

Gujarat amends Factories Act, 1948 in an effort to promote ease of doing business

The Governor of Gujarat, on has made and promulgated the Factories (Gujarat Amendment) Ordinance, 2025, to introduce significant changes to the Factories Act, 1948 ("**Factories Act**"), as applicable to the State of Gujarat. This ordinance, effective immediately, aims to generate employment by enabling the State Government to increase work hours, extend total number of work hours without a rest interval, etc. and provides for equal opportunity to work by enabling employment of women workers in night shifts, subject to certain conditions. The amendments were deemed necessary due to an extraordinary situation of national importance to boost economic activities, attract investment to new projects and generate employment.

Key amendments to the Factories Act (as applicable to Gujarat)

1. **Daily working hours:** While the Factories Act limited the daily working hours to 9 (nine) hours, the State Government has now been vested with the authority to extend the daily maximum work hours up to 12 (twelve) hours, inclusive of rest intervals, with a maximum of 48 (forty-eight) hours in any week. This is subject to the written consent of the worker, provided that the remaining days of that week for the said worker are paid holidays.
2. **Intervals for rest:** While the Factories Act mandated at least half an hour of interval for rest after 5 (five) hours of work, the State Government can now extend the total number of hours a worker can work without an interval to 6 (six) hours, for any group or class of factories, to facilitate flexibility in working hours.
3. **Spread over of working hours:** While the Factories Act limited the 'spread over' (total duration of a worker's day, including rest intervals) to 10 ½ (ten and a half hours) hours, the State Government can now increase the spread over up to 12 (twelve) hours, inclusive of rest intervals, for any group or class of factories, to facilitate flexibility in working hours.
4. **Overtime wages:** Previously under the Factories Act any worker, who worked in a factory for more than 9 (nine) hours in a day or for more than 48 (forty-eight) hours in a week, would be entitled to overtime wages for the overtime hours of work performed by them at the rate of twice their ordinary rate of wages. Post the amendment, workers would be entitled to wages at twice their ordinary rate of wages for overtime work only if they work for more than 10 (ten) hours in any day or more than 48 (forty-eight) hours in any week, in cases where the work-week comprises of 5 (five) days. However, in cases where: (a) the work-week comprises of 6 (six) days, overtime wages would be payable for any work rendered in excess of 9 (nine) hours a day or more than 48 (forty-eight) hours in any week; and (b) the work-week comprises of only 4 (four) days, overtime wages would be payable for any work rendered in excess of 11 ½ (eleven and a half) hours in any day.

5. **Overtime limit:** While Section 65(2) permitted the State Government to grant certain exemptions in relation to daily working hours, spread over, etc., Section 65(3)(iv) of the Factories Act provided that no worker will be allowed to work overtime, for more than 7 (seven) days at a stretch and the total number of hours of overtime work in any quarter will not exceed 75 (seventy-five) hours in any quarter. However, post the amendment, the State Government has now been empowered to provide exemptions under Section 65(2) of the Factories Act in relation to working hours, spread over, etc., subject to a maximum of 125 hours of overtime work in any quarter, instead of previous 75 (seventy-five) hours.

Separately, the Factories (Gujarat Amendment) Ordinance, 2025 has also introduced a new provision in Section 65 of the Factories Act, which provides that a worker may be required to work overtime subject to their written consent for such work has been obtained.

6. **Employment of women in factories (night shifts):** Section 66(1) of the Factories Act generally restricted women from working in factories except between 6 A.M. and 7 P.M. However, with the amendment, the State Government now exempt factories or groups of factories from this restriction, allowing women to work between 7 P.M. and 6 A.M., subject to various stringent conditions. These conditions aim to ensure the safety and health of women workers in night shifts and include, but are not limited to:
- a) employer's duty to prevent sexual harassment and provide redressal mechanisms;
 - b) provision of appropriate working conditions, including health and hygiene, to prevent a hostile environment;
 - c) proper lighting and CCTV coverage inside and surrounding the factory, and in all places where female workers may move out of necessity. CCTV coverage must be stored for at least 45 (forty-five) days;
 - d) women workers to be employed in batches of not less than 10 (ten);
 - e) sufficient women security provided during night shifts at entry and exit points;
 - f) sufficient rest rooms for female workers to arrive in advance and leave after working hours;
 - g) transportation facility with security guards (including female security guards), CCTV, and GPS for night shift women workers from their residence and back;
 - h) not less than 1/3rd of the supervisory staff in a night shift must be women;
 - i) a minimum of 12 (twelve) consecutive hours of rest or gap between shifts when a woman worker's shift changes from day to night or vice-versa;
 - j) pre-employment screening of antecedents of all drivers, including collection of their biodata;
 - k) women employees' telephone numbers, mobile numbers, email IDs, and addresses not to be disclosed to unauthorised persons.
 - l) careful selection of routes for transportation to ensure no woman employee is picked up first and dropped last;
 - m) working in night shifts will not be compulsory or obligatory for any woman worker; written consent must be obtained from those interested; and
 - n) any other condition(s) prescribed by the State Government in the interest of women's safety.
7. **Change of shift for women workers:** The Factories Act did not previously contain any explicit provision in relation to change of shift for women workers. However, pursuant to the amendment, the State Government has clarified that change of shift for woman will only take place after a weekly holiday or any other holiday.

Conclusion

The Factories (Gujarat Amendment) Ordinance, 2025 reflects the State Government's intention to provide greater operational flexibility to factories, aiming to stimulate economic growth and job creation while concurrently balancing it with worker welfare.

Given the amended provisions, it would be imperative for factory employers in the state of Gujarat to thoroughly understand the new provisions, update their compliance frameworks and leverage these reforms to drive growth and set a benchmark for responsible and progressive industrial development.

Employment Practice

JSA has a team of experienced employment law specialists who work with clients from a wide range of sectors, to tackle local and cross-border, contentious and non-contentious employment law issues. Our key areas of advice include (a) advising on boardroom disputes including issues with directors, both executive and non-executive; (b) providing support for business restructuring and turnaround transactions, addressing employment and labour aspects of a deal, to minimise associated risks and ensure legal compliance; (c) providing transaction support with reference to employment law aspects of all corporate finance transactions, including the transfer of undertakings, transfer of accumulated employee benefits of outgoing employees to a new employer, redundancies, and dismissals; (d) advising on compliance and investigations, including creating compliance programs and policy, compliance evaluation assessment, procedure development and providing support for conducting internal investigations into alleged wrongful conduct; (e) designing, documenting, reviewing, and operating all types of employee benefit plans and arrangements, including incentive, bonus and severance programs; and (f) advising on international employment issues, including immigration, residency, social security benefits, taxation issues, Indian laws applicable to spouses and children of expatriates, and other legal requirements that arise when sending employees to India and recruiting from India, including body shopping situations.

JSA also has significant experience in assisting employers to ensure that they provide focused and proactive counselling to comply with the obligations placed on employees under the prevention of sexual harassment regime in India. We advise and assist clients in cases involving sexual harassment at the workplace, intra-office consensual relationships, including drafting of prevention of sexual harassment (POSH) policies, participating in POSH proceedings, conducting training for employees as well as Internal Complaints Committee members,

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