

Impact Assessment of Pradhan Mantri Kaushal Vikas Yojana (PMKVY) on Employability Skills, Work Efficiency, and Productivity of Youth in Himachal Pradesh

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Abstract

This research paper evaluates the impact of the Pradhan Mantri Kaushal Vikas Yojana (PMKVY) on employability skills, work efficiency, and productivity among youth in Himachal Pradesh, utilizing secondary data from official reports, surveys, and evaluations. Drawing from sources such as the Periodic Labour Force Survey (PLFS), Himachal Pradesh Economic Survey 2024-25, National Skill Development Corporation (NSDC) reports, and Ministry of Skill Development and Entrepreneurship (MSDE) documents, the study analyses training outcomes, employment rates, and economic contributions in a hilly state context. Findings indicate that PMKVY has trained/oriented 1,76,021 youth in Himachal Pradesh since inception till June 2025, contributing to a national placement rate of around 43% in earlier phases, with sector-specific improvements in tourism and IT. However, youth unemployment remains high at 29.6% in the state (April-June 2025), highlighting geographical and skill mismatch challenges. Productivity gains are evident through increased sectoral output in agriculture and horticulture, but sustained impacts are uneven due to limited industrial growth. The article recommends policy enhancements like localized curricula and digital training to optimize PMKVY for hilly regions, contributing to India's Skill India Mission.

Keywords: Pradhan Mantri Kaushal Vikas Yojana (PMKVY), Skill Development, Employability Skills, Work Efficiency, Productivity, Skill India Mission.

Introduction

The Pradhan Mantri Kaushal Vikas Yojana (PMKVY), launched in 2015 as part of the Skill India Mission, stands as a flagship initiative aimed at equipping India's youth with employable skills and fostering their active role in the economy. (Ministry of Skill Development and Entrepreneurship 2020). Implemented by the Ministry

of Skill Development and Entrepreneurship (MSDE) through the National Skill Development Corporation (NSDC), the Pradhan Mantri Kaushal Vikas Yojana (PMKVY) aims to skill over 40 crore individuals by 2030. The program incorporates short-term training (STT), Recognition of Prior Learning (RPL), and specialized projects designed in accordance with emerging labour market trends (National Skill

Development Corporation, 2023). By leveraging India's demographic dividend—with more than 62% of its population in the working-age group (15–59 years) and 54% below the age of 25—the initiative seeks to enhance productivity and address unemployment challenges (National Sample Survey Office, 2015).

Himachal Pradesh, a predominantly mountainous state with a population of approximately 6.8 million (Census, 2011), sustains its economy through agriculture, which contributes nearly 14% to the Gross State Domestic Product (GSDP), alongside horticulture, tourism, and emerging sectors such as information technology and renewable energy (Government of Himachal Pradesh, 2023). Despite these opportunities, the state continues to face structural challenges including geographical isolation, seasonal patterns of employment, and significant youth outmigration, all of which exacerbate unemployment levels (Bhatia, 2020). In response, the Pradhan Mantri Kaushal Vikas Yojana (PMKVY), implemented through the Himachal Pradesh Skill Development Mission (HPSDM) and Pradhan Mantri Kaushal Kendras (PMKKs), seeks to mitigate these issues by offering skill-based training programs in locally relevant domains such as eco-tourism, agroprocessing, and healthcare (Himachal Pradesh Skill Development Mission, 2022).

Recent secondary data reveal persistent challenges: the state's overall unemployment rate stood at 5.4% in 2023–24 under usual status, with youth (15–29 years) unemployment alarmingly high at 29.6% in April–June 2025, more than double the national average of 14.6%. This disparity underscores the urgent need to evaluate the effectiveness of PMKVY in enhancing employability skills, both technical and soft, as well as work efficiency and productivity in such contexts.

Research Methodology

This study employs a secondary data analysis approach to evaluate the impact of the Pradhan Mantri Kaushal Vikas Yojana (PMKVY) on youth employability, work efficiency, and productivity in Himachal Pradesh. Due to the limited availability of primary longitudinal studies in hilly regions, the analysis draws on national and state-level secondary data to address regionspecific gaps (Mehrotra, 2021). The framework situates outcomes within Himachal Pradesh's unique socio-economic and geographical context, often underrepresented in national assessments. Data sources spanning 2015–2025 include: national reports such as NSDC progress reports, MSDE guidelines, PIB releases (“Beneficiaries,” 2025; “Outcome,” 2025; “Progress,” 2025), and evaluations by KPMG (2019) and Ernst & Young (2020); state-level sources including the Himachal Pradesh Economic Survey (Government of Himachal Pradesh, 2024–25), HPSDM annual reports, and PLFS data and impact assessments by IPE Global (2025) and the World Bank (2021). Limitations include potential biases and incompleteness in secondary data, and the absence of primary collection limits granular verification. Ethical

considerations are addressed, as all data are publicly accessible, ensuring no concerns regarding human subjects or privacy.

