



SAM ELB ALERT

LABOUR CODES OPERATIONALISED RULES PUBLISHED WITH 'MINOR AMENDMENTS'



BACKGROUND

The Ministry of Labour and Employment ("**MoLE**") has issued a coordinated set of gazette notifications operationalising the four Labour Codes, The most significant aspects include: (a) the implementation of: (i) the Industrial Relations (Central) Rules, 2026; (ii) the Code on Wages (Central) Rules, 2026; (iii) Social Security (Central) Rules, 2026; and (iv) Occupational Safety Health and Working Conditions Central Rules 2026; (b) the issuance of the Model Standing Orders, 2026 ("**Model SOs**") for service, manufacturing and mining sectors; and (c) the establishment of the Worker Re-skilling Fund.

It is key to highlight that these notifications have been issued by the Central Government. The first point of consideration for employers is whether the Central Government qualifies as the "appropriate government" in relation to their establishment. Under the Social Security Code, 2020 ("**SS Code**"), the Central Government is designated as the appropriate government for private organizations with operations spanning more than one state. Employers falling within this category should review their compliance obligations in light of these notifications and take timely steps to align their practices accordingly.



ELB Team

SNAPSHOT OF KEY REFORMS

[Click on each button below to go directly to the respective reform]

**Industrial Relations
(Central) Rules, 2026**

**Code on Wages
(Central) Rules, 2026**

**Social Security
(Central) Rules, 2026**

**Occupational Safety
Health and Working
Conditions (Central)
Rules, 2026**

**Worker
Re-skilling Fund**

**Model Standing
Orders, 2026**

**Other Beneficiaries
and Members of their
Families Medical Facilities
Scheme, 2026**

**Other
key changes**

1. Industrial Relations (Central) Rules, 2026

- Introduction of a cap of total of 20 members in the works committee. Women's representation to be adequate and not less than the proportion of women workers to the total workers in the establishment. Term of office of members to be three years.
- Representatives of employer in the grievance redressal committee to be, as far as possible, officials in direct touch with or associated with the working of the establishment, preferable the heads of major departments.
- Where there is one registered trade union with at least 30% of worker membership, it is to be recognised as the sole negotiating union.
- Matters for negotiation by negotiating union or negotiating council prescribed. Establishments with multiple unions will need to determine the trade union having 51% or more workers by verification via secret ballot supervised by a verification officer.
- Facilities such as notice board for display of information, venue and necessary facilities for holding discussions and office accommodation (for establishments employing 300 or more workers) to be provided by establishment to negotiating union or negotiating council.
- Model SO adopted by an employer deemed certified if the certifying officer does not raise observation within 30 days of intimation.
- Transfer of 15 days of last drawn wages of worker to Worker Re-skilling Fund within 10 days of date of retrenchment.



2. Code on Wages (Central) Rules, 2026

- The minimum rate of wages to be fixed on a day basis, keeping in view the criteria as may be separately specified by the Central Government by special or general order.
- Where the daily rate is fixed, the hourly rate is arrived at by dividing the daily rate by eight, and the monthly rate by multiplying the daily rate by twenty-six (with prescribed rounding rules).
- The Rules define four distinct skill-based categories of occupations- unskilled, semi-skilled, skilled, and highly skilled, with clear parameters for each category.
- Employees to receive a weekly rest day, typically Sunday in a six-day week, or both Saturday and Sunday in a less-than-six-day week, upon completing the required workdays.
- In the case of a night shift extending beyond midnight, the rest day for the purposes of weekly rest is reckoned as a period of twenty-four consecutive hours beginning from the end of the shift, and hours worked after midnight are counted towards the previous day for wage calculation purposes.
- Where a contractor fails to pay the minimum bonus, the principal employer becomes liable to pay the same upon receipt of written intimation from the employees or their registered trade union, after due confirmation of such failure.
- Where authorised deductions under Section 18 of the Code on Wages, 2019 exceed fifty per cent of wages in a wage period, the excess amount is carried forward and recovered in instalments from subsequent wage periods, subject to the same fifty per cent cap in each month.
- An appeal against an order passed by the authority for claims made under Section 45 of the Wage Code is not admissible unless the full amount of the claim is deposited with the appellate authority at the time of filing the appeal.

3. Social Security (Central) Rules, 2026

- Similar to erstwhile law, employer's contribution fixed at 3.25% of wages and employee's contribution at 0.75% of wages in respect of employees' state insurance.
- Cap of INR 20,000 on funeral expenses of persons insured under employees' state insurance.
- Entitlement of gratuity for fixed term employees upon completion of one year.
- Acts constituting gross misconduct justifying deprivation of maternity benefit prescribed.
- Requirements related to provision of creche by establishment with fifty or more employees are prescribed.
- Gig and platform workers to cease to be eligible for benefits of social security schemes, when they attain age of sixty years or when they are not engaged as gig and platform workers, with any of the aggregators for a period not less than 90 days, or in case of multiple aggregators, for a period not less than 120 days in the last financial year.
- Cess levied to be paid by an employer in advance, on the basis of his self-assessment duly certified by a chartered engineer at the time of approval or before commencement of work.
- Employers voluntarily covered in respect of provident fund and employees' state insurance may apply for making such provisions inapplicable to the establishment, but only after 5 years of such coverage, with majority employee written consent, and no pending dues or returns.

