

CHAPTER - 2

Growth and Development of MSMEs in India vis-à-vis Tripura: a Comparative Analysis.

- 2.1. Conceptual Framework of MSMEs.
- 2.2. Growth and Performances of MSMEs in India.
- 2.3. Growth and Performances of MSMEs in NER.
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CHAPTER - 2

2.1. Conceptual Framework of MSMEs:

Small scale industries were recognised as a sector of special importance in the industries (Development and Regulation) Act, 1951, which provides for the regulation and development of industries. The industries licensing policies are determined under this Act. The important provisions of the Section 11-B of 1951 Act provides the power to specify the definition of SSI in consideration of factors relating to: investment of unit in fixed assets, nature of ownership, the number of workers employed, Nature, cost and quality of products, etc. and Section 29 B provides for reservation of products for exclusive production in the small scale industries sector. The Second Five Year Plan is considered as a revolution in the field of SSI sector as the foundations of the policy for the small scale industry were laid in during this plan. The Government of India had announced its second industrial policy in 1956, which unambiguously chose equity as the guiding principle for small industry development and it was said in operative statement: that "small scale industries provide immediate large scale income and facilitate an effective mobilisation of resources of capital and skill which might otherwise remain unutilised."

In the Industrial Policy Statement of 1977 there was a motive to increase the reserved items exclusive manufactured by the small industry which was started in 1967 and the products reserved for SSI was increased from 180 to 504 and further to 807 items in 1977. Special attention was given to the 'Tiny Sector' by defining this sector as enterprises with investment in plant and machinery of up to 1 lakh and situated in towns and situated in towns and in villages with population less than 50,000. The setting up of "District Industries Centre" was come up with a view to deal with all requirements of small and village industries.

The policy statement of 1980 had emphasised on ancillaries. There was an urge to accelerate the programme for the development of rural and backward areas. The Investment limits for defining the SSI had increased.

Investment limit for SSI as a whole extended up to Rs. 20 lakh, Investment limit for Tiny Sector was up to Rs 2 lakh and for Ancillary units Investment limit was fixed up to Rs. 35 lakh.

In 1985 Industrial Policy Statement the investment ceiling for SSI was raised to Rs. 35lakh and for ancillaries to Rs. 45 lakh.

In Industrial Policy Statement of 1991 policies were taken by the Government of India to protect the interests of the SSI sector and facilitate its rapid development.

Since 1950 Small Scale Industries in India had passed away a long journey with a different definition in terms of investment limit.

Table-2.1

Evolution of Definition of Small Scale Industries in respect to Investment Limit.

Year	Investment limit	Additional condition
1950	Upto Rs.5.0 lakh in fixed assets	Less than 50/100 persons with or without power
1960	Upto Rs.5.0 lakh in fixed assets	No condition
1966	Upto Rs.7.5 lakh in Plant &Machinery	No condition
1975	Upto Rs.10 lakh in Plant & Machinery	No condition
1980	Upto Rs.20 lakh in Plant & Machinery No condition	No condition
1985	Upto Rs.35 lakh in Plant & Machinery No condition	No condition
1991	Upto Rs.60 lakh in Plant & Machinery	No condition
1997	Upto Rs.300 lakh in Plant &Machinery.	No condition
1999	Upto Rs.100 lakh in Plant & Machinery*	No condition
2001	Upto Rs.100 lakh in Plant & Machinery*	No condition

Source: Annual Report, 2002-03, Ministry of SSI, Government of India.

* With effect from October 2001, the investment ceiling in Plant & Machinery in respect of 41 items covering two broad groups of Hosiery & Hand Tolls has been enhanced to Rs. 500 lakh.

Prior to implementation of MSMED Act, 2006, the sector was defined as per the provision of Industrial Development and Regulation Act, 1951 as Small Scale Industries (SSI) sector and its constituent, tiny and auxiliary units as per periodic revision of criteria for defining such units. The Third All India Census of SSI was conducted with coverage and concepts as prevailing during 2001-02.

The MSMED Act, 2006, has broadened the scope and coverage of the MSME sector. The entire non-agricultural sector of the economy was brought under the umbrella of MSME sector subject to the revised criteria prescribed for defining Micro, Small and Medium Enterprises separately for manufacturing and services sectors. The first ever legal frame work for recognition of the concept of Enterprises comprising both Manufacturing and Services was provided by the said Act.

Micro, small and medium enterprises as per MSMED Act, 2006 are defined based on their investment in plant and machinery (for manufacturing enterprise) and on equipment for enterprises providing or rendering services. The present ceilings on investment for enterprises to be classified as micro, small and medium enterprises are as follows:

Table:-2.2

Definition of Micro, Small and Medium Enterprises in India
As per MSMED Act, 2006

Classification	Manufacturing Enterprises*	Service Enterprises**
Micro	Up to Rs. 25 lakh	Up to Rs. 10 lakh
Small	Up to Rs. 5 crore	Up to Rs 2 crore
Medium	Up to Rs 10 crore	Up to Rs 5 crore

Source: Annual Report 2013-2014

* Investment limit in Plant & Machinery ** Investment limit in equipment

The Annual Report 2002-03 of SSI highlighted that a new Ministry of Small Scale Industries and Agro and Rural Industries (SSI&ARI), on 14th October, 1999 was created by Government of India for placing more focused attention on the problems of the SSI sector, as a nodal Ministry for formulation of policy,

promotion, development and protection of small scale industries in India. The said Ministry was bifurcated into two separate ministries in the name of Ministry of Small Scale Industries and Ministry of Agro and Rural Industries on 1st September, 2001. The role of the Ministry of Small Scale Industries was to strengthen the SSI sector for making it competitive in the period of liberalisation and generate additional employment.

On 9 May 2007, subsequent to an amendment of the Government of India (Allocation of Business) Rules, 1961, the Ministry of Small Scale Industries and the Ministry of Agro and Rural Industries were merged to form the Ministry of Micro, Small and Medium Enterprises (MSME) as per Annual Report 2009-2010. The Ministry of Micro, Small and Medium Enterprises play a significant role to assist the States in their efforts to encourage entrepreneurship, employment and livelihood opportunities and enhance the competitiveness of MSMEs in the changing global market.

2.2. Growth and Performances of MSMEs in India:

The contribution of small scale industry sector in accelerating economic growth of every nation is well recognised in worldwide. The SMEs have been acting as entrepreneurial engines of growth not only in India but for the whole Asian region as about 70% of the employment growth in the Asian region comes from the SMEs sector. In India too, the small scale industry sector has been playing significant role to expedite the country's economic growth by generating huge number of employment in organized as well as unorganized rural and urban sector and also raising the earnings from exports. The annual Report of MSMEs 2014-15 discloses that total numbers of 48.86 million enterprises are working in India, generating employment for 111.42 million persons. The significant contribution of MSMEs in India's total export was observed and considering the MSMEs shares in India's total export in the year 2012-13 at 43% and in 2013- 14 at 42.38%, the estimation of share of MSMEs in India's total export for 2014-15 was made 44.70% as per (<http://www.supportbiz.com>). The contribution of MSMEs sector (including service segment) to the country's Gross Domestic Product (GDP) during 2010-11, 2011-12 & 2012-13 was 36.69 percent, 37.97 percent & 37.54 percent respectively as per annual report 2014-15 of MSMEs, Government of India. The outcome of the growth and contribution of MSMEs has made the transformation in the journey of Indian economy from agrarian to an industrialized one. MSMEs are considered as

breeding ground of entrepreneurship at grass root level and this breeding ground is watered from the cluster approach.

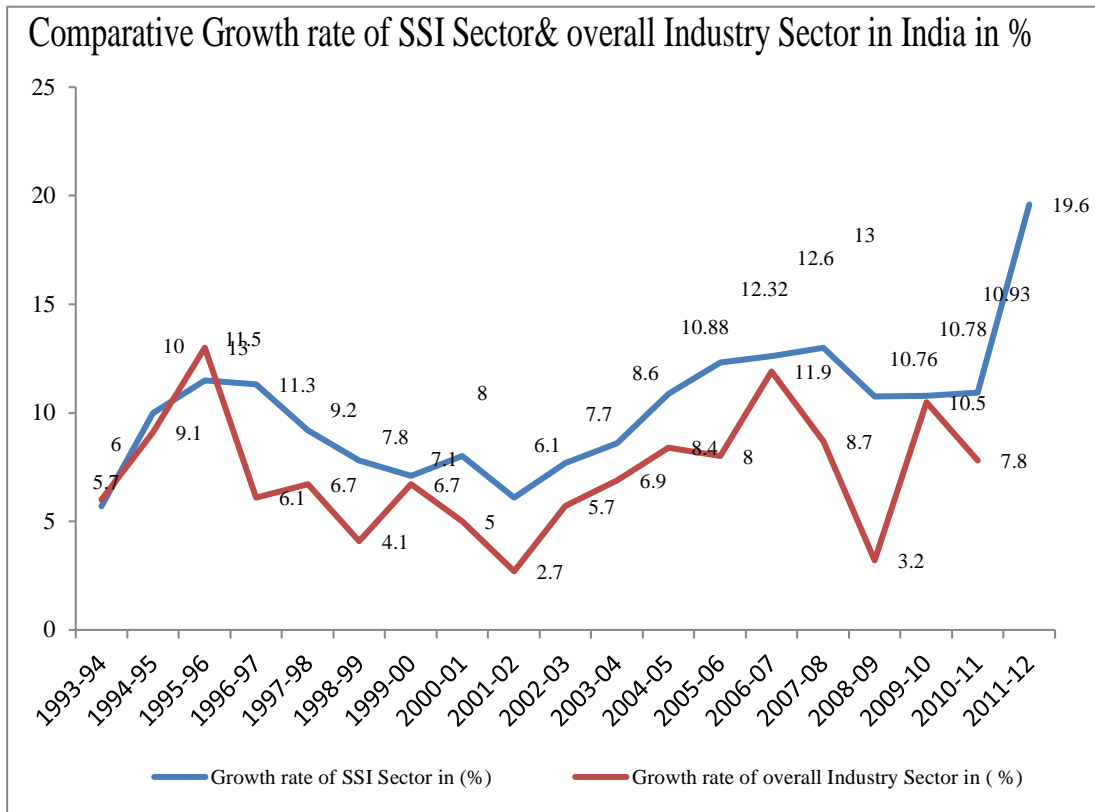
Table-2.3

Comparative Growth rate of SSI Sector& overall Industry Sector in India in %

Year	Growth rate of SSI Sector in (%)	Growth rate of overall Industry Sector in (%)
1993-94	5.7	6.0
1994-95	10.0	9.1
1995-96	11.5	13.0
1996-97	11.3	6.1
1997-98	9.2	6.7
1998-99	7.8	4.1
1999-00	7.1	6.7
2000-01	8.0	5.0
2001-02	6.1	2.7
2002-03	7.7	5.7
2003-04	8.6	6.9
2004-05	10.88	8.4
2005-06	12.32	8.00
2006-07	12.6	11.90
2007-08	13.00	8.70
2008-09	10.76	3.20
2009-10	10.78	10.50
2010-11	10.93	7.80
2011-12	19.6	

Source:-Annual Report 2005-06,Ministry of Small Scale, Industries, Government of India and Annual Report 2011-12, Ministry of MSMEs, Government of India.

Chart 2.1



Source:-Annual Report 2005-06,Ministry of Small Scale, Industries, Government of India and Annual Report 2011-12, Ministry of MSMEs, Government of India.

The table 2.3 and chart 2.1 highlights the comparative growth rate between SSI and overall Industry Sector since 1993-94. The fluctuating Growth rate of overall Industry Sector as well as SSI sector is observed. But the growth of SSI sector is observed better than the growth of overall Industry Sector since 1996-97. In 2007-08 and 2008-09 the difference between the growth rate of SSI and overall Industry Sector is observed 4.30% and 7.56%. In 2011-12 the growth rate of growth rate of MSMEs is observed 19.6%. The contribution of MSMEs in the direction of the economic development of nation is much better than the overall industry sector that is why it is called the engine of the growth.

Table-2.4

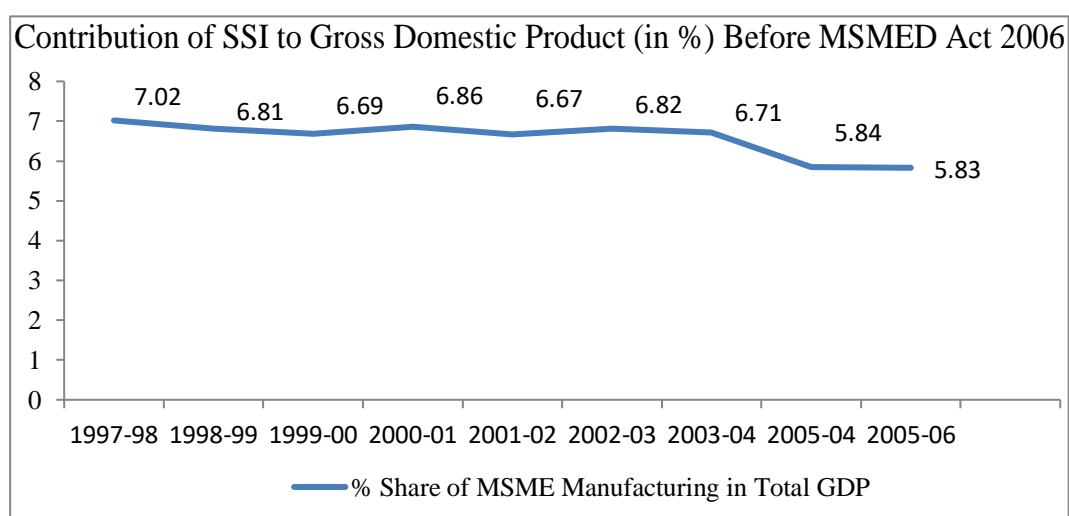
Contribution of SSI to Gross Domestic Product (in %) Before MSMED Act 2006

Year	% Share of MSME Manufacturing output in total Manufacturing Output	% Share of MSME Manufacturing sector in country's total GDP
1997-98	39.70	7.02
1998-99	39.94	6.81
1999-00	40.02	6.69
2000-01	39.91	6.86
2001-02	39.63	6.67
2002-03	39.48	6.82
2003-04	39.42	6.71
2004-05	38.62	5.84
2005-06	38.56	5.83

Source:-Annual Report 2005-06, Ministry of Small Scale Industries, Annual Report MSME,2010-11, 2014-15, Government of India.

