

Central Rules under the Labour Codes Notified

20 May 2026

Introduction

Through a series of notifications dated 8 May 2026, the Ministry of Labour and Employment, Government of India (Central Government) has brought into force the central rules under the labour codes (Rules), namely: (i) Code on Wages 2019 (Wages Code); (ii) Code on Social Security 2020 (SS Code); (iii) Occupational Safety, Health and Working Conditions Code 2020 (OSH Code); and (iv) Industrial Relations Code 2020 (IR Code). These Rules are operational and relevant only for those employers whose "appropriate government" is the Central Government under the labour codes. While several states are yet to bring into force the corresponding rules under the labour codes, a few states, such as Gujarat, and Puducherry, have notified rules under all or some of the codes. Against this backdrop, the notification of the central Rules marks a significant step towards operationalising the labour codes by putting in place the procedural, compliance, and administrative framework contemplated under the legislation.

Additionally, the Central Government has also brought into force, certain aspects, including: (a) model standing orders for the service, manufacturing, and mining sectors under the IR Code; (b) establishment of a worker re-skilling fund; (c) imposition of the cess on construction costs for building activities; and (d) designating various authorities under the labour codes as the relevant officers.

Through this update, we highlight and analyse the key changes introduced in the notified Rules, in comparison to the draft rules previously issued, and outline the potential implications for employers.

Quick Snapshot of the Key Changes between draft Rules and final Rules

A. Wages Code

Sr No	Relevant Provision	Draft Rules	Final Rules	Impact for employers
1.	Working hours for a normal working day	The number of hours to be fixed through a general or special order, issued from time to time.	The number of hours for a normal working day will be 8 (eight) hours, and the rest interval will be as per the OSH Code.	Employers should assess their shift arrangements and ensure that it is in compliance with the prescribed number of hours set out under the Labour Codes (Wages Code as well as OSH Code).
2.	Criteria for arriving at the minimum wages rate	Specific criteria set out to be considered by the Central Government prior to fixing the minimum rate of wages.	The details of such criteria to be followed by the Central Government have been omitted.	While there is no immediate operational change for employers, employers should monitor subsequent minimum wage notifications closely.
3.	Procedure for imposition of fine and deductions	No timeline prescribed for conducting the process against the employee,	Employer to require the employee to show cause within 7 (seven) days, once the acts / omissions / deductions	Employers should ensure that their internal disciplinary processes and policies are aligned with such timeline.

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		prior to imposition of fine.	are notified. If no response is received, fine / deduction can be imposed, and the employer will have to notify the employee within 15 (fifteen) days of such fine being imposed.	

Other Key Action Items for Employers:

- The standard daily working hours have been prescribed as 8 hours. This brings alignment with the framework under the OSH Code, which had similarly prescribed an 8-hour daily working hour limit in relation to employees falling within the category of "workers".

B. SS Code

Sr No	Relevant Provision	Draft Rules	Final Rules	Impact for employers
1.	Expiry of the registration in case of inaction	In case of no compliance reported under any registration obtained under the subsumed laws consolidated under the SS Code for a period of 24 (twenty-four) months, the registration will be deemed to expire.	This provision has been omitted.	The draft rules had provided that registrations could expire where no compliances were reported for a continuous period of 24 (twenty-four) months, which would be relevant in cases of closure or prolonged inactivity. This provision has been omitted from the final rules. Accordingly, employers are no longer exposed to automatic expiry of registration on account of non-filing or operational inactivity and will have to instead specifically apply for cancellation if relevant.
2.	Cap for funeral expenses to be paid to the insured persons under the employees' state insurance (ESI) framework	While the amount shall be notified by the Employees' State Insurance Corporation, it shall not exceed INR 15,000 (Indian Rupees Fifteen Thousand).	While the amount shall be notified by the Employees' State Insurance Corporation, it shall not exceed INR 20,000 (Indian Rupees Twenty Thousand).	Employers may consider updating their policies/employee benefits communications to reflect the revised maximum amount once the ESIC notifies it, so that the employees are aware of the change.
3.	Medical bonus to insured women as maternity benefit under the ESI framework	INR 7,500 (Indian Rupees Seven Thousand Five Hundred).	INR 15,000 (Indian Rupees Fifteen Thousand).	Employers may consider updating their maternity leave policy / employee benefits communications to ensure that the employees are aware of the change.
4.	Exclusions from the definition of "wage" for gratuity computation	Specific exclusions (medical expenses, stock options, creche allowance, etc.) were considered as exclusions from wages (relevant to determine if wages were 50% of remuneration).	This has been omitted in entirety.	Gratuity computation will now rely strictly on the primary definition of "wages" under Section 2(zy) of the SS Code. Accordingly, employers should reassess gratuity provisioning and gratuity computations considering such omission, in case these inputs were factored in for the determination of "wages".
5.	Introduction of a provision for	This was not provided for.	On the recommendations of the authority or the	As per Section 148 of the SS Code, the manner to ascertain misuse of any benefits by any person as far as

