Special Package For Employment Generation & Promotion Of Exports In Textile & Apparel Sector

Honourable Prime Minister of India Sh. Narendra Modi has unveiled a package of reforms for generation of 1 crore jobs in the textile and apparel industry over next 3 years. The package includes a slew of measures which are labour friendly and would promote employment generation, economies of scale and boost exports. The steps will lead to a cumulative increase of US$ 30 bn. in exports and investment of Rs. 74,000 crores over next 3 years.

The majority of new jobs are likely to go to women since the garment industry employs nearly 70% women workforce. Thus, the package would help in social transformation through women empowerment.

Salient features of the package announced are:

A. **Employee Provident Fund Scheme Reforms**

- Govt. of India shall bear the entire 12% of the employers' contribution of the Employers Provident Fund Scheme for new employees of garment industry for first 3 years who are earning less than Rs. 15,000 per month.
- At present, 8.33% of employer's contribution is already being provided by Government under Pradhan Mantri Rozgar Protsahan Yojana (PMRPY). Ministry of Textiles shall provide additional 3.67% of the employer's contribution amounting to Rs. 1,170 crores over next 3 years.
- EPF shall be made optional for employees earning less than Rs. 15,000 per month
- This shall leave more money in the hands of the workers and also promote employment in the formal sector.

B. **Increasing overtime caps**

- Overtime hours for workers not to exceed 8 hours per week in line with ILO norms.
- This shall lead to increased earnings for the workers

C. **Introduction of fixed term employment**

- Looking to the seasonal nature of the industry, fixed term employment shall be introduced for the garment sector
- A fixed term workman will be considered at par with permanent workman in terms of working hours, wages, allowanced and other statutory dues.

D. Additional incentives under ATUFS

- The package breaks new ground in moving from input to outcome based incentives by increasing subsidy under Amended-TUFS from 15% to 25% for the garment sector as a boost to employment generation.
- A unique feature of the scheme will be to disburse the subsidy only after the expected jobs are created.

E. Enhanced duty drawback coverage

- In a first of its kind move, a new scheme will be introduced to refund the state levies which were not refunded so far.
- This move is expected to cost the exchequer Rs 5500 crores but will greatly boost the competitiveness of Indian exports in foreign markets.
- Drawback at All Industries Rate to be given for domestic duty paid inputs even when fabrics are imported under Advance Authorization Scheme

F. Enhancing scope of Section 80JJAA of Income Tax Act

- Looking at the seasonal nature of garment industry, the provision of 240 days under Section 80JJAA of Income Tax Act would be relaxed to 150 days for garment industry

No. DGE-U-13015/1/2016-MP (G)
Government of India
Ministry of Labour & Employment
Directorate General of Employment

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3/10, Jam Nagar House,
Shahjahan Road,
New Delhi-110011

Dated: 09.08.2016

OFFICE MEMORANDUM

Subject: Scheme Guidelines for Pradhan Mantri Rojgar Protsahan Yojana (PMRPY).

The undersigned is directed to enclose herewith the guidelines on Pradhan Mantri Rojgar Protsahan Yojana (PMRPY), a scheme to incentivise employers registered with the Employees' Provident Fund Organisation (EPFO) for job creation by the Government paying the 8.33% contribution of employers to the Employee Pension Scheme (EPS) in respect of new employees having a new Universal Account Number (UAN). For the textile (apparel) sector, the Government will also be paying the 3.67% Employees Provident Fund (EPF) contribution of the eligible employer for these new employees. The Scheme may be popularised amongst industry for wider participation and coverage.

2. The Scheme will be operational with effect from 09th August, 2016, i.e. date of issue of this OM. EPFO will make necessary arrangements for the software development for implementation of the PMRPY Scheme.

