FAQ: Shops & Establishment Act

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The Shop and Establishment Act regulates the shops and commercial establishments operating within the state. Every state has its own Shop and Establishment Act. However, the general provisions of the Act are the same in all states. The Labour Department of the respective states implements the Shop and Establishment Act.

Shops are generally defined under the Act as the premises where the selling of goods take place either by retail or wholesale or where services are rendered to customers. It includes offices, godowns, storerooms and warehouses used in connection with the trade or business.

Commercial establishments are generally defined as a commercial, banking, trading or insurance establishment or administrative service in which persons are employed for office work. It includes a hotel, boarding or eating house, restaurant, cafe, theatre, or other public entertainment or amusement places. However, factories and industries are not covered by the Act and are regulated by the Factories Act, 1948 and Industries (Development and Regulation) Act 1951.

Registration Under The Shop and Establishment Act

The shops and commercial establishments covered under the Act must mandatorily apply for registration under the respective state Act. All establishments and business, including the people working and maintaining a business from home, must obtain a Shop and Establishment

Registration Certificate or Shop License (“Certificate”) under the Act.

The proprietors who run a business from home without having any physical store or premises are also required to obtain this Certificate. The proprietors of e-commerce business or online business, or online stores and establishment must register under this Act and obtain the Certificate. Every shop and commercial establishment should register itself under the Act within 30 days of commencement of business.

The Certificate or the Shop License acts as a basic registration/license for the business. This Certificate is produced for obtaining many other business licenses and registrations. It serves as proof of the incorporation of commercial establishment or shops. It is also useful when the proprietor of the business wants to obtain a loan or create a current bank account for the business. Most banks will ask for this Certificate for opening a current bank account.

Regulations Under The Shop and Establishment Act

The Act, among other things, regulates the following matters-

- Hours of work, annual leave, weekly holidays.
- Payment of wages and compensation.
- Prohibition of employment of children.
- Prohibition of employing women and young persons in the night shift.
- Enforcement and Inspection.
- Interval for rest.
- Opening and closing hours.
- Record keeping by the employers.
- Dismissal provisions.

Process For Obtaining Shop and Establishment Registration

The procedure for obtaining the Shop and Establishment Registration Certificate differs from state to state. It can be obtained online or offline.

For obtaining the registration certificate online, the proprietor or owner of the shop or business must log into the respective State Labour Department website. The proprietor or owner must fill the application form for the registration under the Shop and Establishment Act, upload the documents and pay the prescribed fees. The prescribed fees differ from state to state. Once the registration form is approved, the registration certificate will be issued online to the proprietor or owner of the business.

For obtaining the registration certificate offline, the registration application is to be filled and submitted to the Chief Inspector of the concerned area along with the prescribed fees. The Chief Inspector will issue the registration certificate to the owner or proprietor after being satisfied with the correctness of the application.

The registration application form contains the details relating to the name of the employer and establishment, address and category of the establishment, number of employees and other relevant details as required.

Documents Required For Shop And Establishment Registration

The documents required for obtaining the shop and establishment registration certificate is-

- Shop or Business establishment address proof.
- ID proof of the proprietor.
- PAN Card of the proprietor.
- Details of the employees.
- Payment challan.
- Additional business licenses necessary for starting the business, if any.

Validity of Shop And Establishment Registration

The validity and fees of the Shop and Establishment Certificate differs from state to state. Some states provide the Certificate valid for a lifetime, while other states provide the Certificate valid for one to five years. The registration application needs to be renewed before the expiry of the period of registration.

Q1. Is the Shop and Establishment Act applicable for the establishments of the central and state government?

No. The establishments of the central and state government are exempted from all provisions of the Shop and Establishment Act. Thus, the establishments of the central and state government need not obtain the Shop and Establishment Act Registration.

Which entities are required to obtain the Shop and Establishment Act Registration?

Q2. The following entities are required to obtain the Shop and Establishment Act Registration:

- Retail and wholesale shops
- Premises where services are rendered to customers including office
- Workhouse or workplace used for trade or business
- Theatre or place of public entertainment or amusement
- Commercial establishment
- Storeroom, warehouse or godown
- Restaurant or eating house
- Residential hotel

Q3. Are the Shop and Establishment Act valid in all states/UTs across India?

Yes, the Shop and Establishment Act applies to the whole country. However, every state/UT has its own act to govern entities falling within the state’s area/boundary. However, the general provisions of the act of all states are similar.

Q4. Does a factory owner need to register under the Shop and Establishment Act?

No, factory owners are not required to register under the Shop and Establishment Act as they are governed by a different Act, i.e. the Factories Act, 1948.

Q5. What are the details that are to be filled in the Shop and Registration Act registration form?

The registration form for the Shop and Establishment Act Certificate contains the following details:

- Name and address of the establishment
- Full name of the employer
- Category of establishment
- Nature of business
- Name of the manager
- Date of establishment commencement
- Employee details

Revision #5
Created 2024-07-30 09:43:54 UTC by Pooja
Updated 2025-11-10 10:28:37 UTC by Pooja