

Learnings from the pilot industry apprenticeship initiative scheme. Findings from in-depth interviews.



OVERVIEW

IAI Grant Mechanism Scheme

The IAI grant mechanism provides support to industry clusters (ICs) for providing skill training to youth for catering to skilled labour needs of their member firms. The scheme was launched as part of the MSDE's, World Bank assisted, Skills Strengthening for Industrial Value Enhancement (STRIVE) operation. The scheme provided support to ICs, ranging from course selection and trainee mobilization to on-job training and certification. A key aim was to address the challenges of a) number of trainees trained; b) demand responsiveness of training.

Objective: To set up a proof of concept for a skills training modality which a) satisfies the skilled manpower needs of Micro, Small and Medium Enterprises (MSME) firms; b) establishes a scalable mechanism that is able to skill India's youth at speed.

Structure: The study was initiated in June 2021. 7 ICs from 6 States, who were competitively selected and had initiated skill training, were covered under the study. Additionally, 1 MSME member firm per IC were interviewed. A mix of open and close ended questions were administered as part of structured In-Depth-Interviews (IDIs). The structure of the IDIs was developed by a World Bank team.

As per the International Labour Organization (ILO), India is currently in the unique position to become the largest workforce in the world. Data from the Ministry of Skills Development & Entrepreneurship (MSDE) shows that the increase in the number of skilled youths has not kept pace with the rapidly increasing working age population. Anecdotal evidence also suggests that skill training courses have not kept pace with the rapid developments in the industry.

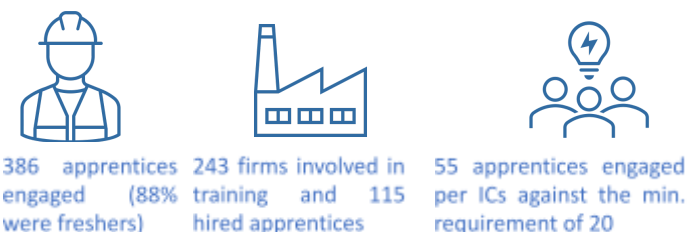
The prolonged closure of industry and institutions as a result of COVID also disrupted skill training efforts in India. Alternative modes of training delivery such as distance learning could not replace face-to-face classes given the emphasis on acquisition of practical skills.

A team led by Unnati C4E founding staff conducted a study to understand if the Industry Apprenticeship Initiative (IAI) Grant Mechanism Scheme is suitable for scaling up skills development through apprenticeship training and, if the pilot phase of the scheme succeeded in providing training to untrained youth through a cooperative industry led mechanism while also catering to specific needs of industry and resulting in an employment ready workforce. Additionally, the team sought to understand how the findings of this study can inform policy structures at a national level.

Key Findings

Supply side outcomes of the pilot implementation

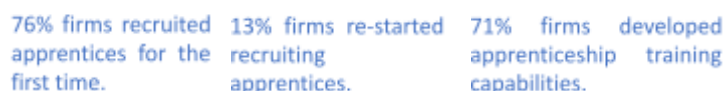
Despite limited implementation experience, the IAI grant mechanism has already begun to show signs of success in several key areas. A high involvement of MSMEs is indicated in the entire process of apprenticeship, thereby indicating a strong demand for conducting apprenticeship through an intermediary (IC) supported model.



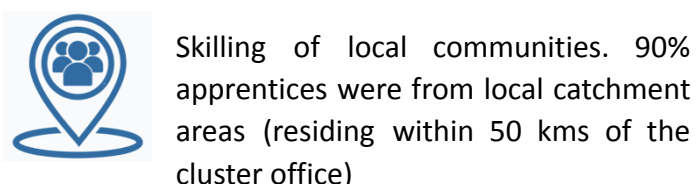
MSMEs who have never been involved in apprenticeship training, have now started to get involved as a result of the scheme. This indicates increased MSME capacities for implementing



apprenticeships within these clusters.



giving an average score of 4.1 on a 5 point scale, that they are able to better manage government compliances for their member firms, and are therefore saving time and effort for their MSME members as a consequence of the scheme.



Trainings conducted were inclusive of the marginalized sections of society.



All ICs undertook a range of activities for mobilizing trainees, these included outreach activities in: local schools, colleges, ITIs; village, block, district and state levels; local markets and other crowded areas including local slums, etc. ICs also conducted outreach through social media and newspaper advertisements. Two ICs also signed an MoU each with local NGOs. However, 6 out of 7 ICs reported they faced severe problems in mobilization of trainees.



ICs reported that it took an average of 4 months to initiate a batch of training, mostly due to delays in mobilization of trainees.

