnish a copy of the appointment letter to the Labour Inspector having jurisdiction over the establishment and retain the acknowledgement as part of their records. The notification further clarifies that employees of such establishments will continue to enjoy the benefit of all other provisions of the Rajasthan Shops and Commercial Establishments Act, 1958 notwithstanding the exemption granted under Sections 11(1) and 12(1).

The exemption is expressly made conditional upon continued compliance with the requirements stipulated in the notification and any directions issued by the State Government from time to time. In the event of a violation of any of the prescribed conditions, the exemption shall automatically stand revoked and the employer may be subjected to legal action under the Rajasthan Shops and Commercial Establishments Act, 1958 and other applicable laws. Employers operating in Rajasthan should therefore review their working hour practices, overtime records and appointment letter processes to ensure continued eligibility for the exemption.

## Central Government delegates power to appoint verification officers for recognition of negotiating unions

The Ministry of Labour and Employment, vide Notification S.O. 2996(E) dated 11 June 2026, has delegated to officers of the rank of Joint Secretary handling Industrial Relations in the Ministry the power to appoint Verification Officers for the recognition of a negotiating union or negotiating council under Section 14 of the Industrial Relations Code, 2020. The delegation has been made in exercise of powers conferred under Section 100 of the Industrial Relations Code, 2020.

Prior to this notification, the power to appoint a Verification Officer under Rule 9(3) of the Industrial Relations (Central) Rules, 2026 was vested in the Central Government. The notification delegates this power to Joint Secretary-level officers in establishments where the Central Government is the appropriate Government.

The delegation is expected to facilitate quicker processing of recognition proceedings relating to negotiating unions and negotiating councils in central sphere establishments by enabling appointment decisions to be taken at the administr-ative level within the Ministry rather than requiring separate approval of the Central Government.

# Case Laws

### Bombay High Court holds that a shared public autorickshaw used for an office commute does not constitute a "workplace" under the POSH Act.

In the case of Siddhesh Pradeep Satpute v. SBI, (2026 SCC OnLine Bom 3824) (Bombay High Court, 16 June, 2026) an employee of the State Bank of India, travelled daily from railway station to his office in a shared autorickshaw. On one such occasion, an altercation broke out between the Petitioner and a co-passenger, who alleged that he had inappropriately touched her and subsequently lodged a complaint of sexual harassment with the Internal Complaints Committee ("**ICC**") of her employer, which was in turn forwarded to the ICC constituted by the Petitioner's employer. The ICC found the Petitioner guilty and recommended disciplinary action, following which the Petitioner approached the Bombay High Court challenging the ICC's jurisdiction to entertain the complaint.

The issue before the Division Bench was whether the alleged incident, which occurred in a shared public autorickshaw during the Petitioner's commute to office, took place at a "workplace" within the meaning of Section 2(o) of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("**POSH Act**"). The Court noted that Section 2(o)(v) extends the definition of "workplace" to any place visited by an employee arising out of or during the course of employment, including transportation provided by the employer for undertaking such a journey, but this extension is confined to transportation arranged or provided by the employer.

Since the shared autorickshaw had not been arranged or provided by either the Petitioner's employer or the co-passenger's employer, the Court held that the transportation did not fall within Section 2(o)(v), and consequently, the alleged incident had not occurred at a "workplace." The Court accordingly held that the ICC had no jurisdiction to entertain the complaint, and set aside its order, while clarifying that it had not adjudicated the merits of the allegations, which remain open to be examined in an appropriate proceeding. The Court further observed that an ICC must first determine the existence of a workplace nexus as a jurisdictional question, and only thereafter proceed to inquire into the merits of a complaint.

### Uttarakhand High Court reiterates that compensation under the Employees Compensation Act, 1923 is payable only by the employer, and not by a third party responsible for the accident.

In the case of Uttarakhand Power Corporation Ltd. v. Smt. Bhagirathi Devi & Anr (Appeal from Order No. 203 of 2014),( High Court of Uttarakhand, 11th June, 2026) the Respondent's husband, employed as a watchman at a Forest Guest House at a monthly salary of INR 5,200, died after coming into contact with a live electricity pole while checking a water-supply fault at his workplace. The Employees Compensation Commissioner awarded some amount of compensation to the widow, holding the Electricity Department responsible for the death on account of negligence in maintaining the electric pole, notwithstanding the finding that the deceased had, at the time of the accident, been in the employment of the Forest Department.

