Informal manufacturing sector in Bihar: A brief overview

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INFORMAL MANUFACTURING SECTOR IN BIHAR

A BRIEF OVERVIEW

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Abstract

Informal sector is now seen as the next engine of growth for the Indian economy. Given their potential for employment creation and their strong linkage effects with the other sectors of the economy, they have an important role in regional development. This paper aims to provide an overview of the growth and productivity dynamics of informal manufacturing sector in Bihar vis-à-vis the national scenario over the period 2000-2010. The segments exhibiting dynamism are also identified and the linkage between dynamism and sustainability are explored. A variety of activity groups, different for different enterprise types and location, are showing signs of dynamism in the states. These dynamic activities, if aligned with the existing strengths of the region in terms of natural resources and linkage will be sustainable and may contribute substantially to the economic progress of the region. This sector also has the possibilities to exploit an extended market both within the country and abroad, especially in the current globalised scenario. While new market horizons have emerged, technological obsolescence, lack of institutional credit, intense competition and price-cutting are challenges that have to be faced by this sector squarely. The most important objective now is to improve the productivity levels so that they can become competitive and sustainable in the long run, bringing about dynamism and development in the state.

INFORMAL MANUFACTURING SECTOR IN BIHAR

A BRIEF OVERVIEW

I. INTRODUCTION

The term informal sector is a relative newcomer in the jargon of economic literature, first used by Keith Hart in his study on Ghana in 1971 (Hart, 1973)[1]. Since then, it has attracted significant attention in economic literature and has gained wide recognition. Over time, its scope has expanded and came to be known variously as *Unorganised Sector*. Though there is no precise and standardized definition, this sector is conceptualised as one where entry by new enterprise is easy; where enterprises rely on indigenous resources and are family owned, operating on a small scale in unregulated and competitive market using labour intensive and adoptive technology; and where workers acquire their skill outside the formal training system. Researchers have used different operational definitions depending on their objectives, level of study and data availability to identify the unorganised sector. This concept thus covers a wide spectrum of activities and units with significant heterogeneity within it.

The role of the unorganised sector in shaping the economic profile of a region has been widely debated over. The substantial employment opportunities provided by this sector is perhaps its most salient feature. While the entry is easiest into the unorganised trade and service sector, substantial numbers of job-seekers take up unorganised manufacturing activities. These small manufacturing units usually tap local resources, use indigenous methods, cater to local demand and very often use personal network for marketing their products. This overwhelming presence of the informal / unorganised manufacturing sector has its own heterogeneity regarding both extent & growth over time on one hand, and productivity on the other. The role of this segment is all the more vital as it has the strongest linkage effects with the other sectors of the economy. Very often these unorganised manufacturing units serve as a significant partner of the organised manufacturing sector – either as complementary or as substitute. It plays a major part in sectoral transformation of the economy too. Because of such reasons, the unorganised manufacturing sector is now seen as the next engine of growth for the Indian economy.

Bihar, after its division into Bihar and Jharkhand, consists of 38 districts. According to 2011 Census, Bihar had a population of 103 million with a amazingly high population density of 1102, compared against the national average of 312! Population growth rate during the 2001-2011 decade was 2.5 per cent pa, compared to 1.7 per cent for the country as a whole. Population structure is relatively young with more than 30 per cent of the population below 10 years of age. Only 11 per cent of this huge population is urban, while for the country more than 25 per cent of the people lives in urban areas. Literacy rate was 63.8 per cent as against the all India average of 74.0 per cent, gender gap being 20 percentage points. Per capita Net State Domestic Product in 2009-10 was Rs. 11727 in the state, compared to the national average of Rs. 34088 (at 2004-05 prices). Average income in the state is thus about one-third of the national average! Poverty has been a major problem with 53.5 per cent of people in the state being below poverty line in 2009-10 as against a national average of 29.8 per cent.

The state's economy is primarily agrarian with more than one-fourth of NSDP coming from Agriculture and allied activities. Another one-fourth comes from Trade and allied activities. Though there were 4834 micro and small manufacturing units, employing more than 17 thousand people in them as per the 2005 Economic Census, absence of large industrial units results in only about 5 per cent of NSDP coming from Manufacturing sector. There is also a huge potential for the development

of a viable tourism sector in this region, not only within the country, but through this gateway to Nepal, especially the Buddhist circuit, but which remains largely untapped.