Encl: as above

(Dr. Shikha Anand)
Director (Employment)
Tel. Fax. 23386737

1. Finance Secretary & Secretary Expenditure, Ministry of Finance, North Block, New Delhi - 110001
2. Secretary, Ministry of Textiles, Udyog Bhawan, New Delhi – 110011
3. Secretary, Department of Industrial Policy and Promotion, Ministry of Commerce & Industry, Udyog Bhawan, New Delhi – 110011
4. Secretary, Ministry of Micro, Small and Medium Enterprises, Udyog Bhawan, New Delhi – 110011
5. Secretary, Ministry of Skills Development & Entrepreneurship, Shivavji Stadium, New Delhi – 110001
6. Secretary, Ministry of Corporate Affairs, Shastri Bhawan, New Delhi – 110001
7. CEO, NITI Aayog, Sansad Marg, New Delhi-110001
8. OSD, Ministry of Labour & Employment, Shram Shakti Bhawan, Rafi Marg, New Delhi – 110119

9. Shri SN Tripathi, Development Commissioner, MSME, Ministry of Commerce & Industry, Nirman Bhawan, New Delhi – 110108
10. Smt. Sunita Sanghi, Adviser, NITI Ayog, Sansad Marg, New Delhi-110001
11. Dr. V.P. Joy, Central Provident Fund Commissioner, Employees' Provident Fund Organisation (EPFO), EPFO Head Office, Bhavishya Nidhi Bhawan, 14, Bhikaiji Cama Place, New Delhi – 110066.
12. Shri Arunish Chawla, Joint Secretary, Plan Finance-II, Department of Expenditure, Ministry of Finance, North Block, New Delhi-110001.
13. Ms Sunaina Tomar, Joint Secretary, Ministry of Textiles, Udyog Bhawan, New Delhi-110001.

<u>Internal</u>

14. Sh PP Mitra, Principal Labour & Employment Adviser, MoLE, Shram Shakti Bhawan, Rafi Marg, New Delhi.
15. Shri Heeralal Samariya, Additional Secretary, MoLE, Shram Shakti Bhawan, Rafi Marg, New Delhi.
16. Smt. Meenakshi Gupta, JS&FA, MoLE, Shram Shakti Bhawan, Rafi Marg, New Delhi.
17. Shri Manish Gupta, Joint Secretary, MoL&E, Shram Shakti Bhawan, New Delhi.
18. DG ESIC, Chief Labour Commissioner, JS (RA), JS (RKG), DG FASLI, DGMS, DG LB, DGLW, CBWE, DDG(C), EA, Addl CPFC (IS) – EPFO.
19. NIC – for uploading on the websites of MoL&E, EPFO etc.

Ministry of Labour & Employment

Pradhan Mantri Rojgar Protsahan Yojana:
A Scheme to promote/incentivise employment generation

SCHEME GUIDELINES

A. Introduction

India has a significant advantage of a young population and a declining dependency ratio, offering huge potential for a demographic dividend. There are, however, challenges which need to be addressed for fully reaping this unique dividend in the fast changing global scenario. In the last decade, the growth of economy at an annual rate of 7 to 8% was accompanied by a low growth in jobs. The proportion of persons in the labour force declined from 43% in 2004-05 to 39.5% in 2011-12, with a sharp drop in female participation rate from 29% to 21.9%. Although the overall unemployment rate is at 2.2%, the unemployment rates for youth in the age group 15 to 29 years and particularly those possessing secondary level of education and above, are higher. More than 52% of the workers are self-employed and a significant proportion of women workers are primarily home based.

2. As per the Sixth Economic Census (2013), around 58.5 million establishments were in operation of which 59.48% were in rural areas and 40.52% in urban areas. Further, about 77.6% establishments (45.36 million) were engaged in non-agricultural activities. These establishments employ around 131.29 million persons, of which 51.71% were employed in rural areas and 55.71% were working in establishments having at least one hired worker. Thus, there is a significant potential for employment in these establishments, especially those covered under the Employees' Provident Fund Organisation (EPFO).

3. In the Budget Speech 2016-17, it was stated that "*In order to incentivize creation of new jobs in the formal sector, Government of India will pay the Employee Pension Scheme contribution of 8.33% for all new employees enrolling in EPFO for the first three years of their employment. This will incentivize the employers to recruit unemployed persons and also to bring into the books the informal employees. In order to channelize this intervention towards the target group of semi-skilled and unskilled workers, the scheme will be applicable to those with salary up to Rs 15,000 per month. I have made a budget provision of Rs 1,000 crore for this scheme.*"

B. Scheme Objectives

4. The **Pradhan Mantri Rojgar Protsahan Yojana (PMRPY)** Plan Scheme has been designed to incentivise employers for generation of new employment, where Government of India will be paying the 8.33% EPS contribution of the employer for the new employment. This scheme has a dual benefit, where, on the one hand, the employer is incentivised for increasing the employment base of workers in the establishment, and on the other hand, a large number of workers will find jobs in such establishments. A direct benefit is that these workers will have access to social security benefits of the organized sector.

