

# THE WORKFORCE CHRONICLES

Monthly Newsletter  
May 2025

INDIPRISE PROFESSIONAL PARTNERS LLP ( A LABOUR LAW EDITION )



## Here's what has happened in the last month!

### LATEST FROM THE SUPREME COURT OF INDIA

- Supreme Court increases extent of disability suffered by employee under Employees' Compensation Act, 1923.
- Workers cannot be denied Bonus if factories are run by Charitable Trusts

### LATEST FROM THE HIGH COURTS

- Maternity Leave salary can't be denied to contractual employee; rights of mother & newly born child can't be curtailed: Chhattisgarh High Court.
- Chairman held liable for not complying with Order of Labor Court: Bombay High Court.

### LATEST FROM THE CENTRAL GOVERNMENT

- Circular regarding allotment and activation of UAN through UMANG App using FAT: EPFO.
- Circular regarding Bulk generation on UAN in certain special cases: EPFO.

### LATEST FROM THE STATE GOVERNMENTS

- Revised Minimum Wages

### Employees' Compensation Act, 1923

An Act designed to secure the rights of the workers and provide social security to them. It aims to provide financial compensation to the employees by employers in case the employee meets with any unfortunate accident while performing their duties or occupational diseases sustained during the course of their employment. This compensation is payable to the injured employee in case of disablement arising from workplace accidents and their dependents/ legal heir in case of death.

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## LATEST FROM THE SUPREME COURT OF INDIA

Supreme Court increases extent of disability suffered by employee under Employees' Compensation Act, 1923.

The Supreme Court increased the disability extent from 34% to 50% for an employee whose working hand was seriously mutilated due to the loss of one or more phalanges of four fingers. The Apex Court observed that **there can be a departure from the Schedule of the Employees' Compensation Act, 1923, in deciding the functional disability.**

Referring to the judgment in Oriental Insurance Co. Ltd. v. Mohd. Nasir (2009), the Division Bench said, "After noticing Explanation 1 to Section 4 of the Act of 1923, this Court, in the cited case, also held that 'It is also beyond any doubt or dispute that while determining the amount of loss of earning capacity, the Tribunal or the High Court must record reasons for arriving at their conclusion.'. Hence, it is not as if there can never be a departure from the Schedule in deciding the functional

disability, which it has been recognised would in certain cases have a co-relation with the physical disability."

The Commissioner under the Act allowed 100% disability and adopted the factor of 213.57, thus determining the total compensation to be Rs 3,20,355. The Commissioner also awarded 12% interest from the date of the accident and 50% penalty i.e. Rs 1,60,178 for the reason that the employer had not paid the compensation within one month from the accident. The High Court found that the disability was only to the extent of 34%.

It was explained that the disability, as determined by the statute, is for the specific loss of a phalanx or a finger, and in the event of more than one such loss, it cannot be said that a mere aggregation

would determine the actual loss.

The appellant's working hand has been seriously mutilated by the loss of one or more phalanges of four fingers. The middle and index finger having been disabled completely, and the ring finger and the little finger having lost two phalanges and one phalanx respectively, Functionally it is difficult for the right hand to be used with the same grip as available prior to the accident. Though a 100% disability cannot be assessed, insofar as the mutilation of the one hand, which is also the operational hand, the right hand, we are inclined to determine the loss at 50%." Thus, the Bench allowed the appeal. [GJB Hotels Pvt. Ltd. v. Sriharan Sripathmanathan & Ors.]

[Click here to read Judgement.](#)

## Appointment to public posts cannot be done on hereditary basis.

The Supreme Court said that the appointment to the public posts cannot be done on hereditary basis, and such an appointment violates Articles 14 and 16 of the Constitution. Holding so, the bench upheld the High Court's decision, striking down the provision as unconstitutional. It held that public employment cannot be treated as a hereditary privilege and must be based on open competition and merit. While recognizing that the rule was not specifically challenged, the Court ruled that constitutional courts have the authority to strike down manifestly unconstitutional subordinate legislation, even suo motu, when it directly relates to the matter before them. The Court emphasized that this power must be exercised sparingly and with care. [Bihar Rajya Dafadar Chaukidar Panchayat (Magadh Division) v. State of Bihar and Others]

[Click here to read Judgment.](#)

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## Workers cannot be denied Bonus if factories are run by Charitable Trusts.

