

Printed from

THE TIMES OF INDIA

Big jobs boost! Employment Linked Incentive scheme approved by Cabinet for over 3.5 crore jobs in 2 years; check top points

TIMESOFINDIA.COM | Jul 1, 2025, 06.05 PM IST



PM Narendra Modi-led Union Cabinet on Tuesday approved an Employment Linked Incentive (ELI) Scheme, designed to boost job creation and enhance social security across sectors, particularly in manufacturing.

The ELI Scheme, announced in Union Budget 2024-25, is part of PM's five-scheme package aimed at providing employment and skilling opportunities to 4.1 crore youth, with a total allocation of Rs 2 lakh crore.

New employees shall receive one month's salary (maximum Rs 15,000/-), whilst employers shall receive incentives for two years for creating additional jobs, with the manufacturing sector receiving extended benefits for two more years.

The ELI Scheme, allocated Rs 99,446 crore, targets to generate over 3.5 crore jobs nationwide within two years, according to the government release.

Of these, 1.92 crore shall be first-time workforce entrants. The scheme benefits shall apply to positions created between August 1, 2025 and July 31, 2027.

Employment Linked Incentive Scheme: Top Things To Know

The initiative comprises two segments: Part A concentrating on first-time employees and Part B focusing on employers.

Part A: First-Time Employee Benefits:

- For employees newly registered with EPFO, this section provides a one-month EPF wage incentive up to Rs 15,000, distributed in two payments.
- Eligibility extends to those earning up to Rs 1 lakh. The initial payment occurs after 6 months of employment, whilst the second payment follows after 12 months of service and completion of financial literacy training.
- To promote savings behaviour, a portion shall be retained in a savings account for a specified duration, available for withdrawal at a future date.
- This initiative is projected to assist approximately 1.92 crore first-time employees.

Part B: Employer Support Programme:

- This component addresses additional employment creation across sectors, with particular emphasis on manufacturing.
- Employers shall receive incentives for workers earning up to Rs 1 lakh.
- The government shall provide up to Rs 3000 monthly for two years per additional employee maintaining employment for minimum six months. Manufacturing sector benefits extend to the third and fourth years.
- EPFO-registered organisations must recruit a minimum of two additional staff (for those with under 50 employees) or five additional staff (for those with 50 or more employees), maintaining employment for at

least six months.

- The scheme anticipates encouraging employers to generate additional employment for nearly 2.60 crore individuals.

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.*

ELI Payment Distribution System:

All disbursements to First Time Employees under Part A of the Scheme shall be processed via DBT (Direct Benefit

Transfer) utilising Aadhar Bridge Payment System (ABPS). For Employers under Part B, funds shall be transferred straight to their PAN-linked bank accounts.

The ELI Scheme aims to stimulate employment generation across sectors, with special emphasis on manufacturing, whilst encouraging young individuals to enter the workforce. Additionally, the programme seeks to formalise the nation's labour force by extending social security benefits to millions of young workers, both men and women.