

Future of Apprenticeship in India

A Comprehensive Account



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FOREWORD

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There is growing anxiety across the world about higher education – students are uncertain about the return on investment due to rising tuition fees on one hand and uncertainty about career prospects on the other. Higher education is imagined as a pathway, launching students into the wider world in the expectation that the currents will guide them into a job. Higher education is very important, but it is only part of a bigger structure - focusing only on higher education (while ignoring skill building) may be inadequate to solve current challenges that employers face while hiring fresh graduates. CEO's from across the world have indicated that freshers lack certain specific skills needed to augment companies' ability to grow, innovate, deliver products and services on time, meet quality standards and meet environmental and social requirements.

The concerns employers have with the skills of young graduates and their difficulty with filling vacant positions, stem from two sources:

- 1) Skills shortages (scarcity of candidates with the necessary skills for the job).
- 2) Skills mismatch (a qualitative challenge where companies do not find fresh graduates employable even when they have the right qualifications on paper).

On the other hand, when trainees enter the workforce without formal education, they learn 'how something is done', but they lack a broader understanding and the ability to think laterally, which comes from formal education. Education helps develop critical thinking, which is essential to problem-solving and innovation necessary for growth. The solution provided by several governments and industry experts to close this skills gap is to get the prospective workers the skills training they need – the solution hasn't worked as a large part of the Govt training programs are conducted in a classroom rather than learning on-the-Job.

Degree Apprenticeships

sit at the intersection of education and industry. They are an interesting blend – that of a degree program tailored to a specific role or industry and the structure and framework of on-the-job training that come with an apprenticeship.

Forging stronger connections between education and economic opportunity and dismantling the barriers between working and learning paves the way for new possibilities. Apprenticeships along with Graduation Degree Programs can bring about a revolution in Higher Education in the country.

Education, Employability and Employment change lives in ways that no subsidy ever can. Degree apprenticeship programs offer a combination of education and skills to the student, create an innovative employer funded financing model, help organisations create their talent pipeline and help universities embed employability for their courses.



Introduction



Education without Skills leads to **Unemployment**; Skills without Education leads to **lower Productivity**

India has the third-largest education system in the world after the US and China. Many efforts have been initiated to prepare fresh graduates for employment but have almost remained devoid of incorporating the concept of 'Skill development' or 'learn by doing'.



The unemployment rate may have fallen to 7.24% (CMIE, as of March 15, 2022) but remains elevated. Moreover, the unemployment of youths with higher education qualifications is among the more significant challenges the country is facing. Is the youth of the country possessing higher education qualifications equipped with the necessary knowledge and required skills to get their desirable jobs suited to their capabilities? It is essential to mention that our education system focuses much more on theoretical than practical knowledge.



Given the rising cost of education, an apprenticeship offers an effective and equitable strategy for significantly expanding access to higher education. Degree Apprenticeships considerably help launch people directly into desirable jobs without the loan debt or long job searches that are weighing down so many graduates today.



The system is also producing a large number of students who do not have the skills to cope with the modern-day demands of the job market. Against such a backdrop, the requirement is to make degree students more employable to compete in a job market. The survey responses indicate a dire need to make apprenticeship opportunities widely available. To accomplish this, connect apprenticeship to the higher education system, enable people to be apprentices and prepare them to be job-ready.

It is also an excellent way for employers to address the existing skill gaps and ensure getting the return from their training investments. It also provides an opportunity to create their own workforce and tap the supply chain issues. Upskilling existing staff is a proven and great way to ensure an organization has the capable personnel to improve productivity, better quality, staff morale and mainly save the recruitment cost. Well-trained, highly skilled staff add value to organizations and secure the best new talent in the industry.

When the employers depend solely on the higher education system to prepare their workforce, they often tend to find their new hires are far from being job-ready. Instead, a partnering model comprises higher education institutions and employers to ensure apprentices learn job-relevant skills. The interface between higher education institutions and employers has attracted much attention recently when UGC urged universities and other higher education institutes to promote and offer apprenticeship degree programs. A collaborative approach is a much-needed step towards improving the employability of the youth and addressing the supply chain issues. This report calls for reforms and fosters greater collaboration between education institutions and employers while laying a foundation for apprentices' careers.



Reimagining Education to embed Employability for **University Students**

TeamLease EdTech carried out a survey of over 110 Universities and higher education institutions on how Apprenticeships along with Graduation Degree Programs can bring about a revolution in Higher Education in the country.

A GER of 50% shall need a balance between access, affordability and employability. GER often has an uncanny correlation to income levels and jobs in the economy - as India aspires to rapidly expand its higher education, the question of affordability will become more urgent.

