



# EMPLOYMENT LAW

## UNION BUDGET 2025

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### WELCOME TO OUR EMPLOYMENT LAW NEWSLETTER

We are pleased to share the latest edition of our Employment Law newsletter, listing the announcements that are significant for the employers in the Union Budget 2025 announced by the Union Minister for Finance and Corporate Affairs, Mrs Nirmala Sitharaman, on February 1, 2025, providing enhanced tax benefits to the employees and record allocation for the Ministry of Labour and Employment.

We hope you find this newsletter useful and informative, and we look forward to your continued engagement.

#### The National Manufacturing Mission

The mission will lay emphasis on five focal areas- ease and cost of doing business, a future-ready workforce for in-demand jobs, a vibrant and dynamic MSME sector, availability of technology and availability of quality products.

Measures for labour-intensive sectors (for example, leather, food processing and textile) are outlined, adding that the government will undertake specific policy and facilitation measures to promote employment and entrepreneurship opportunities in labour-intensive sectors.

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## **Establishment of a High-Level Committee for Regulatory Reforms**

As part of ease of doing business, a High-Level Committee to review all non-financial sector regulations, certifications, licenses, and permissions will be formed. This is aimed to strengthen trust-based economic governance and taking transformational measures to enhance 'ease of doing business', especially in matters of inspections and compliances.

## **National Skilling Centres**

Five new National Centres of Excelling for Skilling will be established. These will focus on preparing workers for both domestic and global markets, with an emphasis on training, certification and curriculum enhancement. Employers in high-skill industries can anticipate a stronger pipeline of skilled workers.

## **New Employment Generation Scheme**

The New Employment Generation has been formed to support employment generation across the country. The budget announced the rolling out of targeted policies to boost employment and entrepreneurship in labour-heavy sectors.

## **Boosting Tier-2 Cities**

A national framework is being introduced to promote Global Capability Centres (GCCs) in tier-2 cities. This is designed to attract investments by improving talent availability, infrastructure and local business regulations. Expansion into these cities could become more viable for companies looking to diversify.

## **Boosting MSMEs and Start-ups**

To help Micro, Small and Medium Enterprises (MSMEs) achieve higher efficiencies of scale, technological upgradation and better access to capital, the investment and turnover limits for classification of all MSMEs were enhanced to 2.5 and 2 times, respectively. Further, steps to enhance credit

availability with guaranteed cover have also been announced.

A new Fund of Funds (corpus) for start-ups aimed at nurturing emerging entrepreneurs and fostering innovation nationwide with an expanded scope and a fresh contribution of INR 10,000 crore is to be set up.

## **Social Security Scheme for Welfare of Online Platform Workers**

NITI Aayog's report 'India's Booming Gig and Platform Economy' projected that the workforce in India's gig and platform economy will cross 1 Crore in 2024-25 and grow to 2.35 crore by 2029-30.

The Ministry of Labour & Employment has undertaken a pilot initiative to register platform workers and aggregators on the e-Shram portal. An Aggregator Module (registering the aggregators with the Ministry) has been piloted, enabling digital platforms to register themselves and their workforce onto India's national database for unorganised workers. As per a Press Release by the Ministry, as part of the piloted Aggregator Module, four aggregators, Urban Company, Zomato, Blinkit, and Uncle Delivery, have already registered.

The Union Budget 2025-26 has taken initiative to extend formal recognition and social security benefits to platform-based gig workers. This includes the issuance of unique identity cards, streamlining workers registration on the e-Shram portal, and ensuring access to healthcare under PM Jan Arogya Yojana for over 1 crore gig workers across sectors.

## **Simplifying Mergers**

Company mergers will be easier with streamlined approval processes and expanded fast-track criteria. Businesses planning mergers or acquisitions can expect shorter timelines and less regulatory friction.

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## Public-private partnerships (PPPs)

It is announced that infrastructure-related ministries will come up with a 3-year pipeline of projects in PPP mode. It has also been proposed to provide access to relevant data and maps from the PM Gati Shakti portal for furthering PPPs and assisting the private sector in project planning.

## Labour Institutions and Compliance

More funding has been allocated to key labour agencies like the Chief Labour Commissioner, Directorate General of Factory Advice and Industrial Tribunals. Stricter oversight on workplace safety and compliance is to be expected, particularly in high-risk industries.

The budget focuses on investment and employment generation. However, there are no significant announcements regarding the implementation of the new labour codes in the budget, which was much awaited. That said, the revamping of regulatory compliances as part of ease of doing business and generating employment is forthcoming in FY 2025-26.

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*\*Our associate, Anjali Agarwal, assisted in preparing the aforesaid update.*

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