Table 2.4 reveals that before the introduction of MSMED Act the contribution of MSME sector to the country's GDP is found to be limited within the 7%. This maximum 7% contribution is observed in the year 1997-98 after that year the fluctuating trend of contribution of MSME sector to the country's GDP is observed. The minimum contribution is observed in the year 2005-06.

Chart-2.2



Source:-Annual Report 2005-06, Ministry of Small Scale Industries, Annual Report MSME,2010-11, 2014-15, Government of India.

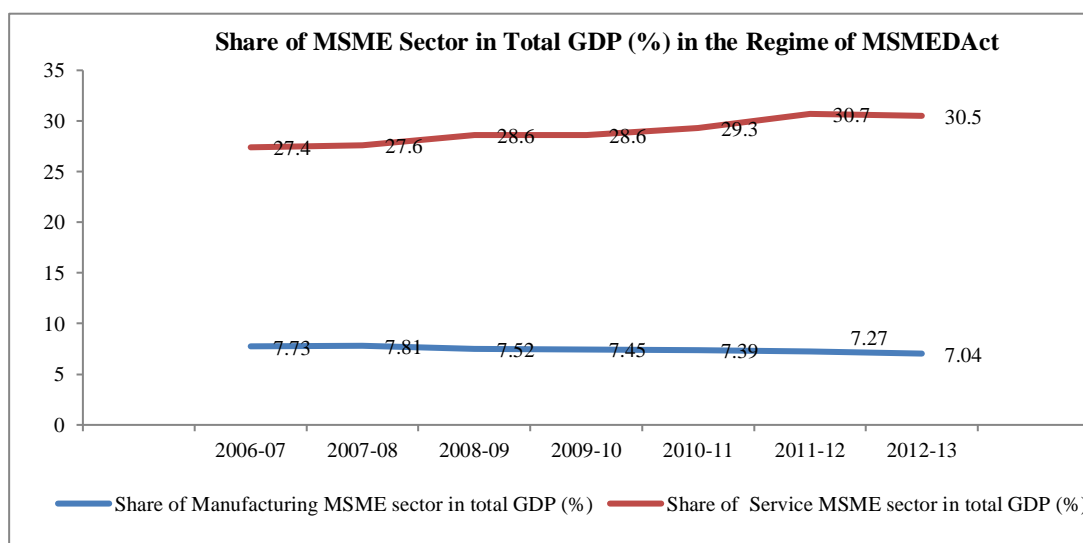
Table-2.5

Share of MSMEs in Country's total GDP in the Regime of MSME Act (in %)

Year	Share of Manufacturing MSME sector in total GDP (%)	Share of Service MSME sector in total GDP (%)	Share of Both Manufacturing & Service MSME sector in total GDP (%)
2006-07	7.73	27.4	35.13
2007-08	7.81	27.6	35.41
2008-09	7.52	28.6	36.12
2009-10	7.45	28.6	36.05
2010-11	7.39	29.3	36.69
2011-12	7.27	30.7	37.97
2012-13	7.04	30.5	37.54

Source: Annual Report MSME, 2014-15, Government of India.

Chart-2.3



Source: Annual Report MSME, 2014-15, Government of India.

The above chart-2.3 discloses the significant contribution of MSMEs in country's Gross Domestic Product. The share of both Manufacturing and Service MSME sector in country's Gross Domestic Product is highly impressive. The continuous increasing trend in contribution of Service MSME sector is found which has increased to 27.4% to 30.7% in the year 2011-12 and in 2012 13 it is marginally decreased. . The trend in contribution of Service MSME sector to GDP is found to be higher than the Manufacturing MSME sector throughout the years. The

fluctuating trend in contribution of the Manufacturing MSME sector is observed from the above chart. The chart reveals that the trend of both Manufacturing and Service MSME sector in sharing country's Gross Domestic Product is increasing throughout the regime of MSMED Act 2006 except the year 2012-13. The contribution of both MSME Manufacturing and Service sector increased from 35.13 in 2006-07 to 37.54 in 2012-13. It is highly encourageable that in the period of global recession Indian MSMEs significantly contributes to the national economy. Before the MSMED Act 2006, the contribution of MSME sector to the country's GDP is found to be limited within the 7% and lowest contribution is observed in 2005-06 but after MSMED Act 2006 contribution of MSME sector to the country's GDP has improved and it stood 7.81% in 2007-08 in case of manufacturing sector.

Table-2.6
Performances of MSME in India before Introduction of MSMED Act 2006

Year	Total Working Enterprises (Units in lakh)	Annual Growth rate of Working Enterprises in%	Employment (person in lakh)	Annual Growth rate Employment in%
1990-91	67.87		158.34	
1991-92	70.63	4.07	165.99	4.83
1992-93	73.51	4.07	174.84	5.33
1993-94	76.49	4.07	182.64	4.46
1994-95	79.60	4.07	191.40	4.79
1995-96	82.84	4.07	197.93	3.42
1996-97	86.21	4.07	205.86	4.00
1997-98	89.71	4.07	213.16	3.55
1998-99	93.36	4.07	220.55	3.46
1999-00	97.15	4.07	229.10	3.88
2000-01	101.10	4.07	238.73	4.21
2001-02	105.21	4.07	249.33	4.44
2002-03	109.49	4.07	260.21	4.36
2003-04	113.95	4.07	271.42	4.31
2004-05	118.59	4.07	282.57	4.11
2005-06	123.42	4.07	294.91	4.37
CAGR		4.07		4.23

Source:-Annual Report 2005-06, Ministry of Small Scale Industries, Government of India. Annual Report 2011-2012, Ministry of MSME, Government of India.

It is observed from the above table 2.6 that before introduction of MSMED Act 2006, the CAGR in total working enterprises in MSME sector for the period from 1990-91 to 2005-06 is found 4.07%. One will find continuous increasing in terms of number of total units and total employment in MSMEs from 1990-91 to 2005-06 but in terms of annual growth rate of employments in SSI sector, the fluctuating trend is observed. The CAGR for the period from 1990-91 to 2005-06 in terms of employment in MSME sector is estimated as 4.23%.

Table-2.7
Performances of MSME in India (after introduction of MSMED Act 2006)

Year	Total Working Enterprises (in lakh)	Annual increase of Working Enterprises (Unit in lakh)	Annual growth rate of Enterprises (in %)	Employment (person in lakh)	Annual increase of Employment(person in lakh)	Annual growth rate of Employment (in %)
2006-07	361.76	-	-	805.23	-	--
2007-08	377.36	15.61	4.32	842.23	36.77	4.57
2008-09	393.70	16.34	4.32	880.84	38.84	4.61
2009-10	410.80	17.1	4.34	922.79	40.95	4.65
2010-11	428.73	17.93	4.36	965.15	43.36	4.70
2011-12	447.64	18.91	4.41	1011.69	46.54	4.82
2012-13	467.54	19.9	4.44	1061.4	49.71	4.91
2013-14	488.46	21.02	4.48	1114.29	52.89	4.98
CAGR			4.38			4.75

Source:-, Annual Report 2014-2015, Ministry of MSME, Government of India.

The table 2.7 reveals the increasing trend in annual growth rate of working enterprises in MSME sector from 2006-07 to 2013-14, in the regime of MSMED Act 2006. The CAGR in total working enterprises in MSME sector for the period from 2006-07 to 2013-14 is observed 4.38%. There is continuous increasing growth in employment in MSMEs from 2006-07 to 2013-14. The CAGR in terms of employment in MSME sector is estimated as 4.75%. The table indicates that MSME plays significant role in providing employment thereby reducing pressure of unemployment of the nation.

It is also observed that growth rate of MSMEs in the regime of MSMED Act 2006 is found to be better than the before introduction of this Act. Before introduction of this Act the CAGR in total working enterprises and employment in MSME sector

as per table 2.6 are observed 4.07% and 4.23% respectively but the CAGR in terms of the similar cases has increased to 4.38 and 4.75 respectively.

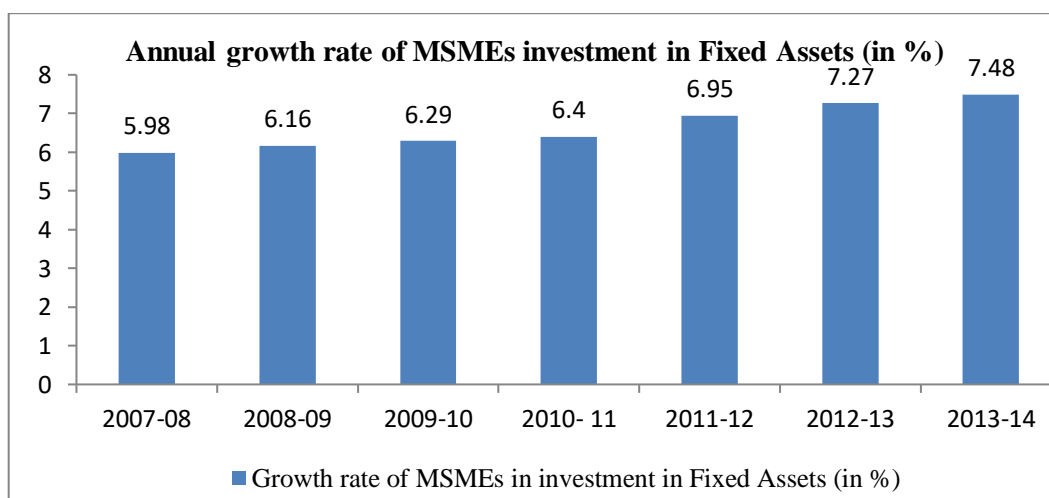
Table-2.8

Performances of MSMEs in respect to Gross Output and Investment
(After introduction of MSMED Act 2006)

YEAR	Market Value of Fixed Assets (Rs n Crore)	Annual growth rate of MSMEs in investment in Fixed Assets (in %)	Gross Output (Rs in Crore)	Annual growth rate of MSMEs in Gross Output (in %)
2006-07	8,68,543.79		11,98,818	
2007-08	9,20,459.84	5.98	13,22,777	10.34
2008-09	9,77,114.72	6.16	13,75,589	3.99
2009-10	1,038,546.08	6.29	14,88,352	8.20
2010- 11	11,05,934.09	6.40	16,53,622	11.10
2011-12	11,82,757.64	6.95	17,88,584	8.16
2012-13	12,68,763.67	7.27	18,09,976	1.20
2013-14	13,63,700.54	7.48	-	-
CAGR		6.65%		7.16%.

Source: Annual Report MSMEs 2014-2015 and Researcher's calculation based on Annual Report, 2014-2015, Ministry of MSMEs, GOI.

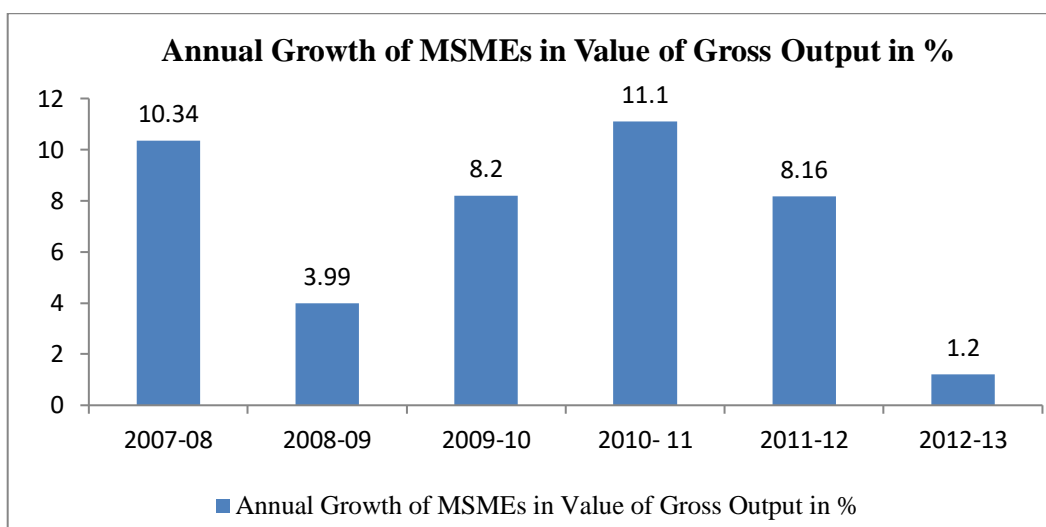
Chart: 2.4



Source: Annual Report MSMEs 2014-2015 and Researcher's calculation based on Annual Report, 2014-2015, Ministry of MSMEs, GOI.

The chart 2.4 reveals the increasing trend in annual growth rate of investment in Fixed Assets in MSME sector from 2006-07 to 2013-14, in the regime of MSMED Act 2006. The CAGR in Market value of fixed asset stands at 6.65% from 2006-07 to 2013-14. The continuous increase in investment in fixed asset is observed over the period of 7 years. The increase in investment in fixed asset indicates the favourable entrepreneurial scenario in the MSME sector.

Chart: 2.5



Source: Annual Report MSMEs 2014-2015 and Researcher's calculation based on Annual Report, 2014-2015, Ministry of MSMEs, GOI.

