

# The Compliance Watch



QUALITY | WILL TO WIN | BUILDING & LEVERAGING RELATIONSHIPS

## UCS POV: KARNATAKA MINIMUM WAGES NOTIFICATION

**RAM GANESH**  
VICE PRESIDENT

The Karnataka Government's Final Notification dated 22 May 2026 marks a significant shift in the State's wage regulation framework by introducing a uniform minimum wage structure across 81 scheduled employments. The move replaces the earlier industry-specific wage approach with a standardised model based on skill category and geographical zones, resulting in a substantial increase in minimum wages across sectors.

While the notification aims to simplify wage administration and align wage fixation with the principles laid down by the Supreme Court in the Reptakos Brett judgment, its implementation is likely to create immediate cost and compliance implications for employers, particularly in labour-intensive sectors.

At the same time, the notification is expected to remain under close legal scrutiny due to concerns around its issuance under the repealed Minimum Wages Act, 1948, after the Code on Wages, 2019 came into force, as well as issues arising from pending proceedings before the Karnataka High Court.

In view of the above, employers should carefully assess the financial and operational impact of the revised wage structure, while closely monitoring evolving judicial developments and potential industry-wide challenges to the notification.



## FORM SEPARATE POSH PANELS IN 127 UNITS WITHIN 4 WEEKS: WOMEN COMMISSION TO TCS

The National Commission for Women has directed Tata Consultancy Services to constitute separate Internal Committees in all its 127 units with 10 or more employees within four weeks, after raising serious concerns over workplace safety and implementation of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (PoSH), in the firm's Nashik centre. A hearing in the Tata Consultancy Services' (TCS) Nashik case was conducted on Thursday under the National Commission for Women (NCW) chief, Vijaya Rahatkar.

Senior TCS officials attended the proceedings virtually after the commission accepted a special request from the firm. The NCW additional secretary, B Radhika Chakravarthy, members of the fact-finding committee constituted by the commission and senior NCW officials also attended the hearing. During the proceedings, the commission flagged "systemic gaps" in workplace safety and PoSH compliance at the Nashik unit.

Issues raised included the absence of accessible local HR (human resource) infrastructure and grievance redressal mechanisms, lack of a dedicated Internal Committee for the Nashik office, absence of a proper mechanism for filing PoSH complaints, non-functional CCTV infrastructure, concerns regarding supervisory accountability and continuation of a joint Internal Committee for both Pune and Nashik units despite statutory requirements under the PoSH Act.

NCW chairperson Rahatkar told TOI, "Organisations must understand that compliance with the POSH act is not a formality but a moral, legal and institutional responsibility. When complaints are ignored or workplace culture becomes insensitive, it not only endangers women employees but also weakens the credibility, productivity and long-term growth of the organisation itself." She said, "Every institution must ensure a robust Internal Committee, timely redressal of complaints, transparency, sensitivity and strict accountability at every level.

Women should never feel unheard, unsafe or unsupported in professional spaces.'The commission questioned why no senior TCS official had visited the Nashik centre to directly interact with employees despite the seriousness of the concerns raised during the inquiry.

Apart from setting up separate Internal Committees at all eligible units, the company has been told to conduct comprehensive PoSH training programmes, ensure submission of annual PoSH reports to authorities concerned and ensure physical presence of officials concerned during the next review meeting scheduled after four weeks.

During the hearing, the NCW iterated that organisations must approach PoSH victims with "compassion, sensitivity and empathy". It also clarified that criminal proceedings in the matter would continue independently in accordance with law, while the commission's focus remained on ensuring effective implementation of the PoSH Act and strengthening workplace safety mechanisms for women employees.

The NCW's Fact Finding Committee's report, submitted to Maharashtra chief minister Devendra Fadnavis earlier this month, found a "toxic workplace environment" marked by "pervasive sexual harassment" and "abuse of authority" at the TCS office in Nasik.

Acknowledging and respecting the Tata Group's significant contribution to the nation, the NCW emphasised that as a nationally respected corporate institution and role model, the group was expected to uphold and implement the provisions of the PoSH Act in both letter and spirit.

