



Outcome-Based Funding For Skills Training Centres

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The Ministry of Skill Development and Entrepreneurship (MSDE), in collaboration with the National Skill Development Corporation (NSDC), has announced the Skills Outcomes Fund (SOF) which is designed as an innovative, results-driven public-private blended finance mechanism with a proposed corpus of Rs.530 Crore; out of which Rs.225 Crore are committed by the Ministry and Rs.305 Cr would be sourced from the private (Corporate Social Responsibility (CSR) and Philanthropic) funders. Under SOF, the financing model has shifted from being activity- or input-based to an outcomes-based. The payments to empanelled training providers are directly linked to the achievement and independent verification of predefined employment milestones.

SOF explicitly incorporates a strong inclusion lens to target and support priority social groups like women candidates and the youth from low-income households. SOF also prioritises candidate outreach, mobilisation, and training centre allocation to the disadvantaged areas to ensure demographically and geographically diverse coverage.

Under the SOF payment mechanism, no programmatic payments would be made to training providers upon candidate enrolment. Instead, the total agreed training cost per candidate would be split across three verified milestones: Certification (30%), Job Placement (40%), and three-Month Retention (30%). While payment milestones are anchored to 3-month retention to optimize the cost, SOF incorporates robust data systems to track longer-term outcomes.

To move away from traditional skilling programs where training is initiated without guaranteed job placement, SOF introduces a demand-driven, employer-led training model where training partners work backwards from actual market vacancies. The incentives of the training partners are aligned with the employers and industry to improve employment opportunities for candidates trained and certified. Further, existing frameworks like Kaushal Melas and PM National Apprenticeship Melas would also facilitate the placements and apprenticeship opportunities to the certified candidates. MSDE's Skill India Digital Hub (SIDH) platform, a comprehensive and accessible platform for skill enhancement, also offers industry-relevant skill courses, job opportunities, and entrepreneurship support to youth of the country. Through the integration of SIDH with National Career Service (NCS) portal of Ministry of Labour & Employment, candidates can have access to jobs and apprenticeship opportunities in their preferred geographies.

This information was given by the Minister of State (Independent Charge), Ministry of Skill Development and Entrepreneurship (MSDE), Shri Jayant Chaudhary in a written reply in the Rajya Sabha today.

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