

Under Rule 130 of the Tamil Nadu Legislative Assembly Rules, the following Bill which was introduced in the Legislative Assembly of the Tamil Nadu on 28th April 2025 is published together with Statement of Objects and Resasons for general information:-

L.A Bill No. 20 of 2025

A BILL FURTHER TO AMEND THE TAMIL NADU SHOPS AND ESTABLISHMENTS ACT, 1947.

BE it enacted by the Legislative Assembly of the State of Tamil Nadu in the Seventy-sixth Year of the Republic of India as follows:—

1. (1) This Act may be called the Tamil Nadu Shops and Establishments (Amendment) Act, 2025. Short title and commencement.

(2) It shall come into force on such date as the State Government may, by notification, appoint.

Tamil Nadu Act
XXXVI of 1947

2. For Chapter IX of the Tamil Nadu Shops and Establishments Act, 1947 (hereinafter referred to as the principal Act), the following Chapter shall be substituted, namely:— Substitution of Chapter IX.

“CHAPTER IX

Penalties and Adjudicating Mechanism.

45. Penalties.— (1) Whoever contravenes any of the provisions of sections 3, 7 to 11, 13 to 23, 25, 26, 29 to 41, 47, 47-A and 50-A shall, for a first contravention, be liable for penalty which may extend to five thousand rupees and for a second or subsequent contravention, be liable for penalty which may extend to ten thousand rupees.

Explanation.— For the purpose of this sub-section, “second or subsequent contravention” means the same or similar contravention committed by an employer within a period of three years from the date on which the first contravention was committed.

(2) Any employer who fails to comply with section 41-A shall be liable for penalty which may extend to fifty thousand rupees and where such failure is a continuing one, with a further penalty which may extend to two hundred rupees for every day during which such failure continues after the imposition of penalty or compounding of contravention, as the case may be, and the penalty shall not exceed one lakh rupees in the aggregate. The adjudicating officer may direct that the whole or any part of the penalty to be paid by the employer shall be paid, by way of compensation, to the aggrieved employee.

(3) Any person,—

(a) who willfully obstructs,—

(i) an Inspector while he is exercising any power conferred on him under this Act; or

(ii) any person lawfully assisting an Inspector in the exercise of his powers; or

(b) who fails to comply with any lawful direction made by an Inspector,

shall be liable for penalty which may extend to five thousand rupees.

46. Compounding of contraventions.— (1) Any contravention under section 45 or of any rules made under this Act may, either before or after the initiation of adjudication proceeding but before the imposition of penalty be compounded by such officer as may be authorised in this behalf by the Commissioner of Labour, on payment of such amount as that officer so authorised, may specify:

Provided that such amount shall not, in any case, exceed the maximum penalty which may be imposed under this Act for that contravention so compounded.

(2) Where any contravention has been compounded under sub-section (1), no other proceeding shall be initiated or continued under this Act in respect of the contravention so compounded.

46-A. Adjudicating officer.— (1) The State Government, for the purposes of determining the penalties under this Act, may, by notification, appoint an officer not below the rank of Joint Commissioner of Labour, to be the adjudicating officer, to hold an inquiry and impose penalty in such manner as may be prescribed:

Provided that the State Government may appoint as many adjudicating officers as may be required.

(2) The adjudicating officer may summon and enforce the attendance of any person acquainted with the facts and circumstances of the case to give evidence or to produce any document, which in the opinion of the adjudicating officer, may be useful for, or relevant to, the subject matter of the inquiry and if, on such inquiry, he is satisfied that the person concerned has failed to comply with any of the provisions referred to in section 45 or any rules made under this Act, he may impose such penalty as he deems fit:

Provided that no such penalty shall be imposed without giving the person concerned a reasonable opportunity of being heard.

46-B. Appeal.— (1) Whoever aggrieved by an order passed by the adjudicating officer under section 46-A may prefer an appeal within sixty days from the date of receipt of order in such manner as may be prescribed, to the Appellate Authority, who shall be an officer not below the rank of Additional Commissioner of Labour, appointed by the Government, by notification.

(2) An appeal may be admitted after the expiry of the period of sixty days, if the appellant satisfies the Appellate Authority that he had sufficient cause for not preferring the appeal within that period.

(3) The Appellate Authority may, after giving an opportunity of hearing to the parties to the appeal, pass such order as he deems fit.

(4) The Appellate Authority shall dispose of the appeal within sixty days from the date of its filing.

46-C. Recovery.— If the penalty imposed under section 46-A or under section 46-B, as the case may be, is not deposited in such manner as may be prescribed, the amount due shall be recovered as an arrear of land revenue.”.

Amendment of
section 49.

3. In section 49 of the principal Act, in sub-section (2), for the expression “fine”, the expression “penalty” shall be substituted.

STATEMENT OF OBJECTS AND REASONS.

The Government of Tamil Nadu is making sincere efforts to implement the reforms envisaged in the “Business Reforms Action Plan, 2024 (BRAP 2024)” and “Reducing Compliance Burden Plus 2024 initiative (RCB 2024+)”. In the Implementation Guide for the States/UTs for RCB+, identification of compliance and reduction has been made in respect of various labour legislations relating to Shops and Establishments. The RCB 2024+ covers four fundamental pillars of compliance and reduction, which includes decriminalisation. Further, in the said RCB 2024+, decriminalisation has been clarified as reducing the severity of punishments by removal of imprisonment, introduction of penalty mechanisms, proportionate or graded punishments, establishing adjudication and appellate mechanisms.

2. Hence, as envisaged in the said RCB 2024+, it is essential to decriminalise the offences under the Tamil Nadu Shops and Establishments Act, 1947 (Tamil Nadu Act XXXVI of 1947) by replacing the punishments of imprisonment and fine with penalties and to establish adjudication and appellate mechanism for ease of doing business. Accordingly, the Government have decided to amend the said Act suitably for the said purpose.

3. The Bill seeks to give effect to the above decision.

C.V. GANESAN,
*Minister for Labour Welfare and
Skill Development.*

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clauses 1(2) and 2 of the Bill authorise the Government to issue notification or to make rules for the purposes specified therein.

2. The powers delegated are normal and not of an exceptional character.

C.V. GANESAN,
*Minister for Labour Welfare and
Skill Development.*

Secretariat,
Chennai,
28th April 2025.

K. SRINIVASAN,
Principal Secretary.