

June 2026

Governor of Bihar promulgates ordinance repealing the Bihar Shops and Establishments (Regulation of Employment and Conditions of Service) Act, 2025

In exercise of powers under Article 213(1) of the Constitution of India, 1950, the Governor of Bihar promulgated the Bihar Shops and Establishments (Regulation of Employment and Conditions of Service) (Repeal) Ordinance, 2026 (“**Ordinance**”) *vide* a notification¹ dated June 1, 2026, marking a significant regulatory shift in the State’s labour law framework.

The Ordinance repeals the Bihar Shops and Establishments (Regulation of Employment and Conditions of Service) Act, 2025 (“**Bihar S&E Act**”), enacted to regulate employment service and conditions in shops and establishments within the State of Bihar. In terms of the constitutional framework governing State legislative powers in India, the Governor is vested with the authority to promulgate ordinances when the State legislature is not in session. This power is exercised on specified matters where the Governor is satisfied that prevailing circumstances necessitate immediate legislative intervention, pending the reassembly of the Legislature.

Rationale behind repealing the Bihar S&E Act

Following the notification and coming into force of the 4 (four) labour codes on November 21, 2025, including the Occupational Safety, Health and Working Conditions Code, 2020 (“**OSH Code**”), certain service conditions, such as working hours, statutory leave entitlements (including carry-forward and encashment of annual leave), overtime, and related matters have been subject to concurrent regulation. These conditions are presently governed both by provisions of the OSH Code as well as applicable State-specific shops and establishments legislation across India, resulting in an overlapping regulatory framework.

From what it appears as one of the primary reasons for repealing the Bihar S&E Act is the enforcement of the OSH Code, which resulted in duplication and regulatory overlap of the afore-mentioned service conditions. The coexistence of similar provisions under both the Bihar S&E Act and OSH Code created redundancy and potential compliance complexity for businesses and employers. The Ordinance reflects the State’s intent to streamline labour regulations by eliminating overlapping provisions.

Another key driver behind the repeal of Bihar S&E Act is the State’s objective to attract new industrial investments and accelerate economic activity. The presence of multiple overlapping laws was observed as a barrier to investment, and a simplified regulatory framework is intended to create a more business-friendly environment.

¹ Notification No. Bihar Ordinance No.-01, 2026

The Ordinance includes a savings clause ensuring that any proceedings initiated under the repealed Bihar S&E Act will continue as if the Bihar S&E Act had not been repealed. This safeguard aims to maintain administrative stability and prevent disruption in ongoing matters.

Conclusion

The continuing overlap between the OSH Code and extant State shops and establishments legislations has, in practice, given rise to considerable interpretive uncertainty and implementation challenges, with employers often confronted with duplicative or, at times, inconsistent compliance obligations. Even with interpretive clarifications on harmonisation of the concurrent legislations, several regulatory ambiguities have left companies grappling with the appropriate approach to harmonising their policies and practices within the evolving legal framework. In this context, promulgation of the Ordinance repealing the Bihar S&E Act assumes significance as a potential model for streamlining compliance and reducing legislative duplication. It remains to be seen whether other States will adopt a similar approach to rationalise their respective regulatory regimes, thereby providing greater clarity and consistency in the application of labour codes across jurisdictions.

Employment Practice

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This Prism is prepared by:



Gerald Manoharan
Partner



Sonakshi Das
Partner



Shreeya Sucharita
Associate



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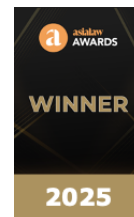
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