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Welcome to the eighth edition of the e-Bulletin (Volume VIII) brought to you by the Employment, Labour and Benefits practice group of Khaitan & Co. This e-Bulletin covers regulatory developments, case law updates and insights into industry practices that impact businesses from a sector agnostic standpoint.

Labour Codes: Story So Far

In this section, we help you in understanding the developments that have taken thus far on the implementation of the 4 labour codes on wages, social security, industrial relations, and occupational safety, health, and working conditions, which received the Presidential assent between the years 2019 and 2020. The Government of India has, through a series of notifications dated 21 November 2025, brought into effect the 4 labour codes. We have covered this aspect in detail in our ERGO.

The codes consolidate and consequently replace 29 Central labour laws and bring about a more cohesive and modern framework for compliance. The consolidation exercise in the form of the labour codes does bring with it certain changes in the earlier labour law regime. The digitization of procedures (relating to registration and intimations) and the concept of deemed registration (in case authorities do not register the establishment within the specified timeline) are seen as a positive impact on the ease of commencing business as well as the ease of doing business. Similarly, the substitution of prosecution-oriented framework with facilitation process, whereby an employer would be given an opportunity to rectify any non-compliance, heralds an important change in the approach of the government.

Set out below are the updates that we have seen on the labour codes front, recently:

1. Issuance of final rules and allied notifications by the Central Government: The Central Government notified and brought into effect the final rules under the labour codes on 8 May 2026. In addition, model standing orders and several other enabling notifications have been issued, including those relating to the establishment of the workers' reskilling fund and the levy and collection of cess in respect of building and other construction activities.

2. Notification of the schemes under the employees' provident fund (EPF) regime: The Central Government on 29 June 2026 has notified the Employees' Provident Fund Scheme, 2026, Employees' Pension Scheme, 2026 and the Employee's Deposit Linked Insurance Scheme, 2026, under the Code on Social Security 2020. We have covered this aspect in detail in our ERGO.

3. Issuance of State rules: In the past year, several key industrialised states such as Haryana, Delhi, Maharashtra, West Bengal, Goa, Telangana, Tamil Nadu, and Karnataka released draft rules under some or all of the labour codes for public consultation. Further, states and union territories such as Andhra Pradesh, Arunachal Pradesh, Bihar, Gujarat, Lakshadweep, Manipur, Meghalaya, Puducherry and Dadra and Nagar Haveli appear to have released final rules under all of the 4 labour codes. Some states such as Rajasthan, Sikkim, Tripura, Uttar Pradesh, Ladakh and Andaman and Nicobar have notified final rules for 1 or 2 labour codes. In the month of August 2026, the government of Rajasthan has notified Code on Wages (Rajasthan) Rules, 2026, Rajasthan Occupational Safety, Health, and Working Conditions Rules, 2026, and Rajasthan Industrial Relation Rules, 2026, which is made operative from the date of its publication. Similarly, the government of Uttar Pradesh has notified the Uttar Pradesh Occupational Safety, Health and Working Conditions Rules, 2026 and the Uttar Pradesh Code on Social Security Rules, 2026 on 27 August 2026, which is made operative from the date of its publication.

Regulatory Updates

In this section, we bring to your attention, important regulatory developments in the form of notifications, orders, bills, amendments, etc. witnessed in the past one month in the context of employment and labour laws.

EPFO re-enforces establishments to utilize the benefits under Employees' Enrolment Campaign, 2026

The Employees' Provident Fund Organisation (EPFO) has, by way of a press release dated 22 August 2026, urged establishments to utilize the benefits under the Employees' Enrolment Campaign, 2026 (EEC 2026), which has been notified with effect from 29 June 2026. The EEC 2026 provides a special one-time opportunity for employers to enrol eligible employees who remained outside employees' provident fund (EPF) contributions coverage during the period from 1 April 2009 to 31 March 2026 and are alive and continuing in employment with the establishment on the date of declaration. The EEC 2026 will remain open until 31 October 2026. Under the EEC 2026, specified relaxations have been provided to facilitate regularisation of past compliance, including waiver of the employee's share of contribution where it was not deducted earlier, subject to the conditions of the EEC 2026. Employers are required to complete the enrolment and remittance process through the prescribed online mechanism, including generation of a face authentication-based universal account number through the UMANG App for each declared employee and remittance of contributions through the electronic challan-cum-return.

Gujarat mandates online registration of establishments under the OSH Code through the Shram Setu Portal

The Office of the Labour Commissioner, Ahmedabad, has, by circular dated 27 August 2026, directed all establishments falling within the scope of the OSH Code to complete mandatory online registration.

