



प्रधानमंत्री कौशल विकास योजना

Policy Brief

STRENGTHENING SKILLS FOR GROWTH: AN ASSESSMENT OF THE PRADHAN MANTRI KAUSHAL VIKAS YOJANA

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Introduction

India's economic future is inextricably linked to the skills and capabilities of its workforce. With a median age of approximately 28 years, the country possesses a significant demographic advantage that positions it as a central player in the global economy. However, this demographic dividend can only be realised if the youth are adequately equipped with relevant, future-focused skills. As the nature of work continues to evolve and requirements change rapidly, continuous skilling, re-skilling, and up-skilling have become essential to improving productivity, enhancing employability, and raising income levels. A stronger, skilled workforce not only benefits individuals but also enhances national competitiveness and economic growth. To address this issue, the government has invested in schemes like the Pradhan Mantri Kaushal Vikas Yojana, Udaan, and Himayat.

The most prominent of these is the Pradhan Mantri Kaushal Vikas Yojana (PMKVY). It is the flagship outcome-based skill training scheme of the Ministry of Skill Development and Entrepreneurship (MSDE) under the Skill India mission. Its objective is to enable and mobilise the Indian youth to take up outcome-based skill training to become employable and earn their living. The scheme was launched by the Prime Minister on the World Youth Skills Day, 15th July 2015. The aim was to undertake skilling of one crore of the country's youth with an outlay of ₹12,000 crores. Its implementation was delegated to the National Skill Development Corporation (NSDC). The effective implementation of the PMKVY is crucial, as it can potentially play a pivotal role in transforming India's youth dividend into a sustained driver of growth. Significantly, education and skill training in India falls under the Concurrent List, making both the Union and state governments jointly responsible for ensuring coordinated, efficient, and impactful implementation of skilling initiatives.

Phase	Duration	Primary Focus and Key Changes
PMKVY 1.0	2015–2016	This phase was focused on rapid mobilisation and providing monetary rewards for skill certification.
PMKVY 2.0	2016–2020	Expanded geographically- introduced the CSSM (State-managed) component alongside the Central component.
PMKVY 3.0	2020–2022	Moved to a bottom-up approach using District Skill Committees (DSCs) to identify local demand; launched special COVID-19 worker training.
PMKVY 4.0	2022–2026	Delinked placement from training to focus on diverse career paths; integrated into the Skill India Digital Hub (SIDH) for end-to-end digital tracking.

National Overview: PMKVY 1.0 to 4.0

PMKVY forms a central pillar of the broader Skill India Mission, with the objective of creating a skilled workforce capable of supporting economic growth, improving productivity, and meeting evolving labour market demands. Since its inception, the programme has undergone four major phases, each incorporating lessons from previous implementations and responding to changing economic and policy priorities.

PMKVY 1.0 (2015–2016): Establishing a National Skill Certification Framework

PMKVY 1.0 was launched on 15 July 2015, coinciding with the first anniversary of the Skill India Mission. The scheme was initially designed as a one-year programme with an allocation of approximately ₹1,500 crore, aiming to train 24 lakh youth across the country. The primary objective was to rapidly expand access to short-term vocational training while establishing a national framework for skill certification. Training was offered free of cost through accredited training centres across multiple sectors, with successful candidates receiving monetary rewards upon certification to encourage participation.

The first phase focused primarily on Short-Term Training (STT) and Recognition of Prior Learning (RPL). STT targeted unemployed youth with little or no formal vocational education, while RPL recognised and certified the skills of workers who had acquired competencies informally through work experience. Training programmes were aligned with the National Skills Qualifications Framework, ensuring standardised curricula, assessments, and nationally recognised certifications. Sector Skill Councils, representing different industries, were responsible for developing occupational standards and conducting third-party assessments. Although the PMKVY pilot successfully generated significant enrollment and certification numbers, several shortcomings became apparent. Training quality varied considerably across providers, placement outcomes remained weak, monitoring mechanisms were still evolving, and the emphasis on numerical targets often overshadowed employment outcomes. These implementation challenges informed the redesign of subsequent phases.

PMKVY 2.0 (2016–2020): Expanding Scale and Strengthening Institutional Systems

Building upon the first phase, PMKVY 2.0 was launched in October 2016 with a substantially expanded budget of approximately ₹12,000 crore for the period 2016–2020. The revised scheme sought to train over one crore candidates, reflecting the government's ambition to significantly increase the scale of India's skilling ecosystem while improving quality assurance and labour market relevance.

