



Scaling up of Apprenticeship Programme in Karnataka - Policy Options

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Background

India, being the youngest country in the world by 2020, stands to reap demographic dividend. If utilized effectively, demographic dividend is expected to fuel India's economic growth trajectory. However, to reap the benefits of a demographic dividend the most necessary condition is ensuring availability of job on the one hand and enhance education level and upscale the skills, on the other, so as to equip them with the required industry specific skills. In fact, theoretically too it is well established that human capital formation has an edge over physical capital in improving the productivity at the workplace.

Assuring employment opportunities to the unemployed and also emphasis on literacy have been prime areas of focus in India's planning since the beginning of the plan era. However, of late, it is realised that there is an obvious skill mismatch between what skills are expected from prospective employees and what are acquired, which translates into high rate of unemployment. In order to overcome these, both central and state governments have been attempting to scale up the skill and employability of youth.

Towards this endeavour, apprenticeship policy has been given due emphasis given its unique feature of not only accelerating skill development but also helping in tackling low employability of youth, increase their productivity at workplace and thereby enhance their income earning capacity. This, prima facie, provides a sound logical reasoning to invest on apprenticeship. Even while Government of India (GoI) has been promoting apprenticeship policy since 1960s, the progress made in this direction has been unsatisfactory. Hence, it is important to undertake a systematic study to locate the current status of apprenticeship and frame new policy directives that aid in the promotion of apprenticeship.

Karnataka is observed to be one of those Indian states which has had an early entry into demographic dividend phase, and very soon the phase would also pass by, which by itself underlines an urgent need to devise an appropriate policy intervention to reap the economic advantage. Of the total workers in the

state, 55 per cent are involved in agriculture alone, either as cultivators or agricultural labourers. With respect to sectoral composition, the state economy is predominantly service based, with service sector's share in GSDP at 66.63 per cent in 2017-18. This is followed by secondary sector and primary sector. Apparently, skills required in these three key economic sectors will be different from one another. This implies that there will be a large skill gap if aspirant workers are willing to shift from one stream to another stream of economic activities and shift within each sector. In fact, as aptly stated in the Government of Karnataka (2017), an aggressive strategy of larger coverage of youth in the next half decade is needed to address the shortage of skilled and highly skilled people so as to promote employment among youth and bring them into the labour force.

It is in this context that a study has been undertaken to locate the present status of apprenticeship training in Karnataka, key challenges faced by various stakeholders and ways to enhance skill formation in the state through the apprenticeship system. Both quantitative and qualitative data are used, besides review of existing literature and documents. Policy options emerging from this study are presented below.

Major Findings

- The National apprenticeship policy has evolved over a period and periodically the government has been making necessary intervention to expand the scope, coverage and its functionalities. However the apprenticeship policy was found to seriously lag behind its actual capacity. An important contributing factor could be that our formal education is not able to produce work ready youth.
- Apprenticeship training is provided to 0.1 per cent of the formal labour force as against 4 percent in other countries. Among the four categories of apprentices, the intake capacity for trade apprentices was found to be higher as compared to the other categories of apprentices. Within India, the maximum number of training facilities are in Maharashtra followed by Gujarat, Delhi, Tamil Nadu, J&K, Karnataka, Kerala, Haryana, Andhra Pradesh and West Bengal.

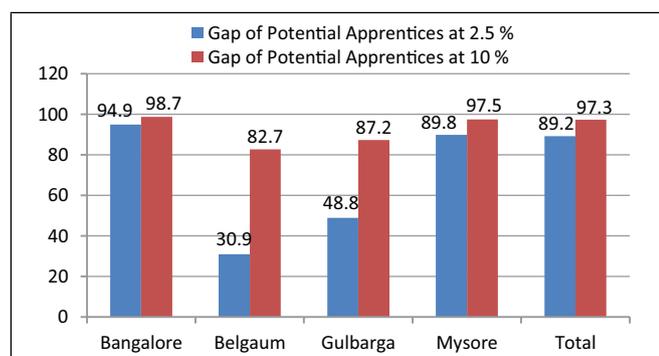


Earn while you learn with an Apprenticeship

Additionally, between the years 2001 and 2010, there has been only a small increase in the number of apprentices engaged, accounting for a meagre of 3.53 percent albeit with a further decline observed for the year 2011. At the regional level, the southern region was observed to have been performing well in comparison to the other regions. Whereas certain states have not at all engaged apprentices for certain years. This reflects the dismal performance of the apprenticeship policy in India.

