

GMS Flash Alert

Employment Law

2026-127 | 22 May 2026



India – Government of India Notifies Final Rules on Four Labour Codes

On 8 May 2026, the Government of India (“GoI”) notified the final rules¹ in relation to the four Labour Codes viz., Code on Wages (Central) Rules, 2026 (“COW Rules”), Social Security (Central) Rules, 2026 (“SS Rules”), Occupational Safety, Health and Working Conditions (Central) Rules, 2026 (“OSH Rules”) and Industrial Relations (Central) Rules, 2026 (“IR Rules”). Along with the final rules, the GoI also notified several operational aspects of the four Labour Codes.

WHY THIS MATTERS

The final rules set out standards and procedures for wage calculation, working hours, occupational health and safety, social security coverage, and industrial relations. The rules introduce mandatory provisions such as minimum wage calculations, annual health check-ups, crèche facilities, appointment letters, grievance committees, and provisions relating to women employees.

Background

The GoI notified the four Labour Codes namely Code on Wages, 2019, Code on Social Security, 2020, Occupational Safety, Health and Working Conditions Code, 2020 and the Industrial Relations Code, 2020 on 21 November 2025. Please refer to [Tax Flash News dated 21 November 2025](#).

On 30 December 2025, GoI issued draft Central Rules under the four Labour Codes for public consultation, inviting objections and suggestions within 30 days for the IR Rules and 45 days for the Central Rules on the other three Codes. Please refer to [Tax Flash News dated 3 January 2026](#).

The GoI on 8 May 2026 notified the final rules under the four Labour Codes, namely the COW Rules, the SS Rules, the OSH Rules, and the IR Rules. Along with the final rules, the GoI also notified several operational aspects relating to implementation of the four Labour Codes.

Key Highlights

Minimum wage

- The minimum rate of wages is to be fixed on a daily basis in accordance with criteria to be specified by the Central Government.
- Where a daily wage is fixed, it shall be divided by eight to determine the hourly rate and multiplied by 26 to determine the monthly rate.
- Where the working week is less than six days, the calculated hourly rate shall be used to derive the daily minimum wage.

Normal working hours

- Normal working day in case of an employee whose wage period is on a daily basis shall be eight hours per day.
- Normal working day in case of an employee whose wage period is other than a daily basis shall be so fixed that it does not exceed 48 hours per week.

Manner of fixing floor wages

- Floor wage is to be fixed by the Central Government taking into account minimum living standards including food, clothing, housing, and other factors.
- The Central Government may revise the floor wage at an interval not exceeding five years and undertake adjustments to account for cost of living variations periodically.

Annual free health check-up for employees

- Employers in docks, mines, and construction sites may arrange free annual medical check-ups for employees aged 40 and above.
- Employers may use the facility for medical examination of employees through the Employees' State Insurance Corporation.

Gratuity for fixed-term employees

- Fixed-term employees are eligible for gratuity if they render service under the contract for at least one year.
- Any subsequent service period exceeding six months but less than one year may be rounded off as one additional year.

Overtime wage

- A worker working more than eight hours in a day as a daily wager, or a worker other than a daily wager who works beyond 48 hours a week, is entitled to overtime wages at twice the regular rate.
- For overtime calculation, 15-30 minutes is treated as 30 minutes, and more than 30 minutes is treated as one hour. For monthly-paid workers, daily wages equal 1/26th of the monthly wage; for others, it is their actual daily earnings.
- No worker shall be allowed to work overtime exceeding 144 hours in any quarter of a year.

Crèche facility

- Every establishment with 50 or more employees may provide and maintain a crèche for children under six years within one kilometre of the establishment.
- If there is no negotiating union or council, the majority of employees could agree with the employer to provide a crèche facility for children under six or pay a monthly crèche allowance of at least INR 500 per child or an amount notified by the Central Government applicable for up to two children.

Issuance of appointment letter

- Mandatory issuance of appointment letters to employees.
- The format and particulars to be included in the appointment letter have been prescribed.

Mandatory duties of employer in case of women employees

- Mandatory duties of an employer in case of women employees working during night or before 6.00 a.m. and beyond 7.00 p.m. include obtaining prior written consent from the employee.
- Providing safe transportation facilities, ensuring essential amenities such as well-lit washrooms and drinking water facilities.
- Workplace, including specified areas, could have suitable provisions for CCTV surveillance, and surveillance could also be provided on the way to these facilities.
- Comply with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
- No woman shall be employed in violation of maternity benefit provisions laid down under the Social Security Code, 2020.

