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Union Budget 2024: India's big employment quandary and the need for skill development

Expectations run high for the Narendra Modi-led central government's third term, as the country eagerly awaits the government's steps and announcements to encourage job creation and address unemployment in the upcoming budget.

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Anshul Prakash / Kruthi Murthy / Ransher Singh

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Expectations run high for the Narendra Modi-led central

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unemployment in the upcoming budget.

Currently, unemployment in India remains a matter of concern. The Centre for Monitoring the Indian Economy, a think tank, reported that India's unemployment rate stood at 9.2% in June 2024. This data highlights the depth of the issue, emphasizing the crucial and immediate need for robust government action to increase employment opportunities and address the issue of unemployment.

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Organization (ILO) has

underscored the gravity of the problem, reporting that as of 2022, Indian youth accounted for 82.9% of the overall unemployed population, with 65.7% of such individuals having finished secondary or higher education. This figure represents a significant interruption to India's ability to fully realize its long-celebrated demographic dividend.

The major factor compounding India's employment problems and the reason for high unemployment among India's youth is the continual skill mismatch between the abilities and skills required by the labour market and those provided in India's education system. While progress has been achieved in increasing access to basic and secondary education, the shift from classroom to career frequently leaves many graduates unprepared to meet the rapidly changing demands of today's industry.



The results of India Skills Report 2024 indicate that only about 50% of India's youth with formal education could fulfil the requirements for employment in a variety of fields. In view of the above, revisiting India's approach to skill development and vocational training is necessary in light of this imbalance between educational outputs and industry requirements.

The Central Government on its part has responded by announcing various programs designed to strengthen the nation's ecosystem for skill development in the past, improving access to vocational training has been made possible in large part by initiatives like the National Policy on Skill Development and Entrepreneurship and the

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Apprenticeship Promotion Scheme (NAPS) and the



Pradhan Mantri Kaushal Vikas Yojana (PMKVY) seek to close the skill gap between education and employment. Notwithstanding these admirable efforts, the efficacy of government-sponsored training programs in improving employability continues to be brought as a topic for discussion. Although these initiatives are seeing positive rates of participation, the scenario on real job placements and long-term employment remains blurred.

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Experts are increasingly in agreement that deeper cooperation between businesses and educational

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development programs that industry demands, is necessary

to produce more significant outcomes. Anticipations are strong that Central government will reassess its approach to job creation and skill enhancement under the upcoming budget and more significant strategic and administrative efforts as well as investments will be made in vocational training, especially for high-growth industries like renewable energy, technology, and healthcare.

In summary, India is at a turning point in its pursuit of economic development, which will largely depend on its capacity to resolve the long-standing issues surrounding its people's market. The government can establish a strong basis for equitable growth and sustainable development by charting a clear path for strategic investments in skill development a top priority, encouraging tighter collaboration between academia and industry, and promoting an

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to respond to the rapidly changing economic landscape,



all eyes are on how the government at centre will handle these intricate concerns and implement policies that will facilitate a robust and dynamic job market, as players from a variety of sectors eagerly await the upcoming budget.

From an employee's social security benefits perspective, there are reports that state the possibility of a revision in the wage thresholds for coverage under the EPF Act. However, what can be of a greater significance is to see what the budget holds for addressing unemployment in India.



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