

No. DGT-Misc/11/2025-O/oDIR(SCHEMES)
Government of India/ भारत सरकार
Ministry of Skill Development & Entrepreneurship
कौशल विकास एवं उद्यमशीलता मंत्रालय
Directorate General of Training (D.G.T.)/ प्रशिक्षण महानिदेशालय

सातवां तल, कौशल भवन,
न्यू मोती बाग, नई दिल्ली – 110023,
दिनांक: 12.06.2026

OFFICE MEMORANDUM/ कार्यालय ज्ञापन

Subject: Minutes of 3rd meeting of the National Steering Committee (NSC) for Pradhan Mantri Skilling and Employability Transformation through Upgraded ITIs (PM-SETU) – reg.

The undersigned is directed to refer to the subject cited above and to forward herewith minutes of the 3rd meeting of the National Steering Committee (NSC) for Pradhan Mantri Skilling and Employability Transformation through Upgraded ITIs (PM-SETU) held under the chairpersonship of the Secretary, MSDE on 29.05.2026 at Kaushal Bhawan, New Delhi.

2. This issues with the approval of Competent Authority.


(Divyanshu)
Deputy Director

Encl.: As above.

To,

Attendees as per list attached.

Copy for kind information to:

- a) PSO to Secretary, MSDE;
b) Sr. PPS to DG, DGT.

Attendees of the Meeting:**NSC Members**

Sl.no	Name and Designation	Ministry/Organization
1	Ms. Debashree Mukherjee, Secretary	MSDE
2	Shri Dilip Kumar, Director General	DGT, MSDE
3	Ms. G. Madhumita Das, AS & FA	MSDE
4	Ms. Manasi Sahay Thakur, Joint Secretary	MSDE
5	Dr. Alka Mittal, Member, Admin	Capacity Building Commission
6	Shri Dr. Hari Om, Principal Secretary	Department of Vocational Education & Skill Development, Govt. of Uttar Pradesh
7	Ms. Harichandana Dasari, Secretary	Labour, Employment, training and Factories, Govt. of Telangana
8	Shri Bhupendra Singh Pooniya, Commissioner/Secretary	Skill Development and Technical Education Department, Govt. of Odisha
9	Shri Vimal Anand, Joint Secretary	Ministry of Commerce
10	Shri. Shubhankit Srivastava, Deputy Secretary	Ministry of Heavy Industries
11	Shri. Ashok Kumar Singh, Under Secretary,	Ministry of Education (DoHE)
12	Dr. Shailja Singh, Deputy Director	Ministry of Labour & Employment
13	Lt. Col. Vikram Singh Bhati, Director, NCVET	NCVET
14	Shri Surendra Singh, Scientist E	MEITY
15	Ms. Vidya Biradar, AGM, Skill Development	HAL
16	Shri S. Gudipati, Senior Executive / Corporate Affairs (Bajaj Auto)	Bajaj Auto Ltd.
17	Shri Dharm Rakshit, Senior GM (HR)	Hero MotoCorp Limited
18	Ms. Regina Cheryl Roberts, Senior GM (HR)	Hero MotoCorp Limited
19	Dr. Swarup Sinha, Head	ITC Limited
20	Shri Sudhansu Sekhar Padhy	Hero MotoCorp Limited

Other MSDE Officials

Sl.no	Name / Position	Ministry/Organization
1	Shri Hemant D Ganjare, Director	MSDE
2	Shri Nirmalya Nath, Joint Director	DGT
3	Shri Asheesh Kumar Shukla, Deputy Director	DGT
4	Shri Divyanshu, Deputy Director	MSDE
5	Shri Swapndeeep Chouhan, Asst. Director	MSDE
6	Ms. Aditi Yadav, Asst. Secretary	MSDE
7	Shri Vinay Aggarwal, SO	DGT
8	Shri Aman Singh, Senior Consultant	MSDE
9	Shri Subramanian R, Consultant	NCVET

Special Invitees

Sl.no	Name / Position	Ministry/Organization
1	Shri. Kona Sasidhar, Secretary	Department of Skill Development and Training, Andhra Pradesh
2	Dr. Castro Jayaprakash, IRS (Income Tax), Joint Commissioner, Income Tax	CBDT
3	Shri KC Meena, Joint Director	Ministry of Corporate Affairs
5	Shri Praveen Manikpuri	Principal Project Officer, ADB
6	Shri Siddharth Sonawat	Consultant, ADB
7	Dr. Vikas Yaduvendu, Head AMNS CSR	AMNS
8	Dr. Hafeezur Rehman - DG	NAMTECH
9	Shri Sandeep Achantani, Director	NAMTECH
10	Ms. Cristelle Kouame	Senior Economist, WB
11	Dr. Ravi Shankar, Asst. Director	NAMTECH
12	Pranav Butalia	World Bank

NPMC members

Sl.no	Name / Position	Ministry/Organization
1	Shri Sanleen Pal, Team Leader	PMC
2	Shri Jayant Srivastava	PMC
3	Shri Achyutanand Jha	PMC
4	Shri Shashank Parimi	PMC
5	Ms. Shivani Gosain	PMC
6	Ms. Irom Abesana	PMC

**Minutes of the 3rd Meeting of
National Steering Committee
(NSC) for PM-SETU**

29th May 2026

The third meeting of the National Steering Committee (NSC) for Pradhan Mantri Skilling and Employability Transformation through Upgraded ITIs (PM-SETU) was held under the chairpersonship of the Secretary, MSDE on 29th May 2026 at Kaushal Bhawan, New Delhi. The meeting was attended by senior officials of MSDE and DGT, representatives of State Governments, representatives of other Ministries, representatives from the World Bank and the Asian Development Bank, industry members, and other stakeholders. The list of participants is placed at Annexure I.

Agenda as per the following table was placed before the National Steering Committee.

Sl.	Agenda Item
PART A: Action Taken Report on 2nd National Steering Committee Meeting	
PART B: Items for approval of the National Steering Committee	
Agenda 1	Retention of Fees by SPV
Agenda 2	Separate engagement route for PSUs
Agenda 3	Expansion of AIP eligibility
Agenda 4	KPI classification framework
Agenda 5	Flexibility in IMC Chairperson nomination under Component II
Agenda 6	Approval of Andhra Pradesh SIP
Agenda 7	SPV tenure
Agenda 8	EMD / Bid Security
Agenda 9	Performance Bank Guarantee
Agenda 10	Fund flow mechanism
Agenda 11	ToT implementation framework
Agenda 12	Governing Body structure under Component II
PART C: Points for Ex-Post facto approval from the National Steering Committee	
Agenda 13	Centralized Empanelment and Management of Independent Monitoring Agency
Agenda 14	Direct RFP without mandatory EOI stage
PART D: Points for taking Note for National Steering Committee	
Agenda 15	Note for NSTI RFP and Memorandum of Association (MoA)
Agenda 16	Note for Model RFP and SIP Structure
Agenda 17	Note for Frequently Asked Questions
Agenda 18	Note for Appointment of Independent Verification Agency (IVA), Floating of RFP for Baseline Survey, and Status of Independent Monitoring Agency (IMA) aligned to the requirements of the Multilateral Development Banks (Asian Development Bank and The World Bank)
PART E: Points on Interministerial Communication for apprising National Steering Committee	
Agenda 19	Tax Deduction Framework for Industry Contributions under PM-SETU
Agenda 20	MoCA-CSR Clarification for PM-SETU SPVs
PART F: Any other agenda with permission of chair	

PART A: Action Taken Report on 2nd National Steering Committee Meeting

The **2nd National Steering Committee (NSC) meeting** on the Pradhan Mantri Skilling and Employability Transformation through Upgraded Industrial Training Institutes. (PM-SETU) (erstwhile National scheme for ITI upgradation and setting up of 5 National center of excellences for skilling) was held on **20 September 2025** under the Chairpersonship of the Secretary, MSDE in presence of officials of MSDE and DGT, representatives of the State Governments, representatives from the World Bank and the Asian Development Bank, industry members and other stakeholders.

During the meeting the Committee agreed on a governance structure with Special Purpose Vehicles (SPVs) as Section 8 companies, having majority industry ownership (51%) and joint participation from Centre and States, alongside strong oversight through State Steering Committees chaired by Chief Secretaries. A transparent EoI-RFP process was mandated for selecting industry partners, with incentives for higher contributions beyond the required 17%, and a funding model of 50:33:17 (Centre: State: Industry) was confirmed. Discussions also covered refining fund flow mechanisms, ensuring revenues generated are reinvested in ITIs, and advancing curriculum reforms including new and updated courses aligned to employability needs. The Committee set ambitious but achievable targets such as 75% placements and 50% wage improvement, emphasized trainer development, and supported the creation of State PMUs and national-level templates to aid implementation. Additional steps included establishing career lounges, leveraging the NCS portal for tracking placements, and conducting stakeholder workshops. Overall, the guidelines for Component I were approved in principle as a "living document," with a strong emphasis on timely rollout and transforming ITIs into industry-driven, aspirational institutions.

In line with the discussions during the meeting, following actions have been taken by DGT:

Action Emerged	Action Taken	Status
National Steering Committee (NSC) directed States/UTs to adopt a transparent EOI-RFP process for onboarding industry partners.	States were asked to initiate EOI/RFP process for onboarding of Anchor Industry Partners (AIPs) for identified clusters.	Total= 12 states have issued RFPs (9 open and 3 closed) Active RFPs: Haryana, Uttarakhand, Telangana, Odisha, TN, Maharashtra, UP, Tripura, AP, Assam, Gujarat and Rajasthan Closed RFP: Maharashtra, Tripura, Uttarakhand

Action Emerged	Action Taken	Status
NSC directed to prepare norms and framework for State-level PMC/SPMU and provide financial support to States.	A framework for onboarding State-level PMC/SPMU has been prepared. Advance tranches have been released to States for onboarding.	<p>Total fund released: ₹1087.50 lakh</p> <p>No. of responsive States/UTs (Bank account shared): 27</p> <p>No. of States where PMC/SPMU engaged: 8 (Andhra Pradesh, Arunachal Pradesh, Dadra & Nagar Haveli, Uttar Pradesh, Madhya Pradesh, Rajasthan, Sikkim, Puducherry)</p>
NSC recommended conducting Industry Sensitization Workshops for States and Industry partners.	A series of capacity-building and sensitization workshops have been conducted.	<p>More than 7 workshops completed (Delhi, Chennai, Bhopal, Hyderabad, Chandigarh, Mizoram, Mumbai) + consultations with Defence PSUs, MEITY including 1-to-1 industry consultations. State given financial assistance of upto Rs. 30 lakh for industry consultation</p>
NSC directed NPMU to support States with templates of Model RFP, EOI and SIP.	NPMU prepared and circulated Model RFP, EOI templates and SIP formats to States.	Completed

Concurrence of NSC:

National Steering Committee noted the above agenda, and the following was approved:

1. The minutes of 2nd NSC meeting were confirmed.
2. The Action taken report was duly noted by all members.



PART B: Items for approval of the National Steering Committee

Agenda 1: Retention of Fees by SPV for Financial Sustainability

Background

Under **PM-SETU Component I**, the **Special Purpose Vehicle (SPV)** is envisaged as the **primary entity responsible** for the **management and operation** of **ITI Hub-and-Spoke clusters**, including **training delivery, infrastructure utilization, and financial sustainability** of the **upgraded institutions**.

