

## Chapter Six

### Schedule 2.0: Informal Non-agricultural Enterprises

**6.0.0 Introduction:** In this chapter detailed instructions for filling up schedule 2.0 have been given. The enterprise survey of the 55<sup>th</sup> round covers all informal enterprises in the non-agricultural sector of the economy, excluding those engaged in mining & quarrying and electricity, gas & water supply. NIC codes to identify the enterprises in this round will be as per **NIC 1998**. Some concepts and definitions relating to the informal sector have been discussed in Chapter 1. However, concepts specific to the schedule have been discussed in this chapter whenever necessary. The enterprises in the informal sector have been divided into six broad industry groups, viz. (i) manufacturing, (ii) construction, (iii) trade and repair services, (iv) hotels and restaurants (v) transport, storage and communications and (vi) other service sector enterprises. From each of these categories, enterprises are classified into two classes, the first one being Own Account Enterprises (OAE) i.e. those who do not hire any worker on a regular basis and the second class consisting of all the remaining enterprises (i.e. the establishments). The term “enterprise” has been used in this chapter in a general sense and will refer to either an “enterprise” or an “establishment” which will be clear from the context. The eligibility criteria for enterprises to be covered in the survey is at least 30 days of operation (15 days of operation for seasonal enterprises) in the reference year.

**6.0.1 Informal sector:** As already mentioned, own-account enterprises and establishments in the informal sector are the target units for the enterprise survey. Although, there is no unique definition of informal sector, for our purpose **all unincorporated enterprises which operate on either proprietary or partnership basis will be considered to constitute the informal sector**. This definition differs from the usual NSS concept of unorganized sector. In the unorganized sector, in addition to the proprietary or partnership enterprises, cooperative societies, trusts, private and public limited companies are also covered. Thus informal sector can be considered as a subset of the unorganized sector. It may be mentioned that all manufacturing units of proprietary or partnership nature which are covered under ASI will also **not** be treated as informal enterprises. The NIC codes (2-digit) for the activities covered are as follows: manufacturing : **15 to 37**, construction: **45**, trade and repair services: **50 to 52**, hotels and restaurants: **55**, transport, storage and communications: **60 to 64**, other services: **65 to 67, 70 to 74, 80, 85, 90 to 93**. It may be noted that, unlike in NIC 1987, repairing services have been considered with trade sector in NIC 1998, and not with the manufacturing sector.

**6.0.2 Reference Period:** *Last month* has been used as the reference period to collect most of the data. Various receipts and expenses as well as employment, emoluments, rent, interest, net surplus and value added for the enterprises will be collected for last month only. *Last month* will refer to the **last working month** for perennial and casual enterprises. For seasonal enterprises, however, *last month* will refer to **an average month in the last working season**. Month will 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

is 'as on the date 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 is the 'last 365 days preceding the date of survey'.

**6.0.3 Mixed activity:** There are enterprises which can not be identified easily under a particular NIC code due to their very nature. For example, a grocery shop owner may also sell oil from his own *ghani*, a doctor may have a medical shop attached to his dispensary, a restaurant may run an STD booth in its premises, etc. These are typical cases of mixed activities, where the activities are a mixture of NIC's. The appropriate NIC in such cases will be determined on the basis of **major** activity. Major activity refers to the activity which yields **maximum** income/turnover/employment. The above criteria may be applied in the **given order** i.e. income first, then turnover and then employment, to determine the major activity. If the accounts are not separable, then the data will pertain to the enterprise as a whole.

**6.0.4 Multiple activities:** Since many of the entrepreneurs belonging to the informal sector operate at small or marginal levels, the phenomenon of carrying out more than one activity simultaneously or at different points of time may be quite prevalent. If the activities are carried out at one point of time and if accounts are not separately maintained, then it is called "mixed activity". Total number of activities carried out by the entrepreneur during the year is the total number of multiple activities. Some examples of multiple activities are: i) a person carrying out agricultural activity at sowing / harvesting seasons and running a shop at the same time or at other times, ii) a lady working as regular wage earner and also running a shop in the evenings, etc. However, a trading enterprise selling more of woollen garments in winter and more of cotton clothes in summer will not be considered as carrying out multiple activity.

**6.0.5 Coverage of activities in the informal sector survey:** All informal non-agricultural activities specified in para no. 1.3.0.17 of Chapter 1 will be covered in the enterprise survey.

**6.0.6 Structure of the schedule:** Schedule 2.0 consists of 14 blocks (blocks 0 to 13). Blocks 0 and 1 are meant to record identification of the enterprise; Blocks 11, 12 and 13 are for reporting particulars of field operation, remarks by the investigator and comments by the supervisory officers. In the remaining 9 blocks, data are to be collected from the enterprises.

Some operational characteristics of the enterprises will be collected in block 2. Blocks 3, 3.1 and 4, 4.1 are the main blocks of the schedule where operating expenses and various receipts of the enterprises will be recorded. Blocks 3 and 4 will record the principal expenses and receipts whereas blocks 3.1 and 4.1 will record the other expenses and receipts. Schedule 2.0 has been designed in such a way that the different types of receipts and expenses for different types of enterprises can be accommodated within the framework of blocks 3 and 4. To meet this objective, each of these two blocks has been subdivided into 7 sub-blocks. While these sub-blocks are meant for specific types of enterprise, blocks 3.1 and 4.1 are common for all enterprises. It may be noted that for an

enterprise which runs a mixed activity, more than one of the sub-blocks of blocks 3 & 4 may have entries.

Block 5 is kept for calculation of gross value added. The employment particulars of the enterprises will be recorded in block 6. Blocks 7, 8 and 9 are meant to collect information on emoluments, fixed assets and loan position of the enterprises respectively. The factor incomes of the enterprise will be recorded in block 10. It may be noted that from this block also, value added can be generated. So, blocks 5 and 10 together provide an in-built check in the schedule for assessing the reasonability of the data.

Changes in Sch. 2.0 as per the discussions held during All India Training Conference:

- 1. Activities under NIC Division 95 are excluded from the coverage of informal sector survey. As such, special codes given at the bottom of block 2 of schedule 2.0 may be ignored. However, those special codes are applicable for schedule 10.**
- 2. In item 13 and 14 of block 2 of schedule 2.0, the information upto two sources of purchase / sale agencies will be recorded. The cell provided for entering the code should be bifurcated to enter a maximum of two codes against each of these items.**
- 3. In item 15, block 2 of schedule 2.0, the information upto three problems faced by the enterprise will be recorded. The cell provided for entering the code should be divided into three parts to enter a maximum of three codes against this item.**
- 4. From the notes given above blocks 3.1 and 4.1, the portion “(except educational and medical activities)” may be deleted. This is done because apart from the major expenses and receipts of education and medical / health activities ( which are also service enterprises), other expenses and receipts will be recorded in blocks 3.1 and 4.1 respectively.**

**6.1.0 Block 0: Descriptive Identification of Sample Enterprise:** This block has been designed to collect the descriptive identification of the sample enterprise. The items are mostly self-explanatory. There are 9 items in the block. For urban sample, village name and serial number of hamlet will remain blank. Similarly, for a rural sample, ward/inv.unit/UFS block is not applicable. For a rural/ urban sample or for a state/ central sample tick-marks are to be given in appropriate boxes provided at the top of the schedule.

**6.1.1 Block 1: Identification of Sample Enterprise/ Establishment**

**6.1.1.0** Block 1 has 20 items. The items are all coded. The codes are provided at the bottom of the schedule. Note that there is no sub-stratum in this round. Broad industry

group x enterprise class corresponds to the usual concept of second-stage stratum. 'Enterprise visit number' and 'segment number' are the two new items specific for this round.

**6.1.1.1 Items 1 to 11:** Except items 1 and 2 which are already printed in the schedule, these items will be copied from schedule 0.1 / 0.2.

**6.1.2 Item 12: Enterprise visit number:** Entry against this item will be 1.

**6.1.3 Item 13: Segment number :** Entry against this item will be either 1 or 2. Segment number 1 will refer to the area of concentration. Segment number 2 is the union of the other two hamlet-groups selected. If there is no hg/sb formation, **record 1** against this item.

**6.1.4 Item14 : Broad industry group:** There will be 6 broad industry groups which will be given codes 1 to 6. The codes for the groups are: manufacturing – 1, construction – 2, trade and repair services – 3, hotels & restaurants – 4, transport, storage and communications – 5 and other service sector – 6.

**6.1.5 Item 15: Enterprise class:** The enterprises within each of the broad groups are divided into two enterprise classes. The first enterprise class refers to all OAEs and will be given code 1. All other enterprises (establishments) will comprise the second enterprise class. These constitute the usual 'non-directory' and 'directory' establishments. Code 2 will be recorded for the second enterprise class. This item will be **a copying item** from column 3 of block 5, schedule 0.1/0.2.

