



Implementation of National Apprenticeship Promotion Scheme – NAPS “ An Employer Benefit Perspective & Legal Requirement”

Venue: TEA Office, Tirupur

Third Party Aggregator(TPA) : Skills India Foundation

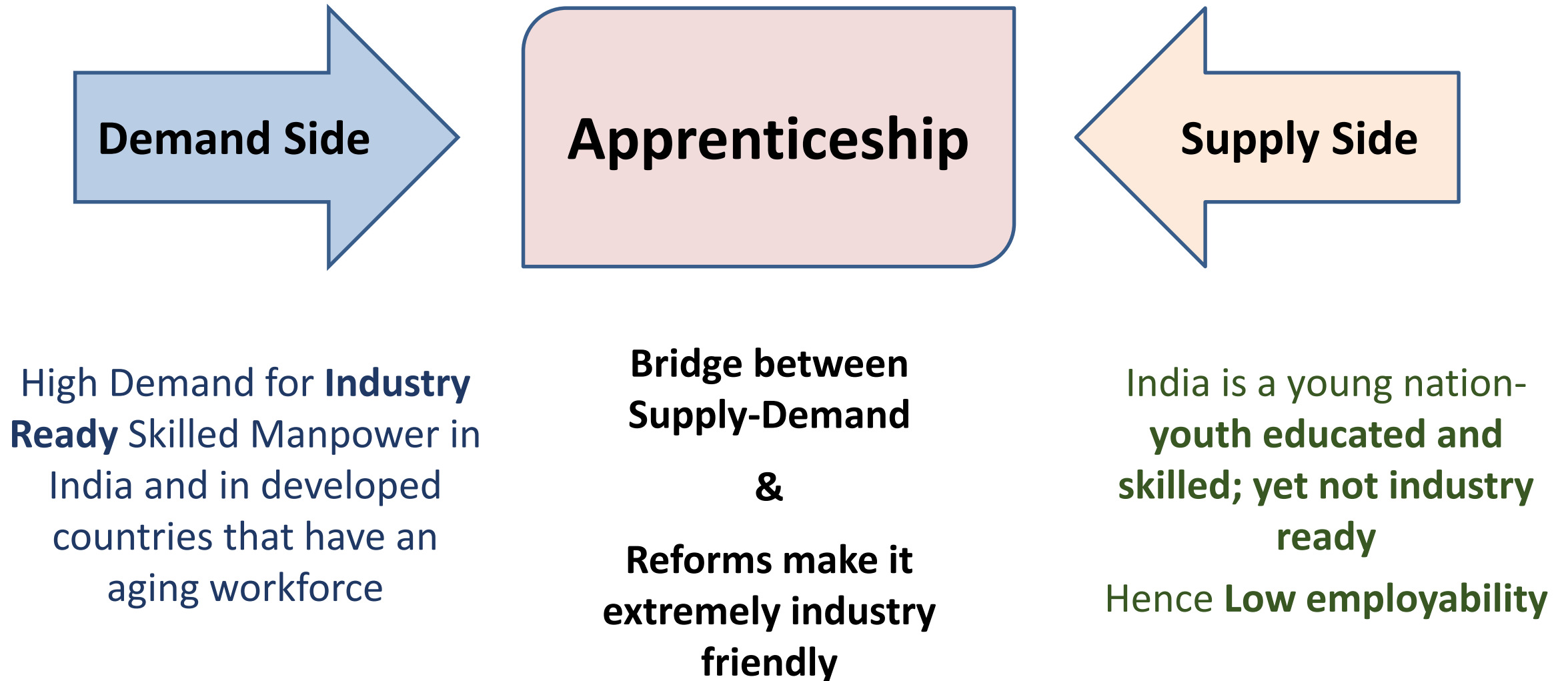
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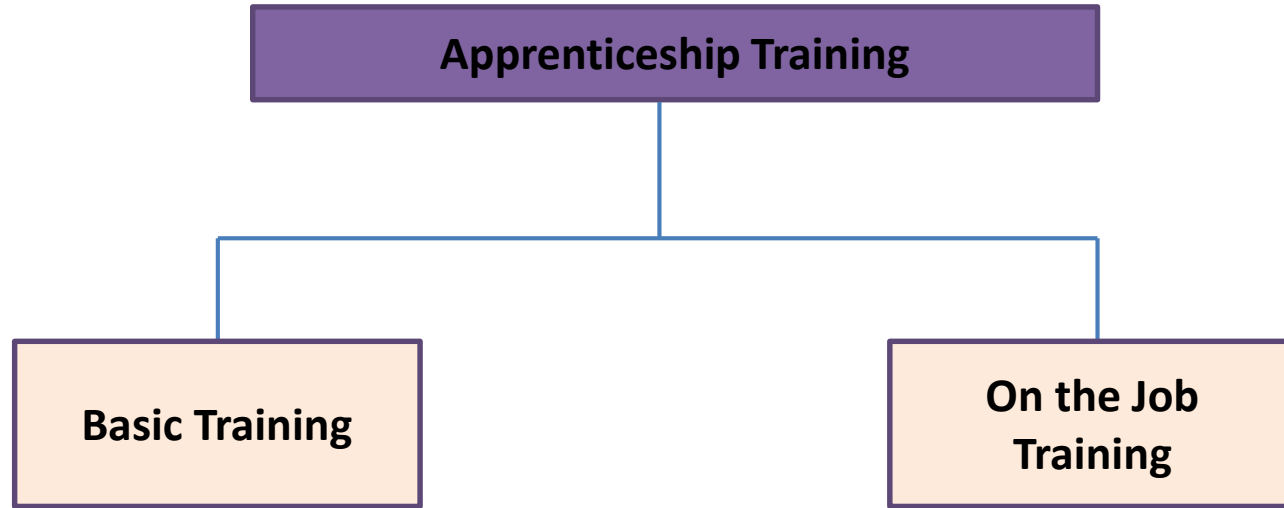
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Apprenticeship – Bridging Demand and Supply Gaps



