Employment Linked Incentive (ELI) Scheme

Prelims: *Economic Development | Social Sector Initiatives | Current events of national and international importance*

Why in news?

Recently, Union Cabinet had approved Employment Linked Incentive (ELI) Scheme to support employment generation, enhance employability.

- **Administered by** - Ministry of Labour & Employment.
- **Objectives** – To enhance job creation, employability and social security in all sectors.
- **Focus on** – Manufacturing Sector and Incentives for 1st timers.
- **Target** - To support employment generation of *more than 3.5 Crore jobs in 2 Years* with an outlay of Rs.1 lakh Crore.
- **Features** – It consists of 2 parts with
  - Part A - Focused on 1st timers
  - Part B - Focused on employers

Part A: Incentive to 1st Time Employees
• It will offer *1-month EPF wage up to Rs 15,000 in 2 installments*. • **Target** – 1st time employees registered with EPFO. • **Eligibility** – Employees with salaries up to Rs 1 lakh. • **Significance** – It will benefit around 1.92 crore 1st time employees.
Part B: Support to Employers
• **Coverage** – It will cover generation of additional *employment in all sectors,* with a special focus on the manufacturing sector. • **Eligibility** - Establishments, which are registered with EPFO, will be required to hire at least 2 additional employees (for employers with less than 50 employees) or 5 additional employees (for employers with 50 or more employees), on a sustained basis for at least 6 months. • **Support** - The employers will get incentives in respect of employees with salaries up to Rs 1 lakh. • The Government will incentivize employers, up to Rs 3000 per month, for 2 years, for each additional employee with sustained employment for at least 6 months. • For the manufacturing sector – Incentives will be extended to the 3rd and 4th years as well.

*The **Employees' Provident Fund (EPF)** is a popular savings scheme introduced by the EPFO under the supervision of the Government of India. The employee and employer each contribute 12% of the employee's basic salary and dearness allowance towards EPF.*

***Employees' Provident Fund Organisation (EPFO)** is a non-constitutional body that promotes employees to save funds for retirement. It was launched in 1951 and is governed by the Ministry of Labour and Employment. It covers Indian and international workers.*

- **Incentive Payment Mechanism** - All payments to the 1st time employees under Part A of the Scheme will be made through DBT (Direct Benefit Transfer) mode using Aadhar Bridge Payment System (ABPS).
- Payments to the Employers under Part B will be made directly into their PAN-linked Accounts.
- **Significance of the scheme** – It will *formalize the country's workforce* by extending social security coverage for crores of young men and women.

Reference

PIB | Employment Linked Incentive (ELI) Scheme

