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The Karnataka Shops and Commercial Establishments Act, 1961

Bare Act

Corrida Legal presents the Bare Act Series, sourced from official texts and supported with an executive summary designed to help readers grasp the essence of the law with ease.

NOTE: An Executive Summary of the Karnataka Shops and Commercial Establishments Act, 1961 is included towards the end of this document, right after the full bare act of the statute. This summary helps professionals, business owners, compliance officers, HR managers, legal practitioners, and students quickly understand the key provisions relating to registration of shops and commercial establishments, working hours and overtime, employment of women and young persons, leave and holiday entitlements, payment of wages, health and safety measures, employer obligations, termination and notice requirements, penalties for non-compliance, and enforcement mechanisms, without having to read the entire text.

The Karnataka Shops and Commercial Establishments Act, 1961 Summary provides a clear, practical, and time-saving guide for anyone looking to understand Karnataka's labour and employment law framework, ensure statutory compliance in retail and commercial establishments, manage workforce obligations effectively, and stay aligned with regulatory requirements under the Shops and Establishments Act bare act.

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THE KARNATAKA SHOPS AND COMMERCIAL ESTABLISHMENTS ACT, 1961

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SCHEDULE

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STATEMENT OF OBJECTS AND REASONS

I

Act 8 of 1962.- At present the Madras Shops and Establishments Act, 1947, is in force in Madras area. The Mysore Shops and Establishments Act, 1948, is in force in the Mysore area. The Hyderabad Shops and Establishments Act, 1957, is in force in Hyderabad area and the Bombay Shops and Establishments Act, 1948, is in force in the Bombay area. It is considered expedient to have a uniform law in the State of Mysore for the regulation of the terms and conditions of work and employment in shops and commercial establishments. The Government of India had circulated a Draft Bill for consideration of State Governments to initiate legislation on similar lines where necessary. Both these objects will be served by enacting legislation on the lines of this Bill.

(Published in the Karnataka Gazette (Extraordinary) Part IV-2A dated 12th February 1959 as No.2653 at page. 32.)

II

Amending Act 36 of 1966.—According to sub-section (2) of section 39 of the Act, all appeals by employees removed or dismissed from service lie to the prescribed authority or if no authority is prescribed, to the Commissioner of Labour. This means that only one appellate authority for the entire State has to deal with the appeals involving much difficulty and inconvenience to all persons concerned. It is considered necessary to amend the Act to provide for appeals to different authorities in different places depending on the area from which the appeal arises and the class or category to which an establishment belongs. It is also considered necessary to provide for the transfer of appeals under section 39 (2) pending before the Commissioner of Labour to the appropriate appellate authority.

Hence this Bill.

(Published in the Karnataka Gazette (Extraordinary) Part IV-2A, dated 22nd November 1966 as No. 193 at page. 4.)

III

Amending Act 4 of 1969.—It is proposed to provide for supervision of the work of Labour Inspectors who are appointed as Inspectors under the Mysore Shops and Commercial Establishments Act, 1961, by the Assistant Labour Commissioners and the Labour Officers. This cannot be done unless

the Assistant Labour Commissioners and Labour Officers are also made Inspectors under the said Act. There is no provision for the appointment of the Additional Inspector under the Act, and it is proposed to provide for such appointments.

The Mysore Maternity Benefit Act 1959 has been repealed and the Maternity Benefit Act 1961 (Central Act 53 of 1961) has been brought into force. It is therefore necessary to amend Chapter V of the Act suitably.

Hence the Bill.

(Obtained from file LAW 81 LGN 67.)

IV

Amending Act 33 of 1982.—In his Budget speech for the year 1982–83 the Finance Minister indicated that in the interest of revenue and for better enforcement of the provision of the Act annual renewal of the registration of shops and commercial establishments would be provided under the Karnataka Shops and Commercial Establishments Act, 1961. The provision for renewal also facilitates maintenance of up-to date statistics of such establishments and would also result in better conditions of service for the employees.

Hence the Bill.

(Published in the Karnataka Gazette (Extraordinary) Part IV-2A, dated 26th July 1982 as No. 588 at page. 4.)

V

Amending Act 17 of 1986.—The Food Corporation of India is a key Organisation in the food grains distribution programme in the State.

The establishments of the said Corporation are exempted from the provisions of the enactments similar to that of the Karnataka Shops and Commercial Establishments Act, 1961 in many of the States/Union territories in India.

It is considered, therefore, necessary to exempt this Organisation from the provisions of the Karnataka Shops and Commercial Establishments Act, 1961, as is done in the case of Postal, Telegraphic or Telephone Service etc., and organisations which supply power, light or water etc., to the public.

Hence the Bill.

(Published in the Karnataka Gazette (Extraordinary) Part IV-2A, dated 21st February 1986 as No. 134 at page. 3.)

VI

Amending Act 25 of 1997.—It is proposed to amend the Karnataka Shops and Commercial Establishments Act, 1961, to provide for:—

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(1) enhancing age limit of a child from 12 to 14 years, in definition of 'child'.

(2) renewal of registration certificate once in five years instead of every year;

(3) compulsory issue of appointment orders by the employers to the employees in writing indicating the name, designation and terms of conditions etc., of appointment within thirty days from the date of appointment in his establishment, by insertion of new section 6A.

(4) enhancing the age limit from 12 to 14 and 15 to 18 in relation to hours of work of young persons.

(5) fixing of weekly holidays within 30 days from the date of commencement of new establishment.

(6) removal of minimum period of 240 days or more of work, to get entitled for leave with wages and certain other consequential amendments.

(7) enhancing the age limit from 12 to 14 and 15 to 18 for the purpose of prohibition of employment of young persons.

(8) separate enhanced punishment for employment of Children.

(9) removal of the maximum limit of six months pay as compensation payable by the employer to an employee who is removed or dismissed without reasonable cause or proof of misconduct.

(10) enhancement of punishments of certain offence.—

Hence the Bill.

(Published in the Karnataka Gazette (Extraordinary) Part IV-2A, dated 21st February 1997 as No. 245 at page. 13.)

VII

Amending Act 11 of 2001.— The nature of work in information Technology establishments and Information Technology enabling services or Establishments; Bio-Technology and Research Centres of establishments of epidemic and other diseases, is such that it requires flexibility in terms of working hours as their work entails lot of mental work in terms of fault finding, imagination and reflection and design. So much so no time can be set out with regard to their working hours and even weekly holiday, except assigning task to be accomplished.

Therefore, it is considered necessary to amend the Karnataka Shops and Commercial Establishments Act, 1961 to give partial exemption

regarding opening and closing hours and weekly holiday so as to provide flexi time.

Hence the Bill.

(Vide L.A. Bill No. 2 of 2001 File No. SAMVYASHAE 20 SHASANA 2000)

VIII

Amending Act 14 of 2002.- Section 25 of the Karnataka Shops and Commercial Establishments Act, 1961 prohibits employment of women and young persons during night. Establishments of Information Technology or Information Technology enabled service. develop software for foreign customers. The personnel in these establishments often work late in the night. The Personnel have to interact with their customers late in evenings or throughout the night depending upon the global part of the Country. These establishments employ good number of women workers. As section 25 prohibits employment of women during night it has affected working of the establishments. Software development is usually entrusted to a team which may also include women employees.

Therefore, in order to utilise the Services of women employees during night it is considered necessary to amend section 25 to empower the State Government to exempt any establishment of Information Technology or Information Technology enabled services from the provisions of that section relating to employment of women during night subject to the condition that the establishments provides facilities of transportation and security to such women employees.

Hence the Bill.

(Vide L.A. Bill No. 16 of 2002 File No. SAMVYASHAE 28 SHASANA 2001 DT: 30.8.2002)

IX

Amending Act 28 of 2005.- To avoid undue hardship to the owners of the shops and commercial establishments, in registering their establishments and also in renewal of their registration certificates it is proposed to amend section 4 of the Shops and Commercial Establishments Act, 1961 and to provide for deemed registration or renewal of registration certificate, in case the area Labour Inspector does not register or renew or fails to communicate the grounds on which registration/renewal was not done within thirty days from the date of receipt of such applications.

Provision is also made to impose penalty for false claim of the benefit of deemed registration with an imprisonment of not less than six months and with a fine which may extend to five thousand rupees.

Hence, the Bill.

(LA Bill No.15 of 2005)

X

Amending Act 12 of 2007.- The provisions of the Karnataka Shops and Commercial Establishments Act, 1961, provides only for penalty by way of fine or imprisonment and there is no provision for compounding of offences departmentally. Hence, it is concerned necessary to provide for composition of offences under the Karnataka Shops and Commercial Establishments Act, 1961 in order to reduce litigation and facilitate speedy recovery of dues.

Hence the Bill.

[L.A.Bill No.15 of 2007]

[Entry 24 of List III of the Seventh Schedule to the Constitution of India.]

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¹[KARNATAKA ACT]¹ No. 8 OF 1962

(First published in the ¹[Karnataka Gazette]¹ on the First day of March, 1962.)

THE ¹[KARNATAKA]¹ SHOPS AND COMMERCIAL ESTABLISHMENTS ACT, 1961.

(Received the assent of the President on the Fifteenth day of February, 1962.)

(As amended by Acts 36 of 1966, 4 of 1969, 33 of 1982, 17 of 1986 , 25 of 1997, 11 of 2001, 14 of 2002, 28 of 2005 and 12 of 2007)

An Act to provide for the regulation of conditions of work and employment in shops and commercial establishments.