C. Definitions

5. The definitions mentioned in The Employees' Provident Fund Scheme, 1952, Section 2 would be applicable mutatis mutandis to the PMRPY scheme as well. The following definitions would also be relevant:

(a) **Electronic Challan cum Return (ECR)** are the monthly challans/returns submitted online to the EPFO by the employers/establishments.

(b) **Universal Account Number (UAN)** are the unique account number issued by the EPFO to the employees. For the purpose of the PMRPY Scheme, the UANs need to be Aadhaar seeded and verified.

(c) **PMRPY Reference Base**: For the PMRPY Scheme, the reference base is taken from the ECR return filed by the employer/establishment as on 31st March, 2016 and is the number of employees against whom the employer has deposited/filed the employer's contribution of 12% (3.67% EPF + 8.33% EPS) of wages with EPFO. Similarly for 2017-18, the reference base will be taken as 31st March, 2017 and so on in subsequent years.

In case of new establishments getting registered with EPFO after 01st April, 2016, the reference base would be taken as Zero/NIL and all new employees would be entitled to be covered under the Scheme, subject to other eligibility conditions.

(d) **National Industrial Classification Code (NIC) - 2008** is the code developed and maintained by Ministry of Statistics & Programme Implementation for codification and categorisation of industries based on their economic activity.

(e) **New Employee**, for the purposes of the scheme, is an employee earning less than Rs. 15000 per month, who was not working in any establishment registered with the EPFO in the past and did not have a Universal Account Number prior to 01st April, 2016.

D. Scheme Eligibility

6. All establishments registered with Employees' Provident Fund Organisation (EPFO) can apply for availing benefits under the scheme subject to the following conditions:

(a) Establishments registered with the Employees' Provident Fund Organisation (EPFO) should also have a Labour Identification Number (LIN) allotted to them under the Shram Suvidha Portal (https://shramsuvidha.gov.in). The LIN will be the primary reference number for all communication to be made under the PMRPY Scheme.

(b) The eligible employer must have ***added new employees*** to the reference base of workers in order to avail benefits under the Scheme from August, 2016 onwards. The reference base of workers will be determined by the number of employees against whom the employer has deposited the 12% (3.67% EPF + 8.33% EPS) with EPFO as on 31st March, 2016, ***as ascertained/verified from the monthly ECR for March, 2016.*** For example, an establishment, say M/s ABC Ltd. had filed an ECR for the employers' contribution for 45 employees/workers in March, 2016. In the month of April, 2016, the establishment has added, say, 15 new workers bringing the total of employees to 60, the employer will be eligible to apply for the PMRPY scheme benefits for these 15 **new employees**. The employer will not be eligible to avail of PMRPY benefits if there is no new employment vis-à-vis the reference base in any subsequent month. The new employee, as mentioned in para 5(e) above, is one that had not worked in any EPFO registered establishment or had a Universal Account Number, in the past, i.e. prior to 01st April, 2016.

(c) For new establishment coming into existence/getting registered with EPFO after 01st April, 2016, the reference base will be taken as Zero/NIL employees. Thus, the employer can avail of PMRPY benefits for all new eligible employees.

(d) The PMRPY scheme is targeted for employees earning wages less than Rs 15,000/- per month. Thus, new employees earning wages more than Rs 15,000/- per month will not be eligible. A new employee is one who has not been working in an EPFO registered establishment on a regular basis prior to 01st April, 2016 and will be determined by the allocation of a **new Aadhaar seeded Universal Account Number** (UAN) on or after 01.04.2016. In case the new employee does not have a new UAN, the employer will facilitate this through the EPFO portal.

