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Micro, Small and Medium Scale Enterprises in Assam: Some Aspects of Size, Growth and Structure

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ABSTRACT

The Micro, Small and Medium Enterprises (MSMEs) is the dominant sector in Assam as compared with other North Eastern States of India. It is because 61.48 per cent of MSMEs units concentrated in Assam and the rest 38.52 per cent is located in the rest of the North Eastern States. The objective of the study was to assess the growth and performance of the MSMEs in Assam from the period of 2010-11 to 2017-18. Secondary data were collected from the various government sources for this analysis. The collected data was qualitatively analyzed and presented in tables, charts and figures using Microsoft excel. From the study we found that the growth rate of number of units of MSMEs, employment and investment increases as 3.39 percent, 6.76 percent and 8.83 percent respectively. In this study, compound annual growth rate (CGAR) was used to find out the growth rate of number of units district wise. It is found that Chirang district has the highest growth rate of 40.85 percent and Cachar has recorded negative growth rate of -14.18 percent. Coefficient of variation was also calculated to find out the region wise growth and performance of MSMEs in Assam and we found that North Assam recorded the highest growth while Cachar has recorded the negative growth rate of units.

Keywords: MSMEs in Assam, Employment, investment and CGAR.

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1. Introduction:

The Micro, Small and Medium Enterprises (MSMEs) is the dominant sector in Assam as compared with other North Eastern States because 61.48 per cent of MSMEs units concentrated in Assam and the rest 38.52 per cent is located in the rest of the North east states. Similarly, 51.5 per cent of fixed investment, 66.2 per cent of output and 55.12 per cent of employment of entire North Eastern region shared by Assam. At present, the MSMEs sector is found the fastest growing sector in Assam in terms of output, investment, numbers of units and employment generation. The sectoral composition of GSDP both at current and constant (2004-05) prices has undergone considerable change during the past few years. In 2004-05 at constant (2004-05) the share of Agriculture and Allied sector was 25.6 percent, The Industrial sector was 27.5 percent and Services sector was 46.9 percent. It is evident that over the years the share of Agriculture and Allied sector in the GSDP has been gradually declining from 25.6 percent in 2004-05 to 22.4 percent in 2011-12 and 18.66 percent level in 2015-16 .The contribution of Industry sector to GSDP has also shown a downward trend from 27.5 percent in 2004-05 to 21.9 percent in 2011-12, while the share of Services sector has progressed from 46.9 percent in 2004-05 to 55.7 percent by 2011-12 (Economic survey of Assam, 2011-12). Thus, the State Economy has witnessed a change over the periods and the primary sector has witnessed a shift to service sector and industrial sector resulting to flourish very rapidly in the State's economy.

So far as employment elasticity is concerned, it has also been declining in a large surplus of labour in rural areas. During 1977-1978 and 1999-2000, the share of employment in agriculture sector declined from 73.9 per cent to 60.2 per cent. The share of agriculture sector's contribution to National Income has come down from 30 per cent in 1990-91 to 13.9 per cent in 2011-12 (Economic survey of Assam). As a result, the development of rural industries (micro and small enterprise now) becomes an alternative strategy for employment generation on the one hand and raising the contribution to Gross State Domestic Product (GSDP) on the other hand. The Micro and Small Enterprises (MSEs) is the 2nd largest employer of human resources after agriculture. It is important to generate large scale employment, to sustain economic growth and to make growth inclusive.

2. Literature Review:

Surendar Gade (2018) attempted to examine the contribution of MSMEs sector towards the growth of India and highlighted the areas, which needs to be strengthened for the sector to continue with its contribution to the development of the nation. The author found out from the study that the MSMEs could be the boon and future hope of the economy. In addition, MSMEs were found to provide equal development opportunities to the society and can also be a strong means of utilizing the available natural resources in India.

