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Employment Law Update

2026 June

Introduction

The June 2026 edition of our Employment Law Newsletter covers significant regulatory developments and key judicial pronouncements across India's evolving labour and employment law landscape. During the month, the Central Government and several State Governments introduced important reforms aimed at balancing ease of compliance with enhanced worker protection.

The Ministry of Labour and Employment notified the Industrial Relations (Central) Rules, 2026, the Code on Wages (Central) Rules, 2026, the Social Security (Central) Rules, 2026, and the Occupational Safety, Health and Working Conditions (Central) Rules, 2026, marking a significant step towards the operationalisation of the four Labour Codes. The Ministry also introduced several notifications relating to digital compliance, regulatory enforcement, and the appointment of authorities under the Labour Codes.

In addition, the Employees' Provident Fund Organisation (EPFO) and the Employees' State Insurance Corporation (ESIC) introduced important updates affecting provident fund administration, social security implementation, and employer compliance obligations. At the State level, this edition highlights developments relating to minimum wages, welfare measures for gig and platform workers, and other labour law reforms introduced across various jurisdictions.

Judicial developments during the month further reinforced the importance of procedural fairness and employee protection. High Courts and the Supreme Court delivered significant rulings clarifying issues relating to contractual employment, the enforceability of restrictive covenants in employment contracts, and the continued importance of statutory maternity benefits.

Overall, the developments covered in this edition reflect the continuing evolution of India's labour and employment law framework. Employers should proactively assess these regulatory and judicial developments to ensure continued compliance, minimise legal risk, and strengthen workplace governance.

New Labour Law Codes

The Ministry of Labour and Employment has notified the Industrial Relations (Central) Rules, 2026 as part of the phased operationalisation of the Labour Codes.

Industrial Relation (Central) Rules, 2026

The Ministry of Labour and Employment, vide Notification G.S.R. 342(E) dated 8 May 2026, has notified the Industrial Relations (Central) Rules, 2026, framed under Section 99 of the Industrial Relations Code, 2020 ("IR Code"). The Rules operationalise key provisions of the IR Code by introducing a modern regulatory framework for industrial relations, streamlining dispute resolution mechanisms, enablin-g digital compliance, and superseding the Industrial Disputes (Central) Rules, 1957 and the Industrial Employment (Standing Orders) Central Rules, 1946.
Among the key features of the Rules are the notific-ation of separate Model Standing Orders ("MSOs") for industrial establishments in the mining, manufact-uring, and service sectors. The Rules also require every industrial establishment employing twenty or more workers to constitute one or more Grievance Redressal Committees ("GRCs"). In addition, the Rules prescribe detailed procedures governing conc-iliation proceedings, the functioning of Industrial Trib-unals and National Industrial Tribunals, and the filing and adjudication of industrial disputes.

Code on Wages (Central) Rules, 2026

The Ministry of Labour and Employment, vide Notification G.S.R. 343(E) dated 8 May 2026, has notified the Code on Wages (Central) Rules, 2026, framed under the Code on Wages, 2019. The Rules repeal and replace 17 existing central rules framed under various labour legislations, including the Minimum Wages (Central) Rules, 1950, the Payment of Bonus Rules, 1975, and the Equal Remuneration Rules, 1976, thereby consolidating the regulatory framework governing wages under a single code.

The Rules prescribe the methodology for calculating hourly and monthly wage rates based on the notified daily wage. The hourly wage rate is determined by dividing the daily wage by eight hours, while the monthly wage rate is calculated by multiplying the daily wage by twenty-six. Where an employee works beyond the prescribed normal working hours, overti-me wages are payable at twice the ordinary rate of wages, in accordance with the Code.

The Rules also facilitate digital compliance by enab-ling employers to utilise online single-window portals for registration, maintenance of statutory registers, and filing of electronic returns, thereby streamlining compliance processes under the Code.

Social Security (Central) Rules, 2026

The Social Security (Central) Rules, 2026 have been notified by the Ministry of Labour and Employment under the Code on Social Security, 2020, following the publication of the draft Rules on 30 December 2025 for public consultation. The Rules, notified on 8 May 2026, consolidate the regulatory framework go-verning social security and supersede 11 existing c-entral rules framed under various labour legislations.

Among the rules superseded are the Employees' Compensation Rules, 1924, the Employees' Compe-nsation (Transfer of Money) Rules, 1935, the Employ-ment Exchanges (Compulsory Notification of Vacan-cies) Rules, 1960, the Maternity Benefit (Mines and Circus) Rules, 1963, and the Cine-Workers Welfare Fund Rules, 1984, among others.

The Rules establish a unified framework for the administration of various social security benefits under the Code, including provisions relating to grat-uity, maternity benefits, employees' compensation, provident fund, employee state insurance, and social security for gig and platform workers. The conso-lidated framework is also intended to facilitate digital compliance through common online portals for regi-strations, claims, and statutory filings.

