SOP for calculating incentive under the Pradhan Mantri Viksit Bharat Rojgar Yojana

(The document is to be read in consonance with the detailed Scheme guidelines issued on 16.08.2025 and the terms used here carry the same meaning as defined in the scheme)

1.1. SOP for calculating incentive under part A of the scheme

Eligibility of employee under Part A :

For Part A, the First Timer of all the existing and new establishments, which are covered under EPF&MP Act, 1952 are eligible subject to fulfilment of the eligibility criteria as explained in the subsequent paras.

All '**First-Timers**' who had Gross monthly wages up to ₹ 1 Lakh at the time of joining the establishment registered with EPFO as well as exempted establishments, will be eligible for the first instalment of the incentive under this Part of the scheme, after filing of ECRs along with contributions for 6 continuous months. However, the establishments which are part of seasonal industry as defined in the EPF Scheme, 1952, ECRs filed by them for six months, over a period of last 12 months (irrespective of continuity of the ECRs) would be considered for deciding the eligibility of the First Timer provided he/she continues with the same establishment for the entire period of 6 months.

Exempted Establishments have to file the ECR (without contributions) in EPFO providing details of all of their employees including the First Timers, for whom the contributions are being deposited in their PF Trust in terms of EPF&MP Act, 1952 and schemes made thereunder.

Further, for being eligible to receive the second instalment under Part A of the scheme, all the 12 months' ECRs need to be filed within a period of 18 months from the date of joining of First Timer in the establishment. Further, First Timer needs to continue in the same establishment continuously for the entire period for availing the benefits under Part A of the scheme. In case, the First Timer

leaves the establishment and they join any other establishment thereafter, they will not remain First Timer and as such will not be eligible for the second instalment.

Calculation of Incentive for First time employees under Part A:

i. The incentives under Part A to the First Timer shall be equivalent to the one completed month EPF wage, subject to a maximum of ₹15,000/-.

ii. The incentives shall be payable in two instalments.

1. The 1st instalment will be up to a maximum of ₹7,500/-, to be calculated as half of the average EPF wage for six continuous completed months and payable after filing of six completed months' ECRs along with contributions.

2. The 2nd instalment, payable to the First Timer, will be equal to the average of the first 12 completed months' EPF wage reduced by the amount of 1st instalment and restricted to a total incentive of ₹15,000. The 2nd installment will be kept in an appropriate saving instrument/deposit account for a period to be specified in the guidelines which will be issued by M/o L&E in due course. The First Timer will become eligible for this part of incentive only after completion of the Financial Literacy program and filing of 12 completed months' ECRs along with contributions by the establishment.

1.2. SOP for calculating incentive under part B of the scheme

All existing and new establishments registered with EPFO will be deemed registered under the scheme. Further, for availing the scheme incentives, the establishment will have to exercise the option as provided in the Unified Portal of EPFO and also provide GST Number and PAN Linked Bank account details. Based on the ECRs filed by the establishments, EPFO will check the eligibility and calculate the incentives through the IT system developed for the scheme.

i. Under Part B of the Scheme, incentives are to be provided to the employer in respect of net employment generated over and above the baseline fulfilling the threshold criteria.
ii. The first eligible month will be counted from the completed month on which the establishment has crossed threshold for the first time.
iii. Based on contribution details furnished in the ECRs, the incentive will be paid to eligible establishments on a cumulative basis for the first six-month period cycle.
iv. After the first cycle, subsequent payment will be done on monthly basis.
v. In each Subsequent Cycle, incentive for the entire period will be calculated and incentive amounts already released during the earlier cycles will be deducted to arrive at the net incentive payable for the current cycle.
vi. Further, the incentive under Part B of the scheme will not be provided to such establishments against which inquiries under Section 7-A/7-B/7C of EPF & MP Act, 1952 and Para 26-B of the EPF Scheme, 1952 are pending, and if concluded, appeals challenging the said order are pending in a legal forum or the said orders have not been appealed against but not complied with otherwise.
vii. The incentive under Part B of the Scheme will also not be provided to establishments against which First Information report (FIR) has been filed by EPFO for any kind of fraudulent practices/activity or in respect of which inquiries relating to irregularities under the Atmanirbhar Bharat Rozgar Yojana scheme or any other fraudulent practice/activity is pending or have been decided against the establishment.

<u>Duration of Incentive Payment</u>

Incentive for each case of net additional employment shall continue for 24 months (or 48 months in the case of manufacturing establishments) from the month in which incentive is first payable for that net additional employment.

If, as per the scheme guidelines, incentive is not payable in a particular month after payments have commenced for that net additional employment, the 24-month (or 48-month for manufacturing sector) period will not be extended.

Steps for calculating the monthly incentive under part B

Based on the procedure below, Employer incentives for the Part B will be calculated.

