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Barriers to Engagement in Apprenticeship Programme Identifying Role of State, Employer and Apprentices through Study of Delhi

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I. INTRODUCTION

Apprenticeship is a system of training practitioners of a skill at their workplace. In India it was conceived as *guru-shishya* (teacher-disciple) relation since the start of civilization in all traditional vocational trades. Sound apprenticeship system is desirable for transferring people smoothly from world of learning to world of work. Apprenticeship Act, 1961 was implemented with aim of- a. Regulating industries to conform with prescribed syllabi, period of training etc. b. Using industrial facilities to fully impart practical training and producing skilled manpower (MOLE, 1961). The Act has been amended six times in the years 1973, 1986,

1997, 2007, 2014 and 2017. Salient features of the Act, along with the Amendments are given in Appendix 1. Issues such as rigid and impractical guidelines of the Act, non-introduction of marketable trade/ skills at industry, absence of control over syllabi make industries resistant of recruiting apprentices. Study by DGET in six states questioned the market relevance of training of apprentices provided in India and found that close to two thirds of total apprentices were employed in a trade in which they were not trained (DGET, 2003). Total establishments registered on apprenticeship portal are 67650 all over India¹ (GOI, 2020).

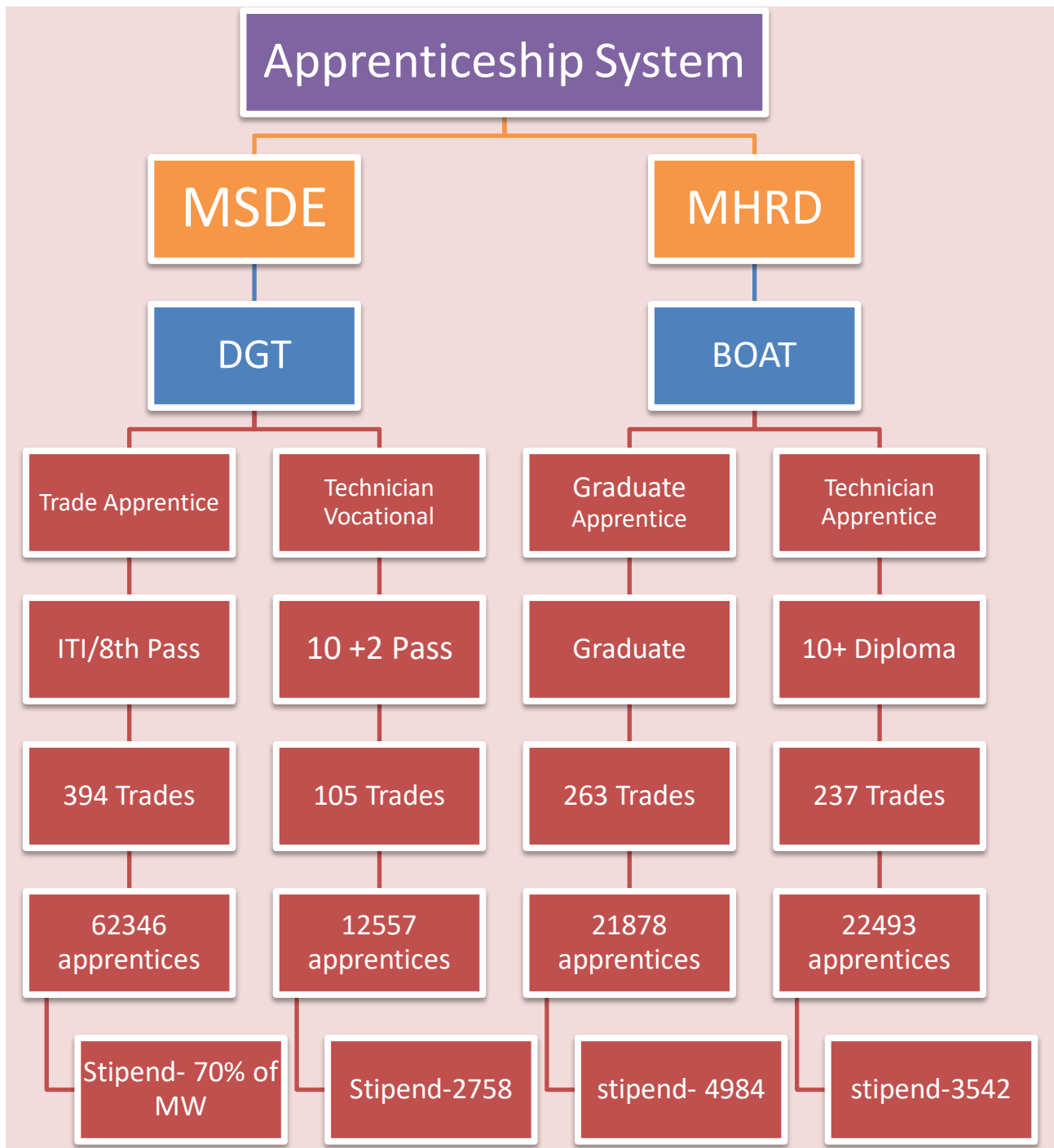
First section of the study will explain operational framework of apprenticeship in India and how the current system of apprenticeship training works. Second section would be a case study of apprenticeship system in Delhi and suggesting some short-term strategies for local government for reforming the apprenticeship system. Third section will try to compare the Indian apprenticeship system with International standards and what can be learned from successful apprenticeship and TVET developed countries. Last section of this paper will list out few important reforms required in the apprenticeship system in India in both short term and long term.