On appeal under Section 30 of the Employees Compensation Act, 1923, the Uttarakhand High Court held that the Act is intended to provide compensation from certain classes of employers to their employees for injury or accident arising in the course of employment, and is distinct from tortious liability. Since the deceased was admittedly in the employment of the Forest Department at the time of his death, liability for compensation under the Act could not be fastened on any other person, including the Electricity Department, however negligent it may have been in maintaining its infrastructure.

The decision reaffirms that liability under the Employees Compensation Act, 1923 is confined to the employer-employee relationship, and cannot be extended to a third party merely because that party's negligence contributed to the accident.

## Karnataka High Court on inclusion of contract labour in computing the strength of workmen

In the case of Workmen of Karnataka Malladi Biotics Ltd. v. Karnataka Malladi Biotics Ltd, (2026 SCC OnLine Kar 4017) ( Karnataka High Court, 03rd June, 2026) the respondent-establishment laid off and subsequently retrenched 84 workmen in 2009. The Industrial Tribunal and the learned Single Judge dismissed the workmen's claims, holding that the respondent employed only 92 "regular" workmen. They excluded 17 security guards and 28 contract labourers from the computation under Section 25K of the Industrial Disputes Act, 1947, on the ground that they did not fall within the definition of "workmen" under Section 2(s), thereby concluding that the 100-worker threshold for attracting Chapter V-B (Sections 25M and 25N) was not met.

The Division Bench reversed these findings, holding that Section 2(s) does not condition workman status upon permanency of employment, any person engaged for hire or reward under the supervision and control of the employer qualifies as a workman, regardless of contractual or casual tenure. Additionally, the Bench invoked Section 114, Illustration (g) of the Indian Evidence Act, 1872, drawing an adverse inference against the management for wilfully withholding muster rolls and attendance registers despite a Tribunal direction, thereby holding that the withheld evidence would have been unfavourable to the management. Consequently, the establishment was found to have employed over 100 workmen, attracting Chapter V-B.

## Supreme Court upholds pension rights of temporary status casual labourers

The Supreme Court in Bhikhani Devi & Ors. v. Union of India & Ors (2026 INSC 612). (Supreme Court, 1st June, 2026) reaffirmed the social welfare objective underlying pension laws by holding that long-serving temporary status casual labourers cannot be denied pension merely because they were not formally regularized. The appellants were casual labourers employed as Night Guards in the Department of Posts between 1971 and 1981. They were granted temporary status under the Casual Labourers (Grant of Temporary Status and Regularization) Scheme, 1991, and, after completing three years of service, were extended benefits available to temporary Group 'D' employees. However, despite serving for decades, they retired without formal regularization, resulting in the denial of pensionary benefits.

The dispute centered on the interpretation of the 1991 Scheme, the Department of Posts' circular dated 30 November 1992, the Central Civil Services (Temporary Service) Rules, 1965, and the CCS (Pension) Rules, 1972. The Union Government argued that pension was available only upon regularization.

Rejecting this contention, the Supreme Court held that pensionary entitlement flows independently from the 1991 Scheme and Rule 10(1-B) of the CCS (Temporary Service) Rules, 1965, which recognizes pension for temporary government servants completing the prescribed qualifying service. The Court observed that temporary status casual labourers who were treated at par with temporary Group 'D' employees could not be denied pension solely due to the absence of formal regularization. Setting aside the Patna High Court's judgment, the Court directed the authorities to compute and release pensionary and consequential retiral benefits within three months, with interest payable in case of delay.

## No dismissal without fresh notice: Supreme Court clarifies disciplinary safeguards for statutory corporation employees

In the case of Surekha Domaji Bele v. Executive Engineer, Testing Division, MSEDCL (2026 INSC 639), (Supreme Court, 11 June 2026),Surekha Bele, a Lower Division/Upper Division Clerk with MSEDCL for over two decades, was suspended in 2006 and charge-sheeted for indiscipline, insubordination, and document tampering. Her domestic enquiry was later found unfair by the Labour Court; on the management's revision, the Industrial Court permitted MSEDCL to prove the misconduct afresh through independent evidence before the Labour Court, rather than holding a new domestic enquiry. Misconduct was proved in this de novo proceeding, but MSEDCL then dismissed her in 2017 relying solely on the original 2008 show-cause notice founded on the discredited enquiry, without issuing a fresh notice on punishment.

