

PREFACE

The National Sample Survey Organisation (NSSO), Government of India undertakes annual surveys on various socio-economic aspects in the country. The 67th Round of NSS was held during the period July 2010-June 2011, on the subject unincorporated non-agricultural enterprises belonging to three sectors viz., Manufacturing, Trade and Other Services.

The Directorate of Economics and Statistics (DES), Government of Nagaland has been participating in the nation-wide socio-economic survey conducted annually by the NSSO since 1972. The present report on Unincorporated Non-Agricultural Enterprises (Excluding Construction) in Nagaland is based on the State Sample data of NSS 67th round surveyed during July 2010-June 2011.

This Directorate is extremely thankful to the NSSO, Government of India, New Delhi for providing guidance for conduct of survey. The Director would like to thank the Data Processing Centre, Kolkata for providing the Software for Data entry, Validation and Tabulation for Data and SDRD, MOSPI for Technical support and guidance.

I am grateful to all the officers and staff of the NSS section in the Directorate who have rendered their commendable services in preparation of this report.

I hope this report will be useful to planners, policy makers, academicians and researchers. Comments and suggestions for further improvement are most welcome.

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November, 2014

Sd/-
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Highlights

A stratified multi-stage design had been used in 67th round survey. The first stage unit (FSU) were the census village in the rural sector and urban frame survey (UFS) blocks in the urban sector. The ultimate stage units (USU) were enterprises in both the sectors.

The survey was conducted in 104 villages and in 96 urban blocks. 2082 unincorporated non-agricultural enterprises, excluding construction were surveyed in Nagaland, out of which 910 were in rural areas and 1172 were in urban areas.

During 2010-11, 16337 unincorporated non-agricultural enterprises excluding construction were estimated. Out of them 14.06% enterprises were engaged in manufacturing, 61.06% enterprises were in trading and 24.88% enterprises were in service sector. Of the total number of unincorporated non-agricultural enterprises estimated about 52.78% was located in rural areas and 47.22% were located in urban areas.

Trade had the highest percentage of enterprises for both sectors. Rural sector is 63.10% and urban sector is 58.79% and also for combined sector 61.06%.

61.60% of all unincorporated non-agricultural enterprises had worked more than 8 hours in a normal day. In urban areas 72.20% of unincorporated non-agricultural enterprises worked more than 8 hours in a day while in rural areas 52.20% worked more than 8 hours a day. Only 1.00% of unincorporated non-agricultural enterprises had worked less than 4 hours in a normal day in Nagaland.

95.50% unincorporated non-agricultural enterprises run the business at fixed location either within the household premises or outside and 4.50% operated their business without any fixed location. Around 2.30% of the enterprises under survey coverage operated without any structure but had a fixed location.

Proprietary enterprises (i.e. enterprises owned by a single household) had the highest share 94.50% of unincorporated non-agricultural enterprises, out of which only 13.50% of the owner proprietors were females and the rest were males. Only 5.20% of enterprises were operated on a partnership basis.

The perennial enterprises are those which worked more or less regularly throughout the year. About 96.00% of the total unincorporated non-agricultural were perennial while seasonal and casual enterprises together constituted only 6.00% of the total number of enterprises. The distribution of unincorporated non-agricultural enterprises in respect of nature of operation does not differ significantly between rural and urban areas or between establishments and OAE.

81.01% of all enterprises under survey coverage were registered under any Act or with any registration authority. The overall proportion of registered enterprises under survey coverage was higher in urban areas 92.60% as compared to rural areas 70.50%. Manufacturing sector 60.00% had the highest percentage of unregistered enterprises followed by other-services 36.00% and trade 35.50%.

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Chapter One

Introduction

1.1.1 The National Sample Survey Office (NSSO), Ministry of Statistics and Programme

Implementation (MOSPI), Government of India, since its inception in 1950 has been conducting nationwide integrated large scale sample surveys, employing scientific sampling methods, to generate data and statistical indicators on diverse socio-economic aspects. During the period 1st July 2010 to 30th June 2011, NSSO carried out an all-India enterprise survey on economic and operational characteristics of unincorporated non-agricultural enterprises in manufacturing, trade and other service sector (excluding construction).

1.2 Objective of the unincorporated non-agricultural enterprises survey

1.2.1 The main objective of the unincorporated non-agricultural enterprise surveys conducted by NSSO was to get estimates of various economic and operational characteristics of unincorporated non-agricultural enterprises in manufacturing, trade and other service sector (excluding construction) at national and State level. The survey was designed to estimate value of key characteristics per enterprise like average number of workers, fixed assets, outstanding loans, total receipts, total operating expenses and gross value added separately for 'Own Account Enterprises (OAEs)' and 'Establishments'. Information on various operational characteristics like ownership, nature of operation, location, status of registration etc., were also collected to have an insight into economic scenario of the unincorporated non-agricultural enterprises in the country. These economic and operational indicators are required for planning, policy and decision making at various levels, both within the government and outside. These aspects of the unorganised enterprise sector are captured in detail in the present NSS survey and estimates are generated.

1.3 NSS Enterprise Survey

1.3.1 The household-based non-agricultural activities, irrespective of their scale of operations, were covered in the surveys of NSSO in the early periods. The non-household based units in the unorganised sector thus remained outside the coverage, primarily due to non-availability of a comprehensive frame and background information needed for formulating an efficient sampling design. The need for auxiliary information on areas of concentration of enterprises for stratification purpose was strongly felt for developing more efficient sampling designs. This demand ultimately culminated in the conduct of periodic Economic Censuses (EC), which provided the frame for the follow-up surveys on non-agricultural enterprises including the non-household based units in the service sector.

1.3.2 With the launching of the first EC in 1977, the follow-up surveys of EC on unorganised manufacturing and service sector enterprises generally used the village and block level information on number of enterprises/workers as per the EC for selection of villages and urban blocks in the first stage. The approach of data collection from enterprises was also changed from the 'household approach' used earlier (i.e. prior to the launching of EC) to the 'site approach' wherever such sites existed.

1.3.3 Last surveys of enterprises on trade, unorganised manufacturing and service sectors (excluding trade and construction) were conducted during 53rd round (January December 1997) , 62nd round (July 2005 June 2006) and 63rd round of NSS (July 2006 June 2007)

respectively. Other enterprise surveys carried out in between were 55th round (informal sector enterprises, 1999-2000), 56th round (unorganised manufacturing, 2000-2001) and 57th round (unorganised service sector excluding trade, finance and construction, 2001 2002).

1.4 NSS 67th round Reports on unincorporated non-agricultural enterprises

1.4.1 The results of NSS rounds are released in reports based on comprehensive tabulation of subject parameters and indicators in various cross classifications generated from the state sample data.

1.5 Contents of the present report:

1.5.1 This report brings out the key results of NSS 67th round. It contains Three Chapters and Three Appendices. Following the present introductory chapter (Chapter One), Chapter Two outlines the features of the survey along with the definition of the key economic indicators. Key indicators for economic and operational characteristics are presented in Chapter Three.

1.5.2 The concepts and definitions of some important terms used in the survey are explained in Appendix A. The detailed description of activity categories and notations used in the detailed table is given in the Tables A1 and A2 in Appendix A. An outline of the sample design and estimation procedure is presented in Appendix B. Appendix C gives a facsimile of the schedule canvassed in the survey.

1.5.3 The estimates of key indicators of the survey have been presented for the State of Nagaland.

Chapter Two

Features of the Survey

2.1.1 The enterprises covered in NSS 67th round were divided into three broad industry groups, viz. (i) manufacturing, (ii) trade and (iii) other service sector enterprises. Under the above sectoral coverage, enterprises were categorised into two types, the first type being Own Account Enterprises (OAE) i.e. those enterprises that do not employ hired workers on a fairly regular basis in the reference year and the second type being Establishments employing at least one hired worker on a fairly regular basis in the reference year. The eligibility criteria for an enterprise to be covered in the survey was at least 30 days of operation (15 days of operation for seasonal enterprises / SHGs) in the reference year i.e. “last 365 days preceding the date of survey”.

2.2 Survey outline of unincorporated non-agricultural survey

2.2.1 Geographical coverage: The survey covers the entire state of Nagaland except villages situated beyond 5 kilometers of bus route.

2.2.2 Sub round: The survey period of one year was divided into four sub-rounds of three months duration each as follows:

- sub-round 1 : July - September 2010
- sub-round 2 : October - December 2010
- sub-round 3 : January - March 2011
- sub-round 4 : April - June 2011

In each of these four sub-rounds equal number of sample first stage units (FSUs) i.e. villages/ blocks were allotted for survey with a view to ensuring uniform spread of sample FSUs over the entire survey period. Every attempt was made to survey each of the FSUs during the sub-round to which it was allotted.

