

SEPTEMBER 25, 2018
ISSUE NO: 50, FY19

EPFO EXIT DATA SHOWS PEOPLE ARE SWITCHING JOBS MOSTLY IN 26-35 AGE GROUP AND NOT BELOW 26

The recent release of EPFO payroll data provide additional information on the number of exited members / taking up a new job who have re-joined and re-subscribed during the concerned month. This clarification from EPFO was necessary given the fact the in the Aug'18 release it provided the data on number of members that ceased subscribing during the month and was mistakenly reinterpreted in public domain as number of people who lost jobs.

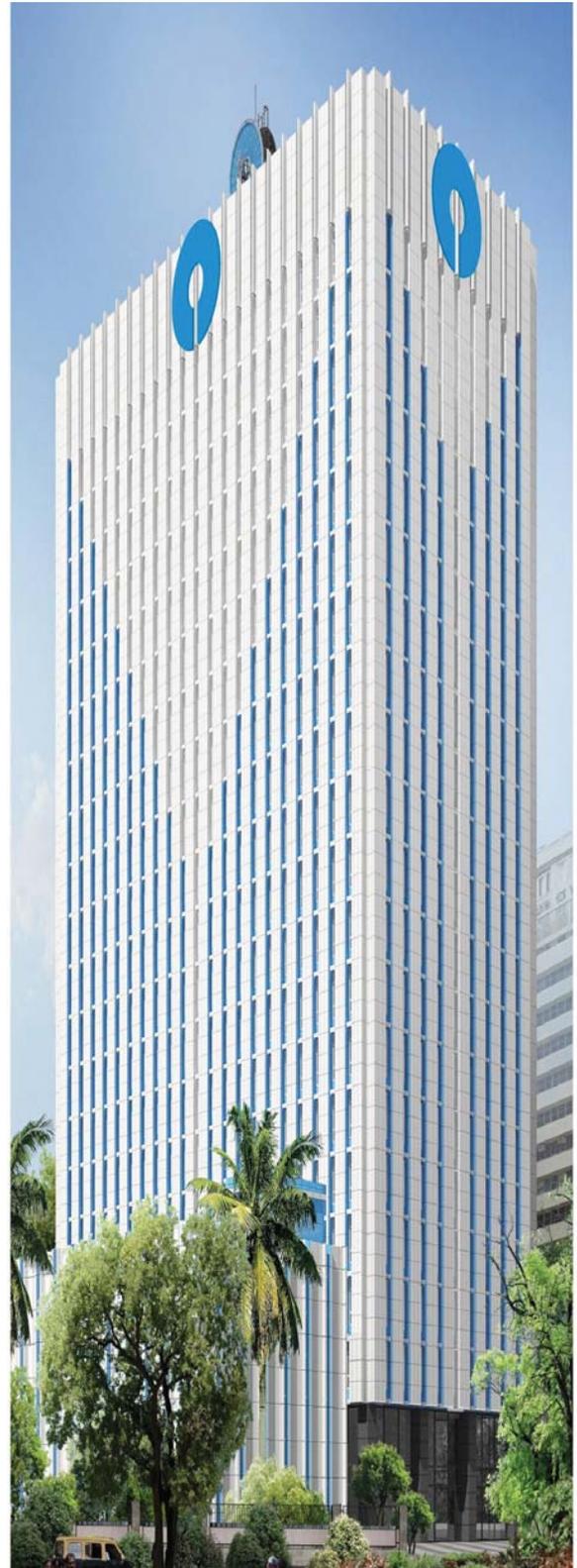
As per EPFO records, net payroll generated during Sep'17-Jul'18 is around 61.8 lakh. During July 2018, EPFO payroll registrations jumped by 9.5 lakh, the highest in any month since inception. The 61.8 lakh net payroll can be decomposed into 2 parts: **Exiting Payroll** and **New Payroll**.

We define **Existing Payroll** as the sum of re-joined and re-subscribed members and the extent of formalization within the economy in terms of payrolls being counted for existing organizations that migrated from less than 20 jobs. **This comes out to be 25.1 lakh during Sep'17 to Jul'18 period (Formalization at 10.25 lakhs and Re-joined at 14.84 lakhs).**

Net of Existing Payroll, **36.7 lakh is the count for New Payroll** generated during Sep'17 to Jul'18 (total 11 months). Ideally, the number of people who have taken up new jobs after quitting existing one at **14.84 lakhs should also be counted as New Payroll. If this is the case, the annualized New Payroll is coming at 56.2 lakhs.**

Interestingly, our estimates show that contrary to popular perception floating in the market as propounded by agencies basing their employment/unemployment purely on surveys, people below the age group of 26 has a lower exit rate than compared to people over 26. This implies, that people in their first job tends to spend more time than perceived.

We repeat employment surveys unless properly and scientifically designed will give wrong results. For example, employment surveys done by the same agency has revealed completely divergent trends during Jan-Mar'2017, with one showing enormous job loss and the other showing decline in unemployment! EPFO data may have still some limitations, but we must allow the database to evolve over time in terms of trials and tribulations rather than merely dismiss the data for pecuniary gains!



