

Employment Situation of Micro Enterprises in Papum Pare District of Arunachal Pradesh

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Abstract:

The number of employment generation, resource utilization, developing infrastructure, promoting higher standard of living, bringing equality in rich and poor people, eradicating the poverty, educating the people, increasing the per capita income, educating for better life, educating for self-dependency, spreading rationality, awareness among the public, allowing to participate in economic growth of the nation etc. are some of the important socio-economic impact of MSMEs, irrespective of how long and difficult process is to set up an MSMEs and running it successfully. The purpose of the present study is to bring in light the Micro enterprises and its employment generating efficiency in Papum Pare district of Arunachal Pradesh. The paper has been designed in such a way that it shows the employment status of Micro enterprises in Papum Pare district. The size, category, education level, remuneration, etc. of the workers/employees are taken as key elements for the study. The study is based on both primary as well as secondary data, which has been analyzed with statistical tool for better understanding.

Keywords: Employment, MSME, Rural Development, Wages, Workers.

I. INTRODUCTION

Micro, Small and Medium Enterprises (MSMEs) play an important role in the economic development of a country due to their contribution to production, exports and employment. The sector contributes 8 per cent to the country's GDP, 45 per cent to industrial products and 40 per cent to the country's exports. It employs 60 million people in 28.5 million enterprises. It is noteworthy that the MSME sector has maintained a higher growth rate over the last one decade than the general industrial sector. According to the survey, exports from these enterprises are on

the rise despite rising raw material prices, sluggish global demand and fierce international competition. Today, the field produces a wide range of products, from simple consumer goods to high-purity, complex finished products. It has become a major supplier of consumer goods, as well as a manufacturer of electronic and electrical appliances, medicines and pharmaceuticals. The momentum for the sector is likely to have a multiplier effect on economic growth. According to the MSMED Act, MSMEs are determined on the basis of their investment in plants, machinery and equipment for service providers.

The North Eastern States of India are regarded as industrially backward regions. However these states in particular like Arunachal Pradesh has high potentiality for entrepreneurial growth. The state is innate with climatic conditions highly favorable for large scale productions and taking up of different kinds of entrepreneurial activities. The state is abundant with resources favorable for enterprises in areas like Tourism, Hydropower, Biodiversity, etc. However, it is also a fact that most of the resources of the state remain untapped and unutilized. This is a major hindrance face by the people of the state which is causing and creating the problems of unemployment, poverty etc. These hindrances are putting an obstacle in the path of economic development or growth process in the state.

It is expected that when there is increase in the number of Micro enterprises there will be more employment, generation of income and improve standard of living of the people. The enactment of the industrial policies in the state of Arunachal Pradesh and along with it the setting up of a number of Micro enterprises in the state is an indication of more people participation, change in economic condition and social status of the people. It means that Micro enterprises are an important tool in economic development and upliftment of social status of people. In fact Micro enterprises is a significant way of bringing change in economic condition of any state or a nation that ultimately will result in the removal of regional disparity within the state and finally throughout the country. The present paper is therefore, a study on the contribution of Micro enterprises towards the employment generation in Arunachal Pradesh with a case study of Papumpare District.

II. REVIEW OF LITERATURE

According to Das (2012) in his paper “Entrepreneurship and micro finance: a reflection from north east India” had dealt with entrepreneurship through micro finance particularly by Self Help Groups (SHGs) in respect of women enterprises in India. The study found that promotion of micro, women and rural entrepreneurship in the state can motivate the educated unemployed youth to run their own enterprises. His study also found that the share of female employees in unregistered SSI sector is much higher than registered SSI sector in different states. Similarly, the enterprises managed by women in unregistered SSI sector are higher than registered SSI sector. According to Moyong (2012) in his paper “Employment and prospects of rural entrepreneurship in SSI sectors in Arunachal Pradesh: Evidences from third SSI census report” finds that most of the entrepreneurs are the first generation entrepreneurs in the state. His study

