



Apprenticeship Reforms & Implementation (including National Apprenticeship Promotion Scheme – NAPS)

What is Apprenticeship?



Duration: 6-24 months
Left to Industry Discretion

- Types of Courses**
- **Preapproved courses** on apprenticeship portal
 - Industry free to **design their own courses**

Stipend
Minimum wages notified by states for semi skilled workers

The Law: Establishments falling under Apprenticeship Mandate

Establishment Eligibility and Norms for Apprenticeship	
Employee Strength	Eligibility for Apprenticeship
0-5	Not eligible
6-40	Optional
>40	Mandatory



Apprenticeship – Bridging Demand and Supply Gaps



Demand Side

Apprenticeship

Supply Side

High Demand for **Industry Ready Skilled Manpower** in India and in developed countries that have an aging workforce

Bridge between Supply-Demand & Reforms make it extremely industry friendly

India is a young nation- **youth educated and skilled; yet not industry ready**
Hence **Low employability**



Recent Reforms in the Apprenticeship Rules, 1992(1/2)

Raising the upper limit of engagement of apprentices from existing 10% to 15%

Lowering the size limit of an establishment to engage apprentices

Rationalization of duration of apprenticeship training for optional trades

Rationalization of the stipend to Fresher Apprentices during Basic Training

- 5% reserved for fresher apprentices and skill certificate holder apprentices
- Will provide more opportunities to youth and give them exposure to shop floor training
- Mandatory category for establishments to engage apprentices lowered from 40 to 30
- Optional category for establishments to engage apprentices lowered from 6 to 4

Period of apprenticeship training for optional trades revised from existing 6-24 months to 6-36 months depending upon the course

- 50% of stipend to be paid to fresher apprentices during basic training for a period of upto 3 months
- Full Stipend to be paid for simultaneous basic training & on-the-job training

Recent Reforms in the Apprenticeship Rules, 1992(2/2)

Major Reforms

✓ Payment of stipend for 1st year shall now be fixed rather than linking it to minimum wages

Category	Minimum Stipend Rate
School pass-outs (Class 5 th – Class 9 th)	₹5,000/- per month
School pass-outs (Class 10 th / Class 12 th)	₹6,000/- per month
National or State Certificate holder / Technician (Vocational) apprentice/ Vocational Certificate holder/ Sandwich Course (Students from Diploma Institutions)	₹7,000/- per month
Technician apprentices or Diploma holder in any stream / Sandwich Course (Students from Degree Institutions)	₹8,000/- per month
Graduate Apprentices / Degree Apprentices / Degree in any stream	₹9,000/- per month

✓ Skill Certificate holder to get stipend as per his/her educational qualification

✓ 10% hike in rates for 2nd year and 15% hike for 3rd year

India: Industry Friendly Reforms to promote Apprenticeship



Demand driven &
Flexible

Perhaps the only demand/employer driven programme in the skill eco system
Corporate can engage apprentices within a band of **2.5% to 15%** of its workforce

Futuristic

Corporate can Design **own Courses** in line with their **Technologies / Future requirements**

Inclusive

Apart from Manufacturing, **Service Sector** can engage apprentices. Apart from Engineers/ITI pass outs, **Graduates/Candidates** from STTs like PMKVY/5th class pass outs can also be engaged as apprentices

Convenient

- Can conduct **Basic Training in-house or in a Training Centre ;**
- **Company itself can be TP or outsource**

From regulation
to Self-Regulation

SSC CEOs appointed as Jt. App Advisors, Industry Chambers as TPAs

Automated Process through the Portal - <https://apprenticeshipindia.org/>

Life Cycle of an Optional Trade



NAPS: Extends Financial Support to Organizations



Sharing of cost of basic training with Basic Training Providers (BTP); up to **INR 7,500 for 3 months/ 500 hours**



Sharing of 25% of the prescribed stipend, subject to a maximum of **INR 1,500 per month per apprentice**

National Apprenticeship Promotion Scheme (NAPS) launched in August 2016; financial benefits extended by the Govt. of India for apprenticeship

Development of Optional Trade Curriculum

- Optional Trade curriculum uploaded in Portal *around 262 (230-NAPS)*
- List of QPs *(2000+ QPs)*
- Industry demand for new curriculum

NAPS

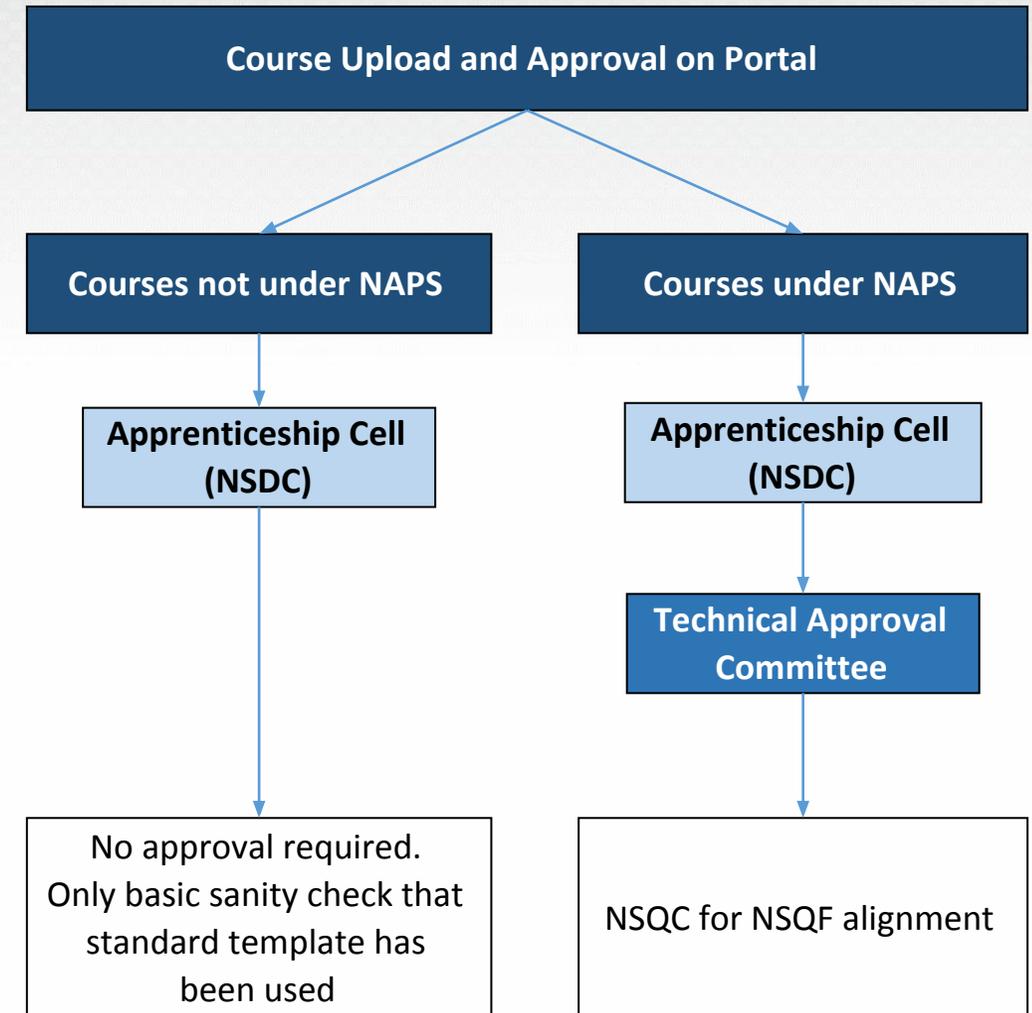
- Curriculum to be jointly developed with concerned SSC
- Joint Certification with SSC and Establishment
- BT (Theory) assessment by SSC (online) and OJT (Practical) assessment by Establishment

