

Budget 2025 Summary Focus on Skill Development & Employment

The Union Budget 2025-26 demonstrates a comprehensive approach to workforce development and employment generation, with significant emphasis on creating a skilled, future-ready workforce. Through enhanced budgetary allocations and innovative initiatives, the government has outlined a strategic vision that spans multiple dimensions of skill development and job creation.¹

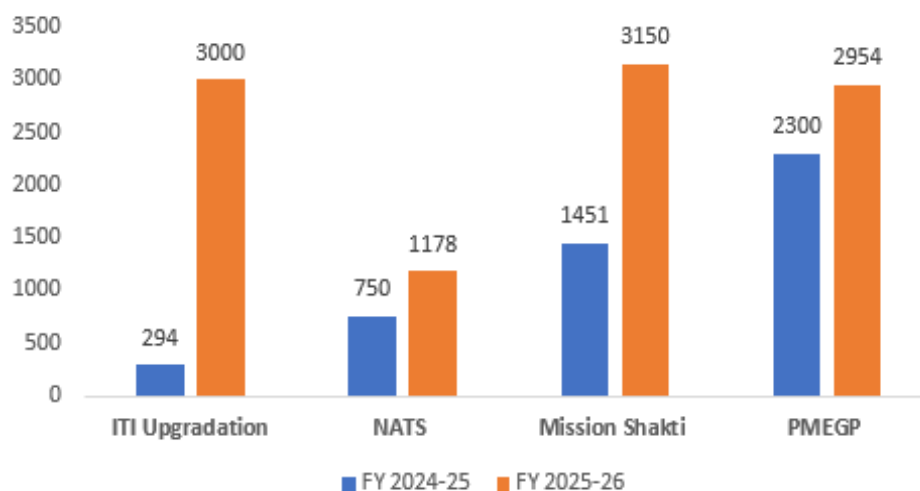
Key Initiatives:

1. Skill Development Programs

The budget places significant emphasis on building robust institutional infrastructure for skill development and training. This focus is reflected in substantial allocations and structural improvements across key training institutions.

- At the foundation of this vision lies a robust skill development framework, marked by a transformative increase in funding for Industrial Training Institutes (ITIs) - from ₹294 crore to ₹3,000 crore. This substantial investment will modernize training infrastructure and curriculum while fostering crucial industry partnerships.²
- Complementing this, five new National Centers of Excellence for Skilling will be established, incorporating global expertise to align with the "Make for India, Make for the World" initiative.
- The National Apprenticeship Training Scheme has also seen its allocation rise to ₹1,178 crore, strengthening the bridge between education and employment.

Year-over-Year Budget Comparison (in Crores ₹)



¹ <https://pib.gov.in/PressReleaseIframePage.aspx?PRID=2098352>

² <https://www.indiabudget.gov.in/doc/bh1.pdf>

2. Employment Generation Initiatives

Employment generation receives sustained attention through strategic interventions across rural and urban sectors.

- While maintaining the MGNREGA allocation at ₹86,000 crore to ensure rural employment stability, the government has doubled its commitment to the new Employment Generation Scheme to ₹20,000 crore.
- The National Manufacturing Mission further supplements these efforts by incentivizing high-employment business models in the manufacturing sector.

3. Digital and Future Skills

Recognizing the evolving nature of the job market, the budget introduces comprehensive targeted skilling initiatives for emerging sectors.³

- A new ₹500 crore Centre of Excellence in Artificial Intelligence for Education will prepare youth for the digital economy, while the ₹25,000 crore Maritime Development Fund will create opportunities in shipbuilding and maritime logistics. The Manufacturing Mission includes a ₹100 crore investment specifically for clean-tech manufacturing skills, aligning workforce development with environmental sustainability.
- To strengthen the digital infrastructure, the government plans to establish 50,000 new Atal Tinkering Labs in government schools, providing students with hands-on experience in emerging technologies. The budget also outlines plans for new courses designed to equip graduates with industry-relevant digital skills, ensuring alignment with evolving market demands.