**6.1.6 Item 16: Serial no. of the enterprise:** Serial no. of the enterprise will be the copied from appropriate cols. 17 to 28, block 5 of the listing schedule 0.1/ 0.2 for rural and urban sectors, respectively.

**6.1.7 Item 17: Response code:** This item will be filled in as per the assessment of the Investigator about the quality of response he has received from the respondent. The codes are: informant co-operative and capable - 1, informant co-operative but not capable - 2, informant busy - 3, informant reluctant - 4, others – 9.

**6.1.8 Item 18: informant code :** This item will give information on the type of informant from whom the data are being collected. The relevant codes are: owner – 1, manager – 2, others – 9. For a partnership enterprise, any of the partners will qualify as 'owner'.

**6.1.9 Item 19: survey code:** If the original enterprise is surveyed, code against this item will be 1. If the original enterprise could not be surveyed for some reason or other and some substitute enterprise had to be surveyed, code will be 2. If the substitute enterprise also could not be surveyed, code will be 3. In such cases, only blocks 0,1,11,12 and 13 are to be filled in and the word 'CASUALTY' may be written on the top of the schedule.

**6.1.10 Item 20: reason for substitution of original sample:** This item will be filled in for substitute enterprise only. For survey code 1 (original enterprise surveyed), this item will remain blank. If the enterprise is substituted more than once, the code for first substitution will be recorded. The relevant codes are: informant busy – 1, informant not available – 2, informant non-cooperative – 3, others – 9.

## **6.2.0 Block 2 : Operational characteristics:**

In this block some basic information about the nature and working of the enterprises will be recorded.

**6.2.1 Item 1: 5-digit NIC codes :** NIC codes as per the 1998 classification may be put at **5-digit level**. Each box will contain one digit and no box will remain empty. The description of the entrepreneurial activity may be recorded in the space provided under this item. The description should be as per the NIC booklet (as far as practicable). Additional codes given in schedule 2.0 below block 2 may be ignored as NIC code 95 will not be covered in enterprise survey.

**6.2.2 Item 2: Nature of operation:** This item intends to capture the seasonality of the enterprise under survey. Three codes are provided in the schedule. If the enterprise operates more or less regularly throughout the year, it is a perennial enterprise and code 1 will be recorded. If the enterprise operates during particular season(s) of the year, it is termed as a seasonal enterprise and code 2 will be recorded. If the enterprise carries on its activity only occasionally, but total number of days operated in the last 365 days is 30 days or more then it will be treated as a casual enterprise and code 3 will be recorded.

**6.2.3 Item 3: Type of ownership:** Since only proprietary and partnership enterprises are our concern, the codes for this item relate to those types of enterprises only. Proprietary enterprises are those where an individual is the sole owner of the enterprise. If the owner is a male, code will be 1; for a female owner, code will be 2. 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'. Partners may be from the same household or they may be from different households. In the former case, ownership code will be 3 and in the case of the latter, code will be 4. Partnership may be based either on formal registration or on the basis of tacit understanding. However, ASI units of proprietary and partnership nature will be outside our purview. If ownership is with a Hindu Undivided Family (HUF), the treatment will be same as proprietary enterprises, i.e, if the head of HUF is a male, code will be 1; for a female head, code will be 2.

**6.2.4: Item 4: Whether accounts maintained ? (yes –1, no –2):** If the enterprise maintains usable books of accounts and makes them available to the investigator, code against this item will be 1, otherwise, code will be 2. Generally, the owners do keep some records for their own use. But these are very haphazardly maintained and are not usable for accounting purpose. In such cases, the code against this item will be 2 (even if the data are supplied from such records). In this round, the data is to be collected for the last working month even if the accounts are maintained.

**6.2.5 Item 5 : Location of the enterprise:** Seven codes have been provided for this item. If the enterprise is located within the household premises, code will be 1. If the location of the enterprise is outside the household premises, codes 2 to 7 will be applicable. The codes are given below:

<u>within</u> household premises .....	1		
<i>outside household premises:</i>			
with fixed premises and with permanent structure .....	2	mobile market.....	5
with fixed premises and with temporary structure/kiosk/stall .....	3	without fixed premises (street vendors) .....	6
with fixed premises but without any structure .....	4	construction site .....	7

Any structure made out of bricks, mud, bamboos etc. will be treated as a permanent structure if it can not be removed as a whole without dismantling (code 2). Temporary structures can be removed from its present location with some effort. Examples are: stalls, kiosks etc. (code 3). Fixed premises but with no structure (except for some make-shift arrangement for shade etc.) will be coded 4. If the enterprise shifts from market to market but the owner (e.g. *hat* vendors) is allowed to sit in a particular place of the markets he is going, i.e, location of the enterprise inside each market is fixed, code 5 is applicable. Street vendors are given code 6. If site is the location of the enterprise in construction related enterprises, code 7 is to be given. If both the codes 5 and 6 are applicable for an enterprise, **major time criterion** will decide the appropriate code.

**6.2.6 Item 6: Number of months operated during the last 365 days:** Number of months operated by the enterprise in the last 365 days will be recorded against this item. Entry against this item will lie between 1 and 12. An operating month does not mean a month in which the enterprise has operated with full intensity. Suppose, in a particular month the enterprise has operated only for 5 days. Even then that month will be counted as an operating month. It may also be ensured that the fractional months in the beginning or end of the reference year are not missed in calculation. The idea is that a month should mean a block of 30 days and not always a completed calendar month.

**6.2.7 Item 7: whether mixed activity ? (yes -1, no -2):** If the enterprise is running mixed activities simultaneously, it will be reflected against this item. Mixed activity means activities mixed at any level of NIC-1998. **But for the present survey, we will restrict our attention to mixture of activities at two digit level in general. However, 551 (hotels), 552 (restaurants), 6302 (storage and warehousing), mixed with any other activity at same or higher level of NIC, will be considered as mixed activity** even if the activities carried out by the enterprise are not separable at higher levels of NIC. This is being done since these 3 activities cannot be uniquely identified at 2-digit level as per NIC-98. That means an enterprise running a mixed activity of wholesale & retail trade or manufacture of food & manufacture of textiles or trade and restaurant or real estate and legal service or communication and hotel or manufacturing and

construction, education and health, etc. will be considered under this item. Code 1 will be recorded if it is a mixed activity according to the above definition. Otherwise, code will be 2.

**6.2.8 Item 8 : Number of other economic activities taken up during last 365 days:** Since many of the enterprises in the informal sector are very small, due to necessity or otherwise, the phenomenon of carrying out multiple activities (any economic activity including self employment in agriculture, wage earning, etc.) simultaneously or at different points of time by the entrepreneurs may be quite prevalent. The number of such activities **other than the major activity** of the current enterprise is to be recorded. It may be noted that the owner need not operate his other activities from the present location. NIC level for determination of multiple activity will be same as that of mixed activity stated in para 6.2.7 above.

**6.2.9 Item 9 : Registered under any act or authority? (yes –1, no –2).** If the enterprise under survey is registered under one or more Acts/ Authorised agencies, code against this item will be 1, otherwise code 2 will be recorded.

**6.2.10 Items 10 to 12: Codes for authority of registration:** If the code against item 9 is 1, i.e. the enterprise is registered under some act/authority, then only these items will be filled in. As already mentioned, an enterprise may be registered under more than one agency. To tackle such cases, three lines are kept to record the codes for upto 3 agencies of registration. A list of such Acts and their corresponding codes are given below. If the enterprise is registered under any Act/Authority other than the ones mentioned, specify the name of the Act and give the code 19.

License issued by Municipal Corporation/ <i>Panchayat</i> /Local Body	01
Partnership Act .....	02
Provident Fund Act .....	03
Shops and Establishments Act .....	04
Sales Tax Act .....	05
State Directorate of Industries .....	06
<i>Khadi</i> and Village Industries Commission/ Board .....	07
Development Commissioner of Handicrafts/Handloom .....	08
Development Commissioner of Small Scale Industries .....	09
Road Transport Act .....	10
Motor Vehicle Act .....	11
Hotels and Restaurants Act .....	12
Money lenders' Act .....	13
Others ( please mention the act) .....	19

**6.2.11 Items 13 & 14: source/destination agency:** The objective here is to find the nature of links the enterprise has with its immediate supplier of basic inputs and immediate purchaser of the goods/services. This will also give some idea about the locations of purchase and sale for the informal enterprises. In case the source / destination agency is more than one, the top two sources / destinations may be considered for recording the codes. **Each cell should be divided into two boxes and codes should be written in descending order of value of purchase / sale from left to right.** If there is only one source / destination, it can be noted in the left most box. The relevant codes

are:

government .....	1	contractor / middleman .....	4
co-operative/ marketing		private individual / household .....	5
society.....	2	No source agency . .....	6
private enterprise .....	3	others .....	9

**6.2.12 Item 15: Problems faced by the enterprise:** Different types of problems faced by the informal enterprises in their day-to-day operation will be recorded against this item in terms of codes. In case the problems faced by the enterprises are a combination of those mentioned below, the top three major problems may be considered for recording the codes. **The cell should be divided into three boxes and codes should be written in descending order of seriousness from left to right.** If there are less than three problems, these can be noted starting from the left most box. For code 19, the problem may be mentioned in the space provided to the right of the item. “Labour problem” means problem between management and labourers. Non availability of labourer should not be given code 09. The codes are:

No specific problem.....	01
Shortage of capital.....	02
Lack of electricity/ lighting facilities.....	03
Problem of power-cut.....	04
Lack of marketing facilities /other infrastructural facilities .....	05
local problems .....	06
competition from larger units.....	07
non-availability of	08
labourer.....	09
labour problems.....	10
raw materials not available / exorbitant price .....	11
Non- recovery of service charges/ fees/ credit .....	19
Others (specify).....	

