

THE COMPLIANCE WATCH

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UCS POV | Navigating Employment Contracts : Legal Insights

- **Shaiju Mathew**
Chief Operating Officer

Moonlighting was prevalent during the lockdown period, and companies found that employees were engaged in dual employment. There is no such restriction under the Labour Laws regarding dual employment; it is as per the employment agreement or company policy. Companies have implemented policies strictly prohibiting moonlighting. However, verifying whether employees are engaged in another employment can only be done through the EPF service history, which is possible only if the employees are covered under EPF in the second employment.



Although dual employment poses risks for businesses, such as data security, disclosure of proprietary information, intellectual property, insider knowledge, source code, etc., some corporates openly encouraged moonlighting during the lockdown period. Companies need to have non-disclosure agreements and moonlighting policies to restrict or address such matters during employees' tenure with the organization.

Considering the above-mentioned risks of transferring proprietary information, source code, and intellectual property, companies include clauses in the employment agreement that prohibit employees from working with competitor companies or clients for a certain period after the cessation of employment. But are such clauses relevant or legally sustainable?

In the recent judgment by the Hon. High Court of Delhi on 25th June 2025 (Mr. Varun Tyagi [Appellant] vs. Daffodil Software [Respondent]), clarity was provided on blanket bans in employment agreements that prevent employees from working with any current or potential customer of the company. The Hon. Court observed that the restriction enforced by the company constitutes a restraint of trade and is void under Section 27 of the Indian Contract Act. An employee cannot be forced into a situation where they must either work for the previous employer or remain idle. In employer-employee contracts, restrictive or negative covenants are viewed strictly, as the employer typically has an advantage over the employee, and it is often the case that the employee must sign a standard-form contract or remain unemployed.

In view of the above, any terms of an employment contract that impose restrictions on an employee's right to seek employment after the termination of the contract are void, as they violate Section

27 of the Indian Contract Act. The Hon. Court also referred to its earlier judgment (American Express Bank Ltd. vs. Ms. Priya Malik [2006]), which stated that an employee's right to seek and search for better employment cannot be curtailed by an injunction, even if the employee possesses confidential data. The freedom to change employment for better service conditions is a vital and important right of the employee, which cannot be restricted on the grounds of possessing an employer's confidential data. Such a restriction does not adhere to the Indian Contract Act.

The employment agreement concerning data security and dual employment during employment should be explicitly defined, and policies/undertakings related to post-cessation of employment should also be considered in light of the above case laws.

Maharashtra labour law working hours may increase: 10-hour workdays and higher overtime proposed

The Maharashtra government is reviewing a proposal that could bring significant changes to the work routine of private sector employees. Labour Minister Akash Fundkar stated that the state is considering increasing the maximum daily working hours from nine to ten, potentially impacting productivity and employee well-being.

The labour department recently presented this proposal during a cabinet meeting in Mumbai, and it is currently under careful evaluation before any final decision is taken, as reported by PTI. If implemented, this change could affect employee schedules, overtime regulations, workplace flexibility, and overall work-life balance across private businesses in the state. Officials emphasise that the discussions are at a preliminary stage, aiming to balance business growth, employee welfare, and align Maharashtra's labour laws with contemporary standards and best practices.

Maharashtra labour law working hours set for change: Key updates under review



The suggested amendments would require modifications to the Maharashtra Shops and Establishments (Regulation of Employment and Conditions of Service) Act, 2017. This legislation currently governs working hours, employee conditions, and workplace regulations for shops, hotels, entertainment centres, and various private businesses across the state.

The government believes these updates could better align state labour regulations with international standards, while also introducing more flexibility in work arrangements.

Key amendments under consideration

- Increasing maximum daily work hours

One of the primary proposals involves extending the maximum daily work hours from nine to ten. Authorities argue this could provide greater operational flexibility for businesses while ensuring compliance with overtime regulations.

- Revision of overtime limits

The government is also examining an increase in the permissible overtime hours. Currently, employees can work up to 125 overtime hours within a three-month period. The new proposal suggests raising this limit to 144 hours, allowing for more adaptability during peak business periods.

