CONCEPTS AND DEFINITIONS

Important concepts and definitions used in ASI are explained below.

1. A number of accounting, economic and other terms related to the factories are used in conduct of Annual Survey of Industries. For proper assessment and interpretation of ASI data, those are given below.

2. Accounting Year: For the purpose of ASI, the accounting year is the period on which the factory closes its books of account. With the enactment of Income Tax Act, by and large, the accounting year of all factories is from April to March.

3. Reference Period: It corresponds to the financial year. For example, for ASI 2024-2025 the reference period is the financial year commencing from 1st April 2024 and ending on 31st March 2025 or the accounting year of the factory ending on any date between 01.04.2024 to 31.03.2025.

4. Survey Period: Survey period is a period during which work of any Annual Survey of Industries is undertaken. The survey period for ASI 2024-2025 is from November 2025 to June 2026.

5. Factory (as per the Factory Act 1948): Factory is one, which is registered under Sections 2m(i) and 2m(ii) of the Factories Act, 1948. The Sections 2m(i) and 2m(ii) refer to any premises including the precinct thereof (i) wherein ten or more workers are working, or were working on any day of the preceding twelve months, and in any part of which a manufacturing process is being carried on with the aid of power, or is ordinarily so carried on, or (ii) wherein twenty or more workers are working, or were working on any day of the preceding twelve months and in any part of which a manufacturing process is being carried on without the aid of power, or is ordinarily so carried on. This definition has been slightly modified due to the amendment made to the Factories Act, 1948 by the State of Maharashtra and Rajasthan, which is applicable from ASI 2015-2016 onwards and for the State of Goa, which is applicable from ASI 2022-2023 onwards. In addition to these States, the definition has been modified by ten other States, namely; Andhra Pradesh, Arunachal Pradesh, Assam, Gujarat, Haryana, Jammu & Kashmir, Odisha, Punjab, Tripura, and Uttar Pradesh, which is applicable from ASI 2023-2024 and for Bihar, Himachal Pradesh and Jharkhand, it is applicable from ASI 2024-2025. The changes made to the sections 2m(i) and 2m(ii) by amendment are as follows:

"Section 2m(i) has been modified from 10 or more workers with power to 20 or more workers with power and Section 2m(ii) has been modified from 20 or more workers without power to 40 or more workers without power.".

Closed factories with fixed assets on site are also considered as registered factories till they are de-registered and removed from the live-register maintained by the Chief Inspector of Factories (CIF) in the State.

6. Manufacturing Process: This is as per Section 2(k) of the Factories Act, 1948. 'Any process' for:

(i) making, altering, ornamenting, finishing, packing, oiling, washing, cleaning, breaking up, demolishing or otherwise treating or adapting any article or substance with a view to its use, sale, transport, delivery or disposal; or,

(ii) pumping oil, water or sewage; or,

(iii) generating, transforming or transmitting power; or,

(iv) composing types for printing by letter press, lithography, photogravure or other similar process or book binding; or,

(v) constructing, reconstructing, repairing, refitting, finishing or breaking up ships or vessels; or,

(vi) preserving or storing any article in cold storage.

7. Gross Value of Plant and Machinery: Gross value of plant and machinery represents the total original (un-depreciated) value of installed plant and machinery as at the end of the accounting year. It includes the book value of own constructed plant and machinery, if installed, and the approximate value of rented-in plant and machinery as at the time of renting in but excludes the value of rented-out plant and machinery. Total value of all the plant and machinery acquired on hire-purchase basis is also included. Thus, it represents the gross value of plant and machinery engaged in production process.

8. Fixed Capital: Fixed Capital represents the depreciated value of fixed assets owned by the factory as on the closing day of the accounting year. Fixed assets are those, which have normal productive life of more than one year. Fixed capital covers all type of assets, new or used or own constructed, deployed for productions, transportation, living or recreational facilities, hospitals, schools, etc. for factory personnel. It would include land, building, plant and machinery, transport equipment etc. It includes the fixed assets of the head office allocable to the factory and also the full value of assets taken on hire-purchase basis (Whether fully paid or not) excluding interest element. It excludes intangible assets and assets solely used for post-manufacturing activities such as, sale, storage, distribution, etc.

9. Depreciation: Depreciation is consumption of fixed capital by the factory due to wear and tear and obsolescence during the accounting year and is taken as provided by the factory owner, or if not provided by the factory this is estimated on the basis of cost of installation and working life of the fixed assets.

10. Finished Goods: Finished Goods are those, which are manufactured by the factory for sale. Finished goods should conform to a prescribed standard.

11. Physical Working Capital: This is defined to include all physical inventories owned, held or controlled by the factory as on the closing day of the accounting year such as the materials, fuels and lubricants, stores, etc. that enter into products manufactured by the factory itself or supplied by the factory to others for processing. Physical working capital also includes the value of stock of materials, fuels and stores etc. purchased expressly for re-sale, semi-finished goods and goods-in-process on account of others and goods made by the factory which are ready for sale at the end of the accounting year. However, it does not include the stock of the materials, fuels, stores, etc. supplied by others to the factory for processing. Finished goods processed by others from raw materials supplied by the factory and held by them are included and finished goods processed by the factory from raw materials supplied by others, are excluded.

