



Annual Survey of Unincorporated Sector Enterprises 2023-24

For Prelims: [Annual Survey of Unincorporated Sector Enterprises \(ASUSE\)](#), [Unincorporated Non-Agricultural Establishment](#), [Informal Sector](#), [MSMEs](#), [Self-Help Groups \(SHGs\)](#), [Cooperatives](#), [Gross Value Added](#), Gross Value of Output, [Formal Sector](#), [Supply Chain](#), [Minimum Wages](#), [Directive Principles of State Policy](#).

For Mains: State of unincorporated sector enterprises in India, Associated challenges and way forward.

[Source: PIB](#)

Why in News?

Recently, the **Ministry of Statistics and Programme Implementation (MoSPI)** has released the results of [Annual Survey of Unincorporated Sector Enterprises \(ASUSE\) for 2023-24](#) for the reference period October 2023 - September 2024.

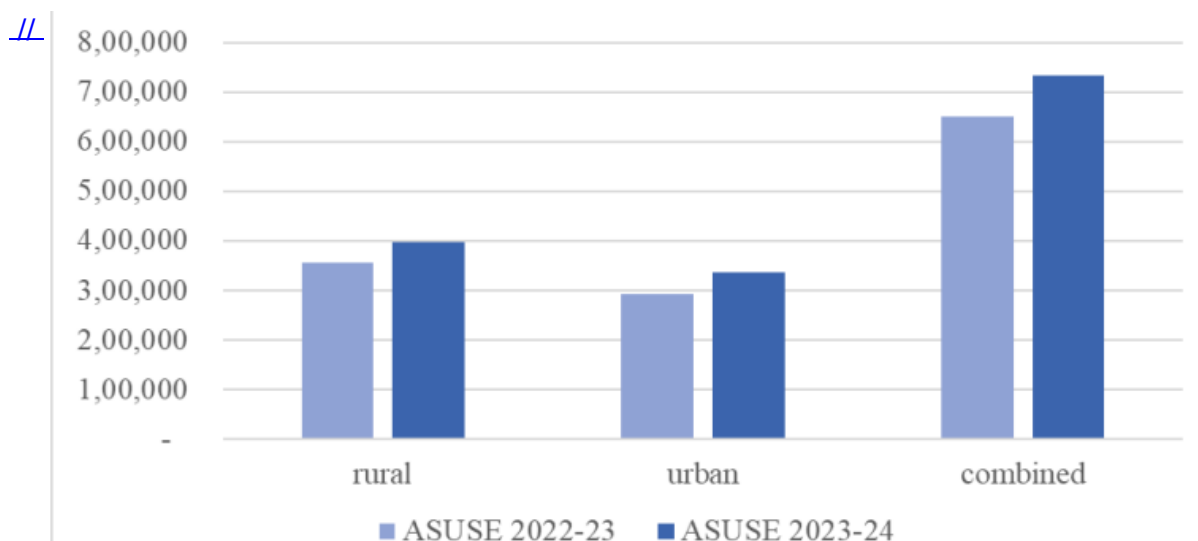
- A **reference period** is a **specific time frame** used for collecting and analyzing data or statistics.

What is ASUSE?

