

Manufacturing sees fall in productivity

ASUSE survey says sector recorded highest growth in emoluments per hired worker

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Manufacturing has experienced a decline in productivity, with gross value added (GVA) per establishment falling 6.7 per cent in 2023-24 over 2022-23, and GVA per worker decreasing 4.2 per cent over the same period.

This indicates reduced productivity at both organisational and individual levels, according to an analysis of the recently released fact sheet on the Annual Survey of Unincorporated Sector Enterprises (ASUSE).

On the other hand, other services and trade experienced an increase in both GVA per establishment and GVA per worker between 2022-23 and 2023-24.

However, when the 2023-24 survey, the latest, is compared to a similar study from 2015-16, the data shows a considerable rise in manufacturing-sector GVA per establishment (38.5 per cent) and GVA per worker (51.7 per cent).

Notably, the rise in GVA per worker is the highest in manufacturing when the survey for 2015-16 is compared to the latest one.

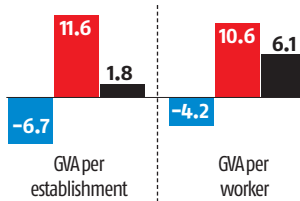
For services, GVA per establishment increased 24.4 per cent while GVA per worker rose 42 per cent.



PRODUCTIVITY INDICATOR

Y-o-Y growth in GVA per establishment & worker (in%)

■ Manufacturing ■ Trade ■ Other services



Note: Data compares 2022-23 to 2023-24, and includes both rural and urban sectors
Source: ASUSE 2023-24, Business Standard calculations

Emoluments per hired worker

(Y-o-Y growth in %)



In the trade sector, GVA per establishment grew 40.5 per cent and that per worker increased 35.4 per cent, in 2023-24 over 2015-16.

In absolute terms, however, in manufacturing GVA per establishment and GVA per worker remain lower than in trade and other services.

In growth in emoluments per hired worker, manufacturing recorded the highest growth between 2022-23 and 2023-24 at 16.1 per cent. For other services and

trade, the growth rates were 10.4 per cent and 14 per cent, respectively, during the same period.

Pronab Sen, former chief statistician, attributed the decline in productivity in the manufacturing sector, despite some recovery in micro, small and medium enterprises, to new companies set up.

“Productivity comes with time. Hence, a decline is likely due to the rise in newly added companies,” he said.

He noted the decline might

also be linked to an increase in the share of own-account enterprises.

“The share of own-account enterprises has risen, driven by the addition of newly formed companies within the manufacturing sector, which has contributed to the observed decline,” he concluded.

The data shows the share of own-account enterprises is the highest in manufacturing. It was 88.3 per cent in 2023-24 from 85.5 per cent in 2015-16, *Business Standard* had reported earlier.