SIXTEENTH REPORT

STANDING COMMITTEE ON LABOUR
(2006-07)
(FOURTEENTH LOK SABHA)

MINISTRY OF LABOUR AND EMPLOYMENT

THE APPRENTICES (AMENDMENT) BILL, 2006

Presented to Hon’ble Speaker, Lok Sabha on 20 September 2006

Presented to Lok Sabha on 24 November 2006

Laid in Rajya Sabha on 24 November 2006

LOK SABHA SECRETARIAT
NEW DELHI
November 2006/Agrahayana 1928 (Saka)
COMPOSITION OF THE COMMITTEE (iii)

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COMPOSITION OF THE STANDING COMMITTEE ON LABOUR
(2006-2007)

Shri Suravaram Sudhakar Reddy – CHAIRMAN

MEMBERS

LOK SABHA
2. Shri Furkan Ansari
3. Shri Subrata Bose
4. Shri Santasri Chatterjee
5. Shri Thawar Chand Gehlot
6. Shri Munawar Hassan
7. Dr. Satyanarayan Jatiya
8. Smt. Sushila Kerketta
9. Shri Mohammad Tahir Khan
10. Shri Virendra Kumar
11. Shri Rajesh Kumar Manjhi
12. Shri Bassangouda R. Patil
13. Shri Devidas Pingle
14. Shri Chandravek Prasad Rajbhar
15. Shri Dhan Singh Rawat
16. Shri Kamla Prasad Rawat
17. Smt. C.S. Sujatha
18. Shri Parasnath Yadav
19. Vacant
20. Vacant
21. Vacant

RAJYA SABHA
22. Chowdhary Mohammad Aslam
23. Shri Rudra Narayan Pany
24. Shri Narayan Singh Kesari
25. Shri K. Chandran Pillai
26. Shri Gandhi Azad
27. Ms. Pramila Bohidar
28. Shri Dilip Ray
29. Shri Rahul Bajaj
30. Vacant
31. Vacant

SECRETARIAT
1. Shri S.K. Sharma - Additional Secretary
2. Shri N.K. Sapra - Joint Secretary
3. Shri R.S. Misra - Deputy Secretary
4. Shri N.K. Pandey - Under Secretary
5. Shri C. Kalyanasundaram - Committee Officer
6. Smt. Lalita Khanna - Committee Officer
COMPOSITION OF THE STANDING COMMITTEE ON LABOUR
(2005-06)

Shri Suravaram Sudhakar Reddy – CHAIRMAN

MEMBERS

LOK SABHA

2. Shri Furkan Ansari
3. Shri Joachim Baxla
4. Shri Santasri Chatterjee
5. Shri Munawwar Hassan Chaudhary
6. Shri Sukhdev Singh Dhindsa
7. Shri Thawar Chand Gehlot
8. Dr. Satyanarayan Jatiya
9. Shri Virendra Kumar
10. Smt. Sushila Kerketta
11. Shri Rajesh Kumar Manjhi
12. Shri Ananta Nayak
13. Shri Bassangouda Patil (Yatnal)
14. Shri Lal Mani Prasad
15. Shri Chandradev Prasad Rajbhar
16. Shri Mohan Rawale
17. Dr. Dhan Singh Rawat
18. Smt. C.S. Sujatha
19. Shri Parasnath Yadav

RAJYA SABHA

20. Shri Gandhi Azad
21. Shri Debabrata Biswas
22. Ms. Pramila Bohidar
23. Shri Narayan Singh Kesari
24. Shri Rudra Narayan Pany
25. Shri K. Chandran Pillai
26. Shri Dilip Ray
1. I, the Chairman of the Standing Committee on Labour having been authorised by the Committee to submit the report to Hon’ble Speaker on their behalf present this Sixteenth Report on “The Apprentices (Amendment) Bill, 2006” of the Ministry of Labour & Employment.