The Court emphasized that the right to receive a bonus is a statutory entitlement and rejected claims that a factory's association with a charitable organization exempts it from its legal obligations. The case involved a charitable trust engaged in the rehabilitation of leprosy patients. Over time, the trust expanded into commercial activities, such as manufacturing and selling automobile parts. Rehabilitated patients were employed as factory workers, and they later formed a union to demand bonus under Bonus Act. However, the trust management denied their claims, arguing that

the organization was exempt under Section 32 of the Bonus Act. They reasoned that their institution was similar to the Indian Red Cross Society, which is specifically exempted from paying bonuses under the Act. "There is nothing on record to show that the appellant is akin to the Indian Red Cross Society, which was established by an Act of Parliament. Some objects and activities of the appellant might match with those of the Indian Red Cross Society, but that would not be enough to hold that the appellant is an institution like the Indian Red Cross Society," the Supreme Court observed.

The Court noted that once the trust started running factories and engaging in profit-driven activities, it was bound by the provisions of the Bonus Act. "We hold that the appellant is not exempted under Section 32(v)(a) or (c) of the Bonus Act, and the workmen of the respondent-Union, who are engaged by the appellant in its factories, are entitled to get the bonus in accordance with the law." The Court held while dismissing the appeal. [The Management Of Worth Trust v. The Secretary, Worth Trust Workers Union]

[Click here to read Judgement](#)

## Despite contributions deducted from employees' salaries, they weren't deposited with ESIC: Supreme Court upholds conviction U/S 85(A) ESI Act.

The ESIC submitted that M/s Electriex (India) Limited, which was declared a sick industry in 2001, had deducted its employees' ESI contributions from their wages but had not deposited the amount with the ESIC. A private complaint was filed against the Appellant, leading to his conviction by the Trial Court under Section 85(i)(b) of the ESI Act. The Conviction was upheld. The Supreme Court noted the argument canvassed by the Appellant that he neither held the post of General Manager nor was he the 'Principal Employer' during the relevant period. The submission urged was that the liability was on the Company for making payments to the ESIC, therefore, he could not be charged, much less convicted, for an offence under the ESI Act.

The Bench, referring to the definition of a principal employer under Section 2(17) of the ESI Act, noted that "it is clear that the definition also includes a 'managing agent' of the Owner/Occupier in the case of a factory or 'named as the manager of the factory under the Factories Act, 1948' and for 'any other establishment', 'principal employer' would include 'any person responsible for the supervision and control of the establishment'. Therefore, designation of a person can be immaterial if such person otherwise is an agent of the Owner/Occupier or supervises and controls the establishment in question. From the materials available on record, we find that the Appellant falls within the ambit of Section 2(17) of the Act, being a 'managing agent'

The Bench remarked that "the High Court rightly indicated that non-remittance of the contribution deducted from the salary of an employee to the ESIC is an offence under Section 85(A) of the Act and punishable under Section 85(i)(a) of the Act but the Trial Court had imposed a lesser sentence as provided under Section 85(i)(b) of the Act." Consequently, the Court ordered, "Accordingly, the appeal, being devoid of merit, stands dismissed. The Appellant is directed to undergo the sentence after setting off the period already undergone, if any and pay the fine, if not already paid, as awarded by the Trial Court." [Ajay Raj Shetty v. Director & Anr.]

[Click here to read Judgment.](#)

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## Statutory penalty imposed upon employer U/S 4A(3)(B) of Employees' Compensation Act not to be indemnified by insurer.

The Bench, at the outset, said, "It is a settled law that the statutory penalty which is imposed upon the employer under Section 4A(3) (b) of the Act is not to be indemnified by the Insurer." The Bench further said, "The decision in Ved Prakash Garg v. Premi Devi & Ors. (1997) 8 SCC 1, has been followed in L.R. Ferro Alloys Ltd. v. Mahavir Mahto, (2002) 9 SCC 450 holding that the Insurer is liable to indemnify the owner only for the compensation along with interest thereon and not the penalty imposed on the employer for default in payment of amount within one month from the date of incident. In view of the above, the direction of the High Court, fixing the liability to pay statutory penalty on the Employer only, requires no interference from this Court." Next, the Court decided the issue of percentage of the penalty to be imposed for default in payment. The Bench referred to Section 4A(3)(b) which states that in case

where the Employer has defaulted in payment of compensation due under the Act within one month from the date it fell due and the Commissioner thinks that there is no justification for the delay, the employer shall be directed to pay a further sum to the maximum of 50% of the award amount, by way of penalty. "Therefore, the necessary pre-requisite for imposing the statutory penalty under Section 4A(3)(b) is that the employer must default in payment of compensation due and the Commissioner must reach the conclusion that nonpayment is not justifiable", it held. It was further noticed by the Bench that the High Court had not given any reason as to why the penalty amount as directed by the Commissioner was directed to be reduced to a lumpsum amount of Rs 30,000. The Commissioner had come to a specific finding of fact that the Employer had not paid any amount to the Claimants at the time of injury, nor had it paid anything when the claim was filed

by the Appellants. "Such a finding of fact by the Commissioner could not have been interfered with by the High Court in the First Appeal without a finding to the contrary that the Respondent No. 2 – Employer had indeed paid at least some amount due to the family of the deceased employee within a period of one month from the date of accident", it held. Thus, the Bench directed that the statutory penalty under Section 4A(3)(b) be fixed at 30% of the compensation amount. The order of the High Court was modified to that extent without disturbing the finding of the High Court on the compensation and interest thereon awarded under Section 4A(3)(a) of the Act as well as the fixation of liability to pay the penalty amount on the Employer. [Sheela Devi & Anr. v. Oriental Insurance Company Limited & Anr.]

