

# LABOUR LAW MONTHLY UPDATE

**JULY 2025**

# DISCLAIMER



This Presentation is meant for informational purpose only and do not purport to be advice or opinion, legal or otherwise, whatsoever.



This is not intended to advertise services or solicit work through this monthly update.

**Let's  
take a  
tour**

○ Amendments & Ordinance

○ Circulars and Notifications

○ Across the Globe

○ Did you know

○ Case Law

○ Compliance

○ Knowledge Corner



# AMENDMENTS & ORDINANCE

# **MINISTRY OF LABOUR AND EMPLOYMENT**

**NOTIFICATION DATED: 06.06.2025**

# Tamil Nadu Shops and Establishments (Amendment) Act, 2025

- Chapter IX of the Tamil Nadu Shops and Establishments Act, 1947 was amended and an explanation has been added to subsection (1) of Section 45 to define the term "second or subsequent contravention." "second subsequent contravention" means the same or similar contravention committed by an employer within a period of three years from the date on which the first contravention was committed.

# PENALTIES

Contravention of specified provisions for the First-time can now attract penalties up to ₹5,000, while repeated offences within three years may lead to fines up to ₹10,000.



Non-compliance with section 41-A can result in a penalty of up to Rs.50,000, with an additional Rs.200 per day for continued default, subject to a maximum of Rs.1,00,000.



The adjudicating officer may direct that the whole or any part of the penalty to be paid by the employer shall be paid, by way of compensation, to the aggrieved employee.

# Continuation...

Obstructing labour inspectors or failing to follow their lawful directions may also attract penalties up to ₹5,000



The amendment allows for compounding of offences before penalty imposition, helping to avoid prolonged adjudication.



The Government will appoint adjudicating officers (not below the rank of joint commissioner of labour) to conduct inquiries and impose penalties, ensuring due process by providing a reasonable opportunity of being heard.

# Continuation...

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Appeals against such orders can be filed within 60 days before an Appellate Authority (of Additional Commissioner rank), who is required to dispose of appeals within another 60 days.

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Any unpaid penalties will be recovered as arrears of land revenue. These changes are aimed at improving compliance and enforcement under the state labour laws.

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The word "fine" in section 49 of the principal Act has been amended and substituted with the term "penalty".



# CIRCULARS AND NOTIFICATIONS

# **TAMIL NADU LABOUR WELFARE AND SKILL DEVELOPMENT DEPARTMENT**

**NOTIFICATION DATED: 11.06.2025**

# Tamil Nadu Manual Workers (Construction Workers) Welfare Scheme, 1994

- Clause 11 of the Tamil Nadu Manual Workers(construction workers) welfare Scheme, 1994 has been amended, whereby the explanation previously provided under sub-clause (1) of clause 11 has been excluded and substituted as sub-clause (1) as, "All manual workers when met with an accident are eligible for personal accident relief and where the accident results in death at worksite or death occurs on the way of hospital for treatment or death occurs while pursuing treatment in the hospital due to such accident, their nominees are eligible for personal accident relief".
- Furthermore, the relief granted under item (a) of sub-clause (2) of Clause 11 of the said scheme has been enhanced from Rs.1,00,000/- to 8,00,000/-.

**OFFICE OF THE LABOUR  
COMMISSIONER  
UNION TERRITORY OF ANDAMAN AND  
NICOBAR ISLANDS  
NOTIFICATION DATED: 02.06.2025**

## **Interval for rest of half hour not exceeding five hours work is increased to every six hours of work to enhance productivity and efficiency in manufacturing sector.**

- Section 55 of the Factories Act 1948 mandates an interval for rest of half hour for every adult worker not exceeding five hours.
- By Notification No. 111/69/F.No. 7/5/69-LC read with Section 55 of the Factories Act 1948 the interval for rest was revised and half hour interval for rest for work not exceeding six hours, for the working adults of Union territory of Andaman and Nicobar islands.

**EMPLOYEES' STATE INSURANCE  
CORPORATION  
NOTIFICATION DATED: 13.05.2025**

## **Medical benefits under the Employees State Insurance Act, 1948 are extended to families of the insured person**

- Pursuant to the powers conferred under Section 46(2) of the Employees' State Insurance Act, 1948, read with Regulation 95-A of the ESI (General) Regulations, 1950, the Director General by notification dated 13.05.2025 has notified that, effective 1st May 2025, medical benefits under Regulation 95-A shall be extended to the families of insured persons in the districts of Araria, Saharsa, Aurangabad, Banka, East Champaran, and Gopalganj in the State of Bihar.

# **EMPLOYEES' STATE INSURANCE CORPORATION**

**NOTIFICATION DATED: 01.07.2025**

# Scheme to Promote Registration of Employers/ Employees (SPREE)

- Under the provisions of the Act, the employers are required to register the Factory/Establishments under the ESI Act within 15 days after the Act becomes applicable to the unit and also required to register their employees.
- However, some of the employers as well as employees may have been left out from the coverage under the ESI Act. To encourage such employers to cover themselves under the Act without any botheration of retrospective coverage and punitive action, the SPREE scheme as a one-time opportunity has been launched. The Scheme will remain open for a period of six months from 1st July 2025 to 31st December, 2025.

# Continuation...



The scheme has the following features:



