

Employment Linked Incentive Scheme

Pradhan Mantri Viksit Bharat Rozgar Yojana

Background

The ***Pradhan Mantri Viksit Bharat Rozgar Yojana*** is a government initiative aimed at promoting employment generation and workforce formalisation in India. By providing targeted incentives to both employers and employees, the scheme seeks to encourage the creation of sustained additional employment opportunities and enhance overall employability.

The scheme will be implemented by the Ministry of Labour and Employment through the ***Employees' Provident Fund Organisation (EPFO)***.

The scheme consists of two parts:

- Part A focuses on the benefits to *First-time Employees* joining EPF on or after 1 August

2025, with gross wages up to INR 1,00,000 per month at the time of joining.

- Part B focuses on the benefits to *Establishments or Employers* hiring additional employees who are either first timers or re-joiners, subject to fulfilling the threshold criteria with gross wages up to INR 1,00,000 per month.

Under Part A, the scheme assists first-time employees in their learning by covering upskilling costs and promoting financial literacy to enhance their productivity and financial awareness.

Part B focuses on incentivising employment across all sectors, with special emphasis on the manufacturing sector, to build a more formal, dynamic, and youth-driven labour market.

Definitions

- **Aadhaar**

Refers to the Aadhaar Number as defined under the Aadhaar Act, 2016.

- **Baseline**

For establishments registered with EPFO for more than 12 months before August 1, 2025, it is the average number of employees during the previous 12 months.

For those registered for less than 12 months, before August 1, 2025, it is the average number of employees for all months up to July 31, 2025.

For new establishments, the baseline is fixed at 20 employees.

- **Completed Wage Month**

It means a full calendar month for which ECR is duly filed with EPFO. It is used to determine the eligibility and calculation of incentive under the scheme.

- If joining is on or before the 5th of the month, then same month is treated as the first wage month.

- If after the 5th of the month, then next month is treated as the first wage month.

- **Electronic Challan-cum-Return (ECR)**

It means filing monthly return online with EPFO along with the specified amount of contributions. The employees for whom contributions are not received will not be considered for benefits under parts A & B, however, for the purpose of calculating the baseline, all employees shall be counted.

- **Employee**

A person covered under the *Employees Provident Funds and Miscellaneous Provisions Act, 1952* ('**EPF & MP Act, 1952**'), and for whom the employer contributes to EPFO or an exempted trust.

New Employee: Joined between August 1, 2025, and July 31, 2027.

First Timer: Never contributed to EPFO before, joins during the scheme, and has UAN verified via Face Authentication on UMANG App.



Re-joiner: Previously contributed, rejoins during the scheme period, with Aadhaar-authenticated UAN.

Eligible Employee: Any new employee in respect of whom contribution is received in EPFO or Exempted Trust for at least 6 months for both the employee and the employer and whose gross wages at the time of joining the establishment is less than INR 1,00,000 per month, will be considered for incentive to Establishments under Part B of the scheme.

Old Employee: Joined before August 1, 2025, and continues, no incentive is provided under the scheme to employer.

- **EPF Wage**

Wage on which EPF contributions are made under Section 6 of the EPF & MP Act. It is calculated as:

$(\text{Total Contribution} \times 100) / 24$, or

$(\text{Total Contribution} \times 100) / 20$,

Note: The divisors **24** and **20** represent the combined percentage of employee and employer contributions, which may be **12% + 12% = 24%** or **10% + 10% = 20%**,

respectively, depending on the category of establishment.

- **Establishment**

Entity covered under EPF & MP Act with EPF code and PAN.

i. Existing Establishment: Registered with EPFO before August 1, 2025.

ii. New Establishment: Registered with EPFO on or after August 1, 2025.

All the establishments with the same PAN as available with EPFO on or after August 1, 2025, would be considered as a single entity.

- **Exempted Establishment**

An establishment allowed exemption under Section 17 of the EPF & MP Act, 1952, maintaining its own provident fund trust with benefits not less than EPF & MP Act.

- **Financial Literacy Course**

A mandatory module providing training on personal finance, savings, investments, and financial planning, available on EPFO's portal.

- **Gross Wage**



All emoluments received by an employee in cash or kind as per the employment contract.

- **Manufacturing**

Covers activities defined under Section 2(72) of the Central Goods and Services Tax Act, 2017 and listed in the establishment's registration certificate.

