Kautilya Society, NLUO

PUBLIC POLICY POST

Monthly newsletter on recent legislations and public policy updates

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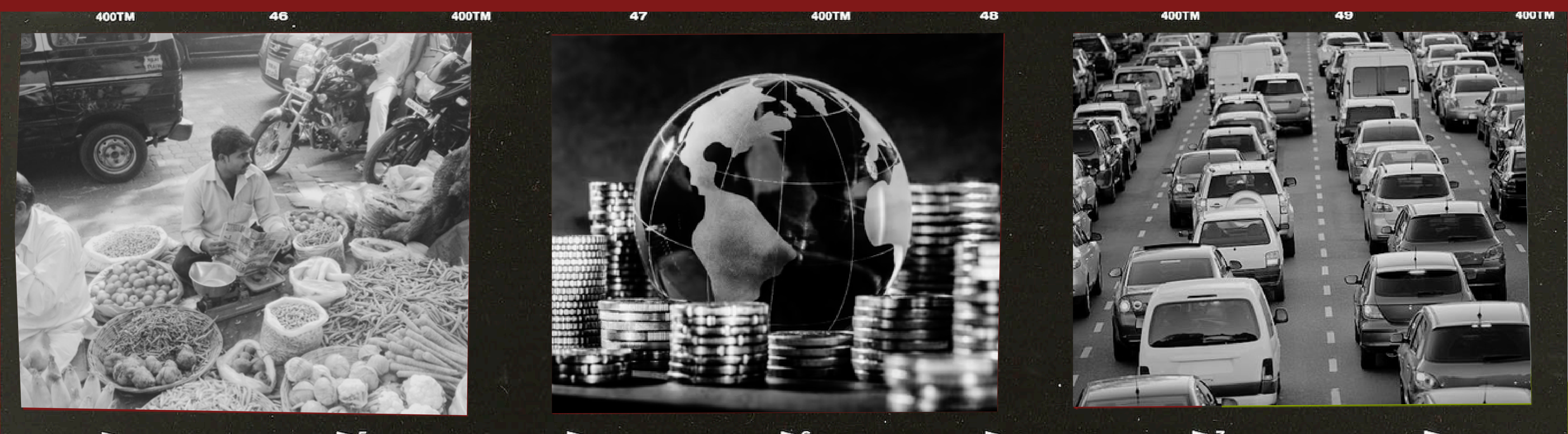


Policy Updates from May

S.No.	Topic
1.	Ordinance to Increase the Number of Supreme Court Judges
2.	Ensuring Road Safety: Installation of Vehicle Location Tracking Devices and Emergency Buttons
3.	Assam's Uniform Civil Code Bill, 2026: A State-Level Approach to Civil Law Reform
4.	India Bets Big on 100% FDI in Insurance
5.	Labour Law Reform Takes Shape: Centre Notifies Rules Under the Four Labour Codes

Ordinance to Increase the Number of Supreme Court Judges

-Adrija Dey

Introduction

On 16th May 2026, President Droupadi Murmu promulgated the Supreme Court (Number of Judges) Amendment Ordinance 2026, which officially increased the sanctioned strength of the Supreme Court from 34 judges to 38 judges. The Ordinance was notified just days before the Supreme Court was set to begin its annual vacation, with the government invoking Article 123 of the Constitution to act while the Parliament was in recess.

The Rationale Behind Increasing Judicial Strength

The expansion of the bench is a recurring theme in India's judicial history. Originally, the Constitution fixed the Court's strength at eight judges. Over the decades, the Parliament has used its powers under Article 124(1) to periodically increase this number: to 10 in 1956, 13 in 1960, 17 in 1977, 25 in 1986, 20 in 2009, and most recently, to 34 in 2019. This latest increase to 38 was initiated by a request from Chief Justice Surya Kant, who cited a record pendency of approximately 93,000 cases and the need to constitute Constitution benches more regularly. The primary benefit of this expansion, as cited by the government, is the potential for faster disposal of cases. More judges would allow for the simultaneous functioning of more benches, which, in result, would address the mounting work and pendency of cases. Additionally, the expansion is seen as an opportunity to improve gender representation in the benches of the apex court. An increased number of judges in the Court also logically translates to the presence of multiple, distinct voices, perspectives and experiences, which could come in handy while dealing with different types of cases, including constitutional matters, administrative cases, criminal convictions, election disputes, and so on.