Reference from Scheme Guidelines

As per **Clause 43 – Appropriation of Fees and Contributions (Component I, Page 85)**:

“The SPV shall ensure that all funds obtained by the SPV by way of grants, CSR contributions, fees from trainees/students for non-CTS courses, rental of training equipment and facilities, or any other mode are appropriated and utilized by the SPV towards the upgradation, operations and management of the ITIs in the Hub-and-Spoke Cluster in line with the agreed SIP. However, the fees collected by the SPV from trainees/students from the CTS courses (including from ongoing courses) will be transferred to the State Government’s account.”

Rationale

While the provision allows **SPVs to retain revenues from multiple sources**, the requirement to **transfer CTS fees to the State Government** limits the **SPV’s ability to build a stable and predictable revenue base**.

Given that **SPVs are responsible for ongoing operations, maintenance, and quality delivery**, retention of **fees is critical to ensure financial sustainability, operational flexibility, and reduced long-term dependence on external funding**.

It would also **incentivize SPVs to improve enrolment, training quality, and placement outcomes**.

Proposal for NSC’s Consideration

Approval is sought to amend **Clause 43 (Component I, Page 85)** to provide that:

“The SPV shall ensure that all funds obtained by the SPV by way of grants, CSR contributions, fees from trainees/ students for non-CTS courses, rental of training equipment and facilities, or any other mode are appropriated and utilised by the SPV towards the upgradation, operations and management of the ITIs in the Hub-and-Spoke Cluster in line with the agreed SIP. The State Government may choose to either collect fees from the SPV or permit the SPV to retain fees collected from trainees under existent CTS and other programs within the Hub-and-Spoke clusters. However, it will be desirable for the States to allow the SPV to retain such fees to cover operational costs and support the cluster’s financial sustainability. Additionally, the fees for courses introduced after formation of the SPV shall be retained by the SPV itself. Such fees shall not be considered as the industry’s share of contribution.”

Decision of NSC

The above agenda was discussed and approved by NSC.

Agenda 2: Separate engagement route for Public Sector Undertakings (PSUs)

Background

Based on **industry consultations** and responses received during **pre-bid meetings of EO/RFP processes**, it has been observed that while **Public Sector Undertakings (PSUs)** have **significant interest and capability** to contribute to **PM-SETU**, the **standard competitive bidding route** poses **practical challenges** for their participation.

These include **internal approval timelines**, **procedural constraints for government entities in competitive procurement**, and the **strategic nature of PSU involvement in national skilling initiatives**.

Accordingly, there is a need to **explore alternative engagement models** that enable **PSUs to effectively participate** in **PM-SETU** and leverage their **domain expertise, infrastructure capabilities, and sectoral experience**.

Reference from Scheme Guidelines

Section 3.2 (Eligibility of Entities) of the Scheme Guidelines recognizes **Public Sector Undertakings (PSUs)** as eligible Anchor Industry Partners. Further, Section 3.2.1 **provides flexibility to States/UTs to determine appropriate eligibility criteria** based on local context.

Rationale

While **PSUs are eligible under the existing framework**, the **RFP-based selection mechanism** may not be fully aligned with **PSU operating structures**, thereby **limiting their participation**.

Given their **strategic importance** in sectors such as **manufacturing, infrastructure, defence, and energy**, enabling a **facilitative route for PSU participation** would strengthen **industry linkage**, ensure **high-quality implementation**, and support the **achievement of scheme objectives**. An **MoU-based approach** would provide **clarity on roles, financial commitments, and performance outcomes**, while **reducing procedural barriers**.

Also, while the **scheme envisages complete autonomy for industries through the SPV**, **PSU-operated SPVs** would effectively become **100% Government bodies**, thereby **defeating the purpose of having a Section 8 company led by industry**. Accordingly, **certain customized provisions for PSUs** will be required to **operationalize the scheme effectively through them**.

Proposal for NSC's Consideration

Approval is sought to enable PSU participation through a separate engagement mechanism in lieu of the standard RFP route, wherever deemed appropriate. Based on the partnership arrived at in consultation with the PSU, the administrative Ministry and the State Government (if applicable), will make due provisions for such engagements, and the matter will be accordingly brought to NSC.

Decision of NSC

The above agenda was discussed and approved by NSC.

Agenda 3: Expanding the eligibility criteria of Anchor Industry Partner (AIP) to Enable Broader Participation

Background

Under **PM-SETU Component I**, the **current framework** provides for participation of **industry partners** as **Anchor Industry Partners (AIPs)** for implementation of **ITI clusters** through **SPVs**.

However, based on **industry consultations** and **implementation experience**, it has been observed that the **existing eligibility framework** may not fully accommodate **emerging participation structures** such as **industry consortia** and **industry–training partner collaborations**.

Reference from Scheme Guidelines

Section 3.2 of the Scheme Guidelines provides a **broad list of eligible entities** for **AIP participation**, including **industry partners, PSUs, industry associations/consortia, industry-led foundations, and academic institutions promoted or operated by industry**.

3.2 Eligibility of Entities to Participate as an Anchor Industry Partner under the Scheme:

- **Industry partners (credible companies or manufacturers with established operations in India), including Public Sector Undertakings (PSUs)**
- **Industry associations or consortia**
- **Industry-led foundations (CSR/philanthropy arms of corporates)**
- **Academic institutions promoted/operated by industry (e.g., corporate universities, sectoral skilling institutions)**

Rationale

Operational experience indicates that certain scenarios such as **fragmented industrial presence, consortium-based participation, or CSR-driven engagement** require a more **inclusive and clearly articulated definition of AIP**. Expanding the definition to include **credible academic institutions (including those not directly industry-backed)** with **assured financial commitment from industry partners** would enable **wider participation** while maintaining **accountability**.

Such an approach aligns with the proposed **participation channels** by **separating operational responsibility (academic/institutional partner)** from **financial commitment and outcome accountability (industry partner)**. This would help **States design more effective RFPs**, ensure **credible participation**, and strengthen the **linkage between skilling outcomes and employment**.

Proposal Sought from NSC

Approval is sought to amend **Clause 3.2 (Component I, Page 7)** to provide that:

3.2 Eligibility of Entities to Participate as an Anchor Industry Partner under the scheme

- Industry partners (credible companies or manufacturers with established operations in India), including Public Sector Undertakings
- Industry associations or consortia
- Industry-led foundations (CSR/philanthropy arms of corporates)
- Academic institutions promoted/operated by industry (e.g., corporate universities, sectoral skilling institutions)
- Industry in partnership with reputed academic institutions, Institutes of National Importance (INI), skilling institutions or universities, training partners, sector skill councils and so on.

Decision of NSC

The above agenda was discussed and approved by NSC.



Agenda 4: KPI Classification Framework: Funding-Linked and Monitoring-Only KPIs

Background

PM-SETU envisages a performance-based implementation framework for ITIs and NSTIs through defined Key Performance Indicators (KPIs) covering areas such as governance, training quality, placements, inclusiveness, infrastructure, and sustainability. In view of varying institutional capacities and State-specific priorities, a structured KPI classification framework is proposed to distinguish between funding-linked KPIs and monitoring-only KPIs, while continuing to monitor all prescribed KPIs under the Scheme. These KPIs are mandatory for performance assessment of the Anchor Industry Partner (AIP).

Reference from Scheme Guidelines

Annexure 7 of the Scheme Guidelines prescribes indicative Key Performance Indicators (KPIs) for ITIs covering areas such as governance reforms, trainee performance, placements, inclusivity, curriculum modernization, faculty development, infrastructure, sustainability, and monitoring.

Further, Section 4.2 of the Scheme Guidelines provides for a milestone-based fund flow mechanism linked to performance achievement.

Rationale

Linking all prescribed KPIs uniformly to fund disbursement may not be operationally feasible across States/UTs due to differences in baseline capacity, sectoral priorities, and implementation readiness. Accordingly, a structured KPI classification framework is proposed to distinguish between funding-linked KPIs and monitoring-only KPIs. For ITIs, select KPIs relating to enrolment, pass percentage, placements, inclusivity, infrastructure upgradation, trainer development, curriculum modernization, industry participation, and reporting have been identified for linkage with fund release milestones.

The proposed framework would provide flexibility to States/UTs in prioritizing outcome-oriented KPIs for fund release, while ensuring that all prescribed KPIs continue to be monitored for overall institutional performance, accountability, and continuous improvement under PM-SETU.

Accordingly, a detailed matrix of the existing KPIs is shown in table 4.1. This table lists all the KPIs as per Annexure 7 of the scheme guideline. The green KPIs are accordingly proposed to be mandatorily linked to fund disbursement understanding the significance of these indicators towards achievement of outcomes. The other KPIs which remain important for the overall scheme implementation and understanding will continue for reporting purposes.

Proposal for NSC's Consideration

Approval is sought to allow States/UTs to adopt a KPI classification framework in the RFPs whereby:

1. The green KPIs as shown in Table 4.1 shall be considered as mandatory KPIs for fund disbursement.
2. The remaining KPIs may be treated as monitoring-only KPIs, to be tracked and reported but not mandatorily linked to fund release.
3. All KPIs as mentioned in guidelines shall remain mandatory for monitoring and evaluation purposes, irrespective of their linkages with funding.

Decision of NSC

The above agenda was discussed, and the State of Odisha expressed views on further relaxation of some of the KPIs. Accordingly, it was observed that the KPI Classification Framework needs further deliberation and accordingly the member States were asked to give their inputs within 2 weeks. Post receipt of the inputs from the member States, the same will be accordingly revised and then placed in the next meeting of the National Steering Committee (NSC).

Clarification on the definition of KPI Parameter No. 6, i.e., Placement Rate, was also provided. It was clarified that placements reported under this parameter shall include wage employment, entrepreneurship, apprenticeships, and higher education.

Accordingly, in view of above the matter was deferred.

Table 4.1: KPI-to-Year Coverage

S. No.	KPI Parameter	Target by the end of SIP Period	Y1	Y2	Y3	Y4	Y5
1	Adoption of Industry-led SPV model at HSICs	100% of approved clusters	●				
2	Pathways for sustainable industry participation (production centres, OJT tie-ups, design partnerships, continuity of AIP)	Composite index (baseline + YoY improvement)		●	●	●	●
3	Increase in CTS enrolment	95% of approved capacity		●	●	●	●
4	Pass percentage	90%			●	●	●
5	Increase in short-term course output over baseline (Trainee Enrolment)	50% growth as per baseline or annual capacity of 300 trainees whichever is higher for the cluster		●	●	●	●
6	Placement rate of CTS trainees	>75%			●	●	●
7	Average salary of placed trainees	Increment of 50% over baseline				●	●

S. No.	KPI Parameter	Target by the end of SIP Period	Y1	Y2	Y3	Y4	Y5
8	Share of women, PwD, SC/ST, rural & tribal groups in enrolment	50% increment over baseline		●	●	●	●
9	Female trainee placement rate	>75%			●	●	●
10	Courses upgraded as per industry requirements	10 per Hub ITI; 08 per Spoke ITI		●	●	●	●
11	New CTS courses introduced	4 per Hub ITI; 2 per Spoke ITI		●	●	●	●
12	New short-term courses introduced	10 per Hub-and-Spoke ITI cluster		●	●	●	●
13	Industry validation of learning outcomes	Positive feedback index				●	●
14	Trainer recruitment (vacancy reduction)	Below 10% vacancy		●	●	●	●
15	% of trainers upskilled (incl. green practices)	>95%		●	●	●	●
16	ITI Hub & Spoke upgradation (civil works, equipment, labs)	1,000 ITIs	●	●	●	●	●
17	Number of trainers trained	50,000 across ITIs and NSTIs			●	●	●

S. No.	KPI Parameter	Target by the end of SIP Period	Y1	Y2	Y3	Y4	Y5
18	Revenue from non-government sources (industry, CSR, production centres)	≥30% of relevant operating cost					
19	Annual consolidated report at HSIC level	100% of onboarded clusters reporting	●	●	●	●	●

* The KPIs listed in bold are the mandatory KPIs linked to disbursements.