Apprenticeship embedded degree programs create a viable financing model for higher education through its 'earning while learning' model. Students get to earn their monthly stipends from their employers – this helps them subsidise their tuition fees and, at times, creates an income source (a better proxy than the midday meal in schools), enough for their families not to force them from dropping off college.

Clubbed with other benefits – earning the work-experience while they are still graduating, the building of soft skills, creating an employer financing model for higher education and the income subsidy through the stipend earned – these innovative programs have the right ingredients to create a demand pull for higher education enrolments without overtly depending on government subsidies and financing.

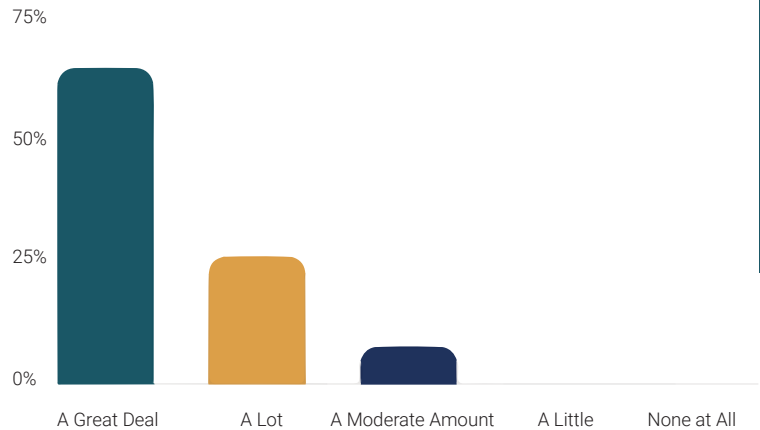


Key findings

from the survey

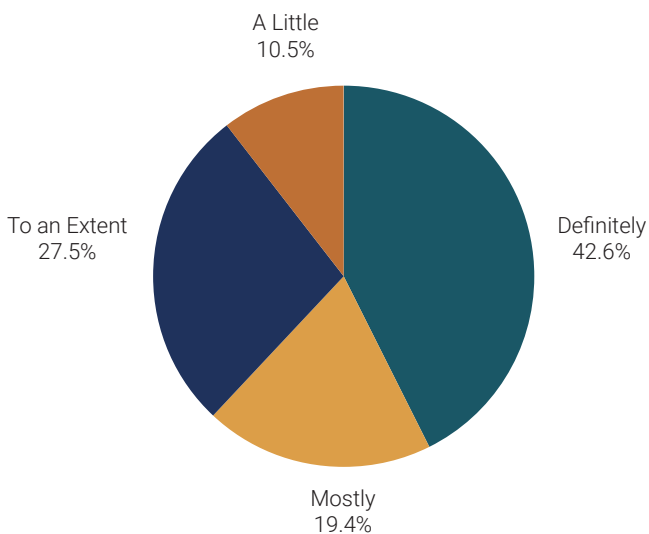
92.19%

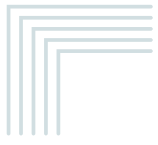
of the universities and Higher Education Institutes stated that Degree Apprenticeships are more beneficial for university students than regular degrees in order to meet the demands of the 21st century workplace. Respondents are of the opinion that Degree apprenticeships allow students to get a headstart in a profession over students leaving university without the same level of work experience and also have a guaranteed job at the end of it with lots of opportunities for progression within the company.



60%

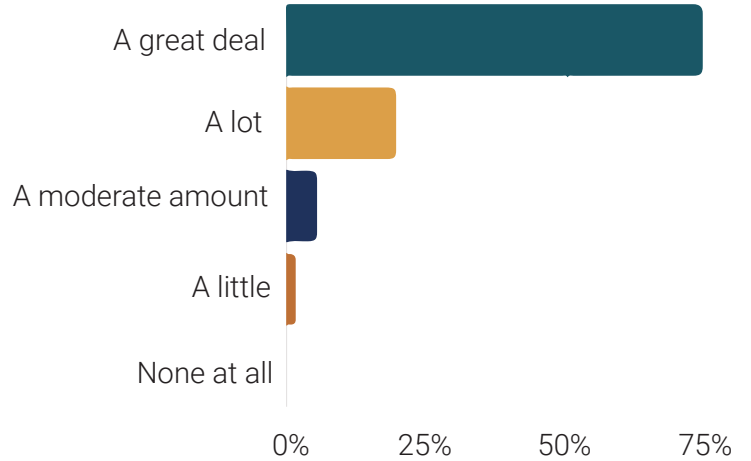
of the Universities and Higher Education Institutes stated that Degree Apprenticeships enable students to solve the financing problems that are faced by them in pursuing higher education. Respondents opined that the financial burden significantly impacts the ability of students to progress and half of them consider dropping out because they can't afford to continue. So, Degree apprenticeships are of greater benefit than the traditional degree as they can get a degree with zero student debt.