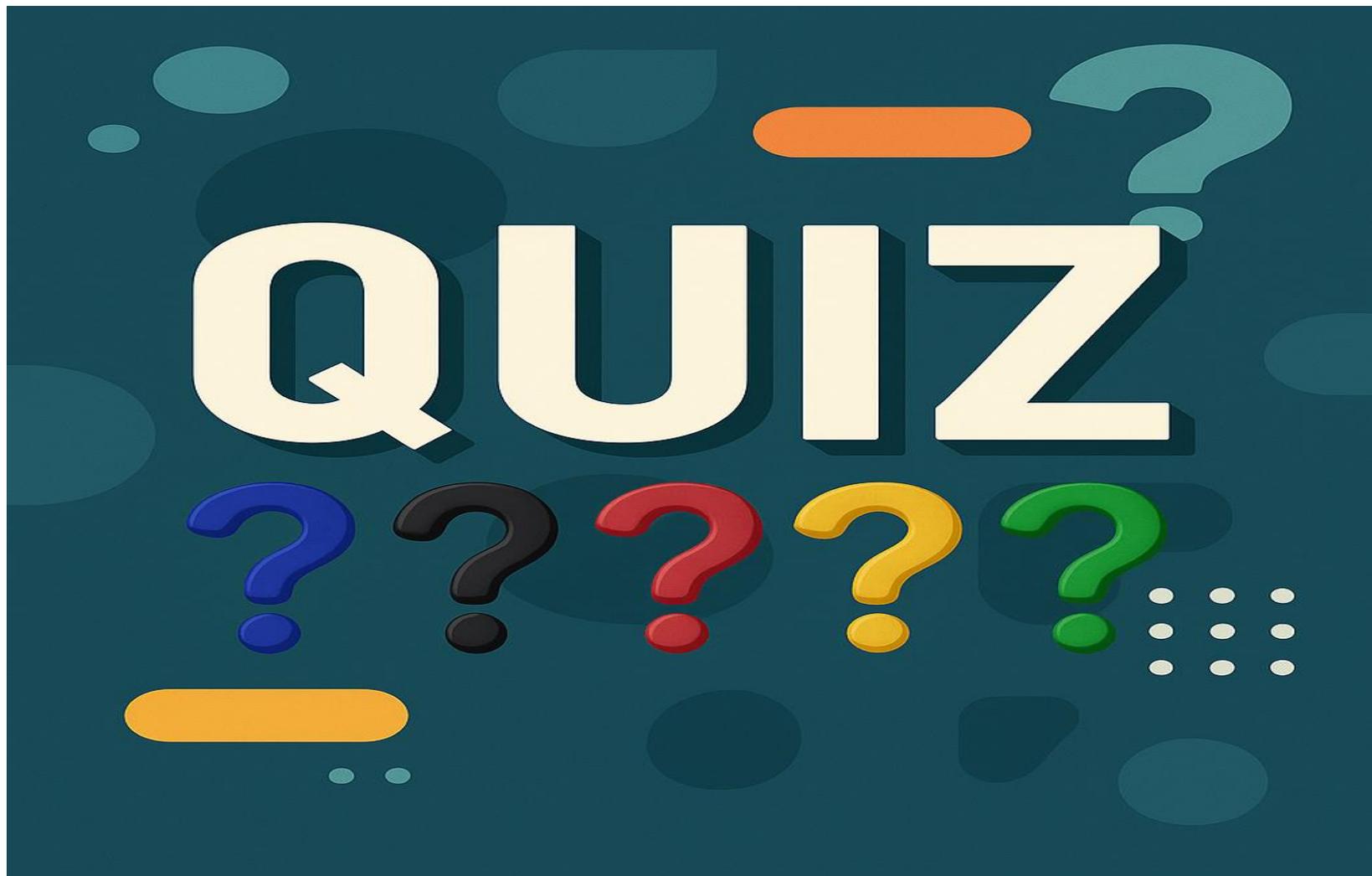
The employers registering during the period will be treated as covered from the date of registration or the date as declared by them.



The newly registered employees shall be treated as covered from the date of their registration.



This will not have any bearing on actions taken/required under ESI Act, if any, prior to 1st July, 2025.



A woman employee is on maternity leave for 4 months in a financial year. The employer excludes this period while calculating bonus under the Payment of Bonus Act, 1965.

Is this exclusion valid?

- a) Yes, As bonus is linked to actual working days the maternity leave period can be excluded.
- b) No. As maternity leave counts as working days
- c) Yes. As she was not productive and contributing during leave.

A

B

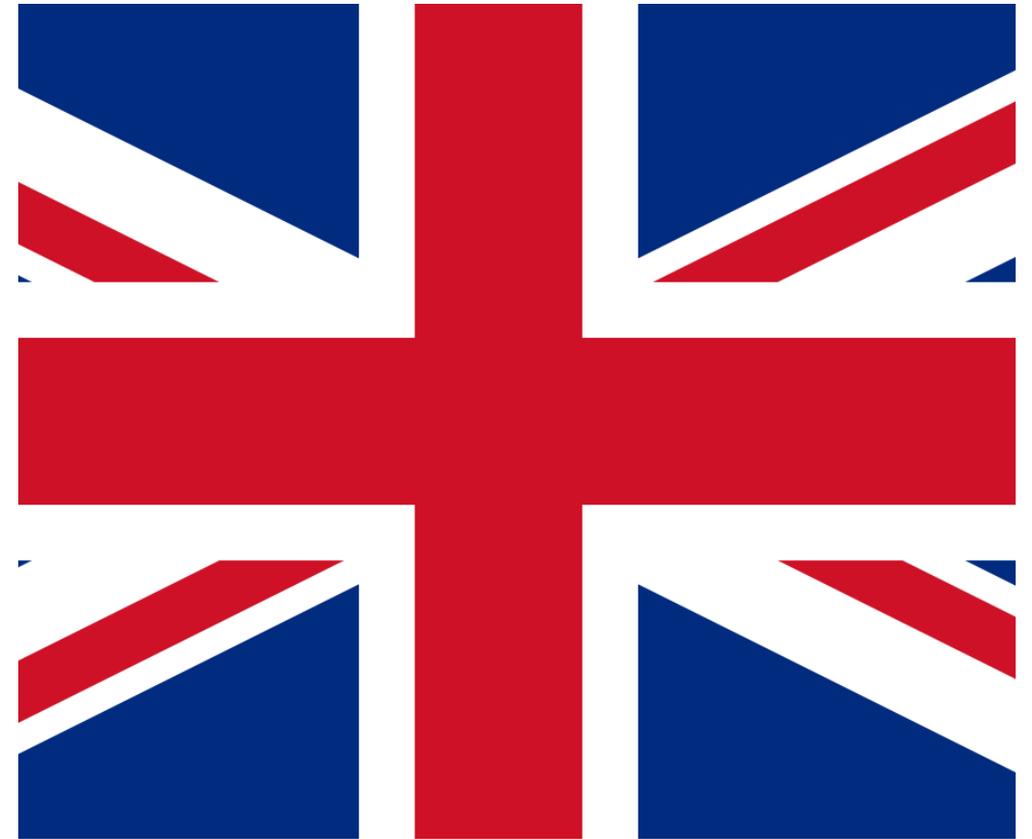
C

A hand holding a globe with the text "Across the globe" overlaid. The globe is centered on Africa and shows a grid of latitude and longitude lines. The text is in a black, italicized serif font. A red curved line underlines the word "globe".

*Across the  
globe*

# United Kingdom extends 'Right to Work Checks' to Gig Workers and Zero-Hour Contracts

- Right to work checks are the procedures which employers must carry out to verify that their employees are legally permitted to work in the UK.
- The Government has now extended the obligation for the employers to conduct right to work checks for gig economy workers and those workers on zero-hours contracts including workers engaged through third-party or subcontractor arrangements.
- Penalties for non-compliance will rise to £60,000 per illegal worker (previously £45,000) for repeated breaches.
- Director disqualification and potential criminal sanctions could also apply for serious breaches.