2.3 Subject Coverage:

2.3.1 The coverage of NSS 67th round (July 2010 - June 2011) was non-agricultural unincorporated enterprises belonging to three sectors viz., Manufacturing, Trade and Other Services. The survey considered the following broad categories of enterprises:

- (a) Manufacturing enterprises excluding those registered under Sections 2m (i) and 2m (ii) of the Factories Act, 1948.
- (b) Manufacturing enterprises registered under Section 85 of Factories Act, 1948.
- (c) Enterprises engaged in cotton ginning, cleaning and baling (code 01632 of NIC- 2008) excluding those registered under Factories Act.
- (d) Enterprises manufacturing bidi and cigar excluding those registered under bidi and cigar workers (condition of employment) Act, 1966.
- (e) Trading enterprises.
- (f) Other Service sector enterprises excluding construction.

The Ownership categories of enterprises under coverage in (a) to (f) above was

- (a) Proprietary and partnership enterprises.
- (b) Trusts, Self-help groups (SHGs), Non-Profit Institutions (NPIs), etc.

And the following ownership categories of enterprises were excluded from the coverage of the survey:

- (a) Enterprises which are incorporated i.e. registered under Companies Act, 1956.
- (b) Government and public sector enterprises.
- (c) Cooperatives.

2.3.2 *Outline of sample design*: A stratified multi-stage design had been adopted for the 67th round survey. The first stage units (FSU) were the census villages in the rural sector and Urban Frame Survey (UFS) blocks in the urban sector. The ultimate stage units (USU) were enterprises in both the sectors. In case of large FSUs, one intermediate stage of sampling was done by the selection of three hamlet-groups (hgs)/ sub blocks (sbs) from each large rural/ urban FSU.

2.3.3 *Sampling frame*: Census 2001 list of villages were used as the sampling frame for rural areas. Auxiliary information such as number of enterprises, number of workers, type of enterprises, activities of enterprises, etc. available from EC-2005 frame were used for stratification, sub-stratification and selection of enterprises.

2.3.4 *Schedules of enquiry*: During this round, the following two schedules of enquiry were canvassed, viz. Schedule 0.0: list of households and non-agricultural enterprises and Schedule 2.34: unincorporated non-agricultural enterprises (excluding construction). The detail concepts and definition of the main schedule (i.e. Schedule 2.34) is discussed in Appendix A while in Appendix C, the schedule is reproduced.

2.3.5 The total number of FSUs surveyed was 200 (104 villages and 96 urban blocks) in Nagaland. The total number of enterprises surveyed 16337 out of which 8624 was in rural areas and 7713 in urban areas). The sample design and estimation procedure used for the survey is given in Appendix B document.

2.4 Conceptual Framework of Key Indicators

2.4.1 *Enterprise*: An enterprise is an undertaking which is engaged in the production and/ or distribution of some goods and/ or services meant mainly for the purpose of sale, whether fully or partly. An enterprise may be owned and operated by a single household or by several households jointly, or by an institutional body.

2.4.2 *Non-agricultural enterprise*: All enterprises covered under Sections "C" to "S" of NIC 2008 are termed as "non-agricultural enterprises".

2.4.3 *Unincorporated non-agricultural enterprises*: Those non-agricultural enterprises which are not incorporated (i.e. registered under Companies Act, 1956). Further, the domain of "unincorporated enterprises" excluded (a) enterprises registered under Sections 2m(i) and 2m(ii) of the Factories Act, 1948 or bidi and cigar manufacturing enterprises registered under bidi and cigar workers (condition of employment) Act, 1966, (b) government/public sector enterprises and (c) cooperatives. In addition, Self Help groups (SHGs), Private Non-Profit Institutions (NPIs) including Non-Profit Institutions Serving Households (NPISH) and Trusts are also considered.

NSS Report No. 3: Key Results of Survey on Unincorporated Non-agricultural Enterprises (Excluding Construction) in Nagaland

2.4.4 Own-account Enterprise: An enterprise, which is run without any hired worker employed on a fairly regular basis¹, is termed as an own account enterprise.

2.4.5 Establishment: An enterprise which is employing at least one hired worker on a fairly regular basis is termed as establishment. Paid or unpaid apprentices, paid household member/servant/resident worker in an enterprise are considered as hired workers.

2.4.6 Worker: A worker is defined as all persons working within the premises of the enterprise who are in the payroll of the enterprise as also the working owners and unpaid family workers.

2.4.7 Formal hired worker: A formal hired worker is one having continuity of job and eligible for paid annual leave and also eligible for social security benefits like provident fund or insurance provided by the employer.

2.4.8 Informal hired worker: An informal hired worker is not having continuity of job and/or not eligible for paid annual leave and/or not eligible for social security benefits like provident fund or insurance provided by the employer.

2.4.9 Other worker/ helper: This includes all persons belonging to the household of the proprietor or households of the partners who are working in or for the enterprise without regular salary or wages. Persons working as exchange labourer in the enterprise without salary or wages will also be covered in this category. All unpaid household workers / helpers who are associated with the activities of the enterprise during the reference month are considered in this category.

2.4.10 Compensation of employees: Compensation of employees is the total remuneration, in cash or in kind, payable by an enterprise to an employee in return for work done by the employee during the accounting period. It is recorded on accrual basis.

2.4.11 Fixed Assets: Assets held for the purpose of producing or providing goods or services and not for resale in the normal course of entrepreneurial activities were classified as fixed assets. These cover all goods, new or used, that have a normal economic life of more than one year from the date of purchase.

2.4.12 Operating Expenses: The total value of services purchased and other expenses incurred during the reference period by an enterprise on raw materials, electricity, fuel, lubricants and auxiliary materials consumed; cost of maintenance, etc was considered as "operating expenses". "fairly regular basis" means the major part of the period when operation(s) of an enterprise are carried out during a reference period.

2.4.13 Receipts: The sale value of services produced together with the value of services rendered to other concerns and other receipts incidental to entrepreneurial activities including the value of products and by-products manufactured ,if any, by an enterprise during the reference period was considered as „total receipts?.

2.4.14 Gross Value Added: Gross value added is taken as additional value created by the process of production of an enterprise to the economy. Gross value added is calculated by deducting "total operating expenses" and "distributive expenses" from the value of "total receipts" during the reference period. "Distributive expenses" includes excise duties, sales tax, non-deductible vat, outward freight and transport charges, commission to selling agents etc.

Chapter Three

Key Findings

3.1 The present survey covers exclusively all the unincorporated non-agricultural enterprises in “Manufacturing,” “Trade” and “Other Service” sector (excluding construction) in Nagaland. Data were collected on both economic and operational characteristics of the enterprises. The coverage excludes enterprises registered under Companies Act 1956, Government & Public Sector Services and Cooperatives. The present report, the first in the series, presents key estimates of some operational and economic characteristics of unincorporated non-agricultural enterprises (*hereafter 'enterprises' would refer to 'enterprises under survey coverage'*), like distribution of estimated number of enterprises, workers, by type of ownership, their location, registration status, nature of operation by Broad Activity Category for Nagaland. A summary of some of these results is presented and discussed in this section. Detailed tables provide estimates separately for rural, urban and for both sectors combined for Nagaland by broad activity category. In addition, information for “Own Account Enterprises “(OAEs)” and “Establishments” have been presented separately.

3.2 Estimated number of enterprises: Before looking into various characteristics of the enterprises in the unincorporated non-agricultural sector (excluding construction), it may be worthwhile to know the extent of their presence in the economy as a whole as well as in different broad activities as revealed by the survey. During 2010-11, out of the estimated 16337 unincorporated non-agricultural enterprises excluding construction, 14.07% enterprises were engaged in manufacturing, 61.06% enterprises were in trading and 24.88% enterprises were in service sector. While 52.79% of such enterprises were located in rural areas, 47.21% were located in urban areas. In urban areas, trade had dominant share 58.78% followed by other services 34.16% and 7.05% of other service sector. While in rural areas too, trade commanded 63.10% share of enterprises but unlike urban sector, manufacturing had higher share of about 20.33% than other services sector 16.57% under coverage area. The break-up of these estimates is shown in **Table 1**.

Table 1: Estimated number of enterprises by enterprise types and sector for each broad activity category in Nagaland.

Broad activity category	No. of enterprises								
	Rural			Urban			Rural+ Urban		
	OAE	ESTT	ALL	OAE	ESTT	ALL	OAE	ESTT	ALL
1	2	3	4	5	6	7	8	9	10
Manufacturing	999	754	1753	34	510	544	1034	1264	2298
Trade	4129	1313	5442	2613	1921	4534	6742	3234	9976
Other services	761	668	1429	1315	1320	2635	2076	1988	4064
All	5889	2735	8624	3962	3751	7713	9851	6486	16337

3.2.1 Estimated number of enterprises by enterprise type: The survey result revealed that OAEs 60.30% had the dominant share of enterprises under survey coverage. OAEs outnumber establishments in the two broad activity categories namely, “Trade” 67.58% and “Other Services” 51.08% .However, in manufacturing sector, “Establishment” 55.00% had a dominant share in Nagaland.

