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Employment Newsletter

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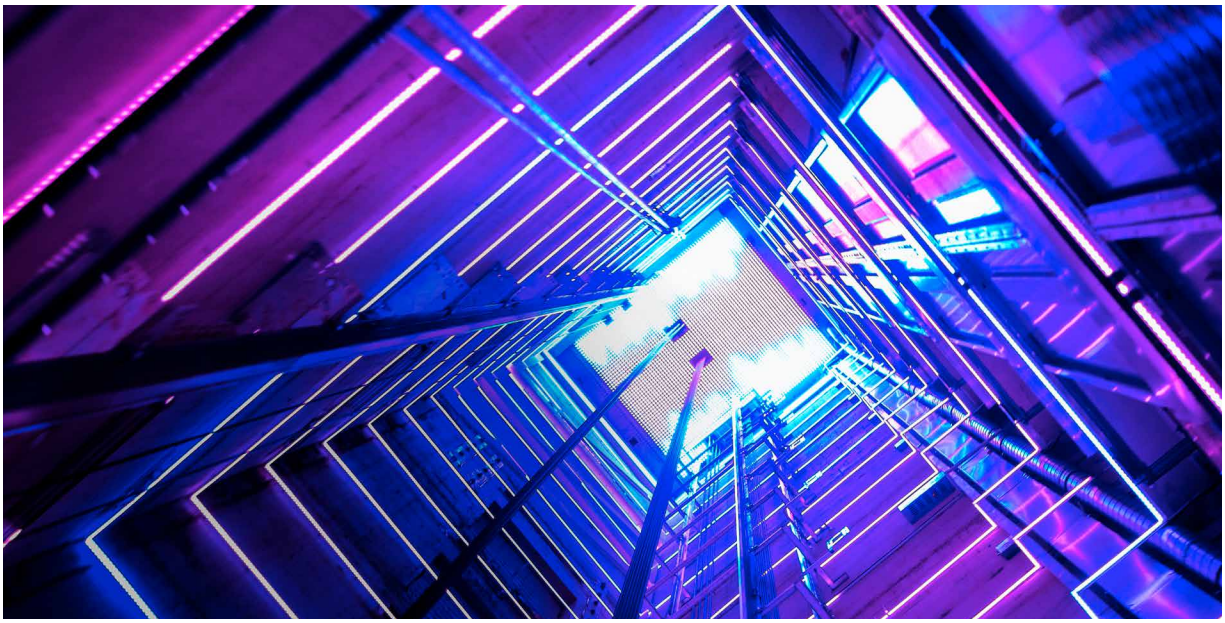
May - June 2025

Contents

Introduction

We welcome you to the May-June 2025 Edition of IndusLaw's Employment Corner Bulletin. In this issue, we have discussed key statutory and judicial updates for the months of May and June of 2025. There have been significant developments in the employment space over the past 2 months. On the regulatory front, the MCA has now mandated disclosures related to compliance in relation to the prevention of sexual harassment and maternity benefits in a company's board report. The Karnataka government has introduced an ordinance for the welfare of platform-based gig workers. Additionally, authorities in Mumbai, Delhi and Rajasthan have mandated the registration of the IC constituted under the POSH Act on the SHe-Box portal. On the judicial front, the Supreme Court has delivered significant decisions relating to restrictive covenants in employment agreements, the constitutional right to maternity leave and applications for closure of business. In this Bulletin, we have also dedicated a section to workplace trends, which include the emerging ease of business initiatives in India and the current gig worker crisis in Karnataka following the bike taxi bans.

Legal Updates



Central

The Ministry of Corporate Affairs introduces enhanced employment law disclosure requirements under the Companies (Accounts) Rules, 2014