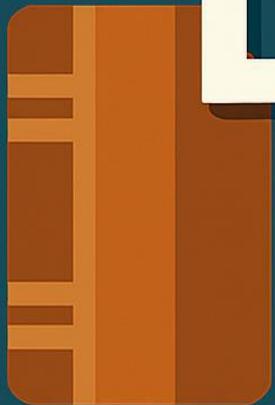


# Canada introduces long-term illness leave to its employees



- Ontario employees with 13 weeks of service will have access to a new job-protected long-term illness leave.
- Employees will be entitled to upto 27 weeks of long-term illness leave in each 52-week period.
- An employee will qualify for long-term illness leave if:
  - The employee cannot work because of a "serious medical condition" and
  - A "qualified health practitioner" issues a certificate that
    - (i) states that the employee has a serious medical condition and (ii) sets out the period during which the employee will be unable to perform the duties of their position.

# CASE LAWS



**WESTERN COAL FIELDS  
LTD.  
V.  
MANOHAR GOVINDA  
FULZELE & ORS.  
CIVIL APPEAL .No.2608 of  
2025  
(SUPREME COURT)  
DATED:17.02.2025**

## WESTERN COAL FIELDS LTD. V. MANOHAR GOVINDA FULZELE & ORS.

- The Western Coal Fields Ltd. and MSRTC terminated employees for serious misconduct. The PSU employee secured appointment by producing a forged birth certificate, while MSRTC conductors were found guilty of fare misappropriation. Invoking Section 4(6)(b)(ii) of the Payment of Gratuity Act, 1972, the employers ordered full or partial forfeiture of gratuity, arguing the acts constituted offences involving moral turpitude. The employees challenged the orders, asserting that gratuity is a statutory right and cannot be forfeited without criminal conviction. The respective High Courts relied on the precedent set in Union Bank of India v. C.G. Ajay Babu (2018), which emphasized that forfeiture of gratuity requires the misconduct to be established as an offence in a court of law. They held that departmental findings alone were insufficient and that absence of criminal prosecution or conviction rendered the forfeiture illegal. Consequently, the High Courts invalidated the employers' orders and directed release of gratuity, treating it as a vested right not to be denied lightly.

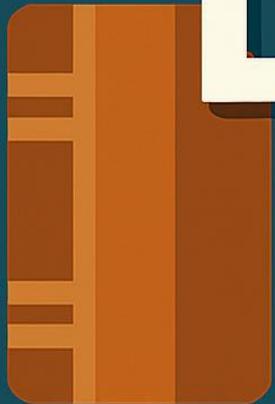
## WESTERN COAL FIELDS LTD. V. MANOHAR GOVINDA FULZELE & ORS.

- The employers appealed to the Supreme Court, which clarified that Section 4(6)(b)(ii) does not mandate a criminal conviction for forfeiture. The Court overruled the earlier interpretation in Ajay Babu, calling it obiter and not binding. It explained that an **“offence involving moral turpitude”** can be determined by disciplinary authorities if misconduct, in normal legal understanding, amounts to a punishable offence. The standard of proof in disciplinary proceedings preponderance of probabilities is distinct from proof beyond reasonable doubt required in criminal trials.
- The Supreme Court upheld complete forfeiture of gratuity in the case of the PSU employee, citing fraud and suppression of material fact during appointment. Relying on Devendra Kumar v. State of Uttaranchal, the Court held that appointment obtained by fraud is void ab initio.

**WESTERN COAL FIELDS LTD. V.  
MANOHAR GOVINDA FULZELE & ORS.  
CIVIL APPEAL .No.2608 of 2025**

- For the MSRTC employees, the Court recognized that while misappropriation of even small amounts is grave misconduct, it warranted a more sympathetic approach. Thus, it modified the forfeiture to 25% of gratuity and directed the release of the remaining amount. The judgment firmly established that criminal conviction is not a prerequisite for gratuity forfeiture under Section 4(6)(b)(ii), provided disciplinary procedures are fairly conducted.

# CASE LAWS



**R. ANTONY RAJ AND  
OTHERS V. PRESIDING  
OFFICER, LABOUR COURT  
AND ANOTHER.,  
WP. NO. 7400 OF 2015  
Dated: 10.01.2025  
MADRAS HIGH COURT**

## **R. ANTONY RAJ AND OTHERS V. PRESIDING OFFICER, LABOUR COURT AND ANOTHER., WP. NO. 7400 OF 2015**

- The dispute arose when a trade union raised an industrial dispute on behalf of 27 employees claiming that they were entitled to permanency, having completed 480 days of service within two years under the Tamil Nadu Industrial Establishments (Conferment of Permanent Status to Workmen) Act, 1981. The management countered that these individuals were only “trainees” engaged on a fixed term basis and that their services were terminated upon completion of training. Accepting the management’s stand, the Labour Court held that the petitioners were trainees and hence not entitled to permanency. The Union did not challenge this award, leading the individuals to file a Writ petition.

## **R. ANTONY RAJ AND OTHERS V. PRESIDING OFFICER, LABOUR COURT AND ANOTHER., WP. NO. 7400 OF 2015**

- The Petitioners contended that they were not genuine trainees, had performed regular work, and had completed the qualifying period for permanency. They argued that the absence of standing orders validating short-term or trainee appointments amounted to unfair labour practice. They cited precedents highlighting employer tactics to circumvent labour rights and emphasized that their training period should be counted toward permanent status. The management, however, argued that the individuals lacked locus standi as they were not named in the reference and had not filed a Section 2-A petition after termination during conciliation.

## **R. ANTONY RAJ AND OTHERS V. PRESIDING OFFICER, LABOUR COURT AND ANOTHER., WP. NO. 7400 OF 2015**

- The Hon'ble Madras High Court observed that the petitioners were indeed appointed as trainees and later for a fixed term of 15 months, as reflected in their appointment orders and certificates marked as exhibits. It was held that their employment during training could not be treated as regular service, and the absence of continuous employment at the time of alleged retrenchment nullified the claim under Section 25F of the Industrial Disputes Act. The Court noted that the Union's withdrawal after the Labour Court's award weakened the employees' individual claims.

**R. ANTONY RAJ AND OTHERS V.  
PRESIDING OFFICER, LABOUR COURT AND ANOTHER., WP.  
NO. 7400 OF 2015**

The Court concluded that the petitioners had failed to establish continuous service post-training and that their fixed-term appointments concluded automatically without the need for formal termination. As they had accepted trainee status and fixed tenure, no right to permanency could be claimed under the Act. The High Court dismissed the writ petition, affirming the Labour Court's award and holding that no interference was warranted in the facts and circumstances of the case.



# **PENAL DAMAGES UNDER THE EPF ACT- A LEGAL OVERVIEW**

# STATUTORY FRAMEWORK: EPF ACT, 1952

The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 applies to establishments employing 20 or more persons(Section 2(b)).

