

INDIA'S MORIBUND APPRENTICESHIP STRUCTURE HAS BEEN REVIVED. INDUSTRY MUST HELP TAKE IT FURTHER

Relevant for: Developmental Issues | Topic: Human resources, Youth, Sports and related issues

© 2019 The Indian Express Ltd.
All Rights Reserved

The writer is Joint Secretary, Ministry of Skill Development and Entrepreneurship.

The most celebrated employer of apprentices undoubtedly remains American President Donald Trump, who as the host of The Apprentice put contestants through a selection program culminating in the famous words "You are hired!"

As President, Trump set up a Task Force on Apprenticeship Expansion 2017 that calls for U.S. education providers and employers to learn from the successes of the famed German apprenticeship model, which "helped lower unemployment rates and contributed to the country's economic success".

The Indian apprenticeship system has neither the celebrity employer nor does it have the cultural moorings of the German system. However, the "guru shishya parampara" has existed for centuries. Making a clean break from the past, in 1961, the Government ushered in the Apprentices Act which was applicable to engineering, non-engineering, technology, and vocational courses.

It constituted apprenticeship councils and advisors, and placed a statutory obligation on employers to engage apprentices with a stipend and in the ratio prescribed for designated trades. It also imposed a penalty of six months of imprisonment or a fine or both on the employer in case of non-compliance. Until 2014, when the Act was majorly amended, three significant transitions took place in the labour force.

Firstly, the composition of the workforce changed. Employment in the primary sector (largely, agriculture) reduced from 76% to 46%, while increasing in the secondary sector from 11% to 23% and most significantly, in the tertiary sector from 13% to 31%.

Secondly, the 1991 economic reforms brought in a golden age for the private sector which led to the number of companies increasing from 0.2 million in 1991 to nearly 0.9 million in 2014, with an estimated employment of 30 million. Finally, MSMEs grew exponentially from ten million enterprises in 2003 to 46 million in 2014 with an estimated employment of 106 million.

However, apprenticeships have stagnated between 2000-2014 due to the challenges created by the 1961 Act and stood at 0.28 million in 2014. Administratively, a complex workflow for engagement of apprentices by companies implied that MSMEs abstained from participating due to limited administrative capacities.

Regulatorily, the Act gave power to the bureaucracy to impose strict and burdensome compliance norms on companies. The threat of a penalty reduced any chances of a partnership between the private sector and the Government. For the apprentice too, the attractiveness remained limited, in terms of the stipend offered and progression opportunities. Finally, the improper dissemination of the benefits of apprenticeships led to training being perceived as less

aspirational than a general education. No attempt was made to correct this perception.

By 2014, the apprenticeship model had run out of steam. Its transformation from moribund to dynamic was kickstarted by a large-scale amendment of the Act in December 2014, followed by the introduction of the National Apprenticeship Promotion Scheme (NAPS) in 2016. The Central Apprenticeship Council also carried out reforms in July 2019 to expand apprenticeship opportunities. In the last five years, a sea of change has occurred.

Today, apprenticeship is a valid pathway for youth educated beyond grade five to acquire a skill. Their base stipend has been increased to ensure sustenance during an apprenticeship. Technology has rendered contractual paperwork and process seamless and minimal.

The amendments also have an express provision for an IT platform to act as an interface between stakeholders and apprentices for compliance and monitoring purposes. Opportunities in the service sector have been opened to the youth by making apprenticeships obligatory for this sector.

The prescriptive quota regime has made way for a percentage band of 2.5% to 15%, within which employers can decide the number of apprentices based on their needs and capacity. Opportunities have been opened for the SME sector also, with units having four or more employees now being eligible to keep apprentices either on their own or as a group of employers. A realistic financial penalty has replaced imprisonment.

Furthermore, employers are empowered to decide their own curricula and the duration of apprenticeships (between 6-36 months) on a need-basis. NAPS further incentivises employers by partially splitting the stipend burden between them and the government.

The government has also shown urgency in its intent to push apprenticeships through catalysts in the form of Third Party Aggregators (TPAs) that can work in clusters with both MSMEs and large industries. They are empowered to help aggregate demand in these clusters, pool resources in the case of SMEs, mobilise potential apprentices, deliver basic training, facilitate paperwork and above all, educate stakeholders on the need for apprenticeships.

Regulatory powers have also been delegated to the industry-led Sector Skill Councils (SSCs) to administer apprenticeships in their respective sectors.

Over the last five years, these reforms have changed the industry from being over-regulated to being extremely open, with an emphasis on self-regulation and voluntary apprenticeships. The results have been encouraging. More than 1.1 million candidates and 70,000 companies are now registered on the apprenticeship portal; annual apprenticeships have increased by 60%.

The government has identified its role as an agency to create awareness about apprenticeships, build strategic partnerships with stakeholders and engage them in the education system, monitor performance, mobilise candidates and ensure that apprenticeships are legally binding. Recent changes in legislation clearly demonstrate its willingness to play its role sincerely.

However, the challenges of awareness, lack of a progression pathway, absence of an integrated credit framework, the not-so-clear value proposition for certifications and training capacity shortages remain, which the industry can support to address. It must realize that all government efforts are guided by the objectives of increasing competitiveness through the deployment of skilled labour while providing employment opportunities to the youth.

Firstly, the government and industry stakeholders/SSCs need to jointly promote apprenticeships

as a powerful learning tool. Secondly, MSMEs should leverage TPAs to create tailored apprenticeships. Thirdly, although the regulations protect the apprentice's rights, the spirit of the law can only be upheld by the employer by creating a learning experience during the apprenticeship. Finally, the challenges of the new system need to be conveyed to the government periodically, so it does not suffer fossilization again.

The time has come for India to have its own “Celebrity Employers” and model of apprenticeship — one which is dynamic, flexible, futuristic, inclusive, convenient, self-regulated and rooted in Indian socio-cultural and economic realities.

This article first appeared in the print edition on August 28, 2019 under the title ‘The apprentice, rebooted’. The writer is Joint Secretary, Ministry of Skill Development and Entrepreneurship. Views are personal.

Download the Indian Express apps for iPhone, iPad or Android

© 2019 The Indian Express Ltd. All Rights Reserved

END

Downloaded from **crackIAS.com**

© **Zuccess App** by crackIAS.com

CrackIAS