Notice of Termination (India)

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A Practice Note setting out the obligations on the employer and the employee when providing notice on termination of employment in India It highlights the most common issues and questions that arise regarding notice when employment terminates in India, including the mechanics of issuing notice, employment during the notice period, and notice pay.

In India, notice is usually required for an employer or employee to lawfully terminate employment.

This Note explains the key legal issues to consider when either party seeks to terminate employment on notice. These include the length of notice required by law or contract, when an employer can make a payment in lieu of notice (PILON), how either party must serve notice, and the consequences for failing to provide notice. The Note also discusses the notice requirements for workmen under the Industrial Disputes Act, 1947 (ID Act) and on the rules retrenchment. It also outlines when an employer may place an employee on garden leave.

For information on the process of lawful termination in India, see *Practice Note, Individual Employee Termination: India*.

This Note does not consider collective terminations of employment.

Contractual or Statutory Notice

There is no statutory requirement to state the applicable notice periods for the employer and the employee in the employment contract. However, most employers generally prefer to do so.

The contractual notice period may be higher than the notice period prescribed under the applicable law. This is actually common practice in India in select industry sectors, as many employers consider that one month's notice is insufficient, especially for senior employees.

If there is not a contractual provision regarding the notice period, the applicable statutory minimum notice period applies.

Requirements of Notice

When an employer decides to terminate an employee, it must consider the employment termination provisions contained in:

- The ID Act (which applies to workmen only, see *Workmen*) and corresponding state-specific rules.
- Several state-specific labour laws (which apply to commercial establishments).

The employer must also consider the terms of employment contained in its Standing Orders (if any), the employment contract, and its HR policies. Standing Orders are a set of employment terms and conditions as envisaged under the Industrial Employment (Standing Orders) Act, 1946.

Generally, if the provisions in the employment contract are more favourable to the employee, they override the law.

Workmen

The ID Act applies only to employees categorised as workmen. Workmen are persons employed to do any manual, unskilled, skilled, technical, operational, clerical, or supervisory work for hire or reward. A workman excludes any employee:

- Primarily engaged in a managerial or administrative capacity.
- Employed in a supervisory capacity earning wages exceeding INR10,000 per month.

(Section 2, ID Act.)

Generally, an employer may terminate employment in India only for a reasonable cause or on grounds of the employee's misconduct. Reasons such as the employee's poor performance, loss of confidence in the employee, redundancy, or position elimination are reasonable causes, provided they are adequately documented and supported by evidence.

Provisions on termination (retrenchment) of workman category employees are covered under the ID Act. Retrenchment is defined as the termination by the employer of the service of a workman for any reason, other than as a sanction by way of disciplinary action (Section 2(oo), ID Act).

Retrenchment excludes:

- Termination of employment for misconduct, for which a separate process must be followed in line with the principles of natural justice (see *When Notice Is Not Required*).
- Voluntary retirement of the workman.
- Retirement of the workman on reaching the age of superannuation, if the employment contract contains a stipulation to that effect. (The ID Act does not provide a specific age for superannuation but under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, it is 58 years old.)
- Termination of the service of the workman if their fixed-term contract is:
    - not renewed on its expiry; or
    - terminated for any other reason stipulated in the contract.

    See also *Practice Note, Fixed-Term Contracts (India)*.
- Termination of the service of a workman on the ground of continued ill-health.

The following are the conditions for retrenchment of a workman who has been in continuous service of at least one year (interpreted as 240 days of work (Section 25B, ID Act)):

- The workman has been either:

    - given one month's notice in writing indicating the reasons for retrenchment, and the period of notice has expired; or
    - paid wages for the notice period in lieu of that notice (see *Payment in Lieu of Notice (PILON)*).

- The workman has been paid compensation (severance) equivalent to 15 days' average pay for every completed year of continuous service or any part of a year in excess of six months.
- Notice is served on the Government in the prescribed manner under the state-specific ID Act rules (see *Notice to Local Authority*).

(Section 25F, ID Act.)

Specific rules apply to industrial establishments such as factories, mines, or plantations having at least 100 workmen on an average working day in the past 12 months. This limit is increased to 300 workmen in select Indian states. The proposed new labour codes in India also increase the limit to 300 workmen (Section 77, Industrial Relations Code, 2020). For those establishments, the following are the conditions for retrenchment:

- The workman has been either:
    - given three months' notice in writing indicating the reasons for retrenchment and the period of notice has expired; or
    - paid wages for the period of the notice in lieu of that notice (see *Payment in Lieu of Notice (PILON)*).

