

HR Law Hotline

February 06, 2008

EMPLOYMENT LAW: GRAVEYARD SHIFT FOR CEOS

A recent decision of the Supreme Court of India ("SC") is likely to cause some concerns in the information technology ("IT") sector in India. The SC, on January 29, 2008, dismissed the appeal of Som Mittal, managing director ("MD") of a leading IT company in Bangalore, against a lower court's order, declaring that the MD could be prosecuted for violating labour laws. As a matter of background, in December 2005, a woman employee of the company was raped and murdered while on her way to the office from her residence, at 2.00 a.m. Following the incident, a complaint was filed against the MD for violating labour laws for employing women at night and the local authorities took cognizance of such offence. The MD filed a petition in the High Court of Karnataka to quash the complaint, which petition was dismissed in 2006 by the High Court of Karnataka, leading to an appeal to the SC.

LAWS VIOLATED:

The Karnataka Shops and Commercial Establishments Act, 1961 ("KSCEA"), which applies to shops and establishments located in the State of Karnataka, *inter alia* regulates the opening and closing hours of establishments. Further, section 25 of the KSCEA prohibits employment of women and young persons after 8.00 p.m. and before 6.00 a.m. However, the State Government issued a notification in 2003 making an exception for IT and IT-enabled services ("ITES") sectors with a view to facilitate this industry. As per the notification, employers of IT and ITES establishments who wish to employ women employees during night shifts are required to make an application to the labour authorities for an exemption.

While granting an exemption, the labour authorities prescribe several conditions that need to be complied with by the employer, including provision of transport facilities from the residence to workplace and back with adequate security. In the present case, the employee was allegedly not provided with such transport facilities by her employer and was using local transport when the offence was committed. As a result, the magistrate took cognizance of the complaint directly against the MD of the organisation. This was in view of the fact that the definition of 'employer' under the KSCEA includes a person acting in the general management or control of an establishment.

IMPLICATIONS:

The SC judgment is likely to lead to greater awareness among the management to personally ensure that their organization complies with all applicable labour laws. The management is also likely to adopt certain best practices to ensure the safety of the employees, not just in the workplace but also while traveling to and from the office. On the other hand, this judgment may lead to review of the existing policies of employing women during night shifts due to the safety and security requirements prescribed under law. There also continues to be some uncertainty in the approach to be adopted by the management in situations where women employees refuse to utilize the transportation and/or security facilities provided by the company.

Source: Criminal Appeal No. 206 of 2008 [SLP (Crl.) No. 1719 of 2006]

- Radhika Iyer & Vikram Shroff

DISCLAIMER

The contents of this hotline should not be construed as legal opinion. View detailed disclaimer.

This Hotline provides general information existing at the time of preparation. The Hotline is intended as a news update and Nishith Desai Associates neither assumes nor accepts any responsibility for any loss arising to any person acting or refraining from acting as a result of any material contained in this Hotline. It is recommended that professional advice be taken based on the specific facts and circumstances. This Hotline does not substitute the need to refer to the original pronouncements.

This is not a Spam mail. You have received this mail because you have either requested for it or someone must have suggested your name. Since India has no anti-spamming law, we refer to the US directive, which states that a mail cannot be considered Spam if it contains the sender's contact information, which this mail does. In case this mail doesn't concern you, please unsubscribe from mailing list.

Research Papers

Compendium of Research Papers

January 11, 2025

FAQs on Setting Up of Offices in India

December 13, 2024

FAQs on Downstream Investment

December 13, 2024

Research Articles

INDIA 2025: The Emerging Powerhouse for Private Equity and M&A Deals

January 15, 2025

Key changes to Model Concession Agreements in the Road Sector

January 03, 2025

The Revolution Realized: Bitcoin's Triumph

December 05, 2024

Audio

Securities Market Regulator's Continued Quest Against "Unfiltered" Financial Advice

December 18, 2024

Digital Lending - Part 1 - What's New with NBFC P2Ps

November 19, 2024

Renewable Roadmap: Budget 2024 and Beyond - Part I

August 26, 2024

NDA Connect

Connect with us at events, conferences and seminars.

NDA Hotline

Click here to view Hotline archives.

Video

"Investment return is not enough" Nishith Desai with Nikunj Dalmia (ET Now) at FI18 event in Riyadh

October 31, 2024

Analysing SEBI's Consultation Paper

on Simplification of registration for
FPIs

September 26, 2024

Scope of judicial interference and
inquiry in an application for
appointment of arbitrator under the
(Indian) Arbitration and Conciliation
Act, 1996

September 22, 2024