

## **Haryana State Employment of Local Candidates Act, 2020**

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The Government of Haryana recently passed the Haryana State Employment of Local Candidates Act, 2020 (“Act”), which mandates private organizations in the State to reserve 75% of jobs in the organization for persons domiciled in Haryana. While the Act is yet to be enforced by the State government, there has been substantial push-back on its implementation.

The Act applies to all companies, partnership firms, societies, trusts, limited liability partnership firms, any person employing 10 or more persons. Central or State government organizations are exempt under the Act. The provisions of the Act will be in force for a period of 10 years from the date of its commencement. Within 3 months from the commencement of the Act, every employer is required to mandatorily register all its employees, whose gross monthly salary does not exceed INR 50,000, on the designated portal prescribed under the Act. It also puts an embargo on the employer from employing or engaging any new person, until the said registration is completed. Further, the Act defines a ‘Local Candidate’ as a person who is domiciled in the state of Haryana. While the Act prescribes that the local candidate may be from any district, it gives the employer an option to restrict the employment of local candidates from a particular district, to 10%. Registration on the designated portal is mandatory for a local candidate to be eligible to avail benefits under the Act.

Employers can claim an exemption from providing reservation to local candidates if adequate number of local candidates having desired skill, qualification, or proficiency, are not available. This will be evaluated by a Designated Officer, who may accept or reject the claim of such employer seeking exemption or direct such employer to train local candidates to achieve the desired skill or proficiency. There are penalty provisions under the Act, wherein the penalty prescribed ranges from INR 10,000 to INR 200,000, depending on the nature of the contravention. There is also a provision wherein the directors, officers or any person concerned with the management of a company will be deemed to be guilty of any contravention of the Act.

While the Act may be the Government’s attempt to ensure employment opportunities for local candidates, there are certain questions that remain to be addressed. There is a possibility that while trying to comply with the 75% reservation requirement below a certain salary bracket, organizations may be unable to retain the jobs or accommodate those employees who are not domiciled in the State. The Act will certainly prove to be detrimental in this instance. The Act also provides that an employer may seek exemption from employing local candidates if there are not enough number of local candidates with the requisite skill and proficiency. The exemption, however, will be granted only after making an application to the



Authorized Officer, who has been granted powers not just to accept or reject the claim of the employer, but also direct them to train such local candidates. How this will be practically feasible, and how many private organizations will actually spend time, money, and resources for this, will have to be seen.

Another aspect to be addressed is the fact that imposing such reservation requirements may significantly hamper the efficiency of private organizations, as they may be forced to employ candidates who do not have relevant experience, merely to comply with the provisions of the Act. Additionally, the Act prescribes that until all employees of an organization under the INR 50,000 salary bracket are registered on the designated portal, employers cannot hire any new employees. This total embargo on recruitment will be challenging, especially for newer organizations. The Act will undoubtedly boost employment of local candidates, but implementation remains an impending challenge.

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