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## The Andhra Pradesh Shops and Establishments Act, 1988

Act 20 of 1988

### Keyword(s):

Apprentice, Child, Closed, Commercial Establishment, Dependent, Establishment, Factory, Inspector, Periods at Work, Register of Establishment, Registration Certificate, Service Compensation, Shop, Theatre, Wages

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THE ANDHRA PRADESH SHOPS AND  
ESTABLISHMENTS ACT, 1988.

ACT NO. 20 1988.\*

[26th July, 1988]

An Act to consolidate and amend the law relating to the regulation of conditions of work and employment in Shops, Commercial Establishments, Restaurants, Theatres and other Establishments and for matters connected therewith.

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\*Received the assent of the President on the 18th July, 1988. For Statement of Objects and Reasons, please see the Andhra Pradesh Gazette, Part IV-A, Extraordinary, dated the 21st July, 1986, Page 49.

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Be it enacted by the Legislative Assembly of the State of Andhra Pradesh in the Thirty-ninth Year of the Republic of India as follows:—

Short title  
extent, Com-  
mencement  
and applica-  
tion.

1. (1) This Act may be called the Andhra Pradesh Shops and Establishments Act, 1988.

(2) It extends to the whole of the State of Andhra Pradesh.

(3) It shall come into force on such date as the Government may, by notification, appoint.

(4) It shall apply—

(i) in the first instance to all areas in which the Andhra Pradesh Shops and Establishments Act, 1966 was in force immediately before the commencement of this Act;

(ii) to such other areas in the State on such date as the Government may, by notification, specify.

Definitions.

2. In this Act, unless the context otherwise requires,—

(1) 'apprentice' means a person who is employed whether on payment of wages or not, for the purpose of being trained in any trade, craft or employment in any establishment;

(2) 'Chief Inspector' means the Chief Inspector appointed under section 57;

(3) 'child' means a person who has not completed fourteen years of age;

(4) 'closed' means not open for the service of any customer, or for any trade or business or for any other purpose connected with the establishment except loading, unloading and annual stock taking;

(5) 'commercial establishment' means an establishment which carries on any trade, business, profession



or any work in connection with or incidental or ancillary to any such trade, business or profession or which is a clerical department of a factory or an industrial undertaking or which is a commercial or trading or banking or insurance establishment and includes an establishment under the management and control of a co-operative society, an establishment of a factory or an industrial undertaking which falls outside the scope of the Factories Act, 1948, and such other establishment as the Government may, by notification, declare to be a commercial establishment for the purposes of this Act but does not include a shop;

Central Act,  
63 of 1948.

(6) 'day' means the period of twenty-four hours beginning at mid-night:

Provided that, in the case of an employee, whose hours of work extend beyond mid-night, day means the period of twenty-four hours beginning from the time when such employment commences.

(7) 'dependent' means, in relation to a deceased employee, his nominee or in the absence of such nominee, the heir or legal representative;

(8) 'employee' means a person wholly or principally employed in, and in connection with, any establishment and includes an apprentice and any clerical or other staff of a factory or industrial establishment who fall outside the scope of the Factories Act, 1948; but does not include the husband, wife, son, daughter, father, mother, brother or sister of an employer or his partner, who is living with and depending upon such employer or partner and is not in receipt of any wages;

Central Act,  
63 of 1948.

(9) 'employer' means a person having charge of or owning or having ultimate control over the affairs of an establishment and includes the manager, agent or other person acting in the general management or control of an establishment;



(10) 'establishment' means a shop, restaurant, eating-house, residential hotel, lodging house, theatre or any place of public amusement or entertainment and includes a commercial establishment and such other establishment as the Government may, by notification, declare to be an establishment for the purposes of this Act;

<sup>Act,</sup>  
<sup>'948.</sup> (11) 'factory' means factory within the meaning of the Factories Act, 1948;

(12) 'Government' means the State Government;

(13) 'Inspector' means an Inspector appointed under section 57;

(14) 'notification' means a notification published in the Andhra Pradesh Gazette and the word "notified" shall be construed accordingly;

(15) 'opened' means opened for the service of any customer or for any trade or business connected with the establishment;

(16) 'periods of work' means the time during which an employee is at the disposal of the employer;

(17) 'prescribed' means prescribed by rules made by the Government under this Act;

(18) 'register of establishment' means a register maintained for the registration of establishments under this Act;

(19) 'registration certificate' means a certificate issued under this Act;

(20) 'service compensation' means the service compensation payable under section 47;

(21) 'shop' means any premises where any trade or business is carried on or where services are rendered to customers and includes a shop run by a co-operative society, an office, a store room, godown, warehouse or



work place, whether in the same premises or otherwise, used in connection with such trade or business and such other establishments as the Government may, by notification, declare to be a shop for the purposes of this Act, but does not include a commercial establishment;

