

# UPDATE

This Series has been prepared by Parag Bhide and Mitali Kshatriya

## Central Rules under new Labour Codes notified – Full implementation of Labour Codes from 8 May 2026

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The Indian Parliament passed 4 new labour codes ("**Labour Codes**"), viz. the Industrial Relations Code, 2020 ("**IR Code**"), the Code on Social Security, 2020 ("**SS Code**"), the Occupational Safety, Health and Working Conditions Code, 2020 ("**OSH Code**"), and the Code on Wages, 2019 ("**Wages Code**"), to consolidate 29 central laws, streamline compliance, and promote ease of doing business. While the Labour Codes received presidential assent between 2019 and 2020, they were not brought into operation immediately, as the rules required for their implementation remained pending. On 21 November 2025, the Central Government notified the Labour Codes and clarified that, pending finalisation of new rules, the erstwhile rules framed under the repealed enactments would continue to operate to the extent they were not inconsistent with the Labour Codes. For understanding the critical changes introduced by the Labour Codes, refer to our previous articles on the Labour Codes (available [here](#), [here](#) and [here](#)).

Subsequently, in December 2025, the Central Government released draft central rules ("**Draft Rules**") under the Labour Codes for public consultation and stakeholder comments. After considering the suggestions received from various stakeholders, including industry bodies, trade unions, employers, and other stakeholders, the Central Government notified the final central rules under the Labour Codes on 8 May 2026 ("**Final Rules**").

It is important to note that labour falls under the Concurrent List (List III) of the Seventh Schedule to the Constitution of India. Consequently, both the Central Government and State Governments possess rule-making powers under the Labour Codes. The Central Rules apply broadly to establishments in the central sphere, for establishments such as railways, mines, ports, telecom, aviation, banking, insurance, and central public sector undertakings, while State Rules apply to most private sector establishments operating within a State.

The Central Rules are also significant because certain matters continue to be standardised at the central level across establishments, including Model Standing Orders under the IR Code and floor wages under the Wages Code. Against this backdrop, this article examines the key differences between the Draft Rules and the Final Rules, along with changes introduced in the model standing orders.

## **A. *Rules Under the IR Code and Model Standing Orders***

The Draft Rules and Final Rules under the IR Code did not undergo significant changes. However, there are several noteworthy changes between the draft Model Standing Order, 2025 ("**2025 Standing Orders**") and the final Model Standing Order, 2026 ("**2026 Standing Orders**"). The standing orders govern conditions of employment in industrial establishments. Under the IR Code, all industrial establishments employing 300 or more workers are required to either adopt model standing orders or obtain certification of modified standing orders. Till an industrial establishment obtains certification of modified standing orders, the 2026 Standing Orders will apply by default, making the changes introduced in the 2026 Standing Orders relevant to a wide range of industrial establishments.

### **Wage payment mode**

The 2025 Standing Orders provided that wages could be paid in cash or by bank transfer. The 2026 Standing Orders have removed the cash payment option entirely and require all wages to be paid by crediting the worker's bank account through electronic mode or by cheque. This aligns with the broader policy shift towards formal banking channels to avoid cash payments.

### **Proof of date of birth**

The 2025 Standing Orders provided that the employer *may* obtain proof before recording an employee's date of birth. The 2026 Standing Orders make this mandatory, requiring employers to obtain proof before entering the date of birth in their records. This is a welcome tightening that promotes accuracy and reduces scope for disputes over service records.

### **Estimated date of birth**

The 2025 Standing Orders provided that where the exact date of birth of a worker is not available, but the year of birth is established, 1 July of that year shall be taken as the date of birth. The 2026 Standing Orders remove this deeming provision. Employers with multiple employees whose dates of birth are uncertain should adopt a uniform internal policy to avoid inconsistency and potential disputes.

### **Prior antecedents in disciplinary proceedings**

The 2026 Standing Orders replace the narrower consideration of a worker's "previous record" with the broader term "antecedents of the worker" while determining punishment. This potentially gives employers wider discretion to consider an employee's overall conduct and background rather than being limited to prior disciplinary history alone and may be viewed as a welcome change from a managerial perspective as it permits a more holistic assessment.

## **B. *Rules Under the OSH Code***

### **Online verification during registration**

The OSH Code requires all establishments to register online unless they already hold a valid registration under a repealed enactment. The Draft Rules under the OSH Code provided that the PAN or any other identification number of the employer may be verified online during the electronic registration process. The Final Rules under the OSH Code remove this online

verification requirement. Both sets of rules provide that once registration is processed, a certificate of registration is issued forthwith or within 7 days, failing which the establishment is deemed to be registered. The removal of online PAN verification was likely intended to prevent technical delays from holding up an otherwise time-bound process.

