

Employment-linked Incentive Scheme

Ministry of Labour and Employment
Government of India

[24rd September 2024]

Employment Linked Incentives (ELI)

Objective

Stimulate job creation across all sectors with special emphasis on the manufacturing sector.

Scope

Part of the “Prime Minister’s Package for Employment and Skilling,” with a total outlay of ₹1,07,000 crores.

Targets **both new and existing businesses**, offering incentives for **hiring and retaining first-time employees** over periods ranging from one to four years.

Employment Linked Incentives (ELI)



Employment & Skilling

Prime Minister's Package: 3 schemes announced under 'Employment Linked Incentive'

Scheme A: First Timers

- Direct benefit transfer of 1-month salary in 3 installments up to ₹ 15,000 to first-time employees registered in EPFO

Scheme B: Job Creation in Manufacturing

- Incentive to be provided directly to both employee and employer as per their EPFO contribution, in the first 4 years of employment

Scheme C: Support to Employers

- Reimbursement to employers up to ₹ 3,000 per month for 2 years towards their EPFO contribution for each additional employee



रोजगार और कौशल प्रशिक्षण

प्रधानमंत्री का पैकेज: 'रोजगार से जुड़े प्रोत्साहन' के तहत तीन योजनाएँ घोषित

योजना 'क': पहली बार रोजगार पाने वाले

- ईपीएफओ में पहली बार पंजीकृत कर्मचारियों को एक माह के वेतन का 15 हजार रुपये तक की तीन किश्तों में प्रत्यक्ष लाभ अंतरण

योजना 'ख': विनिर्माण क्षेत्र में रोजगार सृजन

- रोजगार पाने के पहले चार वर्षों में उनके ईपीएफओ योगदान के अनुसार कर्मचारी और नियोजक दोनों को प्रत्यक्ष प्रोत्साहन उपलब्ध कराया जाएगा

योजना 'ग': नियोजकों को समर्थन

- नियोजकों को प्रत्येक अतिरिक्त कर्मचारी के लिए दो वर्ष तक उनके प्रतिमाह तीन हजार रुपये तक के ईपीएफओ योगदान की प्रतिपूर्ति की जाएगी

Scheme A: First Timers

S No.	Aspect	Details
1	Sector Focus	All sectors
2.	Objective	- To facilitate employers for hiring of first-time employees. - To provide financial literacy to first-time Employees
2	Subsidy Provided	One month's wage as subsidy (max ₹15,000) through Direct Benefit Transfer in 3 installments
3	Eligibility Criteria	First-time employees newly entering the workforce (EPFO) - Employees with a wage/salary less than ₹1 lakh per month - Employee must undergo a compulsory online Financial Literacy course before claiming the second installment
4	Refund of Subsidy	Subsidy to be refunded by the employer if the employment ends within 12 months of recruitment
5	Scheme Duration	2 years
6	Target Beneficiaries	Benefiting 2.1 crore youth over 2 years.

Scheme B: Job Creation in Manufacturing

S No.	Benefits	Details
1	Sector Focus	Manufacturing sector
2	Objective	To boost job creation in the manufacturing sector by incentivizing employers to hire substantial numbers of first-time employees.
3	Incentive Structure	Incentive linked to their EPFO contribution for the first 4 years of employment for both Employers and Employees
		•For first 2 years- Subsidy at 24% of wage (equally divided between employee & employer) for additional employment generated.
		•For 3rd and 4th Year- Subsidy of 16% and 8% respectively.
4	Refund of Subsidy	Subsidy to be refunded by the employer if employment ends within 12 months.
5	Expected Beneficiaries	30 lakh youth entering employment and their employers

Scheme B: Job Creation in Manufacturing (Continued..)

S No.	Benefits	Details
6	Eligibility Criteria	Corporate entities
		Non-corporate entities with a 3-year track record of EPFO contribution
		Employer must maintain the enhanced level of employment throughout; otherwise, the subsidy benefit will stop
		Employers must hire at least 50 previously non-EPFO enrolled workers or 25% of the baseline (previous year's number of EPFO employees), whichever is lower
		In-sourced employee - Employees must be directly working in the entity paying salary/wage)
		Employees with a wage/salary of up to ₹1 lakh per month are eligible
7	Duration of the scheme	For employees with wages/salary greater than ₹25,000/month , the incentive to be calculated based on ₹25,000/month.
		2 years
8	Additional Benefits	This subsidy is in addition to the benefit provided under Part A

Scheme C: Support to Employers

S No.	Aspects	Details
1	Sector focus	All sectors
2	Objective	Incentivize employers to increase and sustain their workforce levels by covering additional employment .
3	Eligibility Criteria	Employer must increase employment above the baseline (previous year's number of EPFO employees) by at least: 2 employees (if the employer has less than 50 employees) 5 employees (if the employer has 50 or more employees) - Employees with a wage/salary of up to ₹1 lakh per month are eligible - New employees under this Part need not be new entrants to EPFO
4	Incentive Structure	Government will reimburse EPFO employer contribution [up to] ₹3,000/month to the employer for additional employees hired in the previous year.

Scheme C: Support to Employers(Continued...)

S No.	Aspects	Details
5	Extended Benefits	If the employer creates more than 1,000 jobs • Subsidy will continue for the 3rd and 4th year on the same scale as Employer benefit in Part-B • Reimbursement will be done quarterly for the previous quarter.
6	Exclusions	Not applicable for employees covered under Part B of the scheme.
7	Additional Benefits	This subsidy is in addition to the benefit under Part A of the scheme.
8	Scheme Duration	2 years
9	Expected Beneficiaries	50 lakh persons through additional employment

Thank You