All of this does not paint a very rosy picture for the state but the statistics do not do justice to the huge potential of the state. Last couple of years has been a landmark for the state with a remarkable turnaround on the growth front, comparable in its impact to the breaking free of the country's GDP growth rate from the so called *Hindu Rate of Growth* in the late eighties. The challenge now is to sustain this growth and lift the economy by pivoting it around poles that are strengths of the region. Another objective should be to ensure that the benefits of this remarkable take-off reach the maximum possible people. In these, the importance of focussed and targeted planning cannot be less emphasised.

Against this backdrop, growth and performance of the informal manufacturing sector in Bihar becomes an important issue for examination. The region has generally been criticised for its lackadaisical development process and except few public sector units the manufacturing sector is almost non-existent, especially after the amputation of southern part of the state into Jharkhand. The state is dominated by informal / unorganised activities and given the special nature of unorganised manufacturing sector, it is all the more important to use the informal manufacturing sector as the engine of growth for this region. Moreover, the informal manufacturing sector in the state seem to follow a different pattern compared to the rest of the country. Surprisingly, studies on informal manufacturing sector in the state are quite sparse and this paper aims to provide an overview of the situation. Here, we try to look into the growth and productivity dynamics of informal manufacturing sector in Bihar vis-à-vis the national scenario over the period 2000-2010. The segments exhibiting dynamism are identified and the linkage between dynamism and sustainability has been explored. It is expected that such a forward looking approach will help the state authorities to focus on specific segments of the unorganised sector and frame appropriate policies for their growth. Only then will the purpose of assisting the planning process will succeed.

II. INFORMAL MANUFACTURING SECTOR IN BIHAR

1. General Overview

Conceptually, the unorganised manufacturing sector in India is generally taken to be composed of three segments - OAMEs, NDMEs and DMEs. Extensive data on these sectors have been provided by the periodical surveys of NSSO and CSO, the latest of which covers the period 2005-2006. The size of the sector in terms of enterprise number and employment has remained quite stable from 1984 onwards, (in fact marginally decreasing during 1984-94 but increasing thereafter) and in 2000, there were 17 million enterprises in the informal manufacturing sector providing jobs to about 37 million people (Table 1). The enterprise number has remained almost constant over the period 2000-2005 but employment has declined to 36 million. There is no doubt that this sector has mitigated the problem of joblessness up to a great extent. But some scholars have argued that a major part of the unorganised sector employment is due to entry of people in distress who otherwise would have been openly unemployed. This argument seems untenable and has been readily refuted by others. They comment that there exists a vibrant and growth oriented segment within the unorganised sector, though presence of a distress segment cannot be ruled out altogether (Mukherjee, 2004a, 2008). Considering the fact that the growth of informal manufacturing sector in India has been neither smooth nor uniform over both space and time, this heterogeneity seems more plausible. What has happened in Bihar vis-a-vis the national scenario is also examined in the subsequent sections.

Micro, small and medium enterprises (MSMEs) have been playing major role in the economy of Bihar. 2000 onwards this trend has grown stronger. As on 2010-11, the state has about 183729 registered MSME units with a total investment of Rs 1,275 crores, which creates employment to about 6 lakh people. According to the fourth all India survey of micro, small and medium enterprises

conducted in 2006-07 by Ministry of MSME, a total number of 71,435 enterprises were surveyed in Bihar. Out of these surveyed enterprises, 52,188 MSME units are operational. These operational units constitute more than 73 per cent of total number of enterprises surveyed in Bihar during 2006-07. The future growth of industry in Bihar will be continuing heavily propelled by MSMEs.

2. Extent & Growth

Unorganised Manufacturing Sector has a prominent presence in Bihar. During the year 2000 there were about 0.8 million enterprises providing employment to 1.5 million people, and in 2005 there were 0.77 million enterprises and about 1.45 million employees (Table 1). Both enterprise number and employment are falling over the period 2000-2005, quite similar to the all India trend where enterprise number has remained almost constant and total employment had declined for this sector. A disaggregated approach shows that while enterprise number is increasing in the rural areas it is declining in the urban areas at the All India level, though the overall growth in number of enterprises is positive. In Bihar however, both enterprise number and employment in informal manufacturing sector have decreased during 2000-05 period in both rural and urban segment. The rate of decline is also faster than corresponding national average. The declining continued during 2005-10 and number of enterprises and employment almost halved in Bihar during this period. At the national level, number of enterprises increased while employment declined.

