



Labour Codes – Notification of Central Rules

Labour Codes – Enactment to Execution

Current status

The four Labour Codes

- Effective from 21 November 2025
- Provisions with no dependency on rules (for e.g. definition of wages) – in force from 21 November 2025; related compliance timelines start from this date
- Provisions dependent on rules (for e.g. issue of appointment letter) – timeline starts from 8 May 2026 / notification of relevant state rules

Central Rules

- Notified on 8 May 2026 – reference date for implementation
- Applicable to establishments where the Central Government is the “appropriate authority”
- Covers sectors of national/ strategic importance such as : Railways, mines, oilfields, major ports, air transport, telecommunications, banking, insurance, and Central PSUs
- Extends to contractors engaged with these establishments
- The Social Security Central Rules go wider and apply to establishments operating across more than one State, enable Central Government to frame social security schemes for gig and platform workers.

State Rules

- Final rules notified by Gujarat, Bihar and Arunachal Pradesh
- Revised drafts issued by many states: Andhra Pradesh, Haryana, Karnataka, Maharashtra, Punjab, Uttar Pradesh etc.
- Notification of final rules from these and other states awaited, to be complied with from such notification date
- Extant provisions/ notifications to remain effective till the date of notification of final rules under the Labour Codes

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At a glance

What continues to stay in focus?

- Definition of wages
- Impact on gratuity accrual and payout
- Coverage of employees under ESI / statutory bonus provisions
- Limits for carry forward of leave and quantum of encashment

What has been clarified through the rules?

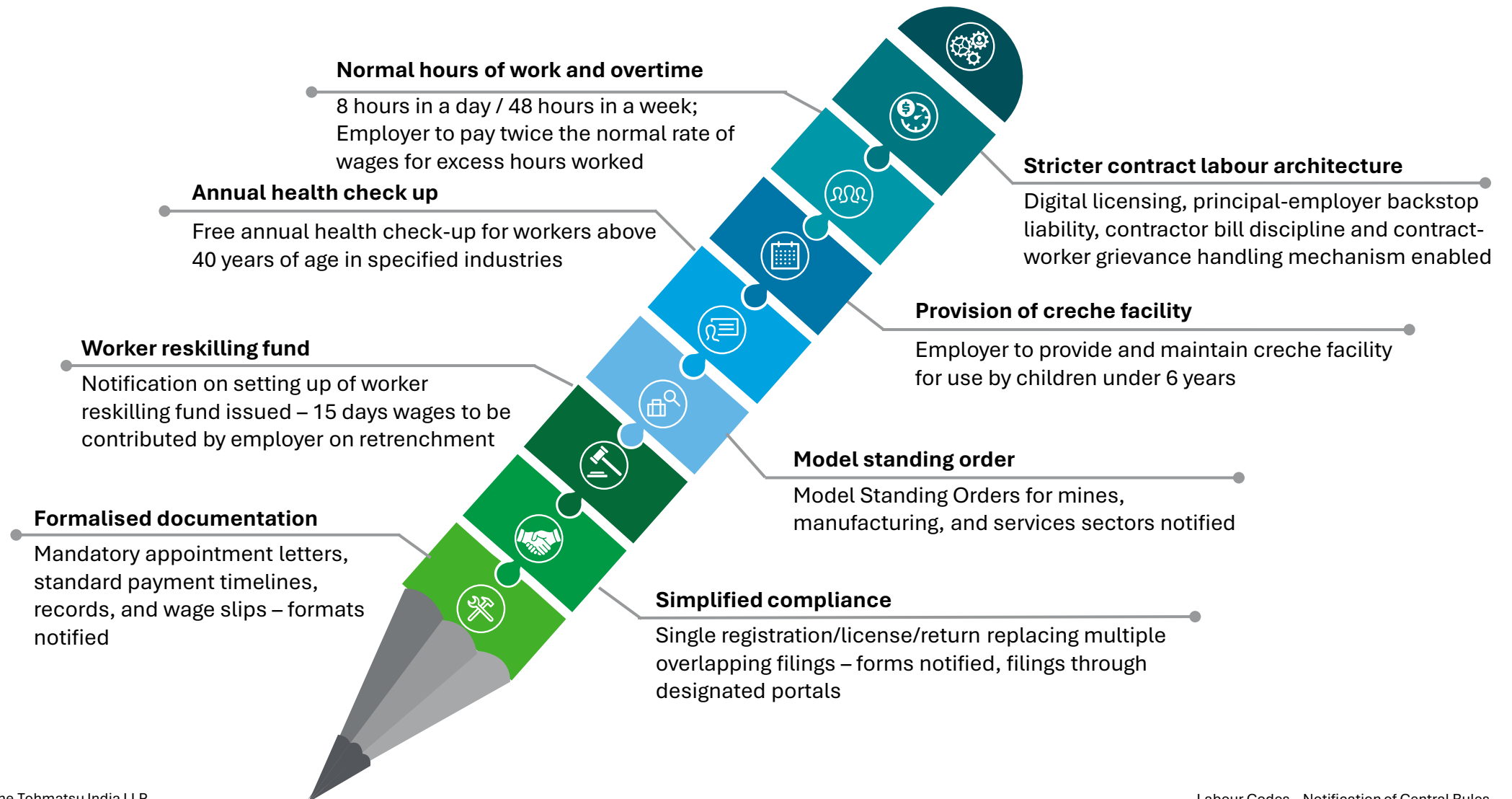
- Normal hours of work in a day / week
- Manner of providing and maintaining creche facility
- Forms to be used, registers to be maintained and filings to be done
- Model standing orders
- Sharing gig and platform worker data