*Source - Times Of India*



## KARNATAKA NOTIFIES FINAL DRAFT OF MINIMUM WAGES WITH AVERAGE INCREASE OF 60%

In a relief to over one crore workers across 81 scheduled employments in Karnataka reeling under pressure of rising prices of essential commodities, the Karnataka government on Friday (May 22, 2026) notified the final draft of minimum wages — ranging from ₹19,300 for an unskilled worker in Zone 3 to ₹31,100 for the highly skilled worker in Zone 1. The average increase of minimum wages is about 60% from the current wages.

The final notification on Friday comes over a year after the draft of the revised minimum wages for 81 scheduled employment in the State was notified on April 11, 2025. The variable dearness allowance for two years amounting to ₹1,030 has been incorporated into the minimum wages.

Confirming the notification, Labour Minister Santosh Lad told The Hindu that the new minimum wages would help a large workforce in the State.

“This is the workforce that would have very little left after paying for ESI and PF in the current minimum wage structure. They are also out of BPL limits,” he said.

Karnataka is the third State to notify revised minimum wages in the country in recent months after Uttar Pradesh and Haryana. While violence had broken out in Uttar Pradesh, widespread protests had been reported in Haryana over wages.

### Three zones

The current revision is based on the calculation of expenditure of households as per the guidelines fixed by the Supreme Court in the Reptakos Brett case of 1991.

The State has been classified into three zones for calculation of minimum wages with Greater Bengaluru region coming under Zone 1. While Zone 2 is all other district centres, and rest of the regions have been classified under Zone 3.

The revision comes a decade after the last revision effected in 2016-2017. While trade unions had been pushing the government to notify the minimum wages, the industry and businesses were against the increase, citing the fear of flight of capital from the State and inability of industries, especially the MSME sector, to pay the revised wages.

*Source - The Hindu*



## EPF WITHDRAWALS VIA UPI LIKELY SOON: HOW MEMBERS CAN TRANSFER FUNDS DIRECTLY TO BANK ACCOUNTS IN 3 EASY STEPS

Concerning Employees Provident Fund Organisation (EPFO) subscribers, Labour Minister Mansukh Mandaviya told reporters on Wednesday that testing of the facility has been completed and currently the EPFO is taking several initiatives to improve the quality of service delivery.

"We have completed the testing of the facility where members can withdraw EPF (employees' provident fund) through the use of the UPI payment gateway. The withdrawn amount will be directly transferred into the bank account of the member," Mandaviya said on Tuesday.

### How to avail the facility

- Subscribers will be able to see the eligible EPF balance available to transfer into their seeded bank accounts.
- They will be allowed to use their linked UPI pin for completing the transaction to ensure a secure transfer of money into their bank accounts.
- Once the funds are credited to bank accounts, members can use them freely for digital payments or withdraw cash from ATMs using their debit cards.

The labour ministry has been working on a project where a certain proportion of the EPF will be frozen, and a large chunk will be available for withdrawal through their bank account using UPI.

Currently, EPFO has been trying to resolve software glitches for the smooth implementation of this system, which will benefit over seven crore members.

# INDIA – GOVERNMENT OF INDIA NOTIFIES FINAL RULES ON FOUR LABOUR CODES

## Background

The GoI notified the four Labour Codes namely Code on Wages, 2019, Code on Social Security, 2020, Occupational Safety, Health and Working Conditions Code, 2020 and the Industrial Relations Code, 2020 on 21 November 2025.

On 30 December 2025, GoI issued draft Central Rules under the four Labour Codes for public consultation, inviting objections and suggestions within 30 days for the IR Rules and 45 days for the Central Rules on the other three Codes.

The GoI on 8 May 2026 notified the final rules under the four Labour Codes, namely the COW Rules, the SS Rules, the OSH Rules, and the IR Rules. Along with the final rules, the GoI also notified several operational aspects relating to implementation of the four Labour Codes.

## Key Highlights

### Minimum wage

- The minimum rate of wages is to be fixed on a daily basis in accordance with criteria to be specified by the Central Government.
- 
- Where a daily wage is fixed, it shall be divided by eight to determine the hourly rate and multiplied by 26 to determine the monthly rate.
- 
- Where the working week is less than six days, the calculated hourly rate shall be used to derive the daily minimum wage.

### Normal working hours

- Normal working day in case of an employee whose wage period is on a daily basis shall be eight hours per day.
- Normal working day in case of an employee whose wage period is other than a daily basis shall be so fixed that it does not exceed 48 hours per week.

### Manner of fixing floor wages

- Floor wage is to be fixed by the Central Government taking into account minimum living standards including food, clothing, housing, and other factors.
- The Central Government may revise the floor wage at an interval not exceeding five years and undertake adjustments to account for cost of living variations periodically.

