



**KARNATAKA LEGISLATIVE ASSEMBLY
SIXTEENTH LEGISLATIVE ASSEMBLY
TENTH SESSION**

**THE KARNATAKA SHOPS AND COMMERCIAL ESTABLISHMENTS
(AMENDMENT) BILL, 2026
(LA Bill No. 23 of 2026)**

A Bill further to amend the Karnataka Shops and Commercial Establishments Act, 1961.

Whereas it is expedient further to amend the Karnataka Shops and Commercial Establishments Act, 1961(Karnataka Act 8 of 1962), for the purposes hereinafter appearing.

Be it enacted by the Karnataka State Legislature in the seventy seventh year of the Republic of India, as follows:-

1. Short title and commencement.- (1) This Act may be called the Karnataka Shops and Commercial Establishments (Amendment) Act, 2026.

(2) It shall come into force at once.

2. Amendment of section 3.- In the Principal Act, in section 3, in sub-section (1), after clause (j), the following shall be inserted, namely:-

“(k) Establishment employing ten or more workers, if already registered under the Occupational Safety, Health and Working Conditions Code, 2020 (Central Act 37 of 2020);

Provided that, no separate registration shall be required for godowns or storage facilities situated within a distance of one hundred meters from the principal establishment.”

3. Amendment of section 4.- In the Principal Act, in section 4,-

(1) in sub-section (1), after the words “the prescribed form together with such fees”, the words “through electronic or digital mode” shall be inserted.

(2) in sub-section (2), after the words “shall issue, in a prescribed form”, the words “through electronic or digital mode” shall be inserted.

(3) in sub-section (3A), for the words “thirty days”, the words “seven days” shall be substituted.

(4) in sub-section (4), after the words “on payment of such fees”, the words “through electronic or digital mode” shall be inserted.

(5) for sub-section (5), the following shall be substituted, namely:-

“(5) The registration once issued under section 4 shall be valid until the closure or cessation of business of the establishment.”

(6) sub-section (6) shall be omitted.

(7) in sub-section (8), for the words “an imprisonment of not less than six months and with a fine which may extend to five thousand rupees”, the words “with a fine which may extend to fifty thousand rupees” shall be substituted.

4. Amendment of section 6.-In the Principal Act, in section 6, for the words “notify to the Inspector in writing”, the words “notify to the Inspector through electronic or digital mode” shall be substituted.

5. Insertion of new sections 6-B and 6-C.-In the Principal Act, after section 6A, the following shall be inserted, namely:-

6-B. Issue of service certificate.-Every employer shall issue a service certificate to an employee within seven days from the date of receipt of application from such employee in such form as may be prescribed.

6-C. Prohibition of retention of documents.-No employer shall retain original educational certificates, experience certificates or any other original documents of an employee at the time of appointment or during the course of employment.”

6. Amendment of section 21.- In the Principal Act, in section 21,-

(1) in the heading, for the words “the Payment of Wages Act” the words “the Code on Wages” shall be substituted; and

(2) for the words, figures and brackets “the Payment of Wages Act, 1936 (Central Act IV of 1936)”, the words, figures and brackets “the Code on Wages, 2019 (Central Act 29 of 2019)” shall be substituted.

7. Amendment of section 22.- In the Principal Act, in section 22,-

(1) in the heading, for the words “the Payment of Wages Act” the words “the Code on Social Security” shall be substituted; and

(2) for the words, figures and brackets “the Workmen’s Compensation Act, 1923 (Central Act VIII of 1923)”, the words, figures and brackets “the Code on Social Security, 2020 (Central Act 36 of 2020)” shall be substituted.

8. Amendment of section 25.- In the Principal Act in section 25, in sub-section (1), clauses (h), (i), (j), (k), (l), (m), (n) and (o) shall be omitted.

9. Amendment of section 30.- In the Principal Act, in section 30,-

(i) in sub-section (1),-

(a) after the digit and letter “6A” the digits and letters “6B, 6C” shall be inserted.

(b) for the words “one thousand rupees” the words “three thousand rupees” shall be substituted.

(c) for the words “two thousand rupees” the words “five thousand rupees” shall be substituted.

(ii) in sub-section (2), for the words “two hundred and fifty rupees” the words “two thousand rupees” shall be substituted.

(iii) for sub-section (3), the following shall be substituted, namely:-

“(3) Whoever contravenes the provisions of sections 24 and 25 shall be punishable with a fine which shall not be less than ten thousand rupees.”

10. Amendment of section 33.- In the Principal Act, in section 33, for the words “five hundred rupees”, the words “ten thousand rupees” shall be substituted.