Areas dependent on state rules / notifications that are yet to be issued

- National floor wages
- Criteria for fixation of minimum wages
- Minimum wages
- Annual health check requirement for workers in the manufacturing, services sectors

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Big shifts



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Working Hours and Overtime



- Upper limit of 48 hours of work in a week
- Normal hours of work in a day fixed at 8 (for workers and daily rated employees)
- Daily wages cross into overtime beyond 8 hours in a day, while other workers generally trigger overtime beyond 48 weekly hours.
- Employees for whom minimum wage is fixed under Code on Wages eligible for overtime
- Overtime Hours to be compensated at twice the normal rate of wages, capped at 144 per quarter under OSHWC



- Rest intervals and spread over not specifically provided
- Dependency on criteria for fixation of minimum wages and such minimum wage notified
- Central and State governments to notify minimum wages for establishments under their purview.

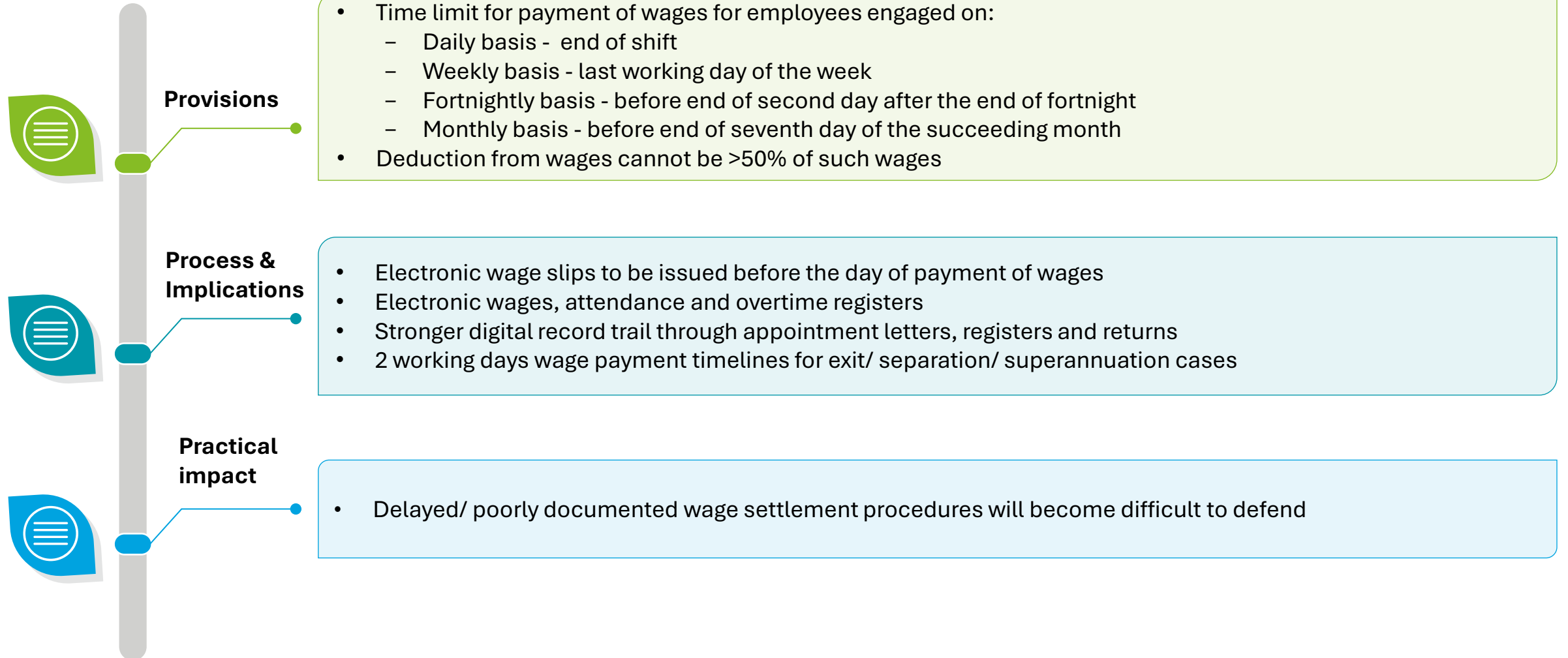


Practical impact:

- Proper monitoring of working time and scheduling
- Clear policy and communication of the requirements and benefits
- Appropriate documentation and record keeping

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Wages Payment & Settlement timelines and documentation



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Committees under Labour Codes



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Other key implications

- **Letter of appointment:** Appointment letter format mandates disclosure of key employee details such as name, date of birth, designation, category or of employment and Aadhar no. included (only with consent).
- **Welfare officer:** Employers in factories, mines, and plantations must appoint welfare officers based on workforce size (1 per 250–500 workers and additional per 500 thereafter), ensure proportional representation of women (including at least one extra if women exceed 100 up to 1000), and designate a Chief Welfare Officer where multiple officers are appointed.
- **Settlement agreements:** Settlement agreements between employers and workers/trade unions must follow prescribed formats. Conciliation settlements to be reported to Central Government electronically.
- **Greater procedural clarity for shift operations:** Clearer operational guidelines for shift-based industries. Employers may operate multiple shifts and transfer workers across shifts depending on operational requirements.

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Other key implications

- **Digital compliance enabled:** Filing of applications, notices, settlements, grievance submissions, and communications can now be made electronically through designated portals/email.
- **Enhancement of mode of communication:** "Speed Post" or "Electronic delivery" are specified as preferred modes of communication.
- **Facilities for negotiating unions:** Employers are required to provide reasonable facilities to the negotiating union or negotiating council, including a notice board for display of information, a venue and necessary infrastructure for discussions, and office accommodation in establishments employing 300 or more workers.
- **Manner of recognition of trade union as negotiation union:** 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. Matters for negotiation by negotiating union or negotiating council have been prescribed.

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Contract Labour - outsourcing labour does not outsource liability



Key Provisions

- Principal Employer ('PE') liability: Remains responsible where contractor fails to ensure wages and bonus payment
- Contractor obligations - Timely payment of wages; minimum annual increment (~2%) to contract workers; issue of experience certificates on request
- Workplace facilities: Contract labour operating at PE premises - PE responsible for: Toilets, washrooms, drinking water, First aid, canteen, crèche (as applicable)
- Licensing reform: Contractors can obtain a common licence for multi-state/ pan-India operations via portal



Implications

- Shift in accountability:
 - Contractor non-compliance → direct exposure for principal employer
- Compliance becomes system-driven:
 - Need for tracking wage payments & statutory dues
 - Greater reliance on digital filings / unified licensing
- Standardisation of contractor workforce practices (increments, documentation, service records)



Impact on Principal Employers

- Vendor risk becomes enterprise risk
 - Stronger due diligence & ongoing monitoring required
- Operational changes:
 - Formal compliance audits of contractors
 - Integration of contractor data into HR/ compliance systems
- Cost implications:
 - Indirect increase due to compliance standardization
 - Potential liability in case of contractor default

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Crèche: Applicability and structural change



Provisions

- Creche mandatory for establishments with 50 or more employees
- Also mandatory for factories, mines, BOCW, beedi and cigar premises, motor transport, dock work and plantations with 50 or more workers.
- Common creche facility can be provided
- Crèche allowance \geq INR 500 per month per child where crèche is not provided



Benefits Entitlement

- As per Ministry FAQ – male employees also entitled for crèche facility
- Women Employees entitled for:
 - Maternity Leaves - 26 weeks paid leave
 - Adoption leave – 12 weeks leave to adopting/ commissioning mother
 - Miscarriage leave – 6 weeks leave
 - Medical bonus of INR 3,500 if no pre-natal confinement/ post natal care is provided free of cost
 - Two nursing breaks of 15 minutes until the child attains the age of fifteen months







Implications for Establishments

- Headcount, geography and operating model must all be re-tested
- A one-size corporate policy may not be good enough
- Common crèche arrangements could be operationally more efficient for multi-location employers
- Governance around crèche agreements and allowance design to be robust

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Women in night shifts: Permission with infrastructure

-  Women may be employed before 6:00 a.m. and beyond 7:00 p.m. only if prescribed safeguards are met.
-  These include written consent, transport for pick-up and drop, well-lit workplace and approach routes, CCTV near key facilities, emergency contacts and compliance with the POSH law.
-  For below-ground mines, at least three women employees must be on duty at any place.
-  The rule supports women's workforce participation, but only through infrastructure-backed compliance rather than policy statements alone.