### Annual free health check-up for employees

- Employers in docks, mines, and construction sites may arrange free annual medical check-ups for employees aged 40 and above.
- Employers may use the facility for medical examination of employees through the Employees' State Insurance Corporation.

### Gratuity for fixed-term employees.

- Fixed-term employees are eligible for gratuity if they render service under the contract for at least one year.
- Any subsequent service period exceeding six months but less than one year may be rounded off as one additional year.

### Overtime wage.

- A worker working more than eight hours in a day as a daily wager, or a worker other than a daily wager who works beyond 48 hours a week, is entitled to overtime wages at twice the regular rate.
- For overtime calculation, 15-30 minutes is treated as 30 minutes, and more than 30 minutes is treated as one hour. For monthly-paid workers, daily wages equal 1/26th of the monthly wage; for others, it is their actual daily earnings.
- No worker shall be allowed to work overtime exceeding 144 hours in any quarter of a year.

### Crèche facility

- Every establishment with 50 or more employees may provide and maintain a crèche for children under six years within one kilometre of the establishment.
- If there is no negotiating union or council, the majority of employees could agree with the employer to provide a crèche facility for children under six or pay a monthly crèche allowance of at least INR 500 per child or an amount notified by the Central Government applicable for up to two children.

### Issuance of appointment letter

- Mandatory issuance of appointment letters to employees.
- The format and particulars to be included in the appointment letter have been prescribed.

### **Mandatory duties of employer in case of women employees**

- Mandatory duties of an employer in case of women employees working during night or before 6.00 a.m. and beyond 7.00 p.m. include obtaining prior written consent from the employee.
- Providing safe transportation facilities, ensuring essential amenities such as well-lit washrooms and drinking water facilities.
- Workplace, including specified areas, could have suitable provisions for CCTV surveillance, and surveillance could also be provided on the way to these facilities.
- Comply with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
- No woman shall be employed in violation of maternity benefit provisions laid down under the Social Security Code, 2020.

### **Contract labour**

- A contract worker regularly employed by a contractor under mutually agreed conditions may receive an annual wage increment of at least two per cent.
- If contract labour works at the principal employer's premises, the principal employer must provide basic facilities or amenities such as toilet, washroom, drinking water, bathing facilities if required, changing room, first aid box, canteen, and crèche, while all other facilities and entitlements are the contractor's responsibility.
- If a contractor fails to pay the minimum bonus, the principal employer shall, upon written notice from the employees or their registered trade union, pay the minimum bonus to such employees.
- Contractors can obtain a single license for engaging contract workers in more than one state or across the whole of India.
- Contract labour grievances related to health, working conditions, or wages must be addressed by the principal employer through a committee. Unresolved issues within thirty days must be escalated to the Inspector-cum-Facilitator.



### **Grievance redressal committee**

- Mandatory for every industrial establishment employing 20 or more workers.
- Grievance Redressal Committee to address individual employee grievances, ensuring equal representation from both employers and workers, not exceeding 10 members.
- Women representatives may be included in the committee in proportion to their workforce share.

### **Constitution of works committee**

- Mandatory for every industrial establishment with 100 or more workers to constitute a works committee intended to facilitate employer-worker cooperation.
- The total number of committee members may not exceed 20.
- The committee may include representatives of both employers and workers, with worker representatives not less than those of employers.

### **Standing orders**

- The Model Standing Orders for industrial establishments in the mining, manufacturing, and services sectors are specified in Schedules A, B, and C of the Model Standing Orders, 2026.
- Employers may adopt the Model Standing Orders issued by the Central Government.

### **Worker re-skilling fund**

- The Central Government has established a worker re-skilling fund.
- Every employer who has retrenched a worker in an industrial establishment shall, within 10 days, transfer an amount equal to 15 days of last drawn wages of such retrenched worker to a designated account maintained by the Labour Commissioner along with worker details and bank accounts.
- The collected amount may be electronically transferred to the retrenched worker's bank account within 45 days to support re-skilling.

### Re-employment of retrenched workers

- Employers may give preference to retrenched workers (within one year of retrenchment) for re-employment based on seniority, provided they are Indian citizens and have expressed willingness for employment.
- Employers may display vacancy details on the notice board at least 15 days before filling positions and inform eligible retrenched workers at their latest address through speed post or email provided at the time of retrenchment or thereafter.