a) Framework of Apprenticeship in India

For a country with 485 million workforce, a miniscule number of apprentices i.e. around 3 lakhs, get trained every year. Minimum age of entry into apprenticeship system is 14 years and the minimum entry qualification is 8th pass. Duration of training can vary from 6 months to 4 years. Training comprises of Basic Training followed by practical training as per prescribed syllabus to appear for All India Trade Test at the end of the course. Training is conducted either in company or at a prescribed Basic Training Centres of the government.

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¹ Majority of these establishments are only registered on the portal and not engaging in training of apprentices (Das, 2019)



Source: MSDE (2019) and data on number of apprentices and trades from Department of Employment, Delhi ²

Figure 1: Operational Framework of Apprenticeship System in India

Figure 1 is a simplified version of the apprenticeship system to understand the types, trades and apprentices in India². Two ministries Ministry of Skill Development and Entrepreneurship (MSDE henceforth) and Ministry of human resource and development

(MHRD henceforth) are assigned the task of skilling and managing the apprentices. DGT and BOAT working under MSDE and MHRD respectively manage the apprentice system. There are broadly two type of trades offered by both ministries i.e. Designated trade and optional trade³. Trades that are notified by the

² Data in hardcopy format was gained from Department of Employment, Delhi regarding master apprenticeship data portal to know total number of approved trades and number of apprentices from January 2018 to December 2018 registered in those trades.

³ "Designated Trade means any trade or occupation or any subject field in engineering or non-engineering] or technology or any