**6.2.13 Item 16: Status of the enterprise over the last 3 years:** The objective of this item is to record the owner’s impression about the growth of the enterprise. If the owner feels that the enterprise has expanded in the last three years, code will be 1. On the other hand, if the owner thinks that the enterprise has shrunk, code 3 will be recorded. Code 2 will be recorded in those cases where the enterprise has remained stagnant in the last 3 years.

**6.2.14 Items 17 to 21:** Many of the enterprises in the informal sector are not big enough to have total freedom in terms of procurement of raw materials, machinery or marketing. They may heavily depend on bigger units/ contractors /middlemen for one or more of these. A high proportion of women, for example, staying at home and carrying on their domestic duties, are also engaged in economic activities such as stitching, preparation of paper bags etc. In most cases, they do it on a contract basis for bigger enterprises. They are variously called as home workers, home based workers, out workers etc. (For understanding the nature of job the ‘home workers’ do, instructions



given in para 5.0.8 of page E7 may be seen). Apart from these, even bigger enterprises may engage in contracts for raw materials, credit, sale etc. for various reasons. This phenomenon is proposed to be captured through items 17 to 21.

**6.2.15 Item 17: Working on contract basis? (yes –1, no –2):** The enterprises in the informal sector are tiny units. In many cases, the enterprises are observed to be working as per the orders from a bigger unit. In such cases, certain conditions are put on the server unit by the contractor or master unit. Conditions may be on the sale of products, may be on the mode of payment or may be on the supply of raw materials, etc. If the surveyed unit works under contract, code against this item will be 1. Otherwise, code will be 2. For code 1 in item 17, items 18, 19, 20 and 21 are to be filled in.

**6.2.16 Item 18: Type of contract:** Four types of contract are envisaged. The codes are: working solely for enterprise/contractor – 1, mainly for contractor but also for other customers – 2, mainly for customers but also on contract – 3 and solely for customers - 4.

**6.2.17 Items 19 &20: Equipment/raw materials supplied by (code):** Three codes are applicable for these two items. Code 1 will be given when the raw materials/equipment is procured by the entrepreneur. If the raw materials/equipment is supplied by the master unit / contractor, code will be 2. Code 3 will be recorded when both the above conditions are satisfied.

**6.2.18 Item 21: design specified by contractor (yes – 1, no – 2):** In certain cases the contractor specifies the design of product to the server unit. This is common in garment manufacturing, construction activities, etc. In such situations, code against item 21 will be 1. Otherwise, code 2 may be recorded.

### **6.3.0 Block 3 & 3.1 : Principal and other operating expenses**

**6.3.0.1** Blocks 3 and 3.1 are the two blocks where operating expenses of the enterprises will be collected. The reference period for the blocks is last working month. **All expenditure in these blocks is to be recorded on payable basis.** If some expenses are made on a yearly or half-yearly basis, those are to be properly apportioned for the reference month and recorded. For items where payments are not yet made, payable amount may be obtained and recorded. For example, values payable for fuel consumed or electricity purchased during the reference month may not be readily available. Estimated charges will be recorded in such cases irrespective of whether full payment has been made or not.

**6.3.0.2** Schedule 2.0 covers almost the entire non-agricultural sector of the economy. Because of the large number of activities being covered, it is possible that for enterprises of a particular activity, certain items of expenditure may be very high. But for the same item, for other activities this may be just an incidental expense. In order to capture the expenses, two blocks, Blocks 3 and 3.1 have been formed. Block 3 provides for covering the principal expenses and block 3.1 to record all expenses not covered under block 3. There are, of course, common items in blocks 3 and 3.1. It must be noted that items will

first be filled in block 3 and only those not covered in that block, will be filled in block 3.1. i.e. block 3 will get priority over block 3.1. It must be ensured that there is no duplication or omission. For example, service charges payable to other enterprises for a construction contractor is a major expense and should be recorded in item 324 of block 3 and not against item 387 of block 3.1. Similarly, repair and maintenance charges of transport equipment for a transport enterprise will be recorded against item 343 and not against item 377 of block 3.1. For activities for which separate sub blocks are not provided in block 3, all expenses will be recorded in block 3.1 only.

**6.3.0.3** For the sake of convenience, block 3 has been sub-divided into 7 sub-blocks. These sub-blocks record the principal expenses for manufacturing; trading; construction; hotel and restaurants; transport, storage and communication; education and medical & health activities. The items have been given 3-digit codes to facilitate data processing. The total item always ends with 9. **Values to be collected in the block will be in whole number of rupees only.**

### **6.3.1 First sub-block: manufacturing activity**

**6.3.1.1 Items 301 to 304:** This sub-block will record the materials consumed in the manufacturing process. Three major raw materials may be recorded in items 301 to 303. Item 304 will record the combined value of the remaining raw materials consumed during the reference month. This block is intended to record value of raw materials consumed (excluding intermediate products) during the reference month. Since the objective is to record the actual value of various inputs, the amounts **actually consumed** of the various input items are to be recorded. Any material produced at home and used in the enterprise as raw material will be included in this sub-block. For raw materials collected free of cost, labour charges and/or transport charges incurred, if any, will be taken as the value of the raw materials. But if no expenditure is incurred for such free collection, no imputation need be made.

**6.3.1.2 Item 305:** Purchase value of goods sold in the same condition as purchased is to be reported against item 305. This will show the **trading** part of the manufacturing enterprises. The purchase value of all goods which are purchased and sold without any transformation will be recorded here. This will also include the purchase value of goods bought exclusively for sale.

**6.3.1.3 Valuation:** The value of consumption relates to all the materials utilised in the process of production. These may be purchased during the reference period or prior to the reference period or these may be supplied by the household. The values of these materials are to be calculated by taking the purchase price, where purchase price will mean the delivered value of the goods at the enterprise, i.e., it will include agents' commissions and taxes/duties paid, if any. Evaluation of the materials supplied by the household will be done at the ex-farm price.

### **6.3.2 Second sub-block : trading activity**

Trading is an act of purchase and sale of goods without any transformation. A grocery shop or a fruit vendor typifies a trading unit in the informal sector. The major three commodities of the trading enterprise will be recorded against items 311 to 313. The combined value of purchase of the remaining items will be reported against item 314. For credit purchase also **full value** of the commodities will be reported. Purchase price will include transport charge, sale tax, octroi and any other incidental charges mixed up with the cost of commodities. Barter trading **should not** be treated as trading activity. **Selling of own produce is also not covered under trade.**

### **6.3.3 Third sub-block : construction activity**

Informal construction activity will cover the enterprises which are associated with the construction work. These are mainly small contractors/sub-contractors, **self employed** plumbers, masons, electricians, *mistries*, etc. The activities of such enterprises are more or less similar to the activities of service sector units. However, construction of buildings for own use will not be covered in this survey.

**6.3.3.1 Items 321 to 324:** This sub-block is applicable to contractors and sub contractors only. The contractors sometimes procure materials like cement, sand, stone-chips, paints and also pay to the labourers or to the sub-contractors all of which form the expenditure side of such enterprises. The amount they receive from the owners of construction work forms the receipt side. Items 321 to 323 are provided for recording the expenses made on raw materials and other items consumed for construction. Item 324 will record the service charges **the contractor pays** for work done by other masons, plumbers, *mistries* for whitewashing, tiles fitting, etc. It may be noted that these masons, plumbers, etc. may also be enterprises in their own right and are eligible to be covered as separate enterprises. So they should not be treated as employees of the contractor. But if they are working fully for that contractor in return for wages, they will be treated as workers. Care should be taken to assess the nature of conditions under which the masons, etc. work so as to avoid duplication in value added. However, office staff of the contractor or the team of labourers who work for that contractor throughout the year are to be counted as workers. For masons, plumbers, etc., the operating expenses may be negligible. Any expenses made by them may be recorded in block 3.1. The value added by these enterprises will be measured mainly by the charges they receive for service rendered.

