



Performance Of Micro And Small Scale Industries In Arunachal Pradesh And India

Bhoirab Jyoti Konch Ph.D Scholar, Department of Economics Rajiv Gandhi university.

Dol Bahadur Thapa Ph.D Scholar, Department of Economics Rajiv Gandhi university.

ABSTRACT

Rural India is the real India; rural development is the real development. So it is important to development of rural areas. Micro and Small scale Industries are also play an important role for rural economic growth. In this paper focus on the how Micro and small scale industries enhanced economic condition of the rural areas. Based on this statement this paper tries to study on the importance of Micro and Small scale industries in the development of rural areas. The study has been conducted with the help of primary as well as secondary sources and treated them with different statistical method and represented them with cardiograms. It has been found that the Micro and Small scale industries has played a crucial role in the upliftment of the standard of living of the people of study area.

Keywords: rural industries, rural economy, MSSSI etc.

INTRODUCTION:

Industry is the segment of economy concerned with production of goods. Micro and Small scale industry is a term which applies to the small entrepreneurs who are engaged in manufacture and production on a micro scale. It mainly refers to agro- based rural industry which doesn't require huge capital influx and large infrastructure. These SSI also include the indigenous cottage industry and the handicrafts industry. The development of small scale industries is very important for a country like India which has mainly rural economy. These SSI which are mainly agro- based in nature would provide job for millions of Indians and would contribute largely to the overall growth of the Indian economy. The SSI sector continues to remain an integral part of Indian economy with significant contribution to GDP, industrial production and employment generation in India. Worldwide, the SSIs have been accepted as the engine of economic growth and for promoting equitable development.

DEFINITION OF SSI:

In 1955 Small Scale Industries Board defined small scale industry as “A unit employing less than 50 persons, if using power and less than 100 persons without the use of power and with capital assets not exceeding rupees five lakh.”

In 1977, units having investment of less than ₹ 10 lakh were defined as small-scale industrial undertakings, while for ancillary units, the investment limit was ₹ 15 lakh. Units with investment less than ₹ 1 lakh were defined as tiny enterprises.

In 1991, the investment limit for small-scale industries ₹ 60 lakh for ancillary units ₹ 75 lakh, and for tiny enterprises ₹ 5 lakh. It was raised to ₹ 1 crore for SSI and ancillary unit and ₹ 25 lakh for tiny enterprise during 2000.

Further, In accordance with the provision of Micro, Small & Medium Enterprises Development (MSMED) Act, 2006 the Micro, Small and Medium Enterprises (MSME) are classified in two Classes i.e., Manufacturing Enterprises and Service Enterprises. In the case of manufacturing enterprises, a micro enterprise was defined as an enterprise where the investment in plant and machinery did not exceed ₹ 25 lakh; a small enterprise was defined as an enterprise where the investment in plant and machinery was more than ₹ 25 lakh but did not exceed ₹ 5 crore; and a medium enterprise was defined as an enterprise where the investment in plant and machinery was more than ₹ 5 crore but did not exceed ₹ 10 crore.

In the case of service enterprises, a micro enterprise was defined as an enterprise where the investment in equipment did not exceed ₹ 10 lakh; a small enterprise was defined as an enterprise where the investment in equipment was more than ₹ 10 lakh but did not exceed ₹ 2 crore; and a medium enterprise was defined as an enterprise where the investment in equipment was more than ₹ 2 crore but did not exceed ₹ 5 crore.

On Feb 7 2018, the government approved a proposal to redefine micro, small & medium enterprises based on their annual sales turnover, replacing the above definition that relied on self-declared investment on the plant and machinery. According to the new definition, business with sales of up to ₹ 5 crore will be called micro enterprises, those with sales of ₹ 5 crore to ₹ 75 crore will be deemed small, and those with sales of ₹ 75 crore to ₹ 250 crore will be classified as medium-sized. The new norms will reduce the ambiguity about investment in the plant and machinery. It will further help in improving the ease of doing business, avoid unnecessary inspection, and at the same time enable the authorities to verify claims of business using the sales data that they have from the GST network.

