
PLANNING COMMISSION SUB-COMMITTEE
ON
RE-MODELLING
INDIA'S APPRENTICESHIP REGIME

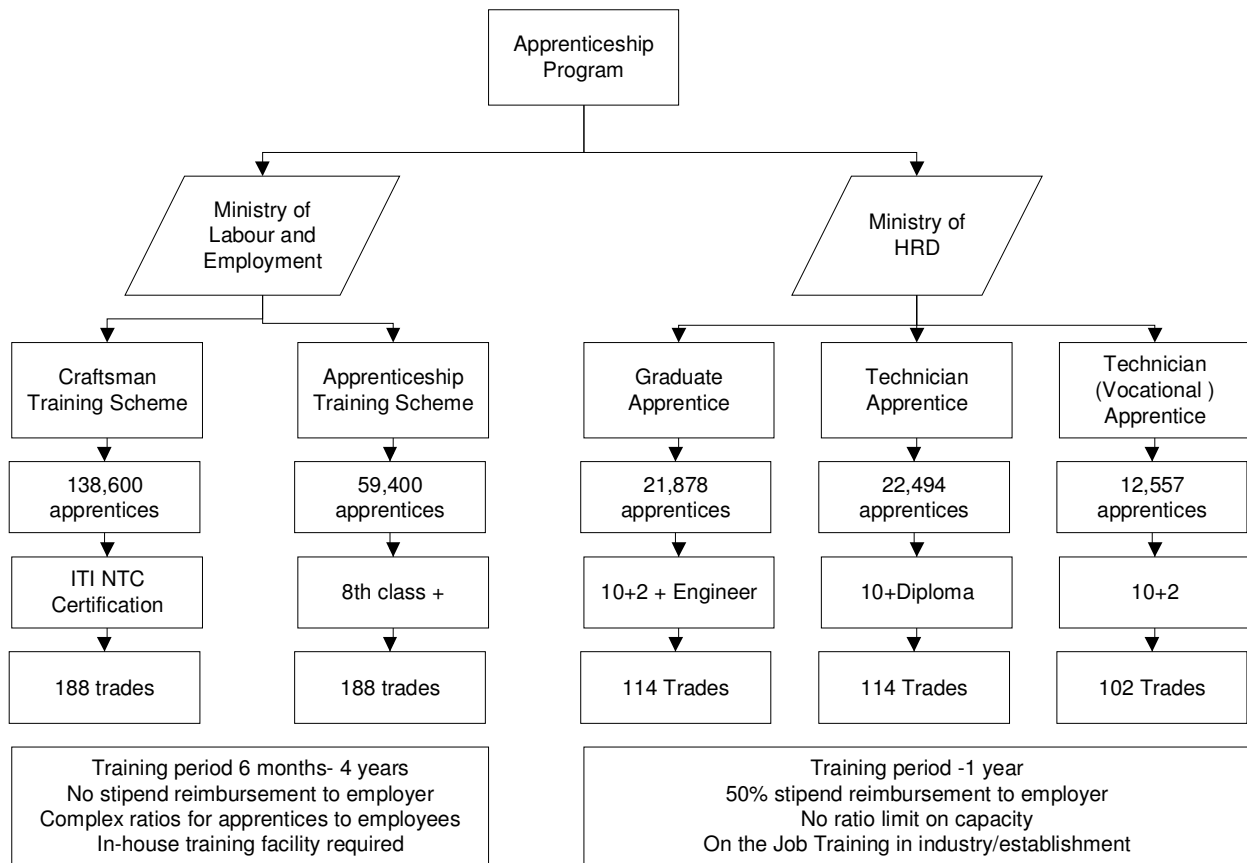
Report and Recommendations
New Delhi
February 2009

SUMMARY

GOALS

- Short term target of 1 million apprentices, Long term target of 5 million
- Harness Apprentices as a vehicle for “learning by doing” and “learning while earning”
- Expand skill capacity faster than the speed limit of classroom capacity. Shift from employer “enforcement and push” to “volunteerism and pull”

INDIA’S APPRENTICESHIP REGIME



PROBLEM AREAS IDENTIFIED

- Administrative; Highly complex Workflows for permissions/ licensing, inclusion of eligible trades, ongoing compliance, etc
- Regulatory; Capacity calculation, Stipend levels and reimbursement, eligibility, course duration, etc
- Viability; Unviable economics of setting up captive classroom training capacity for companies not in the business of training
- Marketing; Awareness and perception among employers/ candidates

RECOMMENDATIONS

Administrative Issues

1. MOLE/MHRD Simplify workflow for engagement of apprentices by employer
2. MOLE/ MHRD Simplify workflow for inclusion of new trades (model on MES process)
3. MOLE/ MHRD Simplify ongoing compliance (returns and records) and allow e-filing
4. MOLE/MHRD Remove NOC requirement for out-of-region candidates

Regulatory Issues

5. MOLE/ MHRD Revise current levels of Stipend
6. MOLE Equate stipend reimbursement regime with MHRD
7. MOLE Allow capacity flexibility for ratio fixing from 1:7 but a maximum of 1:1
8. MHRD Make all eligible for graduate apprenticeship training program
9. MOLE/ MHRD Reduce Minimum Course Duration to 3 months/ Converge MES
10. MOLE/MHRD Review Penal Jail Provision

Viability Issues

11. MOLE Allow the outsourcing of classroom training instead of the current in-house basic training requirement

Marketing Issues

12. MOLE/MHRD Set up Information and Matching Infrastructure for Employers; Website, Call Centre and reach out to industry associations
13. MOLE/ MHRD Introduce recognition program for employers with largest number of Apprentices
14. MOF Allow for 150% income tax deduction of apprentices stipend paid by employers
15. MOLE/ MHRD Set up Information and Matching Infrastructure for Candidates; Set up website, call centre and reach out to schools/ colleges
16. MOLE Revamp Outdated Curriculum; Converge with MES

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1. PREFACE

India's many languages are peppered with terms like Ustaad - Mureed, Guru – Shishya that arise from a rich tradition of experiential and apprenticeship based learning. Professions like Doctors, Chartered Accountants and Lawyers have mandatory apprenticeships. Research shows that apprenticeships account for 70% of competence development in many countries.

Apprenticeships are a powerful vehicle for skill development because they facilitate “learning by earning” and “learning by doing”. But India has a substantially lower number of apprenticeships not only relative to its potential and also many countries with much smaller labour forces and populations. Our formal education and training system is not producing “work ready” youth and we need all the help we can get in repairing, preparing and upgrading people do not have the financial buffer, luxury or inclination for full-time school or training.

An explosion of apprenticeships in the formal sector has many upsides. They give youth the financial flexibility to learn while they earn. They are designed to teach by example and are the most effective (and possibly only) way to transfer “tribal” knowledge. They act as a portal to the organized sector for the unorganized workforce as a high percentage convert to full time jobs. Most fundamentally, apprenticeships lubricate India's five labour markets transitions (farm to non-farm, rural to urban, unorganized to organized, school to work and subsistence self-employment to decent wage employment). A self-sustaining apprenticeship scheme would, for now, greatly complement the objectives of the NREGA. At some future date their convergence could be reviewed.

This sub-committee has examined the apprenticeship Issue based on the issues raised by various stakeholders; central government policy makers, state governments, employers and candidates. Three different policy makers (Ministry of Labour and Employment, Ministry of HRD and State governments) have somewhat different schemes and perspectives even though they all administer the same Act.

We have tried to strike a fine balance between the objectives of various stakeholders in making our recommendations in four areas; administrative, regulatory, viability and marketing. I thank all the committee members, policy makers and employers who gave input to this process. Special thanks are due to Mr. Desraj of DGET, Dr CT Mahajan, Ministry of Human Resource Development and my colleague Mr N Venkatraman for their taking the lead in this committee's record keeping and scheduling.

Manish Sabharwal
Sub-Committee Chairman

**SECTION A
SUB-COMMITTEE**

2. SUB-COMMITTEE TERMS OF REFERENCE AND MEMBERS

The Government of India has established a National Skill Development Co-ordination Board to review the issues facing the nation on aspects of Skill Development in the India. At the first meeting of the Board held on September 10, 2008, it was decided to constitute a sub-committee under the aegis of the Planning Commission of India, to examine issues relating to the Apprenticeship Training scheme in India such that it is remodeled as another 'On the Job Training'.

The Terms of reference of the Sub-Committee are:

1. Identify issues why employers, especially in the private sector are averse to taking apprentices;
2. Examine adaptability of the German Dual Training System to Indian conditions and if so, suggest modalities;
3. Identify issues as to why the State Governments do not accord the necessary sanctions for taking on apprentices
4. Identify reasons as to why candidates for apprenticeship are not enthusiastic towards the system
5. Identify other issues which have made the system unpopular;
6. Suggest ways and means and other safeguards for overcoming the aforesaid problems;
7. Suggest amendments to the Apprenticeship law.

The members of the sub-committee so constituted:

1. Mr. Manish Sabharwal – Chairman;
2. Mr. Desraj – Deputy Director General, Apprenticeship Training, DGET, Ministry of Labour and Employment, GOI, New Delhi;
3. Mr. Jagar Singh - Department of Labour and Employment - Commissioner Cum Secretary, Government of Orissa;
4. Ms Manju - Deputy Director (Manpower Planning), Ministry of Railways, New Delhi;
5. Mr. Aswathappa CM - Senior Manager, Heading Bosch Vocational center, Bangalore;
6. Mr. SY Siddiqui, Executive Director (HRD) Maruti Suzuki India Ltd;
7. Mr. JD Butange, Director of Vocational Education and Training, GOM, Mumbai;
8. Dr CT Mahajan, Additional Apprenticeship Adviser, Ministry of HRD, Dept of Higher Education, GOI, New Delhi;
9. Mr. Durgesh Buch, Secretary, Gujarat Chamber of Commerce and Industry, Ahmedabad;
10. Mr. DS Rawat - Secretary General, Assocham, New Delhi.

A copy of the office order constituting the Sub-committee, nominating members and issuing the terms of reference of the Sub-committee are attached in Annexure 1 to this report.

3. ABOUT THIS REPORT

This report covers the findings of the Sub-committee on the current Apprenticeship regime in India. The Sub-committee held discussion amongst themselves, officials of the State Government, and with employers in the private sector to get their views. Suggestions given by each of the above and the views of the Sub-committee have gone into the preparation of this report.

Detailed minutes of the meetings and conference calls of the Sub-committee covering deliberations on the subject are attached as an Annexure to this report but this report has been evolved with the following schedule

- | | |
|-------------------------------------|--|
| 1. January 5 th , 2008 | Sub-Committee Meeting and Employer Consultation, Delhi |
| 2. January 19 th , 2008 | Sub-Committee Conference Call |
| 3. January 22 nd , 2008 | Sub-Committee Meeting and Employer Consultation, Mumbai |
| 4. February 2 nd , 2008 | Sub-Committee Conference Call |
| 5. February 5 th , 2008 | Sub-Committee Meeting and Employer Consultation, Bangalore |
| 6. February 16 th , 2008 | Sub-Committee Conference Call |
| 7. February 17 th , 2008 | Sub-Committee Conference Call |
| 8. February 19 th , 2008 | Sub-Committee Conference Call |

Consultation meetings with representatives from the Industry (list attached as an annexure to this report) held at New Delhi, Mumbai and Bangalore were key to this sub-committees work and recommendations. Heads of Human Resource Departments, Operations, and Training were part of the deliberation. Their comments on the Act, difficulties faced while going through the process of appointing apprentices, practical issues faced on a day to day basis were discussed. Suggestions from the Industry on what they would like changed in the Act such that the program can be made a success were also discussed and raised at these sessions.

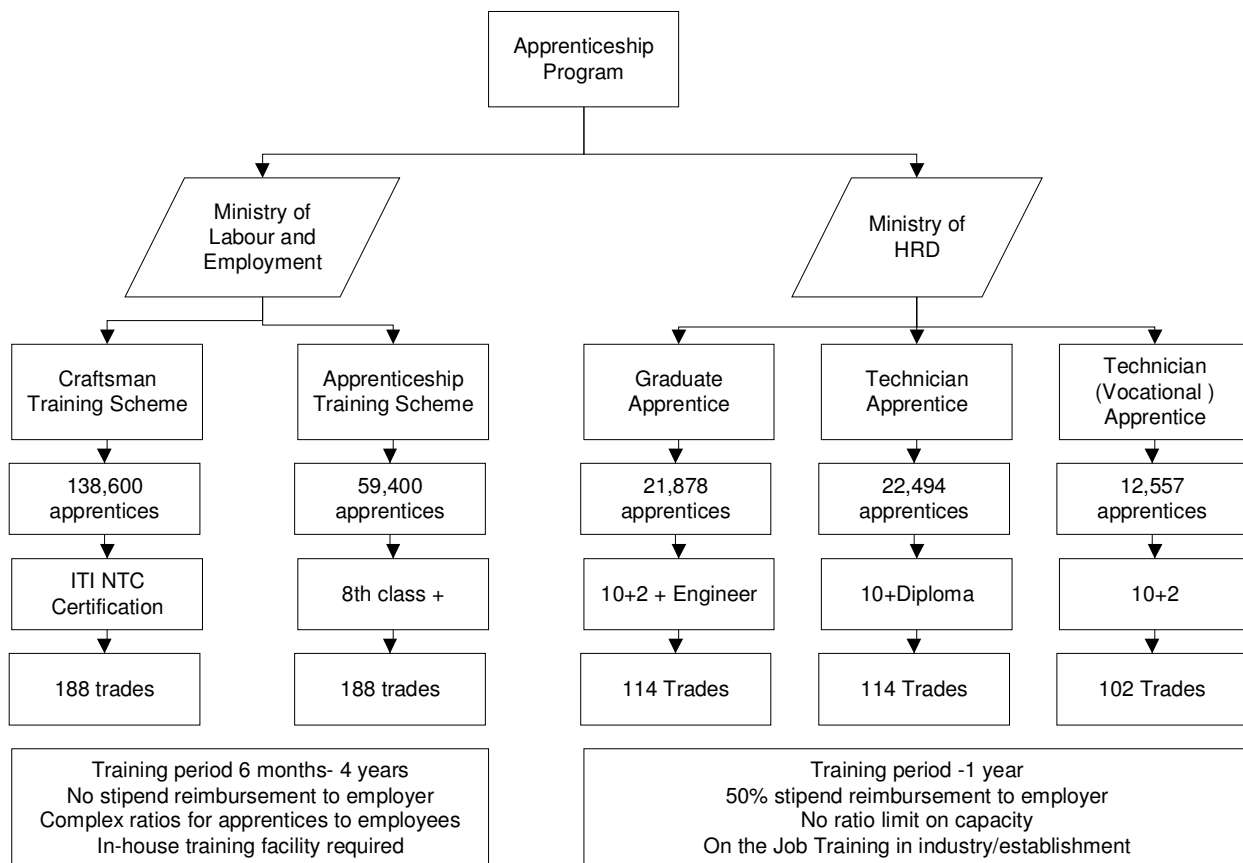
SECTION B BACKGROUND

4. INDIA'S CURRENT APPRENTICESHIP REGIME

Apprenticeship is one of the oldest social institutions in India; every master craftsman, builder, sculptor, and weaver usually had an apprentice (often your own child) to which they passed the “art and skill of his trade”. In India systematic apprenticeship was introduced by the Indian Railways followed by the defense department (in various ordinance factories).

