

PIB Headquarters



Occupational Safety, Health and Working Conditions (OSH) Code, 2020

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Introduction

The Occupational Safety, Health and Working Conditions Code (OSH), 2020, is enacted to consolidate and simplify the existing complex web of labour laws. **It replaces 13 Central Labour laws by a single comprehensive legislation**, thereby reducing multiplicity and bringing uniformity across industries and States/ UTs. The Code was enacted as a part of the broader labour laws reforms to improve transparency, enhance worker welfare, and promote ease of doing business in India.

The Code balances the twin objectives of **safeguarding worker rights and safe working conditions, and creating a business-friendly regulatory environment** spur economic growth and employment thereby, making India's labour market more efficient, fair, and future-ready.

By streamlining compliance through measures such as **single registration, all-India licences, electronic filings, and time-bound approvals**. Additionally, the code reduces the number of rules, returns among other subjects to reduce procedural hurdles and encourage investments.

SUBJECT	EXISTING LAWS	OSH & WC CODE 2020
Number of Acts	13	1
Sections	620	143
Rules	868	175
Registration	6	1
Licenses	4	1
Forms	55	20
Returns	21	1
Compounding of offences	No provision	New provision



Worker Welfare & Employment Conditions

Formalisation through Appointment Letters

Every employee will be given appointment letters in the prescribed format specifying the details of the employee, designation, category, details of the wages, details of social security etc.

Pro-Worker Provisions

- Ensures transparency in employment terms, wages, designations, and social security
- Minimizes disputes related to pay, work hours, and job expectations

Pro-Employment Provisions

- Appointment letter brings clarity of terms which supports security and benefits access, reduces exploitation and improves job security

Annual Leave with wages

The workers employed in an establishment are entitled for paid leave in a calendar year on working of 180 days or more in such calendar year, earlier workers had to work for 240 days for becoming eligible for paid leave.

Reduction of eligibility from 240 to 180 days alongwith flexibility in working hours ensures enough rest and recovery, improving productivity and job satisfaction.

Working Hours & Overtime

No employee shall be required to work for more than 8 hours in a day and 48 hours in a week. Further, the power to fix the time of interval and spread over time has been given to Appropriate Government .

Fixing overtime hours, with consent of the worker: workers can work 12 hours in a day without overtime in 4-day week, 9.5 hours in 5-day week and 8 daily hours in 6-day week. The appropriate Government has been full flexibility for fixing the limit of over-time hours. Earlier this limit was 75 hours in a quarter which can now be fixed by appropriate government. The provision gives two benefits to workers, viz, opportunity to **earn more** by doing overtime and get paid at higher wage (**double the normal wage rate**)

Inter-State Migrant Workermen (ISMW)

The **definition has been widened** to include those employed directly or through contractor and also covers workers who migrate on their own. For the purpose of collection of data while seeking registration, license; an establishment would have to necessarily indicate the number of ISMW employed in his establishment.

Pro-Worker Provisions

- ISMW will receive to and fro journey allowance from the employer to visit native place once in 12 months
- Migrant construction workers will get portability of benefits under Building & Other Construction Workers (BOCW) Cess fund and PDS ration
- Provides toll free helpline facility for grievance redressal.

National Worker Database

The Ministry of Labour & Employment has also taken steps to develop a **national database to enroll unorganized workers including migrants**. It will help migrant workers get jobs, map their skills and provide other social security benefits. This will ensure availability of data for ISMW and help in better policy formulation for unorganized sector workers.

Victim Compensation

The Code empowers the courts, upon conviction of an offender for contravention of any duties, to direct that at least **50% of the fine imposed be paid as compensation to the victim in case of serious bodily injury** or their legal heirs in case of death.

Redefining Working Journalists and AV Workers.

The definition of **audio- visual worker** has been revised and now it includes digital/audio-visual workers and dubbing artist, stunt persons these persons will also get the benefit of law. Now Code gives dubbing artists and stunt workers formal recognition and access to legal protections, ensuring safer and fairer working conditions.

The definition of working journalist has been expanded and now it includes electronic media or digital media journalists and broadens the coverage from print journalism to electronic media (TV, radio, online, etc.), making it more contemporary. This ensures that journalists are covered for workplace safety, health and welfare measures just like other factories or office workers.