1.2.1 Threshold criteria

Threshold limit is defined as at least 2 additional employment for establishments with baseline of less than 50 and at least 5 additional employments for establishments with baseline of 50 or above. This threshold limit is also to be sustained for at least six months. Under Part B of the Scheme, incentives are to be provided to the employer in respect of employment generated over and above the baseline fulfilling the threshold .

1.2.2 Eligibility of establishments under Part B

While calculating the incentive amount for a given month, eligibility of the establishment will be determined based on the threshold criteria for that month as well as on the average basis, as detailed below:-

a. **Determining Eligibility for the first six months:**

For being eligible in the first 6 months starting from the month in which the establishment has crossed threshold limit for the first time, the average number of employees in the establishment as per the ECR filed for those six months should be more than the Baseline plus the Threshold limit.

b. **Determining Eligibility from 7th month to 12th month:**

For being eligible in any particular month, between 7th to 12th month starting from the month in which the establishment has crossed threshold limit for the first time, the average number of employees in the

establishments as per the ECR filed, from 1st month up to that month should be more than the Baseline plus the Threshold limit.

c. **Determining Eligibility from 13 month onwards:**

For being eligible in any particular month, from 13th month onwards, starting from the month in which the establishment has crossed threshold limit for the first time, the average number of employees in the establishments as per the ECR filed for preceding 11 months and that particular month, should be more than the Baseline plus the Threshold limit

1.2.3 Calculation and Payment of Incentive under Part B

1. Monthly Calculation of Incentive

Step 1 – Eligibility Check:

Establishment eligibility will be checked as elaborated in the para 1.2.2. If the establishment is not eligible for any particular month, the monthly incentive for that month will be zero.

Step 2 – Identify Eligible Employees:

i. An “eligible employee” is oneIn respect of whom statutory contribution is received in EPFO or Exempted Trust continuously for at least 6 completed months. and
ii. They must have joined the establishment during the scheme registration period and
iii. Their gross wages at the time of the joining the establishment is less than Rs. 100,000 per month. Such eligible employees will only be considered for incentive to Establishments under Part B of the scheme.

Step 3: Calculate Net additional employment for the month:

(i) Net additional employment is defined as any new employment generated over and above the baseline during the registration period and will be calculated as follows:

Net additional employment = (Total employees in the establishment during the month – Baseline) or (Total eligible employees), whichever is less.**Example**

In this illustration, we are in the 7th month of the scheme and calculating the net additional employment for the 1st month. In this first month, 4 new employees A,B,C & D had joined. These 4 new employees have completed 6 months in the establishment and ECRs have been filed by the employer for all 6 months alongwith the contribution

Case 1: Number of Old employees as on 31st July' 2025 are less than the Base line.

Baseline:	**X**	**Y**	**Z**	**Net additional Employment**
30 employees	**Number of Old employees:** 2**9 (One old employee exited)**	**Eligible Employees in M1:** A, B, C, D 04	**Total employees during the Month M1:** 33	Zminus Baseline= 03 Total eligible employees: Y **(04)** **Net Additional Employment will be 03**

Case 2: Number of Old employees are more than the Base line.

Baseline:	**X**	**Y**	**Z**	**Net additional Employment**
30 employees	**Number of Old employees:** 3**2**	**Eligible Employees in M1:** A, B, C, D 04	**Total employees during the Month M1:** 36	Zminus Baseline= 06 Total eligible employees: Y **(04)** **Net Additional Employment will be 04**

(ii) Incentive period for each net additional employment: If any employee leaves the establishment and is replaced by another employee, the

employer shall be entitled to the incentive for the remaining incentive period applicable to that additional employment, subject to fulfilment of other eligibility conditions.

Incentive for each case of net additional employment shall continue for 24 months (or 48 months in the case of manufacturing establishments) from the month in which incentive is first paid for that net additional employment.
If, as per the scheme guidelines, incentive is not payable in a particular month after payments have commenced for that net additional employment, the 24-month (or 48-month) period will not be extended.

CASE 1: Suppose in the first month of registration the establishment generated 70 net additional employment and as per the scheme guidelines, for the first month of registration, incentive was paid for 70 net additional employments. In the sixth month of registration, the establishment added further 23 another net additional employments.
While calculating the incentive for establishment under Part B in the 25th month, 93 net additional employments were found eligible. Since, 24-month period for the 70 additional employments created in the first month has already expired, as such, for the 25^{th} month, Incentive will be payable only for (93 – 70) = 23 net additional employments.

CASE 2 :

- Month 1: 4 net additional employments are eligible for incentive.
- Month 2–4: Only 3 of these remain eligible for payment of incentive as one person left the job and no additional person joined during these months
- Month 5 onwards: 5 net additional employments are sustained for the next 3 years as 2 new persons joined and there was no attrition during next 3 years

Implication:

- For the first 3 net additional employments the incentive is payable from month 1 to month 24. From 25^{th} month onwards, no incentive will be paid in respect of these 3 net additional employments.