A major structural change in PMKVY 2.0 was the decentralisation of implementation through the Centrally Sponsored Centrally Managed and Centrally Sponsored State Managed components. While the National Skill Development Corporation continued implementing nationally managed programmes, State Skill Development Missions assumed greater responsibility for planning, monitoring, and executing state-specific training programmes. This shift recognised that labour market requirements vary considerably across states and sought to improve alignment between training provision and regional employment opportunities.

PMKVY 2.0 introduced a broader programme architecture consisting of Short-Term Training (STT), Recognition of Prior Learning (RPL), and Special Projects. Special Projects provided flexibility to train individuals in settings not covered under conventional training centre models, including government institutions, prisons, industrial clusters, and remote areas. The RPL component was significantly expanded to formally certify workers in the informal economy, where a large proportion of India's workforce possessed skills but lacked recognised qualifications.

To address concerns regarding quality, PMKVY 2.0 strengthened accreditation, centre inspections, biometric attendance systems, digital monitoring, and third-party assessments. Greater emphasis was placed on placement tracking, post-placement support, soft skills, entrepreneurship, digital literacy, and financial literacy. The scheme also promoted convergence with other flagship initiatives such as the Pradhan Mantri Jan Dhan Yojana, Pradhan Mantri Mudra Yojana, and various entrepreneurship promotion programmes to improve livelihood outcomes.

Despite these reforms, PMKVY 2.0 continued to face several challenges. Independent evaluations highlighted issues including low placement rates in certain sectors, mismatches between training and local labour market demand, uneven quality across training centres, limited employer engagement, inadequate post-training support, and weak tracking of long-term employment outcomes. In several instances, candidates completed training and obtained certification but were unable to secure sustainable employment.

PMKVY 3.0 (2021–2022): Demand-Driven and District-Centric Skill Development

PMKVY 3.0 was launched in January 2021 against the backdrop of the Covid-19 pandemic, which had significantly disrupted labour markets and accelerated changes in skill requirements. Unlike earlier phases that prioritised large-scale enrolment, PMKVY 3.0 shifted towards a more demand-driven, decentralised, and locally responsive approach. With an allocation of approximately ₹948.9 crores, the scheme aimed to train around eight lakh candidates, placing greater emphasis on quality over numerical expansion.

The PMKVY 3.0 specialises in district-level planning framework. District Skill Committees were empowered to identify local economic opportunities, assess employer demand, and recommend training programmes aligned with district-specific industries. This marked a significant departure from earlier centrally driven models, acknowledging that skill requirements differ across India's diverse economic regions.

PMKVY 3.0 also introduced greater flexibility in training delivery. Programmes increasingly incorporated blended learning and digital platforms to ensure continuity during the Covid-19 pandemic while expanding access to remote learners. The curriculum placed stronger emphasis on emerging sectors such as healthcare, logistics, electronics, renewable energy, information technology, and digital services, reflecting evolving labour market needs. Soft skills, entrepreneurial skills, financial literacy, and life skills were further integrated into training modules to improve graduates' employability.

The third phase encouraged employer participation in curriculum development, apprenticeships, assessments, and placement support. The scheme also promoted convergence with other government initiatives under the broader Skill India ecosystem, seeking to improve coordination between training providers, employers, and state governments. Monitoring systems became digitalised, enabling improved tracking of trainee attendance, certification, assessments, and placements through integrated management information systems.

However, PMKVY 3.0 encountered unique implementation constraints. The pandemic disrupted training schedules, reduced hiring across several sectors, and affected placement opportunities. While district-level planning represented a significant policy innovation, implementation capacity varied widely across states and districts.

PMKVY 4.0 (2023–Present): Industry 4.0, Future Skills, and Lifelong Learning

PMKVY 4.0 was announced by the Government of India in the Union Budget 2023–24 and formally launched as the next phase of the Skill India Mission to prepare India's workforce for an evolving economy. Unlike previous versions, PMKVY 4.0 places a strong emphasis on future-ready skills, Industry 4.0 technologies, digital transformation, and continuous upskilling, moving beyond conventional vocational training towards lifelong learning and workforce adaptability.

