

## THE STIPENDS COMMANDED BY APPRENTICES ARE HIGHER THAN MINIMUM WAGES STATES TEAMLEASE REPORT

*~The median stipend paid to apprentices across India is around 41% higher than the applicable minimum wages~*

**National, March 12<sup>th</sup>, 2019:** The growing demand for skilled talent coupled with revisions in the apprenticeship act seems to be positively impacting the apprenticeship eco-system states **TeamLease Skill University Stipend Primer Report**. According to the report, the stipends offered to apprentices are higher than the minimum wages. In fact, the median stipend is around 41% higher than the applicable minimum wages in majority of the sectors and cities. Further, as per the study apprentices who are under the Other Employability Schemes (OES) received a higher stipend (7.66% higher) than the stipend paid under the Apprenticeship Act.

From a state perspective, with a stipend that is 159% higher than the minimum wages, Maharashtra topped the list as the highest paying state. Amongst sectors Construction & Real Estate (125%), IT & ITeS (122%), FMCG (110%) and Automotive (82%) were the top paying sector for apprentices.

Further, as per the report the stipend payouts increases in proportion with the educational qualification. Post- graduates and engineering graduates are the best paid across sectors as per both OES and Market (Apprentice Act). Non-Engineering Graduates and Diploma holders are paid almost on par across sectors; however, Non-Engineering Graduates are paid significantly higher than Diploma holders in Construction, Banking & Financial Services and Tourism & Hospitality. Except in construction sector, ITI pass-outs are paid marginally higher than 10<sup>th</sup> / 12<sup>th</sup> pass-outs in most of the industries. ITI and Diploma Holders are paid almost similar stipends across sectors. School drop outs are paid significantly low.

### **KEY FINDINGS OF THE SURVEY**

- *Other Employability Schemes (OES) pay 7.66% higher than the stipend paid under the Apprenticeship Act*
  - *Market stipends (as per Apprentice Act) are 23% higher for Technical graduates than for non Technical apprentices; OES stipends are higher for Technical graduates in 6 of the 9 cities covered by the study.*
- *The apprenticeship market has matured and pays out handsome stipends at a significant premium over minimum wages.*
  - *Top sectors and states (premium paid over minimum wage)*
    - *Top sectors: Construction & Real Estate (125%), IT & ITeS (122%), FMCG (110%), Automotive (82%)*
    - *Top states: Maharashtra (159%), Andhra Pradesh(132%), Tamil Nadu (112%), Gujarat (84%)*
- *Manufacturing and Services sectors both pay fairly high stipends in the average range of Rs.9,000 – Rs.10,000 per month.*
  - *The Services sector pays marginally higher stipends compared to the Manufacturing sector (median measure)*
    - *The Services sector pays a median stipend 1% (OES) | vis -a- vis Apprenticeship Act*

- *The Manufacturing sector pays a median stipend of 1.5% (OEES) | vis-a-vis is Apprenticeship Act*
    - *Top 3 Manufacturing sectors: Construction/Building , Automotive & Allied Industries, Electrical & Electronics*
    - *Top 3 Services sectors: Tourism and Hospitality, Banking & Financial Services, Consumer Products / FMCG*
- *It would be more attractive for candidates to move from the main hub cities to satellite cities / towns (when stipends between the two regions are compared by normalizing with the cost of living index)*
- *Normalized stipends for most satellite cities / towns are 10% to 47% higher than for their respective main hub cities. Delhi is a lone exception, with lower stipends for satellite cities / towns*
  - *Mumbai versus satellite cities / towns: 10%*
  - *Bangalore versus satellite cities / towns: 47%*
  - *Chennai versus satellite cities / towns: 18%*
  - *Delhi versus satellite cities / towns: - 28%*
  - *Hyderabad versus satellite cities / towns: 31%*
- *Mysore (35% - 48% higher normalized stipends) and Vijayawada (22% - 27% higher normalized stipends) are the best cities for apprentices to work in, and Noida (38% - 55% lower normalized stipends) and Gurgaon (27% - 33% lower normalized stipends) are the worst, based on the net cost versus benefit (ratio of the normalized stipend and the cost of living index)*
- *Generic and soft skills in apprentices are a hygiene factor, while domain specific skills are highly sought after. The stipend premium that specialized profiles fetch for domain specific skills is at least 21% to 39%*
  - *Candidate expectations are significantly higher than stipends paid by employers. The divergence in the top 5 metro cities (in terms of candidate expectations) are as follows:*
    - *Delhi [Candidate Expectation: Rs. 15,500 | Market Stipend: Rs. 9,033]*
    - *Mumbai [Candidate Expectation: Rs. 12,800 per month | Market Stipend: Rs. 9400]*
    - *Chennai [Candidate Expectation: Rs. 12,000 per month | Market Stipend: Rs. 9300]*
    - *Bangalore [Candidate Expectation: Rs. 14000 per month | Market Stipend: Rs. 9800]*
    - *Hyderabad [Candidate Expectation: Rs. 11,000 | Market Stipend: Rs. 8400]*
- *Kolkata and Delhi have the highest percentage of candidates (around 80% or more) willing to relocate to any city – hub or otherwise*
- *Employers are Raising Expectations*
  - *A majority of employers (46% to 77% of those who responded to the survey) expect applicants to be aware about essential soft skills and a good 63% expect applicants to possess domain awareness.*