Skill upgradation is fundamental to personal development, employment and employability. Skills are imparted through the process of ‘learning by doing’ and are ‘done on the job’. Industry shares their infrastructure to achieve this objective. The Apprenticeship model is part of ‘school to work’, employability improvement, and vocational education programs in many countries world over. Apprentices and Apprenticeship programs in India are governed by The Apprentice Act, 1961 (‘the Act’) and the Apprenticeship Rules 1992 (‘Rules’).

254 Category of Industries are covered under the Act. It is obligatory as per the Act for establishments covered by the Act to appoint Apprentices and impart theoretical and practical training to such apprentices. Exhaustive machinery, i.e. a combination of the Central Government and the State Government with multiple authorities under them has been established to ensure that Act is implemented. The current Indian Apprenticeship regime can be summarized as:



Note: The Split between ATS and CTS is based on past trends.

5. CURRENT IMPLEMENTATION STRUCTURE

Ministry of Labour and Employment (Trade Apprentices)

Trade Apprentices can enter the Apprenticeship program either:

- Post completion of their training and certification at ITI's/ITC's. This stream is called the Craftsman Training Scheme ('CTS') or
- Immediately after they complete a certain level of basic minimum education, which could be 8th, 10th or 12th pass, which is called the Apprentice Training Scheme ('ATS').

Trade Apprentices who enter the Apprenticeship program after their study at ITI's/ITC's will get a training credit, that is they need to undergo Apprentices training for a duration shorter than the Trade Apprentice who joins the program immediately after his basic education.

Trade Apprentices can also enter the Apprenticeship Program with certain basic school education. The period of training is much longer as they do not have any technical education. These apprentices are called 'full term' apprentices.

The period of training, credit for ITI/ITC qualifications etc are contained in Schedule I to the Act. Trades are included in the Schedule to the Act through periodic notifications and these are done in consultation with the Central Apprenticeship Council.

As per current data, the Schedule covers **188 Trades**. These Trades are as per the NCO.

Ministry of HRD (Graduate/Technician/Technician(Vocational) Apprentices)

1. **Graduate Apprentices** - are those who have an engineering qualification granted by a statutory university, institutions empowered to grant such degrees by the Parliament, Professional bodies recognized by the Central Government as equivalent to a degree. The typical education stream will be a 10+2+4 for a Graduate Apprentice.
2. **Technician Apprentices** – are those who have a diploma in engineering or technology granted by a State Council or Board of Technical Education established by a State Government, by a University or by an institute recognized by the or Central or State Government. Example – Diplomas awarded by Polytechnics in a State. The typical education stream will be a 10 +3 for a Technician Apprentice.

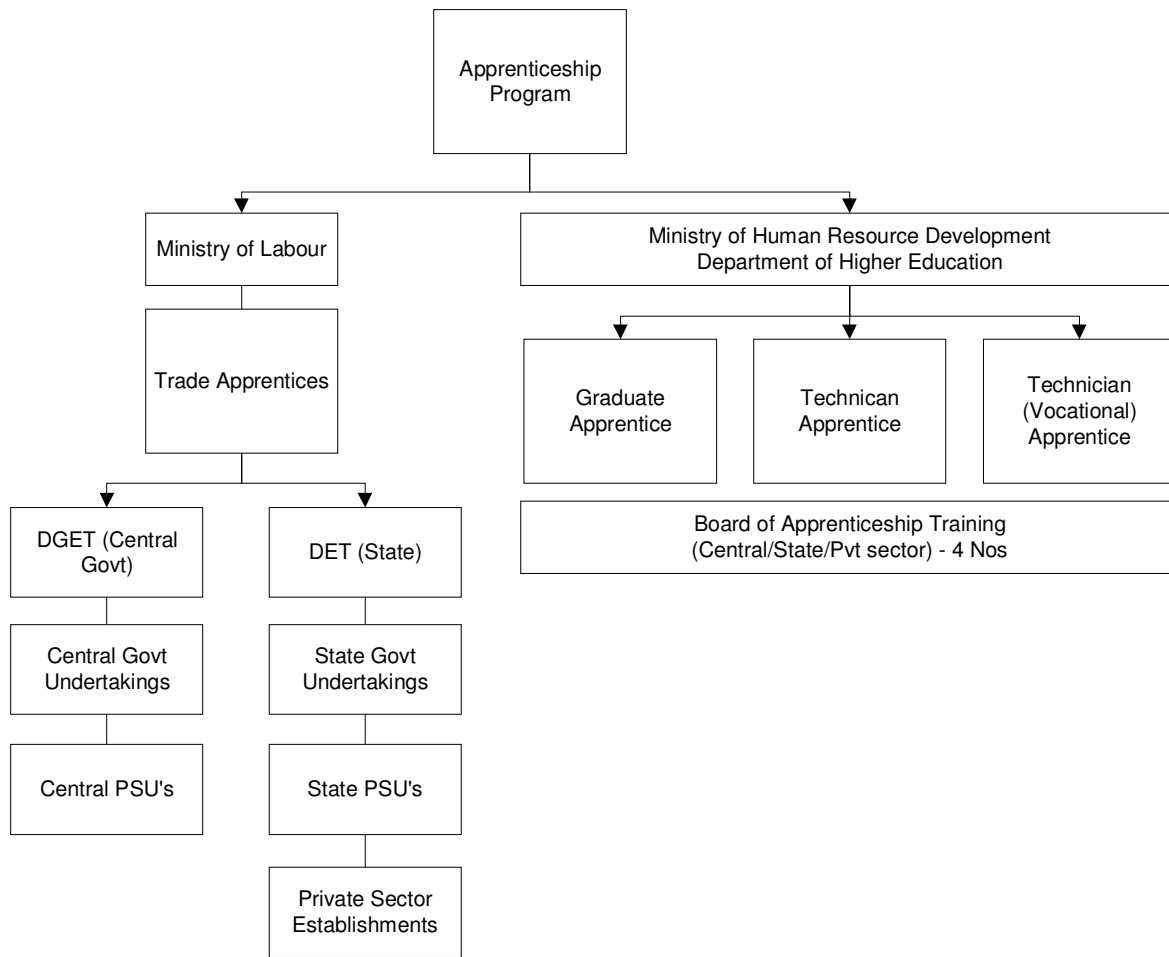
As of date, **114 Trades** have been notified for the Graduate and Technician Apprenticeship program.

3. **Technician (Vocational) Apprentices** – are those who have completed an AICTE recognized vocational course involving 2 years of study after their secondary stage of school education. The courses are typically offered by Higher Secondary schools/Universities etc as 'Job Oriented Courses'.

As of date, **102 Trades** have been notified for the Technician (Vocational) Apprenticeship program.

Details of qualifications, course of study etc for Graduate/ Technician/Technician (Vocational) Apprentices are contained in Schedule I A to the Rules.

Program Implementation Structure



(Figure 2)

The Ministry of Labour and Employment through the office of Director General Education and Training is responsible for the implementation of the Act as it relates to **Trade Apprentices** in:

- Central Government undertakings and
- Central Government Public Sector Undertakings.

State Apprenticeship advisers are responsible for **Trade Apprentices** in:

- State Public Sector Undertakings
- State Government undertakings and
- Private Establishments.

Ministry of Human Resource Development is responsible for implementation of the **Graduate, Technician and Technician (Vocational) Apprentices** across all establishments in the Country.

The authorities under the Act responsible for the program are multiple and list of the same has been provided in Annexure 2 to this report.

6. COMPARISON OF MINISTRY OF LABOUR AND EMPLOYMENT AND MINISTRY OF HRD SCHEMES

Figure 1 above illustrates the two different streams under the Apprenticeship program. Distinctions between the two streams and the current status of implementation in India are as below:

(Table 1)

Description	Trade Apprentices	Graduate/Technician/Technician (Vocational)
Ministry Responsible	Ministry of Labour and Employment	Ministry of Human Resource Development
No of Trades Notified	188 Trades, categorized as per NCO.	114 Trades for Graduate/ Technician and 102 Trades for Technician (Vocational) Apprentices
Implementation model	Central Government for some and State Government for others.	Central Government through 4 Regional Boards established for the purpose.
Period of training	Varies with Trade and also the base qualification of the Apprentice. Period can vary from 6 months to 4 years.	1 year
Stipend	Fully borne by Employer	50% refunded by the Central Government
Certification requirements	Post completion of training, Apprentice has to take a certification exam	No such requirement
Requirement for Basic Training Facility	Basic training facility required to be maintained by the Employer. Mandatory in case of organization having more than 500 apprentices.	No such requirement.
Number of Apprentices who can be trained by an Organization	A <i>pre-determined ratio</i> exists in the Act, which determines the number of Apprentices an Organization can train	No such pre-determined ratio exists.

7. CURRENT STATUS OF IMPLEMENTATION – MINISTRY OF LABOUR AND EMPLOYEMENT

As per most recent data available, implementation status of the Apprenticeship Program is as below:

(Table 2)

Description	Trade Apprentices	Graduate/Technician/Technician (Vocational) Apprentices
Number of Vacancies Identified	260,000	Graduate: 25,268 Technician: 45,002 Technician (Vocational): 25,288
Number of Apprentices appointed	ATS : 59,400 CTS : 138,600 Total : 198,000 (split between ATS and CTS is based on past data trends)	Graduate: 21,878 Technician: 22,494 Technician (Vocational): 12,557
Number of establishments where the vacancies have been identified	18,400	10,268

Note: The Split between ATS and CTS is based on past trends.

Table 2 above and clearly illustrates the below par penetration of the Apprenticeship program in the Country, especially so, when compared to the total population which needs to be addressed.

The Apprentices Act has been in vogue since 1961 and has been amended multiple times over the years to address issues of the employers, industry, candidates and Government. However, these changes have not had the desired impact. The number of Apprentices in the country has remained stagnant and has not increased in numbers over the years. It's to address this very issue, the Sub-committee on remodeling the Apprentice program was set up by the Planning commission.

The mandate of the Sub-committee was to review the Apprentice Act and suggest such changes to remodel the Apprentice Program as more of an 'On the Job' training rather than a program seen to be done for the purpose of 'legal compliance, legal obligation, with no focus on the outcome. ***The most relevant outcome for any pre-job training is 'gainful employment' at the end of the training.***

8. CURRENT STATUS OF IMPLEMENTATION - MHRD

Based on the recommendation of the Scientific Manpower Committee, the Ministry of Education of the Government of India started a training scheme known as the Practical Training Stipend Scheme in 1949-50 with the objective of providing practical training to fresh graduates and diploma holders that would ultimately lead them to gainful employment. The value of the stipend was Rs 150 p.m. for Engineering graduates and Rs 75 per month for diploma holders.

The Apprentices Act 1961 was amended in 1973 to bring the training of graduate and diploma holders in engineering/ technology under its purview in 1973. The Boards of Apprenticeship Training (BOAT) were notified as authorities under the Act to implement the scheme in their respective regions and were brought into operation in 1975. The Chief Executive officers of the Board is Director of Training who is assisted by Deputy Directors of Training and Assistant Directors of Training. They are designated as Regional Central Apprenticeship Adviser, Deputy Regional Central Apprenticeship Advisers and Asst. Regional Central Apprenticeship Advisers respectively.

The Regional Central Apprenticeship Adviser notifies the number of apprentices to be engaged by establishments based on the training facilities and technical manpower deployed in the industry/ establishment in various disciplines. So far 114 subject fields of engineering/ technology have been notified as designated subject fields for providing Apprenticeship Training. In 1986 the Apprentices Act was further amended to bring Higher Secondary (10+2) vocational certificate holders under the purview of the scheme in a new category known as the Technician (Vocational) apprentices in which 102 subject fields have been notified under this scheme.

