



Budget 2024-25: A Roadmap to Develop an Industry-ready Workforce

Productively engaging the rural workforce and equipping the youth with skills that can help them find employment is the need of the hour.

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For several years now, there has been much debate about whether India will be able to capitalize on its demographic dividend. The country is home to more than 600 million people aged between 18 and 35, with 65 percent under the age of 35. Given the changing age composition, India's working-age population will continue to increase through 2041, rising by 96.5 million during 2021-31 and by 41.5 million during 2031-41. Looming above this huge young population are two questions: whether they have the requisite skills to find jobs, and whether those jobs exist. Answers to these questions will determine whether India's GDP can grow at the required 7-8 percent rate to become a \$30-trillion economy by 2047.

The Economic Survey 2023-24 notes that Indian economy needs to generate an average of nearly 78.5

lakh jobs annually until 2030 in the non-farm sector to cater to the rising workforce. India's workforce, as per estimates for 2022-23, was nearly 56.5 crore. The distribution of employment indicates that over 45 percent of the workforce is engaged in agriculture, 11.4 percent in manufacturing, 28.9 percent in services, and 13 percent in construction. The overwhelming presence of agriculture in the employment pie, especially for females, presents both challenges and opportunities.

While the annual unemployment rate has been on a downward trend since the COVID-19 pandemic, youth unemployment rate has dropped from 17.8 percent in 2017-18 to 10 percent in 2022-23, and employment recovery is evident in both urban and rural areas, yet many lack skills for a modern economy. Labour force participation has increased from 49.8 percent in 2017-18 to 57.9 percent in 2022-23. Women's labour force

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UNION BUDGET 2024-25

वित्त मंत्रालय MINISTRY OF FINANCE

Employment & Skilling

Prime Minister's Package: 3 schemes announced under "Employment Linked Incentive"

Scheme A: First Timers

- Direct benefit transfer of 1-month salary in 3 installments up to ₹ 15,000 to first-time employees registered in EPFO

Scheme B: Job Creation in Manufacturing

- Incentive to be provided directly to both employee and employer as per their EPFO contribution, in the first 4 years of employment

Scheme C: Support to Employers

- Reimbursement to employers up to ₹ 3,000 per month for 2 years towards their EPFO contribution for each additional employee

supported by a massive Central Government outlay of Rs. 2 lakh crore. The entire package will facilitate employment, skilling and other opportunities for 4.1 crore youth over a 5-year period and upgrade 1,000 Industrial Training Institutes (ITIs). These initiatives aim at Employment Linked Incentives besides enhancing skilling, women's workforce participation, support to MSMEs and strengthening capital infrastructure, collectively driving a significant positive impact on the nation's employment scenario. The focus is on outcome and quality of skilling, with course content and design aligned to the needs of the industry. The ITIs would be upgraded in a hub-and-spoke arrangement after redesigning and reviewing the existing courses.

With stagnating incomes in agriculture, there has been a shift in priorities of the rural youth, forcing many to leave agriculture for jobs in the cities. However, lack of skills forces them to pick up low-paid jobs in urban areas. As such, appropriate skilling is the need of the hour and the Budget's focus on ensuring that the youth are trained in skills that the industry requires and that will go a long way in making them employable. With a huge chunk of the students enrolling in ITI programmes coming from the rural belts, tier 2 and tier 3 cities, this will provide an opportunity for the youth from the hinterland to acquire necessary skills which will help them find jobs in associated industries.

The Budget has also announced internship opportunities to one crore youth in 500 top companies over the next five years, with an internship allowance of Rs. 5,000 per month and a one-time assistance of Rs. 6,000, thus providing exposure to real-life business and professional environments. The three employment-linked incentive schemes aim to encourage formal sector employment with incentives for employers to hire and employees to upskill. And, there is an emphasis on hiring fresh talent graduating from educational institutions. For instance, schemes A and B – First Timers and Job Creation in Manufacturing, respectively – are intended to ensure employment for those without previous work experience or who were not in formal employment. These measures will enable young people from villages and impoverished backgrounds to work in top companies, opening new doors of possibility for them.

For Financial Year 2024-25, the schemes have been allocated Rs. 12,000 crore, out of which Rs. 10,000

participation has risen to 37 percent in 2022-23 from 23.3 percent in 2017-18. Estimates show that 51.25 percent of the youth is deemed employable. However, it must be noted that the percentage has improved from around 34 percent to 51.3 percent in the last decade. As India's economy grows, the creation of productive jobs thus becomes crucial for both growth and inclusivity and turn the demographic dividend into a reality. Productively engaging the sizeable rural workforce, encouraging women to join the labour force in higher numbers and equipping the youth with skills that can help them find employment easily is the need of the hour.

