GENERAL STUDIES III

PM-SETU Scheme 2026: Modernising ITIs, Skill Development and Employment in India | UPSC

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The PM-SETU Scheme aims to modernise Industrial Training Institutes (ITIs) through industry-aligned vocational education, upgraded infrastructure and future-ready skills. This UPSC-focused article explains the scheme's objectives, Hub-and-Spoke model, public-private partnerships, trainer development and employment potential. It also examines implementation challenges, the importance of industry-linked training and the scheme's relevance to skill development, inclusive growth and India's workforce readiness.

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Understanding India's vocational training reform, industry-linked skills, upgraded Industrial Training Institutes and the transition from education to employability

Introduction: Why Vocational Education Matters

India's demographic potential can become an economic advantage when young people have access to relevant education, practical skills and meaningful employment opportunities. However, formal qualifications alone do not always ensure that a candidate possesses the technical competencies employers require.

Vocational education addresses this gap by combining practical training with occupational knowledge. Industrial Training Institutes (ITIs) are an important part of India's skill-development ecosystem because they prepare learners for technical trades and work-related occupations.

The **Pradhan Mantri Skilling and Employability Transformation through Upgraded ITIs (PM-SETU) Scheme** seeks to modernise government ITIs through improved infrastructure, updated training, industry participation and more employment-oriented curricula.

> **Core idea:** Skill development must go beyond enrolment and certificates. Its success depends on whether learners gain relevant competencies, access quality training and improve their prospects for employment or self-employment.

What Is the PM-SETU Scheme?

PM-SETU is a national vocational education initiative focused on upgrading government Industrial Training Institutes and making training more responsive to changing industrial needs.

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The scheme emphasises modern workshops, industry-aligned teaching, updated curricula, trainer development and partnerships between government and industry. Its broader objective is to strengthen the connection between vocational education and the labour market.

Modern Infrastructure

Improve workshop facilities, equipment and practical learning environments in participating ITIs.

Industry Alignment

Encourage employers to contribute to course design, training relevance and practical exposure.

Future-Ready Skills

Adapt vocational courses to technological change and emerging occupational requirements.

Employability

Strengthen the link between training, workplace competence and employment opportunities.

Key Facts for UPSC Prelims

Parameter	Key Information
Full form	Pradhan Mantri Skilling and Employability Transformation through Upgraded ITIs.
Nodal ministry	Ministry of Skill Development and Entrepreneurship (MSDE).
Institutional focus	Modernisation of government Industrial Training Institutes.
Reported target	Upgrade 1,000 government ITIs through the scheme's implementation model.
Reported financial outlay	?60,000 crore over five years, as reported in the linked current-affairs material.
Implementation approach	Hub-and-Spoke clusters, industry partnerships and capacity building.
Core focus	Vocational training, infrastructure, trainer capability and employability.

Exam tip: Verify financial allocations, implementation targets and the latest approvals against current official government documents before using them as factual assertions in an examination answer.

How Does the Hub-and-Spoke Model Work?

A major feature of PM-SETU is the Hub-and-Spoke approach. It is intended to help institutions share infrastructure, technical expertise and training resources rather than expecting every institute to independently maintain the same level of specialised facilities.

Hub ITI

Acts as the lead institution within a cluster and provides access to advanced equipment, workshops, expertise and specialised training resources.

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Spoke ITIs

Associated institutes benefit from shared facilities, coordinated programmes and access to resources that may be difficult to provide independently.

Industry Partners

Can contribute to curriculum development, modern technology, workplace exposure, equipment and employment linkages.

The model aims to improve resource utilisation and reduce gaps between institutions. Its actual effectiveness will depend on transport and access arrangements, transparent governance, adequate maintenance and fair opportunities for students from all participating ITIs.

Role of Industry Partnerships

Vocational training is most useful when it reflects real workplace requirements. Employers can help identify changing skill needs and inform the design of courses, practical exercises and competency standards.

1. Industry-relevant curricula

Regular engagement with employers can help institutions update training content as technologies, machinery and occupational practices change.

2. Modern equipment and practical training

Industry participation may help students gain experience with contemporary tools and equipment, reducing the gap between classroom instruction and workplace expectations.