11. Substitution of section 33A.- In the Principal Act, for section 33A the following shall be substituted, namely:-

“33-A Compounding of offences.- (1) The jurisdictional Labour officer may compound any offence punishable under this Act or the rules made there under by collecting,-

(a) fifty percent of the prescribed fine for the first offence;

(b) seventy-five percent of the prescribed fine for the second or subsequent offence.

(2) No offence of the same nature shall be compoundable if committed by the same person more than twice within a period of one year.

(3) No penalty shall be imposed without giving the concerned person a reasonable opportunity of being heard.”

12. Insertion of new section 33B.-In the Principal Act, after section 33A, the following shall be inserted, namely:-

“33-B. Appeal.- (1) Any person aggrieved by an order passed under section 33-A may prefer an appeal to such appellate authority as may be notified by the Government:

(2) Every appeal under sub-section (1) shall be filed within a period of thirty days from the date of receipt of the order.

(3) No appeal shall be entertained unless the amount of fine, as ordered, has been deposited.

(4) An appeal shall be disposed off within a period of sixty days in such manner as may be prescribed.

Provided that, the Appellate Authority shall be an officer not below the rank of Assistant Labour Commissioner.”

STATEMENT OF OBJECTS AND REASONS

It is considered necessary further to amend the Karnataka Shops and Commercial Establishments Act, 1961 (Karnataka Act 8 of 1962) to,-

- (1) give exemption to the establishment which are already registered under the Occupational Safety, Health and Working Conditions Code, 2020 (Central Act 37 of 2020) for registration.
- (2) introduction of electronic or digital mode of fee;
- (3) issue of service certificate and prohibition of retention of documents by inserting section 6B and 6C respectively;
- (4) decriminalising and rationalising offences and to further enhance trust-based governance for ease of living and doing business;
- (5) prescribe provisions relating to compounding of offences and for Appeal.

Hence, the Bill.

FINANCIAL MEMORANDUM

There is no extra expenditure involved in the proposed measures.

SANTHOSH LAD

Minister for Labour and Employment

M.K. VISHALAKSHI

Secretary
Karnataka Legislative Assembly

ANNEXURE
EXTRACT FROM THE KARNATAKA SHOPS AND COMMERCIAL
ESTABLISHMENTS ACT, 1961 (KARNATAKA ACT 8 OF 1962)

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

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

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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.

(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.

(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 on payment of such fees and in such manner as may be prescribed.

(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).

(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

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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.

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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:

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.

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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, 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.

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25. Regulation of employment of women during night.— (1) A woman employee who is so willing may be allowed to work in a shop or commercial establishment during night subject to the following conditions, namely:-

- (a) The regulation stipulated under sections 7, 8, 9, 10 and 12 of the Act shall continue to apply to the women employee working during night shift;
- (b) Willingness of women employees shall be obtained in writing;
- (c) The establishment shall provide transport facilities from the residence of the woman employee to the workplace and back free of cost and with adequate security. Such transport facility shall have GPS for tracking and monitoring;

- (d) Employment of women employee shall be on rotation basis;
 - (e) Adequate number of security guards shall be posted during night shift;
 - (f) Sufficient rest rooms, electricity, latrines lockers, dispensary facility and washing facilities with adequate water supply shall be provided separately for women employees so as to secure privacy;
 - (g) The establishment shall bear the cost of crèche obtained by the women employees from voluntary or other organisations;
 - (h) The establishment shall obtain Bio-data of each driver and conduct pre-employment screening of the antecedents of all drivers employed on their own. As regards the driver employed through outsourcing, the company shall ensure to its satisfaction that the collection of Bio-data and conduct pre-employment screening of the antecedents of the drivers is carried out by the service provider;
 - (i) The Schedule of route of pick-up and drop shall be decided by the supervisory office of the company only. In case of exigencies, change of drivers/ routes/shifts shall be allowed only with the prior knowledge of supervisory officers/employees;
 - (j) The telephone number, particularly mobile phone numbers email ID and address of the women employees shall not be disclosed to unauthorised persons;
 - (k) Careful selection of routes shall be made in such a way that no women employees shall be picked up first and dropped last;
 - (l) The company shall provide security guards at work place and night shift vehicles when women employees are being picked up first or dropped last;
 - (m) The designated supervisors of the company or service provider shall randomly check the vehicles on various routes as for as possible;
 - (n) The establishment shall have a control room/travel desk for monitoring movement of vehicles;
 - (o) An App in mobile may be developed and adopted by the establishment through which the women employee can contact the concerned at the time of emergency by giving signal; and
 - (p) Any other condition as may be prescribed.
- (2) If any establishment fails to comply with the above conditions, it shall lead to cancellation of the Registration Certificate.

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

(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 two hundred and fifty rupees.

(3) Whoever contravenes the provisions of sections 24 and 25 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.

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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 five hundred rupees.

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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.

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