

THE HARYANA STATE EMPLOYMENT OF LOCAL CANDIDATES ACT, 2020

Vide Gazette Notification dated 02.03.2011, the Government of Haryana had enacted the Haryana State Employment of Local Candidates Act, 2020 ("Act"). The Act shall be in effect from 15.01.2022 ("Effective Date") across the State of Haryana pursuant to the Gazette Notification dated 06.11.2021 released by the Government of Haryana.

The state government had formulated this legislation with the aim of endeavouring job-creation and providing employment opportunities to local individuals domiciled in Haryana. The Act intends to provide employment opportunities for individuals domiciled in Haryana by casting an obligation on the employers to reserve 75% (seventy-five percent) of posts/position/vacancies for individuals domiciled in Haryana that offer a salary of less than INR 30,000/- (Indian Rupees Thirty Thousand Only).

□ HIGHLIGHTS OF THE ACT:

• APPLICABILITY:

- ≡ The Act is applicable to employers situated in the state of Haryana be it a (i) company; or (ii) society; or (iii) trust; or (iv) limited liability partnership firm; or (v) partnership firm; or (vi) any person/entity as notified by the state government, employing 10 (ten) or more persons.

• VALIDITY:

- ≡ The Act shall be in operation for a period of 10 (ten) years from the Effective Date.

• IMPORTANT DEFINITIONS:

- ≡ **"Employer" [Section 2(e)]**- Employer shall include (i) a company registered under the Companies Act, 2013; or (ii) a society

registered under the Haryana Registration and Regulation of Societies Act, 2012; or (iii) a trust as defined under the Indian Trusts Act, 1882; or (iv) a partnership firm defined under the Limited Liability Partnership Act, 2008; or (v) a partnership firm as defined under the Indian Partnership Act, 1932; or (vi) any person as notified by the state government, employing 10 (ten) or more persons on salary, wages or other remuneration for the purpose of manufacturing or providing any service. Employer shall not include the entities which are owned by Central Government or State Government, or any offices of the State Government or Central Government.

- ≡ **"Local Candidate" [Section 2(g)]**- Local candidate shall mean a candidate who is domiciled in the state of Haryana.
- ≡ **"Designated Officer" [Section 2(c)]**- Designated Officer shall mean an officer not below the rank or equivalent to a Deputy Commissioner, as may be notified by the state government from, time to time.
- ≡ **"Authorised Officer" [Section 2 (b)]**- Authorised Officer shall mean an officer of the Government not below the rank or equivalent to Sub-Divisional Officer (Civil) as may be notified by the state government from, time to time.
- ≡ **"Appellate Authority" [Section 2(a)]**- Appellate Authority shall mean an officer not below the rank or equivalent to the Labour Commissioner, as may be notified by the state government from, time to time.
- ≡ **"Designated Portal" [Section 2(d)]**- Designated portal shall mean a portal specifically designed and notified for the purpose of registration of Local Candidate(s) under the Act.

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- **IMPORTANT PROVISIONS:**

- ≡ **Compulsory Registration (Section 3):**

- Within a period of 3 (three) months from the Effective Date, every Employer shall be required to register such employees (individuals domiciled in Haryana) who receive gross monthly salary or wages not above INR 30,000/- (Indian Rupees Thirty Thousand only)¹. No Employer shall employ or engage any employee (individuals domiciled in Haryana) till the registration of such employee is completed on the Designated Portal.

- ≡ **Recruitment of Local Candidates (Section 4):**

- From the Effective Date, every Employer shall be required to hire or employ 75% (seventy-five percent) of Local Candidates with respect to such vacancies/posts offering a salary or wages of less than INR 30,000/- (Indian Rupees Thirty Thousand)². An Employer may at his option, restrict the employment of Local Candidates from any district to 10% (ten percent) of the total number of Local Candidates. Further, a Local Candidate shall not be eligible to avail benefits prescribed under the Act unless he/she registers himself/herself on the Designated Portal.

- ≡ **Exemption (Section 5):**

- An Employer can claim exemption to recruit Local Candidates as mandated under Section 4 of the Act by making an application before the Designated Officer stating that number of Local Candidates of the desired skill, qualification or proficiency are not available in the district where the Employer is situated.

¹ The ceiling of salary and wages was revised to INR 30,000/- (Indian Rupees Thirty Thousand only) from INR 50,000/- (Indian Rupees Fifty Thousand) pursuant to gazette notification dated 06.11.2021 and the same shall be effective from 15.01.2022.

