

# EY PAS Alert

Final rules published by the central government under new labour codes

EY PAS Alerts cover significant regulatory news, developments and changes in legislation that affect Indian businesses. They act as technical summaries to keep you on top of the latest regulatory issues. For more information, please contact your EY advisor.

## Executive summary

The central government has notified the final Central Rules under all four labour codes on 8 May 2026, marking a decisive step towards implementation of India's labour law reforms. These include the Central Rules under the Code on Wages; Code on Social Security; Occupational Safety, Health and Working Conditions Code; and the Industrial Relations Code. Issued after public consultation on the draft Rules released under the four labour codes in December 2025, the final Rules shift the focus from policy formulation to operational readiness and compliance.

The Central Rules largely apply to establishments in specific sectors such as banking, insurance, telecommunication, major ports, mines, oil fields, central public sector undertakings and their contractors. An important exception is the Code on Social Security, where the Central Rules apply to establishments operating across more than one State.

Employers covered under the Central Rules are expected to commence compliance immediately, even as States are yet to notify their respective State Rules.

Employers may proactively assess applicability, identify compliance gaps and prepare for phased implementation, while closely monitoring State-level developments that may affect multi-jurisdictional operations.

This alert summarizes key provisions from the Rules, including:

- a. Working hours and overtime for workers
- b. Responsibilities/obligations in contract labour arrangements
- c. Registration of gig and platform workers
- d. Grievance redressal and safety committees
- e. Sector-specific health and welfare standards
- f. Safeguards for women employees
- g. Standing orders
- h. Worker re-skilling fund
- i. Employee documentation requirements



The better the question.  
The better the answer.  
The better the world works.



Shape the future  
with confidence

## Background

The central government has taken a significant step towards operationalizing India's labour law reforms by notifying the following final Central Rules under the four labour codes on 8 May 2026<sup>1</sup>:

- ▶ The Code on Wages (Central) Rules, 2026 under the Code on Wages, 2019 ("COW Rules" under the "Code on Wages")
- ▶ The Code on Social Security (Central) Rules, 2026 under the Code on Social Security, 2020 ("COSS Rules" under the "Code on Social Security")
- ▶ The Occupational Safety, Health and Working Conditions (Central) Rules, 2026 under the Occupational Safety, Health and Working Conditions Code, 2020 ("OSHC Rules" under the "OSHC Code")
- ▶ The Industrial Relations (Central) Rules, 2026 under the Industrial Relations Code, 2020 ("IR Rules" under the "IR Code")

These notifications follow the implementation of the four labour codes effective 21 November 2025<sup>2</sup> and the publication of draft Central Rules on 30 December 2025 for public consultation. With the issuance of the final Central Rules, the focus may now shift from policy formulation to implementation.

## Applicability of Central Rules across establishments

The Central Rules primarily apply to establishments where the central government is the 'appropriate government', i.e., covering establishments in following sectors:

- ▶ Railways, including metro railways, mines, oil fields, major ports
- ▶ Air transport service
- ▶ Telecommunication
- ▶ Banking or insurance company
- ▶ Corporation or other authority established by a Central Act
- ▶ Central public sector undertakings or subsidiaries
- ▶ Autonomous bodies owned or controlled by the central government
- ▶ Establishment of contractors for the purposes of such establishments

However, it is important to note that the Central Rules under the COSS have broader applicability and extend to establishments across all sectors having departments or branches in more than one State.

Employers falling within the central government's jurisdiction, as outlined above, may now be required to commence compliance with the Central Rules immediately. Most States are yet to notify their final State Rules.

## Key aspects under the final rules published by the central government

### I. Wages for determination of gratuity

Under the Code on Social Security, 2020, gratuity is required to be calculated on the basis of the rate of "wages" last drawn by the employee.

The draft Rules issued on 31 December 2025 had sought to clarify the scope of "wages" by expressly excluding certain salary components, such as annual performance bonuses, stock option benefits, crèche allowance, reimbursements towards telephone and internet expenses, and the value of meal vouchers.

However, the final COSS Rules have omitted this explanatory clarification in its entirety. Employers may need to evaluate their salary structures to analyze what constitutes "wages" for gratuity calculations to mitigate risk of interpretational disputes and compliance exposure.

### II. Working hours and overtime

The final OSHWC Rules prescribe a uniform cap of 48 hours per week as the normal working hours for 'workers'. Overtime eligibility has also been defined to specify that - workers become eligible for overtime pay on working in excess of 48 hours of work in a week, with overtime payable at twice the rate of wages.

Notably, the OSHWC Rules do not specify provisions relating to intervals of rest or spread-over, which may continue to be governed by applicable State Rules.