The Supreme Court examined Regulation 88(j) of the MSEDCL Service Regulations (mandating a post-enquiry show-cause notice on penalty), the law on suspension and subsistence allowance, the bar against double punishment for one misconduct, the proportionality doctrine, and Article 311's inapplicability to statutory corporation employees. It held that while the misconduct finding stood, the disciplinary authority failed to independently apply its mind to the post-remand findings before imposing dismissal, requiring a fresh show-cause notice on punishment. It set aside the dual punishment of treating the suspension period itself as punishment, held dismissal disproportionate given her clean 21-year record and absence of financial loss, and ruled she was entitled to subsistence allowance for the suspension period beyond the initial six months.

## Delhi High Court clarifies burden of proof in deferred salary and gratuity claims

In the case of Sanjay Verma vs M/S. Aithent Technologies Pvt. Ltd 2026 supreme (Del) 414, (RFA 600/2004) decided on (Delhi High Court, 16 June 2026), Sanjay Verma, a former Vice President (Technology) at Aithent Technologies who resigned in 2005, sued for recovery of over ₹16 lakh comprising deferred salary, a promised bonus, transfer allowance, and gratuity, claiming the company had temporarily reduced salaries in 2002-03 due to cash-flow issues with an assurance of later repayment. The trial court dismissed his suit entirely, finding no proof of an enforceable deferment agreement, rejecting the transfer allowance claim for want of proper evidence under Section 65B of the Evidence Act and as time-barred, and denying gratuity for lack of continuous service.

On appeal, the Delhi High Court examined whether the salary reduction constituted "deferment" (creating a repayment obligation) or mere "restructuring," alongside evidentiary requirements for electronic records and continuity-of-service principles under the Payment of Gratuity Act, 1972. The Court held that Verma failed to produce any written agreement, board resolution, or contemporaneous record showing the reduced salary or bonus was to be repaid, and his own conduct, raising no demand for nearly two years undermined his claim; a coordinate bench's earlier ruling on the same restructuring exercise supported this. The transfer allowance claim failed for improper proof and limitation. However, on gratuity, the Court found his employment certificate did show continuous service from 1992–2005, but declined to itself adjudicate entitlement, instead granting him liberty to pursue that claim before the competent authority under the Payment of Gratuity Act.

## Private educational institutions liable to pay gratuity to non-teaching staff: Karnataka High Court

In the case of The General Secretary, Taranath Sikshana Samsthe v. The Labour Officer & Ors., WP No. 200527 of 2025 (L-PG) (Karnataka High Court, 30 June 2026), Basanagouda, respondent No.3, was appointed as a Second Division Clerk with the petitioner-Educational Institution (running Seth Chunilala Amarchand Bohra Law College, Raichur) on 17.12.1994 and served continuously until superannuation on 31.05.2018. After retirement, he claimed gratuity, which the institution resisted, contending that as an educational institution employing a clerk, the Payment of Gratuity Act, 1972 did not apply, and alternatively that since grant-in-aid was extended to him only from 26.08.2015, the State Government not the institution, was liable for gratuity. The Labour Officer/Controlling Authority upheld the claim, directing payment of ₹7,52,571 with 10% interest, computing his entire 33+ years of service. The institution's appeal before the Assistant Labour Commissioner/Appellate Authority was dismissed, confirming this order, leading to the present writ petition under Articles 226 and 227.

The Court examined the applicability of the Payment of Gratuity Act, 1972 to private educational institutions, relying on binding precedent Vokkaligara Sangha v. R. Chandramouli and the Supreme Court's decision in Independent Schools' Federation of India v. Union of India which settled that educational institutions employing ten or more persons are covered under Section 1(3)(c) notifications, and that non-teaching staff (unlike teachers, per the pre-2009 position) were always covered as "employees."

The Court held that both the grant-in-aid timing and the institution-versus-government liability arguments had already been conclusively rejected in binding case law, and that the authorities below had correctly appreciated the facts and applied the law. Finding no illegality warranting interference, the Court dismissed the petition and directed release of the gratuity amount to Basanagouda within six weeks.

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