

## **Services sector employment rules take shape: Model Standing Orders, 2026 under the Industrial Relations Code, 2020**

On May 8, 2026, the Ministry of Labour and Employment notified the Model Standing Orders, 2026 (“**Model Standing Orders 2026**”) under Section 29(1) of the Industrial Relations Code, 2020 (“**IR Code**”). The notification supersedes the earlier Industrial Employment (Standing Orders) Central Rules, 1946 insofar as they related to model standing orders, and prescribes separate model standing orders for the mining, manufacturing and services sectors.

The standing orders framework has historically been associated with traditional industrial establishments such as factories and mines. The notification of a dedicated services-sector model is therefore an important acknowledgement that modern workplace governance now extends to office-based, technology-enabled, hybrid and client-facing businesses.

### **Applicability**

The requirement to prepare standing orders under the IR Code applies to industrial establishments meeting the prescribed threshold of 300 (three hundred) or more workers on any day in the preceding 12 (twelve) months. The covered establishments are required to prepare or modify standing orders within 6 (six) months from commencement of the IR Code.

A more difficult question is whether the Model Standing Orders 2026 issued by the Central Government applies only to central-jurisdiction establishments or also serves as the model for State-jurisdiction establishments. Section 29 of the IR Code provides that the Central Government will make model standing orders, and Section 29(2) of the IR Code further states that, from the date on which Section 29 becomes applicable to an industrial establishment until certified standing orders come into force, the model standing orders referred to in Section 29(1) of the IR Code is deemed to be adopted in that establishment. Based on the text of Section 29 of the IR Code, the stronger reading is that the IR Code contemplates a centralised model-standing-orders framework, rather than separate State-wise model standing orders as a statutory necessity.

That said, the Industrial Relations (Central) Rules, 2026 and the notified Model Standing Orders 2026 still sit within the Central rules architecture. The notification itself provides that where an employer adopts the Central Government’s model standing orders referred to in Section 29 of the IR Code, the employer must electronically inform the concerned certifying officer of the date from which they are adopted. The certifying officer will record such adoption in the register maintained under rule 47 of the Industrial Relations (Central) Rules, 2026. Accordingly, while Section 29 of the IR Code suggests that the model standing orders are centrally framed, employers may still need to examine the interplay between the IR Code, the applicable rules and the “appropriate government” framework before treating the notification as mechanically applicable across all establishments.

## Key features of the Model Standing Orders 2026 (services sector)

### Classification of workers

The services-sector Model Standing Orders 2026 ("**Services Sector MSO**") classifies workers as permanent, temporary, apprentices, probationers, badlis, fixed-term employees and casual workers. A probationary period of 6 (six) months is prescribed, extendable by up to 3 (three) additional months upon assessment of performance.

For fixed-term employees, the Services Sector MSO provides parity in wages, allowances and benefits with permanent workers performing the same or similar work, proportionate access to statutory benefits, and gratuity eligibility where service under the contract extends to 1 (one) year. It also clarifies that cessation on completion of fixed-term tenure will not amount to retrenchment.

These provisions are particularly relevant for those businesses that rely on probationary structures, project-based hiring, and fixed-term staffing models. They may require a review of appointment letters and benefits design to ensure alignment with the terminology and minimum treatment standards contemplated in the Services Sector MSO.

### Identity cards and service records

The Services Sector MSO mandates issuance of an identity badge or card containing prescribed particulars, including name, designation, employee number, blood group, contact details, emergency contact details and photograph. The identity card is non-transferable and must be surrendered when employment ceases. The Services Sector MSO also requires employers to maintain a service card for each worker, either electronically or manually, and to issue a service certificate within 10 (ten) days of discharge, termination, retirement or resignation.

These provisions are operationally important because they formalise recordkeeping requirements that many businesses currently address only through internal human resource systems.

### Working hours, shifts and remote work

The Services Sector MSO requires working hours to be exhibited on the notice board or electronic notice board and on the establishment portal in Hindi, English and the local language. It also contains a specific proviso that, in the case of the IT sector, working hours must be as per the agreement or conditions of appointment between employer and workers.

The Services Sector MSO also reduces the prior notice period for discontinuance of shift working to 21 (twenty-one) days and requires the same notice period when additional shifts are started, restarted, discontinued or altered, subject to specified exceptions such as emergencies and changes made pursuant to governmental orders or settlements/awards.

Most significantly, the Services Sector MSO expressly recognises work from home, remote location and virtual workplace arrangements. Subject to the conditions of appointment or agreement between employer and workers, the employer may permit remote work for such period or periods as it determines. This is one of the most contemporary features of the Services Sector MSO as it gives formal regulatory recognition to work models that many employers have so far managed only contractually.

### Attendance, leave and wage payments

The attendance framework is more detailed than under the earlier regime. Attendance may be regulated through identity cards, biometrics or other notified mechanisms; workers may not use another worker's identity card; and habitual late attendance or absence may attract wage deductions under the Code on Wages, 2019.

Leave cannot be claimed as a matter of right. Workers are ordinarily required to apply 7 (seven) days in advance; immediate or short-notice leave applications (commencing within 3 (three) days from the date of application) must

explain the delay; and refusals or postponements must be communicated in writing. The Services Sector MSO also provides for casual leave up to 10 (ten) days in a calendar year.

