

MSMEs can avail of government benefits by employing apprentices

Availability of skilled labour is a major constraint faced by MSMEs, especially after the outbreak of COVID pandemic, which triggered reverse migration of labourers from urban to rural areas. Although there is no quick fix to plug the supply-demand mismatch in skilled labour, the central government's Apprentice training programmes can bridge this gap in the medium to long run. However, industry needs to be an effective partner in the central government's policies on apprenticeship to develop an army of well trained youth in the medium term.

MSMEs can register under the Apprentices Act, 1961 to avail of the benefits offered by the government under this law. Employers that engage apprentices under this act are exempted from contributing to Employees State Insurance (ESI) and Employees Provident Fund (EPF).

Government encourages firms to hire 15% of their workforce as apprentices across more than 336 optional trades outlined under the National Apprenticeship Promotion Scheme (NAPS). Employers can hire fresh graduates, diploma holders or drop-outs of high schools and train them under their respective trades.

The government also bears the wage cost of apprentices by extending 25% of stipend or a maximum of Rs. 1500 per month per apprentice. Also, by employing apprentices, firms may reduce their overall labour cost as the compensation paid to these apprentices are not subject to the minimum wage norms of the respective state governments.

In case the employer does not have sufficient facilities for training fresh apprentices, the government shares training cost of up to Rs 7500 per apprentice for maximum three months.

Employers who wish to engage apprentices may visit the online portal (www.apprenticeship.gov.in) launched by Government of India for administering its apprenticeship scheme. The portal provides end to end service for the employer from registration and mentioning vacancy to submitting claims, and for the apprentice from registration to receiving and accepting offer letters online.

There are more than 6 crore MSMEs in India, besides many big corporate houses. However, hardly 30,165 establishments have registered under Apprentices Act, 1961. It is time we create awareness about the benefits of the apprenticeship programme among out industry and promote widespread adoption of the same.

Developing a vibrant skilling ecosystem through apprenticeship is an essential strategy to promote manufacturing and services sectors. Countries such as Germany and Australia have the largest apprenticeship systems, with apprentices accounting for more than 3.7 of their labour force.

It is also the responsibility of state governments to promote apprenticeship among registered units in their states. India is home to more than 2 million MSMEs that employ at least 6 workers (according to the fifth economic census). The central and state governments need to encourage these enterprises to employ apprentices. Every state government should ensure that industries that avail of incentives under their respective State Industrial Promotion Policy employ apprentices. India needs a coordinated approach across all layers of governments, industry and academic institutions to create a large pool of workforce that are armed with highly demanding skills in the industry.

Notifications

PIB

Year-end review: Ministry of Ports

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1684394>

Year-end review: Ministry of Skill Development

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1684320>

DGFT

Amendment in Handbook of Procedures

<https://content.dgft.gov.in/Website/dgftprod/0d6eb55e-1c0a-4cb4-8058-869ed38a6a3e/PN%2036%20English%20pdf.pdf>

Amendment in Policy Condition for export of rice to Europe

<https://content.dgft.gov.in/Website/dgftprod/118c34d8-be2f-401b-b67a-e207d65adf7e/Noti%2051%20Eng.pdf>