



Tax alert: Further extension of three years given by Government of Karnataka to remain open 24x7, as per Karnataka Shops And Commercial Establishments Act

17 October 2024

The Government of Karnataka on 27 September 2024, released a notification (No. E-LD 4 LET 2019) under the Karnataka Shops and Commercial Establishments Act, 1961, allowing shops and commercial establishments in Karnataka with ten or more persons, to stay open on 24x7 basis.

In a nutshell



The Government of Karnataka has permitted all shops and commercial establishments in the state employing ten or more persons, to remain open for 24 hours on all days.



The notification is valid for a period of three years from the date of publication of this notification i.e., three years from 27 September 2024.



The notification also highlights the importance of providing weekly holidays, adherence to working hours and overtime rules, wages and overtime payments, women employees' safety, etc.



Similar notifications were issued by Government of Karnataka in 2019 and then in 2021 - this notification is just an extension.



Scroll down to read the detailed alert

Background:

- The Government of Karnataka (“the Government”) had released notifications in 2019 as well as in 2021 under the Karnataka Shops and Commercial Establishments Act, 1961, allowing establishments and shops in Karnataka with ten or more persons, to stay open on a 24x7 basis. These were applicable for specific periods of three years each.
- The government has now allowed an extension of this period by another three years by issuing the notification on 27 September 2024.
- The government has exercised powers as per sub section (1) of section 11 read with sub section (2) of section 12 of the Karnataka Shops and Commercial Establishments Act, 1961.

Salient features of the Notification:

- The employers are required to hire additional staff to ensure that every employee can take one day off per week on a rotational basis. To enhance transparency, details of each employee must be displayed in the workplace, along with records of leave taken.
- The wages including overtime wages of the employees shall be credited to their savings bank account as prescribed under the Payment of Wages Act, 1963.
- The maximum working hours are eight hours per day and 48 hours per week, provisions for overtime are permitted with daily limits set at 10 hours including overtime, but the overall overtime hours for continuing three months cannot exceed 50 hours.
- If any employees are found to be working on holidays or beyond normal hours without proper indent of overtime, the employer will face penal action.
- Women employees will not be required to work beyond 8 pm, unless an employer obtains written consent from the employee, allowing her to work between 8 pm and 6 am. In such cases, employers must provide protection for her dignity, honour and safety.
- Transport arrangements are mandatory for women working shifts, with notices regarding these provisions to be displayed at the main entrance of the establishment.
- The regulations also mandate that employees be provided with amenities including restrooms, washrooms, safety lockers.
- Compliance is also required with provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, requiring employers to establish internal complaints committees to ensure a safe working environment for women.
- If the employer violates any of the above-mentioned terms and conditions or any statutory provisions under the Karnataka Shops and Commercial Establishments Act, 1961, penal action will be initiated against the employer/manager as per the specified provisions.
- The above conditions in the 2024 notification are in alignment with the earlier notification of 2021.

Comments:

Through this extension, the Karnataka government has continued this relaxation to promote ease of doing business while also safeguarding the rights of employees.

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