

CABINET OKAYS 22,810 CRORE FOR WAGE SUBSIDY SCHEME VIA EPFO

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The Cabinet on Wednesday approved an expenditure of 22,810 crore to bear the cost of pensions of low-paid workers in the formal sector, hoping that it will spur job creation, albeit at the lower end of the salary threshold.

The two-year scheme to subsidize wages through the Employees' Provident Fund Organization ([EPFO](#)) is part of the Atmanirbhar Bharat Rojgar Yojana announced last month by Union finance minister Nirmala Sitharaman.

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"The cabinet has approved an expenditure of 1,584 crore for the current financial year and 22,810 crore for the entire scheme period of 2020-2023," the government said after a cabinet meeting. The Atmanirbhar Bharat Rojgar Yojana will also "incentivize creation of new employment opportunities during the covid recovery phase", it said.

The move will aid formalization in the labour market, said Union labour minister Santosh Gangwar. The ministry is trying hard to help both workers and enterprises through employment generation, he said.

The scheme is also aimed at weaning back workers who left their jobs after the coronavirus outbreak. However, Gangwar did not say how many people have actually lost jobs because of the nationwide lockdown implemented to contain the covid-19 pandemic.

The cabinet statement did not mention the number of potential beneficiaries. However, a government spokesperson said in a tweet that the move may benefit about 5.8 million workers.

The need to create jobs has become a topic of debate with regard to the economy and gained in urgency after the lockdown, with several studies pointing to massive job shedding across sectors this year. About 6 million white collar workers lost their jobs between May and August, the Centre for Monitoring Indian Economy has said. Another few more million industrial workers lost their jobs, too.

Under Atmanirbhar Bharat Rojgar Yojana, the government will provide the subsidy for two years for new employees hired between 1 October 2020 and 30 June 2021. New employees have been classified as those who have a monthly income of less than 15,000 and have not been registered with [EPFO](#) earlier.

"The government of India will pay both 12% employees' contribution and 12% employers' contribution...towards EPF in respect of new employees in establishments employing up to 1,000 employees for two years," the labour ministry said.

For establishments with more than 1,000 workers, the government will pay only the 12% employees' share of EPF contribution.

“Any EPF member possessing universal account number (UAN) drawing monthly wage of less than 15,000 who made exit from employment during Covid pandemic from 1 March 2020 to 30 September 2020 and did not join employment in any EPF-covered establishment up to 30 September 2020 will also be eligible to avail benefit,” the government said. “EPFO will credit the contribution to the Aadhaar-seeded accounts of members in electronic manner,” it said.

The retirement fund manager is set to work out modalities to ensure that there is no overlap of benefits provided under the Atmanirbhar Bharat Rojgar Yojana with any other scheme implemented by EPFO.

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