

ELB E-BULLETIN

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Welcome to the ninth 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 (SS Code). We have covered this aspect in detail in our ERGO.



3. **Notification on the enhancement of EPF wage ceiling to INR 25,000 per month:** On 17 September 2026, the Ministry of Labour and Employment (MoLE) enhanced the statutory wage ceiling for mandatory coverage under the employees' provident fund (EPF), employees' pension scheme (EPS) and employees' deposit linked insurance scheme (EDLI) framework from INR 15,000 per month to INR 25,000 per month, with effect from the same date.
4. **Issuance of State rules:** In the past year, several key industrialised states such as Haryana, Delhi, Maharashtra, Telangana, Tamil Nadu, and Karnataka released draft rules under some or all of the labour codes for public consultation. Further, states such as Andhra Pradesh, Bihar and Gujarat have released final rules under all of the 4 labour codes, while, some states such as Rajasthan, Ladakh and Sikkim have notified final rules for only certain labour codes. In the month of September, Assam has released its draft rules under the Industrial Relations Code 2020, and SS Code, along with Uttarakhand publishing its final rules under the Code on Wages, 2020 and Industrial Relations Code, 2020 on 25 August 2026.

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 revises statutory wage ceiling for mandatory EPF, EPS and EDLI coverage

Through a notification dated 17 September 2026, the Ministry of Labour and Employment (MoLE) revised the statutory wage ceiling for mandatory coverage under the employees' provident fund (EPF), employees' pension scheme (EPS) and employees' deposit linked insurance scheme (EDLI) framework from INR 15,000 per month to INR 25,000 per month, with effect from 17 September 2026. We have covered this update in detail which may be accessed [here](#).

EPFO reiterates availability of VISHWAS, 2026 for settlement of pending damages disputes

The Employees' Provident Fund Organisation (EPFO), through a press release dated 3 September 2026, has reiterated and urged eligible establishments to avail the benefits of VISHWAS, 2026, a one-time settlement scheme for long-pending disputes concerning damages for delayed remittance of provident fund contributions.

We have covered this update in detail in the July edition of our e-Bulletin, which may be accessed [here](#).



Central Government amends investment pattern applicable to exempted provident fund

The Ministry of Labour and Employment, through notification dated 9 September 2026, has amended the investment pattern applicable to exempted establishments under Section 17 of the erstwhile Employees' Provident Funds and Miscellaneous Provisions Act, 1952.

The notification amends the Central Government's notification dated 29 May 2015 concerning permitted investments by exempted provident fund establishments. It substitutes the eligible category of debt instruments under Category II to include Rupee Bonds having an outstanding maturity of at least 3 (three) years, issued by the International Bank for Reconstruction and Development, International Finance Corporation, Asian Development Bank and New Development Bank.

Accordingly, exempted provident fund trusts may consider investments in the above Rupee Bonds, subject to compliance with the applicable investment pattern, scheme provisions and other regulatory requirements.

Karnataka amends Shops and Commercial Establishments Act to streamline registration and introduce additional employer obligations

The Government of Karnataka has notified the Karnataka Shops and Commercial Establishments (Amendment) Act, 2026 (Amendment Act), which was published in the Official Gazette on 4 September 2026 and has come into force with immediate effect. The Amendment Act amends the Karnataka Shops and Commercial Establishments Act, 1961 (Karnataka S&E Act). The Amendment Act exempts establishments employing 10 or more workers that are already registered under the Occupational Safety, Health and Working Conditions Code, 2020 (OSH Code) from the applicability of the Karnataka S&E Act. Further, no separate registration is required for godowns or storage facilities situated within 100 metres of the principal establishment.

The Amendment Act also digitises the registration process by requiring applications, registration certificates, amendments to registration particulars and closure intimations to be submitted through electronic or digital mode. Registrations granted under the Karnataka S&E Act will remain valid until the closure or cessation of the establishment's business. Further, every employer is now required to issue a service certificate to an employee within 7 days of receiving an application from such employee. Employers are also expressly prohibited from retaining an employee's original educational certificates, experience certificates or any other original documents, either at the time of appointment or during the course of employment.

