Unincorporated Establishments Surge Beyond 9 Crore, powering economic growth

Employment in Unincorporated Sector Surges Past 15 Crore

Digital Shift Gains Momentum: 8 in 10 Establishments Go Online and Cashless

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Snapshot:

- **Both the number of establishments and overall employment recorded significant growth compared to the same quarter (Jan-Mar) previous year.**
- **The estimated number of establishments stood at 9.16 crore, recording a year-on-year growth of 16.69% over the corresponding quarter of the previous year.**
- **The employment in this sector has crossed the 15 crore mark driven primarily by the other services sector which has witnessed an employment growth of more than 30%.**
- **Around 81% of establishments in the unincorporated non-agricultural sector have used the internet for entrepreneurial purposes.**
- **About 81% of establishments have adopted cashless modes of transaction.**
- **The women workforce remained impressive, constituting more than 29% of total employment in the sector.**

NSO Releases Quarterly Estimates of the Unincorporated Non-Agricultural Sector for the quarter January to March 2026

In line with its commitment to strengthening the availability of high-frequency indicators, the National Statistics Office (NSO), Ministry of Statistics and Programme Implementation (MoSPI), has been publishing quarterly bulletins on key findings from the unincorporated non-agricultural sector since 2025. The present release, the *Quarterly Bulletin on Unincorporated Sector Enterprises (QBUSE)* for January–March 2026, represents the quarterly edition of the *Annual Survey of Unincorporated Sector Enterprises (ASUSE)* and provides key estimates at more frequent intervals. The introduction of QBUSE reflects NSO's continued efforts to deliver timely and actionable data to policymakers, researchers, and other stakeholders on one of the most dynamic segments of the Indian economy.

While ASUSE will continue to publish detailed annual estimates on a wider set of financial and non-financial indicators, QBUSE delivers periodic quarterly estimates on the scale, composition, and employment profile of unincorporated non-agricultural enterprises using the same framework. The quarterly data aim to capture short-term movements in the sector.

The unincorporated non-agricultural sector remains a major contributor to GDP, a source of large-scale employment, and a crucial driver of local entrepreneurship and supply chains. Recognizing this importance, NSO launched ASUSE as an annual survey in 2021–22 which was followed by three more annual surveys on this sector providing comprehensive annual insights into the sector's structure and operations.

This press note is for the quarterly bulletin for the quarter January - March, 2026. It is available on the website of the Ministry (https://mospi.gov.in).

A brief overview of the coverage, sampling methodology, and data collection mechanism of ASUSE 2026 are provided in the Endnote.

Key highlights of the results for the quarter January - March, 2026:

Strong Growth Momentum in the Unincorporated Sector

The unincorporated non-agricultural sector recorded a year-on-year growth of 16.69% in the number of establishments, with the estimated number of unincorporated establishments rising to 9.16 crore during January–March 2026, compared to 7.85 crore in the corresponding quarter of the previous year. The rural sector emerged as the primary driver of this growth, registering a notable increase of 20.46%. The urban sector witnessed a growth of 12.59% during the same period.

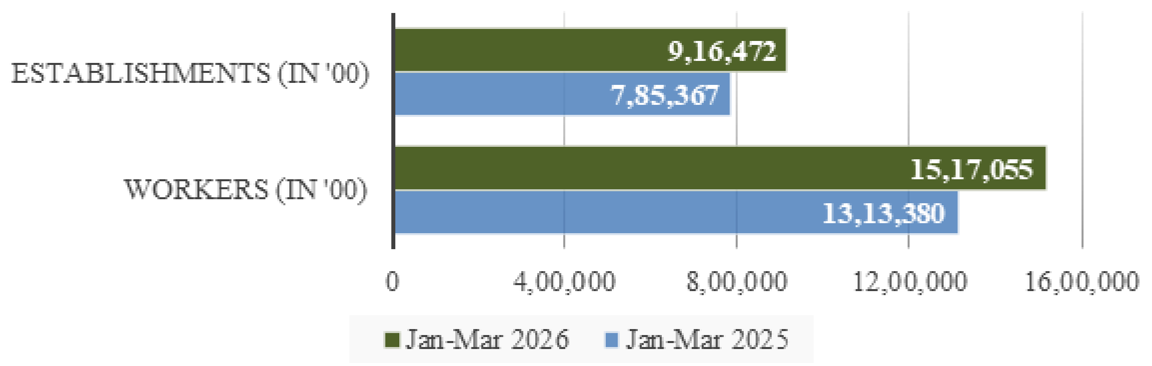
Similar annual estimates from the latest ASUSE (Jan 25- Dec 25)

- *Estimated number of establishments* ***7.92 crores***
- *Estimated number of workers* ***12.81 crores***

Workforce Trends: Employment in the unincorporated non-agricultural sector reached 15.17 crore in January–March 2026, crossing the 15-crore mark for the first time. The sector recorded a year-on-year growth of 15.51% over the corresponding quarter of the previous year, highlighting its growing significance in generating employment opportunities for a large section of the population across sectors.