By consolidating multiple legacy rules under a single framework, the Social Security (Central) Rules, 2026 are expected to simplify compliance processes for employers while supporting the phased implement-ation of the Code on Social Security, 2020.

Occupational Safety, Health and Working Condit-ions (OSH) Rules,2026.

The Ministry of Labour and Employment, vide Notification G.S.R. 345(E) dated 8 May 2026, has notified the Occupational Safety, Health and Working Conditions (Central) Rules, 2026, framed under Sections 133 and 134 of the Occupational Safety, Health and Working Conditions Code, 2020 ("OSH Code"). The Rules consolidate and rationalise multiple existing labour rules into a unified framework governing occupational safety, health, and working conditions, while facilitating streamlined compliance under the OSH Code.

The Rules supersede 15 existing central rules framed under various labour legislations, including the Dock Workers (Safety, Health and Welfare) Rules, the Mines Rules, 1955, the Mines Vocational Training Rules, 1966, the Contract Labour (Regulation and Abolition) Central Rules, 1971, and the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Central Rules, 1980, among others.

The Rules introduce several measures aimed at strengthening workplace safety and welfare. These include mandatory annual health checkups for specified categories of workers, online registration of establishments, and digital maintenance of statutory records. They also prescribe provisions relating to inter-state migrant workers, including journey allowances and maintenance of a national database, while setting out detailed requirements relating to working hours, overtime, welfare facilities, and the constitution of Safety Committees in applicable establishments.

By consolidating multiple sector, specific rules under a single regulatory framework, the Rules seek to simplify compliance while strengthening occupational safety, health, and welfare standards across covered establishments.

Regional Labour Commissioners notified as Authorities under the Code on Wages, 2019

The Ministry of Labour and Employment, vide Notification S.O. 2456(E) dated 12 May 2026, issued under Section 53 of the Code on Wages, 2019, has designated the Regional Labour Commissioners (Central) as the authorities responsible for conducting inquiries and imposing penalties for specified contraventions under the Code.

The notification applies to establishments for which the Central Government is the appropriate Government, including sectors such as railways, banking, air transport services, major ports, mines, oilfields, Central Public Sector Enterprises, and Union Territories. By designating jurisdiction, specific authorities, the notification strengthens the enforcement framework under the Code on Wages and facilitates more efficient adjudication of wage related compliance matters.

Director General, Labour Bureau appointed as Central Authority for Cost of Living Computation

The Ministry of Labour and Employment has issued a notification under Section 7(2) of the Code on Wages, 2019, appointing the Director General, Labour Bureau as the Central Authority responsible for computing the cost of living allowance (Dearness Allowance) and the cash value of concessions relating to the supply of essential commodities to employees.

The notification replaces the earlier administrative framework notified on 19 January 2017 and aligns the methodology for determining cost of living adjustments with the implementation of the Code on Wages, 2019. The appointment is intended to ensure a uniform and standardised approach to wage revisions for establishments where the Central Government is the appropriate Government

Regional Authorities empowered to call for financial records under the Code on Wages, 2019

The Ministry of Labour and Employment, vide Notification S.O. 2458(E), has designated Regional Authorities under Section 31(3) of the Code on Wages, 2019, empowering them to require employers to produce balance sheets and other relevant financial records during proceedings under the Code.

The notification authorises jurisdiction, specific officers to examine financial records where necessary for the adjudication of matters relating to wages, bonus payments, and other statutory obligations under the Code. The measure is intended to strengthen enforcement and facilitate effective inquiry into compliance with the provisions of the Code on Wages, 2019.

Model Standing Orders, 2026 notified under the Industrial Relations Code, 2020

The Ministry of Labour and Employment has notified the Model Standing Orders, 2026 under Section 29(1) of the Industrial Relations Code, 2020, vide Notification S.O. 2312(E). The notification supersedes the Indus-trial Employment (Standing Orders) Central Rules, 1946 and introduces sector-specific Model Standing Orders for the mining, manufacturing, and service sec-tors.

Under the Industrial Relations Code, industrial establishments employing 300 or more workers are required to prepare and submit draft Standing Orders based on the notified Model Standing Orders. The Model Standing Orders prescribe service conditions relating to classification of workers, attendance, leave, miscond-uct, disciplinary procedures, grievance redressal mec-hanisms, suspension, termination, and matters relating to lay, offs, retrenchment, and closure.

The notification seeks to promote greater uniformity and clarity in employment conditions while supporting implementation of the Industrial Relations Code, 2020.

Regional Labour Commissioners empowered to discharge functions relating to industrial disputes

The Ministry of Labour and Employment, vide Notifications S.O. 2314(E) and S.O. 2320(E) dated 8 May 2026, has delegated specified powers under the Industrial Relations Code, 2020 to the Regional Labour Commissioners (Central).

