cyril amarchand mangaldas
ahead of the curve

the employment quarterly

January to March, 2026

Index

This issue of the Employment Quarterly covers key Central and State-level legislative updates, including release of a compliance handbook for employers and various FAQs by the Ministry of Labour and Employment on compliance obligations under the Labour Codes, delegation of powers under the Industrial Relations Code, 2020, and the Occupational Safety, Health and Working Conditions Code, 2020, to Union Territory administrators, notification of the wage ceiling for supervisory employees under the Code on Wages, 2019, amendments to the Industrial Relations Code, 2020, notification regarding extension of Certificate of Coverage cases under the India-Japan Social Security Agreement, and clarifications under the ESIC New Amnesty Scheme, 2025.

At the State level, this edition covers amendments and notifications across Andhra Pradesh, Delhi, Haryana, Himachal Pradesh, Karnataka, Kerala, Maharashtra, Puducherry, Rajasthan, Telangana and Tripura. These include introduction of lifetime registration under the Andhra Pradesh Shops and Establishments Act, amendments to shops and establishments laws in Delhi, Haryana, Himachal Pradesh and Rajasthan, exemptions relating to operating hours and close days, enhanced overtime limits, revisions to registration thresholds, amendments to labour welfare fund and migrant workers welfare frameworks, collection of gig workers welfare fee in Karnataka, directions for conducting special audits of Internal Committees constituted under the POSH Act in Maharashtra, 24x7 operations for shops and establishments in Puducherry and Tripura, and safety guidelines for chemical and pharma industries in Telangana.

Besides legislative updates, this edition also delves into key developments in labour and employment laws brought forth by judicial pronouncements of the Supreme Court and various High Courts. We have analysed decisions relating to the jurisdiction of Internal Committees under the POSH Act, reconsideration of the scope of "industry" under the Industrial Disputes Act, 1947, regularisation of long-serving contract workers, striking down the three-months age limit for adoption leave, termination of employment of HIV positive employee in breach of HIV Act, right of resignation of employees, among others.

We hope you will find the above to be useful. Please feel free to send any feedback, suggestions or comments to cam.publications@cyrilshroff.com.

Regards,

Cyril Shroff

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We have published several updates, articles, and blogs on various key aspects of the four Labour Codes, which are available at [Legal Updates on the New Labour Codes]. In addition to these resources, this edition of the Employment Quarterly covers the following key legislative and judicial developments:

LEGISLATIVE UPDATES

I. Key Central Legislative Updates

1. The Central Government releases compliance handbook for employers under the four Labour Codes

The Ministry of Labour and Employment (**MoLE**), on February 18, 2026, released a compliance handbook for employers under the four labour codes, namely, the Code on Wages, 2019 (**Wage Code**), the Industrial Relations Code, 2020 (**IR Code**), the Occupational Safety, Health and Working Conditions Code, 2020 (**OSH Code**), and the Code on Social Security, 2020 (**SS Code**) (collectively, **Labour Codes**). The handbook provides a simplified overview of compliance obligations under each Code, primarily applicable to establishments for which the Central Government is the appropriate government. The handbook is not intended to be a legal document; it is for reference only. If there is any discrepancy between the handbook and the provisions of the Labour Codes, the latter shall prevail.

2. FAQs on the Code on Social Security, 2020

The MoLE has published a set of Frequently Asked Questions (**SS Code FAQs**), dated January 9, 2026, addressing 26 questions across key areas of the Social Security Code (**SS Code**). These clarify that processes/ claims under the SS Code need not be exclusively digital. Accepted alternatives for creche arrangements include common creche, tie-ups with private facility providers or payment of a creche allowance. The Codes provide for risk-based inspections, corrective directions and compliance notices before penal action, and comprehensive coverage for gig/ platform workers including those engaged indirectly.

3. Press release on key worker protection provisions under the Labour Codes

The MoLE, *vide* a press release dated February 5, 2026, highlighted key provisions under the four Labour Codes relating to wages, formalisation of employment, and social security. Some of the highlighted provisions include guarantee of minimum wages and timely payment of wages to all workers; extension of social security coverage to organised, unorganised, gig, and platform workers through a dedicated Social Security Fund; setting up of a worker reskilling fund for retrenched workers; mandatory annual health check-ups and safe working conditions; compulsory issuance of appointment letters to all employees; permitting women to work at night across sectors, subject to their consent and safety; wider definition of inter-state migrant workers to include contractor-engaged and self-migrated workers, with portability of benefits and annual travel allowance.

4. MoLE releases additional FAQs on Labour Codes

The MoLE released additional Frequently Asked Questions (**March FAQs**) on the Labour Codes on March 16, 2026. These provide key clarifications on wage computation, social security entitlements, and occupational safety. It clarifies the scope of the 50% wage calculation rule, the exclusion of performance-based incentives from wages, gratuity eligibility for fixed-term employees and contract labour, aggregator contributions for gig worker schemes, and leave entitlements, carry-forward, and overtime obligations under the OSH Code. The clarifications are for informational purposes only, and in the event of any inconsistency, the provisions of the Codes shall prevail.