NON-NAPS

- Curriculum to be developed by Establishment
- Certification by Establishment
- BT (Theory) assessment and OJT (Practical) assessment by Establishment

Details of courses under Optional Trade

Components	Optional Trade	
	Basic Training (Block I)*	On the Job Training (OJT) (Block II)
Duration	6-24 months <i>*only for fresh candidates)</i>	
Location	Industry can choose to have it either in-house or outsource to a basic training center (BTP)	Industry should conduct the OJT in-house
Eligibility and Relaxation	<i>As per details mentioned in each course curricula</i>	
Courses	<ul style="list-style-type: none"> • Pre-Approved: 264 (as of now and more to be added) • Industry can design its own courses • 2000+ Qualification Packs posted on portal to pick from 	
Approval Process for new courses	Chart shown towards right	
Reimbursement under NAPS	INR 7,500 per apprentice for a maximum of 3 months/ 500 hours	25% of prescribed stipend up to maximum of INR 1,500 per month per apprentice



Reimbursement Process (NAPS)

Frequency

Reimbursements of stipend on a quarterly basis

Calculation of Amount

- Reimbursement amount payable to establishment against stipend paid to apprentices
- Reimbursement amount payable to BTP on advise of Industry against cost of basic training

Stipend Payment Verification & Reimbursement to be on line

- Stipend to be paid by establishment to apprentice to be through Bank payment gateway to facilitate on line verification
- Amount credited by respective authority (DGT for DTs / NSDC for OTs) on line through PFMS gateway

Pilot projects for Graduate and Under-Graduate students in partnership with MHRD

B.Voc Programme

- Stakeholder consultation meetings were held between MHRD and SSCs to prepare a blueprint for B.VoC program
 - B.VoC program proposed to have QPs from suitable NSQF levels at level 4 or 5; to make the program more acceptable to the industry
 - Classroom/ Lab curriculum to be part of basic training covering both general education and skill training
- 9 SSCs have submitted 10 B.VoC curriculums for their sectors; to run pilot post MHRD approval on B.VoC structure
- 28 colleges are starting apprenticeship embedded degree courses in 2019 for 1500 students in the Logistics, Retail and Media sectors.

Apprenticeship for Graduates

- Apprenticeship program to cater to pursuing graduates, during their last semester of graduation study
- OJT training at industry to commence post completing of graduation; OJT duration between 6 months to 12 months
- Basic training shall be exempted for apprenticeship training in QP related to graduation course; SSCs are identifying suitable QPs for various generic graduation courses
- Nearly 1 lakh exiting graduates from 1533 colleges across the country catered to. 29,000 opportunities have been created.
- MHRD is facilitating college and student registration through online portal “SHREYAS”; the apprenticeship program shall be implemented under NAPS scheme

Some Legalities on Apprenticeship

Legal Status of Apprentice

Each Apprentice undergoing apprenticeship training in designated/optional trade in an establishment shall be trainee and not a worker,

The provision of any law with respect to labor shall not apply to or in relation to such apprentices

Definition of worker under the Apprenticeship Act
(Section 18 of Apprentices Act 1961)

Apprentices are trainees and not workers;

CSR and Apprenticeship

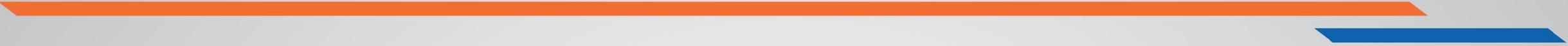
- Companies which are covered under the Apprentices Act shall undertake 'skill training' under the Apprentices Act of 1961
- These companies can also **undertake 'skill training' from their CSR funds over and above their minimum obligatory requirement under the Apprentices Act (i.e. 2.5% of workforce).**

Apprentice not a worker under PF /ESI Act

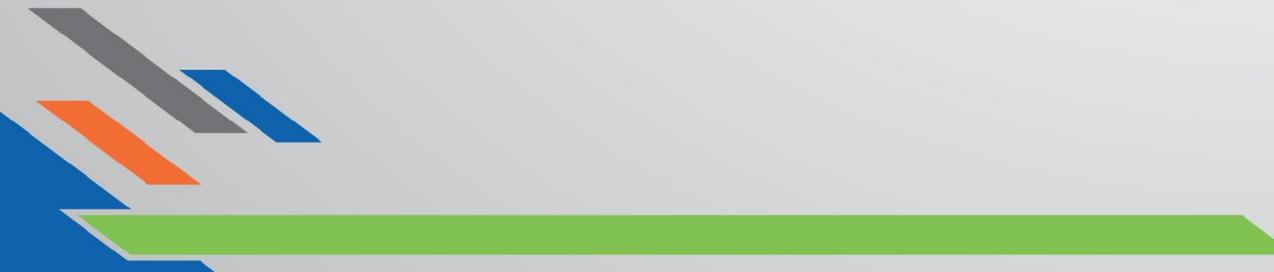


Section 2(f) in The Employees' Provident Funds and Miscellaneous Provisions Act, 1952

- “employee” means any person who is employed for wages in any kind of work, ...and includes any person,—
- employed by or through a contractor in or in connection with the work of the establishment;
- **engaged as an apprentice, not being an apprentice engaged under the Apprentices Act, 1961 (52 of 1961),**



Apprenticeship Portal



The Apprenticeship Portal - <http://apprenticeshipindia.org>



How to get Started

1

Establishment Registration

Home Get Started ▾ Apprenticeship Opportunities Training Providers(BTP) ▾ TPA FAQ Login As TP Login Register ▾

Establishment User Manual
Payment & Reimbursement User Manual
Candidate User Manual

Master Instructions to help Navigate on the Portal

Welcome To
Apprenticeship Training

75722 Establishments	45284 Apprenticeship Opportunities
1102329 Candidates	10206 Apprenticeship Engaged

Identify The Right Apprenticeship Opportunity For You

Apprenticeship Journey



Key Functional Capability

Apprenticeship Portal

- Home Page with Document Link, T&C, Privacy Policy
- Opportunity search
- Recent opportunity listing
- Register and Apply

Establishment

- Registration
- Course & Opportunity creation
- Search and Invite candidate
- Offer & Contract management
- Bulk / One Step Contract Generation
- Stipend and Establishment Pay out
- Assessment & Exam

Degree Apprenticeship

- College Registration
- TPA functionality within college
- Association with establishment
- Contract generation with invite