Pursuant to the OSH Code and the rules made thereunder, all eligible establishments including factories, plantations, industrial and commercial establishments employing 10 or more workers are required to register on the Shram Setu Portal. New establishments are required to complete online registration and obtain the registration certificate within 50 days of becoming applicable, while existing establishments must update their registration certificate within 180 days. The circular further specifies that failure to register or furnishing of false information constitutes an offence under the OSH Code, attracting penalties ranging from INR 2,00,000 up to INR 3,00,000.

Central Government notifies the wage threshold and salary base for bonus eligibility under the Wages Code

The Central Government has, by notification dated 25 August 2026, has clarified that every employee drawing wages not exceeding INR 21,000 per month shall be paid statutory bonus, which is to be computed on the applicable minimum wage / INR 7,000, as envisaged under the Wages Code. The notification has been given retrospective effect and shall be deemed to have come into force on 21 November 2025.

EPFO introduces amnesty provisions under the EPF Scheme 2026 for retrospective regularisation of exempt status

The EPFO has, by way of a press release dated 2 September 2026, announced that amnesty provisions have been introduced as a transitional measure in the Employees' Provident Fund (EPF) Scheme 2026, notified on 29 June 2026. The amnesty provisions provide a one-time opportunity for retrospective regularisation of the exemption status of provident fund (PF) trusts (PF Trusts) that are recognised under the Income Tax Act, 1961 but do not have a formal exemption order granted under Section 17 of the erstwhile Employees' Provident Funds and Miscellaneous Provisions Act, 1952 or Section 143 of the SS Code. The amnesty provisions are valid for a period of 6 months from the date of notification, i.e., up to 28 December 2026. In addition to retrospective regularisation, key benefits that will accrue to PF Trusts include waiver of certain requirements such as minimum employee headcount, corpus size, and the 3-year compliance rule under the SS Code. Post regularisation on a retrospective basis, an establishment may choose to comply either as an exempt or an unexempt establishment.

Tamil Nadu exempts all shops and establishments to remain open on all 365 days for a further period of 3 years

Through a notification dated 24 August 2026 issued by the Labour Welfare and Skill Development Department of Tamil Nadu, all shops and establishments in Tamil Nadu are exempted from the provision concerning close day under the Tamil Nadu Shops and Establishments Act 1947, for a further period of 3 years, and thereby remain open for 365 days a year.

The exemption is subject to certain key conditions, including:

- Every employee shall be given one day's holiday per week on a rotation basis
- Wages including overtime wages shall be credited directly to the employees' savings bank accounts
- No employee shall be required or allowed to work for more than 8 hours in a day and 48 hours in a week, and the total period of work including overtime shall not exceed 10.5 hours in a day and 57 hours in a week
- Women employees shall not be required to work beyond 8:00 PM in normal circumstances, provided that with written consent and subject to adequate protection of dignity, honour, and safety, women employees may be permitted to work between 8:00 PM and 6:00 AM
- Transport arrangements shall be provided for women employees working in shifts
- Rest rooms, wash rooms, safety lockers, and other basic amenities shall be provided to employees

Bihar notifies a comprehensive risk-based inspection scheme under the labour codes

The Government of Bihar, vide a notification dated 20 August 2026, has introduced a detailed inspection scheme under the labour codes. The inspection scheme prescribes numerous conditionalities, the key features of which are as follows:

- Establishments to be inspected will be identified through computerised risk assessment on a random basis, and an Inspector-cum-Facilitator will be deputed for inspection.
- A comprehensive database will be prepared covering establishments registered under various pre-existing Acts (including factories) and under the labour codes.
- No individual inspection shall be carried out without the prior permission of the Labour Commissioner, Bihar, and no inspector may inspect the same establishment twice in a row.
- The list of establishments to be inspected each month will be communicated 72 hours in advance to the concerned officers and the employer via email or the portal.
- The scheme introduces a three-tier risk classification-high, medium, and low risk. Low risk establishments may avail of self-certification, medium risk establishments require third-party certification, and high-risk establishments will be subject to inspection by Inspector-cum-Facilitators.

Case Updates

In this section, we share important judicial decisions rendered in the past one month from an employment and labour law standpoint.

Forced resignation under coercion cannot be treated as voluntary: Chhattisgarh High Court

In Chouksey Engineering College v Ashish Kumar Khandelwal and Others, Writ Appeal Number 592 of 2026, the respondent, an Assistant Professor, submitted a resignation stating that it was tendered under threat and pressure. The college accepted it without examining whether it was voluntary, following which the single judge quashed the acceptance and directed reinstatement with consequential service benefits.