2. “The Apprentices (Amendment) Bill, 2006” as introduced in the Rajya Sabha on 19 May 2006 was referred to the Standing Committee on Labour by the Hon’ble Speaker for examination and report within three months from the date of its publication in Bulletin Part-II of Rajya Sabha, that is, 31 May 2006 in terms of Rule 331 E of the Rules of Procedure & Conduct of Business in Lok Sabha. Hon’ble Speaker has granted an extension of one month upto 29 September 2006 to present the Report.

3. The Committee held its sitting on 3 July 2006 and heard the views of the representatives of Ministry of Labour & Employment.

4. The Committee also wish to express their thanks to the officers of the Ministry of Labour & Employment, Ministry of Human Resource Development, Ministry of Law & Justice for placing their important views regarding the Bill.

5. The Committee took up the Bill for consideration at their sitting held on 7 September 2006. The Report was considered and adopted by the Committee at the same sitting.

6. For facility of convenience, the recommendations of the Committee have been printed in thick type in the body of the Report.

New Delhi
7 September, 2006
16 Bhadrapada, 1928 (Saka)  Suravaram Sudhakar Reddy
Chairman,
Standing Committee on Labour
The Apprentices (Amendment) Bill, 2006 as introduced in the Rajya Sabha on 19 May 2006 was referred to the Standing Committee on Labour by the Hon’ble Speaker for examination and report within three months from the date of its publication in Bulletin Part-II of Rajya Sabha, that is, 31 May 2006 in terms of Rule 331 E of the Rules of Procedure & Conduct of Business in Lok Sabha.

The Apprentices Act, 1961 was enacted with the objective of regulating the programme of training of apprentices in the industry and utilizing the facilities available in the industry for imparting on-the-job training. The Act makes it obligatory for employers in the specified industries to engage apprentices in designated trades. The training programme consists of basic training followed by on-the-job training or shop floor training with related instructions through the training period. At the end of the training, the apprentices are to appear in a trade test conducted by the National Council for Vocational Training (NCVT) and those successful in the trade test are awarded the National Apprenticeship Certificate. The Central Apprenticeship Council (CAC), a tripartite and apex statutory body advises the Central Government in all policy matters for implementing the Apprenticeship Training Scheme.

The present Bill seeks to amend the Apprentices Act, 1961 to:

(i) Provide reservation of training places of Other Backward Classes (OBCs) in designated trades;
(ii) Provide flexibility in respect of ratios prescribed for apprenticeship seats; and
(iii) Provide for imparting related instructions at the cost of employer instead of appropriate Government.

In the sitting of the Committee held on 3 July 2006, the representatives of the Ministry of Labour & Employment, Ministry of Law & Justice and Ministry of Human Resource Development briefed the Committee on the provisions of the Bill. With regard to the necessity of the proposed amendments, the representatives of Ministry of Labour & Employment stated as under:-
The first amendment is with regard to the introduction of reservation for the OBCs. This was initiated to safeguard the interest of the OBCs. As such we issued the executive instructions to the State Governments to reserve the seats for the OBCs as per the State Government Employment Policies. Now the employment policies of most of the State Governments as well as the Government of India have made the reservation clear. Now, when the seats are being advertised, it was found that skilled manpower was not available that necessitated the introduction of this reservation for the OBCs under the Apprentices Act, 1961”.

5. When asked whether any Committee of Ministers has been formed under the direction of Hon’ble Prime Minister to study and come out with a report on implementation of reservation for OBCs for technical and non-technical institutes, a representative of the Ministry of Human Resource Development stated as below:-

“In regard to implementation of reservation for OBCs in the institutes of higher learning, an Oversight Committee has been constituted by the Central Government under the Chairmanship of Mr. Veerappa Moily. This is to submit its report by 31 August. Five Groups have been constituted which will be submitting their reports to this Committee by 31 July. Out of these five groups, three groups pertain to the Ministry of Human Resource Development and they will be giving reports in regard to the colleges of engineering, management and universities. They will be looking into the aspect of implementation of reservation of 27 per cent for OBCs. It is likely to be implemented by June 2007. They are just working out on the modalities”.