Health, Safety & Well-being

Safety Committees

Every factory employing **500 or more workers**, employer employing **250 or more BOCW** and employer employing **100 or more mine workers** will constitute safety committee which will consist of representatives from employers and workers.

Pro-Worker Provisions

- It strengthens workers' voice and on-site safety monitoring.
- Empowers workers through representation in safety matters, fostering safer workplaces and shared responsibility.

Universal coverage of establishments for health, safety and welfare of workers

This code has provided health, safety and welfare of workers in all sectors which was previously limited to 7 sectors viz. factories, mines, plantation, beedi-cigar, dock workers, BOCW and motor transport.

Health and Medical Coverage

Every employee will be eligible for free annual health check-ups. Also, the plantation employer can now avail the ESI facility for medical services.

Pro-Worker Provisions

- Enables early detection of diseases, reduces medical costs, and improving workforce health and productivity.
- Promote preventive healthcare and reduces long-term occupational risks.
- Industry benefits in terms of lower absenteeism and improved productivity.

National Standards and National Board

In place of 6 boards under different acts, now there is a **single National Occupational Safety and Health Advisory Board** which is of tripartite nature and has representation from trade unions, employer associations, and State Governments to advise Central Govt. on standards, regulations etc. for factory, mine, dockwork, bidi & cigar, building or other construction work etc.

The boards will set **national standards for occupational safety, health and working conditions** that will be **mandatory for states** to follow ensuring compliance to stringent quality standards for occupational safety, health and working conditions across the country for all workers.

Pro-Growth Provisions

- Having uniform safety and health standards improves worker protection across industries and states, ensuring fairness and consistency.

Social Security Fund

The Code provides for establishment of a **Social Security fund** for the welfare of the unorganised workers to which amount received from composition of the offence as well as from the penalty, would be credited.

Pro-Worker Provisions

- Safeguards *work-life balance* and ensures fair compensation for extra work.
- Encourages transparent overtime practices with worker consent.
- Opportunity to **earn more** by doing overtime and get paid at higher wage (**double the normal wage rate**)

Industry Facilitation & Ease of Doing Business

Extended Applicability

An enabling provision has been made that the Government can extend applicability of this Code to any establishment, **even if it has one employee, carrying out hazardous or life-threatening occupations**. It provides universal coverage for worker's health, safety and welfare of workers in all sectors.

Ease of Doing Business

Electronic Single registration, Single return, Single all India licences valid for 5 years and deemed approvals promotes "Ease of Doing Business". Further, it reduces procedural delays, lowers compliance costs and speeds start-up/operations. Simplified registrations, single return, single licences, and deemed approvals reduce bureaucracy, cut costs, and encourage entrepreneurship and business expansion, leading to more jobs and investment

Electronic Registration

Uniform threshold of 10 employees; one registration for an establishment has been envisaged in place of 6 registrations - creating a centralized database and promote ease of doing business.

Pro-Growth Provisions

- Reduces procedural delays, lowers compliance costs, and encourages entrepreneurship.
- Easier registration encourages new establishments and promotes formal job creation.

Revised Factory Thresholds

The threshold to obtain **license for factory has been increased from 10 to 20 with power and 20 to 40 without power**. Further, the provision to grant permission for construction of factory or expansion of factory a time limit of 30 days has been prescribed with the provision of deemed permission. A time limit of 30 days has been fixed for the site appraisal committee to give its recommendations for initial location of the factory involving hazardous process or expansion of such factories.

Pro-Growth Provisions

- Time bound approvals encourage establishments for more factories, reduce delays and promote industrial growth, which increases employment opportunities.
- This provision will benefit small scale industries, which are major providers of employment.
- Eased norms for smaller units promote expansion and creation of formal jobs with full OSH and social security benefits eg. EPFO & ESIC

Pro-Employment Provisions

- Small and Medium enterprise get flexibility to expand or restructure without approvals, they are more likely to hire workers.
- The increase of threshold for obtaining factory license will encourage employers to establish more establishments resulting in more employment and encourage employment formalization.

Inspector cum Facilitator

Inspector-cum-Facilitators in place of inspector and **randomized web-based inspection** system aim to reduce the traditional “inspector raj,” where inspections were often seen as intrusive and burdensome. Inspectors will function more as **facilitators- helping employers comply with law, rules and regulations rather than merely policing them.**

Pro-Growth Provisions

- It makes inspections transparent, and encourages compliance through guidance.
- Randomized and web-based inspections prevent biasness.
- Helps create a harmonious work environment, which benefits both employee and employers by ensuring compliance without unnecessary conflict
- Strengthens labour protection mechanisms by ensuring that enforcement is consistent and accountable.

