

Annual Survey of Unincorporated Sector Enterprises (ASUSE)

Why in news?

The key results of the Annual Survey of Unincorporated Sector Enterprises (ASUSE) for the reference periods 2021-22 and 2022-23 were released.

What is ASUSE?

- **Basis** - It has been *conceptualized by the National Sample Survey Office (NSSO)* to provide data on all aspects of *unincorporated non-agricultural enterprises* to supplement the corporate sector data.
- **Published by** - **National Statistics Office**, Ministry of Statistics and Programme Implementation (MoSPI).
- It is an *annual survey process since 2019-20* while previously it was conducted once every five years.
- **Objective** - It aims to providing data on economic and operational **characteristics of unincorporated nonagricultural enterprises** in manufacturing, trade and other services sectors (*excluding construction*).

*An **incorporated entity**, like a limited liability partnership, joint venture, or a wholly owned subsidiary is considered a separate legal entity and has a more structured setup unlike unincorporated enterprises.*

- **Geographical coverage** - It covers the *rural and urban areas* of whole of India (*except the villages in Andaman and Nicobar Islands, which are difficult to access*).
- **Sector-wise coverage** - It captures unincorporated non-agricultural establishments belonging to three sectors viz., *Manufacturing, Trade and Other Services*.
- **Ownership-wise coverage** - Unincorporated non-agricultural establishments pertaining to proprietorship, partnership (excluding Limited Liability Partnerships), Self-Help Groups (SHG), co-operatives, societies/trusts etc. have been covered in ASUSE.
- **Data collection** - *ASUSE 2021-22, the first full-fledged survey on ASUSE*, has been conducted in Pen-and-Paper Personal Interview (PAPI) mode.
- The ASUSE 2022-23 has been conducted in Computer Assisted Personal Interview (CAPI) mode.
- **Significance** - The data will help in the compilation of National Accounts Statistics and also to *gauge the demand-side employment scenario* in the sector.
- It will also help in *meeting the requirements of different Ministries*, such as the Ministry of Micro, Small and Medium Enterprises (MSME), Ministry of Textile,

Ministry of Labour and Employment, etc.

- Additionally, this data is *essential for policymakers, researchers* and other stakeholders to better understand and support this crucial segment of the economy.

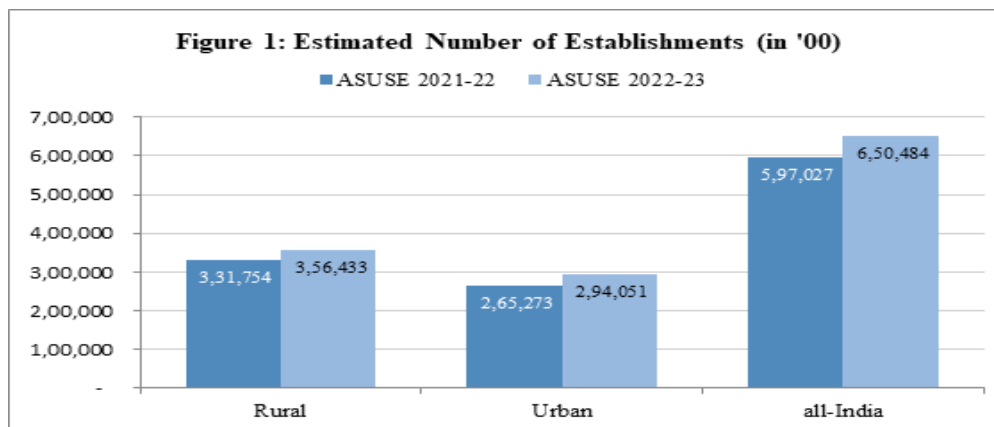
What are the key highlights from recent ASUSE results?

- The recent results comprises two annual reports
 - ASUSE 2021-22 (survey period of April 2021 to March 2022)
 - ASUSE 2022-23 (survey period of October 2022 to September 2023).

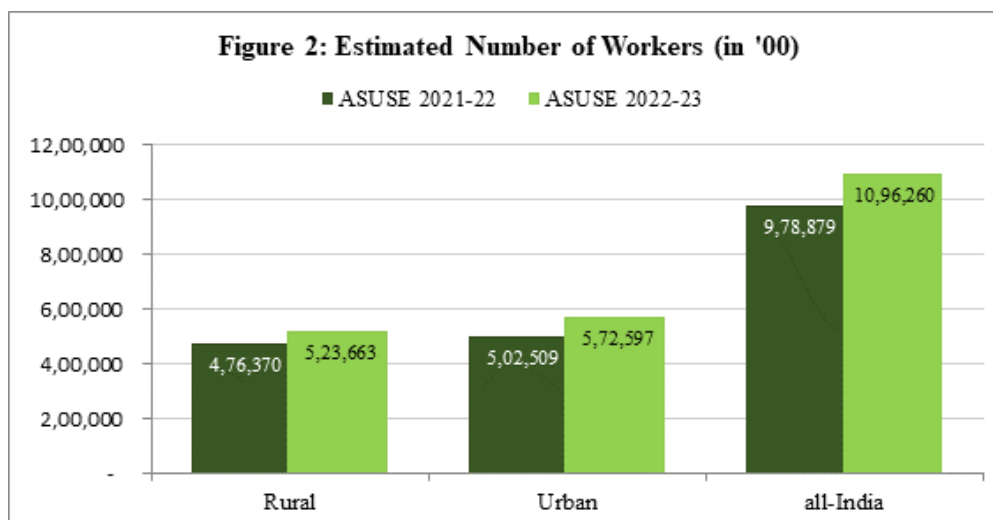
| Indicator | ASUSE 2021-22 (April, 2021 – March, 2022) | ASUSE 2022-23 (October, 2022 – September, 2023) |
|--|--|--|
| (1) | (2) | (3) |
| Number of Establishments (in '00) | 5,97,027 | 6,50,484 |
| Number of Workers (in '00) | 9,78,879 | 10,96,260 |
| Gross Value Added (Rs. Crore)* | 13,40,046 | 15,42,409 |
| Gross Value of Output (GVO)* (Rs.) per Establishment | 3,98,304 | 4,63,389 |
| GVA (Rs.) per establishment*(Rs.) | 2,25,362 | 2,38,168 |
| GVA per worker* (Rs.) | 1,38,207 | 1,41,769 |