(e) **The employers will continue to get the 8.33% contribution paid by the Government for these eligible new employees for the next 3 years, provided they continue in employment by the same employer. The 8.33% contribution will be paid by GOI after the employer has remitted the 3.67% EPF contribution for these new employees each month. To avoid any penalty on the EPF/EPS contribution, the employer is advised to submit the PMRPY online form at the earliest, preferably by the 10th of the following month.**

In the case of the textile (apparel) sector, the employers are also eligible to get the 3.67% EPF contribution paid by the Government as mentioned in the PMRPY on-line form. This benefit can be availed of by the textile (apparel) sector **establishments dealing with the Manufacture of wearing apparel, in particular NIC** Codes 1410 and 1430. The Government, in this case, will also pay the EPF contribution of 3.67% in addition to paying the EPS contribution of 8.33%.

The payment of 8.33% EPS and 3.67% EPF by the Government will be made after the employer has credited the 12% EPF contribution of the employees with EPFO.

The industry sector/sub-sectors covered by this component are the following NIC Codes:

(1) NIC 1410: Manufacture of wearing apparel, except fur apparel

a. NIC 14101: Manufacture of all types of textile garments and clothing accessories
b. NIC 14102: Manufacture of rain coats of waterproof textile fabrics or plastic sheetings
c. NIC 14105: Custom tailoring
d. NIC 14109: Manufacture of wearing apparel not elsewhere classified

(2) NIC 1430: Manufacture of knitted and crocheted apparel

a. NIC 14301: Manufacture of knitted or crocheted wearing apparel and other made-up articles directly into shape (pullovers, cardigans, jerseys, waistcoats and similar articles)
b. NIC 14309: Manufacture of other knitted and crocheted apparel including hosiery

(f) Employers/Establishments applying for the Scheme shall be fully responsible for the information uploaded. If at any time, it is found that the information submitted is incorrect or false, it will be assumed that the EPS payment (and EPF payment for textile sector) has not been made for these employees. The employer will then be liable for dues and penalties as already specified under the relevant provisions of The Employees' Provident Fund Scheme, 1952.

7. The Scheme will be in operation for a period of 3 years and the Government of India will continue to pay the 8.33% EPS contribution to be made by the employer for the next 3 years. That is, all new eligible employees will be covered under the PMRPY Scheme till 2019-20.

8. The Government will make available the necessary funds for the Scheme to EPFO in advance for payment of 8.33% EPS contribution and the 3.67% EPF contribution for the textile (apparel) sector on a regular basis based on the estimates of funds projected by EPFO. EPFO will provide Management Information System (MIS) and other such analytical reports to the Ministry as are necessary for effective monitoring of the scheme. Third Party Evaluation will also be undertaken on a periodic basis. An elaborate IEC media and awareness campaign will be put in place for effective propagation of the PMRPY Scheme.

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Appendix

Instructions for availing benefits under PMRPY scheme (8.33% EPS contribution)

The PMRPY scheme aims to incentivise employers for employment generation by the Government paying the employers' EPS contribution of 8.33%, for the new employees, for the first three years of their employment and is proposed to be made applicable for unemployed persons that are semi-skilled and unskilled.

PART A:

a) Employers are to Login to the PMRPY portal (www.pmrpy.gov.in) using their LIN/EPFO registration ID (Format as at **Annex-I**)

b) Enter the organisational details that are required as per the format including the Organisational PAN. It is necessary to mention the nature of industry/sector as per National Industrial Classification Code NIC-2008, maintained by the Ministry of Statistics & Programme Implementation.

   The appropriate NIC code is determined/ assessed by the value added by production of different products and services or net revenue derived from various activities, i.e. the industry code of the primary manufactured product (output) of that establishment. In case of multi-product establishments, the appropriate NIC code is determined by the category of the product contributing the maximum value added for the establishment. Where such assessment is not possible, classification may be done in terms of gross revenue attributed to the products, or services of the establishments, the number of persons employed for various activities.

c) For the textile (apparel) sector dealing with the Manufacture of wearing apparel, in particular, NIC 1410 (Manufacture of wearing apparel, except fur apparel); and NIC 1430 (Manufacture of knitted and crocheted apparel), the Government will also pay the EPF contribution of 3.67%, in addition to payment of the EPS contribution of 8.33%. The detailed sub-sectors covered for this component are given below:

   (1) NIC 1410: Manufacture of wearing apparel, except fur apparel
      a. NIC 14101: Manufacture of all types of textile garments and clothing accessories
      b. NIC 14102: Manufacture of rain coats of waterproof textile fabrics or plastic sheetings
      c. NIC 14105: Custom tailoring
      d. NIC 14109: Manufacture of wearing apparel not elsewhere classified