- **Registration Period**

It shall be from August 1, 2025, to July 31, 2027.

Employees joining within this period count for incentives and threshold calculations.

The scheme's effective date is August 1, 2025.

- **Universal Account Number (UAN)**

A unique Aadhaar-authenticated number allotted by EPFO. From August 1, 2025, generation of UAN will require Facial Authentication via the UMANG App.

- **Interpretation Clause**

Any term not defined in the scheme will have the meaning assigned under the EPF & MP Act, 1952, or any of the Schemes framed thereunder.

Applicability of the Scheme on Establishment

The scheme applies to all establishments, including new and exempted ones, that are covered under the EPF & MP Act, 1952, provided they regularly file ECRs along with contributions and comply with other conditions of the Scheme.

The registration period for both Part A & B of the scheme is from **August 1, 2025, to July 31, 2027**. Existing establishments already registered with EPFO and holding a valid

employer code will be treated as **deemed registered** from August 1, 2025. However, they must furnish their PAN, GSTIN, and PAN-linked bank account details for validation under the scheme.



Determination of Baseline

The baseline under part B of the scheme for calculating the *Net Additional Employment* to avail the benefits are as follows:

- For *Existing Establishments* (registered before July 31, 2024), the baseline will be the *average number of employees* as per ECRs filed from August 1, 2024, to July 31, 2025. Establishments registered between August 1, 2024, and July 31, 2025, will have the baseline based on the average employees up to July 31, 2025.
- To qualify for benefits, establishments must file ECRs with contributions for all the months from August 2024 or from the date of registration in EPFO, whichever is later, up

to July 2025. All these ECRs along with contributions are required to be filed by the establishments prior to January 31, 2026.

- For *New Establishments* registered between August 1, 2025, and July 31, 2027, the baseline is fixed at *20 employees* for mandatory EPFO registration.
- Incentives will apply only for additional employees beyond the baseline of 20. The baseline will not change after 6 months from the start of the scheme, except in cases where higher number is shown in revised ECRs during the 6 months, the same will be considered for calculating baseline.

Eligibility & Conditions for Incentive under Part A of the scheme

It applies to *First-Time* employees of all establishments (covered under *EPF & MP Act, 1952*) *subject to* fulfilment of eligibility criteria as mentioned in subsequent paragraphs.

First-Time employees who had gross wages up to **INR 1,00,000** at the time of joining employed in an establishment registered with EPFO or an exempted establishment are eligible.

Eligibility arises after filing ECRs (Electronic Challan cum Return) with contributions for 6 continuous months.

The establishments classified as *seasonal industries* under the EPF Scheme, 1952. ECRs for **six months** (not necessarily consecutive) within a 12-month period are acceptable. The employee must remain with the same establishment for the full period.



The Exempted establishments must also file ECRs (without contributions) with EPFO, detailing all employees (including First-Timers)

whose contributions are deposited in their own PF Trust.

Incentive Structure for Part A (Employees)

Instalment	Calculation of Incentive & Payment time	Benefit to Employee (in INR)
1 st	It is half of average of EPF wage for first 6 months completed and disbursed after filing of Electronic Challan-cum-Return (ECR) for 6 months.	Up to 7500/-
2 ^{nd**}	The average of 12 completed months minus the 1 st instalment. It is disbursed after 12 months service and completion of financial literacy course.	Up to 15000/-*

* **Total incentive = One month's completed EPF wage, subject to a maximum of INR 15,000.**

**** The 2nd instalment of incentive is disbursed with a condition that 12 months ECRs must be filed within 18 months from the date of first timer employee's joining in the establishment.**

Eligibility & Conditions for Incentive under Part B of the scheme

The benefits under this Part shall be extended to the employers in respect of the employees who are either **First-Timers** or **Re-Joinees**, subject to gross wages up to **INR 1,00,000** at the time of joining and fulfilment of the prescribed threshold criteria.

Under this Part of the Scheme, incentives shall be provided to the employer for a period of **two years**, in respect of additional employment

generated over and above the baseline strength, and fulfilling the threshold limit of employment generation, i.e.,

- at least **two additional employees** are hired where baseline is less than 50 (refer the FAQs), and



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- at least **five additional employees** are hired where baseline is of 50 or above (refer the FAQs).

The incentive to the employer shall continue for the third and fourth year as well for the manufacturing sector.