### Social security for unorganised workers, gig workers or platform workers

- Gig and platform workers aged 16 years and above may register on the designated Central Government portal using Aadhaar and prescribed documents on a self-declaration basis.
- Aggregators may share details of all existing gig and platform workers with the Central Government portal within 45 days of commencement of the Rules to enable issuance of a Universal Account Number (“UAN”) or unique ID, if not already available.
- Aggregators engaging new gig or platform workers may register them in real time or daily through API or other electronic modes and may also update exit details of such workers.
- To avail benefits under any scheme framed under the Code, gig or platform workers may meet additional eligibility conditions notified by the Central Government, apart from portal registration.
- Eligibility requires the worker to have been engaged for at least 90 days with a single aggregator or 120 days across multiple aggregators during the preceding financial year.

Source - KPMG



### UTTARAKHAND GOVT ASSURES OF STRICT ACTION AGAINST LABOUR LAW VIOLATORS, DISMISSES RS 20,000 WAGE CLAIMS

The Uttarakhand government has assured strict action against any person or company violating labour laws in the state, with the Labour Commissioner Prakash Chandra Dumka highlighting how wages in the state now stand higher than those in neighbouring states, while also dismissing claims circulating on social media regarding the minimum wage being set at Rs 20,000.

Speaking on the revised wage structure on Friday, Labour Commissioner Prakash Chandra Dumka said the Labour Department has consistently remained sensitive towards workers' welfare and has taken several steps in their interest."The Labour Department has always been sensitive to the needs of the workers of Uttarakhand. In April, we announced minimum wages for the engineering industries, a milestone, as this marks the very first time such wages have been declared since the formation of the state of Uttarakhand," he said.

He further stated that the government had also secured a favourable verdict in the High Court regarding the revised wages for the non-engineering sector announced in 2024."Furthermore, regarding the minimum wages declared for the non-engineering sector in 2024, we presented a strong legal defence in the High Court; following this effective advocacy, a verdict was secured in favour of the workers. We have also implemented these revised wages as of April 2026. Thus, in April 2026, we declared minimum wages for both the engineering and non-engineering sectors; additionally, for the non-engineering sector, we have also announced the Variable Dearness Allowance (VDA)," Dumka added.

According to the Labour Commissioner, minimum wages for both engineering and non-engineering sectors were revised in April 2026, while the Variable Dearness Allowance (VDA) for the non-engineering sector was also declared."With the declaration of this VDA, the minimum wages in Uttarakhand now stand higher than those in our neighbouring states. We have declared a minimum wage of ₹13,018 in Uttarakhand.

If any industry violates labour laws--whether by arbitrarily altering working hours, failing to pay overtime wages at double rates, or denying other permissible benefits--we are prepared to take action on their behalf. I have a request for my fellow workers. I appeal to them to remember that employment exists only as long as industries exist. It is essential to maintain harmony between the industries and the workers. No such official announcement has been made declaring a minimum wage of ₹20,000," he told ANI.

Meanwhile, Uttarakhand government secretary Shridhar Babu Addanki said the wage revision was carried out in the last week of April and covered both engineering and non-engineering sectors.

"A revision of the minimum wage rates took place very recently; in fact, it occurred just in the last week of April. There are two categories of wages: one for engineering workers and another for non-engineering workers. Within these categories, there are further sub-categories, such as unskilled labour, semi-skilled labour, and skilled labour," Addanki told ANI.

He stated that the revised minimum wage for unskilled workers in the non-engineering sector now stands at ₹13,018, while for the engineering sector it is around ₹13,800."For our unskilled workers in the non-engineering sector, the combined minimum wage figure now stands at Rs 13,018. For the engineering sector, the figure is around Rs 13,80. If you compare this with other Indian states--specifically our neighbouring states--or look at the national average, you will find that our rates are significantly higher," he said.

Addanki also alleged that misinformation regarding wage rates was being spread through certain social media platforms.He added, "Unfortunately, due to certain social media channels, misinformation and false propaganda are currently being circulated. There are claims that minimum wages in Uttarakhand are being paid at a lower rate. In reality, the Labour Department--through our departmental officials--has alerted all industrial establishments across the state to strictly ensure the mandatory payment of minimum wages.

They have been directed to comply with the decision taken at the administrative level in April. This revision takes place every six months. The next revision will occur after six months."