The Union Budget 2024-25's announcements for skilling and job creation need to be seen in this context. Acknowledging the huge number of young people waiting in the wings, the Union Budget 2024-25 presented on July 23, 2024 has laid special emphasis on job creation, laying out a roadmap for developing an industry-ready workforce. It outlines significant efforts for boosting employment in the country with employment and skilling being one of its top priorities. "In this Budget, we particularly focus on employment, skilling, MSMEs, and the middle-class," Finance Minister Smt. Nirmala Sitharaman said, while tabling the Budget in Parliament. "This year, I have made a provision of Rs. 1.48 lakh crore for education, employment and skilling."

Prime Minister's Package: Boost to Skilling

As part of the Prime Minister's package, five key schemes and initiatives have been announced,

crore has been allocated to the Ministry of Labour for the three employment linked incentives (ELI) schemes and Rs. 2,000 crore has been given to the Corporate Affairs Ministry. In terms of total budget allocation, there is an increased provisioning of 55 percent for Skill India programme comprising of three schemes namely, Pradhan Mantri Kaushal Vikas Yojana 4.0 (PMKVY. 4.0), Pradhan Mantri- National Apprenticeship Promotion Scheme (PM-NAPS) and Jan Shikshan Sansthan (JSS).

Model Skill Loan Scheme

Additionally, the Model Skill Loan Scheme will be revised to facilitate loans up to Rs. 7.5 lakh with Government-backed guarantees, benefiting 25,000 students annually. For those ineligible for existing schemes, financial support for loans up to Rs. 10 lakh for higher education in domestic institutions will be provided, with e-vouchers offering annual interest subvention of 3 percent for 1 lakh students each year.

Focus on Informal Workforce

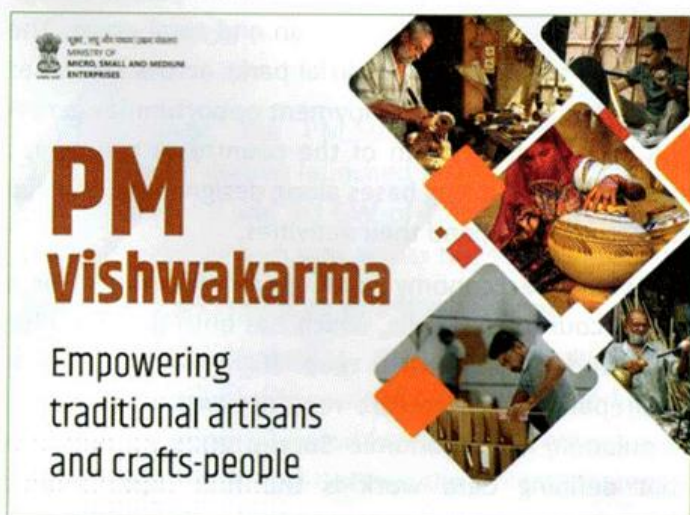
The Budget also amplifies initiatives like PM Vishwakarma, PMSVANidhi, National Livelihood Mission, and Stand-Up India, empowering craftsmen, artisans, self-help groups, SC/ST and women entrepreneurs, and street vendors, which will create jobs and boost local economies. It has envisioned a better business environment and facilities for the street vendors in urban areas wherein Indian Street Market will be set up under the PM SVANidhi Scheme. The Government has announced in this budget a new scheme to support the development of 100 weekly 'haats' or street food hubs in select cities for the next five years. This scheme, which draws from the success of the PM Svanidhi Scheme, aims at bringing in a transformative change in the lives of the street vendors by providing spaces

for businesses. Most of the street vendors in the bigger cities are actually migrants from smaller towns, and this will help ensure more stable incomes and higher remittances to their villages and towns.

PM Vishwakarma Scheme

The PM Vishwakarma Scheme plays an important role when it comes to rural employment. Focussed on artisans and craftspeople who make up the bulk of the informal workforce, it has the potential to help raise incomes in the non-farm sector. The budgetary outlay for the PM Vishwakarma scheme has been raised to Rs. 4,824 crore for FY25 against Rs. 990 crore in FY24, a spike of 387.3 percent. The financial outlay for the scheme from FY 2023-2024 to FY 2027-28 is Rs. 13,000 crore. The increased allocation attempts to foster significantly higher employment of the informal workforce, especially in rural India, indirectly ensuring better remuneration for skilled people in the non-farm sector.

