

# Licensing, Registration and Regulation: Labour and Environmental Laws

India's economic growth is balanced by a framework of labour and environmental laws designed to prevent worker exploitation and ecological harm. This framework uses three key instruments: licensing, which grants permission for specific activities; registration, which formally records establishments and workers for oversight; and regulation, which sets ongoing standards and monitors compliance. In the labour sector, laws like the Factories Act, 1948 and Contract Labour Act, 1970 mandate licensing and registration to ensure worker safety, fair wages, and access to social security benefits. Recent reforms, including the consolidation of labor laws into four codes, aim to streamline these processes and formalize the workforce. For the environment, landmark judicial rulings and major events like the Bhopal Gas Tragedy led to a robust legal regime under the Environment (Protection) Act, 1986. Industries must obtain specific "Consents" to operate from pollution control boards and secure environmental clearances for new projects. The move toward digital platforms, single-window portals, and risk-based inspections signals a shift towards more transparent and effective governance, tying compliance to sustainable and equitable growth.



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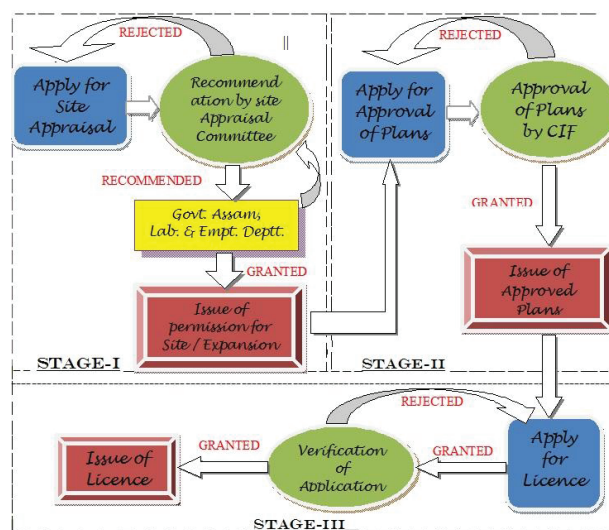
## INTRODUCTION

India's growth story is marked by a persistent interplay between industrial expansion and the protection of people and nature. While on one side lies the promise of jobs, foreign investment, and infrastructure, on the other side, is the risk of worker exploitation and irreversible environmental harm. To mediate this situation, the State deploys a triad of instruments: licensing, registration, and regulation.

These three terms often appear synonymous in everyday usage but carry distinct legal meanings. *Licensing* is the granting of permission by an authority to carry out a specific activity under prescribed conditions. *Registration* is the formal act of recording an employer, establishment, or process in government records to ensure oversight and accountability. *Regulation* is the ongoing setting of standards, monitoring of compliance, and enforcement of penalties or corrective actions.

The Indian Constitution supplies the philosophical foundation. The Directive Principles of State Policy (Part IV) encourage humane working conditions (Article 42), protection of children (Article 39), and safeguarding of the environment (Article 48A). The Fundamental Rights, especially Article 21, have been interpreted by the judiciary to guarantee not only the right to life but also the right to live with dignity and in a clean environment.

Over the decades, India has created a complex body of labour laws and environmental laws, each embedding licensing and registration requirements as gateways to compliance. This article explores these frameworks in detail, examining their evolution, rationale, challenges, case studies, and future directions.



## LICENSING, REGISTRATION AND REGULATION IN LABOUR LAWS

### a) Historical Evolution

Labour laws in India has its origins in colonial legislation. Early enactments like the Factories Act of 1881 focused narrowly on preventing unrest and ensuring industrial productivity. Post-independence, however, India embraced the welfare state ideal, reflected in a wave of progressive labour statutes designed to protect the working class.

Influence from the International Labour Organization (ILO) has been significant. India's ratification of ILO conventions on minimum wages, occupational safety, and child labour steadily pushed domestic law toward a regime of stronger worker protection.

By the late 20<sup>th</sup> century, the legal landscape featured a mosaic of labour laws covering over 40 central statutes and numerous state laws: each requiring separate licensing or registration. Though often criticized as "inspector raj," these mechanisms ensured formal recognition of workers and accountability of employers.

### b) Key Labour Laws Involving Licensing/Registration

#### • Factories Act, 1948

- ♦ Factories employing 10 or more workers with power, or 20 without power, must register with the Chief Inspector of Factories.
- ♦ Licensing ensures compliance with health, ventilation, lighting, sanitation, and worker safety standards.

#### • Contract Labour (Regulation & Abolition) Act, 1970

- ♦ Contractors must obtain licenses before supplying contract labour.
- ♦ Principal employers engaging 20 or more contract labourers must register.
- ♦ Prevents misuse of contract labour, ensuring parity in wages and conditions with regular workers.

#### • Shops and Establishments Acts (State-specific)

- ♦ Compulsory registration for all commercial establishments (shops, restaurants, offices).
- ♦ Allows monitoring of working hours, paid leave, and minimum wages.