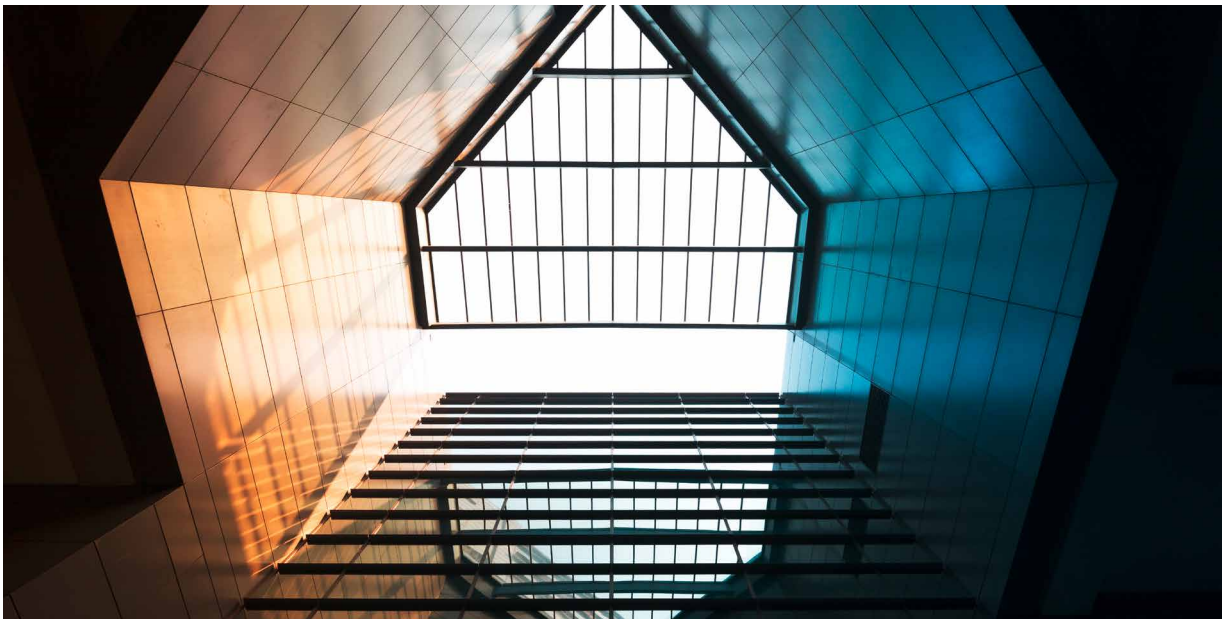
The Ministry of Corporate Affairs ("**MCA**") has notified the Companies (Accounts) Second Amendment Rules, 2025 ("**Amendment Rules**"), on May 30, 2025. These amendments to the Companies (Accounts) Rules, 2014, which apply to all public, private, listed, or unlisted companies, unless exempted, will come into effect on July 14, 2025. The Amendment Rules introduce significant disclosure requirements for companies, including the following employment-related obligations:

i. Companies must include the detailed information in their board's report regarding compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("**POSH Act**"): (i) number of complaints of workplace sexual harassment received during the year, (ii) number of complaints disposed of during the year, and (iii) number of cases pending for more than 90 days (beyond the stipulated timeline for completion of inquiry under the POSH Act). These requirements align with the disclosures that companies already make to jurisdictional District Officers under the POSH Act, but will now be publicly accessible through MCA filings. Prior to the Amendment Rules, companies were only required to include a statement in the board's report confirming compliance with the provisions of the POSH Act. There was no explicit requirement to provide detailed metrics or statistics on sexual harassment complaints.

ii. Companies must include a statement in their board's report confirming compliance with the Maternity Benefit Act, 1961 ("**MB Act**"), a new compliance requirement.

iii. The extract format of the board's report requires companies to disclose employment demographics as on the closure of the financial year, including the number of female employees, the number of male employees, and the number of transgender employees. The inclusion of transgender employee disclosure is particularly notable as it goes beyond the Securities and Exchange Board of India's current Business Responsibility and Sustainability Reporting Framework requirements, which only requires disclosure of the total number of employees and workers, along-with the associated break-up by gender (male/female) and aims to enable assessment of a company's efforts in promoting workplace diversity.

Non-compliance with the Amendment Rules will attract a penalty of INR 3,00,000. Additionally, every officer of the company who is in default will be penalised with a fine of INR 50,000 in accordance with Section 134 of the Companies Act, 2013.



State

Karnataka introduces the Karnataka Platform-Based Gig Workers (Social Security and Welfare) Ordinance, 2025

The Government of Karnataka has issued the Karnataka Platform-Based Gig Workers (Social Security and Welfare) Ordinance, 2025 ("**Ordinance**") on May 27, 2025, which awaits enforcement through official notification. The Ordinance aims at protecting the rights of platform-based gig workers and imposes obligations on aggregators and platforms regarding the welfare of these gig workers. The key highlights and compliance requirements are:

i. **Applicability and Registration requirements:** The Ordinance applies to platforms in sectors including ridesharing, delivery, e-commerce, and healthcare. The Ordinance requires mandatory registration of platforms or aggregators with the Karnataka Platform-Based Gig Workers Welfare Board ("**Board**") and the submission of a database of gig workers engaged within 45 days from the commencement of the Ordinance.

ii. **Social Security Obligations and Welfare Fee contributions:** The platforms or aggregators need to contribute a 1%- 5% welfare fee per transaction to the Karnataka Gig Workers' Welfare Fund at the end of each quarter. This contribution must be reported on a per-transaction basis, with details of each payment made to gig workers and the corresponding welfare fee deduction submitted to the Payment and Welfare Fee Verification System.

iii. **Unique Identification ("Unique ID"):** Each platform-based gig worker will receive a Unique ID from the Board. This Unique ID will be directly linked to their individual social security account, ensuring they receive social security benefits from the contributions made by the platforms or aggregators.

iv. **Fair Contracts and Transparent Terms:** Aggregators and platforms must enter into fair, transparent, and comprehensive contracts with gig workers. These contracts should include (i) clear payment, incentive, and deduction terms; (ii) the right for workers to refuse tasks; and (iii) providing for a 14 day prior notice of any changes to the contract, including terminating or deactivating a gig worker. The gig workers will have the right to appeal such termination. Further, gig workers must be given access to information regarding automated monitoring and decision-making systems, including those affecting fares, earnings, and customer feedback. The aggregators and platform companies must also take affirmative steps to prevent discrimination on the grounds of religion, race, caste, gender, disability against workers by these systems by the automated monitoring and decision-making systems deployed by them.