- The Designated Officer on receiving such a request, after evaluating the application made by the Employer, can pass an order (i) to exempt the Employer from undertaking compliance under Section 4 of the Act; or (ii) reject the claim made by the Employer seeking exemption; or (iii) direct the Employer to train Local Candidates to achieve desired skill, qualification or proficiency.

- ≡ **Submission of Quarterly Report (Section 6):**

- Under the Act, the Employers are mandated to furnish a quarterly report providing details regarding the number of Local Candidates employed and appointed during the quarter on the Designated Portal.

- ≡ **Powers prescribed to Authorised Officer:**

- Section 7-Examine reports furnished by the Employers. Call upon Employers for verifying details under the reports and pass appropriate orders.
- Section 8- Inspect the premises of the Employer at all reasonable times, to check records and registers maintained and procedural compliance undertaken by the Employers under the Act.

- ≡ **Appeal Against Orders Passed by the authority (Section 9):**

- In case an order is passed by the Designated Officer or Authorised Officer under the Act against an Employer, the aggrieved Employer can approach and file an appeal against such orders before the Appellate Authority within a period of 60 (sixty) days from the date of such order.

² *Id.*

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- **PENALTIES:**

- ≡ Section 10 (General Penalty)- In case an Employer contravenes the provisions of the Act or the rules formulated therein or any order passed by any of the officers as notified under the Act, such Employer shall liable to a penalty of INR 10,000/- (Indian Rupees Ten Thousand) extendable to INR 50,000/- (Indian Rupees Fifty Thousand). In case of the Employer continues to contravene after being convicted under the said provision, a further penalty shall be levied against such an Employer which shall extend to INR 100/- (Indian Rupees One Hundred) for each day till the time such contravention continues.
- ≡ Section 11 (Penalty for contravention of Section 3)- In case an Employer fails to compulsory register such employees receiving gross monthly salary or wages not above INR 30,000/- (Indian Rupees Thirty Thousand) on the Designated Portal within a period of 3 (three) months from the Effective Date then, such an Employer shall be guilty of an offence punishable with penalty of INR 25,000/- (Indian Rupees Twenty Five Thousand) extendable to INR 1,00,000/- (Indian Rupees One Lakh). In case of the Employer continues to contravene after being convicted under the said provision, a further penalty shall be levied against such an Employer which shall extend to INR 500/- (Indian Rupees Five Hundred) for each day till the time such contravention continues.
- ≡ Section 12 (Penalty for contravention of Section 4)- In case an Employer fails to recruit 75% (seventy-five percent) of Local Candidates with respect to such posts where the gross salary or wages are not above INR 30,000/- (Indian Rupees Thirty Thousand) then such an Employer shall be guilty of an offence punishable with penalty of INR 50,000/- (Indian Rupees Fifty Thousand) extendable

to INR 2,00,000/- (Indian Rupees Two Lakh). In case of the Employer continues to contravene after being convicted under the said provision, a further penalty shall be levied against such an Employer which shall extend to INR 1,000/- (Indian Rupees One Thousand) for each day till the time such contravention continues.

- ≡ Section 13 (Penalty for contravention of Section 5)- In case an Employer does not comply with the order passed by the Designated Officer under Section 5, then such an Employer shall be guilty of an offence punishable with penalty of INR 1,000/- (Indian Rupees One Thousand) extendable to INR 50,000/- (Indian Rupees Fifty Thousand). In case of the Employer continues to contravene after being convicted under the said provision, a further penalty shall be levied against such an Employer which shall extend to INR 100/- (Indian Rupees One Hundred) for each day till the time such contravention continues.
- ≡ Section 14 (Penalty for falsification and non-furnishing of records etc.)-Any person who produces false records or counterfeits or knowingly or produces or uses a false statement, declaration or evidence regarding any document as required to be provided under the Act and rules made thereunder or makes, gives or furnishes any false return, notice or report containing a statement then, such person shall be liable to punished with penalty of INR 50,000/- (Indian Rupees Fifty Thousand) for each offence. In case such person repeats to contravene the said provision, he shall be liable to be punished with a penalty of INR 2,00,000/- (Indian Rupees Two Lakh) extendable to INR 5,00,000/- (Indian Rupees Five Lakh).

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