Agenda 5: Flexibility in Nomination of Chairperson of the Governing Body under PM-SETU Component II

Background

Under PM-SETU Component II, the Institutional Management Committee (IMC) is envisaged as the primary autonomous and industry-led governance structure responsible for the strategic direction, operational oversight, and institutional transformation of National Skill Training Institutes (NSTIs) into National Centres of Excellence. The Chairperson of the Governing Body plays a pivotal role in providing leadership, implementation of Strategic Investment Plan (SIPs) and Annual Operational Plans (AOPs), and ensuring effective coordination between industry and government stakeholders.

Reference from Scheme Guidelines

Under Section 3.4 – Role of Lead Industry Partner, Point No. 1 (Page 15), the Guidelines provide that:

“Nominate the Chairperson of the Governing Body of the IMC. The Chairperson must be an active employee of the Lead Industry Partner and should be at a senior leadership level to ensure strategic oversight and sustained commitment to the objectives of the scheme.”

Rationale

While the intent of ensuring strategic industry leadership in the governance of NSTIs is well-founded, the requirement that the Chairperson must necessarily be an active employee of the Lead Industry Partner (LIP) may be overly restrictive and may inadvertently reduce the operational flexibility available to the LIP.

In several cases, highly experienced professionals, former industry leaders, domain experts, technical advisors, retired executives, or independent experts associated with the industry ecosystem may possess stronger institutional leadership capabilities, long-term sectoral understanding, and greater availability to guide the transformation process. Restricting the position only to currently employed senior officials may discourage participation by industries that may otherwise prefer to nominate distinguished professionals from their broader institutional or sectoral network.

Further, the role of the Chairperson under the Guidelines is primarily strategic and governance-oriented, oversight of procurement and financial decisions, removing bottleneck for implementation of approved SIPs, review of institutional performance, and coordination of the IMC's overall functioning. These responsibilities may be effectively discharged by individuals possessing substantial industry experience and leadership credentials, irrespective of whether they are active employees of the LIP at the time of nomination.

Providing **flexibility in nomination** would enable the **Lead Industry Partner** to appoint the **most suitable individual based on expertise, sectoral experience, governance capability, and long-term commitment to institutional transformation.**

Proposal for NSC's Consideration

Approval is sought to amend Section 3.4 – Role of Lead Industry Partner, Point No. 1 (Page 15) to provide that:

“Nominate the Chairperson of the Governing Body of the IMC. The Chairperson should be a suitably qualified individual nominated by the Lead Industry Partner to ensure strategic oversight and sustained commitment to the objectives of the scheme.”

Decision of NSC

The above agenda was discussed and approved.

88

Agenda 6: Approval of Strategic Investment Plan received from SSC Andhra Pradesh

Background

Under PM-SETU, the Strategic Investment Plan (SIP) forms the core implementation document for each Hub-and-Spoke cluster and outlines the proposed infrastructure upgradation, financial planning, governance framework, operational strategy, industry participation, training delivery, and outcome targets for the scheme period. As per the implementation framework, States/UTs evaluate the technical and financial aspects of proposals and forward the selected SIPs to the National Steering Committee (NSC) for approval.

In pursuance of the above, the Government of Andhra Pradesh floated an Expression of Interest (EOI) on 29th December 2025, followed by a Request for Proposal (RFP) on 5th February 2026, for a Hub-and-Spoke cluster comprising Hub ITI: Government ITI (Old), Kancharapalem, Visakhapatnam, and Spoke ITIs: Government ITI (Girls), Visakhapatnam; Government ITI (Girls), Vizianagaram; Government ITI, Bobbili; and Government ITI, Narsipatnam. The RFP was closed on 23rd March 2026, with a proposed estimated budget of ₹200.20 crore. In response to the RFP, ArcelorMittal Nippon Steel India submitted their Strategic Investment Plan (SIP). The SIP was subsequently evaluated and recommended by the State Steering Committee (SSC), Andhra Pradesh on 13th May 2026, and has been forwarded to the National Steering Committee (NSC) for approval.

Reference from Scheme Guidelines

Step 3 (Scenario A) under Section 3.3 (Roll-out Plan for the Scheme) provides that the State evaluates technical and financial aspects and forwards top-ranked SIPs to the National Steering Committee (NSC), and the NSC assesses alignment with scheme objectives and approves proposals.

Further, Section 4.2 of scheme guideline provides that the initial advance in Year 1 shall be released only upon approval of the cluster's Strategic Investment Plan (SIP) by the NSC.

In addition, Section 4.2 of scheme guideline provides that the SIP shall be scrutinized and approved by the State Steering Committee (SSC) and ultimately by the NSC as a pre-condition for funding.

Rationale

Post evaluation of the bid received in response to the RFP, the Strategic Investment Plan (SIP) submitted by ArcelorMittal Nippon Steel India was placed before the State Steering Committee (SSC), Andhra Pradesh, which accorded its approval on 13th May 2026. As per the scheme framework, SIPs recommended by the respective SSCs are required to be placed before the National Steering Committee (NSC) for final approval, which is also a pre-condition for release of initial funding support, constitution of the SPV, and commencement of implementation activities. Accordingly, the SIP for the Visakhapatnam cluster is being placed before the NSC for consideration and approval.

Proposal for NSC's Consideration

SIP submitted by ArcelorMittal Nippon Steel and duly recommended by the State Steering Committee (SSC) of Andhra Pradesh for the Vishakhapatnam cluster may be approved by the NSC and further directions may be issued to initiate the actions to form the Special purpose Vehicle as per the scheme guidelines.

Decision of NSC

The above agenda was discussed. A brief presentation on the submitted SIP was made by Director, NAMTECH on behalf of Arcelor Mittal Nippon Steel India (AM/NS India).

Different aspects related to tracking of placements, enhancement of income, capacity building, and HR policy as provided in SIP were deliberated upon.

AM/NS assured its commitment on timelines provided in the SIP including timely utilization of CAPEX funds.

The State of Andhra Pradesh was requested to confirm its commitment towards funding under PM-SETU. The State confirmed that the required budget provision has been made for the current financial year and there would be no issues of funding from the State government side.

In view of the above, the NSC approved the SIP for the Visakhapatnam Cluster and advised the State Government to proceed with the subsequent activities in a timely manner.

Agenda 7: SPV Tenure

Background

Under **PM-SETU**, the **License Agreement** provides for an **initial tenure** aligned with the **scheme implementation period**.

The objective of the **scheme** is to enable **long-term transformation of ITI ecosystems** through **infrastructure upgradation, industry-aligned training, and sustainable institutional models** driven by **SPVs**.

Also, the **commencement of the License Agreement** may not align with the **start of an academic session**. As a result, there exists a possibility that the **License Agreement tenure may expire in the middle of an academic cycle**, leading to **discontinuity in training delivery** and **adversely impacting the future of the students studying in the cluster institutions**.

Reference from Scheme Guidelines

Section 3.11 speaks about **term and termination** of the SPV. Further the **License Agreement Term Sheet (Annexure 4 of the scheme guideline)** provides for a **5-year term**, "as may be **mutually extended by the Parties**."

The **footnote** further provides that in case **Central Government support does not continue beyond 5 years**, the **SPV and State Government** may enter into a **fresh agreement**.

Rationale

Industry consultations suggest that a **5-year tenure** may be **insufficient** to fully realize the outcomes of **infrastructure investments, curriculum transformation, and sustained placement improvements**.

A **longer operational horizon** would enable **deeper industry engagement**, support **iterative refinement of training programs**, and facilitate the development of **sustainable revenue streams** by the **SPV**.

Given that **industry partners** are expected to commit **significant financial and operational resources**, they generally prefer **longer-term partnerships with the government**.

Additionally, allowing **SPV operations to continue beyond the initial scheme period** would contribute to **long-term institutional strengthening** without imposing any **additional burden on Central finances**.

Additionally, if the **License Agreement expires during the course of an academic session**, it may create **operational and administrative challenges for ongoing trainees**, as they would be in the **middle of their training cycle**. This may impact the **continuity of training, assessment, and certification**, and could **adversely affect trainee outcomes**. Therefore, it is **operationally**

appropriate to ensure that the License Agreement remains valid till completion of the academic cycle of the final year, thereby enabling uninterrupted training delivery and smooth transition for trainees.

Proposal for NSC's Consideration

Approval is sought to add the following to Clause 3.11 (Component I, Page 15) and to suitably amend Annexure 4 of scheme guidelines:

1. *The five-year period of the SPV will begin from the date of its formation as per Annexure 4 of scheme guidelines.*
2. *The tenure of the SPV/License Agreement may be mentioned for as many years as is deemed fit by the respective State Government in consultation with the Anchor Industry Partner (AIP).*
3. *The term of the License Agreement shall be aligned with the academic cycle to ensure continuity of training delivery and to avoid disruption for trainees enrolled in the concluding year of their programme.*
4. *The Central Government's financial commitment shall remain limited to 5 years from the date of formation of SPV. However, Government of India may continue its support in terms of oversight, monitoring and guidance for such clusters.*

Decision of NSC

The above agenda was approved by NSC, and it was further directed that

Point 2 may be read as:

2. The tenure of the SPV/License Agreement may be mentioned for as many years beyond 5 years as is deemed fit by the respective State Government in consultation with the Anchor Industry Partner (AIP).

The NSC also further directed that the above may be conveyed to the Department of Expenditure (DoE) for information.

Agenda 8: Earnest Money Deposit/Bid Security

Background

Under **PM-SETU Component I**, the **Anchor Industry Partner (AIP)** and under **Component II Lead Industry Partner (LIP)** is required to furnish an **Earnest Money Deposit (EMD) / Bid Security** as part of the response to the **Request for Proposal (RFP)** issued by the respective **States/UTs**.

The provision is intended to **safeguard the integrity of the tendering process** and to ensure that bidders do not **withdraw, alter, or modify their bids** after submission during the **validity period of the tender**.

Reference from Scheme Guidelines

In the model RFP shared by DGT to the States it is mentioned that the bidder may be required to submit EMD / Bid Security as per General Financial Rules (GFR) 2017, Rule 170.

Rule 170 Bid Security Part iii

(iii) In place of a Bid security, the Ministries/ Departments may require Bidders to sign a Bid securing declaration accepting that if they withdraw or modify their Bids during the period of validity, or if they are awarded the contract and they fail to sign the contract, or to submit a performance security before the deadline defined in the request for bids document, they will be suspended for the period of time specified in the request for bids document from being eligible to submit Bids for contracts with the entity that invited the Bids.

Rationale

Engagement of industry under **PM-SETU** is **not procurement**; the industry partner is a **co-investor**, contributing **~17% project cost** for **public training infrastructure upgradation**. **Financial evaluation of SIP** should consider **committed contribution** and **sectoral alignment**, not **conventional procurement parameters**.

During **industry consultations** and **stakeholder deliberations**, it has been observed that the **Earnest Money Deposit (EMD)**, if determined in accordance with **prevailing GFR norms**, may range between **2% to 5% of the estimated project cost**. Considering that the **indicative project cost** under **PM-SETU Component I** is approximately **₹241 crore for a cluster**, the corresponding **EMD requirement** could range from approximately **₹4.82 crore to ₹12.05 crore**.