Shivani Mishra(2012) conducted a study to throw lights on the role MSME play in promotion of socially disadvantaged group and also highlighted the position of MSMEs in the era of globalization. The research in the conclusion affirms that SMEs contribute greatly to the Indian economy. The MSMEs help in distribution of industries evenly and again promote rural development as well as decentralization of economic power. Another finding was that the MSMEs create a lot of employment and contribute significantly to industrial production and

export. Aarti Deveshwar (2014) in a study made an attempt to analyse the impact of globalization on the growth of MSMEs and factors affecting the Indian MSMEs. The Researcher concluded that per the analysis of some growth parameters of pre and post globalization period indicates that globalization has negatively affected the growth of MSMEs with regards to number of units, employment creation, production and export. Globalization according to the research poses a major threat and challenges to the MSMEs in India.

Sonia Mukherejee (2018) researched about the challenges faced by MSMEs in India and observed that more efforts on the part of both the government and the entrepreneurs have to be invested into the sector for improvement of the competitiveness of the MSMEs in India. The researcher opined that efforts in the form of investing in advanced technology, and R&D, higher usage of technology and digital enabled platforms, technology transfer, investing in human resource, improving access to finance, closing the infrastructure gap, and reducing the cumbersome and stringent business regulations. The researcher was of the view that if the above measures are paid attention to, it will improve Indian MSMEs to have access to the global market

3. Objectives of the Study:

The objective of the study was to assess the growth and performance of the MSMEs in Assam from the period of 2010-11 to 2017-18. Specifically, the study seeks to study:

- I. Assess the district wise growth of MSMEs in Assam.
- II. Assess the contribution of MSMEs to job creation in Assam.
- III. Assess the contribution of performances of MSMEs in Assam.

4. Methodology of the Study:

The study made use of secondary data, which was collected from various sources including annual reports of the Ministry of micro, small and medium enterprises, economic survey of Assam from 2010 to 2018, statistical handbook of Assam, Directorate of Industries and Commerce, Assam website of Ministry of Statistics and Programme Implementation, and journals. Data on the distribution of MSMEs in the Assam, the number of employment created by the MSME industry, and the growth and performance indicators of the sector was collected for analysis. The data was statistically analyzed by using compound annual growth rate (CGAR), Average annual growth rate (AAGR), coefficient of variation and presented in the form of tables, and Graphs using Microsoft Excel.

5. Data Analysis and Discussion:

5.1 Existing of MSMEs in Assam: an analysis:

Presently, the small-scale industries have been sub-divided into Micro, Small and Medium enterprises (MSME) under the Micro, Small and Medium enterprises development act 2006. The categorization of enterprises is made based on their investment in plant and machineries in case of manufacturing sector or in equipment's in case of service sector. The table: 1, below shows the growth of MSME units, employment and investment till the year 2108.

Table 1: Growth of MSMEs units, employment and investment in Assam

Year	No. of units	No. of workers	Average worker	Investment (Rs. in lakh)	Average investment
2010-11	1214	9002	7.4	25557.59	21.05
2011-12	1287	13886	10.8	27776.15	21.59
2012-13	1451	11671	8.0	27397.47	18.89
2013-14	1860	12971	7.0	31099.08	16.70
2014-15	2629	20496	7.8	26923.29	10.23
2015-16	1898	13848	7.3	25597.96	13.49
2016-17	2177	19355	8.89	60687.43	27.88
2017-18	1539	14442	9.38	47452.71	30.82
Average annual growth rate	3.39	6.76		8.83	

Data Source: Directorate of industries and commerce, Assam

Table: 1, reveal that In Assam as on 2010-11 there was a total number of 1214 units of registered MSMEs and these provide working to the 9002 numbers of peoples in Assam. There is Rs. 25557.59 lakh investment for 1214 units in the period of 2010-11. Tables shows that the number of units, employment and investments are increasing with increase in time period. It becomes highest in the year of 2014-15 and then becomes fall but still remain higher than the year 2010-11. The average annual growth rate of no. of units, employment and investments are 3.39, 6.76 and 8.83 respectively which shows positive growth rate. It is also evident from the table that average employment per unit of MSMEs in Assam is around 8 person and average investment per unit is around 20 lakh during the period of 210-11 to 2017-18 which is less than the national average.