3. Apprenticeship and workplace exposure

Where suitable arrangements are available, apprenticeships, supervised placements and workplace visits can familiarise students with professional standards and actual working conditions.

4. Employment information

Employers can provide feedback on skills in demand, helping training institutions improve their programmes and career guidance.

> **Important distinction:** Industry participation can improve the relevance of training, but it does not guarantee a job for every trainee. Employment outcomes also depend on local labour demand, economic conditions, the quality of training and individual circumstances.

Recent Development: Strategic Investment Plan Approvals

The linked current-affairs report states that the National Steering Committee approved five Strategic Investment Plans with a combined value of ?1,194.92 crore for ITI clusters in Maharashtra, Odisha and Jammu and Kashmir.

Cluster Location	Reported Investment

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Cuttack, Odisha	?240.50 crore
Pune, Maharashtra	?241.00 crore
Chhatrapati Sambhajinagar, Maharashtra	?238.01 crore
Jammu, Jammu and Kashmir	?240.00 crore
Srinagar, Jammu and Kashmir	?235.41 crore
Total	**?1,194.92 crore**

These reported approvals highlight the role of cluster-level planning in upgrading vocational infrastructure. For exam preparation, distinguish between an approved investment plan, the release of funds, completed infrastructure and measurable training or employment outcomes. They represent different stages of implementation.

Why Is PM-SETU Important for India?

1. Improving employability

Modern training can help students develop practical competencies relevant to employers. Better alignment between training and job requirements can support smoother transitions from education to work.

2. Supporting manufacturing and services

Industries require workers with appropriate technical skills to operate equipment, maintain systems and follow safety and quality procedures. Strong vocational institutions can contribute to this skills base.

3. Strengthening the demographic dividend

A large working-age population becomes an advantage when people have the capabilities and opportunities to participate productively in the economy. Skill development can support this process when linked with quality employment and lifelong learning.

4. Supporting regional development

Improved ITIs can expand access to technical training outside major metropolitan centres. The extent of this benefit will depend on institutional quality, accessibility, local employer participation and the availability of suitable jobs.

5. Encouraging technology adoption

Training institutions need to adapt to digital tools, automation and changing production methods. Updated courses can help learners develop skills relevant to emerging occupations while strengthening foundational technical knowledge.

6. Improving the perception of vocational careers

Vocational education should be viewed as a meaningful pathway to technical expertise, entrepreneurship and employment rather than as a second-choice alternative to academic education.

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Major Challenges in Implementation

1. Infrastructure gaps

Modern equipment requires reliable electricity, suitable buildings, safety systems, trained operators and regular maintenance. Purchasing equipment without ensuring these conditions may limit its effective use.

2. Shortage of skilled instructors

Advanced training facilities need instructors who understand both technical subjects and modern teaching methods. Continuous professional development is necessary as technologies evolve.

3. Uneven industry participation

Large industrial centres may attract more employers than remote or economically weaker regions. Implementation arrangements must ensure that less-connected institutions are not left behind.

4. Mismatch between training and local jobs

Courses may not lead to strong employment outcomes if they are not aligned with regional economic activity, employer demand and realistic occupational pathways.

5. Social and gender barriers

Women, persons with disabilities and disadvantaged communities may face barriers involving access, mobility, facilities, social attitudes or affordability. Inclusive infrastructure and learner support are important.

6. Risk of focusing on enrolment alone

Training numbers and infrastructure spending are useful administrative indicators, but they do not fully capture skill acquisition or employment quality. Outcomes need to be assessed over time.

7. Coordination and accountability

Multiple public and private partners can make implementation complex. Clear responsibilities, transparent procurement, grievance mechanisms and independent monitoring are necessary to maintain accountability.

Way Forward: Making PM-SETU More Effective

Outcome-Based Monitoring

Track completion, practical competency, apprenticeship access, job placement and longer-term employment outcomes.

Continuous Trainer Development

Provide regular technical upskilling, industry exposure and modern instructional training for ITI instructors.

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Local Industry Mapping

Align course offerings with regional manufacturing, infrastructure, services and emerging occupational needs.

Inclusive Access

Improve facilities, safe transport access, disability inclusion and support for learners facing financial barriers.

Strong Accountability

Publish implementation progress, clarify partner responsibilities and independently assess training quality.