[Click here to read Judgement.](#)



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## LATEST FROM THE HIGH COURTS

"EPFO accepted contributions; cannot now deny benefit of higher Pension": Kerala High Court grants relief to retired employees.

The Court was considering writ petitions filed by retired employees of a Central Society under the Kerala Co-operative Societies Act, 1969, challenging the rejection of their joint options for higher pension under the Employees' Pension Scheme, 1995. The Kerala High Court granted relief to retired employees of a cooperative society noting that once both employer and employee had contributed to the Employees' Provident Fund on the basis of actual salary under Paragraph 26(6) of the EPF Scheme, 1952, and the Employees Provident Fund Organisation (EPFO) had accepted those contributions, the claim for higher pension could not be denied.

The Court noted that there existed no dispute regarding the fact that the Petitioners and the 4th Respondent had contributed towards the provident fund on the basis of the actual salary drawn by them. The Court noted, "...the 4th respondent had remitted the employer contribution based on the actual wages for the period April 2004 to September 2006." The Bench noted that the Regional Provident Fund Commissioner had rejected the claim for a higher pension stating that the employer's contribution for 2004 to 2008 was made in bulk and not in respective months, and since the payment was not apportioned

month-wise as per paragraph 26(6), the Petitioners were held ineligible. The Court observed that once it was found that the contribution was made by the employer and employee on the basis of actual salary and the EPFO had accepted the same, the Petitioners were entitled to get higher pension based on such contribution. Consequently, the Court disposed of the writ petitions. [Gopinathan Pillai. M. & Ors. v. Union of India & Ors.]

[Click here to read Judgment.](#)

## Chairman held liable for not complying with Order of Labor Court: Bombay High Court.

The Bombay High Court has confirmed that the Chairman of Kinetic Engineering Ltd., Arun Hastimal Firodia, can be held responsible for not following the directions of the Labour Court. The court clarified that those in control of an industrial establishment must ensure that legal orders are followed, even if an appeal is pending and there is no stay on the order. Firodia then approached the High Court, arguing that he could not be held liable since he was not a party to the original complaint and that the Managing Director, not the Chairman, is responsible for the day-to-day

functioning of the company under the Factories Act, 1948. His counsel also pointed out that he was a senior citizen facing health issues. The chairman's argument was rejected and the Hon'ble Bench upheld the criminal process initiated against him. The court held that since he was in charge of the company's operations, he bore the responsibility to comply with the Labour Court's directions. [Arun Hastimal Firodia v. The State of Maharashtra and Another]

[Click here to read Judgment.](#)

## Family income more than 75% of last salary drawn by deceased bank employee: Allahabad High Court upholds rejection of compassionate appointment claim.

The Allahabad High Court was considering an Order passed by the competent authority rejecting the claim of the petitioner for grant of appointment on compassionate ground. The Single Bench asserted, "The income of the family of the deceased so calculated is more than 60% of the last salary drawn by the deceased. In fact as per the aforesaid calculations, the family income of the petitioner is more than 75% of the last salary drawn. The income of the family so determined establishes that the family does not face financial

destitution as a result of the death of the employee. The respondents in the impugned order have been thus correctly found that the petitioner does not fulfil the criteria for grant of compassionate ground appointment as per the provisions of the compassionate ground appointment scheme applicable to the bank." "An overliberal interpretation of the right to the appointments on compassionate ground will open a floodgate of such appointments and turn them into a veritable source of recruitment. An

unjustified generous approach in compassionate ground which is not consistent with the applicable service rules will confer benefit to underserving and ineligible candidates, and simultaneously deny the rights and lawful claims of eligible and meritorious candidates from getting appointment to government posts. The merit is not to be assumed from parentage but has to be achieved through open competition." [Chanchal Sonkar v. Chairman, State Bank Of India And 5 Others]  
[Click here to read Judgment.](#)

## Maternity Leave salary can't be denied to contractual employee; rights of mother & newly born child can't be curtailed: Chhattisgarh High Court.