Why Increasing Judges Alone May Not Reduce Pendency

However, increasing the number of judges has been a measure that rarely impacts long-term pendency. Historical data shows that increased sanctioned strength does not go hand-in-hand with reducing case backlog. Furthermore, the Supreme Court is likely to experience greater inflow of cases with an increased strength, which would then largely be referred to the division benches of the Court. While polyvocality can be a strength within a single bench, it becomes a liability in division benches, which take conflicting views on the same legal principles, leaving the law dismal and cloudy. As a result of coordinate benches delivering divergent rulings, matters would need to be referred to even larger benches for authoritative resolution, which would further prolong litigation and deepen the very crisis the Ordinance intended to solve.

Beyond Numbers: The Need for Judicial Reforms

True reform may require more profound changes than a simple increase in the Supreme Court strength. Firstly, the Court must develop a mechanism to filter out frivolous Special Leave Petitions (SLPs) filed to fulfill a personal or political vendetta rather than throwing light on a matter of public/national importance. Secondly, stricter time allocations must be made for oral arguments so that prolonged hearings do not unreasonably stretch a case for a long period of time. Lastly, the 229th Report of the Law Commission of the year 2009 as well had expressly mentioned that increasing the number of judges alone would not clear the backlog of cases. Instead, it had recommended that the matters before the Supreme Court be divided into constitutional and non-constitutional cases, and a Constitution Bench be set up at Delhi, along with four Cassation (non-constitutional) Benches in four zones all across the country, which would make the litigation process convenient for the common people, and reduce adjournments caused due to delay, unavailability of advocates, etc. Even though this proposal was rejected at the time, a re-assessment of these recommendations can be made while keeping in consideration the current trend of rapidly increasing backlogs in the country. Without such systemic shifts, the 2026 expansion may simply result in more judges managing an ever-growing backlog rather than delivering the speedy justice it promises.

Ensuring Road Safety: Installation of Vehicle Location Tracking Devices and Emergency Buttons

-Shreya Mathur

Introduction

The Supreme Court in an order dated May 13, 2026, in the case of *S. Rajaseekaran vs. Union of India and Others*, issued directions for the installation of vehicle location tracking devices (‘**VLTD’**) and emergency buttons on all public service vehicles. With the help of amicus curiae, the court weighed the benefits of the installation of such systems and has provided for the consequences of non-compliance.

Steps Taken Previously

In 2018, a notification was issued by the Ministry of Road Transport and Highways under Rule 125H of the Central Motor Vehicles Rules, 1989, mandating the installation of VLTDs and emergency buttons in all new public service vehicles being registered post January 1, 2019. Vehicles exempted from this include two-wheelers, E-rickshaw, three wheelers and any transport vehicles for which permit is not required under the Motor Vehicle Act, 1988.

Additionally, the fitting of the requisite devices in the vehicles registered prior to December 31, 2018, was to be overseen by the respective state or union territory. Currently, less than 1% of the transport vehicles have been installed with the devices and only 8 states have submitted compliance reports.

The Need

The installation of VLTDs and emergency buttons would help ensure the safety of the passengers, especially women, children and elderly individuals. The vehicles are required to have an emergency button accessible to passengers. This would allow for alerts to be sent to the respective control rooms and expedite response by providing the exact location of the incident as well. Additionally, it would aid in better evidence collection and investigation post incident.

This step would also allow monitoring of the vehicles for preemptive action being taken. In case there is a change in the speed of the vehicle or there seem to be suspicious halts being made, especially at night or in high-risk zones, emergency response teams may be dispatched to the location and prevent escalation.There have been many states such as Delhi, UP, Karnataka, who have also set up state level command centres under the Nirabhaya Framework, and have seen better resolutions due to timely and accurate information.

Directions Given

The Court directed all state and union territories to strictly enforce the mandate of installation of VLTDs and emergency buttons in both new and existing public service vehicles. Additionally, they have asked for integration of the same with the Vahan database for real-time compliance monitoring. Any vehicle not having the requisite installations shall not receive a fitness certificate under Section 56 or permit under Section 66 of the Motor Vehicles Act, 1988 (**'MV Act'**). The court has also suggested that the Union may talk to the manufacturers of the vehicles for pre-installation of the systems.

Failure to Comply

Non-compliance with the directions issued under the act shall attract penalties including, a fine up to Rs. 10,000 and imprisonment for using a non-compliant vehicle under Section 190(2) of the Motor Vehicles Act. Additionally, manufacturers or dealers may attract a penalty up to Rs. 1,00,000 for delivering non-compliant vehicles under Section 182A(4). Lastly, the MV Act also confers the power to detain and impound vehicles violating the rules under Section 207.