6. During the briefing meeting, the attention of the representatives of the Ministry of Labour and Employment was drawn to the fact that the Central Apprenticeship Council in its 29th meeting held on 9 October 2002 had recommended to provide reservation for OBCs under “The Apprentices Act, 1961”. When asked the reasons for delay in implementation of the recommendations of Central Apprenticeship Council and the necessity to bring in the present legislation before the Parliament at this point of time, a representative of the Ministry replied as under:-
“After this was approved by CAC in October 2002, we prepared the draft Cabinet Note and after getting the approval of our Labour Minister, it was circulated to all the State Governments and the concerned Central Ministries in February 2003. Then, we got reply from 17 States and some of the Central Ministries by 30 May and on 18 July 2003 we sent the proposal of the Cabinet to the Ministry of Law & Justice for their approval and comments. They returned the Bill and told us that as in between the Government has changed, we should get the approval of new Government. Then, it was submitted to them and the Ministry of Law & Justice returned the file on 1 October 2003 and stated that instead of a draft Cabinet Note, let us first examine issue by issue and it should not be in the form of a Cabinet Note. Again, the file was resubmitted to the Law & Justice on 5 October 2003. They suggested us that we should also wait and again asked for the comments of the remaining States and Central Ministries which at that time did not give us their comments. Again, we circulated to the remaining States and Central Ministries and we received some of the replies and based on that we again sent the file to the Ministry of Law & Justice on 16 March 2004. Then the file was returned by the Ministry of Law & Justice on 27 of April 2004 with the advice that as the new Government has come into being, we should take the views of the Finance Ministry and Labour Ministry again. We again took the views of Ministry of Finance. We sent the file on 25 May 2004 and we received back on 22 June 2004. Again we took the approval of the Labour Minister. We were ready on 24 August to file and again submitted to the Ministry of Law & Justice on 15 September 2004. We received the file back and they concurred to our proposal of 8 February 2005. It was again got approved from the Minister on 16 February. Then after getting the approval of the Minister, it was sent to the Hindi wing of the Ministry of Law & Justice. We got back the approval of the draft from them in the Bill shape on 9 November 2005. After that, it was laid in the Assembly. We got the Cabinet approval on 15 December 2005. Then we moved to Rajya Sabha”.

7. As it would be pre-mature to weigh the pros and cons of the Bill before the Government comes out with a policy decision regarding reservation for OBCs in higher educational institutions, the Committee had decided to return the Bill to the Government.
8. The Committee are dismayed to note that there has been an inordinate delay on the part of the Government in bringing the new legislation to provide reservation for Other Backward Classes (OBCs) under “The Apprentices Act, 1961” even though the decision in this regard was taken by the Central Apprentices Council as early as October 2002. After a prolonged wranglings among various Ministries, the Bill has been brought before the Parliament at a juncture when the whole issue of reservation to OBCs is being considered by an Oversight Committee. In this regard, the Committee are of the view that the proposed Amendments to the Apprentices Act, particularly the reservation of training places for other Backward Classes in designated trades, should be considered after a decision is arrived at by the Ministry of Human Resource Development in the light of the recommendations made by the Oversight Committee on reservation of seats for OBCs in the institutes of higher learning. The Committee, therefore, have decided to return the Bill to the Government and urge upon them to have consultations with the Ministry of Human Resource Development on the issue and bring in a new legislation after a policy decision is taken on the whole issue of reservations to OBCs.

New Delhi  
7 September, 2006  
16 Bhadrapada, 1928 (Saka)  

Suravaram Sudhakar Reddy  
Chairman,  
Standing Committee on Labour
Short title and commencement.

THE APPRENTICES (AMENDMENT) BILL, 2006

A BILL

further to amend the Apprentices Act, 1961.

BE it enacted by Parliament in the Fifty-seventh Year of the Republic of India as follows:—

1. (1) This Act may be called the Apprentices (Amendment) Act, 2006.

(2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

2. In the Apprentices Act, 1961 (hereinafter referred to as the principal Act), after section 3A, the following section shall be inserted, namely:—

"3B. (1) In every designated trade, training places shall be reserved by the employer for the Other Backward Classes and where there is more than one designated trade in an establishment, such training places shall be reserved also on the basis of the total number of apprentices in all the designated trades in such establishment.