Under Section 32 of the Code, the notifications designate Appellate Authorities for specified matters and prescribe their territorial jurisdiction. Further, in exercise of powers under Section 100, the Central Government has delegated certain functions under Section 59(1) of the Industrial Relations Code to the Regional Labour Commissioners (Central), enabling them to discharge specified functions relating to industrial dispute resolution within their respective jurisdictions.

The delegation is intended to facilitate timely disposal of industrial disputes by decentralising certain statutory functions to field-level authorities while maintaining the overall framework established under the Industrial Relations Code.

Worker Re-Skilling Fund operationalised under the Industrial Relations Code, 2020

The Ministry of Labour and Employment, vide Notification S.O. 2316(E), has operationalised the Worker Re-Skilling Fund under Section 83 of the Industrial Relations Code, 2020.

The notification requires employers to contribute an amount equivalent to fifteen days' wages last drawn by every retrenched worker to the Re-Skilling Fund. The amount is required to be credited directly to the retrenched worker's bank account within 45 days of retrenchment, providing financial assistance during the transition period while supporting skill development and re-employment opportunities.

The operationalisation of the Re-Skilling Fund constitutes an important component of the implementation framework under the Industrial Relations Code, 2020.

ESIC Officers Designated as Authorised Officers under the Code on Social Security, 2020

The Ministry of Labour and Employment has issued a notification under Section 2(5) read with Section 125(1) of the Code on Social Security, 2020, designating specified officers of the Employees' State Insurance Corporation (ESIC) as Authorised Officers for the purposes of administering the provisions relating to the Employees' State Insurance Scheme under the Code.

The notification authorises officers holding positions such as Insurance Commissioner, Additional Commissioner, Regional Director, and other specified officers to exercise powers and discharge functions assigned under the Code. The designation is intended to facilitate the effective implementation and administration of the Employees' State Insurance framework, including enforcement, compliance, and adjudication of matters falling within their jurisdiction.

ESIC Officers Authorised to Authenticate Orders and Decisions

In a separate notification issued under Section 9(2) of the Code on Social Security, 2020, the Central Government has authorised specified officers of the Employees' State Insurance Corporation to authenticate the Corporation's orders, decisions, and other official documents.

The notification delegates the authority to authenticate official records to designated ESIC officers, thereby facilitating the timely issuance of administrative orders and statutory communications in accordance with the provisions of the Code.

Medical Facilities Scheme Extended to Beneficiaries of Other Welfare Schemes

The Ministry of Labour and Employment has notified the Medical Facilities Scheme, 2026 under Section 44 of the Code on Social Security, 2020, enabling specified beneficiaries under other Central Government welfare and social security schemes, along with their eligible family members, to avail medical treatment at identified Employees' State Insurance (ESI) Hospitals, subject to the conditions prescribed under the Scheme.

The Scheme seeks to utilise the available capacity in notified ESI Hospitals by extending medical facilities to eligible beneficiaries registered under specified Central Government welfare schemes. Eligible beneficiaries are required to complete the prescribed registration process and obtain the requisite identity card before availing treatment at the identified hospitals.

The Scheme is intended to promote optimal utilisation of existing healthcare infrastructure while expanding access to medical facilities for eligible beneficiaries.

Employers Required to Report Vacancies under the Code on Social Security, 2020

The Ministry of Labour and Employment has notified provisions under Section 139(1) of the Code on Social Security, 2020, requiring employers covered under the notification to report vacancies to the designated Career Centres in the prescribed manner.

The notification provides employers with a 90-day transition period for compliance and seeks to strengthen labour market information systems by facilitating the reporting of employment opportunities through recognised Career Centres. The requirement is intended to improve labour market transparency and support employment, related policy initiatives.

Employers should review the applicability of the notification to their establishments and ensure that internal recruitment processes are aligned with the prescribed reporting requirements.

Chief Labour Commissioner Designated as Competent Authority for Prosecution Sanctions

The Ministry of Labour and Employment has also designated the Chief Labour Commissioner (Central) and the Additional Chief Labour Commissioner (Central) as the competent authorities for granting sanction to prosecute offences under Chapters V and VI of the Code on Social Security, 2020, in exercise of powers under Section 136(2) of the Code.

The notification applies to establishments for which the Central Government is the appropriate Government, including sectors such as major ports, mines, oilfields, railways, banking, and specified public sector establishments. By delegating this function to senior labour authorities, the notification streamlines the process for granting prosecution sanctions while maintaining statutory oversight under the Code.

Central Government exempts low-wage vacancies from mandatory reporting under the Code on Social Security, 2020

The Ministry of Labour and Employment has issued a notification under Sections 139 and 140(2)(b) of the Code on Social Security, 2020, exempting employers from the requirement to notify certain vacancies to designated Career Centres.