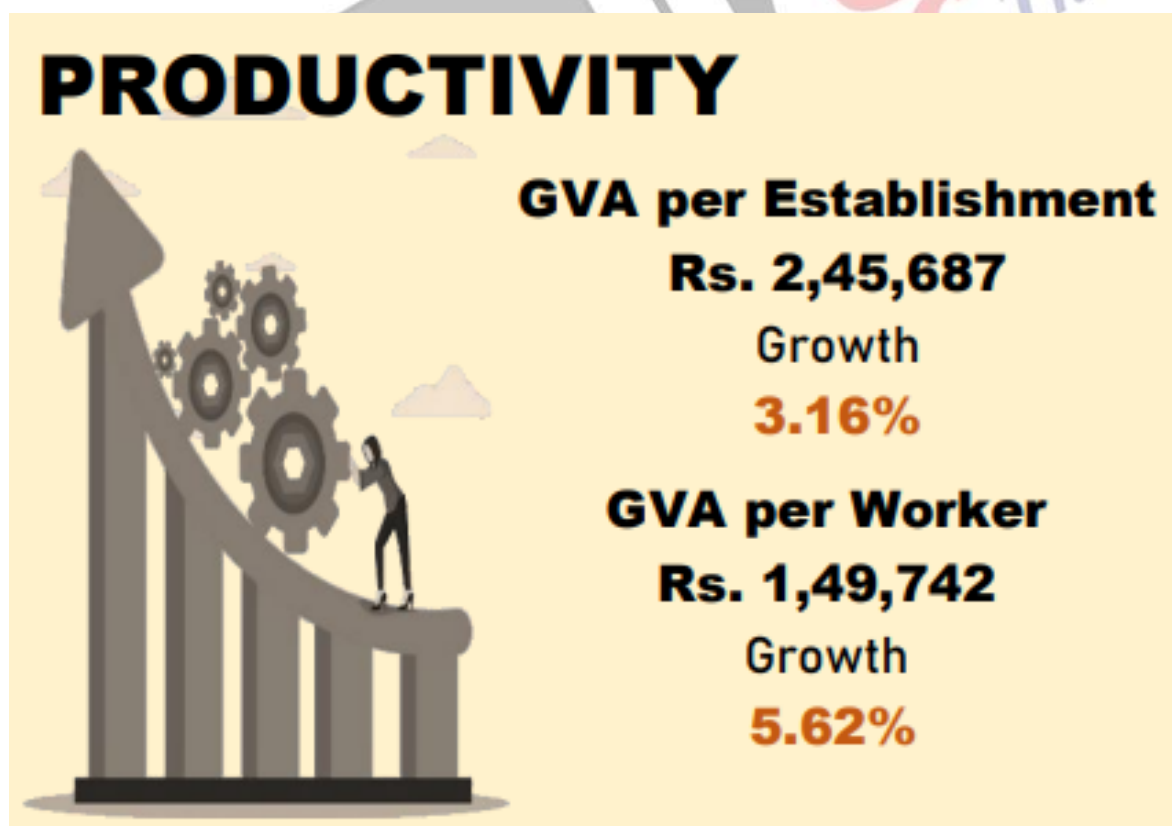
- **About:** ASUSE **exclusively** measures various economic and operational characteristics of [unincorporated non-agricultural establishments](#) in **manufacturing, trade and other services sector** (excluding construction).
 - Unincorporated non-agricultural establishments are enterprises in the [unorganised or informal sector](#), comprising [MSMEs](#), **household units** including those with hired workers, and **own-account enterprises**.
- **Coverage:**
 - **Geographic:** **Rural and urban areas** of the whole of India (except the villages in Andaman and Nicobar Islands, which are difficult to access).
 - **Sector Wise:** Unincorporated non-agricultural establishments belonging to three sectors viz., **Manufacturing, Trade and Other Services**.
 - **Ownership:** Proprietorship, partnership (excluding Limited Liability Partnerships), [Self-Help Groups \(SHGs\)](#), [cooperatives](#), societies/trusts etc.
- **Survey Timeline:** The **first** full ASUSE was conducted in **2021-22** (April 2021 - March 2022), followed by the 2nd survey from October 2022 to September 2023.
 - The current **3rd survey (ASUSE 2023-24)** was conducted from **October 2023 to September 2024**.
- **Sample Size:** In ASUSE 2023-24, data were **collected** from a total of **4,98,024 establishments (2,73,085 in rural and 2,24,939 in urban)** from **16,842 surveyed first stage units** (8,523 in rural and 8,319 in urban).
 - First stage units were census **villages in rural areas and blocks in urban areas**.