(22) 'theatre' includes any premises intended principally or wholly for the exhibition of pictures or other optical effects by means of a cinematograph or other suitable apparatus or for dramatic or circus performances or for any other public amusement or entertainment;

(23) 'wages' means every remuneration, whether by way of salary, allowance, or otherwise expressed in terms of money or capable of being so expressed which would, if the terms of employment, express or implied were fulfilled, be payable to an employee in respect of his employment or of work done in such employment, and includes—

(a) any remuneration payable under any settlement between the parties or order of a tribunal or court;

(b) any remuneration to which the employee is entitled in respect of overtime work or holidays or any leave period;

(c) any additional remuneration payable under the terms of employment, whether called a bonus or by any other name;

(d) any sum which by reason of the termination of employment of the employee is payable under any law, contract or instrument which provides for the payment of such sum, whether with or without deductions but does not provide for the time within which the payment is to be made;



(e) any sum to which the employee is entitled under any scheme framed under any law for the time being in force; but does not include,—

(i) any bonus, whether under a scheme of profit sharing or otherwise, which does not form part of the remuneration payable under the terms of employment, or which is not payable under any award or settlement between the parties or order of a court;

(ii) the value of any house accommodation, or of the supply of light, water, medical attendance or other amenity or of any service excluded from the computation of wages by a general or special order of the Government;

(iii) any contribution paid by the employer to any person or provident fund, and the interest which may have accrued thereon;

(iv) any travelling allowance or the value of any travelling concession;

(v) any sum paid to the employee to defray special expenses entailed on him by the nature of his employment;

(vi) any service compensation payable on the termination of employment in cases other than those specified in sub-clause (d);

(vii) the subscription paid by the employee to life insurance and the contribution paid by the employer to the life insurance of the employee under the provisions of this Act and the bonus which may have accrued thereon; or

(viii) house rent allowance payable by the employer;

(24) 'week' means a period of seven days beginning at mid-night on Saturday;



(25) 'young person' means a person who is not a child and has not completed eighteen years of age.

## CHAPTER-II.

### Registration of Establishments.

3. (1) Every employer of an establishment shall.— Registration of establishments.

(i) in the case of an establishment existing on the date of commencement of this Act, within thirty days from that date; and

(ii) in the case of a new establishment, within thirty days from the date on which the establishment commences its work,

send to the Inspector concerned a statement containing such particulars, together with such fees, as may be prescribed.

(2) On receipt of such statement, the Inspector shall register the establishment in the register of establishments in such manner as may be prescribed and shall issue in the prescribed form a registration certificate to the employer who shall display it at a prominent place of the establishment.

(3) Every registration certificate issued under sub-section (2), shall be valid with effect from the date on which it is issued upto the 31st day of December following.

(4) Every employer shall give intimation to the Inspector, in the prescribed form, any change in any of the particulars in the statement made under sub-section (1) within fifteen days after the change has taken place. The Inspector shall, on receipt of such intimation and the fees prescribed therefor make the change in the register of establishments in accordance with such intimation and shall amend the registration certificate or issue a fresh registration certificate, if necessary.





(5) The employer shall, within fifteen days of the closure of the establishment, give intimation thereof in writing to the Inspector, who shall, on receipt of such intimation, remove the name of the establishment from the register of establishments and cancel the registration certificate.

Provided that, where the Inspector is satisfied otherwise than on receipt of such intimation, that the establishment has been closed, he shall remove the name of such establishment from the register and cancel the registration certificate.

Renewal of  
Registration  
Certificate.

4. (1) The Inspector may, on an application made by the employer accompanied by the fees prescribed therefor, renew the registration certificate for a period of one year or for such number of years as may be prescribed, commencing from the date of its expiry.

(2) Every application for the renewal of the registration certificate shall be made in such form and in such manner as may be prescribed so as to reach the Inspector not later than thirty days before the date of its expiry;

Provided that, an application for the renewal of a registration certificate received not later than thirty days after its expiry may be entertained by the Inspector on the applicant paying such penalty as may be prescribed, by the Government from time to time.

(3) An applicant for the renewal of a registration certificate under sub-section (2) shall, until communication of orders on his application, be entitled to act as if the registration certificate had been renewed.

Revocation  
or Suspension  
of the Regis-  
tration Certi-  
ficate.

5. If the Inspector is satisfied, either on a reference made to him in this behalf or otherwise, that—

(a) the Registration Certificate granted under section 3 or renewed under section 4 has been obtained



by mis-representation, fraud or suppression of any material fact; or

(b) the employer has wilfully contravened any of the provisions of this Act or the Rules made thereunder,

the Inspector may, without prejudice to any other penalty to which the employer may be liable under this Act, revoke or suspend the Registration Certificate, after giving the employer an opportunity of showing cause.