While the general declining trend in enterprise number and employment observed at the all India level are true for Bihar also, there are significant differences in the pattern if we look deeper. When we differentiate between the size classes of the enterprises, it is observed that the general declining trend during 2000-2005 period at the national level was confined to the OAMEs and urban NDMEs. DMEs in both rural and urban areas and rural NDMEs showed significant growth in numbers, especially the latter. Thus units belonging to the smallest size class declined while the larger ones proliferated. This may have been caused by either of or a combination of two processes. Small units may have upgraded themselves to bigger ones through consolidation and successful operation. Or, there could have been demise of smaller sized units and entry of larger sized ones. In either case there is a hint of optimism from the standpoint of the sector as a whole as there seems to have occurred a scale upgradation with share of large units rising over time. Contrary to this, in Bihar, it is the larger units that have shown the highest decline, especially the rural DMEs. Since it is quite unlikely that units had downscaled them, it hints at closing down of the medium and large segment within the informal sector. The outlook from the employment angle is not good as this decline in scale has not been compensated by rise in number of OAMEs which are more labour-intensive. This is an indication of deteriorating business scenario where even informal sector is not growing even in face of widespread unemployment and poverty.

During 2005-10 period the declining trend gathered further momentum in Bihar and growth rates were much lower. The only rays of hope have been the positive growth in larger units (Directory and Non-directory establishments) in rural areas of Bihar, hinting at some signs of rejuvenation in recent years.

3. Dominant Activity Groups

We now venture into a closer inspection of which are the activity groups that are dominant and growing in Bihar and whether this pattern is different from the national scenario. For this we look at the growth and extent of the informal manufacturing sector at 2-digit National Industrial Classification (2004).

It is observed that across the country the dominant activity groups in terms of both extent and growth are Food products & Beverages, Textiles, Wearing apparel & Fur dressing etc, and, Manufacture of Furniture. In addition, substantial numbers of smaller units like OAMEs and NDMEs are engaged in manufacture of Tobacco products and Wood-Cork-Straw & other Natural Fibre products, while larger

units like DMEs are engaged in production of Fabricated metal products and Machinery & Equipment.

In Bihar, the informal manufacturing sector follows the national pattern up to a great extent. However, the distinction between smaller and larger units is absent here. The larger units are also behaving more like the smaller units and specialises in manufacture of Food products & Beverages, Wearing apparel & Fur dressing etc, Wood products, and, Manufacture of Furniture. Tobacco in rural areas and Fabricated Metal and Textiles in urban areas also occupy dominant positions in terms of employment and value added. It is evident that most of the dominant activity groups are agro-based or natural fibre/wood based consumer non-durable and semi-durable products, indicating strong linkage between informal sector and natural products in the region. These factors have to be closely monitored to bring out the best from the informal manufacturing sector in Bihar.

III. OUTPUT AND PRODUCTIVITY

One of the most important contributions of the informal manufacturing sector is its potential to create employment. However, such employment will be remunerative and sustainable only if the sector is productive. Therefore Gross Value Added and Labour Productivity are important indicators of health of the informal manufacturing sector.

1. Gross Value Added

It is observed that Gross Value Added from the informal manufacturing sector has been quite substantial – about 14389 Million Rupees (at constant 1999-2000 prices) coming from the informal manufacturing sector in Bihar in 2005 (Table 5a). About two-third of this is produced by the rural informal manufacturing sector and the remaining by the urban informal manufacturing sector. This is in sharp contrast to the national scenario where more than 55 per cent of the GVA comes from the urban informal manufacturing sector. In terms of relative contribution of the different size classes also the status is quite different from what is happening in the rest of the country. Thus, the informal manufacturing sector in Bihar is dominated by the small units, most of them in the rural areas, in terms of GVA. It is also observed that GVA in the informal manufacturing sector had increased during 2000-05 at the aggregate level, while declining by more than 25 per cent in Bihar. During 2005-10 period however, GVA again picked up in Bihar, in line with the national trend, though not as fast.