C1: Percentage of enterprises by enterprise type for each broad activity category

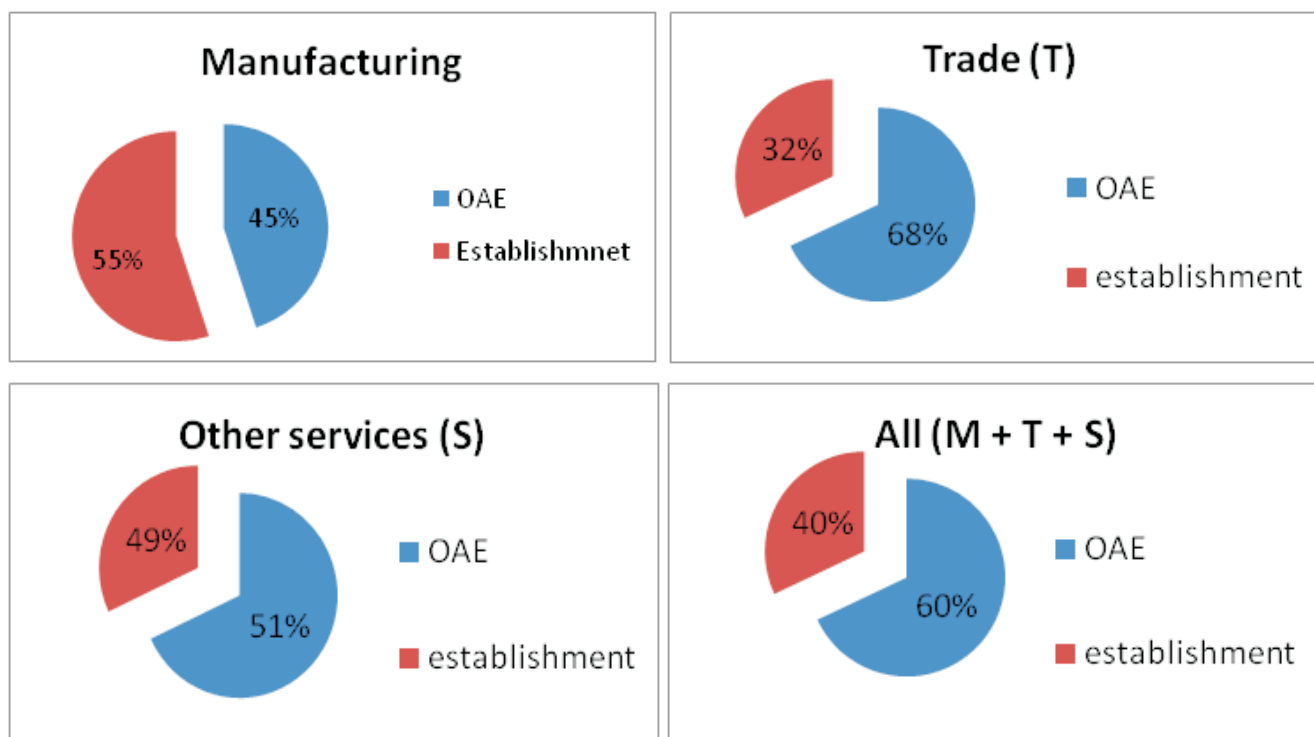


Table 1A: Percentage distribution of enterprises by broad activity category in Nagaland.

Broad activity category	Percentage of enterprises								
	Rural			Urban			Rural+ Urban		
	OAE	ESTT	ALL	OAE	ESTT	ALL	OAE	ESTT	ALL
1	2	3	4	5	6	7	8	9	10
Manufacturing	16.96	27.57	20.33	0.86	13.60	7.05	10.49	19.49	14.06
Trade	70.11	48.00	63.10	65.95	51.21	58.79	68.44	49.86	61.06
Other services	12.93	24.43	16.57	33.19	35.19	34.16	21.07	30.65	24.88
All	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

3.2.2 Table 1A reveals that the broad activity “Trade” had the highest percentage of enterprises for both rural 63.10% and urban 58.79% sectors and also for combined sector 61.06% which was followed by “Manufacturing” 20.33% in rural areas while in urban “Other Services” with 34.16% in Nagaland.

3.3 Estimated number of workers: Table 2 reveals that during 2010-11, 30677 were engaged in unincorporated non-agricultural enterprise activities excluding construction. While about 48.20 percent of workers were located in rural areas, 51.80% were located in urban areas. The survey result revealed that establishment had dominant share of workers under survey coverage in both rural and urban areas of Nagaland in the entire three broad activity category namely manufacturing 74.60%, trade 50.51% and service 77.10%.

Table 2: Estimated no. of workers by enterprises types and sector for each broad activity category in Nagaland.

Broad activity category	Number of workers								
	Rural			Urban			Rural+urban		
	OAE	Estt	All	OAE	Estt	All	OAE	Estt	All
1	2	3	4	5	6	7	8	9	10
manufacturing	1191	1999	3190	34	1598	1632	1225	3597	4822
Trade	4721	2917	7638	2864	4825	7689	7585	7742	15327
Other services	858	3103	3959	1553	5016	6569	2411	8117	10528
All	6770	8019	14787	4451	11439	15890	11221	19456	30677

Table 2A: Percentage distribution of workers by broad activity category for each enterprise in Nagaland

Broad activity category	Number of workers								
	Rural			Urban			Rural+urban		
	OAE	Estt	All	OAE	Estt	All	OAE	Estt	All
1	2	3	4	5	6	7	8	9	10
manufacturing	17.59	24.93	21.57	0.76	13.97	10.27	10.92	18.49	15.72
Trade	69.73	36.38	51.66	64.35	42.18	48.39	67.60	39.79	49.96
Other services	12.67	38.70	26.77	34.89	43.85	41.34	21.49	41.72	34.32
All	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

3.3.1 Table 2A gives the percentage distribution of workers by broad activity category. The Sector “Trade” had the highest percentage of workers 51.65% for rural, urban 48.39% and also for rural & urban combined 49.96% areas in Nagaland.

3.4 GVA per enterprise: Table 3 gives the estimated annual gross value added per enterprise (GVAPE) categorized by type of enterprise separately for rural, urban and combined sector. As expected, GVAPE was substantially high for Establishments for all sectors. The annual GVAPE in the unincorporated non-agricultural sector in Nagaland was estimated at Rs.200005. For rural Nagaland, annual GVAPE for OAEs and “Establishments” were estimated as Rs.94286 and Rs. 2,55,721 respectively. The corresponding estimates for urban areas were Rs.1,35,406 and Rs. 393620 respectively. In Nagaland the highest GVAPE was for enterprise engaged in “Other Services” estimated as Rs.258665 followed by “Trading” at Rs.1,83,795 and “Manufacturing” at Rs.1,66,622. GVAPE for enterprise engaged in “Manufacturing” was significantly low compared to “Trading” and “Other Services” at every level of dis-aggregation.

Table 3: Estimated GVA per enterprise by enterprise type and broad activity category in Nagaland

GVA per enterprise (Rs)									
BAC	Rural			Urban			Rural + Urban		
	OAE	ESTT.	ALL	OAE	ESTT.	ALL	OAE	ESTT.	ALL
1	2	3	4	5	6	7	8	9	10
Manufacturing	75278	216233	135912	95206	277053	265624	75937	240759	166622
Trade	96943	229322	128890	149765	385657	249695	117418	322172	183795
Other services	104813	352199	220429	107907	450215	279411	106772	417278	258665
All	94286	255721	145489	135406	393620	260969	110824	335459	200005

3.5 GVA per worker (GVAPW) and Emoluments per hired worker (EPHW): Table 4 gives the estimated annual gross value added per worker (GVAPW) and emoluments per hired worker (EPHW) separately for rural, urban and combined sector for each broad activity category. As expected, both GVAPW and EPHW were substantially high in urban areas for each broad activity category. The annual GVAPW in unincorporated non-agricultural sector was estimated at Rs. 1,11,830. For rural Nagaland, annual GVAPW was estimated as Rs.84860 and the corresponding estimate for urban areas was Rs. 1,26,671 which was more than that of rural areas. GVAPW for enterprise engaged in “Trading” estimated as Rs.1,19,641 followed by “Other Services” Rs. 99845 and “Manufacturing” at Rs.79371. GVAPW for enterprise engaged in “Manufacturing” was significantly low compared to “Trading” and “Other Services” at every level of dis-aggregation. Similarly, the annual EPHW in unincorporated non-agricultural sector for rural and urban areas and combined in Nagaland was estimated to be Rs. 36878, Rs. 42331 and Rs. 40150 correspondingly. “other services” had the highest in both the rural(Rs.49210) and urban sectors (Rs.46285).

Table 4: Estimated GVAPW and EPHW by enterprise type and sector and each broad activity category in Nagaland.

