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PRACTICE NOTE — LABOUR & EMPLOYMENT LAW (4 OF 4 NEW LABOUR CODES)

The Occupational Safety, Health and Working Conditions Code, 2020 — Key Points

Factories, contract labour, migrant workers, working hours, and workplace safety — one of the four new Labour Codes

STRUCTURE	14 Chapters, 143 Sections
REPLACES	Factories Act 1948; Contract Labour (R&A) Act 1970; Inter-State Migrant Workmen Act 1979, and 10 other laws
CENTRAL RULES	Notified and in effect from 21 November 2025
STATE ROLLOUT	Uneven — most major States have notified rules; confirm State-wise commencement before advising
KEY SHIFT	Single registration/licence regime; contract labour licensing threshold raised from 20 to 50 workers

APPLICABILITY THRESHOLDS

ESTABLISHMENT — GENERAL

- Code applies generally to establishments employing **10 or more workers**; certain provisions (e.g. Chapter on OSH conditions) apply more broadly to notified classes of establishments.

"FACTORY" — S.2(W)

- Premises employing **20 or more workers** with power, or **40 or more workers** without power, where a manufacturing process is carried on — raised from the earlier 10/20 threshold under the Factories Act.

CONTRACT LABOUR — CHAPTER VI

LICENSING THRESHOLD RAISED

- Contract labour licensing requirement now applies where **50 or more** contract workers are engaged (raised from 20 under the Contract Labour (Regulation & Abolition) Act 1970) — many smaller contracting arrangements now fall outside the licensing regime.

CORE ACTIVITIES BAR (WITH EXCEPTIONS)

- Contract labour generally not to be engaged in "core activities" of an establishment, subject to notified exceptions (e.g. sudden increase in workload, seasonal work, work of intermittent nature, or where the activity is ordinarily not being carried out through regular workmen).

REGISTRATION & LICENSING — SINGLE-WINDOW APPROACH

COMMON REGISTRATION FOR ESTABLISHMENTS; COMMON LICENCE FOR CONTRACTORS

- Single, common electronic registration for an establishment covering all labour law compliances under the Code (replacing multiple separate registrations previously required); similarly a single common licence for contractors/staffing agencies valid across establishments, reducing renewal frequency and paperwork.

WORKING HOURS, OVERTIME & LEAVE

STANDARD HOURS

- Daily working hours capped at **8 hours** (subject to State Government notification enabling flexible arrangements, e.g. 4-day work-week with longer daily hours, within an overall weekly cap); weekly hours generally capped at **48 hours**.

OVERTIME

- Overtime wages payable at **twice** the ordinary rate of wages; worker's consent required for overtime work; State Rules may prescribe overtime hour ceilings over a quarter.

WOMEN WORKERS & MIGRANT WORKERS

WOMEN — NIGHT SHIFT PERMISSION

- Women permitted to work **night shifts (7 PM–6 AM)** in all establishments, subject to their consent and the employer providing prescribed safety, transportation, and welfare safeguards — a significant liberalisation from the earlier general prohibition.

INTER-STATE MIGRANT WORKER — WIDENED DEFINITION

- Now includes workers who migrate on their own to another State for employment (self-sourced), not only those recruited via a contractor — extending statutory benefits (journey allowance, helpline, cess-funded welfare) to a much larger migrant workforce.

HEALTH, SAFETY & WELFARE FACILITIES

FACILITY / DUTY	KEY REQUIREMENT
Free Health Check-Up	Establishments to provide free annual health check-ups for workers above a notified age, in notified classes of establishments.
Safety Committee	Mandatory in establishments notified by the appropriate Government, or those with a notified accident/hazard history, with worker representation.
Canteen, Crèche, Welfare Officer	Facilities mandatory where prescribed worker-strength thresholds are met (canteen typically 100+, welfare officer typically 250+ workers, as under Rules).
Appointment Letter	Every employer mandatorily required to issue a formal appointment letter to every employee — a new statutory obligation not present in this form earlier.

INSPECTION & ENFORCEMENT

INSPECTOR-CUM-FACILITATOR

- As under the other Codes, the "Inspector" is replaced by an "Inspector-cum-Facilitator" combining enforcement with an advisory role; web-based, computerised, and randomised inspection scheme contemplated to reduce discretion.

SELF-CERTIFICATION & VOLUNTARY COMPLIANCE

- Provision for self-certification by employers in respect of certain compliances, backed by risk-based/randomised audits rather than universal physical inspection.

PENALTIES (ILLUSTRATIVE)

DEATH / SERIOUS INJURY DUE TO CONTRAVENTION

- Contravention leading to death of a worker: imprisonment up to **2 years** and/or fine up to **₹5 lakh**; leading to serious bodily injury: imprisonment up to 2 years and/or fine up to ₹3 lakh.

GENERAL CONTRAVENTIONS

- Other contraventions of the Code/Rules: fine up to ₹2–3 lakh in the first instance, escalating for repeat offences; most offences (barring death/repeat cases) compoundable on payment of a prescribed sum.

PRACTICE NOTES

Contract Labour Threshold — Re-Assess Client Exposure

Clients engaging 20–49 contract workers who were earlier required to hold a CLRA licence may now fall outside the licensing regime — verify current headcount and re-assess compliance obligations under the new 50-worker threshold.

Appointment Letters — Mandatory Now

The mandatory appointment-letter requirement is a new, easily-overlooked obligation — advise all establishment clients to build this into onboarding, as non-issuance is itself an actionable contravention.

Confirm State Rules Before Advising

Central rules are in force, but State-level notification and effective dates vary — always confirm the applicable State's rules and commencement date for the specific establishment before advising on compliance.

For internal practice reference only — this note highlights select, frequently used provisions and does not cover all 143 sections. Cross-check exact section text, applicable State Rules, and the latest notifications before relying in advice or proceedings. Prepared 28 July 2026.

Primary sources: The Occupational Safety, Health and Working Conditions Code, 2020 (indiacode.nic.in); PRS Legislative Research Bill Summary; Ministry of Labour & Employment notifications and FAQs on the Labour Codes (2025–26).