The benefits shall be provided to all eligible establishments on a six-monthly lump-sum basis, after filing of six completed months' ECRs with contributions, subject to fulfilment of eligibility conditions of both employer and employee as laid down in the Scheme.

The incentive shall be admissible only in respect of First-Timers and Re-Joinees who complete six months of continuous employment with the same establishment.

The calculation of incentive shall be based on **net additional employment generated** during the period.

No incentive shall accrue for any month in which the employer does not satisfy the prescribed threshold criteria. In such cases, there shall be no extension of the incentive period.

While calculating the incentive amount for any given month, the eligibility of the establishment shall be determined with reference to the threshold criteria, as detailed below:

i. **For the first six months:**

The establishment shall be eligible if the average number of employees during the first six months (as per ECRs filed) is equal to or greater than the baseline plus the threshold limit.

ii. **From the 7th to 12th month:**

For any month between the 7th and 12th month, eligibility shall be determined based on the average number of employees from the 1st month up to that month being equal to or greater than the baseline plus the threshold limit.

iii. **From the 13th month onwards:**

For any particular month after the 13th month, eligibility shall be determined based on the average number of employees for the preceding 11 months and the current month being equal to or greater than the baseline plus the threshold limit.



The incentive under Part B of the Scheme shall not be provided to any establishment against which inquiries are pending under **Sections 7A, 7B or 7C** of the EPF & MP Act, 1952, or under **Para 26-B** of the EPF Scheme, 1952; or such inquiries, having been concluded, have resulted in an order which has been appealed in a legal forum or has not been complied with.

The incentive under this Part shall not be provided to establishments against which a First Information Report (FIR) has been filed by EPFO for fraudulent practices, or where inquiries relating to irregularities under the ABRY or any other scheme are pending or have been decided adversely against the establishment.

Cessation of incentives:

The payment of incentive shall cease in the following events:

- First Timer leaving the employment on his own volition or otherwise.
- Any eventuality like death, etc. of the beneficiary.
- Winding up etc. of the establishment.
- Misrepresentation or fraud.

Mode of payment:

The incentive shall be disbursed **within 45 days** of fulfilment of eligibility conditions and filing of paid ECRs, as per the periodicity prescribed under the respective Part of the Scheme.

The mode of disbursement to Employees will be through Direct Benefit Transfer (DBT) under the Aadhaar Bridge Payment System (ABPS), directly into the Aadhaar-seeded bank accounts of the employees.

The mode of disbursement to Establishments will be through Direct Benefit Transfer into the PAN-linked bank account of the establishment. Where multiple establishments operate under a common PAN, the incentive shall be remitted to a single nominated PAN-linked bank account designated by the group.

Where an employee's bank account is not yet Aadhaar-seeded, disbursement of incentive shall remain *suspended* until such seeding is completed. However, the incentive shall continue to accrue during the interim period, and upon completion of Aadhaar seeding, the payment along with arrears shall be released in accordance with the scheme guidelines. While



calculating the baseline, threshold, or average employment strength, the computed averages shall be rounded to the nearest whole number.

Incentive Structure for Part B (Employers)

EPF wage slabs of additional employees	Benefit to employer/establishment (in INR) *
Up to INR 10,000**	Up to 1000/-
More than INR 10,000 and up to INR 20,000	2000/-
More than INR 20,000 and up to INR 1,00,000	3000/-

*** Per additional employment per month as per prescribed criteria**

**** In respect of employees drawing EPF wages below INR 10,000, an additional incentive equivalent to 10% of the EPF wage shall be provided as a risk mitigation measure.**

Special provisions for Exempted Establishments

All exempted establishments under the EPF & MP Act, 1952, are eligible for incentives under this scheme.

They must file prescribed monthly returns with EPFO and submit ECRs containing employee details for the 12 months preceding August 2025 (i.e., from August 2024 to July 2025) to determine the baseline.

For smooth implementation, these establishments must ensure **Aadhaar-authenticated UANs** for all existing and new employees, using the **Facial Authentication Technology (FAT)** on the *UMANG Mobile App*.

Identification of Fraudulent Activity

The Executive Committee will develop a **Standard Operating Procedure (SOP)** using IT

tools and API integration with EPFO to detect potential fraud.



Employment data may be verified using indicators such as tax deposits, trade activity, or electricity consumption.

Aatmanirbhar Bharat, as well as obtain data from GST, CBIC, CBDT, MCA, ESIC, and Udyam Portals.

