



Annual Survey of Industries 2023-24

For Prelims: [Annual Survey of Industries](#), [National Statistical Office](#), [Index of Industrial Production](#), [Production Linked Initiative](#)

For Mains: India's industrial growth, Opportunities and challenges in India's manufacturing and industrial sector.

[Source: PIB](#)

Why in News?

The **Ministry of Statistics and Programme Implementation (MoSPI)** has released the [Annual Survey of Industries \(ASI\)](#) for 2023-24.

What are the Key Highlights of the Annual Survey of Industries (ASI) for 2023-24?

- **Gross Value Added (GVA):** Grew by **11.89%**, higher than both **output** (5.80%) and **input** (4.71%), showing better efficiency and higher value generation.
 - **Top Industries in Terms of GVA:** Growth was led by **basic metals, motor vehicles, chemicals, food products, and pharmaceuticals**, industries that are both **export-oriented and labor-intensive**.
 - Together, these sectors contributed nearly **48% of total industrial output**.
 - **Top 5 states by GVA:** **Maharashtra (16%), Gujarat (14%), Tamil Nadu (10%), Karnataka (7%), and Uttar Pradesh (7%)**.
- **Employment:** Employment grew 5.92% year-on-year, showing that industrial growth translated into jobs. This sector added more than **half a crore (57 lakh) jobs** during the last decade 2014-15 to 2023-24.
 - **Average emoluments rose by 5.6%**, keeping pace with output growth, though wage gains still lagged behind overall GVA growth.
 - **Tamil Nadu, Gujarat, Maharashtra, Uttar Pradesh and Karnataka** are the top 5 States in respect of employment.

Annual Survey of Industries (ASI)

- The [National Statistical Office \(NSO\)](#) under MoSPI conducts the ASI, with MoSPI ensuring its coverage and data quality.
- The **ASI** covers factories registered under the [Factories Act, 1948](#), bidi and cigar units under the **Bidi & Cigar Workers Act, 1966**, electricity undertakings not registered with the [Central Electricity Authority \(CEA\)](#), and large establishments with 100 or more employees listed in the **Business Register of Establishments (BRE)** maintained by state governments.
- **Key Concepts & Definitions Used in ASI:**
 - **Gross Value Added (GVA):** Additional value created by the process of production. This is

- calculated by **deducting the value of total input from total output.**
- **Total Emoluments:** The sum of wages and salaries including bonus.

What are the Opportunities and Challenges to India's Industrial Sector?

Opportunities	Challenges
All India Index of Industrial Production (IIP) recorded a 4.0 % year-on-year growth in August 2025. Manufacturing's 17% share of GDP, creates opportunities to boost economic growth and global competitiveness.	Logistics, power, water, ports, and warehousing deficiencies hinder efficiency despite reduced logistics costs.
India attracted USD 81.04 billion in gross foreign direct investment (FDI) in FY 2024-25, with manufacturing FDI rising 18%, positioning India as a global investment hub.	Micro, Small and Medium Enterprises (MSME) face credit gaps and high borrowing costs despite rising commercial credit exposure.
Rapid modernization in key industries (electronics, pharma, automotive, textiles) provides opportunities for higher value addition and global leadership.	Low-cost producers like China and Vietnam challenge Indian manufacturers; limited R&D and weak design capabilities restrict global competitiveness. Uneven adoption of Industry 4.0 among MSMEs, and concerns over job displacement from automation, limiting growth.
Initiatives like Production Linked Initiative (PLI) , GST reforms , National Manufacturing Mission , and PM MITRA parks create opportunities to scale operations and attract investment.	Non-tariff barriers, Free Trade Agreements (FTAs) caution, and rising tariffs (e.g., US 50% on Indian exports) impact competitiveness.
Workforce upskilling via Pradhan Mantri Kaushal Vikas Yojana and other programs, along with youth-centric policies, is driving inclusive job creation.	Only 4.7% of the workforce is formally trained; mismatch between academic training and industrial needs restricts adoption of advanced technologies.
Green manufacturing , renewable energy, and net-zero targets present opportunities for innovation and global market alignment.	Decarbonization, net-zero commitments, ethanol blending , and compliance with global green standards add increased production costs.

