

**APRIL 25, 2018**  
**ISSUE NO: 05, FY19**

## **BEGINNING OF PAYROLL REPORTING IN INDIA**

In Jan'18, Ghosh & Ghosh had published a study titled, "*Towards a Payroll Reporting in India*", and advocated the need for monthly payroll reporting in India like in other economies. The study had estimated that around 70 lakh jobs might be generated in FY18. Research has revealed that the Payroll data have the most profound impact of all high frequency economic reports and major policy implications. It is good that Government has finally accepted the recommendations and released today the monthly payroll data from Sep-17 to Feb'18 as per the records of EPFO, NPS and ESIC.

When Ghosh & Ghosh had published the study, it was erroneously criticized by a number of experts that 70 lakh employment generated in this country is wrong. Some of the people also commented about the methodology and tried to prove that survey method is better than the actual data. As per the data released by Government, we now find that Ghosh & Ghosh estimate is significantly close to the actual number of payroll in India.

Ghosh & Ghosh had estimated that total 61.6 lakh (excluding ESIC) new payroll generated in FY18, while as per the EPFO and NPS numbers the total payroll in India may be around 58 lakh in FY18 (March being projected). If we assume the estimated ESIC number of 8.8 lakh by Ghosh & Ghosh (that might be an underestimate) then the total payroll in India would be around 67 lakh, which is significantly close to the estimate of 70 lakh by Ghosh & Ghosh.

In fact, ESIC records show a healthy trend in so far as on an average 2.5 lakhs newly registered employees in the age-group of 18-25 category are paying the contribution every month. Hence 8.8 lakhs may be an underestimate. We believe, this number could be closer to 10-11 lakhs.

We recommend that the Government release this data on a monthly basis, as for long absence of payroll data in India has been the missing link in policy making, and there have been too many conjectures and hypothetical assumptions based on surveys in public domain regarding the size of employment in India. Employment counts in India are continue to be survey based that are limited in size, scope and using them to gauge overall numbers could result in completely distorted conclusions. This now needs to be corrected so that debate shifts to analysis based on real time data.



## BEGINNING OF PAYROLL REPORTING IN INDIA

In Jan'18, Ghosh & Ghosh had published a study titled, "[Towards a Payroll Reporting in India \(Click Here for Full Report\)](#)", and advocated the need for monthly payroll reporting in India like in other economies. The study had estimated that around 70 lakh jobs might be generated in FY18. Research has revealed that the Payroll data have the most profound impact of all high frequency economic reports and major policy implications. It is good that Government has finally accepted the recommendations and released today the monthly payroll data from Sep-17 to Feb'18 as per the records of EPFO, NPS and ESIC.

- ◆ **EPFO:** Data from EPFO records indicate that new payroll (18-25 years) generated during Sep'17-Feb'18 was around 18.58 lakh. The data for most recent months are provisional as updation of employees records is a continuous process and are likely to be updated in subsequent month/s. In total EPFO has more than 6 crore active members (with at least one month contribution during the year). In the data, EPFO has given the age-wise data of all non-zero contributors that are registered under EPFO during the particular month. This data may also include the temporary employees whose contributions may not be continuous for the entire year.
- ◆ **NPS:** While the data from NPS indicate that the generation of 3.52 lakh new payroll during Sep'17 to Feb'18 period. In the data, NPS released that the Central and State Autonomous Bodies are shown under Central & State Government respectively, while "Non-Govt." refers to "Corporate sector employees". The Non-Govt. payroll data may not necessarily represent new employment as there may be some persons who were in employment earlier but have opened PRAN recently. In all the 3 groups, only Tier I Active NPS accounts are considered for the analysis. NPS currently manages corpus of 50 lakh people in State and Central Government.
- ◆ **ESIC:** ESIC has also released the data but this is still a work in progress. At ESIC, the insured person (IP) Registration is not subject to mandatory Aadhaar seeding and therefore, an employee may have multiple IP registration numbers due to change of employment.