What are the Key highlights of the ASUSE 2023-24 Results?

- **Growth in Establishments:** Total number of establishments **increased by 12.84%**, from 6.50 crore in 2022-23 to **7.34 crore in 2023-24**.
 - The "**Other Services**" sector showed the highest growth at **23.55%**, followed by the **manufacturing** sector with a **13%** increase.



- **GVA Growth:** **Gross Value Added (GVA)** rose by **16.52%**, driven largely by a 26.17% growth in the "Other Services" sector.
 - **GVA per worker** increased by **5.62%**, rising to Rs. 1,49,742 in 2023-24 from Rs. 1,41,769 in 2022-23.



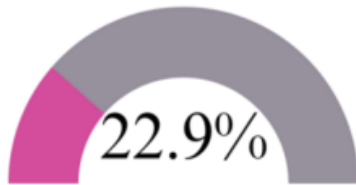
- **Output per Establishment:** **Gross Value of Output (GVO)** per establishment grew by **6.15%** from Rs. 4,63,389 to **Rs. 4,91,862** in current prices.
 - GVO refers to the **total value of goods and services** produced by an establishment

during a specific period.

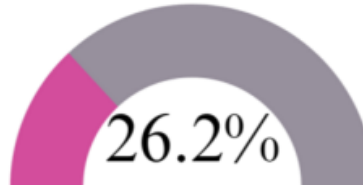
- **Labour Market Performance:** The sector employed **over 12 crore workers**, an increase of more than one crore from 2022-23, signaling robust labour market growth.
 - "**Other Services**" sector saw the highest annual growth of **17.86%**, followed by manufacturing with **10.03%**.
- **Female Entrepreneurship:** Female-owned proprietary establishments **rose** from 22.9% in 2022-23 to **26.2% in 2023-24**, indicating a positive trend in women's business ownership.

Percentage of Female Owned Proprietary Establishments

ASUSE 2022-23



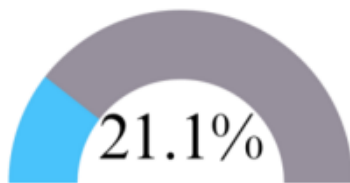
ASUSE 2023-24



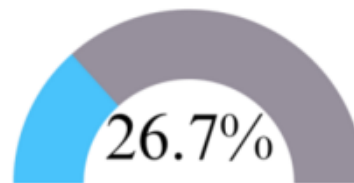
- **Improvement in Wages:** Average **emoluments** for hired workers increased by **13%** in 2023-24, with the highest growth observed in the **manufacturing sector (16%)**.
- **Digital Penetration:** Establishments using the **internet** grew significantly, from 21.1% in 2022-23 to **26.7% in 2023-24**, highlighting a strong trend toward digital adoption in business operations.

Percentage of Establishments using Internet

ASUSE 2022-23



ASUSE 2023-24



Key Concepts and Definitions

- **Enterprise:** An **entity producing goods and services** with autonomy in financial and investment decisions, responsible for resource allocation.
- **Unincorporated Non-Agricultural Establishment:** They are **not incorporated** (i.e., neither registered under **Companies Act, 1956** nor under **Companies Act, 2013**).
- **Manufacturing Establishment:** Units involved in **transforming materials into new products** or providing manufacturing services, including maintenance and repair.
- **Emoluments:** **Regular payments** (salary, wages, bonuses) and employer contributions to social security benefits, including in-kind payments like healthcare or recreation.
- **Gross Value Addition (GVA):** GVA is the **difference** between the **gross value of output and intermediate consumption (inputs)**.
- **Hired Worker Establishment (HWE):** Establishment employing at **least one hired worker regularly**.
- **Other Service Establishments:** They refer to unincorporated enterprises engaged in various service activities that **do not fall in trade and manufacturing categories**.

What is the Importance of Unincorporated Non-agricultural Units in the Indian Economy?