5. **MHA notifications dated January 2, 2026, delegating powers under the IR Code, 2020, and the OSH Code to Union Territory administrators**

The Ministry of Home Affairs (**MHA**), *vide* notifications S.O. 26(E) and S.O. 27(E), both dated January 2, 2026, has directed the Administrator or Lieutenant Governor of the National Capital Territory of Delhi, Andaman and Nicobar Islands, Dadra and Nagar Haveli and Daman and Diu, Chandigarh, Puducherry, Lakshadweep, Ladakh, and Jammu and Kashmir to exercise the powers and discharge the functions of the "appropriate Government" or "State Government" under the IR Code and the OSH Code, respectively, subject to control of the President and until further orders.

6. **Wage ceiling for 'workers' notification under the Wage Code**

The MoLE, *vide* notification S.O. 454(E), dated January 30, 2026, has notified INR 18,000 per month as the wage ceiling for persons employed in a supervisory capacity under the Wage Code. Accordingly, supervisory employees earning above this salary threshold will be excluded from the definition of "worker". This aligns the salary threshold for supervisory employees under the Wage Code with the corresponding threshold under other Labour Codes.

7. **Industrial Relations Code (Amendment) Act, 2026**

The Ministry of Law and Justice, *vide* notification dated February 16, 2026, published the Industrial Relations Code (Amendment) Act, 2026, amending Section 104 of IR Code. The key changes effective from November 21, 2025, are as follows:

a) The Trade Unions Act, 1926, the Industrial Employment (Standing Orders) Act, 1946, and the Industrial Disputes Act, 1947, repealed from November 21, 2025; and

b) Regardless of such repeal, the tribunals and statutory authorities functioning under the repealed enactments shall continue to function until corresponding tribunals and statutory authorities under the IR Code become operational.

8. **Press release on EPFO reforms**

The MoLE, *vide* a press release dated February 12, 2026, highlighted several initiatives undertaken to expand the Employees' Provident Fund Organisation (**EPFO**) registration and improve regional coverage. The key initiatives include online registration through the Shram Suvidha Portal, auto-registration for companies through the MCA portal, and self-generation of UANs by workers, including through Aadhaar Face Authentication via the UMANG app.

9. **Simplification of procedure for extension of Certificate of Coverage (COC) cases under Article 7.2 of the Social Security Agreement between India and Japan**

The MoLE issued a circular dated March 27, 2026, under the Social Security Agreement between India and Japan. It clarifies that the detachment period may be extended beyond five years, up to a maximum of eight years, without consultation between the competent authorities of both countries in specified cases. These include project delays, resignation, disability or death of the worker's successor, the worker's need to stay until the end of a child's school year, impending retirement, or expiry of the worker's office term, among others.

10. **Circular on Clarification to the New Amnesty Scheme, 2025**

    The Employees' State Insurance Corporation (**ESIC**) issued a circular dated March 25, 2026, clarifying the New Amnesty Scheme, 2025. It states that employers do not need prior court permission to avail benefits under the Scheme, except where a matter is already pending before a court, in which case, the parties must inform the court of the settlement so that the court may record the settlement and pass appropriate orders for disposal or withdrawal of the case. Employers must also undertake to the ESIC that, upon settlement, they will file the necessary affidavit before the relevant court for withdrawal of their pending appeal or petition. This clarification will not affect cases already settled under the Scheme.

B. Key State Legislative Updates

Andhra Pradesh

Notification regarding lifetime registration under the Andhra Pradesh Shops and Establishments Act, 1988 (APSEA)

The Andhra Pradesh Government issued a notification dated March 12, 2026, allowing all shops and commercial establishments with more than 20 employees to obtain a lifetime registration under the APSEA. This is subject to certain conditions such as payment of registration fees at the time of new registration or renewal of existing registration, submission of a prescribed combined annual return, payment of applicable fees for notice of change or issuance of duplicate certificate.

Delhi

Delhi Shops and Establishments (Amendment) Act, 2026

The Department of Law, Justice and Legislative Affairs, Government of the National Capital Territory of Delhi, *vide* notification dated March 11, 2026, published the Delhi Shops and Establishments (Amendment) Act, 2026, amending the Delhi Shops and Establishments Act, 1954 (**Delhi S&E Act**). The key changes include applicability of the Delhi S&E Act only to shops and establishments with 20 or more employees, an expanded definition of "child" to cover persons below 14 years, increase in daily working hours to 10 hours including breaks, extension of maximum continuous working period before rest from 5 to 6 hours, a 12-hour spread-over limit, weekly overtime of up to 60 hours and an aggregate overtime cap of 144 hours per quarter. It also prohibits night work by young persons and permits women to work night shifts with prior written consent and subject to prescribed safety and welfare measures.

Haryana

Haryana Shops and Commercial Establishments (Amendment) Act, 2025

The Haryana Government, *vide* notification dated February 5, 2026, notified the Haryana Shops and Commercial Establishments Amendment Act, 2025, effective November 12, 2025. The amendment introduces a two-tier framework, mandating larger establishments to register online and obtain a certificate, while allowing smaller establishments to submit online intimation. It also requires employers to notify changes in registered particulars, issue appointment letters and identity cards to workers, and comply with revised working-hour limits. Daily working hours have been increased to 10 hours, the quarterly overtime limit to 156 hours, and the maximum continuous working period to six hours. The amendment also introduces a tiered penalty structure, updates statutory references to align with the Bharatiya Nyaya Sanhita, 2023, and repeals the 2025 Ordinance while preserving actions taken under it.

