BI-MONTHLY EMPLOYMENT LAW ALERT, JULY TO AUGUST 2026

Labour Law Developments in India

Labour Ministry Notifies Contribution Rates under the EPF, EPS and EDLI Schemes, 2026

The Ministry of Labour and Employment has notified the contribution rates under the Employees' Provident Fund ("**EPF Scheme**"), Employees' Pension Scheme, 2026 ("**EPS Scheme**") and Employees' Deposit Linked Insurance Scheme, 2026 ("**EDLI Scheme**"). The notifications have been issued under the Code on Social Security, 2020 ("**SS Code**") and largely retain the contribution structure applicable under the erstwhile social security framework.

Under the EPF Scheme, the employer and employee contributions have been fixed at 12% of wages.[1] The notification supersedes the earlier notification dated 9 April 1997 and is deemed to have come into force from 21 November 2025.

The employer's contribution towards the Pension Fund under the EPS Scheme has been notified at 8.33% of wages.[2] This contribution is payable every month to the Pension Fund established under the SS Code and will apply with effect from 29 June 2026, being the date on which the EPS Scheme came into force.

In addition, the employer's contribution to the Insurance Fund under the EDLI Scheme has been fixed at 0.5% of wages.[3] The contribution is payable every month and will apply from 29 June 2026, i.e., the date of commencement of the EDLI Scheme.

The notifications provide greater clarity on the contribution framework under the SS Code and formalise the rates applicable to the three social security schemes. Employers should review their payroll systems, contribution calculations and statutory filings to ensure that the notified rates are correctly implemented, particularly during the transition from the erstwhile schemes to the framework under the SS Code.

Karnataka High Court to Consider Validity of the State's Gig Workers Welfare Act; Directs Platforms to Deposit Welfare Fee During Pendency of Proceedings

The Karnataka High Court is considering a constitutional challenge to the Karnataka Platform Based Gig Workers (Social Security and Welfare) Act, 2025 ("**KGW Act**"), and the subsequent measures and Rules issued thereunder for implementing the legislation. The principal challenge has been filed by the Internet and Mobile Association of India, along with various platform companies (collectively "**Petitioners**").[4]

Petitioners contend that the KGW Act creates a parallel framework for the social security and welfare of gig and platform workers despite the enactment of the SS Code at the Central level, which already recognises and provides for the welfare of gig and platform workers.

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[1] Employees' Provident Funds Scheme, 2026 Notification No. S.O. 3582(E), dated 1 July 2026.
[2] Employees' Pension Scheme, 2026 Notification No. S.O. 3580(E), dated 1 July 2026.
[3] Employees' Deposit Linked Insurance Scheme, 2026 Notification No. S.O. 3581(E), dated 1 July 2026.
[4] Internet and Mobile Association of India & Ors. v. State of Karnataka & Ors., W.P. No. 19746 of 2026.

They have therefore raised issues concerning legislative competence and repugnancy under the Constitution of India. The Petitioners challenged the KGW Act and the compliance obligations prescribed thereunder as part of the broader constitutional challenge. They contend that the State has sought to impose a parallel compliance and dispute-resolution framework in addition to the SS Code.

For background context, the Government of Karnataka enacted the KGW Act in 2025 and also constituted the Karnataka Platform Based Gig Workers Welfare Board in early 2026. Thereafter, the State Government issued certain orders/notifications in February 2026 operationalising the collection of the Platform Based Gig Workers Welfare Fee under the KGW Act.

On 3 July 2026, the High Court heard arguments led by the concerned parties and observed that the issues raised by the parties are of considerable constitutional and social significance, while noting the need to protect the Petitioners from coercive consequences that may be imposed pending adjudication of the matter.

Accordingly, to preserve the interests of both parties, the High Court directed that the contribution relating to the previous quarter as imposed under the KGW Act shall be deposited before the High Court by 23 July 2026. The High Court further directed that no coercive steps be taken against the Petitioners in the interim subject to compliance with the deposit direction.

A separate writ petition was filed by Uber India Systems Private Limited challenging the KGW Act and the framework issued under it.[5] On 28 July 2026, the High Court issued notice to the concerned respondents and directed that Uber's petition be tagged with the aforesaid pending litigation filed by the Petitioners. The High Court also extended to Uber the terms of the interim order dated 3 July 2026 issued in the case filed by the Petitioners in the earlier described case, with the time for compliance to be calculated afresh from 28 July 2026.

