

Guidelines for Additional Employment Incentive for Leather, Footwear and Accessories Sector (AEILFA) sub-scheme of Indian Footwear, Leather & Accessories Development Programme

1. BACKGROUND

In the Budget Speech 2017-18, the Hon'ble Finance Minister had announced, "A special scheme for creating employment in the textile sector has already been launched. A similar scheme will be implemented for the Leather and footwear industries"

In order to incentivize creation of new jobs in the formal sector, government of India is paying the Employee Pension Scheme(EPS) Contribution of 8.33% for all new employees enrolling in Employees' Provident Fund Organization (EPFO) for the first three years of their employment, applicable to those with salary up to 15000/-, under Pradhan Mantri Rojgar Protsahan Yojana (PMRPY). In addition to Government bearing 8.33% EPS contribution, Department of Industrial Policy and Promotion (DIPP) shall provide additional 3.67% of the employers' contribution to Employees' Provident Fund (EPF) as mentioned in the PMRPY for Leather, Footwear and Accessories sector.

2. OBJECTIVE

Additional Employment Incentive for Leather, Footwear and Accessories Sector (AEILFA) has been designed to incentivize employers in the Leather, Footwear and Accessories sector for generation of new employment where DIPP shall be paying additional 3.67% of the employer's contribution to EPF in addition to Government bearing 8.33% EPS contribution of the employer in the PMRPY. This scheme has a dual benefit, it shall incentivize employer for increasing the employment base of formal workers in the establishment and secondly it shall create new jobs for the labour. These workers shall have access to social security benefit of the organized sector.

3. DEFINITION

The definitions mentioned in the Employees Provident Fund Scheme, 1952, Section 2 and PMRPY would be applicable mutatis mutandis to the AEILFA.

4. ELIGIBILITY CRITERIA

4.1 The conditions mentioned in the PMRPY shall be the eligibility conditions for the AEILFA i.e. only those employers that are eligible for the PMRPY shall be eligible for additional benefits under the AEILFA for the Leather, Footwear and Accessories Sector. In the case of Leather, Footwear and Accessories Sector the employers are also eligible to get the additional 3.67% of their EPF contribution from EPFO as mentioned in the

PMRPY online forms. This benefit can be availed of by establishments dealing with the manufacturing in Leather, Footwear and Accessories sector covered under the following National Industrial Classification (NIC) codes:

Group	Class	Sub-Class	Description
141			Manufacture of Wearing Apparel
	1410		Manufacture of Wearing Apparel, except fur apparel
		14104	Manufacture of wearing apparel made of leather and substitutes of leather
142			Manufacture of articles of fur
	1420		Manufacture of articles of fur
		14201	Manufacture of wearing apparel and clotting accessories made of fur
		14202	Manufacture of fur and skin rugs and other similar articles
		14209	Manufacture of other fur products n.e.c.
151			Tanning and dressing of leather; manufacture of luggage, handbags, saddlery and harness; dressing and dyeing of fur
	1511		Tanning and dressing of leather; dressing and dyeing of fur
		15111	Flaying and curing of raw hides and skins
		15112	Tanning and finishing of sole Leather
		15113	Tanning and finishing of industrial leather
		15114	Scrapping, currying, tanning , bleaching , shearing and plucking and dyeing of fur skins and hides with hair on
		15115	Finishing of upper leather, lining leather and garment leather etc.
		15116	Embroidering and embossing of leather articles
		15119	Other tanning, curing, finishing embossing etc. of leather
	1512		Manufacture of Luggage, handbags and the like, saddlery and harness
		15121	Manufacture of travel goods like suitcase, bags, holdalls etc.
		15122	Manufacture of purse, ladies, handbags, artistic leather presented articles and novelties.
		15123	Manufacture of saddlery and harness
		15129	Manufacture of other consumer goods of leather and substitutes of leather n.e.c.
152			Manufacture of Footwear
	1520		Manufacture of Footwear
		15201	Manufacture of leather footwear such as shoe, sandals, chappals leather-cum-rubber/plastic cloth sandles and chappals
		15202	Manufacture of footwear made primarily of vulcanized or modules rubber and plastic
		15209	Manufacture of other footwear n.e.c

5. Implementation and Monitoring Mechanism

5.1 The scheme shall be deemed to be operational with effect from 1st April, 2017 i.e. date of coming into force of AEILFA scheme. It shall be operational from 1st April, 2017 for a period of 3 years till 31st march, 2020.

5.2 Footwear Design and Development Institute (FDDI) shall collect, verify and validate online applications by development of an online portal and upload the file/list on to the PMRPY portal.

5.3 There shall be 100% verification of claims made by PF exempted establishments by FDDI.

5.4 An online benefit transfer system shall be put in place in consultation with EPFO.

5.5 Monitoring and Checking of the disbursement of subsidy shall be done by FDDI regularly as per the dashboard developed by EPFO

5.6 FDDI would be paid one time consolidated fee of Rs. 50 Lakh for development of online portal, uploading the details on the PMRPY portal and their services as Monitoring and Verifying Agency in 3 installments as under :

a) **First installment:** 40% of the assistance, as advance, on approval of the sub-scheme for development of the portal and implementation of the scheme in 1st year.

c) **Second Installment:** 30% of the assistance after submission of full utilization of the first installment and on completion of successful implementation of the scheme in 2nd year.

d) **Third and Final Installment:** 30% of the assistance on reimbursement basis after submission of the utilization of the previous installments and successful implementation of the project, in 3rd year

5.7 FDDI and Employees' Provident Fund Organization (EPFO) under Ministry of Labour & Employment shall implement the scheme and provide Management Information System and other such analytical reports to the DIPP as are necessary for effective monitoring of the scheme.