- The workman has been paid compensation equivalent to 15 days' average pay for every completed year of continuous service or any part of a year in excess of six months.
- The employer has obtained prior permission of the Government before retrenching the workman.

Additionally, several state-specific Shops and Establishments Acts (state-specific laws which relate to working conditions of employment and are applicable to commercial establishments) contain provisions on notice. However, some states like Maharashtra do not contain these notice clauses. Typically, the notice period is one month (30 days). For example, the Delhi Shops and Establishments Act, 1954 (DSEA) provides that the employer may terminate an employee who has been employed for at least three months on giving one month's notice or a PILON.

If the employment contract provides for a higher notice period, the employer must comply. An onerous contractual arrangement cannot override the statutory protections provided to an employee. The employer, for example, cannot provide a lesser notice period than the one month prescribed by law.

Generally, the employer must follow the last in, first out (LIFO) rule (Section 25G, ID Act) regarding retrenchment of workmen. If the employer deviates from this rule, it should record its reasons in writing, so that it has a defence in court.

The employer must allow retrenched workmen who are Indian citizens to offer themselves for re-employment when the employer proposes to employ any persons. The employer must give these retrenched workmen preference over other persons (Section 25H, ID Act).

There are additional provisions under the ID Act for closing down an undertaking.

The notice provided to the employees should comply with the relevant provisions and forms of the Industrial Disputes (Central) Rules, 1957, or other state specific rules.

Non-Workmen

Employees performing managerial, administrative and supervisory duties are considered as ‘non-workmen’.

For non-workmen category employees, the employer needs to consider the state-specific Shops and Establishments Acts, its employment contracts, and its HR policies for termination provisions, as there is no central law which applies to termination of non-workmen.

Notice Requirements for Employees

The ID Act does not provide any notice period for a resigning employee. However, the Standing Orders and some of the state-specific Shops and Establishments Acts require an employee to provide to the employer prior notice of a specific minimum period before cessation of their employment following voluntary resignation. For example, under the Punjab Shops and Commercial Establishments Act, 1958, an employee who has been in the service of the employer continuously for a period of three months, must provide 30 days' notice or pay in lieu of that notice when they resign.

The parties can agree a longer notice period than the statutory minimum in the employment contract. Where the state law provides a notice period for the employee, a resigning employee may not need to give any longer notice period that their employment contract may provide.

Generally, the notice period should be similar for both parties. If the notice period is greater than the law provides, this must be reasonable. A labour court is unlikely to accept a situation where the employer's notice period is one month, but the employee is required to serve a longer notice period. Labour courts are likely to consider the employee to be in a weaker bargaining position and would seek to protect the employee's interests. In this case, the court may require a resigning employee to serve a similar notice period to that provided to the employer (see *Central Inland Water Transport Corporation Limited and Ors v Brojo Nath Ganguly and Ors 1986 AIR 1571*), which discusses how an employer might have higher bargaining power, rendering the employment an unequal arrangement and violating Article 14 of the Indian Constitution).

Notice to Local Authority

The employer must notify the labour authorities of the retrenchment of a workman who has been in continuous service for at least one year (Section 25F, ID Act). The labour authorities include conciliation officers, the chair of the board of conciliation, labour courts and tribunals, chief or regional labour commissioners, and so on.

The timeline and format for this notice are prescribed under the state rules corresponding to the ID Act, which vary from state to state. For example, under the Industrial Disputes (Maharashtra) Rules, 1957, the authorities must be notified:

- Not less than Twenty-one (21) days before the date of retrenchment, if the notice of retrenchment has been given to a workman.
- Within seven days of the date of retrenchment if notice has not been given but the workman is paid wages in lieu of notice.
- Either:

- at least one month before the date of termination if that date is specified in an agreement where the retrenchment is carried out under an agreement; or
- on the date of that agreement where the date of termination is not so specified.

However, for industrial establishments employing at least 100 employees (or 300 employees where this threshold has been increased), the state-specific rules of the ID Act require the employer to obtain the prior permission of the Government before retrenching the workman.

Payment in Lieu of Notice (PILON)

Indian law allows the employer to make a PILON (Section 25F, ID Act; see also the notice period provisions in the state-specific Shops and Establishments Acts). PILONs are common in cases of dismissal for reasons of performance, downsizing, and redundancy. It is not necessary to include a specific PILON clause in the employment contract, although it is good practice.