- Mandatory breaks for continuous work

To prevent employee fatigue and workplace stress, the proposal emphasizes introducing mandatory breaks during continuous working hours. Labour experts highlight that regulated breaks are critical for health, productivity, and employee well-being.

- Expanding women's work opportunities

Another significant consideration is allowing women employees to work during late hours, once the new labour codes are finalised. Officials argue that this change could help expand employment opportunities and promote gender inclusivity in the workforce.

Maharashtra Private Sector Labour reforms: Balancing employee welfare and business needs

Currently, businesses with up to 10 employees fall outside the purview of the act. The proposal seeks to extend coverage to units with up to 20 employees, ensuring more workers benefit from regulated work conditions and protections. Minister Fundkar explained that the discussions are at a preliminary stage. In many private organisations, employees reportedly work beyond the legally prescribed hours without proper compensation. This reality has prompted the state to review labour laws and consider modernising workplace regulations. The minister emphasised that no final decision has been made yet and that further deliberations are ongoing to balance employee welfare with business operational needs.

Potential implications for private sector employees

If approved, these amendments could bring significant changes to daily work routines, overtime policies, and employee rights in Maharashtra. While businesses may gain flexibility in scheduling, employees could benefit from better protections, regulated breaks, and expanded opportunities, including for women working late shifts.

Source : Times Of India

E-SHRAM PLATFORM ENHANCEMENTS

- Nearly 31 crore unorganised workers registered on e-Shram portal
- Dedicated e-Shram Microsite for each State/UT to address unique local requirements and challenges
- 12 platform aggregators onboarded on e-Shram

The Ministry of Labour and Employment launched e-Shram portal (eshram.gov.in) on 26th August 2021 for creation of a comprehensive National Database of Unorganised Workers (NDUW) seeded with Aadhaar. e-Shram portal is meant to register and support the unorganised workers by providing them a Universal Account Number (UAN) on a self-declaration basis.

As on 5th August 2025, over 30.98 crore unorganised workers have already registered on e-Shram portal.

In keeping with the vision of the Budget Announcement 2024-25 on developing e-Shram as a One-Stop-Solution for unorganized workers to have access to various social security schemes, Ministry of Labour and Employment launched the e-Shram-“One-Stop-Solution” on 21st October 2024. e-Shram- “One-Stop-Solution” entails integration of different social security/ welfare schemes at single portal. This enables unorganised workers registered on e-Shram to access social security schemes and see benefits availed by them so far, through e-Shram.

So far, fourteen (14) schemes of different Central Ministries/ Departments have already been integrated/ mapped with the e-Shram to extend benefits and access to social security, insurance or skill development programmes to e-Shram cardholders including Pradhan Mantri Street Vendors Atmanirbhar Nidhi



(PMSVANidhi), Pradhan Mantri Suraksha Bima Yojana (PMSBY), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), National Family Benefit Scheme (NFBS), Mahatma Gandhi National Rural Employment Guarantee scheme (MGNREGS), Pradhan Mantri Awas Yojana – Gramin (PMAY-G), Ayushman Bharat – Pradhan Mantri Jan Arogya Yojana (AB-PMJAY), Pradhan Mantri Awas Yojana – Urban (PMAY-U), Pradhan Mantri Matsya Sampada Yojana (PMMSY), Pradhan Mantri Kisan Samman Nidhi (PM-KISAN), One Nation One Ration Card (ONORC) and Pradhan Mantri Matru Vandana Yojana (PMMVY).

In addition to above schemes, e-Shram is also integrated with Pradhan Mantri Shram Yogi Maan-dhan (PM-SYM), National Career Service (NCS), Skill India Digital Hub (SIDH), Unified Mobile Application for New-age Governance (UMANG), Digital Locker (DigiLocker), myScheme and Open Government Data Platform (OGD). Ministry of Labour and Employment launched Microsites for State/UTs on 29th January 2025 to empower them with their own dedicated e-Shram Microsite to address unique local requirements and challenges effectively. These Microsites are designed to tailor services of e-Shram to align with unique needs of each State /UT, simplifying worker registration, data updates, verification and providing State-specific analytics.

