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Analysing developments impacting business

KARNATAKA: REQUIREMENT FOR S&E ACT REGISTRATION RENEWAL PROCESS DISCONTINUED

20 June 2019

Pursuant to a [government order](#) dated 11 June 2019 (GO), the Government of Karnataka (Government) has discontinued the requirement of renewing the registration obtained under the Karnataka Shops and Commercial Establishments Act 1961 (Karnataka S&E Act). As per the GO, the registration obtained under Karnataka S&E Act would stand automatically renewed upon submission of a self-certification form and payment of the renewal fees by the concerned establishment.

Recommendations under the State Business Reform Action Plan 2019

The GO comes in the wake of the State Business Reform Action Plan 2019 (BSRAP 2019) released by the Department for Promotion of Industry and Internal Trade, Government of India (DPIIT) in February this year, wherein a number of reforms were recommended to ensure that states cut down on red tape and usher in a conducive business environment for commercial establishments. The DPIIT set 31 March 2019 as the deadline for implementation of the reforms suggested in the BSRAP 2019. Some of the key recommendations under the BSRAP 2019 include:

- amending the provisions of the state-specific Factories Rules to allow the validity of a factory license to be 10 years or more (in some states such as Maharashtra, Tamil Nadu, Uttar Pradesh and West Bengal, the factory license is required to be renewed on or before the 31st day of December of the year in which the license is granted / renewed);
- implementing an online application system for grant / renewal of registration and license for principal employers and contractors respectively under the Contract Labour (Regulation and Abolition) Act 1970 (CLRA) which would also allow principal employers and contractors to pay the application fee online, track the status of the application and download the final certificate;
- implementing an online application system for grant / renewal of registration under the state-specific shops and establishments statutes (S&E Act) in the manner akin to the process applied for CLRA registration / renewal;
- eliminating the requirement of inspection prior to grant of registration under the S&E Act and ensuring that the final registration is granted within a day from the date of the application; and

- eliminating the requirement of renewal of registration under the S&E Act by introducing suitable amendments in the S&E Act.

Comments

The GO seems to be a positive move to promote ease of doing business in the state by reducing the delays arising out of administrative processes for business registrations. The exemption, if effectively implemented on the ground-level, would facilitate avoidance of operational delays due to pendency of renewal applications by establishments based in Karnataka. This comes in the backdrop of a similar move by the Government of Andhra Pradesh wherein it issued a [notification](#) dated 14 February 2019 exempting all shops and establishments in the state from undergoing the process of renewing the registration certificate obtained under the Andhra Pradesh Shops and Establishments Act 1988.

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