The Amendment Act additionally revises certain penalties, removes imprisonment for the contravention specified under Section 4(8) of the Karnataka S&E Act and substitutes it with a fine extending up to



INR 50,000. It also introduces a revised compounding framework, under which the jurisdictional Labour Officer may compound an offence upon payment of 50% of the prescribed fine for the first contravention and 75% for a second or subsequent contravention. That said, an offence of the same nature will not be compoundable if committed more than twice within a period of 1 year.

Assam amends its shops and establishments legislation in alignment with the labour codes

The Assam Shops and Establishments (Amendment) Act, 2026 (Amendment Act) received the assent of the Governor of Assam on 31 August 2026 and was published in the Official Gazette on 2 September 2026. It amends the Assam Shops and Establishment Act, 2022 (Assam S&E Act) and has come into force at once.

The Amendment Act brings in new and revised definitions, including “employee”, “worker”, “wages”, in line with the labour codes. It also omits the registration provisions under the Assam S&E Act. Establishments employing fewer than 10 workers now only need to give an online intimation of commencement of business within 60 days of such commencement. Provisions of the Assam S&E Act not covered by the OSH Code apply to establishments with 10 or more employees.

The Amendment Act further provides for overtime at twice the ordinary rate of wages, subject to the employee’s consent. Employees who work 90 days or more in 6 months earn leave at 1 day for every 20 days of work, and employers must issue appointment letters and identity cards to all employees. The Amendment Act also revises the penalty framework, with fines extending up to INR 50,000 and an additional INR 2,000 per day for a continuing contravention.

Andaman and Nicobar Islands amends its shops and establishments rules to permit 24x7 operation

Through a notification dated 12 August 2026, the Andaman and Nicobar Administration notified the Andaman and Nicobar Islands Shops and Establishments (Amendment) Rules, 2026 (A&N Amendment Rules). They came into force on their publication in the Official Gazette.

Under the A&N Amendment Rules, registration certificates are issued electronically on auto-approval and remain valid for the lifetime of the establishment. Shops and establishments may also operate 24x7, subject to certain conditions. These include a rotational weekly holiday for every employee, weekly working hours of 48 hours with overtime wages beyond that, and a compensatory holiday within 30 days for work on a weekly off. Women may be employed between 7:00 p.m. and 6:00 a.m. with their written consent, subject to conditions. These conditions include a cap of 10 working hours a day, free transport, CCTV-equipped and well-lit workplaces, and compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013.



The A&N Amendment Rules also harmonise the regime with the OSH Code. Shops and establishments employing 10 or more workers must register under the OSH Code and do not need a separate registration.

EPFO extends ECR filing and contribution due date for the wage month of September 2026

The EPFO, through a circular dated 13 October 2026, has extended the due date for filing the electronic challan-cum-return (ECR) and remitting provident fund contributions for the September 2026 wage month from 15 October 2026 to 31 October 2026.

The extension is particularly relevant in view of the revised statutory wage ceiling of INR 25,000 per month for mandatory coverage under the EPF, EPS and EDLI framework, which came into effect from 17 September 2026.

Accordingly, employers are required to report for the wage month of September 2026 through a single ECR, while computing contributions proportionately by applying the erstwhile wage ceiling up to 16 September 2026 and the revised wage ceiling from 17 September 2026. Employers may utilise the extended timeline to ensure appropriate enrolment of eligible employees, accurate computation of contributions and timely filing of the ECR.



Case Updates

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

Controlling Authority under the Payment of Gratuity Act cannot determine gratuity liability of a principal employer in respect of contract labour: Supreme Court

In *M/s Oil and Natural Gas Corporation Limited v Suryakand D Lad and Others*, Civil Appeal arising out of SLP (C) Number 498 of 2024 and connected matters, the Supreme Court held that the Controlling Authority under the erstwhile Payment of Gratuity Act, 1972 (Gratuity Act) does not have jurisdiction to adjudicate whether a principal employer is liable to pay gratuity to persons engaged through a contractor.