12. Working Capital: Working Capital is the sum total of the physical working capital as already defined above and the cash deposits in hand and at bank, land, the net balance of amounts receivable over amounts payable at the end of the accounting year. Amounts receivable include value of credit items on revenue account, such as sums due to the factory for goods sold, amounts advanced in connection with normal factory work, bills of exchange payable to the factory, payments made in advance such as for fire insurance, telephone charges, rates and taxes, call deposits and security deposits having a normal life of less than one year, etc. It excludes unused overdraft facility, fixed deposits irrespective of duration, advances for acquisition of fixed assets, long-term loans including interest thereon and investment.

13. Invested Capital: Invested capital is the total of fixed capital and physical working capital.

14. Productive Capital: This is the total of fixed capital and working capital.

15. Outstanding Loans: Outstanding loans represent all loans, whether short-term or long-term, whether interest bearing or not, outstanding according to the books of the factory as on the closing day of accounting year.

16. Contract Worker: All persons who are not employed directly by an employer but through the third agency, i.e. contractor, are termed as contract workers. Those workers may be employed with or without the knowledge of the principal employer.

17. Employees: Employees relate to all persons engaged by the factory whether for wages or not, in work connected directly or indirectly with the manufacturing process and include all administrative, technical and clerical staff as also labour in production of capital assets for factory's own use. This is inclusive of persons holding position of supervision or management or engaged in administrative office, store-keeping section and welfare section, watch and ward staff, sales department as also those engaged in the purchase of raw materials etc. and production of fixed assets for the factory. It also includes all working proprietors and their family members who are actively engaged in the work of the factory even without any pay and the unpaid members of the co-operative societies who work in or for the factory in any direct and productive capacity. Persons in the head office connected with the manufacturing activity of the factory are also included in this item.

18. Labour Turnover: Labour turnover measures the extent of change in the working force due to accession and separation during a given period. The term 'accession' was defined as the total number of workers added to employment during the period, whether new or re-employed or transferred from other establishments or units under the same management. Inter-departmental transfers within the same establishment are, however ignored. The term 'separation' implies termination of employment at the instance of worker or employers. It includes termination of services due to death or retirement. As in the case of accession, transfers to other establishments are included but transfers within the same establishment are ignored. Retrenchment as a result of rationalization or modernization or any other cause, is also treated as separation.

19. Wages: Wages are defined to include all remuneration capable of being expressed in monetary terms and also payable/paid more or less regularly in each pay period to workers (defined above) as compensation for work done during the accounting year. It includes:

(i) Direct wages and salary (i.e. basic wages/salaries, payment of overtime, dearness, compensatory, house rent and other allowances);

(ii) Remuneration for period not worked (i.e. basic wages), salaries and allowances payable for leave period, paid holidays, lay-off payments and compensation for unemployment (if not paid from source other than employers);

(iii) Bonus and ex-gratia payment paid both at regular and less frequent intervals (i.e., incentive bonuses and good attendance bonuses, production bonuses, profit sharing bonuses, festival or yearend bonuses etc.).

It excludes layoff payments and compensation for employment except where such payments are for this purpose, i.e., payments not made by the employer. It excludes employer's contribution to old age benefits and other social security charges, direct expenditure on maternity benefits and creches and other group benefit in kind and travelling and other expenditure incurred for business purposes and reimbursed by the employer. The wages are expressed in terms of gross value, i.e., before deductions for fines, damages, taxes, provident fund, employee's state insurance contribution etc. Benefits in kind (perquisites) of individual nature are only included.

20. Bonus: Profit sharing bonus, festival bonus, year-end bonus, and all other bonuses and ex-gratia payments paid at less frequent intervals are covered by this term.

21. Workmen and Staff Welfare Expenses: These include expenditure incurred by the employer on the maternity benefits and crèches and other benefits such as supply of food, beverages, tobacco, clothing and group lodging at confessional rates and educational, cultural and recreational facilities and services and grants to trade unions and cooperative stores meant for employees. All group benefits are included.

22. Emoluments: These are defined in the same way as wages but paid to all employees plus imputed value of benefits in kind i.e. the net cost to the employers on those goods and services provided to employees free of charge or at markedly reduced cost which are clearly and primarily of benefit to the employees as consumers. It includes profit sharing, festival and other bonuses and ex-gratia payments paid at less frequent intervals (i.e. other than bonus paid more or less regularly for each period). Benefits in kind include supplies or services rendered such as housing, medical, education and recreation facilities. Personal insurance, income tax, house rent allowance, conveyance etc. for payment by the factory also is included in the emoluments.