The existing monthly stipend rates as recommended by the Central Apprenticeship Council and notified by the Government of India vide Notification No: GSR 17(E) effective from January 8, 2008 are:

Candidates Minimum Qualification	Category	Monthly Stipend
Engineering Graduate	Graduate Apprentice	Rs 2600
Sandwich course students of engineering college	Graduate Apprentice (Sandwich)	Rs 1850
Diploma holders in Engineering	Technician Apprentice	Rs 1850
Sandwich course Student of Polytechnic College	Technician Apprentice (Sandwich)	Rs 1510
(10+2) Vocational Certificate Holder	Technician (Vocational) Apprentice	Rs 1440

The activities of the Ministry of HRD are administered by three Regional Boards of apprenticeship training located at Mumbai, Kanpur and Chennai and a board of practical training located at Kolkata. The Regional Boards have identified 10,268 industries under the Apprentices Act to engage the five kinds of apprentices which included 834 in Central, 2727 in state and 6707 in the Private sectors. The board notified 95,000 training places consisting of 25,000 graduates, 45,000 diploma holders and 25,000+ vocational pass outs. During the 10th five year plan the Regional Boards had trained 2.74 lakh apprentices.

9. THE URGENCY FOR CHANGE; INDIA'S SKILL CRISIS

53% of *employed* youth suffer some degree of skill deprivation while only 8% of youth are unemployed. 57% of India's youth suffer some degree of un-employability

The 82.5 million unemployable youth fall into three skill repair buckets:

Last mile repair	(< 0.5 years)	5.3 million
Interventional repair	(0.5-1 year)	21.9 million
Structural repair	(1-2 years)	55.4 million

Last mile repair above suggests, simple training in certain basic business etiquettes, communication skills, soft skills and certain generic skills which many of the educated people take for granted, be it even as simple as 'how to wear a tie'. This is exactly the kind of training which a candidate will get if he is given access to the workplace via apprenticeship programs.

The source of the problems lies in the mismatch between Demand and Supply; 90% of employment opportunities require vocational skills but 90% of our college/ school output has only bookish knowledge. High dropout rates (57% by Grade 8) are incentivized by the low returns of education; 75% of school finishers make less than Rs 50,000 per year. The poor quality of skills/ education show up in low incomes rather than unemployment; 45% of graduates makes less than Rs 75,000 per year

The situation is becoming more urgent because agriculture is unviable; 96% of farm households have less than 2 hectares. 70% of our population and 56% of our workforce produce 18% of GDP. Demographics can be a dividend or a disaster because 300 million youth will enter the labour force by 2025. In fact 25% of the world's workers in the next four years will be Indian. We also believe that our 50% self-employment rate does not reflect entrepreneurship but our failure to create non-farm jobs and skills.

The skill deficit hurts more than the infrastructure deficit because it sabotages equality of opportunity and amplifies inequality while poor infrastructure maintains inequality (it hits rich and poor equally)

The Three Problems

The above problems can be classified into 3 buckets;

Matching Problem	-	Connecting Supply to Demand
Mismatch Problem	-	Repairing Supply to Demand
Pipeline Problem	-	Preparing Supply to Demand

The Matching problem is the easiest to solve and requires us to improve the state of our employment exchanges and increase the levels of corporate and private participation in the process of matching people to jobs. The Mismatch problem is about fixing our skill regime and the pipeline problem is about education reform.

The Apprenticeship solution

What is required is innovation at the intersection of employment/ employability, assessment/ training and matching/ mismatch

As the Indian economy expands, there is an acute shortage of skilled people. We are now looking beyond the initial phase of lamentation of the problem of “skills crisis” to proposing specific, scalable and effective solutions to the problem.

Apprenticeship training is a well tested approach that has been tried for a very long time in Europe and USA. In the present generation, Germany is usually cited as the poster child for creating and deploying a nationwide program of apprenticeship. About 1.6 million German youth enter into an apprenticeship program each year. More than 75% of Germans younger than 22 have attended an apprenticeship program of whom about 60% have completed the program before taking a long term employment or proceeding for further education.

The fundamental reason for the success of an apprenticeship program is that it is based on combination of formal education (in a class room and on-line) and a program to gain field experience with workplace practice. During the formal educational phase, the candidate is provided training that is targeted at being effective on the workplace and during workplace phase of the program, the candidate is actually put to work and required to be productive on the job. The skills developed in such an apprenticeship program are therefore exactly what the industry (and the employer) need. Further, the candidate leaves the apprenticeship program ready to take on the responsibilities of the job from day one. Such a program provides the necessary overlap between employability and employment, wherein, for job-ready employees.

10. APPRENTICESHIP - THE GLOBAL CONTEXT

The Apprenticeship model as a mode of skill development has been in existence right from Middle Ages and is now part of 'school to work', employability improvement, vocational education programs etc in many countries world over.

Germany

Germany for instance has a million plus Apprentices. Finding a job without having completed an Apprenticeship is almost impossible. The private sector and the Government have forged a very strong partnership to achieve this.

The German model is called the dual education system and is practice in several other countries such as Austria, Switzerland, Denmark, Netherlands, France, and for some years now in China. The Dual System combines apprenticeships in a company and vocational education at a vocational school in one course.

In the 'Duales Ausbildungssystem' young German people can learn one of 356 (2005) apprenticeship occupations (Ausbildungsberufe), such as e.g. Doctor's Assistant, Dispensing Optician or Oven Builder. The precise skills and theory taught are strictly regulated and defined by national standards.

In 2003, the top five most popular dual education courses taken in Germany were:

- Retailer Trade
- Clerical/office administrator
- Technologist for the automobile industry
- Industry manager/administrator
- Cook etc

As one part of the dual education course, students are trained in a company for three to five days a week. The company is responsible for ensuring that students get the standard quantity and quality of training set down in the training descriptions for each trade.

The other part of the dual education course involves lessons at a vocational school (Berufsschule). The responsibility for this part of the course lies with the school authorities in every German state or Swiss canton.

For most trades, the first examination takes place about half-way through the vocational training and is only to test how well the student is doing so far: the marks do not go towards the final exam. Both exams are organized by the small business trade group and chamber of commerce and industry.

Those who fail the exam can apply to have their training extended until the following year when they can retake it. Only one extension is allowed.

Although the dual education system is generally considered to be exemplary, an increasing number of young people are taking vocational education and training (VET) courses at training sites and schools rather than in real companies, as for various reasons, companies are becoming less willing to take on apprentices. To counter this, the government considered making it compulsory for firms to take on apprentices. This idea, however, was dropped when

the trade associations agreed to a voluntary training pact. Disenchantment in the Industry was primarily attributed to:

- Regulations and related hassles
- Training itself started becoming very expensive
- Dropping educational levels meant increased effort on the part of the Companies
- Companies became highly specialized and hence unable to train apprentices in all the required areas.

The Government, the Chambers and the Industry are working to make sure that the difficulties are overcome and make the system continue to be a success.

United States

In the United States of America, the Federal Government spends approximately \$ 16 million for administration of the apprenticeship system, while each state contributes another \$20 million. Thus the total public investment amounts to approximately \$36 million, a modest \$110 per apprentice. Apprentices in US pay income taxes on their wages. For every \$1 the Government invests in apprentices, it yields more than \$50 in revenue, i.e. not only does the system produce the kind of workers that are needed by the industries, it also pays for itself many times over.

United Kingdom

The United Kingdom had in 2005 instituted a task force, whose term of reference was to primarily explore the number of Apprentices in the Country. They have set very ambitious targets to achieve by 2010.

A research conducted by this Task Force of UK Apprentices demonstrated:

- Apprenticeships improve business performance by making contributions to competitiveness, profitability, productivity and quality;
- The net costs of Apprenticeships training are frequently lower than those involved in training non-apprentices and the productivity of apprentices enables employers to recover much of the costs involved;
- Apprentices more easily adopt company values, are more likely to remain with the employer than non-apprentices, and become part of a wider pool of talent that can be drawn upon by all employers in the sector;
- Seeking to increase the diversity of the apprentice workforce will have significant business benefits, as will provide clear progression routes from Apprenticeship to higher levels in the organization

Australia

Has over 450,000 apprentices annually providing opportunities to young people by participating in Apprenticeship programs and also engage employers and job seekers actively.

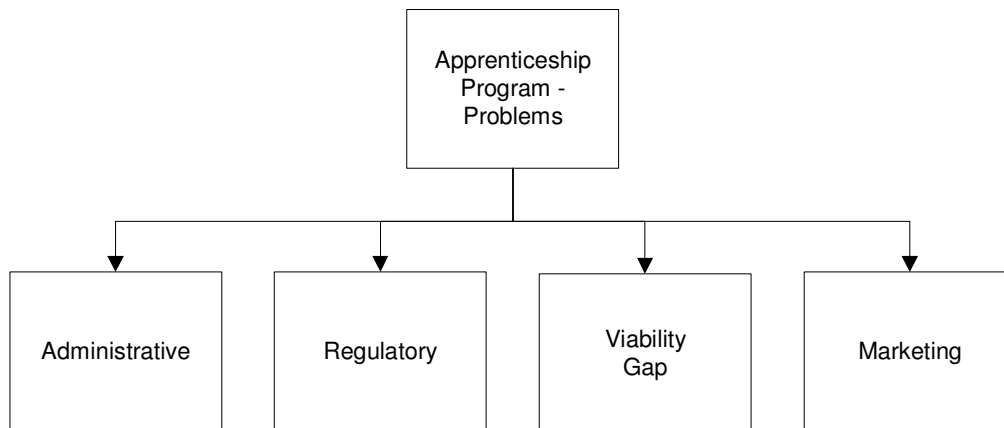
Globally, every country has realized the importance of the apprenticeship model to skill development. Employers have slowly started realizing that Apprentices give them a competitive advantage in the marketplace and that apprentices also help them in profitability.

SECTION C

PROBLEM AREAS IDENTIFIED

APPRENTICESHIP REGIME IN INDIA – PROBLEMS IDENTIFIED

Based on the discussion by the Sub-committee and consultations held with employers at New Delhi, Mumbai and Bangalore, issues confronted by the three stakeholders in the current Apprenticeship regime i.e. Candidate, Employer and the Government, were identified. Problems identified could be classified into four buckets:



PROBLEM AREAS IDENTIFIED

Administrative Issues

1. Fractured implementation structure and lack of single window for the private sector for the appointment of Trade Apprentices
2. Addition of a new Trade a long wound process
3. Records and Returns

Regulatory Issues

4. Unrealistic levels of stipend
5. Ratio of Apprentices to Workers
6. Period of Training
7. Penal provisions
8. Termination of Apprentices

Viability Issues

9. Provision of Basic training and shop floor training facilities by the employer
10. Total cost of training
11. Outdated Curriculums

Marketing Issues

12. Lack of central matching and information infrastructure
13. Low levels of awareness of the Apprenticeship program

11. ADMINISTRATIVE ISSUE

Administrative issues are those which impact the implementation of the Apprenticeship training program.

Problem 1 Fractured implementation Structure and Lack of single window for the private sector for the appointment of Trade Apprentices

As can be seen from Figure 2, the implementation model of the Apprenticeship Program is divided between the Ministry of Labour and Employment and Ministry of Human Resource Development.

Ministry of Labour and Employment is responsible for Trade Apprentices and the Ministry of Human Resource Development for the Graduate, Graduate Technician and Technician (Vocational) apprenticeship programs.

Implementation of Trade Apprentices program is then further divided between the Centre and the State. The State Government through Apprenticeship advisors is responsible for the implementation of the program in the Private Sector.

An employer in the Private Sector who desires to employ Trade Apprentices needs to approach each State Apprentice advisor separately for approvals, and has to comply with compliance formalities on a State by State basis.

For employers who operate on a Pan India basis, this becomes an onerous task.

Problem 2 Addition of a new Trade a long wound process

As of date, 188 Trades are available under which 'Trade Apprentices', both full Term and ITI/ITC trained candidates can be taken. These Trades not represent many skills required in the Manufacturing sector and misses out the Services sector almost completely. Only a very few trades are covered from the Services Sector.

The process of addition of a Trade in the list of Trades is a long drawn process and starts as:

1. Receipt of request from Industry/State etc
2. Course curriculum prepared by Trade experts
3. Curriculum sent to CAC and NCVT for approval
4. Post approval goes through DGET/Secretary and then to the Minister for approval
5. Ministry of Law clears the notification
6. MOLE then issues it in the gazette.

From past experience we understand that the above process can take between 60 days to much longer.

In a situation where the need is to explode the number of apprentices, it's an imperative that such processes are simplified.

Problem 3 Records and Returns

Records and Returns to be maintained by an employer and the Forms that need to be submitted as per Rule 14 to the Act are very onerous. For the ATS/CTS candidate the forms and formats that are to be followed are:

- Contract form (format 1)
- Work dairy (format 2)
- Register of attendance and absence
- Application letters for ATS to appear in trade test (format 3)
- Forwarding letter to Apprenticeship advisor (format 3A)
- Record of approval granted by the Apprenticeship permitting the candidate to appear in a Trade test
- Eligibility certificate to appear in a Trade test (format 4)
- Half yearly return (form apprenticeship 1)
- Form Apprenticeship – 2 (for the Graduate program)
- Half Yearly return Form Apprenticeship 3 – (for the Graduate program)

The records and returns mandated by the Act make the entire process resemble an educational institution. Such onerous responsibilities on the employers will take them further away from taking on Apprentices for training.

The overheads of managing a parallel education/training infrastructure and also the legal responsibilities which come along with the same are too much of a burden on the employer especially when the expectation from the employer is to assist in skill development.

12. REGULATORY ISSUES

Problem 4 Unrealistic levels of Stipend

The minimum levels of Stipend payable by the employers to the Apprentices are governed by the Act. These rates are contained in the Rules and are:

Trade Apprentices

During 1 st Year	– Rs 1,090 per month
During 2 nd Year	– Rs 1,240 per month
During 3 rd Year	– Rs 1,440 per month
During 4 th Year	– Rs 1,620 per month

Graduate/Technician/Technician (Vocational)

Engineering graduates	– Rs 2,600 per month
Sandwich course students (engineering graduates)	– Rs 1,850 per month
Diploma holders	– Rs 1,850 per month
Sandwich course students (diploma holders)	– Rs 1,510 per month
Vocational certificate holders	– Rs 1,440 per month

The Stipend levels are reviewed by the Government on a bi-annual basis based on cost of living increase etc.