4. Entrepreneurship Support

Entrepreneurship and self-employment receive significant support through innovative financing schemes.

- The budget introduces ₹2 crore term loans for 5 lakh first-time entrepreneurs from women, SC, and ST communities.
- Additionally, 10 lakh MSMEs will benefit from customized credit cards with a ₹5 lakh limit, while the Prime Minister Employment Generation Program sees its funding increase to ₹2,954 crore.

5. Research and Innovation

The budget demonstrates a strong commitment to research and innovation through targeted investments in higher education and deep-tech sectors.

- The expansion of Indian Institutes of Technology (IITs) and the addition of 75,000 medical seats over the next five years will address the growing demand for technical and medical professionals.
- A significant allocation of ₹20,000 crore has been earmarked for private-sector research, including research fellowships, strengthening India's innovation ecosystem.

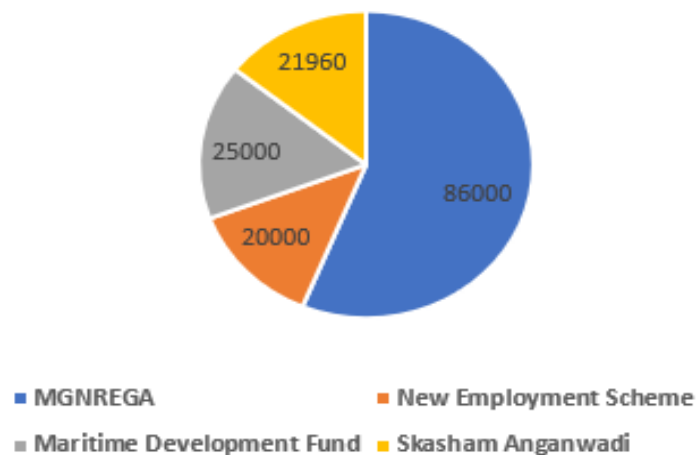
³ <https://www.india.gov.in/spotlight/union-budget-2025-2026>

- The establishment of a dedicated fund for deep-tech startups working in AI, machine learning, and robotics further reinforces this commitment.
- Additionally, new Global Skilling Partnerships will align India's skill development programs with international standards, enhancing the global employability of Indian workers.

6. Women's Economic Empowerment

- Mission Shakti's funding more than doubling to ₹3,150 crore for strengthening women's self-help groups.
- The Saksham Anganwadi and POSHAN 2.0 scheme's enhanced allocation of ₹21,960 crore ensures better nutritional support and skilling opportunities for rural women.
- A dedicated scheme offering ₹2 crore term loans to women entrepreneurs further reinforces this commitment.

Major Budget Allocations 2025-26 (in Crores ₹)



7. Gig

Economy Integration

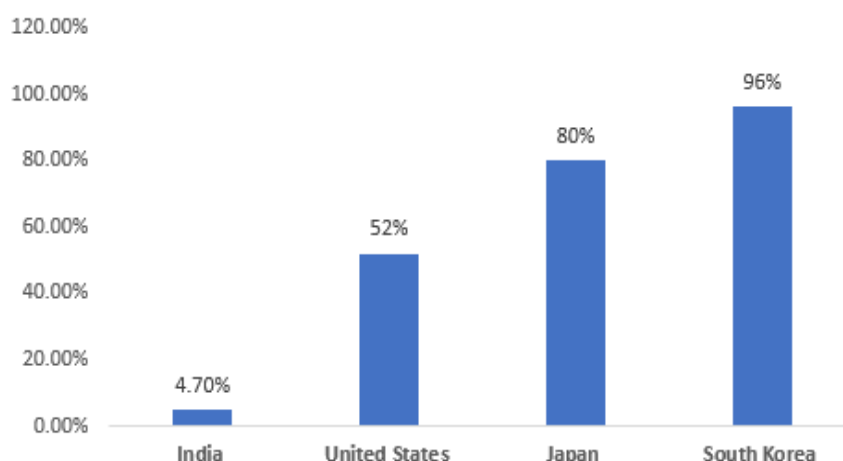
The budget breaks new ground in addressing the gig economy, introducing measures to formalize and protect platform workers.