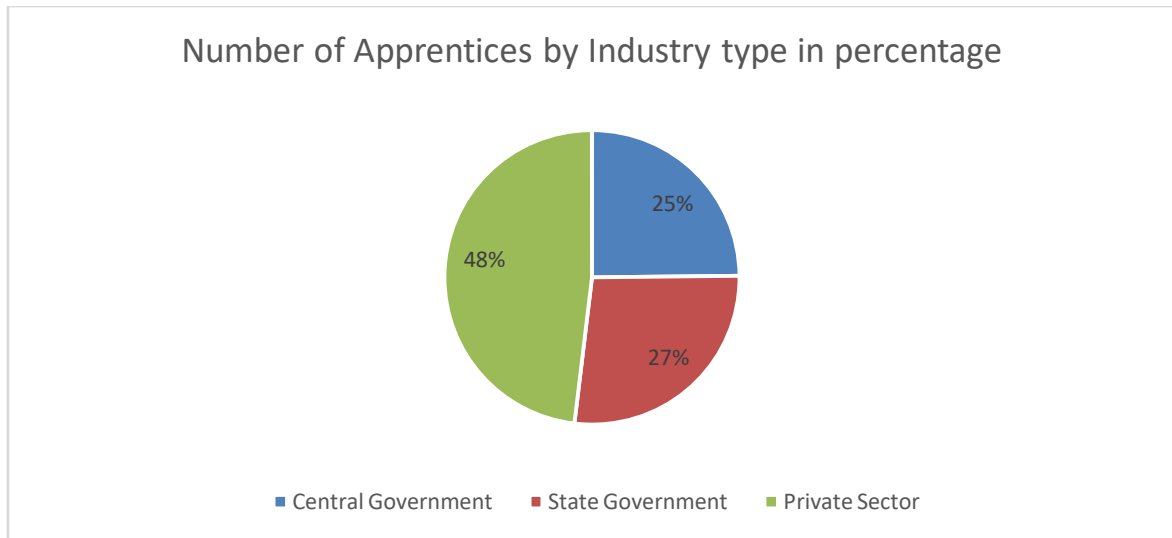
government are called designated trades and trades that are not notified by government but opted as a trade or course under apprenticeship Act are called optional trades. There are broadly four type of apprentices:

1. Trade apprentice
2. Vocational Apprentice
3. Graduate Apprentice
4. Technician (Vocational Apprentice)

As per latest estimates there are 367 groups of industries covered under Apprenticeship Act of 1961 with about 34,987 enterprises engaging apprentices. Availability of designated trades currently is 259 for trade apprentices, 163 for graduate and technical apprentices and 137 for technical (Vocational) apprentices. Among the apprentices most apprentices work as trade apprentice who receive a stipend of 70% of minimum wage in 1st year of internship, 80% and 90% of minimum wage in second and third year of apprenticeship respectively (MSDE, 2019). Stipend of technician vocational apprentice is as low as Rs.2758 per month then why would anyone find apprenticeship as an attractive option of learning while studying. Recently launched National Apprenticeship Promotion Scheme (NAPS) policy proposes to pro-actively work with industries including MSME sector to facilitate a tenfold increase in apprenticeship opportunities in the country by 2020. The scheme provides for: (i) Sharing of 25% of prescribed stipend subjects to a maximum of Rs.1500/- per month per apprentice to all apprentices under the employers. Scheme is running way behind its target of training 50 lakh apprentices by 2020. The above requires a person to work in organizational settings. Apprenticeship system should be looked at as a system through which industries reproduce themselves. Skill, knowledge and attitude are three attributes which cannot be learned by a student in classrooms alone (Das, 2019).

vocational course which the Central Government, after consultation with the Central Apprenticeship Council, may, by notification in the Official Gazette, specify as a Designated Trade." "Optional Trade means any trade or occupation not included in notified list of or any subject field in engineering or non-engineering or technology or any vocational course as may be determined by the employer lead to a competency work force(i.e. any trade or occupation not included in notified list of Designated Trades, in the field of manufacturing, services or trade, chosen by the employer under the apprenticeship programme to develop a set of workplace competencies in the Apprentice)"- MSDE (2019)

Number of Apprentices by Industry type in percentage



Source: Author's own calculation from data accessed on apprenticeship portal ⁴

Figure 2: Number of Apprentices by Industry type in percentage

Majority of Indian workforce work in private sector but that data cannot be replicated in number of interns the private sector hire. Figure two tells that 48% of workers engaged in apprenticeship are working in private sector and 52 % work in government sector (27% in state government and 25% in central government)⁴. This statistic is very worrying and one of the major reason behind outdated and lackluster performance of apprenticeship system. Students in India don't see working in private sector as an intern to be an attractive prospective as several studies have shown even after completing the internship there is no vertical mobility (Mehrotra,2014).