Broad activity category	Rural		Urban		Rural + Urban	
	GVA per worker (Rs)	Emoluments per hired worker (Rs)	GVA per worker (Rs)	Emoluments per hired worker (Rs)	GVA per worker (Rs)	Emoluments per hired worker (Rs)
	2	3	5	6	8	9
Manufacturing	74700	30096	88501	31091	79371	30566
Trade	91844	25115	147254	41582	119641	35642
Other services	79576	49210	112064	46285	99845	47399
All	84860	36878	126671	42331	111830	40150

3.6 Type of ownership of enterprises: One of the principal characteristics of an enterprise is the type of ownership it has and it may be interesting to study the distribution pattern by type of ownership. **Table 5** gives the percentage distribution of enterprises by type of ownership of the enterprise categorized by type of enterprise separately for rural, urban and combined sector. Proprietary enterprises (i.e. enterprises owned by a single household) had the highest share 94.50% of unincorporated non-agricultural enterprises, out of which only 14.20% of the owner proprietors were females and the rest males. Only 5.20% of enterprises were operated on a partnership basis. Self-help groups also constituted about 0.10% of the total enterprises and others 0.20% in the total number of enterprises were negligible.

Table 5: Percentage distribution of enterprises by ownership type and broad activity category in Nagaland

Type of ownership		Percentage distribution of enterprises								
		Rural			Urban			Rural+ Urban		
		OAE	Estt.	All	OAE	Estt.	All	OAE	Estt.	All
1	2	3	4	5	6	7	8	9	10	
Proprietary	Male	77.00	80.40	78.70	81.50	82.50	82.00	78.80	82.40	80.30
	female	14.40	9.30	12.80	15.70	16.10	16.00	14.90	13.30	14.20
Partnership between members of	Same household	8.20	5.00	7.20	2.60	0.60	1.50	6.00	2.40	4.60
	Different household	0.40	2.60	1.10	—	0.40	0.20	0.20	1.30	0.60
Self-help groups		—	—	—	0.10	0.30	0.20	—	0.20	0.10
Trusts		—	0.70	—	—	—	—	—	—	—
Others		—	2.00	0.20	0.10	0.10	0.10	0.10	0.40	0.20
All		100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

3.7 Nature of operation: As already mentioned in Chapter One, the majority of enterprises surveyed belonged to unorganised sector. Enterprises in the unorganised sector do not sometimes operate throughout the year. The number of months of operation of an enterprise largely depends on the type of activity it carries out. A small proportion of enterprises operate only in seasons when the raw materials for the enterprise are available or certain services are in demand in the season. Broadly, an enterprise may operate more or less throughout the year or in seasons or intermittently throughout the year and accordingly they are termed as perennial, seasonal and casual enterprises, respectively. The distribution of enterprises by the nature of operation is given in **Table 6**. About 94.00% of the total enterprises were perennial while the seasonal and casual enterprises together constituted only 6.00 % of the total enterprises. The distribution of unincorporated non-agricultural enterprises in respect of nature of operation does not differ significantly between rural and urban areas, or between OAE and Establishment.

Table 6: Percentage Distribution of enterprises by nature of operation for each broad activity category in Nagaland

Broad activity category	RURAL			URBAN			RURAL + URBAN		
	Perennial	Seasonal	casual	Perennial	Seasonal	casual	Perennial	Seasonal	casual
1	2	3	4	5	6	7	8	9	10
Manufacturing	79.10	10.30	10.70	98.80	0.90	0.30	83.70	8.00	8.20
Trade	95.00	2.60	2.40	96.70	0.90	2.40	95.80	1.80	2.40
Other services	94.90	4.40	0.70	95.90	2.80	1.30	95.60	3.40	1.10
All	91.80	4.50	3.80	96.60	1.60	1.90	94.00	3.10	2.90

3.8 Location of enterprises: One of the characteristics of the enterprises in the unorganized sector is the presence of units that do not have fixed location. They operate as street vendors or as mobile market. On the other hand, many of them, particularly the OAEs, operate from within the household premises. It can be seen from **Table 7** that about 93.2% enterprises run the business at fixed location either within the household premises or outside and about 4.50% operated their business without any fixed location. 2.30% of the enterprises operated under the sky without any structure but had a fixed location. The enterprises operating outside household premises without fixed location had the characteristics of street vendors i.e. those who operate on the streets or mobile market. The percentage was less in the case of establishments 1.00% as compared to OAEs 6.50%. About 95.5% of establishments had fixed location as compared to 93.00% in case of OAEs.

Table 7: Percentage Distribution of enterprises by location for each broad activity category in Nagaland

Broad activity category	1	RURAL			URBAN			RURAL + URBAN		
		OAE	Estt.	All	OAE	Estt.	All	OAE	Estt.	All
		2	3	4	5	6	7	8	9	10
Within premises		48.10	35.30	44.00	25.70	22.00	23.80	39.00	27.60	34.50
Outside	Permanent structure	40.70	47.70	43.00	49.30	76.20	62.40	44.20	64.20	52.10
	Temporary structure	5.90	14.70	8.70	7.00	1.50	4.40	6.30	7.10	6.60
	Without any structure	2.40	0.00	1.60	5.20	0.20	2.80	3.50	0.10	2.30
Outside	Mobile market	0.40	0.10	0.30	0.30	0.00	0.10	0.50	0.00	0.20
	Street vendor	2.50	2.20	2.40	12.50	0.10	6.50	6.50	1.00	4.30
All		100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

3.9 Status of registration: Table 8 gives the distribution of enterprises by status of registration. About 81.10% of all enterprises were registered under any Act or with any registration authority. The types of registration or authorities of registration included State Directorate of Industries, Khadi and Village Industries Commission/Board, Coir Board, Silk Board, Jute Commissioner, Pollution Control Board, Directorate of Education/AICTE/NCTE, Societies Registration Act, Indian Charitable Act, Cinematograph Act, Money Lenders Act, Public Trust Act and others. The overall proportion of registered enterprises in Nagaland was higher in urban areas 92.60% as compared to rural areas 70.50%. "Manufacturing" sector 60.00% had the highest percentage of unregistered enterprises followed by "Other Services" 36.00% and "Trade" 35.50%

Table 8: Percentage distribution of enterprises registered under different acts \authorities by each broad activity category in Nagaland

Broad activity category	RURAL		URBAN		Rural+ urban	
	Registered	Unregistere	Registered	Unregistered	Registered	Unregistered
1	2	3	4	5	6	7
Manufacturing	50.60	71.40	96.40	23.30	61.50	60.00
Trade	76.10	45.80	97.90	23.10	86.10	35.50
Other services	73.10	49.60	82.70	28.60	79.70	36.00
all	70.50	51.60	92.60	25.00	81.10	39.00

3.10 Number of working hours: Distribution of unincorporated non-agricultural enterprises by working hours in a normal day during the reference month by sector and type of enterprises is shown in Table 9.

Table 9: percentage distribution enterprises by sector and enterprise type by numbers worked in a day during last 30 days in Nagaland

Broad activity category	Number of enterprises								
	Rural			Urban			Rural+urban		
	OAE	Estt	All	OAE	Estt	All	OAE	Estt	All
<4	2.00	0.30	1.40	0.20	0.70	0.50	1.30	0.50	1.00
4-7	51.30	35.60	46.30	25.50	29.30	27.30	41.00	32.00	37.40
8+	46.70	64.10	52.30	74.30	70.00	72.20	57.70	67.50	61.60
All	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Table 9 shows percentage distribution of enterprises by number of hours worked in a day during the last 30 days. It is seen that about 61.60% per cent of all unincorporated non-agricultural enterprises had worked more than 8 hours in a normal day. In urban area 72.20% and in rural 52.20% of workers worked more than 8 hours a day. Number of workers that worked less than 4 hours a day accounted for only as much as 1.00% in Nagaland. The same was true for 1.40% unincorporated non-agricultural enterprises in rural and 0.50% in urban areas.

Appendix A

Concepts and Definitions

1 Important concepts and definitions of some important terms used in the survey and relevant to this report are explained in the following paragraphs.

1.1 **Population coverage:** The following rules regarding the population/households covered were followed while visiting households for the purpose of listing of enterprises:

1. Under-trial prisoners in jails and indoor patients of hospitals, nursing homes etc., were excluded, but residential staff therein was during listing. The persons of the first category were considered as normal members of their parent households. Convicted prisoners undergoing sentence were outside the coverage of the survey.
2. Floating population, i.e., persons without any normal residence were not considered. But households residing in open space, roadside shelter, under a bridge, etc., more or less regularly in the same place, were taken into account.
3. Foreign nationals were not considered, nor do their domestic servants, if by definition the latter belong to the foreign national's household. If, however, an enterprise was run by a member of such household located within the premises of the household or without any fixed premises, it was listed as an enterprise.
4. Persons residing in barracks of military and paramilitary forces (like police, BSF, etc.) was kept outside the survey coverage due to difficulty in conduct of survey therein. However, civilian population residing in their neighbourhood, including the family quarters of service personnel, were covered.
5. Orphanages, rescue homes, *ashrams* and vagrant houses were outside the survey coverage but enterprises run by them and located within the premises of those institutions were considered. However, persons staying in old age homes, students staying in *ashrams*/ hostels and the residential staff (other than monks/ nuns) of these ashrams were treated as forming households (as per the standing practice in NSS) for the purpose of identifying enterprises through such households. For orphanages, although orphans were not covered, the persons looking after them and staying there were considered as forming households.