v. **Working Conditions:** Aggregators and platform companies must provide reasonable working conditions, safe working environments, adequate periods of rest, sanitary facilities, and compliance with applicable, sector-specific occupational safety and health standards.

vi. **Grievance Redressal against the Aggregator or Platform Company:** A two-tier grievance redressal mechanism has been introduced for registered gig workers. At the first level, complaints related to payouts, deductions, or termination must be filed with the aggregator or platform company's Internal Dispute Resolution Committee ("**IDRC**"). The IDRC is required to act on the complaint and provide the complainant with a written action report within 14 days of its receipt. The grievance must be resolved by the IDRC within 45 days. If the worker is not satisfied or does not receive a timely response, the grievance can be escalated to the second level with the Board, whose decision is final. Aggregators and platforms must ensure that grievance dispute resolution mechanisms are easily accessible on their interface.

vii. **Penalties:** Failure to pay the welfare fee has a penalty computed as simple interest at the rate of 12% on the outstanding amount. Non-compliance with the provisions of the Ordinance may result in a fine up to INR 5,000 for a first offence and INR 1,00,000 for repeated offences.

Haryana notifies revised conditions for employing women during night shifts at IT/ITeS sectors.

To safeguard the interests and safety of women employees, the Government of Haryana has laid down revised conditions for employing women during night shifts - 8:00 p.m. to 6:00 a.m. ("**Night Shift**"), through a notification dated May 8, 2025. Information Technology and Information Technology Enabled Services ("**IT/ITeS**") establishments, banking establishments, three-star or above hotels, 100% export-oriented establishments, logistics and warehousing establishments, are allowed to employ women during the Night Shift subject to the certain conditions including:

i. Employers must apply for exemption under the Punjab Shops and Establishments Act, 1958, one 1 month prior to the commencement of the period for which exemption is sought. The exemption is valid for 1 year from the date of the notification in relation to a particular establishment. However, the validity of the exemption is subject to any change in security, transportation, and other details of the occupier/director/manager.

ii. Employers must submit a declaration that they have obtained consent from each woman employee to work during the Night Shift.

iii. Proper lighting must be ensured inside the shop/ establishment, its surroundings and in all places where female employees may have to move out of necessity or during a shift.

iv. Sufficient security guards must be provided during the Night Shift.

v. Employers must provide transportation to and from women employees' residences during the Night Shift. Each vehicle must have female security guards, well-trained and responsible drivers, and proper communication channels. Other safety measures, including the installation of CCTV cameras, GPS, etc., may also be provided in each vehicle. While providing transport facilities, the occupier/employer may pool such facilities by tying up with external transporters. Further, a woman employee can opt out of transportation facility.

vi. Women employees must be employed in a batch of at least 4. However, in the IT/ITeS sector, this requirement is relaxed for any woman in a senior position (earning more than INR 1,00,000 per month).

Tamil Nadu extends permission for shops and establishments to keep open 24/7 for 3 years

The Government of Tamil Nadu, through a notification dated May 8, 2025, has extended the exemption provided to all shops and establishments having 10 or more employees to remain open on 24/7 basis on all days of the year for a further period of 3 years, with effect from June 5, 2025. This permission is subject to the following conditions:

i. Every employee shall be given a weekly holiday on a rotational basis and details of each employee should be exhibited in 'Form S' under the Tamil Nadu Shops and Establishments Rules, 1948.

ii. The employer must post a daily list showing which employees are currently on vacation or leave at a conspicuous place.

iii. Employers cannot require any person employed to work for more than 8 hours in any day and 48 hours in any week. The period of work, including overtime, shall not exceed 10 hours and 30 minutes a day, and 57 hours a week.

iv. Women employees shall not be required to work beyond 8:00 p.m. on any day, unless the employer obtains written consent and provides transport facilities.

v. A notice exhibiting the availability of transport must be displayed at the establishment's main entrance.

In case of violation of the above terms and conditions, necessary actions shall be initiated against the employer/ manager in accordance with the Tamil Nadu Shops and Establishments Act, 1946.

Appeal to Register the POSH Act Internal Committee with the SHe-Box in Mumbai District

The District Women and Child Development Officer of Mumbai city issued a public notice on May 15, 2025, appealing all private establishments in Mumbai to register their respective Internal Committees ("**IC**") constituted under the POSH Act on the Sexual Harassment electronic Box ("**SHe-Box**") portal. Launched on July 24, 2017, the SHe-Box is a platform for women employees to file complaints of sexual harassment at workplace. Via the notification, the Government of Maharashtra has relaunched the portal to enable private sector employees to register complaints as well.

