

From Skill Development to Digital Transformation: Employment Provisions in India's 2024-25 Budget



Mr. Uday Umachagi¹

II Sem MBA

KLE Institute of Management studies
& Research, Hubli, Karnataka, India



Prof. Smita Nadiger²

Assistant Professor,

KLE Institute of Management studies
& Research, Hubli, Karnataka, India
smita.21nadiger@gmail.com

Abstract:

The budget for the financial year 2024-25 aims to balance economic growth with fiscal prudence, focusing on infrastructure development, social welfare, and digital transformation. Key allocations include significant investments in transportation, healthcare, and education to drive long-term growth. The budget also introduces tax reforms, including adjustments to the new and old taxation regimes, to simplify compliance and boost disposable incomes for individuals. Emphasis is placed on sustainable development, with increased funding for renewable energy projects and environmental conservation. Additionally, measures to support small and medium enterprises (SMEs) and boost employment are highlighted, reflecting the government's commitment to inclusive growth. The budget seeks to strengthen the economy by fostering innovation, enhancing public services, and ensuring equitable resource distribution.

Keywords: Budget 2024-25, Skill development, employment, digital transformation.

INTRODUCTION

The India's economic policies provide a comprehensive understanding of the government's efforts to tackle employment challenges. Various studies have analyzed the effectiveness of previous budgets, highlighting the importance of targeted interventions in sectors such as education, skill development, and entrepreneurship. Economic theories such as Keynesian economics, which advocates for increased government spending during economic downturns, provide a framework for understanding the budget's employment-oriented measures. Furthermore, recent analyses emphasize the role of technology and innovation in creating new job opportunities for the youth, particularly in emerging sectors. The annual budget is a critical economic event in India, shaping the fiscal and policy direction of the nation. This budget holds significant importance as it aims to tackle pressing economic issues, especially those related to employment and the future of India's youth. With a growing young population, policies that target youth employment, skill development, and entrepreneurship are essential for economic progress and social stability. This article examines the provisions of the 2024-25 budget, highlighting its impact on employment and the youth. By comparing it with the 2023-24 budget, this analysis aims to assess the effectiveness of new and ongoing initiatives, providing insights into the government's strategy for promoting job creation and empowering the youth.

The primary objective of this article is to analyze the provisions of the 2024-25 budget concerning employment and youth development. Secondary objectives include: Evaluating the effectiveness of budgetary measures in addressing youth unemployment and identifying key sectors and initiatives likely to influence youth employment in the coming fiscal year.

Employment-Related Initiatives: The 2024-25 budget introduces several new initiatives aimed at boosting employment, including increased funding for skill development programs and incentives for small and medium enterprises (SMEs). Compared to the 2023-24 budget, there is a noticeable shift towards promoting digital literacy and technology-driven employment, reflecting the changing nature of the job market. The budget also continues support for previously established programs, such as the National Apprenticeship Promotion Scheme (NAPS) and the Pradhan Mantri Kaushal Vikas Yojana (PMKVY), with enhanced allocations and expanded coverage.

Youth-Centric Policies: Youth-centric policies in the 2024-25 budget focus on creating opportunities for education and entrepreneurship. The government has announced scholarships and financial assistance for students in higher education, along with measures to promote startups and innovation. A notable addition is the Youth Entrepreneurship Scheme (YES), which offers seed funding and mentorship to young entrepreneurs. These policies aim to empower the youth to become job creators rather than job seekers, fostering a culture of innovation and self-reliance.

Sectoral Analysis: Key sectors identified in the 2024-25 budget for job creation include technology, manufacturing, and agriculture. The government's push for digital transformation, through initiatives like the Digital India 2.0 program, is expected to generate employment in IT and related fields. The manufacturing sector, supported by the Make in India campaign, continues to receive incentives for boosting domestic production and export. In agriculture, efforts to modernize and diversify the sector are likely to create new job opportunities, particularly in agri-tech and food processing industries.

New Tax Regime: The proposed direct tax measures aim to reduce compliance burdens, encourage entrepreneurship, and offer tax relief to citizens. Key changes include a 20% tax rate on short-term gains from financial assets and a 12.5% rate on long-term gains for both financial and non-financial assets. The exemption limit for capital gains on financial assets is set to increase to Rs. 1.25 lakh annually. Additionally, the controversial Angel Tax will be abolished for all investor classes. The proposals also include a simpler tax regime for domestic cruise operations, safe harbor rates for foreign mining companies selling raw diamonds, and a reduction in the corporate tax rate for foreign companies from 40% to 35%. The new taxation regime in India offers several benefits for employees by simplifying the tax structure and providing lower tax rates compared to the old regime. This can lead to immediate tax savings and increased take-home pay, as it eliminates the need for complex calculations and extensive documentation required for claiming various deductions. The straightforward approach of the new regime is especially advantageous for those who do not invest heavily in tax-saving instruments, offering them greater flexibility and ease in tax planning. However, employees should carefully assess their financial situations to determine whether the new or old tax regime better suits their needs.

Conclusion:

The 2024-25 budget demonstrates the Indian government's targeted approach to tackling employment challenges, with a strong focus on the youth. By increasing funding for skill development initiatives, providing incentives to SMEs, and promoting digital literacy and technology-driven jobs, the budget aligns with the evolving needs of the labor market. The expansion of key programs like the National Apprenticeship Promotion Scheme (NAPS) and Pradhan Mantri Kaushal Vikas Yojana (PMKVY) highlights the government's dedication to building a skilled workforce. Youth-oriented policies, such as scholarships, financial aid for higher education, and the launch of the Youth Entrepreneurship Scheme (YES), aim to empower the next generation to become innovators and entrepreneurs, fostering self-reliance and job creation. Sector-specific initiatives in technology, manufacturing, and agriculture further underline the government's strategy to create employment opportunities across various industries. The introduction of a simplified taxation regime offers immediate relief to employees by increasing disposable income and simplifying tax planning. However, individuals must carefully evaluate their financial situations when choosing between the new and old tax regimes. In summary, the budget takes a balanced approach to economic growth, addressing both traditional sectors and emerging opportunities in technology and innovation. While the success of these measures will depend on their implementation and the broader economic environment, the 2024-25 budget clearly sets the stage for job creation, youth empowerment, and sustainable development.