1.2 **House:** Every structure, tent, shelter, etc. was considered as a house irrespective of its use. It might have been used for residential or non-residential purpose or both or even it might have been vacant.

1.3 Household: A group of persons who normally lived together and taking food from a common kitchen constituted a household. It included temporary stay-aways (those whose total period of absence from the household was expected to be less than 6 months) but excluded temporary visitors and guests (expected total period of stay less than 6 months). Even though the determination of the actual composition of a household was left to the judgment of the head of the household, the following procedures were adopted as guidelines.

(i) Each inmate (including residential staff) of a hostel, mess, hotel, boarding and lodging house, etc., constituted a single-member household. If, however, a group of persons among them normally pool their income for spending, they were together treated as forming a single household. For example, a family living in a hotel was treated as a single household.

(ii) In deciding the composition of a household, more emphasis was given on 'normally living together' than on 'ordinarily taking food from a common kitchen'. In case the place of residence of a person was different from the place of boarding, he or she was treated as a member of the household with whom he or she resided.

(iii) A resident employee, or domestic servant, or a paying guest (but not just a tenant in the household) was considered as a member of the household with whom he or she resided even though he or she was not a member of the same family.

(iv) When a person sleeps in one place (say, in a shop or in a room in another house because of space shortage) but usually took food with his or her family, he or she was treated not as a single member household but as a member of the household in which other members of his or her family stayed.

(v) If a member of a family (say, a son or a daughter of the head of the family) stayed elsewhere (say, in hostel for studies or for any other reason), he/ she was not considered as a member of his/ her parent's household. However, he/ she were considered as a single member household if the hostel is listed.

1.4 Public works: 'Public works' were those activities which were sponsored by Government or Local Bodies, and which covered local area development works like construction of roads, dams, bunds, digging of ponds, etc., as relief measures, or as an outcome of employment generation schemes under the poverty alleviation programme such as National Rural Employment Guarantee Act (NREG) programme, Sampoorna Grameen Rozgar Yojana (SGRY), National Food for Work Programme (NFFWP), etc.

1.5 National Rural Employment Guarantee Act (NREGA): The National Rural Employment Guarantee Act, 2005 (NREGA) is an important step towards the realization of the right to work and to enhance the livelihood security of the households in the rural areas of the country. The Scheme provides at least 100 days of guaranteed wage employment in every financial year to every household whose adult members volunteer to do unskilled manual work. Adult means a person who has completed

his/ her eighteen years of age. Unskilled manual work means any physical work which any adult person is capable of doing without any special skill/training. The implementing agency of the scheme may be any Department of the Central Government or a State Government, a Zila Parishad, Panchayat/ Gram Panchayat or any local authority or Government undertaking or non-governmental organization authorized by the Central Government or the State Government. If an applicant for employment under the scheme is not provided employment within 15 days of receipt of his application seeking employment or from the date on which employment has been sought, the applicant will be entitled for getting daily unemployment allowances.

1.6 Enterprise: An enterprise is an undertaking which is engaged in the production and/ or distribution of some goods and/ or services meant mainly for the purpose of sale, whether fully or partly. An enterprise may be owned and operated by a single household or by several households jointly, or by an institutional body.

1.7 Non-agricultural enterprise: All enterprises covered under Sections 'C' to 'S' of NIC-2008 are "non-agricultural enterprises". All non-agricultural enterprises will be henceforth referred to as NAE for this survey.

1.8_ Unincorporated non-agricultural enterprises: Non-agricultural enterprises which are not incorporated (i.e. registered under Companies Act, 1956) were covered in the survey. Further, the domain of 'unincorporated enterprises' excluded (a) enterprises registered under Sections 2m(i) and 2m(ii) of the Factories Act, 1948 or bidi and cigar manufacturing enterprises registered under bidi and cigar workers (condition of employment) Act, 1966, (b) government/public sector enterprises and (c) cooperatives. Thus the coverage was restricted primarily to all household proprietary and partnership enterprises. In addition, Self Help groups (SHGs), Private Non-Profit Institutions (NPIs) including Non-Profit Institutions Serving Households (NPISH) and Trusts were also covered.

1.9 Manufacturing Enterprise: A manufacturing enterprise was a unit engaged in the physical or chemical transformation of materials, substances or components into new products. It covers units working for other concerns on materials supplied by them. The units primarily engaged in maintenance and repair of industrial, commercial and similar machinery and equipment, which were, in general, classified in the same class of manufacturing as those specialising in manufacturing the goods were also included.

Thus all activities covered by NIC - 2008 divisions 10 to 33 of NIC- 2008 were considered as 'manufacturing' for the purpose of the survey. In addition, the activity of cotton ginning, cleaning and baling (NIC - 2008 code 01632) was covered in the present survey. However the production of goods for the sole purpose of domestic consumption was not considered as manufacturing.

1.10 Trading Enterprise: A trading enterprise is an undertaking engaged in trade. Trade is defined to be an act of purchase of goods and their disposal by way of sale without any intermediate physical transformation of the goods. Thus all the trading activities, both wholesale and retail

(perennial, casual or seasonal) listed under NIC-08 divisions 45 to 47 was treated as trade in this survey. The activities of intermediaries who do not actually purchase or sell goods but only arrange their purchase and sale and earn remuneration by way of brokerage and commission was also treated as trade. The purchase and sale agents, brokers listed under NIC-08 division and auctioneers listed under NIC group were also covered in this survey.

1.11 Servicing Enterprise: A servicing enterprise or service sector enterprise is engaged in activities carried out for the benefit of a consuming unit and typically consists of changes in the condition of consuming units realized by the activities of servicing unit at the demand of the consuming unit. It is possible for a unit to produce a service for its own consumption provided that the type of activity is such that it could have been carried out by another unit. Some examples of changes that a producer of service brings about in the condition of consumers of service are:

- a) Changes in the condition of consumer's goods: the producer works directly on goods owned by the consumer by transporting, cleaning, repairing or otherwise transforming them
- b) Changes in the physical condition of persons: the producer transports the persons, provides them with accommodation, provides them with medical or surgical treatments, improves their appearance etc;
- c) Changes in the mental condition of persons: the producer provides education, information, advice, entertainment or similar services;
- d) Changes in the general economic state of the institutional unit itself: the producer provides insurance, financial intermediation, protection, guarantees, etc.

All activities under NIC - 2008 Sections D - U except section G (trade) are considered as service activities other than trade. However, sections D (Electricity, gas, steam and air conditioning supply), F (Construction), O (Public administration and defence; compulsory social security), T (Activities of households as employer; undifferentiated goods and services producing activities of households for own use) and U (Activities of extraterritorial organisations and bodies) were excluded from coverage of this survey. Only unincorporated enterprises in the service sector under coverage were surveyed. Among these also, activities under certain NIC - 2008 codes, viz. 36 (water collection, treatment and supply), 491 (transport via railways), 49212 (urban or suburban tramways), 49213 (urban or suburban underground or elevated railways), 493 (transport via pipeline), 51 (air transport), 641 (monetary intermediation), 642 (activities of holding companies), 6611 (Administration of financial markets), 774 (Leasing of nonfinancial intangible assets), 942 (activities of trade unions), 9491 (activities of religious organisations [although activities of individuals are covered]), 9492 (activities of political organisations) were kept out of survey coverage.

1.12 Financial enterprise: A financial enterprise is a servicing enterprise that is principally engaged in financial intermediation or in auxiliary financial activities which are closely related to financial intermediation. Financial intermediation is a productive activity in which an institutional unit incurs liabilities on its own account for the purpose of acquiring financial assets by engaging in financial transactions on the market. The role of financial intermediaries is to channel funds from lenders to borrowers by intermediating between them.

1.13 Household Enterprise: A household enterprise is one which is run by one or more members of a household or run jointly by two or more households on partnership basis irrespective of

whether the enterprise is located in the premises of the household(s) or not. In other words, all proprietary and partnership enterprises are household enterprises.

1.14 Non-household Enterprise: Non-household enterprises are those which are institutional i.e. owned and run by the public sector (Central or State Government, local self-governments, local bodies, government undertakings, etc.), corporate sector, co-operative societies, other type of societies, institutions, associations, trusts, etc. Non-household enterprises covered under public sector were not included in the current survey.

1.15 Own-account Enterprise: An enterprise, which is run without any hired worker employed on a fairly regular basis, is termed as an own account enterprise.