Notification regarding various exemptions under Haryana Shops and Commercial Establishments Act, 1958 (HSEA)

The Labour Department of the Haryana Government issued a notification dated March 30, 2026, exempting shops and commercial establishments from the provisions of Section 9 (Opening and Closing hours) and Section 10 (Close day) of the HSEA, subject to certain conditions. The key conditions include adhering to the daily and weekly working hour limits, payment of overtime at twice the normal rate of wages, and provision of rest of 30 minutes after every six hours of continuous work. Establishments employing women during night shifts must apply for an exemption through a self-certification process.

This notification must be prominently displayed at the establishment entrance/ exit. The Labour Department may impose additional conditions, and the exemption does not override orders or directions issued by the Police or other authorities.

Himachal Pradesh

Himachal Pradesh Shops and Commercial Establishments (Amendment) Act, 2025

The Government of Himachal Pradesh, *vide* notification dated February 11, 2026, has notified the Himachal Pradesh Shops and Commercial Establishments (Amendment) Act, 2025, which received the Governor's assent on February 9, 2026. The key changes include:

a) permissible quarterly overtime limit increased from 50 to 144 hours; and

b) registration requirement restricted to establishments employing 10 or more employees, thereby reducing the compliance burden on smaller establishments.

Karnataka

Karnataka Labour Welfare Fund Amendment Act, 2025

The Government of Karnataka, *vide* a notification dated January 6, 2026, notified the Karnataka Labour Welfare Fund (Amendment) Act, 2025. The amendment reduces the applicability threshold of the Act from 50 to 10 employees and provides for contributions through online payment channels.

Government of Karnataka issues Government Order on collection of gig workers welfare fee

The Government of Karnataka has issued Government Order No. LD 413 LET 2023, dated February 13, 2026, under the Karnataka Platform Based Gig Workers (Social Security and Welfare) Act, 2025, notifying the rates of welfare fee for all platforms and aggregators operating in Karnataka. The welfare fee is calculated based on the payout made to a gig worker per transaction at a uniform rate of 1% across all service categories, subject to a per-transaction cap that ranges from INR 0.50 to INR 1.50, based on vehicle type and service. Until the relevant payment and verification system is operational, aggregators and platforms may self-report transaction payout details on a quarterly basis.

Kerala

Kerala Migrant Workers Welfare (Amendment) Scheme, 2025

The Department of Employment and Skills, Government of Kerala, *vide* notification dated February 6, 2026, has notified the Kerala Migrant Workers Welfare (Amendment) Scheme, 2025, amending the Kerala Migrant Workers Welfare Scheme, 2010. The key changes include empowering the District Executive Officer to renew membership and issue migrant worker status certificates, revising the manner of granting terminal benefits, increasing membership income limits and annual fees, and enabling electronic submission of application.

Maharashtra

Maharashtra State Commission for Women directs special audit of Internal Committees under the POSH Act

The Maharashtra State Commission for Women (**MSCW**), *vide* a direction dated February 28, 2026, has directed all Divisional Commissioners and District Collectors across Maharashtra to conduct a special audit on the establishment and functioning of Internal Committees (**IC**) under the POSH Act.

The MSCW noted that several establishments have not constituted ICs, existing ICs are not functioning regularly, annual reports are not being filed, adequate awareness and training programmes on the POSH Act have not been conducted, IC notice boards have not been displayed, and in certain cases, recommendations of the IC have not been implemented. The MSCW has directed that all government and related bodies within each district be checked for the existence of a functional Internal Committee (**IC**) under the POSH Act.

A detailed audit report must be prepared covering the IC's composition, complaints received and their status, penalties imposed, annual reports filed, and awareness programmes conducted. Where an IC has not been set up or is incomplete, immediate steps must be taken to constitute one, failing which action will be initiated. Any non-compliance with the POSH Act will attract legal consequences against the concerned establishment.

Puducherry

Notifications by Government of Puducherry exempting shops and establishments

The Labour Department, Government of Puducherry, issued the following notifications on March 15, 2026, under the Puducherry Shops and Establishments Act, 1964 (**Puducherry S&E Act**):

i) Exempting all shops and establishments registered under the OSH Code from further registration under the Puducherry S&E Act, and consequently from all provisions thereunder. The exemption is subject to the employer complying with all duties, obligations, and conditions under the OSH Code. The notification shall not affect any action taken or proceedings initiated under the Puducherry S&E Act, prior to its publication.

ii) Permitting all shops and establishments within the Union Territory of Puducherry to remain open on a 24x7 basis on all days of the year. This is subject to conditions including giving weekly off to employees on a rotational basis, display of weekly off records and daily records of employees on leave, and payment of wages including overtime directly into employees' bank accounts. For women working night shifts, written consent is required, and the employer must ensure appropriate safety and welfare measures, as well as compliance with maternity benefit and POSH Act requirements.