The High Court has not finally ruled on whether the KGW Act is constitutionally valid or whether it is repugnant to the SS Code and the matter remains pending.

Chhattisgarh Amends Shops and Establishment Act to Allow Longer Working Hours and Night Shifts for Women

The Government of Chhattisgarh has amended the Chhattisgarh Shops and Establishments (Regulation of Employment and Conditions of Service) Act, 2017 ("**Chhattisgarh S&E Act**") through an Amendment dated July 8, 2026.[6] The threshold for the applicability of Chhattisgarh S&E Act has been increased to 20 workers from 10 workers. The Amendment now allows women to work night shifts (between 9 p.m. and 6 a.m.) subject to conditions that may be imposed by the State Government. The maximum working hours permitted under the law have also been increased to 10 hours from 9 hours.

Additionally, instead of 5 hours, workers can work continuously for 6 hours before the interval of rest of half an hour. The Amendment also increases the total duration of working hours in a day (including intervals of rest), to extend up to 12 hours- this was limited to 10 and a half hours previously. The overtime hours permitted in a quarter have been hiked from 125 hours to 144 hours.

[5] Uber India Systems Private Limited v. State of Karnataka & Ors., W.P. No. 19776 of 2026.
[6] Chhattisgarh Shops and Establishments (Regulation of Employment and Conditions of Service) (Amendment) Act, 2025 (Act No. 11 of 2026 of Chhattisgarh).

Employers should review their workforce strength to assess whether the amended applicability threshold affects their compliance obligations and policies on working hours, overtime, rest breaks, and day and night shifts and other matters.

Operationalisation of VISHWAS, 2026 for Settlement of EPF Damages Disputes

The Employees' Provident Fund Organization ("**EPFO**"), vide Circular dated July 9, 2026,[7] has issued operational guidelines for implementation of VISHWAS, 2026 ("**Vishwas Scheme**"), which is a dispute resolution mechanism that facilitates amicable settlement of disputes relating to damages levied under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 ("**EPF Act**") and its successor, the SS Code. The scheme is effective from June 29, 2026, and will remain in force for six months from the date of notification.

The Vishwas Scheme covers four categories of cases: (i) ongoing litigation involving orders under the older EPF Act or the current SS Code; (ii) finalised orders, including recovery certificate cases, where damages remain unpaid or partially paid; (iii) pre-adjudication cases where notice has been issued but the final order is pending; and (iv) other pre-adjudication cases where the notice has not yet been issued.

The Vishwas Scheme excludes cases where damages have already been fully recovered and cases involving fraud, misappropriation or falsification of records. This scheme also requires full payment of the corresponding interest liability as a prerequisite before making applications under this scheme.

Eligible employers can apply and avail the advantages of the Vishwas Scheme through the EPFO employer portal.

Karnataka High Court Clarifies Remedy Against Strikes During Pending Conciliation Proceedings

The Karnataka High Court, in a recent case decided on 24 July 2026,[8] has held that a writ petition filed against a workers' union to restrain a proposed strike is not maintainable as a general rule under Article 226 of the Constitution of India. The High Court observed that a trade union does not qualify as "State", an instrumentality of the State, or a body discharging public functions merely because it is registered or recognised under the Industrial Relations Code, 2020 ("**IR Code**").

The dispute arose after the workers' union submitted a charter of demands on 23 February 2026 and issued a strike notice proposing to commence the strike on or after 9 March 2026. Conciliation proceedings commenced on 3 March 2026. The employer approached the High Court contending that the proposed strike was prohibited under Section 62(1)(d) of the IR Code, which prohibits strikes during the pendency of conciliation proceedings and for seven days after their conclusion. A strike commenced in breach of this provision is illegal under Section 63 of the IR Code.

The employer argued that the writ petition was the only effective remedy since conciliation proceedings were pending and the Industrial Tribunal could not be approached until the conciliation process had concluded. The High Court rejected this contention.

Relying on the public function test recognised by the Supreme Court, the High Court held that the trade union was neither a State instrumentality nor a statutory authority or body discharging any public duty.