Under the COW Rules, for an employee whose minimum rate of wages has been fixed under the Code, overtime pay is applicable if the total number of weekly working hours exceed 48 hours, at the overtime rate which shall not be less than twice the normal rate of wages.

### III. Contract labour - obligations and conditions

As per the COW Rules:

- ▶ Principal employer to pay minimum bonus to contract labour where the contractor fails to do so.
- ▶ Principal employer to pay to the contractor the amount payable in respect of wages of employees.

<sup>1</sup> G.S.R 343(E); G.S.R 344(E); G.S.R 345(E); G.S.R 342(E)

<sup>2</sup>Notifications - S.O. 5322(E); S.O. 5319(E); S.O. 5321(E); and S.O. 5320(E)

As per the OSHWC Rules:

- ▶ Contractor to pay wages to contract labour on/before 7th day after the last day of the wage period.
- ▶ In case the contractor fails to make payment of wages to the contract labour, then the principal employer shall make payment of wages in full or the unpaid balance dues, as the case may be, to the contract labour concerned.
- ▶ The principal employer shall settle the bills of the contractor related to dues of contract labour within the timeline as per the terms and conditions agreed between the principal employer and the contractor.
- ▶ Annual increment of not less than 2% of wages to be given to workers regularly employed by the contractor (as per one of the conditions to be excluded from “contract labour” definition).
- ▶ Contractor can apply for a common Contract Labour (Regulation and Abolition) (CLRA) license for more than one State/whole of India, on the designated portal.
- ▶ Experience certificate to be issued to contract labour on demand giving details of the period, work performed and experience gained in various fields.

#### **IV. Registration for gig and platform workers**

The COSS Rules introduce a structured and time-bound framework for the registration of gig and platform workers.

Aggregators are now required to register/provide details of all gig and platform workers on the designated portal, within 45 days from the COSS Rules commencing.

While the social security scheme for gig and platform workers is yet to be notified, this is a significant development which may enable identification and coverage of such workers under the social security scheme.

#### **V. Grievance redressal and safety committees**

The IR Rules and COSS Rules emphasize institutionalized workplace governance through the Grievance Redressal Committees and Safety Committees, respectively. These Rules set out detailed requirements governing the composition, jurisdiction and functioning of such committees.

These committees are intended to strengthen internal dispute resolution mechanisms, promote participative approaches to safety, and improve transparency in workplace decision-making.

In addition, the OSHWC Rules require principal employers to establish a separate grievance redressal mechanism for contract labour, specifically to address grievances relating to

occupational health, working conditions and wage-related matters.

Employers may need to ensure proper constitution, representation and effective functioning of these committees in accordance with the Rules.

#### **VI. Health, safety, working conditions and welfare facilities**

The OSHWC Rules prescribe comprehensive, sector-specific requirements relating to health, safety, working conditions and welfare facilities. These provisions apply to specified categories of establishments, including factories, mines, building and other construction work, motor transport undertakings, dock work and plantations.

The Rules address a wide range of workplace standards, covering areas such as cleanliness and hygiene, ventilation, lighting, drinking water and sanitary facilities, alongside the provision of welfare infrastructure including washing facilities, canteens and crèches, with the objective of improving overall working conditions.

It is important to note that these requirements are applicable only to the specified categories of establishments identified under the Rules (as above), and do not extend uniformly across all establishments.

Employers in these sectors may need to assess existing facilities against prescribed standards and implement corrective measures where gaps are identified.

#### **VII. Provisions for women employees**

The OSHWC Rules contain specific provisions focused on safeguarding the interests of women employees, with specific conditions to be met for employment of women during night or before 6.00 a.m. and beyond 7.00 p.m. on any day. The provisions cover taking consent of the woman employee in writing and providing adequate transportation facilities to pick up and drop such employee at her residence.

The COSS Rules also prescribe the requirement to provide crèche facility. It also clarifies that the employer and negotiating union/council or majority of employees of the establishment (in the absence of negotiating union/council) may enter into agreements for provision of crèche facility in the establishment and if not provided, then for payment of creche allowance, which shall not be less than INR500 per month per child. As per Frequently Asked Questions issued by the Ministry of Labour and Employment on 16 March 2026, the crèche facility is available to employees, irrespective of gender.

#### **VIII. Standing orders**

The provisions relating to standing orders under the IR Code 2020 apply to industrial establishments

employing 300 or more workers. The final Model Standing Orders in respect of industrial establishment in mines, manufacturing sector and service sector have also been issued through a separate notification on 8 May 2026.

