

HR Law Hotline

March 08, 2007

AFFIRMATIVE ACTION: GOVERNMENT TO CHECK INACTION

The Department of Industrial Policy and Promotion ("DIPP") in the Ministry of Commerce and Industry, Government of India ("GoI"), has directed Indian companies to include data on the number of recruits sourced from certain specified sections of society in their annual reports for the financial year ending March 2007. The data, which should cover the recruitment period from January 1, 2007 onwards, will help the GoI ascertain the quantum of affirmative action voluntarily taken up by corporates.

The GoI's earlier efforts to compel corporate India to hire a specified percentage of its employees from those sections of society classified as the "scheduled castes" and "scheduled tribes" ("SCs" and "STs") had been stonewalled by some of the principal bodies representing Indian industry. These associations had deflected the earlier proposal for legislation mandating the reservation of jobs for the SCs and STs and instead, offered to make a commitment towards voluntary affirmative action.

Now the GoI wants to know whether corporate India has fulfilled that commitment. By calling for the inclusion of such data in the annual reports, the GoI intends to gauge the sincerity of Indian companies in filling the required quota.

If however, the GoI remains dissatisfied after checking the relevant data in the annual reports through an independent study to be conducted by the DIPP, it may introduce legislation to compel India Inc. to mandatorily fulfill the quota requirements for SCs and STs in the first quarter of the financial year starting April 2007.

While this move is well-intentioned, the GoI should examine whether a sufficient number of SC and ST prospectives for hire are sufficiently equipped to enter the corporate world before introducing such legislation. When heavy demands are being made on all sectors to perform to global standards, a section of untrained or insufficiently qualified employees may be detrimental to the overall performance of an organisation. It may be more appropriate for the GoI to first support the efforts of companies and industry bodies to impart skill-based training to SCs and STs and then only introduce legislation for the mandatory infusion of SCs and STs into the corporate workforce.

Source: *The Economic Times*, Mumbai edition, March 7, 2007

- Rina Kamath & Vikram Shroff

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