## Percentage of contribution:

Share	EPF	EPS	EDLI	EPD (Admin)	EDLI(Admin)
Employee	12% 10%	0	0	0	0
Employer	Difference of Employee's share and pension contribution	8.33%	0.5%	0.5% (w.e.f 01.06.2018)	0 (w.e.f. 01.04.2017)

**When to be remitted:** Within 15 days of the close of every month under Clause (1) Paragraph 38 of Employees' Provident Fund Scheme,1952.

# **WHAT IF YOU DELAY THE REMITTANCE OF CONTRIBUTION UNDER THE EPF ACT?**

# SECTION 14B OF EPF ACT, 1952

## **Power to recover damages**

*Where an employer makes default in the payment of any contribution to the Fund, the Pension Fund or the Insurance Fund or in the transfer of accumulations required to be transferred by him under sub-section (2) of section 15 or sub-section (5) of section 17 or in the payment of any charges payable under any other provision of this Act or of any Scheme or Insurance Scheme or under any of the conditions specified under section 17, the Central Provident Fund Commissioner or such other officer as may be authorised by the Central Government, by notification in the Official Gazette, in this behalf may recover from the employer by way of penalty such damages, not exceeding the amount of arrears, as may be specified in the Scheme:*

***First Proviso:*** Employer must be given a chance to be heard before imposing damages.

***Second Proviso:*** Damages can be reduced or waived for sick companies under a sanctioned rehabilitation scheme.

## 32A - EMPLOYEE'S PROVIDENT FUND SCHEME, 1952

### **Recovery of Damages for default in payment of any contribution:**

*(1) Where an employer makes default in the payment of any contribution to the fund, or in the transfer of accumulations required to be transferred by him under sub-section (2) of section 15 or sub-section (5) of section 17 of the Act or in the payment of any charges payable under any other provisions of the Act or Scheme or under any of the conditions specified under section 17 of the Act, the Central Provident Fund Commissioner or such officer as may be authorised by the Central Government by notification in the Official Gazette, in this behalf, may recover from the employer by way of penalty, damages at the rates given below: —*

## Contd..

*(2) The damages shall be calculated to the nearest rupee, 50 paise or more to be counted as the nearest higher rupee and fraction of a rupee less than 50 paise to be ignored.*

S.No	Period of default	Rate of damages (% of arrears per annum)
1	Less than 2 months	5
2	2 months and above but less than 4 months	10
3	4 months and above but less than 6 months	15
4	6 months and above	25

## POWER AND PROCEDURE TO RECOVER DAMAGES

- The Central Provident Fund Commissioner or any other authorized officer to recover damages from employers who default in the payment of EPF, EPS, or EDLI contributions.
- Before imposing damages, the EPFO issues a show-cause notice specifying the default and proposed penalty.
- Quasi - judicial in nature.
- The employer is allowed to submit a written response and is given a chance for a personal hearing.
- The damages may be imposed **upto the amount of arrears.**

## Contd..

- The authority must pass a reasoned, speaking order, demonstrating application of mind to:
  - a. Nature and duration of the default
  - b. Explanation and mitigating factors offered by the employer
  - c. Prescribed rates under Para 32A of the EPF Scheme, 1952.
- Mechanical or blanket imposition of damages without considering individual circumstances may render the order legally unsustainable and open to judicial review.

# APPEAL AGAINST THE ORDER PASSED BY THE AUTHORITY

<b>Appeal</b>	Section 7I of the EPF Act, 1952
<b>Period of limitation</b>	60 days from the date of receipt of the order.
<b>Extension of period of limitation</b>	Further period of 60 days
<b>Expiry of 120 days from the date of order</b>	The Tribunal has no power to entertain it, and the appeal will be barred by limitation.

**SHOULD YOU PAY DAMAGES ALONG WITH  
INTEREST? IF SO, HOW MUCH??**

# INTEREST AND DAMAGES – SECTION 7Q AND 14B OF THE EPF ACT, 1952

Aspect	Section 14B	Section 7Q
Nature	Penal in nature	Compensatory in nature
Purpose	To penalize employer for willful/ defaulting behaviour	To compensate for delayed remittance of dues
Discretion	Authority under the EPF Act has powers to waive or reduce	Mandatory and automatic on default
Rate	As specified in the Scheme	12% per annum or as notified by the Central Government
Opportunity of personal hearing	Yes	No
Appeal	Appealable under certain conditions	Not appealable

# CAN THERE BE A COMPOSITE ORDER?

- An order under Section 14B of the EPF Act can be a composite order covering both, damages and interest, if both arise from the same default.
- However, the reasons and components must be clearly distinguished in the order.
- Courts have held that interest under Section 7Q is automatic, but when included in a composite order, it must still be clearly identified separately from penal damages.

# **MCLEOD RUSSEL INDIA LTD Vs. RPFC, JAIPALGURI & OTHERS., C.A.No 5927 of 2014 , Dated: July 02, 2014**

- Mathura Tea Estate, owned by Saroda Tea Company Ld defaulted in payment of contribution for the period from March 1989 to February 1998, resulting in the RPFC claiming damages for the delay.
- Proceedings under Section 14B of the EPF Act were initiated against the establishment, which sought waiver of damages. Rejecting the request of the establishment, damages was determined by RPFC. In the meantime, the establishment was taken over by Eveready Industries which absolved the erstwhile company of payment of contributions prior to take over of the company. However, the payment of damages was challenged on the pretext that Eveready Industries would not fall under the definition of employer under the EPF Act.

## Contd..

- Challenging the order of the RPFC, writ petition was preferred before the Hon'ble High Court. The High Court, based on the principle that the transferee company cannot be fastened with liability for the periods anterior to the transfer.
- Discussing the various provisions of the Act, and while deciding the liability of the transferee Company, subsequent to transfer, the Court observed that in the event of imposing damages, it is imperative that *actus reus/ mens rea* was prevailing at the relevant time.

## APFC EPFO AND ANR Vs. THE MANAGEMENT OF RSL TEXTILES INDIA PVT LTD C.A.No 96-97of 2017 , Dated: 03.01.2017

- The Assistant Provident Fund Commissioner (APFC) filed appeals before the Supreme Court challenging the judgment of the Madras High Court, which had allowed the employer's Writ Petition and Appeals against orders passed under Section 14B of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952.
- The Respondent had defaulted in remitting PF dues. Appellant had levied damages under Section 14B for the delay in payment.
- The High Court had quashed the orders imposing damages on the ground that there was no finding of *mens rea* (guilty mind) or *actus reus* (wrongful act) on the part of the employer.