#### **Power to dispense with electronic registration**

The Draft Rules under the OSH Code empowered the Central Government to dispense with the requirement of electronic registration for an establishment or class of establishments in exceptional circumstances. This power has been removed from the Final Rules under the OSH Code. Given that electronic registration is already time-bound and straightforward, the exception appears to have been considered unnecessary.

#### **Late fee for delayed registration**

Under the Final Rules under the OSH Code, any establishment that registers more than 60 days after the notification of the Final Rules i.e., after 7 July 2026, will be required to pay a late fee as specified by a government order. The Draft Rules under the OSH Code did not contain any such provision.

#### **Closure procedure**

The Draft Rules under the OSH Code required an establishment closing down to notify the Inspector-cum-Facilitator by filing a form electronically, together with a certificate confirming payment of all dues to workers, within 30 days of closure, with auto-sharing to EPFO and ESIC. The Final Rules under the OSH Code make the closure process more structured: (i) notice of closure along with a certificate confirming payment of all dues must be filed electronically within 30 days, indicating the date of actual closure; and (ii) if the form is complete in all respects, the registration authority must issue a certificate of cancellation within 60 days, failing which, cancellation is auto-generated. The Final Rules provide procedural certainty to the closure process.

#### **Mandatory health check-ups**

The Draft Rules under the OSH Code made free annual health check-ups compulsory for employers engaged in factories, dock work, mines, and building and other construction work for all employees who had completed 40 years of age, within 120 days of the start of the calendar year. The Final Rules under the OSH Code limit the general health check-up provision to employers engaged in dock work, building or other construction work and mines, and do not prescribe a specific timeline. Mine workers, however, continue to have a dedicated health check-up obligation under Rule 109 of the Final Rules under the OSH Code, which addresses this in a sector-specific manner. Factory workers are the primary category from whom the obligation has been removed, reducing the compliance burden on employers. The omission of a timeline for covered sectors however introduces some ambiguity in implementation.

#### **Appointment letter format**

Both the Draft Rules and the Final Rules under the OSH Code prescribe a format for appointment letters. The Final Rules under the OSH Code introduce the following changes:

(i) the employee's Aadhaar number may be included only after obtaining the employee's consent; (ii) the type of employment (regular, fixed-term, or contractual) must be specified; (iii) the reference to avenues for achieving higher wages or wage positions has been removed; and (iv) maternity benefits available to the employee must be mentioned. The consent requirement for Aadhaar aligns with the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 and the Digital Personal Data Protection Act, 2023, which prohibit collection of Aadhaar data without consent. Disclosure of employment type improves transparency for workers at the outset of engagement. Unlike the repealed Maternity Benefit Act, 1961, which required the employer to inform women about the availability of maternity benefit at the time of joining, the SS Code does not have a similar requirement. Therefore, the inclusion of maternity benefit information is a welcome addition that ensures female workers are well informed of their entitlements from the time of joining.

#### **Reporting of dangerous occurrences and accidents**

The Final Rules under the OSH Code extend the obligation to report accidents beyond specific sectors (dock work, mines, and building and other construction work) to all establishments. The Final Rules under the OSH Code significantly expand the list of reportable dangerous occurrences from 18 to 27 categories and additionally empower the Central Government to notify further occurrences.

This creates a more uniform and comprehensive accident reporting framework, reduces sector-based distinctions, and strengthens workplace safety data across industries.

#### **Safety Committee thresholds**

Under the Final Rules under the OSH Code, the Central Government is empowered to prescribe different worker thresholds for the constitution of Safety Committees for different classes of establishments. This introduces regulatory flexibility by recognising that safety requirements vary across industries. While a welcome change in principle, the reliance on executive notifications for threshold variation may create ongoing uncertainty for employers.

#### **Safety Committee functions**

The Final Rules under the OSH Code substantially widen the role of Safety Committees by assigning functions relating to training, safety awareness, risk assessments, maintaining logbooks, audits, emergency planning, and implementation reviews. This marks a shift from a largely consultative body to a more active safety governance mechanism, institutionalising worker participation in workplace safety. Employers may, however, view the expanded responsibilities as increasing operational and procedural compliance requirements.

### ***C. Rules Under the SS Code***

#### **Income threshold for dependent parents**

The Final Rules under the SS Code increase the income threshold for dependent parents from INR 9,000 per month to INR 14,000 per month for the purposes of determining dependency for employee state insurance related provisions. This is a significant change intended to account for inflation and changing economic realities.

### **Timeline for registration certificates**

Under the Draft Rules under the SS Code, registration certificates were to be issued immediately where applications were complete. The Final Rules under the SS Code retain only the outer limit of 7 days, without the requirement of immediate issuance. Notably: (i) the Final Rules under the OSH Code continue to provide for forthwith issuance; (ii) the Final Rules under SS Code provide for online verification of PAN or any other unique identification number. The rationale for this divergence between the two Codes is unclear, though the change under the SS Code appears intended to provide administrative flexibility in processing applications.