Punjab extends 365-day operation permission for commercial establishments

The Government of Punjab, on June 12, 2025, extended the exemption for all establishments registered under the Punjab Shops and Commercial Establishments Act, 1958, allowing them to operate 365 days a year until May 31, 2026. This one-year extension follows a previous notification dated July 15, 2024. This exemption enables businesses to operate continuously throughout the year, provided the employers comply with specific conditions including:

i. Every employee must receive a weekly holiday with wages.

ii. Daily working hours cannot exceed 10 hours a day or 48 hours a week, with a daily spread over not exceeding 12 hours. A mandatory one-hour rest period after 5 hours of continuous work should be provided.

iii. Establishments operating after 10:00 p.m. must implement adequate safety and security arrangements for both employees and visitors. Additional staff must be hired for extended operational hours.

This exemption can be revoked in case of violations after providing an opportunity for the concerned establishment to be heard.

Tamil Nadu issues Standard Operating Procedure ("SOP") for the implementation of the POSH Act

On June 18, 2025, the Tamil Nadu Government's Social Welfare and Women Empowerment Department issued a comprehensive SOP for implementing the POSH Act. This SOP aims to streamline the process and provide clarity to stakeholders regarding their roles and responsibilities in implementing the POSH Act. The provisions of the SOP include most aspects of the POSH Act in relation to compliances, conduct of an enquiry, reporting requirements, etc.

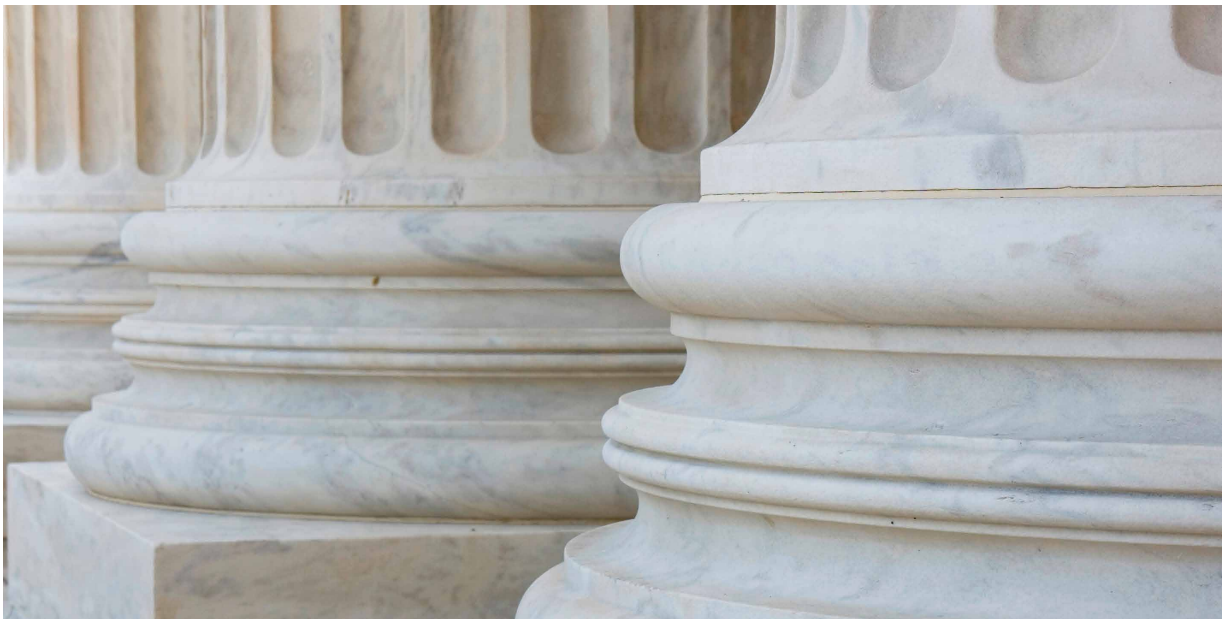
NCT of Delhi and Rajasthan issue a public notice on the implementation of the POSH Act

The Governments of NCT of Delhi and Rajasthan have recently issued public notices mandating registration on the SHe-Box portal for all public sector undertakings, private sector organisations, and their offices. While the Delhi Government has not set a deadline, the Rajasthan Government has set a strict deadline of July 8, 2025, for all organisations to complete their registration.

The notices further require employers to organise workshops and awareness programs under the POSH Act and ensure the timely submission of annual reports.

These coordinated government initiatives aim to create safer workplaces by establishing accessible reporting mechanisms while promoting accountability and transparency in addressing sexual harassment complaints.