also found that there are ample of areas for development of industries in rural Arunachal like tourism, food processing, pickle making, etc. which can provide huge employment opportunities in the state. According to Saikia & Das (2012) in their paper “Entrepreneurship and Micro & Micro enterprises growth in Assam” had examined the growth of Micro and Micro enterprises in Assam with different indicators such as employment, number of units, etc. The study was based on NSSO data on unorganised manufacturing sector of Assam for the period of 1994-95 to 2005-06. It was observed that significant growth took place during 2000-01 to 2005-06 in the Micro & Micro enterprises in Assam. It was also observed that, despite of having huge potentiality for creation of employment, micro and Micro enterprises in Assam was unable to generate enough employment for the people.

III. OBJECTIVES OF THE STUDY

The objectives of the present study are:

1. To examine the status of Micro enterprises in the Papum Pare district,
2. To study the contribution of Micro enterprises towards employment in the district.

IV. METHODOLOGY

The present study is empirical in nature and is based on both primary and secondary data. The primary data are collected through the structured schedule, personal discussion with entrepreneurs and some of the workers of Micro enterprises located in Papum Pare district. The secondary data are collected from the journals, statistical abstract, website of the MSME, website of Directorate of industries, Itanagar. From the secondary data collected, 154 registered units of Micro enterprises were found to be functioning in Arunachal Pradesh up to 31st March 2020. The total number of Micro enterprises in Papum Pare district is 53 up to 2019-20. Out of total 53 numbers of Micro enterprises, 30 (56%) numbers of Micro enterprises are selected by using random sampling method for the present research. The present study is confined to the period 2019-20 only.

V. New criteria for classification of MSMEs:

The changes in classification criteria were long awaited. Although it was proposed long back, government recently announced the same via Press Release on 13.05.2020.

Classification	Manufacturing & Service Sector (No distinction)	
	Investment in Plant & Machinery	Turnover Limits
Micro Enterprises	Less than 1 Crore	Less than 5 Crore
Micro enterprises	Less than 10 Crore	Less than 50 Crore
Medium Enterprises	Less than 20 Crore	Less than 100 Crore

VI. FINDINGS & ANALYSIS

According to district wise number of Entrepreneurs Memorandum (Part-II) filed by the Micro, Small & Medium Enterprises in respect of Arunachal Pradesh, the state has 370 numbers of permanently registered MSME units up to 2019-20. Further, there are 154 numbers of Micro enterprises which has been registered in Entrepreneurship Memorandum-II, and accounts for 41.62 percent of the total registered MSME units in the state. Out of the state total number, the total number of Micro enterprises in Papum Pare district is found to be only 53 as on 31st March 2020. However, for the study questions were distributed to 30 registered Micro enterprises and the findings of the study are presented in tabular form.

Table 1: District wise number of Micro enterprises in Arunachal Pradesh as on 31.03.2020

Sl. No.	Name of the Districts	Manufacturing Sector		Service Sector		Total	
		Nos.	%	Nos.	%	Nos.	%
1	Tawang	1	0.69	0	0.00	1	0.65
2	West Kameng	0	0.00	0	0.00	0	0.00
3	East Kameng	1	0.69	0	0.00	1	0.65
4	Papum Pare	52	35.86	1	11.11	53	34.42
5	Lower Subansiri	6	4.14	2	22.22	8	5.19
6	Uppar Subansiri	7	4.83	0	0.00	7	4.55
7	West Siang	20	13.79	5	55.56	25	16.23
8	East Siang	5	3.45	1	11.11	6	3.90
9	Upper Siang	0	0.00	0	0.00	0	0.00
10	Dibang Valley	0	0.00	0	0.00	0	0.00
11	Lohit	28	19.31	0	0.00	28	18.18
12	Changlang	16	11.03	0	0.00	16	10.38
13	Tirap	4	2.76	0	0.00	4	2.60
14	Kurung Kumey	4	2.76	0	0.00	4	2.60
15	Lower Dibang Valley	1	0.69	0	0.00	1	0.65
16	Anjaw	0	0.00	0	0.00	0	0.00
17	Longding	0	0.00	0	0.00	0	0.00
Total		145		9		154	