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[7] Circular No. Compliance/E-1203096/2025/2823, dated July 9, 2026.
[8] Bosch Automotive Electronics India Pvt. Ltd. v. Additional Labour Commissioner & Anr., W.P. No. 8044 of 2026.

The fact that trade unions are registered or recognised under the IR Code, and are bound by its provisions, does not by itself make them amenable to writ jurisdiction.

The High Court observed that a statutory obligation imposed upon a private body cannot automatically be equated with the discharge of a public duty or public function.

At the same time, the High Court clarified that an aggrieved employer is not without a remedy. Section 44(7)(c) of the IR Code expressly confers jurisdiction upon the Industrial Tribunal to determine the "illegality or otherwise of a strike or lock-out". Accordingly, notwithstanding the pendency of conciliation proceedings, an employer may approach the Industrial Tribunal for a determination regarding the legality of the proposed or continuing strike and any consequential relief permitted under law.

The writ petition was consequently dismissed as not maintainable, with liberty to the employer to approach the competent Industrial Tribunal, provided the statutory prohibition remained operative. The judgment clarifies that employers seeking to restrain a proposed strike during conciliation proceedings should ordinarily pursue the specialised remedy under the IR Code rather than invoke Article 226 against a private trade union.

Minimum Wages Revised in Maharashtra

The Officer of the Labour Commissioner, Maharashtra, has released the minimum basic wages and variable dearness allowance /special allowance, applicable for workers between July 01, 2026 and December 31, 2026.[9] The revised minimum wages range from INR 12,962 to INR 15,766 per month, depending on the worker's skill category and the applicable geographical zone in the state.

Rules notified by various States under the Labour Codes.

In furtherance of the implementation of the Labour Codes in November 2025, more States in India have formulated the appropriate rules for ensuring implementation in their respective territories as provided below:

a. Andhra Pradesh and Uttar Pradesh Release State Rules under the Occupational Safety, Health and Working Conditions Code, 2020

The Governments of Andhra Pradesh and Uttar Pradesh have notified their respective rules under the Occupational Safety, Health and Working Conditions Code, 2020 ("OSH Code"), namely the Occupational Safety, Health and Working Conditions (Andhra Pradesh) Rules, 2026[10] and the Uttar Pradesh Occupational Safety, Health and Working Conditions Rules, 2026.[11] These rules operationalise the OSH Code in their respective States and apply across a broad range of establishments, including commercial establishments, factories, building and construction sites, motor transport undertakings, plantations, beedi and cigar establishments, newspaper establishments and establishments engaging contract labour.

The Rules under OSH Code of both these States Rules place significant emphasis on digitisation of compliance processes, including registration, licensing, maintaining prescribed records/registers and reporting requirements.

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[9] No.RuralDevelopment/MWRules/Special Allowance/2026(2)/office-10/7997, dated August 5, 2026.
[10] G.O.Rt.No.146, Labour Factories Boilers & Insurance Medical Services (Lab. II), dated August 6, 2026.
[11] Notification No. 962/36-3-2026-1903305, dated August 27, 2026.

A notable feature of both sets of Rules is the requirement to issue appointment letters containing prescribed particulars such as the employee's Labour Identification Number (LIN), social security details and wage information. Employers are required to ensure that employees who have not previously been issued appointment letters containing the prescribed particulars are provided with compliant appointment letters.

The working-hours and overtime framework under both Rules broadly aligns with the OSH Code. The Rules also permit the employment of women during night shifts, subject to compliance with prescribed safeguards in their respective territories.

Employers operating in Andhra Pradesh and Uttar Pradesh should review their registration and licensing status, employment documentation, health and safety practices, and working-hours and other existing policies and processes to ensure compliance with the new OSH Rules in these States.

b. Rajasthan and Uttar Pradesh Release State Rules to Operationalise Code on Wages, 2019

The States of Rajasthan and Uttar Pradesh have notified their respective rules under the Code on Wages, 2019, namely the Code on Wages (Rajasthan) Rules, 2026,[12] and the Uttar Pradesh Code on Wages Rules, 2026.[13] These rules will operationalise the provisions relating to minimum wages, payment of wages, bonus, maintenance of records, inspections, claims, and enforcement mechanisms within the respective States.