Judicial Developments



SUPREME COURT		
Sl. No.	**Ratio**	**Brief details**
1.	Application for closure of business can only be accepted/rejected by the appropriate authority, who must adequately reason the decision reflecting an independent application of mind. If no order is made within 60 days by the appropriate authority, the order is deemed to be passed. *Harinagar Sugar Mills Ltd. v. State of Maharashtra, 2025 SCC OnLine SC 1303*	Harisagar Sugar Mills Limited, Biscuit division ("**HSML**") manufactured biscuits for Britannia Industries ("**BIL**") under Joint Work agreements ("**JWAs**") for 3 decades. BIL terminated the JWAs in 2019. HSML filed an application for the closure of the biscuit division under Section 25-O of the Industrial Disputes Act, 1947. The Government of Maharashtra ("**Maharashtra Government**") rejected the application, citing the absence of cogent reasons and directed HSML to resubmit. HSML furnished additional reasons, emphasising that since HSML had exclusively manufactured biscuits for BIL, the latter had supplied the necessary plant and machinery until the JWAs were operational. Termination of JWAs implied the impossibility of continuing manufacturing operations. However, the Maharashtra Government found applications made during resubmission to be incomplete and sought a fresh application for the third time. HSML did not accept this as valid communication by the appropriate authority. The Maharashtra Government, being the appropriate authority, has delegated its power specifically to the Minister of Labour. Accordingly, by virtue of Section 25-O (3), HSML claimed not to have obtained an official communication of acceptance/rejection within 60 days from the appropriate authority, and thus it deemed the order to be passed The Supreme Court of India held that the Minister of Labour (in the current scenario) is duly authorised to accept/reject closure applications. Rejection of a closure application is an administrative order, which requires the appropriate authority to provide reasons by application of mind. An undisclosed, subordinate officer's rejection

SUPREME COURT		
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		order, which cites absence of 'adequate reasons' as the cause for rejection, and is only endorsed by the Minister, does not make such an order valid. The Supreme Court held that Section 25-O (3) would apply, and HSML would be deemed to be closed because the Minister of Labour failed to communicate acceptance/rejection of the closure application within 60 days. Post BIL's termination of JWAs, HSML lacked manufacturing avenues, and the sustenance of manufacturing operations became impossible, creating compelling circumstances warranting closure. To safeguard workers' interests, the Supreme Court enhanced the total sum payable to workmen from INR 10 Crores to INR 15 Crores.
2.	Maternity Leave is a constitutional right, irrespective of the number of children a woman might have. Discrimination against women based on their choice about the number of children when claiming maternity benefits is legally prohibited. The objective of controlling population and providing maternity benefits is not mutually exclusive and must be harmonised. *K. Umadevi v. State of T.N., 2025 SCC OnLine SC 1204*	K Umadevi joined government service in 2012, having 2 children out of first wedlock, which dissolved in 2017. Out of the second wedlock, she conceived a child and claimed maternity leave for 9 months. Her application was rejected under the Fundamental Rules of the Tamil Nadu Government, applicable to government employees in the state of Tamil Nadu, which enable women to claim maternity benefit only if she has less than 2 surviving children. A Single Judge Bench of the Madras High Court ordered the grant of maternity benefits. The Division Bench, however, set aside the Single Judge Bench's order, stating that maternity leave was not a fundamental right but a statutory right subject to conditions of service. The Supreme Court held that 'life' under Article 21 of the Indian Constitution includes the right to a meaningful life, which includes the choice to freely and autonomously exercise reproductive rights. Multiple international conventions have held that states must not interfere with women's reproductive right but employ state finances to enable women's access to adequate healthcare, education and maternity benefit. The Supreme Court emphasised that women enjoy equal rights as men to freely and responsibly decide the number and spacing of children. The availability of maternity benefits cannot be made contingent on the number of children a woman chooses to have. The Supreme Court juxtaposed the public policy of population control with the state's responsibility of securing maternity benefits, affirming that both goals are not mutually exclusive and must be harmonised. The Supreme Court adopted a purposive interpretation of Section 5 of the Maternity Benefit Act, 1961 which provides maternity leave to women having two or more children to render invalid Tamil Nadu's service conditions and granted maternity benefits to Umadevi.

SUPREME COURT		
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3.	Restrictive covenants, including indemnity bonds, in employment agreements are valid if operable during the employment period and do not affect future employability. Such covenants align with public policy by enabling employers to retain skilled professionals in a competitive globalised market. *Vijaya Bank v. Prashant B Narnaware, 2025 SCC OnLine SC 1107*	Prashant Narawane joined Vijaya Bank in 1999. In 2006, Vijaya Bank issued a recruitment notification to hire experienced and skilled officers. Clause 9(1) of the recruitment notification stated that selected candidates would be required to execute an indemnity bond of INR 2,00,000, obligating them to indemnify Vijaya Bank if they left service before completion of 3 years. Aware of this condition, Prashant applied for the position of Senior Manager-Cost Accountant and was selected. Prashant joined the post on September 28, 2007, and executed an indemnity bond. However, before the completion of 3 years, on July 17, 2009, Prashant tendered resignation to join another bank. On resignation, Vijaya Bank sought to enforce the indemnity bond. Prashant filed a writ petition claiming that the enforcement of the indemnity bond was opposed to public policy because it was an unreasonable restraint of trade. The Supreme Court framed two issues: whether an indemnity bond, as a restrictive covenant, (a) amounts to restraint of trade; and (b) is opposed to public policy. On the first issue, the Supreme Court referred to Niranjan Shankar Golikari v Century Spinning and Manufacturing Co. (AIR 1967 SC 1098), holding that a restrictive covenant operative during the period of employment is not a restraint of trade. Since the indemnity bond sought to disincentivize Prashant's choice to resign, it was effectively applicable when the employment agreement subsisted. Since it did not impact future employability, it was held not to be a restraint of trade under Section 27 of the Indian Contract Act, 1872. On the second issue, the Supreme Court observed that modern economies are characterised by evolving employer-employee relationships, technological advancements and trends of skill-based specialisation in employees. For public sector undertakings like Vijaya Bank, survival in a competitive market requires increased efficiency in operation, recruitment and retention of a highly skilled workforce. The Supreme Court found that a minimum service tenure and indemnity bond was not unreasonable, unfair or unconscionable, and is not violative of the public policy of India under section 23 of the Indian Contract Act, 1872.