- Karnataka state is having a larger working age group population at 63 percent as against the all India average of 57 percent and higher work participation rate at 45 percent as opposed to 39 percent at all India level coupled with a larger number of establishments standing to gain a larger extent in the event the apprenticeship effort is harnessed well. To be specific, Karnataka ranks sixth in number of establishments having training facilities after Maharashtra (7520), Gujarat (5381), Delhi (3033), Tamil Nadu (2294), J&K (1757) and Karnataka (1630).
- Amongst the southern states, Karnataka ranks second to Tamil Nadu in terms of apprentice engagement with increasing trend observed among both graduate and trade apprentices between the years 2001-2015. However, the number of apprentices is still very small as compared to the enormous potential that exists in India in general and Karnataka in particular.
- The sluggish progress of apprenticeship program is evident from the fact that the current achievement is a meagre 2.7 percent of the potential that exists for apprenticeship program taking into account the 10 percent norm suggested for the establishments. As against the staff strength of 156,589 in Karnataka, the absorption is a mere 4292. Across major administrative divisions, the strength of establishment and also in terms of the gap of potential apprentices at 2.5 per cent and 10 per cent, the gap is observed to be the highest in Bangalore division followed by the Mysore division. The least gap is observed with respect to Belgaum division. This suggests an

Figure 1: The Non-Compliance rate of Apprenticeship across major Administrative Divisions in Karnataka



Source: Gol (Undated), NCVT, Ministry of Skill Development and Entrepreneurship,

inverse relationship between rate of development of a district and compliance rate of apprenticeship (Figure 1).

- Some of the prevailing challenges in the expansion of apprenticeship programme include: mismatch between demand and supply of skilled labour force, implementation of too many parallel schemes and their lack of coordination, lack of synergy between monitoring and implementing authorities, etc.
- There are also considerable sectoral and regional variations, while apprenticeship intake has surpassed the mandated 2.5 percent level in some districts, yet others have a huge gap of as much as 90 percent.
- There is a lot to learn from the global experience of Apprenticeship. Specifically, in terms of developing a systematic apprentice curriculum, a greater involvement of stakeholders, reducing the regulatory burden on the enterprises, and so on.

Policy Suggestions

Increase the participation of Industry

There is an urgent need to enhance the industry's involvement in the apprenticeship promotion. Towards this, the following policy options may contribute to an improvement in the apprenticeship program's performance (also see Table 1 for policy options for different stakeholders).

- The government should play a facilitator role in the apprenticeship scheme. The international experience suggests that, the success has been largely guided wherein governments have facilitated proactive engagement of the industrial establishments. There are similar experiences within India, like the state of Maharashtra engaging actively with the industry in promoting the apprenticeship program.
- Organise workshops involving students and industry representatives on one platform so that the students interact with industry representatives to understand the industry requirements and obtain a better understanding of the requirements
- Industries could enter into Memorandum of Understanding (MOUs) with the training institutions on the subjects of training and trade to facilitate a healthy relationship between the two.
- Simplification of apprenticeship procedures and processes is needed because industries consider the apprenticeship procedures as tiresome and time consuming as most of the apprentices are from rural areas not even having e-mail address and in the process, the industry has to take on the additional responsibility of completing all the procedures on behalf of the apprentices including registering them in the webportal.
- The current apprenticeship system does not cater to the industry's needs. For this, there is a need to make apprenticeship as a central

programme with 75 per cent skill training and 25 per cent basic theory.

Awareness on apprenticeship opportunities

In view of considerable ambiguity and miscommunication relating to apprenticeship programmes, key stakeholders including students, industry representatives, etc., are not aware of benefits and incentives provided by the government. There is a need for spreading awareness about apprenticeship programme. Efforts therefore are needed to improve the government portal on apprenticeship programme and make the same as user friendly in such a way that the awareness on apprenticeship programmes is improved and stakeholders are able to obtain answers to their questions from a single portal.

Choice of trades and curricula

- Framing of syllabus for vocational training is currently centralised, and hence does not offer scope to incorporate region specific and trade specific skills. A decentralised effort that does not dilute national standards and compromise with employability is therefore the need of the hour. National Council for Vocational Training (NCVT) is a national council that prepares syllabus based on inputs from industries that are asked to provide inputs at the national level. There is an issue of compatibility of these inputs for industries at different regional levels. For instance, out of 259 trades for which NCVT offers training at the national level, only around 120 trades offered by the ITIs meet some of the requirements in Karnataka. Of them, only around 5-6 are the popular courses. Secondly, although the state agencies can make recommendations on trades that meet state requirements, NCVT has to finally give its concurrence. Third, decentralization in terms of having a state-level syllabus will have the positives of: Quick response mechanism and, High Industry Integration.

Improving the quality of skill education

- One of the reasons why industries do not show much interest in apprenticeship programmes is the poor quality of ITI graduates in the state. In view of the mis-match between what is expected from ITI graduates and what is the actual skill level they are endowed with, industry is unwilling to actively participate in promoting apprenticeship. There is therefore a need to improve the quality of skill education in the state by way of measures such as improving curriculum, increasing the budgetary support, appointment of adequate and qualitative staff in ITIs and so on.
- Currently, tools and equipment required by students for having practical training is not maintained mainly due to understaffing in the vocational training institutions. There is a need to upgrade and maintain tools and equipment by providing adequate staff.
- The provision of soft skills training is needed for a smooth and comfortable transition from the campus to workplace.
- There is a need for periodic meetings between government officials and training institutions for improved interface between government and training institutions. This would improve the two-way flow of information, lead to better appreciation of problems/constraints faced by training institutions in the promotion of apprenticeship programmes and addressing the various problems faced by them.

