

HR Law Hotline

May 06, 2015

LABOUR LAW COMPLIANCES MADE EASIER IN BANGALORE

- Introduction of an online portal for ensuring compliance under the state-specific labour law in Bangalore / State of Karnataka.
- Mandatory registration for all establishments on the portal from April 1, 2015.
- Registration certificate to be issued within 15 days after payment of fee and verification of details.
- Portal to facilitate other compliances such as renewal and amendment of registration certificates, filing of annual returns, etc.

Commercial establishments¹ in India's information technology capital, Bangalore, are required to use an online facility for ensuring compliances under the state-specific labour law, the Karnataka Shops and Commercial Establishments Act, 1961 ("**Karnataka S&E Act**").

The online system, known as the '**e-karmika**' portal², which was first introduced in Bangalore (revenue division) in 2013, has been extended to allow for labour law compliances including registration and renewal of the certificate of registration, as per the Karnataka S & E Act. This reform, introduced by the Department of Labour, Government of Karnataka ("**Labour Department**"), is expected to significantly ease compliances and allow for automation of the services of the Labour Department. Commercial establishments including information technology, software services and outsourcing companies in the State of Karnataka need to use the e-karmika portal to ensure compliances such as (i) application for registration, (ii) renewal of registration certificate; (iii) amendment in registration certificate; (iv) issuance of duplicate registration certificate; (v) filing of annual returns; (vi) applying for exemption on weekly holidays; (vii) exemption for women working in night shifts and (viii) submission of appeals.

ANALYSIS

A recent survey indicated that nearly 25% of the shops do not possess a valid registration certificate as necessary under the Karnataka S & E Act.³ It appears that the multiple compliance hassles under the statute made it a cumbersome procedure for entrepreneurs to ensure compliance. It also became difficult for the Labour Department to maintain hard copy documents, as it led to the occurrence of significant number of errors in relation to the information submitted by the applicants, the registration certificate or other records maintained by the Labour Department.

The introduction of the online facility is a progressive step to help ensure consistency, regularity and ease of compliance for shops and establishments in the State of Karnataka. The online portal is also expected to facilitate the Labour Department in streamlining their processes and to ensure better administration and reach. Similar initiatives have been taken in recent times by some of the other labour authorities including the Employees' Provident Fund Organisation, which provides for social security to eligible employees.

— Preethe S & Vikram Shroff

You can direct your queries or comments to the authors

¹ Section 2 (e) of the Karnataka S & E Act: "**Commercial establishment**" means a commercial or trading or banking or insurance establishment, an establishment or administrative service in which persons employed are mainly engaged in office work, a hotel, restaurant, boarding or eating house, a cafe or any other refreshment house, a theatre or any other place of public amusement or entertainment and includes such establishments as the State Government may by notification declare to be a commercial establishment for the purposes of this Act

² www.ekarmika.com

³ <http://www.deccanherald.com/content/475726/e-karmika-facility-now-across.html>

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