In the present case, contract workers engaged at Oil and Natural Gas Corporation Limited (ONGC) sought gratuity from ONGC. The Controlling Authority held ONGC liable, and the Bombay High Court upheld the decision. ONGC challenged the High Court's order before the Supreme Court, contending that there was no employer-employee relationship between it and the workers and that the Controlling Authority could only determine the amount of gratuity payable, and not decide the question of liability between a principal employer and a contractor.

The Supreme Court accepted ONGC's submissions and observed that gratuity under the Gratuity Act is payable by an employer to its employee. Further, the jurisdiction of the Controlling Authority is confined to determining the amount of gratuity payable and does not extend to adjudicating the underlying liability of a principal employer in relation to contract labour. Accordingly, the Supreme Court set aside the High Court's order and restored the order of the Appellate Authority. However, since ONGC had already paid the gratuity amounts to the workers pursuant to an earlier order of the Supreme Court, the Court directed that no recovery be made from the workers.

Married daughter cannot pursue an employees' compensation claim as a legal representative where no award was made in favour of the deceased dependant: Chhattisgarh High Court

In *Smt Nanda Soni v M/s Suraj Pulses Industries*, Miscellaneous Appeal Number 1311 of 2022 and connected matter, the Chhattisgarh High Court held that a married daughter, who does not qualify as a "dependant" under the Employees' Compensation Act, 1923 (Compensation Act), cannot be substituted in a pending compensation claim upon the death of the original claimant, where no award had been passed in favour of such original claimant.



In the present case, the widow of a deceased employee instituted a claim seeking compensation following the employee's death in a workplace accident. The widow died during the pendency of the proceedings, after which her married daughter was substituted as the claimant. The Labour Court subsequently awarded compensation in favour of the married daughter. The employer challenged the award, contending that the married daughter was not a statutory dependant under the Compensation Act.

The High Court observed that a claim for compensation under the Compensation Act is available only to persons falling within the statutory definition of "dependant". A married daughter is not included within this definition, except in limited circumstances prescribed under the Compensation Act, which were not established in the present case. The Court further observed that, had an award been passed in favour of the widow during her lifetime, the awarded amount would have formed part of her estate and could have devolved upon her legal representative. However, as the widow died before an award was passed, the right to pursue the compensation claim did not survive to her married daughter.

Accordingly, the High Court set aside the compensation award and directed the return of any compensation amount deposited by the employer. While the Court observed that statutory interest at the rate of 12% per annum would ordinarily be payable from the date of the accident where compensation is not paid within the prescribed period, it did not grant such relief since the underlying claim itself was not maintainable



Industry Insights

In this section, we delve into interesting human resources related practices and/or initiatives as well as industry trends across various sectors in the past one month.

Festive hiring increasingly serves as a pipeline for longer-term workforce needs

Recent industry reports [indicate](#) that as businesses prepare for the festive season, employers across retail, e-commerce, logistics, hospitality and consumer-facing sectors are increasingly commencing seasonal hiring in advance to meet the anticipated increase in demand. However, festive hiring is no longer viewed solely as a short-term workforce augmentation exercise. Organisations are increasingly using such hiring as an opportunity to identify and assess talent for longer-term workforce requirements, including through extension, renewal or conversion of temporary engagements into regular or longer-term roles.

This trend highlights the importance of implementing structured processes for the engagement and management of seasonal workers. Prospective hires are increasingly seeking clarity on wages, working hours, benefits, working conditions and the possibility of continued employment, in addition to short-term remuneration. Employers engaging fixed-term, temporary, contractual or gig workers may consider ensuring that engagement terms are clearly documented, wage payments are made in a timely manner and the criteria for extension or conversion of such engagements are transparently communicated. Such measures may assist organisations in meeting their immediate seasonal requirements while building a potential talent pipeline for future workforce needs.



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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