

Supreme Court to examine validity of the IW regime under Provident Fund Law

We write to you to provide a significant update on the evolving judicial developments around the international worker (**IW**) regime under provident fund and pension law.

On March 12, 2026, the Hon'ble Supreme Court (**SC**) issued notice on a Special Leave Petition (SLP (C) Diary No. 9651 of 2026 titled "LG Electronics India Limited v. Union of India & Ors.") challenging the decision of the High Court of Delhi (**Del HC**) in *Spice Jet Ltd. and Ors. v. Union of India and Ors.* (W.P. 2941/2012 and others) (**Spice Jet Case**). The Spice Jet Case, pronounced on November 4, 2025 upheld the constitutional validity of notifications issued in 2008 which introduced the IW regime under the Employees' Provident Funds Scheme, 1952 (**EPF Scheme**) and the Employees Pension Scheme, 1995 (refer to our earlier Client Alert [here](#)).

The Del HC judgement stands in direct conflict with the decision of the High Court of Karnataka (**Kar HC**), decided on April 25, 2024, in *Stone Hill Education Foundation and Ors. v. Union of India* (W.P. 18486/2012 and others) (**Stone Hill Case**), which struck down the notifications issued by the Government of India, introducing the IW regime under provident fund and pension laws, as unconstitutional (refer [here](#)). The Stone Hill Case is also currently under appeal before a Division Bench of the Kar HC, and no stay of the Single Judge's decision has been granted till date.

The SC's inclination to hear the critical constitutional law aspects is significant, as it will address the inconsistencies resulting from contradictory High Court judgements in different states and consequent inconsistency in the application of law.

HCs that have upheld the IW regime

- ▮ Bombay High Court in *Sachin Vijay Desai vs. Union of India & Ors.* (W.P. 1846/2018) rejected a challenge to the constitutionality of Paragraph 83 of the EPF Scheme
- ▮ Del HC in the Spice Jet Case (*which relied on the above Sachin Vijay case*)

HCs that have recognized striking down of the IW regime

- ▮ Kar HC in the Stone Hill Case, followed in subsequent judgements of the Kar HC
- ▮ Madras High Court in *Golden Sunshine Services LLP v. Union of India & Ors.* (W.P No. 14989/2022)
- ▮ Punjab & Haryana High Court in *Artisan Leather Pvt Ltd v. Employees Provident Fund Organization & Ors.* (CWP-20124-2021) and *M/s Grand Windsor Resorts Ltd. v. Employees Provident Fund Organization and Ors.* (CWP-78-2021 (O&M))

The current Special Leave Petition was filed by LG Electronics India Private Limited (*the other aggrieved petitioner company in the Spice Jet Case*) who were represented by Cyril Amarchand Mangaldas. The SC also passed an interim order that during pendency of the present proceedings, no final order shall be passed by the provident fund authorities in the Section 7-A proceedings previously initiated against the petitioner company.

The decision of the SC will lay down the law and impact the industries/establishments nation-wide on the subject of the IW regime.

We are closely tracking the judicial progress of this issue and will share an update on any developments.

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