PMKVY and Skill India Mission

The Pradhan Mantri Kaushal Vikas Yojana (PMKVY) has evolved across multiple phases to address India's skill deficit, where only 4.7% of the workforce had received formal vocational training in 2015 (National Sample Survey Office, 2015). Under PMKVY 1.0 (2015–16), 19.85 lakh candidates were trained (National Skill Development Corporation, 2016). PMKVY 2.0 (2016–20) significantly expanded its scope to target 1 crore youth with an allocated budget of ₹12,000 crore, emphasizing placement-linked skilling (Ministry of Skill Development and Entrepreneurship [MSDE], 2020). PMKVY 3.0 (2020–21) sought to skill 8 lakh individuals, aligning with pandemic-driven demand for digital and new-age competencies such as artificial intelligence (MSDE, 2021). The ongoing PMKVY 4.0 (2023 onwards) prioritizes digitalization, green skills, and inclusivity, reflecting global sustainability imperatives (MSDE, 2024).

At the national level, as of June 2025, PMKVY has trained or oriented approximately 1.64 crore candidates, with over 20 lakh trained in FY 2024–25 alone. Placement tracking in earlier phases indicated that about 43% of certified candidates secured employment, although PMKVY 4.0 has shifted its focus from mandatory placements to broader empowerment and livelihood opportunities. On average, monetary incentives of around ₹8,000 per candidate are provided, with training aligned to the National Skills Qualification Framework (NSQF), ensuring standardization and quality across skill programs (Sanghi & Srija, 2016).

Skill Development in Himachal Pradesh

Himachal Pradesh's economy, valued at approximately ₹2.07 lakh crore in 2024–25 (advance estimates), continues to depend heavily on the primary sector, with agriculture and allied activities employing nearly 57% of the workforce (Government of Himachal Pradesh 2024–25). However, significant challenges persist: geographical constraints restrict infrastructure expansion, skill mismatches fail to address local requirements such as organic farming, and unemployment levels remain concerning. The overall unemployment rate was recorded at 7.1% in 2020–21 and 5.4% in 2023–24, while youth unemployment remains particularly acute at 29.6% during April– June 2025—substantially higher in rural areas (Kumar and Sharma 2020).

Under the Pradhan Mantri Kaushal Vikas Yojana (PMKVY), Himachal Pradesh has trained and oriented 1,76,021 candidates from inception until June 2025 through 309 training centres. The Himachal Pradesh Skill Development Mission (HPSDM), in partnership with the Asian Development Bank–supported Himachal Pradesh Skill Development Project (HPSDP, operational until June 2025), has emphasized sectoral priorities such as tourism, information technology, and allied services. Notably, the Recognition of Prior Learning (RPL)

enrolled 10,622 individuals, of which 8,181 received certification (Government of Himachal Pradesh 2024–25).

Yet, despite these interventions, placement rates remain modest at 36–40%, below national averages—largely attributable to the limited industrial base of the state (Himachal Pradesh Skill Development Mission 2022).

Literature Review

The literature on skill development draws upon multiple theoretical frameworks. Human Capital Theory underscores the role of skill investments in enhancing productivity and wage outcomes, a perspective directly aligned with the objectives of the PMKVY (Becker 1964; Schultz 1961; Mehrotra et al. 2014). Employability frameworks extend this view by emphasizing the interlinkages between technical competencies, soft skills, and contextual adaptability (Yorke 2006;

Hillage and Pollard 1998; Brewer 2013). Complementarily, efficiency and productivity models establish training as a determinant of organizational performance and individual output (Hackman and Oldham 1976; Drucker 1999; ILO 2017; World Bank 2018).

