

Centre prepares to redefine 'employment'

For the past three and half years, the NDA government has had a battle on its hands when it came to providing an enabling ecosystem for adequate job creation.

The government's own data showed that job creation in the formal sector was slowest in almost a decade, but it has said that it felt the ground reality on jobs was not being 'properly' captured as the existing system takes into account only the formal sector.

However, this situation could change soon. Speaking to *The Hindu*, commerce and industry minister Suresh Prabhu said "all the economic activity in India, including in the Micro, Small and Medium Enterprises (MSME) and informal sectors, will soon get properly captured." He said this was in line with international practices.

Incidentally, on the directions of Prime Minister Narendra Modi, a task force was set up in May this year under the chairmanship of the then Vice Chairman of NITI Aayog, Arvind Panagariya.

Data capture

The panel's terms of reference included assessing the existing data systems and sources that provide information on jobs and job creation and then identifying alternate sources that could provide such data. The terms also included recommending mechanisms for capturing information on jobs and job creation on a regular basis for both the informal and formal sectors.

The 'Task Force on Improving Employment Data', which had sought comments from stakeholders by July 23 on its draft report, will by September 2018 submit its final report, the current Vice Chairman, NITI Aayog, Rajiv Kumar said.

Among the main recommendations could be a change in the definition of employment/workers as well as ways to include and measure employment in the informal sector as well, he indicated.

According to the draft report, there is no fixed definition of formal workers currently in India.

It said all definitions were highly restrictive, and exclude many workers who have decent and steady jobs but either do not work in large enough enterprises or do not have written contracts. The task force said it was desirable to adopt a new, more 'pragmatic' definition of formal workers.

The plan now is to include workers covered the Employees' State Insurance Act, 1948 (or other similar insurance), Employees' Provident Funds and Miscellaneous Provision Act, 1952 (or other similar social security scheme), workers having coverage under private insurance or pension schemes or provident funds as well as workers subject to tax deduction at source on their income through submission of Form 16 or similar Income Tax form.

The panel had identified the Micro Units Development and Refinance Agency (MUDRA) scheme, which provides small, unsecured loans to enterprises, as an important source of job creation.

According to a report by the SKOCH Group on September 6, the MUDRA scheme had led to a total of 54,479,763 jobs being generated in just over two years. These included 37,753,217 direct jobs and 16,726,545 indirect jobs.

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