

ONE OUT OF EVERY TWO PAYROLL IS NEW/FIRST JOB IN Q1 FY22

India created 30.74 lakh payroll in Q1FY22, of which 16.3 lakhs were first jobs / new payroll (EPFO & NPS), 11.8 lakh crores were second jobs /existing payroll and 2.6 lakhs were formalized accounts. Cumulatively, total new payroll / first job generation of EPFO and NPS was almost 16.3 lakh in Q1FY22. If the new payrolls increase at this rate then the new payroll may cross 50 lakh mark in FY22 as against 44 lakhs in FY21.

The good thing is that 3 indicators of net EPF subscribers have witnessed a jump in Q1FY22 indicating that labor market disruptions were much lower during 2nd wave. The rate of formalization is now at 10%, while the ratio of first jobs / new payrolls to total payroll was at 50%, indicating every one out of two jobs was a new addition to payroll. This is also an improvement from 47% in FY21.

We expect labor market activity to remain better in current fiscal as companies will continue with their hiring plans to get ahead of the pandemic.

INDIA CREATED 30.74 LAKH PAYROLLS IN APR-JUN'21

- ◆ The latest data released by EPFO indicates that net new EPF subscribers during Apr-Jun'21 were 28.9 lakh which was quite encouraging given the fact that this period was marred with a devastating second wave of Covid-19.
- ◆ The net new EPFO subscribers / total payroll is the sum total of (a) new payroll / first job (b) formalization (based on ECR data) and (c) Existing payroll / second job. As per our calculation, the total payroll was 28.9 lakhs for Q1FY22, of which 14.5 lakhs were first job / new payroll. If the payrolls increase at this rate then the new payroll may cross 50 lakh mark in FY22 as against 44 lakhs in FY21.
- ◆ The second job (or the exited members who re-joined and re-subscribed) was also encouraging and stood at 11.8 lakh in Apr-Jun'21 (in FY21 the second job was 41.2 lakh). The formalization was 2.6 million in Q1FY22.
- ◆ NPS data indicates that there was an addition of 1.85 lakh new subscribers in Apr-Jun'21, of which State Govt. payrolls added 1.27 lakh, followed by Non-Govt of 37,587 and 20,353 in Central Government.
- ◆ Cumulatively, total new payroll / first job generation of EPFO and NPS was almost 16.3 lakh in Apr-Jun'21 .
- ◆ The good thing is that 3 indicators of net addition to EPF subscribers have witnessed a jump in Q1FY22 indicating that labour market disruptions were much lower during 2nd wave.

NPS Payroll (New Subscribers Contributing)				
	Central Govt.	State Govt.	Non-Govt.	Total New Subscribers
FY20	1,18,843	4,96,003	1,42,311	7,57,157
Change (FY20/FY19)	8,288	-46,501	44,970	6,757
FY21	89,307	3,98,008	1,41,519	6,28,834
Change (FY21/FY20)	-29,536	-97,995	-792	-1,28,323
FY22 (Apr-June)	20,353	1,26,735	37,587	1,84,675

Source: SBI Research, MOSPI

EPFO Payroll Data (in Lakh)								
Period	Number of new EPF subscribers	Number of new members who joined in or after Sep-2017 and exited	Number of exited members who rejoined and resubscribed	Net New EPF Subscribers	Existing Payroll		First Job	
					Formalisation*	Second Job		
A	B	C	D	E = B+D-C or F+G+H	F	G	H=E-D-F	
FY20	110.4	39.0	23.3	94.7	10.5	23.3	60.8	
Change (FY20 over FY19)	-29.0	1.5	12.7	-17.8	-1.6	12.7	-28.9	
FY21	85.5	32.2	41.2	94.5	9.3	41.2	44.0	
Change (FY21 over FY20)	-24.9	-6.9	17.9	-0.2	-1.2	17.9	-16.9	
FY22 (till Jun'21)	21.9	4.8	11.8	28.9	2.6	11.8	14.5	

Source: SBI Research; *(Establishments remitting first ECR*20)

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