



## ERGO

*Analysing developments impacting business*

### AFTER THE CODE ON WAGES BILL, CABINET NOW MOVES TO INTRODUCE THE OHS CODE

11 July 2019

On 10 July 2019, the Union Cabinet approved introducing the Draft Code on Occupational Safety, Health and Working Conditions Bill, 2019 (2019 Code) in the Parliament during the current monsoon session. The official press release regarding the same can be accessed [here](#). The 2019 Code seeks to merge 13 central labour laws into a single code, which *inter-alia* include the Factories Act, 1948, Contract Labour (Regulation and Abolition) Act, 1970, Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996, Mines Act, 1952 and Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979. The labour laws to be merged into the 2019 Code, relate to safety and health standards, health and working conditions, welfare provisions for the employees and leave and hours of work.

In the absence of a copy of the 2019 Code, it is difficult to ascertain and draw a comparison between the provisions of Code on Occupational Safety, Health and Working Conditions, 2018 (2018 Code) and the recently approved 2019 Code. However, it is likely that the provisions of the 2019 Code would be similar to those of the 2018 Code. Some of the salient features of the 2018 Code have been highlighted below:

- **Wider Applicability:** The 2018 Code applies to all establishments that employ 10 or more workers. While the extant regime covers only about nine major sectors, the 2018 Code increases the ambit of application to all sectors, including establishments in the IT and services sector.
- **Ease of Compliance:** For staffing companies, the 2018 Code introduces a national license with a three-year validity, removing the requirement to acquire or renew permits periodically and thus, easing compliance requirements. At the same time, it requires compulsory registration for each establishment covered within the ambit of the 2018 Code, except for those associated with the central or the state government.
- **Enhanced Safeguards:** The 2018 Code mandates an employer to provide every worker with a letter of appointment in the prescribed form, which will ensure genuine employment and adequate safeguards in both the organised and the unorganised sector. An employer is required to keep the workplace safe and free from hazards that may cause any occupational diseases. Towards the same, the 2018 Code also prescribes periodic medical examination and tests to be conducted mandatorily. Further, it introduces specific provisions to ensure the safety of women workers in establishments.

- Robust Enforcement Mechanism: The 2018 Code replaces numerous bodies under different labour laws with the National Occupational Safety and Health Advisory Board to advise the government on matters pertaining to the 2018 Code and also conduct regular health surveys. To achieve better enforcement, it requires the appointment of facilitators to ensure compliance with the 2018 Code and empowers them to enter and examine workplaces for the same. Through these facilitators, it gives workers the right to obtain information pertaining to health and safety at workplace and highlight any inadequacies in this regard. It also provides for the setting up of safety committees to monitor the workplace for any physical, chemical, biological and other hazards. Additionally, the 2018 Code allows compounding of offences which do not entail imprisonment as a punishment, and the same is aimed towards avoiding long and grueling litigation.

Pursuant to the Code on Wages Bill, 2019 which was approved by the Union Cabinet on 3 July 2019, the approval of the 2019 Code signifies the Central Government's efforts to consolidate and simplify the existing labour law regime. It appears to be a positive move geared towards enhancing the workers' rights and protections while promoting ease of doing business in the country.

The above analysis is on the assumption that the 2019 Code bears similarity with 2018 Code. Once the 2019 Code is publicly available, a detailed update to this Ergo will follow.

- *Anshul Prakash (Partner), Abhimanyu Pal (Senior Associate) and Kosheel Gupta (Associate)*

For any queries please contact: [editors@khaitanco.com](mailto:editors@khaitanco.com)

*We have updated our [Privacy Policy](#), which provides details of how we process your personal data and apply security measures. We will continue to communicate with you based on the information available with us. You may choose to unsubscribe from our communications at any time by clicking [here](#).*

**For private circulation only**

The contents of this email are for informational purposes only and for the reader's personal non-commercial use. The views expressed are not the professional views of Khaitan & Co and do not constitute legal advice. The contents are intended, but not guaranteed, to be correct, complete, or up to date. Khaitan & Co disclaims all liability to any person for any loss or damage caused by errors or omissions, whether arising from negligence, accident or any other cause.

© 2019 Khaitan & Co. All rights reserved.

**Mumbai**

One Indiabulls Centre, 13<sup>th</sup> Floor  
Tower 1 841, Senapati Bapat Marg  
Mumbai 400 013, India

T: +91 22 6636 5000  
E: [mumbai@khaitanco.com](mailto:mumbai@khaitanco.com)

**New Delhi**

Ashoka Estate, 12th Floor  
24 Barakhamba Road  
New Delhi 110 001, India

T: +91 11 4151 5454  
E: [delhi@khaitanco.com](mailto:delhi@khaitanco.com)

**Bengaluru**

Simal, 2nd Floor  
7/1, Ulsoor Road  
Bengaluru 560 042, India

T: +91 80 4339 7000  
E: [bengaluru@khaitanco.com](mailto:bengaluru@khaitanco.com)

**Kolkata**

Emerald House  
1 B Old Post Office Street  
Kolkata 700 001, India

T: +91 33 2248 7000  
E: [kolkata@khaitanco.com](mailto:kolkata@khaitanco.com)