Under the notification, employers are not required to report vacancies where the total monthly

remuneration is less than ₹11,000. For this purpose, the remuneration threshold is determined based on the definition of "wages" under the Code on Social Security, 2020.

The exemption is intended to reduce the compliance burden for employers recruiting for low-wage positions while continuing the vacancy reporting framework for establishments and positions covered under the Code.

Central Government retains EPF wage ceiling at ₹15,000 under the Code on Social Security, 2020

The Ministry of Labour and Employment, vide notification dated 29 May 2026, has retained the monthly wage ceiling of ₹15,000 for the applicability of the Employees' Provident Fund (EPF) Scheme under the Code on Social Security, 2020.

By retaining the existing threshold, the notification continues the wage ceiling that previously applied under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952. Employees earning monthly wages up to ₹15,000 continue to be mandatorily covered under the EPF framework, while employees earning above this threshold may become members on a voluntary basis, subject to the applicable statutory provisions and mutual consent of the employer and employee.

Employers should continue to determine statutory provident fund contributions in accordance with the notified wage ceiling and ensure timely remittance of contributions in compliance with the applicable provisions governing interest and other statutory consequences for delayed payments.

Rest interval after five hours of continuous work mandated under the Occupational Safety, Health and Working Conditions Code, 2020

The Ministry of Labour and Employment has issued a notification under Section 25(1)(b) of the Occupational Safety, Health and Working Conditions Code, 2020, providing that no worker shall be required or permitted to work continuously for more than five hours without being provided a rest interval of at least thirty minutes.

The notification reinforces statutory safeguards relating to working hours by requiring employers to provide a mandatory rest interval before a worker completes five consecutive hours of work. Employers should review work schedules to ensure compliance with the prescribed requirements relating to working hours and rest intervals.

Maximum eight-hour shift prescribed for below ground mine workers

The Central Government has notified, under the first proviso to Section 25(1)(i) of the Occupational Safety, Health and Working Conditions Code, 2020, that the working hours of persons employed in below ground workings of mines shall not exceed eight hours in a day.

The notification prescribes a maximum daily shift of eight hours for employees engaged in below ground mining operations, reinforcing the statutory safeguards applicable to high, risk working environments under the Occupational Safety, Health and Working Conditions Code, 2020.

Remuneration threshold notified for audio-visual workers under the Occupational Safety, Health and Working Conditions Code, 2020

The Ministry of Labour and Employment, vide notification dated 13 May 2026, has notified ₹19,000 per month as the remuneration threshold for the purposes of Section 2(1)(f) of the Occupational Safety, Health and Working Conditions Code, 2020, relating to audio-visual workers. Where remuneration is paid as a lump sum, the equivalent monthly remuneration shall be considered for determining applicability.

The notification provides clarity regarding the remuneration threshold applicable to audio-visual workers covered under the Code and forms part of the broader implementation framework of the Occupational Safety, Health and Working Conditions Code, 2020.

Haryana simplifies registration requirements under the Occupational Safety, Health and Working Conditions Code, 2020

The Government of Haryana, vide notification dated 4 May 2026, has introduced a simplified compliance framework by permitting eligible establishments registered under Section 3 of the Occupational Safety, Health and Working Conditions Code, 2020 to rely on such registration for specified purposes under the Haryana Shops and Commercial Establishments Act, 1958.

Accordingly, establishments registered under the Occupational Safety, Health and Working Conditions Code, 2020 are exempt from obtaining separate registration or furnishing separate intimation regarding commencement of business under Sections 13 and 13A of the Haryana Shops and Commercial Establishments Act, 1958, subject to the conditions prescribed under the notification.

The exemption is intended to reduce duplication in registration requirements while continuing to require compliance with all other applicable provisions of the Haryana Shops and Commercial Establishments Act, 1958, except where specifically provided otherwise.

Punjab notifies draft rules under the Labour Codes

The Government of Punjab has issued notifications and finalised draft rules for implementation of the Labour Codes within the State.

The Rules introduce a consolidated regulatory framework governing matters relating to wages, industrial relations, occupational safety, health and working conditions, and social security. They also contain provisions relating to contract labour, gig and platform workers, gratuity, provident fund, bonus, compensation, and employer liabilities, in line with the respective Central Labour Codes.

The Rules also prescribe provisions relating to principal employer liability, payment of wages, minimum wages, bonus, employee compensation, social security benefits, and occupational safety. They further provide the procedural framework for implementation of the Labour Codes within the State.

Notably, the Rules recognise gig and platform workers within the broader social security framework introduced under the Labour Codes. They also incorporate provisions relating to wage structure, social security contributions, contract labour, and employer obligations consistent with the framework established under the Central legislation.