The estimated number of establishments and workers from quarterly data are given in Figure 1:

Figure 1: Quarterly indicators from ASUSE (in '00)



Changing Workforce Composition:

Working owners continued to account for the largest share of the workforce in the unincorporated sector for the January–March 2026 quarter, constituting 60.97% of total workers, compared to 58.29% in the corresponding quarter of the previous year. In contrast, the share of hired workers witnessed a marginal decline, falling to 24.77% from 26.86% over the same period.

The growing importance of unincorporated enterprises in supporting the rural economy was further reflected in the robust growth of the rural workforce, which recorded an increase of 21.65% during the period as against 10.39% growth in urban sector.

Many unincorporated units depend on casual labour, migrant workers, and helpers who often shift to seasonal agricultural work and return either as an entrepreneur or as a worker when activity in the sector strengthens, leading to a rise in employment and establishments.

The percentage share of establishments and workers among Broad Activity Categories (Manufacturing, Trade and Other Services) is given in Figure 2 and Figure 3 respectively.

Fig 2: Percentage Share of Establishments among Broad Activity Categories (Jan- Mar '26)

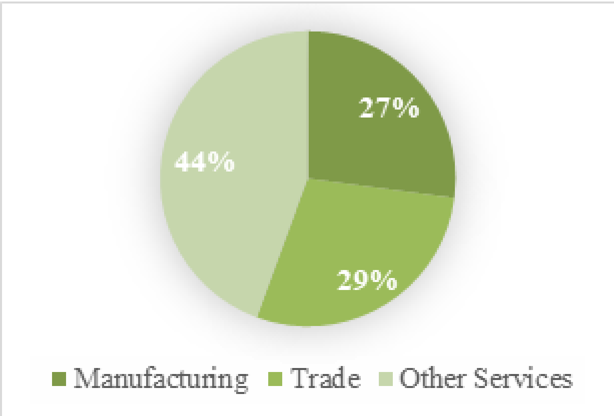
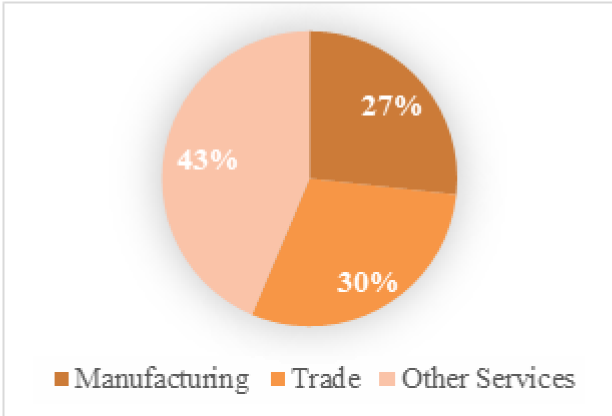


Fig 3: Percentage Share of Workers among Broad Activity Categories (Jan- Mar '26)



Service sector driving the unincorporated economy:

The January–March 2026 quarter witnessed significant growth in the unincorporated services sector, with significant expansion in both the number of establishments and employment compared to the corresponding quarter of the previous year. The number of establishments increased by 24.82%, while the workforce in the sector grew by 31.13% over the same period.

The strong expansion of the services sector within the unincorporated economy reflects rising entrepreneurial activity in this sector, its growing role as a key driver of employment and increasing demand for local services.

Women's Participation:

The women workforce remained impressive, constituting about 29% of total employment in the sector. This is slightly higher than the same observed during the same quarter of ASUSE 2025. This highlights the growing importance of the sector in generating employment opportunities for women and promoting inclusive economic participation.

Digital Adoption and Advancing Formalisation:

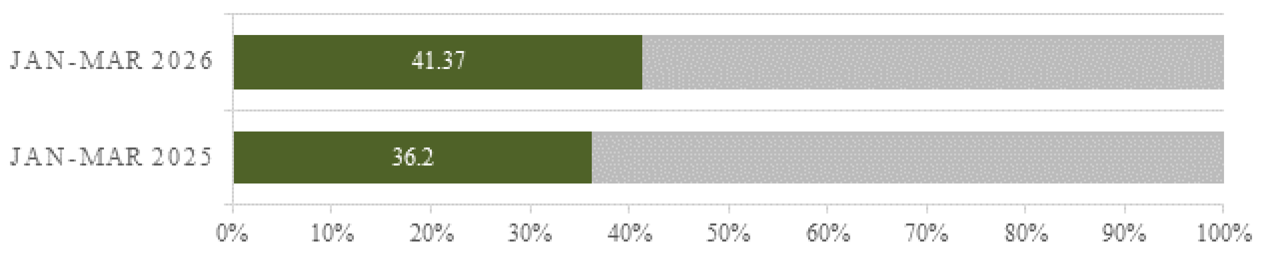
Internet usage among enterprises in the unincorporated non-agricultural sector reflects an encouraging trend of digital adoption across establishments in the economy. Data on ICT usage, collected through the newly revamped ICT module of ASUSE 2026, indicates that around 81% of establishments in the unincorporated sector have used the internet for entrepreneurial purposes. Further, nearly 81% of establishments have adopted cashless modes of transaction, including online banking, UPI, POS devices, and other digital payment mechanisms.