Source - ANI News



## NEW LABOUR CODES BOOST GRATUITY BUT TRIM TAKE-HOME PAY

With many employees seeing a moderate dip in net take-home salaries in their latest payslips, companies are issuing explainers to help them understand the impact of the new labour codes.

The reduction is largely due to changes in salary composition. Employee provident fund (PF) contributions have increased, as they are now calculated as 12% of a higher basic salary component. At the same time, gratuity accruals have also risen because they are linked to this expanded wage base.Vikram Shroff, partner, employment, labour and benefits at law firm AZB & Partners, said the labour codes mandate that at least 50% of total remuneration is treated as wages for statutory payments, regardless of the CTC (cost to company) breakup.

This, he said, protects employees' interests."In cases where basic salary was lower, some employers increased it to 50% to better align with the wages definition. As a result, some of the other components were reduced or revised, while provident fund contributions increased. These changes led to a reduction in net take home pay," he said.

Employees are beginning to see this play out in their compensation. IT professional Deepak C, who received a salary increment effective April, said the gratuity component in his pay has doubled.

He received a Rs 90,000 annual increase in CTC, but "Rs 40,000 is going into the gratuity," up from Rs 20,000 earlier. "My hike is effectively Rs 50,000 which is split between the PF and other components," he said, highlighting the reduced immediate gain in take-home pay.

In some cases, companies are going beyond statutory requirements to cushion the impact. German software firm SAP India, for instance, has extended the revised gratuity calculation retrospectively to cover employees' entire tenure, rather than only from the date of implementation.It has also allocated additional budget to provide a one-time, permanent uplift in total target compensation (TTC), absorbing the higher employer-side PF and gratuity costs within the overall CTC.

Additionally, SAP has introduced an uncapped gratuity benefit, where payouts exceeding the statutory cap of Rs 20 lakh are calculated on basic salary, resulting in higher payouts.SAP has described the "one-time uplift" as a compensatory increase to offset the reduction in monthly take-home pay due to the revised salary structure.

As a larger portion of salaries is redirected toward PF and gratuity, the uplift is aimed at stabilising employees' net pay. An email sent to SAP didn't elicit a response till press time.

Puneet Gupta, partner at EY India, said that under the earlier regime, gratuity was calculated on basic salary plus dearness allowance. Under the new labour codes, however, gratuity is linked to the broader definition of "wages" under the Code on Social Security, 2020 "This shift is significant because the definition of wages expands inclusion of pay elements, subject to a 50% exclusion threshold. As a result, the base for gratuity calculation may increase," he said, adding that gratuity at exit will be based on last drawn wages.

*Source - Times Of India*

## **KARNATAKA LIKELY TO OPERATIONALISE LABOUR CODES FROM JULY 1, MAY REVISE HOUSING RENT, RIGHT TO STRIKE**

Many unions demanded that housing rent calculations under minimum wages be based on current rental rates in industrial areas.

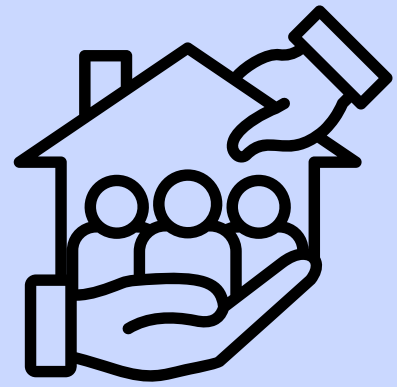
Karnataka is expected to fully implement the four labour codes from July 1. One of the major changes that could come under the wage code is in the way housing rent is calculated while fixing minimum wages, according to officials.

At present, housing rent is calculated as 10% of food and clothing expenditure. However, trade unions, which are included in the labour codes, have called for it to be based on actual market rents in 'industrial' zones, if not in all regions.

The new framework will replace 29 existing labour laws that currently deal with social security, working hours, retirement benefits and trade union rights. The Centre has already released the rules at the national level.

Many unions demanded that housing rent calculations under minimum wages be based on current rental rates in industrial areas. Union representatives pointed out that as Karnataka tracks the Consumer Price Index (CPI) for industrial workers across 16 centres, wage calculations should reflect the real rental conditions workers face in industrial clusters.

Trade unions have also demanded changes in the rules for recognising unions. They said that if more than one union is competing for recognition, the decision should be made through a secret ballot instead of physical membership verification to make the process transparent and fair.



