

Lesson 10: Shop and Establishment Act, 1948

1. Meaning of an Establishment for the Purpose of the Act

According to the **Shops and Establishments Act, 1948**, the term “**Establishment**” means a “**Shop**” or a “**Commercial Establishment**”.

These **establishments** include commercial spaces, residential hotels, restaurants, theatres or other places of public amusement or entertainment.

2. Meaning of a Shop for the Purpose of the Act

Shop means any premises:

- Where goods are sold, either by retail, wholesale, or
- Where services are rendered to customers.
- It includes an office a store-room, godown, warehouse or work place, whether in the same premises or otherwise, used in connection with such trade/ business.

Note: A shop does not include a factory, a commercial establishment, residential hotel, restaurant, eating house, theatre or other place of public amusement or entertainment.

3. Registration under Shops & Establishments

- As each state in India has its own Shop Act and follows separate regulations. The process, fee structure, documentation may be different depending on the State regulations.
- On starting a Shop or Establishment, one needs to apply for Shop Act Registration within the stipulated period set by State regulations.
- Application is to be submitted to the Chief Inspector in the prescribed Form according to the state regulations, containing following details:
 - Name of the employer.
 - Name, address, and category of the establishment.
 - The Number of employees.
 - Other relevant detail as required.
 - The fee is calculated as per the number of employees.
- Upon receiving the application for registration and the fees, the Inspector shall verify the accuracy and correctness of the application. Once suitably satisfied, he shall enter the details in the Register of Establishments and issue a registration certificate of your establishment to you.
- This certificate will be valid for 5 years and has to be renewed thereafter.

4. Purpose of Shop and Establishment Act

The Shop and Establishment Act in India is promulgated by the state and may slightly differ from state to state. However, as per the Act, all shops and commercial establishments operating within each state are covered by the respective Shop & Establishments Act.

5. License under Shop and Establishment Act, 1948

- Any shop or commercial establishment that commences operation must apply to the Chief Inspector for a Shop and Establishment Act License within the prescribed time.
- The application for license in the prescribed form must contain the name of the employer, address of the establishment, name of the establishment, category of the establishment, number of employees and other relevant details as requested.
- On submission of the application and review by the Chief Inspector, the shop or commercial establishment will be registered and a registration certificate will be issued to the occupier.
- The registration certificate must be prominently displayed at the shop or commercial establishment and renewed periodically as per the act.

6. Communication of Change to the Inspector

- If any change with respect to any of the information given during the application for registration, the same has to be notified to the Inspector's office within 15 days after the change has taken place.
- After verification of the correctness of the details furnished, the inspector make the related change in the Register of Establishments. Further, amend the registration certificate or issue a fresh registration certificate as per the requirement in particular case.

7. DOCUMENTS FOR REGISTRATION

Following set of documents are usually across every state for seeking registration under Shop & Establishment Act:

- Photo of Premises displaying name on board of shop / establishment
- Incorporation Certificate of Company / LLP
- List of Directors or Partners with ID & Address proof
- Partnership Deed in case of Partnership Firm
- Copy of PAN Card or Aadhar Card
- Address proof like an Electricity Bill of premises
- Government prescribed fees

8. BENEFITS OF REGISTRATION

- **Proof of legal entity:** Registration is a proof of legal entity and allows to conduct business within limits of the particular state.
- **Business Bank Account:** The proof as a legal entity helps in opening a business bank account.
- **Smooth Inspections:** It helps to smoothen the Inspection process whenever the Inspector visits the premises.

9. AMENDMENT OF REGISTRATION CERTIFICATE

An application for amended of the registration has to be submitted to the concerned officer within timeline prescribed as per state act:

- Name and address of the establishment
- Nature of business
- Director, Employer, Partner
- Number of employees.

Note: The fresh certificate is issued post cancellation of the existing certificate.

10. Closing of Establishment/Shop to be communicated to Inspector

- Due to any reason, if shop or establishment gets closed, the occupier must intimate the concerned Chief Inspector in writing within 15 days of the closure.
- On receiving intimation, the Chief Inspector shall cancel the registration and remove it from the register.