The contribution of informal manufacturing sector in terms of output can also be judged from the fact that about 53 per cent of Manufacturing sector GVA and about 2.5 per cent of State Domestic Product in Bihar is coming from this sector in 2010 (Table 5b). The relative share in Manufacturing sector GVA is increasing during 2000-10 period, because of a sharper fall in organised manufacturing sector in the state during this period. On the other hand, the relative share in SDP is falling in the state, in tune with the national scenario where it is falling too, mainly because of the rising contribution of tertiary sector in GDP.

2. Labour Productivity Levels

While GVA has been falling, another worrying factor is that labour productivity in the informal manufacturing sector in Bihar is lower than national average for all the segments except rural OAMEs (Table 6). In addition, productivity levels are decreasing for all the segments during 2000-05 period except rural OAMEs, in sharp contrast to national scenario where productivity levels are falling only for the OAMEs. The reasons for declining productivity levels are however different across size classes. For the bigger units (DMEs) and the rural NDMEs fall in employment has been accompanied by more than proportionate decrease in GVA, leading to a fall in productivity. For the smaller units (OAMEs) and the urban NDMEs, GVA itself is declining.

What is more heartening is that during 2005-10 period there occurred a substantial rise in labour productivity levels in the informal sector in Bihar, especially in the smaller enterprises in the urban areas, bringing it closer to the national average.

The health of the sector is therefore not sound and it would require much effort from the state to rejuvenate and replenish it. Such a negative sentiment should not however deter us from identifying the silver linings in the cloud. There appears to have occurred a turnaround in the recent period, at least in terms of value added & productivity. There are several bright spots in the otherwise dark grey horizon and growth strategies may be formulated around these poles. This requires identifying the dominant, dynamic, and efficient segments of the informal sector within the state and we try to do so in the next section.

IV. FUTURE CHALLENGES & OPPORTUNITIES

It has already been argued that unorganised manufacturing sector is very heterogeneous in nature. On one hand are the distress segments that people take up as their survival strategy and are not sustainable in the long run because of their low productivity. On the other hand are the vibrant segments – market determined and growth oriented. These latter segments do have the potential to emerge as the engine of growth for the regional economy. Identification of these sections is important for proper policy planning and providing various types of support to the informal manufacturing sector since a focussed approach will yield better results. In this section we have made an attempt to identify these dynamic segments for Bihar.

1. Identifying Dynamic Sectors

Key feature of economic dynamism today is sustainability. Segments that are expanding not only in terms of their number or employment size, but also in terms of GVA are presumed to be sustainable in the long run. The activity groups that are expanding both in terms of enterprise and employment and for whom value added is also increasing are identified as dynamic activities. A variety of activity groups, different for different enterprise types and location, are showing signs of dynamism. These dynamic activities, if aligned with the existing strengths of the region in terms of natural resources and bio-diversity will be sustainable and may contribute substantially to the economic progress of the region. Let us first briefly discuss the potential strengths of Bihar, followed by efficiency analysis and identification of focus areas.

Units that have high frequency in terms of both enterprise number and employment as also have high labour productivity may be termed dynamic. We have identified these activity groups in Table 7. It is observed that units producing Food & Beverage Products in both rural and urban areas are showing signs of dynamism. Other activity groups showing such dynamism are – Furniture and other Wood products among urban OAMEs, Apparel manufacturing and Non-metallic mineral products (ceramic and earthenware mainly) among rural NDMEs, Fabricated Metal products among rural & urban NDMEs and DMEs, Non-metallic mineral products (ceramic and earthenware mainly) among rural DMEs, and units producing Electronic Machineries among urban DMEs.

These segments of informal manufacturing sector showing dynamism and having potential for sustainable growth in Bihar have to be properly nurtured and supported for successful regional development. With the liberalisation and globalisation of the Indian economy, the small enterprises indeed have unprecedented opportunities on the one hand, and face serious challenges, on the other (see Ahmed, 2008 for more on this). While a host of business opportunities have emerged in the form of new market horizons, technological obsolescence, lack of institutional credit and intense competition and price-cutting are challenges that has to be faced by this sector squarely.