HIGH COURT		
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1.	Disciplinary proceedings can continue after employee retirement due to the presumption of deemed employment, during which terminal benefits cannot be claimed. Gratuity can be forfeited to recover employer dues if the employee signs an undertaking to this effect before retirement. *Dharmapuri District Coop. Bank Ltd. v. Appellate Authority, 2025 SCC OnLine Mad 2536*	G. Pushpam, joined service in the petitioner bank in 1992 and retired in 2016. Prior to retirement, she had taken a loan of INR 5,00,000 from the Co-operative Thrift and Loan Society and provided a written undertaking dated January 28, 2016, allowing adjustment of her terminal benefits against outstanding dues of INR 4,97,795. She submitted additional letters dated January 30, 2016, and February 14, 2016, confirming her agreement to this arrangement and also that if any surcharge was imposed on her during the pending inquiry proceedings under Section 81 of the Tamil Nadu Co-operative Societies Act, 1983 ("**TNCS Act**"), the same could be recovered from the terminal benefits payable to her. Thereafter, the Deputy Registrar, appointed under the TNCS Act in furtherance of Section 81, determined that the respondent was liable to pay INR 7,25,000 to the society. However, the respondent filed an application before the Controlling Authority claiming gratuity payment for INR 6,24,259. The Authority held that since the respondent had signed an undertaking to allow adjustment, this undertaking superseded her statutory right to claim gratuity. The Appellate Authority awarded gratuity and held that an undertaking cannot defeat an employee's statutory entitlements under the Payment of Gratuity Act, 1972 ("**PG Act**"). The High Court dealt with two issues: (i) whether the inquiry proceedings under Section 81 of the TNCS Act can continue after the respondent's retirement, and (ii) whether the respondent's gratuity can be forfeited and adjusted against her liability towards the petitioner bank based on an undertaking. On the first issue, the High Court held that proceedings under Section 81 of the TNCS Act can continue. The Court cited Mahanadi Coalfields v. Rabindranath Choubey (AIR 2020 SC 2978), where the Supreme Court held that if an employee superannuates during disciplinary proceedings, he cannot be entitled to receive service benefits until proceedings conclude. The presumption of deemed employment allows an employer to not only retain benefits when the employee retires but also forfeit gratuity payable as a punishment under Section 4(6) of the PG Act if such employee is found guilty. On the second issue, the Madras High Court held that the respondent's liability towards the petitioner bank did not lapse. Since the respondent had voluntarily furnished a written undertaking to allow adjustment of dues owed to the Bank against terminal benefits, the petitioner bank's action was held to be valid. The Madras High Court affirmed that once an employee makes an undertaking of this nature, she cannot resile from the terms of her own representation. Such an undertaking takes precedence over statutory entitlement to gratuity. Hence, the Madras High Court set aside the order passed by the Appellate Authority and held that the respondent was not entitled to claim gratuity.

HIGH COURT		
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2.	Restrictive covenants in employment agreements cannot prevent employees from securing employment with clients or business associates of their former employer after termination. *Varun Tyagi v Daffodil Software Private Limited, FAO 167/2025 & CM APPL. 36613/2025*	The appellant, an information technology engineer, was initially employed with an affiliate of Daffodil Software Private Limited ("**Daffodil**") and was later transferred to the respondent, Daffodil itself, on January 1, 2022, under an employment agreement. The respondent company was under contract with Digital India Corporation ("**DIC**") through various letters of intent to supply software professionals for a government project titled "POSHAN Tracker," aimed at improving national nutrition outcomes. The appellant was assigned to this project in January 2023 as a full-stack developer and, over time, was promoted to a leadership role owing to the significant investment made in his training. On January 6, 2025, the appellant resigned from the respondent company and, after serving a 3 month notice period, formally left on June 7, 2025. On the very next day, June 8, 2025, he joined DIC as a Deputy General Manager in the Full stack Development Department for the same project. Aggrieved by what it considered a violation of the non-compete clause, the respondent company filed a suit before the District judge seeking a permanent injunction and damages, which was granted. The non-compete clause prohibited the employee from engaging in business activities with the respondent company's business associates or affiliates for 3 years following cessation of employment. The clause also restricted offering services, undertaking employment or soliciting employees related to the respondent company's business assignments. An appeal was filed by the appellant employee against the order of the trial court before the Delhi High Court. After considering the jurisprudence on Section 27 of the Indian Contract Act, 1872, the Delhi High Court held that no restraint of trade is permitted after the termination of employment unless it falls under the sole exception concerning the sale of goodwill. The Delhi High Court remarked that "*an employee cannot be confronted with the situation where he has to either work for the previous employer or remain idle. An employer-employee contract, restrictive or negative covenants, is viewed strictly as the employer has an advantage over the employee, and it is quite often the case that the employee must sign a standard form contract or not be employed at all. Further, reasonableness and whether the restraint is partial or complete are not required to be considered at all when an issue arises as to whether a particular term of contract is or is not in restraint of trade, business or profession. In view of the above, it is clear that any terms of the employment contract that impose a restriction on the right of the employee to get employed post-termination of the contract of employment shall be void, contrary to Section 27 of the ICA.*"