WHEREAS it is expedient to provide for the regulation of conditions of work and employment in shops and commercial establishments and other incidental matters;

BE it enacted by the ¹[Karnataka State]¹ Legislature in the Twelfth Year of the Republic of India as follows:—

1. Adopted by the Karnataka adaptations of laws order 1973 w.e.f. 1.11.1973

CHAPTER I

PRELIMINARY

1. Short title, extent, commencement and application.— (1) This Act may be called the ¹[Karnataka]¹ Shops and Commercial Establishments Act, 1961.

1. Adopted by the Karnataka adaptations of laws order 1973 w.e.f. 1.11.1973

(2) It extends to the whole of the ¹[State of Karnataka]¹.

1. Adopted by the Karnataka adaptations of laws order 1973 w.e.f. 1.11.1973

(3) It shall come into force on such ¹[date]¹ as the State Government may by notification appoint.

1. Act came into force w.e.f. 1.10.1964 by notification. Text of notification is at the end of the Act.

(4) (a) It shall apply, in the first instance, to the areas specified in the Schedule to this Act, and to such other areas in which any of the Acts repealed by section 42 applied.

(b) It shall apply to any other area with effect from such date as the State Government may by notification specify which date shall not be earlier than

the expiry of three months from the date of publication of such notification in the official Gazette.

2. Definitions.—In this Act, unless the context otherwise requires,—

(a) “adult” means a person who has completed his eighteenth year;

(b) “apprentice” means a person aged not less than ¹[fourteen years]¹, who is employed whether on payment of wages or not for the purpose of being trained in any trade, craft or employment in any establishment;

1. Substituted by Act 25 of 1997 w.e.f. 12.2.1998 by notification. Text of notification is at the end of the Act.

¹[(ba) ‘banking company’ means,—

1. Sub clause (i) to (vi) inserted by act 33 of 1982 w.e.f. 4.12.1982 by notification. Text of notification is at the end of the Act.

(i) the Reserve Bank of India;

(ii) the Banking Company as defined under the Banking Regulations, Act, 1949;

(iii) the State Bank of India constituted under the State Bank of India Act, 1955;

(iv) a Subsidiary Bank as defined in the State Bank of India (Subsidiary Banks) Act, 1959;

(v) a corresponding new bank constituted under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970;

(vi) a corresponding new bank constituted under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980.]¹

(c) “child” means a person who has not completed his ¹[fourteenth year]¹;

1. Substituted by Act 25 of 1997 w.e.f. 12.2.1998.

(d) “closed” means not open for the service of any customer or for any business connected with the establishment;

(e) “commercial establishment” means a commercial or trading or banking or insurance establishment, an establishment or administrative service in which persons employed are mainly engaged in office work, a hotel, restaurant, boarding or eating house, a cafe or any other refreshment house, a theatre or any other place of public amusement or entertainment and includes such establishments as the State Government may by notification declare to be a commercial establishment for the purposes of this Act;

(f) “day” means a period of twenty-four hours beginning at midnight:

Provided that in the case of an employee whose hours of work extend beyond midnight, “day” means a period of twenty-four hours beginning from the time when such employment commences irrespective of midnight;

(g) “employee” means a person wholly or principally employed in or in connection with, any establishment whether working on permanent, periodical, contract or piece-rate wages, or on commission basis, even though he receives no reward for his labour and includes an apprentice, any clerical or other member of the staff of a factory or industrial establishment who falls outside the scope of the Factories Act, 1948, but does not include a member of the employer’s family; and “employed” shall be construed accordingly;

(h) “employer” means a person having charge of or owning or having ultimate control over the affairs of an establishment and includes members of the family of an employer, a manager, agent or other person acting in the general management or control of an establishment;

(i) “establishment” means a shop or a commercial establishment;

(j) “family” in relation to an employer means the husband or wife, son, daughter, father, mother, brother or sister of such employer who lives with and is dependent on him;

(k) “Inspector” means an Inspector appointed under section 26 and includes the Chief Inspector and an Assistant Inspector;

(l) “leave” means leave provided for in Chapter IV of this Act;

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(m) “night” means a period of at least twelve consecutive hours which shall include the interval between 8 P.M. and 6 A.M.;

(n) “notification” means a notification published in the official Gazette;

(o) “opened” means opened for the service of any customer or for any business, connected with the establishment;

(p) “period of work” means the time during which an employee is at the disposal of the employer;

(q) “prescribed” means prescribed by rules made under this Act;

¹[(r) x x x]¹

1. Omitted by Act 36 of 1966 w.e.f. 25.4.1969 by notification. Text of notification is at the end of the Act.

(s) “register of establishments” means a register maintained for the registration of establishments under this Act;

(t) “registration certificate” means a certificate showing the registration of an establishment;

(u) “shop” means any premises where any trade or business is carried on or where services are rendered to customers, and includes offices, storerooms, godowns, or warehouses, whether in the same premises or otherwise, used in connection with such trade or business, but does not include a commercial establishment or a shop attached to a factory where the persons employed in the shop fall within the scope of the Factories Act, 1948;

(v) “spread over” means the period between the commencement and the termination of the work of an employee on any day;

(w) “wages” shall have the meaning assigned to it in the Payment of Wages Act, 1936 (Central Act IV of 1936);

(x) “week” means a period of seven days beginning at midnight of Saturday or such other night as may be approved in writing for a particular area by the prescribed authority;

(y) “year” means the year commencing on the first day of January;

(z) “young person” means a person who is not a child and who has not completed his eighteenth year.

3. Exemptions.—(1) Nothing in this Act shall apply to,-

(a) offices of or under the Central or State Governments or local authorities, except commercial undertakings;

(b) any railway service, water transport service, postal, telegraph or telephone service, any system of public conservancy or sanitation or any industry, business or undertaking which supplies power, light or water to the public;

(c) railway dining cars;

(d) establishments for the treatment or care of the sick, infirm, or the mentally unfit;

¹[(dd) establishments of the Food Corporation of India;]¹

1. Inserted by Act 17 of 1986 w.e.f. 8.5.1986.

(e) offices of legal practitioners and medical practitioners in which not more than three persons are employed;

(f) offices of ¹[a banking company]¹;

1. Substituted by Act 33 of 1982 w.e.f. 4.12.1982.

(g) any person employed about the business of any establishment mentioned in clauses (a) to (f) aforesaid;

(h) persons occupying positions of management in any establishment;

(i) persons whose work is inherently intermittent such as drivers, care-takers, watch and ward staff, or canvassers; and

(j) persons directly engaged in preparatory or complementary work, such as, clearing and forwarding clerks responsible for the despatch of goods.

(2) Nothing contained in section 11 or sub-section (1) of section 12 shall apply to,-

(a) shops dealing mainly in medicines or medical or surgical requisites or appliances;

(b) clubs, residential hotels, boarding houses, hostels attached to schools or colleges, and establishments maintained in boarding schools in connection with the boarding and lodging of pupils and resident-masters;

Explanation.—“residential hotel” means any premises in which business is carried on *bona fide* for the supply of dwelling accommodation and meals on payment of a sum of money to a traveller or any member of the public or class of the public.

(c) stalls and refreshment rooms at railway stations, bus stands, ports or aerodromes;

(d) shops of barbers and hairdressers;

(e) shops dealing mainly in meat, fish, poultry, eggs, dairy produce (except ghee), bread, confectionery, sweets, chocolates, ice, ice cream, cooked food, fruits, flowers, vegetables or green fodder;

(f) shops dealing in articles required for funerals, burials or cremations;

(g) shops dealing in *pan* (betel leaf), *pan* with beedies or cigarettes, or liquid refreshments sold retail for consumption on the premises;

(h) shops dealing in newspapers or periodicals, editing sections of newspaper offices and offices of news agencies;

(i) cinemas, theatres and other places of public entertainment and stalls and refreshment rooms attached to such cinemas, theatres and places of public entertainment;

(j) establishments for the retail sale of petrol;

(k) shops in regimental institutes, garrison shops and troop canteens in cantonments;

(l) tanneries;

(m) retail trade carried on at an exhibition or show, if such retail trade is subsidiary or ancillary only to the main purpose of the exhibition or show;

(n) oil-mills and flour-mills not registered under the Factories Act, 1948;

(o) brick and lime kilns;

(p) commercial establishments engaged in the manufacture of bronze and brass utensils so far as it is confined to the process of melting in furnaces.

¹[(q) Information Technology Establishments;

(r) Information Technology enabling services or establishments;

(s) Bio-Technology and Research Centres or establishments of epidemic and other diseases.]¹

1. Inserted by Act 11 of 2001 w.e.f. 1.6.2001 by notification. Text of notification is at the end of the Act.

(3) Notwithstanding anything contained in sub-section (1) or sub-section (2), the State Government may by notification declare that any establishment or person specified therein shall not be exempt from the operation of such provisions of this Act as may be specified in the notification and that the provisions of this Act specified in such notification shall apply to such establishment or person.

(4) The State Government may by notification exempt establishments where the nature of work is,-

(i) intermittent, or

(ii) seasonal, or

(iii) for a short duration, not exceeding two months, and it is difficult to enforce the provisions of this Act,

-from all or any of the provisions of this Act subject to such conditions as may be specified in the notification.