2. Efficiency & Comparative Advantage

While policies must aim at improving the efficiency levels of the sector in general, it would be worthwhile to concentrate in areas of strength. Encouraging industries exhibiting high efficiency levels may be one major dimension of policy thrust. It is also imperative that in a geographically vast country like India different states will have efficiency in different industries because of natural, traditional and socio-economic factors. Though federal in nature, states in India are quite independent in framing their industrial and economic policies. This provides ample scope for each of the states to focus on industries where they are efficient. These strengths can be judged from two aspects. There would be industries where a certain state is more efficient relative to other states i.e. where it has inter-state comparative advantage. Secondly, there would be industries where a particular state has greater efficiency compared to other industries within that state - indicating intra-state comparative advantage. While from the national macroeconomic standpoint it is optimal that industries are located according to inter-state comparative advantage, for a particular state, its industrial policy should take into account the intra-state comparative advantage among industries also. Industries where it enjoys both types of comparative advantage should be the focus group for the state. We have constructed a regional comparative advantage matrix where each state-industry combination is denoted by (X_{ij}, Y_{ij}). X_{ij} refers to efficiency rank of i^{th} state in j^{th} industry among all states, and Y_{ij} refers to the rank of j^{th} industry in ith state among all industries in that state. Interstate comparative advantage is supposed to exist if $X_{ij} \leq 10$ and intrastate comparative advantage is supposed to exist if $Y_{ij} \leq 5$. From such a matrix, we have identified the focus groups for Bihar in Table 8. We hope that this will help in policy formulation at the regional level regarding industrial incentives. These activity groups when in overlap with those showing signs of dynamism as identified in the previous section should form the core group for active state intervention in Bihar. We suggest that the state focus on Food & Beverages, Textiles & Apparel, and Wood Products as the leading sectors and core areas for policy support.

V. CONCLUSION

The informal sector in Bihar not only has immense potential in terms of linkage, market share, and resources, but also the possibilities to exploit an extended market not only within the country but also abroad, especially in the current globalised scenario. But unfortunately, this sector is exhibiting low productivity, which is further declining over time, barring a few exceptions. Thus the most important challenge facing the informal manufacturing sector is to improve the productivity levels so that they can become competitive and sustainable in the long run. The most important agenda in this regard is that of technology upgradation, especially in the context of the globalised competitive environment and the presence of cheap alternatives from MNCs. While this has been widely discussed in an earlier paper (Mukherjee, 2004b) in the national context, the issue is equally pertinent for Bihar. It may be worth noting that UNIDO has recently identified three MSME clusters in Bihar for scope for technology upgradation. These include Fabrication, Equipment and Machinery in Begusarai, Brass and German Silver units in Patna, and Food Products in Muzzafarpur. Focussing on these areas and trying to create horizontal & vertical linkages in the surrounding region should form the objective of policy formulation at state level.

The technology has also to harmonize with the skill and resource base of the region, tapping global-local synergy. In addition, using available technology up to the fullest possible extent and stressing on efficiency improvements should also form part of the strategy (Majumder, 2004). This brings up the question of resource / capital availability for this sector, since all technological improvement programmes would need to infuse more capital into the units. Easy and cheap institutional credit, marketing facilities, creating industrial clusters would be means to uplift this sector.

The policies must also keep in mind that each of the districts in Bihar has its own unique linkage and natural resource base that should form the core of any developmental plans for the informal manufacturing sector. Identifying *Lead Sectors* in tune with the strength of the state and using *Growth Poles Approach*, where a host of unorganised manufacturing units flourishes under the leadership of one or more forerunning industries would be enormously appropriate for regional developmental planning. The activities identified here may form the crux of such a strategy.

Notes

[1] Cited from Sethuraman, S. V. (1976).

[2] OAME - Own Account Manufacturing Enterprise - manufacturing enterprise operating with no hired worker employed on a fairly regular basis; NDME - Non-Directory Manufacturing Establishments - unit employing less than 6 workers including household workers; DME - Directory Manufacturing Establishments - units employing 6 or more workers with at least 1 hired worker but not registered under the Factory Act.