Employers operating in Punjab should review the notified Rules to assess any State, specific procedural requirements and ensure that existing employment practices and compliance processes are aligned with the new framework

Chandigarh Administration revises minimum wage rates for Government Departments and autonomous bodies

The Chandigarh Administration, vide notification dated 12 May 2026, has revised the minimum wage rates applicable to employees engaged in various capacities across Government Departments, Boards, Public Sector Undertakings (PSUs), and autonomous bodies under the Union Territory Administration.

The revised wage rates have been made effective from 1 April 2026 and shall remain in force until 31 March 2027. The revision seeks to enhance wage protection for contractual, outsourced, and contingency-paid employees while ensuring that wages remain aligned with prevailing economic conditions and the cost of living.

Under the revised schedule, entry level and support staff, including attendants, helpers, peons, cleaners, chowkidars, and similar categories of employees, will receive revised monthly wages of ₹24,494, as against the earlier wage of ₹22,680. Similar revisions have also been notified for clerical, technical, supervisory, administrative, and professional categories.

The revised wage structure also provides higher wage slabs for skilled and professional personnel, including engineers, architects, legal officers, medical officers, teachers, scientists, and assistant professors. Certain senior professional categories are now entitled to wages of up to approximately ₹87,275 per

month, depending on the applicable category.

Overall, the revised wage schedule provides greater clarity regarding wage classifications and reflects an upward revision of minimum wages across occupational categories within Government Departments and other covered establishments under the Chandigarh Administration.

Karnataka Platform Based Gig Workers (Social Security and Welfare) Act, 2025

The Government of Karnataka initially promulgated the Karnataka Platform Based Gig Workers (Social Security and Welfare) Ordinance, 2025 on 27 May 2025 to provide a statutory framework for the welfare and social security of platform-based gig workers. The Ordinance was subsequently replaced by the Karnataka Platform Based Gig Workers (Social Security and Welfare) Act, 2025, with effect from 30 May 2025.

The legislation provides for the registration of platform-based gig workers and aggregators, establishes a Gig Workers' Social Security and Welfare Board and a dedicated Welfare Fund, and creates a framework for social security, occupational health, welfare measures, and grievance redressal.

Aggregators are required to contribute to the Welfare Fund through the prescribed Gig Worker Welfare Fee, ranging from 1% to 5% of each transaction in the manner prescribed under the Act. The legislation also recognises the right of platform-based gig workers to decline or refuse work offered through digital platforms without adverse consequences, subject to the provisions of the Act.

The Act applies to various categories of platform-based services, including ride-hailing, food and grocery delivery, logistics, professional services, healthcare, hospitality, travel, and content based services.

The legislation also prescribes penalties for specified instances of non-compliance, including failure to pay the prescribed welfare fee, failure to comply with registration requirements, and other statutory obligations. Employers and aggregators operating in Karnataka should review their existing compliance frameworks to ensure alignment with the requirements of the Act.

Case Laws

Supreme Court reaffirms merit-based public recruitment while protecting long-serving employees

In Madan Singh v. State of Haryana, 2026 INSC 379, the Supreme Court examined the validity of the Haryana Government's 2014 notifications that sought to regularise contractual, ad hoc, and daily wage employees serving in Group B, C, and D posts. The Punjab and Haryana High Court had previously struck down these notifications on the ground that they violated the principles laid down in Secretary, State of Karnataka v. Umadevi (2006), which emphasised that appointments to public employment must ordinarily be made through a fair, transparent, and competitive recruitment process.

The Supreme Court adopted a balanced approach. It upheld the regularisation of employees who had been appointed against sanctioned posts, possessed the prescribed qualifications, and had completed the requisite period of service. However, the Court declared certain notifications dated 7 July 2014 to be unconstitutional and arbitrary, as they sought to regularise employees who had been appointed without any public advertisement or transparent selection process and also contemplated regularisation based on a future cut-off date.

At the same time, in exercise of its powers under Article 142 of the Constitution, the Supreme Court protected those employees who had already been regularised and continued in service by directing that they should not be removed from service. However, such employees were directed to be placed at the minimum of the applicable pay scale for their

respective posts.

The judgment reaffirms that regularisation cannot become a substitute for constitutionally compliant recruitment while recognising the need to protect employees who have served for long periods and whose services had already been regularised.

Supreme Court holds maternity leave to be a fundamental right under Article 21

In K. Umadevi v. State of Tamil Nadu (2025 INSC 781), decided on 23 May 2025, the Supreme Court held that maternity leave forms an integral part of a woman's fundamental right to life, dignity, and reproductive autonomy under Article 21 of the Constitution.