A defining characteristic of PMKVY 4.0 is its focus on emerging technologies and high-growth sectors. The programme aims to provide training in areas such as artificial intelligence, machine learning, robotics, coding, the Internet of Things, drones, 3D printing, cybersecurity, semiconductor manufacturing, green energy, electric vehicles, and advanced manufacturing. This reflects the government's objective of creating a workforce capable of supporting India's ambitions in digitalisation, advanced manufacturing, and global value chains.

The fourth phase also significantly strengthens industry partnerships. Training programmes are increasingly designed in collaboration with employers to ensure that curricula remain aligned with evolving market needs. Greater emphasis has been placed on apprenticeships and practical workplace exposure through closer engagement with industry associations, large employers, and MSMEs. This demand-led approach seeks to reduce the mismatch between skills imparted during training and those required by employers.

PMKVY 4.0 also builds upon India's expanding digital skilling infrastructure. The scheme leverages digital platforms for learner registration, course delivery, assessments, certification, and placement tracking, while promoting flexible learning pathways that allow individuals to continuously reskill and upskill throughout their careers. Particular emphasis has also been placed on integrating vocational education within schools and higher education institutions in line with the National Education Policy 2020, thereby encouraging earlier exposure to vocational skills and improving the permeability between formal education and skill development.

Key Issues in the PMKVY

Placement Delinking & Accountability Collapse

Issue	Evidence / Data
Placement delinked (PMKVY 4.0)	Under PMKVY 4.0, placement tracking was formally removed. In FY 2021–22 (last year before delinking), only 1,64,162 of 6,16,040 trained candidates were placed, a 26.6% rate, already in decline.
Training partners lose incentive	Without placement-linked payouts, Training Partners are incentivised to maximise enrolment, not job outcomes. The CAG found that 94.53% of bank account data for PMKVY 2.0 and 3.0 beneficiaries was zero, null, or blank.
Self-reported data, no verification	Placements across phases 1–3 were self-reported by Training Partners and logged on the Skill India Portal (SIP) without independent third-party verification. The CAG found documentation fraud in Kerala and deemed NSDC monitoring data “unreliable.”

The Skill - Job Mismatch

Issue	Evidence / Data
Training misaligned with skill-gap data	The CAG Audit (2025) found that training was not aligned with NPSDE skill-gap projections in multiple states. States like Rajasthan (0.7% placement), Bihar (6.1%), and Odisha (10.7%) trained candidates in trades with minimal local demand.
Central target-setting ignores local demand	Training targets were decided centrally without micro-level skill-gap mapping. Worst-performing states show PMKVY-certified candidates trained in retail or tailoring while local demand was in construction, logistics, or manufacturing.
Low-tech courses in Industry 4.0 era	Most centres continue offering low-tech, saturated-sector courses. Centres lack hardware to teach AI, robotics, or digital manufacturing despite government rhetoric around Industry 4.0.

Poor training quality and weak instructor standards

Issue	Evidence / Data
Biometric & attendance failures	CAG inspections of 24 Training Centres found biometric devices either non-functional or not installed. Attendance records were manipulated at multiple centres. 178 ghost centres were blacklisted in November 2024.
Enrolment without eligibility check	Candidates were enrolled without verifying age, education, or work experience criteria. No specific mechanism existed to confirm trainees were actually unemployed youth or school dropouts as mandated.
Outdated curriculum, low practical exposure	Training curricula were found outdated with insufficient hands-on practice. Only 8.25% of Indian graduates currently work in roles matching their qualifications (Economic Survey 2024–25), reflecting structural gaps in skill-relevant pedagogy.

Weak credit and financial inclusion for trainees

Issue	Evidence / Data
Skill loans remain largely on paper	With a 41% overall placement rate under phases 1–3, candidates are unwilling to take skill loans without job security. High interest rates combined with entry-level wages make repayment unviable.
Bank distrust in skilling ecosystem	Banks see skill loans as high-risk, small-ticket products with no collateral. Weak oversight of Training Partners and unreliable beneficiary data (94.53% blank bank records) exacerbates institutional reluctance.
Scheme is fully grant-dependent	Because the private banking engine never started, PMKVY runs entirely on government grants. The CAG found delayed fund releases created pending payments for 34 lakh youth, stalling the training pipeline.