6. (1) Any person aggrieved by an order made under section 5 may, within thirty days from the date on which the order is communicated to him, prefer an appeal to such authority as may be prescribed:

Appeal against revocation or suspension of the Registration certificate.

Provided that the appellate authority may entertain the appeal after the expiry of the said period of thirty days if he is satisfied that the appellant was prevented by sufficient cause from filing the appeal in time.

(2) On receipt of an appeal under sub-section (1), the appellate authority shall, after giving the appellant an opportunity of being heard, dispose of the appeal within two months.

### CHAPTER-III.

#### Shops.

7. (1) No shop shall on any day be opened earlier or closed later than such hour as may, after previous publication, be fixed by the Government by a general or special order in that behalf:

Opening and closing hours of shops.

Provided that, any customer who was being served or was waiting to be served in any shop at the hour fixed for its closing may be served during the quarter of an hour immediately following such hour.



(2) The Government may, for the purposes of this section, fix different hours for different classes of shops or for different areas or for different time of the year.

Selling outside prohibited, before opening and after closing hours of shops.

8. No person shall carry on, in or adjacent to, a street or public place, the sale of any goods, before the opening and after the closing hours fixed under section 7 for the shops dealing in any kind of goods in the locality in which such street or public place is situated:

Provided that, nothing in this section shall apply to the sale of—

- (i) News papers;
- (ii) flowers;
- (iii) pan;
- (iv) vegetables and fruits; and
- (v) such other goods as the Government may, by notification, specify from time to time.

Daily and weekly hours of work in shops.

9. (1) Subject to other provisions of this Act, no employee in any shop shall be required or allowed to work therein for more than eight hours in any day and forty-eight hours in any week.

(2) Any employee may be required or allowed to work in a shop for any period in excess of the limit fixed under sub-section (1), on payment of over-time wages, subject to a maximum period of six hours in a week.

(3) For the purpose of stock-taking and preparation of accounts, an employer may, with the previous intimation to the Inspector, require or allow any employee to work in a shop for not more than any six days in a year in excess of the period fixed in sub-section (1), on payment of over-time wages; so however, that the excess period shall not in aggregate, exceed twenty-four hours.



10. No employee in any shop shall be required <sup>of interval</sup> allowed to work therein for more than five hours <sup>in for rest.</sup> in any day unless he has had an interval for rest of at least one hour:

Provided that, an employee who was serving a customer at the commencement of the interval may be required to serve him during the quarter of an hour immediately following such commencement.

11. The periods of work of an employee in a shop <sup>Spread over</sup> shall be so arranged that along with his intervals <sup>periods of</sup> for rest, they shall not spread over for more than twelve hours in any day:

Provided that, where an employee works on any day for the purpose of stock-taking and preparation of accounts, the spread over shall not exceed fourteen hours in any such day on payment of over-time wages.

12. (1) Every shop, whether with or without emp- <sup>Closing of</sup> loyees, shall remain closed on every Sunday which shall <sup>shops and</sup> be a holiday for every employee in the shop: <sup>grant of</sup> <sup>holidays.</sup>

Provided that the Chief Inspector may, by notification, specify in respect of any shop or class of shops or in respect of shops or class of shops in any area any day in the week instead of Sunday on which day such shop or class of shops shall remain closed.

(2) (a) The Chief Inspector may, by notification, require in respect of any specified class of shops that they shall in addition to the weekly holiday mentioned in sub-section (1), be closed for one half day in a week, as may be fixed by the Government;

(b) Every employee in any shop to which a notification under clause (a) applies, shall be allowed in each week an additional holiday of one half day fixed for the closing of the shop under clause (a).



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(3) The Chief Inspector may, for the purposes of sub-section (2), fix different hours for different classes of shops or for different areas or for different times of the year.

(4) The weekly day on which a shop is closed in pursuance of a requirement under sub-section (2) shall be specified by the employer in a notice prominently exhibited in a conspicuous place in the shop.

(5) It shall not be lawful for the employer to call an employee at or for the employee to go to his shop or any place for any work in connection with the business of his shop on any day or part of the day on which it has remained closed.

(6) No deduction shall be made from the wages of any employee in a shop on account of any day or part of a day on which it has remained closed; and if such employee is employed on the basis that he would not ordinarily receive wages for such day or part of a day he shall nonetheless be paid for such day or part of a day the wages he would have drawn had the shop not remained closed, or had the holiday not been allowed, on that day or part of a day.

Closing of shops in public interest during special occasions.

13. In addition to the holidays mentioned in section 12, the Chief Inspector may, by notification and with the previous approval of the Government, require in respect of any specified class of shops that they shall be closed on any specified day or days in the public interest.

#### CHAPTER-IV.

##### Establishments other than Shops.

Application of this chapter to establishments other than shops.

14. The provisions of this Chapter shall apply only to establishments other than shops.



15. (1) No establishment shall on any day be opened earlier, or closed later, than such hour as may, after previous publication, be fixed by the Government by general or special order in that behalf: Opening and closing hours.