Review of Related Literature

The present study is designed to contribution of Micro and Small Scale Industries for development of rural area. There have been a good number of published work have done in the form of research paper, reference books, report, publication etc in the area relating to Micro and Small Scale Industries. An attempt is made in this part of the research work study

to give a brief description of research literature related to the topic of the present research work.

Sharma, J.P, (1990): “Small scale Industries: Problems and prospects” Anmol publication, New Delhi, pp-4-6, In the research work on rural industries and benefits of traditional industries to the rural people in India.

Rao, R, M (1990): In his book “Development of Handloom Industry” has worked the socio-economic outline of the weavers in handloom industry in Andhra Pradesh. He has also presented an overall view of the performance of primary weavers” and co-operative societies in the state.

Srinivas K T, (2013) has studied the performance of micro, small and medium enterprises and their contribution in India’s economic growth and concluded that MSMEs play a vital role in the inclusive growth of Indian economy.

Sumanjeet Singh and Minakshi Paliwal (2017) in “unleashing the growth potential of Indian MSME sector” had concluded that undoubtedly the MSME sector has huge potential for generating innovative entrepreneurship and massive employment but some problems confronting MSMEs are Lack of access to finance, Lack of access to penetrate foreign market, Lack of skilled and stable infrastructure, Ineffective marketing network.

Dr.Reetu Sharma (2012) in “problems and prospects of small scale industrial units (a case study of exporting and non-exporting units in Haryana) had concluded that SSI units are at a developing stage and more expansion is required but some problems need to be solved are Underutilization of installed capacity and the marketing activities to be strength for selling SSI manufactured product.

Objectives of the Study

- i) To study the socio economic profile of the surveyed household and
- ii) To study the role of micro and small scale industries in the development of rural area.

METHODOLOGY:-

(a) Study Area:

Papumpare is an administrative district in the state of Arunachal Pradesh in India. The district was formed in 1999 when it was split from Lower Subansiri District. The district headquarter is located at Yupia, which is situated about 20 kms from Itanagar. It is the most populous district of Arunachal Pradesh. The district covers a geographical area of approximately 2875 Sq. Kms inhabited by a population of 1,76,385. There are 274 villages and 2 towns in the district. It has borders with Lower Subansiri District in North, East

Kameng District in the West. West Siang District falls in its eastern boundary while North Lakhimpur District of Assam is situated in the South.

(b) Sample Units:

The study is based on both primary and secondary data. Primary data are collected from the well-structured questionnaire

Table1: Sampling Design

Sl. No	Circles	Name of villege Selected	No. of Household selected	Total Household (As per 2011 census)	Total population (As per 2011 census)	Percentage of sample selected
1	Balijan	Upper Tubung	20	55	477	36.36
		Balijan Nishi	20	65	413	30.77
2	Sagalee	Kheel	20	47	221	42.55
		Geram	20	44	229	45.45
3	Kimin	Upper sher	20	73	395	27.40
		Upper Jumi	20	57	297	35.09

The analysis is based on the primary data collected from 120 households from the three Circles in Papumpare district. Further, two villeges from each circle has been selected. For secondary data, various books, journals, handbooks, government reports etc. related to the study has been duly referred. The collected data have been analyzed and interpreted with the help of simple percentage method. The distribution of the samples has been detail in below in:

Role and Performance of Micro, Small and Medium Enterprises in Indian Economy

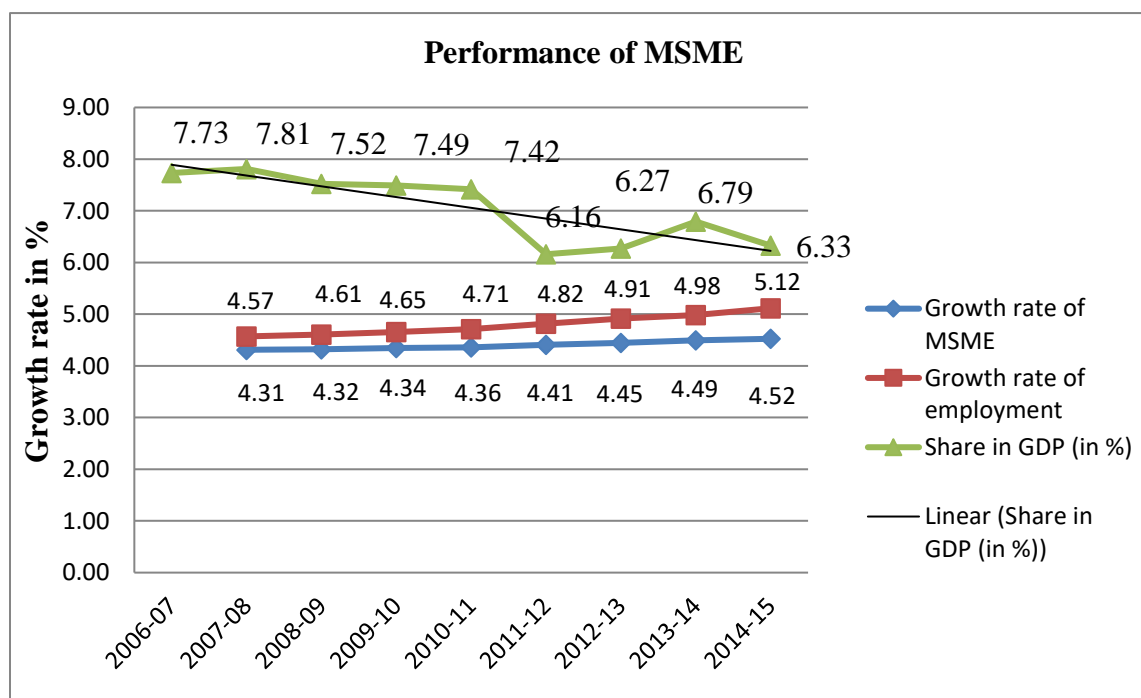
As it is clear from the above discussion that the definition of small-scale industries has changed considerably over the period of planning. Micro, small and medium enterprises plays a very vital role in India’s industrial and economic development.

Table 2: Performance of Micro, Small and Medium Enterprises from 2006-07 to 2014-15.

Year	No of MSME	Growth rate of MSME	Employment	Growth rate of	Market value of fixed	Gross value of	Share in GDP (in %)
------	------------	---------------------	------------	----------------	-----------------------	----------------	---------------------

	s (in lakh)		(No in lakh)	employment	assets (₹ crore)	output (₹ crore)	
1	2	3	4	5	6	7	8
2006-07	361.8	-	805.2	-	868544	1198818	7.73
2007-08	377.4	4.31	842.0	4.57	920460	1322777	7.81
2008-09	393.7	4.32	880.8	4.61	977115	1375589	7.52
2009-10	410.8	4.34	921.8	4.65	1038546	1488352	7.49
2010-11	428.7	4.36	965.2	4.71	1105934	1653622	7.42
2011-12	447.6	4.41	1011.7	4.82	1182758	1788584	6.16
2012-13	467.5	4.45	1061.4	4.91	1268764	1809976	6.27
2013-14	488.5	4.49	1114.3	4.98	1363700	-	6.79
2014-15	510.6	4.52	1171.3	5.12	1471913	-	6.33

Source: Annual Report of Ministry of Micro, Small and Medium Enterprises (2014-15)



The table 2 gives us some idea about the performance of the MSME. The total number of MSME units in 2006-07 361.8 lakh and this number has rose up to 510.6 lakh in 2014-15.output of the MSME unit was ₹ 11,98,818 crore in 2006-07 which has gone up to ₹ 18,09,976 crore in 2012-13. Within the manufacturing sector itself MSME contribute about four-fifth of manufacturing employment in India. Keeping in view the acute unemployment problem in India, creation of employment opportunities will depend crucially on the development of the MSMEs. It provided employment to around 805.2 lakh people in 2006-07 and this increased to 1171.3 lakh in 2014-15.

Performance of the Sector in North Eastern Region (NER)

The estimated numbers of registered working MSMEs in North-Eastern region, their employment, fixed investment and production for the year 2010-11 (Projected) have been provided in the Table given below.