The above levels of stipend are very low and in many cases do not even cover the cost of transportation of the apprentices. Long duration of training at such low levels of compensation makes the program unattractive and also prohibitive for a large section of the candidates.

In practice, most of the large companies who take in apprentices, in addition to paying higher than the minimum levels of stipend, supplement the same with transportation and hostel facilities.

Problem 5 Ratios of Apprentice to Workers

Section 8 of the Act, covers aspects of how many ‘**Trade Apprentices**’ an employer can take in as part of the apprenticeship program. The numbers are based on:

- A pre-determined ratio of Workers to Apprentices sought to be trained, which is notified by the Central Government in discussion with the CAC; and
- Assessment of the training facilities of the employer by the Apprenticeship advisor while granting permissions.

Though the Act also specifically states that nothing in Act shall be deemed to prevent an employer in engaging a number higher than the pre-scribed ratios provided the training facilities are commensurate and approval has been received from the Apprenticeship advisor for the same.

The rationale for having these ratios is to ensure:

- That the employer does not hire apprentices and use them as ‘cheap labour’ and

-
- That the employer is able to provide sufficient supervision and training for the numbers taken in.

The Act does not prescribe Ratios for the Graduate, Technician, Technician (Vocational) Apprenticeship program which comes under the Ministry of HRD.

Problem 6 Period of training

The period of training for Trade Apprentices under the ATS and the CTS programs are determined by trade and codified in Schedule I to the Rules.

- 17 Trades have a training period of 6 months.
- 9 Trades have a training period of 1 year
- 5 Trades have a training period of 1.5 years
- 79 Trades have a training period of 2 year
- 68 Trades have a training period of 3 years
- 9 Trades have a training period of 4 years

In case of CTS, credit for the time spend in ITI's/ITC are given in the above period.

The period of training for all Graduate/Technician/Technician (Vocational) apprenticeship program is:

- 1 year.

Such long terms make the ATS scheme unviable for the employer and they naturally gravitate to the CTS program.

Candidates do not take up the ATS/CTS due to the long training periods. Low stipends do not help. Attrition rates amongst Apprentices are very high because of the training periods.

In so far as the employers are concerned, committing to such long durations, which are seen as long term commitments are best avoided.

Problem 7 Penal provisions

Section 30 of the Act provides for penalties. An employer who:

- contravenes the provision of an Apprenticeship contract or
 - fails to appoint the requisite number of apprentices as per the Act or
 - engages a person who is not qualified to be an apprentice
- is subject to a fine or imprisonment upto 6 months or both.

Further, if the employer or any other person fails to:

- submit returns
- refuses to furnish information
- obstructs the entry of a designated apprentice official
- employs an apprentice for work not related to his training or
- incentivizes the apprentice

is subject to a fine or imprisonment upto 6 months or both.

The apprenticeship program, if has to be a success, has to be done in a partnership model with the employer. It should be a balanced approach.

All of the above offences cannot be treated on the same footing with similar penalties.

Training of apprentices is an expensive proposition and during times of difficulty employers will scale down their commitment to training etc. Such a step is awarded with penal consequences as per the Act.

The mere presence of such penal provisions for lapses which are nominal prohibit the employer from venturing into the program.

Problem 8 Termination of Apprentices

Apprentices cannot be terminated during their Term of training except in certain exceptional circumstances.

The process of Termination requires the intimation of intention and receipt of permission from the Apprenticeship Advisor. This process sometimes is delayed inordinately.

Every business goes through business cycles. Expansion and contraction is inevitable. During difficult times, restructuring of business, and other exigencies, costs will have to be controlled.

The Apprenticeship program with tight termination rules and long duration of training commitment makes it very un-attractive to the private sector that is averse to making very long term commitments.

13. VIABILITY ISSUES

As can be seen from the various issues above, training apprentices as per the norms laid down in the Act is an expensive proposition particularly because of the requirement of in-house classroom training. This is what we refer to as the Viability gap.

Problem 9 Provision of basic training and shop floor training facilities by the employer

As per the Act, Trade Apprentices, who are doing ATS have to be given certain level of Basic training by the employer. As far as the CTS program is concerned, since the input of candidates is from the ITI's and ITC's it is assumed that they have learnt the basic skills of the Trade during their ITI/ITC course.

Section 9 makes it mandatory on the part of the employer to provide these Basic training facilities. This training cannot be outsourced, except in exceptional circumstances and that too only to Government ITI's.

Rule 9A in the Apprenticeship Rules, 1992 mandate the staffing pattern and qualification of the Staff required to run these Basic and practical training facilities as:

Basic Training center:

One Trade instructor for every 16 apprentices
One drawing instructor for every 150 apprentices
One instructor (workshop calculation and science) for every 150 apprentices
One social study instructor for every 400 apprentices

Shop floor training:

One trade instructor for every 40 apprentices
One drawing instructor for every 150 apprentices
One instructor (workshop calculation and science) for every 150 apprentices

The qualification of the Instructors is also codified in the Rule.

The above mandate of establishing Basic training facilities and infrastructure for training makes it un-attractive to employers to opt for the Trade Apprentice program. Further, it makes the ATS program undesirable in comparison CTS, as under the latter apprentices are not required be given basic training.

Training costs are prohibitive, and mandating the employer to establish training infrastructure to train apprentices have been seen as being counterproductive. Further it is difficult to maintain uniformity in Training standards across employers and the training is only as good as what the employer is willing to invest in the same.

Manufacturing processes have become very sophisticated today and the machinery that is being used is very advanced and expensive. To set up such additional machines for the purpose of training thus becomes impossible for the private sector.

As can be seen from the Rules, training facilities codified cover the manufacturing sector, with no relevance to the Services sector.

As Trades explode, the process of writing rules and curriculum covering the additions becomes a limiting factor.

As per the Act, there is **no** requirement on the employer to provide basic training to Graduate/Technician /Technician (Vocational) apprentices.

Problem 10 Total cost of training

The cost of training an apprentice under the ATS is prohibitive. Costs add up on account of:

- Provision of basic training
- Practical training
- Payment of stipend
- Long period of training
- No subsidy for stipend paid
- Regulatory hassles

As regards CTS program, they are on account of:

- Practical training
- Payment of stipend
- Overheads
- No subsidy for stipend paid
- Regulatory hassles

Since all the apprentices trained by an organization cannot be absorbed, a large part of the training cost goes unabsorbed. This makes the scheme very unattractive to the industry.

Employers prefer to hire and train people for own requirements, which is completely in dissonance to the Apprentice program, which from a cost perspective appears to be a Corporate Social Responsibility kind of program, whereas the Act with all the provisions make it mandatory on the employer to hire and train apprentices.

This mismatch between employer expectation and the Act makes it very unsavory to employers to hire apprentices.

Problem 11 Outdated curriculums

The training curriculum for most of the Trades in the case of ATS and CTS are outdated and are not synchronized with the needs of the Industry.

14. MARKETING ISSUES

This is one of the most critical of the issues faced by the Apprenticeship program, however, one of the easiest to address.

Problem 12 Lack of a central Matching and Information infrastructure

There exists no system by which a prospective apprentice can be matched to an employer who is willing and capable of taking in the candidate exists.

Restated, prospective apprentice and the employer are left to fend for themselves.

- Candidate has to identify employer an/or
- Employer has to source a candidate.

The Government makes it mandatory on the employer to identify the number of apprentices he can train and also makes it obligatory to fulfill these vacancies. However, there exists no institutionalized infrastructure to help the candidate or employer in process.

The outcome of an apprentice training program is skill development and finally employment generation. As far as the apprentice is concerned, post completion training he is completely left in the cold in so as far as placement is concerned. Those absorbed by the employer who trained him/her are the lucky ones.

There exists no central database on employers seeking apprentices, prospective candidates, apprentices undergoing training, training status, post training certification status, and status of employment post training. In the current system, the constituents are all working on an independent basis with no communication with the other.

The view of the entire program from the Government is based on records and returns which do not track the 'employment generated through the program'. The only real data that is available today is on:

- Vacancies identified
- Candidates trained.

Information on the people aspiring to be trained, status post training, matching are not available, either for analysis or for implementing changes.

Problem 13 Low levels of awareness of the Apprenticeship program

The Apprenticeship Program in its current version is relatively complex to comprehend by the key stakeholders or the addressable population for the program. Further, there is an issue of poor brand equity associated with the program. Issues faced by each of them of the stakeholders to the program are:

Prospective Candidates

The population covered is students at school, college, lower skilled people willing to be trained to become employable, candidates undergoing training etc.

- The program does not enjoy a good brand amongst prospective candidates. Perception is that the program is very long in duration, is manufacturing oriented, employers pay poor stipend during training etc;
- It is meant for those interested in learning a 'Trade'. Candidates are not aware of the existence of the program under MHRD;
- The training program is long and difficult to sustain;
- Post training employment opportunities are limited.

Employers

- Many of the employers are aware of the Program, but need more information, need to know the process of appointing apprentices, government support available etc;
- Perception amongst many employers is that the program is only applicable to the manufacturing sector;
- Administrative and regulatory compliances for the program are very cumbersome and can lead to unnecessary overheads and trouble with the Authorities;
- Very few employers are aware of the program and its advantages.

The Government

The program requires every State Government to be involved in it. A scheme which brings all the Government agencies, including the four Regional Boards responsible for the Graduate program on to a common platform is essential to share information and best practices amongst each other and other agencies such as the Employment exchanges etc.

SECTION D RECOMMENDATIONS

RECOMMENDATIONS

Administrative Issues

1. MOLE/MHRD Simplify workflow for Apprenticeship permission/ licensing for Employers
2. MOLE/ MHRD Simplify workflow for inclusion of new trades (model on MES process)
3. MOLE/ MHRD Simplify ongoing compliance (returns and records) and allow e-filing
4. MHRD Remove NOC requirement for out-of-region candidates

Regulatory Issues

5. MOLE/ MHRD Revise current levels of Stipend
6. MOLE Equate stipend reimbursement regime with MHRD
7. MOLE Allow capacity flexibility for ratio fixing from 1:7 but a maximum of 1:1
8. MHRD Make all eligible for graduate apprenticeship program
9. MOLE/ MHRD Reduce Minimum Course Duration to 3 months/ Converge MES
10. MOLE/MHRD Review Penal Jail Provision

Viability Issues

11. MOLE Allow the outsourcing of classroom training instead of the current in-house basic training requirement

Marketing Issues

12. MOLE/MHRD Set up Information and Matching Infrastructure for Employers; Website, Call Centre and reach out to industry associations/ schools/colleges
13. MOLE/ MHRD Introduce recognition program for employers with largest number of Apprentices
14. MOF Allow for 150% income tax deduction of apprentices stipend paid by Employers
15. MOLE Revamp Outdated Curriculum; Converge with MES
16. MOLE/MHRD Create a budget for branding the Apprenticeship Scheme

15. ADMINISTRATIVE ISSUES

Recommendation 1 – MOLE/MHRD

Simplify workflow for engagement of apprentices by employer

An employer in the Private Sector, who has Pan India operations and who seeks to appoint apprentices on national basis, now has to seek approval from each of the State Apprenticeship advisor on a State by State basis. This is not only onerous, but also leads issues of compliance forms to be fulfilled on a State by State basis.

The Graduate/Technician/Technician (Vocational) apprenticeship program is managed by 4 Regional Boards working directly under the Ministry of Human Resource Development. All employers (whether Private Sector or Public sector) willing to take Graduate Apprentices thus needs to only approach the four regional offices.

As per Section 2 of the Act, implementation of the Act with regard to any establishment in the Railways, Major port, mine or Oilfield is under the Central Government. Thus an employer in the Private Sector in the above categories can approach the Central Government for a consolidated approval. It is important to resolve the issue of multiple applications and permissions/compliance that an employer in the Private Sector with Pan India operations. As this will encourage large players to opt for the Trade Apprentice program.

Recommendation:

- More industries such as Telecom, Insurance, Banking and Finance, Information Technology, Civil Aviation, Retail trade etc be covered under Section 2(d)(1)(b) to come under the purview of the Central Government or;
- Establish a single window at the DGET and Ministry of HRD for the clearance of applications seeking appointment of Apprentices on a Pan India basis, i.e. where it's sought to appoint apprentices in more than 4 States in the Country.

Recommendation 2 – MOLE/MHRD

Simplify workflow for inclusion of new trades

As of date, 188 Trades are covered under 'Trade Apprentices' program. Similarly, 114 Trades are covered for the Graduate/Technician and 102 for Technician (Vocational) programs respectively.

These Trades covered in the 'Trade Apprentices' program do not represent many skills required in the Manufacturing sector and misses out the Services sector almost completely. Only a very few trades are covered from the Services Sector. The process of inclusion of a Trade(s) is long wound and takes a long time.

The list of Trades for the Trade Apprentices program has to be increased manifold and has to be done with urgency. A committee has to be established immediately, under the Ministry of Labour and Employment, with a pre-defined time limit, to recommend the addition of Trades to the existing list of 188.

CURRENT WORKFLOW– MHRD AND MOLE

1. Receipt of request from Industry/State etc
2. Course curriculum prepared by Trade experts (only for Trade Apprenticeship Program under MOLE)
3. Curriculum sent to CAC and NCVT for approval (only for Trade Apprenticeship Program under MOLE)
4. Post approval goes through DGET/Secretary and then to the Minister for approval
5. Ministry of Law clears the notification
6. MOLE/MHRD then issues it in the gazette.