### **6.3.4 Fourth sub-block : Hotel and restaurant activity**

**6.3.4.1 Item 331:** Values of all articles consumed for preparation of food and drink will be recorded for the reference month. All spices, oil, vegetables, meat, eggs, curds, milk, sauce, squash, etc. will be taken into account. The articles consumed for both soft and alcoholic drinks are also to be considered. The value should include the credit purchases as well.

**6.3.4.2 Item 332:** Some articles like cold drinks, cakes, pastries, beer, wines etc. are traded by the hotels and restaurants. The purchase value of such goods may be recorded against this item.

**6.3.4.3 Item 333:** All such items like crockery, glassware, bedding and other consumables i.e. items those are of semi durable nature, will be recorded against this item. Care should be taken so that the fixed assets are not covered here. Furnishing materials like curtains, flower vases, etc. will also be reported here.

### **6.3.5 Fifth sub-block : Transport, storage and communication activities**

The major items of transport enterprises, storage and warehousing enterprises as well as communication enterprises like STD booths, courier services etc. will be recorded against items 341 to 346 of this sub-block. Items 341 to 343 are for transport enterprises, 344 to 345 are for warehousing enterprises and item 346 is for communication enterprises.

**6.3.5.1 Items 341 and 342 :** Value of petrol, diesel and lubricants consumed during the reference month will be entered in item 341. Expenses incurred on changing batteries, tyres, tubes and rethreading cost of the tyres will be reported against item 342.

**6.3.5.2 Item 343:** Repair and maintenance charges of the transport equipment will be entered in item 343. Expenditure on repair and maintenance should not include expenditure of a capital nature. Replacement of some major part of the transport equipment will not come under repair and maintenance. If animals are used for drawing transport equipment, then fodder cost as well as medicines and service cost for herding the animal will also be incorporated in item 343.

**6.3.5.3 Items 344 and 345:** All consumable stores used in the warehouses will be recorded here and not in item 385 of block 3.1. The warehousing enterprises are generally insured for some risk coverage. The insurance charges payable for the commodities stored will be reported in item 345.

**6.3.5.4 Item 346 :** The communication expenses for STD booth are collected in this item. The call charges payable to the government along with the rent payable may be apportioned for the month (these charges are generally paid once in two months) and recorded in this item.

### **6.3.6 Sixth sub-block : Educational activity**

Major operational expenditure incurred in running the educational establishments will be shown in this sub-block. The recurring expenses on laboratory, newspaper, etc. will be noted against item 351. Expenditure for purchase of books, school uniform etc. sold to students will also be shown against this item. Maintenance of furniture and fixtures like tables, chairs, projectors, laboratory equipment etc. will be considered in item 352.

### **6.3.7 Seventh sub-block : Medical and health activity**

Major expenses relating to the medical and health activity will be recorded in this sub-block. Expenses on diet and medicines given to the patients will be reported against items

361 and 362. Expenses made on disposable therapeutic equipment like bandages, syringes, etc. will be recorded against item 363. Expenditure on repair and maintenance of building, professional equipment and other assets will be shown in item 364.

### **6.3.8 Block 3.1: Other operating expenses:**

**6.3.8.1** Block 3.1 will record the other operating expenses not covered in block 3 for the above 7 types of activities. In general, for service enterprises, this block will record all the operating expenses as no separate sub block has been provided in block 3. It may be noted that the item numbers after 378 and 388 are 381 and 391, respectively i.e. continuity is broken. These have been done in order to keep the digit 9 at unit place for sub-total or total items.

**6.3.8.2** This block has 17 items. These will cover fuels, lubricants, electricity charges, packing materials, consumable stores, postal charges, stationery cost, taxes paid, etc. Expenditure on minor repair and maintenance of fixed assets and charges for work done by other concerns (whether paid or payable) are also to be taken care of. Cost of transportation of goods (raw materials) from the source of supply to the site of the enterprise and the commission paid to the purchasing agents for this purpose will also appear in this block.

**6.3.8.3 Items 371 and 372:** If the total amount of electricity consumed during the reference month is not paid, the amount payable pertaining to the month will be ascertained and recorded here. If the exact amount of the bill is not known for some months, the value will be estimated on the basis of the electric bills paid during the recent past. The value of coal/coke, other fuels (POL for fuel etc.), lubricants consumed will be recorded irrespective of whether full payment has been made or not. That part of fuel which is produced and consumed in the process of production (intermediate products) wherever possible are to be excluded.

**6.3.8.4 Item 373 :** All materials consumed for own construction of passage, raising wall, digging well, etc. for the enterprise may be recorded here. Materials like cement, sand, stone chips will be treated as raw materials for own construction of building. Similarly, materials used for own construction of furniture and fixtures and for small machineries of the enterprise will also be recorded at purchase cost. The **labour cost** for such construction may also be included in this item while reporting. It may be noted that labour charges paid for own construction will be covered against this item and not against item 387.

**6.3.8.5 Items 374 to 378 :** These items will consider the expenses made for minor repair and maintenance of building, furniture, machinery, transport equipment and other fixed assets. Item 374 will include the repair and maintenance expenses for the building in which the enterprise is accommodated. Repair of building means patchwork like plastering, painting etc. Expenses for repair and maintenance of furniture and fixtures will be recorded in item 375. The value of materials used in repair and maintenance of machinery and transport equipment will come under items 376 and 377 respectively.

Similar expenses for tools and appliances and other equipment used for the enterprise will be covered under item 378.

It may be noted that improvement cost of fixed assets by which the life of fixed assets is increased, will not be covered under these items. Similarly, replacement of some major parts of fixed assets which require considerable expenditure will also not come. Amounts paid to others for carrying out minor repair and maintenance of fixed assets including cost of materials supplied will be included against appropriate item. Maintenance cost of animals used for transport enterprise will be recorded against item 343 of block 3.

**6.3.8.6 Item 381 :** Rent on assets other than land and building may be noted against this item. Hiring of machinery and equipment by the enterprise is a common phenomenon for many of the informal enterprises. But there may be cases where assets are neither owned nor hired (i.e. encroached). Assets may also be of free-hold type. In such cases, rent may be considered as 'zero' and no imputation need be done.

**6.3.8.7 Item 382:** This is the item where commissions payable to agents and payment towards contract and sub-contract services are to be recorded.

**6.3.8.8 Item 383 :** Expenses on transportation of materials will be entered against this item. If these are already included in the value of materials consumed, **these items should not be filled in separately**. It may be noted that expenditure proportionate to the materials consumed during the reference period is only to be recorded. The travelling expenses associated with the entrepreneurial activity will also be shown against this item.

**6.3.8.9 Item 384 :** Expenses on communication like telephone, telegram, fax, postal, courier, e-mail, voice-mail, etc. are to be recorded here. The item is self-explanatory. Even for a communication enterprise, such expenses may exist apart from the item already covered in sub block on communications in block 3.1.

**6.3.8.10 Items 385:** Expenses on Consumable stores, packing materials etc. will be reported in this item. Care should be taken to exclude those materials consumed for the construction of fixed assets. Adhesive solution, rubber pieces, pins etc. used in the bicycle repairing shop will come under this item. The value of packing materials like paper, cloth etc. will also be recorded against this item. However, packing materials should not be confused with direct materials. The treatment of packing cost depends on the nature of products/ service sold. If the articles cannot be sold without a package or a container e.g., medicines, perfumes, etc., the cost of packing forms part of the prime cost and the package will be treated as direct materials. Stock of tins, cartons, wrappers, cases, boxes etc. in such cases must be treated in the same manner as the stock of raw materials.

**6.3.8.11 Item 386 :** For any enterprise, some amount is paid for purchasing materials like paper, printing of bills or logos and other stationery articles. All such charges may be recorded against this item. It may be noted that the stationery may be purchased at one

time and used for several months. In such cases, monthly consumption may be estimated and reported.

**6.3.8.12 Item 387 :** If any payments are made or due to be made to other concerns for work done on materials supplied to them by the reporting enterprise, the amount so paid or payable should be reported against this item. If charges are paid to home workers or sister concerns, those will also be recorded here. This will cover warehousing charges, advertising charges, expenses towards legal, audit and accounting services. Intention is that the services are to be purchased from another establishment which is also adding some value to the economy.

**6.3.8.13 Item 388 :** This will include license fees, municipal taxes on land and building and any other cess or taxes for the reference month. However, fines or penalties for any breach of contract or non-compliance of law relating to running of the enterprise will be shown against those items for which penalties have been demanded. Local subscriptions, if any, may also be included here. Subscription to business associations will be recorded against this item. Road tax, toll tax in respect of transport enterprises will also be recorded here. However, indirect taxes and excise duties are not to be recorded here since they form part of distributive expenses.

**6.3.8.14 Item 391 :** Any other expenses of the enterprise which are not covered under any of the items 371 to 388 will be reported against this item. Regular puja expenses, expenses towards customer entertainment, purchase of daily newspaper, etc. are a few expenses of this type.