*pertaining to market establishments³

- **Resilient growth of unincorporated sector** - The total number of establishments increased representing a *5.88% annual growth* from 2021-22 to 2022-23.
- The number of establishments in the *other services sector and manufacturing establishments increased*.
- While growth of other service sector implies a *robust sectoral expansion*, the growth of manufacturing establishments reflects a *gradual opening up* of the sector after the pandemic period.



- During the same period, the *Gross Value Added (GVA)* witnessed an *annual growth of 9.83%*, which is a key indicator of economic performance
 - The major contributors to this GVA growth may be attributed to *manufacturing and other service sectors*.
- **Expanding Labour Market** - The sector employed *about 11 crore workers in 2022-23*, up from 9.8 crore in 2021-22, showing a healthy labour market growth.



- This 7.84% annual growth demonstrates the sector's capacity to generate employment.
- The maximum annual growth in employment during the period was observed in other services sector (13.42%) followed by the manufacturing sector (6.34%).
- Majority of the workers in the non-agricultural unincorporated sector are informal workers.
- The survey also shows that the average annual earnings for informal workers rose, reflecting an improved wage conditions in the informal sector.
- **Improved Productivity** - For the time period from 2021-22 to 2022-23, there is an increase in Gross Value Added (GVA) per worker and in the Gross Value of Output (GVO) per establishment.

Gross Value Added (GVA) per worker is a measure of labour productivity of the sector.

- This indicates an increased productivity with more efficient use of resources including labour, which is critical for sustained economic growth and competitiveness.

What are the challenges associated with the published results?

- **Illogical context** - Financial year 2021 is not a normal year as it was hit by second wave of pandemic leading to shutdown of establishments and job losses.
- Comparing it with 2022-23 gives an exaggerated picture of growth because a large of establishments and workers had resumed business after pandemic.
- **Lack of real data** - Comparing ASUSE 2022-23 with ASUSE of 2015-16 shows the following observations
 - There is rise in the number of establishments by 2 million
 - There is fall of jobs by 1 million
 - There is fall of GVA share by 2.9%

| Particulars | NSS 67th round (2010-11) | NSS 73rd Round (2015-16) | ASUSE (2021-22) | ASUSE (2022-23) |
|-------------|--------------------------|--------------------------|-----------------|-----------------|
|-------------|--------------------------|--------------------------|-----------------|-----------------|

| | | | | |
|---|------|-------|------|-------|
| Number of establishments (million) | 57.7 | 63.4 | 59.7 | 65.4 |
| Number of workers (million) | 108 | 111.3 | 97.9 | 109.6 |
| % of hired workers establishments | 15.4 | 15.8 | 14 | 15 |

- **Failure to capture the impacts of three shocks** - The Indian unincorporated sector was devastated by ***triple shocks***
 - *Demonetisation* in November 2016
 - Unplanned *GST* implementation in July 2017
 - Strictest *COVID-19 lockdowns* announced at barely four hours' notice in March, 2020.
- These shocks clearly affected India's annual GDP growth rate - 8.3% in 2016, 6.8% in 2017, 6.5% in 2018 and 3.9% in 2019.
- This shows that India's GDP already slowed before COVID-19 even began, i.e. before the first wave of 2020.
- **Not an elaborate survey** - ASUSE 2021-22 and ASUSE 2022-23 does not give various elements as covered in 2015-16 survey like the
 - Distribution of establishments and workers as state-wise and gender-wise.
 - Availability of skilled manpower, waste management and toilets in each establishment.
 - Original investments in plant and machinery, enabling classification of those establishments as MSMEs and others.
- **Breach of data release regulation** - There is a clear practice by the government that any survey data will not be published during an election year or just before elections.
- But ASUSE 2021-22 and ASUSE 2022-23 were released just after the election results.
- Even data for the earlier two ASUSE rounds has not been released without explanation.
- **Increase of own account enterprises (OAEs)** - The increased number of establishments in 2022-23 did not result in increased number of workers, which possibly occurred due to increasing number of Own Account Enterprises (OAEs) in the sector.
- This predominance of OAEs is the underlying *symptom of, and a reason for, widespread poverty* and a distressed job market condition.
- Establishments which always have some hired workers have higher productivity than OAEs which also have restricted access to finance and more vulnerability to economic shocks.
- **The rural-urban divide** - 8% of the informal sector establishments in rural areas hiring at least one worker compared with 23% in urban areas.

What lies ahead?

- There is a need for supportive policies to transform OAEs into more scalable and sustainable enterprises.

- The government should ensure in following standard protocols while releasing the public data.

References

1. [PIB| ASUSE 2021-22 and ASUSE 2022-23](#)
2. [The Wire| Issues with respect to ASUSE Data Results](#)

