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**KARNATAKA SHOPS AND COMMERCIAL ESTABLISHMENTS  
ACT, 1961**

**8 of 1962**

[ ]

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### **KARNATAKA SHOPS AND COMMERCIAL ESTABLISHMENTS ACT, 1961**

**8 of 1962**

[ ]

STATEMENT OF OBJECTS AND REASONS KARNATAKA ACT No. 8 OF 1962 Karnataka Gazette, dated 12-2-1959 [For Report of the Joint Select Committee, See Karnataka Gazette, dated 27-7-1961]  
STATEMENT OF OBJECTS AND REASONS KARNATAKA ACT No. 4 OF 1969 Karnataka Gazette, Extraordinary, dated 23-8-1968 It is proposed to provide for supervision of the work of Labour Inspectors who are appointed as Inspectors under the Karnataka

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 Inspectors under the Act, and it is proposed to provide for such appointments. The Karnataka Maternity Benefit Act, 1959 has been repealed and the Maternity Benefit Act, 1961 (Central Act 58 of 1961) has been brought into force. It is therefore necessary to amend Chapter V of the Act suitably. Hence the Bill.

STATEMENT OF OBJECTS AND REASONS  
KARNATAKA ACT No. 33 OF 1982  
Karnataka Gazette, Extraordinary, dated 26-7-1982

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.

STATEMENT OF OBJECTS AND REASONS  
KARNATAKA ACT No. 17 OF 1986  
Karnataka Gazette, Extraordinary, dated 21-2-1986

The Food Corporation of India is a key organisation in the food-grains distribution program 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.

STATEMENT OF OBJECTS AND REASONS  
KARNATAKA ACT No. 25 OF 1997  
Karnataka Gazette, Extraordinary, dated

It is proposed to amend the Karnataka Shops and Commercial Establishments Act, 1961, to provide for. (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 by 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 6-A; (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.

## CHAPTER 1

### Preliminary

#### **1. Short title, extent, commencement and application :-**

(1) This Act may be called the Karnataka Shops and Commercial Establishments Act, 1961.

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

(3) It shall come into force on such date<sup>1</sup> as the State Government may by notification appoint.

(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 <sup>1</sup>[fourteen years], 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;

**2**[(ba) "Banking company" means,

(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.

(c) "Child" means a person who has not completed his **3**[fourteenth year];

(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

(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;

(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;

**4** [(r) "Prescribed authority" x x x x x ;]

(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 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.

1. Substituted for the words "twelve years" by Act 25 of 1997, s. 2(i).

2. Clause (ba) inserted by Act 33 of 1982, s. 2, w.e.f. 4-12-1982.

3. Substituted for the words "twelfth year" by Act 25 of 1997, s. 2(ii).

4. Clause (r) omitted by Act 36 of 1966, s. 2.

### **3. Exemptions :-**

(1) Nothing in this Act shall apply to,

(a) officers 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;

<sup>1</sup>[(dd) establishments of the Food Corporation of India;]

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

(f) officers of <sup>2</sup> [a banking company;]

(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;

(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 in 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.

(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.

1. Clause (dd) inserted by Act 17 of 1986, s. 2, w.e.f. 8-5-1986

2. Substituted for the words "the Reserve Bank of India" by Act 33 of 1982, s. 3, w.e.f. 4-12-1982.

## CHAPTER 2

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).

<b>Establishments</b>	<b>Date from which the period of thirty days to commence</b>
<b>(1)</b>	<b>(2)</b>
(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.

The date on which the establishment commences its work.

**1** [(4) A registration certificate issued under sub-section (2), shall be valid for [five years] and shall be renewed [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)].

1. Section 6-A inserted by Act 25 of 1997, s. 4

**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.

**6A. Issue of appointment orders :-**

<sup>1</sup> [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].

1. Section 6-A inserted by Act 25 of 1997, s. 4

### CHAPTER 3

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 <sup>1</sup> [x x x x x] shall be allowed to work in any establishment for more than five hours in a day.

1. The words "between the age of twelve and fifteen" omitted by Act 25 of 1997, s. 5

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

**10. Spread-over :-**

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

**11. Opening and dosing 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, <sup>1</sup> [or within thirty days from the date of commencement of establishments, as the case may be] 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.

(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. 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.

1. Inserted by Act 25 of 1997, s. 6

## **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 4

#### 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 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 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.

**2**[(2) x x x x]

(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) <sup>3</sup>[x x x x x] entitling him to earn leave.

(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, and 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 of twelve months from the date on which it comes into force and may thereafter be renewed, with or without modification, for a further 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) <sup>4</sup> [x x x x x] 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.

(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.

