

## **Building a Workforce with Rights: ELI's Role**

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The much-awaited Employment Linked Incentive (ELI) Scheme, recently approved by the Government of India, is a welcome relief for the country's workforce. As trade unions, we recognise this as a long-standing demand finally taking shape, a proactive policy that affirms the government's commitment to employment generation, skill development, and formalisation. We commend the Modi Government for launching this first-of-its-kind initiative, which is expected to benefit over 3.5 crore workers, including over 1.9 crore first-time workers. This is not just a policy; it is a much-needed affirmation that the labour force is being prioritised in India's development story.

The ELI Scheme is part of a broader employment support framework that complements existing initiatives such as the government's internship and skill development schemes launched last year. Together, these programmes aim to improve employability, create formal job pathways, and strengthen labour protections, particularly for youth from Tier 2 and Tier 3 cities, where job access and social security coverage have historically lagged.

By contributing directly to employees' EPFO accounts, the scheme lowers the cost of formalisation for employers and encourages young, first-time workers to enter the formal workforce, ensuring access to pensions, healthcare, and other crucial social security benefits. Furthermore, by offering additional support to the manufacturing sector and MSMEs, it promises to spur job creation while fostering equitable growth across regions and communities. For trade unions, this represents not only a new opportunity for workers but a meaningful shift towards dignified, stable, and inclusive employment.

### **Strengthening Workforce Entry and Industrial Relations**

One of the most commendable aspects of the ELI Scheme is its balanced approach to supporting both young workers and responsible employers. For first-time job seekers, Part A of the scheme offers a direct incentive of up to Rs. 15,000, disbursed in two instalments, the second linked to the completion of a mandatory financial literacy course. This is not just a policy feature, it is a form of empowerment. Financial literacy equips young workers to manage earnings, understand entitlements, and assert their rights. For many, this will mark their first experience in a structured, formal work environment, complete with contracts, social security, and workplace protections. As trade unions, we have long advocated such transitions from informal work to dignified, rights-based employment.

Part B of the scheme supports employers who create new formal jobs, offering monthly incentives ranging from Rs. 1,000 to Rs. 3,000 per employee, with additional provisions for manufacturing and low-wage workers. These measures address a core challenge in labour markets: the reluctance of small and medium enterprises to absorb new workers formally

due to cost concerns. By easing this financial burden, the scheme encourages employers to take the formal route, and with that comes a transformation in workplace dynamics.

Formalisation is not just about payroll compliance; it fundamentally changes the nature of the employer–employee relationship. Workers who are protected and valued contribute more, stay longer, and build trust. For employers, this results in greater stability and productivity. For workers, it ensures access to pensions, medical benefits, provident fund savings, and legal recourse when needed.

Equally important, the scheme fosters the conditions for harmonious industrial relations. When jobs are formal, and rights are respected, disputes decline, and cooperation grows. Trade unions can engage more constructively, representation becomes meaningful, and grievance redressal becomes institutional. In this way, the ELI Scheme not only creates jobs, it creates the framework for stronger workplaces built on dialogue, respect, and shared prosperity.

### **Skilling, Mobility, and Sustained Employment**

Another strength of the ELI Scheme is its alignment with India's wider skilling and employment ecosystem. The requirement for financial literacy, combined with complementary initiatives like apprenticeship programmes, ITI reform, and placement-linked skilling, creates a comprehensive pathway from training to employment. For young workers, especially those navigating the uncertain terrain of a post-pandemic economy and rapid technological change, this structured approach reduces vulnerability and increases long-term employability.

In addition, the scheme's focus on mobility and career progression, not just job entry, is a vital shift. A job that starts with skill-building and is tied to formal benefits is more likely to lead to sustained growth, both for the worker and for the enterprise. This is particularly important in ensuring that the youth remain integrated into formal labour markets as the economy continues to evolve.

### **A Shared Responsibility for National Progress**

We have consistently argued that employment generation is not solely the responsibility of government. The private sector, too, must act as a stakeholder in shaping a fair and inclusive labour market. The ELI Scheme provides the right tools, but its success will depend on how all parties, employers, unions, and the state, choose to engage with it.

The scheme also offers an opportunity for unions to deepen engagement with newly formalised workers, ensuring that they are aware of their rights and can participate meaningfully in the shaping of their workplaces. Stronger workplace democracy, enhanced labour-management dialogue, and joint problem-solving must be encouraged alongside job creation.

Looking ahead, the ELI Scheme will play an essential role in India's broader development vision. As we move toward Viksit Bharat@2047, the goal must not be limited to growth or industrial expansion alone. It must also include the creation of a workforce that is skilled, protected, motivated, and formally integrated into the economy.

The ELI Scheme aligns well with this ambition. It lays the groundwork for a future where youth are empowered, employers are responsible, and industrial relations are cooperative. It is a step toward a labour market that is fair, future-ready, and founded on shared prosperity.