(2) The number of training places to be reserved for the Other Backward Classes under sub-section (1) shall be such as may be prescribed, having regard to the population of the Other Backward Classes in the State concerned.”.

Insertion of new section 3B. 52 of 1961.

Reservation of training places for Other Backward Classes in designated trades.

SERVER1 \ BILL-2004 \ RAJYA SABHA\ 929RS

Bill No. XLII of 2006

REPRINT

AS INTRODUCED IN THE RAJYA SABHA ON THE 19TH MAY, 2006

2 Amendment of section 8.

Amendment of section 10.

3. In section 8 of the principal Act, in sub-section (3), for the second proviso, the following proviso shall be substituted, namely:—

"Provided further that the Apprenticeship Adviser may, on a representation made to him by an employer and keeping in view the more realistic employment potential, training facilities and other relevant factors, permit him to engage such number of apprentices for a designated trade as is lesser than the number arrived at by the ratio for that trade, not being lesser than fifty per cent. of the
number so arrived at, subject to the condition that the employer shall engage apprentices in other trades in excess in number equivalent to such shortfall."

4. In section 10 of the principal Act, for sub-section (2), the following sub-section shall be substituted, namely:

"(2) Related instruction shall be imparted at the cost of employer and the employer shall, when so required, afford all facilities for imparting such instruction.".

STATEMENT OF OBJECTS AND REASONS

The Apprentices Act, 1961 provides for regulation and control of training of apprentices. Section 3A of the Act makes provisions for reservation of training places for the Scheduled Castes and Scheduled Tribes, but there is no provision for reservation of training places for the Other Backward Classes (OBCs). The Apprentices (Amendment) Bill, 2006 seeks to provide reservation for the OBCs in apprenticeship training.

2. Secondly, as per second proviso of sub-section (3) of section 8, the flexibility up to twenty per cent. in the matter of engagement of apprentices in a trade, is presently available, provided that over all quota fixed for an establishment remains the same. There is need to amend section 8 in order to provide flexibility up to fifty per cent. in the matter of engagement of apprentices in a trade, provided that over all quota fixed for the establishment remains the same.

3. Thirdly, sub-section (1) of section 10 provides that a trade apprentice who is undergoing practical training in an establishment shall, during the period of practical training, be given a course of related instruction which shall be appropriate to the trade approved by the Central Government in consultation with the Central Apprenticeship Council, with a view to giving the trade apprentice such theoretical knowledge as he needs in order to become fully qualified as a skilled craftsman. Sub-section (2) of the said section provides that related instruction shall be imparted at the cost of appropriate Government but the employer shall, when so required, afford all facilities for imparting such instruction. The reimbursement of related instruction to the establishments by the appropriate Government involves a lot of paper work, which could be avoided if the expenditure on related instruction is also borne by the establishment as in case of stipend.

It is, therefore, proposed to amend section 10 to impart related instruction at the cost of employer instead of appropriate Government.

The Bill seeks to achieve the above objectives.
NEW DELHI; K. CHANDRA SEKHAR RAO.
Dated the 15th May, 2006.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 2 of the Bill seeks to insert new section 3B wherein sub-section (2) empowers the Central Government to make rules in regard to the reservation of training places for Other Backward Classes in designated trades.

The matters in respect of which rules may be made are matters of procedure and detail. The delegation of power is, therefore, of a normal character.
8. (1) The Central Government shall, after consulting the Central Apprenticeship Council, by order notified in the Official Gazette, determine for each designated trade the ratio of trade apprentices to workers other than unskilled workers in that trade:

Provided that nothing contained in this sub-section shall be deemed to prevent any employer from engaging a number of trade apprentices in excess of the ratio determined under this sub-section.

(2) In determining the ratio under sub-section (1), the Central Government shall have regard to the facilities available for apprenticeship training under this Act in the designated trade concerned as well as to the facilities that may have to be made available by an employer for the training of graduate or technician apprentices, technician (vocational) apprentices if any, in pursuance of any notice issued to him under sub-section (3A) by the Central Apprenticeship Adviser or such other person as is referred to in that sub-section.

