

## MICRO AND SMALL ENTERPRISES (MSE) DEVELOPMENT IN HIMACHAL PRADESH

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### Abstract

Micro and Small scale industries play an important role in the national economy. Development of micro and small industries increase income, output and employment and accelerate the rate of growth of a backward area. Himachal Pradesh is least urbanized state of the country. The present study was an effort to analyse the industrial hubs development in the case of micro and small industrial enterprises of Himachal Pradesh during different years; 1991-92, 2001-2002 and 2012-13. The two parameters used for the analysis were industrial units and industrial worker employed in the state. The results of the study show a highly uneven industrial development in the state in the case of micro and small enterprises.

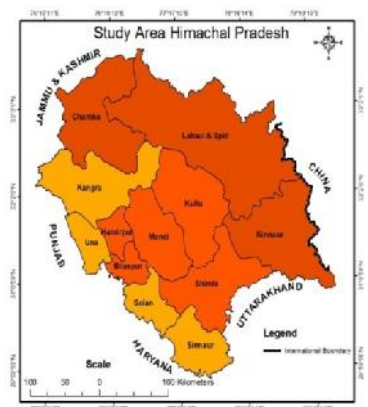
**Keywords:** Micro and Small Enterprises, Development, Hubs, Industrialisation, Units and Worker.

### Introduction

Industrialisation is not merely a technological revolution; it involves deep social changes. The impact of Industrialisation does not remain limited only to the economic sector, also influences the shaping of social life (Paul, 1961). Better industrialisation requires well framed development plans and co-coordinated efforts for the development of agriculture, mining, power, transport and other infrastructural activities. Industrialisation helps in the growth and service that are used to satisfy the basic human needs of large percentage of population. The industrial growth is being accompanied by development (Clarance, 1979). The state of Himachal Pradesh has observed a slow progress in Industrialisation during pre-independence period (Parry, 1979). After independence of the country, Himachal Pradesh came into existence on April 15, 1948 as a Chief Commissioner's province (Thakur, 1997). The employment in the industrial sector in 1951 was around 5 percent. During the last few years, the industrialisation in Himachal Pradesh has made significant progress. Micro and Small Scale Industries play an important role in boosting the overall economic growth of the state. The main industrial activities in Micro and Small Scale in the state are weaving, small scale engineering, agriculture instruments wood carding, fruit processing, lime stone, food products, fisheries, forest products like Guchi, patish, dhoop, kalazira, kesar, bharmi etc. The micro and small scale industries set-up by the entrepreneurs in different years has contributed to increase shares in the overall production, investment, exports, and employment. 38592 Small Scale Industrial Units were registered with an investment of 5579.02 crores and employment of about 2.11 lakhs persons was registered with the Department of Industries (Annual Administrative Report, 2012).

### Study Area

The study area Himachal Pradesh is located in the northern part of the country between 30° 22' 40" to 33° 12' 20" North latitudes and 75° 45' 55" to 79° 04' 20" East longitudes. The state forms part of western Himalayan Zone. It has a hilly terrain, mountainous and undulating topography with altitude ranging from 350 to 6,975 meters above mean sea level. Total geographical area of the state is 55,673 sq. kms.



### Objective of the Study

- To study the District wise Spatio-temporal distribution/development (1992 to 2012) of industrial hubs development of Micro and Small Enterprises (MSE) in Himachal Pradesh in terms of units and employment.

### Methodology

The present study is based on primary and secondary data. The primary data was collected through Questionnaire by conducting survey and using observation and interview method. The analysis of district wise Spatio-Temporal distribution was calculated through weight of industry viz. the number of industrial units in the district and number of industrial employed workers in the district. The Composite District Industrial Development Index was calculated with the help of the following formula:  $\{(Fi/F)*100 + (Wi/W)*100\}^{1/2}$  Where,  $F_i$  = Number of industrial units in the District,  $F$  = Total number of industrial units in the State,  $W_i$  = Number of industrial workers in the District,  $W$  = Total number of industrial workers in the State.

### Results and Discussion

Micro and Small scale industries play an important role in the national economy, keeping in mind this both the central and state government have taken active steps to develop, promote and progress their growth. District wise distribution analysis of Spatio- Temporal Analysis of registered industrial units and the industrial workers employed was done for getting the developmental status of the Medium and Large Scale Industries in Himachal Pradesh from the period 1992 to 2012. The district wise industrial development in Micro & small (MSE), Himachal Pradesh is presented in Table no.1.