What Measures can Strengthen Industrial Sector Momentum in India?

- **Strategic Industrial Corridors & Smart Cities:** Expanding the [National Industrial Corridor Programme](#) with [Smart Cities](#) enhances connectivity, lowers logistics costs, and attracts investment for balanced regional industrial growth.
- **Mission-Driven Sectoral Growth:** Leveraging the **National Manufacturing Mission (NMM)**, **Make in India**, and **Atmanirbhar Bharat initiatives** can boost priority sectors like electronics, EV batteries, pharmaceuticals, textiles, and renewable energy.
 - These missions provide policy clarity, fiscal incentives, and global linkages.
- **Skill Development & Workforce Readiness:** Programs like **PMKVY**, **Skill India**, and **sectoral skilling initiatives** prepare the workforce for advanced manufacturing, bridging the gap in technical expertise.
- **Financial Inclusion & MSME Support:** Enhancing access to credit via the **Credit Guarantee Fund Scheme**, **faster GST refunds**, and **startup incentives** ensures MSMEs can scale

operations, innovate, and integrate into global value chains.

- **Sustainability & Green Manufacturing:** Promoting renewable energy adoption, **circular economy** practices, and compliance with global standards (e.g., [EU Carbon Border Adjustment Mechanism \(CBAM\)](#)) positions India as an **eco-conscious manufacturer and strengthens export potential**.
 - The PLI scheme for **Solar PV modules and green hydrogen mission** are examples of aligning industrial growth with sustainability.
- **Trade Facilitation & Global Best Practices:** Improving FTAs, reducing non-tariff barriers, and integrating lessons from **Japan's cluster-based industrialization of interconnected firms** can strengthen India's export competitiveness and value chain integration.

Conclusion

As India targets a USD 35 trillion economy by 2047, manufacturing driven by reforms, PLI, the National Manufacturing Mission, and skill initiatives will be the growth engine. Strong momentum, resilient supply chains, and favorable global realignments **position India to become not just the “factory of the world” but a global hub for innovation and industrial leadership.**

Drishti Mains Question:

Critically analyze the opportunities and challenges for India's manufacturing sector in the context of global competitiveness.

Frequently Asked Questions (FAQs)

1. What is the Annual Survey of Industries (ASI)?

The ASI, conducted by the National Statistical Office (NSO) under the Ministry of Statistics and Programme Implementation, is the principal source of industrial statistics covering registered factories, electricity undertakings, and large establishments.

2. What was the GVA growth in ASI 2023-24?

Gross Value Added grew by 11.89%, driven by basic metals, motor vehicles, chemicals, food products, and pharmaceuticals.

3. Which states led industrial GVA in 2023-24?

Maharashtra (16%), Gujarat (14%), Tamil Nadu (10%), Karnataka (7%), and Uttar Pradesh (7%) were the top performers.

4. What are the key challenges facing India's industrial sector?

Key challenges include infrastructure gaps, skill deficits, MSME credit constraints, global competition, sustainability compliance, and trade barriers like high US tariffs and EU's CBAM.

UPSC Civil Services Examination, Previous Year Questions (PYQs)

Prelims

Q. In the 'Index of Eight Core Industries', which one of the following is given the highest weight? (2015)

- (a) Coal production
- (b) Electricity generation

(c) Fertilizer production

(d) Steel production

Ans: (b)

Mains

Q.1 "Industrial growth rate has lagged behind in the overall growth of Gross-Domestic-Product(GDP) in the post-reform period" Give reasons. How far the recent changes in Industrial Policy capable of increasing the industrial growth rate? (2017)

Q.2 Normally countries shift from agriculture to industry and then later to services, but India shifted directly from agriculture to services. What are the reasons for the huge growth of services vis-a-vis the industry in the country? Can India become a developed country without a strong industrial base? (2014)

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