1.16 Establishment: An enterprise which is employing at least one hired worker on a fairly regular basis is termed as establishment. Paid or unpaid apprentices, paid household member/servant/resident worker in an enterprise are considered as hired workers.

1.17 Non-directory establishment (NDE): An establishment having one to five workers (household and hired taken together) is termed as a non-directory establishment.

1.18 Directory establishment (DE): A directory establishment is an establishment, which has got six or more workers (household and hired taken together).

1.19 Perennial enterprise: Enterprises that are run more or less regularly throughout the year are called perennial enterprises.

1.20 Seasonal enterprise: Seasonal enterprises are those, which are usually run in a particular season or fixed months of a year.

1.21 Casual enterprise: Enterprises that are run occasionally, for a total of at least 30 days in the last 365 days, are called 'casual enterprises'.

1.22 Classification of enterprises based on ownership:

(i) *Proprietary:* When an individual is the sole owner of an enterprise it is a proprietary enterprise. Own account production of fixed assets for own use, when produced by a single member, was classified as proprietary enterprise.

(ii) *Partnership:* Partnership is defined as the 'relation between persons who have agreed to share the profits of a business carried on by all or any one of them acting for all'. There may be two or more owners, belonging to the same or different households, on a partnership basis, with or without formal registration (where there is a tacit understanding about the distribution of profit among the so-called partners). Own account production of fixed assets, when produced by two or more members belonging

1 "fairly regular basis" means the major part of the period when operation(s) of an enterprise are carried out during a reference period.

to the same or different households will be classified as partnership enterprises. Thus, own account production of fixed assets by a group of households for community use was classified as partnership enterprise. The partnership enterprises registered under Limited Liability Partnership (LLP) Act, 2008 were excluded from coverage of the survey. Also, partnership enterprises registered under Factories Act, 1948 was outside the survey coverage.

(iii) *Government/public Sector Enterprise*: An enterprise, which is wholly owned/ run/managed by Central or State governments, quasi-government institutions, local bodies like Panchayat, Zilla Parishad, City Corporation, Municipal authorities, etc., autonomous bodies like Universities, Education boards, and institutions like schools, libraries etc. set up by the government, panchayat, etc., was considered as public sector enterprise. Enterprises owned/ managed by a single or a group of private persons with no participation of the Government, local body etc. in it, both in terms of management and shares, was considered as private sector enterprises. An enterprise was not considered as a public sector enterprise if it is run on a loan granted by government, local body, etc.

(iv) *Private Limited Company*: Private company means a company which by its articles:

- (a) Restricts the right to transfer its shares, if any,
- (b) limits the number of its members to fifty not including-
 - (i) Persons who are in the employment of the company, and
 - (ii) Persons who, having been formerly in the employment of the company, were members of the company while in that employment and have continued to be members after the employment ceased; and
- (c) Prohibits any initiation to the public to subscribe for any share in, or debentures of, the company.

Where two or more persons hold jointly one or more shares in a company, they were considered as a single member in this survey.

(v) *Public Limited Company*: A public limited company is defined as a company that is not a private company. As such public companies can have an unlimited number of members and can invite the public to subscribe to its shares and debentures. The minimum number of members required to form a public company is seven.

(vi) *Co-operative Societies*: Co-operative society is one that is formed through the co-operation of a number of persons, recognised as members of the society to benefit themselves. In the process, the funds are raised by members' contributions/investments and the profits generated out of the society's activities are shared by the members. A government agency itself can also be a member or shareholder of a registered co-operative society but this fact cannot render the society into a public sector enterprise for the purpose of this survey.

(vii) *Trust*: An arrangement through which one set of people, the trustees, are the legal owners of property which is administered in the interest of another set, the beneficiaries. Trusts may be set up to provide support for individuals or families, to provide pensions, to run charities, to liquidate the

property of the bankrupts for the benefit of their creditors, or for the safe keeping of securities bought by trusts with their investor's money. The assets, which trusts hold are regulated by law, must be administered in the interests of the beneficiaries, and not for the profit of the trustees.

(viii) *Non-Profit Institutions (NPI)*: Non-profit institutions are legal or social entities created for the purpose of producing goods and services whose status does not permit them to be a source of income, profit or other financial gain for the units that establish, control or finance them. In practice, their productive activities are bound to generate either surpluses or deficits but the units that establish, control or finance them cannot appropriate surpluses. The articles of association by which they are established are drawn up in such a way that the institutional units which control or manage them are not entitled to a share in any profits or other income which the NPI's receive and for this reason, they are frequently exempted from various kinds of taxes.

NPIs are principally market producers but they may engage in non-market production also. It is important to distinguish between NPI's engaged in market and non-market production as this affects the sector of the economy to which an NPI is allocated. Most market NPIs serving businesses are created by associations of the businesses whose interests they are designed to promote. They consist of chambers of commerce, agricultural, manufacturing or trade associations, employers' organisations, research or testing laboratories or other organisations or institutes which engage in activities which are of mutual interest or benefit to the group of businesses that control and finance them.

1.23.1 Self-help Groups: A self-help group (SHG) is a financial intermediary usually composed of between 10-20 local persons. Members of a SHG make small regular savings contributions over a few months until there is enough capital in the group to begin lending. Funds may then be lent back to the members or to others in the locality for any purpose. Also many SHGs are 'linked' to banks for the delivery of microcredit. The characteristic features of self-help groups may be summarised as follows:

- 9 SHG is a small group generally comprising of people who are poor or economically weak, who have voluntarily come forward to form a group for improvement of the social and economic status of the members.
- 9 It can be formal (registered) or informal.
- 9 The concept underlines the principle of Thrift, Credit and Self Help.
- 9 Members of SHG agree to save regularly and contribute to a common fund.
- 9 The members agree to use this common fund and such other funds (like grants and loans from banks), which they may receive as a group, to give small loans to needy members as per the decision of the group.
- 9 The ideal size of an SHG is 10 to 20 members. Also, legally it is required that an informal group should not be of more than 20 people). However, in difficult areas like deserts, hills and areas with scattered and sparse populations and in case of disabled persons, this number may be 5-20.
- 9 The group need not be registered.

- 9 From one family, only one person can become a member of an SHG. (More families can join SHGs this way).
- 9 The group normally consists of either only men or only women.
- 9 Members should be between the age group of 21-60 years.
- 9 Members should be poor people [the term poor is in relation to the economic and living conditions and this has no relation to poverty line. People living above poverty line (APL) can also form SHG like people living below poverty line (BPL)].

1.23.2 Activity of self-help groups

In most cases, self-help groups are engaged in financial intermediation only i.e. the activity of the SHG is confined to providing loans to the members and the members can utilise the loan for any purpose - personal or entrepreneurial. However, an SHG may be formed initially and later and it may be engaged in group-based enterprise. Examples of such group-based activities are given below:

- 9 Collective organisation of marketing for the produce of individual enterprises established using micro-credit, particularly milk collection centres/ diary cooperatives at village level.
- 9 Collective activities of SHGs using group credit to access larger natural assets for production e.g. leasing lands and ponds for cultivation and pisciculture.
- 9 Other collective economic activities based on group credit that combines labour and management: stone-cutting, processing rice, managing a tent house etc.
- 9 Management of government contracts such as running ration shops (as part of public distribution systems), cooking mid-day meal for school children, managing a subsidised fodder depot etc.

While listing the self-help groups engaged in financial intermediation and self-help groups running group based enterprises, the following three cases should be considered:-

- (a) The SHG was engaged in financial activities only. In that case, it was listed under financial intermediation.
- (b) An SHG was formed and later it was engaged only in some non-financial activity. In that case if that activity was under survey coverage, then it was listed under the corresponding non-financial activity. The enterprise would continue to be considered as SHG.
- (c) An SHG was engaged in financial as well as non-financial activity. In that case, the major activity was decided based on maximum value added / sales turnover/ employment in that order. The enterprise would continue to be considered as SHG.

1.23.3 Determination of eligibility of an SHG

An SHG was considered as eligible enterprise for the purpose of survey if the total number of days of operation of that SHG in last 365 days was at least 15. Working days would include-

- a) Days of meeting.
- b) Days of interaction with the bank for purpose of deposit/withdrawal/loan/repayment etc.
- c) Days of performing other jobs related to SHG like maintenance of register.

1.23.4 Determination of number of working owners of an SHG

Those members of SHG who are regularly attending meetings or taking part in decision making procedure like secretary, treasurer, active committee member etc. was considered as working owners.

1.24 Mixed Activity: There are enterprises that carry out a number of activities simultaneously. For example, a bakery may also sell cold drinks, a rice mill may sell sugar, a factory may run a hospital in its premises, etc. Each such activity was treated as a separate enterprise if information for them was separately available. If the accounts were not separable then the data pertaining to the enterprise as a whole was collected and the enterprise was classified as having mixed activities and the activities of such enterprises are generally a mixture of NIC's. The activities may be mixed at any level of NIC, but for the present survey an enterprise was considered to have mixed activities if its activities are different at 2-digit level of NIC-2008. The appropriate NIC in such cases was determined on the basis of major activity. Major activity refers to the activity which yields maximum income/turnover/employment. The above criteria are applied in the given order, i.e., income first, then turnover and then employment, to determine the major activity.

