POLICY BRIEF

A review of PM Internship Scheme

At a Glance

Big ambition, small footprint so far. Of a ten-year target of one crore internships, roughly 2.45 lakh have materialised across two pilot rounds, and only a few thousand interns have completed the full 12 months.	Money allocated has not translated into money spent. Against a 2025-26 outlay of ₹10,831 crore, actual expenditure stayed under 1 per cent for most of the year.	Interest is fading, not growing. Offer acceptance slipped from about 34 per cent in Round 1 to about 29 per cent in Round 2, pointing to a design that has not yet matched what candidates need.

1. Background and Context

India adds close to eight to ten million young people to its workforce every year, and for a very long time the biggest complaint from employers has not been that graduates lack degrees, but that they lack exposure. Classrooms teach theory; workplaces run on judgement, communication and the nature of getting things done under supervision. The PM Internship Scheme (PMIS) was conceived to close exactly that gap. It was announced by Finance Minister Nirmala Sitharaman in the Union Budget 2024-25 as one of five employment and skilling initiatives, with the Ministry of Corporate Affairs (MCA) as the nodal ministry.

The ambition attached to the scheme was: one crore (ten million) internships over five years, hosted by India's top 500 companies, with an indicative five-year outlay in the range of ₹63,000 crore. Companies were to be shortlisted primarily on the basis of their average CSR spending over the preceding three years, and internship costs were to be met largely through CSR budgets rather than fresh corporate hiring lines. The idea was to convert a portion of India's mandatory CSR spend into a structured, government-brokered internship pipeline.

Because a scheme of this scale had never been attempted before, the government wisely chose to test it first. Two pilot rounds have since been run, and the scheme remains in pilot as of mid-2026, even as a Cabinet note is reportedly being prepared to formalise it as a long-term programme.

2. Objectives of the Brief

This brief sets out to do four things:

- Explain, in plain terms, what the PM Internship Scheme offers to interns and to employers.
- Compare the design and outcomes of Pilot Round 1 and Pilot Round 2, including the changes introduced between them.
- Track how budget allocations have moved against actual utilisation since the scheme's launch.
- Identify the gaps that are holding back uptake and completion and suggest practical fixes that would matter to both interns and host companies.

3. Data Sources and Methodology

This brief draws on a structured desk review of publicly available material: the official PMIS portal and its eligibility and guideline documents, University Grants Commission circulars on the scheme, and Press Information Bureau releases from the Ministry of Corporate Affairs. The analysis is qualitative and comparative, built around a before-and-after reading of the two pilot rounds.

4. Key Findings

4.1 What the Scheme Actually Offers

Selected interns are placed for twelve months with a host company, with at least half of that period meant to involve real, on-the-job work rather than classroom-style training. In return, they receive a monthly financial support of ₹5,000, made up of ₹4,500 transferred directly by the government and ₹500 contributed by the host company from its CSR budget. A one-time joining grant of ₹6,000 is paid at the start to help with incidental costs, and interns are covered for the duration under two government insurance schemes, the Pradhan Mantri Jeevan Jyoti Bima Yojana and the Pradhan Mantri Suraksha Bima Yojana. Eligible candidates are aged 21 to 24, must not be in full-time employment or full-time education, and must hold at minimum a Class 10 pass with ITI, diploma or graduate-level qualifications. Family income above ₹8 lakh a year rules a candidate out, as does having a family member in permanent government service, and graduates of premier institutions such as the IITs, IIMs and National Law Universities, or holders of professional qualifications like CA or MBBS, are also excluded, since the scheme is explicitly aimed at first-generation, non-elite entrants to the job market.

For employers, the pitch is straightforward: access to a large, government-verified pool of candidates, an AI-assisted matching tool on the portal, and a way to meet CSR obligations while building an early-career talent pipeline, all at a modest incremental cost of ₹500 per intern per month plus mentoring time. Up to 5 per cent of CSR expenditure on the scheme can be booked as administrative cost, which softens the burden on the host company's HR and training teams.

4.2 Round 1 versus Round 2: What Changed

The first pilot round opened on 3 October 2024 with a target of 1.25 lakh internships. It drew a striking response: more than six lakh applications for roughly 1.27 lakh opportunities posted by 280 companies across 745 districts. That five-to-one ratio of applicants to seats suggested genuine demand for the idea of the scheme, even if what followed suggested the details needed work.

Parameter	Round 1 (Oct-Dec 2024)	Round 2 (Jan-Apr 2025)
Launch	3 October 2024	Reopened January 2025; deadline later extended to 15 April 2025
Internship opportunities posted	Approximately 1.27 lakh, against a target of 1.25 lakh	Approximately 1.18 lakh
Participating companies	280	327
Districts covered	745	735
Applications received	Over 6 lakh	Included fresh applicants plus unfilled Round 1 positions
Offers made	Around 82,000	Around 83,000
Offer acceptance rate	About 34 per cent (roughly 28,000 joinees)	Declined further to about 29 per cent, with under 24,600 acceptances
Key procedural change	Baseline design: fixed 21-24 age band, 12-month tenure, five internship preferences per applicant	Portal and grievance redressal strengthened; unfilled Round 1 seats carried forward; groundwork laid for eligibility review

A third round has since opened, running on a rolling basis rather than in fixed windows, and the eligibility criteria have been widened to let final-year undergraduate and postgraduate students apply, provided they submit a No-Objection Certificate from their institution confirming the internship will not clash with their academic schedule. This change is explicitly framed as an alignment with the National Education Policy's emphasis on experiential learning. The government has also indicated it is reconsidering the fixed twelve-month duration and the current age band, in direct response to the acceptance-rate decline observed between Round 1 and Round 2.