From past experience we understand that the above process can take between 60 days to much longer.

In a situation where the need is to explode the number of apprentices, it's an imperative that such processes are simplified.

Recommendation

The process of adding a Trade should be time bound and requests made in this regard by the Industry should be disposed within time limit of a maximum of 30 days from the date of the request. We could also examine using the workflow evolved for the inclusion of the new trades under the MES program of the Ministry of Labour and Employment.

Recommendation 3 – MOLE/MHRD

Simplify ongoing compliance (returns and records) and allow e-filing

The multiple records and returns that needs to be maintained under the Act and the Rules is very huge disincentive for the employers seeking to participate in the program.

Recommendation:

Records and returns that need to maintained under the Act and Rules needs simplification and harmonization with existing records maintained by the employer.

Forms	Recommendation
Contract form (format 1)	No change suggested
Work dairy (format 2)	Should be allowed to be maintained in Electronic format
Register of attendance and absence	Should be the same as that maintained by the employer for his regular employees
Application letters for ATS to appear in trade test (format 3)	No change suggested
Forwarding letter to Apprenticeship advisor (format 3A)	No change suggested
Eligibility certificate to appear in a Trade test (format 4)	This form should be deleted.
Half yearly return (form apprenticeship 1)	This form should be accepted in electronic format, and should be accepted online
Contract Form - Apprenticeship 2 (Graduate Program).	No change suggested
Half Yearly return - Form Apprenticeship 3 (Graduate Program)	This form should be accepted in electronic format, and should be accepted online

All the records should be capable of being filed on-line. It should be noted that in case of employers having Pan India operations, these returns are required to be filed for each State and/or with each of the 4 Regional Board offices, separately, as the case may be.

The recommendation of centralized permission and filing of returns should be implemented for these employers.

Recommendation 4 – MOLE/MHRD

Remove NOC requirement for out-of-region candidates

If a candidate desires to enroll for the Graduate/Technician/Technician (Vocational) apprenticeship program, after a period of 1 year from the date of graduation, in a region other than his home region, the Regional Boards require the candidates to produce a No-objection-certificate from his/her home region.

The objective of this NOC is to identify students who are trying use facilities or block seats by doing the course a second time.

Similarly, some State Governments while implementing the utilization of vacancies identified in the State are considered, require the employer to employ candidates from the State and not from outside the State.

Given the uneven pace, depth and breadth of economic development across states, we find that this NOC and conditions of State domicile hinder labour migration. Equality of opportunity is critical for employment generation and skill development.

Recommendation:

We recommend that the four Regional Boards and the State Government discontinue the need for an NOC.

Similarly, clarifications should be issued by Central Government, such that the State Governments do not insist that apprenticeship vacancies identified in the State be necessarily filled in by candidates domiciled in the State.

16. REGULATORY ISSUES

Recommendation 5; MOLE/MHRD

Revise Current Levels of Stipend

The minimum levels of Stipend payable by the employers to the Apprentices are governed by the Act and are contained in the Rules. These rates are unrealistic and very low.

Recommendation:

The Stipend levels need to be increased with utmost urgency. The recommendation in this regard is that the Stipend levels must be doubled with immediate effect. Further, the stipend rates have to be reviewed on a Bi-annual basis.

Apprentice Program	Current Stipend Per Month	Recommended Stipend
Trade Apprentices		
During 1 st Year	Rs 1,090	Rs 2,180
During 2 nd Year	Rs 1,240	Rs 2,480
During 3 rd Year	Rs 1,440	Rs 2,880
During 4th Year	Rs 1,620	Rs 3,240
Graduate/Technician/Technician (Vocational)		
Engineering graduates	Rs 2,600	Rs 5,200
Sandwich course students – Engineering	Rs 1,850	Rs 3,700
Diploma holders	Rs 1,850	Rs 3,700
Sandwich course students - Diploma	Rs 1,510	Rs 3,020
Vocational certificate holders	Rs 1,440	Rs 2,880

Recommendation 6: MOLE

Equate stipend reimbursement regime with MHRD

Further, the Government reimburses to the employers 50% of the Stipend paid by them to the Graduate/Technician/ Technician (Vocational) apprentices.

The benefit of reimbursement is not afforded to the Trade Apprenticeship Program. This is a major incongruence between the two programs, and it's recommended that this be removed and the Government, reimburse 50% of the minimum statutory Stipend paid for Trade Apprentices as well.

Further, it is recommended that a softer application of the regulatory regime be applied to employers who pay higher than the recommended stipend. Many of the safeguards built into the Act are to ensure that employers do not use apprentices as a means of 'Cheap Labour'.

Thus, those who pay higher than the recommended minimum thus need to be treated differently from those who are not.

Recommendation 7; MOLE

Allow apprenticeship capacity flexibility for ratio fixing subject to a maximum of 1:1

Section 8 of the Act, covers aspects of how many 'Trade Apprentices' an employer can take in as part of the apprenticeship program. The numbers are based on a pre-determined ratio of Workers to Apprentices sought to be trained and based on the assessment of the training facilities of the employer.

Though the Act also specifically states that nothing in Act shall be deemed to prevent an employer in engaging a number higher than the pre-scribed ratios provided the training facilities are commensurate and approval has been received from the Apprenticeship advisor for the same.

Recommendation

Once the recommendation of integrating the training under the MES program and the Apprenticeship program are synchronized, basic training is no longer expected to be done by the employer. Thus evaluation of basic training facilities and granting vacancies based on the same will become irrelevant. What would be reviewed is whether the employer can give 'On the Job' training to the Apprentice.

The aspect of Ratios was based on availability of the basic training facilities available with the employer and practical training the employer could deliver. With these variables removed from the equation, the number of Apprentices that an employer can take becomes higher. Further, with the increase in Stipend rates (as suggested), the argument of using apprentices as cheap labour also disappears.

It is thus recommended that the Government issue clarifications to the various authorities under the Act to ensure that the ratios of Apprentices to Workers as written in the Act be taken only as a guideline and that those employers who seek more vacancies be given the same, provided that the maximum be limited to a Ratio of 1: 1, that is 1 apprentice to 1 worker.

Employers are the best people to determine the ratio of apprentice to workers as they will work to achieving the right balance such that output does not get affected.

Recommendation 8: MHRD

Make all graduates eligible for graduate apprenticeship program

The Ministry of HRD Graduate apprenticeship program was conceived for engineers and targeted their technical skills.

The labour market has changed quite substantially a number of skilled jobs can be done with graduates that undergo some short periods of apprenticeship training. Currently commerce, art or science graduates are excluded for this problem and this could be one of the reasons why official unemployment numbers are higher for the educated than the uneducated. Many graduates need employability skills and the apprenticeship scheme could be a powerful vehicle to attack youth unemployability.

Recommendation

Expand the graduate apprenticeship program of the Ministry of HRD to include all youth with a graduate degree.

Recommendation 9: MOLE/MHRD

Reduce Minimum course duration to 3 months/ Converge with MES

The period of training for Trade Apprentices under the ATS and the CTS programs are very long and extend upto a maximum of 4 years in many cases. As regards the Graduate program it is a standard 1 year. Long terms make it unattractive for the candidate and the employers.

One of the key recommendations made earlier is that the basic training and other classroom training contemplated under the ATS, CTS and Graduate program are completely to be synchronized with the MES program; period of practical 'On the Job' training can be substantially reduced. In those trades which have a longer term, and which is expected to take time to learn, the program should be split into basic, medium and advanced levels and each level should have a period of not more than 3 months to 1 year.

The above kind of splitting is what is contemplated in the MES program; the example cited later in this report for the Turner Trade explains this as well. The split of a longer term program will ensure that the Candidate and the employer can decide on the competency levels to achieve.

For example, the period of training to become a Turner under the ATS program is 3 years. This program in ATS/CTS should be dovetailed with the Turner program in MES (we have identified the multiple modular courses for Turner in a later section of this report).

If the candidate opts to become a 'medium grade turner' he can do the Level 1 of the MES courses available for the Turner program and get certified on it, and then do a practical session of 6 months in the Industry. This period of practical training would be an 'On the Job Training', which exposes him to the work environment and atmosphere of a commercial organization. This kind of a blended program will not only be light on the candidate and the employer in terms of cost etc, it will also help in reduction of the training period substantially.

Dovetailing Trade apprentice training with MES will help in splitting the entire program into:

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- Classroom training modules which can done with a service provider;
 - Ability to break down the Trade into Levels/Modules etc which gives flexibility to the candidate to chose the levels of competency to be achieved;
 - Substantially reduce the duration of practical training or On the Job Training with an employer.

In so far as the Graduate, Graduate Technician and Technician (Vocational) program is concerned, it is clearly felt by employers that the mandatory period should be a minimum of 3 months and the maximum of upto 1 year based on review of his/her progress.

Almost all corporate who take interns, and trainees (outside of the apprentice umbrella) complete the training for the Graduates within a period of 3 to 6 months. This is the basis for our recommendation.

Recommendation

The training periods for the ATS/CTS should be reasonable. The period of apprentice training for all Trades should be between a minimum of 3 months and not exceed a maximum of 1 year.

The training period for the Graduate, Graduate Technician and Technician (Vocational) should be for a minimum of 3 months with an option to extend it upto 1 year based on review of his/her progress.

Recommendation 10: MOLE/MHRD

Review penal provision of imprisonment

Stiff penal provisions such as imprisonment and penalty for seemingly minor violations keep employers away from the program. These provisions are applied more to employers who accept seats and create capacity and are not able to fill it than those who do not accept capacity. More often that not they are applied to errors of commission rather than sins of Omission.

In the overall interest of making the apprenticeship program more attractive to employers and create a pull (rather than the current push which has not delivered the results required to solve the skill crisis), we recommend a review of the penal provisions particularly those related to imprisonment

Recommendation

Penal provisions, especially those relating to:

- failure to engage the requisite number of apprentices ;
- maintenance of records and returns;
- qualification of apprentices;

Should be diluted. The provisions of imprisonment for sure should be removed from the Act. The penal provisions could also be differential for cases where the employers pay higher than the recommended stipend.

17. VIABILITY ISSUES

Recommendation 11 – MOLE

Allow the outsourcing of classroom training instead of requiring in house basic training facility

As per the Act, Trade Apprentices, who are doing ATS have to be given certain level of Basic training by the employer. Section 9 makes it mandatory on the part of the employer to provide these facilities. This training cannot be outsourced, except in exceptional circumstances and that too only to Government ITI's. Rule 9A in the Apprenticeship Rules, 1992 mandate the staffing pattern and qualification of the Staff required to run these training facilities.

The Government under the Ministry of Labour and Employment has set up the Modular Employment Skills program ('MES') under the Skill Development Initiative of the Government of India. Trainers and Candidates are provided incentives in terms of

- Refund of a part of the training fee' and
- Refund of a part of the training costs.

The MES program also has a testing and certification plan included as part of the program. Substantial investments are being made by the Government and the Private sector on development of the Curriculum, infrastructure and process leading to an MES certification.

The basic training requirement for a Trade apprentice should be dovetailed with the MES program and the programs from a training perspective should be harmonized. A one to one link between the Trades in the Apprentices program and the modules in the MES program should be published, making it easier on the candidate and the employer.

An example would be, in the case of a candidate wishing to be Turner, he could take the course of Turner as contained in the MES program. Currently, MES has the following approved courses:

Course Code	Sector/Course	Minimum Education Qualification	Duration of Training in Hours
MAN101	Turning	8 th	210
MAN202	Advance Turning	8 th	240
MAN103	Milling	8 th	210
MAN204	Advance Milling	8 th	240
MAN105	Surface Grinding	8 th	210
MAN206	Cylindrical Grinding	8 th	210
MAN307	CNC Turning	.10 th	240
MAN308	CNC Milling	10 th	240

Post completion of the MES course and certification under the MES program; he could join an employer for practical training as an Apprentice. The practical training would be in the nature of 'On the Job Training' at the facilities of the employer.

Thus, the burden of 'class room training' should be removed from the employer. Outsourcing basic training to a Pan India certified training service providers who are capable of handling

training on a pan India basis will not only ensure consistency in delivery standards but also take out the variability of 'output quality' based on the employer, as it is in the case of employer giving the basic training.

Other advantages of this model are:

- Since the training would be available through service providers, the candidate can do the same at his hometown or place of origin rather than have to be away as in the case of the current model where he has to be at the employer premises which bring in critical issues of 'accommodation and transportation';.
- Basic training can be done by the candidate in modules
- The apprentice training can be split into modules to suit the MES structure. For example, the Turner trade in ATS is for a period of 3 years. This includes basic and practical training. Now, as can be seen from the above table, the Basic training is completely outsourced to a Service provider. If the candidate wants to attain medium proficiency on Turner trade, he can do the Level 1 courses from the list above and then do an 'On the job' practical training with an employer.

The recommendation to allow outsourcing of basic training for all apprentices will put ATS and CTS on an equal footing. Further, this will motivate the employer to take on ATS candidates, failing which they will always prefer CTS candidates.

Recommendation MOLE

Employers should be permitted to outsource basic training for all apprentices.

18. MARKETING ISSUES

Recommendation 12; MOLE/ MHRD

Set up information and matching infrastructure for Employers and Candidates

There exists no institutionalized infrastructure which matches a

- Apprentice candidate to an employer;
- An employer to a candidate;
- A trained apprentice to a job.

Recommendation

For the Apprenticeship program to be a success, an integrated eco-system covering the above aspects including matching the Candidate to the right training service provider (assuming that the basic training for apprentices will be outsourced) exists today. The advantages of a system or a platform which brings in all the constituents including the Government who is keen to see the program to be success, needs no detailing or explanation.