The chart 2.5 reveals the highly fluctuating trend in annual growth rate of MSMEs in value of Gross output during the period from 2006-07 to 2013-14, in the regime of MSMED Act 2006. The CAGR in terms of value of Gross outputs during the period from 2006-07 to 2012-13 is observed 7.16%. In this context it is pertinent to say that though the continuous increasing trend in employment and investment in market value of fixed assets but there is a little impact of these two components in increasing growth rate of Gross output.

Table-2.9

Export Growth of MSMEs in India

YEAR	Total Export(amount (Rs in crore)	Growth Export in %
2001-02	71244	2.07
2002-03	86013	20.73
2003-04	97644	13.52
2004-05	124417	27.42
2005-06	150242	20.76
2006-07	182538	21.50
2007-08	202017	10.67

Source: Annual Report MSME 2011-12

The table 2.9 highlights the growth performances of MSMEs in export which shows that during the period of 2007-08 the performances of MSMEs in case of export was not encouraging due to global recession.

2.3. Growth and Performances of MSMEs in NER:

North Eastern Region of India covers 7.98% of total geographical area of the country consists of eight states Viz. Assam, Arunachal Pradesh, Nagaland, Mizoram, Manipur, Meghalaya, Tripura and Sikkim. The share of this region to the country's GDP is 2.94 in the year 2013-14. Out of the states of this region, except Assam none of the states able to contribute at least 1% of country's GDP. It is observed that the share of NER in country's GDP to Population ratio < 1 and GDP to Area ratio < 1 indicates that economic performances of this region are not encouraging.

Table 2.10

Contribution of NER to Country's GDP in 2013 -14

	% share India's GDP	% Share of population	% Share of area	GDP to POP Ratio	GDP to Area Ratio
Assam	1.70	2.58	2.39	0.66	0.71
Arunachal Pradesh	0.14	0.11	2.55	1.26	0.06
Manipur	0.15	0.24	0.68	0.65	0.22
Nagaland	0.19	0.16	0.50	1.16	0.37
Meghalaya	0.23	0.25	0.68	0.95	0.34
Mizoram	0.11	0.09	0.64	1.21	0.17
Tripura	0.29	0.30	0.32	0.94	0.90
Sikkim	0.13	0.05	0.22	2.61	0.61
NER Total	2.94	3.78	7.98	0.77	0.39

Source: <http://statisticstimes.com/economy/indian-states-gdp-population-arearelationship.php>. <http://statisticstimes.com/economy/gdp-of-indian-states.php>

The table highlights the share of North Eastern states to country's total GDP, Population and Area .in this table Population and Area figures include the data of census 2011 and data for GDP's are of year 2013-14. GDP to Population ratio is the ratio of GDP sharing to population sharing. GDP to Area ratio is the ratio of GDP sharing to Area sharing. . GDP to Population ratio > 1 indicates that GDP contribution of state is greater than population sharing. GDP to Area ratio > 1 indicates that GDP contribution of state is greater than area sharing. The table indicates that four states of NER, namely, Arunachal Pradesh, Nagaland, Sikkim, and Mizoram, contribution to country's GDP is higher than their population sharing but lower than their area sharing. The GDP sharing is lower than their area and population sharing in four states of NER such as Assam, Manipur, Meghalaya, and Tripura. 10 states of India and 3 Union territories contribution to GDP are higher than their area and population sharing. These states include Goa, Gujarat, Haryana, Kerala, Maharashtra, Punjab, Andhra Pradesh, Karnataka, Telangana and Tamil Nadu according to *statisticstimes.com*.

Table-2.11
% Share of NE States in MSMEs as per 4thMSMEs Census

States	No. of enterprises		% of Share		Total
	Regd	Un-regd	Regd	Un-regd	
Assam	18,671	5,84,870	0.07	2.24	2.31
Arunachal Pradesh	452	19,971	0.00	0.08	0.08
Manipur	4507	60,295	0.02	0.23	0.25
Nagaland	1331	25,807	0.01	0.10	0.10
Meghalaya	3063	45,627	0.01	0.17	0.19
Mizoram	3714	18,665	0.01	0.07	0.09
Tripura	1253	1,08,412	0.00	0.42	0.42
Sikim	123	11,716	0.00	0.04	0.05
Total NER	33114	8,75,364		3.47	3.48
India	15,52,491	2,45,48,306	5.95	94.05	100

Source: Quick Result of 4th MSMEs Census.

Table 2.11 deals with the distribution of micro, small and medium enterprises in this region which clearly focuses the lower level of entrepreneurial activities in NER. None of NE States except Assam able to contribute 1% share of country's MSMEs. Global Entrepreneurship Monitor Report (2002) opined the positive relationship between the level of the entrepreneurial activities and levels of economic growth. North Eastern states account for only 3.48% shares of the country's total MSMEs which clearly indicates their under development in terms of industrial sectors in comparison to the percentage of land mass of the country and as most of the people of north east belong to ST category and inhabitant of rural society it will not be irrelevant to conclude that ST people in rural areas are lagging behind to keep pace with the country's economic development.

Table-2.12
State wise Distribution of Employment in the Total MSMEs Sector in NER

State	Employment in Enterprises		% of Share of Employment in country's total enterprises		Total
	Regd	Unregd	Regd	Unregd	
Assam	133561	1100795	0.22	1.85	2.08
Arunachal Pradesh	5893	35698	0.01	0.06	0.07
Nagaland	16148	53836	0.03	0.09	0.12
Manipur	16738	100229	0.03	0.09	0.12
Meghalaya	12896	89589	0.02	0.15	0.17
Mizoram	26015	11624	0.04	0.02	0.06
Tripura	18806	146879	0.03	0.25	0.28
Sikkim	1150	23867	0.00	0.04	0.04

Source: Quick result of 4th census of MSMEs. Development Commissioner MSMEs Govt. of India.

Table 2.12 highlights that the contribution to generate employment opportunity, MSMEs sector is not sufficient enough to be compared to the rest of the states of the country. Most of the states are not capable to contribute 0.50%. It is clear that developmental process has either little or no impact in the entrepreneurial activities of NE states which ultimately led to exclude the underprivileged section from the developmental process.

Table :- 2.13
Growth of Registered MSMEs in NER in units.

State	2006-07	2007-08	2008-09	2009-10	2010-11
Assam Growth	19,864	21,618 (8.83)	23,249 (7.54)	24,927 (7.21)	26,887 (7.86)
Arunachal Pradesh Growth	417	480 (13.12)	587 (22.29)	698 (18.90)	829 (18.76)
Nagaland Growth	1,332	2,110 (58.4)	4,631 (119.47)	5,602 (20.96)	9,315 (66.27)
Manipur Growth	4,492	4,530 (0.85)	4,670 (3.09)	4,759 (1.9)	4,881 (2.56)
Meghalaya Growth	3,010	3,416 (13.48)	3,826 (12)	4,725 (23.23)	5,497 (16.33)
Mizoram Growth	3,715	3,941 (6.08)	4,419 (12.12)	4,919 (11.31)	5,403 (9.83)
Tripura Growth	1,343	1,499 (11.62)	1,711 (14.14)	1,931 (12.85)	2,180 (12.89)
Sikkim Growth	122	136 (11.47)	207 (52.20)	225 (8.7)	279 (24)
Total NER Growth	34,295 --	37,730 (10.01)	43,300 (14.76)	47,786 (10.36)	55,271 (15.66)

Source: MSMEs Annual Report 2011-12, Govt. of India and researcher's calculation based on Annual Report 2011-12. Figures in the brackets indicate the percentage growth over previous year.

Table 2.13 highlights that the growth rate of registered MSMEs in NER which is fluctuating year to year. It shows increasing trend with 14.76% in the year 2008-09 but this trend stands to 10.36 decreased by 4.40%. It focuses that formal way of entrepreneurship is not promoted in NER and as such entrepreneurs in this region are not properly benefited from the different incentives launched by Central as well as respective State Governments. This creates hindrances in the direction of entrepreneurship development in NER. However the growth rate is increased to 15.66% in the year 2010-11 which is found to be encouraging for the development of entrepreneurship. The state wise yearly growth rate indicates that Nagaland is highest position in terms of yearly % growth of SSI and in terms of total unit the state occupies the second position in NER. The fluctuating growth rate of SSI is observed in Assam. The growth in SSI sector of Assam and Manipur, are found to be lower than the total growth rate of NER. The growth in SSI sector of Tripura is found to be moderate except the year 2008-09 it has acquired higher growth rate than the NER but in terms of total unit the position of this state and other two states ,namely Sikkim, Arunachal Pradesh are found to be much below than the NER.

Table: 2.14
Growth of Establishments and Employment of NER in 5th and 6th EC in %

State	Establishments in %		Employment in%	
	5 th EC	6 th EC	5 th EC	6 th EC
Arunachal Pradesh	4.74	34.09	4.17	17.73
Assam	6.57	100.17	3.19	78.84
Manipur	3.76	109.37	2.25	83.29
Meghalaya	5.98	31.34	4.12	41.11
Mizoram	9.60	16.58	3.91	37.11
Nagaland	3.64	78.74	0.75	30.34
Sikkim	5.83	102.92	5.52	77.14
Tripura	8.79	28.28	5.07	21.67
India	5.53	41.73	2.49	34.35

Source: Report of 6th and 5thEconomic census, Government of India.

Table-2.14 reveals that 41.73% overall growth in number of establishments during the period in Sixth EC over Fifth EC (2005) in India. In the states of NER, growth

in number of establishments during the period in Sixth EC over Fifth EC (2005) is found to be appreciable. More than 100% growth in number of establishments has been observed in three states of NER, namely, Manipur (109.37%), Sikkim (102.92%), and Assam (100.17%). The position of Nagaland with 78.74% growth in establishments is encouraging but the position of Tripura with 28.28% is quite worse. At the country level, the growth in total employment during the period of 6th Economic Censuses is 34.35% and the corresponding percentages in respect of rural and urban areas are 31.59% and 37.46% respectively. The States of Manipur, Assam, Sikkim, have recorded over 75% growth in total employment but the growth in employment of Tripura is only 21.67. The prevailing situation is an alarm to the state's economy.

Table-2.15

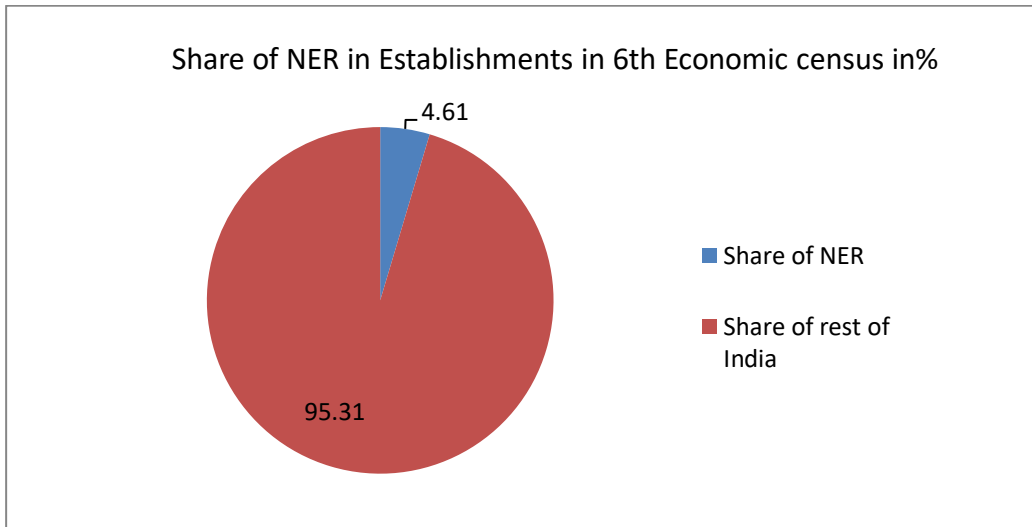
Share of Establishments and Employment of NER in 6th Economic Census (in%)

State	% of Establishments	% of Employment
Arunachal Pradesh	0.06	0.08
Assam	3.34	2.92
Manipur	0.37	0.30
Meghalaya	0.18	0.22
Mizoram	0.09	0.09
Nagaland	0.10	0.12
Sikkim	0.06	0.07
Tripura	0.41	0.32

Source: Report of 6th Economic census. Government of India

The table 2.15 reveals that except the state Assam, none of the state of NER is in a position to acquire 1% of country's total establishments as well as employments as peer report of 6th EC. The poor status and performances of NER in achieving the economic growth through entrepreneurial activities is observed from this table. The position of Tripura with 0.41% and 0.32% of country's total establishments and employments respectively is also found to be very poor though the state's position in NER in share of establishment is mirrored as next to Assam i.e. second highest.

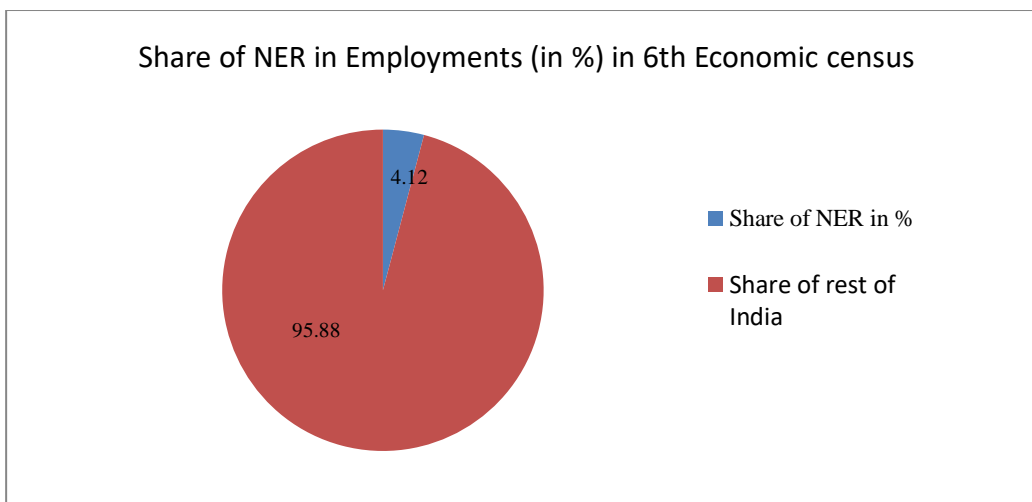
Chart-2.6



Source: Report of 6th Economic census. Government of India

The chart 2.6 reveals the share of NER in country's total establishments in 6th Economic census. The share of NER in country's total establishments in 6th economic census period found to be only 4.61%. The low share of establishments indicates the lower entrepreneurial activities in NER.