Candidate Life-Cycle

- Registration
- Search and Apply
- Offer and Contract
- One step registration and contract generation acceptance
- Assessment & Certification view

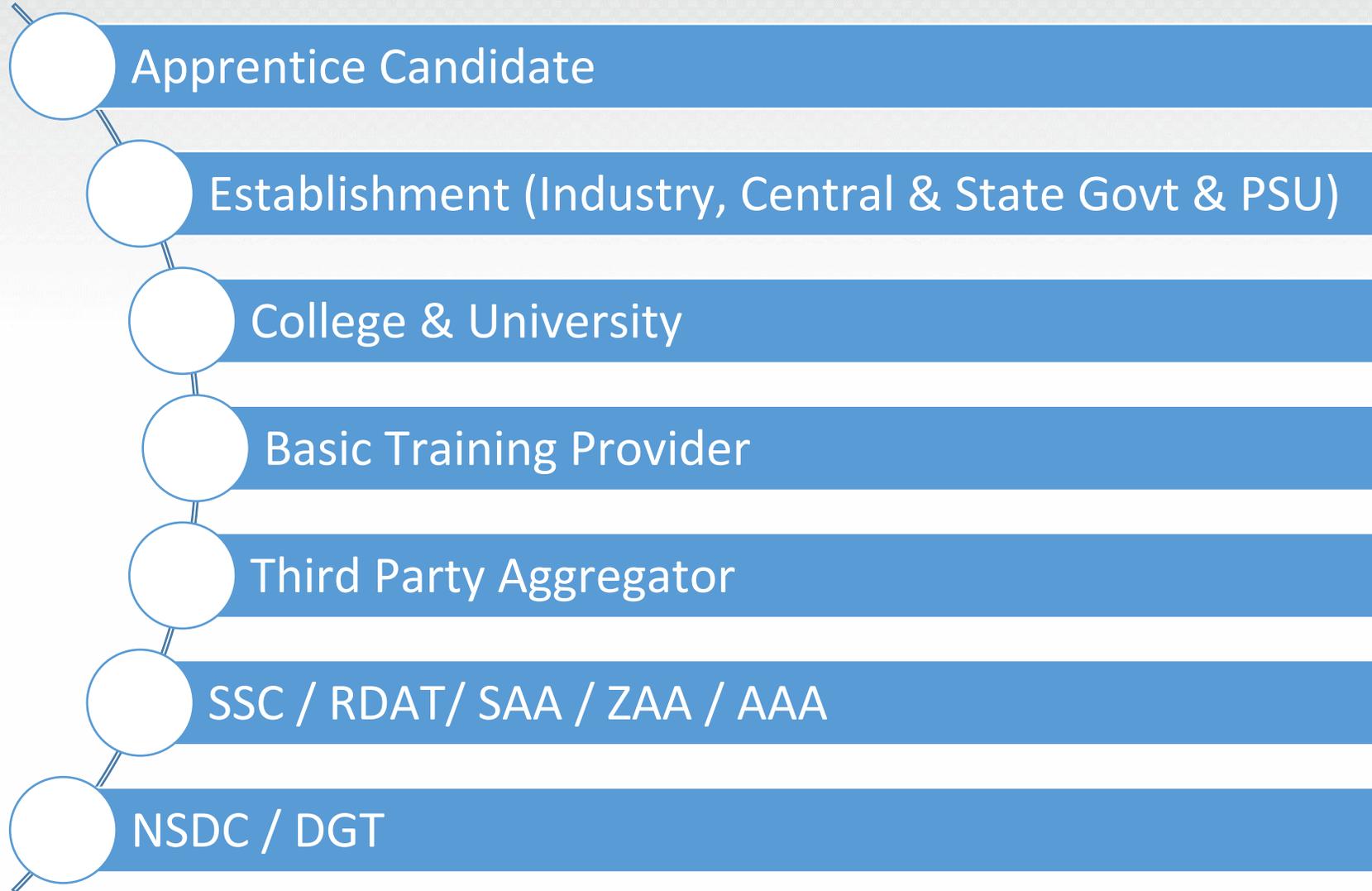
BTP

- BTP Registration
- TC registration under BTP
- Search and Apply for Enrolment with Establishment
- Job role alignment

TPA

- TPA Registration
- Search and Apply for Enrolment with Establishment
- Create course, opportunity
- Generated contract

