

CORPORATE CONNECT

MINISTRY OF LABOUR NOTIFIES CENTRAL RULES UNDER CODE ON WAGES AND IR CODE

1. Code on Wages (Central) Rules, 2026

The Ministry of Labour & Employment notified the **Code on Wages (Central) Rules, 2026** (“**Central Wage Rules**”) on May 8, 2026 operationalizing the Code on Wages, 2019 (“**Wage Code**”) that came into force on November 21, 2025. The key features of the Central Wage Rules are given hereunder:

(a) Minimum Wages & Floor Wage

- i. The minimum rate of wages shall be fixed by the day basis the criteria which shall be separately specified by the Central Government. The hourly wage rate is to be calculated by dividing the daily wage by eight, while the monthly wage rate is to be calculated by multiplying the daily wage by twenty-six with rounding off rules prescribed for fractions. In case there is less than six days working week, the hourly rate of minimum wages so calculated shall be used to derive the minimum wages for the day.
- ii. The Central Government may fix and revise **floor wages** in consultation with the **Central Advisory Board** and **State Governments**, taking into account **minimum living standards including food, clothing, housing and other relevant factors**. The revision shall ordinarily be carried out at intervals not exceeding **five years**.

(b) Working Hours, Rest Days & Night Shifts

- i. Normal working day: The number of hours of work for an employee whose wage period is fixed on a daily basis shall be eight hours and the total number of weekly working hours shall not exceed forty-eight hour.
- ii. Employees shall be entitled to **one rest day in a week**, ordinarily Sunday in a **six day working week**, whereas in the establishments with less than six working days, the rest period must include **Saturday and Sunday** unless another day is fixed by the employer. Employees shall not be required or allowed to work on the rest day unless he is allowed a substituted rest day on one of the working days in a week immediately before or after the rest day. However, no substitution shall be made, which results in the employee working for more than ten days consecutively without a rest day.
- iii. Employees working on a rest day are entitled to overtime wages for the rest day worked and wages for the substituted rest day, provided that in case of six-days working week where (i) the minimum rate of wages of the employee as notified under the Code has been worked out by dividing the minimum monthly rate of wages by twenty- six; or (ii) the actual daily rate of wages of the employee has been worked out by dividing the monthly rate of wages by twenty-six and such actual daily rate of wages is not less than the notified minimum daily rate of wages of the employee, then, no wages for the rest day shall be payable; and (iii) the employee works on the rest day and has been given a substituted rest day, then, the employee shall be paid, only for the rest day on which he worked, an amount equal to the wages payable at the overtime

rate, which shall not be less than twice the normal rate of wages.

- iv. For night shifts extending beyond midnight, the employees shall be entitled to twenty-four hour rest period and calculation of the succeeding day are to be reckoned from the time the shift ends, and hours worked after midnight are treated as part of the previous day.

(c) Wages, Deductions & Advances

- i. Total deductions from wages capped at 50% of wages in any wage period; any excess must be carried forward succeeding wage periods in instalments.
- ii. Advances to be recovered in instalments subject to ceiling of 50% of wages.
- iii. The employer shall give intimation electronically or in writing to the employee specifying the particulars of acts and omissions warranting the imposition of fine and for showing cause within seven days.

(d) Contractor-Based Employment

- i. Principal employers are responsible for ensuring that bonus is paid to the contractual employee.
- ii. If a contractor fails to pay statutory bonus, the principal employer must pay minimum bonus to such employees upon receiving written notice of such failure and on confirming such failure.

(e) Registers, Records & Wage Slips

- i. Every employer must issue wage slips, electronically or in physical form to the employees in Form V on or before payment of wages.

- ii. The employer shall maintain, electronically or in physical form the following registers: (i) Employee Register in Form I; (ii) Register of Wages, Overtime, Advances, Fines and Deductions for Damage and Loss in Form IV; and (iii) Attendance Register-cum-Muster Roll in Form IX.
- iii. All registers are required to be preserved for 5 years from the date of the last entry.
- iv. Every employer must issue wage slips in Form V to the employees electronically or physically on or before payment of wages.