Chart-2.7

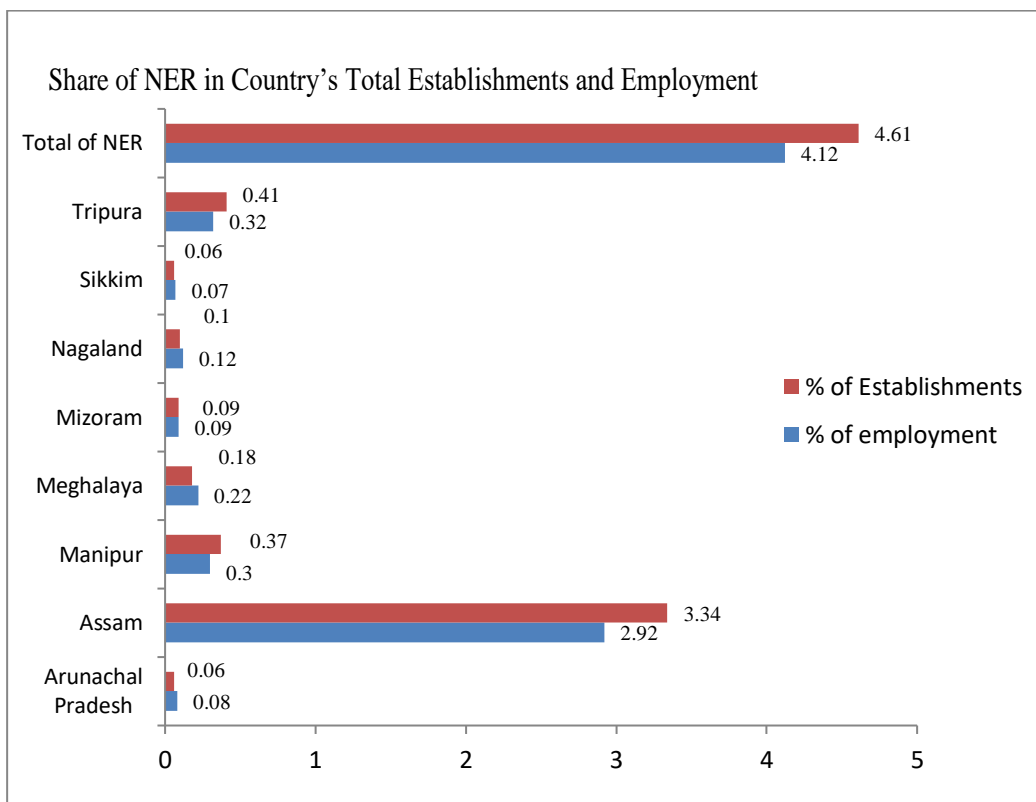


Source: Report of 6th Economic census. Government of India

The chart-2.7 reveals the share of NER in country's total employments in 6th Economic census. The share of NER in country's total employments in 6th economic census period found to be only 4.12%. It is a matter of concern that NER is not in a position to maintain the share of employment rate at par with the share of

establishments in 6th economic census period. The share of employments is much low than the share of establishment which indicates that lower entrepreneurial activities in NER which is not in a position to keep pace with the national level in promoting generation of employment.

Chart-2.8



Source: Report of 6th Economic census. Government of India

The bar chart 2.8 reveals marginal Share of NER in Country's total establishments and employments. The share of NER in country's total establishments and employments in 6th Economic Census observed only 4.61% and 4.12%. Out of the states of NER, the share of Assam in respect of in Country's total establishments and employments is dominating. Assam alone shares 3.34% and 2.92% in Country's total establishments and employments and rest of 1.27% share of total establishments and 1.20% in employments remained for other NER states. The above discussion clearly mirrors that entrepreneurial activities in NER found to be marginal.

2.4 Growth and Performances of MSMEs in Tripura:

Tripura originally a princely state, merged into Indian Territory after independence on 15th October 1949 and attained its statehood on 21st January, 1972. The state of Tripura is located in the extreme north eastern part of India as a one of the seven sister of north eastern region of India. The rank of Tripura in terms of density of population at all India level is 18th with a density of population 350 persons per square km but total population of the state according to census 2011 was 36,73,917 out of which about 74 percent live in rural areas of the state.

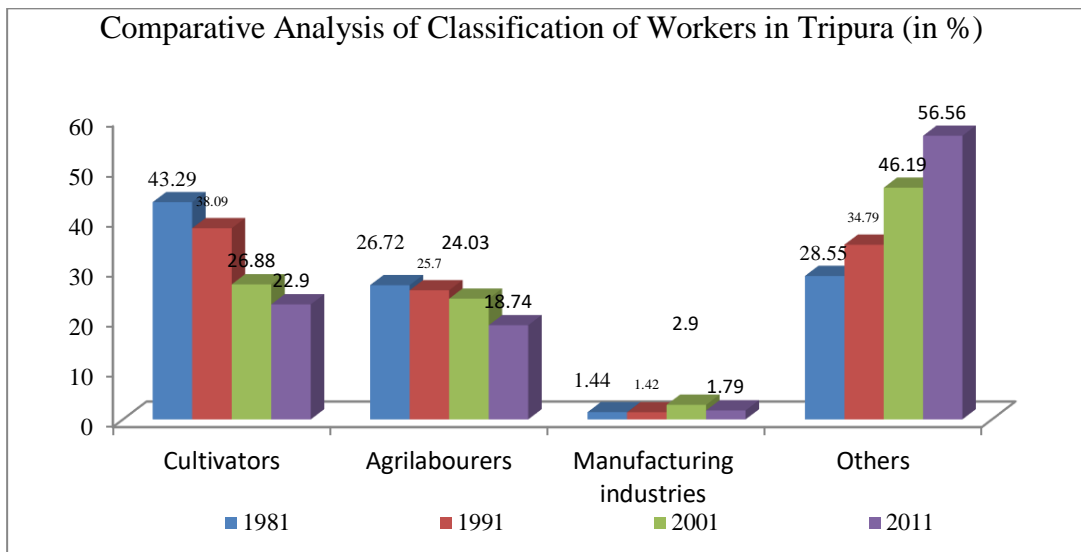
The state is a geographically isolated. Low availability of infrastructure and poor connectivity's in terms of road and railways with the main land of India has created hindrances in the process of economic development. The state's economy is basically agrarian in nature and industrial development has not emerged such a rate to keep the pace with the rest of India. The un-organised manufacturing and service activities are found to be rising and playing to be a dominant role compared to organised sector in this state. Though the work participation rate is 36.2 percentages but a major portion of workers is still dependent on primary sector as agricultural labourer and cultivators.

Table-2.16
Comparative Analysis of Classification of Workers in Tripura (in %)

Classification of Workers	1981	1991	2001	2011
Cultivators	43.29	38.09	26.88	22.9
Agricultural labourer	26.72	25.7	24.03	18.74
Manufacturing Industries	1.44	1.42	2.9	1.79
Others	28.25	34.79	46.19	56.56

Source: Economic Review, 2013-14, Government of Tripura

Chart-2.9



Source: Economic Review, 2013-14, Government of Tripura

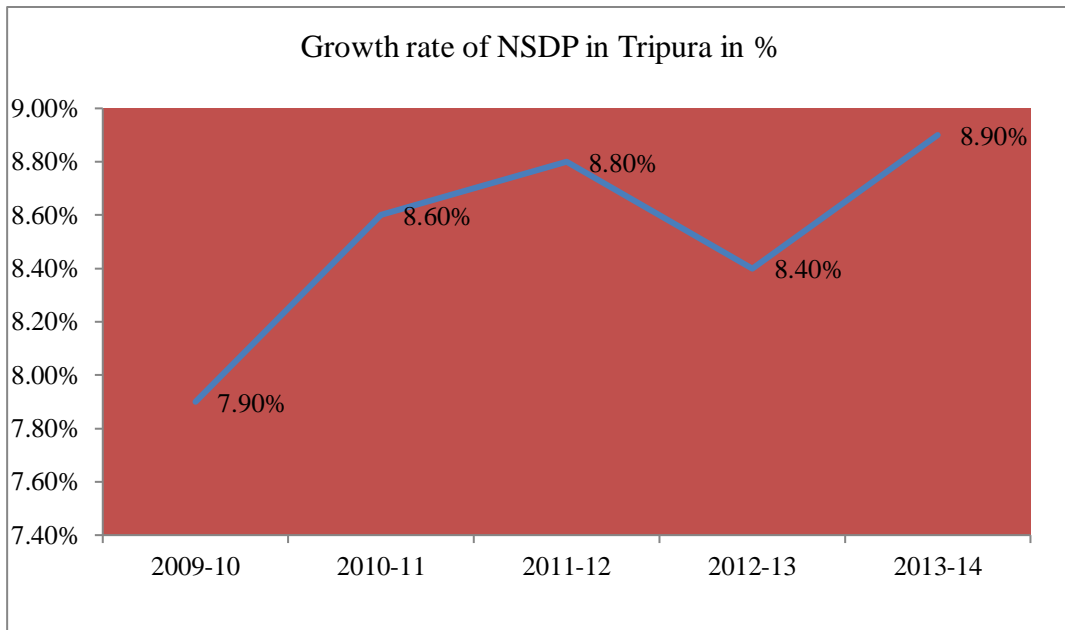
The above chart 2.9 clearly indicates the shifting of main workers of this state from primary sector to tertiary sector. The declining trend in terms of proportion of cultivators and agricultural labourer among all main workers in different census period has been observed and dependency of main workers on others sector has been risen in this state. The proportion of cultivators among all main workers in the state according to 2011 census stood at 22.90 declined from 43.29 in 1981. During the period of 30 years from 1981 to 2011 a major change has been occurred in shaping the country's economy. It is a matter of concern that the main labourer dependency on manufacturing sector over the years has not been raised but its trend is declining. The proportion of manufacturing main worker stood at 1.79% in 2011 from 2.90 percent in 2001. The proportion of other workers has increased from 34.79 percent in 1991 to 46.19 percent in 2001 and further to 56.56 in 2011. The proportion of manufacturing main worker stood at 1.79 percent in 2011 which clearly points out the lower entrepreneurial activity in manufacturing sector.

Table-2.17
Trend of Growth rate of NSDP of Tripura (in %)

Year	Growth rate of NSDP in%
2009-10	7.9
2010-11	8.6
2011-12	8.8
2012-13	8.4
2013-14	8.9

Source: Economic Review, 2013-14, Government of Tripura.

Chart:-2. 10



Source: Economic Review, 2013-14, Government of Tripura.

The growth rate of state's economy in real terms stands to 8.9% during the period of 2013 -14 as per chart 2. 10. The performance of state's economy depends on its gross state domestic product (GSDP).The following line chart reflects the trend of GSDP of this state. The state's economy has maintained the upward trend in achievement of GSDP but decreasing trend in the year of 2012-13 is an alarming however it has recovered the alarming situation and continues in the direction of upward trend.

Table-2.18

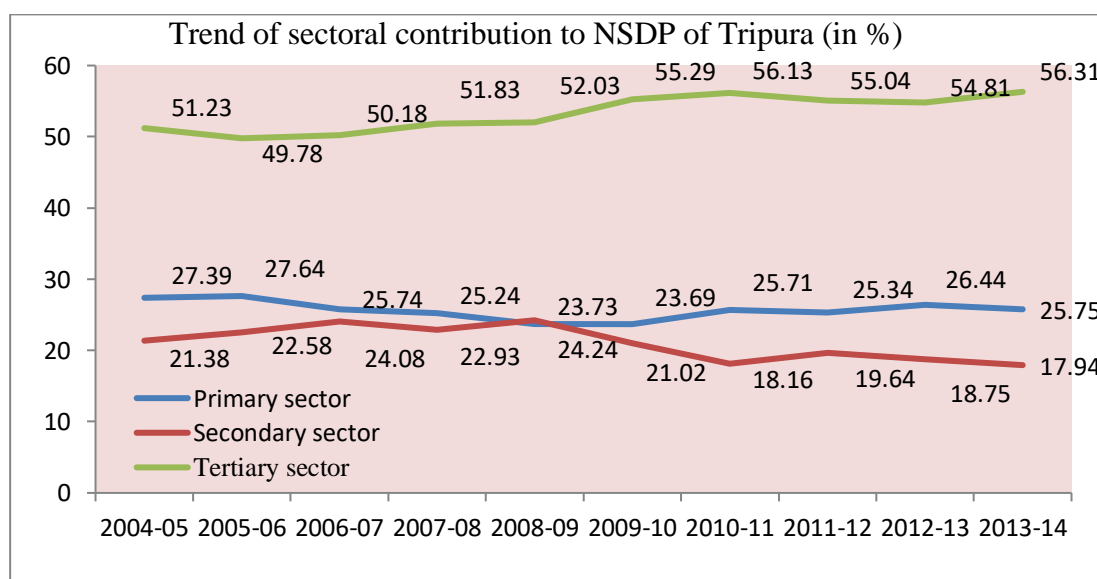
Sectoral Contribution to NSDP in Tripura

Year	Primary sector	Secondary sector	Tertiary Sector
2004-05	27.39	21.38	51.23
2005-06	27.64	22.58	49.78
2006-07	25.74	24.08	50.18
2007-08	25.24	22.93	51.83
2008-09	23.73	24.24	52.03
2009-10	23.69	21.02	55.29
2010-11	25.71	18.16	56.13
2011-12	25.32	19.64	55.04
2012-13	26.44	18.75	54.81
2013-14	25.75	17.94	56.31

Source: Statistical abstract-1996, Government of Tripura. Economic Review, 2002-03, 2013-14, Government of Tripura.

