



# Labour Laws Relating

Projects & Outsourcing



# Scope of Discussion

- Introduction to the labour law regime
- What has changed with the new codes?
- What should we know about the law relating to projects and outsourcing?



# What is labour law?

- Protect worker; reduce the power imbalance between worker and employer
- In India: dispute resolution; wages; social security and workplace security
- Administered by the Central and State government (“appropriate government”)
- Fragmented
- Definition-Threshold-Applicability-Forum

# New Labour Law

- Merges fragmented law into four codes: Industrial Relations, Social Security, Wages and Occupational Safety
- Industrial Relations: dispute resolution, standing orders, fixed term employment and unions
- Social Security: EPF, ESI, Unorganised Workers, BOCW, Gratuity, Maternity, ECA, Gig and Platform workers
- Wages: Minimum Wages, Payment of Wages ERA and Bonus
- OSHC: Workplace safety, working hours, safety officers, contract labour
- + laws like POSH continue to apply



# Why do we need to learn LL?

- We are all workers, but some are more protected than others
- It is part of the nation-building project
- We are all responsible, but additional obligation as a state entity
- Non-compliance risks: penalties, project delays, litigation, safety failures, reputational harm.

# Labour Law in the Indian Constitution

- Duty of the state to provide living wage, humane working conditions, and social security for labor to establish a welfare state.
- Key provisions include fair wages, equal pay for equal work, maternity relief, and worker participation in management.
  - Right to freedom of occupation, trade, business, etc
  - Right to freedom of association, including unions
- Courts:
  - Working below minimum wage is forced labour
  - Safe workplace is a fundamental right
  - Right against discrimination at the workplace is a fundamental right



# Projects

- Mostly outsourced work - CLRA
- Non-permanent and Timebound
- Primarily BOCW
- Large projects may employ thousands → must understand obligations toward workforce representation and dispute mechanisms.
- Flag early engagement with contractors and their workforce on terms and expectations.

# Contract Labour Regulation

- Threshold increased to 50 from 20
- Requirement to Intimate Work Order
- Principal Employer has to provide welfare facilities, liable to pay wages in case contractor does not
- Similar duty under EPFA as well
- Prohibition of contract labour, but principal employer can hire contract labour if
  - the activity is ordinarily done through contractor; or
  - the activities are such that they do not require full time workers for the major portion of the working hours in a day;
  - any sudden increase of volume of work in the core activity which needs to be accomplished in a specified time.

# Contract Labour Regulation

- Employers may obtain a common license in respect of a factory, for engaging contract labour, construction etc.
- Existing licenses obtained under previous Central law will continue to be valid until their expiry.
- Allows contractors, who supply manpower to obtain a 'work-specific license' for project-based work orders
- A 'national license' for undertaking work in more than one state.
- Deemed approval



# Building and Other Construction Work

- Primarily a welfare law; obligation to pay cess – on the contractor
- Also a workplace safety law –
  - Notice of commencement and cessation of operation
  - Every employer shall ensure and be responsible for the safety and health of employees, workers and other persons who are on the work premises of the employer
  - Provide and maintain safe plant and work systems.
  - Ensure safe use, handling, storage and transport of materials.
  - Give necessary information, training and supervision for safety.
  - Keep all work areas and access routes safe and risk-free.
  - Provide and maintain a safe working environment with welfare facilities.

# BOCW

- Duties of architects, project engineers and designers
  - Consider worker safety and health at the project planning stage.
  - Avoid including dangerous structures, processes or materials in the design.
  - Ensure design accounts for safe maintenance and upkeep of the structure
- Where a deadly accident or dangerous incident or disease occurs, notice must be sent to the appropriate government
- Duty to appoint safety officers where over 250 workers are working
- Temporary living accommodation (Principal Employer to bear costs)
- Inspector can prohibit construction activity
- Prohibition on allowing deaf, visually challenged or giddy people from working
- Overtime, maximum work hours, etc.
- OSH Rules – Important to look at technical specifications

# Fixed Term Employment

- Non-permanent, but renewable after expiry
- a worker who is engaged on the basis of a written contract for a fixed period of time
- Courts: temporary employees' right to regularisation when the substantive nature of their roles and their continuous service is akin to permanent employees [PROJECT TO PROJECT BASIS?]
- Required to be treated in the same manner as a regular employee.
- Same hours of work, wages, allowances and other benefits as a permanent worker doing either the same or similar work.
- Benefits proportionate to period of service, except gratuity
- Continuous renewal? Non-renewal=retrenchment?