Only a few state-specific Shops and Establishments Acts provide for an employee to make a PILON. It is also common to include a PILON clause in the employment contract, generally in favour of the employer.

Amount of PILON

An employer should refer to the definition of wages under the applicable law to determine the amount of PILON payable to an employee.

The Payment of Wages Act, 1936 (POWA) defines wages as including all remuneration, whether by salary, allowances, or otherwise, but excluding certain components such as:

- Any bonus which does not form part of the remuneration payable under the terms of employment.
- The value of any:
  - house-accommodation;
  - supply of light, water, medical attendance, or other amenity; or
  - service excluded by general or special order of the State Government.
- Any contribution paid by the employer to any pension or provident fund.
- Any travelling allowance or the value of any travelling concession.
- Any special expenses paid to the employee due to the nature of their employment.
- Any gratuity payable. A gratuity is a payment that an employee is entitled to receive from an employer having at least ten employees on cessation of employment after continuous service of five years (interpreted as four years and 190 days) (Payment of Gratuity Act, 1972).

POWA applies to employees earning wages up to INR24,000 per month in industrial and other establishments (and commercial establishments to which state-specific Acts or separate notifications have extended POWA applicability).

The ID Act is generally applicable to establishments, including commercial establishments. It defines wages as all remuneration, including allowances and any commission to be paid, but excluding certain components such as any bonus, pension or provident fund contributions, and gratuity (Section 2(rr), ID Act).

Accordingly, and depending on the state-specific law under which a PILON is to be calculated, the components of base salary are applied. Any payments which are contingent on the employee remaining employed, such as a contractual bonus or commission, may not be included for the calculation of a PILON.

The law is generally silent on an employer allowing an employee to work part of the notice period and receive a PILON for the remainder. However, in the case of termination by the employer, the employer may make a contractual right to this effect.

If a PILON is only for a part of the entire notice period (for example, if the notice period is one month, but a PILON is made for only two weeks), the PILON is made on a pro-rata basis, typically by calculating the employee's daily wages.

Timing of PILON

Where the employer retrenches a workman under the ID Act, it must make a PILON to the workman unless they are required to serve the notice period. In that case, the PILON should be paid before or at the time of issuing the retrenchment notice.

For non-workmen category employees, there may be some flexibility on the timing of the PILON. Generally, however, all termination payments (excluding gratuity) should be made by the end of the next working day.

PILON is a statutory payment and should be made as a lump sum (Section 25F, ID Act; see also the notice period provisions under the state-specific Shops and Establishments Acts).

It is advisable for the employer to specify clearly in the termination notice that it is making a PILON and the employment is terminated with immediate effect.

More Notice Given Than Required

If the employer or employee provides more notice than statutorily or contractually required, there is no legal requirement on the other party to accept. However, it is rare for a party to provide notice that exceeds these requirements.

Parties should inform each other that the notice provided exceeds statutory or contractual requirements and revise the period of notice accordingly. For example, an employee resigns and provides three months' notice, although the contract only requires two months' notice. If the employer does not require the employee to serve three months' notice, the employer should communicate this to the employee when accepting the resignation. If possible, the employee should confirm the revised notice period.

When Notice Is Not Required

Generally, the employer can only terminate employment for reasonable cause or on the grounds of employee misconduct.

Accordingly, in cases of termination for misconduct, the employer is not required to provide a notice period, assuming this is consistent with the terms of the employment contract. The acts constituting misconduct are typically listed in the employer's Standing Orders or company policies.

Waiver of Right to Receive Notice

The employer must comply with the minimum requirements of the law. Accordingly, if there is a statutory requirement to provide notice to the employee, then it is not possible to contract out of or waive that right.

However, where the employee has resigned and requested to leave earlier, the employer may waive the requirement for the employee to serve the notice period or agree to a shorter notice period. The employer may provide in the employment contract that the employee is required to accept PILON.

PILONs are common in cases of dismissal for reasons of performance, downsizing, and redundancy (see *Payment in Lieu of Notice (PILON)*).

The employer may also be able to enforce garden leave in certain cases (see *Garden Leave*).

Failure to Provide Required Notice

Employer's Notice Period

If the employer fails to provide the requisite notice (or make a PILON) to the employee, the termination can be held to be unlawful. If the contract provides for a longer notice period, non-compliance with that requirement could be treated as unlawful termination or breach of contract, depending on the laws that the employee relies on when pursuing their claim.