(3) The Apprenticeship Adviser may, by notice in writing, require an employer to engage such number of trade apprentices within the ratio determined by the Central Government for any designated trade in his establishment, to undergo apprenticeship training in that trade and the employer shall comply with such requisition:

Provided that in making any requisition under this sub-section, the Apprenticeship Adviser shall have regard to the facilities actually available in the establishment concerned.

Provided further that the Apprenticeship Adviser may, on a representation made to him by an employer and keeping in view the more realistic employment potential, training facilities and other relevant factors, permit him to engage such number of apprentices for a designated trade as is lesser than the number arrived at by the ratio for that trade, not being lesser than twenty per cent of the number so arrived at, subject to the condition that the employer shall engage apprentices in other trades in excess in number equivalent to such shortfall.

(3A) The Central Apprenticeship Adviser or any other person not below the rank of an Assistant Apprenticeship Adviser authorised by the Central Apprenticeship Adviser in writing in this behalf shall, having regard to—

(i) the number of managerial persons (including technical and supervisory persons) employed in a designated trade;

(ii) the number of management trainees engaged in the establishment;

(iii) the totality of the training facilities available in a designated trade; and

(iv) such other factors as he may consider fit in the circumstances of the case, by notice in writing, require an employer to impart training to such number of graduate or
technician apprentices technician (vocational) apprentices in such trade in his establishment as may be specified in such notice and the employer shall comply with such requisition.

Explanation.—In this sub-section the expression "management trainee" means a person who is engaged by an employer for undergoing a course of training in the establishment of the employer (not being apprenticeship training under this Act) subject to the condition that on successful completion of such training, such person shall be employed by the employer on a regular basis.

Number of apprentices for a designated trade.

(4) Several employers may joint together for the purpose of providing practical training to the apprentices under them by moving them between their respective establishments.

(5) Where, having regard to the public interest, a number of apprentices in excess of the ratio determined by the Central Government or in excess of the number specified in a notice issued under sub-section (3A) should in the opinion of the appropriate Government be trained, the appropriate Government may require employers to train the additional number of apprentices.

(6) Every employer to whom such requisition as aforesaid is made, shall comply with the requisition if the Government concerned make available such additional facilities and such additional financial assistance as are considered necessary by the Apprenticeship Adviser for the training of the additional number of apprentices.

(7) Any employer not satisfied with the decision of the Apprenticeship Adviser under sub-section (6), may make a reference to the Central Apprenticeship Council and such reference shall be decided by a Committee thereof appointed by that Council for the purpose and the decision of that committee shall be final.

10. (1) * * * * *

(2) Related instruction shall be imparted at the cost of the appropriate Government but the employer shall, when so required, afford all facilities for imparting such instruction.

Related instruction of apprentices.

RAJYA SABHA

A BILL

further to amend the Apprentices Act, 1961.

(Shri K. Chandra Sekhar Rao, Minister of Labour and Employment)

MGIPMRND—929RS(S1)—3-06-2006.
ANNEXURE-II

MINUTES OF THE TWENTIETH SITTING OF THE STANDING COMMITTEE ON LABOUR HELD ON MONDAY, 3 JULY 2006

The Committee met again from 1400 hours to 1530 hours in Committee Room ‘D’, Parliament House Annexe, New Delhi.

PRESENT
Shri Suravaram Sudhakar Reddy – CHAIRMAN

MEMBERS

LOK SABHA

2. Shri Furkan Ansari
3. Shri Santasri Chatterjee
4. Shri Thawar Chand Gehlot
5. Dr. Satyanarayan Jatiya
6. Shri Virendra Kumar
7. Smt. Sushila Kerketta
8. Shri Bassangouda Patil (Yatnal)
9. Shri Lal Mani Prasad
10. Shri Chandradev Prasad Rajbhar
11. Smt. C.S. Sujatha
12. Shri Parasnath Yadav

