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The PM Internship Scheme — Why India's Most Ambitious Youth Employment Programme Is Stumbling

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CURATED & WRITTEN BY**Bharat Choudhary**

UPSC Educator & Content Creator •

[linkedin.com/in/epicbharat](https://www.linkedin.com/in/epicbharat)

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GS3

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MAINS RELEVANCE:

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INTERVIEW ANGLE

"India has 65% of its population below 35 years old — a demographic dividend that becomes a demographic liability if not absorbed into productive employment. The PM Internship Scheme targets 1 crore internships but has 4% budget utilisation. Why is a scheme with generous funding failing to take off, and what does this reveal about India's youth employment architecture?"

WHY IN NEWS

The PM Internship Scheme (PMIS), launched with Rs 11,500 crore allocation for FY26 and a target of 1 crore internships in top 500 companies, has seen only ~4% budget utilisation as of November 2025. Less than one-third of internship offers were accepted, and very few completed the programme — raising fundamental questions about the scheme's design.

THE SCALE OF INDIA'S YOUTH EMPLOYMENT CHALLENGE

India has the **world's largest youth population** — approximately 600 million people under 25. By 2036, India will have more working-age adults (15-64) as a share of total population than at any other point in its history. This is the **demographic dividend** — but dividends are not automatic. They require productive employment.

The data on India's youth employment is sobering:

Youth unemployment rate (15-29): ~17-19% (as of 2024-25 PLFS — Periodic Labour Force Survey)

Graduate unemployment: 29% of graduates aged 20-24 are unemployed (highest since PLFS tracking began)

Educated unemployment paradox: India's unemployment rate is HIGHER among the educated than the uneducated — suggesting a skills-jobs mismatch, not a shortage of jobs per se

NEET (Not in Education, Employment, or Training) youth: ~29 crore young Indians aged 15-29 are NEET — the highest absolute number of any country

Formal employment ratio: Only 13-15% of India's employed workforce has a salaried job with social security — the rest are self-employed, casual, or informal

Against this backdrop, the Budget 2024-25 announced the **PM Internship Scheme** — conceptually India's most ambitious youth employment initiative in a generation.

WHAT THE PM INTERNSHIP SCHEME PROMISES

Design:

Target: 1 crore (10 million) internships over 5 years (2024-2029)

Employer scope: Top 500 companies in India (by CSR expenditure)

Eligibility: Youth aged 21-24 who are NOT full-time students or employed; annual family income below Rs 8 lakh

Duration: 12 months per intern

Stipend: Rs 5,000/month (Rs 500 paid by company from CSR funds; Rs 4,500 from government DBT)

Grant: Rs 6,000 one-time payment at start of internship (for incidental expenses)

Insurance: Rs 1 lakh accident insurance; life insurance

The scheme is **mandatory for CSR-obligated companies** (companies with net profit >Rs 5 crore for 3 consecutive years must spend 2% of average net profit on CSR). CSR spending on PM Internship Scheme is counted as eligible CSR expenditure.

Administered by: Ministry of Corporate Affairs (MCA) — an unusual choice (more typically, employment schemes fall under Ministry of Labour or Ministry of Skill Development).

WHY IS IT FAILING TO TAKE OFF?

1. Stipend-Cost Mismatch

Rs 5,000 per month for an internship in a “top 500 company” — which are almost exclusively located in metro cities (Mumbai, Delhi, Bengaluru, Chennai, Hyderabad) — is economically non-viable for the target population.

Monthly cost of living for a single person in these cities: Rs 12,000-18,000 (rent alone in a shared flat: Rs 6,000-10,000). The scheme essentially requires youth from Tier-2/3 cities or rural backgrounds to sustain themselves in expensive metros at a net loss.

The government assumed that youth would value the skill and network benefits of interning at a major company enough to bear a cost. For many young people from non-affluent families, this calculation doesn't work.

2. Geographic Mismatch

Top 500 companies by CSR expenditure are overwhelmingly in metropolitan areas. The youth with the most need of employment opportunities — those in Bihar, Jharkhand, Uttar Pradesh, Odisha — cannot afford to relocate. The scheme would need either remote internship options or a distribution of companies into smaller cities.

3. Skills-Jobs Mismatch — Before the Scheme

A less-discussed problem: many eligible youth (21-24, family income <Rs 8 lakh, not currently studying) may not have the foundational skills to be productive in a “top 500 company” context. India's formal education system produces graduates who often cannot perform tasks that companies consider basic — report writing, Excel, customer communication, problem-solving. Sending under-prepared interns to companies creates a negative experience for both.

4. Company Reluctance

Major companies are cautious about mass internship programmes for several reasons:

- Onboarding and training costs exceed the value extracted from 12-month interns in many structured roles

- HR infrastructure does not exist at the scale needed (managing 1,000 interns simultaneously in a single company requires dedicated staff)

- Reputational risk: A high-profile internship programme with poor outcomes is worse than no programme

- CSR counting mechanism uncertainty: Companies want clear legal clarity that PMIS expenditure qualifies — the MCA notifications have evolved, creating some ambiguity

5. No Certification Value

Completing a PM Internship Scheme internship does not automatically give the intern a market-recognized credential. Unlike, say, a National Apprenticeship Certificate (NAC) under NCVT (National Council for Vocational Training) — which has a standardised assessment and formal recognition — a PMIS internship certificate is company-issued. Its value varies enormously by company.

