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Labour Laws Compliance Services

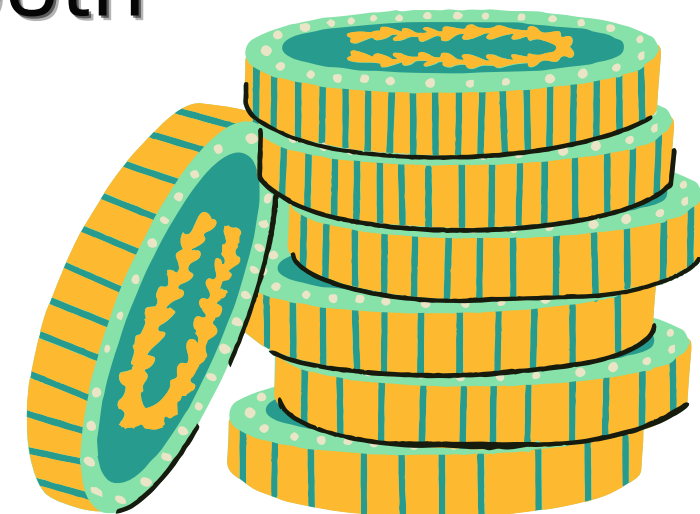
# “Employment Scheme - Budget 2024-2025”

Everything you should know about

## Disclosed Employment linked incentive

The government will roll out three schemes for 'Employment Linked Incentive' as part of the Prime Minister's package, starting from the date of EPFO notification. These schemes will be tied to EPFO enrolment and aim to recognize first-time employees while providing support to both employees and employers.

These schemes will be linked to EPFO enrollment, focusing on acknowledging first-time employees and offering support to both employees and employers.



## Scheme A - First timer (Benefit to first time Employees with one month wage)

### ■ Applicability:-

This scheme applies to all formal sector employees who are newly employed and earn a wage or salary of less than one lakh rupees per month. First-time membership is determined based on EPFO registration.

### ■ Benefit :-

One month's salary (up to a maximum of Rs. 15,000) will be credited to the employee's bank account in three installments. Employees must complete a mandatory online financial literacy course before receiving the second installment.

### ■ Conditions :-

The subsidy must be reimbursed by the employer if the first-time employee's employment terminates within one year.

### ■ Scheme period :-

The enrollment period is 2 years, while the expenditure period is 3 years. The program is limited to 2.1 crore beneficiaries with a total allocation of Rs. 23,000 crore.

## Scheme B - Job Creation in Manufacturing (Benefit to Employee and Employer)

### ■ Applicability:-

This scheme will apply to the manufacturing sector for the creation of additional jobs. Corporates are deemed eligible from the start, while non-corporate entities become eligible after a 3-year track record of contributions. To qualify for the benefit, employers must hire new employees equal to 50 or 25% (whichever is lower) of the number from the previous year. First-time direct employees (on-roll) under EPF with a wage of up to 1 lakh are eligible for the benefit.

### ■ Benefit :-

Reimbursement of EPF contributions for both employees and employers will be provided for new hires that are additional to the existing workforce recorded in the EPFO. Incentives will be calculated based on the actual wage or Rs. 25,000 (whichever is lower). This scheme will be available for a period of four years from its start.

# Scheme C - Support to Employers (incentive to employers)

- **Applicability:-** This scheme provides benefits to employers who create additional jobs across all sectors. First-time employees under EPF with a wage of up to 1 lakh are eligible for the benefit. Employers must hire 2 new employees if their current workforce is less than 50, and 5 new employees if their workforce exceeds 50.
- **Benefit :-** Government will reimburse the PF employer contributions up to Rs. 3,000/- per month for a period of 2 years against the new employment
- **Conditions :-** Employers who create more than 1,000 jobs will receive payments on a quarterly basis. This scheme does not apply to employees covered under Part-B [Scheme B]. The subsidy provided will be in addition to the benefits offered under Part-A [Scheme A].
- **Scheme period :-** Enrolment duration 2 years - Expenditure duration 3 years - Beneficiaries limited to 50 lakhs allotted Rs. 32,000 Crore

## Note :-

All three schemes are linked to EPFO data to determine eligibility criteria. Establishments that hire first-time EPF members and exceed the specified headcount threshold will benefit from the scheme. The EPFO has yet to release the procedures for claiming these benefits.



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