PAYROLL DATA FOR JULY 2018

In April 2018, Government has released the first monthly payroll data from Sep'17 to Feb'18 as per the records of EPFO, NPS and ESIC. This was based on the recommendation given by Ghosh & Ghosh study titled, "Towards a Payroll Reporting in India". Continuing the trend, all the three agencies have now released the data for the 6th month in succession for July'18.

- ◆ **EPFO:** Data from EPFO records indicate that net payroll generated during Sep'17-Jul'18 was around 61.8 lakh. During July 2018, EPFO payroll registrations jumped by 9.5 lakh, the highest in any month since inception. EPFO has also published industry-wise break-up and state-wise break-up of payroll data. The top 10 industries are having around 85% share in total payroll of EPFO.
- ◆ **NPS:** As per the NPS data around 6.7 lakh PRAN generated (or new payroll) during Sep'17 to Aug'18 period, with an average generation of 60,000 per month. The NPS data are the final data and there are no subsequent revisions. In the data, NPS released that the Central & 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.
- ◆ **ESIC:** The ESIC data is difficult to interpret as it is still evolving and not fully Aadhaar linked.

A NOTE ON EXIT DATA

- ◆ In its previous month's press releases, EPFO released data of number of members that ceased subscribing during the month along-with the number of new EPF subscribers during the month. Difference of these two indicates the net payroll generated. This data brings lot of confusion among the users and also in media, as they are interpreting the data in a wrong way.
- ◆ In the 20th Sep'18 release EPFO clarified the data and also provided data on number of exited members who have re-joined and re-subscribed during the concerned month. We can bifurcate net payroll in two categories:
 - ⇒ **Existing Payroll:** We define **Existing Payroll** as the sum of re-joined and re-subscribed members and the extent of formalization within the economy in terms of payrolls being counted for existing organizations that migrated from less than 20 jobs. **This comes out to be 25.1 lakh during Sep'17 to Jul'18 period (Formalization at 10.25 lakhs and Rejoined at 14.84 lakhs).**
 - ⇒ **New Payroll:** Net of Existing Payroll, **36.7 lakh is the count for New Payroll** generated during Sep'17 to Jul'18 (total 11 months). Ideally, the no of people who have taken up a new job after quitting existing one at **14.84 lakhs should also be counted as New Payroll. If this is the case, the annualized New Payroll is coming at 56.2 lakhs. This along-with 7 lakh PRAN generation from NPS in a year, the Annual Payroll generation is around 63 lakhs.**

EPFO Payroll Data								
Month	New EPF subscribers	Number of members exited	Rejoined and resubscribed	Net Payroll	Establishments remitting first ECR	Formalisation	Exiating Payroll	New Payroll
A	B	C	D	E = B+D-C	F	G = F*20	H=D+G	I = E-D-G
Sep-17	1206197	747313	23558	482442	5663	113260	136818	345624
Oct-17	1012497	790239	67264	289522	4654	93080	160344	129178
Nov-17	1238418	779248	94744	553914	5913	118260	213004	340910
Dec-17	1099296	828209	104236	375323	4955	99100	203336	171987
Jan-18	1092461	703377	132772	521856	4754	95080	227852	294004
Feb-18	965313	651768	120370	433915	4759	95180	215550	218365
Mar-18	962818	800262	133852	296408	3876	77520	211372	85036
Apr-18	1140853	647814	234623	727662	4405	88100	322723	404939
May-18	1082529	574076	183091	691544	5307	106140	289231	402313
June-18	1141704	479587	195817	857934	4064	81280	277097	580837
July-18	1050561	293439	194301	951423	2934	58680	252981	698442
Total	11992647	7295332	1484628	6181943	51284	1025680	2510308	3671635

Source: EPFO; SBI Research

- ◆ We also analysed exited members who have re-joined and re-subscribed in each age bracket and find out that though the share of re-joined and re-subscribed were most in 29-35 years age-bracket followed by 22-25 years, it was less in 26-28 year age-bracket which is the prime age of employment.
- ◆ The share of exited member to re-joined and re-subscribed member was 20.4% for the period of Sep'17 to Jul'18 with maximum share of around 24% recorded in age-band of 26-35 years.

Age-Group wise Analysis (Sep'17 to Jul'18)				
Age-Group	Rejoined and Resubscribed	% Share	Exited	Exited as % of Rejoined and Resubscribed
Less than 18	1416	0%	14774	9.6%
18-21	148188	10%	922096	16.1%
22-25	353100	24%	1780106	19.8%
26-28	279265	19%	1172881	23.8%
29-35	396975	27%	1672021	23.7%
More than 35	305684	21%	1733454	17.6%
Total	1484628	100%	7295332	20.4%
Source: EPFO; SBI Research				

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
Mumbai - 400021

Email: soumya.ghosh@sbi.co.in
gcea.erd@sbi.co.in

Phone: 022-22742440

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