Like the central framework, all these rules specify working hours to be forty-eight hours per week, weekly rest days, and overtime rate at twice the normal rate of wages.

They also establish procedures governing wage deductions, fines, recovery of advances, maintenance of registers and wage slips, adjudication of wage claims, appeals, composition of offences, among other matters. Further, each framework mandates preservation of employment and wage records, provides for electronic compliance mechanisms, and lays down procedures for inspection and enforcement.

Employers in these states must review wage structures, classification of employees, working hour practices, contractor management processes, and record-maintenance systems to ensure conformity with the newly notified rules.

Karnataka Government Orders District Collectors to Ensure Immediate Compliance with PoSH Act within the State

The Government of Karnataka, on August 11, 2026,[14] directed the concerned District Collectors / Nodal Officers of its territory to conduct a State-wide review of compliances required under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. These officers are required to ensure that workplaces having 10 or more workers have constituted Internal Complaints Committees ("**ICCs**") and also ensure registration of such committees on the Sexual Harassment Electronic Box ("**SHe-Box**") Portal by such workplaces. The Government noted that, of the approximately 81,000 eligible government and private establishments, only about 26,000 have constituted ICCs and uploaded their details on the SHe-Box Portal.

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[12] S.O.40, dated August 12, 2026.
[13] No. 1377/XXXVI-03-2026-1901341, dated August 12, 2026.
[14] Circular No. Muc / 13091045 / 2026, dated August 11, 2026.

With respect to the workplaces that remain non-compliant, such officers have been directed to facilitate and monitor the constitution of ICCs and the corresponding registration of such committees on the SHe-Box portal, and thereafter, submit an action-taken report to the Chief Secretary's office.

Resultantly, for employers in Karnataka with 10 or more workers, it is important to verify that a duly constituted ICC is in place and that its details have been uploaded on the SHe-Box Portal as soon as possible to avoid any scrutiny from authorities.

Minimum Wage Revision: Karnataka Cabinet Sets Up Sub-Committee

As per media reports, the Karnataka Government has constituted an eight-member Cabinet Sub-Committee to examine the revised minimum wage rates notified by the Labour Department on May 22, 2026 ("**Notification**"),[15] particularly whether the Notification is in conformity with the Code on Wages, 2019.

As per the reports, the Sub-Committee has specifically been tasked with examining the legal validity and compatibility of the Notification with the Code on Wages, 2019. The Labour Department has been directed to provide the necessary assistance for the review. The Government's decision is significant since the Notification had already generated considerable opposition from industry and is also the subject matter of pending proceedings before the Karnataka High Court.

The Sub-Committee's findings could consequently have a direct bearing on the Government's approach to the revised wage rates and the pending litigation.

Ministry of Labour and Employment Clarifies Scope of Compounding of Offences under the Code on Wages, 2019

On 19 August 2026, the Ministry of Labour and Employment issued a notification ("**Corrigenda**"),[16] concerning the compounding of offences under the Code on Wages, 2019 in establishments for which the Central Government is the appropriate Government. Typically, for ports, mines, railways, banking and insurance, and public sector undertakings amongst others, the Central Government is provided as the 'appropriate government'. Hence, the rules made by the Central Government will apply to these establishments. On the other hand, for other establishments such as shops, commercial establishments, factories, etc. as provided in the labour codes, the 'appropriate government' is the relevant State government and as such, the rules made by the respective state government will apply to these establishments, except in some cases. This Corrigenda is in revision of an earlier notification dated May 12, 2026, where the specified officers were given the power to compound offences, including those punishable with imprisonment or with both imprisonment and fine.

The Corrigenda now clarifies that Deputy Chief Labour Commissioners and other designated officers may compound offences under the Code on Wages, 2019 other than those punishable with imprisonment or with imprisonment and fine. This means that only those offences that are punishable with a fine alone can be compounded.

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[15] Notification No. KAE 411 LMW 2023, dated May 22, 2026.
[16] S.O. 4573(E)., dated August 19, 2026.

The Corrigenda does not alter the officers designated under the earlier notification or their respective territorial jurisdictions. The Corrigenda is limited to clarifying the category of offences that may be compounded.

