

# Exemption to smaller establishments; relaxations in Working Hours:

Punjab brings key amendments to Shops and Establishments Law

11 September 2025

By way of a notification published in the Official Gazette on 29 August 2025, the Punjab Government has amended certain provisions of the Punjab Shops and Commercial Establishments Act, 1958 (Punjab S&E Act). The Punjab Shops and Commercial Establishments (Amendment) Act, 2025 (Amendment Act) intends to simplify and streamline the compliances to be adhered by employers under the Punjab S&E Act.

## Applicability

As per the Amendment Act, the Punjab S&E Act will no longer continue to apply to shops and establishments employing less than 20 workers. For such establishments, only Section 13-A of the Punjab S&E Act will be applicable (Section 13-A has also been introduced for the first time through the Amendment Act, as specified below). That said, whenever the headcount of workers in any shop or establishment increases to 20 or more, all provisions of the Punjab S&E Act will become applicable.

## Registration requirements

- The Amendment Act has revised the provisions regarding registration of establishments wherein employers employing 20 or more workers are required to obtain registration under the Punjab S&E Act within a period of 6 months from the date of commencement of the business (as opposed to the previously prescribed timeline of 30 days).

The Inspector (notified under the Punjab S&E Act) will issue registration within 24 hours from receipt of the application. In the event such registration is not provided within 24 hours, the registration will be deemed granted to the employer.

- The Amendment Act has introduced Section 13-A which concerns the requirement of intimation of commencement of business for establishments employing less than 20 workers. Such establishments are required to provide intimation of their business to the Inspector in the prescribed manner, within a period of 6 months from 29 August 2025 (i.e., date of the Amendment Act becoming effective) / commencement of their business.

## Hours of work

As per the Amendment Act, the maximum limit of hours set out under Section 7 of the Punjab S&E Act has been revised as follows:

- (i) daily hours of work have been revised from 9 hours to 10 hours; and
- (ii) overtime hours in one quarter have been revised from 50 hours to 144 hours.

Section 8(2) of the Punjab S&E Act concerning the spread over of hours of the employees has been increased to 12 hours in a day from the erstwhile limit of 10 hours in a day (spread over is the period between commencement and conclusion of work of an employee on any day).

## Penalties

- As per the Amendment Act, in case of any contravention or failure to comply with the provisions of Section 6 of the Punjab S&E Act (conditions of employment of young persons), the employer shall be liable to pay a fine of minimum INR 1,000, and maximum of INR 25,000 for the first offence. For the second offence, such fine may range between minimum INR 5,000 to maximum INR 50,000. From a completeness perspective, please note that the erstwhile penalty ranged between INR 50 to INR 200.
- The general penalty provision set out under the Punjab S&E Act has been revised to a minimum of INR 500, with maximum set as INR 2,000, for the first offence. In case of subsequent offence, the penalty is set at a minimum amount of INR 3,000, with maximum amount being INR 30,000. Previously, the fines ranged from INR 100 to INR 300.
- The Amendment Act has introduced compounding of offences committed under Sections 6 (conditions of employment of young persons), 20 (record-keeping), 21 (inspection of registers and calling for information), and 26 (penalties). The compounding fee shall not exceed the maximum fine specified for the relevant offences. Once an offence is compounded, the governmental authority will not continue with proceedings under the relevant provisions.

## Comments

With ease in regulatory compliances and increased flexibility in work hour arrangements, the Amendment Act reflects the government's intention to promote a business-friendly climate in Punjab for employers. Further, the introduction of compounding of offences may reduce burden on the administration and help focus on more critical breaches under the Punjab S&E Act. However, the rationale for including Section 26 in the list of compoundable offences appears to be unclear, as this provision deals with penalties. It would also have been helpful to clarify whether the Punjab S&E Act would apply to an establishment which had earlier crossed the threshold of 20 employees but subsequently saw the employee headcount going below the threshold.

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