Stakeholder of Apprenticeship Eco - System

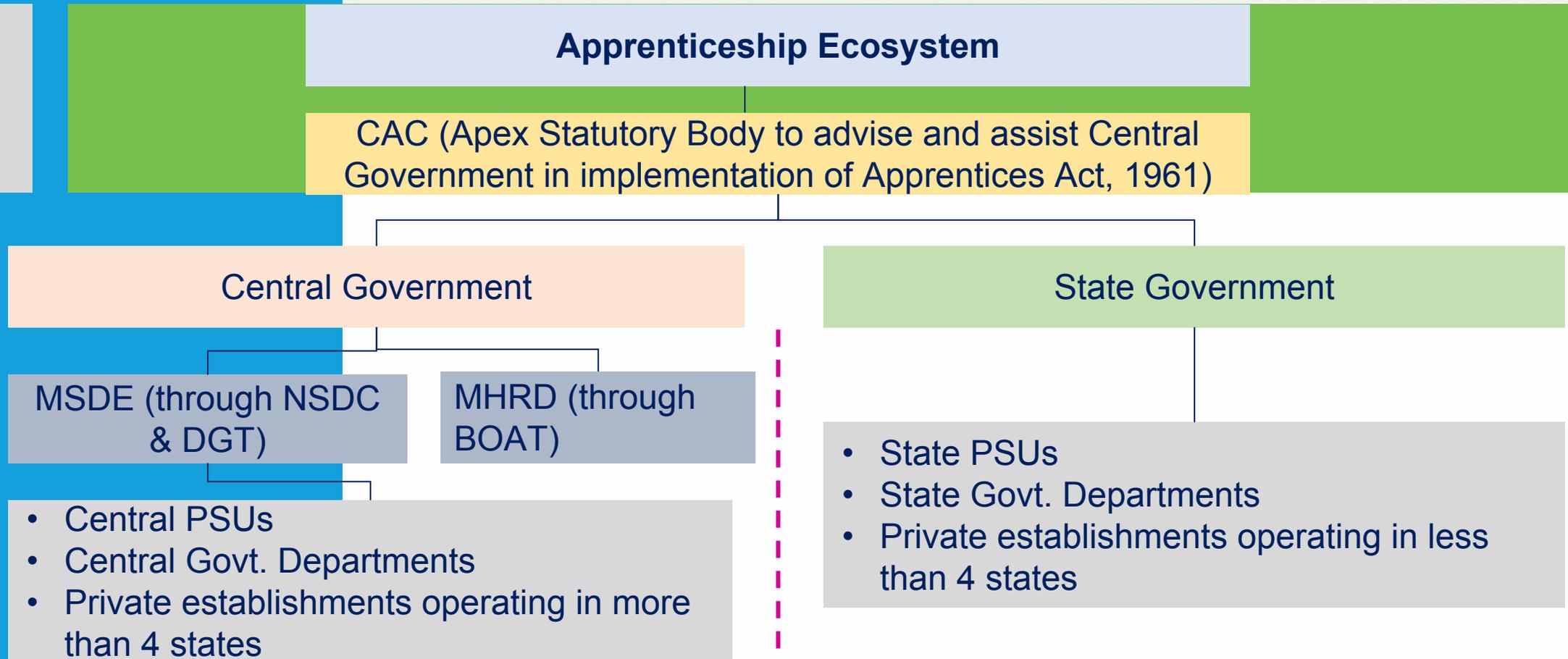


Apprenticeship Training Landscape



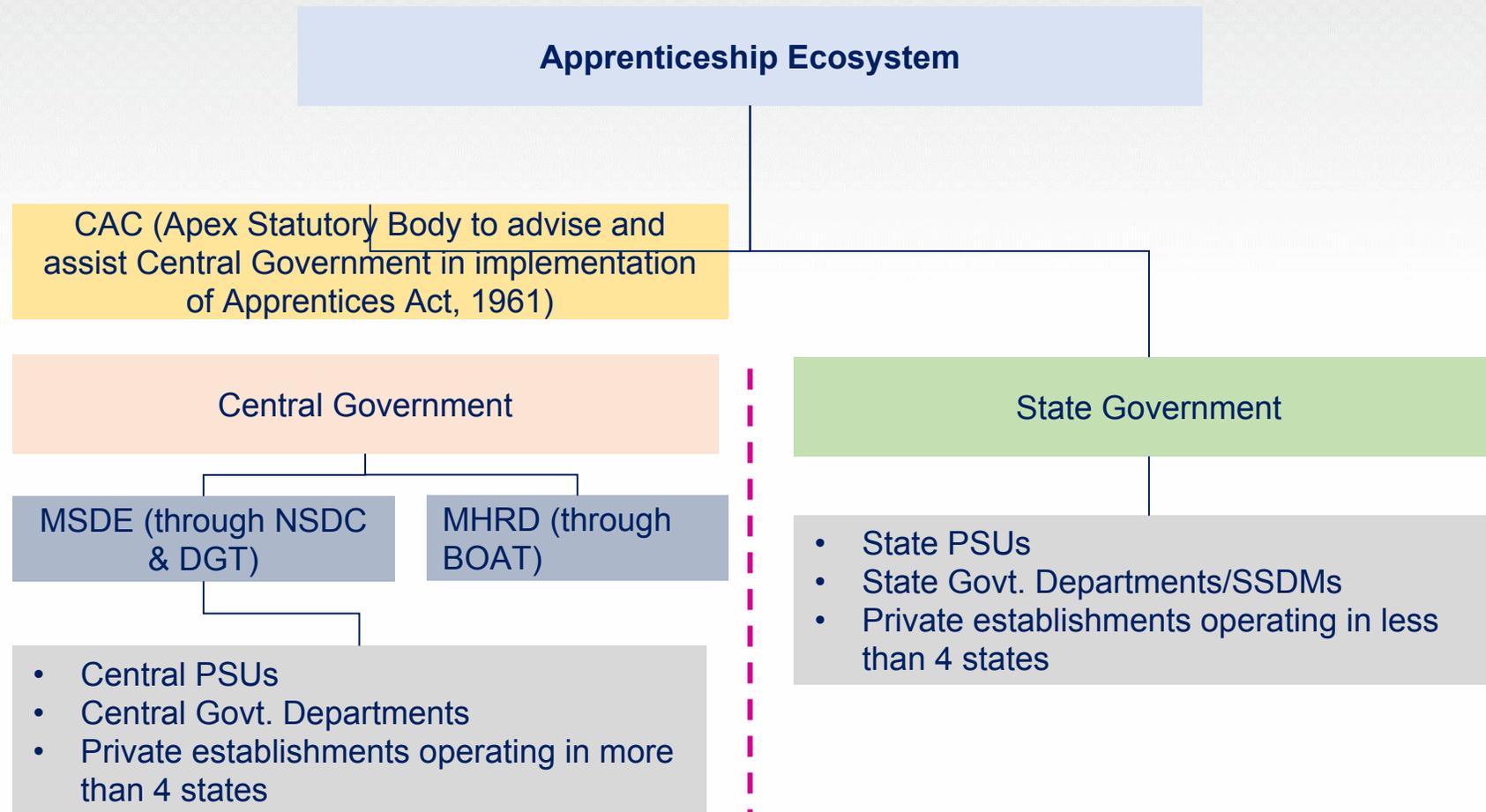
Skill India
शिक्षण भंडार, कुशल भवितुः

- Apprenticeship Training in India is governed under the Apprentices Act, 1961(amended up to 2014) and Apprenticeship Rules, 1992(amended up to 2019)
- Administering of Apprenticeship training was done by Ministry of Labour & Employment till 2014
- Moved to Ministry of Skill Development & Entrepreneurship(MSDE) in 2015



Apprenticeship Training Operational Framework

- Administering of Apprenticeship training was done by Ministry of Labour & Employment till 2014



Appropriate Authority for Apprenticeship

S. no.	Type of Establishment	Appropriate Authority	
		Central Govt	State Govt
1	Central government or a department of central government	✓	
2	State government or a department of state government		✓
3	A company in which not less than 51 percent of the share capital is held by the central government	✓	
4	A company in which not less than 51 percent of the share capital is held by the state government		✓
5	A corporation established under a Central Act, which is owned, controlled or managed by central government	✓	
6	Any establishment which is operating business or trade from different locations situated in four or more states	✓	
7	Any establishment which is operating business or trade from different locations situated in less than 4 states		✓
8	Any establishment of any railway, major port, mine or oil field	✓	

Role of Institutions at Center

Central Government

1. Policy making
2. Appropriate authority for Central PSUs, industries with offices in 4 or more states

NSDC

1. Implementing Agency in Apprenticeship Programme for Optional Trades
2. Managing the portal

DGT / RDAT

Implementing Agency in Apprenticeship Programme for Designated Trades

Role of Institutions at State

State Government

Policy making at State Level

Appropriate authority for State PSUs, industries with offices in 3 or less than 3 states

SSDMs

Implementing Agency in Apprenticeship Programme for Optional Trades at State Level