**Table 1: District wise industrial development in Micro & Small (MSE) Industrial Sector (1992 to 2012)**

Composite District Industrial Development Index of Micro & Small (MSE) Industries in 1992										
Sr. No.	Districts	Number of Units			Number of Employment			Worker per unit	*CDID Index	Overall Rank
		No. of Units	% of Units	Rank	No. of Workers	% of Workers	Rank			
1	Kangra	6209	28.85	1	28796	32	1	5	30.43	1
2	Sirmaur	1800	8.37	5	16525	18.36	2	9	13.36	2
3	Solan	1741	8.09	6	8923	9.91	3	5	9	3
4	Una	1848	8.59	3	6111	6.79	5	3	7.69	4
5	Shimla	1954	9.08	2	5634	6.26	6	3	7.67	5
6	Hamirpur	1683	7.82	7	6648	7.39	4	4	7.6	6
7	Mandi	1820	8.46	4	5322	5.91	7	3	7.19	7
8	Bilaspur	1362	6.33	8	4942	5.49	8	4	5.91	8
9	Kullu	1349	6.27	9	3023	3.36	9	2	4.81	9
10	Chamba	1000	4.65	10	2354	2.62	10	2	3.63	10
11	Kinnaur	413	1.92	11	1143	1.27	11	3	1.59	11
12	L & Spiti	339		12	576	0.64	12	2	1.11	12
	<b>Total</b>	<b>21518</b>	<b>100</b>		<b>89997</b>	<b>100</b>		<b>4</b>		
Composite District Industrial Development Index of Micro & Small Industries in 2002										
1	Kangra	7844	26.61	1	34096	26.93	1	4	26.77	1
2	Solan	2639	8.95	3	17436	13.77	2	7	11.36	2
3	Mandi	2904	9.85	2	11620	9.18	3	4	9.52	3
4	Shimla	2723	9.24	6	10080	7.96	5	4	8.6	4
5	Una	2386	8.09	5	10091	7.97	4	4	8.03	5
6	Sirmaur	2291	7.77	4	10057	7.94	6	4	7.86	6
7	Hamirpur	2286	7.75	8	8322	6.57	8	4	7.16	7
8	Kullu	2000	6.78	7	9784	7.73	7	5	7.26	8
9	Bilaspur	1879	6.37	9	6876	5.43	9	4	5.9	9
10	Chamba	1479	5.02	10	5247	4.14	10	4	4.58	10
11	L & Spiti	542	1.84	11	1452	1.15	12	3	1.49	11
12	Kinnaur	506		12	1533	1.21	11	3	1.46	12
	<b>Total</b>	<b>29479</b>	<b>100</b>		<b>126594</b>	<b>100</b>		<b>4</b>		

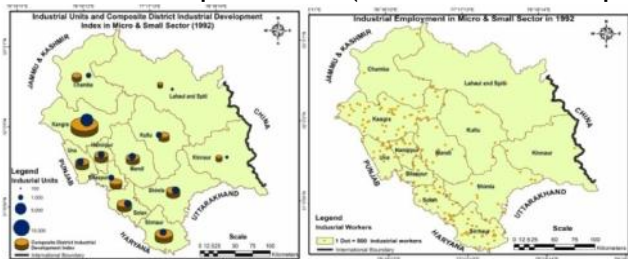
Composite District Industrial Development Index of Micro & Small Industries in 2012										
1	Kangra	9028	23.39	1	40149	19.01	2	4	21.2	1
2	Solan	4897	12.69	2	61665	29.2	1	13	20.95	2
3	Sirmaur	3189	8.26	6	21396	10.13	3	7	9.2	3
4	Mandi	3940	10.21	3	16076	7.61	5	4	8.91	4
5	Una	3385	8.77	5	17217	8.15	4	5	8.46	5
6	Shimla	3480	9.02	4	12397	5.87	7	4	7.44	6
7	Kullu	2555	6.62	8	14009	6.63	6	5	6.63	7
8	Hamirpur	2843	7.37	7	10208	4.83	8	4	6.1	8
9	Bilaspur	2322	6.02	9	8412	3.98	9	4	5	9
10	Chamba	1788	4.63	10	6194	2.93	10	3	3.78	10
11	Kinnaur	584	1.51	11	1833	0.87	11	3	1.19	11
12	L & Spiti	581	1.51	12	1607	0.76	12	3	1.13	12
	<b>Total</b>	<b>38592</b>	<b>100</b>		<b>211163</b>	<b>100</b>		<b>5</b>		

Source: Compiled on the basis of information collected from Directorate of Industries, Shimla, Himachal Pradesh.

