Apprenticeships could address most of India's skill development challenges

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The regulatory challenge for apprenticeships

With the amendments to the Apprentices Act, 1961 having been completed, the journey for rejuvenating India's outmoded apprenticeship regime has begun. When the Apprentices Act was first conceptualized in 1961, the infant Indian industry was largely manufacturing based under a license-quota regime along with an insignificant service sector. In the initial couple of decades of independence, our industry lacked adequate maturity and hence a prescriptive regime for notification of apprenticeship quota and strict controls may have been crucial.

The original Act was conceived almost six decades ago whereas sweeping changes have taken place in the Indian economy since then. Despite significant growth in the manufacturing sector, the emergence of an even larger service sector and the introduction of several vocational and other relevant courses beyond Industrial Training Institutes (ITIs), India was stagnating with 200,000 to 300,000 apprentices annually. This is a very small proportion of the 10 million people annually who aspire to join our labour force of 510 million workers. As against that, Germany and China have three and 20 million apprentices respectively. Clearly, the scale of apprenticeship in India has been abysmal.

Indian industry had been pleading for an apprenticeship regime that is business-friendly with reduced governmental controls. A process of countrywide consultation with industry was carried out to understand the challenges associated with apprenticeships. This eventually led to the emergence of a consensus that a self-regulated regime would lead to a sharp increase in the number of apprentices voluntarily trained by industry. Reforms propelled by Indian industry coupled with a long-drawn advocacy process and inter-ministerial consultations eventually resulted into amendments to the Apprentices Act passed by Parliament in 2014.

Key reforms to boost apprenticeships

As the most significant change, the outdated system of deciding number of apprenticeships for each designated trade that an industrial unit must take was dismantled and substituted with a minimum target equivalent to 2.5 per cent of the unit's overall employee strength. To dispel the allegation that apprentices may be used as cheap labour, their maximum permissible number was put at 10 per cent of the unit's employee strength. Deployment of apprentices in the service sector has also been made compulsory now.

To bring respect and dignity to apprentices and enable them to sustain themselves, the stipend payable has now been directly linked to minimum wages for the semi-skilled at the state level. The revised stipend would be 70 per cent of the minimum wages in the first year, followed by 80 per cent and 90 per cent in the second and third years respectively. The Industry is free to pay a higher stipend to apprentices than the minimum amount prescribed.

Instead of apprenticeship being confined to Designated Trades of the National Council for Vocational Training (NCVT), the industry has been allowed to develop new apprenticeship programmes, called Optional Trades, based on the newer technologies and the emerging business landscape. In addition, the entry gate for apprenticeship has been opened to include most secondary-level, undergraduate, post-graduate and other educational and vocational courses.

Penalties like imprisonment and other liabilities have been removed and industry has been allowed to self-regulate and electronically report its achievements. However, defaulting units would be subject to a token financial fine for non-compliance.

In-house infrastructure for basic training is no longer compulsory and companies are now allowed to outsource Basic Training. To enable this, Third Party Agencies (TPAs) are encouraged to facilitate Basic Training wherever some companies, especially Micro, Small & Medium Enterprises (MSME), lack the internal facilities to do so. Not only this, if an MSME unit does not have all the requisite facilities to run the complete Practical Training in-house, it is allowed to split such hands-on apprenticeship across two or three industrial units.

The duration of apprenticeship has also been rationalized and would now be six months (minimum) to three years (maximum) but the consensus is building up to confine most of the long apprenticeships to two years. Inspection of apprenticeship training by government authorities is totally discouraged and can only be done very selectively and after prior written approval of the respective Regional Director of Apprenticeship Training (RDAT) or the State Apprenticeship Advisor. Restriction on the deployment of apprentices from outside the state has been removed and candidates are now allowed to seek apprenticeship anywhere in India.

Facilitating apprenticeships, including through a web-based apprenticeship portal

To make things simpler for the industry as well as the youth, a web-based Apprenticeship Portal has been launched enabling interested young persons and employers to register onto a common platform. The unified portal serves as a one-stop solution for all apprenticeship engagements and shall create an interactive and delightful experience for the users.

Organizations register and publish their apprenticeship requirements on the portal. Apprentices are also encouraged to apply online. The apprenticeship contract approval process has also been made online. This would enable electronic interaction among apprenticeship applicants, companies and the Government. The portal generates reports on its own instead of organizations having to submit tedious returns as Government can now get data directly from the portal.

The new Apprenticeship Rules also stand notified to complete the gaps in the reforms process which were not hard-coded in the amended Act. Curricula of major designated trades under apprenticeship accounting for 70 per cent of the volume have been revised to make them more industry-relevant, competency-based and National Skill Qualification Framework (NSQF)-compliant. Government and industry are now working together to ensure that the country experiences a quantitative and qualitative improvement in apprentices within the next couple of years.

The National Apprenticeship Promotion Scheme (NAPS) has also been started wherein 25 percent of the prescribed stipend payment is reimbursed, subject to a maximum of USD 25 per apprentice per month. Basic training costs of USD 120 per apprentice could also be absorbed by the Government subject to certain conditions.

New implementation structure for apprenticeships

Over and above the amendments to the Act and Rules, the National Skill Development Corporation (NSDC), a public-private partnership between industry and the government has been authorized by the Ministry of Skill Development and Entrepreneurship (MSDE), Government of India, to implement Apprenticeship in Optional Trades with the support of Sector Skill Councils (SSCs). CEOs of SSCs have also been assigned the authority of Joint Apprenticeship Advisors under the Act.

Under this new structure, apprenticeship is being paired and embedded with short-term skilling initiatives, where NSDC is playing a critical role. This will provide career pathways and upward mobility to the candidates and improve the credibility of short-term courses. The objective is also to increase the involvement of industry in the overall programme implementation and make apprenticeship engagement friendlier.

Multiple workshops across the country are being organized to increase awareness among the various stakeholders, including industry bodies, state authorities and potential apprentices. To make the program more inclusive, NSDC would give special focus to services sector, MSME segments and short-term vocational candidates. Going forward, State Skill Development Missions (SSDMs) and Industry Associations could also be given implementation responsibilities to increase the participation of niche industry segments.

Bright future for apprenticeships and better employability of apprentices

Apprentices are not employees and the companies are not legally bound to recruit them. However, successive studies have proven that given the hands-on focus during apprenticeship, the industry directly benefits from enhanced skills, higher productivity, better professionalism and low attrition if apprentices join the workforce. Even during the training, apprentices add more value to the organization than the cost incurred on them just after the initial few months of their learning curve.

The payback period is rather short which further strengthens industry's business case for on boarding of apprentices. Government also benefits since among a large number of skilling schemes, the efficacy of the apprenticeship system is invariably the highest. Undoubtedly, youth are the biggest beneficiaries as apprenticeship substantially improves their employability and market value as well as their capability to become self-employed.

Apprenticeship in the post-reforms era, to use the clichéd term, is essentially a 'win-win' for all stakeholders. If designed and implemented well, apprenticeship could address most of India's complex skill development challenges and become the most powerful vehicle under the overall umbrella of the Prime Minister's Skill India Mission.

For more information on the National Skill Development Corporation:
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