Ministry has launched the Platform Aggregator module on 12th December 2024 to onboard platform aggregators on e-Shram. This initiative integrates these aggregators into the e-Shram ecosystem, ensuring formal recognition of platform-based gig workers and access to Social Security / Welfare Schemes, thereby reinforcing the government's commitment to inclusive and equitable labour welfare. As of now 12 platform aggregators have been onboarded on platform aggregator module including Zomato, Blinkit, Urban Company, Uber, Ola, Amazon, Swiggy, Rapido, Zepto, Ecom Express and Uncle Delivery.

Source : Press Information Bureau

Pradhan Mantri Viksit Bharat Rozgar Yojana Portal Goes Live

The Pradhan Mantri Viksit Bharat Rozgar Yojana portal, facilitating registrations under the Pradhan Mantri Viksit Bharat Rozgar Yojana announced by Prime Minister Narendra Modi in his 12th Independence Day address, has gone live.



The Union Cabinet on 1st July 2025 approved the Employment Linked Incentive Scheme, named as Pradhan Mantri Viksit Bharat Rozgar Yojana. With an outlay of ₹99,446 Crore, the scheme aims to incentivize creation of more than 3.5 Crore jobs in the country, over a period of two years.

Pradhan Mantri Viksit Bharat Rozgar Yojana aims to support employment generation, enhance employability and social security, across all sectors, with special focus on the manufacturing sector. The benefits of the scheme would be applicable to jobs created between 1st August 2025 and 31st July, 2027.

The scheme will provide incentive of up to ₹15,000 in two instalments to newly employed youth and upto 3000 per month per new employee to employers for creation of new job opportunities.

All payments to the First Time Employees under Part A of the Scheme will be made through Direct Benefit Transfer (DBT) mode using Aadhaar Bridge Payment System (ABPS). Payments to the Employers under Part B will be made directly into their PAN-linked Accounts.

Employers can now visit Pradhan Mantri Viksit Bharat Rozgar Yojana portal (<https://pmvbry.epfindia.gov.in> or <https://pmvbry.labour.gov.in>) and complete one-time registration process.

All first timers have to generate Universal Account Number (UAN), through Face Authentication Technology (FAT) available on UMANG App.

Benefits of the Scheme:

Employee:

- Formalization of job through expansion of social security coverage
- On job training making First-timers employable
- Improved employability through sustained employment
- Financial literacy skills

Employers:

- Offset cost of additional job creation
- Enhancing workforce stability and productivity
- Incentivize coverage of social security

The Pradhan Mantri Viksit Bharat Rozgar Yojana will be implemented by the Ministry of Labour & Employment through Employees Provident Fund Organisation (EPFO), a statutory body under the Employees' Provident Funds & Miscellaneous Provisions Act of 1952.

Source : Press Information Bureau



New EPFO rule: Faster death claim settlements, less paperwork; here's what you need to know

The Employees' Provident Fund Organisation (EPFO) on recently said that it has further simplified the death claim settlement process for the families of deceased members. According to a new circular by EPFO, Guardianship Certificates will no longer be necessary when settlement funds are deposited directly into the bank accounts of the deceased member's minor children.

In several previous instances, families faced delays because a Guardianship Certificate was required before processing the settlement of PF, pension, or insurance benefits. Obtaining this certificate from a court often takes months, creating financial stress for bereaved families

"In this regard, with a view to simplify the process and also to ensure speedy settlement to the minor children, it is hereby directed that no separate Guardianship Certificate be insisted if the settlements are being credited to the bank accounts of the minor children," EPFO stated in the circular.

The new directive from EPFO seeks to expedite settlements and ensure that minor children receive their entitled benefits without facing unnecessary legal hurdles.

Separate bank account for each child

Accordingly, claimants should be advised to open individual bank accounts in the name of each minor child to receive PF, and insurance proceeds, EPFO further stated.

EPF Form 20: Eligibility and who can apply for PF settlement after a member's death

EPF Form 20 is used by the nominee, legal heir, or guardian of a deceased EPF member to claim the member's provident fund accumulation. This form is specifically for the final settlement of the deceased member's PF account.