CHAPTER II

REGISTRATION OF ESTABLISHMENTS

4. Registration of Establishments.—(1) Within the period specified in sub-section (3), the employer of every establishment shall send to the Inspector of the area concerned, a statement in the prescribed form together with such fees as may be prescribed, containing,—

- (a) the name of the employer and the manager, if any;
- (b) the postal address of the establishment;
- (c) the name, if any, of the establishment; and
- (d) such other particulars as may be prescribed.

(2) On receipt of the statement and the fees, the Inspector shall, on being satisfied about the correctness of the statement, register the establishment in the register of establishments in such manner as may be prescribed, and shall issue, in a prescribed form, a registration certificate to the employer. The registration certificate shall be prominently displayed at the establishment.

(3) Within thirty days from the date mentioned in column (2) below in respect of an establishment mentioned in column (1), the statement together with fees shall be sent to the Inspector under sub-section (1).

Establishments.		Date from which the period of thirty days to commence.	
(1)		(2)	
(i)	Establishment existing on the date on which this Act comes into force.	(i)	The date on which this Act comes into force.
(ii)	New establishments.	(ii)	The date on which the establishment commences its work.

¹[(3A) In case the Inspector is not satisfied about the correctness of the statement together with fees under sub-section (3) shall within thirty days from the date of receipt of the same communicate to the employer his

decision for refusing to register the establishment with the reasons therefor, failing which the establishment shall be deemed to have been registered.]¹

1. Sub-section (3A) inserted by Act 28 of 2005 by notification. The Act is yet to be brought into force.

¹[(4) A registration certificate issued under sub-section (2), shall be valid for ²[five years]² and shall be renewed ²[before the expiry of the period of registration certificate]² on payment of such fees and in such manner as may be prescribed.

1. Sub-sections 4 and 5 inserted by Act 33 of 1982 w.e.f. 4.12.1982.

2. Substituted by Act 25 of 1997 w.e.f. 12.2.1998.

¹[(5) The registration certificate issued or renewed before the commencement of the Karnataka Shops and Commercial Establishments (Amendment) Act, 1997 shall, on such commencement, continue to be valid till the expiry of the period of registration certificate already granted and the employer of every such establishment shall renew his registration certificate before the expiry of such period in accordance with sub-section (4).]¹

1. Substituted by Act 25 of 1997 w.e.f. 12.2.1998.

¹[(6) In case the Inspector is not satisfied about the correctness of the statement or the renewal application or the payment fee prescribed or any other condition of renewal shall within thirty days from the date of receipt of statement together with fees from the employer seeking renewal of registration certificate communicate to the employer his decision for refusing to renew the registration with the reasons therefor, failing which the registration certificate shall be deemed to have been renewed.

(7) In case the certificate of registration or renewal of registration is not received by any employer within the period specified in sub-section (3A) or (6), the employer shall display a self-certification statement sent by Registered Post with Acknowledgement Due to the Registering Authority for registration or renewal, as the case may be, along with the acknowledgement to that effect stating that he has got the deemed benefit. In case the certificate of registration or renewal of registration as the case may be, is received by the employer subsequently, such self certification shall be replaced with a regular certificate as soon as the same is received.

(8) If any employer has falsely claimed the benefit of deemed registration and has displayed such self certificate under sub-section (7), he shall on conviction be punished with an imprisonment of not less than six months and with a fine which may extend to five thousand rupees]¹

1. Sub-sections (6) (7)& (8) inserted by Act 28 of 2005 by notification. The Act is yet to be brought into force.

5. Change to be communicated to Inspector.—It shall be the duty of an employer to notify to the Inspector, in the prescribed form, any change in respect of any information contained in his statement under section 4, within fifteen days after the change has taken place. The Inspector shall, on receiving such notice and on being satisfied about its correctness, make the change in the register of establishments and shall amend the registration certificate or issue a fresh registration certificate, if necessary.

6. Closing of establishment to be communicated to Inspector.—The employer shall, within fifteen days of his closing the establishment, notify to the Inspector in writing the date of such closure and return the registration certificate. The Inspector shall, on receiving the information and being satisfied about its correctness, remove such establishment from the register of establishments and cancel the registration certificate:

Provided that if the Inspector does not receive the information, but is otherwise satisfied that the establishment has been closed, he may remove such establishment from such register.

¹**[6A. Issue of appointment orders.**—Every employer, employing any person in or in connection with his establishment, shall issue an appointment order in writing indicating the name, designation, wage scale of such person and terms and conditions of his employment and serve the same on such person within thirty days from the date of appointment in his establishment:

1. Inserted by Act 25 of 1997 w.e.f. 12.2.1998.

Provided that in case of employees appointed in any establishment prior to the commencement of the Karnataka Shops and Commercial Establishments (Amendment) Act, 1997, the employer of such establishment shall, if he has not yet issued any appointment order in writing to such employee, communicate in writing to the employee incorporating therein his name, designation and wage scale and the terms and conditions of employment and serve the same on him within thirty days from the date of such commencement.]¹

CHAPTER III

HOURS OF WORK

7. Daily and weekly hours.—(1) No employee in any establishment shall be required or allowed to work for more than nine hours on any day and forty-eight hours in any week:

Provided that the total number of hours of work including overtime shall not exceed ten hours in any day except on days of stock-taking and preparation of accounts:

Provided further that the total number of overtime hours worked by an employee does not exceed fifty in a period of three continuous months.

(2) No young person ¹[x x x]¹ shall be allowed to work in any establishment for more than five hours in a day.

1. Omitted by Act 25 of 1997 w.e.f. 12.2.1998.

8. Extra wages for overtime work.—(1) Where an employee works in any establishment for more than nine hours in any day or for more than forty-eight hours in any week he shall in respect of such overtime work be entitled to wages at twice the rate of normal wages.

(2) For the purposes of this section “normal wages” means the basic wages plus such allowances, including the cash equivalent of the advantage accruing through the concessional sale to workers of food grains and other articles, as the worker is for the time being entitled to, but does not include a bonus.

(3) The cash equivalent of the advantage accruing through the concessional sale to a worker of food grains and other articles shall be computed as often as may be prescribed on the basis of the maximum quantity of food grains and other articles admissible to a standard family.

Explanation 1.—“standard family” means a family consisting of an employee, his or her spouse and two children below the age of fourteen years requiring in all three adult consumption units.

Explanation 2.—“adult consumption unit” means the consumption unit of a male above the age of fourteen years; and the consumption unit of a female above the age of fourteen years and that of a child below the age of fourteen years shall be calculated at the rates of .8 and .6 respectively of one adult consumption unit.

(4) The State Government may make rules prescribing,-

- (a) the manner in which the cash equivalent of the advantage accruing through the concessional sale to a worker of food grains and other articles shall be computed;
- (b) the registers that shall be maintained in an establishment for the purpose of securing compliance with the provisions of this section.

9. Interval for rest.—The periods of work of an employee in an establishment each day shall be so fixed that no period shall exceed five

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hours and that no such person shall work for more than five hours before he has had an interval of rest of at least one hour.

10. Spreadover.—The periods of work of an employee in an establishment shall be so fixed that, inclusive of his interval for rest, they shall not spreadover more than twelve hours in any day.

11. Opening and closing hours.—(1) No establishment shall on any day, be opened earlier than and closed later than such hours as may be fixed by a notification issued by the State Government:

Provided that any customer who was being served or was waiting to be served in any establishment at the hour fixed for its closing may be served during the quarter of an hour immediately following such hour.

(2) Before issuing a notification under sub-section (1), the State Government shall hold an enquiry in the prescribed manner.

(3) The State Government may, for the purpose of this section, fix different hours for different establishments or different classes of establishments or for different areas or for different times of the year.

12. Weekly Holidays.—(1) Every establishment shall remain closed for one day of the week. The employer shall fix such date at the beginning of the year, 1[or within thirty days from the date of commencement of establishments, as the case may be]1 notify it to the Inspector and specify it in a notice prominently displayed in a conspicuous place in the establishment. The employer shall not alter such date more often than once in three months, shall notify the alteration to the Inspector, and shall make the necessary change in the notice in the establishment.

1. Inserted by Act 25 of 1997 w.e.f. 12.2.1998.

(2) Notwithstanding anything contained in sub-section (1), the State Government may allow an establishment to remain open throughout the week if it is satisfied that the establishment employs additional staff for meeting the requirements of sub-section (3) of this section.

(3) Every employee in an establishment shall be given at least one whole day in a week as a holiday for rest:

Provided that in establishments in which rest for one-and-a-half days in a week is allowed, such period of rest shall be continued.

(4) It shall not be lawful for an employer to call an employee at, or for an employee to go to, his establishment or any other place for any work in connection with the business of his establishment on a weekly holiday given to the employee under sub-section (3) or on a day on which such establishment remains closed.

(5) No deduction shall be made from the wages of an employee in any establishment on account of the holiday given to him under sub-section (3). If any employee is employed on daily wages, he shall nonetheless be paid his wages for the weekly holiday.

13. Selling outside establishments prohibited after closing hours.—Save as provided by or under any other enactment for the time being in force, no person shall carry on, in or adjacent to a street or public place, the sale of any goods after the hour fixed under section 11 for the closing of establishments dealing in the same class of goods in the locality in which such street or public place is situated:

Provided that nothing in this section shall apply to the sale of newspapers and such other articles as may be exempted by notification by the State Government.