What is Apprenticeship & the Apprenticeship Act 1961



Apprenticeship is Law: Establishments falling under Apprenticeship Mandate

Establishment Eligibility and Norms for Apprenticeship

Employee Strength	Eligibility for Apprenticeship
0-3	Not eligible
4-29	Optional
>30	Mandatory to engage Apprentices @2.5% of its employee strength

Stipend

Mandatory stipend to be paid apprentices

Mandatory minimum Stipend-Apprenticeship Rules

- ✓ **Payment of stipend for 1st year is fixed as under as per Education Qualification defined in curriculum :-**

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

Apprenticeship Act: Flexible-Discretion to Companies to design/plan

Band	Can engage apprentices within a band of 2.5% to 15% of its workforce.
Flexibility	Duration of apprenticeship between 6-36 months . Left to establishment discretion
Design	Over 500 trades available . In addition, industry has flexibility to Design own Courses in line with their Technologies / Future requirements
Inclusive	Now Service sector mandated to engage apprentices. Besides Degree/Diploma/ITI Certificate Holder, apprenticeship opened for all including STT trained Candidates
Convenient	<ul style="list-style-type: none">• Automated Process through the Portal - https://apprenticeshipindia.org/• Can conduct Basic Training in-house, file for reimbursements online.....
Self-Regulation	Move from Regulation to Self-Regulation . SSC CEO's appointed as JAA

A Demand/Employer driven Program in the Skilling Ecosystem

Legal Status of Apprentice

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

A. 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;



Provisions under ESI Act

- **Section 2(9) in The Employees' State Insurance Act, 1948 stipulates as under:-**
- “Employee” means any person employed for wages in or in connection with the work of a factory or establishment to which this Act applies and—
- Who is directly employed by the principal employer, or
- Who is employed by or through an immediate employer, on the premises of the factory or establishment Or
- Whose services are temporarily lent or let on hire to the principal employer ...
- Includes any person employed for wages on any work or any person engaged as apprentice, not being an apprentice engaged under the Apprentices Act, 1961 (52 of 1961),

