

Code on Wages (Central) Rules, 2026

A structured overview of the key provisions governing wages, working hours, deductions, and compliance obligations for establishments under Central Government jurisdiction.


Scope & Minimum Wage Fixation

Applicability

Wage Rules apply to establishments where the **Central Government** is the “appropriate government”.

Minimum Wage Basis

For time work, the minimum wage rate is fixed on a **day basis**. This daily rate serves as the base for computing hourly and monthly rates as prescribed in the Wage Rules. [Hour rate = Daily wage/8] ; [Monthly rate = Daily wage x 26]

 Criteria for fixing minimum wages will be specified later by the Central Government via general or special order.

Working Hours & Wage Periods

Daily Wage Period

- Daily working hours: **8 hours**
- Rest interval as prescribed under OSH Code notifications.

Non-Daily Wage Period

- Daily hours fixed such that **weekly hours do not exceed 48 hours**.

Weekly Rest Day

- Typically **Sunday** in a 6-day week, or **Saturday & Sunday** in a less-than-6-day week.

Rest Day & Overtime Entitlements

Key Rule

Where an employee works on a rest day, the employer must provide a **substituted rest day**.

- Wages at **overtime rate** for the rest day worked
- Wages at the **rate of the previous working day** for the substituted rest day

Floor Wage Fixation

Consultation

The Central government may consult with the Central Advisory Board, take into account the minimum living standard. The Central government may circulate the consultation with the State Government for further consultation and comment.

Feedback consideration

Consultation of the Board and comments from State Governments *may be considered* before fixing the floor wage

Fines, Deductions & Limits

Show Cause Notice Required

Before imposing a fine or deduction for damage/loss, employer must issue a **show cause notice**. Employee has **7 days** to respond; penalty must be communicated within **15 days** of deduction if no response.

50% Deduction Cap

Total authorised deductions cannot exceed **50% of wages** in any period. Excess is carried forward and recovered in instalments **in successive wage periods**, capped at **50% of monthly wages** per month.

Absence from Duty

Employer must **notify employee** (in writing or electronically) and allow **7 days** to respond before deducting wages. If no response, deduction may proceed; employee informed within **15 days**.

Contractor Default on Minimum Bonus

Trigger

Contractor defaults on payment of **minimum bonus** to contract labour.

Principal Employer's Obligation

Upon receiving **written intimation** of default from employees or their registered trade union, and confirmation of the default, the **principal employer is required to pay** the minimum bonus to the contract labour.

Compounding of Offences

1. Apply - Accused may submit an application - electronically or in writing - to the designated gazetted officer.
2. Assess - Designated officer to assess whether offence compoundable or not.
3. Pay 50% - If yes, pay, within 30 days
4. Issue Certificate - Post-payment, certificate within 10 days.

If payment is not made within stipulated timelines, prosecution is initiated. Where compounding occurs after prosecution has commenced, the gazetted officer notifies the relevant courts and the accused is discharged.

Key Timelines at a Glance

7 days to respond

- Employee's window to reply to show cause notice or absence deduction intimation.

15 days to communicate

- Employer must inform employee of penalty within 15 days of deduction if no response received.

30 days to pay fine

- Payment of 50% of maximum prescribed fine for compounding an offence.

10 days for certificate

- Composition certificate to be issued after payment of compounding fine.

Summary: Core Obligations

Hours & Rest

- 8-hour day
- 48-hour week cap
- Mandatory weekly rest with overtime pay for rest day work

Wages & Floor

- Daily rate as base
- Floor wage fixed via consultative process with Central Advisory Board and State Governments

Deductions

- Show cause notice mandatory
- 50% monthly cap on deductions
- Excess carried forward in instalments

Compliance

- Principal employer liable for contractor bonus defaults
- Offences may be compounded at 50% of maximum fine