5.2 CAGR of no. of units across the district with state average:

This section deals with the calculation of CAGR (Compound Annual Growth Rate) across the various districts of Assam from the time period of 2010-11 to 2017-18 and also compare the rate with state rate. From the table: 2, it is clear that only 13 districts CAGR is above the state CAGR and reaming has the below CAGR than state. Among them highest CAGR is recorded at Chirang district (40.85 percent) and highest negative rate is on Cachar district (-14.18 percent).

Table 2: Compound Annual Growth rate of no. of units across the district of Assam

District / Year	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	CAGR	CAGR (percent)
Kokrajhar	6	9	13	5	9	10	16	21	0.196	19.598
Dhubri	72	33	56	83	139	29	32	54	-0.040	-4.0264
Goalpara	20	34	26	89	77	59	58	52	0.146	14.625
Bongaigaon	39	52	48	36	167	33	43	69	0.0849	8.492
Barpeta	52	33	54	59	122	202	195	90	0.081	8.151
Kamrup rural and metro	391	301	297	283	377	173	435	186	-0.101	-10.069
Nalbari	42	68	89	78	100	128	80	57	0.0446	4.459
Darrang	35	54	43	107	54	54	62	49	0.049	4.924
Morigaon	24	25	37	22	53	16	49	45	0.094	9.396
Nagaon	164	70	123	180	213	89	187	133	-0.029	-2.948
Sonitpur	41	85	54	89	135	60	99	84	0.108	10.789
Lakhimpur	39	17	23	53	52	35	38	27	-0.051	-5.118
Dhemaji	28	41	27	39	11	5	16	27	-0.0052	-0.518
Tinsukia	98	46	81	98	119	56	94	90	-0.012	-1.209
Dibrugarh	91	58	118	154	180	139	306	136	0.059	5.908
Sivasagar	81	35	81	100	282	313	151	100	0.0305	3.056
Jorhat	34	47	82	86	141	71	76	79	0.128	12.799
Golaghat	44	62	42	63	112	230	62	79	0.087	8.720
Karbi angling	9	6	6	15	17	13	30	14	0.065	6.515
Dima-hasao	4	2	3	2	17	2	0	2	-0.094	-9.428
Cachar	70	58	50	72	40	27	33	24	-0.142	-14.180
Karimganj	21	22	25	24	38	44	20	18	-0.022	-2.178
Hailakandi	25	23	37	47	34	30	23	14	-0.079	-7.949
Chirang	4	22	11	41	55	54	43	44	0.409	40.854
Baksa	37	4	11	32	6	1	4	21	-0.078	-7.773
Udalguri	35	11	14	3	13	25	25	24	-0.052	-5.247
Assam	1214	1287	1451	1860	2629	1898	2177	1539	0.035	3.447

Data Source: Statistical handbook of Assam

5.3 Region-wise CAGR in Assam:

The total Assam is dividing into five different regions (this is a list of unofficial or semi-official regions of Assam). The five regions are shown through the following table: 3

Table 3: Five different regions of Assam

Regions	Districts
Upper Assam	Golaghat, Dhemaji, Dibrugarh, Jorhat, Lakhimpur, Tinsukia, Sivasagar
Lower Assam	Dhubri, Kokrajhar, Bongaigaon, Barpeta, Chirang, Baksa, Goalpara, Kamrup (Rural +Metro) and Nalbari
Central Assam	Karbi angong, Dima-hasao, Nagaon, Morigaon
Barak Valley	Cachar, Hailakandi, Karimganj
North Assam	Darrang, Sonitpur, Udalguri