CHAPTER IV

ANNUAL LEAVE WITH WAGES

14. Application of Chapter.—The provisions of this Chapter shall not operate to the prejudice of any rights to which an employee may be entitled under any other law or under the terms of any award, agreement or contract of service:

Provided that where such award, agreement or contract of service provides for a longer leave with wages or weekly holidays than are provided in this Chapter, the employee shall be entitled to only such longer leave or weekly holidays, as the case may be.

15. Annual leave with wages.—1[(1) Every employee in an establishment shall be entitled to leave with wages and shall be allowed to avail such leave for the number of days calculated at the rate of,-

- (i) one day for every twenty days work performed by him, in case of an adult;
- (ii) one day for every fifteen days of work performed by him, in case of a young person;

Explanation: For the purpose of this sub-section,—

- (a) any day of lay-off, by agreement or contract as permissible under the standing order or for any other reasons beyond the employer's control;
- (b) in the case of female employee, maternity leave for any number of days not exceeding twelve weeks; and
- (c) the leave earned in the year prior to that in which the leave is enjoyed:

-shall be deemed to be days on which the employee has worked in an establishment for the purposes of computation of leave under this section, but the employee shall not earn leave for that period.]¹

1. Substituted by Act 25 of 1997 w.e.f. 12.2.1998.

¹[(2) x x x]¹

1. Omitted by Act 25 of 1997 w.e.f. 12.2.1998.

(3) Every employee shall also be entitled during the first twelve months of continuous service and during every subsequent twelve months of such service in any establishment to leave with wages for a period not exceeding twelve days, on the ground of any sickness incurred or accident sustained by him or for any other reasonable cause.

(4) If an employee is discharged or dismissed from service during the course of the year he shall be entitled to leave with wages at the rates laid down in sub-section (1) even if he has not worked for the entire period specified in sub-section (1) 1[x x x]¹ entitling him to earn leave.

1. Omitted by Act 25 of 1997 w.e.f. 12.2.1998.

(5) If an employee entitled to any leave under sub-section (3) is discharged or dismissed from service when he is sick or suffering from the result of an accident, the employer shall pay him the amount payable under this Act in respect of the period of the leave to which he was entitled at the time of his discharge or dismissal, in addition to the amount, if any, payable to him under sub-section (4).

(6) In calculating leave under this section, fraction of leave of half a day or more shall be treated as one full day's leave, an fraction of less than half a day shall be omitted.

(7) If an employee does not in any one calendar year take the whole of the leave allowed to him under sub-section (1) or sub-section (2), as the case may be, any leave not taken by him shall be added to the leave to be allowed to him in the succeeding calendar year:

Provided that the total number of the days of leave that may be carried forward to a succeeding year shall not exceed thirty days in the case of an adult and forty days in the case of a young person:

Provided further that an employee who has applied for leave with wages but has not been given such leave in accordance with any scheme laid down in sub-sections (10) and (11) shall be entitled to carry forward the unavailed leave without any limit.

(8) An employee may at any time apply in writing to the manager of the establishment, not less than ten days before the date on which he wishes his leave to begin, to take all the leave or any portion thereof allowable to him during the calendar year:

Provided that the number of times in which leave may be taken during any year shall not exceed three or such number as may be agreed upon between the employer and the employee.

(9) If any employee wants to avail himself of the leave with wages due to him under sub-section (3), he shall be granted such leave even if the application for leave is not made within the time specified in sub-section (8), and in such a case wages as admissible under section 17 shall be paid not later than fifteen days from the date on which the leave begins.

(10) For the purpose of ensuring continuity of work in an establishment, the employer in agreement with the representatives of employees therein, chosen in the prescribed manner, may formulate a scheme in writing whereby the grant of leave allowable under this section may be regulated.

(11) A scheme formulated under sub-section (10) shall be posted in convenient places in the premises of the establishment and shall be in force for a period for twelve months from the date on which it comes into force and may thereafter be renewed, with or without modification, for a further

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period of twelve months at a time by the employer in agreement with the representatives of the employees as specified in sub-section (10).

(12) An application for leave which does not contravene the provisions of sub-section (8) shall not be refused, unless the refusal is in accordance with the scheme for the time being in operation under sub-sections (10) and (11).

(13) If the employment of an employee who is entitled to leave under sub-section (1) ¹[x x x]¹ is terminated by the employer before he has taken the entire leave to which he is entitled or if having applied for and having not been granted such leave, the employee quits his employment before he has

taken the leave, the employer shall pay him the amount payable under section 16 in respect of the leave not taken, and such payment shall be made, where the employment of the employee is terminated by the employer, before the expiry of the second working day after such termination, and where an employee quits his employment, on or before the next pay day.

1. Omitted by Act 25 of 1997 w.e.f. 12.2.1998.

(14) The unavailed leave of an employee shall not be taken into consideration in computing the period of any notice required to be given before discharge or dismissal.

16. Wages during leave period.—(1) For the leave allowed to him under section 15, an employee shall be paid at the rate equal to the daily average of his total full-time earnings for the days on which he worked during the month immediately preceding his leave, exclusive of any overtime wages and bonus but inclusive of dearness allowance and the cash equivalent of the advantage accruing through the concessional sale to the employee of foodgrains and other articles.

(2) The cash equivalent of the advantage accruing through the concessional sale to the employee of foodgrains and other articles shall be computed as often as may be prescribed on the basis of the maximum quantity of foodgrains and other articles admissible to a standard family.

Explanation.—The explanations to sub-section (3) of section 8 shall be applicable for purposes of determining standard family under this sub-section.

17. Payment in advance in certain cases.—An employee who has been allowed leave for not less than four days in the case of an adult, and for not less than five days in the case of a young person, shall before his leave begins, be paid the wages due for the period of leave allowed.

18. Mode of recovery of unpaid wages.—Any sum required to be paid by an employer under this Chapter but not paid by him shall be recoverable as delayed wages under the provisions of the Payment of Wages Act, 1936 (Central Act IV of 1936).

19. Power to make rules.—The State Government may, to carry out the purposes of this Chapter, make rules directing employers to keep registers containing such particulars as may be prescribed and requiring the registers to be made available for examination by Inspectors.

20. Power to exempt establishment.—Where the State Government is satisfied that the leave rules applicable to employees in an establishment

provide benefits which in its opinion are not less favourable than those for which this Chapter makes provision, it may, by notification, exempt the establishment from all or any of the provisions of this Chapter, subject to such conditions as may be specified in the notification.

CHAPTER V

¹[WAGES AND COMPENSATION]¹

1. Substituted by Act 4 of 1969 w.e.f. 16.5.1969 by notification. Text of notification is at the end of the Act.

21. Application of the Payment of Wages Act.—(1) Notwithstanding anything contained in the Payment of Wages Act, 1936 (Central Act IV of 1936) (referred to in this section as “the said Act”), the State Government may, by notification, direct that subject to the provisions of sub-section (2), the said Act or any of the provisions thereof as in force on the date of passing of this Act by the State Legislature shall apply to all or any class of employees and their employers in establishments to which this Act applies, and thereupon, the said Act or the provisions thereof shall be applicable to the employers and employees, as if enacted in this Act.

(2) On the application of the provisions of the said Act to any establishment under sub-section (1), the Inspector appointed under this Act shall be deemed to be the Inspector for the purpose of the enforcement of the provisions of the said Act within the local limits of his jurisdiction.

22. Application of the Workmen’s Compensation Act.—The provisions of the Workmen’s Compensation Act, 1923 (Central Act VIII of 1923), as in force on the date of passing of this Act by the State Legislature,

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and the rules made thereunder by the State Government for the time being in force shall *mutatis mutandis* apply to employees and employers of shops and commercial establishments.

¹[23. x x x]¹

1. Omitted by Act 4 of 1969 w.e.f. 16.5.1969.

CHAPTER VI

EMPLOYMENT OF CHILDREN AND WOMEN

24. Prohibition of employment of children.—No child shall be required or allowed to work in any establishment.

25. Prohibition of employment of women and young persons during night.—No woman, or a young person ¹[x x x]¹, shall be required or allowed

to work whether as an employee or otherwise in any establishment during night:

1. Omitted by Act 25 of 1997 w.e.f. 12.2.1998.

¹
[Provided that the State Government may, by notification exempt any establishment of Information Technology or Information Technology enabled service from the provisions of this section relating to employment of women during night subject to the condition that the establishment provides facilities of transportation and security to such women employees and subject to any other condition as may be specified in the notification.]¹

1. Inserted by Act 14 of 2002 w.e.f. 2.11.2002 by notification. Text of notification is at the end of the Act.

CHAPTER VII

ENFORCEMENT AND INSPECTION

26. Inspectors.—(1) The State Government may by notification appoint such persons or such class of persons as it thinks fit, to be Inspectors and Assistant Inspectors for the purposes of this Act within such local limits as it may assign to them respectively.

¹[(2) The State Government may, by notification, appoint such public officers as it thinks fit to be additional Inspectors for all or any of the purposes of this Act, within such local limits as it may assign to them respectively.

1. Sub-sections (2) to (4) substituted by Act 4 of 1969 w.e.f. 16.5.1969.

(3) In any area where there are more Inspectors than one, the State Government may, by notification, declare the powers which such Inspectors shall respectively exercise.