The Committee will also draw on experiences from similar programs like PLI, Skill India, and

The Committee's decision to cease incentives in cases of fraud or misuse will be final.

Penalty Clause

If any establishment is found to have engaged in fraudulent practices or misused the scheme benefits, based on fictitious data/documents, necessary actions will be taken.

A comprehensive penalty clause will be issued later by the Ministry of Labour & Employment.

Taxation

The incentives received under the Scheme will be governed by the **Income Tax Act, 1961**, unless exempted by a specific order. These incentives will be in addition to any other benefits available under existing government schemes.

Frequently asked questions (FAQs)

A summary of key clarifications issued through the FAQs is provided below:

Sr No.	Questions	Clarifications
A	Registration related	
1.	How can employees register to avail benefits under Part A?	There is no registration process for the employees. They will be provided incentive on the basis of ECR filed by their establishment with EPFO.
2.	Whether Existing Establishments Registered with EPFO are Required to Register Anew Under the Pradhan Mantri Viksit Bharat Rozgar Yojana?	No. Establishments already registered with the Employees' Provident Fund Organisation (EPFO) are not required to undergo fresh registration



Sr No.	Questions	Clarifications
		under the Pradhan Mantri Viksit Bharat Rozgar Yojana. However, these establishments are required to furnish the following details: • PAN of the establishment • GSTN (Goods and Services Tax Number) • PAN-linked bank account number of the employer
3.	How Can a New Establishment Register with EPFO to Avail Benefits Under the Pradhan Mantri Viksit Bharat Rozgar Yojana?	No separate process is required. New establishments registering through the Shram Suvidha Portal of the Ministry of Labour & Employment or the Ministry of Corporate Affairs (MCA) Portal are automatically allotted a PF Code/EPF number at the time of incorporation or registration.
B.	Employers Related	
4.	When does the period to avail benefits start and end under the scheme (part B)	Start date - 1 August 2025 End date - 31 July 2027
5.	What is the incentive period under part B of the scheme?	It is 2 years for all sectors and 4 years for manufacturing sector.
6.	What are the eligibility criteria for employers/establishments to avail benefits under the scheme?	The establishment must hire and sustain new employees (First Timers and Re-joiners) for at least six months over and above the baseline number of employees and meet the threshold criteria based on baseline numbers.
7.	What are the threshold criteria for hiring additional employees?	• For establishments with a baseline of less than 50 employees: Must add at least 2 employees over baseline.



Sr No.	Questions	Clarifications
		For establishments with a baseline of 50 or more employees: Must add at least 5 employees over baseline.
8.	How is the baseline calculated for the existing establishment?	For establishments registered with EPFO prior to July 31, 2024, and regularly filing ECRs with contributions, the baseline = Average number of employees as per ECRs over the 12 months from August 1, 2024, to July 31, 2025. The baseline will be the average number of employees based on filed Electronic Challan-cum>Returns (ECRs) for the 12 months preceding the scheme start date August 1, 2025. ECRs with contributions must have been filed for all 12 preceding months.
9.	How is the baseline calculated for the new establishment?	The baseline is fixed at 20 employees. Additional hires over and above the baseline of 20 as per threshold criteria will be considered for incentive.
10.	Can the baseline change if revised ECRs are filed?	No, the baseline remains unchanged once calculated. However, if revised ECRs show a higher number of employees, that higher number will be considered for all scheme purposes.
11.	Are only employees with contributions counted for eligibility?	Yes. Only employees for whom contributions are paid through ECR in EPFO or Exempted Trust are counted for additionality, and eligibility calculations.
12.	Are there any wage limit for employees for claiming incentive by employers?	Yes. Benefits will be provided in respect of only those First Timers and Re-joiners whose gross wages are up to INR 1 lakh at the time of joining and who complete six months of employment.
13.	Can an employee with gross wage above INR 1 Lakh be counted for threshold calculation?	Yes. Employees with gross wages above ₹1 lakh at the time of joining will be counted for calculating threshold/additional hire of employee, but no