The Division Bench dismissed the appeal. The court noted that where a resignation letter itself discloses coercion, the employer must verify its voluntariness before accepting it; subsequent denials could not cure the failure to inquire. The court upheld the directions for reinstatement and consequential service benefits.

Triple Test under Bangalore Water Supply reaffirmed and IR Code to be interpreted independently: Supreme Court

In State of Uttar Pradesh v Jai Bir Singh & Others, Civil Appeal Number 897 of 2002, a nine-Judge Constitution Bench of the Supreme Court considered whether the Triple Test in Bangalore Water Supply & Sewerage Board v A Rajappa, (1978) 2 SCC 213 (Bangalore Water Supply), continued to govern the meaning of "industry" under Section 2(j) of the erstwhile Industrial Disputes Act, 1947 ("ID Act").

The Hon'ble Court, by a clear majority, declined to overrule Bangalore Water Supply and reaffirmed the Triple Test for pending and legacy disputes under the ID Act. The court also observed that social welfare activities and government schemes are not automatically excluded from the definition of "industry", except where they involve core, inalienable sovereign functions.

The court further concluded that the IR Code is an independent legislative enactment and must be interpreted on the basis of its own text, scheme and object. Accordingly, Bangalore Water Supply is not the basis for interpreting the IR Code, and the application of the Triple Test under the IR Code remains open for determination.

Employer cannot constitute its own appellate authority under the POSH Act: Bombay High Court

In Ashok Upadhyay v Union Bank of India & Others, Writ Petition Number 2385 of 2024, the Division Bench of the Bombay High Court held that a cumulative reading of Section 18 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013 (POSH Act) read with Rule 11 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules 2013 (POSH Rules) makes it clear that an appeal from the recommendations of the internal committee (IC) lies to the "Court or Tribunal" as prescribed by the applicable service rules, or, in the absence of such service rules, to the Appellate Authority notified under Section 2(a) of the Industrial Employment (Standing Orders) Act 1946.

In the present case, the bank's IC had exonerated the petitioner in a sexual harassment complaint. The complainant filed an appeal before an appellate authority constituted by the bank, which, without issuing any notice or affording any hearing to the petitioner, directed a fresh inquiry resulting in a penalty of reduction in grade. The court quashed both the appellate and penalty orders and left open the complainant's right to approach the appropriate appellate forum.

The Court noted that the aforementioned provisions of the POSH Act do not vest the employer with any authority or jurisdiction to create or constitute an appellate authority of its own. The court further observed that the entire chain of subsequent actions stemming from a jurisdictionally invalid appellate order, including a fresh inquiry and the resultant penalty, cannot stand the test of law, and therefore, dismissed the matter.

Post-maternity reassignment to a lesser role violates Section 12 of the Maternity Benefit Act: Delhi High Court

In Rakhi Bisht v Union of India & Another, Writ Petition Civil Number 14785 of 2024, the petitioner, a chartered accountant employed as a manager, accounting, was reassigned to the Treasury Department after returning from maternity leave. Although her designation and salary remained unchanged, she contended that the reassignment involved clerical duties substantially below her former role, and she subsequently resigned.

In this regard, the Delhi High Court held that Section 12(1) of the erstwhile Maternity Benefit Act, 1961 prohibits a post-maternity change that diminishes the substantive attributes of an employee's role. The court specified that retaining the same title and remuneration is not sufficient. Therefore, the court awarded INR 10,00,000/- as compensation and INR 1,50,000/- as costs, and directed the Union of India to frame rules for effective implementation of maternity protections under the SS Code.

Industry Insights

Beyond completion: Measuring L&D impact through business outcomes

With the evolving expectations around human capital management, it is noted that organizations are increasingly moving beyond traditional Learning and Development (L&D) metrics such as enrolment, course completion rates, and assessment scores. There is a growing shift towards measuring whether learning interventions translate into tangible behavioral change and measurable business outcomes.

Consequently, organizations are adopting more outcome-oriented measurement approaches by linking every learning intervention to a clearly defined business need rather than a generic training requirement. This involves combining quantitative and qualitative inputs including skill confidence, behavioural observations, manager feedback, leadership effectiveness, and adoption of new ways of working to evaluate whether learning creates real value. Additionally, there is a growing recognition that measurement must be role-specific: for junior employees, the focus is on capability building and speed to proficiency, while for managers and leaders, the emphasis shifts to coaching effectiveness, delegation, stakeholder management, and team engagement. Thus, organizations are working backwards by defining the business problem and expected outcomes first, making it far easier to evaluate whether L&D interventions delivered the intended impact.

We hope the e-Bulletin enables you to assess internal practices and procedures in view of recent legal developments and emerging industry trends in the employment and labour law and practice landscape.

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