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Table 1

Enterprises and Employment in the Unorganised Manufacturing Sector

Year	*Indicator*	Bihar			All India		
		Rural	**Urban**	**Total**	**Rural**	**Urban**	**Total**
2000	**No of Enterprises**	683545	125028	808574	11934675	5089739	17024414
	Employment	1235633	263609	1499242	23986152	13095859	37082012
2005	**No of Enterprises**	662948	109014	771962	12128266	4942554	17070820
	Employment	1204972	247583	1452555	23458285	12984513	36442798
2010	**No of Enterprises**	375751	72328	448080	10115082	7095188	17210269
	Employment	594291	156973	751365	18510351	16378083	34888434

Source: Authors' Calculations based on NSSO (2000, 2006, 2012)

Table 2

Growth of Unorganised Manufacturing Sector (% per annum)

Period	*Indicator*	Bihar			All India		
		Rural	**Urban**	**Total**	**Rural**	**Urban**	**Total**
2000-05	**No of Enterprises**	-0.6	-2.7	-0.9	0.3	-0.6	0.1
	Employment	-0.5	-1.2	-0.6	-0.4	-0.2	-0.3
2005-10	**No of Enterprises**	-8.7	-6.7	-8.4	-3.3	8.7	0.2
	Employment	-10.1	-7.3	-9.7	-4.2	5.2	-0.9

Source: Authors' Calculations based on NSSO (2000, 2006, 2012)

Table 3a

Size Class Distribution of Enterprises in the Unorganised Manufacturing Sector (% of total)

Year		Rural			Urban		
		OAME	**NDME**	**DME**	**OAME**	**NDME**	**DME**
2000	**Bihar**	96.6	2.9	0.5	82.1	15.6	2.2
	All India	92.7	5.3	2.1	70.9	21.3	7.9
2005	**Bihar**	96.4	3.5	0.1	79.9	18.6	1.5
	All India	91.6	6.1	2.3	70.8	20.7	8.3
2010	**Bihar**	93.4	6.6		71.2	28.8	
	All India	90.3	9.7		70.6	29.4	

Source: Authors' Calculations based on NSSO (2000, 2006, 2012)

Table 3b

Size Class Distribution of Employment in the Unorganised Manufacturing Sector (% of total)

Year		Rural			Urban		
		OAME	**NDME**	**DME**	**OAME**	**NDME**	**DME**
2000	**Bihar**	91.2	5.1	3.7	68.6	23.9	7.6
	All India	79.8	8.1	12.1	45.1	27.7	27.1
2005	**Bihar**	94.5	4.9	0.6	69.5	24.8	5.7
	All India	76.8	10.2	13.0	43.8	26.2	30.0
2010	**Bihar**	87.1		12.9	55.5		44.5
	All India	71.4		28.6	46.6		53.4

Source: Authors' Calculations based on NSSO (2000, 2006, 2012)

Table 4a

Size Class wise Growth of Informal Manufacturing Sector – 2000-05 (% per annum)

		OAME		NDME		DME		All		All Total
		Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban	
Enterprise Number	**Bihar**	-0.7	-3.3	2.9	0.7	-21.9	-9.5	-0.6	-2.7	-0.9
	All India	0.1	-0.6	3.7	-1.1	2.2	0.7	0.3	-0.6	0.1
Employment	**Bihar**	0.2	-1.0	-1.5	-0.5	-30.9	-6.7	-0.5	-1.2	-0.6
	All India	-1.2	-0.8	4.7	-1.3	1.0	2.1	-0.4	-0.2	-0.3

Source: Authors' Calculations based on NSSO (2000) and NSSO (2006)

Table 4b

Size Class wise Growth of Informal Manufacturing Sector – 2005-10 (% per annum)

	States	Enterprise		Establishment		All		All Total
		Rural	Urban	Rural	Urban	Rural	Urban	
Enterprise Number	**Bihar**	-9.0	-8.2	0.7	-1.0	-8.7	-6.7	-8.4
	All India	-3.5	10.2	-0.8	5.2	-3.3	8.7	0.2
Employment	**Bihar**	-10.9	-9.9	3.2	-1.5	-10.1	-7.3	-9.7
	All India	-5.3	6.8	-0.5	4.0	-4.2	5.2	-0.9

Source: Authors' Calculations based on NSSO (2006, 2012)

Table 5a

Gross Value Added in the Unorganised Manufacturing Sector (Million Rs)

	2000			2005			2010		
	Rural	Urban	Total	Rural	Urban	Total	Rural	Urban	Total
Bihar	15884	5112	20997	10834	3554	14389	12178	5376	17554
All India	266720	335229	601949	281982	370691	652958	323923	561795	885718

Source: Authors' Calculations based on NSSO (2000, 2006, 2012)
Notes: Gross Value Added are at Constant 1999-2000 prices.