#### **6.4.0 Block 4: Principal receipts**

Block 4 will record the principal receipts in seven sub-blocks corresponding to which the principal expenses have already been collected in block 3. The items are earmarked in the sub-blocks activity wise against which the principal receipts will appear. In the paragraphs given below, detailed instructions are provided to collect information on these items. As said earlier, there will be some commonality in items between blocks 4 and 4.1. Precaution has to be taken that whenever an item has already been covered in block 4, receipts are not duplicated against a similar item in block 4.1. Examples of such items are: service charges (items 442, 454, 463, 464 and 482 of block 4) and receipts from services provided (item 491 of block 4.1). Again items 473 and 483 of block 4 and item 495 of block 4.1 relate to donations. In each such case, priority will be given to items of block 4 over block 4.1. The approach of data collection will be the amount receivable during the reference month.

#### **6.4.1 First sub-block: manufacturing activity**

The purpose of this block is to record the values of finished products and by-products produced in the enterprise during the reference month. The value of output that is not sold has to be evaluated at factor cost and reported. The procedure is different from

that followed in Special Enterprise Survey where only items sold during the reference period was considered and **finished products** remaining in stock were taken into account while calculating the change in stock figures. In this round, change in stock of only semi-finished goods will be considered.

**6.4.1.1 Items 401 to 404:** Names of 3 major products/by-products and value of their output will be reported against these items. Value for goods manufactured (actually sold or not sold) will be considered at ex-factory value and reported. If the number of products and by-products exceeds 3, the value of remaining products will be added together and the total will be shown against item 404. The intermediate products (Intermediate products are used in the production of final products of the manufacturing unit. Intermediate products lose their identity in the final product) made by the enterprise and meant for further processing are generally not included here, but if they are sold as they are, they should be included.

**6.4.1.2 Item 405:** The ex-factory sale values of all goods incidental to manufacturing which were sold in the reference month in the same condition as they were purchased will be recorded here. This will also include the sale value of goods bought exclusively for re-sale.

**6.4.1.3 Valuation :** The values of finished products and by-products which were produced and made ready for sale/use/free distribution/home consumption and the value of intermediate products, if any, that were produced and made ready for sale during the reference period, will be recorded in whole number of rupees. Value of manufactured products lost by theft/damage/destroyed by fire etc. during the reference period will also be included. The ex-factory value of the products and by-products will be reported here. It **excludes** excise duty paid or sales tax realised by the enterprise on behalf of the Government as also all distributive expenses incurred such as discount or rebate, charges for carriage outward, commission to selling agents, etc.

**6.4.1.4 Items 411 to 413 :** For any manufacturing process, a stock of semi-finished goods (goods which are yet to get the shape of final product) remains at the beginning and at the end of the reference period. The net balance (item 412 – item 411) of such semi-finished goods forms a sort of notional output for that enterprise. The value of net balance of semi-finished goods will be recorded against item 413 with appropriate sign ('+' for increase and '-' for decrease).

**6.4.1.5 Item 419:** Total of items 409 and 413 will give the total principal receipts from the manufacturing unit.

#### **6.4.2 Second sub-block : Trading activity**

The total sale value of the commodities sold during the reference month will be recorded in this block. Provision has been kept to record sale value of three major commodities against items 421 to 423. If there are more than three items sold, the combined value of such commodities will be recorded against item 424. Item 429 will represent the sub-total



of the commodities sold.

**6.4.2.1 Items 431 to 433:** In any trading unit generally some goods are left in stock at any point of time. Items 431 and 432 will record the opening and closing value of such stock at purchase price. The value of stock should include the credit purchases also. It is not easy to get the stock figures from the trading enterprise. As a proxy measure, capital locked up in stock may be collected. The estimates of the stock figures will be noted at the beginning and at the end of the reference month. The difference of items 432 and 431 will be noted with proper sign against item 433, which will refer to the change in stock of trading goods.

**6.4.2.2 Item 439:** This item is the total of items 429 and 433 and represents the total principal receipts from the trading unit.

**6.4.2.3 Valuation:** The valuation of trading goods will be done at sale price. Sale price will include excise duties and other incidental charges associated with sale. But this will be net of discount, rebate or allowances which are given by the suppliers to the traders or by the traders to the customers. However, the stock figures will always be at the purchase price.

**6.4.2.4 Item 440:** This item will record the overall trade margin of the unit as a direct query from the traders. Trade margin is the percentage gain in sale price over the corresponding purchase price and it may not necessarily pertain to the reference month only. Trade margin will refer to the margin the trader normally keeps in the transaction of the trading goods. Note that **this item does not form a part of the value added of the sample unit but is collected to have an assessment of the consistency of the collected data.**

### **6.4.3 Third sub - block: construction activity**

The receipts of the construction activities will be of two types. The first part will relate to the receipt of the contractors/sub-contractors for whom the expenses have already been recorded in items 321 to 324 of block 3. The second part relates to the service charges of self employed masons, plumbers, painters, plasterers, etc. in return for their work in the construction activity.

**6.4.3.1 Item 441:** Against this item, the total amount received by the sub-contractor (which is the selected enterprise) from the master contractor or the amount received by the contractor (sample enterprise) from the owner of the construction work will be reported.

**6.4.3.2 Item 442:** The service charges received by the masons, plumbers, etc. either from the contractors (who purchase their service) or directly from the owner will be recorded here. The construction activity may be new or repair and maintenance of the old buildings. The masons or plumbers or plasterers, sometimes, receive commissions from the traders of construction materials as incentives for promoting their sale. Such commissions may also be recorded against item 442.

**6.4.3.3 Item 449:** Total of items 441 and 442 will be recorded against this item. It may be noted that the same item is repeated in item 491 of block 4.1. Care may be taken so that duplication is avoided.

#### **6.4.4 Fourth sub - block: Hotel and restaurant activities**

In this sub- block all principal receipts in relation to the hotel and restaurant activity will be recorded. Four items are kept for the purpose.

**6.4.4.1 Item 451:** Lodging charges receivable for hiring out rooms, rent for conference halls, etc. will be considered against this item. If lodging charges includes the breakfast or meal charges, the combined value may be recorded here.

**6.4.4.2 Item 452:** The receipts from sale of prepared food, refreshments and drinks will be considered against this item when they are separately charged. If the hotels and lodging places sell prepared food to outsiders, the receipts will be noted here.

**6.4.4.3 Items 453 and 454:** Receipts from trading of purchased food like ice creams, pastries, patties, drinks, etc. will be recorded against **item 453**. This is the receipt part of traded goods. Drinks will mean soft drinks as well as hard drinks. If the enterprise does any catering business and serves to other concerns or individuals, the receipt will be noted against **item 454**.

#### **6.4.5 Fifth sub-block: Transport, storage and communication activities**

**6.4.5.1 Items 461 and 462 :** These two items will record the earnings from transport activity, from passenger traffic and from goods traffic, respectively. Charges received from the customers for contract/chartered service will also be noted as earning from passenger traffic( item 461). If the same vehicle is used for passenger as well as goods transport, the total earning may be recorded against the predominant activity, if separate accounts are not maintained. Charges received by enterprises providing services incidental to transport (operation of bridges, loading/unloading of vessels, travel agency, maintenance of docks, etc.) will, however, be recorded in **item 491** of block 4.1.

**6.4.5.2 Item 463:** This item is intended to collect the service charges received by the storage and warehousing enterprises. **Godowns used for storing of own produce is not to be considered.** No imputation is needed if commodities are stored in one's own warehouse.

**6.4.5.3 Item 464:** Total charges realised from the customers by STD booths or a courier concern or a unit which caters to fax or e-mail services will be noted against this item. The receipts for services provided during the reference month will only be recorded by receivable approach. **Total receipts** and not just the commissions will be reported here.

#### **6.4.6 Sixth sub-block: Educational activities**

The receipts include earnings from fees, receipts for service provided and donations/ grant from government as well as individual persons / organizations. Receipts from students on account of sale of text-books or uniforms will also be shown. **Lump sum donation / grant received may be apportioned for the month and recorded.**

**6.4.6.1 Items 471 and 472 :** Tuition fees receivable from the students will be entered in **item 471**. Other fees such as library fee, laboratory fee, examinations fee, games fee, medical fee, bus fee, etc. will be recorded against **item 472**. This will not include hostel fee. Item 472 will also exclude fees collected on behalf of other authorities such as secondary board, university etc. This will also exclude refundable deposits such as library deposit, laboratory caution money, etc. collected from students. The developmental fee realised from students will be shown against this item. Receipts from sale of books, school uniform etc. will also be shown against item 472.

**6.4.6.2 Item 473 : donations/grants :** All recurring / non-recurring grants received from central, state and local governments will be recorded against item 473. Similarly, all recurring / non-recurring donations received from persons, national / international organizations will be entered against this item. Lump sum donation / grant received may be apportioned for the month and recorded.

