

Uttar Pradesh passes key bill to amend shops and establishments law

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In a notable development, the Legislative Assembly of Uttar Pradesh has passed the Uttar Pradesh Dookan Aur Vanijya Adhishthan (Sanshodhan) Adhiniyam Bill, 2025 (Bill). This Bill seeks to amend the Uttar Pradesh Dookan Aur Vanijya Adhishthan Adhiniyam, 1962 (UP S&E Act) and, once it receives Governor's assent*, the same shall be deemed to have come into force in effect from 19 November 2025. Further, the Bill proposes to repeal the Uttar Pradesh Dookan Aur Vanijya Adhishthan (Sanshodhan) Ordinance, 2025.

In this update, we discuss the key changes brought about by the Bill.

Applicability

The Bill seeks to exempt establishments employing less than 20 employees from the applicability of the UP S&E Act.

Registration

As per the Bill, establishments having 20 or more employees are required to submit an online registration application within 6 months of commencement of the business, on the relevant department portal along with necessary documents. The Bill, however, does not address the action items that existing establishments have to undertake if they already possess subsisting registration.

Expanded definitions

The Bill seeks to increase the definition of 'commercial establishment' to include establishments of any medical practitioner, architect, service providers including delivery services, among others. Further, the Bill seeks to expand the definition of 'employee' to include persons engaged through outsourcing agencies for manual, skilled, technical or clerical work, and other kinds of work.

Hours of work

As per the Bill, the maximum daily hours for employees have been proposed to be increased from 8 hours to 9 hours.

Overtime limits

As per the Bill, the overtime hours limit has been intended to be increased from 10 hours to 11 hours in a day, subject to 48 hours in a week, and from 50 hours to 144 hours in a quarter.

Employer obligations

As per the Bill, the employees working in a standing position are required to be provided with adequate sitting arrangements. Additionally, employers are required to issue appointment letters with certain personal and professional details such as qualification and salary base.

Women allowed to work in night shifts

As per the Bill, a woman employee can now work from 7 pm to 6 am, with her consent, provided that certain conditions such as rest rooms, ladies toilet, night crèche, safety measures for their protection and adequate transportation services for women working in night shifts are arranged. Previously, a similar provision was introduced under UP S&E Act, through an amendment in 2018, although the obligation regarding security and transportation arrangements for women workers was limited to 9 pm to 6 am.

Notice for improvement

As per the Bill, before initiating prosecution, except for offences under Section 20(1) of the UP S&E Act, the Inspector would seek to provide an opportunity to the defaulting employer to comply with the provisions of the UP S&E Act, by issuing a 15-day written improvement notice. If the employer complies with this direction, prosecution will not be initiated.

The Bill further intends that no such opportunity for improvement would be provided if the same type of violation or non-compliance with the UP S&E Act is repeated within a period of 5 years.

Penalties

The Bill seeks to revise the general penalty provision set out under the UP S&E Act, to a fine of INR 2,000 for the first offence and for every subsequent offence to INR 10,000.

Comments

With ease in regulatory compliances and increased flexibility in work hour arrangements, the Bill reflects the Government's larger initiative to promote a business-friendly climate in Uttar Pradesh for employees. Notably, the Bill is in continuation of similar amendments brought about or proposed by other states including Gujarat, Haryana and Maharashtra.

The Bill seeks to align with the increasing emphasis on digitalisation by requiring online registration, thus enhancing transparency and better documentation. The emphasis on the employer's obligations to issue appointment letters, adequate sitting arrangements and safety measures for women workers during night shifts, highlights the Government's focus on enhancing welfare mechanisms for employees.

The proposed new provision for notice of improvement highlights the Government's shift towards corrective rather than punitive measure, thus giving an opportunity to an employer to remedy such non-compliance. This move appears to be an attempt to align the UP S&E Act with the now enforced Central law i.e., Occupational Safety, Health and Working Conditions Code, 2020 (OSH Code). That said, it remains to be seen how the Government would harmonise the daily working hours proposed in the Bill with the 8 working-hour-per-day norm set out under the OSH Code for commercial establishments.

**To the best of our knowledge, the Bill has not received Governor's assent as of the date of publication of this ERGO.*

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