

Assessing Employment and Employability Initiatives of Union Budget 2024-25



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Abstract

The Union Budget 2024-25 arrives at a crucial time for India's post-pandemic economy. Faced with challenges such as labour shortages and unemployment, especially among youth and marginalized groups, the budget emphasized employment generation as a strategy for economic growth and stability. The theme of the budget, 'Viksit Bharat' aims for inclusive growth, targeting key areas like women, youth, farmers, and the poor.

A significant highlight is the 'Employment-linked Initiative,' which includes schemes to support first-time employees, boost job creation in manufacturing, and subsidize employer costs across various sectors. Additionally, the budget focuses on enhancing women's workforce participation through various initiatives.

Youth skill enhancement is also addressed through the modernization of Industrial Training Institutes and expansive internship opportunities. Financial support measures have also been proposed to make education and skill development more accessible.

Keywords: Employability, Skill Development, Internship, Job Creation

The Union budget 2024-25 presented on July 24th 2024 comes at a pivotal moment for the economy, characterized by a post-pandemic recovery phase marked by both opportunities and challenges. Following the disruptions caused by COVID-19, many sectors are struggling with labour shortages and a mismatch between available jobs and the skills of the workforce. Unemployment rates remain a concern, particularly among youth and marginalized groups which necessitated urgent and effective policy interventions.

Inflationary pressures and global economic uncertainties further complicate the challenges, impacting consumer spending and business investments. In this context, the budget aims to stimulate economic growth by prioritizing quality employment generation as a key strategy.

The article provides an analysis of the economic context and challenges addressed by the budget, offering a detailed overview of its theme and priorities. It examines the Prime Minister's 'Employment-linked Initiative' and its schemes, offers insights into initiatives aimed at enhancing women's workforce participation, and provides an overview of youth skill enhancement programs and financial support measures.

Theme of 2024-2025 Budget

The overall theme of 2024-2025 Budget was the pursuit of 'Viksit Bharat' (Developed India), emphasizing inclusive growth and development for women, youth, farmers, and the poor. It aims to enhance employment opportunities, improve infrastructure, and promote social justice while fostering economic opportunities across various sectors. The budget focused on nine major priorities: sustainable development and the empowerment of marginalized communities.

Priorities for Viksit Bharat

The nine priorities for Viksit Bharat focus on fostering a developed India through next-generation reforms, urban development, and significant investments in infrastructure. Key initiatives in the Budget include enhancing employment and skilling opportunities, and financial support for higher education. This article will particularly focus on the employment and skilling initiatives and the potential beneficiaries of it.

Prime Minister's 'Employment-linked Initiative' Scheme

As a significant focus of the Union Budget 2024-25, the government prioritized 'Employment and Skilling' as its second major priority. Three schemes have been launched under the Prime Minister 'Employment-linked Initiative' category, namely, Scheme A: First Timers, Scheme B: Job Creation in Manufacturing and Scheme C: Support to Employers.

- **Scheme A: First Timers**

This scheme is aimed to assist first-time employees by providing a financial boost as they enter the workforce. To encourage young people to enter the formal workforce, the government will provide a direct benefit transfer of up to ₹15,000, paid in three instalments, to individuals newly registered with the Employees' Provident Fund Organization (EPFO). By easing the initial financial burden on employers, the government aims to promote formal employment. The initiative will benefit approximately 21 million young workers. Successful implementation, including timely payments, will be crucial to the scheme's effectiveness and success.

- **Scheme B: Job Creation in Manufacturing**

To accelerate India's manufacturing growth, the government will offer incentives to both employers and employees in the manufacturing sector. This scheme aims to create around 3 million new jobs by providing scaled incentives over the first four years of employment. By encouraging additional hiring, the government seeks to position India as a global manufacturing hub, particularly in high-tech areas like chemicals, electronics, and transportation.

- **Scheme C: Support to Employers**

To encourage businesses to hire more employees, the government will provide financial support to employers. This involves a subsidy of up to ₹3,000 per month for two years towards the EPFO contributions of new hires earning less than ₹100,000 per month. This initiative is expected to create around 5 million jobs and stimulate business growth.

- **Economic Impact**

By incentivizing job creation and formal employment, the scheme aims to boost consumption, investment, and overall economic activity. The focus on manufacturing is expected to enhance India's position in global value chains, leading to increased exports and foreign exchange earnings. Additionally, a larger formal economy can potentially contribute to higher tax revenues, which can be reinvested in public services and infrastructure development. Ultimately, the scheme seeks to create a virtuous cycle of growth, employment, and prosperity.

