Circular No – 056/2026

Date: 05.08.2026

To
All Members of The Association

Representation to be made by the Individual Industries on the Final Notification Dated 22.05.2026 Steeply Revising the Minimum Wages in the State of Karnataka in 81 Scheduled Employments

As you are aware, the Association had submitted a representation dated 25.05.2026 (Circular No.-030/2026) to the Hon'ble Chief Minister, Government of Karnataka, requesting that the Government should withdraw the final notification dated 22.05.2026 and immediately hold consultation with the Industries and their Associations and only thereafter issue a fresh draft notification after the Floor Wages are fixed by the Central Government under the Code on Wages. Subsequently, the Association has submitted another detailed representation dated 03.08.2026 to the Hon'ble Chief Minister, Government of Karnataka, highlighting the serious implications of the Final Notification dated 22.05.2026 on industries, businesses, and employment in the State. The representation elaborates on the concerns of employers regarding the steep revision of minimum wages and reiterates the request to withdraw the notification. It further urges the Government to hold consultations with industry and employers' associations before issuing a fresh draft notification in accordance with the provisions of the Code on Wages, 2019.

We also request individual industries to submit a similar representation to the Government and to all the relevant Ministers and Secretaries, with a copy to kea@kea.co.in. Should you have any queries, please contact us.

A copy of the representation is enclosed.

For KARNATAKA EMPLOYERS' ASSOCIATION
Sd/
[B C Prabhakar]
President

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KARNATAKA EMPLOYERS' ASSOCIATION

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B.C. Prabhakar, B.A., B.L.,
President

03.08.2026

To

The Hon'ble Chief Minister
Government of Karnataka
3rd Floor, Vidhana Soudha
Dr. B. R. Ambedkar Veedhi
Bengaluru – 560001
Karnataka, India

Respected Sir,

Sub: Final Notification dated 22.05.2026 steeply revising the Minimum Wages in the State of Karnataka in 81 Scheduled Employments.

On behalf of Karnataka Employers' Association (KEA), please accept our humble wishes and greetings.

Under your able and dynamic leadership, Karnataka is assured of consistently leading in attracting industries to the State. Bengaluru is the crown jewel of India in terms of being the software capital, healthcare capital and startup capital of India thanks to your visionary policies. Karnataka leads the country in several parameters such as maintaining a healthy industrial relations climate, investor friendly atmosphere and quick and prompt resolution of disputes under your able guidance.

About our Association:

Our Association is one of the oldest and largest Association of Employers in Karnataka representing leading industries in software, pharmaceuticals, textiles, engineering and other sectors. The Association has members from all sectors of Industry both in private sector as well as in public sector. In its more than six decades of its existence, the Association has been taking up the cause of the Industry and Commerce and Service Sector with the different authorities for redressal or resolution of the issues confronting its members relating to labour laws.

Sir, we are writing this letter to bring to your kind notice the following in the matter of steep revision of minimum wages by Final Notification dated 22.05.2026:

Impact of the final notification dated 22.05.2026

Unprecedented wage hike:

1) The rates in the final notification dated 22.05.2026 are extremely high and therefore has come as a shock and would deal a crippling blow to the business as a whole and also to the employers.

2) Such a steep increase is coming at a stage when there has been already a heavy burden placed on the employers due to increase in input costs across the board.

3) The proposal of the Government to increase the already high minimum wages by another 60% will badly affect the small industries, small businesses, shopkeepers. Further, since the minimum wages are applicable throughout the state, small businesses, small industries and small shopkeepers in semi-urban and rural areas will be badly affected.

Impact on Karnataka's economy:

4) The above increase would adversely affect all the industries including small industries which provide almost 90% of the employment in the industry in the State. If the minimum wage hike is implemented as proposed, the small industry particularly those engaged in parts manufacturing would be adversely affected. The obvious consequence of increase in wages would result in increase in the price of the products. The users would definitely source their requirement from other states where it is cost effective for them. The order position of those manufacturing spare parts in Karnataka would decline and put the employment of employees engaged in such industry at stake.

5) The rates of minimum wages in Karnataka are already highest among the Southern States and second in the Country next only to New Delhi. Cost of production and services will be more affecting the viability of the industries. Investors will hesitate to invest in Karnataka if minimum wages are further increased thereby depriving the employees of employment opportunity.

6) The steep increase in the rates of minimum wages would lead to significant impact on Karnataka’s economy. All the neighbouring states including Maharashtra have lower rates of minimum wages

7) For all the above reasons, it is requested that the Government should withdraw the final notification dated 22.05.2026 and immediately hold consultation with the industries and their Associations and only thereafter issue fresh draft notification after the Floor Wages are fixed by the Central Government under the Code on Wages. Any increase should be a reasonable one.

The final notification dated 22.05.2026 suffers from legal infirmities:

8) The final notification dated 22.05.2026 has been issued by exercising powers under the repealed Minimum Wages Act (which was repealed by Code on Wages which has come into effect from 21.11.2025) and hence is without the authority of law.

9) While issuing the Notification, the Labour Department has undertaken an exercise based on Reptakos Brett formula which is the domain of the Directorate of Economics and Statistics who have been calculating the Cost of Living Index for industrial workers based on a comprehensive formula which includes the parameters highlighted by Reptakos Brett. The Directorate of Economics and Statistics has determined the CPI points by taking the weighted average index of 16 centres in Karnataka. The CPI points for the year 2017 is 7106 points and the CPI point for the year 2025 is 10328 points which shows an increase of 45% which is already factored in the minimum wage. Over and above this, the Government has again undertaken a parallel exercise in the guise of Reptakos Brett guidelines and increased the rates again by another 45%. This amounts to increasing the rates twice by 45% which has highly prejudiced the petitioners. In addition, increase in indirect cost such as contribution on PF, ESI & Gratuity etc., would come to nearly 100%.

10) Thus, in the revision of minimum wages the Labour Department has undertaken a parallel repetitive exercise and has revised the minimum wages by 45% which is over and above 45% increase in CPI points as determined by the Directorate of Economics and Statistics.

11) The recently introduced Code on Wages has abolished the concept of Scheduled Employments whereas the notification dated 22.05.2026 is made applicable to 81 scheduled employments which do not exist in law.

12) Code on Wages was notified by the Central Government on 21.11.2025 which had the effect of repealing the Minimum Wages Act, 1948. Since the Code on Wages has abolished the concept of Scheduled Employments, the draft notification dated 11.04.2025 issued by the Government under the repealed Minimum Wages Act is infructuous.

13) Further, under the Code on Wages, the State Government is required to revise the minimum wages only after the Central Government has fixed the Floor Wages.

14) The State Government being the biggest employer, employing a large number of workers both directly and indirectly, is also affected by the steep increase in the rates of minimum wages. Similarly, the budgets of establishments who have committed exports at agreed rates will be deeply affected.

15) There appears to be no consultation that have taken place within the departments of the Government leading to the notification.

For the above reasons, the Association requests that the notification dated 22.05.2026 may kindly be withdrawn and only thereafter issue fresh draft notification after the Floor Wages are fixed by the Central Government under the Code on Wages. Any increase should be a reasonable one.

For Karnataka Employers' Association

B. C. Prabhakar

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