Governance, transparency, and data suppression

Issue	Evidence / Data
RTI data withheld	The government has consistently refused to disclose programme-level PMKVY data under RTI, citing Training Partner confidentiality – despite the scheme being publicly funded.
Financial irregularities	NSDC overcharged ₹24.13 crore in administrative expenses. Funds worth ₹222.63 crore were released in violation of Receipt and Payment Rules. Funds were not released to District Skill Councils despite instructions.
No long-term skill strategy	CAG found an absence of micro-level skill-gap information and a long-term implementation strategy. Poor coordination between Central Ministries and State Skill Departments led to duplication and misalignment.

Migration barriers and gender exclusion

Issue	Evidence / Data
Placement offers not accepted	In low-performing states, placement offers exist but are rejected due to relocation barriers: family constraints, cost of migration, and safety concerns — especially among women candidates.
Urban-rural divide in absorption	Training centres in states like Bihar and Jharkhand produce certified candidates for metro-based jobs that trainees cannot access. Local industrial absorption ecosystems are absent.
Women face structural exclusion	J&K data (PLFS 2023–24) shows female unemployment at its highest among all states/UTs, with PMKVY outreach failing to translate into urban job absorption for women, a pattern seen across low-placement states.

Recommendations and The Way Forward

Reinstate Placement Accountability with Third-Party Verification

Relink placement tracking to Training Partner payouts in PMKVY 5.0—but replace self-reporting with independent third-party audits of employment outcomes at 3 months and 12 months post-training. Create a public dashboard on the Skill India Digital Hub (SIDH) with real-time, disaggregated placement data accessible without RTI.

Mandate District-Level Skill-Gap Mapping Before Fund Release

Require every state to submit a District Skill Demand Assessment, mapping local employer demand by sector and job role, as a precondition for PMKVY fund release. Training sector allocations must align with this demand data, not national quotas. Tamil Nadu and Madhya Pradesh demonstrate that industrial-ecosystem alignment is the single biggest driver of placement outcomes.

Scale the Dual System of Training (DST) Nationally for Manufacturing Roles

Make on-the-job training a mandatory component for all manufacturing-sector PMKVY courses, modelled on Haryana's DST where trainees spend 3–6 months inside industrial premises. Incentivise industry partners to donate labs and equipment to ITIs through CSR tax credits (similar to Maruti Suzuki's Gurugram ITI lab). This closes the classroom-to-industry gap that the CAG identifies as a persistent structural problem.

Introduce Credit Recognition & Income-Share Agreements (ISAs)

Replace the non-functional skill loan framework with Income-Share Agreements (ISAs): trainees repay a fixed % of income (e.g., 5–10%) only after crossing a salary threshold (e.g., ₹20,000/month), for a capped period. For RPL candidates with existing informal skills, create a stackable credit system; RPL certificates should be convertible into formal NSQF credits redeemable at ITIs or polytechnics, reducing re-training burden.

Establish a National Trainer Quality Framework with Mandatory Industry Recertification

Create a tiered National Trainer Certification with mandatory recertification every three years, requiring trainers to demonstrate industry experience updates (minimum 60 hours/year in an industrial setting). Tie Training Centre accreditation renewal to trainer quality scores. Prioritise hiring industry professionals as part-time trainers for emerging-tech job roles rather than relying solely on institutional faculty.

Establish Local Placement Nodes and Remove Structural Migration Barriers

Create state-run Local Employment Facilitation Centres (LEFC) co-located with PMKVY training centres in low-placement districts. LEFCs would maintain real-time employer registries, facilitate in-district job matching, and provide hostel/transport support for women candidates accepting relocating placements. Link PMKVY to state employment exchanges and district industrial corridors to create structured absorption pipelines.

Conclusions

Currently, the PMKVY 4.0 is still being implemented. Early policy discussions suggest that its success will depend on sustaining industry engagement, ensuring equitable access to advanced technology training across urban and rural regions, strengthening trainer capacity, improving labour market forecasting, and establishing robust systems for measuring long-term employment, wage progression, and career advancement rather than focusing solely on training outputs. The aforementioned recommendations ensure that the scheme shift its focus from training outputs to long-term employment, wage progression, entrepreneurship outcomes, and sustained industry partnerships, and address structural gaps to ensure durable livelihood impacts.

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