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	determination of misuse of any benefit		competent authority or Social Security Organisation, if the Central Government is satisfied that any establishment / person has misused any benefit provided under the SS Code, they may be deprived of such benefit (after being provided with an opportunity to be heard).	the chapters on EPF and ESI are concerned will be set out in the EPF and ESI Scheme, respectively. Pending notification of the new EPF and ESI Schemes, employers should strengthen protocols and practices to ensure that there is no misuse of any benefit provided under the SS Code. Contracts with third-party contractors should also be reviewed to mitigate the risk of any conduct that could jeopardise access to benefits.
6.	Time limit for appeal disposal for matter concerning withholding of maternity benefit	No prescribed timeline for the appellate authority to dispose of an appeal.	The appellate authority is required to dispose of the appeal within 3 (three) months from the date of appeal.	The final rules now prescribe a definitive timeline for disposal of appeals relating to withholding of maternity benefits, intended to ensure expeditious resolution of maternity benefit disputes.

Other Key Action Items for Employers:

- The Rules clarify that fixed term employees will be entitled to gratuity upon expiry of their fixed term contract, subject to completion of at least 1 (one) year of service. This addresses a key ambiguity under the SS Code, which did not expressly prescribe any minimum tenure requirement for gratuity entitlement in the case of fixed term employees. In contrast, the IR Code had specifically prescribed a minimum service requirement of 1 (one) year for fixed term workers to be eligible for pro-rated gratuity. As a result, under the earlier framework, there was a potential interpretation that fixed term employees could claim pro-rated gratuity even without completing 1 (one) year of service, whereas fixed term workers would only become eligible upon completion of 1 (one) year. The notified Rules now align the position and provide uniformity by prescribing a minimum service threshold of 1 (one) year for gratuity entitlement in the case of fixed term employees as well.
- The Rules also prescribe acts which constitute gross misconduct justifying deprivation of maternity benefit. These include: (i) wilful destruction of the employer's goods or property; (ii) assault of a superior or co-employee at the workplace; (iii) commission of an offence involving moral turpitude resulting in conviction by a court of law; (iv) theft, fraud or dishonesty in connection with the employer's business or property; and (v) wilful non-observance of prescribed safety measures or rules, including interference with safety devices or firefighting equipment.
- Through a notification dated 8 May 2026 pertaining to Section 127 of the SS Code, for delayed EPF and ESI contributions under the SS Code, a simple interest rate of 12% (twelve per cent) per annum has been prescribed.
- The Rules provide that the building and other construction workers' welfare cess shall be payable at the rate of 1% (one per cent) of the cost of construction incurred by an employer in relation to building or other construction work.
- The Rules further provide that, with effect from 90 (ninety) days from the date of notification of the Social Security (Central) Rules, 2026, every employer in public and private sector establishments must report vacancies to the concerned career centre. However, the mandatory vacancy reporting requirement will not apply to vacancies carrying total wages of less than INR 11,000 (Indian Rupees Eleven Thousand) per month.

C. OSH Code

Sr No	Relevant Provision	Draft Rules	Final Rules	Impact for employers
1.	Safety Committee	Establishments with 500 (five hundred) or more workers are required to constitute a safety committee.	The same provision continues to apply. However, the Central Government is authorised to specify varying thresholds for establishments from time to time.	Establishments near the threshold should monitor any revised headcount triggers notified by the Central Government and constitute the safety committee accordingly.
2.	Requirement to intimate the	All employers are required to inform	This requirement has now been limited	Employers to note.