The appellant, a government school teacher, was denied maternity leave on the ground that she already had two surviving children from her previous marriage. After remarrying and becoming pregnant again, her request for maternity leave was rejected under the applicable Tamil Nadu service rules, and the Madras High Court upheld the denial.

Setting aside the High Court's decision, the Supreme Court observed that maternity benefits cannot be viewed merely as a policy concession but constitute an important statutory and constitutional protection aimed at safeguarding motherhood, child welfare, and the reproductive rights of women. The Court emphasised that service rules must be interpreted in a manner that advances gender justice while recognising the realities of remarriage and evolving family structures.

The judgment significantly strengthens constitutional protection for maternity benefits and may prompt Governments and public sector employers to review service rules and employment policies that impose rigid restrictions based solely on the number of surviving children.

Denial of charges necessitates a fair oral enquiry and an opportunity for cross-examination

In Jai Prakash Saini v. Managing Director, U.P. Cooperative Federation Ltd., 2026 INSC 305, the Supreme Court considered the validity of disciplinary proceedings initiated against an employee of the U.P. Cooperative Federation Limited who had been accused of paddy shortage and embezzlement while serving as the In-charge of a procurement centre. Although the employee categorically denied the allegations, the Enquiry Officer concluded the proceedings without conducting an oral enquiry or examining any witnesses in support of the charges. Based on the enquiry report, the employee was dismissed from service and directed to pay ₹9,53,433 towards the alleged loss.

The Supreme Court held that where an employee disputes the allegations levelled against him, the employer is under a legal obligation to conduct a fair oral enquiry. Witnesses supporting the charges must be examined in the presence of the charged employee, who must also be afforded a reasonable opportunity to cross-examine such witnesses and present evidence in defence.

The Court further emphasised that a departmental charge-sheet cannot be equated with pleadings in a civil suit. A vague or evasive reply to a charge-sheet cannot automatically be treated as an admission of guilt. Unless the charges are expressly admitted, the burden remains on the employer to establish the allegations through cogent evidence during the disciplinary proceedings.

Finding that the disciplinary proceedings had been conducted in violation of the principles of natural justice as well as the applicable service regulations, the Supreme Court set aside both the dismissal order and the recovery proceedings. However, it granted liberty to the employer to initiate a fresh (de novo) enquiry within six months in accordance with law.

The judgment serves as an important reminder that adherence to the principles of natural justice, including the right to an oral hearing and cross-examination where charges are disputed, remains an indispensable requirement in disciplinary proceedings.

Supreme Court directs regularisation of excluded muster roll workers in Assam

In Sukhendu Bhattacharjee v. State of Assam, 2026 INSC 523, decided on 2 May 2026, the Supreme

Court reaffirmed the constitutional guarantee of equality under Article 14 by holding that the State of Assam could not arbitrarily deny regularisation benefits to a group of muster roll and work-charged employees who were similarly situated to thousands of workers already regularised under a Government policy.

The appellants had been engaged prior to 1 April 1993 and had rendered long years of continuous service. Despite being eligible under the State Government's 2005 Cabinet policy, pursuant to which nearly 30,000 employees had been regularised, they were excluded from the regularisation exercise. Their claim was subsequently rejected on the basis of a 2012 Office Memorandum, which prohibited future regularisation.

Setting aside the judgment of the Division Bench of the Gauhati High Court, the Supreme Court observed that the case did not involve a fresh claim for regularisation contrary to the principles laid down in Secretary, State of Karnataka v. Umadevi (2006). Rather, the dispute concerned the discriminatory exclusion of employees from the benefits of an already implemented regularisation policy. The Court emphasised that once the State decides to regularise a particular class of employees and extends the benefit to similarly situated persons, it cannot arbitrarily deny the same benefit to others belonging to the same class without a reasonable basis.

The Court held that such exclusion amounted to hostile discrimination and violated Article 14 of the Constitution. It further clarified that the 2012 Office Memorandum could not be relied upon to defeat the legitimate claims of employees who had become entitled to consideration under the 2005 Cabinet policy.

Accordingly, the Supreme Court directed the State Government to identify all eligible employees who had been wrongly excluded from the regularisation exercise, create posts wherever necessary, and regularise their services. The Court also directed the grant of all consequential service benefits, including pensionary benefits, from the date on which other similarly situated employees had been regularised.

The judgment is a significant reaffirmation of the principles of equality and non-discrimination in public employment. It reiterates that once the State extends the benefit of a regularisation policy to a defined class of employees, it cannot selectively deny the same benefit to other similarly situated employees without a constitutionally sustainable justification.

Supreme Court reiterates that promotions are governed by the rules in force on the date of consideration, not when vacancies arise

In Jagdish Prasad & Ors. v. PM Manoj Kumar & Ors., 2026 INSC 572, the Supreme Court reiterated that Government employees do not possess a vested right to be considered for promotion under the recruitment rules that were in force when vacancies arose. Rather, unless a statutory provision provides otherwise, promotions are to be governed by the rules in force on the date when the promotion process is actually undertaken.