Sr No.	Questions	Clarifications
		incentive will be paid in respect of them under the scheme.
14.	What is gross wage?	It means all emoluments, whether in cash or kind received by the employee as per the terms of the employment contract
15.	What happens when eligibility criteria are not met for any month?	Benefits stop for those months when the criteria are not met but restart once eligibility is regained. However, the overall scheme benefits period remains fixed.
16.	If the headcount goes below the baseline temporarily, how are the benefits calculated?	If the net employee strength falls below the baseline, the establishment will not be eligible for incentive for that period. Once net strength rises above baseline and the threshold condition is met again, benefits resume — but the scheme period remains fixed, and no extension is granted for the lost period.
17.	Can an establishment with the same PAN, but different locations avail benefits separately?	No, all establishments with the same PAN will be considered as a single entity for scheme purposes.
18.	If an employee works 3 months in one establishment and then 3 months in another unit of same establishment but with different PAN, is it eligible for incentive for such employee?	No. The scheme does not provide benefit to the establishment if the 6-month requirement is met across multiple units having different PAN of the establishments.
19.	What is the period to pay incentive to establishment?	Incentive will be paid to the establishment in lumpsum on six monthly basis as per eligibility.
C	Employees Related	
20.	How is incentive paid under part A of scheme?	It is a one-time incentive for all the eligible First Timers. It is paid in two instalments directly into the Aadhar-seeded bank account of the employees.



Sr No.	Questions	Clarifications
21.	Who is a First-Time Employee?	An employee who was not a contributing member of EPFO or any Exempted PF Trust prior to 1 August 2025, and whose first PF contribution is received during the registration period (1 August 2025 – 31 July 2027).
22.	What is the condition to disburse the second instalment?	The First Timer must: • Complete the Financial Literacy Course, and • Have worked for 12 completed months in the same establishment and all 12 months of ECR with contributions is filed by the establishment.
23.	What is the Financial Literacy course?	A mandatory online course covering personal finance, savings, investments, etc. available on EPFO website.
24.	What is the maximum amount of incentive payable to employees?	The incentive is equal to one completed month's EPF wage, subject to a maximum of INR 15,000.
25.	What happens if the employee leaves voluntarily or otherwise?	If a First Timer leaves the establishment voluntarily or due to unforeseen circumstances before 6 months, then they are not eligible for first instalment. If a First Timer leaves the establishment voluntarily or due to unforeseen circumstances after 6 months but before 12 months, then they are not eligible for second instalment.
26.	If an employee works 3 months in one establishment and then 3 months in another unit of same establishment but with different PAN, is the employee for incentive?	They must complete 6 months of employment in the same establishment for first instalment and 12 months of employment also in the same establishment for second instalment
D	Registration	



Sr No.	Questions	Clarifications
27.	How can employees register to avail benefits under part A of Scheme?	There is no registration process for the employees. They will be provided incentive on the basis of ECR filed by their establishment with EPFO.
28.	Whether existing establishment registered with EPFO are required to again register under Pradhan Mantri Viksit Bharat Rojgar Yojna?	No. Establishments already registered with the Employees' Provident Fund Organisation (EPFO) are not required to undergo fresh registration under the Pradhan Mantri Viksit Bharat Rozgar Yojana. However, these establishments are required to furnish the following details: • PAN of the establishment • GSTN (Goods and Services Tax Number) • PAN-linked bank account number of the employer
29.	How can new establishment register to avail benefits under the PMVBRY?	No separate process is required. New establishments registering through the Shram Suvidha Portal of the Ministry of Labour & Employment or the Ministry of Corporate Affairs (MCA) Portal are automatically allotted a PF Code/EPF number at the time of incorporation or registration.
D	Payment of Incentives	
30.	How and when are incentives paid under the scheme?	Incentives will be paid within 45 days after the establishment or employee fulfils the eligibility conditions and establishment files the ECR, as per the defined periodicity of the scheme.
31.	What is the mode of payment of the incentive to employees?	Incentives for employees are paid via Direct Benefit Transfer (DBT) through the Aadhaar Bridge Payment System to their Aadhaar-seeded bank accounts.



Sr No.	Questions	Clarifications
32.	What is the mode of payment of the incentive to establishments/employers?	Incentives to establishments are paid via Direct Benefit Transfer (DBT) to the PAN/TAN-linked bank account of the establishment.
33.	What are the circumstances under which incentives can be ceased?	Incentives, to the employee or employer as the case may, will stop if: • A First Timer leaves the employment voluntarily or otherwise. • The beneficiary (employee) passes away or in case of similar eventualities. • The establishment closes down or is wound up. • There is any misrepresentation or fraud detected

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