Labour Department/ District Officials

Implementing Agency in Apprenticeship Programme for Designated Trades

Role of SSCs and Industry Chambers

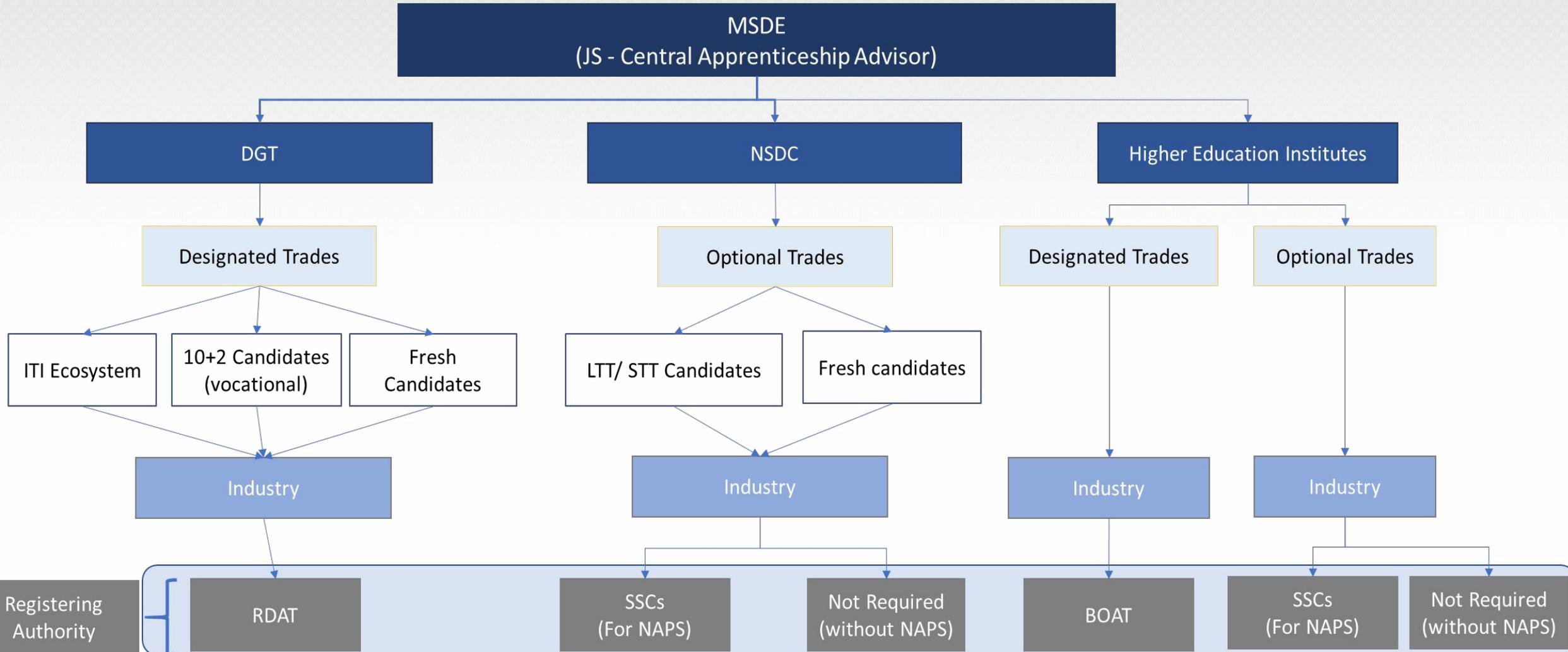
Sector Skill Councils

1. Advocacy of Apprenticeship in respective sectors
2. Capacity building and supporting industry in curricula development
3. CEOs notified as Joint Apprenticeship Advisors (JAAs) for monitoring apprenticeship in Optional Trades

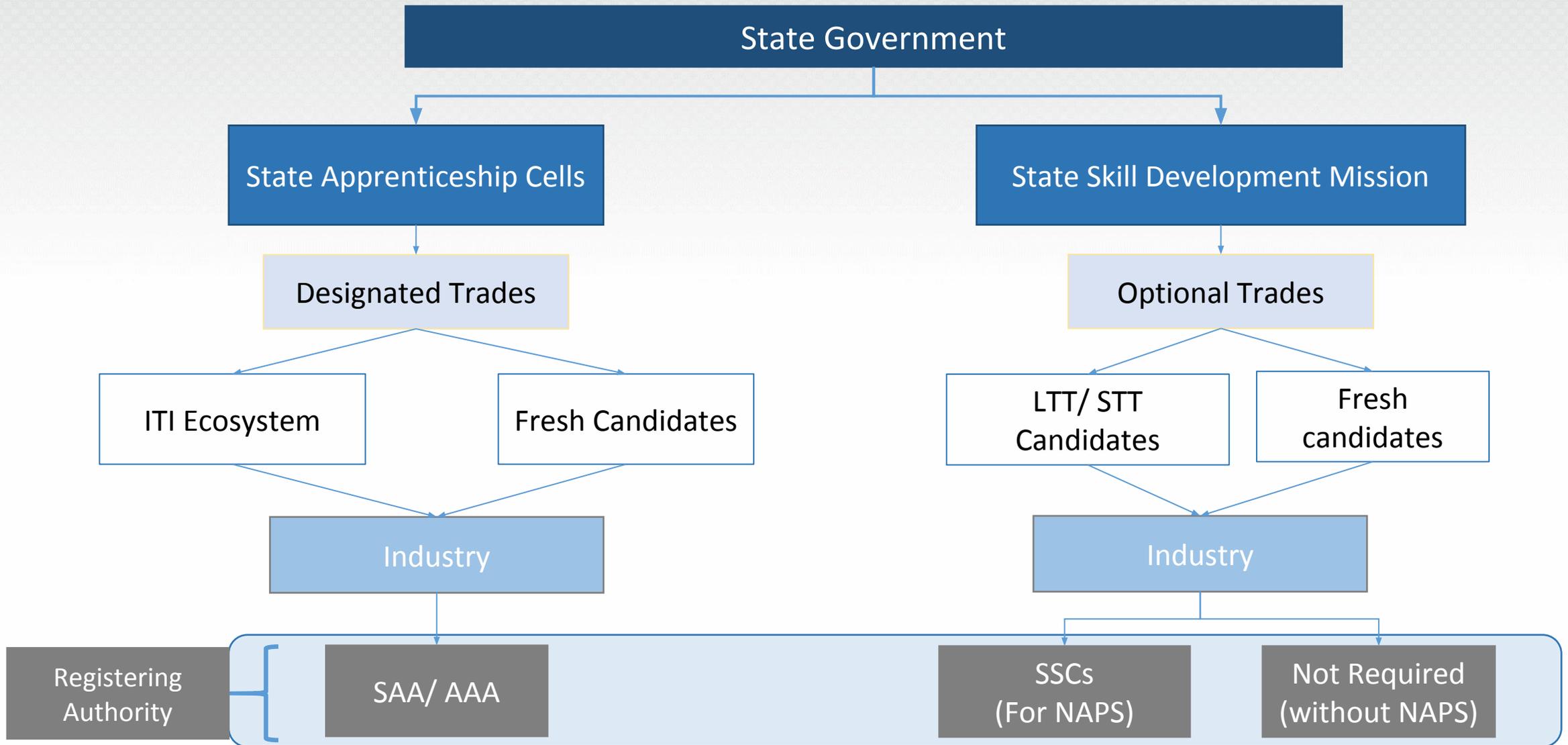
Industry Chambers

1. Integral role as a Third Party Aggregator(TPA)
2. Identify courses needed by Industry under Apprenticeship programme
3. Help Industry to match demand/supply in coordination with the SSCs & manage the programme on behalf of establishments

New Structure for Apprenticeship Implementation (where Central Govt is Appropriate Authority)



Suggested Structure for Apprenticeship Implementation (State Scenario)