Empirical research on PMKVY highlights its significant contributions to skill enhancement, with reported improvements of 60% in technical abilities and 45% in soft skills (KPMG 2019). Despite these gains, placement rates remain modest, averaging 30–40% (FICCI 2017; Chakravorty and Bedi 2019). Evidence suggests productivity gains of 15–20% in sectors such as retail and hospitality (Ernst & Young 2020; IIM Bangalore 2018), though gender disparities persist, with women comprising only about 30% of total trainees (NSDC 2023; Sharma and Sharma 2017). More recent assessments reveal a growing acceptance of PMKVY graduates in the labor market, with nearly 94% of employers expressing willingness to hire them. In Himachal Pradesh, where 28% of the population falls within the 15–29 age cohort, the dual challenges of unemployment and migration remain pressing (MoSPI 2021). Under PMKVY, approximately 1.2 lakh individuals had been trained by 2022, with employment outcomes averaging 40% (HPSDM 2022). Sectoral variations are evident, with higher placement in hospitality (50–60%) but comparatively lower absorption in agriculture (20–30%) (Kumar and Sharma 2020). Structural constraints such as geographical isolation, infrastructural limitations, and skill–job mismatches further constrain outcomes (Singh and Thakur 2021; Verma and Negi 2018; Joshi and Rana 2019). Moreover, gendered participation remains unequal, with women representing only 25% of trainees (Gupta 2019).

Notably, national-level studies tend to marginalize the specificities of hilly and peripheral regions, resulting in critical empirical gaps (Mehrotra 2021). Addressing this lacuna, the present analysis situates Himachal Pradesh within the broader discourse on skill development by integrating secondary data on employability, efficiency, and productivity—drawing, for instance, on the India Skills Report 2025, which records employability levels at 54.81%.

Findings and Conclusion

Employability Skills

Data indicate that by June 2025, PMKVY had trained or oriented approximately 1,76,021 youth in Himachal Pradesh, with a dual emphasis on technical domains such as IT and hospitality, alongside soft skills including communication and teamwork. Under the Himachal Pradesh Kaushal Vikas Nigam (HPKVN), 8,181 candidates were certified through Recognition of Prior Learning (RPL) (Government of Himachal Pradesh, 2024–25). Nationally, employability has improved to 54.81% (Wheebox, 2025), whereas Himachal Pradesh’s overall placement rate remains around 40% (HPSDM, 2022). Sector-specific outcomes reveal comparatively higher placements in tourism and IT (50–60%), contrasted with lower absorption in agro-processing (20– 30%). Female participation remains constrained, with women comprising only 25–30% of trainees (Gupta, 2019).

Sr No.	Sector	Trained (Approx.)	Placement Rate (%)
1	Tourism	45,000	55
2	IT	30,000	60
3	Agro-processing	50,000	25
4	Overall	1,76,021	40

Source: Press Information Bureau

Work Efficiency

Evaluations suggest efficiency gains of around 25% in manufacturing sectors nationally (IIM Bangalore, 2018), which can be reasonably extrapolated to Himachal’s context. In tourism, trained youth reportedly enhanced service quality and customer satisfaction (HPSDM, 2022). Employer surveys further reveal that 94% prefer PMKVY-certified trainees, citing improved work discipline and efficiency. Nevertheless, geographical and infrastructural constraints in remote hilly areas reduce the magnitude of these gains (Singh & Thakur, 2021).

Productivity Outcomes

Training has contributed to income increases of 15–20% for beneficiaries (Ernst & Young, 2020). In Himachal Pradesh, agricultural productivity has improved through the adoption of skilled horticultural practices (Government of Himachal Pradesh, 2024–25). Skilled workforce contributions to the state’s GSDP have risen by 2–3% (Government of Himachal Pradesh, 2023). Although youth unemployment remains high at 29.6%, PMKVY appears to have mitigated its severity in urbanized districts.

Challenges

Persistent obstacles include geographical barriers (45% of training centers face access issues), skill mismatches (35%), and low female participation (Government of Himachal Pradesh, 2024–25; Kumar & Sharma, 2020).

Conclusion

PMKVY has significantly enhanced employability, efficiency, and productivity in Himachal Pradesh, impacting over 1.76 lakh youth. Nonetheless, systemic challenges; including geographic inaccessibility, gender disparities, and sectoral mismatches continue to constrain outcomes. Strengthening the scheme through mobile training models, localized curriculum design, and stronger industry partnerships could bolster its effectiveness, particularly for hilly states. Overall, PMKVY contributes meaningfully to the objectives of the Skill India Mission, though further refinement is required for inclusive and regionally adaptive outcomes.

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