



Labour Law Developments In India

Supreme Court Upholds Duty of Employers to Reassign Disabled Employees

The Supreme Court (“SC”) recently examined the obligations of employers toward employees who acquire medical disabilities during service in the case of *Ch. Joseph v. The Telangana State Road Transport Corporation*.¹ Appointed in 2014, the employee was prematurely retired in 2016 after being declared colour blind, with the corporation citing internal circulars to deny him reassignment. The SC, however, held that his rights flowed not only from the Persons with Disabilities Act, 1995 but also from a binding Memorandum of Settlement under the Industrial Disputes Act, 1947, which required redeployment of such drivers to suitable posts without loss of pay or service benefits. Internal circulars, the SC clarified, could not override statutory settlements or diminish employees’ rights.

Setting aside the High Court’s order, the SC directed reinstatement of the employee in a non-driving role with continuity of service and partial back wages, emphasising the principles of fairness, non-discrimination, and reasonable accommodation. The judgment underscores that employees who acquire disabilities during service cannot be left without recourse, and employers must provide equitable treatment and inclusive opportunities.

Supreme Court Orders Nationwide Survey on POSH Compliance and ICC Formation

The SC, in a recent order in the case of *Aureliano Fernandes v. The State of Goa & Ors.*,² directed a time-bound district-wise survey to verify the constitution of Internal Complaints Committees (“ICC”) in all Government and Private institutions across States and Union Territories. Within six weeks of the Order, Labour Commissioners at the district level and Chief Labour Officers in States must provide entity data to the respective Deputy Commissioners or equivalent officers, who will oversee the survey and forward compiled reports to the Chief Secretaries for submission before the Court. The SC cautioned that failure to ensure compliance with these directions could invite strict consequences, including denial of license renewals by the Labour Department for workplaces lacking ICCs. Reiterating the statutory mandate under Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (“**POSH Act**”), the Court also underlined the enforcement duty of Labour Departments to ensure full compliance across all establishments.

¹ SLP (Civil) No. 36278 of 2017, Supreme Court of India, dated 1 August 2025.

² MA Diary No. 22553/2023, Supreme Court of India, dated 12 August 2025.

Emphasizing accountability, the SC invoked Section 26 of the POSH Act which prescribes penalties such as fines up to INR 50,000 and potential cancellation or non-renewal of licenses for repeated non-compliance. It further directed all States and Union Territories to upload survey data to the She-Box platform established by the Ministry of Women and Child Development, Government of India, for transparent e-monitoring. The next review of compliance is scheduled for October 14, 2025, reflecting the SC's ongoing supervisory role in safeguarding workplace safety. Employers with 10 or more employees must constitute ICCs, frame robust anti-sexual harassment policies, conduct regular awareness trainings, and maintain confidentiality in handling complaints. Filing annual compliance reports with the Labour Department and cooperating with surveys is critical, as lapses could attract monetary penalties and risk operational licenses. Please note that in the wake of this case, many States have started issuing directions for employers (including private organisations) to carry out registrations on the She-Box portal to ensure compliance with the legal developments.

Supreme Court Rules Commute-Related Fatal Accidents Covered Under Employees' Compensation Act if Nexus to Employment Exists

In a recent judgment in *Daivshala & Ors. v. Oriental Insurance Company Ltd. & Anr.*,³ the SC clarified that fatal accidents occurring during an employee's commute to or from work can fall within the ambit of compensation under the Employees' Compensation Act, 1923 ("**EC Act**"). The case concerned a night watchman who died in a road accident while travelling to his workplace at midnight, 5 km away from his duty station. While the Commissioner for Workmen's Compensation had awarded compensation to the dependents, the Bombay High Court set aside the decision, holding that the accident did not occur "out of and in the course of employment." On appeal, the SC rejected this narrow interpretation, noting that the EC Act's provision corresponds with Section 51E of the Employees' State Insurance Act, 1948 ("**ESI Act**"), which explicitly recognizes commuting accidents as work-related if a clear nexus exists between the travel and employment.