The contribution of secondary sector to the state's NSDP is not up to the desired level. Major observation is that in the year 2012-13 the contribution of both secondary and tertiary sector found to be declined but increasing trend in primary sector which is the indication of low level as well as inconsistent entrepreneurial activities. About 3% rate of decreasing contribution of secondary sector in the year 2009-2010 & 2010-2011 shows low level of private investment in this sector.

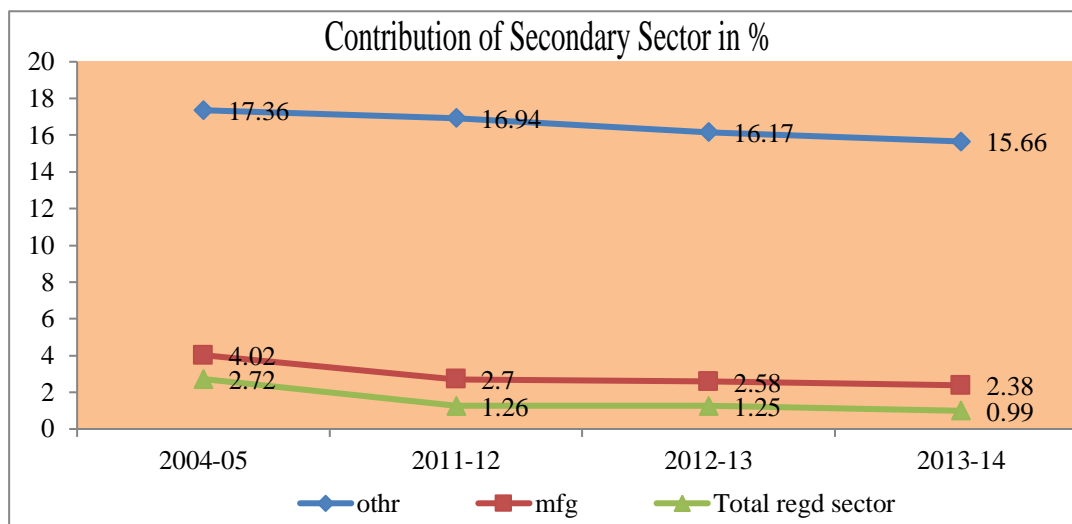
Chart-2.11



Source: Economic Review, 2013-14, Government of Tripura.

The chart 2.11 highlights that the contribution of Tertiary sector is dominating but not consistently increasing. The fluctuation in the trend of contribution of different sector in different years clearly indicates that the state's economy is not in a position to find the possible way to any particular sector to survive.

Chart-2.12



Source: Economic Review, 2005-06 and 2013-14, Government of Tripura.

The constituents of primary sector are agriculture, forestry and logging, fishing and mining and quarrying. Registered and unregistered manufacturing units electricity, gas and water supply constitute the secondary sector, and the remaining other economic activities considered for tertiary sector like transport including railways and air ways, communication, trade, real estate, business services, public administration and other services. The downward trend of the contribution of the secondary sector is observed from the above chart 2.12 from the period of 2006- 07 to till date.

The level of industrialization of the State is evident from its contribution to the State's GSDP at current prices, the contribution of the manufacturing sector both organized and un-organized combined together was 2.58% percent in 2012-13, which shows low level of industrialization. The contribution of registered and unregistered manufacturing sector is found to be measurable.

In pre-statehood period, the economy of the state was highly dependent on primary sector and one will find little scope of industrial development. During this period traditional industries based on inherent skill and low investment of capital was the major industrial activities in these state and state government initiatives to promote these industries was mainly limited within the creation of training centre. The activities of these training centres were not only limited to train the artisan but to act as formal production centres. These training centres were the one of the source of entrepreneurial activities in this state.

Table-2.19

Output of Training cum production and Training centre in Tripura

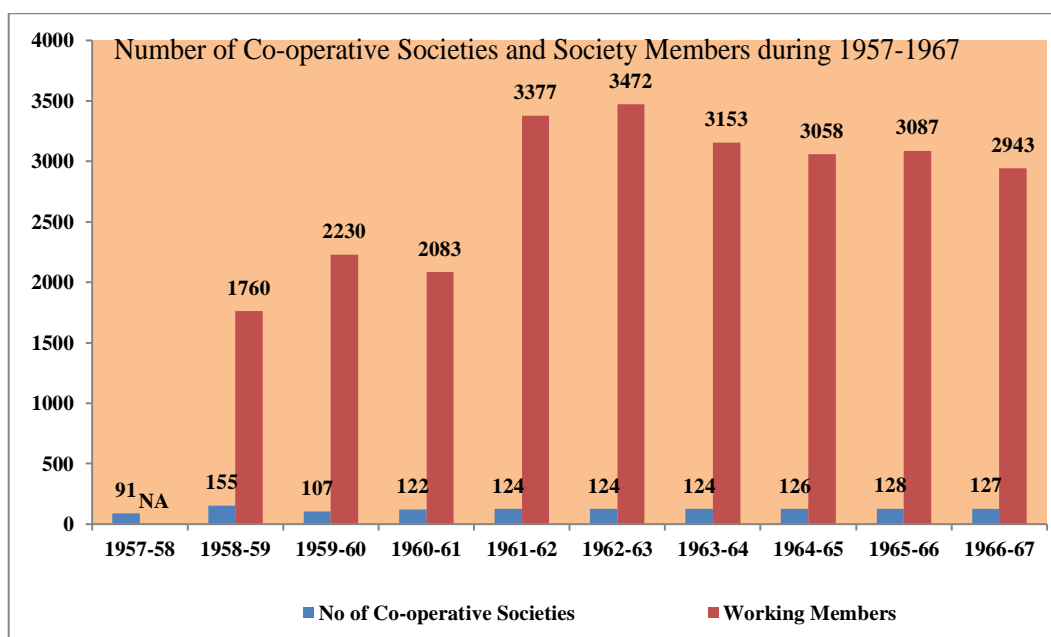
Year	Number of		Daily Average number of workers employed		Value of Output (In Rs)						
	Training centre	Training cum production centre	Trainee	Paid workers	Handloom	Handicraft	Carpentry	Black smithy	Leather & leather goods	Pulp & straw board	Misc
1958	15	7	441	88	13822	1618	30146	8304	25970	5193	34186
1959	18	4	531	182	21079	11715	155757	28891	42355	18828	24777
1960	14	9	297	296	26490	83318	185927	31522	25642	42542	42139
1961	10	9	333	231	18131	75954	197362	29920	56560	20715	10699
1962	9	5	260	20	21188	6645	24492	16198	-	-	5179
1963	9	8	314	13	29298	7996	31714	13491	-	-	12211
1964	4	8	301	18	28592	7355	25870	7128	-	-	6940
1965	4	8	305	16	35222	5095	10942	698	-	-	5187
1966	4	9	269	18	38536	4337	6901	455	-	-	4016
1967	4	10	222	13	39618	1876	2960	501	110	-	2267

Source: Statistical Abstract 1967, Government of Tripura.

The table-2.19 provides the information of the training centre and government sponsored production centre before the attainment of statehood. It is a matter of encouraging that the state government since 1958 has been giving priority to promoting the traditional industry sector through training facilities. Though the trend of number of training centre was recorded decreasing but the number of training raining cum production centre was increasing. The value of handicraft output was reached at highest position with Rs 83318 in the year 1960. During the

period of 1960 and 1961 there was a time for handicraft, after that the trend of handicraft output was not encouraging but handloom maintained consistency in increasing its output level throughout the periods of ten years with effect from 1958 to 1968.

Chart-2.13



Source: Statistical Abstract 1967, Government of Tripura.

The private investment in industrial sector during the period of late fifties and sixties was very miserable but industrial cooperative societies were emerged in this sector. The working members of the societies are the workers of that society and strength of entrepreneurial activities depends on working members. The chart-2.13 reveals that number of co-operative societies during 1957-58 was 91 and the number had increased to 127 in the year 1967. In the year 1958-59 highest numbers of cooperative societies were in the state but only with 1860 working members but after that increasing trend of working members were reported up to year 1962-63. The fluctuating trend in working members is observed during the period from 1963-64 to 1966-67 from the chart 2.8 which is the indication of negative effect on entrepreneurial activities.

Table- 2.20
Output on Industrial Co-operative Societies in Tripura (Rs in thousands)

Year	Number of co-operative societies	Handloom	Handicraft	Carpentry	Umbrella & umbrella handle	Leather & leather goods	Misc.	Total
1957-58	91	386	12	10	6	-	45	459
1958-59	155	420	18	8	11	41	108	606
1959-60	107	606	19	48	10	8	10	701
1960-61	122	636	17	32	-	-	137	822
1961-62	124	862	13	193	-	60	407	1535
1962-63	124	892	12	69	-	20	557	1550
1963-64	124	692	5	40	-	2	330	1069
1964-65	126	734	50	-	-	-	319	1103
1965-66	128	712	58	-	-	-	431	1201
1966-67	127	742	2	34	-	-	548	1326

Source- Statistical Abstract 1967, Government of Tripura.

During the ten years period starting from 1957 to 1967 there was no significant record of industrial scenario of Tripura. Industry was basically based on house hold sector depending on the traditional art and crafts. The cooperative societies played a vital role in promotion of the industry.

Table 2.20 mirrors the ten years industrial output with effect from 1957-58 to 1966-67. It is reported from the table 2.18 that handloom sector was more effective in contributing gross output followed by handicraft sector. Carpentry and leather product were also emerged in the year 1961-62 and 1962-63.

Table-2.21
Output of Jail industries in Tripura

Year	Cloth		Durrries		Cane product		Bamboo Product		Misc.
	Qty (Sqmetres)	Value (Rs)	Qty (Sqmetres)	Value (Rs)	Qty (pieces)	Value (Rs)	Qty (pieces)	Value (Rs)	Value (Rs)
1958	2645	5101	-	-	NA	2199	-	-	
1959	2923	5814	7	70	NA	7339	-	-	
1960	6748	4680	13	42	235	1573	646	3142	7969
1961	10769	5315	-	-	136	1111	750	4143	10892
1962	11104	5721	8	108	510	4980	317	894	20069
1963	14679	6389	-		492	5545	215	1115	16095
1964	13217	6287	-		389	4974	373	2217	18765
1965	12892	6446	-		417	5380	303	2735	23716
1966	8838	5285	-		321	6266	405	3111	25169
1967	9709	5816	-		407	7116	387	1807	31329

Source: - Statistical Abstract 1967, Government of Tripura.

During the late fifties to middle sixties Jail industries output was considered as contribution of industry sector. It is observed from the table 2.21 that handloom and handicrafts in bamboo & cane were very much popular industry and their contribution was encouraging. During this period significant contribution of bamboo and cane industries is observed.

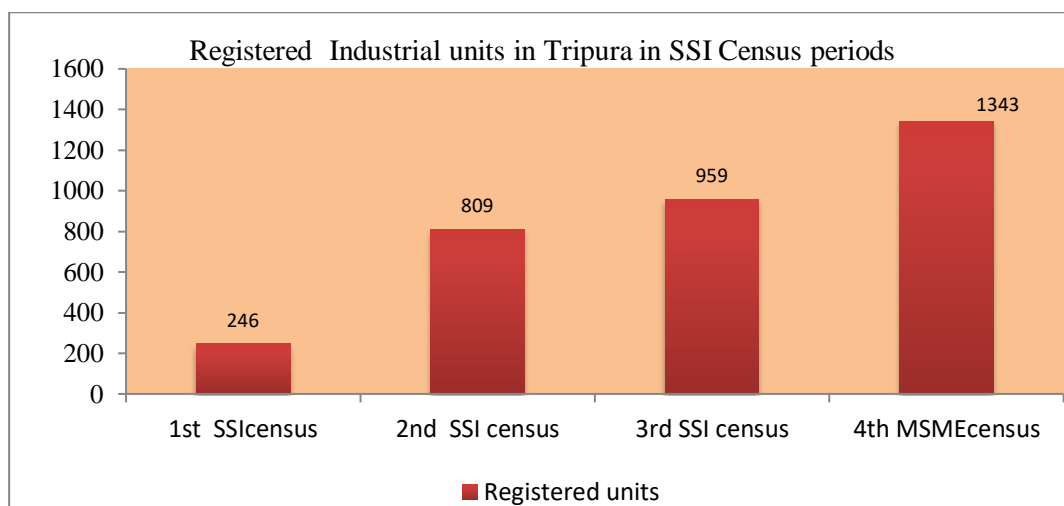
Table-2.22

Growth of Registered SSI units and Employment in different periods of SSI Census

Census	Total Registered units in number	Growth rate of Registered units in%	Total Employments in person	Employment Growth rate in%
1st SSI Census	246		1698	
2nd SSI Census	809	228	10069	493.16
3rd SSI Census	959	18.54	11666	15.86
4th MSME Census	1343	30.60	23166	129.60

Source: Report of 1st, 2nd and 3rd Census of SSI, and 4th MSME Census, Government of India.