Employers and trainers are both apprehensive of the whole apprenticeship system. Trainees believe stipend paid to them is very low and even after completion of training they don't get a lucrative employment opportunity. Employers look at apprenticeship system mostly as a legal obligation and additional burden on establishment. Many establishments exploit the apprenticeship system by making apprentices work full time with almost no training or enhancement of knowledge and using them as low waged unskilled worker. Trainees, thereby, prefer to work in a low paid job which will fetch them a salary higher than their current stipend. Private firms, as found in numerous studies, don't comply with legislative requirements while apprentices view their training period as avenue for future employment rather than as a mode of training and all this affects quality of training (Planning Commission, 2009; Mehrotra, 2014).

⁴ Data was accessed on 10th February 2020 and data available on www.apprenticeship.gov.in which keeps on updating every month

II. CASE STUDY OF APPRENTICESHIP SYSTEM OF DELHI

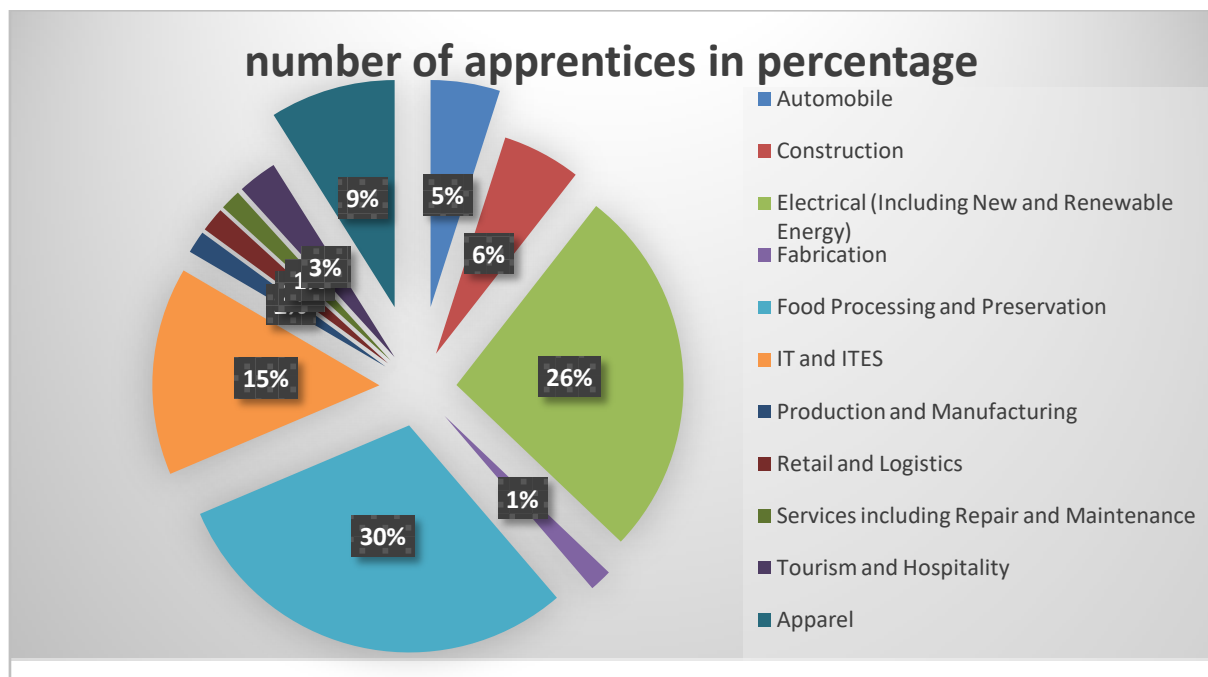
Table 1: data pertaining to apprentices in Delhi