## Contd..

- The key issue before the Supreme Court was whether the imposition of damages under Section 14B of the EPF Act can be sustained in the absence of a specific finding regarding *mens rea* or *actus reus*.
- The Appellants contended that the imposition of damages under Section 14B is penal in nature and need not require specific findings of intention or negligence by the employer.
- Respondent contended that since there was no deliberate or wrongful act, and no *mens rea* was found by the authorities, the imposition of penal damages was not justified.
- The Supreme Court relied on its earlier ruling in *Mcleod Russel India Ltd. v. Regional PF Commissioner* [(2014) 15 SCC 263], where it held that the presence or absence of *mens rea* and/or *actus reus* is relevant and determinative for imposing damages under Section 14B.

## Contd..

- The Court noted that the High Court correctly observed that neither the original authority nor the appellate authority had recorded any findings regarding *mens rea* or *actus reus*, except for a general statement that financial crisis cannot be a ground to avoid liability.
- In light of this, the Supreme Court dismissed the appeals and upheld the decision of the High Court, reiterating that damages under Section 14B cannot be imposed without a clear finding of culpability on the part of the employer. Thus, the Appeal was dismissed.

# HORTICULTURE EXPERIMENT STATION GONIKOPPAL, COORG VS RPFO., CIVIL APPEAL No. 2136 OF 2012, dated 23.02.2022

- The Appellant, Horticulture Experiment Station, Gonikoppal, had defaulted in remittance of PF contributions for the period from January 1975 to October 1988.
- After proceedings under Section 7A of the EPF Act, the liability was determined and Rs.74,288/- was deposited by the Appellant.
- The Regional Provident Fund Commissioner initiated proceedings under Section 14B and imposed damages of Rs.85,548/- for the delay in payment of contributions for the period January 1978 to September 1988.
- The Appellant challenged the imposition of damages, arguing that the authorities had not considered whether the delay was intentional or due to any wrongful act, i.e., they did not examine *mens rea* or *actus reus*.

## Contd..

- The EPFO argued that Section 14B imposes strict or civil liability and that once default is established, damages are automatic without needing to prove any guilty intention.
- The Supreme Court relying on the previous rulings including SEBI v. Shriram Mutual Fund and Union of India v. Dharmendra Textile Processors, held that *mens rea* is not required for civil penalties under welfare legislations.
- The Court emphasized that Section 14B serves as compensatory in nature and for deterrent purpose and does not require to prove *mens rea* or *actus reus*.

**The Court noted that where an employer is statutorily obliged to pay contributions, failure to do so within time justifies the imposition of damages under Section 14B. The Appeal was dismissed, and the order of the EPFO imposing damages was upheld.**

# **APFO Vs. DHARMASASTHA MAT.Hr.SEC.SCHOOL and ANR WA.No.1435 of 2013, dated 27.06.2023**

- EPFO issued a show-cause notice dated 31.08.2009 to the Respondent under Section 14B of the EPF Act, demanding damages for delayed contribution from August 1999 to March 2009.
- Employer appeared for a personal hearing and requested waiver, citing financial hardship. EPFO rejected the plea and demanded Rs. 2,14,630/- in damages and Rs. 64,734/- as interest.
- Aggrieved by the said order, the Respondent filed an appeal before the EPF Appellate Tribunal. The Tribunal remanded the matter back to EPFO to assess damages at 22%.

## Contd..

- EPFO challenged the Tribunal's remand order by filing W.P. No. 637 of 2012, which was dismissed by the Single Judge. EPFO then preferred this Writ Appeal.
- EPFO contended that damages were imposed as per Regulation 32-A of the EPF Scheme and the Tribunal had no power to reduce it arbitrarily. They argued mens rea was irrelevant for Section 14-B penalties, citing Supreme Court judgment in *Horticulture Experiment Station v. Regional PF Organisation (2022)*.
- The Respondent argued that the Tribunal had the discretion to assess damages considering factors like financial condition. Claimed partial payment already made and referred to sickness of the unit (disputed by EPFO).

# Contd..

- The Court held that Regulation 32-A provides an upper limit for damages, but it is not mandatory to impose maximum rates. The discretion of authorities must be reasoned but can vary case to case.
- The Court confirmed that while interest under Section 7Q is mandatory, damages under Section 14B are discretionary and may be modified by the Tribunal under Section 7L based on the facts of the case.
- The Hon'ble High Court upheld the Tribunal's discretion and directed the employer to pay damages at 12.5% per annum or a lower rate if already determined.

**THE ASSISTANT PROVIDENT FUND COMMISSIONER, EPFO, VS.  
M/S.SALEM TEXTILES LIMITED., W.P.NO.14255 OF 2020  
(HIGH COURT OF MADRAS)**

- The Assistant Provident Fund Commissioner (EPFO) passed an order dated 29.10.2018 under Section 14B of the EPF Act, levying damages of Rs.8,46,51,183 against M/s. Salem Textiles Ltd. for delayed remittance of PF dues between March 1997 and October 2016. After adjusting Rs.1.45 crore already recovered by auctioning movable properties, the company was directed to pay the balance of Rs.7.01 crore. The company argued it was declared a sick unit, had undergone asset takeover under SARFAESI, and had faced genuine financial hardship due to recession in the textile industry.

# Contd..

- The M/s. Salem Textiles Ltd. filed an appeal before the EPF Appellate Tribunal in EPFA No.38 of 2019. The Tribunal partly allowed the appeal, reducing the damages to the already recovered Rs.1.45 Crores. The Tribunal held that Para 32A of the EPF Scheme could not override the discretionary power under Section 14B.
- The Court directed the Corporation to consider the company's financial distress. It found the default was not willful and deserved sympathetic consideration due to its sick unit status and seizure of assets under SARFAESI.

# Contd..

- The EPFO challenged the Tribunal's decision by filing W.P.No.14255 of 2020 before the Madras High Court, contending that damages are mandatory, once default occurs. It relied on the Supreme Court's latest judgment in Horticulture Experiment Station v. RPFO (2022) where the Court clarified that *mens rea* is not required for imposing damages. EPFO also argued that only the Central Board has limited power to waive damages under Para 32B, and the Tribunal had no authority to reduce it beyond the statutory framework.

## Contd..

- The Hon'ble Madras High Court dismissed the writ petition. The Court upheld the Tribunal's discretion under Section 7L to reduce or modify damages and cited the Full Bench decision in Sun Pressings Pvt. Ltd. which clarified that while *mens rea* is not mandatory, mitigating factors must be considered. The Court found that the financial condition of the mill, its declared sick unit status, and recovery of dues justified the Tribunal's decision. The High Court concluded that the Tribunal had acted within its jurisdiction and dismissed the writ petition.