23. Supplements to Emoluments: These include: (i) employer's contribution to old age benefits, i.e., provident fund, pension, gratuity, etc.; (ii) employer's contribution towards other social security charges such as Employees' State Insurance, compensation for work injuries, occupational diseases, maternity benefits, retrenchment and lay-off benefits etc.; and (iii) group benefits like direct expenditure on maternity, crèches, canteen facilities, educational, cultural and recreational facilities and grant to trade unions, co-operative stores etc. meant for employees.

24. Compensation of Employees: Compensation of employees is the total of emoluments and supplement to emoluments.

25. Mandays Worked: These are obtained by summing up the number of mandays worked by persons working in each shift over all the shifts on all days, i.e. both manufacturing and non-manufacturing days. This figure excludes persons who are paid but remain on leave, strike, etc.

26. Mandays Paid For: The number of mandays paid for is arrived at by summing up the number of employees paid for in each shift. This also includes mandays on weekly schedule holidays if paid for and those absences with pay as also mandays lost through lay off/ strike for which compensation was payable.

27. Working Day: Working day means the days on which a manufacturing process and/ or repair or maintenance work was carried on.

28. Non-working Day: Apart from manufacturing day and repair and maintenance days there may be some non-working days. Non-working days are those days on which the workers give their attendance but due to non-availability of raw materials power etc. no effective work is done. As the workers are paid for these days such days are also considered for the purpose of labour statistics.

29. Basic Materials: Basic materials are the materials which are important and of key nature to the industry, on which the manufacturing process is based, viz. metal for machine, leather for shoe. Such material is not lost through the process of production but only changes its forms.

30. Consumable Stores: All such materials which assist the manufacturing process and loose their identity without entering the products are called consumable stores, e.g., cotton waste.

31. Fuel Consumed: Fuel Consumed represent total purchase value of all items of fuels, lubricants, electricity, water (purchased to make steam) etc. consumed by the factory during the accounting year except those which directly enter into products as materials consumed. It excludes that part of fuels, which is produced and consumed by the factory in manufacture i.e., all intermediate products and also fuels consumed by employees as part of amenities. It includes quantities acquired and consumed from allied concerns, their book value being taken as their purchase value and also the quantities consumed in production of machinery or other capital items for factory's own use.

32. Materials Consumed: Materials consumed represent the total delivered value of all items of raw materials, components, chemicals, packing materials and stores which actually entered into the production process of the factory during the accounting year. It also includes the cost of all the materials used in the production of fixed assets, including construction work for factory's own use. Components and accessories fitted as purchased with the finished product during the accounting year are also to be included. It excludes intermediate products. Intermediate products in the above context mean all those products which are produced by the factory and consumed for further manufacturing process.

33. Total Input: This comprises gross value of fuels, materials etc. consumed (as defined above) and also other inputs viz. (a) cost of non-industrial services received from others, (b) cost of materials consumed for repair and maintenance of factory's fixed assets including cost of work done by others to the factory's fixed assets, (c) cost of contract and commission work done by others on materials supplied by the factory, (d) cost of office supplies and products reported for sale during last year & used for further manufacture during the accounting year and (e) rent paid for buildings and plant & machinery and other fixed assets, (f) expenses on Research & Development (R&D).

34. Intermediate Product: Intermediate Product is a product which is obtained during a manufacturing process, which may or may not be saleable and is not the intended final product.

35. Net Value of Semi-Finished Goods: It represents the excess/deficit of value of semi-finished goods and/or goods-in-process at the end of the accounting year over that at the beginning of year.

36. Products: These are defined to include the ex-factory value (i.e. exclusive of taxes, duties etc. on sale and inclusive of subsidies etc., if any) of all products and by-products, excluding intermediate products, that have been completed during the accounting year for sale whether actually sold during the accounting year or entered into books. Also include fixed assets produced by the factory for its own use.

37. Gross Output: Gross output is defined to include the ex-factory value, (i.e., exclusive of taxes, duties, etc. on sale and inclusive of subsidies etc., if any) of products and by-products manufactured during the accounting year, and the net value of the semi-finished goods, value of own construction and also the receipts for industrial and non-industrial services rendered to others, rent received for building, plant & machinery and other fixed assets, net balance of goods sold in the same condition as purchased, value of electricity generated and sold and an amount equal to expenses on research &

development (R&D). Value of gross output and total output has been used in the text inter-changeably to mean the same thing.

38. Industrial Services: Any services taken or rendered from one to another unit resulting in increase in the value of material during the manufacturing process are industrial services.

39. Non-Industrial Services: All such services which do not have a direct bearing on the manufacturing process but are needed by any manufacturing unit are called non-industrial services, say, transport.

40. Net Value Added: This is the increment to the value of goods and services that is contributed by the factory and is obtained by deducting the value of total inputs and depreciation from gross value of output.

41. Net Income: It is obtained by deducting the value of rent paid & interest paid from the NVA.

42. Net Profit: It is obtained by deducting compensation of employees from net income.

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