CSR & Apprenticeship

- Companies which are covered under the Apprentices Act shall undertake 'skill training' under the Apprentices Act of 1961
- As per clarification issued by MCA, 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); refer clarification on <https://apprenticeshipindia.org/>

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**



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



Operational Framework for Apprenticeship

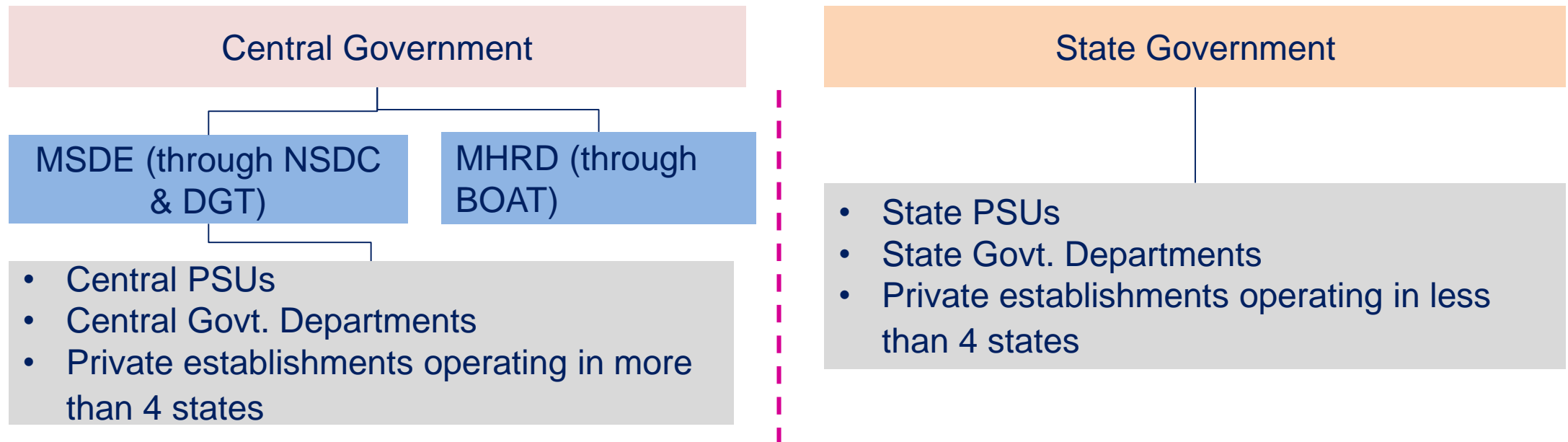


Apprenticeship Training Landscape

- 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 Ecosystem

CAC (Apex Statutory Body to advise and assist Central Government in implementation of Apprentices Act, 1961)



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. Identify courses needed by Industry under Apprenticeship programme
- 2. Help Industry to match demand/supply in coordination with the SSCs & manage the programme on behalf of establishments

Third Party Aggregator (TPA) and their Role

TPAs assist companies in facilitating their Apprenticeship Programs

Services Provided by TPAs:

- Counsel the Mobilised candidates 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
- Assist Companies in Submission of Returns
- Submission of reimbursement claims on behalf of companies towards stipend paid/Basic Training expenses
- Ensure compliance of all formalities by the apprentices for appearing in assessment and examinations



Ministry of Skill Development & Entrepreneurships(MSDE) Notification for Apparel Sector



MSDE- 2(4)/2019-APC (PMU)
Government of India
Ministry of Skill Development and Entrepreneurship

Dated: 8th January 2020

To,
Shri Virender Uppal,
Chairman Apparel Sector Skill Council,
Flat No. A312 to A323, 3rd Floor
Somdatt Chamber-1, Bhikaji Cama Place, Africa Avenue
New Delhi-110066

Subject: Clarification on Issues being by Apparel Sector in implementation of NAPS.