(4) The ¹[Commissioner of Labour in Karnataka]¹ shall be the Chief Inspector for the purposes of this Act, for the whole of the ¹[State of Karnataka]¹

1. Adapted by the Karnataka adaptations of laws order 1973 w.e.f. 1.11.1973.

27. Powers and duties of Inspectors.—Subject to any rules made by the State Government in this behalf, an Inspector may, within the area in his jurisdiction,—

(a) enter, at all reasonable times and with such assistants, if any, being persons in the service of the State Government, as he thinks fit, any place which is or which he has reasons to believe is, an establishment;

(b) make such examination of the premises and of any prescribed registers, records and notices, and take on the spot or otherwise, evidence of any person as he may deem necessary, for carrying out the purposes of this Act; and

(c) exercise such other powers as may be necessary for carrying out the purposes of this Act:

Provided that no person shall be required under this section to answer any question or give any evidence tending to incriminate himself.

28. Inspectors to be public servants.—Every person appointed or declared under section 26 to be an Inspector shall be deemed to be a public servant within the meaning of section 21 of the Indian Penal Code.

29. Employer to produce registers, records, etc., for inspection.—Every employer shall on demand, produce for inspection of an Inspector, all registers, records and notices required to be kept under and for the purposes of this Act.

CHAPTER VIII OFFENCES, PENALTIES AND PROCEDURE

30. Penalties.—(1) Whoever contravenes any of the provisions of section 4, 5, 6, ¹[6A]¹ 7, 9, 10, 11, 12, 13, 15, 16, ²[x x x]² 25 and 39, shall, on conviction, be punished with fine, which, for a first offence, may extend to ³[one thousand rupees]³ and, for a second or any subsequent offence, may extend to ³[two thousand rupees]³.

1. Inserted by Act 25 of 1987 w.e.f. 12.2.1998..

2. Omitted by Act 25 of 1997 w.e.f. 12.2.1998.

3. Substituted by Act 25 of 1997 w.e.f. 12.2.1998.

(2) Whoever contravenes any of the provisions of sections 8, 17, 29 and 34 shall, on conviction, be punished with a fine which may extend to ¹[two hundred and fifty rupees]¹.

1. Substituted by Act 25 of 1997 w.e.f. 12.2.1998.

¹[(3) Whoever contravenes the provisions of ²[sections 24 and 25]² shall be punishable with imprisonment for a term which shall not be less than three months but which may extend to six months or with fine which shall not be less than ten thousand rupees, but which may extend to twenty thousand rupees or with both, for the first offence and for the second and subsequent offences, he shall be punishable with imprisonment of a term which shall not be less than six months but which may extend to one year.]¹

1. Inserted by Act 25 of 1987 w.e.f. 12.2.1988.

2. Substituted by Act 12 of 2007 w.e.f.

31. Procedure.—(1) No prosecution under this Act or the rules or orders made thereunder shall be instituted save on a complaint in writing by an Inspector.

(2) No court inferior to that of a Magistrate of the Second Class shall try any offence punishable under this Act or any rules or orders made thereunder.

32. Limitation of prosecutions.—No court shall take cognizance of any offence under this Act or any rule or order made thereunder, unless complaint thereof is made within six months from the day on which the offence is alleged to have been committed.

33. Penalty for obstructing Inspectors, etc.—Any person who wilfully obstructs an Inspector in the exercise of any power conferred on him under this Act, or any person lawfully assisting an Inspector in the exercise of such power or who fails to comply with any lawful direction made by an Inspector, shall be punishable with fine which may extend to ¹[five hundred rupees]¹.

1. Substituted by Act 25 of 1997 w.e.f. 12.2.1998.

¹[33-A Compounding of offences.- (1) The jurisdictional Labour Officer in lieu of Prosecution may compound the offences punishable under this Act or the rules made thereunder, except the offences punishable under sections 24 and 25, at the option of the offending employer before or after the institution of the prosecution by levying a sum not exceeding rupees two thousand but not less than rupees one thousand for the first offence and for the second or subsequent same offence, a sum not exceeding rupees five thousand but not less than rupees two thousand.]¹

1. Inserted by Act 12 of 2007 w.e.f.

CHAPTER IX

MISCELLANEOUS

34. Maintenance of registers and records and display of notices.—Subject to the general or special orders of the State Government, an employer shall maintain such registers and records and display on the premises of his establishment, such notices as may be prescribed. All such registers and records shall be kept on the premises of the establishment to which they relate.

35. Saving of certain rights and privileges.—Nothing in this Act shall affect any rights or privileges which an employee in any establishment is entitled to under any other law, contract, custom or usage, applicable to

such establishment, or any award, settlement or agreement binding on the employer and the employee in such establishment, if such rights or privileges are more favourable to him than those to which he would be entitled under this Act.

36. Indemnity.—No suit, prosecution or other legal proceedings shall lie against the State Government or any officer of the State Government for anything which is in good faith done or intended to be done under this Act.

37. Delegation of powers.—(1) The State Government may, by notification, authorize any officer or authority, subordinate to it, to exercise any one or more of the powers vested in it by or under this Act, except the powers under sub-sections (3) and (4) of section 1, sub-sections (3) and (4) of section 3, section 19, section 20, section 21, section 26 and section 40 subject to such restrictions and conditions, if any, as may be specified in the notification.

(2) The exercise of the powers delegated under sub-section (1) shall be subject to control and revision by the State Government or by such persons as may be empowered by it in that behalf. The State Government shall also have power to control and revise the acts and proceedings of any person so empowered.

38. Power of Government to suspend provisions of the Act during fairs and festivals.—On any special occasion in connection with a fair or festival or a succession of public holidays, the State Government may, by notification, suspend for a specified period the operation of all or any of the provisions of this Act.

39. Notice of dismissal.—(1) No employer shall remove or dismiss an employee who has put in service under him continuously for a period of not less than six months, except for a reasonable cause and unless and until one month's previous notice or pay in lieu thereof has been given to him:

Provided that where misconduct of an employee is brought on record with proof at an enquiry held for the purpose, he shall not be entitled to the notice or pay in lieu of such notice.

(2) An employee removed or dismissed under sub-section (1) shall have a right of appeal to 1[such officers having jurisdiction over such areas or such classes of employees as may be prescribed]1 on the ground that there was no reasonable cause for the removal or dismissal or that he has not been guilty of misconduct as held by the employer.

1. Substituted by Act 36 of 1966 w.e.f. 25.4.1969.

(3) Where an employee has been removed or dismissed without reasonable cause or without proof of misconduct, the employee shall, where the employer does not agree to reinstate him, be entitled to such compensation as the appellate authority may determine, provided that such compensation shall not exceed an amount calculated at one month's pay for every year of service ¹[x x x]¹.

1. Omitted by Act 25 of 1997 w.e.f. 12.2.1998.

(4) Any person aggrieved by an order of the appellate authority may apply to the District Judge for a revision of such order and subject to the result of such application the decision of the appellate authority shall be final and binding on both the employer and the person employed.

(5) The amount payable as compensation under this section shall be in addition to any fine payable under section 30 and shall be recoverable as a fine.

(6) No employee who has been awarded compensation under this section shall be entitled to bring a civil suit in respect of the same claim.

(7) If under any other law or under the terms of an award, agreement or contract of service, any employee is entitled to a longer period of notice or to more favourable benefits that are provided in sub-section (1) or sub-section

(3) the provisions of the said sub-sections shall have effect as if such period of notice and such benefits had been enacted in this Act.

40. Power to make rules.—(1) The State Government may by notification, make rules to carry out the purposes of this Act.

(2) In particular and without prejudice to the generality of the foregoing power, rules made under sub-section (1) may provide in respect of the health and safety and welfare of employees.

(3) In making rules under this section, the State Government may provide that a contravention of any rule shall be punishable with a fine which may extend to ¹[ten thousand rupees]¹.

1. Substituted by Act 12 of 2007 w.e.f.

(4) The power to make rules conferred by this section is subject to the condition of the rules being made after previous publication.

41. Notifications and rules to be laid before the State Legislature.— Every notification issued under sub-section (3) and sub-section (4) of section 3, sub-section (1) of section 21 and sub-section (1) of section 37 and every rule made under section 40 shall be laid as soon as may be after

it is issued or made before each House of the State Legislature while it is in session for a total period of thirty days which may be comprised in one session or in two successive sessions and if before the expiry of the session in which it is so laid or the session immediately following, both Houses agree in making any modification in the notification or rule or both Houses agree that the notification or rule should not be made, the notification or rule, as the case may be, shall thereafter have effect only in such modified form or be of no effect, as the case may be; so however that any such modification or annulment shall be without prejudice to the validity of anything done previously under that notification or rule.

42. Repeal and savings.—The Bombay Shops and Establishments Act, 1948 (Bombay Act LXXIX of 1948), as in force in the ¹[Belgaum Area]¹, the Hyderabad Shops and Establishments Act, 1951 (Hyderabad Act X of 1951), as in force in the ¹[Gulbarga Area]¹, the Madras Shops and Establishments Act, 1947 (Madras Act XXXVI of 1947), as in force in the ¹[Mangalore and Kollegal Area]¹, and the Mysore Shops and Establishments Act, 1948 (Mysore Act II of 1948), as in force in the Mysore Area, are hereby repealed:

Provided that section 6 of the ¹[Karnataka]¹ General Clauses Act, 1899 (¹[Karnataka Act]¹ III of 1899) shall be applicable in respect of such repeal and sections 8 and 24 of the said Act shall be applicable as if the said Acts had been repealed and re-enacted by this Act.

