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ACCOUNTING SYSTEM OF THE MSMES OF NORTH EAST INDIA - PERFORMANCE ASSESSMENT, TRENDS, GROWTH, CHALLENGES, AND POLICY PERSPECTIVES

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ABSTRACT

Micro, Small, and Medium Enterprises (MSMEs) have a significant contribution towards the economic development of North East India by providing employment opportunities, facilitating entrepreneurship, and enabling inclusive advancement of the region. The effectiveness of MSMEs is considerably decided by the state of their accounting systems, effectiveness of their accounting practices, and regulatory compliance achievements. The objective of this study is to analyze the accounting systems of MSMEs in the North Eastern part of India with regard to performance assessment, emerging trends, and difficulties OPs statirs. The review compiles evidence from recent literature, government reports, and policy documents directed at assessing the adoption of digital accounting technologies, GST accounting, cloud accounting technologies, and financial management in the case of MSMEs. The analysis indicates some persistent barriers, such as financial literacy, lack of accounting skills, low adoption of digital accounting technologies, infrastructural issues, lack of access to formal finance, and varying levels of regulatory compliance levels across the region. The active government projects, including Digital India, Udyam Registration, and MSME Competitive (LEAN) Scheme reflect the tangible movement toward an establishment of technology-based accounting systems. This research concludes that good accounting systems can lead to better performance in finance, ensuring creditworthiness, proper taxation, effective business decisions by management, and enhancing the sustainability of business in the long run. Policy recommendations have been put forward, emphasizing skill development in accounting, using digital technology in accounting, having better affordable accounting tools, and training in accounting specific to the region under study The paper informs researchers, other interested parties, and policy-makers on how to enhance financial governance and business development in the northeast of India.

Keywords: MSMEs, North East India, Accounting Systems, Financial Reporting, Digital Accounting, Performance Assessment, Financial Management, GST Compliance, Policy Perspectives, Sustainable Development.

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Introduction

The Micro, Small, Medium Enterprises (MSME) sector is one of the key pillars of the Indian economy, making significant contributions towards employment generation, industrial production, exports, innovation, and regional development. The MSME sector of India constitutes about one-third of the Gross Domestic Product (GDP) of India and provides direct and indirect employment to more than 200 million persons. Hence, it plays a crucial role in inclusive economic development. In North East India, comprising Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, and Tripura, the MSME sector has an even more critical role to play in encouraging local entrepreneurship, promoting local industries, conserving craft traditions, and creating jobs for the local population in remote, economically vulnerable regions.

The North Eastern Region (NER) boasts of rich natural resources, vast biodiversity, skilled artisans, agricultural potential, and unique cultural heritage, thus offering a good opportunity for the MSME sector to develop. Some of the industries operating in the region are handloom and handicrafts, bamboo, food processing, tea production, horticulture, tourism, textiles, and agro-based industries. While these advantages are in place, MSMEs in the region still encounter various structural and financial challenges such as poor infrastructure, low accessibility to markets, transportation hindrances, poor technological adoption, and lack of access to bank finance. Among the difficulties faced, poor accounting systems and lack of basic knowledge in financial management create serious problems for operational efficiency, compliance with regulations, and access to credit.

Good accounting system is fundamental for good financial management since it allows systematic record-keeping, classifying and reporting of transactions, as well as making informed business decisions, budgeting, managing costs, paying taxes, and assessing performance. Reliable accounting information guarantees transparency, contributes to investors' trust and allows MSMEs to get loans from banks and other institutions. Even so, many MSMEs in North-East India still carry out manual accounting which is often inaccurate or unreliable because of low awareness of accounting, lack of skilled professionals, absence of enough finances, and insufficient digital infrastructure.

The introduction of GST, rising digitalization of financial services, ascent of UPI, utilization of cloud-based accounting systems, along with government-sponsored initiatives such as Udyam Registration, Digital India, Startup India, etc. and financial inclusion programs have contributed towards making accounting practices in MSME more modern in India. Digital accounting systems make it possible for the companies to automate their bookkeeping, inventory tracking, billing, payroll and taxation, as well as financial reporting. However, there is disparity in their application across various North Eastern states due to differences in the level of digital literacy, internet connection, cost-effectiveness and institutional support.