High drop-outs was a major problem. 5 of 7 ICs faced significant dropouts. The average percentage of dropouts was 36%. The main reasons for dropping out included marriage (for females only), further studies, preference of working in company which provides provident fund & insurance, low stipend and COVID. ICs reported that the most common point in the course of apprenticeship when drop-outs were highest was after completion of basic training and within 2 weeks of starting apprenticeship training.

Impact on demand responsiveness of skills training

43% of courses (9 of 21 courses) were custom designed courses, indicating that specific skilled labour needs of the IC's member enterprises were catered to.



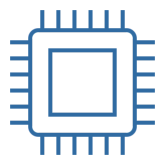
Moreover, this is also relevant as it suggests that the ICs have been able to develop sufficient capacity to be able to conduct training needs assessments and design courses and curriculums.



These new training programs were registered and certified by the national skill qualification framework (NSQF), thereby providing trainees with a nationally recognizable

certification.

On an average, 37.5% of skilled labour needs of firms participating in the scheme were satisfied through apprenticeship trainings conducted under the scheme.



ICs are providing trainees with higher end skills on the NSQF spectrum: 63% of apprenticeship training courses were engineering courses. Such skills are usually more specialized, have a higher demand, and lead to a higher wage rate in the labour market.

Most IC member firms' owners interviewed reported high level of usefulness of the scheme:

- 71% of member firms interviewed either agreed or strongly agreed to the statement that "The IC is able to effectively contribute towards MSME requirements of skilled workers."
- 71% either agreed or strongly agreed to the statement that "The IC is able to effectively

Support received from government authorities

Level of government support, as perceived by the ICs, was satisfactory on most counts:

develop customised training programs catering to the specific needs to its members."

- 85% either agreed or strongly agreed to the statement that "The IC helped its members save time in dealing with the bureaucratic process of registration/ payment/ etc."



80% apprentices are likely to be employed in same organization in which they underwent the apprenticeship training.

100% ICs had either already conducted shop floor supervisor and managerial staff training or plan to conduct such trainings in the near future. An average of 35 hours of such trainings were either already provided or planned to be provided.



The following services provided by ICs were perceived by member firms to be either fairly important or highly important:

- Information provided about apprenticeship opportunities
- Conducting Training Needs Assessment/ Identifying skill requirement
- Organizing Basic Training Provision
- Course/ Curriculum design
- Training/ Capacity building of shop floor supervisors/ managerial staff
- Enterprise/ apprentices registration
- Support for certification
- Administration support for the management of apprenticeships
- Claiming NAPS benefits

We used to spend a lot of time and money on trying knowledge, now we are creating our own talent" – Shiv

"Given the success of the first basic training batch, CM for 2 additional batches. Furthermore, the model will government and private sector will take this region a Marathwada Industries and Agriculture (CMIA), Aurnag

- IAI grant mechanism application process was simple and non-bureaucratic
- Support received (Capacity building support/ query resolution/ any other) from the central government was timely.
- Support received (Capacity building support/ query resolution/ any other) from the state government was timely.
- Registration process of enterprise/ apprentices on the government portal was smooth.
- Role that the State Apprenticeship Monitoring Cell (SAMC) played through-out the entire process was important.



Time lag between application and selection : The average time lag between submission of application and signing of agreements was 3.5 months,

the maximum was 5 months and the minimum was 1 month.

Time lag between selection and receiving funding:

The average time lag between signing of contracts and receiving the first tranche of advance funding was 8.7 months. This is especially significant as the first tranche of advance funds is meant for setting up the Apprenticeship Implementation Cell (AIC) within the IC, with an aim to capacitate the IC to engage in apprenticeship training.



NSDC approval process for optional trades was reported to be well designed and smooth. ICs reported that it took as less as 15 days to get NSDC approvals.

Several ICs reported that administration's help, especially at the block and village (panchayat) level, was important in **mobilizing apprentices.**



Policy Implication

Higher and consistent capacitation support may be required for developing optional trades: Out of the 3 ICs that undertook customised trades, only 1 IC designed the course and curriculum in-house.

Mandatory sequential structure of theoretical and practical training can be made flexible: Basic training and on-job training are usually undertaken sequential. ICs reported the National Apprenticeship Promotion Scheme (NAPS) processes to be inflexible in implementation of basic and apprenticeship training side-by-side, concurrently. It was reported that a concurrent training modality would help decrease drop outs rates as trainee expectation mismatch would be lower.

Communication strategy: One of the most widely reported problems was mobilization of trainees due to low aspirational value and awareness of apprenticeship. A communication strategy may be considered to improve mobilization outcomes.

capacities to deliver quality training, better manage government formalities and, save time and effort for MSME firms while producing a sustainable pipeline of trained workforce. A significant percentage of trainees who took the final assessment passed, indicating that the training met minimum quality standards. A majority of graduates are also expected to be employed by a cluster member firm. The scheme is also speedily scalable.

The intermediary model of promoting apprenticeship training is able to increase MSME