Provided that, in the case of a restaurant or eating-house, any customer who was being served or was waiting to be served therein at the hour fixed for its closing may be served during the quarter of an hour immediately following such hour.

(2) The Government may, for the purposes of this section, fix different hours for different classes of establishments or for different areas or for different times of the year.

16. (1) Subject to the provisions of this Act, no employee in any establishment shall be required or allowed to work therein for more than eight hours in any day and fortyeight hours in any week. Daily and weekly hours of work.

(2) Any employee may be required or allowed to work in an establishment for any period in excess of the limit fixed under sub-section (1), on payment of over-time wages, subject to a maximum period of six hours in any week.

(3) For the purposes of stock taking and preparation of accounts, an employer may, with the previous intimation to the Inspector, require or allow any employee to work in an establishment for not more than any six days in a year, in excess of the period fixed in sub-section (1) on payment of overtime wages; so however, that the excess period shall not, in the aggregate, exceed twenty-four hours.

17. No employee in any establishment shall be required or allowed to work in such establishment for more than five hours in any day unless he has had an interval for rest of at least one hour: Interval for rest.



Provided that the Chief Inspector may, in the case of an establishment whose daily hours of work are less than eight hours, reduce interval for rest to half-an-hour on an application made by the employer, with the consent of the employees.

Spread over  
of periods of  
work.

18. The periods of work of an employee in an establishment shall be so arranged that, along with his interval for rest, they shall not spread over for more than twelve hours on any day:

Provided that, where an employee works on any day for the purpose of stock taking and preparation of accounts the spread over shall not exceed fourteen hours on any such day on payment of over-time wages.

Holidays

19. (1) Every employee in any establishment shall be allowed in each week a holiday of one whole day:

Provided that, nothing in this sub-section shall apply to any employee whose total period of employment in the week, including any days spent on authorised leave is less than six days.

(2) The Government may, by notification, require in respect of any specified class of establishments that every employee therein shall be allowed in each week an additional holiday of one half-day commencing at such hour in the afternoon as may be fixed by the Government.

(3) The Government may, for the purposes of sub-section (2), fix different hours for different classes of establishments or for different areas or for different times of the year.

(4) No deduction shall be made from the wages of any employee in an establishment on account of any day or part of a day on which a holiday has been allowed in accordance with this section and if such employee is employed on the basis that he would not ordinarily



receive wages for such day or part of a day, he shall non the less be paid for such day or part of a day the wages he would have drawn, had the holiday not been allowed on that day or part of a day.

(5) It shall not be lawful for the employer to call an employee at or for the employee to go to, his establishment or any other place for any work in connection with the business of his establishment on any day or part of a day on which a holiday has been allowed in accordance with this section.

#### CHAPTER-V.

##### Employment of Women, Children and Young Persons.

20. No Child shall be required or allowed to work in any establishment. Children not to work in establishment

21. No young person shall be required or allowed to work in any establishment before 6 a.m. and after 7 p.m. Special provision for young persons.

22. Notwithstanding anything in this Act, no young person shall be required or allowed to work in any establishment for more than 7 hours in any day and forty-two hours in any week nor shall such person be allowed to work overtime. Daily and weekly hours of work for young persons.

23. No Woman employee shall be required or allowed to work in any establishment before 6-00 a.m. and after 8-30 p.m. Special provision for women.

24. The periods of absence from duty in respect of which a women employee is entitled to maternity benefit under section 25, shall be treated as authorised absence from duty, and the women employee shall be





entitled to maternity benefit, but not to any wages for any of those periods.

Maternity benefit.

25. Every woman who has been for a period of not less than six months preceding the date of her delivery in continuous employment of the same employer whether in the same or different shops or commercial establishments, shall be entitled to receive from her employer for the period of—

(a) six weeks immediately preceding the day of delivery; and

(b) six weeks following the day of delivery; such maternity benefit and in such manner as may be prescribed:

Provided that, no woman employee shall be entitled to receive such benefit for any day during any of the aforesaid periods, on which she attends work and receive wages thereof.

## CHAPTER-VI.

### Health and Safety.

Cleanliness

26. The premises of every establishment shall be kept clean and free from effluvia arising from any drain or privy or other nuisance and shall be cleaned at such times and by such methods as may be prescribed.

Ventilation

27. The premises of every establishment shall be ventilated as provided for in the laws relating to the municipalities, gram-panchayats or other local authorities for the time being in force.

Precautions for the safety of employees in establishments.

28. (1) In every establishment other than such establishment or class of establishments as the Government, may, by notification, specify, such precautions against fire shall be taken as may be prescribed.



(2) If power-driven machinery is used, or any process which, in the opinion of the Government, is likely to expose any employee to a serious risk of bodily injury is carried on in any establishment, such precautions including the keeping of first aid box shall be taken by the employer for the safety of the employees therein, as may be prescribed.