The Petitioner herein had approached the Chhattisgarh High Court seeking a direction to the official Respondents to pay the salary of maternity leave granted to her for the period of 4 months from March 17, 2024 to July 3, 2024. The Single Bench said, "... salary for the period when the petitioner had gone to maternity leave cannot be denied on the ground that she was serving as contractual employee. Further considering the case that once the petitioner was granted maternity leave, the respondents are under obligation to release the salary of the petitioner forthwith in respect of the period when she had gone for maternity leave." "The right of a new mother and newly born child cannot be



curtailed on the whims and capricious of the officer. The dignity of women at carse and the right to life of a newly born child is an important aspect, which cannot be deviated", it said. [Smt. Rakhi Verma v. The State Of Chhattisgarh & Ors.]

[Click here to read Judgment.](#)



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## LATEST FROM THE CENTRAL GOVERNMENT

Circular regarding allotment and activation of UAN through UMANG App using FAT: EPFO.

In order to simplify and to make the entire process of allotment and activation of UAN more robust, the following 3 facilities for Employees/Members have been introduced in the UMANG APP leveraging the Face Authentication Technology (FAT):

- a. Direct UAN allotment and activation.
- b. UAN activation for existing UANs.
- c. Face Authentication Service for existing Activated UANs.

For availing this facility, the only requirement would be to download the UMANG App and Aadhaar Face RD App from Playstore. The above facility can be availed by the Members themselves using their smartphones without any intervention of EPFO/Employers. Facility is also available for downloading e-UAN card PDF for handing over to Employer for onboarding with EPFO.

[Click here to read Circular.](#)

## Circular regarding Bulk generation on UAN in certain special cases: EPFO.

With a view to ensure proper accounting of the Past accumulations that had been remitted to EPFO by the Exempted PF Trusts consequent to the surrender/cancellation of exemption and also in other cases involving remittance of past period contributions consequent to quasijudicial/recovery proceedings, it has been decided to relax the requirement of Aadhaar for generation of UAN/credit of Past Accumulations for such members and also provide a facility for bulk generation of UANs based on the Member Id & other member information available on record so as to enable prompt crediting of funds in the accounts of such members.

[Click here to read Circular.](#)



## Circular regarding removal of uploading of the image of cheque leaf/attested bank passbook and removal of the requirement of employer approval for seeding bank account details with UAN: EPFO

In order to facilitate the speedy settlement of claims filed online and to reduce the rejection of claims due to the reason of non-uploading of the image of cheque leaf/attested bank passbook while filing claims online, it has been decided that the members shall not be required to upload the image of cheque leaf/attested bank passbook at the time of filing the claim provided the bank account seeded with UAN is validated by the concerned bank/NPCI.

It has also been decided that there shall be no requirement of approval of employer in the bank account seeding process henceforth. Further, all requests pending for bank KYC seeding at employer level will be auto-approved following the verification process from the Bank/NPCI.

[Click here to read Circular.](#)

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## LATEST FROM THE STATE GOVERNMENTS

### REVISED MINIMUM WAGES

Some states have revised the rates of Minimum wages. Click on the link below for updated rates.

S. NO.	STATE	W.E.F.	CLICK HERE TO VIEW NOTIFICATION
1	Haryana	01.01.2025	<a href="#">Government Notification</a>
2	Uttar Pradesh	01.04.2025	<a href="#">Government Notification</a>
3	Chhattisgarh	01.04.2025	<a href="#">Government Notification</a>
4	Andhra Pradesh (Contract labours/workers)	01.04.2025	<a href="#">Government Notification</a>
5	Odisha (Scheduled Employment)	01.04.2025	<a href="#">Government Notification</a>
6	Andhra Pradesh (Scheduled Employment)	01.04.2025	<a href="#">Government Notification</a>
7	Delhi (Scheduled Employment)	01.04.2025	<a href="#">Government Notification</a>
8	Punjab (Scheduled Employment)	01.03.2025	<a href="#">Government Notification</a>
9	Goa (Scheduled Employment)	01.04.2025	<a href="#">Government Notification</a>

## Notification of the Tripura Shops and Establishments (Sixth Amendment) Act, 2024.

The Govt. of Tripura has amended the contents under Section 10 of the Tripura Shops and Establishments Act, 1970 which shall be substituted as “No young person shall be required or permitted to work in any shop or establishment after eight o' clock post meridiem and no woman shall be restricted to work in any shift, in any shop or establishment, on any day of a week; Provided that no woman shall be required or permitted to work in any shop or establishment, after eight o'clock post meridiem to before six o'clock ante

meridiem, without obtaining the written consent of that woman and the shopkeeper or the employer of such shop or establishment has ensured the, adequate provision of shelter, restroom, night creche, ladies' toilet, adequate protection of their dignity, honour and safety, protection from sexual harassment and their transportation from the shop or establishment to the door step of residence.”

[Click here to read notification](#)



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