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Union Budget 2014 Outlines Employment & Labor Law Proposals

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A number of changes to employment and labor laws reflecting the key agenda focus of the new Indian Government on the generation of employment were presented in the Indian Parliament on July 10, 2014 by the Honorable Finance Minister, Mr. Arun Jaitley.

The proposed changes include the following:

- 1. Employees' Provident Fund and Miscellaneous Provisions Act, 1952 ("EPF Act"):** The Government has proposed the following amendments to the EPF Act and the schemes framed thereunder:
 - a. Providing a minimum pension of INR 1,000 per month under the Employees' Pension Scheme, 1995 to all subscriber members of the scheme;
 - b. Increasing the wage ceiling for mandatory subscription under the EPF Act from INR 6,500 per month to INR 15,000 per month; and
 - c. Launching a "Uniform Account Number" service for contributing members to facilitate portability of provident fund accounts.
- 2. Mahatma Gandhi National Rural Employment Guarantee Act ("MNREGA"):** The Government affirmed its commitment to providing wage and self-employment opportunities in rural areas. The focus will be on providing employment through works that are productive, asset creating and substantially linked to agriculture and allied activities.
- 3. Training of Apprentices:** In order to respond to the fact that a large number of training facilities set up under the Apprenticeship Training Scheme remain unutilized, the Government proposes to amend the Apprenticeship Act, 1961 ("Apprentices Act") to make it more responsive to industry and youth.
- 4. Employment Exchanges:** The Government proposes that employment exchanges which have been set up in accordance with the Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959 will be transformed into career centers, which will provide information about job availability, and extend counseling facilities to youth to assist them in selecting the jobs best suited to their ability and aptitude.
- 5. Skill Enhancement:** A national multi-skilling program called Skill India, with an emphasis on employability and entrepreneur skills, is proposed to be launched. The program is expected to focus on training and support for traditional professions such as welders, carpenters, cobblers, masons, blacksmiths and weavers.
- 6. Salary Taxation:** The Government has proposed an increase in the personal income tax exemption limit by INR 50,000, that is, from INR 200,000 to INR 250,000 in the case of individual taxpayers who are below the age of 60 years.

7. **Employees' State Insurance Corporation Exempted from Service Tax:** Services provided by the Employees' State Insurance Corporation ("ESIC"), set up under the Employees' State Insurance Act, 1948, for the period prior to 1st July 2012 are proposed to be exempt from service tax.
8. **Job Creation:** The Government has emphasized its agenda to generate employment by:
1. reviving Special Economic Zones and making them effective instruments of industrial production, economic growth, export promotion and employment generation;
 2. formulating a policy for encouraging the growth of Indian controlled shipping tonnage to ensure increase in employment of seafarers; and
 3. creating five tourist circuits around specific themes, so as to generate employment and develop tourism.

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