These provisions are designed to standardize service conditions, disciplinary processes and employment terms. In the absence of certified standing orders, prescribed or model standing orders may apply by default, making it important for employers to evaluate the adequacy of their existing employment governance documents.

Employers may continue with existing standing orders (if any) where such standing orders are not in contravention of the IR Code 2020.

### IX. Worker re-skilling fund

The IR Rules provide operational clarity on the Worker Re-Skilling Fund, which is intended to support re-skilling and re-employment of workers affected by retrenchment. The Rules outline the manner of contribution and utilization of the fund, reinforcing its role as a labour-market transition support mechanism.

Employers may need to evaluate potential financial and administrative implications where applicable, in case workers are retrenched.

### X. Employee documentation and records

The Rules under all the codes formalize obligations relating to employee documentation, including compulsory issuance of appointment letters, nomination processes, maintenance of employee-related registers and issuance of wage slips. Standardized formats and clearer record-keeping requirements are intended to enhance transparency and facilitate inspections and enforcement.

Employers may review existing documentation practices and record-maintenance systems to ensure compliance.

## Comments

With the notification of final Central Rules, organizations for which the central government is the appropriate authority may undertake a structured compliance assessment and initiate implementation planning.

Other employers may also review the final Central Rules and closely monitor the notification of State Rules to evaluate any deviations that may impact multi-State operations. Early preparedness may be critical to managing compliance risk and ensuring a smooth transition to the new regulatory regime.

Below are some of the key aspects that may have to be evaluated in line with the final Central Rules:

1. **Re-examine the definition of wages** for the purpose of computing statutory benefits such as gratuity and leave encashment, particularly in light of the changes introduced in the final Rules, as compared to the draft Rules.
2. **Review existing HR policies and operational processes**, including those relating to working hours, overtime and wage administration, to ensure alignment with the requirements under the final Central Rules.
3. **Assess compliance obligations across alternative workforce models**, including engagements involving contract labour, fixed-term employees, and gig and platform workers, with a view to identify and address any gaps.
4. **Evaluate current health, safety, working conditions and welfare facilities** against the prescribed standards under the Rules, including special provisions applicable to women employees, and implement corrective measures where deficiencies are identified.
5. **Review the constitution and functioning of mandatory committees**, such as Grievance Redressal Committee, Safety Committee and contract labour grievance mechanisms, to ensure compliance with threshold criteria and prescribed governance processes.
6. **Determine the need to draft and certify standing orders** or adopt the prescribed Model Standing Orders under the Industrial Relations Code, based on the nature and scale of operations.
7. **Strengthen the overall compliance and governance framework** by aligning documentation, record-keeping, reporting and internal controls with the prescribed compliance requirements under the final Rules.

**Ahmedabad**

22nd Floor, B Wing, Privilon  
Ambli BRT Road, Behind Iskcon Temple  
Off SG Highway, Ahmedabad - 380 059  
Tel: + 91 79 6608 3800

**Gandhinagar**

8th Floor, Building No. 14A  
Block 14, Zone 1  
Brigade International Financial Centre  
GIFT City SEZ  
Gandhinagar - 382 355, Gujarat  
Tel: + 91 79 6608 3800

**Bengaluru**

12th & 13th Floor  
"UB City", Canberra Block  
No.24 Vittal Mallya Road  
Bengaluru - 560 001  
Tel: + 91 80 6727 5000

Ground & 1st Floor  
# 11, 'A' wing  
Divyasree Chambers  
Langford Town  
Bengaluru - 560 025  
Tel: + 91 80 6727 5000

3rd & 4th Floor  
MARKSQUARE  
#61, St. Mark's Road  
Shantala Nagar  
Bengaluru - 560 001  
Tel: + 91 80 6727 5000

1st & 8th Floor, Tower A  
Prestige Shantiniketan  
Mahadevapura Post  
Whitefield, Bengaluru - 560 048  
Tel: + 91 80 6727 5000

Ecospace  
1st Floor, Campus 1C  
Ecospace Business Park  
Outer Ring Road,  
Bellandur - Sarjapura Area,  
Varthur Hobli,  
Bengaluru Urban - 560103

**Bhubaneswar**

8th Floor, O-Hub, Tower A  
Chandaka SEZ, Bhubaneswar  
Odisha - 751024  
Tel: + 91 674 274 4490

**Chandigarh**

Elante offices, Unit No. B-613 & 614  
6th Floor, Plot No- 178-178A  
Industrial & Business Park, Phase-I  
Chandigarh - 160 002  
Tel: + 91 172 6717800

