



JSA Prism Employment Law

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Punjab simplifies compliances for shops and commercial establishments

The Department of Legal and Legislative Affairs, Government of Punjab (**"Punjab Government"**) *vide* notification dated August 29, 2025, has issued the Punjab Shops and Commercial Establishments (Amendment) Act, 2025¹ (**"Amendment Act"**) with an intent to lighten the compliances under the Punjab Shops and Commercial Establishments Act, 1958 (**"Punjab S&E Act"**), promote ease of doing business, and award greater flexibility in working arrangements for employers in the State.

Key highlights of the Amendment Act

Applicability of Punjab S&E Act

Shops and commercial establishments engaging less than 20 (twenty) workers are now exempted under the Amendment Act from applicability of the Punjab S&E Act, other than compliance with the newly introduced Section 13-A, which requires such establishments to intimate commencement of their businesses to the inspector in the prescribed manner, within a period of 6 (six) months from the commencement date of the Amendment Act, or the commencement of their business. All provisions of the Punjab S&E Act will apply to such establishments whenever the headcount of workers in any such establishment increases to 20 (twenty) or more.

Registration of establishments engaging 20 (twenty) or more workers

For establishments engaging 20 (twenty) or more workers, the Amendment Act now allows employers to obtain registration under the Punjab S&E Act within a period of 6 (six) months from the date of commencement of their businesses (this timeline was previously 30 (thirty) days). In case the registration certificate is not issued by the inspector within 24 (twenty-four) hours from receipt of such application, the registration will be deemed to be granted to the employer.

Working hours and spread-over of hours of work

Under the Amendment Act: (a) the daily maximum limit of working hours has been increased to 10 (ten) hours from the earlier limit of 9 (nine) hours, (b) the quarterly overtime limit has been increased to 144 (one hundred and forty-four) hours from the earlier limit of 50 (fifty) hours; and (c) the spread-over of working hours in a day has also been extended to 12 (twelve) hours from the earlier limit of 10 (ten) hours.

¹ Notification No. No. 13-Leg./2025

Penalties

Several provisions on penalties have been revised under the Amendment Act. These include:

Particulars	Penalties under the Amendment Act	Penalties under the Punjab S&E Act
Contravention of or failure to comply with provisions relating to conditions of employment of young persons under Section 6 of the Punjab S&E Act	Employer 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 a minimum of INR 5,000 to a maximum INR 50,000. For a subsequent offence, employer may also be liable for INR 1,000 additional fine for each day the subsequent offence continues.	Penalty ranged between INR 50 to INR 200, without any additional penalty for subsequent offences.
Contravention of any provision under the Punjab S&E Act or the rules made thereunder, where no penalty has been specified	Any person contravening will be liable to pay a fine of minimum INR 500, and maximum of INR 2,000 for the first offence. For the second offence, such fine may range between a minimum INR 3,000 to a maximum INR 30,000. For a subsequent offence, such person may also be liable for INR 500 additional fine for each day the subsequent offence continues.	Penalty for the first offence was a maximum fine of up to INR 100 and for every subsequent offence, a maximum fine of up to INR 300.
Contravention of any provision relating to inspection of registers and calling for information under Section 21 of the Punjab S&E Act	Any person contravening will be liable to pay a fine of minimum INR 1,000, and maximum of INR 10,000 for the first offence. For the second offence, such fine may range between minimum INR 3,000 to maximum INR 50,000. For a subsequent offence, such person may also be liable for INR 500 additional fine for each day the subsequent offence continues.	Penalty ranged between INR 25 to INR 200, without any additional penalty for subsequent offences.

Compounding of offences

The Amendment Act has introduced compounding of offences for breach of certain provisions of the Punjab S&E Act. In case of any contravention of or failure to comply with provisions relating to conditions of employment of young persons (Section 6), record (Section 20), inspection of registers and calling for information (Section 21), and penalties (Section 26), the competent authority may, after conducting inquiry and being satisfied that such offence has been committed, impose a compounding fee not exceeding the maximum fine specified for the relevant offences under the Amendment Act. When such an offence is compounded, no further proceedings will be taken against the offender.

Conclusion

The Amendment Act marks a significant step toward aligning the State's labour regulations with business needs and corresponding operational feasibility, particularly for smaller establishments or those newly establishing units with fewer workforce. By introducing greater flexibility in working hours and simplifying registration procedures, the Amendment Act aims to foster a more business-conducive environment while maintaining essential worker protections. The Amendment Act tightens enforcement by introducing enhanced penalties for non-compliances of certain provisions stipulated under the Punjab S&E Act. One of the most notable features of the Amendment Act is the

provision for compounding of certain offences, which is expected to reduce the administrative burden and enable a more efficient resolution of minor infractions. However, the Amendment Act does not clearly address whether an establishment that has once crossed the threshold of 20 (twenty)-workers would continue to be governed by the Punjab S&E Act if its workforce subsequently drops below the threshold. The Amendment Act lays the groundwork for a more responsive regulatory framework, but its long-term impact will depend on how effectively it is operationalised.

Employment Practice

JSA has a team of experienced employment law specialists who work with clients from a wide range of sectors, to tackle local and cross-border, contentious and non-contentious employment law issues. Our key areas of advice include (a) advising on boardroom disputes including issues with directors, both executive and non-executive; (b) providing support for business restructuring and turnaround transactions, addressing employment and labour aspects of a deal, to minimize associated risks and ensure legal compliance; (c) providing transaction support with reference to employment law aspects of all corporate finance transactions, including the transfer of undertakings, transfer of accumulated employee benefits of outgoing employees to a new employer, redundancies, and dismissals; (d) advising on compliance and investigations, including creating compliance programs and policy, compliance evaluation assessment, procedure development and providing support for conducting internal investigations into alleged wrongful conduct; (e) designing, documenting, reviewing, and operating all types of employee benefit plans and arrangements, including incentive, bonus and severance programs; and (f) advising on international employment issues, including immigration, residency, social security benefits, taxation issues, Indian laws applicable to spouses and children of expatriates, and other legal requirements that arise when sending employees to India and recruiting from India, including body shopping situations.

JSA also has significant experience in assisting employers to ensure that they provide focused and proactive counselling to comply with the obligations placed on employees under the prevention of sexual harassment regime in India. We advise and assist clients in cases involving sexual harassment at the workplace, intra-office consensual relationships, including drafting of prevention of sexual harassment (POSH) policies, participating in POSH proceedings, conducting training for employees as well as Internal Complaints Committee members, and acting as external members of POSH Committees

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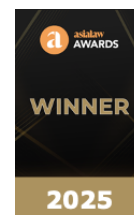
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