The immediate need is to build a platform which brings together:

- Candidates seeking training,
- Employers looking for apprentices,
- Training service providers seeking to train apprentices
- Employers looking for apprentices who have been trained

This is a standard feature in the most of the other countries where the Apprenticeship mode is being used very successfully.

Recommendation 13; MOLE/MHRD
Introduce recognition programs for employers

Today complying with the Apprenticeship regime is considered a burden by employers that has to be fulfilled or deferred. The “mandatory or stick” approach is available on books but has not delivered the required results.

If the other recommendations of this committee are implemented, we believe that employers will come forward as “volunteers” for a highly expanded and flexible apprenticeship regime to not only create a human capital pipeline for themselves but also fulfill their corporate social responsibilities.

Recommendation

The Ministry of Labour and Employment and Ministry of HRD should institute annual rewards and recognition for employers who have contributed the most to the Apprenticeship scheme in the country. This could be based on absolute numbers or geographic coverage.

Recommendation 14: MOF
Allow for 150% income tax deduction of Apprentices stipend paid by employers

Currently only the Ministry of HRD reimburses 50% of the stipend paid by employers and this committee has recommended that this provision also be adopted by the Ministry of Labour and Employment.

But we believe that the attractiveness of the scheme could be substantially enhanced if the other recommendations are combined with an amplified Income Tax deduction provision that could be made to employers for hiring apprentices and paying stipends. This would not only increase the number of apprentices that employers would be willing to take but also allow some employers to pay higher levels of stipends.

Recommendation

Allow employers to take a 150% deduction for all apprentices hired under the Apprentice Act, 1961 for all stipends paid to apprenticeships less any reimbursement claimed from any state or central government.

Recommendation 15: MOLE

Revamp outdated curriculum; Converge with MES

The training curriculum for most of the Trades in the case of ATS and CTS are outdated and are not synchronized with the needs of the Industry.

Recommendation:

A time bound review of the entire course curriculum in existence must be done. Dovetailing the apprentice training scheme with the MES program will make sure that changes made in the latter will keep the curriculum for Apprentice training program up to date.

SECTION E ANNEXURES

Annexure - 1

No. Q-19019/2/08-LEM/LP
Government of India
Planning Commission

Yojana Bhawan, New Delhi
Dated the 20th November 2008

OFFICE ORDER

Subject: - **Constitution of Sub-Committee on remodelling of apprenticeship training as another mode for on the job training.**

In pursuance of the decision taken in first meeting of the National Skill Development Coordination Board, held on 10th September, 2008, it has been decided to constitute a sub-committee for examining issues relating to remodelling of apprenticeship training as another mode for on the job training. The sub-committee shall comprise of the following:-

1. ✓	Shri Manish Sabharwal, TeamLease Services (P) Ltd., Bangalore	Chairman
2. ✓	Shri Desraj, DDG, DGET, Ministry of Labour & Employment, Govt. of India, New Delhi.	Member Secretary
3.	Shri J.D, Butange, Director of Vocational Education and Training, Govt. of Maharashtra, Mumbai.	Member
4.	Pr. Secretary (Labour), Govt. of Orissa, Bhubaneswar.	Member
5.	Dr. C.T. Mahajan, Additional Apprenticeship Adviser, Ministry of Human Resource Development, Department of Higher Education, Govt. of India, New Delhi.	Member
6.	Ms. Manju, Dy. Director (Establishment & Manpower Planning), Ministry of Railways, Rail Bhawan, New Delhi.	Member
7.	Executive Director (HRD) or his Representative, Maruti Udyog Limited, New Delhi.	Member
8.	Vice President or his Representative, BOSCH Mico Pvt. Ltd. Bangalore.	Member
9.	Secretary or his Representative, Gujarat PHD Chambers of Commerce, Ahemdabad.	Member
10.	Secretary General or his Representative, ASSOCHAM, New Delhi.	Member

The Chairman of the sub-committee may co-opt any other expert in the field to facilitate deliberations of the sub-committee.

2. Terms of Reference for the sub-committee will be the following.
 - i. Identify issues why employers, especially in the private sector, are averse to taking apprentices.
 - ii. Examine the adaptability of the German Dual Training System to Indian Conditions, and if so, suggest modalities.
 - iii. Identify issues why the State Governments do not accord the necessary sanctions for taking apprentices.
 - iv. Identify reasons why candidates for apprenticeship are not enthusiastic towards the system.

- v. Identify other issues that have made the system unpopular.
- vi. Suggest ways and means and other safeguards for overcoming the aforesaid problems.
- vii. Suggest amendments to the Apprenticeship law.
3. The admissibility of TA/DA in respect of members representing Central or State Government Ministries/Departments for attending the meetings of the sub-committee shall be governed by the respective service rules applicable in their case and borne by the concerned Ministry/Department to which they belong.
4. The admissibility of TA/DA in respect of non-government members of the sub-committee shall be governed by the provisions of SR 190 (a), as per the entitlement of Grade I officers of the Government. The Expenditure on this account shall be debited to the budget grant of the Planning Commission for 2008-09 under “**MH2203-00.800-18-18.00.11-Domestic Travel Expenses**”.
5. Secretarial assistance to the Coordination Board shall be provided by the Directorate General of Labour & Employment, Ministry of Labour & Employment, Govt. of India, Sharam Shakti Bhawan, New Delhi.
6. Sub-committee shall submit its report to the Govt. within three months from the date of issue of this order.


(S. Mukherjee)

Deputy Secretary to the Govt. of India

To

- i. Chairman & Members of the sub-committee.
- ii. Chief Secretary, Govt. of Orissa, Bhubneswar.
- iii. Secretary, Ministry of Labour & Employment, Govt. of India.
- iv. Secretary, Ministry of HRD, (Department of Higher Education), Govt. of India.
- v. Chairman, Railway Board, Rail Bhawan, New Delhi.
- vi. Chief Secretary, Govt. of Maharashtra, Mumbai.
- vii. AS & FA, Planning Commission.
- viii. DG, DGET, Ministry of Labour & Employment, Govt. of India, Sharam Shakti Bhawan, New Delhi.
- ix. Executive Director (HRD), Maruti Udyog Limited, 11th Floor, 25, Jeevan Prakash, Kasturba Gandhi Marg, New Delhi.
- x. Secretary General, ASSOCHAM, 1 Community Centre, Zamurdpur, Kailash Colony, New Delhi-110048 (Fax no. 011-46536481-82).
- xi. Secretary, Gujarat Chamber of Commerce & Industry, Shri Ambica Mills, Gujarat Chamber Bldg, Ashram Road, Post Box No.4045, Ahmedabad, (Fax no:- 079-26587992).
- xii. Vice President, BOSCH Mico Pvt. Limited, Houser Road, Bangalore-30

Copy to:-

- i. PS to Deputy Chairman, Planning Commission
- ii. PS to Member (LEM), Planning Commission
- iii. PPS to Secretary, Planning Commission
- iv. PS to Pr. Adviser (LEM)

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Authorities under the Apprentice Act

The number of authorities under the Act is contained in Section 23 to the Act. They are:

The National Council

The Central Apprenticeship Council (formed by the Central Government)

The State Council (formed by the respective State Governments)

The State Apprenticeship Council

The All India Council

The Regional Boards

The Boards or State Council of Technical Education

The Central Apprenticeship Adviser (will be the Secretary to the Central Apprenticeship council)

The State Apprenticeship Adviser (will be the Secretary to the State Apprenticeship council)

Annexure – 3

Minutes of the Meetings of the Sub Committee.

Meeting held on **January 5, 2009**

Venue The Park Hotel, Parliament Street, New Delhi

Members Present

- Mr. Manish Sabharwal – Chairman
- Mr. Desraj - DDG, DGET, Ministry of Labour and Employment, GOI, New Delhi
- Mr. Jagar Singh - Department of Labour and Employment - Commissioner Cum Secretary, Govt of Orissa
- Ms Manju - Deputy Director (Manpower Planning), Ministry of Railways, New Delhi
- Mr. Aswathappa CM – Head - Bosch Vocational center, Bosch Ltd, Adegodi, Bangalore 30
- Mr. CS Raju, GM HR, Maruti Suzuki India Ltd, (representing Mr. SY Siddiqui, Executive Director (HRD) Maruti Suzuki India Ltd

Leave of absence granted to

- Mr. JD Butange, Director of Vocational Education and Training, GOM, Mumbai
- Dr CT Mahajan, Additional Apprenticeship Adviser, Ministry of HRD, Dept of Higher Education, GOI, New Delhi
- Mr. Durgesh Buch, Secretary, Gujarat Chamber of Commerce and Industry, Ahmedabad
- Mr. DS Rawat - Secretary General, Assocham, New Delhi

The meeting started at 10.30 AM, with a brief introduction of members. The Chairman gave a brief explanation of the purpose of the meeting.

A brief presentation was made highlight the terms of reference of the Sub-committee and also issues that could be discussed, amongst others, at the sub-committee.

The points that were brought out by the committee members were as below:

Mr. Manish Sabharwal:

- The Apprentice Act was meant for a different time and space.
- Need to make the framework to ensure that it works. The apprentice regime has to be realistic.
- Dishonest employers should not be an argument against employers.
- The training has to be more relevant
- Manish suggested that the selective inclusion of Trades in Trade Apprentices and for the Graduate/Technician Apprentices should be looked into and a system of exclusion by way of negative list could be followed.

Mr. Desraj

- Gave an update on the current status of Apprenticeship training scheme implemented under the Apprentices Act, 1961 in the country.
- 2.72 lac seats have been located in 23900 establishments i.e. Central, State PSUs and Private of trade apprentices in 188 designated trades and 1.94 lac seats have been utilized
- Central Government establishments/ Public Sector Undertakings have utilized 89% of seats located and State PSUs and private sector have utilized 69% of the seats located.
- Private Sector has shown lower utilization and it has almost stagnated for a long period of time
- The Act has many changes from the initial draft of 1961
There is a need to establish a databank/web-based portal of trained apprentices and employers for effective implementation of the scheme as well as for placement of the trade apprentices.
- Stipends are too low. Stipends are revised on the basis of Consumer Price Index. There is need to increase the stipend.
- 93% of the workforce is from the unorganized sector and the jobs are emanating from the sector. As such more attention is to be paid on implementation of the Apprenticeship Training scheme in this sector for wider coverage of establishment.
- Sub Committee of CAC under the Chairmanship of DG/JS has been constituted for introduction of new trades and furtherance of the Apprentices Act, 1961.
- Briefed about the new initiatives of the government i.e. VTIPs by establishing Centre of Excellence, Skill Development Initiative Scheme on Modular Employable Skills, Up gradation of 1396 ITI s through Public Private Partnership Mode.

Mr. Aswathappa

- Made an observations that Bcom, BA, BSc and other such graduate degrees not covered in the 'Graduate Apprentice' list
- States should emulate those which are doing well in the program such as Gujarat, Karnataka, and Tamilnadu etc.

Mr. Raju

- Employability of the Apprentice dependant on the 'Employer he apprentices' with. No uniform standard of training is followed.
- Many companies are forced to take apprentices and such companies do not do any training for these apprentices
- Once training is completed the details of the Apprentices is lost. They are not centrally tracked.
- No concerted effort to match the skills of trained apprentices to job openings on a national basis. The outcome for apprentice training has to be a job.

Mr. Jagar Singh

- Do not see a match between the skills required and the apprentices who are trained
- Awareness, exposure to the program at the State level seems to be very poor
- Employment exchanges should be used to popularize the scheme. More advertisement is required.
- Trained Apprentice data should be shared with employment exchanges who should try to place them.
- Do not see why a candidate should have any aversion to being an apprentice, especially when he is being given a stipend plus training.

Mr. Manish Sabharwal

- Wanted to know what could be done from the Central level to help the States?
- Would the creation of a National Apprentice Authority be a good idea? Do we need a unified delivery mechanism?
- Do we create a National Apprentice Centers to co-ordinate the entire Apprentice life cycle process or do we upgrade the employment exchanges to this job?

Mr. Aswathappa

- Suggested that the State Apprenticeship councils should share the data of Trained Apprentices with the State Employment agencies.

Mr. Desraj

- State Governments focus more on the ITI s /ITC s under the Craftsmen Training Schemes; than Apprenticeships Training Scheme. The Principals/officials of ITI s have been assigned as additional responsibility to look after the scheme which is resulting into low seats location /utilization and less coverage of establishments. As such there is need to provide separate staff for qualitative and quantitative implementation of the Apprenticeship Training Scheme in the States/UTs.
- Industries prefer National Trade Certificate Holders for engaging them as apprentices than engaging fresher's which is another mode of engaging apprentices under the Act due to lack of basic training facilities available with the industries resulting into low location/utilization of seats. There is need to establish Basic Training Centers or to provide basic training facilities in ITI s/ITCs, under the State Government.
- Private sector engages contract labour, which does not get counted at present for seat location. Amendment is being made to include contract workers while fixing the seat location quotas in the industry.
- It is mandatory for the establishments' having 500 or more workers to set up BTC.
- Employer employs less than two hundred and fifty workers, the recurring costs (including the cost of stipends) incurred by an employer in connection with basic training, imparted to trade apprentices, equally shares by the employer and the Government up to such limit as may be laid down by the Central Government and beyond that limit, by the employer alone.
- Under the Apprentices Act, 1961, it is not obligatory on the part of employer to offer employment nor is it obligatory on the part of apprentices to accept an employment under the employer. Due to this, less number of jobs available for the trained apprentices. There is need of creation of more employment opportunities.

Ms Manju

- Agreed to the fact that the Railways do not have a shortage of basic training facilities.
- She also referred to the 'subtle pressures' to absorb apprentices as a road block.

