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Union Budget 2024 Fuelling India's transformation

July 2024

Education, skilling, entrepreneurship and Employment

Policy announcements – **Education, skilling, entrepreneurship and employment...1/2**

The PM's Package of key schemes for education, skills and employment to benefit 4.1 Crore youth over the next 5 years through a Rs 2 Lakh Crore budget provision:

- **First timers:** Direct benefit of one month salary of up to Rs 15000 to first time employees with salary up to Rs 1 Lakh pm in all formal sectors to benefit 2.1 crore youth
- **Job creation in Manufacturing:** Incentive in the manufacturing sectors for first time employees and employers for salaries up to 1 Lakh for four years to benefit 30 Lac youth to benefit youth and their employers
- **Support to employers for additional job creation:** Provident fund contribution support of up to Rs 3000 pm in all sectors for salaries up to 1 Lakh for two years respectively which is likely to create employment for 50 lakh people
- **Enabling women employment and self-employment:** Creation of working women hostels and cheche and support for organising self-help groups by women and market access for them
- **Internships:** One crore Internships over 5 years in top 500 companies for a period of 12 months with stipend up to Rs. 5000 per month and a one-time payout of Rs. 6000 where the training cost and 10% of the internship cost will be borne by the companies through their CSR funds
- **Skilling:** 1000 ITIs to be upgraded in hub and spoke model and 20 Lakh youth to be skilled over a 5 year period
- **Skill and education loans:** Skill loans guaranteed by a government fund to be provided to benefit 25,000 students per year and education loans of up to 10 Lakh to be provided for higher education in domestic institutions through vouchers to benefit 1 lakh students with 3% interest subvention for up to three years

Policy announcements – Education, skilling, entrepreneurship and employment...2/2

1. Education and Skilling is **among the 9 priorities** of the government. Youth are **among the 4 priorities** of the government- others being farmers, women and poor with a total outlay of Rs 1.48 Lakh Crore for education, employment and skilling.
2. Some other proposals also have a **direct impact on education, skilling, entrepreneurship and employment**. These include hostels for working women in PPP mode with anchor industries, DPI applications in education, Nalanda university development, portals that connect youth with job opportunities, integration of the e-Shram portal with other portals, and revamp of the Shram Suvidha and Samadhan portals.
3. In addition to the above package there are **several other budget provisions which indirectly support** the skilling and employment efforts. These include social justice initiatives and saturation approach, the Eastern region development projects, industrial corridors and industrial nodes, highways and PM Rural Roads Scheme, support to the tourism sector, new power plants, new capital in Andhra Pradesh, solar rooftops scheme, flood control projects in several eastern and northern states, digital India initiatives, GST and BCD reductions in several sectors including mobile, solar, telecom, marine products, leather, textiles and select metals. Similarly, the income tax proposals for domestic cruises, diamonds also contribute to job creation. Further the abolition of angel tax shall promote entrepreneurship.
4. **The other eight priorities** including productivity and resilience in agriculture, inclusive human resource development and social justice, manufacturing and services, urban development, energy security, infrastructure innovation and R&D, and next generation reforms **also contribute** to skilling and job creation.
5. This is skilling and employment focused budget, which was expected given the current need and government priority for the sector. For skilling and employment, the government has taken a **multi-pronged approach** that includes support and encouragement for entrepreneurship, jobs and training. One remarkable characteristic of the budget on skilling and employment is its outcome focus. While there is support for upgradation of ITIs, education and skill loans, employment portals, the emphasis is on supporting internships and jobs.
6. **Engagement with the private sector** across internships, working women hostels or creche and provident fund support, the corporate sector has been made a partner to the government.
7. **Balance between jobs and entrepreneurship**- supported through proposals related to angel tax, income tax and GST and BCD interventions.

Direct tax proposals – Education, skilling and social sector

- **Withdrawal of equalisation levy (EQL) on e-commerce operator (relevant to online education service providers)**
 - EQL at the rate of two percent on ‘e-commerce operator’ shall not be applicable to e-commerce supply or services made / provided / facilitated on or after 01 August 2024.
 - Consequently, income-tax exemption on income arising from e-commerce supply or services would continue to apply till 31 July 2024.
- **Merger of two charitable trusts / institutions**
 - Merger of two charitable trusts / institutions not to attract tax on accreted income provided:
 - The other trust / institution has same/ similar objects;
 - The other trust / institution is registered for tax exemption; and
 - Said merger fulfills such conditions as may be prescribed.
- **Rationalisation of tax exemption provisions for charitable trusts / institutions**
 - Merger of trusts under first regime [Section 10(23C)] with second regime (Section 12A) in a gradual manner.
 - PCIT / CIT to condone delay in filing of the application for tax exemption in reasonable cases.
 - Rationalisation of timelines for trusts / institutions seeking approval under Section 80G.

Indirect tax proposals – Education, skilling and social sector

The Goods and Services Tax (“GST”) Council convened ahead of the upcoming Budget session on 22 June 2024.

The Council's recommendations included amendments to the GST law entailing rate rationalization, clarifications on various issues and simplification of compliance process to facilitate trade and in Ease of Doing Business (EoDB). The Council's announcements are likely to resonate positively with India Inc. While few recommendations have already been notified, remaining have been incorporated in the Finance Bill.

- **Temporary import of pedagogic materials for educational or vocational training**

- Custom duties exemption on temporary import of specified pedagogic materials (i.e., models, instruments, apparatus, machines and accessories etc. material used for the purposes of educational or vocational training); spare parts of such material, tools specifically designed by non-profit-making education or vocational training institutions **has been extended from 31 March 2024 to 30 September 2024, subject to conditions.**

- **Import of second-hand computers and computer peripherals as donation**

- Custom duties exemption on import of second-hand computers and computer peripherals when received as donation by schools run by government, non-commercial educational institution etc. **to be discontinued from 30 September 2024.**



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