WHAT WORKS: THE CASE FOR CORPORATE APPRENTICESHIPS

There is a successful model nearby. India's **National Apprenticeship Training Scheme (NATS)** — run by the Board of Apprenticeship Training (BOAT) under Ministry of Education — has 7 lakh+ active apprentices. The difference:

- Minimum wage is mandated (stipend \geq prevailing minimum wage for the sector)

- Apprentices are trained in specific trades with formal assessment

- Completion leads to a National Trade Certificate (NTC) or National Apprenticeship Certificate (NAC) with formal recognition

- Companies are legally required to take apprentices (Apprentices Act, 1961 — mandates all establishments above a threshold to engage apprentices)

The PM Internship Scheme is trying to achieve the scale and impact of an apprenticeship system without the regulatory teeth or the quality assurance of one.

A CONSTRUCTIVE REFORM AGENDA

Short-term (within FY26-27):

- Increase stipend to Rs 10,000-12,000 (matching urban minimum subsistence costs)

- Allow remote/hybrid internship formats (particularly for data, digital, and service roles)

- Provide interns a standardised end-of-term assessment and a National Skills Registry record (linked to National Academic Depository / ABC framework)

Medium-term:

- Expand to mid-sized companies (not just top 500) — India's 1,000-5,000 employee segment offers quality internships with lower competition

- Target Tier-2/3 city companies as primary hosts — reduces relocation burden and adds to local economic development

- Create a PMIS-to-apprenticeship bridge: high-performing interns get automatic enrolment in formal apprenticeship track

Long-term:

- Merge PMIS with NATS into a unified national apprenticeship system modelled on Germany's dual vocational training system: industry and formal education integrated, company-based learning with school-based theory

UPSC RELEVANCE

PM Internship Scheme (MCA; Rs 11,500 crore FY26; 1 crore target; top 500 companies; Rs 5,000/month; age 21-24; income <Rs 8 lakh; 12 months); NATS (National Apprenticeship Training Scheme; BOAT; Ministry of Education; 7 lakh+ apprentices); NTC/NAC (National Trade Certificate/National Apprenticeship Certificate; NCVT); Apprentices Act 1961; PLFS (Periodic Labour Force Survey; MOSPI); NEET youth (Not in Education Employment or Training; India 29 crore); CSR (Companies Act 2013; 2% of net profit; top companies mandatory)

MAINS GS-3:

“The PM Internship Scheme has set ambitious targets but shows low utilisation. Critically evaluate its design flaws and suggest a reform roadmap for effective youth employment policy in India.” | “India’s demographic dividend is a window of opportunity that is closing. Evaluate the adequacy of India’s skill development and employment policy architecture.”

MAINS GS-2:

“Examine the role of Corporate Social Responsibility (CSR) as an instrument of employment generation. What are the limitations of using CSR for social policy objectives?”

INTERVIEW:

“You are the Secretary, Ministry of Skill Development. How would you redesign the PM Internship Scheme to achieve its 1 crore target while ensuring quality outcomes?”

★ FACTS CORNER — KNOWLEDGEPEDIA

PM INTERNSHIP SCHEME (PMIS):

- Announced: Union Budget 2024-25 (FM Nirmala Sitharaman)
- Ministry: Ministry of Corporate Affairs (MCA)
- Target: 1 crore internships over 5 years (FY25-FY29)
- Companies eligible: Top 500 by CSR expenditure
- Age: 21-24 years; family income <Rs 8 lakh; not in full-time education/employment
- Duration: 12 months per internship
- Stipend: Rs 5,000/month (Rs 4,500 DBT from govt + Rs 500 from company CSR)
- Grant: Rs 6,000 one-time
- Insurance: Rs 1 lakh accident insurance; life insurance cover
- Budget FY26: >Rs 11,500 crore; utilisation as of Nov 2025: ~4%
- CSR: Counted as eligible CSR expenditure for companies

YOUTH EMPLOYMENT DATA (INDIA, 2025):

- Youth unemployment (15-29): ~17-19%
- Graduate unemployment (20-24): ~29%
- NEET youth: ~29 crore (15-29 age group)
- Formal employment (salaried + social security): 13-15% of workforce

NATIONAL APPRENTICESHIP TRAINING SCHEME (NATS):

- Ministry: Education (Board of Apprenticeship Training — BOAT)
- Active apprentices: 7 lakh+
- Legal basis: Apprentices Act, 1961
- Outcome: National Trade Certificate (NTC) or National Apprenticeship Certificate (NAC) via NCVT
- Minimum stipend: Not below prevailing minimum wage

CSR OBLIGATIONS (COMPANIES ACT 2013):

- Threshold: Companies with net worth \geq Rs 500 cr OR turnover \geq Rs 1,000 cr OR net profit \geq Rs 5 cr in any 3 preceding years
- Obligation: Spend 2% of average net profit of 3 preceding years on CSR
- Unspent CSR: From FY22, must be transferred to PM National Relief Fund or specified fund within 6 months; then to Unspent CSR Account

GERMANY DUAL VOCATIONAL TRAINING (REFERENCE MODEL):

- 60% of German youth choose vocational education (Ausbildung) over university
- Industry pays for on-the-job training; state pays for school-based theory
- Outcomes: Youth unemployment in Germany ~5-6% (vs. India ~17-19%)
- India's challenge: Lack of industry participation, social stigma around vocational education

Sources: Indian Express, PIB, MCA, PLFS MOSPI

CURATED & WRITTEN BY

Bharat Choudhary

UPSC Educator & Content Creator

 [linkedin.com/in/epicbharat](https://www.linkedin.com/in/epicbharat)

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