Conclusion

Road safety has become a growing concern with the rapid increase of vehicles on the road. With the installation of VLTDs and emergency buttons, the State would be able to ensure the safety of passengers travelling in public service vehicles. The reduced emergency response time also adds to the benefits of the installation of such systems. This initiative shall help better prevent and respond to incidents thus ensuring better protection and welfare of the passengers.

Assam's Uniform Civil Code Bill, 2026: A State-Level Approach to Civil Law Reform

-Reyansh Thakur

Introduction

The **Assam Uniform Civil Code (UCC) Bill, 2026** marks a significant development in India's evolving discourse on personal law reform. Introduced in the Assam Legislative Assembly on 26 May 2026, the Bill represents the second state-level legislative initiative on a Uniform Civil Code after Uttarakhand. Its enactment has revived discussions on the constitutional vision embodied in Article 44 of the Constitution of India, which directs the State to attempt in securing a Uniform Civil Code for its citizens, while simultaneously raising important questions relating to the scope of state-led legislative reform.

What is UCC?

The concept of a Uniform Civil Code has long occupied a prominent place in India's constitutional and political discourse. While successive governments have debated the feasibility of introducing a common framework governing matters such as marriage, divorce, succession, adoption, and maintenance, legislative progress has remained limited, owing to the diversity of personal laws in India and the sensitive relationship between religion and civil regulation. In this context, Assam's initiative demonstrates an increasing willingness on the part of states to undertake reforms in areas that were traditionally associated with broader national debate.

Notable Features

According to the State Government, the Bill seeks to establish greater uniformity in civil law and promote principles of equality and gender justice. Among its notable features are provisions concerning the regulation of marriage and divorce, restrictions on practices such as polygamy, and the mandatory registration of live-in relationships. The Government has presented these measures as part of a broader effort to strengthen legal protections, particularly for women, and to create a more coherent civil law framework applicable across communities. These rules are, however, subject to the exemptions provided within the legislation.

Benefits & Challenges

The introduction of the Bill has, however, generated considerable public and political debate. Supporters contend that the legislation advances constitutional values by reducing disparities arising from the existence of multiple personal law regimes. From this perspective, a common civil framework enhances legal predictability, promotes equal treatment before the law, and contributes to the gradual harmonisation of civil rights across different sections of society. The legislation has also been viewed as an opportunity to assess the practical implications of implementing a Uniform Civil Code at the state level before similar reforms are contemplated elsewhere in the country.

Conversely, the Bill has attracted criticism from opposition parties, civil society organisations, and representatives of certain minority communities. Concerns have been expressed regarding the potential implications of the legislation for cultural and religious autonomy, particularly in a state characterised by considerable social and ethnic diversity. Critics have questioned whether reforms affecting personal laws should proceed without broader public consultation. They also contend that the pursuit of legal uniformity must not overshadow the constitutional vow to protect religious and cultural pluralism.

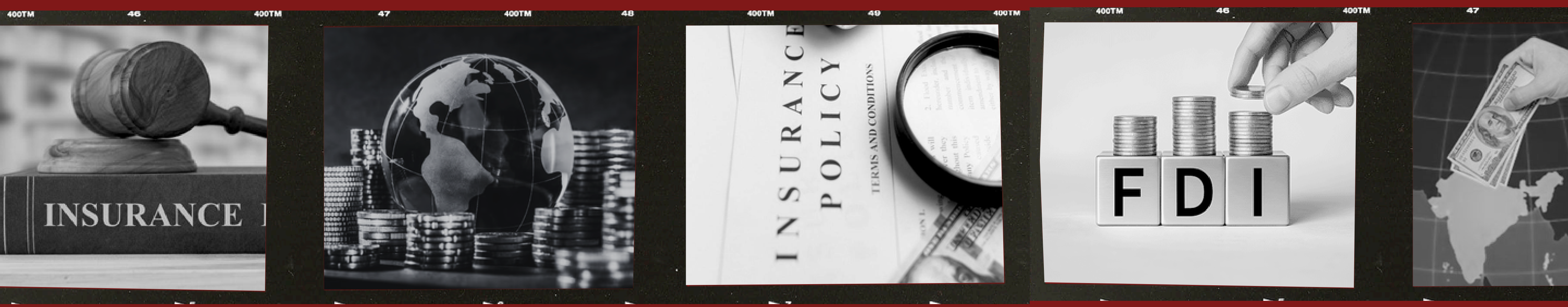
Conclusion

From a public policy perspective, the significance of the Assam Uniform Civil Code extends beyond the substantive provisions of the legislation. It presents an important example of policy experimentation within India's federal system, where states serve as laboratories for legal and institutional innovation. The experience of Assam may provide valuable empirical insights into the administrative, legal, and social consequences of implementing a common civil code, thereby paving the way for future policymaking at both the state and national levels.