The SC ruled that commuting accidents are compensable under the EC Act provided there is sufficient connection between the time, place, and circumstances of the accident and the employee's work duties, as was evident in this case. Emphasising the beneficial character of both the EC Act and ESI Act, the SC held that such legislations must be interpreted harmoniously to advance worker protection. Accordingly, the appeal was allowed, restoring compensation to the claimants. For employers, the ruling highlights that liability under the EC Act may extend to commute-related accidents where a work nexus exists. Companies should therefore reassess risk management, insurance coverage, and employee communication frameworks to prepare for such claims and ensure compliance, thereby safeguarding employee welfare while reducing potential disputes.

Karnataka HC Upholds Dismissal of Employee for Securing Job with Forged Certificate

The Karnataka High Court ("**Karnataka HC**"), in *Sri Malurappa v. Bangalore Metropolitan Transport Corporation*,⁴ dismissed an appeal challenging dismissal from service on grounds of fraud. The appellant, appointed as a Badli driver in 1988, had submitted a forged IX Standard certificate despite studying only up to I Standard, though the minimum requirement was IV Standard.

³ CA No. 6986 of 2015, Supreme Court of India, dated 28 July 2025.

After an enquiry confirmed the charge, BMTC terminated his services in 2005. While the Labour Court had later ordered reinstatement, it was reversed on the first appeal before the Karnataka HC, upholding the dismissal.

The Karnataka HC (on the next appeal before a higher bench) held that neither long years of service nor equitable considerations could protect an employment secured by fraud. It clarified that principles of proportionality in disciplinary cases are inapplicable where eligibility itself rests on misrepresentation. Upholding the dismissal, the Karnataka HC underscored that integrity in recruitment is non-negotiable, and fraud vitiates the very foundation of employment. Employers must therefore conduct robust verification at the recruitment stage and enforce disciplinary consequences for any fraudulent entry into service.

Delhi High Court Holds Employers Liable for Defamation in Termination Letters Containing Defamatory Remarks

The Delhi High Court ("**Delhi HC**"), in the case of *Abhijit Mishra v. Wipro Limited*,⁵ held that employers can be held liable for civil defamation if termination letters contain unfounded stigmatic remarks that are reasonably foreseeable to be disclosed to future employers.

In this case, the employee challenged his termination letter, which accused him of "malicious conduct" and "complete loss of trust" in his ability to perform. The Delhi HC found these remarks defamatory, particularly since the employee's performance appraisals reflected him as a high performer and ruled that the principle of compelled self-publication applied, meaning the employer was responsible for the foreseeable disclosure of such remarks during background checks or job applications. Accordingly, the Delhi HC awarded INR 200 Thousand in damages and directed Wipro to issue a revised termination letter free of defamatory content.

The ruling makes clear that while employers retain the right to terminate under contractual terms, they must avoid stigmatic or unsubstantiated language in the exit documents that can harm an employee's professional standing.

Karnataka HC Rules No IGST on Secondment of Expatriate Employees if There is an Employer-Employee Relationship

The Karnataka HC in *Alstom Transport India Ltd. v. Commissioner of Commercial Taxes & Ors.*⁶ clarified Goods and Services Tax ("**GST**") treatment of employee secondment. Between 2017 and 2023, expatriate staff from overseas affiliates were fully integrated into the petitioner's workforce, hired on fixed-term contracts, placed on its payroll, and supervised exclusively in India, with salaries paid and tax deducted locally while overseas entities only extended social security benefits. Despite this, tax authorities raised a demand of over INR 590 million, treating the arrangement as an "import of manpower supply services" liable to GST.

⁴ WA No. 1222 of 2024, Karnataka High Court, dated 25 July 2025.

⁵ CS(OS) 31/2021, Delhi High Court, dated 14 July 2025.

⁶ WP No. 1779 of 2025, Karnataka High Court, dated 15 July 2025.

The Karnataka HC rejected this contention, holding that the relationship was one of genuine employment, not a supply of services attracting GST. It relied on a circular issued by the income tax authorities clarifying that in related-party situations where no invoices are raised, the open market value is deemed to be Nil. It further emphasised that departmental authorities are bound by such circulars and cannot disregard them. Even if the arrangement were construed as a supply, its valuation would stand at Nil and therefore attract no tax liability. By quashing the GST demand, interest, and penalties, the Karnataka HC highlighted that secondment arrangements must be carefully structured and documented to demonstrate clear employer–employee control, payroll responsibility, and absence of invoicing. This judgment offers significant clarity for companies engaging expatriate staff, reinforcing that compliance requires not only adherence to employment law frameworks but also careful attention to tax positioning under GST.

