CHAPTER TWO

APPRENTICESHIP AND INDUSTRIALIZATION IN INDIA, 1600-1930

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Vocational training represents a well-known case of market failure.¹ Trainees are often unable to self-finance instruction, and, if the skills are transferable between employers, employers may be unwilling to instruct.² This prospect explains important features of pre-modern apprenticeship systems, in particular the role that corporate organizations played in regulating apprenticeship, employment, and mobility between jobs. In the past, corporate regulation of apprenticeship came in many variants, and grew stronger or weaker, depending on market conditions, industrial organization, and available means of enforcement. Two stylized models of training-cum-regulation, however, can be distinguished.

One of these involved relatively open recruitment of apprentices, and regulation by means of an indenture contract recognized by the state or guilds. The other system involved recruitment restricted by ethnicity and kinship, and regulation of younger workers by their intimate relations. This distinction is stylized, and the two models overlapped often. And yet, the distinction was not a trivial one. It was visible, for example, in the relationship between the states and the corporate bodies whose rights to regulate the contract the former upheld. In the first model, the relationship was legalistic and statutory. In the latter, the relationship was predicated on a moral right of communities to govern themselves. Arguably all large manufacturing regions in the early modern world, India included, accommodated both types and variants between them. However, relatively speaking, the latter exercised a wider scope in India.

¹ I am indebted to Patrick Wallis, Maarten Prak, and an anonymous reader, for many helpful comments and suggestions, which led to significant improvements on the earlier drafts.
² The distinction between general and on-the-job training, the source of this problem, owes to G.S. Becker, Human Capital: A Theoretical and Empirical Analysis, with Special Reference to Education (Chicago: Chicago University Press, 1993), 34-35. Trainees tend to pay for on-the-job training by accepting a lower-than-market wage.
With indenture contract, although in some cases the apprentices did contribute to the cost of training, in most cases, the nature of training allowed a length of time when the productivity of the apprentice exceeded the wage paid, and the training cost could be recouped by the master.\(^3\) At that point, of course, the apprentice would entertain a strong desire to escape. Enforcement of the indenture involved the agency of the state or the guild. A well-known case of statutory enforcement in England was the late-sixteenth century Tudor legislation, the Statute of Artificers. Penal clauses of the Statute could be in principle used to put the unqualified practitioners out of business, though in practice the law served to inflict a bribe on them.\(^4\) In western European cities, on the other hand, guilds regulated labour market transactions, monitored and certified quality of training, and regulated competition in the commodity markets.\(^5\) Why were corporations powerful? In one view, ‘the states of early modern Europe grew much faster than the economies that sustained them’, a situation forcing them to offer various concessions to corporate bodies.\(^6\) Recruitment of apprentices was wide open in both cases. In the English case, apprenticeship was one of the main routes that the under-employed agricultural population took in order to acquire industrial skills.\(^7\) In both cases, furthermore, the regulatory apparatus suffered from weaknesses. Statutes were either powerless or not invoked often.\(^8\) Merchants exercised choices

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3 I rely on E. Perroy, ‘Wage Labour in France in the Later Middle Ages’, Economic History Review, 8 (1955), 232-39; and Jane Humphries, ‘English Apprenticeship’, in: Paul David and Mark Thomas (eds), The Economic Future in Historical Perspective (Oxford: Oxford University Press, 2003), 73-102. The difference between the statutory length of pre-modern apprenticeship, seven years in many cases, and the time that shop-floor training took in the early twentieth century, 5-6 years, is a rough indicator of the reward accruing to the master. Patrick Wallis disputes the conventional wisdom that training and implicit repayment were sequential, suggesting that the masters rewarded themselves in a different way, ‘Apprenticeship and Training in Premodern England’, Journal of Economic History, 68 (2008), 832-61.


6 Ogilvie, ‘Institutions’.


8 On causes of decline of English apprenticeship, see K.D.M. Snell, Annals of the Labouring Poor: Social Change and Agrarian England 1660-1900 (Cambridge: Cambridge University Press, 1987), 228-69. Snell discusses two views on the high and increasing inci-