#### **6.4.7 Seventh sub-block: Medical and health activities**

Like in educational enterprises, here also receipts include earnings from consultation fees, receipts for various services provided, government grants and donations from persons and organizations. Many medical practitioners do not only charge consultation fee, but purchase of medicines against his prescription from his dispensary is obligatory. In such cases, receipt against this prescription will also be shown as receipts of the doctor. In case of hospitals or nursing homes, receipts for service other than that rendered by doctor like OT charge, pathological tests, expenditure on diet for patients, cabin etc. may be shown against item 482. **Lump sum donation / grant received may be apportioned for the month and recorded.**

**6.4.7.1 Item 481:** This includes charge for services rendered by doctors. The amount receivable will be inclusive of charges of medicines, if supplied by the doctor. The medicines provided to the patients by the nursing homes may also be recorded here.

**6.4.7.2 Item 482:** This includes cabin charge, operation theatre charge, charges for clinical and radiological examination, charges for cabin, nursing, diet etc.

**6.4.7.3 Item 483 :** All recurring/non-recurring grants received from central, state and local governments will be recorded against item 483. Similarly, all recurring/non-recurring donations received from persons, national organizations and international organizations will also be entered against this item. Lump sum donation / grant received may be apportioned for the month and recorded.

### **6.4.8 Block 4.1: Other receipts**

This block is applicable to all enterprises. For the specific activities mentioned in the seven sub-blocks of block 4, this block will record the receipts not covered there. But for all other service enterprises such as cultural, social services, real estate, legal, financial services, etc. this block will provide the principal and also the incidental expenses. There are 6 items in the block. Item 499 gives the total. Item-wise descriptions are given below:

**6.4.8.1 Item 491 :** This is the main item of this block. Service provided to other concerns will mean work done for other concerns whether such services are rendered inside or outside the premises of the reporting enterprise. In rendering services, the materials for processing or repairing is generally supplied by the reporting enterprise. In such cases, service charge should **include** the material cost. Even if the payment is not yet received, the amount will be recorded here. If materials are purchased for the customer which will be reimbursed subsequently, price of the materials will be ignored, only the service charges are to be recorded. Service charges received in kind are to be imputed. As already mentioned, this item will give the main receipts for most of the servicing enterprises, except educational and medical & health activities. If charges received for works done are already taken care of in one of the sub-blocks, duplication should be avoided.

**6.4.8.2 Item 492:** This is the receipt item corresponding to the item 373 in block 3.1. In fact, this will present the value added for the own construction of building, furniture & fixtures if taken net of item 373.

**6.4.8.3 Item 493:** Value of goods and/or services produced by the enterprises for sale but ultimately consumed by the entrepreneur or by the employees of the enterprise will be noted here. Any part of the finished products which were supplied to sister concerns will also be included. Grocery items consumed in household, manufactured cloth worn by the owner, restaurants providing food to the cooks are some of the items of this kind. The goods/ services provided should be evaluated at owner's cost. However, if goods obtained free of cost are consumed, no imputation is required.

**6.4.8.4 Item 494:** If a trading/manufacturing unit hires out durable goods, the receipts there from may be recorded against this item, since value added by this marginal activity will otherwise be missed. For enterprises basically engaged in renting out of machinery and equipment, this is the main item. In such cases, the rent obtained is their service charges. The earnings for such enterprises may be recorded against this item **and not against item 491**.

**6.4.8.5 Item 495:** Same as items 473 and 483 of block 4. **Lump sum donation / grant received may be apportioned for the month and recorded.**

**6.4.8.6 Item 496:** This will include any other receipt incidental to entrepreneurial activity. Receipts from a few services like informal agency, consultancy etc. will be

recorded here. Incentives received by the enterprise may be recorded here. Receipts from sale of used cartons or used wrappers may also be added. The net receipts against sale of tickets for annual function conducted by some institutions may be shown here. Other receipts will **exclude** interest and dividend, since these are not accrued due to entrepreneurial activity.

### **6.5.0 Block 5 : Calculation of gross value added for the reference month**

This block has only two items. The items are transfer entries from blocks 3, 3.1, 4 and 4.1 and are mostly self-explanatory. The value added figure obtained against item 509 with proper sign is comparable with the entry against item 5 of block 10. If there is a large divergence between these two figures, further queries may be made and appropriate comments may be added in blocks 12 and 13.

### **6.6.0 Block 6 : Employment particulars of the enterprise during the reference month :**

**6.6.0.1 Worker :** A worker is defined as one who participates either full time or part time in the activity of the enterprise. 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.

**6.6.0.2** Particulars in this block will relate to all workers - paid or unpaid. The average number of persons usually working on a working day during the reference month (for reference month please see para 6.0.2) shall be recorded in this block. All categories of workers such as supervisory and managerial staff, clerks, typists, sweepers etc. will be recorded separately for male and female. This includes working proprietors and apprentices (paid or unpaid), unpaid helpers and part-time workers as long as they are engaged on a fairly regular basis. A worker need not mean that the same person will be working continuously; it will only refer to a position. As mentioned above, the average number of workers engaged on a working day during the reference month shall be recorded separately for different categories of workers. Item-wise details are discussed below.

**6.6.1 Item 1 : 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.

**6.6.2 Item 2 : Hired worker :** A hired worker is a person employed directly or through any agency on payment of regular wage/ salary in cash or kind. Apprentices, paid or unpaid, are to be treated as hired workers. Paid household workers, servants

and resident workers of the proprietor (in the case of proprietary enterprise) or partners (in the case of partnership enterprise) working in an enterprise are also to be considered as hired workers for the purpose of making entry against this item. It may be noted here that the information regarding working owner/ partner(s) shall be recorded against item 1 only and not against item 2, even if they take regular payment from the enterprise. It is possible that for an OAE also, hired workers may be found in some situations. This may happen when an enterprise is identified as OAE at the listing stage on the basis of one year reference period, but in the reference month there is a hired worker in the enterprise.

**6.6.3 Item 3 : Other worker/ helper :** Information regarding the workers not covered in items 1 & 2 above shall be recorded against this item. 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 will be considered for recording entries against this item.

**6.6.4 Item 4 : Total :** Total of different types of workers as recorded against the items 1, 2 & 3 of this block will be entered against item 4.

**6.6.5 Columns 3, 4, 5 & 6 : Average number of workers during the reference month - full time and part time :** The average number of persons, separately for male and female, engaged in the enterprise during the reference month for each of those categories of workers will be recorded in columns 3 & 4 for full time and 5 & 6 for part time workers, respectively. It may be noted that female workers, if any, may be recorded first. Persons working for less than or equal to half of the normal working hours of the enterprise on a fairly regular basis will normally be considered as part time workers. Full time workers are those who work for more than half of the period of normal working hours of the enterprise on a fairly regular basis. In calculating the average number of workers under full time and part time categories, persons falling under each of the categories shall be considered separately. Two part-time workers in an enterprise will be counted as 2 and not 1.

**6.6.6 Column 7 : Total :** Totals of the entries made in columns 3, 4, 5 & 6 shall be recorded in this column separately for each type of workers and also for the total line of type of worker (i.e. column 1, item 4). Please check that the total of columns (3) to (6) for item 4 is matching with the total of items 1 to 3 of column (7). This intersection of item 4 and column 6 gives the total number of workers of the sample enterprise.

## **Block 7 : Compensation to workers during the reference month**

**6.7.0** This block is applicable for enterprises which are run with the help of hired

workers (for definition of hired worker please see para 6.6.2) and which make regular payments to the individual workers as salary / wages, bonus etc. in cash or kind or both. There may be other type of payments like canteen facility, health care facility, recreation club facility, etc. which are paid in kind to a group or to all the workers of the enterprise. All types of payments, whether individual payments or payments made to a group are to be recorded in this block. The entries in this block are to be made in whole number of rupees.

**6.7.1 Item 1 :Salary/wages, allowances and other individual benefits (cash & kind) :** Salaries/ wages payable to the individual workers for the reference month will be recorded in this item. This will include, besides the stipulated pay, all other allowances like dearness, house-rent, over-time, shift etc. Payments which are given in kind, more or less regularly as salary or wages or as a part of salary or wages, are to be included here and to be evaluated at cost to the employer. This means, for example, if in a restaurant enterprise, meal is regularly provided to the workers free of cost, then cost price of the meal is to be recorded here, not the price the meal would have fetched had it been sold to the customers. This item also includes payments like bonus, retirement benefits, ex-gratia payment, employer's contribution to ESIC fund, provident fund, etc. Payments of the latter kind are generally made once in six months or once in a year or at the time of retirement only. For this type of one-time-payment, the apportioned amount for the reference month should be included. It may be noted that for own account enterprises (where there is no hired worker on a fairly regular basis) also, there may be positive entries in this item if that OAE had engaged hired workers during the reference month.