29. (1) No employee in any establishment shall be required or allowed to engage in the manual transport of a load therein which by reason of its weight is likely to jeopardise his health or safety. Maximum permissible load.

(2) The Government may, for the purposes of this section prescribe different maximum limits of weight for different classes of employees in any establishment.

Explanation:—For the purposes of this section, the term 'manual transport of a load' means any transport in which the weight of the load is wholly borne by one employee, inclusive of the lifting and putting down of load.

## CHAPTER VII.

### Leave and holidays with wages and Insurance Scheme for Employees.

30. (1) Every employee who has served for a period of two hundred and forty days or more during a continuous period of twelve months in any establishment shall be entitled during the subsequent period of twelve months, to leave with wages for a period of fifteen days, provided that such leave with wages may be accumulated upto a maximum period of sixty days: a Leave.

Provided that any continuous period of service in an establishment preceding the date on which this Act applies to that establishment shall also count:



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Provided further that any leave accumulated by an employee in an establishment under the law applicable to that establishment preceding the date on which this Act applies to it, shall not be affected:

Provided also that every employee in any shop or establishment shall be entitled for encashment of the leave with wages for a period of eight days in every year.

(2) An employee may apply in writing to the employer, not less than seven full working days before the date of availing himself of his leave, to allow all the leave or any portion thereof, to which he is entitled under sub-section (1):

Provided that the number of instalments for taking leave shall not exceed three during a period of twelve months.

(3) An employee who has been allowed leave for not less than five days under sub-section (2) shall, before his leave begins, be paid the wages due for the period of the leave allowed if he makes a request therefor.

(4) Every employee who has served for a period of not less than two hundred and forty days during a continuous period of twelve months in any establishment shall be entitled for encashment of eight days of leave with wages that has accrued to him under sub-section (1) during the subsequent period of twelve months. The employer shall pay to the employee the wages for the leave so encashed by the employee within a week of receipt of the application for such encashment from the employee.

(5) Every employee in any establishment shall also be entitled during his first twelve months of continuous service and during every subsequent twelve



months of such service (a) to leave with wages for a period not exceeding twelve days on the ground of any sickness or accident and (b) to casual leave with wages for a period not exceeding twelve days on any reasonable ground.

(6) Every employee in an establishment after he has put in not less than six months of service under the same employer, shall also be entitled for a special casual leave not exceeding six days only once during his entire service, if he has undergone vasectomy or tubectomy operation, subject to the production of a certificate therefor from an authorised medical practitioner under whom he has undergone the operation.

(7) If any employee entitled to any leave under sub-section (1) is discharged by his employer before he has been allowed such leave, or if the leave applied for by such employee has been refused and if he quits his employment before he has been allowed the leave, the employer shall pay him the amount, payable under this Act in respect of the period of leave:

(8) If an employee is lawfully discharged by his employer when he is sick or suffering from the result of an accident, the employer shall pay him the amount payable under this Act in respect of the period of leave to which he was entitled at the time of his discharge in addition to the amount, if any, payable to him under sub-section (3).

(9) An employee in a hostel attached to a school or college or in an establishment maintained in connection with the boarding and lodging of pupils and resident masters, shall be allowed the privileges referred to in sub-sections (1) to (8), reduced however proportionately to the period for which he was employed continuously in the previous year or to the period for which he will be employed



continuously in the current year, as the case may be; and all references to the periods of leave in sub-sections (1) and (5) shall be construed accordingly, fractions of less than half a day being disregarded.

Other  
holidays

31. (1) Every employee in any establishment shall also be entitled to nine holidays in a year with wages on the days to be specified by notification, from time to time, by the Government which shall include the 26th January (Republic Day), 1st May, (May Day), 15th August (Independence Day), 2nd October (Gandhi Jayanthi) and 1st November (Andhra Pradesh Formation Day) and on every such holiday, all the establishments, either with or without employees, shall remain closed.

(2) Notwithstanding anything contained in sub-section (1) the Chief Inspector may, having due regard to any emergency or special circumstances prevailing in the State or any part thereof, notify any other day or days as holiday, or holidays to employees or class of employees as he may deem fit. The holidays so notified shall be deemed to be additional holidays:

Provided that, any such employee in any residential hostel, restaurant, eating-house, theatre, or any place of public amusement or entertainment may be required to work in such establishment on any such holiday declared under sub-section (1) or sub-section (2), subject to the condition that in lieu thereof, a compensatory holiday with wages shall be allowed to such person within thirty days from the date of such holiday:

Provided further that, such compensatory holidays shall not exceed seven in a year and where any such employee in any such establishment is required to work on any such compensatory holiday, he shall be paid additional wages at the ordinary rate of wages in lieu of such holiday.