   (2) NIC 1430: Manufacture of knitted and crocheted apparel

a. NIC 14301: Manufacture of knitted or crocheted wearing apparel and other made-up articles directly into shape (pullovers, cardigans, jerseys, waistcoats and similar articles)

b. NIC 14309: Manufacture of other knitted and crocheted apparel including hosiery

d) The employment to be covered under the scheme would comprise new employment for workers earning wages less than Rs. 15,000/- per month. The description of the post (job role) for the new employment needs to be specified along with the date of joining and date of exit, if applicable.

e) PMRPY form should be submitted by eligible employers at the end of each month, preferably by the 10th day of the following month.

f) In case the employer does not submit the information on-line on the PMRPY form by 10th of the following month, he will not be eligible for availing benefits under the PMRPY Scheme for that month.

g) The submission of the form will be determined by the employer having paid the 3.67% EPF contribution in respect of these new employees.

PART B: Eligibility Criteria

1. **Eligibility Criteria for establishments for claiming benefit under the scheme:**
   a) Establishment should be registered with EPFO under EPF Act 1952 and have a valid LIN
   b) In case the establishment does not have a Labour Identification Number (LIN), he may apply through the Shram Suvidha Portal (https://shramsuvidha.gov.in)
   c) Establishment should have a valid organisational PAN
   d) Establishment must have a valid Bank Account, the details of which are to be entered and through which payments may be made to the establishment.
   e) Establishment should have submitted their ECR for the month of March, 2016
   f) Establishment should have increased the number of employees on or after 01.04.2016
   g) For new establishments registered after 01.04.2016, all new employees can be covered subject to para 2 below.

2. **Necessary conditions for eligibility of employees under PMRPY:**
   a) New employee should have joined in the establishment (refer 1(e) above) on or after 01.04.2016 and should not have been a regular employee in any EPF registered establishment prior to this.
   b) Employer should ensure that the new employee has a valid UAN which is Aadhaar linked. In case it is not available, it may obtained from the EPFO website (http://www.epfindia.com/). The mobile number and other contact details are to be captured by EPFO.
   c) The monthly wages of the new employee should be less than Rs. 15,000
   d) The EPS contribution for the new employee will be available for 3 years.

e) In case an establishment eligible for a scheme has a drop/fall in employment from the reference base, the establishment will not be eligible for the scheme in the months where employment is below this reference base.

3. **Validation of new employees:**
   a) Employer will upload the ECR file as proposed in ECR 2.0
   b) ECR will be accompanied with an online certificate from the employer stating that the submission is claimed only in respect of new employees without past service and for newly created posts.

4. **Start and continuation of Scheme:** The PMRPY Scheme will become operational from the date of issue/approval of the Scheme Guidelines (i.e.9th Aug, 2016). The establishment will continue to update the PMRPY interface each month (latest by 10th of following month) so that the necessary EPS payment and EPF payment {for Textile (Apparel) Sector} continues.

PART C: Process flow (for use by MoLE, EPFO and Ministry of Textiles)

a) The PAN and LIN of the establishment will be validated
b) The details of the new employee (as submitted by the employer in the ECR) will be validated from the UAN database
c) UAN seeded with Aadhaar number would be validated in UIDAI/EPFO database for verification and deduplication
d) The bank details (account no., IFSC code etc.) of the employer will be checked by the banking gateway by EPFO.
e) After due verification, the system will compute the amount due for that establishment against the verified new employee
f) Based on the information provided by the establishment and having been verified, the remittance made for the 3.67% EPF contribution against these new eligible employees will trigger release of the 8.33% EPS contribution. This will be drawn from the PMRPY pool towards the EPS account for a period of 3 years for the new employee.
g) In the case of the **textile (apparel) sector**, the 3.67% EPF contribution will be paid to EPFO on submission of the ECR and PMRPY form.
h) EPFO will need to work out an elaborate monitoring system for tracking of employee movement.
i) EPFO will undertake creation of IEC content, media plan and execution in an integrated manner so that the awareness of the PMRPY Scheme can be popularised amongst eligible employers.
j) The Ministry of Textiles will work out mechanisms for the IEC media awareness activities for the EPF component of the Scheme in respect of the establishments that can avail benefits under the Scheme.
k) EPFO will provide Management Information System (MIS) and other such analytical reports to the Ministry of Labour & Employment as are necessary for

effective monitoring of the scheme. Third Party Evaluation will also be undertaken on a periodic basis.