1. Sub-section 1 substituted by Act 25 of 1997, s. 7(a)

2. Sub-section (2) omitted by Act 25 of 1997, s. (b)

3. The words, figure and brackets "or sub-section (2)" omitted by Act 25 of 1997, s. 7(c)

4. The words, figure, brackets and punctuation mark "or sub-section (2), as the case may be," omitted by Act 25 of 1997, s. 7(d)

#### **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 establishments :-**

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 5

Wages and Compensation

### **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 Workmens 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.

### **23. Application of the Maternity Benefit Act :-**

<sup>1</sup> [x x x x x.]

1. Section 23 omitted by Act 4 of 1969, s. 2(ii).

#### CHAPTER 6

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 <sup>1</sup> [x x x x x] shall be required or allowed to work whether as an employee or otherwise in any establishment during nights.

1. The words "between the age of twelve and fifteen" omitted by Act 25 of 1997, s. 8

#### CHAPTER 7

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.

<sup>1</sup> [(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.

(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 Commissioner of the Labour in Karnataka shall be the Chief Inspector for the purposes of this Act, for the whole of the State of Karnataka.]

1. Sub-sections (2), (3) and (4) substituted for sub-section (2) as by Act 4 of 1969, s. 3

### **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, 1860 .

**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 8

Offences, Penalties and Procedure

**30. Penalties :-**

(1) Whoever contravenes any of the provisions of Section 4 , Section 5 , Section 6 , <sup>1</sup> [ Section 6A ], Section 7 , Section 9 , Section 10 , Section 11 , Section 12 , Section 13 , Section 15 , Section 16 , [x x], Section 25 and Section 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 Section 8 , Section 17 , Section 29 and Section 34 shall, on conviction, be punished with a fine which may extend to [two hundred and fifty rupees].

[(3) Whoever contravenes the provisions of Section 24 , 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. Substituted for the words "two hundred and fifty rupees" by Act 25 of 1997, s. 10.

### **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 <sup>1</sup> [five hundred rupees].

1. Substituted for the words "two hundred and fifty rupees" by Act 25 of 1997, s. 10.

#### CHAPTER 9

#### 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, authorise 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 <sup>1</sup>[such officers having jurisdiction over such areas or such classes of employees as may be prescribed] on the

(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 <sup>2</sup> [x x x x].

(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 than 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.

1. Substituted for the words "the prescribed authority or if no authority is prescribed to the Commissioner of Labour" by Act 36 of 1966, s. 3.

2. The words "subject, in any case to the maximum of six months pay" omitted by Act 25 of 1997, s. 11

#### **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 <sup>1</sup> [two hundred and fifty rupees].

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

1. Substituted for the words "fifty rupees" by Act 25 of 1997, s. 12

#### **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 Bombay Area, the Hyderabad Shops and Establishments Act, 1951 (Hyderabad Act X of 1951), as in force in the Hyderabad Area, the Madras Shops and Establishments Act, 1947 (Madras Act XXXVI of 1947), as in force in the Madras Area, 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 Mysore General Clauses Act, 1899 (Mysore Act III of 1899), shall be applicable in respect of such repeal and Section 8 and Section 24 of the said Act shall be applicable as if the said Acts had been repealed and re-enacted by this Act.

#### **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 1

Names of Places

[See sub-section (4) of Section 1 ]			
<b>SCHEDULE</b>			
[See sub-section (4) of Section 1]			
<b>Names of Places</b>			
1.	Arsikere Town	41.	Karkal
2.	Athani	42.	Karwar
3.	Bagalkot	43.	Kolar Townl
4.	Bangalore City	44.	Kolar Gold Fields Area
5.	Bangarpet Town	45.	Kollegal
6.	Bantwal	46.	Konnal

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.	Chickmagalur Town	57.	Mysore City
18.	Chintamani Town	58.	Nanjangud Town
19.	Chitradurga Town	59.	Nippani
20.	Coondapur	60.	Puttur
21.	Davangere City	61.	Rabkavi Banhatti
22.	Dharwar	62.	Raichur
23.	Doddaballapur Town	63.	Ramanagaram
24.	Gadag-Betgeri	64.	Sagar
25.	Gauribidanur Town	65.	Saklespur Town
26.	Gokak	66.	Sandur
27.	Gulbarga	67.	Shahabad
28.	Guledgud	68.	Shikaripur
29.	Hadigall Panchayat Area	69.	Shimoga Town
30.	Harapanahalli Panchayat Area	70.	Siddlaghatta
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.	I lkal	76.	Thirthahalli
37.	Jamkhandi	77.	Tiptur Town
38.	Kamalapur Panchayat Area	78.	Tumkur Town
39.	Kampli Panchayat Area	79.	Udupi
40.	Kanakapura	80.	Yadgir