RAJYA SABHA

13. Shri Gandhi Azad
14. Shri Debabrata Biswas
15. Shri Rudra Narayan Pany
16. Shri K. Chandran Pillai

SECRETARIAT

1. Shri N.K. Sapra - Joint Secretary
2. Shri R.S. Misra - Deputy Secretary
3. Shri N. K. Pandey - Under Secretary
4. Shri S.K. Saxena - Assistant Director
II REPRESENTATIVES OF THE MINISTRY OF LAW & JUSTICE

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>Name of the Officer</th>
<th>Designation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Shri P.B. Singh</td>
<td>Joint Secretary &amp; Legislative Counsel</td>
</tr>
<tr>
<td>2.</td>
<td>Shri R. K. Pattanayak</td>
<td>Assistant Legislative Counsel</td>
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</tbody>
</table>


3. Explaining in brief the importance of the Bill, the Secretary, Ministry of Labour and Employment informed that the Bill seeks to amend the Apprentices Act, 1961 to:

   (i) provide reservation of training places of Other Backward Classes (OBCs) in designated trades;

   (ii) provide flexibility in respect of ratios prescribed for apprenticeship seats; and

   (iii) provide for imparting related instructions at the cost of employer instead of appropriate Government.
4. During the deliberations on the provisions of the Bill, some of the Members drew the attention of the Committee towards the formation of Oversight Committee headed by Shri Veerappa Moily to implement 27 per cent reservations for OBCs in higher educational institutions. Thereupon, the representatives of the Ministry of Human Resource Development informed the Committee that the said Committee has to submit its report by 31 August 2006. The Government would then go through the recommendations of the Committee and bring before the Houses of Parliament, a suitable legislation in this regard. The Committee, thereafter, opined that it would be pre-mature to weigh the pros and cons of the Bill before the Government comes out with a policy decision regarding reservation for OBCs in higher educational institutions.

{The witnesses then withdrew}.

A verbatim record of the briefing was kept.

The Committee then adjourned.
MINUTES OF THE FIRST SITTING OF THE STANDING COMMITTEE ON LABOUR HELD ON THURSDAY, 7 SEPTEMBER 2006

The Committee met from 1030 hours to 1400 hours in Committee Room “B’, Parliament House Annexe, New Delhi.

PRESENT
Shri Suravaram Sudhakar Reddy – CHAIRMAN

MEMBERS
LOK SABHA

3. Shri Furkan Ansari
3. Shri Santasri Chatterjee
4. Dr. Satyanarayan Jatiya
5. Shri Virendra Kumar
6. Smt. Sushila Kerketta
7. Shri Chandradev Prasad Rajbhar
8. Shri Kamla Prasad Rawat
9. Shri Parasnath Yadav

RAJYA SABHA

10. Shri Rudra Narayan Pany
11. Shri Narayan Singh Kesari
12. Shri K. Chandran Pillai
13. Shri Gandhi Azad

SECRETARIAT

1. Shri N.K. Sapra - Joint Secretary
2. Shri R.S. Misra - Deputy Secretary
3. Shri N. K. Pandey - Under Secretary
2. XX XX XX
3. XX XX XX

4. The Committee then considered the Draft Sixteenth Report on “The Apprentices (Amendment) Bill, 2006. The Bill aims at bringing a new legislation to provide reservation for other Backward Classes (OBCs) under the Apprentices Act, 1961. In this regard, the Committee were of the view that the proposed Amendments to the Apprentices Act, particularly the reservation of training places for other Backward Classes in designated trades, should be considered after a decision is arrived at by the Ministry of Human Resource Development in the light of the recommendations made by the Oversight Committee on reservation of seats for OBCs in the institutes of higher learning. The Committee, therefore, decided to return the Bill to the Government and urge upon them to have consultations with the Ministry of Human Resource Development on the issue and bring in a new legislation after a policy decision is taken on the whole issue of reservations to OBCs. The Committee adopted the draft Sixteenth Report on the Bill without any amendment. The Committee authorised the Chairman to finalise the above Report and present the same to Hon’ble Speaker, Lok Sabha.

5. XX XX XX

The Committee then adjourned