

**INCENTIVE SCHEME FOR PROVIDING EMPLOYMENT TO PERSONS WITH DISABILITIES (PwDs) IN THE PRIVATE SECTOR**

**1. Background**

To encourage Private Sector to Employ Persons with Disabilities, a scheme of incentives to the employers in private sector for providing employment to PwD was announced by the then Finance Minister in his Budget speech of Financial Year 2007-08.

Pursuant to this announcement, the M/o Social Justice & Empowerment launched a Scheme for the Employers in the Private Sector, which envisages payment of employers contribution to the EPF and ESI by the Government for the first three years for employing PwDs with monthly wages up to Rs. 25,000/-.

After introduction of the Scheme, wide publicity was given to it through the print and other media. All Chief Ministers were requested to publicize the scheme and closely monitor its implementation.

FICCI organized a Conference of Employers at New Delhi on 17.10.2008 to disseminate information about the Scheme, which was addressed by the then Finance Minister. This was followed by State level meetings at Hyderabad, Kolkota and Jaipur.

The incentive scheme is basically voluntary in nature. Wide publicity has been given by the Ministry as well as EPFO & ESIC about the scheme. An amount of Rs. 3.00 crores had been released for publicity of the scheme to EPFO and ESIC from 2008-09 onwards.

Even though wide publicity was given to the Scheme through print and other media, the achievement so far had not been significant. The beneficiaries have been mainly in the states of Andhra Pradesh, Gujarat, Karnataka, Maharashtra, Tamil Nadu and Delhi while in other Sates there was either no coverage or very low coverage.

Despite wide publicity, and monitoring of Implementation of the scheme by a high level monitoring committee, the scheme has not picked up. Therefore, in order to avail the benefits under the scheme, it is essential that not only the scheme is made more attractive for the private sector but also to address the issues relating to employability and availability of skilled manpower.

A Task Force headed by Additional Secretary, Ministry of Labour was set up to assess the reasons for low response and to suggest measures to make it more attractive to the employers and other allied issues. The Task Force submitted its Report in August 2012 and made certain recommendations.

2. Some of the reasons of low response to Incentive Scheme as highlighted were as follows:

- a) Reimbursement of employer's share of contribution was for 3 yrs only.
- b) Existing limit on wage was upto Rs. 25000/- only under the Scheme.
- c) The corresponding administrative charges of 1.1% being paid by the employers.
- d) Absence of any tax incentive to the employers.
- e) Cumbersome method of reimbursement of employer's contribution.
- f) Skill of the PwDs are not matching with the needs of the private sector.
- g) Employment of PwDs in the private sector is not mandatory.

3. The issue has been under consideration in the Department of Empowerment of Persons with Disabilities (DEPwD) and based on the inputs / discussions held with different stake holders, the modifications suggested in the scheme are as follows:

#### **4. Revised Incentive Scheme for providing employment to PwDs in the Private Sector**

- a) The employers need not deposit the EPF / ESI contribution in respect of their PwD employees. The employers just need to intimate the EPFO / ESIC regarding appointments made by them and furnish employee's contribution to EPFO / ESIC. The employer's contribution shall be deposited to the respective accounts of PwD employees by EPFO and ESIC. DEPwD shall make payment to EPFO / ESIC in advance.
- b) The scheme will be applicable to all persons with disabilities employed in the private sector irrespective of any salary / wage ceiling.
- c) The administrative charges applicable on EPF/ESI contribution (*at the extant rates*) shall be borne by the DEPwD.
- d) The Government shall pay the employers contribution to EPFO & ESIC for 10 yrs.
- e) One-third of the gratuity amount due and admissible to PwD employees which is required to be paid by the employers under the applicable provisions of the Gratuity Act, shall be borne by the DEPwD.

- f) In case a private employer engages PwDs as apprentices in a particular trade and employ them on completion of the apprenticeship period, the stipend during the apprenticeship period payable to the PwD shall be borne by the DEPwD.
- g) There shall be adequate budget provision in the scheme for:-
  - (i) Sensitising the industry associations like FICCI, ASSOCHAM, CII etc. about the provisions of the scheme.
  - (ii) Organising seminars / workshops with the HR heads / managers of the corporate bodies to sensitise them about the scheme and also to motivate them to employ PwDs in their organisations.
  - (iii) Adequate publicity of the scheme through electronic and print media, social media and publication of leaflets, brochures etc.
  - (iv) Organising job-fairs at various parts of the country from time to time.
- h) The Department shall make a suitable proposal by inviting opinion of tax consultants and referred if for consideration of Ministry of Finance, so that suitable tax relief can be given to private employers as an incentive for providing employment to persons with disabilities.

## **5. Monitoring of the scheme**

In order to monitor the implementation of the Scheme, a high level Committee would be constituted. The composition of the committee will be as follows:

- (a) Secretary, DEPwD – Chairman.
- (b) Director General Emp. & Trg., M/Labour & Employment – Member
- (c) Chief Provident Fund Commissioner of EPFO – Member.
- (d) Commissioner, Employees State Insurance Corporation – Member
- (e) Joint Secretary & Financial Advisor in charge of DEPwD,
- (f) The Committee would invite employees bodies like ASSOCHAM, CII etc. as special invites or expert groups,
- (g) Joint Secretary concerned in DEPwD – Member Secretary.
- (h) Representatives of 5 State Governments

The Committee would meet periodically, as per requirement, with a minimum sitting of once in a quarter and consider various issues necessary for the smooth functioning of the schemes.

**6.** The implementing agencies including EPFO and ESIC would send a quarterly return to the DEPwD containing details of beneficiaries and utilization of funds. The return would be placed before the High Level Committee referred to above.

**7.** Administrative Expenditure: A provision of 3% of total budget under the scheme would be kept as administrative expenditure of the scheme to take care of expenses likely to be incurred to implement the scheme like engagement of contractual staff, conduct of periodical meetings etc.

**8.** Any litigation on matters arising out of this scheme will be subject to sole jurisdiction of the courts situated in National Capital Territory of Delhi.

**9.** The revised scheme will be reviewed every three years

**10.** The revised scheme will be effective from 1<sup>st</sup> April, 2016.

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