1. Adapted by the Karnataka adaptation of laws order 1973 w.e.f. 1.11.1973.

43. Repeal of Central Act XVIII of 1942.—On and from such date on which this Act applies to any area of the State, the Weekly Holidays Act, 1942 (Central Act XVIII of 1942), shall in such area stand repealed:

Provided that such repeal shall not affect,-

- (a) the previous operation of the said enactment or anything duly done or suffered thereunder; or
- (b) any right, privilege, obligation or liability acquired, accrued or incurred under the said enactment; or
- (c) any penalty, forfeiture or punishment incurred in respect of any offence committed against the said enactment; or
- (d) any investigation, legal proceeding or remedy in respect of any such right, privilege, obligation, liability, forfeiture or punishment as aforesaid;

-and any such investigation, legal proceeding or remedy may be instituted, continued or enforced and any such penalty, forfeiture or punishment may be imposed as if this Act had not been applied to that area.

44. Power to remove difficulties.—If any difficulty arises in giving effect to the provisions of this Act in consequence of the transition to the said provisions from the provisions of the Acts in force immediately before the commencement of this Act, the State Government may by notification, make such provisions as appear to it to be necessary or expedient for removing the difficulty.

SCHEDULE

[See sub-section (4) of section 1]

Names of Places.

- | | |
|--------------------------|-----------------------------|
| 1. Arsikere Town. | 41. Karkal. |
| 2. Athani. | 42. Karwar. |
| 3. Bagalkot. | 43. Kolar Town. |
| 4. Bangalore City. | 44. Kolar Gold Fields Area. |
| 5. Bangarapet Town. | 45. Kollegal. |
| 6. Bantwal. | 46. Koppal. |
| 7. Belgaum. | 47. Kottur Panchayat Area. |
| 8. Belthangadi. | 48. Kudligi Panchayat Area. |
| 9. Bellary City. | 49. Maddur. |
| 10. Bhadravati Town. | 50. Mahalingapur. |
| 11. Bidar. | 51. Malavalli. |
| 12. Bijapur. | 52. Mandya Town. |
| 13. Chamarajanagar Town. | 53. Madhugiri Town. |
| 14. Channapatna. | 54. Mangalore. |
| 15. Chellakere Town. | 55. Moodabidri. |
| 16. Chickballapur Town. | 56. Mulki. |
| 17. Chikmagalur Town. | 57. Mysore City. |
| 18. Chintamani Town. | 58. Nanjangud Town. |
| 19. Chitradurga Town. | 59. Nipani. |
| 20. Coondapur. | 60. Puttur. |
| 21. Davanagere City. | 61. Rabkavi—Banhatti. |
| 22. Dharwar. | 62. Raichur. |
| 23. Doddaballapur Town. | 63. Ramanagaram. |
| 24. Gadag—Betgeri. | 64. Sagar. |

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|---------------------------------|-------------------------------|
| 25. Gauribidanur Town. | 65. Saklespur Town. |
| 26. Gokak. | 66. Sandur. |
| 27. Gulbarga. | 67. Shahabad. |
| 28. Guledgud. | 68. Shikaripur. |
| 29. Hadagali Panchayat Area. | 69. Shimoga Town. |
| 30. Haranahalli Panchayat Area. | 70. Siddalghatta. |
| 31. Harihar Town. | 71. Sira Town. |
| 32. Hassan Town. | 72. Sirsi. |
| 33. Hiriyur. | 73. Siruguppa Panchayat Area. |
| 34. Hospet Town. | 74. Srinivasapur. |
| 35. Hubli. | 75. Srirangapatna. |
| 36. Ilkal. | 76. Thirthahalli. |
| 37. Jamkhandi. | 77. Tiptur Town. |
| 38. Kamalapur Panchayat Area. | 78. Tumkur Town. |
| 39. Kampli Panchayat Area. | 79. Udupi. |
| 40. Kanakapura. | 80. Yadgir. |

NOTIFICATIONS

I

Bangalore, dated 29th August 1964 [No. PLM 119 LET 64]

S.O.No. 1195.- In exercise of the power conferred by sub-section (3) of Section 1 of the Karnataka Shops and Commercial Establishments, Act, 1961(Karnataka Act 8 of 1962) read with section 31 of the Mysore General Clauses Act, 1899 (Mysore Act 3 of 1899), and in modification of the Notification No.IPM 119 LET 64, dated 29th May, 1964, the Government of Karnataka hereby specified that the Karnataka Shops and Commercial Establishments Act, 1961 (Karnataka Act 8 of 1962) shall come into force on the 1st day of October 1964.

(Published in the Karnataka Gazette (Extraordinary) Part IV-2C(ii), dated 29.08.1964 as No. 220.)

II

Bangalore, dated 16th April, 1969 [No.FCL 10 LSC 69]

S.O. No. 738.- In exercise of the powers conferred by sub-section (2) of section 1 of the Mysore Shops and Commercial Establishments (Amendment) Act, 1966 (Mysore Act No. 36 of 1966), the Government of

Mysore hereby appoints the 25th day of April 1969 as the date on which the said Act shall come into force.

By Order and in the name of the Governor of Mysore,
(G.G. PUROHIT)
Under Secretary.

(Published in the Karnataka Gazette (Extraordinary) Part IV-2C(ii), dated 24th April 1969, at page. 1858.)

III

Bangalore, dated 7th May 1969. [NO. FCL 12 LSC 69]

S.O.No. 932.- In exercise of the powers conferred by sub-section (2) of Section 1 of the Mysore Shops and Commercial Establishments (Amendment) Act, 1969 (Mysore Act No.4 of 1969) the Government of Mysore hereby appoints the 16th day of May, 1969 as the date on which the said Act shall come into force.

By Order and in the name of the Governor of Mysore,
(G.G. PUROHIT)
Under Secretary

(Published in Karnataka Gazette dated 15.05.1969 Part IV 2c (ii) at page 2263.)

IV

Bangalore, dated 4th December 1982,[No. SWL 6 LSC 82 (P. II)]

S.O. 2735.- In exercise of the powers conferred by sub-section (2) of section 1 of the Karnataka Shops and Commercial establishments (Amendment Act, 1982 Karnataka Act No. 33 of 1982), the Government of Karnataka hereby notifies the Fourth Day of December, 1982 as the date on which the said Act shall come into force.

(Published in the Karnataka Gazette (Extraordinary) Part IV-2A, dated 4th December 1982, as No. 849.)

V

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VI

Bangalore, dated 1st June 2001, [No. LD 188 LET 99(P)]

In exercise of the powers conferred by sub-section (2) of Section 1 of the Karnataka Shops and Commercial Establishments (Amendment) Act, 2001 (Karnataka Act, 11 of 2001), the Government of Karnataka hereby appoints the first day of June 2001 as the date on which the said Act shall come into force.

By order and in the name of the Governor of Karnataka,

B.H. Umapathy

Under Secretary to Government,
Labour Department.

VII

Bangalore, dated 8th November 2002, [No. LD 237 ET 2002]

In exercise of the powers conferred by sub-section 1 of the Karnataka Shops and Commercial Establishments (Amendment) Act, 2002 (Karnataka Act 14 of 2002), the Government of Karnataka hereby appoints the 2nd day of November 2002, as the date on which the said Act shall come into force.

By order and in the name of the Governor of Karnataka.

B.M. MATAPATHI

Under Secretary to Government,
Labour Department.

[Published in Karnataka Gazette Part-IV-A dated: 12.12.2002]

VIII

Bangalore, dated 26th August 2008, [No. LD 258 LET 2007]

In exercise of the powers conferred by sub-section (2) of Section 1 of the Karnataka Shops and Commercial Establishments (Amendment) Act, 2007 (Karnataka Act 12 of 2007), the Government of Karnataka hereby appoints the 1st day of October 2008, as the date on which the said Act shall come into force.

By order and in the name of the Governor of Karnataka.

[U.N.NAGENDRA]

Under Secretary to Government,
Labour Department.

Karnataka Shops and Commercial Establishments Act, 1961 (Act 8 of 1962) Bare Act PDF & Executive Summary

Overview of the Karnataka Shops and Commercial Establishments Act 1961 Bare Act PDF

This Act (1961, Act 8 of 1962) continues to be the main law for regulating conditions of work in shops and commercial establishments in Karnataka. The bare act PDF is referred to directly by employers because secondary guides often miss amendments.

Why this Act was introduced – in plain terms:

- To fix working hours per day and per week.
- To make weekly holiday compulsory.
- To provide minimum leave with wages.
- To ensure health, safety and sanitation at workplaces.
- To put an inspection system in place with penalties for breaches.

It is not an optional framework. These are minimum rights. They cannot be contracted out.

Key Objectives – Karnataka Shops and Establishments Act 1962 Executive Summary

Objectives are simple enough but important. Regulation of hours. Grant of leave. Holiday entitlement. Worker welfare. Penalties for default. The executive summary is that the Act gives employees basic protections while allowing establishments to function with some flexibility.

Applicability – Karnataka Shops and Commercial Establishments Act PDF Corrida Legal

Applies across Karnataka. Covers shops, offices, restaurants, theatres, IT companies, most service businesses. Exemptions: government offices, RBI, defence, certain educational institutions.