Such **high EMD** may impose a **substantial financial burden on industries**, particularly when the participating **industry partner** is already expected to contribute a **minimum of 17% towards project implementation** under the **Scheme**. This may adversely impact **industry participation**, thereby potentially **reducing competitive participation in the bidding process**.

Further, the **Scheme** already incorporates multiple **financial and operational safeguards**, including **milestone-based fund release mechanisms**, **escrow-based fund management**, **Performance Bank Guarantee (PBG) provisions**, and **KPI-linked monitoring frameworks**. Accordingly, there is a

need to rationalize the EMD requirement in a manner that balances procurement safeguards with ease of participation and encourages wider industry engagement under PM-SETU.

Proposal for NSC's Consideration

An advisory may be issued to States/UTs and tender issuing authorities that, for procurement under PM-SETU Component I, the Bid Security may be accepted in the form of a Bid Security Declaration/Bid Securing Undertaking in accordance with General Financial Rules (GFR) 2017, Rule 170(iii), wherever considered appropriate.

Alternatively, in case of existing specific financial rules applicable to the State / UT, where provision for an Earnest Money Deposit (EMD) / Bid Security is proposed to be retained, the same should be linked to the industry contribution component under the approved project cost instead of the total project cost, so as to rationalize the financial burden on participating industries. However, the final decision regarding applicability and quantum of EMD/ Bid Security shall rest with the respective State authority.

Similar approach shall be taken under Component II.

Decision of NSC

This agenda was discussed in detail. It was discussed that, since the process is not a traditional procurement one and the industry is partnering for skill development, it will be appropriate to minimize any kind of burden on the industry partner. The committee observed that Gujarat had provisioned Earnest Money Deposit (EMD) as 3% of the total project cost (i.e. approximately INR 7.23 crore), resulting in significant burden on industries and was therefore not advisable. On the contrary, the committee noted that the State of Andhra Pradesh had provisioned Earnest Money Deposit as 2% of the industry contribution (i.e. approximately INR 76 lakhs), which was appreciated by the members.

Subsequently, after detailed deliberations, the agenda item was approved as under:

a) An advisory may be issued to States/UTs stating that

"For the selection of AIP under PM-SETU Component I, the Bid Security may be accepted in the form of a Bid Security Declaration/Bid Securing Undertaking in accordance with General Financial Rules (GFR) 2017, Rule 170(iii), wherever considered appropriate.

Alternatively, in case of existing specific financial rules applicable to the State / UT, where provision for Earnest Money Deposit (EMD) is proposed to be retained, the same should be linked to the industry contribution component under the approved project cost instead of the total project cost, so as to rationalize the financial burden on participating industries. However, the final decision regarding applicability and quantum of EMD shall rest with the respective State authority.

b) EMD/Bid Security for the RFP to be issued under Component II shall be considered in the form of a Bid Security Declaration.

Agenda 9: Performance Bank Guarantee

Background

Under **PM-SETU Component I**, the **Anchor Industry Partner (AIP)** and under **Component II Lead Industry Partner (LIP)** is required to furnish a **Performance Security** in the form of a **Performance Bank Guarantee (PBG)** to ensure **compliance with contractual obligations** under the **License Agreement**.

The provision is intended to **safeguard project execution** and ensure **accountability of the implementing entity**.

Reference from Scheme Guidelines

Annexure 4 of the scheme guideline (License Agreement Term Sheet) provides that the **SPV** shall procure and maintain an **irrevocable, on-demand bank guarantee** from a **scheduled bank**.

The clause further indicates that the **value of the Performance Security** may range between **3% to 10% of the capital expenditure cost**, with the **exact quantum** to be determined by the **respective State Government**.

Rationale

Engagement of industry under **PM-SETU** is **not procurement**; the industry partner is a **co-investor**, contributing **~17% project cost** for **public training infrastructure upgradation**. **Financial evaluation of SIP** should consider **committed contribution** and **sectoral alignment**, not **conventional procurement parameters**.

Industry consultations have indicated that **higher PBG requirements** create a **financial burden**, particularly for **mid-sized companies** and **consortium-based participation models**.

Given that the **Scheme** already incorporates **milestone-based fund release**, **escrow-based CAPEX controls**, and **KPI-linked monitoring**, there is a need to **rationalize the PBG requirement** to balance **financial safeguards** with **ease of participation**, without diluting **accountability**.

Proposal for NSC's Consideration

Approval is sought to amend **Annexure 4 of the scheme guideline (License Agreement Term Sheet)** to provide that:

"The Performance Bank Guarantee (PBG) shall be 3% of the proposed capital expenditure cost with the exact quantum to be determined by the respective State Government"

However, the final decision regarding applicability and quantum of PBG shall rest with the respective State authority."

Decision of NSC

The above agenda was discussed and approved with the direction that the same may be conveyed to the Department of Expenditure (DoE) for information.

Agenda 10: Fund Flow Mechanism

Background

PM-SETU envisages upgradation of ITIs and NSTIs through a **cost-sharing arrangement** among the **Central Government, State Government, and Industry Partner**, with implementation anchored through an **industry-led SPV**. To strengthen implementation and ensure operational continuity, a **fund flow mechanism** is being proposed under the Scheme, with a **clear distinction between Capital Expenditure (CAPEX) and Operational Expenditure (OPEX)**. Under the proposed arrangement, **CAPEX contributions** from the stakeholders shall be routed through a **designated escrow account** and thereafter released to the SPV's **dedicated CAPEX account** based on **approved milestones and prescribed conditions**, while **OPEX contributions** shall be released directly into the **SPV's dedicated operational account** meant exclusively for **operational activities**.

Reference from Scheme Guidelines / Cabinet Approval / NSC Recommendations

A. As per Cabinet Note approved for PM-SETU Scheme

Reference is invited toward Para 3.5 of the Cabinet Note, which States:

"The scheme will follow an escrow-based fund flow model, wherein contributions from the Centre, Industry, and State Government (as applicable) will be pooled into a designated escrow account and subsequently released to the SPV for implementation, contingent upon pre-defined instalment terms linked to outcomes, and verified co-funding, thereby ensuring transparency, accountability, and timely execution. Fund flow mechanism in defined tranches would be included in the scheme guidelines and would be approved by the National Steering Committee (NSC)."

Reference is invited toward Section 3.6 of the approved cabinet note of the PM-SETU scheme, which provides for:

"Constitution and empowerment of NSC under chairmanship of Secretary, MSDE with following powers:

a. To **issue scheme guidelines, give broad policy directions and reallocate funds across components within the overall scheme allocation as well as modification of minor components not envisaged (in line with broad concept of the scheme) but required for successful implementation of scheme, within total approved cost of the scheme, in consultation with IFD, MSDE.**"

B. As per Scheme Guidelines

Fund flow mechanism mentioned under Section 4.2 of the Scheme Guidelines States that:

"Funding under the scheme is channeled through a dedicated mechanism that ensures all partners contribute their share and ties fund releases to performance milestones. The key elements of this funding mechanism are the escrow account for pooling contributions and a milestone-based disbursement schedule as described below. The payment tranche for Centre, State and Industry would be decided in the Annual Operational Plan (AOP) submitted by the SPV."

C. As per National Steering Committee (NSC) Recommendations

The National Steering Committee (NSC) meeting held on 20.09.2025 recommended that necessary revisions, as required in consultation with Integrated Finance Division (IFD), MSDE, may be carried out and updated separately.

Rationale

The proposed fund flow mechanism has been designed to improve operational efficiency while retaining necessary financial safeguards and performance-linked accountability. The arrangement separates CAPEX and OPEX to ensure that operational activities of ITIs and NSTIs including salaries, trainee support, consumables, utility expenses, and training delivery continue without disruption.

Under the proposed arrangement, OPEX funds shall flow directly into the SPV's dedicated operational account. This is particularly important in situations where release of CAPEX instalments may be delayed due to non-achievement or partial achievement of prescribed KPIs or milestones. The mechanism, therefore, safeguards continuity of training operations and institutional functioning independent of CAPEX-linked performance conditions. Accordingly, the proposed fund flow model for Component I has been placed at figure 10.1 and Component II has been placed at figure 10.2. The detailed fund flow mechanism is being attached as an Annexure II and the chapter on financial design and guidelines will be suitably amended.

Proposal for NSC's Consideration

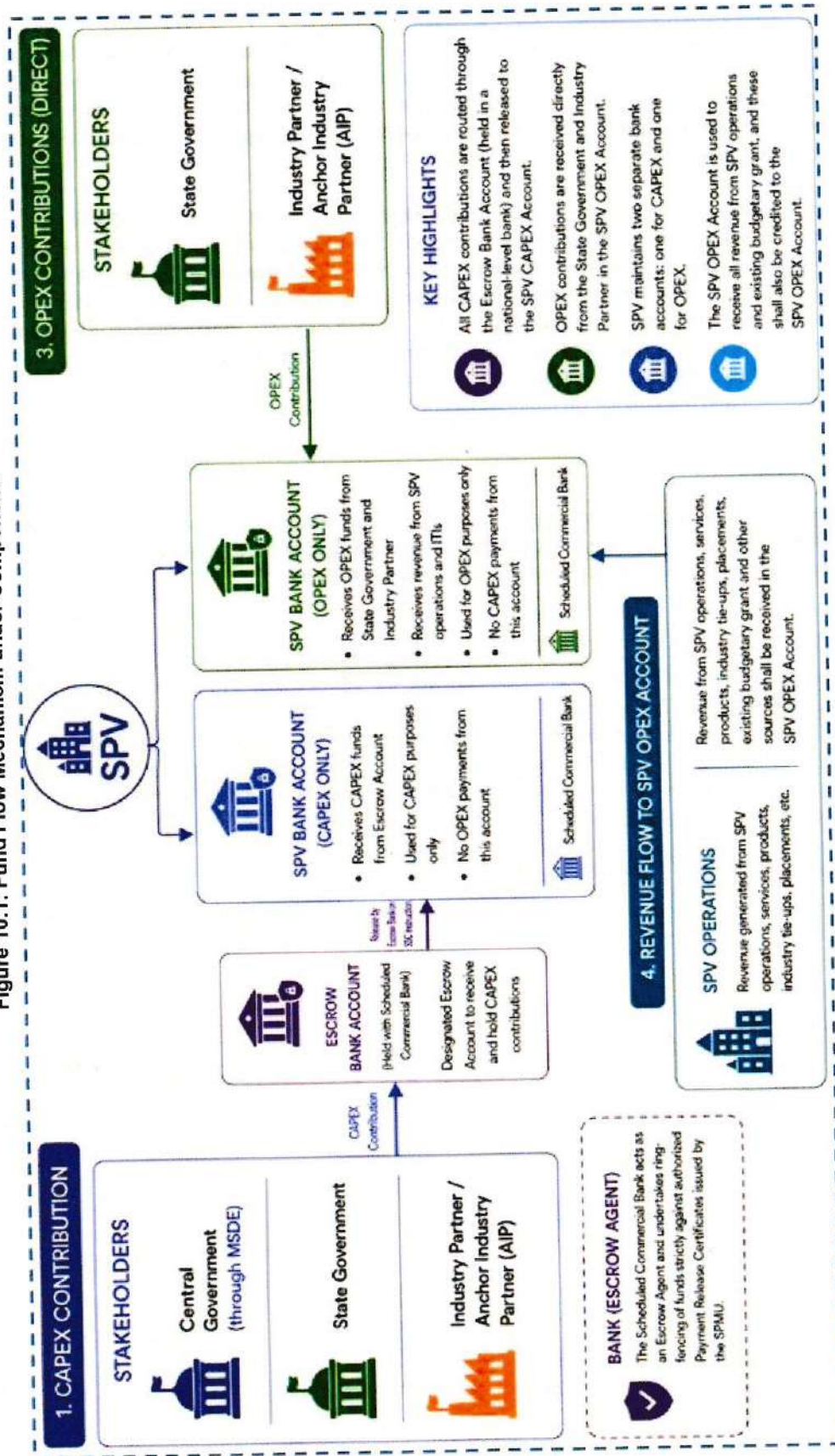
In view of the above, approval of the NSC is sought for adoption of the proposed fund flow mechanism for PM-SETU Scheme as per the attached Annexure-II. Accordingly, the chapters on financial design on scheme guidelines shall be duly amended.