l) Linkages with NCS:

(i) PMRPY database to be accessible to NCS for analytics
(ii) All EPF establishments to be able to login to the NCS using their LIN
(iii) All new employees can login to NCS using UAN/Aadhaar
(iv) All new vacancies covered under the PMRPY Scheme may be posted on the NCS after 01.12.2016.
(v) Current employment status of all new employees will be updated as "employed" on NCS.

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Annex-I

PMRPY Scheme Implementation

Note: The Employer applying for the Scheme is required to fill up the following details

A. Establishment Details			
S.No.	**Fields/Objects**	**Input**	**Validation Checks**
1	**Employer ID**	LIN	User to enter the LIN. Links to be provided to Shram Suvidha Portal for applying for a LIN
2	**Name of the Organisation**	ABC Enterprises	Data to be pulled from EPFO Database. Pre-filled field & Non-editable.
3	**Registered Address of the Organisation**	Gurgaon, Haryana	Data to be pulled from EPFO Database. Pre-filled field & Non-editable.
4	**Organisation's Industry (as per NIC-2008)**	Chemicals	Data to be pulled from EPFO Database. Pre-filled field & Editable.
5	**Organisation's Year of Incorporation**	DD/MM/YYYY	Data to be pulled from EPFO Database. Pre-filled field & Non-editable.
6	**Organisation's PAN**	AAAPP1234P	User to enter PAN details Pan Verified (One Time)
7	**Organisation email**	abc@gmail.com	Pre-filled: editable
8	**Bank Account No**	10014456203	Cross checked by payment gateway. Pre-filled field & Editable.
9	**IFSC Code**	SBIB000007	Cross checked by payment gateway. Pre-filled field & Editable.
10	**Bank Name**	State Bank of India	Cross checked by payment gateway. Pre-filled field & Editable.

B. Contact Person's Details (from establishment applying for scheme)			
S.No.	Fields/Objects	Input	Validation Checks
1	Name	First /Middle /Last Name	User to enter Details
2	Aadhaar	36701568970	User to enter Details To be Verified by NCS
3	PAN	AAAPS1234P	User to enter Details To be Verified by NCS
4	DoB	1 January, 1950	User to enter Details
5	Contact Person's Mobile No.	9875462309	User to enter Details
6	Email	xyz@gmail.com	User to enter Details

C. PMRPY eligibility of establishment to be auto-generated and displayed				
S.No.	Fields/Objects	Reference Date	Employment size	Validation Checks / Remarks
1	Employee Strength as on	31.03.2016	50	Data to be pulled from March 2016 ECR. Pre-populated & Non-Editable
2	Employee Strength as on Last Completed month	31 May 2016	54	Data to be pulled from ECR of Last Completed month Pre-populated & Non-Editable
3	Current Month	30 June, 2016		Automatically Filled based on 3.67% EPF contribution – this triggers the system for PMRPY

D. PMRPY eligibility of employees - to be entered by Employer New Employee Details Table

S.No	Name of the New Employee			Date of Birth	Gender	Job Role (Master List to be provided)	Pay of employee (in Rs)	Date of Joining (mm-dd-yyyy)	Date of Exit (mm-dd-yyyy)	UAN of the employee	Aadhaar No.	Eligible Amount to be covered (in Rs) to be computed on the basis of basic pay	Confirmation / Verification Status
	First Name	Middle Name	Last Name										
1	A	A	A	1 Jan, 1960	M	Security Guard	15000	01-04-16		UAN012456912		15000	Yes
2	B	B	B	2 Jan, 1960	M	Fitter	12000	05-04-16		UAN012456913		12000	Yes
3	C	C	C	3 Jan, 1960	F	Turner	13000	20-04-16	31-05-16	UAN012456914		13000	Yes
4	D	D	D	4 Jan, 1960	TG	Electrician	25000	31-05-16		UAN012456915		NIL	No