Mr. Manish Sabharwal

- Asked if someone was to give the 'Basic Training' would employers like railways, the Private sector be willing to take on Apprentices. (The answer to which was a 'Yes').
- Suggested that funds spend on Basic training would be better utilization of the same rather than provide subsidies for jobs
- Does the prescription of ratios make sense?
- Over regulation or the using the stick does not work. The stick should be reserved for abuses.

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- A dispensation could be included to suggest that employers who give Minimum wages are exempt from ratios and mandated trade list when it came to hiring apprentices.
 - Balance should be struck between the centralization and decentralization.
 - More needs to be done to attract apprentices:
 - o Pay higher stipends
 - Employers should be motivated to hire apprentices:
 - o Ratios to be lightened
 - States should be co-opted into the system
 - Wanted to know why the Apprentice regime had been portioned between MHRD and MOLE
 - Wanted to know why only Graduate /Technician/Vocational apprentices had a 50% employer subsidy on the stipends paid, whereas this was not applicable to Trade Apprentices.
 - A comparison of Apprentices under the MOLE and MHRD was done, which was below:

Graduate/Technician/Vocational Apprentices under MHRD	Trade Apprentices under MOLE
- Ratios not applicable	- Ratios prescribed
- Stipend is subsidized to the extent of 50%	- No subsidy
- Period of training is 1 year	- Period from 6 months to 4 years

The meeting concluded with thought that the Apprentice Program would be driven by the fact that getting a candidate into a workplace is critical for further employment.

With the above, the meeting was concluded.

Meeting held on January 19, 2009

Venue Conference call

Members Present - Mr Manish Sabharwal – Chairman
 - Mr Desraj - DDG, DGET, Ministry of Labour and Employment, GOI, New Delhi
 - Dr CT Mahajan, Additional Apprenticeship Adviser, Ministry of HRD, Dept of Higher Education, GOI, New Delhi

Leave of absence granted to - Mr Jagar Singh - Department of Labour and Employment - Commissioner Cum Secretary, Govt of Orissa
 - Ms Manju - Deputy Director (Manpower Planning), Ministry of Railways, New Delhi
 - Mr Aswathappa CM - Senior Manager, Heading Bosch Vocational center, Mico Hosur Road, Adugodi, Bangalore 30
 - Mr SY Siddiqui, Executive Director (HRD) Maruti Suzuki India Ltd
 - Mr JD Butange, Director of Vocational Education and Training, GOM,

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- Mumbai
- Mr Durgesh Buch, Secretary, Gujarat Chamber of Commerce and Industry, Ahmedabad
 - Mr DS Rawat - Secretary General, Assocham, New Delhi

The meeting started at 2.30 PM, with a quick review of the minutes of the previous meeting held on January 5, 2009.

The points that were made by the committee members were as below:

Mr CT Mahajan

- Gave a brief of the Graduate, Technician and Technician (Vocational) Apprentice program and how the 4 regional offices at Kolkata, Kanpur, Mumbai and Chennai managed the process.
- Employers are expected to release advertisements and source Apprentices for the Graduate Program and once appointed, employer has to submit details to the regional offices. **The** Employers also visit the technical institutions for selecting the apprentices through campus drive, participating centralized walk-in interviews organized by the BOATs / BOPT.
- Appointing apprentices is a statutory obligation on the part of the employers.
- No ratios are prescribed by Act in so far as it relates to Graduate Apprentices.
- However, the officers from the regional offices visit the establishment and based on training facilities available etc grant permission to hire a specified number of apprentices.
- The Central Government refunds / reimburses 50% of the Stipend paid by the employers to the Graduate/Technician/Technician (Vocational) Apprentices quarterly basis on receipt of claims from the employers. This is limited to 50% of the Statutory Minimum Stipend payable as per the Rules.
- Believes that lack of awareness amongst employers of the scheme, and also the low stipend rates are the main reason why employers and candidates do not come in for the program. In some cases particularly diploma candidates getting direct job through the campus selection.
- With only 4 regional offices, coverage of all States and the territories is very difficult, which leads to lower vacancies being identified.
- Said that Graduate and Technician Apprentices covered 103 Trade Families and Vocational covered 96 Trade Families.
- The process of adding Trade Families to the program were similar to that for Trade Apprentices.
- 24,000 vacancies have been identified for Graduate, 43,000 for Technician and 28,000 for Vocational Apprentices, i.e. a total of 95,000 and that the utilization was at 58,000 seats.
- Clarified that BA, BCom, BSc were not covered by the Graduate Apprentice program and this was because his ministry focused on the engineering and diploma degrees.
- On the question as to why two ministries were involved in the implementation of the Act, said that since the Graduate program was focused on engineering and diploma degrees which needed AICTE recognition, and since AICTE was under MHRD, that part of Apprentice program which covered them was also under the MHRD.
- Felt that the program needs more marketing and awareness creation amongst States/Employers and Candidates to be successful.
- Also mentioned that the Graduate/Technician apprentices are given opportunities for job rotation during their tenure of apprenticeship.
- Budget allocation under Plan for stipend to be paid for the Graduate/ Technician/ Vocational apprentices for 11th Five Year Plan is Rs 215 crore, and what has been used was Rs 32.05

crore (Rs. 18.75 crore under Plan and Rs.13.30 crore under Non-Plan) for the year 2007 – 08 and Rs. 45 crore (Rs. 34.50 crore under Plan and Rs. 10.50 crore under Non-Plan) has been used so far for the year 2008 – 09.

Mr Desraj

- Stated that the tracking of apprentices during and post training on a central basis was missing.
- A central database of employers, trained candidates was sorely missing.
- With 93% of the employment being in the unorganized sector, was of the opinion that this group should be targeted and penetrated for the apprentice program.
- Employers have to pay more than the minimum mandated stipend levels, as the levels set in law were very low.
- Further the government machineries were manpower constrained to ensure higher coverage.

Mr Manish Sabharwal

- Clarified with Mr Mahajan on the aspect of why Bcom, BA, BSc and other such graduate degrees were not covered in the 'Graduate Apprentice' list.
- Wanted to know what support the Centre should give the states to make the program a success.

With the above, the meeting was concluded.

Meeting held on	January 22, 2009
Venue	Meeting Room, Hotel Marine Plaza, Mumbai
Members Present	<ul style="list-style-type: none">- Mr. Manish Sabharwal – Chairman- Mr. Desraj - DDG, DGET, Ministry of Labour and Employment, GOI, New Delhi- Ms Manju - Deputy Director (Manpower Planning), Ministry of Railways, New Delhi- Mr. Aswathappa CM – Head - Bosch Vocational center, Bosch Ltd, Adegodi, Bangalore 30
Leave of absence granted to	<ul style="list-style-type: none">- Dr CT Mahajan, Additional Apprenticeship Adviser, Ministry of HRD, Dept of Higher Education, GOI, New Delhi- Mr. Jagar Singh - Department of Labour and Employment - Commissioner Cum Secretary, Govt of Orissa- Mr. SY Siddiqui, Executive Director (HRD) Maruti Suzuki India Ltd- Mr. JD Butange, Director of Vocational Education and Training, GOM, Mumbai- Mr. Durgesh Buch, Secretary, Gujarat Chamber of Commerce and Industry, Ahmedabad- Mr. DS Rawat - Secretary General, Assocham, New Delhi
Invitees	<ul style="list-style-type: none">- Mr. DK Pawagi, Joint Director, RDAT, Sion, Mumbai- Mr. Devender Jatav, Assistant Director, RDAT, Sion, Mumbai- Mr. Prakash N. Jaiswal, I.C Deputy Apprentice Advisor, Government

of Maharashtra, DVET

The meeting started at 10 AM. A presentation covering the list of issues facing the Apprentice Regime in India was put on and was the basis of the discussions for the meeting.

The points that were made by the committee members were as below:

Mr. Manish Sabharwal

- Commenced the meeting stating that the points raised in the 1st and the 2nd meeting of the Committee, added with the feedback received from the employer consultation at Delhi, issues facing the Apprentices regime, that is the Apprentices Act could be categorized into four buckets:
 - o Administrative
 - o Regulatory
 - o Viability Gap and
 - o Marketing.
- The Act was written for a different India and had over the last many years lost its relevance in a fast changing world.
- Administrative issues were primarily those which related to the manner in which the Act was being implemented, which if corrected or tweaked would make the Act a lot more acceptable.
- Regulatory were those relating to onerous mandatory requirements which the Act puts on the employer/candidate;
- Viability gap related to the cost of basic training, stipend etc which needs to be borne by the employer, which all totals up to a larger sum and the viability is a question that comes up from the employers perspective. To replicate the Apprentice model, it has to be more than a Corporate Social Responsibility from the side of the employer.
- Marketing issues related to the poor levels of awareness, branding of the Apprentice Act, the model, amongst Candidates, Employer, and the various State agencies.

Administrative issues were highlighted as:

- Approval for Apprentices, as it related to Private Sector was under the purview of the State Government and hence a for a national employer, he has to take approval on a State to State basis;
- Multiple authorities under the Act. Trade and Graduate apprentices fall under separate ministries and the process followed for each of the streams are unique and different.
- Very low representation of the Services Sector in the list of Trades/Trade families
- Investment in Basic training to be made by private sector, else can be outsourced to ITI's/ITC's with the cost being borne by the employer;
- Lack of uniformity in training standards – since basic training is employer specific, this is employer linked.
- Lack of central database of Apprentices (Candidates, employer, passed out apprentices etc);
- No effective corridor from recruitment, to training placement to job placement
- Multiple Records and returns to be maintained;
- Outdated training curriculum;
- Trade Codes notified for Trade Apprentices and Trade Families for Graduate Apprentices. Need to harmonize to one accepted standard.

Regulatory issues were highlighted as:

- Obligation to fulfill vacancies
- Application of ratios to workers – why not determined by the employer?
- Obligation to invest in Basic Training Facilities (Trade Apprentices);
- Process of inclusion of a Trade/Trade family – a long process;
- Stipend levels very low and does not cover basic costs of apprentices;
- Qualifications such as BA/BSc/BCom and similar not covered;
- Extended periods of training (Trade – 6 months to 4 year, Graduate – 1 year);
- Termination of Apprentices is a very long wound process;
- Penal provisions for non-fulfillment of vacancies and other non serious offences are too stiff;
- Quality and levels of supervisory personnel codified into the Rules;

Viability Gap issue:

- Employer having to pay for the Basic training (either in-house/outsourced) + the cost of stipend makes Apprenticeship model unattractive from a business perspective;

Marketing issue:

- There is low awareness amongst candidates, employers and various State Governments and related agencies about the Apprenticeship program;
- Mentioned that the suggestions should be practical enough to be implementable and at the same time be effective. If radical thought was applied, and the existing system recommended for complete restructure, it would not look feasible.
- Employers should be incentivized to take on Apprentices and would prefer the use of carrots rather than the stick to make the program work.
- Said that some of the Industries are under certain Acts are classified as those who get permissions from the Central Government on a central basis. Example, under CLRA, civil aviation, mines, shipping etc were industries that could get permissions on a Central basis. Suggested that such a model could be adopted for the Apprentice Act as well.
- The program to be successful should:
 - o Strike a balance between the State and Centre, Ministry of Labor and MHRD
 - o Active Private and Public partnership
 - o Should work both on Push and Pull – that is only with the Government pushing, growth would not happen.
 - o Simplify the regime.

Mr. Desraj

- The issue of centralized approval for the Private sector has come up earlier as well. This requires the Centre and the State to work together. Said that this was a very valid input.
- Though agreed that the structure of implementation between ministries, State and Centre etc, this system has evolved over a period of time. State and local involvement was critical for the System to work in the way it is currently designed. Also, neither Centre nor the State has the manpower to take it on completely.
- Remarked that lack of a central database made it even more difficult for the Centre and the State to collaborate and get a full view on what each of the constituents was doing
- Suggested that the Program should typically be driven on a decentralized basis, rather than have a central authority to oversee the entire program
- It would be good to have a system of voluntary compliance by employers.

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- On the issue of Employers having to have Basic training facilities, said that this was mandated by law, whereas compliance was not very good on this aspect. Also, covered that the standards of training infrastructure was not very good within the industry.

Mr. Jatav

- Mentioned that neither the Centre nor the State used the Stick based approach when it came to implementing the Act, and that it was always based on discussion with employers that the vacancies were identified.
- Appreciated the thought having a central authority to manage the Apprenticeship program, however felt that the operating modalities will require a lot of detailing.

Mr. Jaiswal

- Mentioned that the State Government, without exception was responsible for all industries and establishments in the private sector.
- Said the Apprentices were short supply as far as Mumbai and Pune were concerned. The number of vacancies were many more than the candidates coming out of ITI's and ITC's.
- Vacancies were higher than utilization. 12,000+ vacancies with utilization of only 6,000+.
- As far as movement of Apprentices from other parts of Maharashtra to Mumbai and Pune were concerned, this was almost impossible given the low stipend levels.
- Without increased levels of support from the employers on housing, transport and increased levels of stipend, it is almost impossible for people to take up the program in Mumbai and Pune.
- The Government should support candidates with hostel and transport subsidy/facilities to make the program a success.
- As far as Full term apprentice candidates are concerned, they prefer to take up jobs in the service sector which pay much higher than the Trade Apprentice stipends and complete some higher education on the side. This is considered better than doing 4 year of apprentice training with no idea on the outcome.
- Further, the employer's brand was very important for the candidate. A Bosch, Godrej or Mahindra was always preferred over other companies.

Mr. Aswathappa

- Mentioned that it was very difficult to get quality apprentices for the Apprentice program.
- Said that though Bosch had a best in class full term apprentice program, for 60+ seats they received only about 300 applications.

Ms. Manju

- Mentioned that organizations such as the Indian railways had strict processes and compliances which sometime made it difficult to fulfill the vacancies identified.