**6.7.2 Item 2 : Imputed value of group benefits for the month :** This includes expenses (net cost to the enterprise) made by the employer to provide amenities and benefits in kind to workers as a whole during the reference month which are of the following types :

- (i) provision of canteen, crèches, sports & recreation clubs, dispensary, etc.
  - (ii) provision of food, beverages, tobacco, uniforms, lodging & other kind benefits, if any, free of cost or at subsidised rates.
- If monthly figures are not available, then imputed value of these group benefits may be recorded against item 2.

**6.7.3 Item 3 : Total monthly emoluments :** Total of items 1 & 2 which gives total emoluments payable to the workers for the reference month shall be recorded here.

### **Block 8 : Fixed assets owned and hired**

**6.8.0** This block is meant for recording value of fixed assets owned and hired by the sample enterprise. Three reference periods have been used in this block. While the value of assets will be collected as on the date of survey, net addition to the fixed assets will be recorded for the last 365 days. The value of rent payable on hired assets should be recorded for the reference month.

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

**6.8.0.2** Fixed assets for our purpose include assets used for production, transportation, living or other facilities (recreation etc.). Full value of assets taken on hire purchase/ instalment (whether fully paid or not) excluding interest should be considered. Intangible assets like goodwill etc. are excluded. The assets under construction i.e., construction of building etc., installation of plant and machinery, preparation of chassis of truck etc. (transport equipment) may be reported under the relevant items. Advance payment for fixed assets not yet received should not be considered. The information to be recorded here is by physical approach. Fixed assets owned but rented out are not to be accounted for. Additions to fixed assets (as distinct from repair work) during the reference year is to be included. Information for land and building need not be given separately. For the enterprise which has not yet started providing service and is engaged in the process of installation, fixed assets will be duly considered.

**6.8.1 Item 1 : Land and Building:** Land will mean the land on which the enterprise is accommodated together with the surrounding area which is used for the enterprise. This will also include improvement to land. However, if only a portion of the land belonging to the residence of a household is utilised for the enterprise, only that portion of the land may be considered as capital assets for the enterprise. Land owned with permanent heritable possession with or without right to transfer the title will come under this item. Land held on long term lease, say, 30 years or more will also be treated as land owned. For encroached land, market value will be recorded in column (4) and entry '0' in column (6) with the supporting remarks in block 12. **Building** is the structure which houses the activities of the enterprise. This will also include all other structures like shed, house, portions of a house or other structure, building under construction and other conveniences in which the activities of the enterprise are carried out. This will include other constructions such as laying of passage, raising of wall, construction of water tank or sewerage, boring of tube-well, etc.

**6.8.2 Item 2 : Plant and machinery :** Plant is generally the name given to an assembly of machinery/ equipment / devices installed for the operation of entrepreneurial activities. Machinery means an implement or mechanical device used in the entrepreneurial activities. These are assets of durable nature and can be easily identified. The full value of the machinery should be reported, if the machinery was purchased during the year on hire-purchase basis. Advance payments made for the purchase of a machinery (not in possession on the date of survey) will not be recorded.

**6.8.3 Item 3 : Transport equipment :** All vehicles, power-driven or man/animal-driven, used for transporting passengers (only for transport activity), goods and materials by the enterprise in connection with its activity will be covered by this item. Animals, if used for drawing vehicles or carrying loads, will be treated as part of transport



equipment, otherwise it will be included in item 4. If the equipment is used both for domestic as well as enterprise purpose, the criterion to be followed is major time disposition of the equipment i.e., whether equipment is used more for domestic purpose or for use in enterprise. Transport equipment which is occasionally rented out will be included if it is mainly used for the activities of the enterprise.

**6.8.4 Item 4 : Tools and other fixed assets :** **Tools** refer to small loose implements, generally held in hand for operation and having normal life of more than one year. **Other fixed assets** refer to other durable equipment (not covered under items 1 to 3 above) which are used for the entrepreneurial activity either directly or indirectly. These will include furniture, fixtures, laboratory equipment, office equipments etc. Livestock used in oil *ghani* will also be included under this item. If the same animal is used part of the time in oil *ghani* and part of the time for transporting materials, it will be classified under item 4 or item 3 depending upon major time spent.

**6.8.5 Item 5 : Total :** Total of items 1 to 4 which gives total of different types of fixed assets.

**6.8.6 Columns (3) & (4) : Market value of assets as on the date of survey :** Market value of the fixed assets as on the date of survey separately for owned and hired assets shall be recorded in columns (3) & (4) respectively. Market value means the value that the equipment would have fetched from the open market if sold in present condition.

**6.8.7 Column (5) : Net additions during last 365 days :** In this column information regarding net additions to the fixed assets owned during last 365 days will be recorded. Net addition may be obtained by subtracting depletion of assets from the addition made during last 365 days. Addition and depletion of the fixed assets are discussed below.

**6.8.7.1 Addition to the fixed assets** could be made through purchase (new or used) or through own construction. The value of items received otherwise (i.e. gifts etc.) during last 365 days will also be included. Improvements on land, new construction of building, shed, structure, as well as assets produced on own account during last 365 days will be considered as additions to the fixed assets. In the case of addition through own construction, values to be included against different types of assets need to be estimated by considering :

- (a) value of purchases of all materials used for the purpose,
- (b) amount paid for labour or service charges on that account,
- (c) imputed value of goods / services supplied by the household, if any.

Fixed assets acquired from others should be valued at the full cost incurred, that is, at the delivered price **plus** the cost of installation, including any necessary fees and taxes paid but excluding financing costs, if any. Repair and maintenance cost of minor nature will not be included but replacement of some major parts, which require considerable (capital) expenditure will be considered for inclusion. (Cost of routine repair and maintenance of fixed assets are to be reported in block 3.1 against

appropriate items from 374 to 378). Home-grown materials, if any, used in own-construction are to be evaluated at ex-farm price. If any material already lying with the household for a long time and used for own construction, their values should also be determined at cost price (cost to the household).

**6.8.7.2 Depletion of assets** is obtained by considering the assets sold and discarded during last 365 days. 'Sale' that is only agreed upon but not effected during last 365 days will not be included even if money having been taken in advance. Similarly, the value of assets sold will be included though payment is yet to be received. The value of assets disposed off in any manner other than sale, will be treated as value of assets discarded. Besides obsolescence (gone out of use) of an asset, this will include loss due to theft, damage, accident etc.

**6.8.8 Column (6) : Monthly rent on hired assets :** It has already been mentioned in para 6.8.6 that the present market value of hired assets used by the enterprise on the date of survey will be recorded in column (4). The rent payable for the reference month on the hired assets by the enterprise will be recorded in this column. If no rent is payable for any asset put '0' in column (6) for that particular type of asset with appropriate remarks in block 12. If an enterprise is located in a rented house where the household resides as well, rent may be imputed on the basis of floor area occupied by the enterprise. For rent paid in kind, imputed value may be given. If the enterprise runs in one's own house, rent need not be imputed.

### **6.9.0 Block 9 : Loan outstanding as on the date of survey**

**6.9.0.1 Any borrowing in cash or kind to be repaid in cash or kind is termed as loan.** When a loan is granted by a banker/financier to an enterprise, the whole amount is placed at the disposal of the enterprise and interest at an agreed rate is charged thereon from the date of disbursement of the loan. Information on amount of loan taken including interest which is outstanding on the date of survey by different sources of loan will be recorded in block 9. It may be noted that loans taken for the purpose of utilising the same in the entrepreneurial activities of an enterprise will be included even if such loans are used for other purposes. On the other hand, loan taken for other purposes but ultimately used in the enterprise will be excluded. In case of hire purchase also, loan outstanding on the date of survey, including interest will be considered in block 9 against the corresponding serial number. While loans are generally given in cash from agencies 1 to 3, it can be either cash or kind or both from other agencies. **All entries in this block will be made in whole number of rupees.**

**6.9.0.2** Amounts due to merchants/ shopkeepers, unpaid bills of lawyers/firms, outstanding taxes /revenue/ rent payable to Government or public bodies etc., **will not be treated as loan** for making entries in this block. The information regarding loans taken from different type of credit agencies are mentioned below.

**6.9.1 Item 1 : Central and state level term lending institutions :** This will include, among others, the following institutions :

- i) Industrial Financial Corporation (IFC),
- ii) Industrial Development Bank (IDB) ,
- iii) Industrial credit and Investment Corporation,
- iv) National Industrial Development Corporation,
- v) National/State Small Industries Corporation; and
- vi) Other Industrial and Financial Corporations set up by Central /State Governments

**6.9.2 Item 2 : Government (central, state, local bodies) :** Loans may be advanced by Government through different Ministries/Departments or other agencies. Loans given by the local bodies (i. e., panchayat, municipality, etc.) will also be included for making entry against this item.

**6.9.3 Item 3 : Public Sector banks and other commercial banks :** This includes all nationalised banks including the State Bank of India and its subsidiaries like the State Bank of Travancore, State Bank of Mysore, State Bank of Bikaner & Jaipur, State Bank of Patiala etc. Loans taken from all other scheduled and non-scheduled banks, other than cooperative banks, should also be included here. Loans sanctioned by Government but routed through the banks should not be treated as bank loans.