	Trade Apprentice	Technician Vocational	Graduate Apprentice	Technician Apprentice
Number of Designated Trades	28	7	26	21
Number of Establishments Registered till Dec- 2018	81	10	NA	NA
Number of Apprentices trained in 2018-19	682	45	490	410
Stipend per month (Approx)	Approx. 10000	2758	4984	3542

Source: Data obtained from Employment department, Delhi Government

As can be seen in table 1 figure in Delhi are worse than the national average when dealing with apprenticeship. Trade Apprentices hired in a year are very low in numbers and one of the major reasons that employers give for that is very high stipend. Number of designated trades and establishments registered with

Delhi government are also very low. Having informal discussions in industries in Delhi it was also revealed that the amount that companies have to pay as stipend by complying with law is higher than actual salaries that the companies give to the workers.

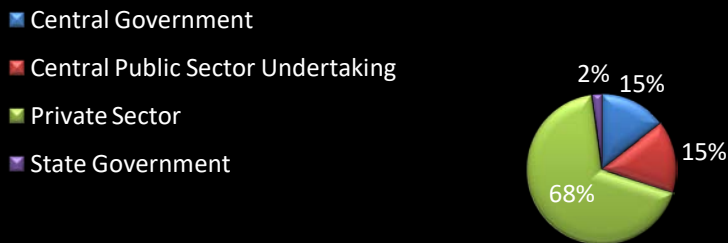


Source: Data obtained from Employment Department, Delhi Government

Figure 2: Sector-wise Apprentices hired in Delhi (in percentage)

Sectors that hire maximum number of apprentices are Food Processing and Electricals (Including Renewable Energy). Service Sector has been recently added to Apprenticeship scheme and is slowly rising in number of apprentices being hired. One of the major problems that employers face while hiring apprentices is higher stipend they have to pay in comparison to other states as Minimum wage is higher in Delhi.

Total number of apprentices



Source: Data obtained from Employment Department, Delhi Government

Figure 3: Establishment Type wise Apprentices hired in Delhi

Looking at figure 3 it can be seen that involvement of Government establishments (Both Centre and State) is low in Delhi and majority of apprentices are hired in private sector unlike the national trend. Apprenticeship Act requires every establishment with more than 6 employees to have at least 2.5% of their workforce as apprentices. High minimum wages in Delhi are complemented with influx of migratory labour and lax of labour laws. Informal Labour with some experience is available for work at a meager wage of 6-7 thousand per month which puts downward pressure on overall wages prevailing in the market. If any establishment hires apprentices and shows it under its ambit, then, he/she has to be paid around 9 thousand per month which creates resistance among employers to hire apprentices. There are some short term reforms and suggestions that can help Delhi government revive the apprenticeship system and improve number of apprentices and establishments engaged in the apprenticeship system.

1. Apprentices under State Government establishments: Every establishments needs to hire a minimum of 2.5% of their workforce as Apprentices. This law is not being followed at almost all the state government establishments. Big hotels such as: Hotel Janpath, Hotel Ashoka, Hotel Samrat, etc. are places where apprentices can learn a lot and need to follow the apprenticeship law for the same. Delhi government can come out with a Gazette Notification for effective implementation of Apprentices Act in all State Government run establishments.
2. As the amount fine for not following the provisions of Apprenticeship Act is a very meager, there is no effective compulsion under which employer follows the Act. Labour Department should step in at this level as they have data of all industries and through Labour Commissioners force the industries to comply with Apprentice Act. Education department does not have that strong hold over the employers as does the Labour Department which can be an

administrative route to solve the apprenticeship mismatch problem.

3. There are 19325 MSME establishments employing 292086 workers in Delhi. If Apprenticeship Act is rigorously followed in Delhi, the number of Apprentices will rise to 8000 which in itself can generate employment opportunities.
4. Starting new courses like B.B.A and B.Tech which have inbuilt credit system for apprenticeship. Courses designed should have credit based on Apprenticeship training provided by state and employer. Employer should engage with the trainees in shop floor, issue apprenticeship certificate at the end of the apprenticeship and the same certificate can help the trainee in completing his/her degree. B.Voc courses are designed on these lines but not a whole semester is kept for apprenticeship which should ideally be the case for a sound dual vocational education model.