According to the EPFO website:

" If the member is a minor, by his guardian,
OR

" On the death of the member:



a) If a valid nomination subsists: by the nominee(s) of the deceased member if the nominee(s) is/are minor(s) guardian of the minor(s)

b) If no nomination subsists: by the 'family' member(s) of the deceased member duly supported by a list of surviving family members (as on the date of death of the member) furnished by the last employer or mamlatdar/Tehsildar or executive magistrate indicating complete particulars such as name, relationship with the deceased member, age, marital status in the case of parents, whether dependent or not. If any family member is a minor, by the guardian of the minor.

If both (a) and (b) above are not applicable: by legal heir(s) of the deceased member duly supported by a legal heir ship certificate."

Source : Economic Times

SC pushes for POSH Act Compliance; directs District-wise survey on constitution of Internal Complaints Committee

While considering the matter pertaining to proper implementation of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH Act), the Division Bench of B.V. Nagarathna and K.V. Viswanathan, JJ., in pursuance of the Court's earlier order dated 3-12-2024,

wherein the District Authorities concerned were to survey the number of organisations, (both public sector as well as private), which have already constituted the Internal Complaints Committee (ICC); directed the respondents have this survey conducted now with the assistance of the District Labour Commissioners and the Chief Labour Commissioner of the State. The Court emphasised that the survey shall be conducted within a period of 6 weeks from 12-8-2025 if not already completed.

Referring to Sections 2(o) and 2(p) of the POSH Act, the Court pointed out that it is the duty of an employer to ensure that in a workplace an Internal Complaints Committee is constituted in terms of Section 4 of the POSH Act. It is, hence, the responsibility of the Labour Department to ensure that the Internal Complaints Committee is constituted by every employer of a workplace and if no such Committee has been constituted then to take steps under the provisions of the POSH Act.



The counsel appearing for the petitioner pointing out the Court's order dated 3-12-2024 and directions issued in Initiatives for Inclusion Foundation v. Union of India, (2024)1 SCC 779, submitted that to assist the Deputy Commissioners/Collectors/District Magistrates to comply with the direction for conducting a survey as directed by the Court, the Chief Labour Commissioner of each State could ensure that the relevant data is collected by the Labour Commissioner or of the equivalent designation and officer in each of the Districts of the States so that the said collection of data by the said Officer could in turn be submitted to the District Officer, and the District Officer could in turn transmit the said data to the Chief Secretaries of the States and the Union Territories who would in turn place the relevant data before this Court.

The Amicus Curiae further submitted that not all the States and Union Territories have complied with the directions in order dated 3-12-2024. The Amicus also endorsed the suggestion of including the Labour Departments to conduct the district-wise survey. While perusing the matter, the Court took note of the submissions made by NALSA wherein they informed the Court about orders issued which have been disseminated to the State Authorities and the availability of the relevant information on the website of NALSA for implementation of the POSH Act.

The Court also took note of the creation of National Woman Helpline-181, Cyber Crime Helpline-1930 and Toll Free National Legal Aid Helpline-15100, which could be of assistance to an aggrieved woman to register her complaint or seek legal aid and advice under the provisions of the POSH Act.

Issuing the afore-stated Directions on conducting of survey with the help of District and State Labour Department, the Court directed the information collected from the survey shall be provided to the Amicus for compilation and to the counsels for the respective States and UTs. The Court expressed its expectation that counsels for the States and UTs to issue necessary advice on the aforesaid directions and to impress upon the authorities referred above to comply with the directions issued regarding the survey to be conducted and completed. The States may also ensure that the data that has already been collected is on-boarded in the She-box platform which has been created by the Department of Women and Child.

Source : SSCOnline





WHAT'S NEW?

 **Central Government Holiday List for the year 2026**

 **Delhi Labour Department Notification - Grant of Exemption under the Delhi Shops & Establishments Act, 1954**

 **Bihar Holiday List for the year 2026**

 **Advisory from EPFO Regarding PF Services and Member Experience**

 **Latest Minimum Wages**

 **Holiday List 2026**



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- Data Integrity
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- Overall compliance review from front end maneuver





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