**Chennai**

6th & 7th Floor, A Block,  
Tidel Park, No.4, Rajiv Gandhi Salai  
Taramani, Chennai - 600 113  
Tel: + 91 44 6654 8100

**Delhi NCR**

Aikyam  
Ground Floor  
67, Institutional Area  
Sector 44, Gurugram - 122 003  
Haryana  
Tel: + 91 124 443 4000

3rd & 6th Floor, Worldmark-1  
IGI Airport Hospitality District  
Aerocity, New Delhi - 110 037  
Tel: + 91 11 4731 8000

4th & 5th Floor, Plot No 2B  
Tower 2, Sector 126  
Gautam Budh Nagar, U.P.  
Noida - 201 304  
Tel: + 91 120 671 7000

**Hyderabad**

THE SKYVIEW 10  
18th Floor, "SOUTH LOBBY"  
Survey No 83/1, Raidurgam  
Hyderabad - 500 032  
Tel: + 91 40 6736 2000

THE SKYVIEW 20  
2nd Floor, 201 & 202  
Right Wing, Survey No 83/1  
Raidurgam, Hyderabad - 500 032  
Tel: + 91 40 6736 2000

**Jaipur**

9th floor, Jewel of India  
Horizon Tower, JLN Marg  
Opp Jaipur Stock Exchange  
Jaipur, Rajasthan - 302018

**Kochi**

9th Floor, ABAD Nucleus  
NH-49, Maradu PO  
Kochi - 682 304  
Tel: + 91 484 433 4000

**Kolkata**

22 Camac Street  
3rd Floor, Block 'C'  
Kolkata - 700 016  
Tel: + 91 33 6615 3400

6th floor, Sector V,  
Building Omega, Bengal Intelligent  
Park, Salt Lake Electronics Complex,  
Bidhan Nagar  
Kolkata - 700 091  
Tel: + 91 33 6615 3400

**Mumbai**

14th Floor, The Ruby  
29 Senapati Bapat Marg  
Dadar (W), Mumbai - 400 028  
Tel: + 91 22 6192 0000

5th Floor, Block B-2  
Nirlon Knowledge Park  
Off. Western Express Highway  
Goregaon (E)  
Mumbai - 400 063  
Tel: + 91 22 6192 0000

3rd Floor, Unit No.301  
Building No.1, Mindspace-Gigaplex  
IT Park, MIDC, Plot No. IT-5  
Airoli Knowledge Park  
Airoli West, Navi Mumbai - 400 708  
Tel: + 91 22 6192 0003

18th Floor, Altimus  
Pandurang Budhkar Marg  
Worli, Mumbai - 400 018  
Tel: + 91 22 6192 0503

**Pune**

C-401, 4th Floor  
Panchshil Tech Park, Yerwada  
(Near Don Bosco School)  
Pune - 411 006  
Tel: + 91 20 4912 6000

10th Floor, Smartworks  
M-Agile, Pan Card Club Road  
Baner, Pune - 411 045  
Tel: + 91 20 4912 6800

# Our offices

**Ernst & Young LLP****EY | Building a better working world**

EY is building a better working world by creating new value for clients, people, society and the planet, while building trust in capital markets.

Enabled by data, AI and advanced technology, EY teams help clients shape the future with confidence and develop answers for the most pressing issues of today and tomorrow.

EY teams work across a full spectrum of services in assurance, consulting, tax, strategy and transactions. Fueled by sector insights, a globally connected, multi-disciplinary network and diverse ecosystem partners, EY teams can provide services in more than 150 countries and territories.

**All in to shape the future with confidence.**

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via [ey.com/privacy](http://ey.com/privacy). EYG member firms do not practice law where prohibited by local laws. For more information about our organization, please visit [ey.com](http://ey.com).

Ernst & Young LLP is one of the Indian client serving member firms of EYGM Limited. For more information about our organization, please visit [www.ey.com/en\\_in](http://www.ey.com/en_in).

Ernst & Young LLP is a Limited Liability Partnership, registered under the Limited Liability Partnership Act, 2008 in India, having its registered office at Ground Floor, Plot No. 67, Institutional Area, Sector - 44, Gurugram - 122 003, Haryana, India.

© 2026 Ernst & Young LLP. Published in India.  
All Rights Reserved.

ED None.

This publication contains information in summary form and is therefore intended for general guidance only. It is not intended to be a substitute for detailed research or the exercise of professional judgment. Neither EYGM Limited nor any other member of the global Ernst & Young organization can accept any responsibility for loss occasioned to any person acting or refraining from action as a result of any material in this publication. On any specific matter, reference should be made to the appropriate advisor.

[ey.com/en\\_in](http://ey.com/en_in)

