



Performance of MSME units in Arunachal Pradesh

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Abstract

The importance of MSME has been recognized in recent years in both developed and developing countries for its significant contribution in gratifying various socio-economic objectives such as higher growth of employment, output, promotion of exports and fostering entrepreneurship. They play a crucial role in the industrial development of any country. The MSME sector is an important pillar of Indian economy as it contributes greatly to growth of Indian economy. This sector even assumes greater importance now as the country moves towards a faster and inclusive growth agenda. Moreover, it is the MSME sector which can help realize the target of proposed National Manufacturing Policy of raising the share of manufacturing sector in GDP from 16% at present to 25% by the end of 2022. The present paper is an attempt to focus the present status of performance of MSMEs in India & future prospects. It is concluded that this sector contributes significantly to manufacturing output, employment, exports of the country.

Keywords: MSMEs employments; finances; growth; opportunity

Introduction

Arunachal Pradesh is the largest in dimension among all the other Northeastern States of India and is gifted with ample of natural assets or resources. These resources are in need of transformation to various goods and products for the sake of progress of the State and the people living in them. Possessing the possibilities of growth of industrial sector, Arunachal Pradesh have begun to emerge in its own way.

The Industrial Policy of the state has been composed in such a manner so that it does not harm the interest of the investors. Moreover, it should also facilitate maximum usage of raw materials which are locally available through the supporting infrastructure of suitable industrial units which will value rendering. The future investors and business owners will find the policy attention seeking enough to choose Arunachal Pradesh as their ideal destination for investment and trade.

Micro Small and Medium Enterprises play a key role in the industrialization of a developing nation. "This is because: they provide immediate large scale employment and have a comparatively higher labor-capital ratio; they need only a shorter gestation period and relatively smaller markets, to be economic; they need lower investments.

Micro, small and Medium Enterprises (MSMEs) are one of the most vibrant and sensitive sectors in Indian economy as well as for developing state Arunachal Pradesh. The significance of Micro, small and Medium Enterprises (MSMEs) is attributable to its capacity of employment generation, low capital and technology requirement, use of traditional or inherited skill, use of local resources, mobilization of resources and exportability of products.

Objectives of the Study

The broad objective of the paper is to assess the overall growth and developments in the MSMEs sector in Arunachal Pradesh. However, this paper highlights on the following areas also:

1. To study the overview of Micro Small and Medium Enterprises.
2. Performance of MSMEs in Arunachal Pradesh & future prospects.

MSMEs - IN Arunachal Pradesh - an Overview

Micro Small and medium industries form an important sector in the economy of Arunachal Pradesh. The industries are classified in different categories in different states, though the broad categories were mention by Indian Industrial Policy. According to Indian Industrial Policy, there are four broad categories of industries exist i.e. industries controlled by central government like production of arms and ammunitions, management of railways, etc; industries are planned and regulated by central government like cement industries, paper industries, etc; industries undertaken by state government like mineral oils, iron and steel plants, etc; and industries run by cooperative groups or private individuals.

In Arunachal Pradesh industries classified under Indian industrial policy do not exist but it has certain industrial classification of its own in private sector only.

The detail classification of industries in Arunachal Pradesh is shown below

A) Agro-Based Industries

1. Paddy Dehusking Mill,
2. Tea Factory,
3. Mustard Oil Mill, etc.

B) Forest-Based Industries

1. Saw Mill,
2. Incense Sticks manufacturing unit,
3. Veneer & Plywood Mill, etc.

C) Mineral-Based Industries

1. Cement Factory,
2. Stone Crushing Unit,
3. Ferrous Alloy Unit, etc.

D) Demand-Based Industries

1. Barbed wire Unit,
2. Black Smithy,
3. Printing Press Unit,
4. Steel Fabrication Unit, etc.

Micro, Small and Medium Enterprises Development Act, 2006 which has come into force from 2nd October 2006, the entire concept of 'Industries' has been changed to 'Enterprises'. The industries which were called as Small Scale industries and Agro & rural industries are now come under single head called Micro, Small and Medium Enterprise. Now the enterprises have been classified broadly into:

1. Manufacturing Enterprises

The enterprise which is engaged in the manufacturing or producing goods to any industry called as manufacturing enterprises. The manufacturing enterprises have been defined in terms of investment in Plants & Machinery excluding Land & Building, and further classified into:

- a. Micro Enterprises: Investment upto Rs 25 lakh.
- b. Small Enterprises: Investment above Rs 25lakh and up to Rs 5 crore.
- c. Medium Enterprises: Investment above Rs 5 crore and upto Rs 10 crore.