III. LEARNING FROM INTERNATIONAL APPRENTICESHIP EXPERIENCE

In many countries apprenticeship system was developed centuries ago in guild system. A sound skill development sytem has involvement of a sound apprenticeship system. Taking examples of few famous apprenticeship systems in the world would be beneficial for suggesting reforms for the Indian Scenario. On the basis of theories of skill development, nations can be classified into 4 Varieties of Skill Formation System:

1. *Statist (Australia, Sweden, France)*: Government controls supply of apprentices while employers are forced to hire apprentices. State plays a pivotal part in the training by funding it.
2. *Segmentalist (Japan)*: Firm willingness to invest on apprentices is very high and control much of the demand and supply of labour market. Government plays a dormant role and does not interfere in hiring of apprentices in industries.
3. *Liberal Skill Formation (US, India)*: Apprentices are governed by Apprentices Act (In US it is called

Fitzgerald Act) and their limited institutional linkage with vocational education. Firms' involvement in theoretical training is less. The same is mostly done by government. There is high skill polarization of manual vocational courses apprentice at lower end and calculus based mental course apprentices at upper end.

4. *Collective Skill Formation (Germany)*: There is a commitment of both state and firm to invest in apprenticeship. While firm provided on the job training, state provided school based education in what is known as 'dual system of training'. Cost of the training is shared by employer, state and individual (Bussemeyer and Tampusch, 2012).