Rajasthan

Rajasthan Shops and Commercial Establishments (Amendment) Act, 2026

The Government of Rajasthan through a notification dated March 25, 2026, notified the Rajasthan Shops and Commercial Establishments (Amendment) Act, 2026, to amend the Rajasthan Shops and Commercial Establishments Act, 1958, with effect from December 17, 2025. Key changes include: increasing the maximum daily working hours from 9 to 10 hours, extending the maximum continuous working period before a mandatory rest interval from 5 to 6 hours, and raising the quarterly overtime limit from 50 to 144 hours.

Telangana

Director of Factories, Telangana, issues safety guidelines for Chemical and Pharma Industries under the OSH Code

The Director of Factories, Telangana, *vide* Circular Memo No. MAH/Safety Circular/1/2026, dated March 7, 2026, issued guidelines under Section 6 of the OSH Code, prescribing preventive and precautionary measures for Chemical and Pharma Industries (**CPI**) handling combustible dusts and undertaking hazardous processes.

As per the guidelines, employers must regularly assess dust hazards and install proper dust extraction systems to prevent explosive dust build-up. All electrical equipment in dust-prone areas must be explosion-proof, with regular testing of grounding systems and spark detection measures in place. Critical equipment must be fitted with safety devices to prevent fire from spreading. All workers must receive safety training before commencing work, with annual refresher training for those in hazardous roles and proper training records maintained. Annual third-party safety audits, HAZOP/ HAZID studies, and yearly risk assessments are mandatory. Employers must have emergency plans based on risk assessments, conduct mock drills at least twice a year, install fire detection and alarm systems, and maintain trained fire and rescue teams during every shift.

The circular further directs all managements to ensure compliance with the safety provisions under the OSH Code and the Telangana Factories Rules, 1950, until final notification of the Telangana State Rules under the OSH Code.

Tripura

Tripura Shops and Establishments (Eighth Amendment) Ordinance, 2026

The Governor of Tripura has promulgated the Tripura Shops and Establishments (Eighth Amendment) Ordinance, 2026, amending the Tripura Shops and Establishments Act, 1970 (**TSEA**).

As per the ordinance, shops and establishments can now operate on a 24x7 basis, if sufficient staff are rostered on rotating shifts. Working hours and overtime rules will be set by the State Government. Penalties for violations have been increased, with fines ranging from INR 1,000 to INR 5,000 for first offence and up to INR 10,000 for repeat offences. Certain specific offences carry a minimum fine of INR 2,000, going up to INR 10,000. Additionally, fraudulently obtaining registration will no longer attract imprisonment but will result in a fine of up to INR 10,000.

JUDICIAL UPDATES

A. SUPREME COURT (SC)

1. Internal Complaints Committee of aggrieved woman's workplace has jurisdiction even against respondent from a different department

Sohail Malik (Dr.) v. Union of India, 2025 SCC OnLine SC 2751, December 10, 2025

In *Dr. Sohail Malik v. Union of India & Anr.*, the SC held that a sexual harassment complaint under the POSH Act can be inquired into by the Internal Complaints Committee (**ICC**) constituted at the workplace of an aggrieved woman, even if the respondent is employed in a different department.

The SC held that Section 11 of the Act, which mandates that inquiry be conducted only by the ICC of the respondent's own workplace, is procedural in nature and does not impose any jurisdictional limitation. The expression "where the respondent is an employee" in Section 11 is not a jurisdictional constraint but merely a procedural trigger, and that the word "where" denotes a condition and not a place.

The Court further held that the definitions of "aggrieved woman", "employee", "respondent", and "workplace" under the POSH Act are broad enough to cover situations where parties belong to different establishments. Emphasising that the POSH Act is a social welfare legislation requiring purposive interpretation, the Court held that restricting jurisdiction to the ICC of the respondent's workplace would create practical and psychological barriers for the aggrieved woman and defeat the object of the Act.

2. Scope of "industry" under the Industrial Disputes Act, 1947, referred to nine-judge bench

State of U.P. v. Jai Bir Singh, Civil Appeal No(s).897/2002, February 16, 2026; March 17-19, 2026

In *State of U.P. v. Jai Bir Singh*, the SC referred the question of correctness of the expansive "worker-oriented" interpretation of "industry" under Section 2(j) of the Industrial Disputes Act, 1947 (**ID Act**), as laid down by a seven-judge bench in the seminal *Bangalore Water Supply and Sewerage Board v. A. Rajappa* ((1978) 2 SCC 213) (**Bangalore Water Supply**), to a Constitution Bench (9-Judge) for authoritative reconsideration.