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	Inspector-cum-Facilitator	the Inspector-cum-Facilitator regarding the commencement and completion of the work.	only for employers of establishments relating to contract labour or building or other construction work.	
3.	Annual health check-up examination	Employers engaged in factories, docks, mines, and building and other construction work were required to arrange, free of cost, annual medical examinations for employees above 40 (forty) years of age within 120 (one hundred and twenty) days from the commencement of each calendar year.	The reference to "factories" and "mines" has been omitted. Accordingly, this requirement is not applicable to employers of factories / mines. The timeline of the requirement of conducting the health checkups has been omitted. Consequently, the obligation now only applies to employers engaged in dock work and building and other construction work, and there is no prescribed timeline for the same, though the obligation is annual.	Employers of factories and mines are no longer required to provide employees with annual health examination.
4.	Specific timelines for grievance redressal by the grievance redressal committee for contract workers	No stipulated timeline for the grievance redressal committee to hear and dispose of the matter.	The grievance redressal committee is required to hear and dispose the grievance within a period of 30 (thirty) days.	While the Industrial Relations Code, 2020 only mandates the constitution of a Grievance Redressal Committee for establishments employing 20 or more workers, the final OSH Rules additionally introduce a dedicated grievance redressal mechanism for contract labour. Contract workers may now raise grievances relating to health, working conditions, and wages before the principal employer, who is required to examine and redress such grievances within 30 (thirty) days. The rules further require the constitution of a committee by the principal employer comprising a chairperson (being the authorised representative of the principal employer) along with representatives of both the principal employer and the contractor. Employers engaging contract labour would therefore be required to comply with this additional procedural and compliance obligation.

Other Key Action Items for Employers:

- The OSH Code operationalises the rules relating to universal registration. Employers of an establishment already registered under any other central labour laws are required to update the registration particulars on the Shram Suvidha Portal or designated Portal of the Ministry of Labour & Employment, within 6 months.

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-	A prescribed format for appointment letters has been introduced, mandating inclusion of key employee details, including, inter alia, name, date of birth, Aadhaar number, designation and nature of employment.			
-	The Rules provide for consolidation of statutory registers and introduce a single annual return filing mechanism, thereby streamlining existing record-keeping and compliance requirements.			
-	The requirement for conducting annual health checkups by employers has been operationalised.			
-	The conditions required to be followed by the company for the engagement of women during night shift, i.e., from 7 PM to 6 AM, has been operationalised and notified.			

D. *IR Code*: There are no key changes between the draft rules and the final rules. Set out below are the key action items for employers:

- The Rules operationalise the worker re-skilling fund under the IR Code, requiring employers to contribute 15 (fifteen) days of the last drawn wages for retrenched workers. Consequently, employers contemplating workforce rationalisation measures in the future will need to factor in the additional financial outlay arising from this contribution requirement.
- Further, the Central Government has specified the officers who would be the authority for the purposes of issue of notice of retrenchment in specific areas.
- The Rules also bring into effect the requirement relating to the constitution of a grievance redressal committee by prescribing the manner in which members of such committee are to be nominated. This provides procedural clarity for establishments required to constitute such committees under the IR Code.
- The sector-specific model standing orders have been notified, as applicable to the mining, manufacturing, and services sectors. Employers in such sectors across India, engaging 300 (three hundred) or more workers will now need to evaluate whether to adopt the model standing orders prescribed by the Central Government or frame and certify customised standing orders for their establishments. Where an employer adopts the applicable model standing orders, the employer is required to intimate the concerned certifying officer (electronically, in person or by speed post) of the date from which such model standing orders are adopted. Importantly, separate model standing orders are not required to be notified by individual State Governments.

Way Forward

The notification of the central Rules marks a substantive step in the phased implementation of the labour codes and provides long-awaited clarity on several operational and compliance-related aspects for employers governed by the Central Government. While the broader framework under the labour codes had already been enacted, the notified Rules now make a number of obligations and processes practically enforceable by prescribing the underlying procedural architecture. On an immediate basis, employers should continue to assess the impact of “wages” on statutory payments, especially in the context of gratuity payouts or provisioning, given the omission of components such as productivity linked allowance in the Rules. Employers who relied on the draft rules may be required to revisit existing compensation models, actuarial assumptions and long-term liabilities.

The Rules offer useful insight into the likely direction of implementation under the labour codes. Employers operating across multiple jurisdictions should continue monitoring state-level developments closely.

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