Career and Entrepreneurship Support

Strengthen counselling, apprenticeship information, job matching and guidance for viable self-employment.

PM-SETU should be assessed not only by the number of institutions upgraded but also by whether trainees gain relevant skills, employers recognise their competencies and graduates have better opportunities to earn a livelihood.

PM-SETU and Other Skill Development Priorities

Policy Area	Primary Focus	Connection with PM-SETU
ITI modernisation	Improving vocational training institutions.	Central focus of the scheme.
Apprenticeship	Learning through supervised workplace experience.	Can strengthen practical exposure and the transition to work.
Industry partnership	Connecting training with employer needs.	Can inform curricula, equipment and competency development.
Digital skills	Preparing learners for technology-enabled work.	Supports adaptation to changing occupational requirements.
Inclusive employment	Expanding fair access to skills and livelihoods.	Requires accessible institutions and appropriate learner support.

For UPSC answers, explain the complementary role of institutional modernisation, practical training, apprenticeships and labour-market linkages rather than treating any single scheme as a complete solution to unemployment.

UPSC Examination Relevance

Prelims: Facts to Remember

- Full form and nodal ministry of PM-SETU.
- Role of Industrial Training Institutes in vocational education.
- Hub-and-Spoke model and the purpose of cluster-based development.
- Role of public-private partnerships in training infrastructure.
- Distinction between vocational training, apprenticeship and employment outcomes.

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GS Paper 2: Governance and Social Justice

Connect the scheme with human resource development, government policy implementation, access to education and training, institutional accountability and inclusive development.

GS Paper 3: Indian Economy

Discuss skill development, employment generation, manufacturing competitiveness, workforce productivity, demographic dividend and the relationship between training and economic growth.

Essay Paper

Use PM-SETU as an example in essays on education and employment, demographic dividend, skill development, inclusive growth and the changing nature of work.

UPSC Mains Practice Questions

Question 1 — GS Paper 3

"Skill development initiatives must be evaluated through employment outcomes rather than training numbers alone." Discuss with reference to India's vocational education system.

Answer framework: Explain the skills gap, identify limitations of input-based evaluation, discuss placement and competency indicators, and suggest independent monitoring.

Question 2 — GS Paper 2

Examine the role of public-private partnerships in improving the quality and relevance of vocational education in India.

Answer framework: Discuss industry expertise and resources, followed by concerns about accountability, unequal access and commercial priorities. Conclude with transparent partnership arrangements.

Question 3 — Essay

India's demographic dividend depends not only on the number of young people but also on the quality of their skills.

Answer framework: Connect education, employability, productivity, inclusion and economic opportunity. Use vocational training as one example and discuss complementary reforms.

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Frequently Asked Questions

What is the PM-SETU Scheme?

PM-SETU is a vocational education initiative aimed at upgrading government ITIs through modern infrastructure, industry-linked training and improved employability.

Which ministry implements PM-SETU?

The scheme is associated with the Ministry of Skill Development and Entrepreneurship (MSDE).

What is the Hub-and-Spoke model?

It is a cluster-based approach in which a lead institution shares infrastructure, equipment and expertise with associated institutes.

How is PM-SETU relevant to UPSC?

It is relevant to government schemes and human resource development, as well as GS Paper 2 topics on governance and social development and GS Paper 3 topics on employment, skills and economic growth.

Does ITI modernisation guarantee employment?

No. Better training can improve employability, but actual outcomes also depend on job availability, course quality, local demand, workplace experience and broader economic conditions.

Conclusion: From Training to Sustainable Livelihoods

PM-SETU reflects the importance of strengthening vocational institutions and making technical training more responsive to economic needs. Modern facilities, updated curricula, industry participation and capable instructors can help bridge the gap between education and work.

However, long-term success depends on implementation quality, equitable access, transparent partnerships and evidence of improved learning and employment outcomes. A strong vocational education system should equip learners not merely to obtain certificates but to adapt, grow professionally and contribute productively to society.

Prepare with Civil Service Gurukul

Revise government schemes through their objectives, nodal ministries, implementation mechanisms, benefits, challenges and way forward. Practise linking current affairs with the static UPSC syllabus for concise and analytical Mains answers.

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