Overlap or Complementarity? A Conceptual Review of India's Work-Based Learning Schemes with Reference to Apprenticeship and Internship Policies

Santosh Kumar Mohapatra

Researcher, Poornima University

Abstract

India is expanding two major work-based learning programmes at the same time: the National Apprenticeship Promotion Scheme (NAPS-2) and the Prime Minister's Internship Scheme (PMIS). This paper examines both schemes closely and asks whether they work together or work against each other. The paper draws on Human Capital Theory and Signalling Theory to examine a key change in 2026, the PMIS stipend being raised to Rs. 9,000 a month (Rs. 8,100 from the government and Rs. 900 from the hiring company), a level that now matches the base stipend offered under NAPS-2. This "stipend parity" is found to meet the short-term financial needs of young people, but it may also push them toward shorter, easier internships instead of longer, more rigorous apprenticeships. This is described in the paper as a possible "scheme substitution" effect. The paper also identifies a "coherence gap": apprenticeship and internship records are kept on separate digital portals, and there is no shared credit system linking the two. As a result, an internship rarely leads to a certified apprenticeship and usually ends where it started. The paper closes with practical suggestions for connecting the two schemes through a shared credit framework, so that India's work-based learning system can support long-term skill building rather than short-term stipend seeking.

Keywords: NAPS-2, PMIS, work based learning, policy coherence, national credit framework, youth employability.

1. Introduction

India wants to become a leading global economy, but a gap remains between what students learn in college and what employers actually need. The 2026 India Skills Report puts youth employability at 56.35%, the highest figure recorded so far, yet many young graduates still struggle to find suitable jobs. To close this gap, the government has expanded two major programmes: the National Apprenticeship Promotion Scheme (NAPS-2) and the Prime Minister's Internship Scheme (PMIS).

1.1 The 2026 Policy Landscape

Apprenticeships and internships used to serve very different purposes in India. Apprenticeships were long, technical, and mostly linked to factories and manufacturing. Internships were shorter, less structured, and mostly linked to office jobs. This division is now changing. NAPS-2 has been connected to the Gati Shakti National Master Plan, which places apprenticeships at the centre of India's infrastructure and Industry 4.0

goals. At the same time, PMIS has grown into a large, sector-agnostic internship programme that pays Rs. 9,000 a month to millions of young people.

1.2 The Problem: Overlap and Friction

Even though both schemes have clear benefits, running them together has created confusion. The central issue is what this paper calls "stipend parity." Because PMIS now pays the same base amount as NAPS-2, some students may choose the shorter, easier internship route simply because the pay is the same, even where an apprenticeship would build stronger and longer lasting skills.

A second issue is that the two schemes do not share data digitally. NAPS-2 runs through the apprenticeship portal, while PMIS runs on its own separate portal. There is no shared credit system, so the hours a student spends in a PMIS internship do not count toward a NAPS-2 apprenticeship certificate. This means an internship is often a dead end rather than a stepping stone.

1.3 Research Objectives

This paper has three objectives.

- To compare the structure and stipend design of NAPS-2 and PMIS in 2026.
- To examine whether stipend parity is pushing students to choose internships over apprenticeships.
- To suggest a shared credit framework that would let students move between internships and apprenticeships without losing their progress.

2. Conceptual Framework

To understand why these schemes affect students the way they do, it helps to look at two well known theories about how people decide to invest in their own skills.

2.1 Human Capital Theory and Signalling Theory

Human Capital Theory holds that education and training raise a person's future productivity and earnings. Under this theory, NAPS-2 offers a better long-term investment, since it is longer and builds deeper, more specific technical skill.

Signalling Theory takes a different view. It holds that a certificate, or time spent at a known company, tells an employer that a candidate has ability and discipline, even before the employer checks the candidate's actual skills. In today's job market, a PMIS internship works mainly as this kind of quick signal, showing that a young person can hold a job and work in a professional setting. The difficulty is that employers may struggle to tell the difference between this "soft signal" from a short internship and the "hard signal" of a full apprenticeship certificate, especially when both are paid at the same rate.

2.2 The Behavioural Economics of Stipends

Money matters a great deal to students, especially those from smaller towns, where a monthly stipend can be the deciding factor in choosing a scheme. By setting the PMIS stipend at Rs. 9,000, the same as the NAPS-2 base amount, the government has, in effect, made both paths equally rewarding in the short term. If two options pay the same amount but one of them (the apprenticeship) takes twice as long and demands more effort and assessment, it is reasonable to expect that many students will pick the shorter option, even where it offers less long-term benefit. This tendency, referred to here as the substitution effect, is a central concern of this paper.

3. Methodology

This paper uses a conceptual, document-based method rather than primary data collection. It compares official policy documents, government reports, and published data on NAPS-2 and PMIS to understand how the two schemes interact in practice.