#### • Employees' Provident Fund and Miscellaneous Provisions Act, 1952

- ♦ Employers with 20 or more workers must register with the EPFO.
- ♦ Registration secures employees' access to provident fund, pension, and life insurance.

#### • Employees' State Insurance Act, 1948

- ♦ Establishments with 10 or more employees in notified industries must register with ESIC.
- ♦ Provides medical care, sickness, and maternity benefits.

#### • Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 (BOCW)

- ♦ Registration is mandatory for establishments employing 10 or more construction workers.
- ♦ Workers also register individually to receive benefits funded by a 1–2% cess collected from employers.

#### • Inter-State Migrant Workmen Act, 1979

- ♦ Contractors must secure licenses for hiring inter-state migrant workers.
- ♦ Employers must register to guarantee provisions like displacement allowance, medical facilities, and housing.

### c) Objectives of Licensing & Registration under Labour Laws

- ♦ Formalisation of work: Bringing workers into the legal fold.
- ♦ Accountability: Ensuring contractors and subcontractors are traceable.
- ♦ Inspection facilitation: Enabling authorities to monitor compliance.
- ♦ Access to benefits: Linking workers to provident fund, ESI, and welfare boards.
- ♦ Conflict resolution: Establishing clarity for labour courts and tribunals.

### d) Compliance Mechanisms and Regulatory Bodies

Traditionally, enforcement relied on labour inspectors and commissioners. Recent reforms include:

- ♦ Shram Suvidha Portal: A unified digital portal integrating multiple registrations and returns.
- ♦ Self-certification schemes: Allowing compliant employers, especially startups, to reduce inspection frequency.
- ♦ Risk-based inspections: Targeting high-risk industries like mining or chemicals, reducing harassment of low-risk firms.

### e) Case Study: Labour Compliance in the Electric Mobility Sector

In 2024–25, India's drive towards electric mobility led to the establishment of a massive electric

vehicle manufacturing plant in Tamil Nadu. The facility employed thousands of workers, including a significant number engaged through contractors.

Soon, media reports began surfacing about worker unrest: long working hours, inadequate safety protocols, and substandard conditions in worker hostels. These revelations prompted regulatory authorities to examine compliance under the Factories Act, 1948 and the Contract Labour (Regulation and Abolition) Act, 1970 (CLRA).

Although the enterprise had obtained the requisite factory licenses, doubts arose regarding whether licensing and registration obligations had been properly followed for contract labour. This highlighted a recurring issue: even cutting-edge industries in sunrise sectors cannot bypass traditional labour licensing frameworks.

The episode also resonated beyond regulatory circles. Investors and analysts began questioning the company's standing under ESG (Environmental, Social, Governance) benchmarks, particularly the "social" dimension of labour welfare. The situation underscored how lapses in labour compliance can quickly escalate into governance and reputational risks, even in industries aligned with sustainability goals.

## CODIFICATION OF LABOUR LAWS

Between 2019 and 2020, India consolidated 29 central labour laws into four Labour Codes:

1. Code on Wages, 2019
2. Industrial Relations Code, 2020
3. Social Security Code, 2020
4. Occupational Safety, Health and Working Conditions Code, 2020

The POSH Code is particularly transformative. It merges 13 laws—including the Factories Act, CLRA, and BOCW Act—and introduces:

- ♦ A single registration for establishments.
- ♦ Common licensing for contract and migrant workers.
- ♦ Electronic returns and digitised records.

If implemented effectively, the Codes may reduce duplicative paperwork while retaining the protective spirit of licensing and registration.

## LICENSING, REGISTRATION AND REGULATION IN ENVIRONMENTAL LAWS

### • Rationale

Environmental regulation in India rests on the judiciary's repeated affirmation that the right to life under Article 21 includes the right to a healthy environment. The Supreme Court's decisions in *MC Mehta v. Union of India* (1987, Oleum Gas Leak case) and *Vellore Citizens' Forum v. Union of India* (1996) established doctrines like "polluter pays" and "precautionary principle."

The turning point was the Bhopal Gas Tragedy of 1984, which revealed glaring gaps in environmental safety and enforcement. In its wake, Parliament enacted the Environment (Protection) Act, 1986 (EPA), giving sweeping powers to the central government to regulate industrial activities through licenses, registrations, and clearances.

### • Key Environmental Legislations

- ♦ Environment (Protection) Act, 1986: Umbrella law enabling regulation of hazardous processes and pollution standards.
- ♦ Water (Prevention and Control of Pollution) Act, 1974: Requires industries to obtain Consent to Establish (CTE) and Consent to Operate (CTO) from State Pollution Control Boards (SPCBs).
- ♦ The Air (Prevention and Control of Pollution) Act, 1981: Similar consent mechanism for emissions.
- ♦ Hazardous Waste Management Rules, 2016: Authorization for handling, storage, and disposal of hazardous waste.
- ♦ Bio-Medical Waste Management Rules, 2016: Registration of hospitals, clinics, and disposal agencies.
- ♦ E-Waste (Management) Rules, 2016: Registration of producers and recyclers under Extended Producer Responsibility.
- ♦ Forest (Conservation) Act, 1980: Central government approval needed for diverting forest land.
- ♦ Wild Life (Protection) Act, 1972: Licensing for zoos, sanctuaries, and trade in wildlife articles.
- ♦ Coastal Regulation Zone (CRZ) Notifications: Permissions for coastal projects.
- ♦ EIA Notification, 2006: Environmental clearances required for large projects, following public hearings and expert appraisal.