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(3) Nothing in sub-section (1) shall apply in respect of any establishment where the number of holidays with wages allowed by the employer is more than the holidays notified by the Government under that sub-section:

Provided that, every such employer shall send a list of holidays with wages allowed by him, which shall include the five holidays specified in sub-section (1), to the Inspector and to the Chief Inspector and shall also display the list at a prominent place of the establishment.

32. Every employee shall, for the period of the leave allowed under sub-sections (1) and (5) of section 30 or the holidays allowed under section 31, be paid at a rate equivalent to the daily average of his wages for the days on which he actually worked during the preceding month exclusive of any earning in respect of overtime.

Pay during leave and holidays.

33. Notwithstanding anything in section 30, the Government may, by notification, increase the total number of days of leave allowable under sub-section (1) of that section and the maximum number of days upto which such leave may be accumulated in respect of any establishment or class of establishments.

Power to increase the period of leave allowable under section 30.

34. (1) Every employee who has served in an establishment for a period of not less than one year shall subscribe to the insurance scheme or Insurance-cum-Saving scheme as may be notified by the Government to be applicable to the establishment in which the employee is working, at the rates, stipulated by the Government in the notification either in lumpsum every year or in monthly instalments as may be prescribed by the Government in the notification. For this purpose the employer shall make

Compulsory enrolment of employees to Insurance-cum-Savings Scheme.



the payment to the authority notified by the Government on behalf of the employee on or before the stipulated date and recover the same from the wages payable to the employee.

(2) In addition to the subscription of the employee mentioned in sub-section (1), every employer of the establishment to which the scheme of insurance or Insurance-cum-Savings is made applicable by the Government, shall also pay such percentage of annual wages of employee as may be notified by the Government, from time to time to the authority notified for the purpose as employer's contribution on or before the specified date every year.

#### CHAPTER-VIII.

Wages, Conditions for termination of services, appeals, Suspension and terminal benefits.

Responsibility for payment of wages. 35. Every employer shall be responsible for the payment by him to employees of all wages and sums, required to be paid under this Act.

Fixation of wage period. 36. (1) Every employer shall fix periods (hereinafter referred to as wage-periods) in respect of which such wages shall be payable.

(2) No wage-period shall exceed one month.

Wages for overtime work. 37. Where any employee in any establishment is required to work over-time he shall be entitled, in respect of such over-time work, to wages at twice the ordinary rate of wages:

Provided that, where the normal hours of work in an establishment are ordinarily less than eight hours a day and 48 hours a week, he shall be entitled in respect of work in excess of such normal hours upto eight hours a day and forty eight hours a week to



wages at the ordinary rate of wages and in respect of work in excess of eight hours a day and forty eight hours a week at twice the ordinary rate of wages, in addition to the wages for the normal hours of work.

Explanation:—For the purpose of this section, the expression 'ordinary rates of wages' shall mean such rate of wages as may be calculated in the manner prescribed.

38. (1) The wages of every employee shall be paid before the expiry of the fifth day after the last day of the wage-period in respect of which the wages are payable.

Time of payment of wages.

(2) Where the service of any employee is terminated by or on behalf of the employer the wages earned by such employee shall be paid before the expiration of the second working day from the day on which his employment is terminated.

(3) The Government may, by general or special order and for reasons stated therein exempt an employer from the operation of this section in respect of the wages of any employee or class of employees to such extent and subject to such conditions as may be specified in the order.

(4) All payments of wages shall be made on a working day.

39. All wages shall be paid in current coin or currency notes or in both.

Wages to be paid in current coin or currency notes.

40. (1) The wages of an employee shall be paid to him without deduction of any kind except those authorised by or under this Act.

Deductions which may be made from wages.

Explanation:—Every payment made by an employee to the employer shall, for the purposes of this Act, be deemed to be a deduction from wages.





(2) Deductions from the wages of an employee shall be made only in accordance with the provisions of this Act and may be of the following kinds only, namely:—

(a) fines and other penalties lawfully imposed;

(b) deductions for absence from duty;

(c) deductions for damages to, or loss of goods expressly entrusted to the employee for custody or for loss of money for which he is required to account, where such damage or loss is directly attributable to his neglect or default;

(d) deductions for house accommodation provided by the employer;

(e) deductions for such amenities and services supplied by the employer as the Government may, by general or special order, authorise;

(f) deductions for recovery of advances or for adjustment of over-payments of wages;

(g) deductions of income-tax or profession-tax payable by the employee;

(h) deductions required to be made by order of a court or other authority competent to make such order;

(i) deductions for subscriptions to, and for repayment of advances from, any provident fund to which the Provident Funds Act, 1925 applies or any recognised provident fund as defined in section 2 (38) of the Income Tax Act, 1961 or any provident fund approved in this behalf by the Government during the continuance of such approval;

(j) deductions for payments to co-operative societies approved in this behalf by the Government or any officer authorised by them in this behalf or to a scheme of insurance maintained by the Indian Post

Central Act,  
19 of 1925

Central Act  
43 of 1961.