3.1 Research Design

The review follows three steps.

- Policy mapping: official 2026 guidelines from the Ministry of Skill Development and Entrepreneurship (for NAPS-2) and the Ministry of Corporate Affairs (for PMIS) are reviewed and compared, covering stipend structures, eligibility rules, and credit linkage mechanisms.
- Review of early outcomes: early data from the 2025 to 2026 PMIS pilot phase is compared with NAPS-2 performance figures, to check for signs of scheme substitution, such as shifts in student or company participation.
- Review of employability data: findings from the 2026 India Skills Report and the TalentLMS 2026 report on learning and development are used to place these two schemes within the wider picture of youth employability in India.

4. Literature Review: Global and Local Context

Countries around the world are moving toward work-based learning because classroom teaching alone has not kept pace with fast-changing job requirements. India's situation is somewhat different, since new schemes are often introduced without being properly connected to older ones, a pattern this paper calls "policy layering."

4.1 The Global Perspective

Two models of work-based learning are commonly discussed in international research.

- The vertical technical model: seen in the German dual system, this model combines long apprenticeships with deep technical training. NAPS-2 follows this model in India, aiming for strong and specific occupational skills.
- The horizontal exploratory model: seen in gap-year and short internship programmes in North America and the United Kingdom, this model focuses on career exploration and general workplace exposure. PMIS follows this model.

4.2 The Indian Friction

Indian research points to a specific problem: work-based learning is spreading to more people, but the time and depth available for real learning is shrinking, partly because of heavy workloads and limited time set aside for training.

Two issues stand out. The first is what this paper calls the "credential crisis." Without a National Credit Framework that properly links these schemes, young people may end up collecting several short certificates that do not add up to a recognised degree or trade qualification. The second is the stipend effect. Several early 2026 studies suggest that once PMIS started paying Rs. 9,000 a month, researchers began observing more "stipend seekers" than "skill seekers," meaning that the Rs. 6,000 one-time grant and monthly pay from PMIS often outweigh the long-term career value of a NAPS-2 apprenticeship in a student's decision.

5. NAPS-2: A Closer Look at Vertical Mastery

The National Apprenticeship Promotion Scheme (NAPS-2) remains the backbone of India's technical skilling system in 2026. It operates under the Apprentices Act, 1961, and stays closely tied to industry needs.

5.1 Structural Features

- Reach: NAPS-2 has expanded to cover more MSMEs and underserved regions, including the North-East. Participation reached 9.85 lakh apprentices in FY 2024-25.
- Gender participation: women's participation has grown four times over five years, reaching 2.25 lakh in 2024-25, showing a real shift in who takes up shop-floor and technical roles.
- Stipend support: the government pays 25% of the stipend, capped at Rs. 1,500 a month, directly to the apprentice. The employer pays the remaining 75%, which keeps employers invested in the apprentice's progress.
- Certification and outcomes: apprentices who complete NAPS-2 receive a National Trade Certificate. About 72% of them go on to receive full-time job offers right after training.

6. PMIS: A Closer Look at Horizontal Exposure

The Prime Minister's Internship Scheme (PMIS) is designed to give large numbers of young people, mainly aged 18 to 25, a broad first experience of the workplace. By 2026, it has moved from a pilot programme to a full national rollout.

6.1 Structural and Financial Framework

- Stipend: the monthly PMIS stipend is Rs. 9,000, made up of Rs. 8,100 from the government (through direct benefit transfer) and Rs. 900 from the hiring company.
- One-time grant: interns also receive a one-time grant of Rs. 6,000 for incidental expenses, usually paid in two instalments of Rs. 3,000 each, one at the start and one at the midpoint of the internship.
- Corporate role: under the 2026 guidelines, companies are not required to use Corporate Social Responsibility (CSR) funds to pay the stipend, though some may choose to do so.
- Duration: PMIS internships generally run for twelve months and focus on general workplace exposure and basic professional skills rather than deep technical training.

Table 1: NAPS-2 and PMIS at a Glance

Feature	**NAPS-2**	**PMIS**
Governing body	Ministry of Skill Development and Entrepreneurship	Ministry of Corporate Affairs
Legal or policy basis	Apprentices Act, 1961	Corporate Social Responsibility linked guidelines
Target age group	No strict upper limit, mostly 18 to 35	18 to 25
Typical duration	6 months	6 months or 9 months
Monthly stipend	25% paid by government, capped at Rs. 1,500; remaining 75% paid by employer	Rs. 9,000 total (Rs. 8,100 government, Rs. 900 employer)
One-time grant	Not applicable	Rs. 6,000, paid in two instalments
Credential on completion	National Trade Certificate	Internship completion certificate

Primary focus	Deep, vertical technical mastery	Broad, horizontal career exposure

7. Impact Analysis: Parity, Friction, and the Substitution Effect

Running NAPS-2 and PMIS together has created a mix of benefits and problems. The clearest problem is that two very different learning paths now offer nearly the same pay.