Chart-2.14

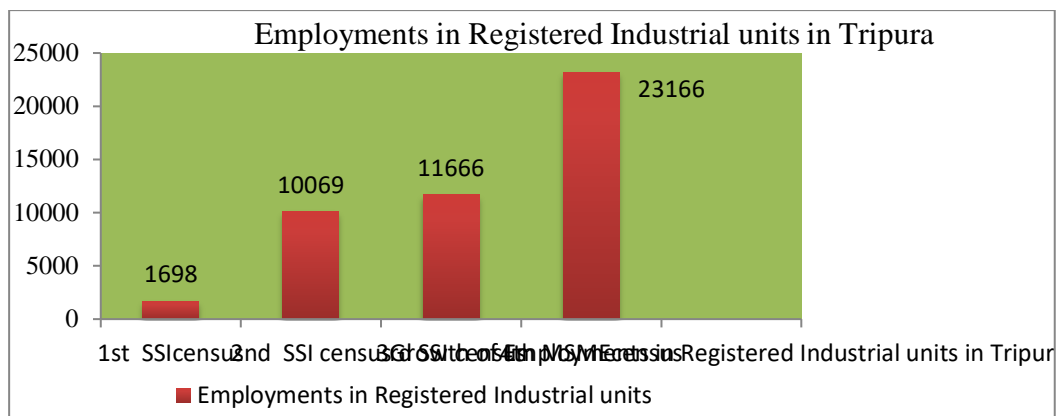


Source: Report of 1st, 2nd and 3rd Census of SSI, and 4th MSME Census, Government of India.

The chart 2.14 reveals the registered units in the different census period of SSI in Tripura. In the 1st census there were 246 units which increased to 959 units in 3rd SSI census. After introduction of MSMED Act, during the 4th census period, units

in registered sector increased to 1343 units. The increasing trend in units in registered sector is observed in this chart.

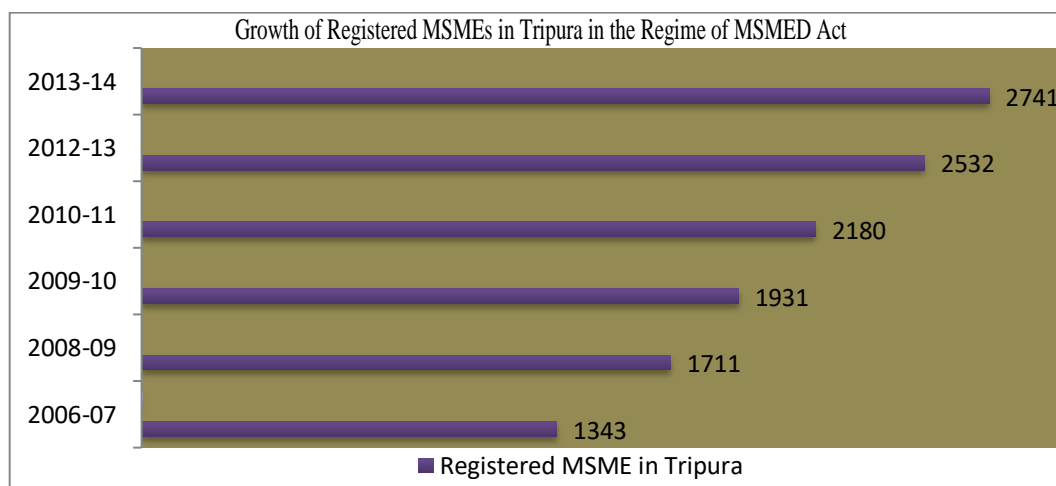
Chart-2.15



Source: Report of 1st, 2nd and 3rd Census of SSI, and 4th MSME Census, Government of India.

The chart 2.15 highlights the increasing trend in employment in registered SSI sector in Tripura. In the 1st census 1698 persons were working in 246 units which increased to 11666 persons in 959 units in 3rd SSI census. After introduction of MSMED Act, during the 4th census period, 23166 persons were engaged in 1253 units in registered sector.

Chart-2.16



Source: Annual Report 2011-12, MSME, Govt. of India, Economic Review, 2013-14, 2014-15, Govt. of Tripura.

The chart 2.16 mirrors the scenario of MSMEs in Tripura after the introduction of MSMED Act. The Micro Small and Medium Enterprises Development Act came into force in 2006. After the introduction of the MSMED Act, in the year 2006-07

the number of registered MSMEs in the state of Tripura is to be found 1343 and the increasing trend in number of units is observed from the chart 2.16. The number of registered MSMEs has increased to 2741 in 2013-14 from 1343 in 2006-07. During the period of seven years after introduction of MSMED Act 2006, the rate of increase is recorded about 104% in respect of number of registered MSMEs in the state of Tripura which indicates the positive notation towards the entrepreneurial activities in this state.

Chart-2.17



Source: 1st, 2nd, 3rd SSI Census & final result of 4th MSME Census.

The chart 2.17 focusing upon the growth rate of industrial units and persons employed in such units during the different census period in Tripura. It is a matter of concern that during the 2nd census growth rate of units found to be 228% and employment is 493%. But lowest growth rate in employment is observed in 3rd census, however in the 4th census it is slightly improved and stands to 129.6%.

Table-2.23

Employment per industrial unit in Tripura in different period of SSI Census

Census	1st SSI	2nd SSI	3rd SSI	4th MSME
Registered units	246	809	959	1343
Employments	1698	10069	11666	23166
Employments per units	6.9	12.44	12.16	15.00

Source: 1st, 2nd, 3rd SSI Census & final result of 4th MSME Census.

The table-2.23 reflects the capacity of registered sector in generating employment in different census period. The increasing trend of employment per unit is observed from this table. The employment per unit in 1st SSI is reported 6.9 which have increased to 15 in the 4th MSMEs census. The result of 2nd SSI Census revealed that per unit employment has increased during this census period about 85% and stood at 12.44 per unit employment but employment per unit during the period of 3rd census found to be decreased in comparison to 2nd census. Finally it is observed from the table that increased registered SSI units are capable to increase the generation of employment which stood at 15 per unit of employment in 4th MSME Census.

2.5. Comparison between Growth and Performances of MSMEs in India and Tripura:

Economic census is the complete account of establishments, engaged in production and distribution of goods and services within the country highlights the entrepreneurial activities within the country as it. In India the first economic census was conducted in the year 1977. After that, another five economic censuses have been conducted in India during the year 1980, 1990, 1998, 2005, and very recently in 2014 which is called the sixth economic census.

Table-2.24

Establishments in India & Tripura at a glance in 2014(in lakh)

Sl no		Outside HH with Fixed structure		Outside HH without Fixed structure		Inside HH		Handloom/ Handicraft	
		Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural
1	India	128.72	111.75	46.46	73.32	5.93	165.15	8.99	12.93
	Share of rural & urban	53.53%	46.47%	38.78	61.25	3.47	96.49	41.00	59.00
2	Tripura	0.63	0.96	0.18	0.30	0.12	0.19	0.04	0.06
	Share of rural & urban	39.6%	60.3%	37.5%	62.5%	38.7%	61.3%	40%	60%

Source: Report of 6th Economic census. Government of India.

The total establishments in 6th economic census are 584.70 lakh which are engaged in different economic activities in the country other than crop production, plantation, public administration, defence & compulsory social security services. The Growth rate in number of establishments in rural area in Fifth Economic Census is found to be 39.28%. The Percentage of Hired Workers in the total establishments is found 45.69% in India and 39% in Tripura as per report of 6th economic census.

Table-2.24 mirrors that in India there are 240.42 lakh establishments in outside households with fixed structure which reflects 20.49% share in total establishments of country. The share of rural and urban in establishments in outside households with fixed structure in case of India and Tripura are found to be opposite. The share of rural in establishments in outside households without fixed structure and inside household are found to be dominating both in India and Tripura. It is the first time that the inclusion of handicraft is included in economic census of India and the share of rural sector in handicraft sector is dominating.

Table-2.25

Establishments & Employment in Tripura in different period of Economic Census

Census	Year	Establishments (Number in lakh)	Employment (Person in lakh)	Employment per unit
4 th EC	1998	1.04	2.68	2.57
5 th EC	2005	1.89	3.86	2.09
6 th EC	2013	2.32	4.04	1.70

Source: Report of 6th Economic census. Government of India & Economic Review, 2013-14, Government of Tripura.

The table-2.25 highlights the total number of establishments and employments in Tripura between the three Economic census periods which have been conducted in India during the 1998, 2005, and very recently in 2013. The increasing trend in number of unit as well as employment is observed from the table. There were 1.04 establishments during the 4th economic census which has increased to 2.32

establishments in 6th economic census. The total number of employment in absolute term has also increased to 3.86 lakh in 5th Economic census from 2.86 lakh in 4th Economic census and further it has increased to 4.04 lakh in 6th Economic census. But the decreasing trend of employment per unit is reported from this above table. The employment per unit in 4th Economic census was recorded 2.57 per unit which was decreased by 0.48 and 0.87 per unit in 5th and 6th Economic census respectively compared to 4th Economic census which indicate that though number of enterprises has increased but there remains the unemployment pressure in state's economy.

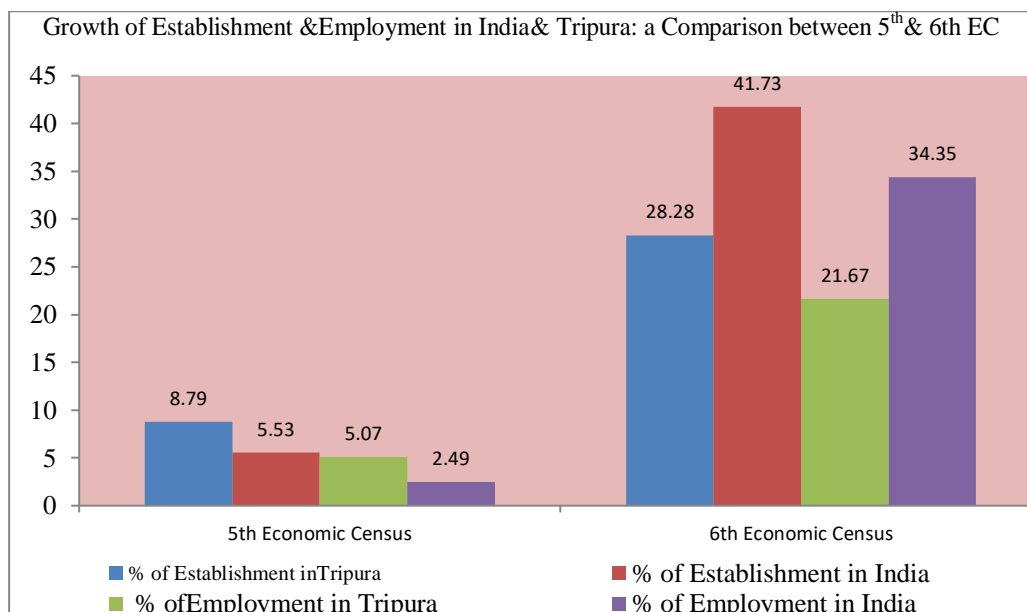
Table-2.26

Growth of Establishment & Employment in India & Tripura: a Comparison between 5th & 6th EC

Economic Census	India		Tripura	
	Growth of Establishment (in %)	Growth of Employment (in %)	Growth of Establishment (in %)	Growth of Employment (in %)
5 th EC	5.53	2.49	8.79	5.07
6 th EC	41.73	34.35	28.28	21.67

Source: Report of 5th & 6th Economic census. Government of India

Chart-2.18



Source: Report of 5th & 6th Economic census. Government of India.

The chart 2.18 highlights that the position of Tripura is much low than the national average in terms of growth of establishments, as well as employments during the both the 5th and 6th Economic censuses. In 6th Economic census the growth of establishments and employments in India found to be 41.73% and 34.35% but in case of Tripura the growth rate is observed 28.28% and 21.67% respectively which indicates that Tripura is far behind in the entrepreneurial activities than the national average.

2.6. Handicraft sector – Importance, Growth and Performances in India and Tripura:

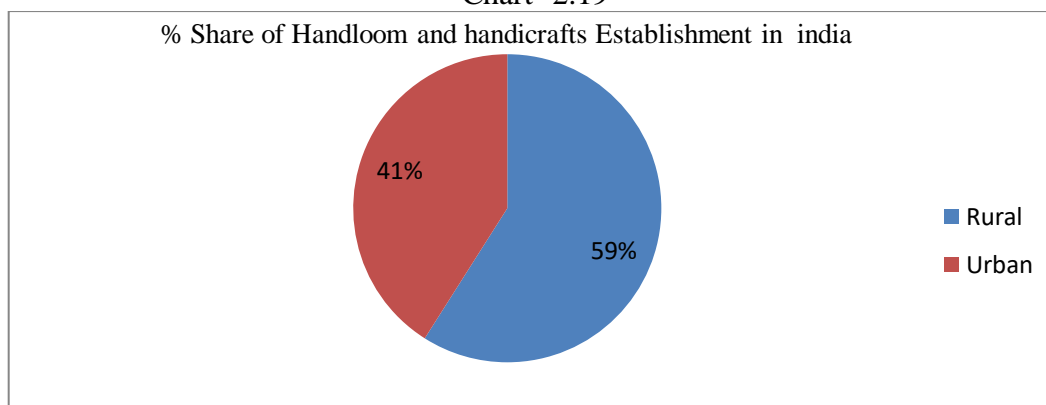
The Handicraft Sector plays a significant role in the country's economic development by contributing export earnings and generation of employment mainly in the field of rural household sector. The nature of this industry is labour-intensive, cottage based and decentralized industry, mostly concentrated in the rural household sector. The handicraft industry is mainly based on the traditional inherent skill of artisans which is handed down from one generation to other generation. According to Planning Commission Handicraft is capital saving, labour-intensive engines of economic growth. The industry is spread throughout the country mainly in rural and urban areas. There is variety of crafts such as metal ware, wood carvings, carpet weaving, ivory carving etc in India which has a history of several centuries.