Decision of NSC

The above agenda was discussed in detail. It was underscored that this fund flow mechanism is exclusively for PM-SETU purposes and does not impact on the existing fund flow arrangements in the States/UTs for their ITIs including those identified under PM-SETU scheme. States will continue to release their regular budget allocated to the identified ITIs through their existing mechanism, while the State share under the approved SIPs shall be routed through the above-mentioned fund flow mechanism under PM-SETU scheme. NSC noted that the file is under submission to IFD for their comments.

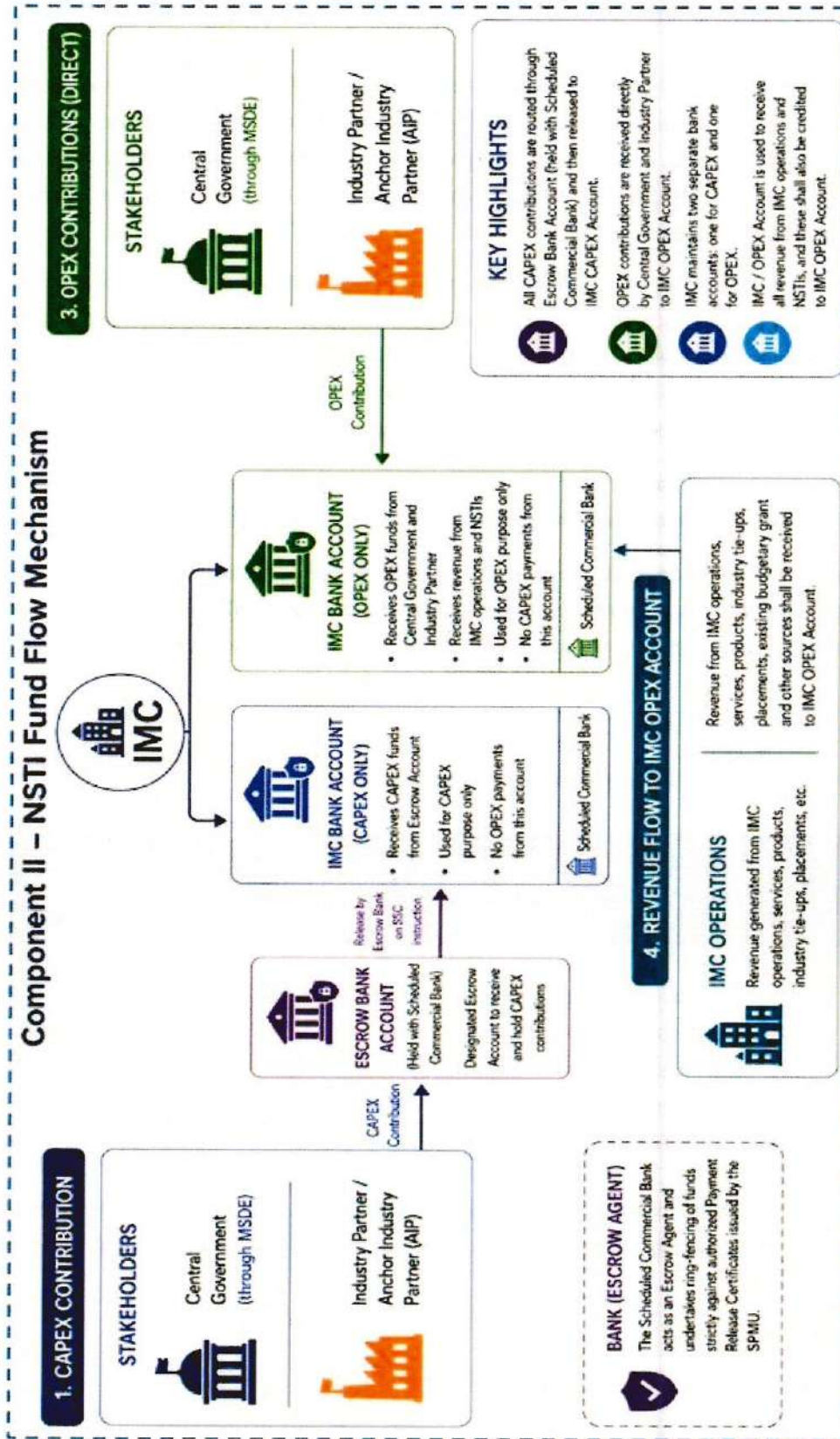
The above agenda was accordingly approved.

Figure 10.1: Fund Flow Mechanism under Component I



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Figure 10.2: Fund Flow Mechanism under Component II



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Agenda 11: Approval of ToT Implementation Framework under PM-SETU

Background

As part of **PM-SETU**, a key sub-component is the **Training of Trainers (ToT)** programme, which focuses on upgrading the competencies of **ITI instructors** in line with **evolving industry practices, emerging technologies, and revised curricula**. A total allocation of **₹400 crore** has been earmarked for training approximately **50,000 ITI instructors**, translating to an indicative **per capita cost of approximately ₹80,000 per trainee**.

It was proposed to adopt a **Pool-Based Approach** for the delivery of **Training of Trainers (ToT)** programmes under **PM-SETU**. A **Pool-Based Approach** refers to a mechanism wherein institutions are **invited and empanelled** based on their **technical expertise, quality of training delivery, sectoral strengths, industry linkages, and institutional capacity**, and are thereafter drawn upon as required for programme delivery in alignment with **geographic and trade-specific requirements**.

Given the **scale, geographic spread, and diversity of trades involved**, such a **structured and operationally efficient mechanism** is considered essential for effective **ToT delivery**.

In order to facilitate **smooth and timely implementation**, approval of **ceiling rates and delegation of financial concurrence powers** to the **Director General of Training (DG(T))**, as detailed below, was also proposed and referred to the **Integrated Finance Division (IFD)** for concurrence.

Proposed Ceiling Rates

Table 11.1: Proposed Ceiling Rates for ToT Programmes

S. No.	Category of Institution	Ceiling Rate per Trainee (Inclusive of All Costs)	Remarks
1	Industry-Led Training Institutions (including corporate training centres, Sector Skill Councils, industry bodies)	Up to ₹80,000	Derived in line with approved financial limits for similar programmes
2	Institutes of Management / Institutes of National Importance / Government & Private Universities (IIMs, IITs, etc.)	Up to ₹1,75,000	Based on approved financial limits for capacity-building programmes

Note: Actual costs for most institutions are expected to remain below the ceiling. Institutions will be invited based on their strengths and capacities to ensure optimal utilization, as well as quality training.

Financial Delegation Framework

Table 11.2: Proposed Approving and Concurring Authority

Condition (Excluding Taxes)	Authority to Approve
Training proposal within approved pool institution, at cost \leq ₹80,000 (Industry category)	Director General (Training), MSDE – Financial concurrence without further IFD reference
Training proposal within approved pool institution, at cost \leq ₹1,75,000 (IIM/INI category)	Director General (Training), MSDE – Financial concurrence without further IFD reference
Training proposal exceeding ceiling or institution not in approved pool	Prior IFD concurrence required

Funds for the **PM-SETU ToT component** may be routed through **NIMI**, which will manage a **dedicated account**, process invoices from **empanelled institutions**, and disburse payments upon **verification**. Since data of **50,000** is to be maintained, NIMI will also maintain **auditable records** and submit **periodic utilisation certificates to the Ministry**. Additionally, NIMI will have the following roles:

- a) **Development of a portal** for capturing training details under ToT
- b) **Tracking of trainings**
- c) **Generation of Certificates**
- d) **Development and updating Dashboards**

IFD, upon examination, noted that the **Pool-Based Approach** is not among the **procurement methods prescribed by the Department of Expenditure** and advised that **advertised enquiry proceedings, as per GFR 2017**, be undertaken for selection of training providers, including a **two-stage process comprising an Expression of Interest (EoI) followed by limited tender through QCBS or L1 selection**, with the possibility of **subsequent empanelment at discovered rates**.

In response, submitted that:

- a) The **ToT programme** is a **capacity-building initiative for serving Government employees** and is not a **procurement of goods or services governed by Chapter VI of the GFR, 2017**.
- b) The proposed **ceiling of ₹80,000 per trainee for Category 1 institutions** is aligned with the **Cabinet/EFC-sanctioned per capita allocation**, and further **discovery of rates through GeM** would only **delay the process** and remain largely **redundant**.
- c) The programme spans more than **160 NCVET trade domains** across **all States and UTs** over the scheme duration and would require **multiple such GeM processes**.
- d) No relevant **GeM category** presently exists for **specialised vocational trade training**, and GeM is presently **unable to provide such solutions**.
- e) **Industry partners contributing through CSR commitments** for the ToT programme may not be

able to participate effectively through GeM-based processes.

f) Rates as per **Common Cost Norms** would not be applicable as those rates are **significantly low for such trainings**.

Additionally, **Training of Trainers (ToT) programmes under PM-SETU are residential in nature**, wherein **boarding, lodging, and associated residential arrangements** constitute a **significant proportion of the overall training cost**.

It was also submitted that undertaking repetitive tendering and rate discovery exercises for each trade domain and training requirement may significantly impact the quality of training and the desired outcomes. Further, it will also delay implementation timelines and adversely impact the timely roll-out of revised curricula and emerging technology training under PM-SETU.

Further, the proposed **Pool-Based Approach** seeks to ensure **flexibility in allocation of training programmes** based on **institutional expertise, sectoral strengths, geographic outreach, infrastructure availability, and demonstrated capacity**, while operating within the **approved financial ceilings** and maintaining **transparency through empanelment and predefined evaluation criteria**.

The matter has accordingly been placed before the **National Steering Committee (NSC)** for **consideration and approval** of the proposed **ToT Implementation Framework under PM-SETU**.

Reference from Scheme Guidelines

As per Component II of the PM-SETU Scheme Guidelines:

“Delivering specialized training programs for ITI principals, administrators, and vocational trainers with a focus on pre-service and in-service training of 50,000 instructors in technical and pedagogical skills.”

Rationale

Considering the **large scale of implementation** and the need to train instructors across **multiple trades and geographies**, a **centralised approval mechanism** for each training proposal would lead to **administrative delays and operational inefficiencies**. Further, **industry consultations** indicate **variation in training costs across sectors**. In addition, **premier institutions such as IIMs, IITs, and Institutes of National Importance** have **higher cost structures due to specialised curriculum and delivery mechanisms**. To ensure **administrative efficiency, cost rationalisation, and timely implementation**, it is proposed to adopt a **Pool-Based Approach**, along with **clearly defined ceiling rates and delegation of financial powers to DG(T)**, within the overall framework approved by the **NSC**.

Funds for the **PM-SETU ToT component** may be routed through **NIMI**, which will manage a **dedicated account**, process invoices from **empanelled institutions**, and **disburse payments upon verification**. **NIMI** will also maintain **auditable records** and submit **periodic utilisation certificates to the Ministry**.