Contract labour

- A contract worker regularly employed by a contractor under mutually agreed conditions may receive an annual wage increment of at least two per cent.
- If contract labour works at the principal employer's premises, the principal employer must provide basic facilities or amenities such as toilet, washroom, drinking water, bathing facilities if required, changing room, first aid box, canteen, and crèche, while all other facilities and entitlements are the contractor's responsibility.
- If a contractor fails to pay the minimum bonus, the principal employer shall, upon written notice from the employees or their registered trade union, pay the minimum bonus to such employees.
- Contractors can obtain a single license for engaging contract workers in more than one state or across the whole of India.
- Contract labour grievances related to health, working conditions, or wages must be addressed by the principal employer through a committee. Unresolved issues within thirty days must be escalated to the Inspector-cum-Facilitator.

Grievance redressal committee

- Mandatory for every industrial establishment employing 20 or more workers.

- Grievance Redressal Committee to address individual employee grievances, ensuring equal representation from both employers and workers, not exceeding 10 members.
- Women representatives may be included in the committee in proportion to their workforce share.

Constitution of works committee

- Mandatory for every industrial establishment with 100 or more workers to constitute a works committee intended to facilitate employer–worker cooperation.
- The total number of committee members may not exceed 20.
- The committee may include representatives of both employers and workers, with worker representatives not less than those of employers.

Standing orders

- The Model Standing Orders for industrial establishments in the mining, manufacturing, and services sectors are specified in Schedules A, B, and C of the Model Standing Orders, 2026.
- Employers may adopt the Model Standing Orders issued by the Central Government.

Worker re-skilling fund

- The Central Government has established a worker re-skilling fund.
- Every employer who has retrenched a worker in an industrial establishment shall, within 10 days, transfer an amount equal to 15 days of last drawn wages of such retrenched worker to a designated account maintained by the Labour Commissioner along with worker details and bank accounts.
- The collected amount may be electronically transferred to the retrenched worker's bank account within 45 days to support re-skilling.

Re-employment of retrenched workers

- Employers may give preference to retrenched workers (within one year of retrenchment) for re-employment based on seniority, provided they are Indian citizens and have expressed willingness for employment.
- Employers may display vacancy details on the notice board at least 15 days before filling positions and inform eligible retrenched workers at their latest address through speed post or email provided at the time of retrenchment or thereafter.

Social security for unorganised workers, gig workers or platform workers

- Gig and platform workers aged 16 years and above may register on the designated Central Government portal using Aadhaar and prescribed documents on a self-declaration basis.
- Aggregators may share details of all existing gig and platform workers with the Central Government portal within 45 days of commencement of the Rules to enable issuance of a Universal Account Number (“UAN”) or unique ID, if not already available.
- Aggregators engaging new gig or platform workers may register them in real time or daily through API or other electronic modes and may also update exit details of such workers.
- To avail benefits under any scheme framed under the Code, gig or platform workers may meet additional eligibility conditions notified by the Central Government, apart from portal registration.

- Eligibility requires the worker to have been engaged for at least 90 days with a single aggregator or 120 days across multiple aggregators during the preceding financial year.

KPMG INSIGHTS

In light of the change, the organizations and entities might consider the following:

- Organizations could review the rules, as they define how the four Labour Codes could be applied in practice.
- Employers could review existing policies, contracts and processes to assess compliance with the prescribed rules.

If assignees and/or their programme managers have any questions or concerns about the scope of the update, its application and potential impacts, and appropriate next steps, they should consult with their qualified tax professional or a member of the GMS tax team with KPMG in India (see the Contacts section).

ENDNOTE:

1 Government of India, Ministry of Labour and Employment Portal, "[Labour codes](#)."

* * * *

RELATED RESOURCE

This article is excerpted, with permission, from "[Government of India notifies final rules on four labour codes](#)," Tax Flash News (10 May 2026), a publication of the KPMG International member firm in India.

Contacts

For additional information or assistance, please contact your local GMS or People Services professional* or the following professional with the KPMG International member firm in India:



Parizad Sirwalla
National Head
Tel. + 91 22 3989 6000
psirwalla@kpmg.com

** Please note the KPMG International member firm in the United States does not provide immigration or labour law services. However, KPMG Law LLP in Canada can assist clients with U.S. immigration matters.*

The information contained in this newsletter was submitted by the KPMG International member firm in India.

© 2026 KPMG Assurance and Consulting Services LLP, an Indian Limited Liability Partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

www.kpmg.com

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

Learn about us:



kpmg.com

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

KPMG LLP is the U.S. firm of the KPMG global organization of independent professional services firms providing Audit, Tax and Advisory services. The KPMG global organization operates in 147 countries and territories and has more than 219,000 people working in member firms around the world.

Each KPMG firm is a legally distinct and separate entity and describes itself as such. KPMG International Limited is a private English company limited by guarantee. KPMG International Limited and its related entities do not provide services to clients.

GMS Flash Alert is a publication of the KPMG LLP Washington National Tax practice.

KPMG International Limited is a private English company limited by guarantee and does not provide services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.