1.25 Multiple Activity: Since many of the entrepreneurs belonging to the unorganised and informal sector operate at small or marginal levels, the phenomenon of carrying out more than one activity simultaneously or at different points of time is quite prevalent. If the activities were carried out at one point of time at the same location and the information was not separately available, then it was taken as "mixed activity". Carrying out of more than one economic activity by the entrepreneur during the reference year was called multiple activities. It differs from mixed activities in the sense that former is with respect to the entrepreneur whereas the latter is with respect to the enterprise. However, an entrepreneur of a manufacturing enterprise manufacturing woollen garments before winter and cotton clothes before summer was not considered as carrying out multiple activities.

1.26 Reference Period: Last 30 days preceding the date of survey or last month had been used as the reference period to collect most of the data. Various items of receipts and expenses as well as data on employment, emoluments, rent, interest, net surplus and value added for the enterprises were collected for the above reference period only. However, for seasonal enterprises the reference period was the last 30 days (preceding the date of survey), if they have worked continuously for last 30 days or more (including scheduled holidays) in the current season. For seasonal enterprises which had worked for less than 30 days in the current season, last month would refer to an average month in the last working season.

1.26.1 If some enterprise was unable to give information for the last 30 days and was able to give information for the latest calendar month from their books, figures for the latest calendar month were taken. Month would refer to a period of 30 days. For some of the items like value of fixed assets, amount of loan outstanding etc., the reference period was 'as on the date of survey'. For some other items like net additions to fixed assets, number of months operated, number of other economic activities taken up

etc., the period of reference was the 'last 365 days preceding the date of survey'. For enterprises maintaining accounts and giving information from their books of accounts, reference year, 'last 30 days/ last month' and 'last date of the reference year' would respectively relate to 'last accounting year for which information is available', 'last month of the said accounting year' and 'last date of the accounting year'.

1.27 Subsidy: Subsidies are current unrequited payments that government units, including non-resident government units, make to enterprises on the basis of the levels of their production activities or the quantities or values of the goods and services which they produce, sell, import or export. Subsidies can also be received by an enterprise for achieving a particular type of efficiency in production (e.g., getting ISO certification, implementing pollution control measures, repaying interests in time, etc.). Subsidies are equivalent to negative taxes on production in so far as the impact on the operating surplus is in the opposite direction to that of taxes on production. Subsidies can be on production or on interest. Various types of subsidies are back-end subsidies on interest, export subsidies, duty drawback, etc. Subsidies do not include grants that governments may make to enterprises in order to finance their capital formation, or compensate them for damage to their capital assets, such grant being treated as capital transfers.

1.28 Taxes on Products: Taxes are compulsory, unrequited payments, in cash or in kind, made by institutional units to government units. *A tax on a product is a tax that is payable per unit of some good or service.* Tax on product may be a specific amount of money per unit of quantity of a good or service, the quantity being measured either in terms of discrete units or continuous physical variables such as volume, weight, strength, distance, time, etc. or it may be calculated *ad valorem* as a specified percentage of the price per unit or value of the goods and services transacted. Some examples of taxes on products are VAT, excise duties, general sales tax, service tax, export duties, turnover tax, taxes on financial and capital transactions (mainly inheritances and gifts), etc.

1.29 Taxes on Production: *Taxes on production consist of all taxes that the enterprise incurs as a result of engaging in production.* It is payable irrespective of the profitability of the enterprise and consists of all taxes except those included under 'Taxes on Products'. Some examples of taxes on production are recurrent taxes on land, buildings or other structures, business or professional licence fees, road tax and registration fee of vehicles, taxes on pollution, taxes on international transactions such as travel abroad, foreign remittances, etc. Stamp taxes on sale of specified products, which relate to per unit of product sold (e.g., per unit of alcoholic beverages) will be considered as taxes on products, but other stamp taxes (e.g., stamps on legal documents or cheques) will be considered as taxes on production.

1.30 Worker: For this survey, a worker was defined as all persons working within the premises of the enterprise who were in the payroll of the enterprise as also the working owners and unpaid family workers. The worker may serve the enterprise in any capacity - primary or supervisory. He/she may or may not receive wages/salaries in return to his/her work incidental to or connected with the entrepreneurial activity. Salespersons appointed by an enterprise for selling its services and apprentices, paid or unpaid were also treated as workers.

1.30.1 *Volunteers, who work without salary / honorarium, were not considered as workers.* Voluntary participation without remuneration in production of goods and services in

philanthropic organisation/ institutions or in any other organisation/ institution or even in the individual capacity will not render one to be counted as worker/enterprise. Voluntary participation will mean that the person has performed these activities without coercion or obligation but has participated in his/ her own volition. Moreover, the voluntary participation in the work should be without remuneration, which means that the person does not become entitled to receive, in respect of the work performed by him/ her, any compensation including honorarium from the institution/ organisation. For the purpose of the survey, minor contingencies/ honorarium received from the institution/ organization against the voluntary work done may not be considered as remuneration. To determine 'minor', average daily wage received by the lowest paid full-time/part-time worker of that enterprise may be used as a guiding tool.

1.30.2 Some enterprises do not hire individuals like porters, sweepers, accountants, etc., on a fairly regular basis. These individuals can **work in one or more enterprises** in a locality, has some autonomy to determine the charges receivable by him depending upon volume of job performed and usually receive service charges as and when they render such services to the enterprise. Such persons were not considered as workers of the enterprise using their services. Instead, they were considered as independent OAEs.

1.30.3 If an enterprise has some contract with some other agency (e.g. security, cleaning, nursing, midwife), or persons (like CA, lawyer, etc.), the employees of the agency (or persons) who were working within the premises of the enterprise under survey (e.g. sweeper, guard, nurse, etc.) were not counted as the employee of the enterprise. Rather they were considered as the worker of the agency (or separate OAE, for persons).

1.31 **Working owner.** In the case of proprietary enterprises, if the owner himself/ herself works in the enterprise on a fairly regular basis, the entry should be made against item 1. In fact, in most of the own-account enterprises the owner himself/ herself manages all activities of the enterprise without help of anybody else (on fairly regular basis). For all such enterprises essentially the value '1' shall be recorded in the appropriate column against item 1. In the case of partnership enterprises, if only one partner or some of the partners or all the partners work in the enterprise on a fairly regular basis then information for them shall be recorded against this item.

1.32 **Formal hired worker:** A formal hired worker is one having continuity of job and eligible for paid annual leave and also eligible for social security benefits like provident fund or insurance provided by the employer.

1.33 **Informal hired worker:** An informal hired worker is not having continuity of job and/or not eligible for paid annual leave and/or not eligible for social security benefits like provident fund or insurance provided by the employer.

1.34 **Other worker/ helper:** This includes all persons belonging to the household of the proprietor or households of the partners who are working in or for the enterprise without regular salary or wages. Persons working as exchange labourer in the enterprise without salary or wages will also be covered in this category. All unpaid household workers / helpers who are associated with the activities of the enterprise during the reference month are considered in this category.

1.35 Working on Contract: The enterprises in the unorganised sector are mainly small units. In many cases, the enterprises are seen to be working as per orders from a bigger unit. In such cases, certain conditions are put on the servicing unit by the contractor or master unit. Conditions may pertain to sale of products, supply of raw materials, mode of payment etc. In many cases, the contractor specifies the design of the product to the servicing unit e.g. garment manufacturing, shoe manufacturing etc. If the surveyed enterprise had undertaken any work on contract during the reference year, it was considered as 'enterprises working on contract'.

1.36 Fixed Assets: Assets held for the purpose of producing or providing goods or services and not for resale in the normal course of entrepreneurial activities were classified as fixed assets. These cover all goods, new or used, that have a normal economic life of more than one year from the date of purchase.

1.37 Investments: An enterprise can purchase shares, debentures and other securities to earn interest and dividend. These shares, debentures and other securities are called investments. If securities are purchased and sold at regular intervals to make gains using market values of the securities, then these investments are called investments for trade. Otherwise, it is called investments (other than trade).

1.38 Financial liability: Financial liability is the total liability incurred by the enterprise as on a particular date (generally the last date of the accounting year). It includes capital deployed by the partners of an enterprise, share capital, reserve and surplus amount noted in the balance sheet, long-term loans and also all short-term commitments for payments like unpaid wages etc. With regard to loan, any borrowing in cash or kind to be repaid in cash or kind was treated as loan. Loans taken for the purpose of utilising the same in the entrepreneurial activities of an enterprise were considered even if such loans were used for other purposes. On the other hand, loans taken for other purposes but ultimately used in the enterprise were excluded.