Another key demand is to retain the existing provisions related to the right to strike. Trade unions argued that the current labour codes make the 'Right to Strike' difficult and could make most strikes illegal. "We have urged the State government to retain the existing provisions governing strikes," an AITUC member said.

According to the draft rules, a strike notice must be given to the employer and signed by the union secretary and five elected union representatives. Copies must also be sent to the conciliation officer, Labour Commissioner and the State government. The draft also says the notice should be backed by a resolution passed by a majority of workers who are union members.

After strong objections from trade unions, which argued that the draft rules mirror the Centre's framework without enough state-specific changes, the Labour Department formed four committees — one for each labour code — wages, social security, industrial relations, and occupational safety, health and working conditions (OSH) code.

Trade union members told The Hindu that while Labour Minister Santosh Lad was open to hearing their suggestions, some labour department officials were inclined towards industry interests on issues such as housing rent and secret ballot provisions. They said committees with union representation were formed after these concerns were raised with the Minister.

The unions also criticised the Centre's decision to remove the criteria for fixing minimum wages from the final rules, saying that these will be notified separately.

Additional Labour Commissioner G. Manjunath said four committees have been formed to review the four codes. He said trade unions had initially not given state-specific suggestions, but are now actively participating. He added that after the final review and considerations, Karnataka will notify its own rules.

*Source - The Hindu*

# HIGHLIGHT



Draft rule – Maharashtra Code on Wages, 2026  
and Maharashtra Industrial Relations, 2026

Change in Gratuity Forms under  
Social Security (Central) Rules, 2026

Revision in MP Labour Welfare Fund  
Contribution – Effective January 2026

FOUR Central Labour Codes notified\_08th  
May 2026\_Immediate steps

Latest Minimum Wages



READ MORE



UCSCompliTool is a technology to ease the complexities of navigating through the changing Labour laws. With our past experiences and feedbacks, we have developed an in-house Software solution and have created this robust mechanism which represents our motto – Compliance simplified. It provides a real time and 360-degree view of compliance status for the Principal employer (CompliTool - Compliance) and with risk matrix to monitor the contractors (CompliTool - Audit). We have developed a Role Based Access Control model and being a cloud-based system, we are offering an absolute security and protection of data.

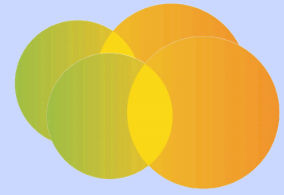
**FOLLOWING ARE SOME OF THE MAJOR BENEFITS OF THE TOOL:**

- Real Time Statistical Data
- Informative Tool
- Transparency
- Ease of Documentation
- Ease of Monitoring
- Highlighting of Critical Points
- Security and Data Confidentiality
- Centralization of Data
- Readily Available Documents
- Data Integrity
- Extensive Reporting
- User friendly Dash Boards
- Overall compliance review from front end maneuver

**For Demo, Please write to us at [enquiry@ucsdel.com](mailto:enquiry@ucsdel.com) or Call us @ 0124 2656864**

**UCSCOMPLITOOL.COM**

# ABOUT US



United Consultancy Services is one of the leading consulting firms in India providing compliance, advisory, and audit services in the field of Labour Laws, Human Resource Development, and Legal matters pertaining to Industrial Relations. We provide meaningful, forward-looking and compliance-oriented solutions to help organizations grow while being compliant with labour laws. Proactive teams led by domain experts, use insight, experience and best practices to understand complex issues of publicly listed and privately owned clients and simplify compliance.

With over 30 years of existence and with more than 200 professionals the firm provides robust compliance services and solutions on complex requirements under Labour law. The information shared in the newsletter is based on Government notifications and newspaper articles.

This is for general information purposes only and does not constitute legal advice. Please reach out to your UCS contact or the Company's legal counsel before taking any action.

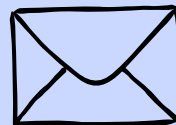
We Simplify Compliance For You.



Unit No. 852 - 856, 8th Floor,  
JMD Megapolis, Tikri, Sector-  
48, Sohna Road, Gurugram,  
Haryana-122018.



0124 2656864



[enquiry@ucsdel.com](mailto:enquiry@ucsdel.com)



[www.unitedconsultancy.com](http://www.unitedconsultancy.com)