4. Occupational Safety Health and Working Conditions (Central) Rules, 2026

- Deemed registration of establishment after 7 days of date of submission of complete application.
- Establishments already registered under Central labour laws to update registration particulars within six months from the effective date of the rules in Form I.
- Format of appointment letter containing details including, but not limited to, name of employee, date of birth, Aadhaar number, designation and type of employment has been prescribed.
- Employers of dock work and building or other construction work to provide free of cost, medical examination for employees who have completed forty years of age.
- Safety Committee to be constituted in every establishment employing 500 or more workers and mines employing 100 or more workers. Additional criteria also prescribed under the annual return form.
- Weekly working limit of 48 hours has been prescribed, for workers other than daily wagers.
- Consolidation of registers to be maintained and single annual return to be filed.
- Employer of every factory, mine, building or other construction work, industrial premise for manufacture of beedi and cigar, motor transport undertaking, dock work and plantation with more than 50 workers to provide creche facilities for children under the age of six. Mobile creche to be provided wherever required.
- Employment of women during night or before 6 a.m. and beyond 7 p.m. allowed subject to certain conditions.
- Experience certificate to be issued by the contractor to the contract labour, on demand.
- Journey allowance to be paid every 12 months to a migrant worker who has completed at least 180 days in the establishment in the preceding 12 months.
- Annual increment of regular worker of a contractor at 2% of wages.
- Contract workers may submit grievances relating to health, working conditions, and wages at the level of the principal employer.
- Principal employer to constitute committee, with representatives of principal employer and contractor to hear and dispose grievances of contract labour within 30 days.



5. Worker Re-skilling Fund

- Worker Re-skilling Fund set up vide a separate notification under Section 83(1) of the Industrial Relations Code, 2020.

6. Model Standing Orders, 2026

- Three sector-specific Model SOs (mining, manufacturing, and services) have been notified.
- Adopted Model SO applicable to all industrial units of the establishment irrespective of location.
- Work-from-home, remote-location, and virtual workplace arrangements formalised in the service sector Model SO.
- "Habitual" in respect of indiscipline has been uniformly defined across all three Model SOs as commission of misconduct on three or more occasions in the preceding twelve months.

7. Other Beneficiaries and Members of their Families Medical Facilities Scheme, 2026

- Other Beneficiaries and Members of their Families Medical Facilities Scheme, 2026 implemented vide a separate notification under Section 44 of the SS Code. The Scheme is for persons other than employees insured under Section 28 of the Social Security Code and members of their families. Under the Scheme, such other beneficiaries can register to avail medical benefits from under-utilized ESI hospitals.

8. Other key changes

- The notifications have also introduced other key aspects including, but not limited to appointment of certifying officers, conciliation officers, inspector-cum-facilitators under SS Code, levy of simple interest at the rate of 12% (twelve percent) per annum on employers for delayed contributions under SS Code, imposition of a cess at the rate of 1% (one percent) of the cost of construction incurred by an employer on building or other construction work, prescription of 90 (ninety) days from the date of notification of the Social Security (Central) Rules, 2026 as the timeline for reporting vacancies to the appropriate career centre and exemption from reporting of vacancies carrying total wages of less than INR 11,000 (Indian Rupees Eleven Thousand) per month.



KEY OPERATIONAL IMPACT

For employers where the Central Government is the appropriate government under the relevant Code, key action points are as follows:

- The cost of newly introduced benefits and payments, such as worker re-skilling contributions and journey allowance, must be factored into budgeting, with internal processes established to ensure timely compliance.
- Provision of infrastructural facilities, including meeting venues and dedicated office accommodation (where the establishment employs 300 or more workers), will need to be planned for the negotiating union or council.
- A degree of ease in compliance can be expected owing to the deemed certification of model standing orders and the introduction of consolidated registration and registers.
- The recognition of remote working models is expected to enhance ease of doing business. In the services sector, remote work policies should be formulated or revisited to address issues such as attendance tracking and disciplinary procedures for remote workers.
- Employment policies will need to be updated to incorporate night shift safeguards for women, aligned with state-specific Shops and Establishments Acts.
- Contractual arrangements with contractors should be reviewed to ensure timely compliance with wage and minimum bonus payment obligations towards contract labour.
- Existing appointment letter templates should be reviewed to align with the prescribed format, and HR teams should ensure issuance of appointment letters to all employees.
- For aggregators, records must be maintained of the number of days that gig workers and platform workers are engaged.
- Working models to be re-assessed and gratuity provisioning for existing fixed-term employees will need to be ensured.



We are closely monitoring developments and will share updates as the rollout progresses.



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