Sources: Directorate of Industries, Itanagar (compiled)

Table 1 is a presentation of district wise distribution of small enterprise in Arunachal Pradesh up to year 2012 -13. From the table it can be seen that Papum Pare district is holding majority share i.e., 34.42 percent of Micro enterprises in the state. However, other districts like Lohit and West Siang is having quit good numbers of Micro enterprises i.e., 18.18 and 16.23 percent respectively in their credit. It is interesting to see, that there are around five districts which do not have any Micro enterprises till now. In Papum Pare district, from total 53 registered Micro enterprises only one unit is from service sector and rest are from manufacturing sector. From among 145 manufacturing units Papum Pare holds 35.86 percent of manufacturing units, but in case of service sector district holds only 11.11 percent of units.

Micro enterprises provide immediate large scale employment. It helps to reduce the unemployment problem in the state. The distribution of enterprises and employment in the table 2 indicates that a huge number of employments is provided by small industrial units in the Papumpare district. The total number of Micro enterprises (both manufacturing sector and service sector) for the present study is limited to 30. The total investment amount is Rs 1693.80 lakhs for manufacturing sector and 56.00 lakhs for service sector with 771 numbers of employments in those 30 sample units.

Table 2: Total and average employment and investment in 30 sample units of Papum Pare District upto 31.03.13

Sl. No.	Sectors	No. of Units	Employment (In nos.)		Investment (Rs in lakhs)	
			Total	Average	Total	Average
1	Manufacturing	29	743	25.62	1693.80	58.41
2	Service	1	28	28.00	56.00	56.00
Total		30	771	25.70	1749.80	58.33

Sources: Field Survey

Again, Table 2 also represents the average employment of Micro enterprises in manufacturing sector which is 25.62 and 28 in case of Micro enterprises in service sector. However, the present average employment for the total Micro enterprises is 25.7. The Table also reveals that Rs 58.41 lakhs of average investment is made by the manufacturing units whereas it is Rs 56 lakhs for service sector units of the sample units. However, the average investment of the total sample units is 58.33 in the district.

The workers in any enterprises irrespective of male-female ratio play a dominant role in the growth of the business process. It is the employees/workers contribution that can lead towards achievement of certain physical target of the business. The following table 3 is the representation of the number of labours employed on the basis of their gender.

Table 3: Classification of employed workers on the basis of gender.

Sl. No.	Category of Employment	Numbers of Workers	Percentage (%)
1	Male	690	89.49
2	Female	81	10.51
Total		771	100.00

Source: Field Survey

From the total 771 workers, 89.49 percent are male workers and only 10.51 percent are female workers in the sample units of the district. The ratio between male and female workers in Micro enterprises is around 8.5:1. It is found out that the male workers are dominating in all kinds of

enterprises operating in the district except for the weaving and knitting units. It is also found out in the survey that workers are classified under different categories. Further the categorization is according to the workers efficiency in work, which is reflected elaborately in table 4.

Table 4: Size of employment in the sample enterprises

Sl. No.	Size of Employment	No. of Workers	Percentage (%)
1	Skilled	271	35.15
2	Semi Skilled	162	21.01
3	Unskilled	338	43.84
Total		771	100.00

Source: Field Survey

From the total 771 workers, 31.15 percent are skilled workers, 21.01 percent are semi-skilled workers and 43.84 percent are unskilled workers in Micro enterprises of the district. The ratio between skilled, semiskilled and unskilled workers in Micro enterprises is around 2:1:3. Further it is found that all the workers are from different background and have different age group. So next classification for the workers is on the basis of age, and is presented in table 5 and graph 1.

Table 5: Age classification of the workers in the sample units.