Proposal for NSC's Consideration

Approval is sought for the following under the PM-SETU ToT component:

1. *A committee chaired by Director (Centrally Funded Institutions) CFI, DGT to be formed for reviewing the reasonability of the proposals and looking into domain expertise of the training partner institution, location, quality and duration of training and other relevant aspects. The committee shall recommend such institutions and also allocate the training numbers as per the geographical locations of the institutions coupled with quality of training. The committee shall also have representation from NCVET, concerned sector skill councils, subject matter specialists, scheme division etc. and may co-opt other members.*
2. *Approval of ceiling rates as indicated in Table 11.1 above.*
3. *Delegation of financial powers to DG (Training) as per table 11.2 and as per recommendations received from the committee.*
4. *Requirement of IFD concurrence for proposals beyond ceiling rates.*
5. *Designation of NIMI as the Fund Management Nodal Agency for the ToT component.*
6. *Trainings conducted in Government Institutions will be completely funded by the Government. Efforts will be made to maintain a 50:50 ratio of industry and government funding overall at scheme level.*
7. *In instances where industries are unwilling or unable to disclose the training costs incurred (e.g., under CSR initiatives), such costs shall be estimated based on the average expenditure of comparable training programs and subject to recommendation by the committee.*

Decision of NSC

The agenda was discussed. The importance of having such trainings in relevant industries was highlighted. It was also suggested that industry experts should be utilized during such trainings which should also cover multiple domains including technical and digital literacy etc.

Accordingly, the above agenda was approved.



Agenda 12: Clarification on structure of the Governing Body (GB)

Background

Under **PM-SETU Component II**, The Governing Body of the Institutional Management Committee (IMC) shall comprise representatives from industry, the Central Government, State Governments, academia, and other eminent persons from the relevant sector.

Reference from Scheme Guidelines

Under **Section 3.3.1** it is mentioned that the structure of the Governing Body will be as follows:

S. No.	Category	Details
1	Chairperson	Nominated by Lead Industry Partner.
2	Two or more Central Government Nominees	To be nominated by DGT/MSDE.
3	One or more State Government Nominee	Representative from the State government where the NSTI is located.
4	Two or more Industry Persons with relevant technical expertise	Representative of industry partners having special knowledge and experience on matters relating to Industry and Technical Education and providing financial contribution to the scheme.
5	Director of the Institute	Ex officio Member Secretary of the Governing Body.
6	One or more representatives from Industry Association	From eminent industry associations like FICCI, CII, or State-level bodies, Sector Skills Councils, etc. or regional local industry associations.
7	One or more Academia Representative	Representative from the academic field.

Rationale

The Industry Management Committee (IMC) framework has been envisioned to be **driven by the Lead Industry Partner**, with the core objective of ensuring that National Skill Training Institutes (NSTIs) become **industry-led institutions**. This approach was intended to provide industries with **greater operational autonomy, enabling them to play a central role in upgrading training infrastructure, aligning curriculum with market needs, and improving overall training outcomes**.

However, the previously proposed governance structure **lacked clarity** regarding the nomination process for key positions, particularly those listed at Sl. No. 4, 5, 6, and 7. This ambiguity has led to **concerns among industry stakeholders** regarding the **extent of autonomy actually being conferred**. Specifically, the absence of clearly defined nomination mechanisms risks diluting the intended industry leadership and undermining confidence in the governance model.

Given that the effectiveness of the IMC hinges on meaningful industry participation, it is critical to ensure that the Governing Board composition transparently reflects industry majority and control. Clear

provisions on nominations, roles, and decision-making authority are essential to reinforce trust, avoid potential conflicts, and uphold the principle of industry-led governance. Strengthening this clarity will not only address stakeholder concerns but also ensure that the IMC structure functions as originally intended empowering industry to drive relevance, quality, and responsiveness in skill development systems.

Proposal for NSC's Consideration

Approval is sought to amend Section 3.3.1 under Component II to provide that:

S. No.	Category	Details
1	Chairperson	Nominated by Lead Industry Partner.
2	Two or more Central Government Nominees	To be nominated by DGT/MSDE.
3	One or more State Government Nominee	Representative from the State government where the NSTI is located.
4	Two or more Industry Persons with relevant technical expertise	Lead Industry Partner to nominate representatives of industry partners having special knowledge and experience on matters relating to Industry and Technical Education and providing financial contribution to the scheme.
5	Director of the Institute	Nominated by Lead Industry Partner (LIP) and will act as Ex officio Member Secretary of the Governing Body.
6	One or more representatives from Industry Association	Lead Industry Partner to nominate representatives from eminent industry associations like FICCI, CII, or State-level bodies, Sector Skills Councils, etc. or regional local industry associations.
7	One or more Academia Representative	Lead Industry Partner to nominate representatives from the academic field.

Decision of NSC

The above agenda was discussed. It was agreed that industries should be given clear autonomy in running the IMC. It was suggested that the LIP may consider providing a panel from which nominations under serial no. 6 and 7 can be made.

Accordingly, the above agenda was approved with following modification:

- a) In the quorum, there should be at least one representative each from the Central Government and from the State Government.

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PART C: Points for Ex-Post facto approval from the National Steering Committee

Agenda 13: Direct RFP without Mandatory EOI Stage (Ex- Post facto)

Background

Under **PM-SETU Component I**, the **current rollout approach** envisages a **two-stage procurement process** for **selection of Anchor Industry Partners (AIPs)**, beginning with an **Expression of Interest (EOI)** followed by a **Request for Proposal (RFP)**. This structure was designed to enable **States/UTs to engage with industry, assess market interest, and refine qualification criteria prior to issuing formal RFPs.**

Reference from Scheme Guidelines

Section 3.3 (Roll-out Plan for the scheme) of the Scheme Guidelines outlines the **EOI stage as a preparatory step** for **States to finalize pre-qualification criteria based on industry consultations.** Further, the **indicative timeline in Annexure 6 of scheme guideline** provides for **EOI issuance at T+30 days and subsequent RFP issuance at T+45 days.**

Rationale

Feedback from multiple States indicates that the **mandatory EOI stage** leads to an **additional 30–45 days in the procurement cycle, impacting overall implementation timelines.** In cases where **States have already undertaken industry consultations or have a well-established understanding of the industrial ecosystem, the EOI stage provides limited incremental value.** Allowing **flexibility to bypass the EOI stage in such cases** would enable **faster onboarding of industry partners, while States can still retain the option to conduct EOIs where required.**

Proposal for NSC's Consideration

Approval is sought for ex- post-facto confirmation on the States/UTs being given the flexibility to directly issue RFPs for selection of Anchor Industry Partners without mandatorily conducting an EOI stage, while retaining EOI as an optional step based on State-specific requirements.

Decision of NSC

The above agenda was approved.

Agenda 14: Approval for Sectors of National Centres of Excellence at 4 NSTIs (Ex-Post Facto)

Background

Under **Component II of the PM-SETU (Pradhan Mantri Skilling and Employability Transformation through Upgraded ITIs) Scheme**, it is envisaged that **select National Skill Training Institutes (NSTIs)** shall be upgraded into **National Centres of Excellence (NCOEs)** through collaborations with **leading global partners**. The objective is to create **high-quality, future-ready training ecosystems aligned to emerging sectors**, leveraging **international best practices, advanced technologies, and industry-integrated pedagogy**.

Reference from Scheme Guidelines

As per Component II of the PM-SETU Scheme Guidelines:

"Identification of Global Partners and sectors for the establishment of National Centres of Excellence in Skilling, Global partnerships will support curriculum design, training of trainers, skills certification frameworks and periodic reviews."

Rationale

The identification of sectoral focus areas for each NSTI has been undertaken based on **sectoral demand assessment, industry relevance, regional strengths, and availability of global partnerships**. Early finalization of sectors is critical to enable **timely planning of infrastructure, curriculum design, technology integration, and operational frameworks for the NCOEs**. Further, **formal collaborations with partner governments have already been initiated/established** for these NSTIs. Approving the **identified sectors at this stage** will provide **necessary clarity** and enable **faster implementation of Component II**, ensuring **alignment with global standards**.

Proposal for NSC's Consideration

Approval is sought for ex-post-facto confirmation of sectoral focus areas for the development of National Centres of Excellence (NCOEs) at the following NSTIs:

- **NSTI Kanpur – Aeronautics and allied sector**, LOI signed with **Government of France**
- **NSTI Bhubaneswar – Mining sector**, with MoU under process with the **Government of Australia**
- **NSTI Hyderabad – Renewable Energy sector**, with **Joint Declaration of Intent (JDI)** signed with the **Government of Germany**
- **NSTI Chennai – Advanced Manufacturing sector**, with MoU signed with the **Government of Singapore**
- **NSTI Ludhiana – While the selection of sector for NSTI Ludhiana is under process, the same will be finalized with the approval of Secretary, MSDE.**

These sectoral allocations shall guide the design, development, and implementation of the respective NCOEs, in alignment with the objectives of PM-SETU.

Decision of NSC

The above agenda was approved.

PART D: Points for taking Note for National Steering Committee

Agenda 15: Note for NSTI RFP and Memorandum of Association (MoA)

Background

Under **PM-SETU Component II**, identified **National Skill Training Institutes (NSTIs)** are to be upgraded into **National Centres of Excellence (NCOEs)** with support from **global and domestic partners**. This involves a **distinct implementation pathway** including **advanced infrastructure creation, procurement of high-end equipment, international collaborations, and large-scale trainer development programs**. Given that **NSTIs are Central Government institutions under the Directorate General of Training (DGT)**, the **selection of implementation partners** requires a **centrally aligned and approved procurement approach**.

Reference from Scheme Guidelines

Section 1 of the Scheme Guidelines provides for **Component II**, covering **capacity augmentation of NSTIs and establishment of NCOEs**. Further, **Section 6 (Scheme Monitoring and Governance)** designates the **National Steering Committee (NSC)** as the **apex body responsible for overall oversight**, including **NSTI transformation, sector-specific Centres of Excellence, and global partnerships**.

Rationale

Considering the **national importance and strategic nature of NSTI upgradation**, along with involvement of **international partnerships and high-value investments**, it is essential to ensure a **standardized and centrally approved RFP framework**. This will ensure **alignment with scheme objectives, consistency in partner selection, adherence to fiduciary requirements, and effective implementation across NSTIs**. **Central-level appraisal** also strengthens **governance** and ensures that **global partnerships and sectoral priorities are appropriately integrated**.

Point for taking note

The **NSC** is hereby apprised that the **RFP documentation along with the Memorandum of Association (MoA)** for upgradation of **National Skill Training Institutes (NSTIs)** under **Component II of PM-SETU** is being prepared by the **Directorate General of Training (DGT)** and would be floated after taking approval from the **Secretary, MSDE**.

NSC is requested to take note of the same.

Concurrence of NSC

The above agenda was noted by committee members.

Agenda 16: Note for Model RFP and SIP Structure

Background

Under PM-SETU, the **Scheme Guidelines** provide **indicative templates for the Strategic Investment Plan (SIP) and evaluation framework** to support **States/UTs in selection of Anchor Industry Partners**. During **early-stage implementation, extensive consultations** have been undertaken with **States/UTs, industry partners, and Multilateral Development Banks (ADB and World Bank)** to **operationalize these templates effectively**.

Reference from Scheme Guidelines

The indicative SIP template (Annexure 1 of scheme guidelines) and evaluation criteria (Annexure 2 of scheme guidelines) are provided in the Scheme Guidelines. Further, **Section 3.3 (Roll-out Plan)** outlines that States/UTs may refine RFP criteria based on consultations and feedback.