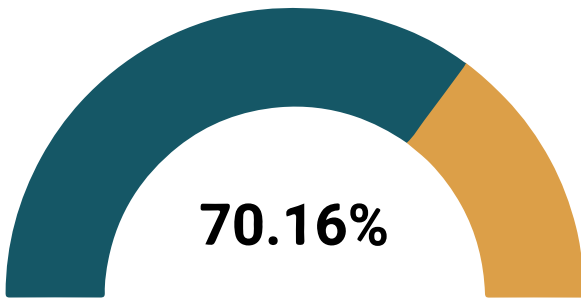


93.23%

of Universities and Higher Education Institutes expressed that Degree Apprenticeships can aid in increasing the GER and help achieve the GER target set in the National Education Policy 2020. Respondents said that Degree apprenticeship is a credible solution to address India's glaring dropout rates and improve the enrolment rates as well as course completion rates.



70.16%



Universities and Higher Education Institutes believe that with the introduction of new Degree Apprenticeship programs and a significant increase in the demand for hiring apprentices, India will have more than 10 million apprentices in the next 5 years.

With only 4-5 universities offering degree apprenticeships in India today, there are close to 63,000 active degree apprentices currently. There are only 5 lakhs apprentices in India right now.





79.69%

of the Universities and Higher Education Institutes stated that Degree Apprenticeships provide practical skills to students which make them job-ready when they enter the workforce.

62.5%

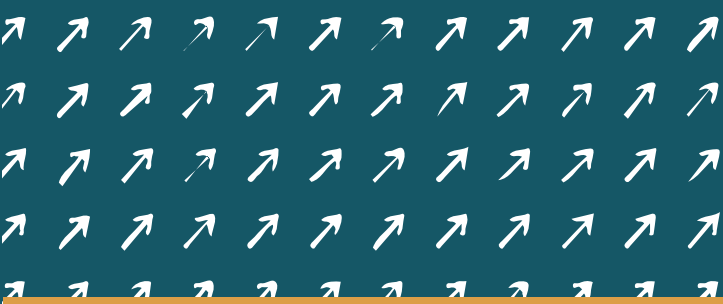
highlighted that Degree Apprenticeships create a sustainable cycle of learning by enabling students to earn while they learn.

71.88%

reported that Degree Apprenticeships enable students in learning the nitty-gritty of the corporate world and acquiring skills needed to work in a team.

60.94%

respondents signalled that Degree Apprenticeships provide good branding to the students leading to creating smoother pathways for them to get hired after graduation.





Quotes from **Vice Chancellors**

Prof. Mohd. Nafees Ahmad Ansari, Director, Aligarh Muslim University

•Degree Apprenticeships sit at the intersection of education and industry. Twenty-first-century education both in India and globally is faced with the realization that there needs to be a growing emphasis on alignment between how students are educated, what and how they learn, and how they are prepared for the world beyond the classroom.

•Degree Apprenticeships are an under-utilized educational and workforce strategy with a proven value that more and more, have been successfully implemented by universities around the country.

•Currently, middle and high schools prepare students to attend colleges and universities for degree programs. Yet, this is not the only path for many students—or even the best path—they can take. A cultural shift is needed for educators, parents, and students to consider successful models of Degree Apprenticeships as a viable and exciting educational option.

Prof. K.R.S. Sambasiva Rao VC, Mizoram University

•The Apprenticeship linked degree programs are becoming more popular in the current Covid-19 situation, as it can improve the scope of employment options as well as give employability skills.

•According to National Employability through Apprenticeship Program [NETAP] scheme, the demand for the apprenticeships has been increased to 35% in India in the recent past and also improved the choice for job selections.

Prof. Atul Khosla VC, Shoolini University

•Today, it is critical to establish a strong industry-academia connection to improve the learning ecosystem. Degree apprenticeships are a great way to accomplish this. Degree Apprenticeships are a game-changer for higher education in India for three reasons – they are a great way to finance higher education,

learning by doing provides a pathway to build skills and complete the degree simultaneously, and it also helps corporates create a steady pipeline of employable candidates. This is the best way for students to get a return on their education.