Incentives to trainees

- Currently the apprentices are offered an unattractive amount of stipend, which needs to be enhanced. The apprenticeship scheme stipulates that trainee is to be paid a stipend that is 90 per cent of the minimum wage – this adds up to a figure of Rs. 11,000. However, industries receive an incentive support of Rs.1,500 from the Central Government and Rs. 1,000 from the State Government which adds up to Rs. 2,500 per Apprentice. This amount is insufficient given that the minimum wage is around Rs. 12000-13000. In addition, the stipend claims of industries are not promptly dispensed by the government due to problems in the web-portal. Mechanisms should also be in place for faster reimbursement of stipend to industries.

The online portal

- There is a need to provide information and awareness on the use of online portal. Students using the portal find it difficult to navigate the site and do not understand the procedures to be followed completely. There is therefore need to provide awareness, information and literacy in terms of using the portal.
- Specifically, students are facing difficulties in registration because of requirements such as gmail account alone can be used, linking to Aadhar account, non-acceptance of Aadhar account even if it is correct and so on. Lack of editing facility at the state level is another difficulty. These need to be addressed by having regular interaction with RDAT, simplification of the registration process in line with Board of Apprenticeship (BOAT), opening help desks, etc.
- In several small and medium industries, the chief executive is the employee who has to shoulder all the work including the management of the online portal. In view of this, there is a need to facilitate the formation of association of industries that can manage the portal for the companies and reduce their workload in this. Several large companies also find it hard to maintain the database on apprenticeship; hence, there is need to provide appropriate support to these industries.
- As per the stipulations of the Apprenticeship scheme, the industries are required to setup a separate cell or dedicate at least one person to handle the applications for Apprenticeships. Though such a norm can be followed by large scale industries employing around 2,000-3,000 employees, SSIs cannot afford the cost of such an additional staff. In view of this, a cell is to be created for a cluster of industries to handle the apprenticeship work including taking applications as per industry requirements, awareness, examinations, etc.



Table 1 –Policy Options for Various Stakeholders

S No	Improving industry participation	Improving education and skill enhancement	Measures for government agencies
1	Introduce innovative Public Private Partnership (PPP) for apprenticeship training	Improve quality and infrastructure of ITI's	Need to develop synergy between monitoring agencies (MHRD and MSDE) and implementing agencies (RDAT, DGET and BOAT)
2	Provide financial incentives to industries such tax concessions, meeting funding needs for training and infrastructure etc. to reduce burden	Improve staff capacity/trained teachers and trainers for apprenticeship training	Improve online portal to disseminate information to both students and industrial personnel alike
3	Introduce corporate social responsibility (CSR) linkages in a bid to generate employment opportunities for the youth	Enhance the curriculum to meet changing industrial needs	Facilitate dissemination of information and quality of training to prospective candidates
4	Involve industry personnel in curriculum designing, development and review	A case manager to oversee progress on and off job training	Removal of constraints while setting up training institutions
5	Reduce regulatory provisions that limit employers in engaging apprentices	Improve facilities for off-the-job training	Reduce hindrances faced by Public Private Partners
5	Revise penalties imposed for non-compliance of provisions in the Act.	Enable provision of Centers for Excellence in imparting skill education through multi-skill training platforms to students	Act as a facilitator in providing apprenticeship training for informal sector
6	Improve or enhance employer and industry involvement in apprenticeship training	Increase training centers to facilitate apprentice training	Improve/enhance status of apprenticeship training
7	Social contributions to apprentices should be shared by the government	Formation of a cooperative arrangement between government and employers to decide on efficient provision of skill development	Enhance quality and infrastructure of ITI's
8	Provision of funds for training disabled apprentices	Involvement of vocational education at school level	Involve more and more diverse participants in apprentice training
9	Provision of tax credits, public subsidies and other allowances to facilitate apprenticeship training	Increase the age bracket for apprenticeship training	To regulate uniformity in training facilities provided
10	Make available information about the system for employers	Trades inclusive of service sector should be included	Safeguard the interest of apprentices through strict enforcement of provisions in Apprenticeship Act
11	Increase awareness of employers on apprentice training and its benefits	Ensure that apprentice training is nationally qualified such that it facilitates candidate's prospects of higher education	Provision of accurate data on apprentices
12	Encourage collaboration of industries with international organisations such UNDP and others.	Chance to mix with apprentices from other enterprises	
13	Provision of financial support to small and medium enterprises in providing VET	Provision of opportunities to experience different workplaces if in a limited environment	

Reference:

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For the complete report see:

Gayithri, K.. Tantri Malini L. and Rajasekhar D (2018). Scaling up Apprenticeship Programme in Karnataka: Policy and Strategy Suggestions, ISEC Bengaluru.

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