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ASUSE 2025 Reveals District-Level Gender and Spatial Patterns in India's Informal Economy

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Recent Developments:

- The **Ministry of Statistics and Programme Implementation (MoSPI)** has released, for the first time, **district-level insights on the unincorporated non-agricultural sector** using data from the **Annual Survey of Unincorporated Sector Enterprises (ASUSE) 2025**, covering January–December 2025. The release provides granular evidence on employment, women's participation, enterprise ownership, remuneration and geographical concentration.
- ASUSE 2025 estimates that India's unincorporated non-agricultural sector had about **7.92 crore establishments** and employed around **12.81 crore workers**, while its **Gross Value Added (GVA)** increased by 10.87% in current prices over ASUSE 2023–24.
- The district-level analysis covers **757 districts**, although geographical coverage may vary because of administrative changes, including the creation of new districts and changes in boundaries.

Understanding the Informal Economy:

Scope and Characteristics:

- The **unincorporated non-agricultural sector** broadly covers enterprises engaged in **manufacturing, trade and other services** that are not incorporated as companies or other formal entities; ASUSE excludes agriculture and construction and is a sample survey rather than a census of all enterprises.
- The sector is economically important because it provides employment and livelihoods through **small businesses, self-employment, household enterprises and informal hired work**, but workers and enterprises may have limited access to formal finance, technology, social security and institutional support.
- ASUSE 2025 recorded substantial expansion in the sector, with establishments rising from **7.34 crore in ASUSE 2023–24 to 7.92 crore in 2025**, while employment increased by more than **74.5 lakh workers**.

Why District-Level Data Matters:

- National and State-level averages can conceal substantial geographical variation; district-level statistics allow governments to identify **local labour-market patterns, gender gaps, enterprise clusters and development constraints**.
- Such granular evidence can strengthen **evidence-based policymaking**, outcome monitoring and targeted interventions instead of applying uniform policies to districts with very different economic structures.

Women's Participation in Informal Work:

Geographical Variation:

- Women constituted about **29% of the total workforce** in the unincorporated non-agricultural sector in ASUSE 2025, showing a significant but uneven presence of women in informal economic activity.

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- The district-level estimates reveal a sharp geographical divide, with **Nirmal, Telangana** recording the highest female share at around **78%**, followed by Imphal East and Nizamabad at around 70%, Jagtial at 69% and Bishnupur at 66%.
- At the lower end, **Rudraprayag** recorded only around 7% female participation, while Srinagar, Hathras and Banaskantha recorded around 11% each and Marigaon around 9%.
- The concentration of high female participation across eastern and northeastern districts indicates the importance of **regional socio-economic structures, occupational patterns, household enterprises and local production systems**.

Participation versus Quality of Employment:

- High female participation does not automatically imply high-quality employment because participation must be assessed alongside **earnings, productivity, working conditions, social protection and access to economic opportunities**.
- Among districts where women constituted at least half of the informal workforce, **South West Khasi Hills, Meghalaya**, recorded the highest annual emoluments per hired worker at around **₹1.71 lakh**, compared with an all-India average of roughly ₹1.3 lakh.
- Therefore, policy must move beyond increasing women's participation towards ensuring **productive, remunerative and secure employment**.

Women's Enterprise Ownership:

From Workers to Entrepreneurs:

- ASUSE 2025 also indicates a close relationship between **female workforce participation and female ownership of proprietary establishments**.
- **Nirmal**, which recorded the highest female workforce participation, also had nearly **80% of proprietary establishments owned by women**, demonstrating that women's economic participation can extend from wage work to **entrepreneurship and enterprise ownership**.
- At the national level, the share of female-headed proprietary establishments increased from **26.17% in ASUSE 2023–24 to 26.93% in ASUSE 2025**, while nearly 72% of female-led establishments employing workers engaged at least one female hired worker.
- This highlights the potential of women-led enterprises as **employment multipliers**, particularly when supported through credit, skilling, technology and market access.