In Bangalore Water Supply, the SC formulated the "triple test" for determining what constitutes an "industry" under the Industrial Disputes Act, bringing hospitals, educational institutions, clubs, and certain State welfare activities within its scope. In a 2026 batch of appeals, the Court considered it necessary to revisit this interpretation considering subsequent legislative developments, including the Industrial Disputes (Amendment) Act, 1982, and the Industrial Relations Code, 2020, to examine whether social welfare activities of Government departments and sovereign functions of the State fall within the definition of "industry". Given the far-reaching implications of these questions on labour jurisprudence, the Court referred the matter to a Nine-Judge Bench. During preliminary hearings, the Bench cautioned against using a 2025 law to reinterpret a 1978 judgement, describing such an approach as "passing off a wolf in sheep's clothing", and criticised the legislature for leaving the definition of "industry" open-ended, which has resulted in decades of litigation. It is relevant to note that the definition of "industry" under the recently implemented IR Code (which subsumes the ID Act) draws from the principles laid down in the *Bangalore Water Supply case*.

3. Cess under BOCW Act cannot be levied prior to constitution of Welfare Boards

Prakash Atlanta (JV) v. National Highways Authority of India, 2026 SCC OnLine SC 98, January 20, 2026

In *Prakash Atlanta (JV) v. National Highways Authority of India*, the SC held that no cess can be levied or collected under the Building and Other Construction Workers' Welfare Cess Act, 1996 (**BOCW Cess Act**), unless Welfare Boards under the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 (**BOCW Act**), are constituted. Such constitution is a *sine qua non* for giving effect to the statutory scheme.

The dispute arose from deductions made by NHAI from a contractor's bills towards cess payable under the BOCW Cess Act even when Welfare Boards under the BOCW Act had not been constituted at the relevant time.

The Court held that the BOCW Act and the Cess Act are interdependent statutory schemes, with the Cess Act serving merely as a fiscal mechanism to fund the Welfare Boards established under the BOCW Act. It further held that levying cess without constituting Welfare Boards would defeat the legislative intent, as there would be no statutory body to administer and disburse the funds for workers' benefit. Accordingly, the Court held that the constitution of Welfare Boards is a condition precedent for levying and collecting cess and dismissed the NHAI's appeal. It also directed reimbursement of the cess amounts deducted from the contractor's bills.

4. Industrial Court is the proper forum to adjudicate disputes on sham contracts and status of contract labour, preference to be given to former contract labour on regular hiring

Premium Transmission (P) Ltd. v. State of Maharashtra, 2026 SCC OnLine SC 113, January 27, 2026

In *M/s Premium Transmission Pvt. Ltd. v. State of Maharashtra*, dispute arose from disengagement of workers engaged through contractors, with the workmen alleging that the contract labour arrangement was a sham and that they were, in substance, employees of the principal employer. The Industrial Court had granted interim relief, directing continuation of work and payment of wages, which was upheld by the High Court and challenged before the SC.

The case raised three primary legal issues: (i) whether a prior demand to the employer is a mandatory precondition to establish an industrial dispute; (ii) whether genuineness of contract labour arrangements can be adjudicated at the stage of reference or must be left to the Industrial Court; and (iii) what protections—such as absorption or preference in re-employment—contract labour may have under the Industrial Disputes Act, 1947, read with the Contract Labour (Regulation and Abolition) Act, 1970, upon discontinuation of their engagement.

On the first issue, the SC held that a formal written demand is not a mandatory precondition for invoking conciliation, particularly in cases of apprehended disputes, and reiterated that the definition of "industrial dispute" under Section 2(k) of the IDA is broad enough to include any dispute or difference connected with employment or non-employment, with the merits to be decided by the adjudicatory forum.

On the second issue, relying on *Steel Authority of India Ltd. v. National Union Waterfront Workers*, the Court held that the question of whether a contract is genuine or sham is a disputed question of fact requiring full adjudication by the Industrial Court or Labour Court and cannot be decided at a preliminary stage.

On absorption, the Court held that discontinuation of contract labour does not automatically result in absorption, but where the principal employer intends to fill regular posts previously occupied by contract labour, it must give preference to such workers over fresh candidates from the open market, with relaxation of age and educational qualification, particularly for non-technical roles.

Further, if a contract is found to be sham or camouflage, concealing the real employer-employee relationship, it must be disregarded. The workers must be treated as direct employees of the principal employer, thereby becoming eligible for regularisation and consequential benefits. The Court accordingly set aside the interim directions of the Industrial Court and High Court, while preserving the workmen's right to seek appropriate reliefs before the Industrial Court, in accordance with the principles laid down.

5. **State cannot deny regularisation to long-serving contractual employees**

Bhola Nath v. State of Jharkhand, 2026 SCC OnLine SC 129, January 30, 2026

In *Bhola Nath v. State of Jharkhand*, the SC held that the State, being a model employer, cannot refuse to regularise employees who have worked for a prolonged period in sanctioned posts, pursuant to a due selection process, merely on the ground that their appointment was contractual, as such action would be arbitrary and violative of Article 14 of the Constitution.

In the instant case, the appellants were appointed in 2012 as Junior Engineers (Agriculture) in sanctioned posts through a due selection process, but on a contractual basis. Their engagement was extended periodically for over a decade based on satisfactory performance. However, the State declined further extension and denied regularisation, relying on contractual stipulations that barred any such claim.

The SC held that the State, as a model employer, is constitutionally obligated to act fairly. It cannot exploit employees by employing their services for long periods on a contractual basis and then denying regularisation. The Court further held that repeated extensions over a long period give rise to a legitimate expectation that the State would consider regularisation, and they cannot be abruptly discontinued without cogent reasons or a speaking order. The SC directed the State to regularise the services of the appellants.

