



ERGO

Analysing developments impacting business

PREFERENCE TO KANNADIGAS FOR JOBS IN KARNATAKA

13 January 2020

INTRODUCTION

On 7 December 2019, the Government of Karnataka (Government) issued a notification (Notification) amending the Karnataka Industrial Employment (Standing Orders) Rules 1961 (Rules). This Notification requires industries in Karnataka, both private and public, to give priority to Kannada-speaking individuals (Kannadigas) in local jobs. The Notification cites the lack of a common language being the cause of majority of accidents on the shop floor and the reason behind its recommendation of giving preference to locals. The Notification states that 72% of accident victims were non-Kannadigas owing to communication gap and therefore, to curtail the rate of accidents, preference should be given to Kannadigas for jobs in Karnataka.

KEY CHANGES INTRODUCED BY THE NOTIFICATION

The Notification, published in the Official Gazette on 26 December 2019, brought about the following amendments in the Rules:

- **Appointment of Kannadigas in local jobs:** Every industrial establishment operating or carrying on business in Karnataka, whether or not receiving or obtaining any benefit of concession / rebate / deferment / exemptions / or any other similar benefits under any industrial or other policy of the state, should give priority appointment to Kannadigas who are (i) Indian citizens; (ii) are residing in Karnataka for not less than 15 years; and (iii) are able to read, write and speak Kannada language. This is of course subject to suitability, qualification, experience and other requirements.
- **Employment to persons with benchmark disabilities:** Every industrial establishment should provide not less than 5% of employment to persons with benchmark disabilities in order to get incentives from the Government. A person with 'benchmark disability' means a person with not less than 40% of a specified disability.

IMPLICATION ON INDUSTRIES

- **IT/ITeS companies:** The Government vide its notification dated 25 May 2019 had exempted certain industries including IT/ITeS from the implementation of the Industrial Establishment (Standing Orders) Act 1946 for a period of 5 years. By

virtue of said exemption, the IT/ITeS companies will not be required to adhere to the amendments brought about by the Notification.

- **Shops and commercial establishment:** The Industrial Establishment (Standing Orders) Act 1946 is applicable to all shops and commercial establishments in the state of Karnataka that are governed by the Karnataka Shops and Establishments Act 1962. Consequently, this Notification becomes applicable to all the aforesaid shops and establishments and the employers will have to comply with the provisions of this Notification.

COMMENTS

The Notification only requires the industrial establishments to give priority to Kannadigas at the time of recruitment, but it neither makes it mandatory nor does it specify any penal consequences if the establishments fail to do so. Further, the Rights of Persons with Disabilities Act 2016 provides that the appropriate government and the local authorities should provide incentives to employers in the private sector to ensure that at least 5% of their workforce is composed of persons with benchmark disability. However, the Government, while mandating such reservation has not offered any incentive to private establishments. It needs to be seen whether this Notification would find any teeth from implementation standpoint or would be another optical instance of projecting policy change for prioritising local employment.

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