Clarification on Bonus Eligibility and Calculation Under the Code on Wages, 2019

The Ministry of Labour and Employment has issued a series of notifications on August 25, 2026 ("**Bonus Notifications**"),[17] where it has clarified the scope of the employees who shall be eligible to receive bonuses under Code on Wages, 2019 and the wage ceiling for calculation of such bonus. Both these Notifications apply to employees who work in establishments for which the Central Government is the appropriate Government

According to the Bonus Notifications, employees whose wages are INR 21,000 per month or lesser shall be eligible to receive a bonus and the bonus shall be calculated on a wage of INR 7,000 per month or the minimum wage fixed by the Central Government, whichever is higher.

These ceilings shall apply retrospectively from November 21, 2025.

Key Changes Introduced Under the Karnataka Shops and Commercial Establishments (Amendment) Act, 2026

The Government of Karnataka, vide notification dated September 4th, 2026,[18] has introduced the Karnataka Shops and Commercial Establishments (Amendment) Act, 2026 ("**Amendment**"). This amends the Karnataka Shops and Commercial Establishments Act, 1961("**Act**"). Please see below some key highlights:

(i) Reducing Overlap with the New Labour Codes: One of the most significant changes introduced by the Amendment is the exemption of establishments employing 10 or more workers which are registered under the OSH Code from the applicability of the Act by making them remain subject to the OSH Code and the applicable rules thereunder framed by the State Government. This aligns the Act with the regulatory framework under the OSH Code and avoids overlapping compliance requirements. Moreover, the Amendment also provides that no separate registration will be required for godowns and storage facilities located within 100 meters of the principal establishment as registered under the OSH Code. However, the State rules under the OSH Code have not yet been notified. Therefore, compliance requirements for establishments prescribed under the Act will remain relevant until the new framework is brought into force. It is noteworthy that the Act will continue to apply to establishments employing fewer than 10 workers, unless they are otherwise exempt under Section 3.

(ii) Registration, Online Filings, Forms and Other Matters: Application for registration of establishment, payment of fees for registration, and application for closure of establishment, can be made digitally or electronically since the Amendment has done away with the requirement to submit physical forms. Further, the time limit for the Inspector to inspect the application and to register establishments has been reduced from 30 days to 7 days, beyond which the establishment shall be deemed to have been registered. Significantly, the requirement to apply for periodic renewals has also been done away with, meaning that the registration certificates will be valid until the establishment closes.

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[17] S.O. 4710(E), dated August 25, 2026, and S.O. 4711(E), dated August 25, 2025.
[18] Karnataka Shops and Commercial Establishments (Amendment) Act, 2026 (Act No. 38 of 2026 of Karnataka).

The amendment has also introduced new compliance requirements for employers. The employers are now required to submit a “Service Certificate” to an employee within 7 days of such employee applying for it in the form that may be prescribed. The employer is also prohibited from retaining original certificates and documents of the employee. The Amendment also introduces penalties for non-compliance with the aforesaid provisions.

(iii) Reduced Compliance Burdens Relating to Women Working at Night: The amendment has also removed certain conditions relating to transportation arrangements for women working night shifts. These include requirements concerning the background verification of drivers, selection of transport routes, deployment of security guards where women employees are picked up first or dropped last, random checks of vehicles by supervisors, monitoring through a control room or travel desk, and the development of an emergency mobile application for women employees.

(iv) Enhanced Penalties: The various penalties prescribed for contravention of provisions under the Act have been enhanced by the Amendment.

For instance, the penalty for offences like not issuing appointment orders or not informing the inspector about closure of the establishment has been increased to Rs. 3000 (from Rs. 1000) for the first offence and Rs. 5000 (from Rs. 2000) for second and subsequent offences. The penalty for falsely claiming deemed registration has been increased from Rs. 5000 to Rs. 50,000. The Amendment removes the punishment of imprisonment from specified provisions, and all offences have been made compoundable and appropriate provisions relating to appellate mechanisms for such orders have been prescribed.

(v) Conclusion: Overall, the Amendment reflects an effort towards reducing regulatory overlap and simplifying compliance requirements, while simultaneously introducing new employer obligations and strengthening the monetary penalty framework. Employers operating in Karnataka should therefore review their applicability under the amended Act, registration and compliance processes, employment documentation, and existing policies relating to night-shift arrangements.

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