### **Automatic expiry of registration**

The Draft Rules under the SS Code provided for automatic expiry of registrations where no compliance activity was reported for 24 months, subject to restoration through an application process. The Final Rules under the SS Code omit this mechanism entirely. This is a welcome change as it reduces the risk of inadvertent lapse arising from periods of inactivity, business restructuring, or temporary suspension of operations, and removes the procedural burden of restoration.

## ***D. Rules Under the Wages Code***

### **Wage fixation parameters**

The Final Rules under the Wages Code remove the detailed wage fixation parameters previously prescribed in the rules (including calorie intake, housing expenditure, clothing, and other consumption metrics) and instead empower the Central Government to prescribe such criteria separately through general or special orders. The detailed framework on geographical factors, experience, skill levels, and the technical committee structure has also been omitted. This reflects a move away from rigid statutory prescription toward greater executive flexibility, allowing the Government to revise wage determination methodology without formal rule amendments.

### **Part-time workers**

The Final Rules under the Wages Code clarify that an employee is not entitled to wages for a full normal working day where the employee has agreed to work on a part-time basis as per the terms of employment or is otherwise not so entitled under any other applicable law. This is a useful clarification for establishments using flexible staffing arrangements, particularly in sectors such as services, retail, hospitality, logistics, and platform-linked operations, as it removes ambiguity around wage entitlements for part-time engagements.

### **Working hours and weekly rest**

The Draft Rules under the Wages Code governed determination of normal working hours, period of spread over, intervals for minimum wage related provisions through general or special orders. However, the Final Rules under Wages Code provide that normal working hours for an employee whose: (i) wage period for employees whose wage period is on a daily basis shall be 8 hours and interval and spread over shall be in accordance with the OSH Code; and (ii) wage period is not on a daily basis, shall be so fixed that the total number of weekly working

hours shall not exceed 48 hours. The Final Rules align the calculation of normal working hours with the OSH Code, which decreases chances of future ambiguity caused by varying executive orders.

#### **Floor wage consultation**

Under the Draft Rules under the Wages Code, consultation with the Central Advisory Board and State Governments was a mandatory requirement before fixing floor wages. The Final Rules under the Wages Code replace this with a discretionary consultation process. While this may reduce procedural delays and enable quicker policy responses, it dilutes institutional consultation and may raise concerns about federal engagement in wage setting exercises.

#### **Deductions and Imposition of fines**

The Draft Rules under the Wages Code required prior approval from the Deputy Chief Labour Commissioner before a fine could be imposed on a worker and included hearing requirements and deemed approval provisions. The Final Rules under the Wages Code replace this framework with a direct employee notice and response process, eliminating prior approval requirement from the Deputy Chief Labour Commissioner.

The Draft Rules under the Wages Code required employers to notify the Inspector-cum-Facilitator regarding deductions and empowered such authority to review and initiate action, where necessary. The Final Rules under the Wages Code shift the focus toward obtaining the employee's explanation before deductions are made and remove the regulator's oversight role.

This is a welcome simplification as it removes regulatory involvement in routine payroll matters.

### ***E. Conclusion***

The Final Rules reflect a mix of substantive and procedural changes across all four Labour Codes. At a substantive level, notable changes include the increase in the income threshold for dependent parents under the SS Code, the removal of regulatory interference in imposition of fines and deductions under Wages Code, the expansion of accident reporting obligations under the OSH Code and bringing in procedural clarity on various aspects. Procedurally, these changes aim at streamlining compliance, including a more structured closure process, providing timelines and deemed approvals.

A recurring theme across the Wages Code changes is the shift of substantive rule-making authority to executive orders and notifications, which increases administrative flexibility but reduces statutory certainty. Similarly, across the OSH Code, the expansion of Safety Committee functions and reportable dangerous occurrences reflects a broader move toward a more proactive safety governance framework.

Overall, the Final Rules represent a balanced effort at modernisation, i.e., reducing procedural formalities, aligning with digital practices, and strengthening worker protections in specific

areas while also introducing gaps and ambiguities that will likely require clarification through executive notifications or judicial interpretation over time.

Corporates should analyse the Final Rules and Labour Codes, being a welfare legislation, ensure that the new requirements are followed in the letter and spirit.

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This Series has been prepared by Parag Bhide, Partner and Mitali Kshatriya, Associate who can be reached at [parag.bhide@aquilaw.com](mailto:parag.bhide@aquilaw.com), and [mitali.kshatriya@aquilaw.com](mailto:mitali.kshatriya@aquilaw.com) respectively. This series is only for informational purposes and is not intended for solicitation of any work. Nothing in this series constitutes legal advice and should not be acted upon in any circumstance.