**6.9.4 Item 4 : Cooperative banks and societies :** Loans from cooperative institutions like primary cooperative credit societies, district and central cooperative banks, primary or central land mortgage banks, handloom weavers' cooperative societies and other industrial or other types of cooperative societies etc. will be recorded against this item.

**6.9.5 Item 5 : Other institutional agencies :** Loans advanced by institutions / agencies like Khadi and village Industries Commission, Life Insurance Corporation, provident fund, Chit Funds, etc. not covered under items 1 to 4 above will be recorded against this item.

**6.9.6 Item 6 : Money lenders :** A money lender is any person who has advanced a loan which carries interest irrespective of his being a friend or relative of the entrepreneur.

**6.9.7 Item 7 : Business partner(s) :** In the case of a partnership enterprise, loans may be made available by partner(s) of the enterprise. For such type of loans entries shall be made against this item. If the partner happens to be a **money lender** then also entry shall be made against this item.

**6.9.8 Item 8 : Suppliers / contractors :** Sometimes enterprise is provided with loans by the supplier of basic input / raw materials and equipment to the enterprise. In the case of an enterprise working on contract basis, it may so happen that loan is given by the contractor himself. All such loans shall be recorded against this item.

**6.9.9 Item 9 : Friends and relatives :** Any non-institutional loan which is interest-

free, will be included in this item.

**6.9.10 Item 10 : Others :** Loans taken from any other agency not covered above will be covered under this item .

**6.9.11 Item 11 : Total :** Total of items 1 to 10 which gives total amount of loans taken from different sources and total interest payable during the reference month is to be recorded against this item.

**6.9.12 Column (3) : Amount :** Amount of outstanding loan, as mentioned in para 6.9.0.1, taken by the enterprise shall be recorded in this column against the appropriate source(s) of loan discussed in the items 1 to 10 in this block.

**6.9.13 Column (4) : Interest payable during the reference month :** Total interest due to be paid for the reference month for all the loans taken by the enterprise will be recorded here, irrespective of the fact that any of the loans might have been repaid either fully or partly or found to be outstanding.

#### **6.10.0 Block 10 : Factor income of the enterprise**

The total income generated by any enterprise is distributed into four factors of production. **Interest** goes to the investors, **rent** goes to the owners of land and building, **emolument** goes to the workers and the remaining income (operating **surplus**) is retained by the entrepreneur. In this block factor incomes of the enterprise will be recorded in whole number of rupees.

**6.10.1 Item 1 : Emoluments :** Total emoluments payable to the workers of the enterprise during the reference month is to be recorded here. This is a transfer entry from column (3), item 3 of block 7. Please copy that figure here.

**6.10.2 Item 2 : Rent payable :** Rent payable for the reference month on land and building hired by the enterprise which is available in column (6), **item 1** of block 8 will be copied here.

**6.10.3 Item 3 : Interest payable :** Total interest due to be paid for the reference month for the loans taken by the enterprise which is available in column (4), item 11 of block 9 is to be copied here.

**6.10.4 Item 4 : Net surplus (including home consumption) :** Net surplus or earning from the enterprise at the end of the reference month is to be reported here. Net surplus of an enterprise is the amount which the owner / partner(s) gets out of the entrepreneurial activity after making payments to the workers (individual or as group benefits), rent on land and building and interest on outstanding loan for the reference month.

**6.10.4.1** It may be noted that the earnings from an enterprise are, sometimes, partly withdrawn in cash or kind by self or partner(s) or family members during the reference

month. In many cases the raw materials / goods / services of an enterprise are partly consumed at home, for which the enterprise does not get any receipt. For getting a complete idea of the net surplus or earning of an enterprise, one has to account for such **withdrawals** (if any) and **home consumption** during the reference month, other than the surplus visible at the end of the reference month. Please note that the paid family members are considered as hired workers of the enterprise and payments made to them should not be treated as withdrawals by family members for making entry in item 4. Payments made to family workers shall be recorded in item 1 of block 7.

**6.10.5 Item 5 : Total :** Total of items 1 to 4 which gives total of factor incomes of the enterprise during the reference month will be shown here. It may be noted here that this entry should theoretically match with the entry against item 509 of block 5. Comments may be given in block 12 for any abnormal divergence.

#### **6.11.0 Block 11 : Particulars of field operation**

Items in this block are self-explanatory. While filling up the schedules, care is to be taken to record the time taken in canvassing the schedule in minutes (and not in hours) against item 2 of this block. Dates of survey/inspection, etc. should be made as dd/mm/yy since these will be required in data processing.

#### **6.12.0 Blocks 12 and 13: Remarks by investigator and comments by supervisors**

Blocks 12 & 13 are meant for noting down investigator's remarks/ supervisor's comments/ suggestions regarding the entries made in schedule 2.0. Please give remarks/ comments/ suggestions you feel will be useful for meaningful interpretation of the data or designing of schedules in future round. For any unusual feature of the enterprise, remarks may be added.

#### **6.13.0 Comparison of Schedule 2.0 with Schedule S2 of Special Enterprise Survey**

**6.13.1** Schedule 2.0 of 55th Round has many similarities with schedule S2 of the Special Enterprise Survey (SES), currently in operation. The format and even the contents of schedule 2.0, in many respects, are quite similar to the schedule S2. However, there are also some significant differences. These are discussed below so that the experience gained in SES can be put to advantage while, at the same time, one is aware of the differences that are there in the two surveys.

**6.13.2 Similarities:** Schedule 2.0 is essentially of the same form as that of schedule S2. Blocks 3, 3.1, 4 and 4.1 of Schedule 2.0, dealing with operating expenses and receipts are similar to the corresponding blocks of schedule S2 which form its major portion. Block 10 of schedule 2.0 on factor incomes is similar to that of block 2 of schedule S2. Manufacturing enterprises covered under ASI are outside the coverage of both the surveys.

**6.13.3 Differences:** The differences in the two schedules are given below:

Item	schedule S2 of SES	schedule 2.0 of 55th Round
sector	<b>unorganised sector:</b> all non-agricultural enterprises other than Public Sector i.e. proprietary, partnership, co-operative societies, trusts, private and public limited companies	<b>informal sector:</b> only unincorporated proprietary and partnership non-agricultural enterprises
Item	schedule S2 of SES	schedule 2.0 of 55th Round
objective of the survey	to obtain estimates of value added	in addition to estimation of value added, various other aspects of enterprises viz.; operational characteristics, more detailed information on workers, emoluments, fixed assets and loan outstanding to be studied
activity coverage	14 specific activities	all non-agricultural activities other than mining & quarrying and electricity, gas and water supply
reference period	two reference periods of one month and one year	only one reference period of one month
NIC code	based on NIC 1987	based on NIC 1998
sub-block on education, health and transport	no separate sub-blocks for education, health and transport in block 3 (though separate sub-blocks for these activities were there in block 4)	separate sub-blocks for education, health and transport have been added in block 3 to have one-to-one correspondence with block 4
addition of sub-blocks in blocks 3 and 4	-----	a sub-block on construction has been added. The sub-block on transport has been extended to cover storage and communication activities
enterprise class	divided into (i)own account enterprises (ii)non-directory establishments and (iii) directory establishments	divided into (i) own account enterprises and (ii) establishments.
segment number (block 1, item 13)	one hamlet group/ sub-block of concentration area (hg '0') and one other hamlet group from the rest (hg '1'), for rare activities (hg '9')	one hamlet group/ sub-block of concentration area (segment 1) and the union of other two selected hamlet groups/sub-blocks(segment 2). There is no concept of rare activities.
second stage stratum	14 activities × 3 enterprise types.	6 broad industry groups × 2 enterprise classes
additional information		descriptive identification (block 0),some operational characteristics of the enterprise

and blocks	-----	(parts of block 2), additional codes devised to classify domestic services, more detailed information on workers (block 6) and compensation to employees (block 7), additional blocks on fixed assets (block 8) and loan (block 9), particulars of field operation (block 11) and remarks/comments (blocks 12 and 13)
Item	schedule S2 of SES	schedule 2.0 of 55th Round
manufacturing activity - valuation	valuation on the basis of sales; change in stock for finished as well as semi finished goods	valuation on the basis of items manufactured. The items not sold to be valued at factor cost. So, change in stock will be only for semi-finished goods and not for finished goods
change in stock	net change in stock was collected in a single item	in the manufacturing and trade sub-blocks of block 4, two items viz. opening stock and closing stock have been added to facilitate calculation of change in stock
education	only unrecognised institutions	all proprietary and partnership educational institutions whether recognised or not
value added block	no such block	block 5 has been added to facilitate calculation of gross value added
factor income	items on emoluments, rent and interest were direct entries; depreciation was collected.	They are transfer entries from blocks 7, 8 and 9 respectively. depreciation will not be collected.