The PM Vishwakarma Scheme was announced by the Finance Minister in the Union Budget 2023-24 and launched by Prime Minister Narendra Modi in September, 2023. The Scheme aims to provide end-to-end support to artisans and craftspeople who work with their hands and tools. The Scheme components include recognition through PM Vishwakarma Certificate and ID Card, Skill Upgradation, Toolkit Incentive, Credit Support, Incentive for Digital Transactions and Marketing Support. The contours of the Scheme were finalized based on extensive consultations held with stakeholders, including artisans, craftspeople, Central Government Ministries and Departments, State/UT Governments, MSMEs, Industry Associations, NGOs, Banks, etc. The 18 trades eligible under the PM Vishwakarma scheme are Carpenter (Suthar/Badhai), Boat Maker, Armourer, Blacksmith (Lohar), Hammer and Tool Kit Maker, Locksmith, Goldsmith (Sonar), Potter (Kumhaar), Sculptor (Moortikar, stone carver), Stone breaker, Cobbler (Charmkar)/ Shoemsmith/Footwear artisan, Mason (Rajmistri), Basket/Mat/Broom Maker/Coir Weaver, Doll & Toy Maker (Traditional), Barber (Naai), Garland maker (Malakaar), Washerman (Dhobi), Tailor (Darzi) and Fishing Net Maker – all an acknowledgement of the traditional skills inherent in rural India. The Scheme will onboard the beneficiaries on Udyam Assist Platform as “entrepreneurs” in the formal MSME ecosystem. This scheme can be a



ECONOMIC SURVEY
2023-24

Industry: Small and Medium Matters

- ◆ Industrial growth rate of 9.5 % powers economic growth in FY 24
- ◆ Manufacturing and construction nearly reached double-digit growth in FY24
- ◆ 997.2 Mn tonnes of coal produced in FY24, reducing import dependence
- ◆ Steel sector achieved its highest levels of production in FY24
- ◆ 91.76 Lakh guarantees for MSME sector approved under CGTMSE* scheme
- ◆ DPIIT-recognised start-ups increased to more than 1.25 Lakh as on March 2024 from around 300 in 2016

* Credit Guarantee Fund Trust for Micro and Small Enterprises

game-changer for rural employment as it enables the informal workforce to upgrade their skills to meet the needs of a modern economy while remaining true to their traditional knowledge. Given that most informal workers are self-employed or run tiny enterprises, credit support such as collateral-free 'Enterprise Development Loans' can help them set up financially viable units and turn entrepreneurs in the formal MSME ecosystem. Also, many of these trades are traditionally taken up by disadvantaged sections of society, and the Government's support can aid them in breaking the old shackles and convert their traditional employment avenues into viable entrepreneurial activities.

Labour Welfare Initiatives

The Budget also introduces major reforms for labour welfare, including the comprehensive integration of E-shram portals with other platforms, facilitating a one-stop solution for skill requirements, job roles, and connecting job aspirants with potential employers and skill providers. This will strongly facilitate establishing e-Shram as a one-stop solution for labour welfare, employment, skilling, etc. The revamping of the Shram Suidha and Samadhan portals will streamline industry compliance processes and enhance the grievance redressal mechanisms for workers respectively.

MGNREGA gets Rs. 86,000 crore

While the flagship scheme for rural employment, Mahatma Gandhi National Rural Employment Guarantee (MGNREGA), has been allocated Rs. 86,000

crore, same as that in the Interim Budget, there remains ample scope for shifting MGNREGA labour to more productive and less fiscally straining ventures, as the Economic Survey rightly pointed out. We also need to remember that there was a significant upward revision of the rural employment allocation budget in the Interim Budget, from the original Budget estimate of Rs. 60,000 crore. Low value-addition in agriculture and rising demand for diverse and local food products also provides a good opportunity for India to create more jobs in the farm sector. There are also more avenues for captive demand of agro-processed output and the sector can benefit from the synergies between the multiple existing programmes such as Mega Food Park, Skill India, Mudra, One District-One Product, etc., for labour, logistics, credit, and marketing.