(f) Offences & Penalties

- i. Complaints relating to Wage Code can be filed by authorised officers, aggrieved employees, trade unions, or Inspectors-cum-Facilitators.
- ii. Compoundable offences can be settled by filing application in Form VI subject to payment of 50% of the maximum fine within 30 days. **Where the composition amount is not deposited within the prescribed timeline, prosecution may be instituted before the competent court for the concerned offence.**

2. Industrial Relations (Central) Rules, 2026

The Ministry of Labour & Employment notified the **Industrial Relations (Central) Rules, 2026 (“IR Rules”)** on May 8, 2026 operationalizing the Industrial Relations Code, 2020 (“IR Code”) that came into force on November 21, 2025, superseding the Industrial Disputes (Central) Rules, 1957 and the Industrial Employment (Standing Orders) Central Rules, 1946. The key features of the IR Rules are given hereunder:

(a) Grievance Redressal Committee (GRC)

- i. Every industrial establishment with 20 or more workers shall mandatorily constitute a **Grievance Redressal Committee (“GRC”)**.
- ii. There should be equal representation of employers and workers, with a maximum of 10 members. Representation of women is mandatory and must be at least proportionate to the number of women workers employed in the establishment.
- iii. The tenure of each member of the GRC shall be **3 years**, and a worker may file a grievance within **1 year** from the date on which the cause of action first arose.
- iv. Where a grievance remains unresolved within **30 days** of being raised before the GRC, the worker may, through his trade union, approach the conciliation officer within **60 days** of such non-resolution.

(b) Standing Orders

- i. Separate **Model Standing Orders (“MSOs”)** have been notified for the mine, manufacturing, and service sectors respectively.
- ii. An employer who proposes to adopt the applicable MSO shall give intimation to the **certifying officer**, and the MSO shall be deemed to be certified if no objection is raised by the certifying officer within **30 days** of such intimation.
- iii. Final standing orders to be displayed in Hindi, English, and the local language at the establishment’s entrance, and may also be uploaded on the establishment’s portal.

(c) Notice of Change in Service Conditions

- i. No employer shall effect any change in the service conditions specified in the **Third Schedule** to the IR Code without issuing a prior notice in **Form-IV**.
- ii. The said notice shall be displayed at the **main entrance of the establishment** and at the office of the trade union, in **Hindi, English, and the language spoken by the majority of the workers** in the establishment.
- iii. The issuance, service, and maintenance of records in relation to such notice may be carried out **electronically** or through such designated portals as may be specified.

(d) Industrial Dispute Resolution

- i. The IR Rules prescribe detailed procedures for proceedings before **conciliation officers, Industrial Tribunals, and National Industrial Tribunals**, covering the manner of filings, grant of adjournments, leading of evidence, and general conduct of proceedings.
- ii. All proceedings and filings before such forums may be conducted **electronically or through designated portals** as may be notified by the Central Government.
- iii. Every conciliation officer shall maintain a register of settlements arrived at before him, which may be maintained in **electronic or physical form**.

(e) Strikes & Lock-outs

- i. Notices of strike or lock-out by employer shall be served on the employer or workers, as the case may be, **electronically, in person, or by registered post or speed post, in the prescribed forms**.

- ii. Upon receipt of a strike notice or upon the occurrence of a lock-out, the employer shall forthwith report the same to the appropriate government and to the **conciliation officer** within **5 days** of such receipt or occurrence.
- iii. The **commencement and cessation** of any strike or lock-out shall also be reported to the appropriate government in the prescribed forms.

(f) Lay-off, Retrenchment & Closure

- i. An employer intending to retrench a worker who has completed at least one year of continuous service must serve a copy of the retrenchment notice in **Form XIII** to the Central Government and the **Deputy Chief Labour Commissioner** within **three days** of serving the notice on the worker. In cases where the termination is carried out pursuant to an agreement, the notice must be served at least one month before the date of termination.
- ii. The **seniority list** of workers proposed to be retrenched shall be displayed at the workplace at least **7 days** before the date of retrenchment.
- iii. An employer intending to close down an establishment shall give notice thereof at least **60 days** in advance in **Form-XIII**, and establishments falling under **Chapter X** of the IR Code shall additionally seek prior permission of the appropriate government in **Form-XIV** at least **90 days** before the intended date of closure.
- iv. Where vacancies arise in the establishment within **1 year** of retrenchment, the retrenched workers shall be given **preference for re-employment** in such vacancies.

(g) Worker Re-skilling Fund

- i. Every employer retrenching a worker shall contribute an amount equal to **15 days' last drawn wages** of such worker to the **Worker Re-skilling Fund**.
- ii. Such contribution shall be transferred within **10 days** of the date of retrenchment to the account designated by the **Central Government** for this purpose.

(h) Offences & Penalties

- i. The procedure for compounding of offences has been prescribed. Compounding notices are required to be issued in **Form XV** through the designated portal of the Ministry of Labour.
- ii. The compounding amount specified in the notice shall be deposited **electronically** within **15 days** of receipt of the compounding notice.
- iii. Upon successful compounding, any pending proceedings in respect of the compounded offence shall stand closed and the accused shall be **discharged** from liability in respect thereof.

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