There may be a limitation period for filing a suit which may vary based on the applicable state shops and establishments law and the ID Act in the case of retrenchment.

If the employee is terminated without being served the requisite notice, they can file a complaint with the labour authorities against the employer claiming unlawful termination. The first level of dispute resolution is conciliation, but this is not mandatory (Sections 4-7 and 10, ID Act; and applicable rules). If conciliation fails for a workman, they may need to prove that the termination failed to comply with the requirements of law or contract. In cases where the statutory requirements are not complied with, a labour court may:

- Make an order of reinstatement.
- Order payment of back wages and continuity of service.
- Award the employee reasonable costs of litigation.

Besides a PILON (see *Payment in Lieu of Notice (PILON)*), there are no other legal provisions on buying out a notice period.

Employee's Notice Period

If an employee fails to serve the required notice under law or contract, the employer has a legal claim against the employee for breach. In practice, labour courts are unlikely to award damages beyond the notice period pay, unless the employer can prove actual damages.

The employer may be able to seek damages for any losses it has incurred. However, some state-specific Shops and Establishments Acts limit the employee's liability to the amount of pro-rata salary for that period. For example, the DSEA provides that, if a magistrate is satisfied that an employee has been dismissed without any reasonable cause, or discharged without proper notice or a PILON, the magistrate may award compensation to the employee in addition to one month's salary. The magistrate must record in writing the reasons for the award.

The employee litigation process in India is fairly challenging in view of the procedural requirements and the time taken. Indian courts are not known to grant extensive damages for these matters. There is also a reputational risk involved when litigating against an employee. Accordingly, if the employee fails to serve the notice period, the employer typically withholds or recovers the notice period pay from any full and final payments made to the employee at the time of termination. However, legal enforceability of that practice is questionable, since it is not an authorised deduction from wages.

Since employment contracts are of a personal nature, it is unlikely for a court to grant an injunction preventing the employee from joining another company.

It is also common for a prospective employer to agree with the candidate to buy out their notice period with the previous employer. Typically, the prospective employer offers an additional payment to the candidate (called reimbursement, notice period buy-out pay, a signing bonus, or a joining bonus). This is particularly common if the prospective employer wants the candidate to join early and the previous employer allows the employee to leave early.

Notice During Probation Period

There are no statutory notice periods for an employee serving their probation period. The relevant notice period provisions apply to workmen who have been in continuous employment for at least one year (ID Act) (see *Requirements of Notice*). The notice periods under several state-specific Shops and Establishments Acts begin once the employee has completed either three or six months of employment.

An employment contract may contain a notice period for termination during the probation period. This would be a relatively shorter period than the notice period after completion of probation.

Form of Notice and Service

The termination notice should be issued by an authorised signatory of the employer. That person may be authorised by the board of directors (in the case of a company) or by the partners (in the case of a partnership firm). It is recommended that the same hiring authority also issues the termination notice.

It is uncommon to issue a termination notice orally. Section 25F of the ID Act (for workmen) and the state-specific Shops and Establishments Acts (for non-workmen) require notice to be issued in writing. Employment contracts also generally state that notice must be given in writing. If the employment contract contains a notice clause, it should be complied with.

There is no statutorily prescribed mode of service for a termination notice. It is common to deliver the written notice:

- In person (in front of witnesses).
- By registered post (with acknowledgement due).
- By speed post.
- By email.

Some employers prefer to serve notice through multiple modes to retain evidence of delivery.

The notice is typically served in the same language as the employment contract, provided that the employee can read and understand that language.

It is common to have a clear and unambiguous termination notice, confirming the following points:

- The effective date and time of termination.
- Details of any PILON, severance, gratuity, leave encashment, and so on, as applicable.
- The employee's continuing obligations. (These may cross-reference clauses from the employment contract.)
- The employee's obligation to return company property, documents, and files.

Receipt of Notice

Generally, there is no specific requirement for the receiving party to acknowledge or accept the termination notice. However, the notice should be served in a way that delivery of the notice can be proved before the courts, if needed. It may be necessary for the employer to prove delivery of the notice to the employee in compliance with any employment contract provisions or otherwise.

There are no set precedents or guidance on the stage at which the termination notice takes effect. Generally, depending on the mode of service, the employer should account for the time it takes the notice to reach the employee. The employment contract may provide when notice is deemed to have been received and takes effect.