Sir,

Kindly refer to your letter No. AMHSSC/Chairman/19/11 dated 25th November, 2019 seeking clarification on issues being faced by Apparel Sector in implementation of Apprenticeship Training under the Apprentices Act, 1961 (last amended in 2014) and National Apprenticeship Promotion Scheme (NAPS). I have got the matter examined and would like to inform you as under:

- i. Apprenticeship training is covered under the "Apprentices Act, 1961"(last amended in 2014) and as per this Act, all the establishments having work force of 30 or more (including contract employees) are mandated to engage apprentices in a range from 2.5% -10% of their total workforce, every year.
- ii. As per section 18 of the Apprentices Act, 1961, every apprentices undergoing apprenticeship training in designated/optional trade in an establishment shall be trainee and not a worker, and the provision of any law with respect to labour shall not apply to or in relation to such apprentice.
- iii. Besides the provision of "Provident Fund and Miscellaneous Provision Act, 1952" and "State Insurance Act", 1948 also clarifies apprentices appointed under Apprentices Act 1961 are not workers.
- iv. Apparel industries should have clear demarcation at shop floor on who is worker and who is apprentices, they can use different dress code to distinct the apprentices from workers.
- v. As per Apprenticeship Rules 1992(amended upto 2019) minimum rate of stipend has been fixed as per educational/ technical qualification, however, employers are free to pay higher rates of stipend, the reimbursement under NAPS would be limited to the 25% or Rs 1500/- whichever is minimum, per month per trainee.
- vi. The "Apprentices Act 1961 (amended upto 2014) also do not prohibit any employers to pay PF/ESI benefit to apprentices, they are free to pay if "Provident Fund and Miscellaneous Provision Act, 1952" and "State Insurance Act", 1948 permit so.
- vii. Apparel industries should also explore other government health insurance and pension schemes for apprentices so that concern of foreign brands to protect the interest of apprentices are met.

Yours sincerely

(Anita Srivastava)
Joint Director-Incharge Apprenticeship Training
Tel No. 23465907



Apprenticeship Cost saving for companies



Case I: ABC Co. engaging Graduate apprentices

Description	Normal Scenario	Under Apprenticeship	Remarks
Salary p.m.	10000	9000	Rs 9000 pm for graduates (upper limit)
HRA	1000	0	10%
ESI	600	0	6%
PF	1200	0	12%
CTC pm	12800	9000	
Actual Payable	12800	9000	
Reimbursement from Govt. under NAPS	0	1500	25% of stipend paid subject to a maximum of 1500/- p.m.
Net payable by employer	12800	7500	
Net Savings per person p.m.		5300	If ABC Co. has 100 employees (payroll + contract), they can engage min 3 apprentices up to 15 apprentices.
Net Savings per month (@2.5%)		15900	
Net Savings per month(@15%)		79500	
Net Savings per year (@2.5%)		190800	
Net Savings per year (@15%)		954000	

Case II- XYZ co engaging Class V apprentices

Description	Normal Scenario	Under Apprenticeship	Remarks
Salary p.m.	8000	5000	Rs 5000 pm for graduates (minimum stipend for Class V)
HRA	800	0	10%
ESI	480	0	6%
PF	960	0	12%
CTC pm	10240	5000	
Actual Payable	10240	5000	
Reimbursement from Govt. under NAPS	0	1250	25% of stipend paid subject to a maximum of 1500/- p.m.
Net payable by employer	10240	3750	
Net Savings per person p.m.		6490	If XYZ Co. has 100 employees (payroll + contract), they can engage min 3 apprentices up to 15 apprentices.
Net Savings per month (@2.5%)		19470	
Net Savings per month(@15%)		97350	
Net Savings per year (@2.5%)		233640	
Net Savings per year (@15%)		1168200	

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

Thank You



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