Source: <https://en.m.wikipedia.org> divisions of Assam

Fig: 1 Five different regions of Assam

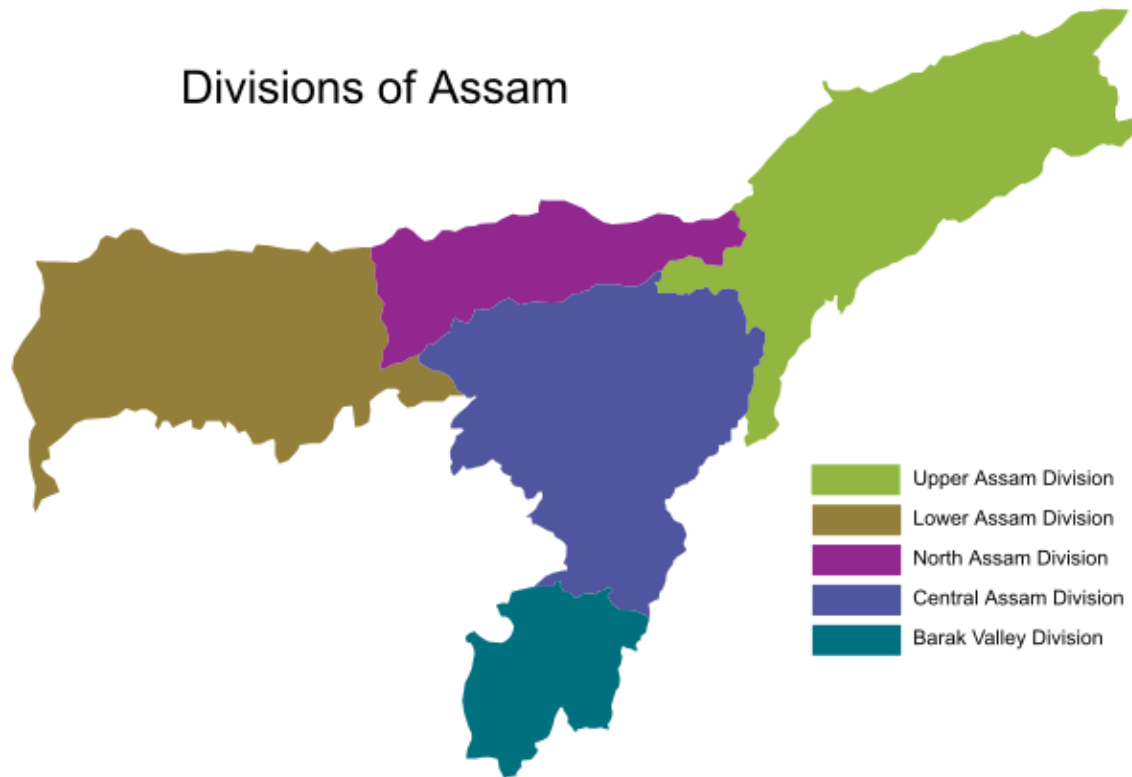


Fig: 2 show the region wise coefficient of variation in Assam and it is discussed as follows:

I. Upper Assam:

It is clear that, the coefficient of variation declines on 2011-12 but increase on next year and then again declines. Up to 2016-17 it increases and then again falls but still little bit high

then the initial period in the upper Assam which reflects that inequality with respect to no. of units is increases.

II. Lower Assam:

In case of lower Assam the coefficient of variation is declining. In the period of 2010-11 the coefficient of variation was 164.18 percent and it declines on 75.63 percent in the period of 2017-18. This is the reflection of lower inequality in terms of no. of MSMEs units in the lower Assam.

III. North Assam:

In the area of north Assam the inequality on no. of MSMEs units is increasing highly since the coefficient of variation is increasing (9.37 percent to 57.59 percent) from 2010-11 to 2017-18.