Table 5b

Output Contribution of Unorganised Manufacturing Sector – 2000-05

	Share of informal manufacturing sector in					
	Manufacturing Output			Domestic Product		
	2000	2005	2010	2000	2005	2010
Bihar	38.7	48.8	53.4	5.7	4.3	2.5
All India	20.0	22.0	18.2	3.5	3.0	2.5

Source: Authors' Calculations based on NSSO (2000, 2006, 2012) and CSO (2008, 2012)

Table 6

Size Class & Sector wise Labour Productivity in the Unorganised Manufacturing Sector

Year	*State*	Rural (Rs per annum)				Urban (Rs per annum)			
		OAME	NDME	DME	Total	OAME	NDME	DME	Total
2000	**Bihar**	10335	19743	30629	11473	15770	27187	27884	19429
	All India	8783	19103	21210	11120	14595	31326	38064	25598
2005	**Bihar**	8469	14053	50483	8992	10602	22126	26300	14357
	All India	7859	23373	95178	20808	13049	32377	48995	28549
2010[a]	**Bihar**	19695	25855		20492	30442	38994		34248
	All India	12690	29494		17500	30496	46348		34302

Source: Authors' Calculations based on NSSO (2000, 2006, 2012)
Notes: a – for 2010 DME and NDME combined figures are available. Labour Productivity levels are at Constant 1999-2000 prices.

Table 7

Importance of Industry Groups in the Unorganised Manufacturing Sector in Bihar

	High Number of Units	***High Employment***	***High Labour Productivity***
Rural OAME	Apparel, Non-metallic Min Pr, Chemicals, Wood Products, Tobacco Pr, Food & Beverages	Furniture etc, Apparel, Non-metallic Min Pr, Tobacco Pr, Wood Products, Food & Beverages	Food & Beverages, Transport Equip, Furniture etc, Fabricated Metal Pr, Electrical Machineries, Vehicles etc
Urban OAME	Fabricated Metal Pr, Wood Products, Furniture etc, Tobacco Pr, Apparel, Food & Beverages	Fabricated Metal Pr, Tobacco Pr, Wood Products, Apparel, Furniture etc, Food & Beverages	Food & Beverages, Furniture etc, Machinery & Equip, Wood Products, Basic Metals, Fabricated Metal Pr
Rural NDME	Fabricated Metal Pr, Food & Beverages, Apparel, Wood Products, Furniture etc, Non-metallic Min Pr	Fabricated Metal Pr, Apparel, Food & Beverages, Furniture etc, Wood Products, Non-metallic Min Pr	Apparel, Tobacco Pr, Food & Beverages, Wood Products, Fabricated Metal Pr, Non-metallic Min Pr
Urban NDME	Textiles, Furniture etc, Tobacco Pr, Apparel, Wood Products, Food & Beverages	Fabricated Metal Pr, Tobacco Pr, Apparel, Wood Products, Furniture etc, Food & Beverages	Furniture etc, Machinery & Equip, Basic Metals, Electrical Machineries, Leather Pr incl Tanning, Fabricated Metal Pr
Rural DME	Non-metallic Min Pr, Fabricated Metal Pr, Wood Products, Food & Beverages, Furniture etc, Apparel	Non-metallic Min Pr, Wood Products, Fabricated Metal Pr, Food & Beverages, Furniture etc, Apparel	Furniture etc, Wood Products, Food & Beverages, Textiles, Fabricated Metal Pr, Non-metallic Min Pr
Urban DME	Wood Products, Fabricated Metal Pr, Textiles, Electronic Machineries, Apparel, Food & Beverages	Apparel, Wood Products, Textiles, Fabricated Metal Pr, Electronic Machineries, Food & Beverages	Chemicals, Wood Products, Textiles, Fabricated Metal Pr, Food & Beverages, Electronic Machineries

Source: Authors' Calculations based on NSSO (2000, 2006, 2012)

Table 8

Efficient Activity Groups in the Unorganised Manufacturing Sector in Bihar

Inter-state efficiency	Intra-state efficiency	***Focus group***
Food and beverages; textile products; Furniture; Fabricated Metal products	Food and beverages; Apparel; Textiles; Furniture; Fabricated Metal products; Electrical Machinery	***Food and beverages; Apparel; Textiles; Furniture; Fabricated Metal products; Electrical Machinery***

Source: Authors' Calculations based on NSSO (2000, 2006, 2012)