Table 3: Performance of the Sector in North Eastern Region.

STATES		Sikki	Arunachal	Nagalan	Manipu	Mizora	Tripur	Meghalay	Assam	Total
VARIABLES	YEAR	m	Pradesh	d	r	m	a	a		
Number of working enterprises	2006-07	122	417	1332	4492	3715	1343	3010	19864	34295
	2007-08	136	480	2110	4530	3941	1499	3416	21618	37730
	2008-09	207	587	4631	4670	4419	1711	3826	23249	43300
	2009-10	225	698	5602	4759	4919	1931	4725	24927	47786
	2010-11*	279	829	9315	4881	5403	2180	5497	26887	55271
Employment (Person)	2006-07	1159	5411	16281	19960	26032	23166	12700	210507	315216
	2007-08	1292	6228	25790	20129	27616	25857	14413	229095	350420
	2008-09	1967	7617	56605	20751	30965	29514	16143	246379	409940
	2009-10	2138	9057	68473	21146	34469	33309	19936	264162	452689
	2010-11*	2651	10757	113857	21689	37860	37604	23193	284933	532543
Fixed Investment (in Rs. Crore)	2006-07	27.82	543.78	718.33	96.76	296.95	326.57	134.54	5867.40	8012.15
	2007-08	31.01	625.93	1137.90	97.58	315.01	364.50	152.69	6385.49	9110.12
	2008-09	47.2	765.46	2497.44	100.59	353.22	416.05	171.01	6867.26	11218.25
	2009-10	51.31	910.21	3021.08	102.51	393.19	469.55	211.20	7362.90	12521.95
	2010-11*	63.62	1081.04	5023.46	105.14	431.88	530.10	245.70	7941.84	15422.78
Production (in Rs Crore)	2006-07	51.37	237.21	1396.04	199.80	309.90	608.30	447.31	9389.20	12639.13

2007-08	57.26	273.05	2211.44	201.49	328.75	678.96	507.64	10218.27	14476.87
2008-09	87.16	333.91	4853.65	207.72	368.63	774.98	568.57	10899.20	18183.83
2009-10	94.74	397.06	5871.33	211.68	410.34	874.63	702.17	11782.35	20344.29
2010-11*	117.48	471.58	9762.85	217.1	450.71	987.41	816.90	12708.79	25532.81

Source: Annual Report of Ministry of Micro, Small and Medium Enterprises (2011-12)

Note: 2010-11* indicates projected value

Basic Profile of the Surveyed Households

Table 4 presents the basic characteristics of the households covered in field survey across in Papumpare district of Arunachal Pradesh. Among the selected households, 93.3 per cent belong to the Scheduled Tribe social group; 4.17 per cent belong to the 'Other Backward Caste' (OBC) and remaining.

Table 4: Socio-Economic profile of the Surveyed Households

Characteristics	Classification	Observations (%)
Social Group	SC	3(2.50)
	ST	112(93.33)
	OBC	5(4.17)
Type of Ration Card held	APL	26(21.67)
	BPL	74(61.67)
	AAY	9(7.50)
	None	11(9.17)
Type of house	Pucca	19(15.83)
	Semi-Pucca	53(44.17)
	Kutcha	48(40.00)
Household with access to electricity	Yes	117(97.50)
	No	3(2.50)
Number of household engaged in MSE	Yes	35(29.17)
	No	85(70.83)
Main source of Livelihood	Crop Cultivation	59(49.17)
	Casual Labour	6(5.00)
	Forest Related Activities	9(7.50)
	Petty Trading	7(5.83)
	Contractor /Supplier/Business	14(11.67)
	Government Service	22(18.33)
	Others	3(2.50)

Source: Field Survey 2018.