In arriving at this conclusion, the Court relied upon its earlier decision in State of Odisha & Ors. v. Sripati Ranjan Das, decided on 18 May 2026, wherein it held that an employee has only a right to be considered for promotion in accordance with the statutory rules prevailing on the date of consideration, and not under rules that were in force when the vacancy first arose.

A Bench comprising Justice Pankaj Mithal and Justice S.V.M. Bhatti set aside the judgment of the Port Blair Circuit Bench of the Calcutta High Court, which had accepted the claim of certain Head Constables seeking promotion to the post of Assistant Sub-Inspector under the earlier recruitment rules. The High Court had proceeded on the premise that vacancies should ordinarily be filled in accordance with the rules that were in force when those vacancies arose.

The Supreme Court disagreed with this approach. The Court observed that, in the absence of any statutory provision to the contrary, promotions are governed by the rules in force on the date when the promotion exercise is undertaken. Since the earlier recruitment rules had been superseded by the 2016 Rules, the promotional exercise was required to be conducted in accordance with the new rules.

The Court also rejected the contention that certain ad hoc promotions granted in 2014 created any vested right in favour of the employees. It held that those promotions were purely ad hoc, subject to the outcome of the pending litigation, and therefore did not confer any enforceable right to regular promotion.

Reaffirming the principles laid down in Sripati Ranjan Das, the Court further observed that the Government, as the appointing authority, retains the discretion to determine whether vacancies should be filled by promotion, particularly where there are changes in the cadre structure or governing statutory rules. Employees possess only a right to be considered for promotion in accordance with the applicable statutory rules and not a vested right to promotion itself.

The Court also reiterated the distinction between selection posts and non-selection posts, observing that while seniority may assume greater significance in non-selection posts, appointments to selection posts are primarily governed by merit and suitability. Accordingly, the appeal was allowed.

Regularisation claims must be supported by authentic service records and lawful appointments

In Subhash v. Bharat Sanchar Nigam Limited, O.A. No. 1077/2013, the Central Administrative Tribunal (CAT), Allahabad Bench, considered a claim by an individual seeking recognition as a full-time casual labourer, grant of temporary status, and eventual regularisation in BSNL.

The applicant contended that he had initially been engaged as a part-time casual labourer in 1996 and had subsequently discharged full-time duties continuously for several years. He relied upon various circulars issued by the Department of Telecommunications and BSNL concerning the conversion and regularisation of casual labourers. The applicant further alleged that his services had been orally terminated in September 2013.

BSNL contested the claim, submitting that a complete ban on the engagement of casual labourers had been in force since 1985. A committee constituted to verify the applicant's claims found no official records evidencing his lawful engagement, appointment, payment details, muster rolls, or acquaintance registers. BSNL further contended that the recommendation relied upon by the applicant had never been approved by the competent authority and was therefore unauthorised.

Accepting BSNL's submissions, the Tribunal held that the applicant had failed to produce any reliable documentary evidence demonstrating that he had been lawfully engaged by the competent authority. In view of the long-standing recruitment ban and the absence of official records supporting his claim, the Tribunal concluded that no direction could be issued for the grant of temporary status or regularisation.

Accordingly, the Original Application was dismissed. The ruling reiterates that claims for regularisation in public employment must be supported by authentic official records and evidence of a lawful appointment. Mere assertions, unsupported documents, or unapproved recommendations are insufficient to establish a legal right to regularisation.

Delhi High Court clarifies that the place of employment determines jurisdiction in industrial disputes

In Rajeshwar Dayal Aggarwal v. M/s Enicar Machine (India), 2026 DHC 4118, the workman alleged that his services had been orally terminated by the employer and sought relief before the Labour Court in Delhi. The employer's manufacturing unit, where the workman had been employed, was situated in Faridabad, Haryana, although the company had previously maintained a registered office in Delhi. The principal issue before the Court was whether the Government of the National Capital Territory of Delhi (GNCTD) was the "appropriate Government" competent to refer the industrial dispute under the Industrial Disputes Act, 1947.

By its judgment dated 11 May 2026, the Delhi High Court upheld the Labour Court's finding that the GNCTD lacked jurisdiction to make the reference. The Court reiterated that the determination of the "appropriate Government" depends primarily on the situs of employment and the place where the cause

of action substantially arises, including the location where the employee worked and where the alleged termination took place. The mere existence of the emplo-yer's registered or administrative office in Delhi was held to be insufficient to confer jurisdiction where the employment relationship was centred in another State.