Definition According to UNESCO/ITC (1997): Handicrafts can be defined as products which are produced either completely by hand or with the help of tools. Mechanical tools may be used as long as the direct manual contribution of the artisan remains the most substantial component of the finished product. Handicrafts are made from raw materials and can be produced in unlimited numbers. Such products can be utilitarian, aesthetic, artistic, creative, culturally attached, decorative, functional, traditional, religiously and socially symbolic and significant.

The importance of the handicraft industry lies upon mainly in generation of employment in rural and urban household sector which is highly un-organised sector. Working group report on Handicrafts for the 12th Five Year Plan viewed

that this sector has been identified as the second largest sector of rural employment after agriculture. Being employment provider in un-organised sector it plays significant role in promoting inclusive growth of the nation as majority of artisans belong to women, SC, ST and OBC category. This industry is one of the contributors of export earnings in India. The Indian handicrafts industry is fragmented, with more than 7 million regional artisans and more than 67,000 exporters/export houses promoting regional art and craftsmanship in the domestic and global markets. (<http://www.ibef.org/exports/handicrafts-industry-india.aspx>). India has been emerged as a major producer and supplier of handicrafts products since very long time. Rao (1979) referred that in the 15th and 16th centuries the Patola fabrics of Surat were exported to cities like Baghdad and Basra. Indian handicrafts are exported across mainly in the USA, the UK, the UAE, Germany, France, Latin American countries (LAC), Italy, the Netherlands, Canada and Australia. USA accounted for 29.92 per cent share of India's total handicraft exports in 2014–15. However India's share in the world handicraft exports is less than 2%. There is a increasing trend in handicraft exports from India and Indian handicraft exports have increased about 16.4% since 2008-09. It is noticed that handicrafts exports have increased by 15.4% than the 2013-14 and stood at US\$ 4.5 billion in 2014-15. In India 21.93 lakh handicraft/handloom establishments are noticed as per 6th Economic Census which accounts for 3.75% of the total number of establishments in the country. Out of these handicraft/handloom establishments, 12.94 lakh establishments are in rural areas and 8.99 lakh establishments are in urban areas.

Chart -2.19



Source: Report of 6th Economic census. Government of India

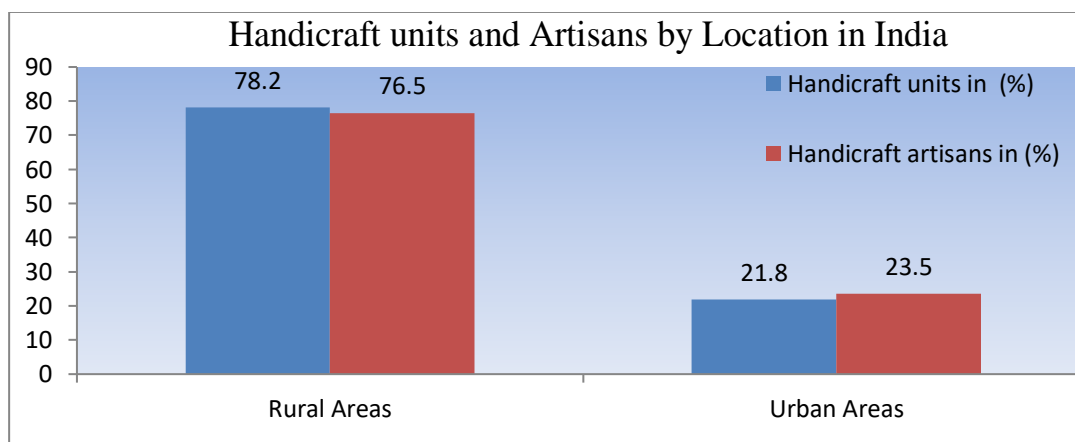
As per as per 6th Economic Census there are 41% handicraft/handloom establishments, are found in urban India. Lower concentration of handloom and handicraft establishment is observed from this chart 2.19 in urban sector. But in rural India most of the handloom and handicraft establishments are concentrated which clearly mirrors the nature of that industry which is mostly found in unorganised sector based on household sectors.

Table-2.27
Handicrafts by location in India

Location	Handicraft units in (%)	Handicraft artisans in (%)
Rural Areas	78.2	76.5
Urban Areas	21.8	23.5

Source: Census of Handicraft artisans, NCAER, 1995-96.

Chart-2.20



Source: Census of Handicraft artisans, NCAER, 1995-96.

The chart 2.20 mirrors that the handicrafts sector is concentrated mainly in rural areas. About 78.2% of country's handicraft units are located in rural areas. Out of these units, 76.5% artisans are engaged in entrepreneurial activities. It is also observed that the share of urban areas in handicraft units is 21.8% but the urban units are more capable to generate employments. It is found that in 21.8% country's handicraft units 23.5% artisans of the country is engaged.

Table-2.28

Distribution of Handicraft units and Artisans by Craft medium (in Percentage)

Medium of craft	Handicraft units	Handicraft Artisans
Textiles		
Carpets	8.78	10.82
Other floor covering	3.62	4.38
Other Textiles	44.30	43.22
All Textiles	56.70	58.42
Cane & bamboo	12.63	12.49
Wood	6.19	5.48
Metal	3.62	3.68
Stone	0.80	0.71
Straw ,Grass, Fibres& leaf	7.40	6.40
Leather	2.79	2.85
Glass	0.83	1.03
Clay & ceramics	5.16	5.50
Ivory, bone, horn & shells	0.61	0.60
Miscellaneous	3.27	2.84
All Major Craft	(14455056) 100	(4761186) 100

Source: Census of Handicraft artisans, NCAER, 1995-96.

The table 2.28 highlights that the percentage share of textiles is found more than 55% in terms of handicraft units and artisans followed by bamboo and cane craft which constitutes 12.63% of total units , generating 12.69% employment opportunity to the artisans in India. It is noteworthy to mention here that NER has the scope to generate more employability by promoting the bamboo and cane sector.

Table-2.29
Percentage of Craft wise Artisans in Household Sector in India

Major Craft	Household Sector		
	Family	Hired	Family
All Textiles	9.6	0.5	10.0
Cane and bamboo	9.5	-	9.5
Wood	8.8	0.4	9.2
Metal	10.4	0.3	10.7
Stone	9.8	0.4	10.2
Straw, grass fibre and leaf	11.3	-	11.3
Leather	12.8	0.2	13.0
Glass	14.0	0.8	14.8
Clay and Ceramics	15.3	0.2	15.5
Ivory, bone, horn and shells	9.0	0.1	9.1
Miscellaneous	12.5	0.2	12.7

Source: NCEAR 1995-96

The table 2.29 reflects the location of major crafts mostly are found in house hold sector, managed by members of the family. In cane and bamboo it is found that there are no hired workers in household sector craft enterprises.

Table-2.30
Handicraft Artisans India by Age and Sex in India

Age group	Sex		Total
	Male	Female	
Upto 14 years	10.03	11.13	10.55
15-25	34.23	35.92	35.03
26-40	33.90	33.92	33.91
41-60	19.06	17.12	18.14
60 and above	2.78	1.91	2.37
All age groups	100	100	100
Total	2503905	2257281	4761186

Source: Census of Handicraft artisans, NCAER, 1995-96

The table 2.30 mirrors that about 60% handicraft artisans are within the age group of 15-40. It indicates the acceptance of handicraft as a provision of one's livelihood. It shows the way of livelihood to those who live from hand to mouth.

Table-2.31
Handicraft Sector Under various Plans in India

Plan	Estimated employment (in lakh persons)	Exports (Rs. in crores)
III	11.35	12.37
IV	14.90	72.58
V	18.90	199.87
VI	27.40	535.46
VII	42.15	1008.64
VIII	70.82	5660.00
IX	58.41	9205.63
X	67.69	20963.00
XI	80.0	

Source: D.C. Handicrafts. Government of India.

This table-2.31 reflects that plan outlay in handicraft sector has been increasing and the contribution of handicraft sector in generation of employment and export is also increasing. As handicraft is the industry which requires low capital and minimum infrastructure, basically located in household sector, it has the significant contribution to move the nation's economy towards inclusive growth

Table-2.32
Performance of Handicraft Sector in India in 11th Plan

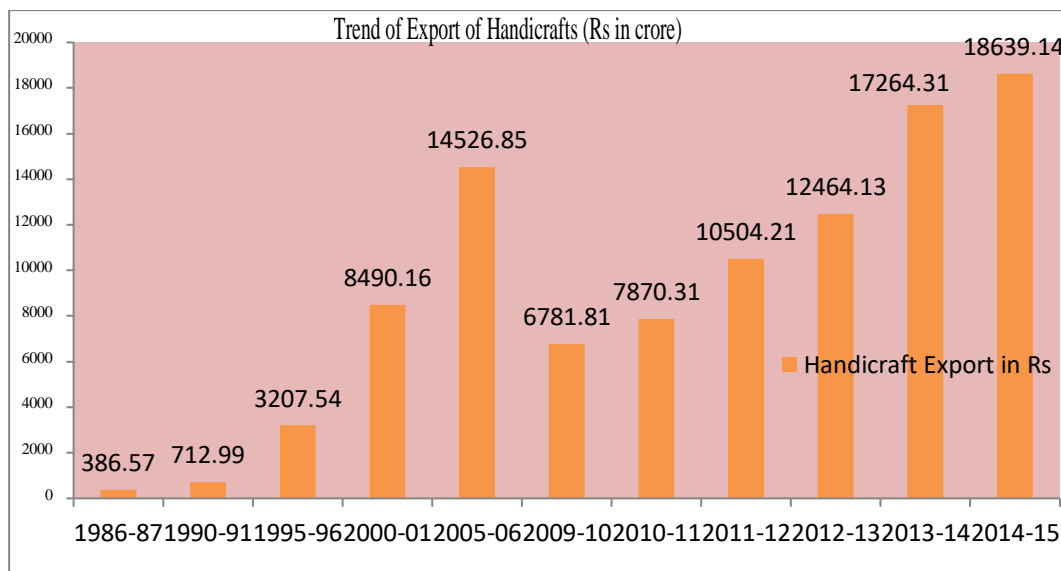
Year	Production Rs in crore	Employment in lakh persons	Export including hand knotted carpet Rs in crore
2007-08	31940.36	-	17536.78
2008-09	19375.88	58.50	10891.85
2009-10	20221.58	62.60	11224.27
2010-11	24393.14	68,86	13526.66
2011-12	30257.18	72.30	16851.27

Source: Answer of un-starred question No2757 in Rajya Sabha on 05-09-2012 and Planning commission, GOI, Mid-Term Appraisal of the Eleventh Five Year Plan.

The performance of handicraft sector including hand knotted carpet during XI plan is revealed in Table 2.32. It is observed that production and export was as much as high in 2007-08 and after that the decreasing trend of export is reported due to

global recession but this sector has the capacity to generation of employment, the increasing trend of employment in this table support this views.

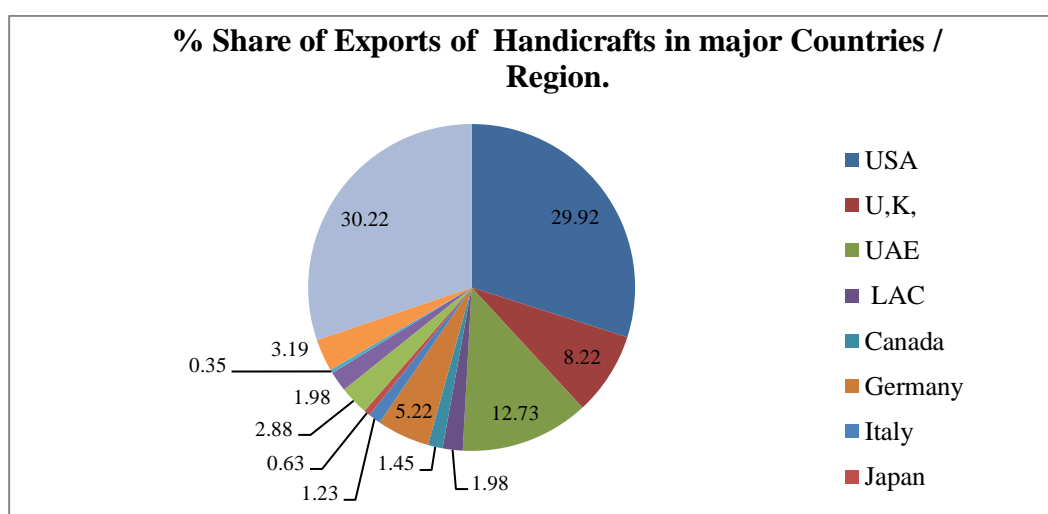
Chart-2.21



Source: <http://epch.in/moreDetails.html>

The Export Promotion Council of India was established in the year of 1986-87. According to the chart 2.21 the exports of handicrafts (other than hand knotted carpets) were recorded Rs. 386.57crores during the 1986-87, and rose to level of 18639.14 crores in the year 2014-15. Though during the period of 2009-10 the export was extremely fallen due to global recession but the handicraft sector very rapidly retained its position as a export earners in the country's economy

Chart-2.22



Source: <http://epch.in/moreDetails.htm>, http://epch.in/index.php?option=com_content&view=article&id=76&Itemid=182.ANDuk

The chart 2.22 reveals that most of the handicraft products exported to USA, about 29.92 Of the total handicraft exports. It is also found that most of the developed countries are the importer of Indian handicrafts.