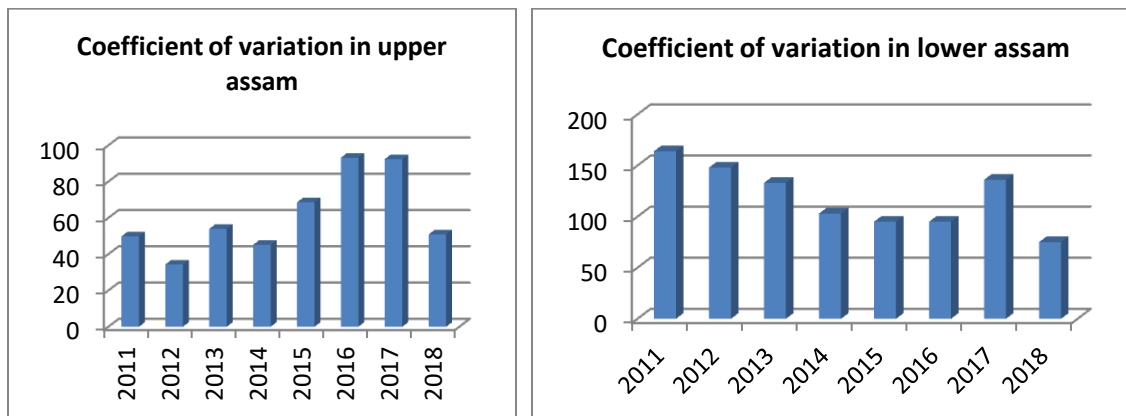
IV. Central part of Assam:

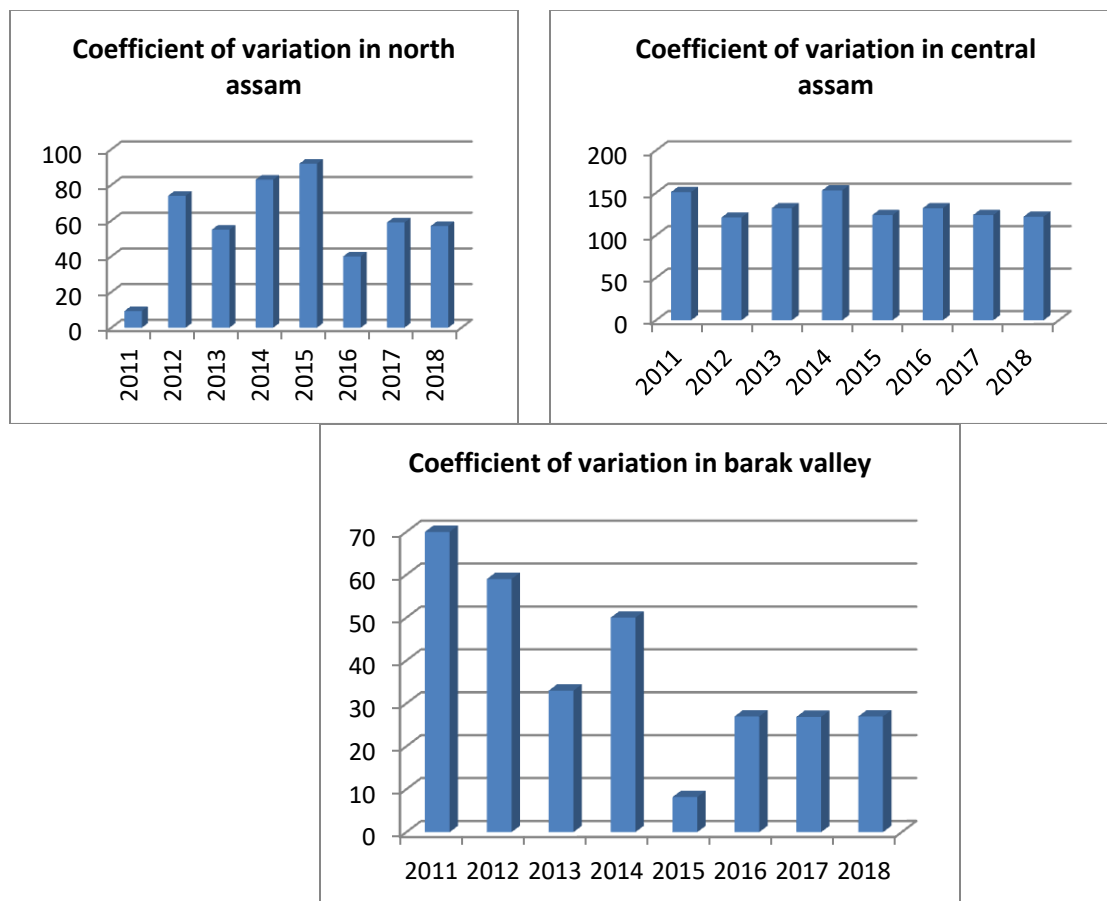
In the central Assam overall inequality is declining but the magnitude is very small. This is clear by observing the figure from below.

