PM-SETU Scheme

***Prelims**: Current events of national and international importance*

Why in News?

The Ministry of Skill Development and Entrepreneurship has recently invited industry leaders to participate in the PM-SETU scheme, marking a shift towards an industry-led model of vocational training.

- **PM-SETU** - Pradhan Mantri Skilling and Employability Transformation through Upgraded ITIs.
- It is a ***centrally sponsored initiative*** launched on October 4, 2025.
- **Aim -** To modernize India's vocational training system and align it with global industry requirements.
- **Nodal Ministry -** Ministry of Skill Development and Entrepreneurship (MSDE).
- **Key Objectives**
  - **Upgradation of ITIs -** The scheme aims to transform 1,000 Government Industrial Training Institutes (ITIs) into modern institutions.
  - **Hub-and-Spoke Model -** A cluster approach includes 200 Hub ITIs with advanced facilities and 800 Spoke ITIs connected to provide wider access to training.
  - **Global Centres of Excellence -** 5 National Skill Training Institutes (NSTIs) in Bhubaneswar, Chennai, Hyderabad, Kanpur and Ludhiana will be upgraded to international standards.
  - **Vocational Skill Labs -** 1,200 labs will be established in Navodaya Vidyalayas and Eklavya Model Residential Schools to introduce vocational training early.
- **Unique Governance Model**
  - **Industry-Led Management** - The scheme uses a "Government-owned, Industry-managed" model.
  - **Special Purpose Vehicles (SPV)** - Each ITI cluster is managed by an SPV where Anchor Industry Partners (AIPs) hold a 51% stake, and

the government holds 49%.
    - **Co-funding** - Industry partners can receive up to 83% in government co-funding.
- **Implementation Status -** First Phase - Focus areas include ITIs in Patna and Darbhanga.
- **Industry Engagement** - Several states have issued Expressions of Interest (EOI) for industry partners.
- **Financing -** The scheme is co-financed by the ***World Bank and the Asian Development Bank.***

Reference

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