- **Employment Providers:** The [Economic Survey of 2018-19](#) reports that **93% of India's workforce** is employed in the informal sector, making it the largest employment provider.
- **Regional Balance:** Informal enterprises help reduce regional imbalances by **industrialising rural areas** and providing employment to individuals with **limited capital**.
- **Entrepreneurship:** Small informal firms foster entrepreneurship, particularly for vulnerable groups such as **women, youth**, and individuals in **marginalized communities**.
- **Support for the Formal Sector:** It provides goods and services to the [formal sector](#) that may not be efficiently produced by larger firms, or by supporting the [supply chains](#) of formal enterprises.
- **Dynamic Role:** The unincorporated sector accounts for **38% of firms in services, 35% in trade (mainly retail), and 27% in manufacturing** highlighting the importance of informal enterprises across different sectors.

What Challenges Related to Unincorporated Non-agricultural Units in India?

- **Gender Disparities:** Women make up a significant portion of the informal workforce, yet they face severe disadvantages, including **lower wages, income instability, and the absence of social security**.
- **Vulnerability to Uncontrollable Factors:** During the [monsoon season](#) in India, construction activities often come to a halt, leaving **migrant workers** without steady work.
- **Lack of Employment Protections:** Informal employment by nature **lacks** the protections and benefits associated with formal employment, such as **written contracts, minimum wages, paid leave, and regulated working hours**.
- **Tax Evasion:** Many firms **evade taxes** by concealing revenue and expenses from the legal system resulting in a **substantial loss** of government revenue.
- **Challenges in Growth:** Long-term stagnation remains a concern, with the sector's growth rate from **2015-2023** showing **minimal expansion of only 2%**.
- **Absence of Accurate Data:** The [Economic Survey of 2018-19](#) states that **93%** of India's workforce is informal, while the [Niti Aayog's Strategy for New India at 75](#) estimates it at **85%**.
- **'Report of the Committee on Unorganised Sector Statistics'** of the **National Statistical Commission (NSC), 2012** claims **over 90%** of the workforce is informal, though sources are not specified.

Way Forward

- **Encouraging Formalization:** Encourage **formalization** by simplifying **registration** processes, **reducing taxes** for small firms, and providing **incentives** for businesses to comply with labor and safety standards.
- **SHGs for Empowerment:** Establishing **self-help groups (SHGs)** can provide informal employees with the tools and support they need to improve their working conditions and economic security.
- **Comprehensive Database:** Collecting detailed data on the **informal economy** helps policymakers make informed decisions, design targeted interventions, and assess policy impact.
- **Equal Pay for Equal Work:** The government should enforce measures ensuring equal pay for equal work, as per [Article 39\(d\)](#) of the [Directive Principles of State Policy](#).
- **Capacity Development:** Offer skill development programs for informal workers, covering trades like **carpentry, plumbing, tailoring, food processing**, digital literacy, and soft skills.
 - Introduce apprenticeship and **mentoring programs** for experienced workers to **train newcomers**.

Drishiti Mains Question:

Assess the role of unincorporated non-agricultural establishments in the Indian economy

Prelims

Q. Pradhan Mantri MUDRA Yojana is aimed at (2016)

- (a) bringing the small entrepreneurs into formal financial system
- (b) providing loans to poor farmers for cultivating particular crops
- (c) providing pensions to old and destitute persons
- (d) funding the voluntary organizations involved in the promotion of skill development and employment generation

Ans: (a)

Q. Disguised unemployment generally means (2013)

- (a) large number of people remain unemployed
- (b) alternative employment is not available
- (c) marginal productivity of labour is zero
- (d) productivity of workers is low

Ans: (c)

Mains

Q. Most of the unemployment in India is structural in nature. Examine the methodology adopted to compute unemployment in the country and suggest improvements. (2023)

PDF Referenece URL: <https://www.drishtias.com/printpdf/annual-survey-of-unincorporated-sector-enterprises-2023-24>