- Through integration with the e-Shram portal and access to PM Jan Arogya Yojana healthcare benefits, gig workers will receive essential social security protection. T
- he revamped PM SVANidhi scheme extends enhanced support to street vendors through improved loans, UPI-linked credit cards, and capacity-building initiatives.

Global Context and Comparative Analysis

When examining India's skill development initiatives in a global context, significant opportunities for growth emerge.

Workforce with Formal Skill Training (%)



- While the 2025-26 budget demonstrates ambitious commitments, with initiatives like the ₹3,000 crore ITI upgradation and ₹500 crore AI Centre of Excellence, India's overall research and development expenditure remains at 0.7% of GDP. This presents a notable contrast to developed nations, where R&D investments are substantially higher - 2.8% in the United States, 3.1% in Germany, and 4.5% in South Korea.⁴
- The disparity is particularly evident in workforce skill levels, where only 4.7% of India's workforce has received formal skill training, compared to significantly higher percentages in developed nations: 52% in the United States, 80% in Japan, and 96% in South Korea.
- However, India's unique approach to skill development, particularly through the 'Skill India Mission' and increasing private sector participation, shows promise in addressing these gaps. While developed nations benefit from established skill ecosystems and strong private sector engagement in vocational training, India's budget initiatives demonstrate a commitment to forging its own path toward workforce development, balancing global best practices with local needs and contexts.

This comprehensive approach to skill development and employment marks a significant evolution in workforce policy, particularly notable in its tenfold increase in ITI funding, enhanced credit accessibility for MSMEs, formalization of the gig economy, and substantial support for women's participation. As India progresses toward Viksit Bharat, these integrated initiatives lay the groundwork for a skilled, inclusive, and adaptable workforce capable of meeting future challenges.

REFERENCES

(Official Indian Budget Website Sources)

- <https://www.indiabudget.gov.in/doc/bh1.pdf>
- <https://www.indiabudget.gov.in/doc/eb/sumsbe.pdf>
- <https://www.indiabudget.gov.in/doc/eb/allsbe.pdf>

⁴ <https://jjpp.jsgp.edu.in/index.php/jjpp/article/view/224>

(Newspaper Articles & Web Sources)

- <https://www.hindustantimes.com/india-news/focus-on-creating-jobs-skill-training-101738435808434.html>
- <https://www.investindia.gov.in/team-india-blogs/indias-union-budget-fy-2025-26-key-takeaways>
- <https://pib.gov.in/PressReleaseFramePage.aspx?PRID=2098352>
- https://www.business-standard.com/budget/news/budget-2024-announces-enhanced-skilling-push-to-make-youth-job-ready-124072301333_1.html
- <https://auto.economicstimes.indiatimes.com/news/industry/budget-2024-25-fm-nirmala-sitharaman-unveils-comprehensive-employment-and-skilling-initiatives/111960101>
- <https://economicstimes.indiatimes.com/doc-analyzer-union-budget-2024-25-key-highlights-for-employment-msmes-and-skill-development/articleshow/113051999.cms>
- <https://education.economicstimes.indiatimes.com/news/industry/ai-and-skill-development-take-center-stage-in-budget-2025-26-industry-reactions/117854286>
- <https://ijpp.jsqp.edu.in/index.php/ijpp/article/view/224>
- https://www.svc.ac.in/SVC_MAIN/SRIVIPRA/SRIVIPRA2023/Reports/SVP_2023_2352.pdf

Author: Devansh Choudhary, Intern at Pratham