Spatial Concentration of Informal Economic Activity:

Workforce and Establishment Concentration:

- The geography of informal economic activity changes significantly when measured by the **absolute number of workers and establishments** rather than the proportion of women workers.
- **North 24 Parganas, West Bengal**, recorded the largest informal workforce, with approximately **21.3 lakh workers and 16.6 lakh establishments**, demonstrating the scale of informal activity in densely populated economic regions.
- The top 10 districts by establishments account for around **11% of the sector's GVA**, while the top 50 districts contribute almost one-third, indicating considerable spatial concentration of economic value.
- Thus, high female participation is concentrated in particular regions, whereas the largest absolute scale of informal activity is distributed across major population and economic centres.

Major Challenges Associated with Informal Employment:

Low Formalisation and Social Protection:

- Informal workers frequently operate without stable employment contracts, employer-provided social security or adequate institutional protection, making them vulnerable to **income shocks, illness, unemployment and economic disruptions**.
- NITI Aayog's recent analysis highlights the persistence of informality across India's employment structure and stresses the need to expand **social protection, formalisation and access to better-quality employment**.
- The **Code on Social Security, 2020** seeks to extend social-security protection to workers across organised, unorganised and other sectors and specifically provides a framework covering **unorganised workers, gig workers and platform workers**.

Productivity and Technology Gaps:

- Small informal enterprises often face constraints related to **credit, digitalisation, technology adoption, managerial capabilities, formal skills and market access**, which can restrict productivity and income growth.
- Formalisation should therefore not mean merely increasing regulatory compliance; it should improve **access to finance, technology, infrastructure, markets and social protection**.

Policy Significance:

Women-Led Development:

- High female participation and ownership in several districts demonstrate that the informal economy can become an important platform for **women-led development**, provided participation translates into higher productivity, income and decision-making power.
- Policies should integrate **credit, skilling, digital financial services, childcare support, safe mobility, market linkages and social security** to reduce barriers to women's economic participation.

District-Centric Development:

- The wide inter-district variations revealed by ASUSE 2025 support a **place-based policy approach** in which interventions are designed according to local occupational structures, enterprise density, gender participation and productivity levels.
- District-level data can help governments identify locations requiring focused intervention in **women's employment, entrepreneurship, skill development, credit access and social protection**.

Formalisation with Inclusion:

- Formalisation should be pursued through a combination of **digital registration, financial inclusion, simplified compliance, enterprise support and portable social protection**, rather than through enforcement alone.
- Platforms such as **e-Shram**, along with schemes supporting street vendors, artisans and micro-enterprises, can be integrated with district-level data to improve targeting and delivery.

Way Forward:

Building a Productive Informal Economy:

- Improve access to **institutional credit, digital payments, technology, infrastructure and organised markets** for informal enterprises.
- Promote district-specific **enterprise and skill clusters** based on local comparative advantages, especially in manufacturing, food processing, textiles, handicrafts, retail and services.

Strengthening Women's Economic Agency:

- Expand targeted financial and entrepreneurial support for **women-owned proprietary establishments**, while improving childcare, mobility, skilling and digital access.
- Measure women's employment not merely through participation rates but through **earnings, productivity, ownership, working conditions and social-security coverage**.

Improving Statistical Capacity:

- Integrate ASUSE, **Periodic Labour Force Survey (PLFS)** and administrative datasets wherever methodologically appropriate to create a more comprehensive picture of informal employment.
- Regular district-level statistics can support **cooperative and competitive federalism**, evidence-based budgeting and outcome-oriented governance.

Conclusion:

- The first district-level ASUSE 2025 insights demonstrate that India's informal economy is **large, diverse, gendered and geographically uneven**.
- The findings reveal a crucial policy distinction: increasing women's participation is necessary but insufficient unless it is accompanied by **better remuneration, productivity, enterprise ownership and social protection**.
- Granular statistics can therefore help India move from broad estimates to **targeted, outcome-based interventions**, strengthening inclusive growth and advancing the objective of **women-led development**.

Value Addition for UPSC:

Key Concepts:

- **Informal Economy:** Economic activity characterised by limited formal regulation, registration, employment protection or social-security coverage.
- **Unincorporated Enterprise:** An enterprise that is not incorporated as a separate legal corporate entity.
- **ASUSE:** Annual statistical survey of unincorporated non-agricultural enterprises conducted by MoSPI.
- **Place-Based Policy:** Policy design that accounts for the specific economic, social and geographical characteristics of different regions.