Start of Notice and End of Employment

Generally, the notice period starts from the date on which the notice is served and ends on completion of that period. Local state-specific Shops and Establishments Acts, however, state that the notice period to be given to an employee is either 30 days or one month and are not consistent. Accordingly, the employer should be careful about how it words its employment contract and termination notice. It is generally better to provide for a certain number of days instead of months to avoid an employee claiming that the notice period can end only at the end of the month and not before.

The date that the notice is served is typically included when calculating the date on which the notice period ends. For example, if the notice period is 30 days and the notice of termination is served on the 15th of a 30-day month (for example, April), the notice period starts on 15 April and ends on 14 May. However, to avoid any uncertainty, the employer may provide one extra day of notice to complete the required notice period. If the termination notice has been issued and served correctly, the employment terminates on the date on which the notice period ends.

If part of the notice period is worked and the employee is paid in lieu for the remainder of the notice period, the employment terminates on the date on which the employment ends after the part-notice is served (see *Payment in Lieu of Notice (PILON)*).

Retrospective Notice

A termination notice cannot be served retrospectively. Service of notice is a necessary condition for retrenchment of a workman (Section 25F, ID Act) (see *Requirements of Notice*).

Protection from Dismissal

Certain laws disallow an employer from serving a termination notice in certain circumstances, for example:

- The Maternity Benefit Act, 1961 (MBA) prohibits an employer from:

    - discharging or dismissing a female employee during or on account of her absence from work in accordance with the provisions of the MBA; or
    - giving notice of discharge or dismissal on a day that the notice will expire during the female employee's absence in accordance with the provisions of the MBA.

- Section 73 the Employees' State Insurance Act, 1948 (ESIA) prohibits an employer from dismissing, discharging, reducing, or otherwise punishing an employee during the period the employee is:
    - receiving sickness benefit or maternity benefit;
    - receiving disablement benefit for temporary disablement;
    - under medical treatment for sickness; or
    - absent from work due to illness arising out of pregnancy or confinement rendering the employee unfit for work.

Employers should also be mindful of India's anti-discrimination laws, especially if the employee belongs to a protected category. For example, the following statutes provide protection against discrimination in employment to certain categories of employees:

- The Rights of Persons with Disabilities Act, 2016.
- The Transgender Persons (Protection of Rights) Act, 2019.
- The Human Immunodeficiency Virus and Acquired Immune Deficiency Syndrome (Prevention and Control) Act, 2017.

These employees can bring a discrimination-related claim if the employer has not followed proper procedure for their termination.

Withdrawing Notice

The party that served the termination notice may withdraw it unilaterally. Indian courts have generally held that an employee cannot withdraw a resignation once the employer has accepted it. It is advisable, however, for the employer to accept the resignation once tendered by the employee, as whether the employee can withdraw their notice depends on the circumstances of each case.

In *Air India Express Limited and Ors. v Gurdarshan Kaur Sandhu*, the Supreme Court held that the general rule that an employee may withdraw their prospective resignation any time before it becomes effective is subject to two exceptions:

- A provision to the contrary in the employment contract, applicable employee service rules, or a legal bar on withdrawal.
- The employer has already arranged to find a replacement for the employee, acting on their resignation.

There are no legal provisions on shortening or extending a notice period once issued. An employer may not be able to shorten the notice period unless it makes a PILON, if permitted by law or contract (see *Payment in Lieu of Notice (PILON)*). Additionally, an employee may refuse to serve an extended notice period, especially if they have secured alternative employment.

A situation may arise where, after notice is served, the employer terminates the employee with immediate effect for misconduct, provided the necessary procedure is followed. Before terminating the employee, the employer must prove the misconduct through a disciplinary inquiry based on the principles of natural justice. The first step is for the employer to issue a charge sheet to the employee, clearly stating the charges (act of misconduct) levelled against them and requiring them to respond within a stipulated timeframe.

The employee may need to appear before an inquiry officer to present their case. If the employee does not appear before the inquiry officer, the officer may conduct the inquiry proceedings ex-parte and issue the report to the employer stating whether misconduct was proved. Based on the inquiry officer's report, the employer may take necessary action (see *When Notice Is Not Required*).

Pay During Notice

An employee is entitled to receive their regular salary and benefits during their notice period. This applies whether the employee is required to work during their notice period or if the employee is placed on garden leave (see *Garden Leave*). However, if an employee does not work during the notice period when required to do so by their employer, the employer may choose not to pay the employee under the concept of "no work, no pay."