Third Party Aggregator (TPA) and their Role

TPAs assist companies in facilitating their Apprenticeship Programs

Services Provided by TPAs:

- Mobilise relevant candidates counsel them to undergo apprenticeship trainings
- Arrange the basic training under the Apprenticeship Act through Basic Training Providers
- assist the establishments get approval for Basic Training Centers (BTCs)
- Assist the establishment in designing courses
- Portal Management
- Furnish all the returns
- Submit reimbursement claims on behalf of establishment towards stipend paid
- ensure compliance of all formalities by the apprentices for appearing in assessment and examinations

Target and Incentive Structure for TPAs

Target

- ✓ As a Pilot project TPAs to engage 2.8 lakh apprentices in designated/optional trades for the period of 1st October 2019 to 31st March 2020

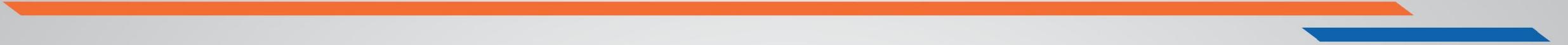
Incentive Structure

- ✓ Incentive to TPAs for Male Apprentices- ₹1,000 per facilitation of signing contracts between apprentices and employers
- ✓ Incentives to TPAs for Female Apprentices- ₹1,250 per facilitation of signing contracts between apprentices and employers

Who can be TPAs

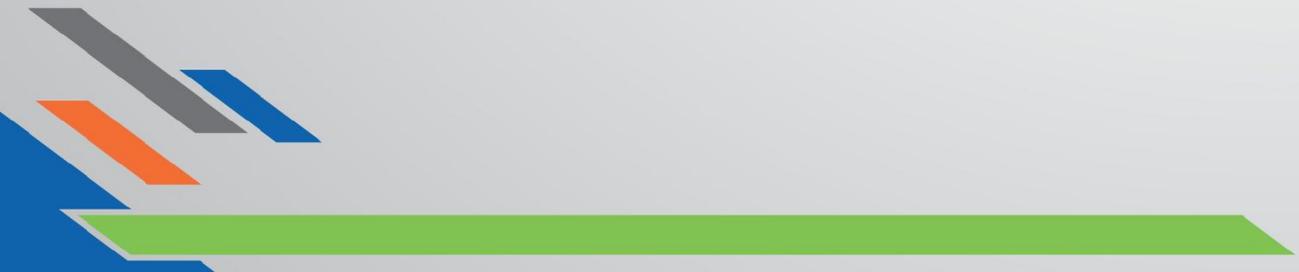
- ✓ Institutions / Organizations with 5 years of experience of working in the area of Industrial Training/ Skilling/ Education/ Placement/ Non-profit activities/ Working as a registered industry association or Chamber
- ✓ Selected by MSDE after examining the proposal and approval from Empanelment Committee

- ✓ 21 TPAs are empaneled with MSDE and the details are available on apprenticeshipindia.org



Apprenticeship Trends

(cumulative performance – June, 2019)



Apprenticeship in India – Snapshot



Item	Data
Total Apprentices Engaged (Contracts) <i>(June end, 2019)</i> <i>(Designated Trades + Optional Trades)</i>	6,15,455
Total Active Establishments <i>(June end, 2019)</i> <i>(Active: at least 1 apprenticeship contracts generated)</i> <i>(Designated Trades + Optional Trades)</i>	22,544
Top States (Designated Trades) <ul style="list-style-type: none">• Maharashtra• Gujarat• Haryana• Uttar Pradesh• Karnataka	Top States (Optional Trades) <ul style="list-style-type: none">• Maharashtra• Gujarat• Karnataka• West Bengal• Andhra Pradesh



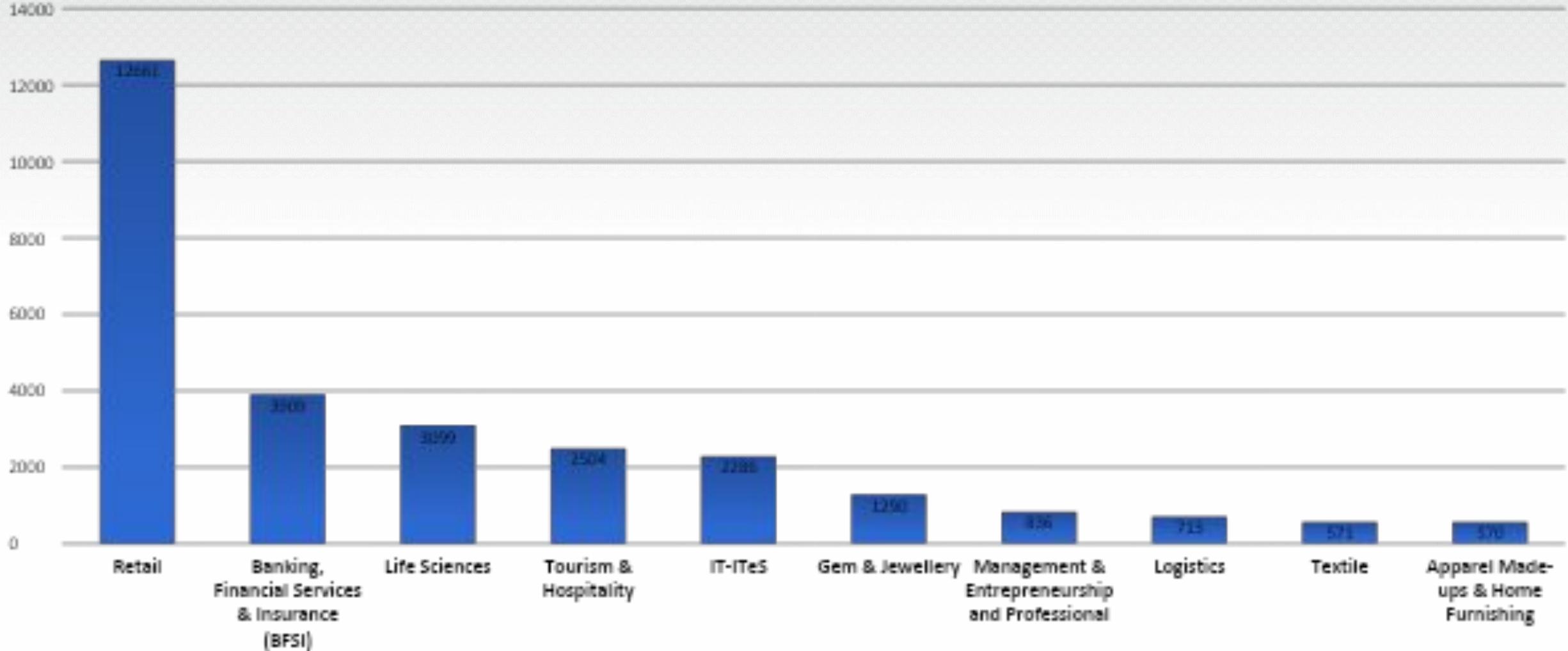
Optional Trades Trends

Item	Data
Total Apprentices Engaged (Contracts) <i>(until 31st August, 2019)</i>	31,899
Total Active Establishments <i>(Active: at least 1 contract generated)</i>	1,078
Top 5 sectors	<ul style="list-style-type: none"> • Retail • BFSI • Life Sciences • Tourism and Hospitality • IT-ITeS
Top 5 States	<ul style="list-style-type: none"> • Maharashtra • Gujarat • Karnataka • West Bengal • Andhra Pradesh