Current State of Apprentices in India **vs** the rest of the World >>>>>>>>

Currently India has about 0.5 million apprentices, who are employed in various sectors like Healthcare & Pharmaceuticals, ITeS, BFSI, and e-Commerce among others. This is a dismal number when In contrast, Germany has 1.3 million, UK 0.71 million, and USA 0.63 million which speak volumes about the tremendous potential this has in skilling the 10 million youth entering the workforce every year. Nearly a quarter of candidates who work as apprentices get employed in full-time roles within the same company.



The overall intake of apprentices across India Inc. has seen a significant surge amidst the COVID 19 pandemic – it helped organisations variabalise their costs and build sustainable talent supply chains for their organisations thereby making them resilient to talent risks.





India

Total Workforce - 457,779,812
Percentage of Apprentices - 0.11%



USA

Total Workforce - 161,204,000
Percentage of Apprentices - 0.39%



Germany

Total Workforce - 43,517,000
Percentage of Apprentices - 2.96%



Switzerland

Total Workforce - 4,934,000
Percentage of Apprentices - 4.3%



Australia

Total Workforce - 13,746,000
Percentage of Apprentices - 1.6%



Denmark

Total Workforce - 3,062,000
Percentage of Apprentices - 3.6%



UK

Total Workforce - 33,882,000
Percentage of Apprentices - 2.1%



Austria

Total Workforce - 4,540,000
Percentage of Apprentices - 2.4%

Data

Sources:

- 1) India: World Bank and NATS, 2021, apprenticeshipindia.gov
- 2) Total workforce: OECD, 2021
- 3) Germany: German Federal Statistical Office, 2021
- 4) Australia: National Centre for Vocational Education Research, Australia, 2020
- 5) Apprenticeship Statistics, House of Commons Library, UK. 2021
- 6) U.S. Department of Labor, Employment and Training Administration, 2020
- 7) Federal Statistics Office, Switzerland, 2020
- 8) Denmark - How many apprentices are there in EU, European Centre for the Development of Vocational Training, 2021
- 9) Austria - Cedefop European Database on Apprenticeship Schemes, 2021

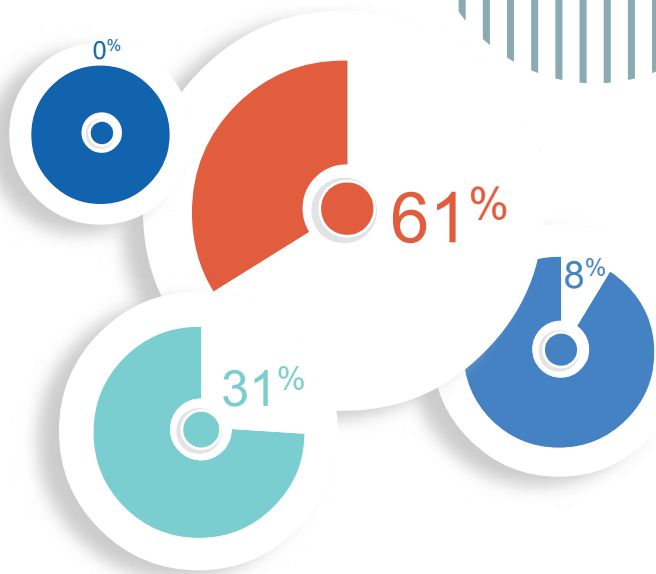
Hiring Apprentices

The Industry Perspective

While the jobs recovery is underway in the country, persistently high rates of youth unemployment remain a significant labour market challenge. In response, there has been increasing interest in degree apprenticeships both as a route into employment and raising the workforce's skill levels. Degree Apprenticeships are valuable training pathways for improving the transition from education to the world of work. Engaging in the apprenticeship system by providing training places to aspiring apprentices can also pose significant rewards for employers. Degree apprenticeship programs contribute to developing organizational objectives and provide employers with the skilled workforce to remain competitive and create jobs.

Many of the case studies demonstrated that the organizations investing in apprenticeships reduced staff turnover rates in entry-level positions and saw apprenticeships as a stream of workers ready to move onto higher-level training and promotional posts. Investment in apprenticeships also extends a wide range of benefits to employers, including reduced recruitment costs, enhanced job satisfaction in the workplace and achievement of CSR outcomes.

Embedding young people within an existing business is an effective way to train future workers to the specific requirements, values and expectations of a particular workforce. Investing in apprenticeship training also extends other diffused benefits for the business, including increased skills development for other employees as a result of interaction with training organizations, increased entrepreneurship and increased exposure to new technologies in the workplace. Customized programs based on the organization's needs and requirements increase the ability to gain supply chain benefits. They offer an ability to shape their approach to human resource management and create more innovative ways of managing and developing human resources.