The Assam Uniform Civil Code Bill, 2026 thus occupies an important place in the broader trajectory of civil law reform in India. Irrespective of differing perspectives on the desirability of a Uniform Civil Code, the legislation has renewed scholarly and policy discussions on the relationship between constitutional directives and individual rights. Its implementation, judicial interpretation, and public reception are going to shape the imminent discourse on personal law reform in the near future.

India Bets Big on 100% FDI in Insurance

-Sourodeep Paul



Introduction

India has reached a transformative milestone in its financial landscape since the enactment of the Sabka Bima Sabki Raksha (Amendment of Insurance Laws) Act, 2025 with the Ministry of Finance notifying the Foreign Exchange Management (Non-debt Instruments) (Second Amendment) Rules, 2026. This legislative overhaul officially increases the Foreign Direct Investment (FDI) cap from **74% to 100%** for insurance companies and intermediaries under the automatic route. This is the most significant regulatory shift since the sector's liberalization in 2000. These reforms aim to align India's insurance regime with global standards and attract sustained foreign capital. Unlimited access to foreign investors in the share market of the Indian insurance sector however has ostentatiously not received unanimous support.

The Evolution of Ownership Caps

The Indian insurance sector was previously a state-guarded monopoly following the nationalization of life insurance in 1956 and general insurance in 1972. When the sector finally opened to private participation in 1999, the government adopted a calibrated approach, initially capping FDI at 26%. These caps were designed to ensure that ownership and control of vital financial entities remained with resident Indian citizens. The primary purpose was to protect the fragile domestic financial infrastructure by supporting domestic interests, safeguarding policyholder funds, and ensuring that insurance capital was directed toward national infrastructure and social welfare.

Were the Caps Necessary?

The necessity of these restrictions nevertheless had been a subject of long-standing debate. While proponents argued they allowed the domestic market to mature under stable regulatory oversight, evidence suggests they eventually became a deterrent. Under the 74% regime, foreign partners alleged that they had limited actual control over governance because they were still required to have a majority of resident Indian directors and management. Consequently, foreign investment remained largely underutilized, with only four out of forty insurers actually reaching the 74% cap.

The Shift to 100% FDI

The new regime introduces sweeping changes to dismantle these barriers. Some of them are as follows:

- **100% Foreign Ownership:** Investors can now hold 100% equity in Indian insurers, though LIC remains capped at 20%.
- **Relaxed Residency Norms:** The requirement for a majority of directors and Key Management Persons (KMPs) to be resident Indians has been scrapped. Now, only one individual among the Chairperson, MD, or CEO must be a resident citizen.
- **Operational Flexibility:** Restrictions on dividend repatriation and profit retention have been eased, and a new framework now facilitates mergers and amalgamations with non-insurance entities.

Speculated effects include capital augmentation, the adoption of advanced global technologies, and increased competition to drive efficiency for citizens.

The Risks

Despite the optimism, the update faces sharp criticism. Trade unions argue that 100% FDI will not inherently increase market penetration, as insurance demand is tied to disposable income, not capital ownership. There is significant concern that foreign firms will prioritize high-margin urban segments, leaving rural and marginalized populations to be served solely by public sector entities.

Furthermore, critics highlight that while the number of products has surged, it has led to decisional paralysis for consumers due to overwhelming complexity. Alarming trends in customer service also persist; some grievance channels have seen a 20% increase in complaints, with a significant portion related to claims and mis-selling. Ultimately, experts are also concerned about the risks that the amendments bear towards the feasibility of predatory takeovers. The removal of parliamentary oversight via the "automatic route" could lead to systemic risks if aggressive growth is not matched by stringent supervisory frameworks.

Conclusion

Can the state of the Indian financial system sustain this overhaul? Does the increased feasibility for foreign investors to direct their investments into the Indian Insurance sector and the benefits thereof are a fair tradeoff to the concerns raised on propensity of capital outflow, disparate coverage, causing decisional paralysis to consumers and the risks of predatory takeovers? Time is the best way to tell the answers. However, FDI in LIC is still capped at a total paid-up equity share capital of 20%, thereby assuring that the guaranteed return of life savings continues to stay.