On wages, the Services Sector MSO aligns payment timelines with the Code on Wages, 2019 and expressly requires wages payable on removal, dismissal, retrenchment, resignation or closure-related unemployment to be paid within 2 (two) working days. It similarly requires wages earned and other dues on termination to be cleared before expiry of the second working day from termination.

## Confirmation

The Service Sector MSO requires an employer to confirm an eligible worker and issue a letter of confirmation, in accordance with the terms and conditions of the letter of appointment.

## Transfer, secrecy and exclusive service

The Services Sector MSO requires every establishment to have a transfer policy, to make it known to workers, and to keep it available on the HR portal. It permits transfers between departments, stations and industrial establishments under the same employer, subject to safeguards. It also goes further by permitting the employer, subject to the transfer framework, to transfer, depute or assign a worker to any other assignment, team, department or office, whether in India or abroad, of the employer or its affiliates/client.

The secrecy and exclusive service provisions prohibit unauthorised removal of documents or property from the workplace, unauthorised disclosure of confidential information, and additional employment that may adversely affect the employer's interests, unless prior permission is obtained.

## Medical examination and infectious diseases

The Services Sector MSO allows medical examination at the time of first appointment where required by recruitment rules, appointment terms or fixed-term arrangements, and permits the employer to direct a worker to undergo medical examination to ascertain fitness relevant to satisfactory performance. It also requires workers suffering from infectious or contagious disease to notify management and remain away from work until permitted to return. Deliberate suppression of such information is treated as misconduct.

## Expanded misconduct framework and disciplinary process

The Services Sector MSO materially broadens the misconduct framework. In addition to conventional misconduct such as theft, fraud, insubordination, disorderly behaviour, violence and unauthorised disclosure of confidential information, it expressly includes unauthorised access to any IT system or computer network of the employer/customer/client and false reimbursement claims. Sexual harassment is also incorporated by reference to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

This expanded list is accompanied by a fairly detailed disciplinary architecture covering suspension pending investigation or enquiry, subsistence allowance, representation rights, recording of enquiry proceedings, timelines, punishment, appeal and the role of the Internal Complaints Committee in sexual harassment matters. Investigation/enquiry is ordinarily to be completed within 90 (ninety) days of suspension, subject to extension for recorded reasons; subsistence allowance is payable at 50% of wages for the first 90 (ninety) days and 75% thereafter where delay is not attributable to the worker; and an appeal may be filed within 21 (twenty-one) days of receipt of the punishment order.

## Conclusion

The Services Sector MSO is important not merely because it extends the standing orders framework to a modern segment of the economy, but because it reflects a deeper shift in how workplace regulation under the IR Code is now being conceptualised.

The Services Sector MSO does not simply replicate a factory-era template. It adapts the standing orders architecture to workplaces that are digital, mobile, hybrid and often deeply integrated with client systems and global delivery structures. The express recognition of work from home, virtual workplaces, IT-sector flexibility in working hours, affiliate/client deployments, and IT-system-related misconduct illustrates that the legislators have attempted to move the framework closer to the realities of contemporary service delivery.

However, at a legal level, the more interesting aspect of this development is that it sits at the intersection of 3 (three) issues: the threshold-based applicability of the standing orders regime, the centralised formulation of model standing orders under Section 29 of the IR Code, and the practical question of how these models will operate across establishments governed by different 'appropriate governments'.

While the precise contours of applicability will need to be tested carefully in each case (especially in light of state specific exemptions that may exist like in Karnataka for the information technology/information technology enable services sector), the notification clearly signals that the services sector is now firmly within the statutory standing orders conversation. It can no longer be treated as operating outside that framework merely because it is office-based or technology-led.

Even where further clarity may still be needed on the precise mechanics of adoption and applicability, the Services Sector MSO is likely to serve as an important benchmark for employment governance going forward.

## Employment Practice

JSA has a team of experienced employment law specialists who work with clients from a wide range of sectors, to tackle local and cross-border, contentious and non-contentious employment law issues. Our key areas of advice include (a) advising on boardroom disputes including issues with directors, both executive and non-executive; (b) providing support for business restructuring and turnaround transactions, addressing employment and labour aspects of a deal, to minimize associated risks and ensure legal compliance; (c) providing transaction support with reference to employment law aspects of all corporate finance transactions, including the transfer of undertakings, transfer of accumulated employee benefits of outgoing employees to a new employer, redundancies, and dismissals; (d) advising on compliance and investigations, including creating compliance programs and policy, compliance evaluation assessment, procedure development and providing support for conducting internal investigations into alleged wrongful conduct; (e) designing, documenting, reviewing, and operating all types of employee benefit plans and arrangements, including incentive, bonus and severance programs; and (f) advising on international employment issues, including immigration, residency, social security benefits, taxation issues, Indian laws applicable to spouses and children of expatriates, and other legal requirements that arise when sending employees to India and recruiting from India, including body shopping situations.

JSA also has significant experience in assisting employers to ensure that they provide focused and proactive counselling to comply with the obligations placed on employees under the prevention of sexual harassment regime in India. We advise and assist clients in cases involving sexual harassment at the workplace, intra-office consensual relationships, including drafting of prevention of sexual harassment (POSH) policies, participating in POSH proceedings, conducting training for employees as well as Internal Complaints Committee members, and acting as external members of POSH Committees

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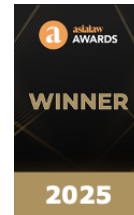
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