Office or the Life Insurance Corporation of India established under Life Insurance Corporation Act, 1956; Central Act 31 of 1956.

(k) deductions made with the written authorisation of the employee in furtherance of any savings scheme approved by the Government or the purchase of securities of the Central or State Government.

41. (1) No fine shall be imposed on any employee <sup>Fines.</sup> save in respect of such acts and omissions on his part as the employer, with previous approval of the Government or of the prescribed authority may have specified by notice under sub-section (2).

(2) A notice specifying such acts and omissions shall be exhibited in the prescribed manner on the premises in which the employment is carried on.

(3) No fine shall be imposed on any employee until he has been given an opportunity of showing cause against the fine or otherwise than in accordance with such procedure as may be prescribed for the imposition of fines.

(4) The total amount of fine which may be imposed in any one wage period on any employee shall not exceed an amount equal to three paise in the rupee of the wages payable to him in respect of that wage period.

(5) No fine shall be imposed on any employee who has not completed the age of fifteen years.

(6) No fine imposed on any employee shall be recovered from him after the expiration of sixty days from the day on which it was imposed.

(7) Every fine shall be deemed to have been imposed on the day of the act or omission in respect of which it was imposed.



(8) All fines and all realisations thereof shall be recorder in a register to be kept by the employer in such form as may be prescribed; and all such realisations shall be applied only to such purposes beneficial to the employees in the establishment as are approved by the prescribed authority.

Explanation:—When the employees are only part of a staff employed under the same management all such realisations may be credited to a common fund maintained for staff as a whole, provided that the fund shall be applied only to such purposes as are approved by the prescribed authority.

Deductions  
for absence  
from duty.

42. (1) Deductions may be made under clause (b) of sub-section (2) of section 40 only on account of the absence of an employee from the place or places where by the terms of his employment, he is required to work, such absence being for the whole or any part of the period during which he is so required to work.

(2) The amount of such deduction shall in no case bear to the wages payable to the employee in respect of the wage period for which the deduction is made, a larger proportion than the period for which he was absent bears to the total period, within such wage-period during which by the terms of his employment, he was required to work:

Provided that, subject to any rules made in this behalf by the Government, if ten or more employees acting in concert absent themselves without due notice, that is to say, without giving the notice which is required under the terms of their contract of employment and without reasonable cause, such deduction from any such employee may include such amount not exceeding his wages for four days as may by any such terms be due to the employer in lieu of due notice.

Explanation:—For the purpose of this section, an employee shall be deemed to be absent from the



place where he is required to work, if, although present in such place he refuses, in pursuance of a stay in strike or for any other cause which is not reasonable in the circumstances, to carry out his work.

43. (1) A deduction under clause (c) of sub-section (2) of section 40 shall not exceed in respect of the damage of goods, one half of the amount of such damage and in respect of loss of goods or money, the amount of such loss caused to the employer by negligence or default of the employee and shall not be made until the employee has been given an opportunity of showing cause against the deduction, or otherwise than in accordance with such procedure as may be prescribed for the making of such deductions.

Deductions  
for damage  
or loss.

(2) All such deductions and all realisations thereof shall be recorded in a register to be kept by the employer in such form as may be prescribed.

44. A deduction under clause (d) or clause (e) of sub-section (2) of section 40 shall not be made from the wages of an employee unless the house accommodation, amenity or service has been accepted by him as a term of employment or otherwise, and such deduction shall not exceed an amount equivalent to the value of the house accommodation, amenity or service supplied and in the case of a deduction under the said clause (e), it shall be subject to such conditions, as the Government may impose.

Deductions  
for services  
rendered.

45. Deductions under clause (f) of sub-section (2) of section 40 shall be subject to the following conditions, namely:—

Deductions  
for recovery  
of advances.

(a) recovery of an advance of money given before employment began shall be made from the first payment of wages in respect of a complete wage-period, but no recovery shall be made of such advance given for travelling expenses;



(b) recovery of advances of wages not already earned shall be subject to any rules made by the Government regulating the extent to which such advances may be given and the instalments by which they may be recovered.

Deductions for payments to co-operative societies and insurance-schemes, etc.,

46. Deductions under clause (j) and clause (k) of sub-section (2) of section 40 shall be subject to such conditions as the Government may impose.

Conditions for terminating the services of an employee, payment of service compensation for termination, retirement, resignation, disablement, etc., and payment of subsistence allowance for the period of suspension.

47. (1) No employer shall, without a reasonable cause terminate the service of an employee who has been in his employment continuously for a period of not less than six months without giving such employee at least one month's notice in writing or wages in lieu thereof and in respect of an employee who has been in his employment continuously for a period of not less than one year, a service compensation amounting to fifteen days average wages for each year of continuous employment:

Provided that every termination shall be made by the employer in writing and a copy of such termination order shall be furnished to the Inspector having jurisdiction over the area within three days of such termination.