Mr. Manish Sabharwal

- Why that India does not have 5 million apprentices?
- Would the program be attractive if:
 - o The Stipend was equal to minimum wages?
 - o The tenures were shortened?
 - o The aspect of Ratios was removed to make it palatable to the employers?
 - o Be light on regulations when it came to employers who paid minimum wages as Stipend?

Mr. Jaiswal

- The program has not caught on because of :

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- Poor brand
 - Establishments are not able to provide the basic training facilities
 - Poor quality of training provided
 - Stipend too low to make it attractive to candidates
 - Changes as suggested above (by Manish) would surely make the program attractive. However, going light on regulations and disbanding ratios would mean poorer quality if training and also possible misuse of apprentices.
 - Employers were not aware of the program
 - Also, cost providing basic training facilities for Trade Apprentices along with Stipend and other overheads, made apprentices an expensive proposition to an employer.
 - Basic training if was done through an ITI/ITC would cost the employer about 1050 per month per apprentice.
 - Basic training should be dovetailed with the MES/SDIS of the Government such that subsidies are available.

Mr. Jatav

- Commented that the quality of training was critical and any dilution of the Act or provisions should not compromise on this.

Mr. Manish Sabharwal

- What is more important? A Job or Training?

Votes were taken and the members and invitees present were split, however with a slight majority leaning towards – A Job.

Mr. Desraj

- Training should be provided with an intention of imparting a Skill and also get him gainfully employed
- The program did not have 5 million apprentices primarily because of employers lack of enthusiasm to open up vacancies
- On the point of Ratios, would suggest that they be maintained in law, but with the possibility of it going 1:1 in case of employers who are willing to pay minimum wages etc such that Apprentices are not used as cheap labour.

Mr. Manish Sabharwal

- If Stipend was equal to minimum wages, not sure how it can be called cheap Labour
- Getting a candidate into a work environment is half the battle won and addresses almost all of the last mile skill problems. The work environment will make sure he picks up basic skills which are very relevant to getting him employed and also impart certain aspects of development which are not taught at school.
- Remarked that 'employer funded training' is not likely to happen in the scale that the country requires
- Have tried to shame the employer to train candidates, this has not worked for the last many years, and it has only failed
- It was exactly for this reason that the National Skills Mission was established
- Employers do not feel attracted to the program because of the Administrative/Regulatory issues coupled with poor marketing and the Viability gap experienced.
- The program has 3 stake holders who face issues of:
 - Candidate – poor stipend, outdated training, no job at the end of the tenure, long tenure
 - Employer – administrative issues, marketing issues, long tenure, viability gap

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- Government – lack of co-ordinate behavior.
 - A time bound arrangement should be put in place by which employers can request for addition of a 'trade/trade' family to those covered under the program.
 - Why is it that the MES/SDIS is brought in line with the Apprentice program?
 - The Basic training under Apprentice scheme should modular and integrated with the MES.

Mr. Jaiswal

- Ratios are prescribed such that the Apprentice gets due attention during his/her practical training. Increasing the same without consequent changes in Stipend etc could lead to misuse.
- The MES program are of very short duration and so more modules should be rolled out such that candidate can do more number of modules to cover an advanced skill.
-

It was decided that a separate call would be done to cover the topic integration between MES and the Basic training required under the Apprentice program.

It was decided that a conference call would be held to discuss MES and Apprentice- Basic training integration.

With the above, the meeting was concluded.

Meeting held on	February 5, 2009
Venue	Hotel Orchid Plaza, Bangalore
Members Present	<ul style="list-style-type: none"> - Mr Manish Sabharwal – Chairman - Mr Desraj - DDG, DGET, Ministry of Labor and Employment, GOI, New Delhi - Dr CT Mahajan, Additional Apprenticeship Adviser, Ministry of HRD, Dept of Higher Education, GOI, New Delhi - Mr Jagar Singh - Department of Labor and Employment - Commissioner Cum Secretary, Govt of Orissa - Ms Manju - Deputy Director (Manpower Planning), Ministry of Railways, New Delhi - Mr Aswathappa CM - Senior Manager, Heading Bosch Vocational center, Mico Hosur Road, Adugodi, Bangalore 30
Leave of absence granted to	<ul style="list-style-type: none"> - Mr SY Siddiqui, Executive Director (HRD) Maruti Suzuki India Ltd - Mr JD Butange, Director of Vocational Education and Training, GOM, Mumbai - Mr Durgesh Buch, Secretary, Gujarat Chamber of Commerce and Industry, Ahmedabad - Mr DS Rawat - Secretary General, Assocham, New Delhi
Invitees	<ul style="list-style-type: none"> - Mr SJ Amalan, RDAT, Karnataka, AP and Orissa - Mr Ayyakkannu, Director, Regional Board, Southern Region, Chennai - Mr PA Jumle, Director, Regional Board, Western Region, Mumbai

The meeting started at 9.30 AM. A review of the past meetings was done and it was decided that the issues identified with the current regime would be discussed such that they could be part of the draft report.

Manish Sabharwal

The report should make recommendation which is implementable. Recommendations such as the integration of the MOLE/MHRD programs under the Apprentice though most advisable would be too large a change for it go through.

- The feedback from employers were clearly around:
 - o Lack of awareness of the program
 - o Administrative issues such as process for trade additions, rules on the degrees that can be accepted etc
 - o Regulatory issues surrounding – ratios, stipend, basic training facilities, tenure and termination.
 - o Penal provisions such as imprisonment contained in the Act etc

Marketing issues are the easiest to address while the regulatory ones the most difficult. The committees should make recommendations such that the apprentice program is widely adopted and the number of apprentices explodes to 3 million in the immediate from the current 300,000+.

Post deliberations between the committee members, it was decided the final report could cover recommendations on the below aspects of the current Apprentice regime:

- Increase in Stipend. It should be doubled from the current levels and then reviewed on a bi-annual basis;
- Simplify the process of Trade additions;
- Employers should get deductions to the extent of 150% of the expenditure on Stipend paid by them to Apprentices;
- The Graduate Program should be applicable to BA, BSC, BCom and all graduate degrees and not be confined to engineers;
- Integrate MES programs with the Apprentice program to ensure that Basic training facilities can be outsourced
- Reimbursement of Stipend for the MOLE program similar to that of the MHRD program
- Initiate steps to streamline the filing of returns and contracts. Make e-filing a possibility.
- Employers who participate in the program and are doing a good job should be recognized publicly
- Treat the compliant employers and those paying higher than minimum levels of stipend differently from others, in so far as it concerns regulatory approvals and processes;
- Evolve a mechanism by which accommodation would be provided by the Government, NGO's etc to candidates taking up the Apprentice program;
- Industry associations to play a larger role in the promotion of the Apprentice program;
- Creation of a website which will cover all the information on the Apprenticeship program for employers, candidates and the Government

With the above, the meeting was concluded.

List of Employer representatives who attended the Employer Consultation meetings at New Delhi, Mumbai and Bangalore

Name	Company	Designation
Col. JC John	TOPS GROUP	Regional Director – Mumbai Western Region
Dr. D. N. Singh	KKCL	Group Head HR
Dr. Rakesh Mehta	Welspun Group	Director - Human Capital & General Affairs
Dr. Sanrupt Misra	Aditya Birla Group	President HR
Mr. Chandrajit Pati	Essar Telecom Infrastructure Pvt Ltd	Vice President - Human Resources
Mr. Dolphy Goveas	B Braun	VP HR
Mr. Jai Dinesh Balasubramanian	ICICI Prudential Life Insurance Company Ltd	AVP HR Ops
Mr. Judhajit Das	ICICI Prudential Life Insurance Company Ltd	Head HR
Mr. K. Ramkumar	ICICI bank Ltd	Group Head HR
Mr. Manish Khera	FINO	CEO
Mr. P.V. Kalawar	Clariant Chemicals-Kolshet Site	Head HR
Mr. Paramjit Pabby	ACC Limited	Chief People Officer
Mr. Partha Sarkar	Heinz	General Sales - Operations Manager
Mr. Rahul Ghatak	Ceat Limited	VP-HR
Mr. S. K Dutt	ABG shipyard	Head Group HR & Admin
Mr. Sameer Nagrajan	HUL	GM – HR
Mr. Sharad Gangal	HDFC Standard Life Insurance	GM – HR
Mr. Sidharth Tuli	Punj Lloyd Limited	President Global HR
Mr. Sudeep Dev	Eicher Motors	VP HR
Mr. Tony Mathew Jose	HSBC MF	VP-HR
Mr. Amitav Mukherji	ITC Limited-FOODS DIV	Divisional manager-HR
Mr. Anil Noronha	Wadhwan enterprises	Exec VP
Mr. Arijit Sengupta	Adidas India	Head – HR
Mr. AVK Mohan	Spice Mobiles	Head HR
Mr. Bharat Bhushan	Mitsui	DGM - HR
Mr. Bibu Yohannan	Café Coffee day	Manager HR
Mr. CA Karnik	Forbes & Company	Director HR
Mr. Chandan Kumar	GAIL India Ltd	Head HR
Mr. Dev Raj Sharma	Pepsicola	Head, HR Operations
Mr. Divakar Kaza	Lupin Labs	President HR
Mr. Girish Sharma	Accenture	
Mr. Gurpreet singh	RPG Group	Head Learning and development
Mr. Hari Abburi	Bharti Retail	Director – HR
Mr. Harish Kerpall	JCB	GM – HR
Mr. Hemant Sharma	Sun Microsystems India Pvt lid	Head-HR

Mr. Himanshu Sinha Mr. IR Srinivas	IL & FS HP-India sales Pvt Ltd	Head HR Country HR Manager-GBS and Trade BPO
Mr. Jagannatha Mr Jays Chandy	HAL Madura Garments Lifestyle retail Company Ltd	Deputy General Manager(Training) Head HR-MLS
Mr K Achutan	Reliance ADAG Financial services	President Group HR
Mr K Vijay Mr Kamlesh Dangl Mr Karanraj Sahi Mr Mahesh Godbole	Indian Oil Corporation Religare Enterprises Ltd NISA Sandoz Private Limited - Kalwa	Dy General Manager (HRD) President - Human Resources Director Operations Head HR
Mr Manish Pal Mr Manivannan Mr MS Mutum Mr Murli Dhar Shayam	TATA SKY Planet M Bharat electronics Limited ATC Tower Company Limited	Senior Manager GM – HR Senior Deputy Manager(HR/CLD) Head HR
Mr N.P.S. Rana	Motherson Sumi Systems Ltd	VP – HRM
Mr P Senthil Kumar Mr P. M Bhosekar	Cairn India Godrej & Boyce Mfg. Co.Ltd	Head HR Asst GM - Training & Development - Corporate Training Centre
Mr Padmanabha B Mr Padmanabhan A Mr Partho Dasgupta Mr Phillip C Bonnerjee Mr Pradeep Vaishnav Mr Prasanth Nair Mr R Prasad Mr Rakesh Gautam Mr Ronald Sequeria Mr Roshan Thappa Mr S Deenadayalan	Toyota Kirloskar Wipro Limited Escorts India Ltd. IBM Sanofi Aventis Thomas Cook HPCL Bata India GSK NISA Centre for Excellence in Organization Pvt Ltd	Deputy GM, HR General Manager- Legal Director – HR GM-HR Head HR President HR General Manager – HR Senior Vice President – HR Director HR CFO CEO & Architect Organizational Capability
Mr Sai Dutta Mr Sakar Srivastava Mr Salil Sahu Mr Sandeep Subhash Joshi Mr Sathya Shekhar Mr Shyamal Chatterjee	Macleods Pharma Loreal HomeStores Infosys HCL Infosystems	General Manager – HR Manager HR CEO Head Recruitment
Mr Siba Satapathy	Sembawang Infrastructure India Pvt. Ltd (Punj Lloyd) Standard Chartered Bank	Group VP - Technical Education Regional Head Employee relations Asia
Mr Tapan Mitra Mr Tarun Lal	Apollo Tyres YUM restaurant (Pizza Hut, KFC)	Chief- HR COO
Mr TC Saravanabava	National Instructional Media institute	Executive Director
Mr Vikas Gupta	FINO	VP HR

Mr Vinod Shetty	Pfizer	Senior Manager HR
Mr Visty Banaji	Godrej Industries Ltd	President Corp affairs & HR
Mr Vithal Acharya	GE infrastructure	HR Manager-HRD
Mr. Alfred Osta	Mahindra & Mahindra Ltd (systech)	Sr. VP HR
Mr. Krishna Gavade	Mahindra & Mahindra Ltd (Automotive divn)	DGM IR
Mr. Prasenjit Phukan	WWIL	VP-HR
Mr. Prince Augustin	Mahindra & Mahindra Ltd (Automotive divn)	VP HR
Mr Suresh Kulkarni	Mahindra & Mahindra Ltd (Automotive divn)	Senior GM-IR
Mr Clarence D'Souza	Volvo	Senior VP, HR
Mr Priyadarshan HS	TNT	Manager HR
Mr Zarir Batliwala	HP-India sales Pvt Ltd	Director-HR
Mr Koustav Mitra	Bharti Airtel	VP HR
Ms Anjali Raina	Harvard Business School	Executive Director
Ms Mala Bali	HT Media	VP HR
Ms Pallavi Tyagi	E I Dupont India	Head HR
Ms Ramya Venkata Raman	McKinsey & Company	Consultant
Ms Anjali Saxena	IDBI Capital	VP HR
Ms Aparna Sharma	UCB	VP HR
Ms Harpreet Datta	Fortis Healthworld	Head HR & Training
Ms Mini Khanna Chaudhuri	Microland	Head-HR, India Business
Ms Rita Nishikant	Writer Group	Head HR

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