Table-2.33

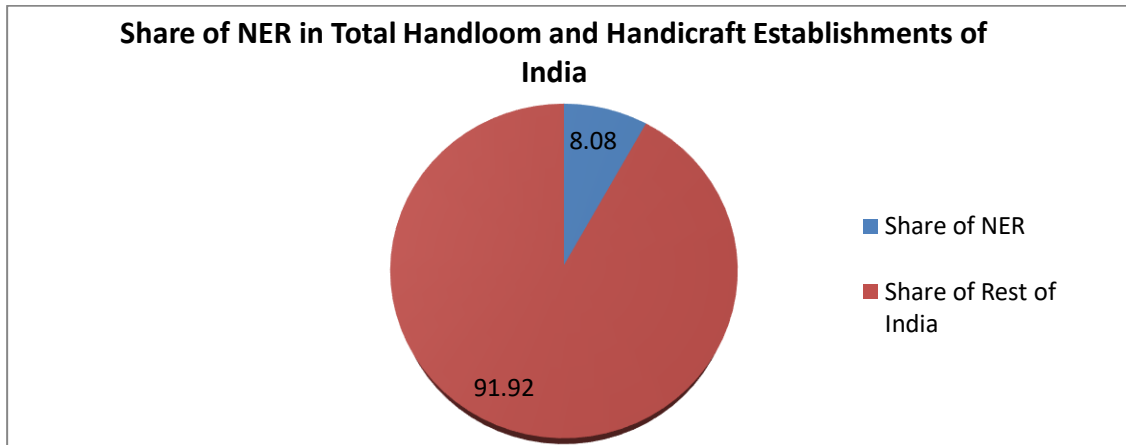
Percentage Distribution of Handloom and Handicraft Establishments in NER

State	Rural	Urban	Combined
Arunachal Pradesh	0.01	0.02	0.01
Assam	5.65	2.30	4.28
Manipur	3.01	2.25	2.70
Meghalaya	0.25	0.07	0.18
Mizoram	0.05	0.21	0.12
Nagaland	0.35	0.08	0.24
Sikkim	0.05	0.06	0.06
Tripura	0.50	0.47	0.49
Total NER			8.08

Source : Report of 6th Economic census. Government of India

The table 2.33 highlights that share of NER in country's total handloom and handicraft enterprises is only 8.08%. The more than 50% of such enterprises are shared by Assam and 30% by Manipur. The remaining 20% are shared by rest of six states. Tripura with 0.49% share of country's such enterprises occupies the 3rd position among the states of NER but this scenario is not encouraging as there is a potentiality to promote the handloom and handicraft sector. There is also an alarming situation as NER in general and Tripura in particular have a little option to grow industrially other than the using the local resources (physical and human) due to geographical constraint. Handloom and handicrafts industry may promote by mobilising local resources and minimal capital in NER.

Chart-2.23



Source : Report of 6th Economic census. Government of India

The chart 2.23 reveals that NER is happy with 8.08% of country's handloom and handicraft enterprises though there is a scope to this region to promote this sector by utilising local resources.

Table-2.34

Number of Handicraft units & artisans in Household and Non- Household Sector in India and NER: a Comparison

STATE	Handicraft units by Sector			Handicraft artisans by Sector		
	HH	Non- HH	Total	HH	Non- HH	Total
Tripura	77266	109	77375	243726	769	244495
Nagaland	17484	119	17603	79285	593	79878
Arunachal Pradesh	4011	33	4044	15539	196	15735
Assam	29816	544	30360	97363	3119	100482
Manipur	97606	445	98051	378123	1865	739988
Meghalaya	11360	152	11512	52774	790	53564
Mizoram	2185	28	2213	5127	133	5260
All India	1425414	29642	1455056	4583562	177624	4761186

Source: Census of Handicraft artisans, NCAER, 1995-96.

The table-2.34 reveals that handicraft and handloom units are highly based on household sector. In India about 98% handicraft units are found in household sector and 96% artisans are engaged in entrepreneurial activities in household

sector. In Tripura, the influence of household sector in the entrepreneurial activities in handicraft is found to be more than the national average. In India about 99.86% handicraft units are found in household sector and 99.68% artisans are engaged in entrepreneurial activities in household sector. As a component of household sector, artisans are thriving more to sustain their business in a globalised economy.

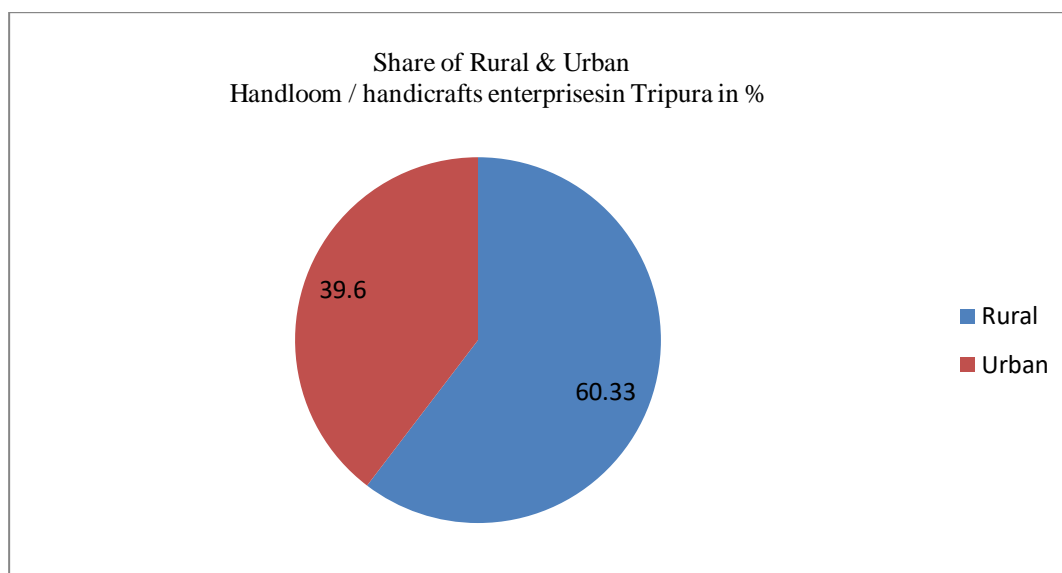
Table-2.35
Handloom & Handicraft Enterprises at a glance in India & Tripura 2013

Handloom & Handicraft Enterprises (in lakh)			
	Urban	Rural	Total
India	8.99	12.94	21.93
Tripura	0.004237	0.006443	0.010680

Source: Report of 6th Economic Census. Government of India.

There are about 21.93 Lac handicraft/handloom establishments, accounting 3.75% of the total number of establishments in the country. Out of country's total handicraft/handloom establishments, 12.94 lakh establishments are in rural areas and 8.99 lakh establishments are in urban areas.

Chart-2.24



Source: Report of 6th Economic Census. Government of India.

The pie chart 2.24 reflects that most of handloom and handicraft enterprises are concentrated in rural areas. In Tripura about 60% and above such enterprises are found to be rural areas but in case of India it is below 60%.

Table-2.36

Budgetary Support for Handicrafts along with State Government Schemes in Tripura

Name of the Schemes	Budget Estimate 2009-10	Budget Estimate 2010-11	Budget Estimate 2011-12	Budget Estimate 2012-13	Budget Estimate 2013-14
Assistance for Quality Products & their Marketing for Design Development	1.50	2.00	2.00	2.00	2.00
Publicity/Fairs for wide publicity, participation in different fairs/events	12.00	7.00	7.00	7.00	7.00
Stipend for Training for Skill-Up-Gradation	8.10	7.00	7.00	7.00	7.00
Assistance to Primary Handicrafts Co-operative Societies as working Capital	27.50	10.00	10.00	10.00	14.00
Maintenance Works of CFC's/Cluster offices	2.00	00	0.25	00	00
Setting up of CFC's	76.15	0.25	00	00	00
Assistance to TTAADC for Development of Handicrafts in TTAADC area	3.65	3.00	3.00	5.00	5.00
Total Handicrafts Sector	130.90	29.25	29.25	31.00	35.00

Source: office of the Development Commissioner (Handicrafts), GOI, Marketing and Service Extension Centre, Tripura State Folder on Handicrafts, Lichubagan, Agartala, Tripura.

The table mirrors that the five years Budgetary Support for Handicrafts starting from the financial year 2009-10 is not encouraging. In the year 2009-10 the budgetary support was found to be amounted to Rs130.90 lakh which includes Rs76.15 lakh for Setting up of CFC's and Rs 27.50 lakh for assistance to Primary Handicrafts Co-operative Societies as working Capital. In both the financial year 2010-11 and 2011-12 the budget for handicraft was remained same which was amounted to Rs 29.25 lakh only for each year. After these two financial year the trend of budget allocation for handicrafts has increased to RS 31 lakh and Rs 35 lakh in 2012-13 and 2013-14 respectively but it was not improved as per requirement of the demand of the hour.

The contribution of MSMEs in the direction of the economic development of nation is much better than the overall industry sector that is why it is called the engine of the growth. The growth of SSI sector is observed better than the growth

of overall Industry Sector since 1996-97. After introduction of MSMED Act 2006 the performances of MSMEs are found to be better in terms of contribution of country's GDP, employment, Market value of fixed asset, value of Gross outputs. Before the introduction of MSMED Act the contribution of MSME sector to the country's GDP is found to be limited within the 7% but in the regime of MSMED Act, contribution of MSME sector to the country's GDP has improved and it stood 7.81% in 2007-08 in case of manufacturing sector. Before introduction of this Act the CAGR in total working enterprises and employment in MSME sector are observed 4.07% and 4.23% respectively but the CAGR in terms of the similar cases has increased to 4.38 and 4.75 respectively after introduction of MSMED Act 2006. The CAGR in Market value of fixed asset stands at 6.65% from 2006-07 to 2013-14. The increase in investment in fixed asset indicates the favourable entrepreneurial scenario in the MSME sector. The CAGR in terms of value of Gross outputs during the period from 2006-07 to 2012-13 is observed 7.16%. The less than one share of NER in country's GDP to Population ratio and GDP to Area ratio indicates that economic performances of this region are not encouraging. North Eastern states account for only 3.48% shares of the country's total MSMEs which clearly indicates their under development in terms of industrial sectors in comparison to the percentage of land mass of the country and as most of the people of north east belong to ST category and inhabitant of rural society it will not be irrelevant to conclude that ST people in rural areas are lagging behind to keep pace with the country's economic development.

The poor status and performances of NER in achieving the economic growth through entrepreneurial activities is observed in the report of 6th Economic Census. The share of NER in country's total establishments in 6th economic census period found to be only 4.61%. The low share of establishments indicates the lower entrepreneurial activities in NER. The share of NER in country's total employments in 6th economic census period found to be only 4.12%.

The overall growth in number of establishments is observed 41.73% in Sixth EC over Fifth EC (2005) in India but the growth in number of establishments in the states of NER during the period in Sixth EC over Fifth EC (2005) is found to be appreciable. More than 100% growth in number of establishments has been

observed in three states of NER, namely, Manipur (109.37%), Sikkim (102.92%), and Assam (100.17%). The position of Nagaland with 78.74% growth in establishments is encouraging. At the country level, the growth in total employment during the period of 6th Economic Censuses is 34.35% and the corresponding percentages in respect of rural and urban areas are 31.59% and 37.46% respectively. The States of Manipur, Assam, Sikkim, have recorded over 75% growth in total employment but the growth in employment of reveals that except the state Assam, none of the state of NER is in a position to acquire 1% of country's total establishments as well as employments as per report of 6th EC. Tripura is only 21.67. The prevailing situation is an alarm to the state's economy. The share of NER in country's total establishments in 6th economic census period found to be only 4.61%. The low share of establishments indicates the lower entrepreneurial activities in NER. The share of NER in country's total employments in 6th economic census period found to be only 4.12%. The position of Tripura with 28.28% growth in Sixth EC over Fifth EC (2005) in establishments is found to quite worse.

In pre-statehood period, the economy of the state was highly dependent on primary sector and one will find little scope of industrial development. The private individual investment in industrial sector during the period of late fifties and sixties was very miserable but industrial cooperative societies were emerged in this sector. The cooperative societies played a vital role in promotion of the industry. The number of co-operative societies during 1957-58 was 91 and the number had increased to 127 in the year 1967. In the year 1958-59 highest numbers of cooperative societies were in the state but only with 1860 working members but after that increasing trend of working members were reported up to year 1962-63. The fluctuating trend in working members is observed during the period from 1963-64 to 1966-67 from the chart 2.8 which is the indication of negative effect on entrepreneurial activities. During the late fifties to middle sixties Jail industries output was considered as contribution of industry sector. It is appreciable that handicraft industry had emerged as vital sector in pre-statehood period. The value of handicraft output was reached at highest position with Rs 83318 in the year 1960. During the period from 1958 -1967 significant contribution of bamboo and

cane industries is observed as the product of jail industries which was the only organised platform for the convicted person but there was no formal platform for the general artisans.

India has been emerged as a major producer and supplier of handicrafts products since very long time. that in the 15th and 16th centuries the Patola fabrics of Surat were exported to cities like Baghdad and Basra. Indian handicrafts are exported across mainly in the USA, the UK, the UAE, Germany, France, Latin American countries (LAC), Italy, the Netherlands, Canada and Australia. USA accounted for 29.92 per cent share of India's total handicraft exports in 2014–15. However India's share in the world handicraft exports is less than 2%. There is a increasing trend in handicraft exports from India and Indian handicraft exports have increased about 16.4% since 2008-09. It is noticed that handicrafts exports have increased by 15.4% than the 2013-14 and stood at US\$ 4.5 billion in 2014-15. The share of NER in country's total handloom and handicraft enterprises is only 8.08%. Though the history of handicraft industry in respect of contribution in total output has been observing since 1958 but this industry has been suffering very much as a constituent of un-organised sector and the five years Budgetary Support of Government of Tripura for Handicrafts starting from the financial year 2009-10 is not encouraging. Under such circumstances the cluster approach is capable to revitalise this industry providing organised platform and others interventions through the different schemes of DC Handicrafts, Government of India.

It is noteworthy to say that Tripura, an industrially backward state, emphasizing on handicraft sector by utilizing local potential resources may improve its economy and cluster approach can play a positive role towards entrepreneurial development of that state.