Sl. No.	Age Groups (in years)	No. of Workers	Percentage (%)
1	Below 20	26	3.37
2	20 - 30	148	19.20
3	30-40	451	58.50
4	40-50	109	14.13
5	50-60	37	4.80
Total		771	100.00

Source: Field Survey

From the above table it can be seen that 58.50 percent of enterprise workers are from 30-40 years of age group and which is the highest among the other age groups of workers in the district. Whereas only 3.37 percent of workers are in the below 20 years of age groups, which shows the percentage of minor workers are less in sample units. Very less number of workers has attended some formal education which is shown in the table 6.

Table 6 : Educational qualification of the workers in sample units.

Sl. No.	Education level	No. of Workers	Percentage (%)
1	Illiterate	243	31.52
2	Upto Primary	419	54.35
3	Upto Secondary	68	8.82
4	Upto Higher Secondary	39	5.06
5	Upto Graduation	2	0.25
Total		771	100.00

Source: Field Survey

The above classification shows that 54.35 percent of workers are having primary level of education. The percentage of illiterate workers is 31.52 percent in sample enterprises. It is interesting to see that some of the graduate employees are also found in some of the Micro enterprises. About 60.05 percent of the total employees belong to the group of employment „over 10-50 persons“ which is shown in table 7. Out of 30 enterprises 22 units belongs to this group (over 10-50 Persons) and average employment in these units are around 21 persons per small enterprise. is having employment in the range of 10-50 persons category.

Different enterprises have different rates of payment to the workers. Some pay more for labour intensive work whereas some pay more for technical work. Minimum government standards have been considered by the units while making payment to the workers. The table 8 shows the different rate of payments made to the industrial workers by the employer in the district.

Table 8: Payment of wages to different categories of workers.

Sl. No.	Wage Range (Per Day)	No. of Workers			
		Skilled	Semi-skilled	Unskilled	Total
1	Below Rs 100	2	70	89	161(20.88)*
2	Rs 100- Rs 150	41	42	220	303(39.30)
3	Rs 150- Rs 200	82	18	26	126(16.34)
4	Above Rs 200	146	32	3	181(23.48)
Total		271	162	338	771(100)

Source: Field Survey

* Figures in brackets are percentages

The 39.30 percent of total workers get wages in between Rs 100 to Rs 150 per day according to the sample units in the district, whereas, 20.88 percent of workers get wages less than Rs 100 per day. The unskilled labours are less paid by the employer in the units studied. 65.09 percent of unskilled workers are getting Rs 100-150 per day, whereas only 0.89 percent of those workers are getting more than Rs 200 per day. Similarly, 53.88 percent of skilled workers

are receiving wages more than Rs 200 per day, whereas only 0.74 percent of those workers are getting less than Rs 100 per day in the sample units.

VII. CONCLUSION

The discussion made so far shows the contribution of Micro enterprises in generating employment in the Papum Pare district. The survey data shows that the region accounts for the 34.42 percent of the total number of Micro enterprises in the state. The number of Micro enterprises in the district is 53; of which 7.55 % of Micro enterprises are temporarily not functioning. It is noteworthy that after formation of Ministry of MSME in the state, a good number of Micro enterprises has been established in the district. Most of the sample units are established in the urban or semi-urban areas in the district, but a very less number of units is working under the shed of Industrial Estates.

Among the sample units, the demand based enterprises are more with almost 64.71 percent in the district which generates a large number of employment. The average employment per sample unit is around 26 persons. And around 40 percent of industrial workers in the district are getting wages of Rs 100-150 per day. Very few of the Micro enterprises have the capability of creating vast employment opportunities in the district. However, it can't also be denied that a good number of employments are provided by some of the units. If all the resources of the district are utilised properly, then there are enough possibilities for creation of employment through Micro enterprises in the district. Hence, the study therefore concludes that the use of available natural resources with the help of micro and small enterprises can accelerate the developmental process in the district.

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