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Mandatory health checks and medical support



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Gig and platform workers: registration before benefit design

Overview

- Aggregators must register and furnish details of all gig /platform workers on the designated portal
- Timeline: within 45 days of commencement of Rules
- Mandatory creation of a centralised worker database (National Social Security Board framework)

Ongoing Compliance and Scheme Status

- Continuous updation of workforce data (new joiners & exits)
- Expected to be real-time/ near real-time (daily updates)
- Ensures dynamic tracking of worker engagement across platforms
- Social security schemes (benefits) yet to be formally notified

Implications

- Platform aggregators must build robust data capture & reporting systems
- Increased focus on compliance infrastructure, not just contracting model
- Signals eventual cost implications once contribution rules are operationalised

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Fixed Term Employment and entitlement for Gratuity

Fixed-Term Employment (FTE) – Key Points

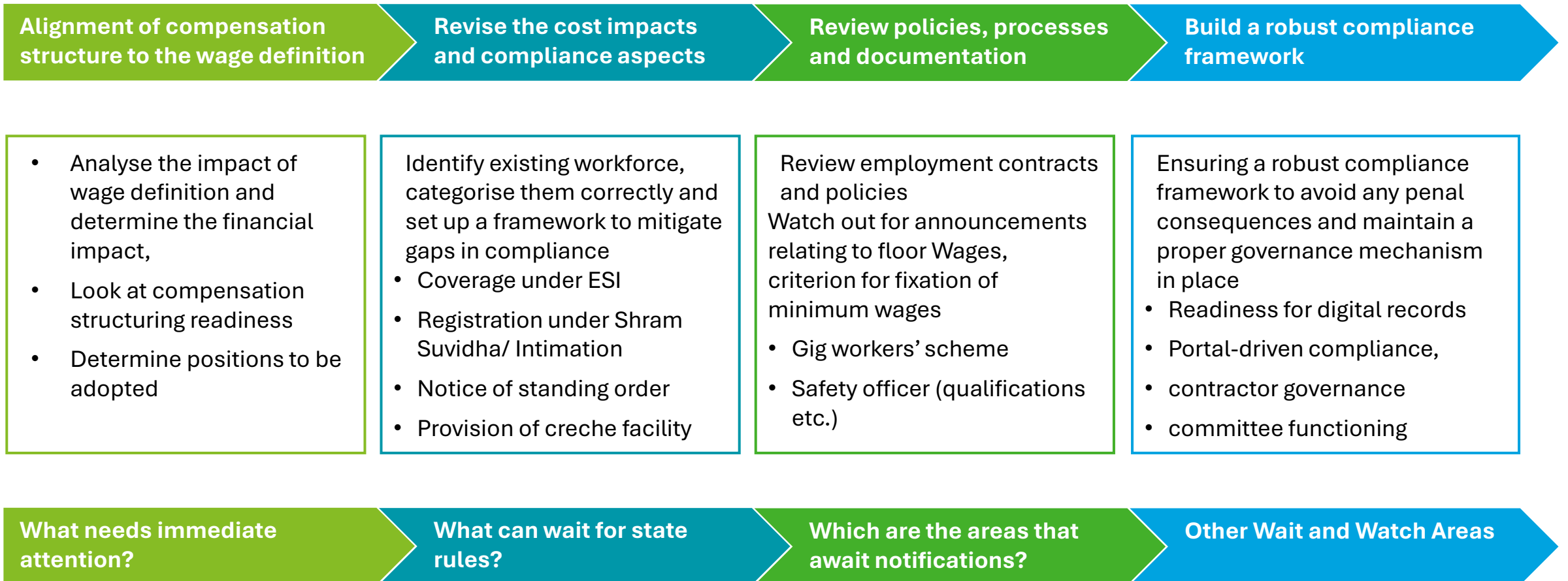
- Model Standing Orders recognize FTE and grant pro-rata statutory benefits at par with permanent workers
- Gratuity eligibility: after 1 year of service (15 days' wages per completed year/ part > 6 months)
- End of FTE tenure is not retrenchment

Commercial Impact

- Improves flexibility, but does not remove gratuity cost, benefit parity, or compliance requirements
- FTE is a structured model with statutory costs - not a low-liability alternative to permanent employment.

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Actions and next steps





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