Karnataka HC Rules Appointment Cannot Be Denied for Trivial, Non-Cognisable Offences Unrelated to Job Duties

The Karnataka HC in *Chief Administrative Office, Principal District and Sessions Court, Kolar & Ors. v. Mallappa Basappa Sajjan*⁷ upheld a Single Judge's order setting aside the cancellation of a candidate's appointment as 'Peon'. The employee, who had applied under a reserved category in 2011 and was selected in 2016, was denied appointment after police verification revealed a 2013 conviction under Section 87 of the Karnataka Police Act 1963 for gaming in a public street, a petty non-cognisable offence punishable with only a nominal fine. While the appointing authority cancelled his appointment in 2018 citing the conviction, the employee explained it was a case of wrongful implication.

The Karnataka HC held that cancellation based on such a trivial offence was disproportionate and not reflective of the principles of fairness or reformatory justice. It further noted that as the conviction occurred after the job application, there could be no allegation of concealment. Emphasising that employment decisions must assess both the seriousness and relevance of the offence to the job role, it was ruled that a minor conviction lacking moral turpitude cannot permanently bar a candidate from public service. Dismissing the appeal, the Karnataka HC restored the employee's appointment, underscoring the need for proportionality and context-sensitive evaluation in public employment matters.

Delhi High Court Reaffirms Strict Compliance with Retrenchment Procedures and Natural Justice in Employee Termination Cases

The Delhi HC recently heard submissions in the case of *Atlas Logistics Pvt. Ltd. v. Mr. Jitendra Kumar*⁸ where an employee challenged his termination by Atlas Logistics Pvt Ltd, alleging illegal retrenchment despite a clean service record and working over 240 days annually. He claimed denial of statutory benefits and unpaid dues including leave, leave encashment, bonus and overtime.

⁷ WA No. 860 of 2025, Karnataka High Court, dated 21 July 2025.

⁸ LPA 1110/2024, Delhi High Court, dated 1 July 2025.

While the employer tried to defend against the allegations by claiming that the employee had engaged in misconduct, indiscipline, negligence and unprofessional behaviour towards colleagues, clients and superiors, it was established before the court that no show-cause notice, inquiry, or opportunity to be heard was given to the employee before he was terminated on such grounds. The employee filed a claim under the ID Act before the Labour Court seeking compensation and reinstatement and also contending that the termination violated applicable law.

The Delhi HC held the termination illegal and unjustified due to the employer's failure to comply with Section 25F of the Industrial Disputes Act, which requires prior notice, retrenchment compensation, and procedural safeguards such as a departmental inquiry and opportunity to be heard when the grounds for termination are based on employee's misconduct. While the employer had also claimed to have cleared all dues owed to the employee, including a retrenchment compensation, however, the employer failed to provide credible evidence like wage registers or bank statements to prove the payment of dues or retrenchment compensation. Additionally, the Delhi HC rejected the employer's belated claim that the respondent was not a 'workman,' treating it as a mixed question of law and fact not permissible on appeal. Thus, the Delhi HC upheld the Labour Court's order for reinstatement with full back wages and other relief, emphasizing the need for strict adherence to lawful retrenchment procedures.

Karnataka Labour Department Announces Enhanced Benefits for Workers and Their Families

The Department of Labour of the Government of Karnataka, has notified benefits under the Karnataka Labour Welfare Fund, including educational assistance for workers earning INR 35,000 or less per month, covering up to two children with amounts ranging from INR 6,000 for high school to INR 20,000 for engineering or medical courses based on academic performance. Other benefits available to eligible workers aged 18–60, regardless of wages, include INR 20,000 for funeral expenses, INR 10,000 maternity benefits for the first two children, medical assistance between INR 1,000 and INR 25,000 for major ailments, and accident benefits ranging from INR 1,000 to INR 10,000 for workplace injuries. Additionally, the Fund allocates up to INR 100,000 annually to registered trade unions in the organized sector for organizing medical camps or sports activities, with all payments made directly to beneficiaries' bank accounts via NEFT/RTGS.