HIGH COURT		
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		The Court further held that the clause in the employment agreement which attempted to prevent an employee from working with any business associate of the employer post-employment constituted a restraint of trade and was therefore void. The fact that the restraint was limited to DIC and National E-Governance Division did not cure the illegality. It further held that any apprehension of the appellant misusing proprietary information was misplaced because the respondent had no ownership over the intellectual property related to the POSHAN Tracker project, which belonged entirely to DIC. Therefore, there was no possibility of confidential information being leaked by the appellant to DIC.
3.	Denial of legal representation to employees in domestic enquiries violates natural justice when the enquiry officer is a legal practitioner, creating an unfair advantage for the employer. *The Mathrubhumi Printing and Publishing Company Ltd. v The General Secretary, Kerala Union of Working Journalists & Anr., WA No. 262/2025*	The appellant newspaper establishment terminated C. Narayanan, their chief sub-editor, following a domestic enquiry for allegedly abusing the news editor. The Kerala Union of Working Journalists raised an industrial dispute challenging the termination, which was referred to the Industrial Tribunal. The company argued that Narayanan was not a "workman" under Section 2(s) of the Industrial Disputes Act, 1947, as he performed supervisory duties, and that the enquiry was conducted fairly without requiring legal representation. During the disciplinary proceedings, Narayan requested permission to engage a legal practitioner to defend him, but this was denied by the company. Instead, the company offered assistance from a co-worker, but the appellant could not secure such help as none of his colleagues were willing to stand against the management. The lower courts ruled in favour of the employee, holding that he was a workman and that the denial of assistance of a legal practitioner to the delinquent employee is unfair and a violation of the principles of natural justice. On appeal, the Kerala High Court upheld the findings of the industrial tribunal and dismissed the appeal filed by the company. The Kerala High Court observed that "*the limited amount of supervision and nature and is incidental to the nature of the main work as a sub-editor. The term 'mainly' used in the definition of workman in the Industrial Disputes Act means the ultimate power of control or supervision in regard to recruitment, promotion, etc.*" The Kerala High Court further held that when a senior legal practitioner is appointed as enquiry officer while the presenting officer is an experienced regional manager, denying legal assistance to the charged employee constitutes a violation of natural justice principles. Relying on *Professor Ramesh Chandra v. University of Delhi, (2015) 5 SCC 549*, the Court emphasised that fairness requires providing adequate opportunity for defence when the employee faces legally trained personnel conducting the enquiry. The Court distinguished attempts by other high courts to limit this principle,