- *Employers rank domain awareness and quantitative / analytical abilities at the top (#1 through #3) in specialized domains [IT, Finance and Accounting, Production and Manufacturing].*
- *Soft skills awareness is predominant as compared to functional skills awareness in generic / support function domains [Administration, HR, Sales and Marketing] and its attributes are ranked #1 through*

**Commenting on the report, Mr. Sumit Kumar, Vice President, TeamLease Skills University, said** *“The growing optimism coupled with the right initiatives made by the government will not only encourage better participation from corporates, it will instil confidence in the talent community also to participate in the program.”*

The report also delved into comparative analysis between stipends paid by large businesses vs. stipend paid by Medium and small businesses. While large businesses paid significantly higher stipends [12% to 34%] than others, and the difference in stipends between medium and small businesses is not very significant. Further, the report brought to the forefront employers expectations with regard to skills. Some of the skills employers looked for in applicants were domain awareness, quantitative abilities, analytical abilities in specialized domains like IT, finance and accounting, production and manufacturing. In addition to domain expertise, employers also looked for soft skills and functional skills in generic as well as support function domains like administration, HR, sales and marketing.

The Stipend Primer is a detailed analysis pertaining to payouts to apprentices by sector, region, educational qualification and roles. The study covers apprentices employed in nine sectors across nine cities

#### **ABOUT TEAMLEASE SKILLS UNIVERSITY (TLSU)**

TeamLease Skills University (TLSU) located in Vadodara, Gujarat, is India’s first “Skills University” established under Public–Private Partnership between the Government of Gujarat and TeamLease Services - India's largest manpower, recruitment & staffing solutions Company that has placed more than 1.7+ million people in India over the last few years. It is notified as a Private University by Govt. of Gujarat by Gazette Notification under the Gujarat Private Universities (Amendment) Act w.e.f. 22nd April’ 2013 and is promoted by TeamLease Education Foundation. In FY2015, TeamLease rolled out NETAP (National Employability through Apprenticeship Program) to provide on-the-job training to unemployed youth. TLSU aims to provide a holistic education through traditional & non-traditional programs focusing on academic, vocational, professional, technical and life skills – all aimed at making graduates “job-ready” from day-1. TLSU vision is to contribute to workforce productivity, socio-economic development and social harmony through well rounded and industry relevant educational programs with employment at the heart of academic offerings, technology at the heart of operation and academic mobility as the focus deploying inclusive, distributed and low cost delivery methodology.

#### **ABOUT TEAMLEASE SERVICES**

TeamLease Services is one of India’s leading human resource companies offering a range of solutions to 3500+ employers for their hiring, productivity and scale challenges. A Fortune India 500 company listed on the NSE & BSE, Teamlease has hired 17 lac people over the last 17 years and has 2 lac+ open jobs everyday. One of India’s fastest growing employers, Teamlease also operates India’s first Vocational University and India’s fastest growing PPP National Apprenticeship Program. The company offers solutions to large, medium and small clients across the 3Es of employment (1.5 lac+ employees), employability (2 lac+ students) and Ease-of-doing Business (1000+ employers).