The Court observed that the workman had been employed at the Faridabad establishment and that t-he alleged termination had also taken place there. C-onsequently, the industrial dispute had a direct and substantial nexus with the State of Haryana, and the appropriate Government for the purposes of the Ind-ustrial Disputes Act was the Government of Haryana.

Accordingly, the Court upheld the Labour Court's award and clarified that jurisdiction under the Indust-rial Disputes Act cannot be invoked solely on the basis of an employer's registered office or adminis-trative presence in another State. At the same time, recognising the workman's right to seek appropriate relief, the Court granted him liberty to pursue reme-dies before the competent forum having jurisdiction in Haryana.

The judgment reaffirms that territorial jurisdiction in industrial disputes is determined by the real and substantial connection between the dispute and the place of employment, rather than the location of the employer's corporate or registered office.

Delhi High Court enhances compensa-tion for illegally retrenched Air India workers

In Sauraj Singh v. Indian Airlines Ltd., 2026 DHC 4055, the Delhi High Court considered a batch of writ petitions arising from claims filed by casual wor-kers engaged by Indian Airlines and Air India, challe-nging awards passed by the Central Government Industrial Tribunal ("CGIT") concerning their retrenc-hment in 1998.

The workers contended that their retrenchment was illegal and in violation of Section 25F of the Industrial Disputes Act, 1947, which prescribes mandatory pr-ocedural requirements to be complied with before etrenching a workman. While the CGIT held that the retrenchments were illegal, it awarded compensation ranging from ₹25,000 to ₹55,000 in lieu of reinsta-tement.

One of the principal objections raised by Air India was that, following its privatisation, writ petitions aga-inst the company were no longer maintainable as it had ceased to be "State" within the meaning of Article 12 of the Constitution. Rejecting this cont-ention, the Delhi High Court, by its judgment dated 8 May 2026, held that the writ petitions were directed against awards passed by a statutory adjudicatory body and not merely against the employer. The Cou-rt observed that judicial review in such cases is con-cerned with the legality and correctness of the adjudicatory process undertaken by the Tribunal and therefore remains maintainable notwithstanding the subsequent privatisation of the employer.

On the merits, the Court affirmed the finding that the retrenchment of the workers had been effected in violation of Section 25F of the Industrial Disputes Act, 1947, and was consequently illegal. However, c-onsidering that nearly twenty-five years had elapsed since the retrenchment, the Court held that reinsta-tement would neither be practical nor conducive to industrial harmony. In the circumstances, monetary compensation was considered to be the appropriate relief.

Recognising that the compensation awarded by the CGIT was inadequate in view of the length of service rendered by the workers and the prolonged litigation they had undergone, the Court substantially enhanc-ed the compensation. Depending upon the individual facts and length of service in each case, compen-sation was increased to ₹1.25 lakh, ₹2.5 lakh, and ₹3.75 lakh, respectively.

The judgment is significant for reaffirming that judic-ial review of awards passed by statutory labour adju-dicatory authorities remains available notwithstand-ing the subsequent privatisation of a public sector undertaking. It also underscores that, in appropriate cases, enhanced monetary compensation may cons-titute a more equitable remedy than reinstatement where an illegal retrenchment is challenged after an extraordinary lapse of time.

Kerala High Court upholds ICC jurisdiction over Director under the POSH Act

In Prof. (Dr.) J. Sundaresan Pillai v. Dr. K.K. Seethalakshmi & Ors., decided on 19 May 2026, the Kerala High Court considered whether a Director of an organisation could be treated as an "employee" under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("POSH Act") and consequently be subject to the jurisdiction of the Internal Committee ("ICC").

The appellant contended that, being the Director of the organisation, he qualified as the "employer" under the POSH Act and therefore any complaint of sexual harassment against him could be inquired into only by the Local Committee ("LC") constituted under Section 6 of the Act, and not by the ICC.

The Kerala High Court rejected this contention. Upon examining the definitions of "employee" under Section 2(f) and "employer" under Section 2(g) of the POSH Act, together with Sections 4, 6, and 9, the Court held that the mere designation of an individual as a Director does not, by itself, make such person the "employer" for the purposes of the Act. The Court observed that the management and administration of the organisation were vested in its General Body and Executive Committee, and that the Director functioned under their overall control and supervision.

Accordingly, the Court held that the appellant fell within the definition of an "employee" under the POSH Act. Consequently, the complaint of sexual harassment was rightly inquired into by the Internal Committee, and not by the Local Committee.

Upholding the judgment of the learned Single Judge, the Division Bench found no jurisdictional error in the proceedings conducted by the ICC and dismissed the writ appeal.

The judgment provides important guidance on the scope of the definitions of "employee" and "employer" under the POSH Act. It clarifies that the determination of the appropriate forum for inquiry depends on the actual organisational structure and the degree of administrative control exercised by the individual concerned, rather than merely on the designation or seniority of the person against whom the complaint is made.

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