- **Social Impact**

By providing a financial safety net for young job seekers and incentivizing employers to create new positions, the scheme aims to empower India's youth and reduce unemployment rates. This can lead to improved living standards, increased disposable income, and a more equitable society. Additionally, by fostering a larger formal workforce, the initiative can contribute to social security coverage and access to essential services for a greater number of citizens.

Promoting Women's Participation in the Workforce

India's economic growth potential is significantly untapped due to low female labour force participation. To address this, the government has unveiled several initiatives aimed at empowering women and creating a conducive environment for them to join the workforce.

- **Establishment of Working Women Hostels**

The government also announced plans to boost the participation of women in the workforce through several innovative partnerships and facilities. This includes the establishment of working women hostels in collaboration with industry leaders and the setup of creches to support working mothers. Additionally, tailored women-specific skilling programs and enhanced market access initiatives for women-led Self-Help Groups (SHGs) are in the pipeline.

One of the key strategies involves the establishment of working women hostels in collaboration with industry, which provides safe and affordable accommodation for women who are entering or re-entering the workforce.

- **Childcare Support**

In addition to hostels, the budget also highlights the importance of childcare support, including the establishment of creches. This support enables women to balance work and family commitments, ultimately leading to higher workforce participation rates.

The expected social and economic benefits of empowering women through employment are substantial. As women gain financial independence and decision-making power, the positive ripple effects extend to families and communities, promoting overall societal well-being and economic resilience.

Youth Skill Enhancement Support

India's vibrant youth population presents a significant demographic dividend, but realizing its full potential is based on equipping young people with relevant skills required by the employers. The mismatch between the skills imparted through traditional education and the demands of the modern job market has led to a growing skills gap. To bridge this divide and enhance the employability of youth, the government has proposed various initiatives in the Union budget.

- **Industrial Training Institutes (ITIs)**

In response to the evolving skill demands across various industries, the budget also proposed to skill 2 million youths over the next five years. This ambitious initiative includes the upgrading of 1,000 Industrial Training Institutes (ITIs) using a hub-and-spoke model focused on outcomes. Course content and design will be meticulously aligned with the current industry needs, incorporating new courses tailored for emerging sectors. By focusing on practical, industry-relevant training and introducing new courses, the aim is to equip young people with the skills necessary to succeed in today's job market.

- **Internship with Industry Leaders**

The government plans to offer one million young people paid internships with 500 top companies over the next five years. These year-long trainings will provide hands-on experience and expose interns to various industries. The extended duration is expected to be significantly beneficial to the youth and will allow them to learn and integrate into the professional culture.

To support both interns and companies, the government will share the costs of internships. Interns will receive a monthly stipend of ₹5,000 and a one-time allowance of ₹6,000. Participating companies will contribute to training expenses and 10% of internship costs through their CSR funds. This shared responsibility will encourage more companies to offer internships and encourage corporate involvement and sustainability of the program.

Financial Support

Higher education is often a significant financial burden for many students, hindering their academic aspirations. While various student loan schemes exist, the process can be complex and time-consuming. To address financial constraints, two major initiatives were proposed to empower students to invest in their education and skill development, thereby enhancing their employability and future prospects.

- **Model Skill Loan Scheme**

The revised Model Skill Loan Scheme builds upon the Credit Guarantee Fund Scheme for Skill Development (CCFSSD), launched in 2015, and aims to ensure a steady flow of affordable finance for low-income youth to pursue specialized skill courses. The loan amount previously ranged from ₹5,000 to ₹1,50,000. In the current Union Budget, it has been announced that the Model Skill Loan Scheme will be revised to facilitate loans up to ₹750,000 with a guarantee from a government-promoted fund. This scheme is expected to benefit 25,000 students every year.

- **Facilitate Higher Education through e-vouchers**

For youth who are ineligible for existing government benefits, new financial support measures have been proposed to facilitate higher education in domestic institutions across India. This includes loans up to ₹ 1 million, with e-vouchers issued directly to 100,000 students each year. These vouchers will be made available at an annual interest subvention of 3%, significantly reducing the financial burden on low-income students. This measure aims to simplify the process of obtaining educational loans, making higher education more accessible and affordable for a broader spectrum.

Conclusion

The Union Budget 2024-25 lays out a comprehensive framework aimed at steering India towards sustainable development and economic resilience. By prioritizing employment generation, skill enhancement, and inclusive growth, the budget addresses critical post-pandemic challenges and aims to foster a more equitable society. The initiatives under the Prime Minister's 'Employment-linked Initiative,' along with targeted support for women's workforce participation and youth skilling, underscore the government's commitment to creating an inclusive society. Effective implementation and continuous monitoring will be essential to realize the full potential of these measures, ensuring that the benefits of growth are widely shared across all segments of the population.

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