HR Law Hotline

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EXEMPTION FOR IT-ITES ESTABLISHMENTS IN ANDHRA PRADESH UNDER THE SHOPS AND ESTABLISHMENTS ACT

- The recent Notification by the Andhra Pradesh Government offers operational flexibility for IT and ITES establishments in Andhra Pradesh.
- The exemption is effective for five years, until March 25, 2030.
- The Notification deals with exemption around opening and closing hours of establishments, daily and weekly working hours, engaging women on nightshifts and ability to work on national and festival holidays.

The Government of Andhra Pradesh has recently notified the exemption for the Information Technology Enabled Services and Information Technology Establishments ("**IT-ITES Establishments**") from certain provisions of the Andhra Pradesh Shops and Establishments Act, 1988 ("**Andhra Pradesh Shops Act**") for a period of 5 (five) years with effect from date of publication of notification dated March 25, 2025[1] ("**Notification**"), subject to such establishments adhering to certain conditions prescribed in the Notification. The Notification primarily exempts the IT and ITES Establishments from the compliances under Sections 15, 16, 21, 23, 31 and 47(1), (2), (3) & (4) of the Andra Pradesh Shops Act, which deal with the following:

Section No.	Overview of the provision
15	**Opening and closing hours-** Shops and commercial establishments are required to adhere to the opening and closing hours prescribed by the Government.
16	**Daily and weekly hours of work-** The Andhra Pradesh Shops Act prescribes that the employees shall work up to a maximum number of 8 (eight) hours per day and up to a maximum number of 48 (forty-eight) hours per week. The provision also states that the total number of hours of work in any week, including overtime, shall not exceed 62 (sixty-two).
21	**Special provision for young persons-** Young persons are prohibited from working before 6 AM and after 7 PM.
23	**Special provision for women**- Women employees are prohibited from working before 6 AM and after 8:30 PM i.e. night shift. Provided that they may work within such hours if appropriate safety security measures and transportation, as notified by the state government, are in place.
31	**Other holidays-** The Andhra Pradesh Shops Act mandates a total of 9 holidays with wages to the employees for days of national importance or other such festivals as may be notified by the state government.
47(1) (2)(3) (4)	**Conditions for terminating employee services-** Employers cannot terminate an employee with at least 6 (six) months of continuous service without reasonable cause, unless they provide at least 1 (one) months' notice or wages in lieu thereof. Employees with at least 1 (one) year of continuous service are entitled to service compensation of 15 (fifteen) days' average wages for each year of continuous employment. Termination must be communicated in writing, with a copy sent to the Inspector within 3 (three) days.

THE EXEMPTIONS ARE AVAILABLE SUBJECT TO EMPLOYER ADHERING TO CONDITIONS IN THE NOTIFICATION, SUCH AS:

- Weekly working hours have been fixed at 48 (forty-eight) hours and for the work done beyond these hours, the employee is entitled to overtime wages.
- Every employee must be given a weekly off.
- The management is permitted to engage women employees during the night shift subject to provision of adequate security during the course of employment and to and fro transport from their respective residences.
- Every employee shall be given a compensatory holiday in lieu of notified mandatory national and festival holidays, with wages under the provision to sub-section (2) of section 31 of the Andhra Pradesh Shops Act if they work on such notified holidays.
- The companies shall obtain biodata of each driver and conduct pre-employment screening of the antecedents of all drivers employed on their own or through outsourcing. The details such as driving license, photographs, address, telephone number/mobile number, etc. of drivers, shall be available with the respective companies.
- The schedule and route of the pick and drop shall be decided by the supervisory officer of the company on every Monday. (if Monday is a holiday, the next working day in a week). In case of exigencies, change of drivers/routes/shifts shall be allowed only with the prior knowledge of supervisory officers/employees.
- Careful selection of routes, such that no women employees shall be picked up first and dropped last.
- General exemption from maintenance of various statutory registers in hard copies and recognition of soft copy of registers as sufficient compliance.
- It is desirable that the company shall provide security guards for night shift vehicles.
- The company shall establish a control room or travel desk for GPS-based vehicle movement monitoring. Additionally, all hired vehicles must be registered under the VAHAN app, and the company shall ensure that women employees have downloaded the police department's security mobile app. A list of hired vehicles should also be shared with the police department to facilitate safe and efficient monitoring of vehicle movement for the security of women employees.

Contravention of the abovementioned conditions may lead to revocation of the exemption without any prior notice by the state government.

CONCLUSION:

The Notification aims to strikes a balance between regulatory flexibility for IT and ITES establishments while ensuring employee safety and welfare. Exemptions from working hours, holidays, etc. will foster cross-jurisdiction collaboration between teams of an establishment. The Notification mandating stringent security measures such as GPS based vehicle tracking, background verification of drivers, structured pick and drop schedules, and the provision of safe transport for women employees showcases the Andhra Pradesh government's efforts in enabling business growth and workplace security.

This initiative is aligned with Andhra Pradesh's broader vision of attracting IT and ITES investments by creating a conducive business environment while reinforcing its reputation as a safe and progressive state for employment. However, the effectiveness of these exemptions will depend upon strict adherence to the prescribed conditions. Non-compliance could lead to revocation, highlighting the importance of continuous monitoring and enforcement.

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You can direct your queries or comments to the relevant member.

[1] https://apegazette.cgg.gov.in/uploadGazette_view?filePath=eyJhbGciOiJIUzI1NiJ9.eyJpc3MiOiJodHRwczovL2FwZWdhemV0dGUuY2dnLmdvdi5pbi9zZWFyY2hBbGxHYXpldHRlcyIsImlhdCI6MTc0MzY1NjYxMywic3ViIjoiL1VwbG9hZHMvQVBHQVpFVFRFL2dhemV0dGVzLzE3NDI5MDAwMjkyNTIucGRmIn0.7eiHs0uyeDRotD1OXX9qYYOIa2uSIneOTjmuQU2WgxU

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