

KPMG monthly newsletter on Indian labour laws

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Recent updates, case laws, notifications, circulars, press release on Indian labour laws

01 Gujarat revises Dearness Allowance rates payable to contract labour from 1 October 2026 to 31 March 2027

On 5 October 2026, the Labour Commissioner, Gujarat issued a circular under the Contract Labour (Regulation and Abolition) Act, 1970, revising the dearness allowance payable to contract workers engaged in employment not covered under scheduled employment minimum wage notifications.

The dearness allowance has been revised to INR72.50 per day with effect from 1 October 2026 to 31 March 2027. Contractors are required to pay wages to contract labour after incorporating the revised allowance.

Key takeaway: Contractors/principal employers in Gujarat must ensure payment of the revised dearness allowance rates to eligible contract workers with effect from 1 October 2026.

02 Delhi labour department issues SOP for correction requests of contractor license applications

On 7 October 2026, the Government of Delhi issued a Standard Operating Procedure (SOP) for processing correction/rectification requests in applications for renewal/amendment of contractor licenses under the Contract Labour (regulation and abolition) Act, 1970 submitted through the e-district portal.

The SOP prescribes a uniform process for submission, verification, approval, and rectification of genuine clerical or data-entry errors, along with defined timelines for disposal of such requests.

Key takeaway: Applicants can seek correction of genuine errors in contractor license renewal/amendment applications through a structured SOP with defined verification and

03 ESIC revises funeral expenses under Social Security Rules, 2026, effective retrospectively from 8 May 2026

On 7 October 2026, the Employees' State Insurance Corporation (ESIC) notified that the amount payable towards funeral expenses under Rule 21 of the Social Security (Central) Rules, 2026, read with the Code on Social Security, 2020, has been fixed at INR20,000 (earlier it was INR15000). The notification is effective retrospectively from 8 May 2026.

Key takeaway: Eligible dependents or claimants of insured persons under the ESI scheme can now claim funeral expenses of INR20,000, effective from 8 May 2026.

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04 Central Government notifies EPS contribution ceiling under EPS, 2026

On 15 October 2026, the Ministry of Labour and Employment notified an amendment to the Employees' Pension Scheme (EPS), 2026. Earlier, the provision stated that the Central Government would contribute to the Scheme at the rate of 1.16 per cent of the pay of EPS members, limited to such amount as may be specified by the Central Government.

The amendment replaces this language and expressly prescribes that the contribution will be restricted to wages up to INR15,000 per month. The amendment is effective retrospectively from 17 September 2026.

Key takeaway: The amendment removes uncertainty regarding the wage ceiling for the Central Government's 1.16 per cent EPS contribution by statutorily fixing the limit at INR15,000 per month.

05 Gujarat publishes draft Shops and Establishments (second amendment) Rules, 2026

On 28 September 2026, the Government of Gujarat published the draft Gujarat Shops and Establishments (Regulation of Employment and Conditions of Service) (Second Amendment) Rules, 2026 for public consultation.

The draft proposes key amendments to the registration framework, including increasing the applicable worker/employee threshold from 10 to 20 under various provisions and revising procedures relating to registration and changing registration particulars.

Key takeaway: The draft rules propose easing compliance requirements by increasing the worker/employee threshold from 10 to 20 and streamlining establishment registration procedures.

06 Central government constitutes National Social Security Boards for unorganised, gig and platform workers

On 28 October 2026, the Ministry of Labour and Employment issued a notification under the Code on Social Security, 2020, (CoSS) constituting the National Social Security Board for unorganised workers for a period of three years from the date of publication of the notification.

The notification also provides that the Board shall function as the National Social Security Board for gig and platform workers, with a separate composition comprising representatives from aggregators, workers' organisations, government departments and social security institutions.

Key takeaway: The notification operationalises the institutional framework under the CoSS for advising and monitoring welfare measures for unorganised, gig and platform workers.

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07 Uttar Pradesh and Chhattisgarh have issued final rules under the labour codes

The following States/Union Territories have issued final rules:

- **Uttar Pradesh**
  Uttar Pradesh Industrial Relations Rules, 2026
- **Chhattisgarh**
  Chhattisgarh Code on Wages Rules, 2026.

Key takeaway: Employer should align their existing policies and compliance in line with the applicable state rules, if applicable.

08 Multiple states have revised minimum wages/variable dearness allowance

The following states have notified revised minimum wages/Variable Dearness Allowance (VDA)/Special Allowance for various scheduled employments:

- Madhya Pradesh
- Gujarat
- Odisha
- Jharkhand
- Meghalaya
- Uttarakhand
- Chhattisgarh.

Key takeaway: Employers in the above-mentioned states must implement the revised minimum wages/VDA rates effective from October 2026.

09 Bihar extends fee-free registration deadline under OSHW Code till 31 December 2026

On 30 October 2026, the Government of Bihar issued a notification under the Occupational Safety, Health and Working Conditions (Bihar) Rules, 2026, extending the fee-free registration facility available to eligible establishments existing prior to the commencement of the OSHW Code.

Accordingly, such establishments can apply for registration without payment of registration fees up to 31 December 2026. The notification has been made effective retrospectively from 1 July 2026.

Key takeaway: Eligible establishments in Bihar that existed before OSHW Code can avail fee-free registration until 31 December 2026.

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