HIGH COURT		
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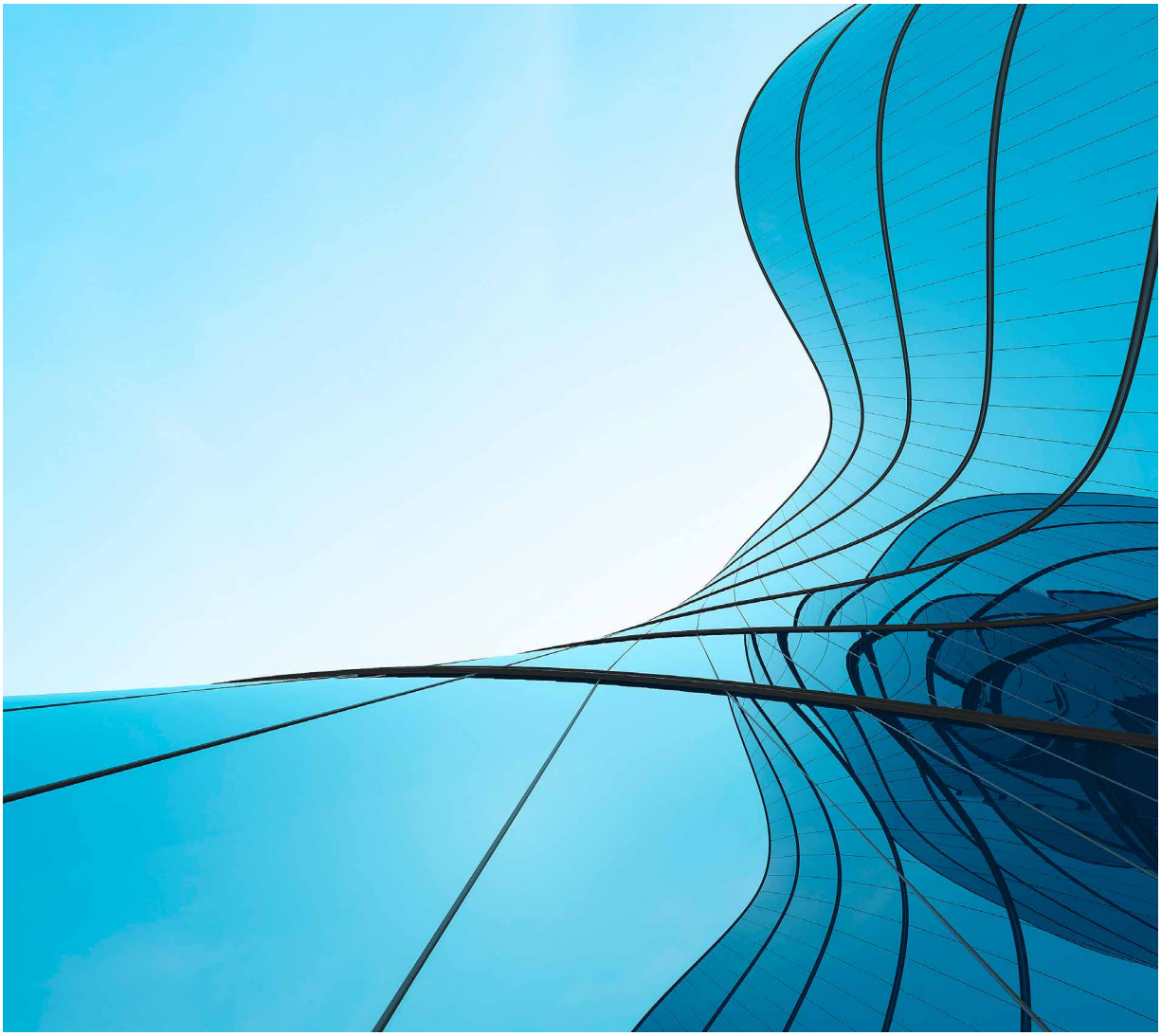
		noting that "*whether an employee has to be permitted to engage a legal practitioner to assist him or her in the departmental enquiry is basically a question of fact to be decided on the basis of the seriousness of the allegations and nature of such allegations, the legal acumen of the enquiry officer and presenting officer.*" The Court emphasized that when the enquiry officer possesses legal training and experience, "*the conduct of the enquiry proceedings and appreciation of evidence will also be of a high level. In such circumstances, the delinquent also must have an opportunity to present his defence in the same qualitative level to satisfy the rules of natural justice.*"



What's Trending

Ease of Business Initiatives in India

State governments across India are taking significant initiatives to enhance the ease of doing business to attract greater investment. In June 2025, the Andhra Pradesh government proposed amendments to various labour laws, including the Andhra Pradesh Shops and Establishments Act, 1988 ("**APSEA**"):

i. Increase in maximum working hours from 9 to 10 hours per day.

ii. Change in the rest period requirements from one hour of rest for 5 hours of work to one hour of rest for 6 hours of work.

iii. Increase in overtime limits from 75 hours to 144 hours per quarter.

iv. This proposed amendment will build upon earlier sector-specific exemptions granted to IT/ITeS industries

The Karnataka and Punjab governments have proposed similar amendments in their respective Shops and Establishments Acts.

The coordinated approach by state governments towards labour law modernisation is expected to significantly enhance India's ease of doing business environment and attract substantial investment across multiple states. This is expected to benefit companies with multi-state operations.

Karnataka bike taxi ban

Over 1 lakh gig workers in Karnataka are facing a sudden livelihood crisis following the state's ban on bike taxis that took effect from June 16, 2025. The Karnataka High Court's order banning bike taxis and the refusal to stay the said order have forced platforms like Rapido, Ola and Uber to halt the bike taxi operations, which has disrupted the earnings for thousands of riders overnight in Bangalore, and placed commuters in a difficult situation, increasing the load on the city's stretched infrastructure.

This ban came at a particularly contradictory time, as Karnataka recently took a significant step towards formalizing the protection of gig workers by promulgating the Ordinance (please see above in the legal updates column for more details).

The ban creates a paradoxical legal scenario: bike taxi riders are technically covered under a progressive welfare law as 'ride-sharing service' workers but simultaneously prohibited from working in this service. The legal basis for banning bike taxis is that two-wheelers with white number plates cannot be used commercially. In response, platforms have now adapted by recategorizing services by modifying their bike options to 'courier services' rather than passenger transport.

A potential resolution has emerged, with the federal Ministry of Road Transport and Highways issuing new Motor Vehicle Aggregator Guidelines on July 1, 2025, that explicitly allow states to permit non-transport motorcycles for passenger journeys through aggregators such as Ola, Rapido, etc. This creates a path for bike taxis to operate legally, subject to state approval.

This situation highlights several critical considerations for the evolving gig economy in India. Most importantly, it demonstrates the need for coordination between government departments to avoid contradictory regulatory frameworks that leave the gig workers in legal limbo. Without such coordination, gig workers especially face a situation of not being recognised and protected under welfare regulations.

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