2. Service Enterprises

The enterprise which is engaged in providing or rendering of services called as service enterprise. The Service enterprises have been defined in terms of their investment in equipment excluding Land & Building and further classified into:

- a. Micro Enterprises: Investment up to Rs 10 lakh.
- b. Small Enterprises: Investment above Rs 10 lakh and up to Rs 2 crore.
- c. Medium Enterprises: Investment above Rs 2 crore and upto Rs 5 crore (Government of India, 2007: 8-9)

The enterprises in Arunachal Pradesh are functioning according to the MSMED Act, 2006. The growth of small and medium enterprises in Arunachal Pradesh in the recent past has been significant. The district industries centers set up by the government has greatly contributed to the promotion of small and medium enterprises in the rural areas. The number of micro, small and medium enterprises significantly increased to 632. Their investment has also increased constantly. As per the data, the investment of MSME has increased to Rs 168612.04 lakh. Similar growth is observed in case of generation of employment by MSME sector. Their employment potential enormously increased to 4591 persons by the end of March 2018. A few more particulars are presented in table.

Table 1: District wise Small scale and Medium scale industries and their employment and investment in Arunachal Pradesh as on 31st March 2018.

Sl. No	District	No. of village and SSI units registered permanently	No. of Medium Industries	Total no. of Employment	Total Investment (during 2012-15)
1	Tawang	23	-	118	25.20
2	West Kameng	55	-	70	105.00
3	East Kameng	10	-	30	12.50
4	Papumpare	108	4	1500	2500.00
5	Lower Subansiri	46	-	60	50.00
6	Kurun kumey	4	-	20	11.00
7	Upper Subansiri	29	-	30	21.00
8	West Siang	61	-	125	151.00

9	East Siang	48	-	1251	300.00
10	Upper Siang	3	-	62	95.70
11	Dibang Valley	1	-	10	10.00
12	Lower Dibang Valley	74	2	679	350.00
13	Lohit	83	2	234	280.00
14	Anjaw	-	-	-	-
15	Changlang	24	5	350	582.37
16	Tirap	47	3	58	300.00
	Total	616	16	4591	4793.07

Source: Statistical report 2018

A good number of enterprises have come up after March 2018, so the total numbers of enterprises in current period of time may be somewhat different. As no updated data is available so it is very difficult to reveal the exact numbers of enterprise in every district in Arunachal Pradesh. Although, the exact numbers of enterprises in case study area i.e., Papumpare can be seen in upcoming chapter.

The table reveals that the highest number of permanently registered SSIs belongs to Papum Pare district with 18.53 percent, whereas with only 1 unit in Dibang valley district, having the lowest percentage of registered SSIs. The newly formed Anjaw district still has to start industrialization process. Coming with the medium industries Changlang district is having 31.25 percent of total industries of state and next with 25 percent of total industries is Papumpare district.

While coming to the total investment during the year 2012-18, the highest share of 54.17 percent is with Papum Pare district as the numbers of industries is higher than the rest of the districts. The highest rate of employment is also in the Papum Pare district with 32.67 percent. The per unit employment is highest in the East Siang district with 26.06 percent whereas by leaving Anjaw district, the lowest per unit of employment is in the Upper Subansiri district with 1.03 percent.

Government Policy Initiatives

- Ø Implementation of MSME development act 2006, which provides rules and regulation for MSME
- Ø Reservation and de reservation of products for manufacture in MSME sector- to achieve socio economic development, enhancing technological and achieving economies of scale.
- Ø National manufacturing competitiveness program - to build sustainable capacity, overcoming global competitiveness and healthy growth through eight components which includes: incubator, intellectual property awareness, quality management, technology up gradation, marketing assistance, design expertise and promotion of ICT.
- Ø Public procurement policy through implementation of technology in tenders.
- Ø E-governance – to facilitate employment, virtual cluster, share database, B2B portal and mobile friendly website

Conclusion

Small and Medium Enterprises (SMEs) contribute to economic development in various ways such as creating employment opportunities for rural and urban population, providing goods & services at affordable costs by offering innovative solutions and sustainable development to the economy as a whole. SMEs in India face a number of problems - absence of adequate and timely banking finance, non-availability of suitable technology; ineffective marketing due to limited resources and non-availability of skilled manpower. There is no denying of the fact that the MSMEs can be aptly identified as the facilitator of sustainable growth. They can grow in areas of relative backwardness and become the rope for bridging the inequality. They can grow in areas of relative backwardness and become the rope for bridging the inequality. In short, the MSMEs can be nurtured to cause positive transformations in the socio-economic milieu of a society. Therefore, the need of the hour is to devise a national policy for nurturing and strengthening the MSME ecosystem in the state.

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