An Analytical Study of the MSMEs Sector in Northeast India

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Abstract
The Micro, Small and Medium Enterprises (MSMEs) are very important for any developing economy. They help in providing opportunities to upcoming entrepreneurs, creates employment opportunities, contributes towards industrial development as well as in raising the GDP of any country or state. The NER of India has huge stock of natural resources. Though it is rich naturally yet it depends on mainland India for meeting most of its needs. It only points that most of our resources are utilized or underutilized and have not been utilized in the best optimum manner. Development and growth of MSMEs is the need of the hour for this part of the country. This paper seeks to analyse the present scenario of MSMEs in the North Eastern States.

Key Words: MSMES, India, NER, Resources

I.  INTRODUCTION

The Northeast states of India comprises of eight states namely Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Tripura and Sikkim. The Region is blessed with rich natural resources. Utilisation of these resources of the region should be the focused of the policy makers. The region’s natural resources can be used for the development of the entire NER. This can be possible with the sustainable and optimum utilization of the available resources. For the quick development of MSMEs all the fundamental requisite should be met. The growth of
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MSMEs would help the region in coming out of the tag of being a dependent region of the country.

II. OBJECTIVE AND METHODOLOGY

The objective of this paper is to see the present scenario of MSME sector in NER. It also focuses on the problems faced by MSME in the region. The study is purely based on secondary sources of data from government records, journals, books, etc.

Present Scenario of MSMEs in NER

| States           | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 |
|------------------|---------|---------|---------|---------|---------|
| Assam            | 1218    | 1451    | 1860    | 2629    | 1075    |
| Arunachal Pradesh| 25      | 55      | 25      | 25      | 0       |
| Manipur          | 122     | 181     | 178     | 198     | 15      |
| Meghalaya        | 573     | 581     | 641     | 118     | 128     |
| Mizoram          | 131     | 122     | 213     | 278     | 101     |
| Nagaland         | 213     | 231     | 242     | 91      | 10      |
| Tripura          | 205     | 156     | 173     | 172     | 92      |
| Sikkim           | 30      | 11      | 8       | 7       | 9       |
| Total            | 2517    | 2782    | 3340    | 3518    | 1430    |

Source: MSME Annual Report 2015-16

Avery important aspect for the rise of MSMEs is the status of operation of these industrial units. It has been analysed based on units which were closed down, working units and non-traceable units. A closed unit is one which has been declared ceased to operate and is shut down. Non-traceable units are those that have registered with the District Industrial Centres but their current existence could not be found at their latest address. Non-working enterprises comprised of non-working units and closed units. A large number of MSMEs has been shut down in the NER as shown by 4th Census of Registered MSMEs.

Problems

1. High terrain, lack of proper infrastructure, backwardness of the region, transport and communications problems, etc. becomes a hindrance for the growth of MSMEs in the region.

2. Less importance in regard to finance from financial institutions and banks, the region MSMEs I struggling. Most people running MSMEs gets their financial requirements through personal; savings and friends.

3. Lack of innovative ideas and awareness, less entrepreneurial zeal are some few reasons for the the region's MSMEs slow growth rate. Few people wants to take up
entrepreneurial venture. Creating awareness about the economic implications of MSMEs needs to be taken up among the youths.

4. Absence of skilled manpower is another chronic problem. It leads to delay in supplying of productions in these enterprises.

5. Lack of expertise in digital and new age marketing, limited knowledge and lack of marketing skills has stopped the growth of this sector. Poor market linkage makes the MSMEs not to compete with others in the market.

6. It has non-availability of new markets and low outreach. Intense competition from big industries and MNCs. It is difficult to sell MSMEs products to government agencies.

7. Low quality products impacting the export competitiveness. Inadequate access to raw materials. Still most MSMEs uses traditional machines causing low productivity.

8. Government procedures and rules for establishing new MSMEs units is very slow. To start a MSMEs units, bureaucratic delays hampers the clearance procedure.

Way Forward

1. The region’s MSMEs needs to adopt best practices and international standards to go ahead for offering innovative solutions.

2. Focus should be in transfer of skill development and information to effectively use the transferred technology.

3. There is an urgent need to upgrade the region’s infrastructural utilities for the successful operations of any enterprises.

4. Local entrepreneurs need to develop quality conscious mindsets keeping in mind the needs of the local population.

5. Sensitization of MSMEs at upgraded and different level of certification is the need of the hour.

Government Schemes to Promote MSMEs

- Udyami Mitra Portal—it was launched by SIDBI for improving the accessibility of credit to MSME.
- MSMEs Sambandh-Central Public Sector Enterprices procuring from MSMEs.
- MSMEs Samadhaan—it is a delayed payment portal. It will register cases for delayed payments to MSMEs.
- Prime Minister Employment Generation Programme—credit linked subsidy program launched by Ministry of MSME.
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- National Manufacturing Competitiveness Programme-to develop competitiveness among Indian MSMEs by improving their designs, technology, processing and market access.
- Credit Linked Capital. Subsidy Scheme-for the upgradation of technology for MSMEs.

III. CONCLUSION

The MSMEs in NER is still in its initial stage of growth when compared with other parts of the country. The share of NE states MSMEs is very low in comparison to national average. For the development of MSMEs there is the need to develop entrepreneurial mindset among the youths. There should be proper implementation and dispensation of various MSMEs scheme in the region. Infrastructural facilities also needs to be pushed up for accelerating the growth of MSMEs.

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