6. **Employer alone liable to pay penalty for delayed compensation under Employees' Compensation Act and cannot be fastened on the insurance company**

New India Assurance Co. Ltd. v. Rekha Chaudhary, 2026 SCC OnLine SC 294, February 23, 2026

In *New India Assurance Co. Ltd. v. Rekha Chaudhary*, the SC held that insurance companies are not liable to pay penalty under Section 4A(3)(b) of the Employees' Compensation Act, 1923 (**ECA**), for delay in compensation payment. It rests solely with the employer, since such penalty arises out of the employer's personal liability.

The claim for compensation arose from the death of an employee during his/ her employment. The ECA Commissioner awarded compensation along with interest and imposed a penalty on the employer for failure to pay compensation within the prescribed time. Although the insurer acknowledged liability for both compensation and interest, the High Court additionally imposed liability for the penalty on the insurer. This decision was challenged before the SC.

The SC held that the ECA is a social welfare legislation intended to ensure expeditious compensation payment, and that the legislative scheme clearly segregates liability for compensation and interest from penalty, the latter being a consequence of the employer's personal fault and negligence. Allowing the insurer to bear the penalty would dilute the deterrent effect on employers and defeat the legislative intent, emphasising that a statutory obligation cannot be subordinated to contractual arrangements. The Court affirmed that the employer alone is liable to pay the penalty imposed under the ECA.

7. Three-month age restriction for adoptive mothers to avail maternity benefits held unconstitutional

Hamsaanandini Nanduri v. Union of India, 2026 SCC OnLine SC 402, March 17, 2026

In *Hamsaanandini Nanduri v. Union of India*, the SC held that Section 60(4) of the Social Security Code, 2020 (pari materia to Section 5(4) of the Maternity Benefit Act, 1961 (**MB Act**)), which limits maternity benefits for adoptive mothers to cases where the adopted child is under three months of age, violates Articles 14 and 21 of the Constitution, as the classification has no rational nexus with the object of maternity protection provided under the MB Act. It is, hence, unconstitutional.

The petitioner, an adoptive mother of two children, filed a writ petition under Article 32, challenging the constitutional validity of the provision under the Maternity Benefit Act, which restricts maternity benefits to adoptive mothers who adopt a child below the age of three months. The petitioner contended that such a restriction creates an unreasonable classification among adoptive mothers and defeats the purpose of maternity protection.

The SC held that maternity protection is a basic human right, extending beyond biological childbirth to the broader concept of motherhood, and that maternity leave serves three key purposes, namely recovery from childbirth, nurturing emotional bonding, and attending to the physical and emotional needs of the child, with the latter two being equally applicable in cases of adoption. The Court held that the classification based on the age of the child at the time of adoption is not inclusive and lacks rational nexus with the object of the legislation, which is to protect motherhood and ensure child welfare, and that denying benefits based on such an arbitrary cutoff constitutes discrimination against both adoptive mothers and children. Accordingly, the Court declared the impugned provision unconstitutional to the extent of the three-month restriction.

B. CALCUTTA HIGH COURT (Calcutta HC)

1. Apprentices under standing orders not "employees" for EPF liability

Regional Provident Fund Commissioner v. Employees Provident Fund Appellate Tribunal & Anr., WPA 11596 of 2011, February 20, 2026

In *Regional Provident Fund Commissioner v. Employees Provident Fund Appellate Tribunal & Anr.*, the Calcutta High Court held that trainee medical representatives engaged as apprentices under Model Standing Orders cannot be treated as "employees" under Section 2(f) of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (**EPF Act**), and are, therefore, not liable for provident fund contributions.

In the instant case, proceedings were initiated by the provident fund authorities under Section 7A of the Employees' Provident Funds Act, against the respondent company on the ground that trainee medical representatives were "employees" liable for provident fund contributions. An assessment order was passed, which was subsequently set aside by the Employees Provident Fund Appellate Tribunal. The EPF authorities challenged this before the High Court. Relying on the SC's decision in *The Regional Provident Fund Commissioner, Mangalore v. M/s. Central Arecanut & Coca Marketing and Processing Co-op. Ltd., Mangalore*, the High Court held that apprentices engaged under the standing orders of an establishment are expressly excluded from the definition of "employee" under the EPF Act. The Court observed that such trainees are essentially learners who receive stipends during the training period, with no obligation on the employer to offer regular employment or on the trainees to accept such offers. Their engagement is purely for training and skill development and not for rendering services as employees. Accordingly, the High Court upheld the order of the Appellate Tribunal and held that trainee medical representatives engaged as apprentices under standing orders are not "employees" and no provident fund dues can be levied in respect of them.

C. DELHI HIGH COURT (Delhi HC)

1. Termination of HIV-positive employee without statutory safeguards is unlawful and discriminatory

Mr. ABC v. Border Security Force & Ors., 2025 SCC OnLine Del 9289, December 16, 2025

In *Mr. ABC v. Border Security Force & Ors.*, the Delhi High Court held that termination of an HIV-positive employee without complying with the mandatory safeguards under Section 3 of the HIV and AIDS (Prevention and Control) Act, 2017 (**HIV Act**), is unlawful, and such action is impermissible under the Rights of Persons with Disabilities Act, 2016 (**RPWD Act**).