Top Sectors (Optional Trades)

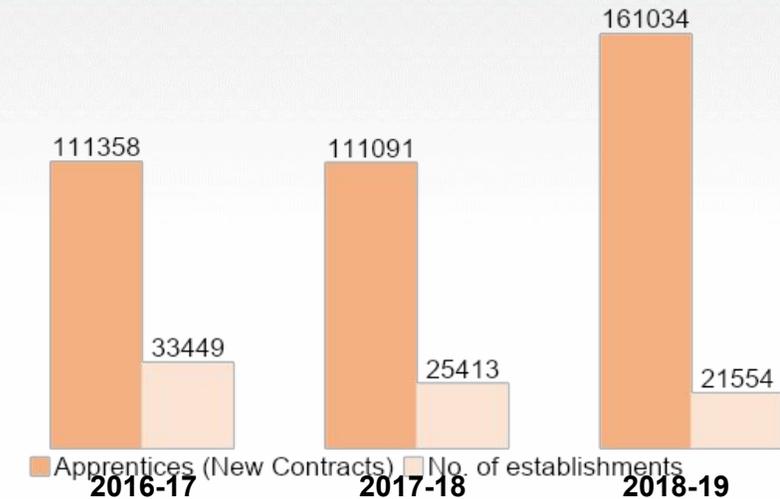
Top 10 Sectors



Designated Trades Trends

Item	Pan-India
Total Apprentices (Contracts) <i>(until 31st May, 2019)</i>	5,78,519
Total Establishments <i>(Active: at least 1 vacancy posted)</i>	22,801
Top Job Roles	<ul style="list-style-type: none"> • Fitter • Electrician • Welder (Gas & Electric) • Mechanic Diesel • Mechanic (Motor Vehicle)
Top 5 States	<ul style="list-style-type: none"> • Maharashtra • Gujarat • Haryana • Uttar Pradesh • Karnataka

Year Wise Apprentices engaged in Designated Trade



Apprenticeship Potential (target)



Annual Survey of Industries Frame, 2017-18 (ASI)



The survey pegs formal workforce in India at 3 crore-Break up of work force

Employers with 0-3 employees

	No. of Establishments	No. of Employees	at 2.5%	at 10%	at 15%
Total	10,814	16,608	415	1,661	2,491

Employers with 4-29 employees

	No. of Establishments	No. of Employees	at 2.5%	at 10%	at 15%
Total	1,26,952	19,60,141	49,004	1,96,014	2,94,021

Employers with 30 and above employees

	No. of Establishments	No. of Employees	at 2.5%	at 10%	at 15%
Total	90,500	2,79,42,850	6,98,571	27,94,285	41,91,428

Total Apprentices



- There are about 6 lakhs apprentices enrolled under the App Act since 2014/15
- At any given point of time we have about 2 lakh apprentices on the rolls
- As against this we can enroll upto 28lakh apprentices in establishments where apprenticeship is mandatory @10%; calculates at 2.5% this figure comes to about 6.8 lakh; (another possible 3 lakhs if we consider the establishments in which apprenticeship is optional @10%).
- So we have still a long way to go ; but the trends are encouraging specially in the industry driven programmes under the optional trades umbrella

Current Status of Apprenticeship Trainings



Status for Designated Trades

State	Registered Establishment	Active Establishment	Cumulative apprentices trained till date	Apprentice Currently undergoing Training
Andhra Pradesh	4901	4130	22359	5469
Gujarat	19830	17136	109597	39448
Haryana	13118	11241	68508	21523
Jharkhand	446	265	20394	3687
Karnataka	3054	2097	36068	7710
Madhya Pradesh	6016	5173	17964	6635
Maharashtra	16498	8249	124700	30515
Tamil Nadu	5094	2659	25405	4222
Telangana	1767	1138	20549	6407
Uttar Pradesh	6716	3208	62428	15939
West Bengal	917	778	6878	2341

Status for Optional Trades

State	Registered Establishment	Active Establishment	Cumulative apprentices trained till date
Andhra Pradesh	52	29	1928
Gujarat	1753	1037	5879
Haryana	239	79	1547
Jharkhand	7	4	4
Karnataka	203	97	3965
Madhya Pradesh	69	18	1131
Maharashtra	334	187	7133
Tamil Nadu	118	43	821
Telangana	119	67	1724
Uttar Pradesh	95	20	326
West Bengal	81	53	2667

Potential for Apprenticeship Trainings



Establishments having 30 or more employees

State	Total establishments	Total employees working in the establishment	Apprenticeship Potential* @2.5% of the total employees	Apprenticeship Potential* @15% of the total employees
Andhra Pradesh	3360	595426	14886	89314
Gujarat	10309	2117476	52937	317621
Haryana	4841	1236314	30908	185447
Jharkhand	1126	681893	17047	102284
Karnataka	6454	5752270	143807	862841
Madhya Pradesh	1730	469564	11739	70435
Maharashtra	11995	2507173	62679	376076
Tamil Nadu	15920	5250258	131256	787539
Telangana	3821	947574	23689	142136
Uttar Pradesh	7615	1193835	29846	179075
West Bengal	3610	920933	23023	138140

Establishments with 4-29 employees

State	Total establishments	Total employees working in the establishment	Apprenticeship Potential* @2.5% of the total employees	Apprenticeship Potential* @15% of the total employees
Andhra Pradesh	11816	153636	3841	23045
Gujarat	15468	240511	6013	36077
Haryana	3833	59035	1476	8855
Jharkhand	1588	23666	592	3550
Karnataka	6763	104905	2623	15736
Madhya Pradesh	2701	38051	951	5708
Maharashtra	13789	209801	5245	31470
Tamil Nadu	20553	308904	7723	46336
Telangana	9828	140012	3500	21002
Uttar Pradesh	7970	112752	2819	16913
West Bengal	5636	83931	2098	12590