Use of Cashless mode of Transaction:

ICT module of ASUSE has been significantly revamped from 2026 to capture more policy relevant question for the unincorporated sector. A newly added question in the schedule was about usage of online banking and/or online payment gateway by the establishment.

The percentage of firms reporting some form of registration was estimated to be 41.37% reflecting increasing integration of enterprises with regulatory mechanisms.

FIG 4: PERCENATAGE OF ESTABLISHMENT REGISTERED WITH ACT/AUTHORITY



Key indicators of QBUSE for the quarter January – March 2026 are given in the following table:

Indicator	January-March 2026
Number of Establishments (in '00)	9,16,472
Percentage of proprietary and partnership establishments	98.95
Percentage of hired worker establishments	13.54
Number of Workers (in '00)	15,17,055
Percentage share of working owners	60.97
Percentage share of hired workers	24.77
Percentage share of other workers (including unpaid family workers)	14.26

Endnote: A brief about the coverage, sampling scheme, and data collection mechanism in the Annual Survey of Unincorporated Sector Enterprises (ASUSE):

A. Coverage:

A.1. Geographically, the survey covers the rural and urban areas of whole of India (except some of the villages in Andaman and Nicobar Islands, which are difficult to access).

A.2. Sector-wise, this survey captures unincorporated non-agricultural establishments belonging to three sectors viz., Manufacturing, Trade and Other Services.

A.3. Ownership-wise, unincorporated non-agricultural establishments pertaining to proprietorship, partnership (excluding Limited Liability Partnerships), co-operatives, societies/trusts etc. have been covered in this survey.

B. Sampling Scheme:

The survey has been conducted following a multi-stage stratified sampling scheme, where first stage units (FSUs) are census villages in rural area (except for rural Kerala, where Panchayat wards have been taken as FSUs) and UFS (Urban Frame Survey) blocks in urban areas which are updated periodically. The ultimate stage units (USUs) are establishments for both the sectors. In the case of large FSUs, one intermediate stage of sampling has been done in the form of hamlet groups in rural and sub-blocks in urban.

C. Sample Size:

At all-India level, 5,998 First Stage Units (2,408 villages in rural sector and 3,590 UFS blocks in urban sector) have been surveyed during the quarter January, 2026 – March, 2026. This excludes FSUs of Andaman & Nicobar Islands, Lakshadweep, Ladakh and rural areas of Arunachal Pradesh and Nagaland which are not considered for this quarterly bulletin, as sub-round restrictions were not imposed in these areas while conducting field-work, due to arduous field conditions. Accordingly, the number of establishments surveyed (excluding these states/UTs/areas) and considered for this bulletin are 1,72,845 (74,824 in rural and 98,021 in urban).

D. Data Collection Mechanism:

The survey has been conducted based on area frame and establishments have been listed in the selected FSUs of both rural and urban sector and from the listed establishments in the FSUs, requisite number of establishments were surveyed as per the sampling design. Mostly, data were collected from the selected establishments through oral enquiry pertaining to the 'monthly' reference period. The data for the survey were collected in Tablet using Computer Assisted Personal Interviewing (CAPI).

E. Comparability of quarterly results with previously released estimates of ASUSE and caveats:

The estimates presented in this quarterly bulletin pertain specifically to the unincorporated non-agricultural sector for the reference quarter under consideration. Although sampling design of ASUSE has provision for generation of quarterly estimates using an area frame, the quarterly sample size is significantly less than the annual sample size. This bulletin has been prepared with due consideration to sample adequacy and reliability of the estimates.

As part of the continuous effort to keep the survey relevant and responsive to stakeholder requirements, a few changes have been introduced in ASUSE 2026. The ICT block of the ASUSE questionnaire has been comprehensively redesigned with more policy-oriented questions to better capture the extent and nature of ICT usage in the sector. Further, ASUSE 2026 has adopted NIC 2025 in place of NIC 2008, which was used in the earlier rounds of ASUSE. Due to this, some activities like maintenance and repair of motor vehicles and maintenance and repair of motor cycles, mopeds, scooters and three wheelers that were considered under trade in NIC 2008 are now being considered under service sector (NIC 2025) and accordingly, all such establishments engaged in these activities are now counted in "other services" in ASUSE 2026.

Accordingly, users may interpret quarterly movements with caution, considering potential sampling variability and short-term fluctuations in activity levels and changes in classification and questionnaire. It is important to note that ASUSE covers only a part of the non-agricultural economy, namely, the unincorporated segment of the establishments in manufacturing, trade and services (excluding construction). Hence, the trends observed in the quarterly results of the unincorporated sector as presented in QBUSE, may not directly align with the corresponding quarterly GDP estimates which covers the entire economy. Where relevant, the estimates presented in the Quarterly Bulletin are accompanied by confidence intervals to enable informed interpretation of the estimates.

The Quarterly Bulletin for the quarter January– March, 2026 is available on the website of the ministry (https://www.mospi.gov.in).Scan the below QR code to access the Publications/Reports

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