In the instant case, a BSF constable diagnosed as HIV-positive during service was discharged for being medical unfit, with his appeal against the discharge also rejected.

The Court held that Section 3 of the HIV Act expressly prohibits discrimination in employment, including termination, unless the employer satisfies two mandatory conditions: furnishing a written assessment by a qualified and independent healthcare provider, establishing that the employee poses a significant risk of transmitting HIV or is unfit for the role, and providing a written statement demonstrating administrative or financial hardship in offering reasonable accommodation. In the absence of such compliance, a statutory presumption of fitness arises.

The Court further held that an HIV-positive individual qualifies as a "person with disability" under the RPWD Act, entitling him to statutory protection against discriminatory termination and obligating the employer to explore reasonable accommodation, including reassignment to an alternative post or placement in a supernumerary position, before resorting to termination. Since the respondents did not even attempt to comply with these requirements, and no evidence of inability to perform duties had been established, the Court quashed the termination and appellate orders, directed reinstatement with continuity of service and consequential benefits, excluding back wages, and held that any further action must comply with the applicable statutory framework.

2. Burden of proving employer-employee relationship lies on workman; insufficient evidence defeats claim

M/s Indraprastha Gas Limited v. Ambrish Kumar, December 05, 2025

In *M/s Indraprastha Gas Limited v. Ambrish Kumar*, the Delhi High Court held that a workman engaged through a contractor cannot be treated as an employee of the principal employer in the absence of credible evidence establishing a direct employer-employee relationship, and mere production of unverified documents is insufficient to discharge the burden of proof.

A workman challenged his termination by claiming direct employment by the management. The Labour Court held the contractor arrangement to be a sham and granted reinstatement with back wages. The High Court set aside the award, holding that the respondent had failed to discharge the burden of proving an employer-employee relationship, as the documents relied upon lacked authenticity and his own admissions during cross-examination undermined his claim, while the management produced cogent evidence establishing engagement through a contractor.

The Court further held that the Labour Court had erred in examining whether the contract was a sham, especially since the workman had not even raised such an argument, and clarified that the beneficial nature of the Industrial Disputes Act cannot justify relief where foundational facts remain unproved.

D. KARNATAKA HIGH COURT (Karnataka HC)

1. Labour Courts to continue exercising jurisdiction till constitution of Tribunals under Industrial Relations Code

Glastronix LLP v. President/General Secretary, 2026 SCC OnLine Kar 799, February 18, 2026

In *Glastronix LLP v. The President/General Secretary, Glastronix Karmika Sangha*, the Karnataka High Court held that Labour Courts, Industrial Tribunals and other statutory authorities under the Industrial Disputes Act, 1947, will continue to exercise jurisdiction until Tribunals are formed and become functional under the Industrial Relations Code, 2020, in view of the saving clause under Section 104 as amended on February 16, 2026.

The petitioner challenged a reference order under the Industrial Disputes Act, 1947, on the ground that the 1947 Act was repealed and the Industrial Relations Code, 2020, had come into force, thereby rendering the reference without jurisdiction, and further contended that pending proceedings ought to be transferred to Tribunals under the Code in terms of Section 51.

The Court noted that while Section 51 contemplates transfer of pending cases, no Tribunals under the Code had yet been constituted. However, the amendment to Section 104 introducing sub-section (1A), expressly provides that notwithstanding the repeal of the 1947 Act, existing Tribunals and statutory authorities shall continue to function until new forums under the Code become operational. The Court held that the expression "statutory authorities" therein is broad enough to include Labour Courts. The Court further held that even if the repeal operates retrospectively, Section 6 of the General Clauses Act, 1897, saves actions taken under the earlier law, including the reference order in question.

Accordingly, the High Court upheld the validity of the reference and dismissed the writ petition, affirming the continued jurisdiction of Labour Courts and Tribunals during the transitional phase.

E. KERALA HIGH COURT (Kerala HC)

1. Employer cannot refuse resignation; forcing employee to continue amounts to bonded labour

Greevas Job Panakkal v. Traco Cable Co. Ltd., 2026 SCC OnLine Ker 2210, February 13, 2026

In *Greevas Job Panakkal v. Traco Cable Company Ltd.*, the Kerala High Court held that an employer cannot refuse to accept an employee's resignation on grounds of financial constraints. Compelling an employee to continue in service against his/ her will would amount to bonded labour, prohibited under Article 23 of the Constitution.

In the instant case, a Company Secretary employed with a State PSU resigned citing prolonged non-payment of salary and personal circumstances. The employer had refused to accept the resignation citing financial distress and indispensability of the petitioner's role. Disciplinary proceedings were also initiated against him to compel him to continue in service. The petitioner approached the High Court seeking acceptance of his resignation and quashing of the coercive actions.