# **SUN PRESSINGS (P) LTD Vs. THE PRESIDING OFFICER, EPF APPELLATE TRIBUNAL & ANR, WP(MD) No. 7339 of 2013, DATED 03.06.2024**

- Sun Pressings (P) Ltd. was penalized under Section 14-B of the EPF Act for delay in remitting provident fund contributions between January 2009 and March 2012.
- The Regional Provident Fund Commissioner initiated proceedings under Section 14-B and imposed damages for the delay. Sun Pressings challenged this order before the EPF Appellate Tribunal, which, after considering the facts, reduced the quantum of penalty by holding that there was no deliberate or willful delay in remittance by the employer.
- The Petitioner contended that damages under Section 14-B are punitive in nature, and therefore, the presence of mens rea is essential. It was argued that the delay was unintentional and the Tribunal rightly exercised its discretion in granting relief.

## Contd..

- The EPF Commissioner contended that Section 14B imposes a strict liability, and *mens rea* is not a prerequisite.
- Relying on Supreme Court judgments like *Horticulture Experiment Station Gonikoppal* and *McLeod Russel India Ltd.*, the Commissioner asserted that damages are meant to compensate the fund and ensure deterrence, irrespective of the employer's intent.
- The Madras High Court held that *mens rea* is not necessary for imposing damages under Section 14-B. The Court emphasized that the liability under this section arises from statutory defaults, which trigger civil consequences rather than criminal punishment.

## Contd..

- The Court set aside the Tribunal's order and reinstated the original damages imposed by the Commissioner, emphasizing that authorities must adhere to natural justice, issue proper notices, and consider mitigating factors.
- The judgment clarified that damages under Section 14-B are based on strict liability, resolving conflicting views within the Madras High Court.
- It affirmed that while mens rea is not required for imposing penalties, procedural fairness is crucial, balancing strict enforcement with due process.

# Contd..

Guidelines laid down:

1. Mens rea is not required for imposing damages under Section 14-B.
2. Show-cause notice must be issued before levying damages.
3. Employers must be given a reasonable opportunity to be heard.
4. Authorities must pass a reasoned and speaking order.
5. Quantum of damages should not be imposed mechanically.

# Contd..

6. Factors like extent, duration of default, and mitigating circumstances must be considered.
7. Voluntary payment before proceedings can be a mitigating factor.
8. Central Board of Trustees' guidelines may be used as reference, not binding rules.
9. Tribunals can interfere with quantum if the levy is arbitrary or excessive.
10. Sympathy alone is not a ground to reduce statutory damages.



LexPOSH

# **Tamil Nadu SOP (G.O. (Ms) No. 64, dated June 18, 2025)**

## **Tamil Nadu SOP (G.O. (Ms) No. 64, dated June 18,2025)**

### **OBJECTIVE**

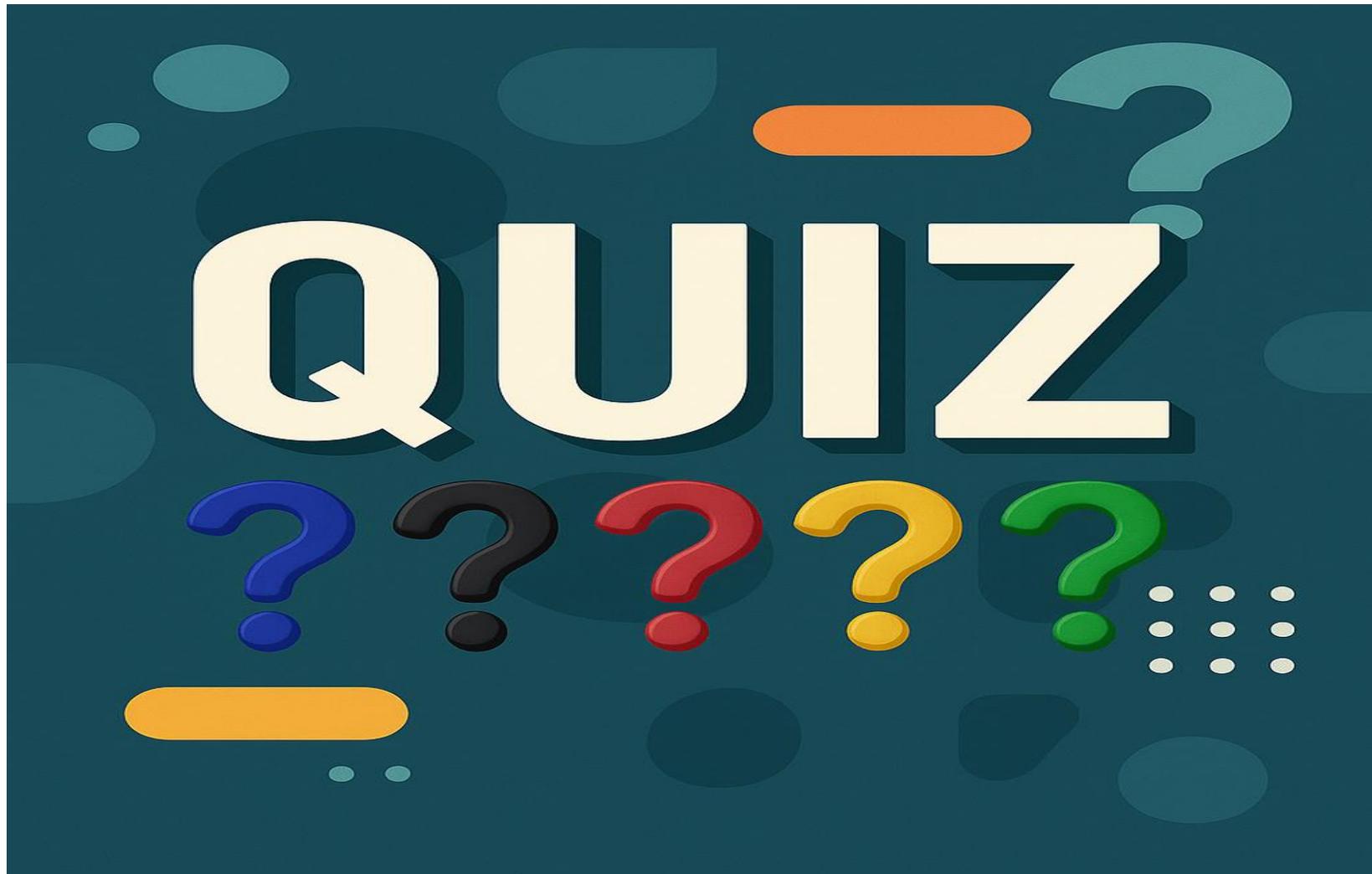
- To strengthen the implementation of the POSH Act, the Government of Tamil Nadu issued a Standard Operating Procedure (SOP) in June 2025. This SOP outlines clear responsibilities for employers to create a safe, inclusive, and harassment-free workplace.

