

From Promise to Prosperity: ELI Scheme and India's Path to Inclusive Employment

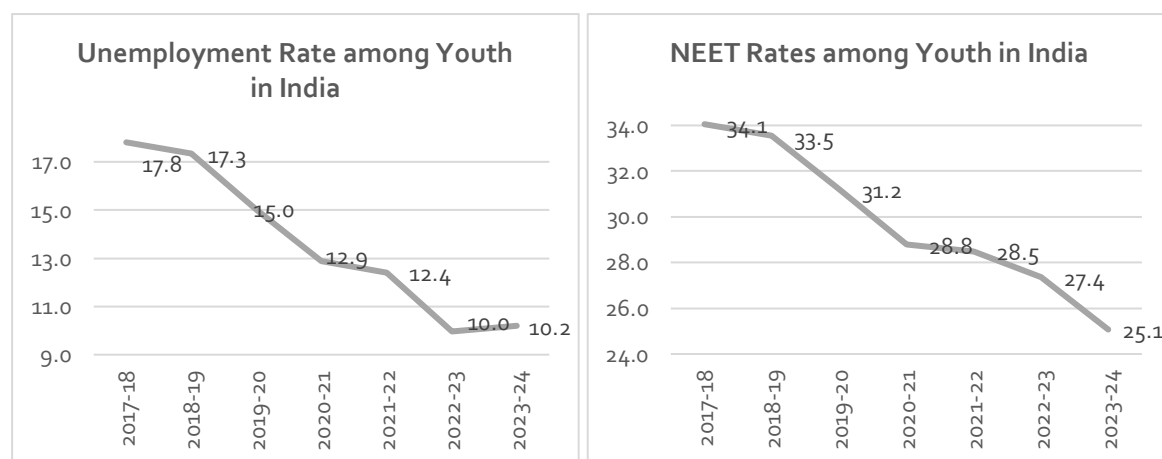
In a defining moment for India's workforce and industrial ecosystem, the Government of India has introduced the Employment Linked Incentive (ELI) Scheme, not just as a policy reform, but as a national commitment. This initiative embodies the values of Sabka Saath, Sabka Vikas and aligns seamlessly with the broader vision of Aatmanirbhar Bharat. It is a strategic pledge to harness India's demographic dividend and drive inclusive, sustainable, and equitable growth. Ensuring a robust and inclusive social security system has consistently remained a top priority of the government

The scheme must be seen as a policy move leading from potential to prosperity. For decades, India's demographic dividend remained a latent strength. The challenge lay not in the lack of youth potential, but in the absence of an enabling framework to transform that potential into prosperity. The ELI Scheme marks a pivotal shift from missed opportunities to structured outcomes. By focusing on job-readiness, formalisation, and skill alignment, it ensures that young population is not just employed, but empowered.

This transformative effort is particularly timely. With youth unemployment having declined by nearly 50 percent in recent years, according to the Periodic Labour Force Survey (PLFS), the ELI Scheme is poised to consolidate these gains. It strengthens the foundation for a labour market that is equitable, opportunity-rich, and nationally integrated.

Labour Market Gains and Strategic Alignment

India's labour market is undergoing a constructive transition, shaped by expanding skilling efforts and improved education-to-employment alignment. The latest PLFS data show a sharp rise in youth labour force participation, particularly among young women, and a corresponding decline in NEET (Not in Employment, not in Education and Training) rates and unemployment across genders. These trends signal a shift toward more inclusive engagement in the workforce.



However, sustaining this momentum requires structured interventions that can bridge skilling with stable employment. The ELI Scheme is positioned as a strategic response, designed to translate short-term gains into long-term employment quality. By supporting dignified, formal, and skill-linked jobs, it ensures India's youthful energy contributes meaningfully to the economy and national development.

Rebuilding the Manufacturing Link and Correcting Structural Gaps

One of the ELI Scheme's most significant contributions lies in correcting India's long-standing structural disconnect. By incentivising job creation in labour-intensive manufacturing, the scheme seeks to restore the sector's role as a bridge between agricultural surplus labour and the growing services economy. Manufacturing, often referred to as the 'missing middle', is essential for scalable, inclusive job creation.

The scheme further reinforces industrial linkages by stimulating demand across upstream and downstream sectors, logistics, packaging, warehousing, and support services, thereby promoting economic depth and supply chain resilience. This shift from capital-centric to labour-sensitive incentives not only boosts industrial productivity but also widens access to formal employment. By embedding job creation within industrial policy, the ELI Scheme supports both economic restructuring and equitable growth.

Skills, Jobs, and Financial Inclusion

At its core, the ELI Scheme reflects a national commitment to empower young Indians. Part A of the scheme provides a First-Timer incentive of up to Rs. 15,000 for new entrants into formal employment. The second instalment is linked to a mandatory financial literacy module, an innovation that not only improves retention but ensures that workers enter the economy equipped with practical, life-enhancing skills.

Targeting an estimated 1.92 crore first-timer youth, this measure represents an investment in India's future. It is not just a handout, but a foundational tool for upward mobility. It bridges structural barriers and offers young workers a fair, formal, and skill-driven entry into the labour market.

Supporting Employers and Fostering Industrial Harmony

Part B of the scheme incentivises employers, particularly MSMEs and those in the manufacturing sector, to create EPFO-verified jobs. Monthly reimbursements of Rs. 1,000 to Rs. 3,000 per worker are available, with added incentives for those earning below Rs. 10,000. This model lowers the cost of formal hiring, reduces attrition, and strengthens workforce stability.

The ELI Scheme aims to incentivize the creation of more than 3.5 Crore jobs in both Part A and B. Beyond economics, the scheme fosters mutual trust between employers and employees. Workers benefit from social security, pensions, and healthcare, while employers gain a stable, skilled, and loyal workforce. The framework enables a more harmonious industrial environment, laying the groundwork for constructive labour relations and long-term enterprise growth.

Whole-of-Government Approach for a New India

The ELI Scheme is anchored in evidence-based, convergent policy design. Implemented through the robust digital infrastructure of the Employees' Provident Fund Organisation (EPFO), the scheme ensures transparency, real-time tracking, and efficient delivery. To ensure the cross-sectoral convergence, the scheme also aligns with major national initiatives, Make in India, National Manufacturing Mission, and Atmanirbhar Bharat, strengthening industrial competitiveness, particularly for MSMEs and export-oriented units. This level of integration not only enhances implementation but transforms job creation into a cross-sectoral national priority.

A Tool for Social Equity and Nation-Building

The ELI Scheme goes beyond job creation, it is a vehicle for social equity. It formalises informal work, empowers first-generation earners, bridges gender gaps, and reduces rural-urban divides. It reflects the government's intention to ensure that the gains of economic growth are shared, secure, and sustainable. As India moves towards its Viksit Bharat@2047 vision, the ELI Scheme is more than a policy, it is a promise. A promise to every young Indian that the nation values their work, invests in their future, and sees them not just as workers, but as drivers of national resurgence.

With the broader vision of a New India, the ELI ensure every citizen has access to opportunity, dignity, and economic security. The scheme also serves as a stepping stone in the journey through Amrit Kaal, a period of transformation, resilience, and renewed national purpose. The Scheme must be recognised as a cornerstone in building an economy that is not only competitive but compassionate, not only productive but inclusive. It marks India's transition from potential to prosperity, led by jobs, fuelled by skills, and sustained by social justice.