Rationale

Based on **implementation experience and stakeholder feedback**, **refinements have been made to the Model RFP and SIP structure to enhance clarity, reduce ambiguities, and improve the quality and comparability of proposals received from industry**. These revisions include **streamlining evaluation methodology, clarifying financial evaluation approaches, strengthening outcome measurement frameworks (particularly employment outcomes), refining the SIP template to better capture industry commitments, and aligning documentation with MDB fiduciary and compliance requirements**. These changes are intended to **facilitate smoother implementation and ensure higher-quality industry participation**.

Point for taking note

The NSC is hereby apprised that **Model RFP and SIP structures have been prepared to support and handhold States/UTs in implementation of the scheme**. These documents are intended to serve as **standard reference formats, while allowing minor contextual adaptations by States/UTs**.

It is further submitted that **these documents shall be treated as living documents and may undergo continuous refinements based on implementation learnings**.

NSC is requested to take note of the same.

Concurrence of NSC

The above agenda was noted by committee members.



Agenda 17: Note for Frequently Asked Questions

Background

Under PM-SETU, multiple stakeholders including States/UTs, Anchor Industry Partners (AIPs), implementation agencies, and training institutions are involved in the operationalization of Component I and Component II. In order to facilitate uniform understanding of scheme provisions, implementation modalities, funding mechanisms, procurement processes, governance structures, and operational clarifications, the Directorate General of Training (DGT) has prepared a consolidated set of Frequently Asked Questions (FAQs) for PM-SETU. The FAQ document is intended to support effective implementation and provide guidance to stakeholders during various stages of scheme execution.

Reference from Scheme Guidelines

Component I of the PM-SETU Scheme provides that the operational documents, templates, advisories, and implementation-related guidance issued under the Scheme may be updated from time to time based on implementation experience and stakeholder consultations. The Guidelines further envisage a flexible and evolving implementation framework, thereby recognizing such operational guidance documents, including FAQs, as live documents subject to periodic revision and refinement.

Rationale

Given the scale and complexity of PM-SETU implementation across multiple States/UTs and industry stakeholders, there is a need for a standardized reference document to address recurring operational, financial, legal, procurement, governance, and implementation-related queries. The FAQ document will facilitate consistency in interpretation of scheme provisions, reduce ambiguities during implementation, support faster decision-making by States/UTs and industries, and strengthen coordination among stakeholders.

Point for taking note

The NSC is hereby apprised that Frequently Asked Questions for PM-SETU have been prepared by the Directorate General of Training (DGT) and have been accorded in-principle approval by the Secretary MSDE. NSC is requested to take note of the same.

Further, considering that PM-SETU is an evolving scheme with ongoing consultations and implementation learnings, the FAQ document is proposed to be treated as a live document, which may be revised periodically by DGT based on emerging requirements, approvals, and field-level feedback. All such revisions shall be issued to stakeholders upon approval of the Secretary, MSDE. NSC is requested to take note of the same.

Concurrence of NSC

The above agenda was noted by committee members.

Further, all committee members were apprised that the FAQ has been uploaded on PM-SETU portal (<https://pm-setu.skillindiadigital.gov.in/>) for public view. The PM-SETU Portal has been developed as a digital platform for the dissemination of important scheme-related information to stakeholders and for monitoring implementation and progress at various levels.

Agenda 18: Note for Appointment of Independent Verification Agency (IVA), Floating of RFP for Baseline Survey, and Status of Independent Monitoring Agency (IMA) aligned to the requirements of the Multilateral Development Banks (Asian Development Bank and The World Bank)

Background

PM-SETU is co-financed to the extent of 50% of the Central share equally by the Asian Development Bank (ADB) and the World Bank through results-based financing instruments. Under such financing arrangements, fund disbursements are linked to the achievement of pre-defined Disbursement Linked Indicators (DLIs), which require independent and credible third-party verification. Accordingly, the appointment of an Independent Verification Agency (IVA) is a mandatory requirement for operationalising the DLI-based disbursement mechanism under PM-SETU. In addition, a baseline survey is required to be conducted at the outset of scheme implementation to establish benchmarks against which DLI achievement will be measured and verified.

Separately, under PM-SETU Component I, an Independent Monitoring Agency (IMA) is envisaged for independent verification of implementation progress, KPI achievement, operational performance, and utilisation of funds at the cluster level, thereby strengthening transparency, accountability, and performance-based implementation across Hub-and-Spoke clusters. As detailed under the relevant agenda point in Part A of this note, a centralised empanelment of IMAs by DGT has been proposed in lieu of State-wise independent onboarding, to ensure standardised monitoring protocols, uniform KPI validation, and consistent quality of assessments across clusters. The onboarding process for IMA is currently under consideration.

Reference from Scheme Guidelines

Section 4.1 of the Scheme Guidelines provides for a total financial outlay of ₹60,000 crore for PM-SETU, of which 50% of the Central share is co-financed equally by ADB and the World Bank. Section 6 (Scheme Monitoring and Governance) designates the National Steering Committee (NSC) as the apex body responsible for overall oversight of scheme implementation, including monitoring and evaluation frameworks. Further, ₹1,600 crore has been earmarked under the scheme for central scheme management activities, which include monitoring, evaluation, IT infrastructure, and institutional capacity building.

Chapter 6 of the Scheme Guidelines for Component I provides under roles of NPMU:

Coordinating with MDBs supporting the scheme, including appointment of the Independent Verification Agency.



Chapter 6 of the Scheme Guidelines for Component I provides under roles of SPMU:

States regularly track progress, including through the appointment of an Independent Monitoring Agency (IMA), against Disbursement Linked Indicators (DLIs) and Key Performance Indicators (KPIs) to assess program effectiveness and enforce performance management framework and report to the SSC with recommendations for improvement / course corrections.

State shall appoint an IMA selected through transparent process, to be funded through the administrative and monitoring budget under the scheme. The roles of the IMA include:

- *Carrying out project monitoring as per milestone schedule, performance tracking, milestone verification, and certify milestone completion based on tracking, and trigger release of project-level tranches based on verified progress*
- *Collecting primary data relevant for KPI measurement to track project progress from the SPV*
- *Carry out the functions as set out in the Licensing Agreement including calculating performance against KPIs defined in the project agreement between the SPV and the State government*

Reference from Program documents of Multilateral Development Banks under DLI 4, it is mentioned that

Tracks improvements in the governance and leadership of States through delegating requisite authorities to HSICs, publishing comprehensive scheme status reports online (including information on female and SEDGs), conducting regular dialogue with relevant stakeholders in the skills development ecosystem, **collecting feedback through employer surveys, ITI faculty and trainee satisfaction surveys, and scalability and sustainability of government program to government ITIs not covered under the government program.**

Rationale

Given the results-based co-financing structure of PM-SETU, independent verification of DLI achievement is essential for triggering disbursements from ADB and the World Bank. **The IVA must be an institution of national repute with demonstrated capacity for large-scale programme evaluation, data collection, and independent assessment.**

Separately, **the onboarding of the Independent Monitoring Agency (IMA) for cluster-level KPI verification and performance monitoring is under deliberation.**

Further, **conduct of a baseline survey prior to full-scale implementation is critical to establish a robust evidence base for measuring scheme outcomes, tracking progress against DLIs, and informing course corrections during implementation.**

Point for Taking Note

The NSC is hereby apprised of the following:

1. **The Independent Verification Agency (IVA) for PM-SETU has been onboarded** through a transparent and competitive RFP process. **IIM Indore has been selected as the IVA** and shall be responsible for independent verification of DLI achievement and associated project appraisal functions under the scheme.
2. **The process for onboarding of the Independent Monitoring Agency (IMA) for monitoring is currently under consideration and will be carried out in consultation with relevant stakeholders.**
3. **The RFP for conduct of the baseline survey under PM-SETU is proposed to be floated separately.** The baseline survey will establish benchmarks for DLI measurement and outcome tracking over the scheme period.

NSC is requested to take note of the same.

Concurrence of NSC

The above agenda was noted by committee members. AM/NS India requested for taking up the matter on appointment of Independent Monitoring Agency (IMA) on urgent basis.

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PART E: Points on Interministerial Communication for apprising National Steering Committee

Agenda 19: Tax Deduction Framework for Industry Contributions under PM-SETU

Background

PM-SETU envisages industry-led transformation of ITIs and NSTIs through implementation by **Special Purpose Vehicles (SPVs)**. These SPVs may be constituted either as Section 8 companies under the Companies Act, 2013 (for ITIs) or as Institutional Management Committees (IMCs) registered as societies under the Societies Registration Act, 1860 (for NSTIs). The SPVs are established exclusively for not-for-profit objectives, with participation of the Central Government, State Government, and Anchor/Lead Industry Partners as key stakeholders.

Under the Scheme framework, Industry Partners are required to **contribute funds towards approved Strategic Investment Plans (SIPs)** for skill development, infrastructure upgradation, training delivery, apprenticeship promotion, and industry-aligned vocational education outcomes.

Reference from Scheme Guidelines and Income-tax Provisions

A. As per PM-SETU Scheme Guideline

Financial Outlay and Financing Structure, defined under **Section 4** of the Scheme Guidelines, provides details about the financial outlay of the overall scheme, contribution to be made by key stakeholders including industry partners.

B. Relevant provisions under the Income-tax Act, 2025 and Income-tax Rules, 2026

a. Reference is invited to **Section 47(1)(b) of the Income-tax Act, 2025**, which provides that:

“Any expenditure (excluding cost of any land or building) incurred on “any skill development project by a company shall be allowed as deduction in the tax year in which such expenditure is incurred, provided such project is notified by the Board as per the guidelines issued by it”.

b. Reference is also invited to **Rule 40(8)(d)(iv) of the Income-tax Rules, 2026**, under **Section 47(1)(b)**, which State the meaning of “**training institute**” which read as “**affiliated to, or approved by, or empaneled by, the Central Government and certified by the National Council for Vocational Education and Training as having training standards equivalent to training institutes affiliated to NCVET.**”

Rationale

The SPVs established under PM-SETU function as training institutes responsible for operation, management, and delivery of industry-aligned skilling programs in ITIs and NSTIs.

Recognition of **PM-SETU SPVs as eligible training institutes** would facilitate notification of approved SIPs as Skill Development Projects under Section 47(1)(b) of the Income-tax Act, 2025. This would enable Industry Partners contributing to PM-SETU projects to avail eligible tax deductions and would serve as a significant incentive for greater industry participation, long-term investments, and sustainability of the Scheme.

Point for taking note

The NSC is requested to take note of the following proposed approach:

A. Short-term Measure

A letter has been sent to NCVET for certifying that SPVs constituted under PM-SETU will be recognized as “training institutes” under Rule 40(8)(d)(iv) of the Income-tax Rules, 2026. For clarity these SPVs can be in the form of Section 8 companies under the Companies Act, 2013 (for ITIs) or as Institutional Management Committees (IMCs) registered as societies under the Societies Registration Act 1860 (for NSTIs).

- 1 This will facilitate eligibility of **approved SIPs as skill development project under Section 47(1)(b) of the Income-tax Act, 2025.** Once the **certification is received from NCVET**, an OM will be issued with the approval of secretary, MSDE for recognizing SPVs as training institutes. Thereafter, a **detailed Standard Operating Procedure (SOP)** capturing the procedure for **availing the tax deduction benefit by the industries** will be prepared and released.
- 2 **Amendment to Rule 40 of the Income-tax Rules, 2026:** Request will be made to expand the list of eligible sectors/categories under Rule 40 to incorporate new age sectors enabling wider industry participation and provide recognition to PM-SETU-linked skill development activities.