Labour Law Reform Takes Shape: Centre Notifies Rules Under the Four Labour Codes

-Manasvi Singh

Introduction

The Indian Labour Law has reached its implementation stage, with the Ministry of Labour and Employment giving effect to the Central Rules under the Occupational Safety, Health and Working Conditions Code, 2020; the Code on Social Security, 2020; the Industrial Relations Code, 2020; and the Code on Wages, 2019. The newly notified rules provide the details necessary for the implementation of the four labour codes that were made for the purpose of consolidating all the 29 central labour laws into a simpler and consistent legal regime.

The fact that the Codes were passed some time back doesn't imply that they have been implemented, since until now there were no detailed rules in place and not enough states' notifications. Accordingly, the newly notified rules signify an important step forward in the sphere of labour law of India by giving some more clarity to the regulation of employers while redistributing several rights and protections of workers.

Features of the Rules

One of the most remarkable points of the Occupational Safety, Health and Working Conditions rules is that the working hours norms were codified. The regulation keeps the generally accepted rule of 48 working hours per week as an upper limit. Although the rule gives some flexibility in scheduling, it still preserves the upper limit of working hours.

The Rules also introduce a more progressive framework for the employment of women. Women may now be employed before 6:00 a.m. or after 7:00 p.m., provided certain safeguards are fulfilled. The NEP 2026 offers several strategic benefits for India's energy security. By integrating storage with These include obtaining the employee's written consent, arranging safe transportation for pick-up and drop, and ensuring CCTV surveillance and other workplace safety measures. Rather than jeopardizing the safety of women workers, this approach reflects the evolving understanding that legal barriers to women's participation in the workforce should be replaced with extensive protective measures.

Another important welfare provision concerns occupational health. Employers engaged in dock work as well as building and construction activities are now required to provide free medical examinations to employees who have completed forty years of age. The Rules also prescribe detailed procedures regarding workplace registration, maintenance of statutory records, and the constitution of institutional bodies such as Safety Committees, thereby strengthening compliance mechanisms.

The Social Security (Central) Rules, 2026 represent one of the most significant developments in India's evolving labour market. These Rules lay down procedures for administering benefits relating to provident fund, insurance, gratuity, maternity benefits, and other welfare measures. More importantly, the Rules formally recognise the changing nature of employment by extending social security protections to gig and platform workers, a category that has remained outside traditional labour welfare legislation.

Platform & Gig Workers

Under the Rules, gig and platform workers become eligible for social security benefits if they have worked for at least ninety days with a single aggregator or for a cumulative period of one hundred and twenty days across multiple aggregators during the preceding financial year. Although this is an important step in terms of recognition of workers engaged through digital platforms, there are still questions about how these eligibility criteria will be implemented in practice as well as about the mechanisms of verifying employment records on various platforms. Nonetheless, the inclusion of gig workers is an indication of recognition of the fact that the platform economy is developing, and there exists a necessity to widen labour protections beyond the standard employer-employee relationship.

The Industrial Relations Rules have streamlined guidelines for employer-employee relations by laying down procedures for recognising trade unions, constituting Works Committees and Grievance Redressal Committees, and regulating key employment decisions such as lay-offs, retrenchments, and closures. Employers are required to seek prior government approval at least 15 days before a lay-off, 60 days before retrenchment, and 90 days before closure, ensuring greater transparency and protection for workers. The Rules also introduce model standing orders for sectors including manufacturing, mining, and services to promote uniform employment practices. Complementing these reforms, the Code on Wages Rules provide greater clarity on the calculation of minimum wages, mandate the revision of the Variable Dearness Allowance twice a year based on inflation, and require the Central Government to review the national floor wage at intervals not exceeding five years.

Conclusion

In these terms, the initiatives are intended to modernise the labour law framework of India by ensuring fair industrial relations and establishing better regulations for both employers and employees. Nevertheless, there have been objections regarding the measures. Specific concerns include the sporadic application of the Labour Codes in various States, higher thresholds set for the dismissal of employees, as well as the potential sacrifice of workers' bargaining power due to the increased flexibility for employers. Other issues pertain to the frameworks for enforcing the labour law reforms and the ability of the new institutions to protect workers in informal and gig economies effectively. Thus, the success of the stated reforms depends on both how lawmakers design them and how effectively they are introduced.

EDITORS

Adrija Dey
(Editor-in-Chief)
Manasvi Singh
Shreya Mathur
Sourodeep Paul
Vigaas Singh

DESIGN

Ishani Burande

Connect with us: