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Informal sector hit by Covid 2nd wave recovered: Survey

The informal sector faced a severe blow during the second wave of the pandemic, leading to a reduction in the number of units and workers. However, a gradual recovery was observed after the July quarter of 2021, according to the findings of an official survey reported by TOI. The annual survey of unincorporated sector enterprises (ASUSE) revealed the resilience of the informal sector, with the total number of establishments increasing from 5.8 crore in 2021-22 to 6.5 crore in 2022-23, marking a growth of nearly 5.9%

The second wave of the pandemic severely hit the informal sector, reducing the number of units and workers, but the segment recovered gradually after the July quarter of 2021, according to findings of an official survey, as reported by TOI.

Results of the annual survey of unincorporated sector enterprises (ASUSE) showed resilience of the informal sector - small entities like barber shops, and cycle repair units - after the shock of the pandemic. Total number of establishments in the sector increased from 5.8 crore in 2021-22 to 6.5 crore in 2022-23, a growth of nearly 5.9%.

The survey period of ASUSE 2021-22, particularly April-June, was severely impacted by the second wave of the pandemic and the overall annual aggregate estimates were affected, according to the statistics office, which released a factsheet.

Among the sectors, the number of establishments in the other services sector grew by 15.1%, indicating a robust sectoral expansion, while the number of manufacturing entities rose by 2.2%, reflecting a gradual opening-up of the sector after the pandemic, the survey results showed.

"The survey reveals that average annual earnings for informal workers have increased between 2021-22 and 2022-23, indicating improved wage conditions in the sector, highlighting that effective economic policies to counter the impact of the pandemic had helped in recovery," said Rajesh Shukla, MD & CEO of People Research on India's Consumer Economy (PRICE), an economic think tank.

The gross value added (GVA), a key indicator of economic performance, saw annual growth of 9.8%, largely led by manufacturing and other service sectors. While manufacturing GVA increased by 19.1%, for other services, it rose by 18.9%. The unincorporated non-agricultural sector employed about 11 crore workers from Oct 2022 to Sept 2023, up from 9.8 crores in 2021-22, an increase of 7.8%, highlighting strength in labour market growth.

The maximum annual growth in employment during the period was in the other services sector category at 13.4%, followed by the manufacturing sector at 6.3%. The majority of the workers in the non-agricultural unincorporated sector are informal workers and the survey showed that average annual earnings for these workers rose 4.3% to Rs 1,10,982 in 2022-23 from Rs 1,06,381 in 2021-22.