B. Long-term Measures

The matter shall be taken with the Department of Revenue/CBDT for their support in the following:

1. **Request for amendment under Section 47 of the Income-tax Act, 2025:** The approved SIPs under the PM-SETU framework be recognized as eligible skill development projects under Section

47(1)(b) of the Income-tax Act, 2025, to enable deduction benefits for eligible contributions made towards such projects.

- 2. Request for automatic eligibility of PM-SETU SPV contributions under Section 47:** Contributions made by companies towards an SPV constituted as a Section 8 company or a registered society under the PM-SETU Scheme be made automatically eligible for deduction under Section 47 of the Income-tax Act, 2025, without the requirement of separate project-wise notification or approval.
- 3. Request for inclusion of PM-SETU under eligible notified funds/schemes:** PM-SETU be included among the eligible notified funds/schemes for deduction purposes, on the lines of notified funds and institutions covered under Section 133 of the Income-tax Act, 2025, subject to approval by the Department of Revenue/CBDT.

Concurrence of NSC

The above agenda was noted by committee members. The representative of CBDT clarified that, eligible entities can claim deduction under section 47(1)(b) of the Income-tax Act, 2025 subject to the fulfilment of the conditions specified therein, irrespective of the fact that such expenses are from CSR or other head of expenses.



Agenda 20: MoCA-CSR Clarification for PM-SETU SPVs

Background

Under PM-SETU, industry partners are expected to contribute towards ITI upgradation through SPVs constituted as Section 8 companies. During consultations, industry stakeholders have expressed uncertainty regarding eligibility of these SPVs to receive CSR contributions from multiple partners from the date of formation, and whether post-training hiring of trainees could be construed as an exclusive benefit under CSR Rules. As per E-file no.CSR-05/01/2021-CSR-MCA regarding **Frequently Asked Questions (FAQs) on Corporate Social Responsibility (CSR)** released by Ministry of Corporate Affairs on 25th August 2021,

4.2 Whether the companies can undertake any CSR activity mentioned under Schedule VII of the Act for the exclusive benefit of their employees, workers and their family members?	Rule 2(1)(d)(iv) of the Companies (CSR Policy) Rules, 2014 states that any activity benefitting employees of the company shall not be considered as eligible CSR activity. As per the rule, any activity designed exclusively for the benefit of employees shall be considered as an "activity benefitting employees" and will not qualify as permissible CSR expenditure. The spirit behind any CSR activity is to benefit the public at large and the activity should be non-discriminatory to any class of beneficiaries. However, any activity which is not designed to benefit employees solely, but the public at large, and if the employees and their family members are incidental beneficiaries, then, such activity would not be considered as "activity benefitting employees" and will qualify as eligible CSR activity.
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Reference from Scheme Guidelines

Section 14 of the Shareholding Agreement (SHA) Term Sheet (Annexure 3 of scheme guidelines) recognizes CSR contributions as a permissible mode of funding. Further, PM-SETU SPVs are constituted as **Section 8 (not-for-profit)** entities under a Cabinet-approved scheme for ITI upgradation.

Rationale

Schedule VII of the Companies Act permits CSR expenditure on education, vocational skills, and livelihood enhancement. While CSR Rules allow incidental benefit to the sponsoring company, they prohibit activities undertaken exclusively for employee benefit.

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Companies Act – Schedule VII

Schedule VII

(See Section 135)

Activities which may be included by companies in their Corporate Social Responsibility Policies
Activities relating to: —

(ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;

The Scheme is fundamentally social and developmental in nature and is intended to create long-term public infrastructure and institutional capacity for skill development. Accordingly, infusion of CSR funding during the operational phase of the Scheme would be critical for sustainability, augmentation of infrastructure, training delivery, faculty development, and industry-aligned skilling interventions. Any restriction on mobilization of CSR resources during the initial years of operation may adversely impact the growth and operationalization of PM-SETU clusters and National Centres of Excellence (NCOEs). Further, recruitment of trainees by the participating industries from upgraded ITIs/NSTIs, if undertaken, would be purely incidental to the larger public objective of enhancing employability and livelihood opportunities for youth. The primary beneficiaries of the Scheme remain the trainees, local communities, and the broader skilling ecosystem. Such incidental employment outcomes should not be construed as direct employee benefit to the contributing industry, as the overarching objective of PM-SETU is aligned with the social responsibility mandate of creating skilled manpower and improving access to sustainable livelihoods.

Point for taking note

The NSC is hereby apprised that a communication has been sent to the Ministry of Corporate Affairs (MoCA) seeking clarification on the following:

1. **Whether SPVs constituted under Section 8 of the Companies Act, 2013 for PM-SETU may be treated as eligible entities (entities set up by Central or State Government) to receive CSR contributions from multiple industry partners, including beyond the lead partner, from the date of formation; and**
2. **Whether CSR-funded skilling and apprenticeship programmes undertaken through such SPVs shall be treated as eligible CSR activities under Schedule VII, with any post-training hiring by participating industries considered as incidental benefit, provided the programmes remain open, merit-based, and not exclusively for internal workforce requirements.**

Concurrence of NSC

The above agenda was noted by all committee members. The representative clarified that the SPVs constituted under PM-SETU scheme will be eligible for receiving CSR funding after getting the CSR Registration Form CSR-1. It was further clarified that once the newly formed SPV applies for CSR Registration Form CSR-1, it will be granted by the competent authority.

PART F: Any other agenda with permission of chair

There was no further agenda points discussed.

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Summary: Agenda Wise Decisions

Sl.	Agenda Item	
PART A: Action Taken Report on 2nd National Steering Committee Meeting		
PART B: Items for approval of the National Steering Committee		
Agenda 1	Retention of Fees by SPV	Approved
Agenda 2	Separate engagement route for PSUs	Approved
Agenda 3	Expansion of AIP eligibility	Approved
Agenda 4	KPI classification framework	Deferred
Agenda 5	Flexibility in IMC Chairperson nomination under Component II	Approved
Agenda 6	Approval of Andhra Pradesh SIP	Approved
Agenda 7	SPV tenure	Approved
Agenda 8	EMD / Bid Security	Approved
Agenda 9	Performance Bank Guarantee	Approved
Agenda 10	Fund flow mechanism	Approved
Agenda 11	ToT implementation framework	Approved
Agenda 12	Governing Body structure under Component II	Approved
PART C: Points for Ex-Post facto approval from the National Steering Committee		
Agenda 13	Centralized Empanelment and Management of Independent Monitoring Agency	Noted
Agenda 14	Direct RFP without mandatory EOI stage	Noted
PART D: Points for taking Note for National Steering Committee		
Agenda 15	Note for NSTI RFP and Memorandum of Association (MoA)	Noted
Agenda 16	Note for Model RFP and SIP Structure	Noted
Agenda 17	Note for Frequently Asked Questions	Noted
Agenda 18	Note for Appointment of Independent Verification Agency (IVA), Floating of RFP for Baseline Survey, and Status of Independent Monitoring Agency (IMA) aligned to the requirements of the Multilateral Development Banks (Asian Development Bank and The World Bank)	Noted
PART E: Points on Interministerial Communication for apprising National Steering Committee		
Agenda 19	Tax Deduction Framework for Industry Contributions under PM-SETU	Noted
Agenda 20	MoCA-CSR Clarification for PM-SETU SPVs	Noted
PART F: Any other agenda with permission of chair		

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Annexure I: Attendee List

National Steering Committee Members				
Sl.no	Name / Position		Ministry/Organization	Physical/Online
1	Ms. Debashree Mukherjee,	Secretary	MSDE	Physical
2	Shri Dilip Kumar, Director General		DGT, MSDE	Physical
3	Ms. G. Madhumita Das, AS & FA		MSDE	Physical
4	Ms. Manasi Sahay Thakur,	Joint Secretary	MSDE	Physical
5	Dr. Alka Mittal, Member, Admin		Capacity Building Commission	Physical
6	Shri Dr. Hari Om, Principal Secretary		Department of Vocational Education & Skill Development, Govt. of Uttar Pradesh	Physical
7	Ms. Harichandana Dasari, Secretary		Labour, Employment, training and Factories, Govt. of Telangana	Online
8	Shri Bhupendra Singh Pooniya,	Commissioner/Secretary	Skill Development and Technical Education Department, Govt. of Odisha	Online
9	Shri Vimal Anand, Joint Secretary		Ministry of Commerce	Physical
10	Shri. Shubhankit Srivastava, Deputy Secretary		Ministry of Heavy Industries	Physical
11	Shri. Ashok Kumar Singh, Under Secretary,		Ministry of Education (DoHE)	Physical
12	Dr. Shailja Singh, Deputy Director		Ministry of Labour & Employment	Physical
13	Lt. Col. Vikram Singh Bhati, Director, NCVET		NCVET	Physical
14	Shri Surendra Singh, Scientist E		MEITY	Physical
15	Ms. Vidya Biradar, AGM, Skill Development		HAL	Physical
16	Shri S. Gudipati, Senior Executive / Corporate Affairs (Bajaj Auto)		Bajaj Auto Ltd.	Online
17	Shri Dharm Rakshit, Senior GM (HR)		Hero MotoCorp Limited	Physical
18	Ms. Regina Cheryl Roberts, Senior GM (HR)		Hero MotoCorp Limited	Physical
19	Dr. Swarup Sinha, Head		ITC Limited	Physical
20	Shri Sudhansu Sekhar Padhy		Hero MotoCorp Limited	Physical



Other MSDE officials			
Sl.no	Name / Position	Ministry/Organization	Physical/Online
1	Shri Hemant D Ganjare, Director	MSDE	Physical
2	Shri Nirmalya Nath, Joint Director	DGT	Physical
3	Shri Asheesh Kumar Shukla, Deputy Director	DGT	Physical
4	Shri Divyanshu, Deputy Director	MSDE	Physical
5	Shri Swapndeeep Chouhan, Asst. Director	MSDE	Physical
6	Ms. Aditi Yadav, Asst. Secretary	MSDE	Physical
7	Shri Vinay Aggarwal, SO	DGT	Physical
8	Shri Aman Singh, Senior Consultant	MSDE	Physical
9	Shri Subramanian R, Consultant	NCVET	Physical

Special Invitees			
Sl.no	Name / Position	Ministry/Organization	Physical/Online
1	Shri. Kona Sasidhar, Secretary	Department of Skill Development and Training, Andhra Pradesh	Online
2	Dr. Castro Jayaprakash, IRS (Income Tax), Joint Commissioner, Income Tax	CBDT	Physical
3	Shri KC Meena, Joint Director	Ministry of Corporate Affairs	Physical
5	Shri Praveen Manikpuri	Principal Project Officer, ADB	Physical
6	Shri Siddharth Sonawat	Consultant, ADB	Physical
7	Dr. Vikas Yaduvendu, Head AMNS CSR	AMNS	Physical
8	Dr. Hafeezur Rehman - DG	NAMTECH	Physical
9	Shri Sandeep Achantani, Director	NAMTECH	Physical
10	Ms. Cristelle Kouame	Senior Economist, WB	Physical
11	Dr. Ravi Shankar, Asst. Director	NAMTECH	Physical
12	Pranav Butalia	World Bank	Physical

NPMC members			
Sl.no	Name / Position	Ministry/Organization	Physical/Online
1	Shri Sanleen Pal, Team Leader	PMC	Physical
2	Shri Jayant Srivastava	PMC	Physical
3	Shri Achyutanand Jha	PMC	Physical
4	Shri Shashank Parimi	PMC	Physical
5	Ms. Shivani Gosain	PMC	Physical
6	Ms. Irom Abesana	PMC	Physical

8