### **Tamil Nadu Govt Issues SOP for PoSH Implementation (June 2025)**

- The SOP applies to all workplaces in Tamil Nadu, including government, private, educational institutions, domestic, and informal sectors.
- Mandates constitution of Internal Complaints Committees (ICCs) with minimum 50% women members.

## **Tamil Nadu SOP (G.O. (Ms) No. 64, dated June 18,2025)**

- Requires regular employee training and clear display of zero-tolerance policy on sexual harassment.
- Detailed procedure to be followed by ICs while conducting inquiries.
- Annual compliance reports to be submitted by January 31 each year.
- Emphasizes confidentiality, neutrality, and victim support during complaint redressal.



A woman employee is on maternity leave for 4 months in a financial year. The employer excludes this period while calculating bonus under the Payment of Bonus Act, 1965.

Is this exclusion valid?

- a) Yes, As bonus is linked to actual working days the maternity leave period can be excluded.
- b) No. As maternity leave counts as working days
- c) Yes. As she was not productive and contributing during leave.

A

B

C



## REPORTING PERIOD – JULY 2024

<b>Act</b>	<b>State</b>	<b>Due Date</b>	<b>Activity</b>
<b>Employees Provident Fund &amp; Miscellaneous Provisions Act</b>	Pan India	15-Jul	PF Remittance
<b>Employees Provident Fund &amp; Miscellaneous Provisions Act</b>	Pan India	15-Jul	IW Returns
<b>Employees Provident Fund &amp; Miscellaneous Provisions Act</b>	Pan India	25-Jul	Monthly Returns-For Exempted Employer Under EDLI Scheme (FORM 7(IF))
<b>Employees State Insurance Corporation Act</b>	Pan India	15-Jul	ESIC Remittance
<b>Professional Tax Act</b>	Andhra Pradesh	10-Jul	Professional Tax Remittance cum Return
	Telangana	10-Jul	Professional Tax Remittance cum Return
	Madhya Pradesh	10-Jul	Professional Tax Remittance
	Gujarat	15-Jul	Professional Tax Remittance
	Jharkhand	15-Jul	Professional Tax Remittance cum Return (15th of each Quarter (Apr, Jul, Oct, Jan))
	Karnataka	20-Jul	Professional Tax Remittance cum Return
	West Bengal	21-Jul	Professional Tax Remittance
	Maharashtra	31-Jul	Professional Tax Remittance cum Return
	Odisha	31-Jul	Professional Tax Remittance cum Return
	Assam	31-Jul	Professional Tax Remittance cum Return
	Nagaland	31-Jul	Professional Tax Remittance
	Meghalaya	31-Jul	Professional Tax Remittance
	Mizoram	31-Jul	Professional Tax Remittance

	Pondicherry	15-Jul	Professional Tax Remittance (Employer & Employee)
	Sikkim	31-Jul	Professional Tax Remittance
	Manipur	31-Jul	Professional Tax Remittance
	Tripura	31-Jul	Professional Tax Remittance
<b>Kerala Shops &amp; Commercialized Establishments Workers Welfare Fund Act</b>	Kerala	05-Jul	WWF Remittance
<b>Kerala Shops &amp; Commercialized Establishments Workers Welfare Fund Act</b>	Kerala	15-Jul	WWF Return
<b>Labour Welfare Fund</b>	Delhi	15-Jul	Remittance
<b>Labour Welfare Fund</b>	Maharashtra	15-Jul	Remittance
<b>Labour Welfare Fund</b>	Goa	15-Jul	Remittance
<b>Labour Welfare Fund</b>	Gujarat	31-Jul	Remittance
<b>Labour Welfare Fund</b>	Madhya Pradesh	31-Jul	Remittance
<b>Labour Welfare Fund</b>	Chattisgargh	31-Jul	Remittance
<b>Labour Welfare Fund</b>	Odisha	31-Jul	Remittance
<b>Labour Welfare Fund</b>	West Bengal	15-Jul	Remittance

# Intro

www.truscomp.com



- **Welcome to TrusComp Private Limited**
  - A leading provider of cutting-edge compliance solutions, dedicated to transforming regulatory adherence through innovative technology and domain expertise.
- **Our Core Values:**
  - **Trust, Transparency, Transformation:** The foundation of our commitment to ethical compliance and seamless service.
  - **Simplifying Compliance Complexity:** Streamlining compliance management for businesses, ensuring adherence without the headache.
- **Expertise and Leadership:**
  - **Founded by Industry Leaders:**
    - **Mr. S. Deenadayalan**, Chairman of CEO Group of Companies, with 25+ years of consulting experience.
    - **Mr. Anand Gopalan**, Managing Partner at Advit Law Chambers and an authority on labor law.
    - **Mr. PPK Mahindhra**, Technology expert driving innovation in compliance through automation.
  - **Born from Convergence:** TrusComp was established through the union of domain expertise in consulting, labor law, and technology, creating a powerful platform for comprehensive compliance solutions.

- **Proven Track Record:**
  - **8+ Years of Compliance Expertise:** Over seven years dedicated to delivering specialized compliance solutions tailored to diverse industries.
  - **100+ Clients:** Serving a range of clients—from SMEs to large enterprises—with a commitment to excellence in regulatory adherence, supported by a team of highly experienced professionals ready to assist with your needs.
  - **75 + Compliance Specialists:** A highly skilled team of compliance experts providing top-tier, reliable service across all client engagements.
- **Innovative Solutions:**
  - **Digital Compliance Calendar cum Tracker:** Customized, detailed calendars for seamless compliance management.
  - **Instant Register Generation:** Accessible compliance records for any location across India.
  - **Social Security Bot (SS Bot):** Fully automated UAN and IP Generation for efficiency and accuracy.
  - **100% Verification:** Ensuring total accuracy across all compliance processes.