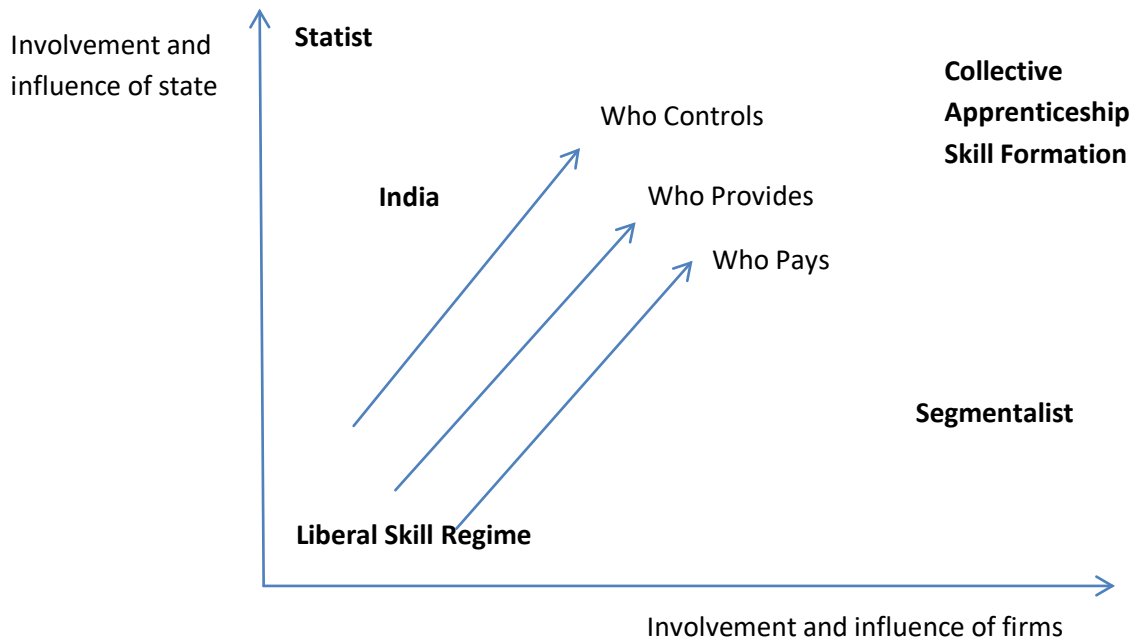


Figure 3: Varieties of Apprenticeship system

IV. NEED FOR REFORMS IN APPRENTICESHIP SYSTEM

At National Level to make apprenticeship a lucrative option, both for apprentice and employer, there is a dire need of apprenticeship reforms. When industry owners are happy to pay the fine of not complying with the apprenticeship act rather than hiring and training the apprentice then there are needs of serious reforms in the system. The system does not need a new scheme to be introduced but needs to abolish the old system and replace it with a new set of Act with key defined roles for all stakeholders. Apprenticeship Act, 1961 was formed in a different era suited for its time and despite all the amendments the act has outlived its utility. There is a need to repeal the Apprentice Act and bring in a new Technical and Vocational Education Act which should involve National Training standards, System for certification and assessment. This should bring in its domain National Skill Qualification Framework, financial involvement and other roles and responsibilities of stakeholders. Keeping Apprenticeship polarized from TVET system of the country would not reap any benefits.

The Apprenticeship Act needs to amend and allow hiring of even one apprentice by India's 76 million small scale firms where the average employment is less

than 6 people. Even if half the firms oblige with the requirement, around 40 million apprentices will be trained. There is a dire need to government to increase their stipend subsidy to make the apprenticeship more attractive for employers (Das, 2019). There is an urgent need of new Ministry of employment generation or some department which should take onus of employment generation backed by reliable statistics. Can increase upper bracket of hiring from 2.5- 10 to 2.5 to 25%.

For some short term reforms in the ongoing apprenticeship system, numerous changes are suggested.

1. In-plant internship should be made compulsory for all trainees undergoing any vocational course. Especially where core work skills are learned on shop floor and apprentice spends one third of total training period at work.
2. Mapping of training institutions with the companies conducting apprenticeship training should be done to practice cluster based training programmes at large scale. Part of this work is happening under central scheme SHREYAS but this should happen at a larger scale. Skill Sector Councils (SSC's) should help in conducting these trainings as this is part of their functions.

3. Stipend paid to all apprentices should be close to minimum wages as notified by the State Government.
4. Government should financially support MSME's in conducting Apprenticeship Training and bear at least 50% of the total cost (good!)
5. Final certification and assessment at the end of the training should be done on lines of all five attributes in the relevant NSQF level i.e. process, professional knowledge, professional skill, core skill and responsibility.

There is a need of a more comprehensive labour market information system which can be of benefit to all 3 key stakeholders- employers, job-seekers and government. This can be beneficial in laying down a skill road map for all states. Chambers of commerce and industry working in cooperation with trade unions is essential a growing apprentice system. Attitude of workers and employers need to change to make apprenticeship system self-motivating. It would not be possible to eliminate culture of 'chalega' without eliminating the culture of 'ji ji'(Gaudenz, 2012).

Strong apprenticeship paradigm requires cooperation of industrial associations, government and participating companies, it cannot be bought off the market but is in need of nurturing at the shop floor. Dearth of reliable data on apprenticeship make it difficult to the exact absorption of apprentices in the country which is why India has a dismal 1 apprentice to every 1000 workforce which makes skill development system inefficient. Any Skill Development programme is futile without a sound apprenticeship system. Skill development is a necessary condition but not a sufficient condition for growth of employment. Reforms in skill development system are needed to be backed by a sound industrial policy. This is a change required not only at Delhi level but All India level.