### District wise Spatio-Temporal Analysis of Micro and Small Enterprises (1992)

The composite district industries development index for the year 1992 shows that Kangra district was ranks I with CDIDI value 30.43 with total 6209 industrial units, Sirmaur district ranked 2 with the composite district industries development index value 13.36 with the 1800 industrial units in the year 1992. Solan district ranked 3 with the CDIDI value 9.00 (1741 industrial units), Una district reflected the 1848 industrial units was ranked 4 with the CDIDI value of 7.69. Shimla district was ranked 5 with the CDIDI value of 7.67 (1954 industrial units) in year 1992 (Table 1 and Map 2 a&b).

Map 2 a & b: District wise Industrial Employment and Composite District Industries Development Index (Micro and Small Enterprises)- 1992

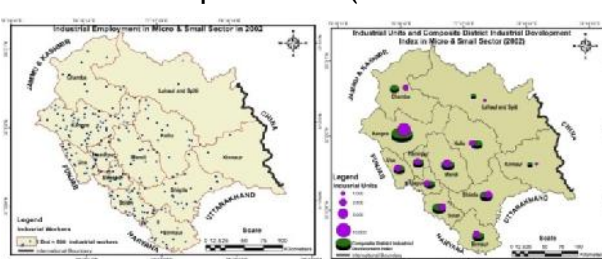


### District wise Spatio-Temporal Analysis of Micro and Small Enterprises (2002)

The number of units in the case of micro and small scale enterprises increased from 21518 (Year 1992) to 29479 in the year 2002 and in the case of number of the workers employed in the whole state of the Himachal Pradesh also increased from 89997 (Year 1992) to 126594 in the year

2002. Composite district industries development index analysis show Kangra district secured rank 1 with CDIDI value 26.77 (7844 industrial units) and 34096 Solan district was in rank 2 with the CDIDI value of 11.36, Mandi district ranked 3 with the composite district industries development index value 9.52 ( Table No. 1 & Map 3 a & b).

Map 3 a & b: District wise Industrial Employment and Composite District Industries Development Index (Micro and Small Enterprises) - 2002



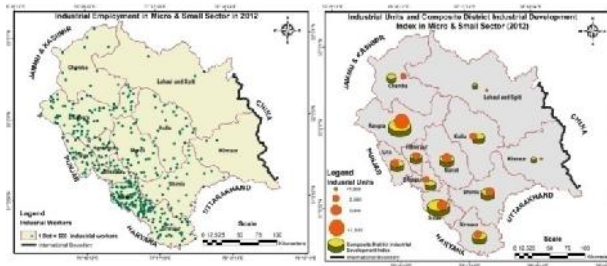
### District wise Spatio-Temporal Analysis of Micro and Small Enterprises (2012)

The number of units in the case of micro and small scale enterprises increased from 29479 (Year 2002) to 38592 in the year 2012 and in the case of number of the workers employed in the whole state of the Himachal Pradesh also increased from 126594 (Year 2002) to 211163 in the year 2012. In the case

of the composite district industries development index Kangra district secured rank 1 (with CDIDI value 21.20), Solan district secured rank 2 ( with CDIDI value 20.95 ), Sirmaur district secured rank

3 (with CDIDI value 9.20), Mandi district secured rank 4 (with CDIDI value 8.91) Una district secured rank 5 (with CDIDI value 7.44). The spatio temporal analysis (Table 1 and Map 4 a & b) shows that industrial inequality within the state is greater when viewed in terms of the distribution of industrial workers employed than the distribution of registered industrial units.

**Map 4 a & b: District wise Industrial Employment and Composite District Industries Development Index (Micro and Small Enterprises)- 2012**



### Conclusions

On the basis of the study, it can be concluded that highly uneven distribution pattern was found in the case of Spatio-Temporal distribution/ development of the Industrial hubs Development in micro and small enterprises in Himachal Pradesh (1992 to 2012). The micro and small scale industrial clustering was found emerging to the south-west part of the state. The main industrial hubs formation was found in the case of Micro and Small enterprises mainly in the seven districts of the state including Kangra, Solan, Mandi, Shimla, Una, Hamirpur and Sirmaur. Around one fourth (23.39 per cent) of the total micro & scale industrial units were found concentrated in Kangra district alone, followed by Solan (12.69 per cent), Mandi (10.21 per cent), Shimla (9.02 per cent), and Una (8.77 per cent). Remaining districts of the state (Sirmaur, Kullu, Hamirpur, Bilaspur, Kinnaur and Lahaul&Spiti) were found having 35.92 per cent of the total micro & scale industrial units of the state. On the basis of the study, it is suggested that the state government should take necessary steps urgently for dealing with the challenge of highly uneven distribution pattern in the case of micro and small scale enterprises in the state.

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