Third party audit and certification

Provision has been made for third party audit and certification of start-up establishments or class of establishments. It will help establishments to assess and improve health & safety without intervention of Inspector-cum-Facilitator. It will reduce the “inspector raj” and at same time will improve health & safety in establishments. Third party audit will promote industrialization and growth of employment as audits will be faster and on-time.

Digitization of Records

There is drastic reduction in number of registers from 84 to 8 under this Code.

Revised Contract Labour Regime

Defined Core and Non-Core Activities

In OSH Code the core & non-core activities are clearly defined & employers are given flexibility to employ contract labour even in the core activities, if-

- (a) the normal functioning of the establishment is such that the activity is ordinarily done through contractor; or
- (b) the activities are such that they do not require full time workers for the major portion of the working hours in a day or for longer periods, as the case may be;
- (c) any sudden increase of volume of work in the core activity which needs to be accomplished in a specified time.

With clear distinction of core and non-core activity, workers will have clarity of the type of work engaged in and thus, flexibility to choose work.

Threshold for Applicability

Threshold for applicability of the provisions relating to contract labour has been **increased from 20 to 50 workers** as a result the contractor employing less than 50 contract labour will not require license. By raising the threshold, small contractors are freed from excessive regulation, encouraging small business growth, while larger establishments still ensure protections for workers.

Higher thresholds ease compliance for small firms, boosting growth while ensuring worker protection in larger units

Contract Labour Welfare & Wages

The Code casts responsibility on the principal employer to provide welfare facilities like health and safety measures to contract workers. If the contractor fails to pay wages, the principal employer has to pay unpaid wages to the contract labour. This ensures workers get their wages timely.

Compounding & Decriminalization of Offences

Compounding of Offences

The first-time offences which are punishable with fine only shall be compoundable by paying sum of **50%** of the maximum fine and the punishment with fine or imprisonment or with both shall be also be compoundable by paying sum of **75%** of the maximum fine making the law **less punitive** and **more compliance-oriented**.

Pro-Growth Provisions

- Reduces legal burden, speeds up resolution, and promotes **ease of doing business**.
- Allows employers to settle cases by paying prescribed penalties, ensuring quicker compliance.
- Promotes faster adjudication and greater regulatory efficiency.
- Compounded penalty amounts are credited to the Social Security Fund, supporting welfare of unorganized workers

De-criminalization of offences & Improvement Notice

Several offences have been decriminalized making the law **less punitive and more compliance-oriented** encouraging voluntary compliance and reducing fear of harsh penalties for procedural lapses.

Replacing **criminal penalties** (like imprisonment) **with civil penalties** (like monetary fines) for certain offences. The employer will be given **mandatory 30 days notice** for compliance before taking any legal action.

Pro-Growth Provisions

- Reduces fear of imprisonment, encourages voluntary compliance, reduces litigation, and promotes ease of doing business.
- Encourages voluntary compliance through fair, corrective measures instead of punitive action.
- The amount of compounding will be used for the welfare of unorganized workers.

Women-Centric Provisions

Boosting Women's Participation in Labour

Women workers are entitled to work in all establishments for all types of work (with safeguards). Women can also work at night, i.e. before 6 a.m. and beyond 7 p.m, with their consent and the employer is to make adequate arrangements to provide safety, facilities and transportation to women workers.

This pro-employment provision allowing women to work in all establishments, promotes gender equality, increases employment opportunities, and improves female participation in the workforce.

Crèches facilities

Establishment having more than 50 workers have to provide creche facility either separately or common crèche facilities at suitable locations. It supports working women with children below the age of 6 years.

Earlier the creche facility was for women workers only. However, now it has become gender friendly/equal for all workers. This move helps women balance work and family.

Conclusion

The **Occupational Safety, Health and Working Conditions Code, 2020** strengthens India's labour architecture by unifying standards, empowering workers, and enhancing ease of doing business. It lays the foundation for a safer, fairer, and more productive workforce aligned with India's vision of inclusive and sustainable growth.

References

Ministry of Law and Justice

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