The Court held that upon submission of a resignation, the employer is duty-bound to accept it and relieve the employee, subject only to compliance with contractual conditions such as notice period or procedural requirements, and that refusal is permissible only in limited circumstances such as violation of contractual terms or pendency of disciplinary proceedings for serious misconduct. It further held that employer's financial distress is not a valid ground to refuse resignation, and that compelling an employee to work against his will amounts to bonded labour, which is constitutionally prohibited. Accordingly, the High Court set aside the employer's communications refusing the resignation, directed the employer to accept the resignation and relieve the petitioner within a stipulated period, and ordered payment of due salary and terminal benefits.

2. Section 22 of the IDA regulating strikes applies to all employees, including non-workmen, in public utility services

Federal Bank Ltd. v. Federal Bank Officers Assn., 2026 SCC OnLine Ker 3276, February 27, 2026

In *The Federal Bank Ltd. v. Federal Bank Officers Association,* the Kerala High Court held that Section 22(1) of the Industrial Disputes Act, 1947, operates independent of the definition of "industrial dispute" and applies to "any person employed" in a public utility service, including non-workmen, and that a strike call by a trade union is sufficient to trigger conciliation proceedings during which the strike cannot be acted upon.

In the instant case, the appellant bank challenged the quashing of conciliation proceedings initiated by the Regional Labour Commissioner under Section 22 of the Industrial Disputes Act, pursuant to a strike call by a trade union representing bank officers, on the ground that since the officers were not "workmen" under Section 2(s), no industrial dispute existed and the conciliation proceedings were without jurisdiction.

The Division Bench held that Section 22(1) uses the expression "no person employed" and not "workman", reflecting a clear legislative intent to impose a broader restriction applicable to all employees in a public utility service. The Court further held that the statutory embargo under Section 22 is triggered once an establishment is notified as a public utility service, irrespective of whether employees fall within the definition of "workman", as the focus of Section 22 is on regulating the conduct of strikes and not on the status of the person engaging in such conduct. It rejected the Single Judge's finding that conciliation proceedings cannot be initiated without an industrial dispute and that an industrial dispute can only arise at the behest of workmen, holding that such findings were based on an incomplete reading of Chapter V of the IDA. Relying on *T.K. Rangarajan v. Government of Tamil Nadu*, the Court reiterated that the right to strike is not a fundamental right and can be regulated or restricted by statute, particularly in essential services such as banking. Accordingly, the Division Bench allowed the appeal, set aside the Single Judge's order, and held that in a public utility service, no strike or lockout can override the larger public interest.

F. RAJASTHAN HIGH COURT (Rajasthan HC)

1. Compensation cannot be sought under both Motor Vehicles Act and Workmen's Compensation Act for same accident

National Insurance Company Ltd. v. Manju Bai Ors. and anr. connected petition 2026 RJ JP 3768, January 28, 2026

In National Insurance Co. Ltd. v. Manju Bai and Others, the Rajasthan High Court held that claimants cannot avail compensation under both the Motor Vehicles Act, 1988 (**MV Act**), and the Workmen's Compensation Act, 1923 (**WC Act**), as Section 167 of the MV Act mandates an election of remedies and prohibits deriving double benefits from the filing of two claims.

The claimants, having received compensation from the Motor Accident Claims Tribunal under the Motor Vehicles Act for the same accident, subsequently filed fresh claims before the Workmen's Compensation Commissioner under the Workmen's Compensation Act and obtained additional awards.

The High Court set aside the subsequent awards, relying on Section 167 of the MV Act, which expressly provides that where a claim for compensation arises under both statutes, the claimant may elect to proceed under one but not both. The Court held that this precludes a claimant from pursuing multiple remedies for the same relief. Rejecting the contention that compensation under one statute could be adjusted against another, the Court held that filing successive claims under different statutes for the same accident amounts to an abuse of the process of law and accordingly, directed refund of the amounts received under the subsequent awards.

2. Monthly income of daily wage workers should be calculated on 30 days and not 26 days

Laxman Kumawat v. Madan Singh Anr 2026 RJ-JP 5162, February 04, 2026

In *Laxman Kumawat v. Madan Singh & Anr.*, the Rajasthan High Court held that monthly income of daily wage workers must be computed on a 30-days basis and not 26 days, as the prevailing "26-day rule" does not reflect ground realities of daily wage workers.

In the instant case, the claimant, a daily wage worker (Beldar), challenged the compensation awarded by the Motor Accident Claims Tribunal on the ground that his income had been calculated by considering minimum wages for only 26 days instead of 30 days, which became the primary issue before the court in order for them to consider the actual conditions of employment.

The Court noted that the "26-day rule" is premised on the assumption that workers receive one paid weekly rest day. However, it found that in reality, daily wage workers are not paid for weekly off days and are compelled to work continuously every day to sustain themselves. It observed that such workers, often living in hand-to-mouth conditions, cannot afford unpaid rest days and typically work throughout the month. Therefore, the presumption underlying the 26-day calculation is incorrect in the context of daily wage labour.

Accordingly, the High Court held that income of daily wage workers should be computed on a 30-day basis, enhanced the compensation awarded to the claimant, and directed the authorities to take appropriate steps to revise the existing framework governing wage calculation.

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