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### • Mechanism of Licensing & Regulation

- ♦ Consent Mechanisms (CTE/CTO): Demonstrate compliance with pollution norms before starting and during operation.
- ♦ Clearances: Environmental clearance under EIA involves detailed studies, mitigation plans, and community consultation.
- ♦ Periodic renewals: Consents and clearances are time-bound.
- ♦ Continuous monitoring: Many large industries are required to install CEMS (Continuous Emission Monitoring Systems).
- ♦ Online platforms: SPCBs now process many applications digitally, improving transparency.

### • Case Study: Steel Project and the Licensing

While the project of this steel plant, initially secured state-level agreements and preliminary approvals, it faced prolonged hurdles in obtaining forest clearances and environmental permissions.

Local communities, backed by the Forest Rights Act, 2006, resisted displacement and insisted that their consent was mandatory before any diversion of forest land is made. After years of protest in 2017, the project was abandoned altogether.

This episode illustrates that licensing is not merely a procedural formality it involves balancing industrial development with environmental justice and community rights.

### • Judicial Oversight & Public Participation

The National Green Tribunal (NGT), created in 2010, has emerged as the watchdog of environmental licensing. It has quashed clearances where due process was ignored and imposed heavy penalties on polluters.

Public hearings in the EIA process give affected communities a direct voice. PILs filed by NGOs and activists continue to shape India's environmental licensing regime, ensuring that economic development is not pursued at the cost of irreversible ecological damage.

## INTERSECTIONS OF LABOUR AND ENVIRONMENTAL REGULATIONS

Labour and Environmental regulations often converge in practice:

- **Construction sector:** Projects require BOCW registration for workers and pollution control board clearances for dust, noise, and waste.
- **Mining:** Safety licensing under labour laws overlaps with environmental clearances under the Forest and Wild Life Acts.
- **Manufacturing:** Factories need both factory licenses and CTE/CTO consents.

### Case Study: Construction Workers and Seasonal Pollution Bans

Between 2021 and 2023, recurring winter smog in the Delhi–NCR region led authorities to halt construction



activities as part of emergency air quality measures. While these restrictions were aimed at protecting public health, they left thousands of daily-wage construction workers suddenly unemployed.

Courts repeatedly reminded state governments of their obligations under the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996. Only workers properly registered under this law could access welfare schemes and financial support during the suspension of work.

The situation revealed a critical link between environmental regulation and labour registration: when industrial or construction activity is restricted for ecological reasons, registration under labour welfare laws becomes a lifeline, not merely a compliance formality.

## REFORMS & FUTURE DIRECTIONS

Policy direction in the last decade signals a shift from paper-heavy control towards digitised, risk-based oversight:

- **Single-window portals**

Platforms like Shram Suvidha Portal and PARIVESH aim to integrate multiple licenses (labour & environmental) into a unified dashboard, reducing redundancy.

- **Decriminalisation of minor lapses**

The Occupational Safety, Health and Working Conditions Code, 2020 proposes lighter penalties for minor infractions—encouraging businesses to self-report without fear of criminal prosecution.

- **Digital inspections**

Labour and environment regulators now use geo-tagged photos, QR-based approvals, and real-time reporting to curb inspector discretion and enhance transparency.

- **Stricter oversight for high-risk sectors**

Industries such as mining, chemicals, and e-waste are being pushed into tighter scrutiny with continuous emissions monitoring and third-party audits.

- **ESG integration**

Licensing compliance is increasingly tied to Environmental, Social, and Governance (ESG) benchmarks. Investors, especially global funds, view compliance not just as law-abiding, but as a marker of sustainability.

- **International alignment**

Reforms aim to align with global standards—ILO labour conventions, Paris Climate Agreement targets, and emerging EU carbon border taxes—ensuring Indian firms remain competitive in international markets.

## CONCLUSION

Licensing, registration, and regulation are essential tools of accountability. For labour, they guarantee dignity, safety, and social security. For the environment, they safeguard air, water, and forests against reckless exploitation.

The case studies as mentioned above shows how compliance—or its absence—shapes not only company fortunes but also the lives of workers and communities.

The task now is to move from “paper compliance” to “substantive compliance”: where licenses are not just obtained but honoured, registrations are not just records but lifelines, and regulations are not just obstacles but pathways to sustainable growth.

In the decades ahead, India’s challenge will be to ensure that its licensing and regulatory frameworks serve as enablers of inclusive, green, and equitable development.

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