When Ghosh & Ghosh had published the study, it was erroneously criticized by a number of experts that 70 lakh employment generated in this country is wrong. Some of the people also commented about the methodology and tried to prove that survey method is better than the actual data. As per the data released by Government, we now find that Ghosh & Ghosh estimate is significantly close to the actual number of payroll in India.

- ◆ If we reconcile Ghosh & Ghosh report data with the recently published data we find that as per EPFO records around 46.5 lakh new payroll has been generated in Apr-Feb FY18 period. If we project the March number on pro-rata basis, the total FY18 payroll as per EPFO records would be thus around 51 lakh.
- ◆ As per NPS records, a total of 6.2 lakh new payroll has been generated during Apr-Feb FY18 period and projecting the March number the total FY18 payroll number would be around 7 lakh.
- ◆ Ghosh & Ghosh had estimated that total 61.6 lakh (excluding ESIC) new payroll generated in FY18, while as per the EPFO and NPS numbers the total payroll in India may be around 58 lakh in FY18 (March being projected). If we assume the estimated ESIC number of 8.8 lakh by Ghosh & Ghosh (that is an underestimate) then the total payroll in India would be around 67 lakh, which is significantly close to the estimate of 70 lakh by Ghosh & Ghosh. In fact, ESIC records show a healthy trend in so far as on an average 2.5 lakhs newly registered employees in the age-group of 18-25 category are paying the contribution every month. Hence 8.8 lakhs may be an underestimate. We believe, this number could be closer to 10-11 lakhs.

New Payroll as per EPFO & NPS records			
Month	EPFO*	NPS	Total
Sep-17	217090	59530	276620
Oct-17	267595	48544	316139
Nov-17	402328	58471	460799
Dec-17	354120	72451	426571
Jan-18	345155	59972	405127
Feb-18	272584	53537	326121
<b>Total</b>	<b>1858872</b>	<b>352505</b>	<b>2211377</b>

Source: EPFO, PFRDA, SBI Research; \*18-25 years

Total New Payroll in FY18 (in Lakh)			
EPFO*	Ghosh & Ghosh Report	Apr-Nov'17	36.8
	Website Data	Dec'17-Feb'18	9.7
	Total (Apr-Feb)		<b>46.5</b>
NPS	Ghosh & Ghosh Report	Apr-Oct'17	3.7
	Website Data	Nov'17-Feb'18	2.4
	Total (Apr-Feb)		<b>6.2</b>
<b>Total (EPFO+NPS) during Apr-Feb</b>			<b>52.7</b>

Source: EPFO, PFRDA, SBI Research; \*18-25 years

## ABOUT US

The Economic Research Department (ERD) in SBI Corporate Centre is the successor to the Economic and Statistical Research Department (E&SRD). The latter came into being in 1956, immediately after the State Bank of India was formed, with the objective of “tendering technical advice to the management on economic and financial problems in which the Bank has interest and which required expert analysis”.

After the first reorganization of the Bank, when specialized departments like Management Science, Management Information Systems, Planning and Market Segment Departments took over the statistical work of E&SRD, the Department was renamed as ERD.

However, with the ERD team now taking on multidimensional functionalities in the area of risk management, corporate analytics, strategy and so on, who knows, the time may have come to rename it again!

## DISCLAIMER

The *Ecowrap* is not a priced publication of the Bank. The opinion expressed is of Research Team and not necessarily reflect those of the Bank or its subsidiaries. The contents can be reproduced with proper acknowledgement. The write-up on Economic & Financial Developments is based on information & data procured from various sources and no responsibility is accepted for the accuracy of facts and figures. The Bank or the Research Team assumes no liability if any person or entity relies on views, opinion or facts & figures finding in Ecowrap.

## CONTACT DETAILS

**Dr. Soumya Kanti Ghosh**  
Group Chief Economic Adviser  
State Bank of India  
Corporate Centre  
Madam Cama Road  
Nariman Point

**Email:** [soumya.ghosh@sbi.co.in](mailto:soumya.ghosh@sbi.co.in)  
[gcea.erd@sbi.co.in](mailto:gcea.erd@sbi.co.in)

**Phone:** 022-22742440

 : [@kantisoumya](https://twitter.com/kantisoumya)