However, this budget has a whopping Rs. 2.66 lakh crore provision for rural development including rural infrastructure, besides allocating Rs. 1.52 lakh crore for agriculture and allied sectors. She also announced launch of the phase 4 of the Pradhan Mantri Gram Sadak Yojana (PMGSY), to provide all-weather connectivity to 25,000 rural habitations. All of these will indirectly give a boost to job creation in the hinterland. "Our government will bring out a National Cooperation Policy for systematic, orderly and all-round development of the cooperative sector. Fast-tracking growth of rural economy and generation of employment opportunities on a large scale will be the policy goal," Sitharaman said in her Budget speech.

A significant increase in capital expenditure by 11 percent to Rs. 11.11 lakh crore is also expected to generate numerous job opportunities across sectors such as construction, transportation, and logistics. This move is expected to address unemployment and underemployment in both urban and rural areas. The decision to set up 12 industrial parks across 100 cities will also ensure new employment opportunities across the length and breadth of the country as companies set up manufacturing bases along designated industrial corridors and expand their activities.

The Care Economy holds great importance for a young country like India, which has both demographic and gender dividends to reap. Highlighting the need to prepare for future care requirements of an ageing population, the Economic Survey 2023-24 has said that defining Care work is the first step towards

acknowledging care as 'work'. Care work has special relevance for the female workforce, opening new employment opportunities for them. The Budget has announced that the government will set up working women's hostels in collaboration with industry and establish crèches such that more women are able to participate in the workforce. It has allocated more than Rs. 3 lakh crore for schemes benefiting women and girls in order to promote greater economic and social empowerment.

In alignment with these new measures, the Government continues to support established programmes. The National Policy on Skill Development & Entrepreneurship (NPSDE) continues to bridge gaps, improve industry engagement, and expand apprenticeship opportunities. Pradhan Mantri Kaushal Vikas Yojana (PMKVY) has successfully trained over 1.42 crore individuals since 2015, integrating over 1,000 educational institutions as Skill India Centres.

The Craftsmen Training Scheme (CTS), with 14,955 ITIs, focuses on long-term vocational training, showing significant female participation growth. Jan Shikshan Sansthan (JSS) targets non/neo-literates, having trained 26.36 lakh individuals from FY19 to FY24, with women constituting 82 percent of beneficiaries.

The National Apprenticeship Promotion Scheme (NAPS) has engaged 32.38 lakh apprentices and increased industry participation, highlighting substantial growth in female apprentices.

Meanwhile, the PM-Surya Ghar Yojana initiative launched in February 2024 with the objective to add 30 GW of solar capacity aims to create around 17 lakh jobs across the solar value chain.

Budget lays the roadmap to a Viksit Bharat

With five schemes facilitating skilling and employment for 41 lakh youth over a five-year period and Rs. 1.48 lakh crore allocated for education, employment and skilling, the Budget outlines the necessary steps to

realize the vision of Viksit Bharat. As the Niti Aayog's approach paper for 'Viksit Bharat @2047' says, India will have to strive to be a \$30-trillion economy by 2047 with a per capita income of \$18,000 per annum, from the current \$3.36 trillion and \$2,392 per annum, respectively. But to become a high income economy, bridging the rural-urban income gap is imperative. Indian industry's competitiveness has to improve manifold to shift the workforce involved in agriculture to manufacturing. That requires the Indian workforce to be equipped with the right skills and professional qualifications to match the industry's demands. The Government is working on creation of an integrated-data set on the employment scenario of the country which will significantly aid job creation, as it will help in identifying gaps in policy implementation and will enhance coordination between several Ministries. The onus of creating jobs will, however, be on the private sector while the Government will be a facilitator.

This is perhaps the first time that the private sector is at the centre of the Government's job creation initiatives. The direct benefit transfer of one month's salary in three instalments to first-time employees, as registered in the EPFO, incentivises the formal sector to step up hiring. Just as production linked incentives have given a boost to sectors such as electronics, telecom or IT hardware, employment based incentives have the power to transform the broader manufacturing sector, making it not just an economic powerhouse but also a job creator. While the employability of India's youth has risen in the last decade – growing

from below 34 percent in 2014 to over 51 percent in 2024 -- there is still a lot of work to be done. The PM's package on employment and skilling has the potential to make this happen. It now depends on the private sector and the Government to come together to make this a reality. □

References

1. PIB, Websites of Finance Ministry, Labour and Employment Ministry, Rural Development Ministry.

