

Indian Rising- Emerging Issues in India Inc- Affirmative Action

Affirmative action refers to policies intended to promote access to education or employment aimed at a historically socio-politically non-dominant group (typically, minorities or women).

At the CII AGM held on May 24th 2007, Prime Minister Dr Manmohan Singh invited the industry to be the government's partner in creating a humane and just society, he wanted corporate India to first resist excessive remuneration to promoters and senior executives and reduce conspicuous consumption -- as it was "*socially undesirable*" and "*environmentally unsustainable*." He opened a Pandora's Box by asking businesses to "*voluntarily*" commit to greater diversity in their work force. The captains of industry were spooked, seeing in the apparently gentle appeal a precursor to pernicious caste-based reservations of jobs. The coalition government, upon coming to power in May 2004, stated clearly in its work program that it "is very sensitive to the issue of affirmative action, including reservations, in the private sector." Indian businessmen oppose quotas on the grounds that introducing factors other than "merit" in the hiring process will hurt their competitiveness just when they are beginning to make a mark on a global scale. Those who support reservations say concerns about the dilution of quality are overstated.

Convinced that the politicians would be unstoppable in their enthusiasm for a law mandating reservations of jobs for backward classes in private sector, chambers of commerce and industry associations have announced that the industry is committed to work with the government to formulate an Act that will be designed to ensure that discrimination in the workplace is prohibited by law. *Whether good or bad, that only time will tell* but for now India Inc is going in for Affirmative Action so that it can become a partner to the government in making the society just and humane as suggested by the PM.

CII along with ASSOCHAM has already drafted a report for Affirmative Action. It has a plan of how India Inc is going to go about implementing the Affirmative Action policies at present and the future. FICCI has also compiled and readied its report on how to go about Affirmative action.

The *Affirmative Action* report recognizes that the industry does have a role in ensuring inclusive growth, though it's a small one. The creation of the report diminishes the gap that existed between what was considered as social initiatives by the industry bodies and the political leadership. The report has 3 cornerstones:

1. The organized labour is just 2 percent of the total work force and no matter what the private sector did, the problem of segregation and discrimination cannot be solved so easily.

2. The industry would like to be a part of the solution and not give the complete solution. It should enhance the competitiveness and not erode it.
3. Lastly whatever needs to be done should be done voluntarily and not forced by legislation on to the industry.

The *Affirmative Action report* has 4 specific areas (at the work place, entrepreneurship development, employability and education) where the industry bodies will take concrete steps to ensure inclusive growth. Milestones that have been specified in the report for the first year are:

- Adopting a Code of Conduct.
- Creating 100 entrepreneurs from SCs and STs.
- Establishing coaching centers in 10 universities for 10000 students.
- Establishing 10 coaching centers for 5000 students for coaching on professional entrance exams and technical courses.
- Creating 50 scholarships in national institutes of excellence.
- Disclosing progress on proposed concrete steps in annual reports.

500+ CII prominent members such as Tata group companies, M & M, Infosys, Godrej, Hindustan Unilever Ltd, SRF Ltd are already signatories to the adopted code of conduct that mandates positive discrimination.

Work is already underway to meet the milestones that have been set for India Inc in the CII report. Policies are being drafted by the HR Departments of the companies that ensure preference to SCs and STs. Entrepreneurship programs for SCs and STs are being developed by the corporate houses in coordination with SIDBI and NABARD. Programs for educational development are also underway for the social upliftment of the SCs and STs. Suggestions to bring in legislations that provide loans to SC/ ST entrepreneurs based on the US model have been presented to the government. These would make the government guarantee the loan as they are high risk capital ones and take the burden off the entrepreneur.

With work in progress on the Affirmative Action side, India Inc does need to live up to its promises. The steps taken will be observed over a period of two months and the results will be reviewed jointly by the Industry and the government. If the government feels that the results are not up to the mark then it just might go back to thinking about bringing in the legislation on job reservation in the private sector. *Now that is something to munch on for everyone who is and will be a part of India Inc.*