Corrida Legal has repeatedly seen notices served on small firms (consultancies, design agencies, IT startups) who thought “we are too small to be covered.” Wrong assumption. Even one employee triggers coverage.

Regulatory Framework – Karnataka Shops and Establishments Act Registration and Compliance PDF

Framework is straight:

1. Registration within 30 days of starting.
2. Renewal before expiry.
3. Registers – attendance, wages, leave.
4. Annual return filing.
5. Records to be shown to inspector on demand.

The registration and compliance PDF issued by the Department is the working tool for HR.

Employment Conditions – Working Hours and Leave Rules under Karnataka Shops Act 1961 PDF

Limits: nine hours a day, forty-eight a week. Spread over cannot exceed twelve hours. Rest interval mandatory. Overtime → double wages. Weekly holiday compulsory. Casual leave,

earned leave, festival holidays, accumulation up to 30 days. These working hours and leave rules under Karnataka Shops Act 1961 PDF are standard inspection points.

Consequences of Non-Compliance – Penalties and Offences under Karnataka Shops and Commercial Establishments Act PDF

Non-compliance = penalties. For first offence, fine. Repeat → higher fine, sometimes imprisonment. Daily fine for continuing default. Corrida Legal has seen penalties even for non-display of name board or failure to file annual return. The penalties and offences under Karnataka Shops and Commercial Establishments Act PDF are actively applied.

Karnataka Shops and Establishments Act 1962 Executive Summary

The Karnataka Shops and Commercial Establishments Act, 1961 (brought into force as Act 8 of 1962) regulates employment and working conditions across the State. It applies to shops, commercial offices, IT companies, restaurants, hotels, theatres, and most service sector establishments.

The Act is not a technical formality. It is the daily rulebook for employers and HR. Registration, hours of work, leave, and penalties are all contained here. Employers refer to the executive summary PDF for a concise understanding, but compliance always depends on reading the bare Act itself.

Corrida Legal has repeatedly seen that small businesses ignore the Act thinking it is meant for large corporations. This is not correct. Even a small office with two or three employees is covered. Inspectors treat registration and leave compliance as basic — failure on these points often leads to penalty notices.

Key Takeaways from the Executive Summary

1. Registration requirement

- Every establishment must be registered within thirty days of starting.
- Renewal before expiry is mandatory.
- Closure or change in details requires intimation.

2. Working hours limits

- Nine hours a day, forty-eight a week.
- Rest interval and spread-over to be followed.
- Overtime to be paid at double rate.
- Weekly holiday compulsory.

3. Leave entitlement

- Casual leave, earned leave, festival holidays.
- Accumulation and encashment rules.
- Leave registers to be maintained and produced on inspection.

4. Penalties for non-compliance

- Fines for first offence.
- Higher fines and possible imprisonment for repeat or serious offences.

- Daily fines for continuing contravention.
- Corrida Legal has handled several compounding matters where employers failed to renew registration or file annual return.

Working Hours and Leave Rules under Karnataka Shops Act 1961 PDF

The Act fixes limits. Nine hours in a day. Forty-eight hours in a week. Spread-over not more than twelve hours. Rest interval in between. Weekly holiday compulsory. These are not flexible guidelines. They are mandatory. Inspectors almost always begin with this.

Corrida Legal has seen even startups getting questioned on this. “We are only five people, we work late” — inspectors don’t accept that. Overtime = double wages. No exceptions.

Hours of Work

- 9 hours per day.
- 48 hours per week.
- Spread over → max 12 hours.
- Rest interval at least half an hour after 5 hours of continuous work.

In practice: employees often stretch beyond 9 hours in IT/ITES. Employers must record the extra and pay overtime. Law is strict on this, even if employee “agreed” otherwise. Agreement cannot override.

Weekly Holiday

One whole day (24 hours) must be allowed each week. Generally Sunday, but employer may fix another day with notice. Holiday with wages. Corrida Legal has observed that missing holiday lists on notice boards is a very common reason for penalties.

Leave Entitlements

- **Earned leave (EL)** – 1 day for every 20 days worked, after 240 days service. Accumulation allowed up to 30 days. Beyond that, encash.
- **Casual leave (CL)** – 12 days per year (varies slightly in rules, but practice is 12).
- **Festival holidays** – minimum of 10 in a year, list to be approved and displayed.

Encashment is not optional. If leave not availed, balance must be carried or paid. Corrida Legal has settled disputes where employers ignored encashment, leading to litigation.

Women Workers and Night Work

The Act originally restricted women from night shifts. Later amendments + notifications allow night work in IT/ITES, BPO, etc., but with conditions:

- (i) transport facility to and from workplace,
- (ii) proper security, and
- (iii) written consent of the employee.

Corrida Legal note: inspectors still ask for records of cab services, ID of drivers, etc. Employers must maintain proof, not just policy documents.

Corrida Legal Observations

1. Inspectors routinely demand leave registers, overtime registers, holiday lists.

2. Non-display of weekly holiday notice attracts fine even if leave was actually given.
3. Small companies often fail on encashment and overtime, thinking “informal understanding” is enough. It is not.
4. Compliance here is checked first in inspection — before welfare or safety.

Welfare and Safety Provisions – Karnataka Shops and Establishments Act PDF

The Act does not stop at hours and leave. It also prescribes minimum welfare and safety requirements. These are simple on paper but checked very closely during inspections. Inspectors often begin with registers but always look around the workplace for these.

Health and Safety (General)

- Establishments must be kept clean, ventilated, with proper lighting.
- Sanitation facilities are mandatory. Separate toilets for men and women.
- Safe drinking water must be provided. “Wholesome” is the word used in the bare Act. In practice, inspectors expect RO or similar.

Corrida Legal note: many employers rely on building facilities. If shared toilets are not clean, inspectors still penalise the establishment.

First-Aid Facilities

Every establishment must keep a first-aid box. Accessible, stocked. Not locked away in HR cupboards. This is a very common failure Corrida Legal has seen — inspectors check the box directly. Missing items = notice.

Creche Facility

Where 20 or more women employees are employed → crèche facility is mandatory. Alternatively, a group of establishments may set up a common facility.

- Distance should be reasonable (within prescribed limit).
- Mere allowance paid in lieu is not accepted.
- Inspectors insist on a physical crèche or tie-up proof.

Canteen

For establishments employing 100 or more persons → canteen must be provided. Common facility may be permitted by authority. But it has to be functional, not just on paper. Corrida Legal has handled cases where employers set up a canteen but did not maintain hygiene — inspectors still imposed penalty.

Registers and Records (Linked to Welfare)

- Attendance registers, wage registers, overtime, leave.
- Annual return to be filed.
- Welfare facilities like creche/canteen must be supported by records (agreement with daycare, canteen vendor bills, etc.).

Corrida Legal Observations

1. Inspectors check physical facilities, not just paperwork.
2. First-aid box and toilets are the easiest and most common points of penalty.
3. Crèche compliance is often ignored — notices are frequent.
4. Employers assume canteen is a formality. Inspectors treat it as an active requirement.
5. Even small lapses in welfare facilities attract penalties quicker than major defaults.

Records, Registers and Returns – Karnataka Shops and Establishments Act Compliance PDF

Every establishment under this Act has to keep registers. This is where inspectors normally start. If registers are missing, penalties follow — even if other compliance is okay.

What registers:

1. **Attendance register** – who came, when. Daily entry.
2. **Wages register** – salary, allowance, deduction. Must match bank transfers.
3. **Leave register** – earned leave, casual leave, holidays. If not updated, treated as denial of leave.
4. **Overtime register** – extra hours. 9 hours is the limit, anything more = overtime.

Some keep these on Excel. But inspectors insist on physical copy. Showing laptop screen rarely works. Corrida Legal has seen multiple notices where employers argued “we keep digital” — rejected.

Annual return – to be filed every year, prescribed form. Online now in most cases. But HR teams forget, thinking “we are registered already.” Not correct. Return is separate. Many compounding cases are only because of this one miss.

During inspection –

- Attendance book asked first.
- Then wages book.
- Then leave/OT compared with wages.
- If nothing matches, they call it non-compliance, even if salary was paid.

Important: Registers are not just formality. They are proof. Without them, even if you paid correctly, you cannot prove compliance. Corrida Legal tells clients — better to over-maintain than under-maintain. Weekly updates safer than monthly.

False records are worse. Back-dated entries are spotted easily. Once marked false higher penalty, even prosecution.

Penalties and Offences under Karnataka Shops and Commercial Establishments Act PDF

The Act provides for penalties when employers fail to comply. These are not symbolic. They are applied in practice. Corrida Legal has handled multiple matters where penalties were levied for small issues like missing holiday lists or outdated registers.

General Penalties

- For contravention of any provision → fine imposed. Amount depends on the nature of the default.
- First-time offence → usually smaller fine.
- Repeat offence → higher fine, sometimes double.
- Certain contraventions may also carry imprisonment, though prosecutions are less common.

Inspectors treat record-keeping failures as contraventions. Even if wages were actually paid, failure to show registers is enough for penalty.

Specific Penalties (False Records / Obstruction)

- If employer maintains false records, penalties are heavier. Treated as intentional violation.
- Obstructing inspector → offence. Refusing to produce registers or preventing inspector from questioning staff counts as obstruction.
- Penalty in such cases is significantly higher.

