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PM-SETU Scheme Gets Nationwide Rollout for ITI Upgradation

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**Bharat Choudhary**

UPSC Educator & Content Creator

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

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PM-SETU Scheme Gets Nationwide Rollout for ITI Upgradation

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WHY IN NEWS

On July 7, 2026, the 4th National Steering Committee meeting, chaired by Debashree Mukherjee, Secretary of the Ministry of Skill Development and Entrepreneurship (MSDE), cleared the Pradhan Mantri Skilling and Employability Transformation through Upgraded ITIs (PM-SETU) scheme for nationwide rollout and approved Rs 1,237.58 crore in investment plans for ITI clusters in Odisha, Gujarat and Telangana.

India's ambition to convert its young population into a productive workforce depends on the quality of its vocational training backbone, the Industrial Training Institutes (ITIs). With PM-SETU now moving from design to nationwide execution, the government is attempting the largest revamp of the ITI ecosystem since these institutes were first set up, this time with industry sitting at the table rather than on the sidelines.

WHAT IS PM-SETU?

PM-SETU, the **Pradhan Mantri Skilling and Employability Transformation through Upgraded ITIs**, is a Centrally-sponsored scheme to modernise India's government ITI network. Its central idea is to move away from a standalone, one-institute-at-a-time approach and instead build **hub-and-spoke clusters** in which a strong anchor ITI (the hub) lifts a group of surrounding institutes (the spokes), with industry participating in curriculum design, trainer support and placement.

The scheme was **announced in the Union Budget 2024-25**, received **Cabinet approval in May 2025**, and got its **first budgetary allocation of Rs 6,140.50 crore in Budget 2026-27**. The **nodal ministry is the MSDE**.

Scale and financing

PM-SETU is structured as a five-year programme with a large, shared-cost design that pulls in the Centre, the States and industry together.

FEATURE	DETAIL
Full name	Pradhan Mantri Skilling and Employability Transformation through Upgraded ITIs
Total outlay	Rs 60,000 crore over 5 years
Cost sharing	Centre Rs 30,000 cr + States Rs 20,000 cr + Industry Rs 10,000 cr
Coverage	Upgrade 1,000 government ITIs
Delivery model	200 hub-and-spoke clusters with industry participation
Nodal ministry	Ministry of Skill Development and Entrepreneurship (MSDE)
Announced	Union Budget 2024-25
Cabinet approval	May 2025
First allocation	Rs 6,140.50 crore (Budget 2026-27)

The inclusion of **industry as a direct financing partner** (Rs 10,000 crore of the Rs 60,000 crore) is what marks PM-SETU out from earlier skilling efforts. It ties private employers into the programme not just as recruiters but as co-investors, aligning training with real labour-market demand.

THE JULY 7 DECISION

At the **4th National Steering Committee meeting** on July 7, 2026, the committee cleared the scheme for **nationwide rollout** and approved **Rs 1,237.58 crore in investment plans** for the first set of ITI clusters in **Odisha, Gujarat and Telangana**.

These three states become early movers, with their approved investment plans setting a template for how clusters will be structured, funded and linked to local industry across the rest of the country. The rollout signals a shift from the pilot and planning phase into large-scale implementation.

WHY ITI REFORM MATTERS

India's **demographic dividend** (<https://ujiyari.com/terms/demographic-dividend/>), its large working-age population, is only an asset if that population is employable. ITIs are the front line of vocational training, but many have suffered from outdated trades, ageing equipment, weak industry linkages and poor placement

outcomes. The result is a persistent **employability gap**: skills that graduates hold do not always match the skills that employers need.

The **hub-and-spoke model** attempts to fix this by:

- **Pooling resources** so weaker spoke ITIs share the expertise, labs and industry contacts of a strong hub.
- **Embedding industry** in curriculum design so trades stay current with technology.
- **Standardising quality** across a cluster rather than leaving each institute to fend for itself.

Because education and skilling touch both **Union and State responsibilities**, PM-SETU's shared-cost design is also an exercise in **cooperative federalism** (<https://ujjayari.com/terms/cooperative-federalism/>), requiring the Centre and States to co-fund and co-manage the upgradation.

UPSC RELEVANCE

GS Paper 2: Government policies and interventions for development in the education and skilling sectors; issues relating to human resource development; Centre-State co-financing and cooperative **federalism** (<https://ujjayari.com/terms/federalism/>).

GS Paper 3: Skill development and the **demographic** (<https://ujjayari.com/vocab/demographic/>) dividend; employment and inclusive growth; mobilisation of resources and public-private partnership (industry co-financing).

Prelims pointers:

- **PM-SETU** stands for **Pradhan Mantri Skilling and Employability Transformation through Upgraded ITIs**; nodal ministry is the **MSDE**.
- Total outlay **Rs 60,000 crore over 5 years**, shared **Centre Rs 30,000 cr + States Rs 20,000 cr + Industry Rs 10,000 cr**.
- Aims to upgrade **1,000 government ITIs** through **200 hub-and-spoke clusters**.
- Announced in **Budget 2024-25**, Cabinet approval **May 2025**, first allocation **Rs 6,140.50 crore in Budget 2026-27**.
- The 4th National Steering Committee (July 7, 2026) approved **Rs 1,237.58 crore** for clusters in **Odisha, Gujarat and Telangana**.
- **ITI** stands for **Industrial Training Institute**.

Mains question: "The employability of India's youth, not merely their numbers, will decide whether the demographic dividend is realised." In this light, examine how the PM-SETU scheme seeks to reform the ITI ecosystem and the challenges it must overcome. (15 marks, 250 words)

FACTS CORNER

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PM-SETU: Pradhan Mantri Skilling and Employability Transformation through Upgraded ITIs, a Centrally-sponsored scheme to modernise government ITIs.

Outlay: Rs 60,000 crore over 5 years, shared as Centre Rs 30,000 cr, States Rs 20,000 cr and Industry Rs 10,000 cr.

Target: Upgrade 1,000 government ITIs through 200 hub-and-spoke clusters with industry participation.

Timeline: Announced in Budget 2024-25; Cabinet approval May 2025; first allocation Rs 6,140.50 crore in Budget 2026-27.

July 7, 2026 decision: 4th National Steering Committee (chaired by MSDE Secretary Debashree Mukherjee) cleared nationwide rollout and approved Rs 1,237.58 crore for clusters in Odisha, Gujarat and Telangana.

Nodal ministry: Ministry of Skill Development and Entrepreneurship (MSDE).

ITI: Industrial Training Institute, the front line of India's vocational training system.

Hub-and-spoke model: A strong anchor ITI (hub) lifts a group of surrounding institutes (spokes), with industry embedded in curriculum and placement.

Sources: PIB (<https://pib.gov.in/>), Ministry of Skill Development and Entrepreneurship (<https://msde.gov.in/>), Business Standard (<https://www.business-standard.com/>)

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CURATED & WRITTEN BY

Bharat Choudhary

UPSC Educator & Content Creator

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