(2) The service of an employee shall not be terminated by the employer when such employee made a complaint to the Inspector regarding the denial of any benefit accruing to him under any labour welfare enactment applicable to the establishment and during the pendency of such complaint before the Inspector. The services of an employee shall not also be terminated for misconduct except for such acts or omission and in such manner as may be prescribed.



(3) Every employee who has put in a continuous service of not less than one year shall be eligible for service compensation amounting to fifteen days average wages for each year of continuous employment, (i) on voluntary cessation of his work after completion of 60 years of age, (ii) on his resignation, or (iii) on physical or mental infirmity duly certified by a Registered Medical Practitioner or (iv) on his death or disablement due to accident or disease:

Provided that the completion of continuous service of one year shall not be necessary where the termination of the employment of an employee is due to death or disablement:

Provided further that in case of death of an employee service compensation payable to him shall be paid to his nominee or if no nomination has been made to his legal heir.

(4) Where a service compensation is payable under this section to an employee, he shall be entitled to receive his wages from the date of termination or cessation of his services until the date on which the service compensation so payable is actually paid.

(5) The payment of service compensation under this section shall not apply in cases where the employee is entitled to gratuity under the Payment of Gratuity Act, 1972 and gratuity has been paid accordingly consequent on the termination or cessation of service. Central Act 39 of 1972.

(6) Where an employee is placed under suspension pending enquiry into grave misconduct the employer shall pay a subsistence allowance equivalent to fifty per cent of the last drawn wage for the first six months and at seventy five per cent of the last drawn wage beyond six months during the period of suspension. The total period of suspension shall not



however exceed one year in any case. If the misconduct is not established or the total period of suspension exceeds one year, the employee shall be entitled to full wages during suspension period and the period of suspension shall be treated as on duty.

Explanation:—(1) For the purposes of this section:—

(a) the term 'employee' shall include part-time employee also;

(b) the expression 'average wages' means the daily average of wages for the days an employee actually worked during the thirty days immediately preceding the date of termination or cessation of service;

(c) the expression 'wages' does not include over-time wages;

(d) an employee in an establishment shall be deemed to have been in continuous employment for a period of not less than six months if he has worked for not less than one hundred and twenty days in that establishment within a period of six months immediately preceding the date of termination or cessation of the service of that employee;

(e) where the total continuous employment is for a fraction of a year or extends over a fraction of a year in addition to one or more completed years of continuous employment, such fraction, if it is not less than a half year shall be counted as a year of continuous employment in calculating the total number of years for which the service compensation is to be given;

(f) the service compensation of an employee whose services have been terminated for any act, wilful omission or negligence causing any damage or loss to, or destruction of property belonging to the employer,



of persons or establishments mentioned in those sub-sections other than those mentioned in clause (b) of sub-section (1) and modify or cancel any such notification.

74. The provisions of the Workmen's Compensation Act, 1923, and the Rules thereunder shall, so far as may be, apply to every employee to whom this Act applies.

Application of the Workmen's Compensation Act, 1923.

Central Act 8 of 1923.

75. No suit, prosecution or other legal proceeding shall lie against any person for anything which is in good faith done or intended to be done under this Act.

Protection of Persons acting in good faith.

76. On any special occasion in connection with a fair or festival or a succession of public holidays, the Government may, by notification, suspend for a specified period the operation of all or any of the provisions of this Act, subject to such conditions as may be specified in such notification.

Power of Government to suspend provisions of the Act during fair and festivals.

77. Notwithstanding anything in the Andhra Pradesh Co-operative Societies Act, 1964, the provisions of this Act shall apply to the Co-operative Societies.

Application of this Act to Co-operative societies.

78. On and from the date on which this Act comes into operation in respect of an establishment, the Weekly Holidays Act, 1942, shall cease to apply to such establishment.

Central Act 13 of 1942 not to apply to establishments governed by this Act.

79. With effect on and from the date on which this Act is brought into force in any area, the Andhra Pradesh Shops and Establishments Act, 1966, as in force in that area shall stand repealed.

Repeal and Saving.

Act, 15 of 1966





Provided that—

(a) every appointment, order, rule, notification or notice made, issued or given under the provisions of the Act so repealed shall, in so far as it is not inconsistent with the provisions of this Act, be deemed to have been made, issued or given under the provisions of this Act, unless and until superseded by any appointment, order, rule, notification or notice made, issued or given under this Act;

(b) any proceedings relating to the trial of any offence punishable under the provisions of the Act so repealed shall be continued and completed as if the said Act had not been repealed but had continued in operation and any penalty imposed on such proceedings shall be recovered under the Act so repealed.