

Cabinet



Cabinet Approves Employment Linked Incentive (ELI) Scheme

Scheme to Enhance Job Creation, Employability and Social Security in all Sectors

Focus on Manufacturing Sector and Incentives for First Timers

First Timers to get one month's wage up to Rs 15,000/- in two installments

Scheme to Support Employment Generation of more than 3.5 Crore Jobs in two Years with an Outlay of Rs one lakh Crore

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The Union Cabinet chaired by the Prime Minister, Shri Narendra Modi, has approved the Employment Linked Incentive (ELI) Scheme to support employment generation, enhance employability and social security across all sectors, with special focus on the manufacturing sector. Under the Scheme, while the first-time employees will get one month's wage (up to Rs 15,000/-), the employers will be given incentives for a period to two years for generating additional employment, with extended benefits for another two years for the manufacturing sector. The ELI Scheme was announced in the Union Budget 2024-25 as part of PM's package of five schemes to facilitate employment, skilling and other opportunities for 4.1 Crore youth with a total budget outlay of Rs 2 Lakh Crore.

With an outlay of Rs 99,446 Crore, the ELI Scheme aims to incentivize the creation of more than 3.5 Crore jobs in the country, over a period of 2 years. Out of these, 1.92 Crore beneficiaries will be first timers, entering the workforce. The benefits of the Scheme would be applicable to jobs created between 01st August 2025 and 31st July, 2027.

The Scheme consists of two parts with Part A focused on first timers and Part B focused on employers:

Part A: Incentive to First Time Employees:

Targeting first-time employees registered with EPFO, this Part will offer one-month EPF wage up to Rs 15,000 in two installments. Employees with salaries up to Rs 1 lakh will be eligible. The 1st installment will be payable after 6 months of service and the 2nd installment will be payable after 12 months of service and completion of a financial literacy programme by the employee. To encourage the habit of saving, a portion of the incentive will be kept in a savings instrument of deposit account for a fixed period and can be withdrawn by the employee at a later date.

The Part A will benefit around 1.92 crore first time employees.

Part B: Support to Employers:

This part will cover generation of additional employment in all sectors, with a special focus on the manufacturing sector. 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 two years, for each additional employee with sustained employment for at least six months. For the manufacturing sector, incentives will be extended to the 3rd and 4th years as well.

Establishments, which are registered with EPFO, will be required to hire at least two additional employees (for employers with less than 50 employees) or five additional employees (for employers with 50 or more employees), on a sustained basis for at least six months.

The incentive structure will be as under:

EPF Wage Slabs of Additional Employee (in	Benefit to the Employer (per additional employment per month)
Up to Rs 10,000*	Upto Rs 1,000
More than Rs 10,000 and up to Rs 20,000	Rs 2,000
More than Rs 20,000 (upto salary of Rs 1 Lakh/month)	Rs 3,000

**Employees with EPF wages up to Rs. 10,000 will get a proportional incentive.*

This part is expected to incentivize employers for the creation of additional employment of nearly 2.60 crore persons.

Incentive Payment Mechanism:

All payments to the First 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.

With ELI Scheme, the government intends to catalyse job creation in all sectors, particularly in manufacturing sector, besides incentivizing youth joining the workforce for the first time. An important outcome of the Scheme will also be formalization of the country's workforce by extending social security coverage for crores of young men and women.

MJPS/BM

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