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APPENDIX

Amendments in the Apprentices Act, 1961

In order to help large number of apprentices, some amendments have been made in the Apprentices Act, 1961 in December 2014 and the Apprenticeship Rules, 1992 have also been amended with effect from 18 June 2016. The key amendments are: (i) The system of trade wise ratio engagement of apprentices has been substituted with a band of 2.5% to 10% of total strength of establishment. (ii) Establishments can also now engage apprentices in optional trades which are not designated with the discretion of entry level qualification and syllabus. (iii) Scope of Apprenticeship Training has been extended also to non-engineering occupations. (iv) Establishments have been permitted to outsource basic training in an institute of their choice. (v) Aggregation of apprentices can now be done through Third Party Agency (TPA). (vi) The procedural simplification has been provided through the following measures:- (a) Submission of returns and other information through online portal. (b) Submission of apprenticeship contract through portal and its time bound approval. (c) Penalties

are imposed now in the form of fine. (d) Establishments operating in four or more states would now be interfacing with the Central Government authorities

Numbers of Apprentices for a Designated Trade: As per Section 8 of the Act, the Central Government will, after consulting the Central Apprenticeship Council, by an order notified in the Official Gazette, determine for each designated trade, the ratio of trade apprentices to workers other than unskilled workers in that trade. The APTAT/DAA has no role in fixing/altering the ratio of apprentices to workers. Qualification for Being Engaged as an Apprentice is as per Section 3 of the Act, minimum qualifications for being engaged as an apprentice in any designated trade are (a) fourteen years of age and (b) satisfying such standards of education and physical fitness as may be prescribed; provided that different standards may be prescribed in relation to apprenticeship training in different designated trades and for different categories of apprentices.

Reservation of Training Places: As per the Act, in every designated trade, training places will be reserved by the employer for the Scheduled Castes, Scheduled Tribes, and Other Backward Classes. If there is more than one designated trade in an establishment, such training places will also be reserved on the basis of the total number of apprentices in all the designated trades in such establishment. The number of training places to be reserved will be as prescribed, having regard to the population of these target groups in the concerned state.

Contract of Apprenticeship: According to one of the salient features of the Act, a person will be engaged as an apprentice only after entering into a contract of apprenticeship with the employer.

Period of Apprenticeship Training: Depending on the nature of trade, the period of apprenticeship training can vary from 6 months to 4 years. As per Section 6 of the Act, the duration of previous exposure to the formal vocational training in a recognized training institute will be rebated.

Termination of Apprenticeship Contract: The contract of apprenticeship will terminate on the expiry of the period of apprenticeship training or earlier.

Payment of Stipend to Apprentices: Every trainee, while undergoing training, receives a stipend stipulated by DGET. These rates are revised in every 2 years based on the consumer price index, For trainees who have already undergone training in a recognized ITI/private ITI, the duration spent in such ITI/private ITI's be taken into account for the purpose of determining the rate stipend payable for different years of training. The cost of stipend is to be solely borne by the establishment.

Records and Returns: As per Section 19 of the Act, every employer will maintain records of progress of training of each apprentice undergoing apprenticeship

training in his/her establishment in prescribed form. Further every such employer will also furnish such information and returns in the prescribed form, to the relevant authorities, and at required intervals.

Apprentices are Trainees and Not Workers: Every apprentice undergoing apprenticeship training in a designated trade in an establishment will be only a trainee and not a worker; and the provisions of any labour law will not apply to or in relation to the apprentice.

Grant of Leave to Apprentices: In establishments where proper leave rules do not exist or the total leave of different types admissible to their workers is less than 37 days in a year, the apprentice will be entitled to the following kinds of leave and subject to the conditions specified under each kind of leave.

Casual leave will be admissible for a maximum period of 12 days in a year.

Reforming Apprenticeship Training: Casual leave not utilized during any year will lapse at the end of the year. Casual leave will not be combined with medical leave. If casual leave is preceded or followed by medical leave, the entire leave taken will be treated either as medical or as casual leave, provided that it cannot exceed the maximum period prescribed in respect of medical or casual leave, as the case may be. Medical leave up to 15 days for each year of training may be granted to the apprentice who is unable to attend duty owing to illness. The unused leave will be allowed to accumulate up to a maximum of 40 days. (What is the reform here?)

Offer and Acceptance of Employment: As per the Act, it is not obligatory on the part of the employer to offer any employment to any apprentice who has completed the period of his apprenticeship training in his establishment, nor it is obligatory on the part of the apprentice to accept an employment under the employer.

