

# EY Alert

## Amendments in the Haryana Shops and Commercial Establishments Act, 1958 - working hours, registration requirements and penal consequences

EY Alerts cover significant tax news, developments and changes in legislation that affect Indian businesses. They act as technical summaries to keep you on top of the latest tax issues. For more information, please contact your EY advisor.

### Executive summary

This Alert summarizes the Haryana Shops and Commercial Establishments Ordinance, 2025<sup>1</sup> published by the Haryana Government vide notification dated 12 November 2025.

The Haryana Government approved this Ordinance to amend the Haryana Shops and Commercial Establishments Act, 1958, to modernize the law, align it with current economic realities and Ease of Doing Business reforms. The amendment aims to simplify compliance, promote transparency, and create a business-friendly environment while safeguarding workers' rights.

The law will now apply to establishments employing 20 or more workers. Working hours have been made flexible to allow a 10-hour workday, while the weekly cap remains at 48 hours. The permissible overtime limit has been significantly increased from 50 to 156 hours per quarter, with overtime wages at twice the normal rate, enabling businesses to manage peak workloads efficiently. It is mandatory for employers to issue appointment letters and identity cards to all employees, in prescribed format.

The Ordinance replaces imprisonment clauses for procedural offences with monetary penalties, promoting ease of doing business while maintaining accountability for compliance. Penalties have been rationalized to ensure fairness and accountability.

Organizations should review internal policies and processes, align them with the new provisions, and communicate these changes effectively to employees.

<sup>1</sup> Haryana Ordinance no. 4 of 2025



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# Background

## ► Haryana Shops and Commercial Establishments Act, 1958:

The Haryana Shops and Commercial Establishments Act, 1958 ('S&E Act') is a state law that regulates the working conditions of employees in shops and commercial establishments. It covers registration of establishments, working hours, weekly holidays, overtime, leave entitlements and employee welfare measures. The Act aims to ensure fair labour practices and maintain proper records for compliance.

## ► Haryana Shops and Commercial Establishments (Amendment) Ordinance, 2025:

The Haryana Shops and Commercial Establishments (Amendment) Ordinance, 2025 ('Ordinance'), notified on 12 November 2025, modernizes the 1958 Act to align with current business and labour practices. It restricts the applicability of the S&E Act to establishments with 20 or more workers, and mandates appointment letters and ID cards for employees.

The Ordinance increases the normal working hours from 9 hours to 10 hours, retains the 48 hour weekly cap, and increases the quarterly overtime limit from 50 to 156 hours, with double wages for extra hours. It also decriminalizes minor offences, replacing imprisonment with monetary penalties, and rationalizes compliance to promote ease of doing business while safeguarding worker welfare.

The Ordinance comes into force immediately upon notification, i.e., from 12 November 2025.

## Key changes

### 1. Coverage under the S&E Act:

The S&E Act now applies to shops and commercial establishments employing 20 or more workers. This threshold ensures that medium and large establishments comply with the S&E Act provisions. Establishments with less than 20 employees are exempt from full compliance but are required to file an online intimation with the Labour Department.

### 2. Normal Daily Working Hours

The weekly working limit remains 48 hours, but the Ordinance increases normal daily working hours limit to 10 hours from 9 hours.

Employees will now be eligible for overtime if they work for more than 10 hours on any day or 48 hours in any week. Overtime wages must be paid at twice the normal rate.

### 3. Rest Intervals

Employees are required to be given at least 30 minute rest break after every 6 hours of work (earlier after 5 hours of work).

### 4. Limit on Overtime Hours

The permissible overtime limit has been increased from 50 hours to 156 hours per quarter.

### 5. Appointment Letter to Employees

Employers are now mandated to issue appointment letters to all employees. The letter must have photograph of employee and must be acknowledged by the employee.

There is no prescribed format for the appointment letters.

### 6. Identity Card to Employees

Issuance of identity cards to employees, in format to be prescribed, is compulsory under the Ordinance. This measure improves record-keeping, facilitates inspections, and enhances workplace security.

### 7. Registration Requirements

Establishments covered under the S&E Act, with 20 or more workers, are required to register online.

Under the Haryana Right to Service Act, 2014, the online registration certificate must be issued by the Inspector within 1 working day of application submission. This time-bound service ensures quick compliance and reduces administrative delays.

The Ordinance also introduces lifetime validity for registration certificates, removing the need for periodic renewals.

### 8. Intimation by Establishments with Less Than 20 Employees

Establishments employing fewer than 20 workers are not required to register but must file an online intimation with the Labour Department.

### 9. Removal of Imprisonment Provisions

The Ordinance removes imprisonment clauses for minor procedural or economic offences, replacing them with monetary penalties. This decriminalization aligns with the government's objective of promoting ease of doing business while maintaining accountability.

## 10. Increase in Monetary Penalty:

Offence	Earlier penalty clause	Revised penalty clause
<b>Non-Compliance with Registration Requirements</b>  Failure to comply with the provisions pertaining to registration	On conviction - Fine of ₹ 1,000 which may extend to ₹ 3,000	Penalty of ₹ 3,000 which may extend to ₹ 10,000 for first violation  Penalty of ₹ 5,000 which may extend to ₹ 25,000 for second violation  Penalty of ₹ 500 per day in case of continuous subsequent violation
<b>Non-Compliance with Display Requirements and maintenance of records / registers</b>  Failure to display mandatory notices and information (such as working hours, rest intervals) OR maintaining records relating to working hours, leave, attendance, overtime, photo of each employee  For making false entry or wilfully omitting any entry in any record / register, with an intent to deceive	On conviction - Fine up to ₹ 5 for every day on which the contravention occurs or continues  On conviction - Imprisonment for a term not exceeding 3 months OR a fine of ₹ 25 which may extend to ₹ 200 OR both	Penalty up to ₹ 500 for every day on which the contravention occurs or continues  Penalty of ₹ 3,000 which may extend to ₹ 10,000 for first violation  Penalty of ₹ 5,000 which may extend to ₹ 25,000 for second violation  Penalty of ₹ 500 per day in case of continuous subsequent violation
<b>For Non-Compliance During Inspections</b>  Failure to provide records during inspections or wilfully obstructing the inspecting authority or preventing any employee to appear before the authority	On conviction - Fine of ₹ 25 which may extend to ₹ 200	Penalty of ₹ 3,000 which may extend to ₹ 10,000
<b>General Penalty</b>  Violations not specifically addressed under other provisions	On conviction - Fine up to ₹ 100 for first offence and ₹ 100 - ₹ 300 for every subsequent offence	Penalty of ₹ 3,000 which may extend to ₹ 10,000 for first violation  Penalty of ₹ 5,000 which may extend to ₹ 25,000 for second violation  Penalty of ₹ 500 per day in case of continuous subsequent violation

## Next steps for employers

- Review coverage and registration status:** Check whether the establishment employs 20 or more workers and falls under the S&E Act. Also, check the registration status and obtain amendment to registration certificate, where required.
- Review HR policies:** Align working hours, rest intervals, and overtime practices with the new limits.
- Employee documentation:** Issue appointment letters and identity cards in prescribed formats to all employees as mandated.
- Compliance communication:** Display required notices prominently and communicate policy changes to employees.
- Prepare for inspections:** Maintain updated records and ensure readiness for compliance checks to avoid penalties.

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