Corrida Legal note: many HRs think “delay in producing register” is acceptable. Inspectors treat delay as refusal. Notices follow.

Fines for Repeat Offences

If the same contravention is repeated → fines escalate.

- Second offence → higher range, even if the mistake is minor.
- Continuing contravention → daily fine until compliance is shown.

Daily penalties are a real risk. Employers often ignore this, but inspectors impose per-day amounts where renewal or returns are not filed.

Serious Cases (Imprisonment)

Where violation results in harm or deliberate falsehood → imprisonment provisions are available. Usually applied in accident-related cases or fraud in records. Even if jail term is not imposed, the threat itself is serious.

Compounding of Offences

- Certain offences can be compounded. That means the employer pays a prescribed fee and the matter is closed.
- Compounding is allowed only once for the same offence in five years.
- Fees depend on type of contravention.
- If employer fails to pay the compounding fee within time, an additional fine is added.

Corrida Legal experience: most employers prefer compounding rather than face prosecution. But compounding is costlier than timely compliance.

Enforcement and Inspections – Karnataka Shops and Establishments Act PDF

Inspectors (sometimes called facilitators now) are appointed under the Act. Their job is to check

compliance. On paper they also “advise”, but in practice they inspect.

What powers:

- They can enter premises at any reasonable time.
- Ask for registers, wage records, leave details.
- Question employees directly.
- Take copies of documents.
- Look around the place – toilets, lighting, first-aid, name board.

Corrida Legal note → they never stick to one issue. If they came for registration, they still ask for leave and overtime registers.

How inspections happen:

- Some are routine, some on complaint.
- Employer must cooperate. Refusal is itself an offence.
- Even delay in showing records is treated as “refusal”.
- Inspectors make notes. If they find gaps, they issue notice. If not fixed → prosecution.

Duties of employer at inspection:

1. Produce registers immediately.
2. Don't stop inspector from speaking to staff.
3. Have a manager or HR present.

Corrida Legal has seen employers argue “we have digital records” – inspectors usually ask for printout. Better to keep both ready.

Notices and prosecutions:

- Notice is first.
- Employer gets chance to comply.
- If ignored, case goes to court.
- Court only acts if inspector files complaint.

Observation from practice: inspectors always begin with registration certificate. If that is missing, rest of inspection becomes harsher. Small misses (like holiday list not displayed) often end up in the same notice as bigger issues.

Miscellaneous & Repeal – Karnataka Shops and Establishments Act PDF

The last part of the Act. General clauses only, but inspectors use them often.

Exemptions

Government may exempt establishments. Done by Gazette notification. Conditions may be added. IT, BPO, essential services usually get relaxations.

It may be noted → exemption is not automatic. Needs specific notification. Corrida Legal has seen employers assume wrongly.

Rights preserved

This Act = minimum. If another law, contract, settlement gives more → that continues. Employer cannot cut benefits citing this Act.

Inspectors sometimes ask workers directly, “do you get more under another law?”. If yes, reduction is treated as violation.

Good faith

Protection given for actions done in good faith. But negligence not covered. Oversight ≠ good faith. We have seen this defence rejected in practice.

Rules

State Government empowered to make rules. Forms, returns, registers, inspection methods, all by rules.

Important: amendments to rules are frequent. HR must track notifications. Many penalties are based on rule breach, not Act breach.

Repeal

Old 1948 Act repealed. Registrations under old Act valid till expiry, then renewal under 1961 Act. Pending prosecutions continued.

Corrida Legal handled cases where client assumed old certificate still valid. Wrong assumption.

Karnataka Shops and Establishments Act 1962 Executive Summary by Corrida Legal

Corrida Legal has prepared a working summary of the Karnataka Shops and Commercial Establishments Act, 1961 (Act 8 of 1962). The idea is simple. Employers and HR managers do not have time to read the bare Act in detail every day. They need the law explained in plain points. The bare Act is still the authority, but this note is what they use in practice.

The law applies to shops, offices, IT companies, hotels, restaurants, theatres, and most service establishments. Exemptions only for government offices, RBI, defence, and some educational institutions. Many small employers assume they are outside. Wrong. Even two employees in a small office bring the Act into play. Corrida Legal has seen notices issued to consultancies and startups who thought otherwise.

Why businesses come to Corrida Legal is not because they cannot find the Act. The Act is available online. What they need is clarity on what inspectors actually check. Our summary PDF sets out exactly that.

Points covered in the executive summary PDF include registration, working hours, leave entitlements, welfare provisions, registers, annual returns, inspections, penalties. Each section is reduced to clear steps. HR can tick them off.

Typical problems we see:

- Registration filed but renewal missed. Renewal is compulsory.
- Annual return ignored because HR thought registration is enough. Wrong. Return is separate.
- Holiday list not displayed on notice board. Small issue, but inspectors treat it as contravention.
- Digital registers shown on laptop. Inspectors demand printouts. Many penalties only for this reason.
- Leave encashment not given. Employers think leave lapses. Law says balance must be carried forward or paid.

Corrida Legal services include compliance audit, preparing registers, wage and leave records, inspection support, compounding assistance, training HR teams. We also update clients when rules change. Our PDF summary is revised and shared whenever new notifications are issued.

The summary document has a penalty chart, sample formats for registers, leave calculation sheet, holiday list format, and a short inspection checklist. These are practical tools. Clients use them to stay inspection-ready.

Corrida Legal observations from practice in Karnataka: inspectors always ask first for the registration certificate, then wage and leave registers, then holiday list. If the certificate is missing, inspection becomes stricter. If registers are not updated, penalty follows. Prosecutions are less common, but compounding is routine. HR managers who update registers weekly rarely face penalties. Those who back-fill are caught easily.

In short, this executive summary by Corrida Legal is a practical compliance guide. It is not a substitute for the bare Act, but it saves time and helps employers prepare.

Practical Compliance Checklist (Employers & HR) – Karnataka Shops and Establishments Act PDF

This checklist is for day-to-day use. It is not a substitute for the bare Act. It is a working note for HR managers and employers. Corrida Legal has seen that most inspection failures come from small lapses.

Registration

- Register the establishment within 30 days of start.
- Keep the registration certificate in print at the office. Inspectors ask for the hard copy first.
- Renewal before expiry. Late renewal = penalty.
- Intimation of change in name, address, manager, employee strength. Must be filed.
- Closure of establishment → notify within 30 days.

Working Hours & Leave

- Daily limit = 9 hours. Weekly limit = 48 hours. Spread-over not more than 12.
- Overtime at double wages. Record it in the register.
- Weekly holiday compulsory, display notice of weekly off.
- Earned leave, casual leave, festival holidays. Maintain leave register.
- Leave encashment required if balance exceeds limit.

Welfare & Safety

- Provide clean drinking water. Inspectors check RO units.
- Maintain sanitation. Toilets separate for men and women.
- First-aid box → stocked, accessible. Not locked.
- Crèche facility if 20 or more women employees. Physical facility or notified tie-up.
- Canteen mandatory if 100+ employees. Functional, not just on paper.

Records & Returns

- Attendance register.
- Wage register.
- Leave and overtime register.
- Annual return to be filed.
- Keep printouts ready even if maintained digitally. Delay in producing = offence.

Penalties & Inspections

- First offence → fine. Repeat → higher fine or prosecution.
- Continuing contravention → daily penalty.
- Compounding available once in 5 years for same offence.
- Inspectors begin with certificate, then registers, then facilities. Sequence is common.

Corrida Legal observations

1. Renewal lapses are the most common default.
2. Holiday list not displayed leads to penalty even if holidays were given.
3. Leave encashment ignored by employers, inspectors pick this up.
4. HR teams rely on digital registers, but inspectors still want printouts.
5. Small startups are not exempt. Notices are issued even if only two or three employees.

This checklist is meant to be practical. Employers who follow it are usually inspection-ready. Those who ignore small details face penalties.

Conclusion – Why Compliance with Karnataka Shops Act Matters

The Karnataka Shops and Commercial Establishments Act is not just a formality. It decides how an establishment runs on a daily basis. Registration, renewal, hours of work, leave, records, welfare facilities – all of this is under the Act. Employers who treat it casually usually face notices.

Timely registration

Registration is the first check. If the certificate is missing, inspectors treat the establishment as non-compliant from the start. Renewal is equally important. Corrida Legal has seen cases where employers assumed registration is lifetime. Wrong. Renewal before expiry is compulsory.

Risk of fines and penalties

Contraventions attract fines. Repeat offences mean higher fines, sometimes prosecution. Daily penalties apply when default continues. In practice, most penalties are for small lapses – registers not updated, holiday list not displayed, annual return missed. Even these attract ₹500 to ₹5,000 or more depending on the case. Bigger lapses (false records, obstruction) attract higher fines.

Employee welfare and reputation

Beyond penalties, compliance shows respect for employees. Clean workplace, proper leave, weekly holiday – these are not only legal but also reputational. Corrida Legal notes that employees often complain directly to inspectors when facilities are missing. Complaints damage

goodwill faster than inspections.

How Corrida Legal helps

Corrida Legal assists employers at every stage:

1. Preparing and filing registration and renewal.
2. Setting up registers, leave calculation, holiday lists.
3. Training HR teams to keep records inspection-ready.
4. Representing employers during inspections and compounding proceedings.

Our view is simple: compliance is always cheaper than default. Penalties cost money, reputation, and time. Preventing them is easier.