As regard to whether the surveyed households had a ration card, it was found that 61.67 per cent had the Below Poverty Line (BPL) card, while 21.67 had the Above Poverty Line (APL) card, 7.50 per cent had the AAY card and 9.71 per cent did not possess any ration card. Further with regard to the type of house in which they were staying, 40.00 per cent had Kutcha houses, while 44.17 had semi pucca houses and only 15.83 per cent had pucca houses. When enquired if their dwellings had electricity connection, then as high as 97.50 per cent

of them replied in affirmative. But everyone complained about the supply of electricity. With regard to the major source of household income it is found that 56.67 per cent of households depend upon agriculture, followed by government service (18.33 per cent), contractors (11.67 per cent), petty trading (5.83 per cent) and casual labour (5.00). Lastly, out of the total household surveyed 29.17 percent of the household are micro and small enterprises.

Table 4 shows that 65.8 percent of the beneficiaries were not satisfied with the average days of employment generated annually. Further 77.0 percent of the surveyed households were not satisfied with the quality and the work that was being undertaken. In total 67.1 percent of the beneficiaries felt that their livelihoods had improved because of MGNREGA. As those beneficiaries believed that the act has increased the daily income for the household which in turn has led to increase in their household savings. But the remaining 32.9 percent of the beneficiaries felt that MGNREGA had no impact on their livelihoods. It was also found that the in some cases they were not paid the total amount entitled to them.

Sl. No.	Responses on	Classification	Responses	Percentage
1	Decrease unemployment problem	Yes	23	65.71
		No	12	34.29
2	Improve the economic condition of Household	Yes	35	100
		No	0	0
3	Gender equality and empowering women	Yes	31	88.57
		No	4	11.43
4	Improve Women Work Participation	Yes	28	80
		No	7	20
5	Encourage Rural Entrepreneurship	Yes	21	60
		No	14	40
6	whether the enterprises uses electricity	Yes	13	37.14
		No	22	62.86
7	whether you sell your output in local/outside market	Local	9	25.71
		Outside	26	74.29
8	Are you aware about various types of government policies and programmers	Yes	5	14.29
		No	30	85.71
9	Have you avail any financial assistance during last three years	Yes	10	28.57
		No	25	71.43
10	Source of loan	Formal	2	20
		Informal	3	30
		Other	5	50

Problems of Micro and Small Scale Industries

- 1) Finance and Credit
- 2) Problems of marketing
- 3) Lack of awareness about various government policies and programmes

Conclusion:

Now it is obvious that the micro and small scale industries have a great role in our economy. So it is very necessary to improve the present condition of micro and small scale industries. If the market for micro and small scale industries is expanded, this will improve the economic conditions of the rural households by ensuring them a higher level of remuneration. Micro and small scale industries provide economic opportunities to the poor and the lower middle-income section of people through employment. On account of modern technological development, this sector finds its spreading in urban areas and is making more attractive and highly finished exportable products. Now-a-days due to pressure of large industry and less government intervention as well as various problems associated with credit programme etc. impede the dynamic growth of micro and small scale industries. It has been found that the Micro and Small scale industries has played a crucial role in the upliftment of the standard of living of the people of study area. The contribution of this sector is satisfactory as there is huge opportunity of employment generation, it helps the people to be self employed, and it fulfils not only our local demand but also the demand outside the country.

References

Jena R. K. 'Small scale industries in the path of growth and promoting exports' by Director, DGCI&S

Chinnurappa, P.(2017) 'Role and contribution of small scale industries in economic development in India', International journal of academic research and development, Vol-2, Issue-4, July 2017

Sangita P. G & Chaudhari P.T.(2014) 'Problems of small scale industries in India', International journal of engineering and management research, Vol-4, issue-2, April-2014

Ministry of Micro, Small and Medium Enterprises, Annual Report 2016-17, Govt. of India

Sharma, J.P, (1990). Small scale Industries: Problems and prospects, Anmol publication, New Delhi, pp-4-6.

Mishra, S. K. and Puri, V.K.(2018). Indian Economy- its Development Experience, Himalaya Publishing House, Mumbai, 36 revised Edition.

Government of Arunachal Pradesh, Economic Review of Arunachal Pradesh,(2013) Directorate of economics and Statistics, Itanagar

Government of Arunachal Pradesh, Statistical Abstract of Arunachal Pradesh, Directorate of economics and Statistics, Itanagar

Government of Arunachal Pradesh, (2005) Report on 5th Economic census, Directorate of economics and Statistics, Itanagar.