An employee may be able to take paid time off in accordance with their rights under the applicable law, the employer's leave policies, and on complying with procedural requirements. Leave-related provisions are set out in the state-specific Shops and Establishments Acts, for example, Section 18 of the Maharashtra Shops and Establishments Act. An employee may also be able to take unpaid time off, although it would largely depend on the employer's approval.

Garden Leave

The concept of garden leave is not provided for under Indian labour laws but employers do typically use garden leave to keep the exiting employee away from ongoing projects, customers, or vendors. This reduces the risk of business disruption, especially if the employee is joining a competitor.

Reduced access to the employer's confidential matters or business strategies reduces the possibility of:

- Theft, breach, or misuse of the employer's confidential information.
- The exiting employee influencing or attempting to solicit other employees, or otherwise disrupting the workplace.

In Indian contract law, post-termination non-competition clauses are void. Therefore, garden leave may be the employer's only option for limiting competition in the remaining period of employment.

For an employee, garden leave is an opportunity to apply for new jobs and attend interviews while receiving salary and benefits. In practice, it is relatively easier for an employee to secure alternative employment while still employed.

Generally, a garden leave clause in the employment or termination agreement (if any) (rather than a separate written garden leave agreement), should suffice. If there is not a contractual right to place an employee on garden leave, the employee could challenge the employer's decision to do so. However, provided the employee is receiving regular salary and benefits during the garden leave period, they are unlikely to challenge the employer whether or not the employment contract contains a garden leave clause.

Subject to the terms of the contract, an employer may require an employee to work part of the notice period and place them on garden leave for the remainder. They may also place an employee on garden leave before serving the termination notice.

However, it would be unusual to do so, since the concept is linked to the notice period. *VFS Global Pvt Ltd v Suprit Roy* (2008(2) BomCR446) established that garden leave may be enforced only during the term of employment and not after the termination date when the employment relationship has ended.

There is no maximum length of garden leave prescribed by law. However, an 18-month garden leave period for an executive would be unusual, for example.

The employer cannot force the employee to use their annual leave at any time, including during the garden leave period. An employee's annual leave entitlement is a statutory right. It is the employee's prerogative to exercise this right at any time during their employment subject to state specific maximum accumulation limits (although the employer may refuse an employee's request for annual leave for business reasons).

Since the employer-employee relationship continues during the garden leave period, that period does not have any impact the employee's employment benefits. The employer must ensure that the employee gets their regular salary and benefits during garden leave.

Dual Employment

In India, there is no legal restriction on dual employment (sometimes known as "moonlighting"). However, there are restrictions on dual employment during the "rest day". Rest day means leave or holiday given to the employee. For example, section 69 of the *Andhra Pradesh Shops and Establishments Act 1988* provides that no employee is allowed to work in any establishment, nor must any employer knowingly permit an employee to work in any establishment, on a day or part of a day on which the employee is given a holiday or is on leave.

In the case of full-time employment, the employee is generally expected not to take up work for another employer, including while they are serving their notice period. However, because there is no legal prohibition, it is advisable to include this restriction in the employment contract. This helps to ensure that the employee devotes all their working time, energy, and attention to the employer's business to the best of their skills and abilities to promote the interests and welfare of the employer.

A contractual restriction on dual employment usually applies irrespective of whether the other employer is a competitor of the existing employer or not. However, specific provisions on absence of conflicts and related disclosures are common in an employment contract.

Notice for New Terms and Conditions

Workmen

Before the introduction of new terms and conditions of the employment contract, an employer must serve 21 days' notice to:

- Affected workmen category employees (Section 9A, ID Act).
- Subject to state-specific rules, the labour authorities if a (detrimental) change is made to select service conditions, as prescribed under law (Schedule IV, ID Act).

Additionally, a contract may be amended with the consent of both parties, unless the contract allows for a unilateral change. Imposing new terms and conditions does not constitute termination of employment under Indian law.

The law does not specify that constructive dismissal can apply in this context. There are, however, certain situations where a workman can claim unfair labour practices on the part of the employer (Schedule V, ID Act).

Non-Workmen

There is no notice requirement in relation to the introduction of new terms and conditions for non-workmen category employees. However, imposing new terms is subject to any employment contract terms agreed and signed between the employee and employer for revising the contract. Under Indian contract law, any revisions to employment terms require the consent of both parties and cannot be unilateral. Novation, rescission, or alteration of a contract under Section 62 of Indian Contract Act, 1872 can only be done with the agreement of both the parties of a contract (*Citi Bank N.A v Standard Chartered Bank & Others, CA 007941-007941/1995 (2003).*

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