7.1 The Substitution Effect of Stipend Parity

- Financial pressure: many students choose a scheme based on which one pays sooner and more easily, not on which one builds more skill. If both pay Rs. 9,000, a student under financial pressure may reasonably prefer the shorter, easier internship.
- Employer preference: some companies may prefer PMIS for large-scale, general hiring, since it involves less administrative work. This could reduce the number of long-term apprentices available to the technical sectors that need them.

7.2 The Coherence Gap and Digital Fragmentation

The Samarth portal, used for NAPS-2, and the PMIS portal do not share data, and this remains a real problem in 2026.

- Dead-end internships: a PMIS internship currently ends where it started. There is no formal credit system to carry a student's internship hours into a NAPS-2 apprenticeship.
- Separate systems: without one shared digital system, it is hard for the government or industry to track a student's full journey, which leads to the credential trap described earlier, where young people collect certificates that do not connect to each other.

8. Discussion: From Policy Layering to Policy Integration

The experience of 2026 shows that simply adding more schemes does not automatically lead to better outcomes if the schemes are not properly linked. Moving from “policy layering” to “policy coherence” means building one connected system instead of several separate ones.

Applying Signalling Theory here suggests that a PMIS internship currently sends a weaker signal to employers than it could, because it is not linked to any larger skill building framework. For work-based learning to work well, an internship's “soft signal” should count as a recognised step toward the “hard signal” of an apprenticeship certificate, rather than remaining a separate and unrelated experience.

9. Policy Recommendations

To move from policy layering to policy coherence, and to make sure NAPS-2 and PMIS support rather than compete with each other, the following steps are suggested.

9.1 A Shared National Credit Framework

The most important step is to build a shared credit system that connects the Samarth (NAPS-2) portal and the PMIS portal.

- Credit mapping: hours spent in a 6 to 9 month PMIS internship should count toward specific academic credits under the National Credit Framework (NCrF).
- Linking the two schemes: these credits should count toward the “Basic Training” or “On the Job Training” requirements of a NAPS-2 apprenticeship, so that a completed internship becomes a step toward an apprenticeship rather than an end point.
- One digital identity: a single Aadhaar-linked profile across both portals would let the government track a student's full path, from an early PMIS internship to a completed NAPS-2 apprenticeship.

9.2 Fairer Financial Incentives

To reduce the number of "stipend seekers" created by stipend parity, the pay structure should reflect the effort and duration each scheme demands.

- Tiered stipends: while PMIS can keep its Rs. 9,000 baseline, NAPS-2 stipends should be adjusted over time in line with the cost of living and the qualification level, to reflect the greater rigour of apprenticeship training.
- A bonus for moving up: a "progression bonus" could be offered to students who move from a PMIS internship into a NAPS-2 apprenticeship, rewarding those who choose the longer path toward deeper skills.

9.3 Stronger Support for Companies and MSMEs

- Simpler processes: registering for apprenticeships on the Samarth portal should be made simpler, especially for MSMEs and businesses in aspirational districts, so that more of them take part.
- Rewarding good outcomes: government support for stipends could be tied to completion rates and later full-time hiring, so that companies focus on training students well rather than simply enrolling large numbers of them.

10. Conclusion

This paper has examined India's two main work-based learning schemes side by side. NAPS-2 and PMIS may look similar, since both offer monthly stipends, but they serve different purposes. NAPS-2 remains the main route to deep, long-term technical skill, backed by a 72% rate of full-time job offers after training. PMIS, on the other hand, works as a large-scale entry point that gives 18 to 25 year olds their first real exposure to a workplace.

The current stipend parity, at Rs. 9,000 a month for both schemes, along with the lack of a shared digital system, risks pushing students toward the easier path even when a harder path would serve them better in the long run. For NAPS-2 and PMIS to complement rather than compete with each other, India needs a shared credit system where every internship and apprenticeship builds toward a recognised qualification. Doing this well could help turn India's large youth population into a genuinely skilled and job-ready workforce.

12. References

1. Ministry of Corporate Affairs (MCA), Prime Minister's Internship Scheme (PMIS) 2026, Operational Guidelines, 2026.
2. Ministry of Education, National Credit Framework (NCrF), Integrating Academic and Vocational Education, 2026.
3. Ministry of Skill Development and Entrepreneurship (MSDE), NAPS-2, National Apprenticeship Promotion Scheme-2 Progress Report, 2026.
4. Press Information Bureau (PIB), National Portal for Credit Linked Government Schemes, Jan Samarth Progress Report, 2026.
5. Wheebox, India Skills Report 2026, The State of Youth Employability, 2026.