

## 25 April 2019: UPSC Exam PIB Summary & Analysis

### *Payroll Reporting in India – A Formal Employment Perspective*

#### Context

- The Central Statistics Office (CSO), Ministry of Statistics and Programme Implementation has released the press note on Employment Outlook of the country
- This is done using information on the number of subscribers who have subscribed under three major schemes, namely, the Employees' Provident Fund (EPF) Scheme, the Employees' State Insurance (ESI) Scheme and the National Pension Scheme (NPS).

#### Employees Provident Fund (EPF)

- (EPF) is a mandatory savings scheme under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952.
- It is managed under the aegis of Employees' Provident Fund Organization (EPFO). It covers every establishment in which 20 or more persons are employed (and certain other establishments which may be notified by the Central Government even if they employ less than 20 persons each), subject to certain conditions and exemptions as provided for in the Act.
- The pay ceiling is Rs.15000/- per month. Persons drawing pay above Rs. 15,000 are exempted or can be enrolled with some permission or on voluntary basis.
- The number of members subscribing to this scheme gives an idea of the level of employment in the formal sector.
- The data on subscribers-new members, exited members and those subscribers that re-started their subscription is sourced from EPFO.

#### Employees' State Insurance (ESI) Scheme

- The Employees State Insurance Act, 1948 is applicable to non-seasonal, manufacturing establishments employing 10 or more workers. For health and medical institutions, the threshold limit is 20 or more workers.
- ESI Scheme for India is an integrated social security scheme tailored to provide socio-economic protection to the workers in the organized sector and their dependents, in contingencies, such as Sickness, Maternity and Death or Disablement due to an employment injury or occupational hazard.
- The wage ceiling is Rs.21000/- per month. Subscribers are termed as Insured Persons (IP) and a new IP number can also arise due to change in employment. Employees may cease to pay contribution due to wage exceeding the statutory ceiling of Rs.21000/- per month or owing to resignation, death, retirement or dismissal.
- Data is sourced from Employees' State Insurance Corporation (ESIC) and the information may have an element of duplication with EPF data and is thus not additive.