# Our Services

- EPF Compliance administration
- ESI Compliance administration
- PT compliance administration
- LWF compliance administration

## Payroll Compliance



- Audit Services- Principal Employer as well as Contractors
- Factory Compliance Management
- Shops & Establishments Compliance Management

## Labour Law Compliance



- Employee relations
- Settlement
- Representation
- Standing order
- Proactive IR Management
- Disciplinary Action

## IR Advisory Services

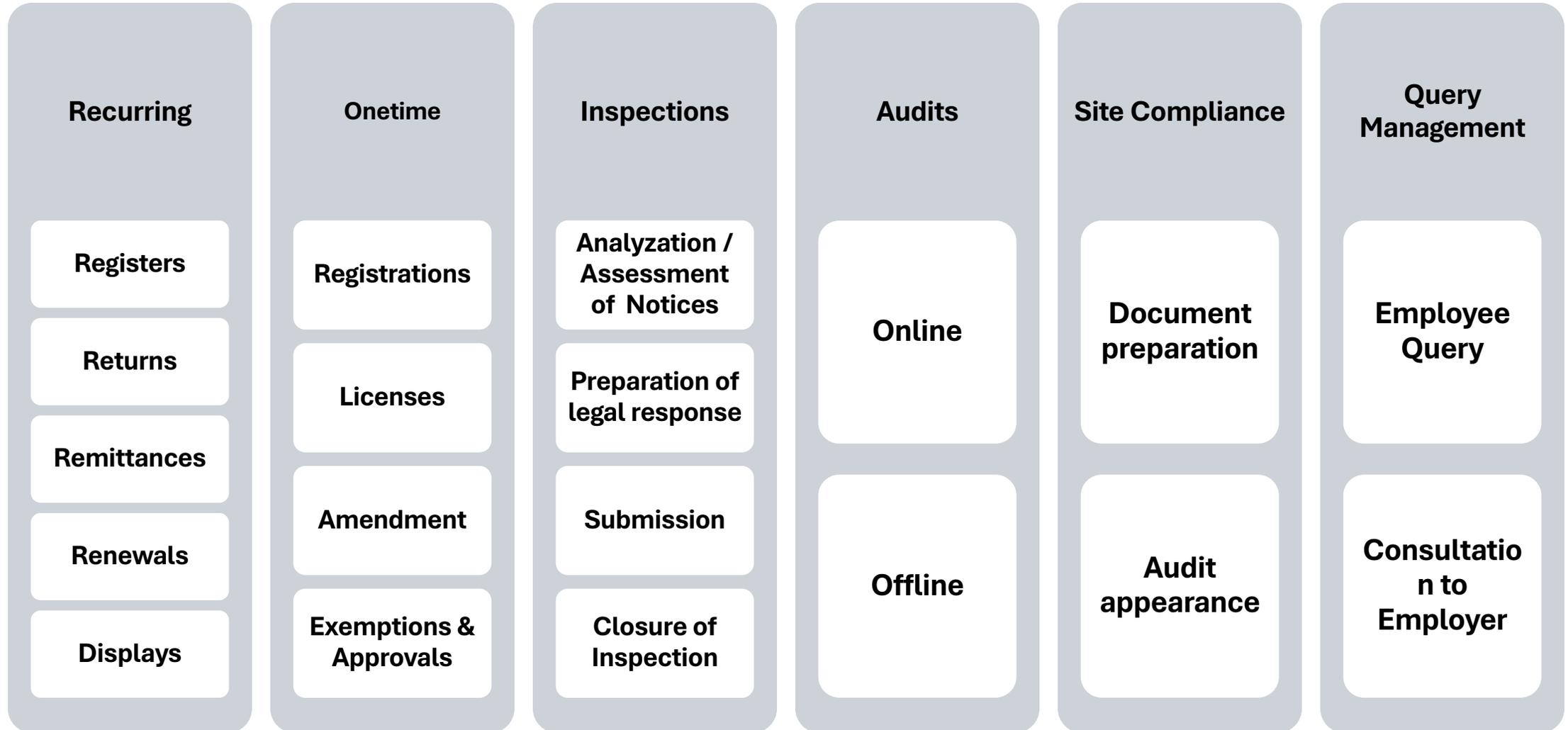


- Setting up HR function
- Policy creation
- System & Technology
- HR Audits
- Staffing
- Training
- Time office Management

## HR Advisory Services



# Compliance activities under various Labour Laws



# Our Methodologies

- **End-to-End Labor Law Compliance Management:**
  - Expert-led compliance management across India, enhanced with automation for efficient and seamless solutions.
- **Compliance Calendar:**
  - Automated, customized compliance calendars to keep track of all critical timelines.
- **Registers:**
  - Automated generation and management of all statutory registers.
- **Remittances & Returns:**
  - Ensure timely and accurate remittances and returns with automated processes.
- **Licenses & Registrations (Renewals & Amendments):**
  - Efficient handling of licensing & registration processes with minimal intervention.
- **Inspection Handling & Audit Appearance:**
  - Preparedness for inspections and audit representation with automated compliance tracking.
- **Vendor Audit:**
  - Streamlined vendor audits for complete compliance visibility and management.
- **Employer Audit (S&E and Factory):**
  - Conduct thorough, automated audits to ensure compliance with state and central regulations.
- **Payroll Compliance:**
  - Automated payroll compliance solutions for seamless operations.
- **UAN and IP Generation (SS Bot - Social Security Bot):**
  - Leverage our SS Bot for automated generation of UANs and IPs, enhancing social security compliance.
- **Compliance Risk Assessment:**
  - Automated tools combined with expert analysis to assess and mitigate potential compliance risks effectively.
- **Training and Awareness Programs:**
  - Training sessions to keep employees and vendors updated on compliance best practices.
  - Monthly MIS report & Live Dashboard

# Our Standard Service Differentiator

## Team Strength

- Combination of Experienced & Young team – both at central processing and across locations
- Dedicated account manager- supported by field staff on-site and liaison team
- Our Associates are local people who have excellent rapport with authorities

## Advancement in Automation

- Highly Automated software tool deployed
- The tool is home grown hence customisable
- Application of RPA goes beyond human capability

## Ease of Compliance

- Expertise in all employment Laws across all states-
- Cutting edge Platform & customizable Checklists
- Instant Register Generation: Accessible compliance records for any location across India. Advance Alert, Follow up and escalation, Real-time Dashboard,

# Software Architecture: The Engine Behind Our Solution

- **Cloud-Based Infrastructure:**
  - Our solution is hosted on a scalable, resilient cloud infrastructure that ensures high availability and redundancy.
- **Multi-Tier Architecture:**
  - The system employs a multi-layered structure, ensuring optimal performance, separation of concerns, and modularity for future enhancements.
- **Open API Integration:**
  - Seamlessly integrates with existing systems such as HRM, ERP, and financial platforms, providing a unified experience.
- **Data Security:**
  - All data is encrypted in transit and at rest, adhering to ISO 27001 standards to ensure maximum security and privacy.
- **User Access Management:**
  - Role-based access control ensures that only authorized personnel have access to sensitive data and functionality.
- **Scalability:**
  - Our platform can scale to meet the growing compliance needs of large enterprises, ensuring consistent performance no matter the workload.



Some of our esteemed clients

**Let's connect again  
At  
5PM on 04th August, 2025**

*Thank  
you*

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