EPFO Simplifies Aadhaar Seeding and UAN Corrections with Streamlined Joint Declaration Process for Faster Member Services

The Employees' Provident Fund Organisation ("EPFO") has enhanced member services by streamlining Aadhaar seeding with the Universal Account Number ("UAN") for faster, direct, and transparent service delivery, minimizing employer intervention. Members can now independently update their profile details via Aadhaar verification, while employers can seed Aadhaar on the Employer Portal when basic details such as name, gender, and date of birth match exactly. To resolve mismatched or incorrect Aadhaar data, the simplified Joint Declaration ("JD") process allows employers or members to request corrections or updates to UAN details, subject to EPFO verification and approval. Employers can submit online rectification requests, including replacing wrongly linked Aadhaar numbers, approved by the Assistant Provident Fund Commissioner, and members can physically submit JD forms with authorized attestation if employer assistance is unavailable. These measures result in ensuring accuracy and robust safeguards in Aadhaar integration with social security benefits.

Central Government Notifies Amendment to the EDLI Scheme

The Ministry of Labour and Employment, Government of India has notified the Employees' Deposit-Linked Insurance (Amendment) Scheme, 2025, effective from 19 July 2025, which enhances social security benefits for Employees' Provident Fund members. The Amendment guarantees a minimum assurance benefit of INR 50,000 to employees' families in case of the employee's death within the preceding 12 months or during their membership period, irrespective of the provident fund balance, improving upon the earlier scheme where payout was based solely on average balances or membership duration. Additionally, the amended scheme allows a break of up to 60 days between jobs to count towards continuous service and extends coverage to employees who die within six months of their last provident fund contribution while still employed, thereby broadening eligibility and ensuring better protection despite short employment gaps.

EPFO notifies Mandatory Allotment and Activation of UAN through UMANG app using facial authentication

In a recent notification, the EPFO has stated that with effect from 1 August 2025, the allotment/generation of the UAN – i.e., the number generated for employees contributing to the provident fund – will be done only through the Aadhar-based Face Authentication Technology on the UMANG app (a portal launched by the Government of India). However, the existing process of generation of UAN through the employer will continue in respect of exceptional cases like that of international workers.

Delhi Government notifies Relaxation of Night Shift Restrictions for Women with Enhanced Safety and Welfare Measures

The Delhi government has notified amendments to the Shops and Establishments Act to relax existing restrictions on women working night shifts while simultaneously enhancing workplace safety and welfare measures. Key provisions include mandatory prior written consent before assigning women to night shifts, provision of reliable transportation to and from home, comprehensive CCTV coverage of workplaces, and deployment of female security guards at entry and exit points. Workplaces must establish internal complaints committees under the POSH Act and provide essential facilities such as restrooms, lockers, and break rooms. Additionally, wages must be paid electronically, and all statutory benefits including Employees' State Insurance, Provident Fund, bonuses, weekly offs, and overtime pay must be ensured. The policy aligns Delhi with similar established frameworks in Haryana, Telangana, Madhya Pradesh, and Tamil Nadu, indicating that the city is adopting recognized safety and welfare standards.

Haryana Labour Department Issues Notification on Conditions for Employing Women in Night Shifts

The Labour Department of the State of Haryana has issued a notification permitting women to work night shifts from 8 PM to 6 AM in establishments registered under the relevant law governing shops and commercial establishments in the territory, subject to strict safety and welfare conditions.

There are various conditions provided in the notification, including, inter alia the requirement that employers must ensure prevention of sexual harassment and establish complaint mechanisms, provide awareness of women's rights, and obtain written consent from female employees before assigning night shifts. Additional requirements include deployment of security guards, CCTV coverage of premises and transportation, provision of separate canteen facilities if female workers exceed 50, reliable transportation with CCTV-enabled vehicles, appropriate medical facilities, telephone arrangements, and mandatory minimum 12-hour gaps between shifts.

If you would like to know more or seek legal advice, reach out to us at the information provided below:



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