

## 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.

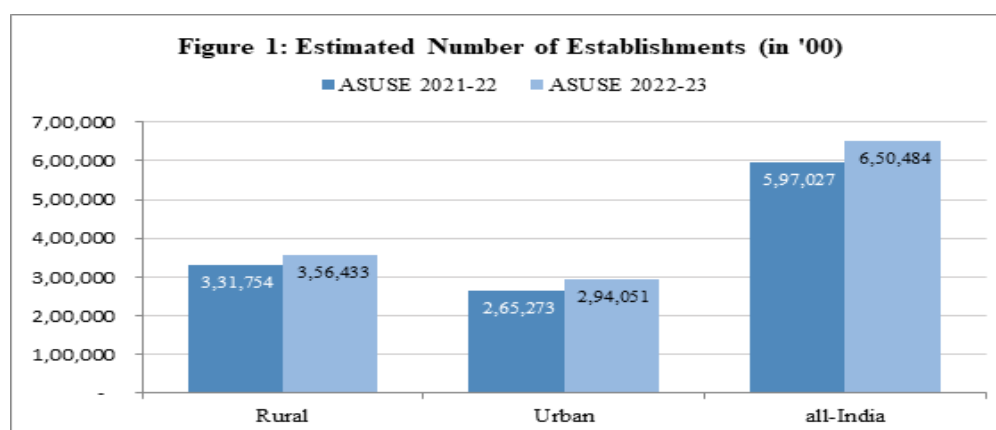
## What are the key highlights from recent ASUSE results?

- 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).

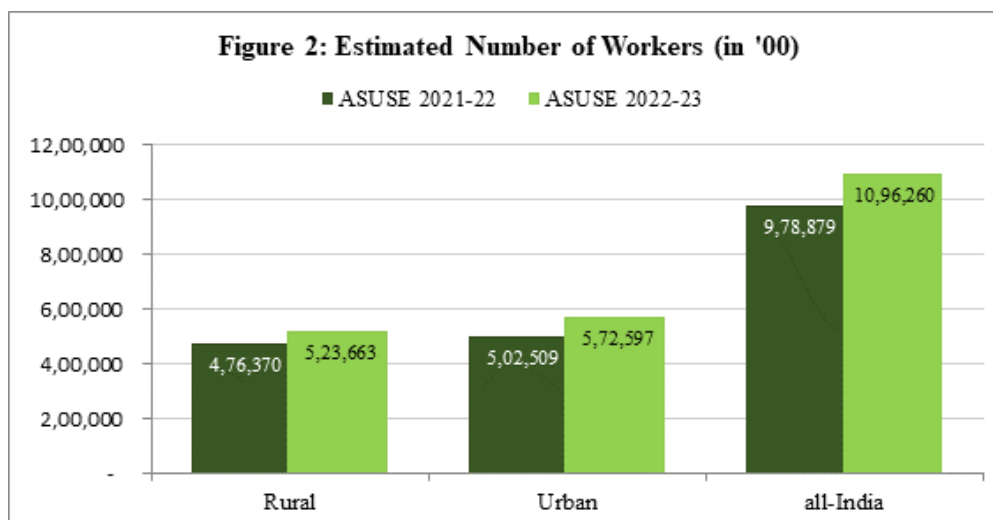
Indicator	ASUSE 2021-22 (April, 2021 – March, 2022)	ASUSE 2022-23 (October, 2022 – September, 2023)
(1)	(2)	(3)
Number of Establishments (in '00)	5,97,027	6,50,484
Number of Workers (in '00)	9,78,879	10,96,260
Gross Value Added (Rs. Crore)*	13,40,046	15,42,409
Gross Value of Output (GVO)* (Rs.) per Establishment	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 establishments<sup>3</sup>

- **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)
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<b>Number of establishments (million)</b>	57.7	63.4	59.7	65.4
<b>Number of workers (million)</b>	108	111.3	97.9	109.6
<b>% of hired workers establishments</b>	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](#)