V. Barak valley:

In the Barak valley, the degree of inequality is very low as compared to the other parts of the Assam. It is seen that in initial period of 2010-11, coefficient of variation is 70.37 5 and it declines to 26.97 percent on 2017-18. Very low inequality of no. of units is recorded at Barak valley on 2014-15, it is only 8.19 coefficient of variation and this is due to may be the lower growth rate of the entire region.

Fig: 2, Region wise coefficient of variation in Assam





The table: 4 shows the region wise C.V in 2010-11 to 2017-18 and the compound annual growth rate (CAGR) among these periods.

Table 4: Region wise coefficient of variation in Assam and CAGR

Region	Coefficient of variations		Remarks	CAGR
	2010-11	2017-18		
Upper Assam	49.85	50.90	Increasing	3.30
Lower Assam	164.18	75.63	Decreasing	-1.37
North Assam	9.37	57.59	Increasing	4.41
Central Assam	151.86	122.01	Decreasing	-0.43
Barak valley	70.37	26.97	Decreasing	-8.70

Source: Author's own computation

Considering the above table: 4, it can be said that with respect to region wise distribution of no. of unit's inequality increasing in upper Assam, north Assam and decreasing for the rest of the region. However, in terms of CAGR, north Assam takes the leading role whereas Barak valley's situation is worst (-8.70).

6. Conclusion:

There are 43,332 MSME units in Assam and provided employment to 2.49 lakhs persons till the end of March 2016 as per Economic Survey, Assam, 2016-17. There are 14055 MSMEs units and provided employment to 115671 persons in all the districts of Assam during the period from 2010-11 to 2017-18 and the 272491.68 lakh investments during these period in Assam. The average employment per unit of manufacturing enterprises in all the districts of Assam is 9.38 persons and the average investments is 30.82 (Rs. in lakh) during 2010-11 to 2017-18. The average annual growth rate of no. units, workers and investments are 3.39 percent, 6.76 percent and 8.83 percent respectively during the year 2010-11 to 2017-18. Compound Annual Growth Rate across the various districts of Assam from the time period of 2010-11 to 2017-18 are calculated and found that only 13 district CAGR is above the state CAGR (3.44 percent) and remaining has the below CAGR than state. Among them highest CAGR is recorded at Chirang district (40.85 percent) and highest negative rate is on Cachar district (-14.18 percent). It is also found that with respect to region wise distribution of no. of unit's inequality increasing in upper Assam, north Assam and decreasing for the rest of the region. However, in terms of CAGR, north Assam takes the leading role whereas Barak valley's situation is worst (-8.70).

7. Future scope:

This article is only focused on the growth and development of the MSMEs in the various part of the Assam based on the secondary data. There is a further scope for research on technical efficiency analysis and sources of technical efficiency in Assam on sector wise as divided on this article.

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Conflict of interest: There is no conflict of interest with any other regarding this paper.

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