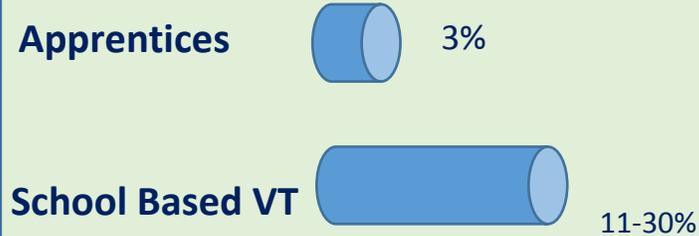
Business Case for Apprenticeship



Apprenticeship in Global Context

Netherlands

Unemployment Rates of Graduates



EU has established **European Alliance for Apprenticeships**

Britain will create **3 million apprenticeships by 2020**

Source: ILO

G 20 countries promoting quality apprenticeship

ILO Member states **developing ILS** on Apprenticeship

USA & UK

Positive Return on Investment

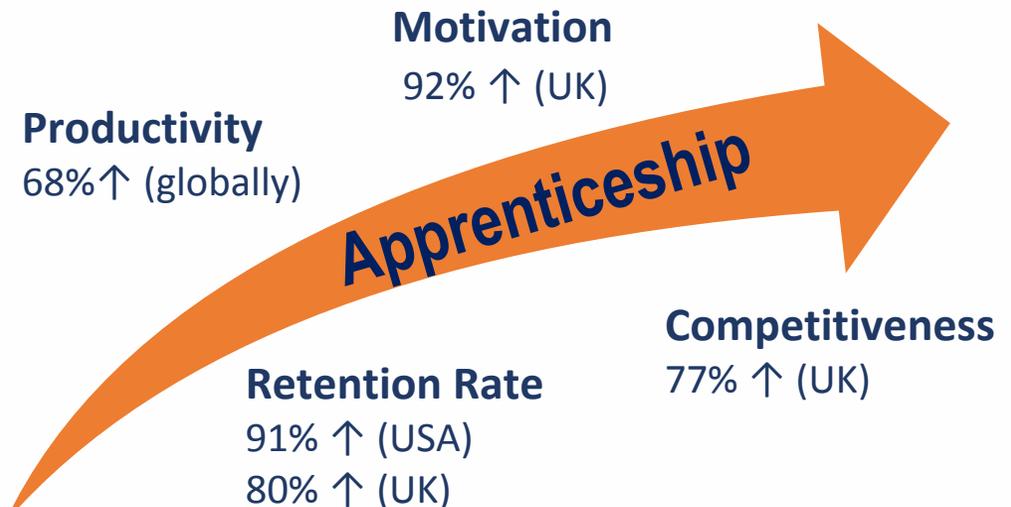
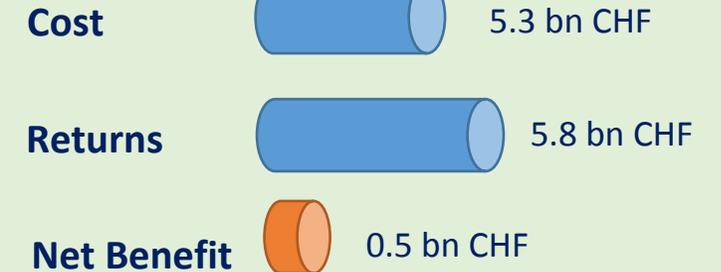
Expenditure by Govt: £1/ \$1

Returns: UK – £26-28

Returns: US – \$36

Switzerland

Positive Return on Investment



Case Study – Apprenticeship Benefits to Airbus (UK)



Airbus runs a successful apprenticeship program; which feeds in significantly to their management team..

- >30 years, Airbus-UK has trained over 4,000 apprentices
- Initially spending time on coaching, guiding and tutoring the apprentices **paid off later big-time**
- Apprentices helped business to become **more productive and competitive**
- Apprenticeship program focused on skills strategy, talent retention and development
- Airbus took 620 employees on early career programs of which over 400 are apprentices in training
- **70% senior managers at Airbus** started their career as apprentices
- Apprenticeship Programme ensures that Airbus, world's leading aircraft manufacturer, **hires and retains world's best skilled workforce**

Apprentices become a steady stream of loyal employees; and they help improve the productivity of the business

Case: Case Classic Moulds and Dies (CMD), Chennai

Type of Apprenticeship: 1 year Apprenticeship, followed by 1 year Apprenticeship on Payroll

Cost Benefit Analysis (per apprentice)				
Costs	0-6 months	6-12 months	Total (App)	Year 2 (on pay roll)
Total Cost	71,100	64,000	135,100	115,128
Benefits	57,938	104,288	162,226	249,338
Net Benefit	(13,162)	40,288	27,126	134,210
Benefit Cost Ratio	-	-	1.0	1.5

Note: Figures for in INR

Key Observations

First 6 months

During the first 6 months, the contribution of the apprentices is minimal with 20-30% of the productivity of an average skilled employee

Second Half of year

The enterprise gets a clear net benefit from apprentices and therefore, is able to **recover more than the entire investments** made into the apprentice during the apprenticeship period itself

If apprentice remains in the enterprise during the 2nd year, and joins as a regular employee, returns increase significantly. For every **1 INR invested**, the company generates **returns of 1.5 INR**

Case: Foodworld, Bangalore

Type of Apprenticeship: 6 month Apprenticeship – 1 month Classroom Training and 5 months on the Shop Floor

Cost Benefit Analysis (per apprentice)

Costs	6 months	Year 1 on payroll
Total Cost	52,800	64,800
Benefits	71,587	197,000
Net Benefit	18,787	132,200
Net Benefit (incl. drop out rate)	(7,613)	99,800
Benefit Cost Ratio	0.9	1.8

Note: Figures for in INR

Key Observations

First 6 months

The returns from investments (ROI) are positive or rather cost neutral during the training period itself. It is expected that an apprentice will work at 60% productivity of an experienced sales executive during this period

Second Half of year

ROI one year after training increases significantly and for each INR invested, the enterprise generates 1.8 INR. (it however is critical to have low attrition during or after apprenticeship)

For every **1 INR invested**, the company generates **returns of 1.8 INR**

Case: Lemon Tree, Gurgaon

Type of Apprenticeship: Housekeeping (18 months) and Cook and Clerk (3 years)

Cost Benefit Analysis (per apprentice)			
Costs	Total (Housekeeping)	Total (Cook)	Total (Clerk)
Total Cost	292,700	504,200	472,100
Benefits	416,183	880,861	880,861
Net Benefit	123,483	376,661	408,761
Benefit Cost Ratio	1.4	1.7	1.9

Note: Figures for in INR

Key Observations

Housekeeping (18 month Apprenticeship)

The benefit generated by the apprentices in the last 6 months is 60% of the productivity of an average skilled employee

Cook and Clerk (3 year Apprenticeship)

The benefit generated by the apprentices in the second year is 40% & in third year is 60% of the productivity of an average skilled employee

Dr Reddys Lab-Strong Business Case for Apprenticeship



Cost Benefit Analysis FY 17-18

Costs	Per Annum in INR
Cost of Semi Skilled contract employees	4,07,69,928
Cost of Apprentice	2,02,36,415
Net Benefit PA	2,05,33,513
Benefit Cost % PA	50%

- Apprentices are not employees, **no obligation to hire** them.
- **High ROI** with a short payback period.
- They start **contributing productively** after a couple of months of training.
- They are tuned to **company culture** when you hire them subsequently as employee.
- No/Less attrition.
- Reduces Cost of recruitment & induction.
- **High level of dedication** and **loyalty** among apprentices.
- For an apprentice –gets an exposure into shop floor training- and hence 100% are getting employed.
- Earn while you learn concept gives them confidence for future.

A Win-Win Opportunity!

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*“Coming together is a beginning; keeping together is progress; working together is success.”
Henry Ford, founder of Ford Motor*

Thank You