A recent report by the TeamLease Group signifies that investing in degree apprenticeships delivers all kinds of returns - financially and socially. Many employers realize the need of investing in young talent and have started to recognize the benefits. A majority (61%) of the employers who hired Degree Apprentices perceive that the Return on Investment from this category is greater than 51%.

Employers have maintained the stipend range between Rs. 20,000-Rs. 25,000 in the Jan-June 2022 HY compared to Rs. 15,000-20,000 stipend range in Jul-Dec 2021 HY. The trends are indicating that average stipends for degree apprentices have increased and are best paid in the market.



Top Stipend Pay-Outs

17%
Quality Assurance Assistant

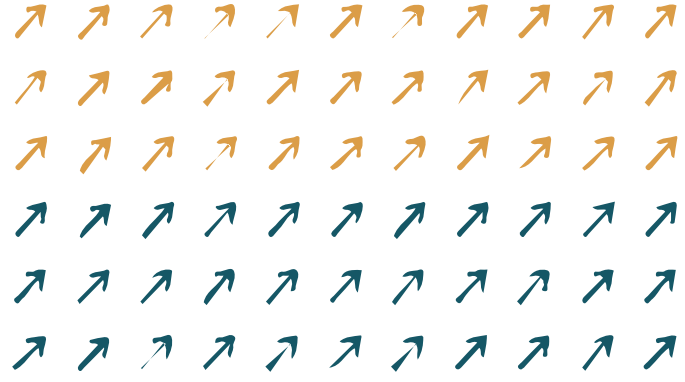
10%
Quality Control Chemist

14%
Research Associate -
Product Development

12%
Auto and Prototype
Manufacturing Lead
Technician

7%
Accounts Executive

Quality Assurance Assistant (**17%**), Research Associate-Product Development (**14%**) and Auto and Prototype Manufacturing Lead Technician (**12%**) are the most sought after job profiles for the current HY Jan 2022-Jun 2022. The trends are signaling that the greatest uptick in interest in hiring apprentices is seen in the manufacturing and engineering industry. The outlook report indicates the industry leaders are keen to increase their degree apprentice strength in the near future.



Key Takeaways

How are the universities leveraging Degree Apprenticeships

More than 60% of the Universities and Higher Education Institutes stated that Degree Apprenticeships enable students to solve the financing problems that faced by them in pursuing higher education.

93.23% of Universities and Higher Education Institutes expressed that Degree Apprenticeships can aid in increasing the GER and help achieve the GER target set in the National Education Policy 2020.

92.19% of the universities and Higher Education Institutes stated that Degree Apprenticeships are more beneficial for university students than regular degrees in order to meet the demands of the 21st century workplace.

With only 4-5 universities offering degree apprenticeships in India today, there are close to **63,000 active degree apprentices** currently. Overall, there are only **5 lakhs apprentices** in India right now.

62.5% of the Universities and Higher Education Institutes highlighted that Degree Apprenticeships create a sustainable cycle of learning by enabling students to earn while they learn.

70.16% Universities and Higher Education Institutes believe that with the introduction of new Degree Apprenticeship programs and a significant increase in the demand for hiring apprentices, India will have more than 10 million apprentices in the next 5 years.

79.69% of the Universities and Higher Education Institutes stated that Degree Apprenticeships provide practical skills to students which make them job ready when they enter the workforce.

71.88% of the Universities and Higher Education Institutes reported that Degree Apprenticeships enable students in learning the nitty-gritty of the corporate world and acquiring skills needed to work in a team.





Key

Takeaways

How are companies solving their supply chain problems with the help of the Apprenticeship Programs

61% of the employers who hired Degree Apprentices perceive that the Return on Investment from this category is greater than 51%.

Employers have maintained the stipend range between Rs. 20,000-Rs. 25,000 in the Jan-Jun 2022 HY compared to Rs. 15,000-20,000 stipend range in Jul-Dec 2021 HY.


Quality Assurance Assistant (17%), Research Associate-Product Development (14%) and Auto and Prototype Manufacturing Lead Technician (12%) are the most sought after job profiles for the current HY Jan -Jun 2022.

India vs other Countries

- India is estimated to have close to 0.5 million Apprentices which is only 0.11% of the total workforce.
- This is a dismal number when In contrast, Germany has 1.3 million apprentices (2.96%), UK 0.71 million (2.1%), and USA 0.63 million (0.39%) apprentices.





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Making India Employable

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