1.39 Compensation of employees: Compensation of employees is the total remuneration, in cash or in kind, payable by an enterprise to an employee in return for work done by the employee during the accounting period. It is recorded on accrual basis, i.e. measured by the value of remuneration in cash or in kind which an employee becomes entitled to receive from an employer in respect of work done during the relevant period, whether paid in advance, simultaneously or in arrears. Self employed persons (like working owners or unpaid family workers) receive mixed income and not compensation of employees. However, the books of accounts of some enterprises show salary payment to one or two working owners. In such cases, these payments were recorded as compensation to employee. Compensation of employees has two main components, i) wages and salaries payable in cash or in kind and ii) value of social contributions payable by the employer. Wages and salaries also included goods or services provided to employees as remuneration in kind instead of, or in addition to, remuneration in cash.

1.40 Transfers: A transfer is a transaction in which an institutional unit provides a good, service or asset to another unit without receiving from the later any good, service or asset in return. A cash transfer consists of the payment of currency or transferable deposit by one unit to another without any

counterpart (or return). A transfer in kind consists either of the transfer of ownership of a good or asset, other than cash, or provision of a service, again without any counterpart (or return).

1.41 Operating Expenses: The total value of services purchased and other expenses incurred during the reference period by an enterprise on raw materials, electricity, fuel, lubricants and auxiliary materials consumed; cost of maintenance, etc was considered as 'operating expenses'.

1.42 Receipts: The sale value of services produced together with the value of services rendered to other concerns and other receipts incidental to entrepreneurial activities including the value of products and by-products manufactured ,if any, by an enterprise during the reference period was considered as 'total receipts'.

1.43 Gross Value Added: Gross value added is taken as additional value created by the process of production of an enterprise to the economy. Gross value added is calculated by deducting 'total operating expenses' and 'distributive expenses' from the value of 'total receipts' during the reference period. 'Distributive expenses' includes excise duties, sales tax, non-deductible vat, outward freight and transport charges, commission to selling agents etc.

Table A1: Coverage of the survey in terms of NIC - 2008 codes	
A. NIC 2008 codes under coverage of the survey	
Division/ Group	Description
Manufacturing	
10	Manufacture of Food Products
11	Manufacture of Beverages
12	Manufacture of Tobacco Products
13	Manufacture of Textiles
14	Manufacture of Wearing Apparel
15	Manufacture of Leather and Related Products
16	Manufacture of Wood and of Products of Wood and Cork, except Furniture; Manufacture of Articles of Straw and Plaiting Materials
17	Manufacture of Paper and Paper Products
18	Printing and Reproduction of Recorded Media
19	Manufacture of Coke and Refined Petroleum Products
20	Manufacture of Chemicals and Chemical Products
21	Manufacture of Pharmaceuticals, Medicinal Chemical and Botanical Products
22	Manufacture of Rubber And Plastics Products
23	Manufacture of Other Non-Metallic Mineral Products
24	Manufacture of Basic Metals
25	Manufacture of Fabricated Metal Products, except Machinery and Equipment
26	Manufacture of Computer, Electronic and Optical Products
27	Manufacture of Electrical Equipment
28	Manufacture of Machinery and Equipment N.E.C.
29	Manufacture of Motor Vehicles, Trailers and Semi-Trailers
30	Manufacture of Other Transport Equipment
31	Manufacture of Furniture
32	Other Manufacturing
33	Repair And Installation of Machinery and Equipment
01632	Cotton Ginning, Cleaning and Bailing

Table A1: Coverage of the survey in terms of NIC - 2008 codes	
A. NIC 2008 codes under coverage of the survey	
Division/ Group	Description
Trading	
45	Wholesale and Retail Trade and Repair of Motor Vehicles and Motorcycles
46	Wholesale Trade, except of Motor Vehicles and Motorcycles
47	Retail Trade, except of Motor Vehicles and Motorcycles
Other Services	
37	Sewerage
38	Waste collection, treatment and disposal activities; materials recovery
39	Remediation activities and other waste management services
492	Other Land Transport (excluding 49212, 49213)
50	Water Transport
52	Warehousing and Support Activities for Transportation
53	Postal and Courier Activities
55	Accommodation
56	Food and Beverage Service Activities
58	Publishing Activities
59	Motion Picture, Video and Television Programme Production, Sound Recording and Music Publishing Activities
60	Programming and Broadcasting Activities
61	Telecommunications
62	Computer Programming, Consultancy and Related Activities
63	Information Service Activities
643	Trusts, Funds and Other Financial Vehicles (including special code 64309)
649	Other Financial Service Activities Except Insurance And Pension Funding Activities (including special code 64929)
65	Insurance, Reinsurance and Pension Funding, except Compulsory Social Security
661	Other Financial Activities (excluding 6611)

Table A1: Coverage of the survey in terms of NIC - 2008 codes	
A. NIC 2008 codes under coverage of the survey	
Division/ Group	Description
662	Activities Auxiliary to Insurance and Pension Funding (excluding 6629)
663	Fund management activities
68	Real Estate Activities
69	Legal and Accounting Activities
70	Activities of head offices; management consultancy activities
71	Architecture and Engineering Activities: Technical testing and Analysis
72	Scientific Research and Development
73	Advertising and Market Research
74	Other Professional, Scientific And Technical Activities
75	Veterinary Activities
771	Renting and leasing of motor vehicles
772	Renting and leasing of personal and household goods
773	Renting and leasing of other machinery, equipment and tangible goods n.e.c.
78	Employment Activities
79	Travel Agency, Tour Operator And Other Reservation Service Activities
80	Security and Investigation Activities
81	Services To Buildings And Landscape Activities
82	Office Administrative, Office Support and Other Business Support Activities
85	Education
86	Human Health Activities
87	Residential Care Activities
88	Social Work Activities Without Accommodation
90	Creative, Arts and Entertainment Activities
91	Libraries, Archives, Museums and Other Cultural Activities
92	Gambling and Betting Activities <u>(coverage will be restricted to</u>

Table A1: Coverage of the survey in terms of NIC - 2008 codes	
A. NIC 2008 codes under coverage of the survey	
Division/ Group	Description
	<i>legal activities only</i>
93	Sports Activities and Amusement and Recreation Activities
941	Activities of business, employers and professional membership organizations
949	Activities of Other Membership Organisations (excluding 9492 and part of 9491 relating to organisation)
95	Repair Of Computers and Personal and Household Goods
96	Other Personal Service Activities
B. NIC 2008 codes outside the coverage of the survey	
1. All codes under sections:	
A (Agriculture, forestry and fishing excluding 01632);	
B (Mining and quarrying);	
D (Electricity, gas, steam and air conditioning supply);	
F (Construction);	
O (Public administration and defence; compulsory social security);	
T (Activities of households as employers; undifferentiated goods and services producing activities of households for own use);	
U (Activities of extraterritorial organizations and bodies).	
2. Codes: 36, 491, 49212, 49213, 493, 51, 641, 642, 6611, 774, 942, 9491(organisations only), 9492	

Table A2: Notations of different activity categories covered in the survey

Description of activity category	Notations used in tables
(1)	(2)
Cotton ginning, cleaning and bailing	M1
Manufacture of food products	M2
Manufacture of beverages	M3
Manufacture of tobacco products	M4
Manufacture of textiles	M5
Manufacture of wearing apparel	M6
Manufacture of leather and related products	M7
Manufacture of wood and products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	M8
Manufacture of paper and paper products	M9
Printing and reproduction of recorded media	M10
Manufacture of coke and refined petroleum products	M11
Manufacture of chemicals and chemical products	M12
Manufacture of pharmaceuticals, medicinal chemical and botanical products	M13
Manufacture of rubber and plastics products	M14
Manufacture of other non-metallic mineral products	M15
Manufacture of basic metals	M16
Manufacture of fabricated metal products, except machinery and equipment	M17
Manufacture of computer, electronic and optical products	M18
Manufacture of electrical equipment	M19
Manufacture of machinery and equipment n.e.c.	M20
Manufacture of motor vehicles, trailers and semi-trailers	M21
Manufacture of other transport equipment	M22
Manufacture of furniture	M23
Other manufacturing	M24
Repair and installation of machinery and equipment	M25
Manufacturing activities	M
Trade and repair of motor vehicles and motor cycles	T1
Activities of commission agents	T2
Other wholesale trade	T3
Other retail trade	T4
Trading activities	T
Accommodation	S1
Food service activities	S2
Land transport	S3
Water transport	S4
Warehousing and storage	S5

Table A2: Notations of different activity categories covered in the survey

Description of activity category	Notations used in tables
(1)	(2)
Support activities for transportation, postal and courier activities	S6
Information and Communication	S7
Financial service activities except insurance and pension funding	S8
Other financial activities	S9
Real estate activities	S10
Professional, Scientific and Technical activities	S11
Administrative and support service activities	S12
Education	S13
Human Health and Social work	S14
Other community, social and personal service activities	S15
Other services	S
all	M+T+S