4.3 Budget Allocation and Fund Utilisation

The gap between what has been allocated and what has actually been spent are the most striking feature of the scheme's short history so far.

Financial Year	Budget Estimate	Revised Estimate	Actual Spend (reported)

2024-25	₹2,000 crore	₹380 crore	~₹32 crore (about 1.5% of BE)
2025-26	₹10,831 crore	₹526 crore (cut of about 95%)	~₹87-97 crore as of February 2026 (under 1% of BE)
2026-27	~₹4,800 crore	Not yet available	Not yet available

Two things stand out here. First, the original ambition assumed roughly ₹19,000 crore would be needed to deliver 30 lakh internships in the first two years alone; actual delivery across those two years has stayed closer to 2.45 lakh internships, which is a fraction of that plan. Second, the sharp cut to the 2025-26 Revised Estimate, down by about 95 per cent from the Budget Estimate, was a direct acknowledgement by the government that the pilot could not absorb the money originally set aside for it. That is not necessarily bad news: it suggests fiscal discipline rather than doubling down on a design that was not working. But it does mean the scheme's five-year, ten-million target is, for now, running well behind the pace it would need to keep.

4.4 Uptake, Acceptance and Completion

Interest in applying has not been the problem. The problem sits further down the funnel, at the point where a candidate who has been offered an internship actually decides to join and then stay. Completion figures make this starkest: independent tracking suggests only a few thousand interns had completed the full twelve-month cycle by late 2025, against original two-year projections running into the lakhs. Put differently, the scheme has done reasonably well at generating awareness and applications, less well at converting offers into acceptances, and least well at retaining interns through to completion.

5. Policy Gaps

A close reading of the pilot data points to five recurring gaps, each of which affects interns and employers a little differently.

- Stipend does not travel well. ₹5,000 a month works differently in a home district than it does in a metro where an intern must pay rent, commute and eat out. For candidates who must relocate, the stipend is often simply not enough to make the internship financially viable, which helps explain why most applicants prefer postings within five to ten kilometres of home.
- No placement guarantee makes the trade-off harder to justify. The scheme is explicitly framed as skilling and exposure, not a hiring pipeline, and government communication has been careful about this. But for a candidate weighing a year of modest stipend against a year of job-hunting elsewhere, the absence of a credible path to a job at the end is a real deterrent, not a minor caveat.
- The one-year duration is a rigid fit for a flexible problem. Employers may be comfortable with a full year of onboarding and mentoring; many candidates, especially those under financial pressure, are not. The government's own move to reconsider the duration suggests this was a design assumption that did not match ground reality.
- Sectoral and role mismatch persists. Complaints about limited opportunities in IT and other high-demand sectors have surfaced repeatedly, suggesting that the mix of roles on offer has not kept pace with what applicants are actually looking for.
- Monitoring stops at disbursement, not outcomes. Much of the public data available tracks applications, offers and stipend transfers; there is comparatively little visible tracking of what interns actually learned whether host companies followed the training plan, or how many interns were retained in any capacity after completion.

6. Policy Recommendations

For Interns

- Introduce a location-linked top-up, even a modest one, for interns who must relocate away from their home district, recognising that ₹5,000 in Mumbai or Bengaluru buys very different things than ₹5,000 in a Tier-3 town.
- Offer a shorter, six-month entry track alongside the twelve-month option, letting candidates opt into a longer placement only once they have tested the fit.
- Publish clearer, sector-wise information on post-internship outcomes from earlier rounds, so future applicants can make a more informed choice about which sectors tend to lead somewhere.

For Employers

- Simplify the administrative process around onboarding and mid-cycle reporting, so that mentoring capacity, not paperwork, becomes the binding constraint on how many interns a company can meaningfully host.
- Encourage structured skill certification within the internship, jointly designed with sector skill councils, so that a completed PMIS internship carries a recognisable, portable credential rather than only a completion letter.
- Where performance has been strong, allow a defined conversion pathway into apprenticeship or entry-level roles, which would sharpen incentives on both sides without turning the scheme into a placement guarantee.

For the Scheme as a Whole

- Build a public dashboard tracking the full funnel, applications, offers, acceptances, dropouts and completions, disaggregated by sector, district and company, to make gaps visible in real time rather than through periodic parliamentary replies.

7. Way Forward and Conclusion

The PMIS pilot has underperformed. The more useful reading is that the government built in a genuine test-and-learn phase before committing to full-scale rollout, and the test is doing exactly what a pilot should: surfacing the assumptions that do not hold up once real candidates and real companies get involved. Demand for the idea of structured, paid internships with reputed companies is clearly there, visible in the volume of applications each round has drawn. What has not yet been solved is the last-mile question of making participation financially and logistically viable for the young people.

The scheme does not need to abandon its scale ambition to fix this. It needs to treat the next round less as a bigger version of the last one and more as a redesigned version, informed specifically by where interns dropped out and why. Getting those matters well beyond this one scheme: PMIS is one of the largest attempts anywhere to institutionalise the bridge between education and formal employment, and how India gets it right, or wrong, will shape how future skilling and employment-linked programmes are designed.

8. References

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