• For the 4th net additional employment, incentive will be payable for 20 months only (i.e. from 5th month to 24th month as this 4th net additional employment was created in 1st month. However, for first 4 moths, no eligible employee was there).For the 5th net additional employment, incentive will be payable for the full 24 months starting from 5th month for 24 months

Step 4 – Formula for calculating the Monthly Incentive:

The monthly incentive for the establishment will be calculated by multiplying the Average monthly incentive in respect of eligible employees with Net additional employment during that particular month, where:

- Average monthly incentive in respect of eligible employees = (Sum of monthly incentives in respect of each individual eligible employee) ÷ (Total eligible employees)
- Net additional employment = (Total employees in the establishment during the month – Baseline) or (Total eligible employees), whichever is less.

Note: Incentive for each case of net additional employment shall continue for 24 months (or 48 months in the case of manufacturing establishments) from the month in which incentive is first paid for that net additional employment and no incentive shall be paid after the incentive period.

- **Rate of incentive to the establishment are as follows:-**

EPF Wage Slabs of Additional Employee in ₹	*Incentive to the Employer in ₹ (per additional employment per month as per prescribed criteria)*
*<= 10,000**	*Upto 1,000*
>10,000 to<=20,000	*2,000*
> 20,000	*3,000*

* In respect of employees getting EPF wages below ₹ 10,000/month, the incentive at the rate of 10% of EPF wage will be provided (e.g., EPF wage of ₹ 9,500 = ₹ 950 incentive).Note: Employees joining during the registration period with gross wages more than ₹ 1 lakh/month OR joining after the registration period will be counted for Net Additional Employment calculation, but incentives will only be paid for those joining during the registration period with gross wages up to ₹ 1 lakh/month.

2. Payment Cycles

First Cycle:

- Covers the first 6 months period starting from the month on 5th day of which the establishment has crossed threshold for the first time
- Incentive is calculated on monthly basis for these 6 months and paid in lump sum after completion of the 6th month.
- Only employees completing their minimum qualifying period within this cycle will be considered for calculation of incentives.
- Employees who join later in the cycle and complete the qualifying period after the 6th month, will be considered for calculation of incentives in the subsequent cycles.

Subsequent Cycles:

- After the first cycle, subsequent payment will be done on monthly basis.
- At the end of each cycle:
    - The monthly Part B incentive for all the preceding months including the 6 months of the first cycle will be calculated.
    - The amount already paid in the preceding cycle (s) will be deducted.
    - The balance amount becomes the payment for the current cycle.

The Same procedure will be followed in the subsequent cycles.

1.3. Cessation of incentives:

Notwithstanding anything contained in this scheme, the payment of incentives under the scheme will cease-

i. In the event of a First Timer / rejoinee leaving the employment on his own volition or otherwise.

ii. In case of any eventuality like death, etc. of the beneficiary

iii. In the event of closure/winding up etc. of the establishment.

iv. In the event of any misrepresentation or fraud.

1.4. Mode of Payments:

The incentive shall be disbursed within 45 days after fulfilling the eligibility condition and filing of paid ECR as per the periodicity defined under respective Part of the scheme, through following mode of payment:

i. The incentives to the employees shall be paid through (Aadhaar Bridge Payment System) Direct Benefit Transfer to their Aadhaar seeded bank accounts.
ii. The incentive to the establishment shall be provided as Direct Benefit Transfer to PAN linked bank account of the establishment. Where a group of establishments under the same PAN are eligible for the incentive, payment will be made to a single PAN linked bank account nominated by the group.

Provided that, in case where employees' bank account is pending for Aadhaar seeding, the payment of incentive shall remain suspended. However, the incentives would continue to accrue during this period. Once the bank account is Aadhaar seeded, the payment including arrears would be released as per scheme guidelines.

2. Rounding off

2.1. For the purpose of calculation of baseline, threshold and average employment strength, averages may be rounded off to nearest integer.

3. Special Provisions for Exempted Establishments

3.1. All the exempted establishments under the provisions of the EPF & MP Act 1952 are eligible for availing incentives of this scheme. These exempted

establishments have to file returns as prescribed by EPFO for availing the incentives under this Scheme for each month. Further, for calculation of baseline, the Exempted Trusts need to submit ECRs along with details of employees for 12 months preceding August, 2025 (i.e. from wage month of August, 2024 to July, 2025). Furthermore, for smooth implementation of the Scheme and for transparency, the Exempted establishments are required to open or take Aadhaar authenticated UAN through EPFO for all their existing employees as well as new employees. For this purpose, the FAT facility provided on UMANG Mobile App may be utilized for registration of such employees of exempted trusts.