In the past ten years policymakers have realized the significance of the strengthening of the financial governance in MSMEs. The various programs initiated by Ministry of MSME, Reserve Bank of India (RBI), National Bank for Agriculture and Rural Development (NABARD), Small Industries Development Bank of India (SIDBI), and the state governments have emphasized on the financial literacy and adoption of digital accounting, formalization of enterprises, and increasing accessibility of credit. These initiatives intend to make MSME ecosystem more resilient and transparent in order to make it possible for it to become the driver of sustainable development, as well as to improve the accountability and competitiveness of the MSME companies.

The recent innovations in financial technology (FinTech), artificial intelligence (AI), cloud computing, blockchain-based financial systems, and data analytics have changed the accounting practices on a global scale. These technologies make available many prospects such as real-time reporting, fraud prevention, automated compliance management, predictive financial analysis, and improved decision-making. In that context, implementation of these technologies in the operations of MSMEs opens up new opportunities for the enhancement of efficiency and profitability of business activities in the North Eastern Region. Nonetheless, the effective use of these technologies implies the necessity of special policies, training programs, low-cost technologies, and fruitful collaboration with different organizations.

Because of the situation described above, this review paper analyzes critically the accounting systems used in MSMEs in North East India, reviewing recent academic studies, state reports, and documents that reflect the existing government policies. This paper analyzes the current state of accounting practices, assesses the implications of accounting practices on the performance of enterprises, identifies recent trends in digital accounting and financial management, analyzes key challenges related to accounting operation and regulation, and discusses existing policies aimed at improving the financial governance of enterprises. It also presents the research Gaps and offers recommendations for policies aimed at enhancing accounting efficacy, financial transparency, and sustainability of MSMEs. The insights gained are expected to be useful for policymakers, researchers, accounting professionals, and representatives of MSMEs involved in improving the financial system and contributing to the economic development of North-Eastern India.

Review of Literature

Kumar and Singh (2021) analyzed the relevance of accounting procedures in the MSMEs of India and concluded that systematic book-keeping and precise accounting improve financial management, profitability and successful existence of the organization in the long run.

Sharma and Gupta (2021) examined how small and medium-sized enterprises are embracing digital accounting tools. They found that the use of cloud accounting software leads to greater efficiency, fewer mistakes in accounting, lower expenses related to accounting, and allows businesses to make better financial decisions. They also pointed to the increasing role of digital accounting in achieving a competitive advantage in business.

Das and Deka (2021) The study highlighted the issue of insufficient accounting skills, low levels of financial literacy, and reliance on manual bookkeeping that affect the survival of the businesses of MSMEs in the state of Assam. The researcher has called for running Financial Literacy programs as well as accounting training programs among entrepreneurs.

According to the Ministry of MSME (2024), Implementing formalization of MSMEs through digital registration and standardized accounting and financial reporting has improved the transparency of enterprises and facilitated access to government support programs. The report concluded that the introduction of digital accounting helps with the tax compliance.

Bhattacharjee and Nath (2022) analyzed accounting methods in MSME sector of North East India found that the companies using computerized accounting systems achieved better financial control, timely tax filing and better decision making as compared to traditional bookkeeping practices. Nonetheless, this research highlighted that poor digital infrastructure was a major hurdle.

Roy and Chakraborty (2023) researched the significance of the Goods and Services Tax (GST) on the Indian MSMEs and concluded that the introduction of GST has led to growth in the adoption of computerized bookkeeping. According to the authors, the conversion to digital bookkeeping has had a positive impact on tax compliance, financial reporting, and corporate accountability.

Baruah and Sharma (2023) The study into financial management practices of MSMEs in North Eastern Region signals that absence of qualified accountants, bad quality of internet connections, and low level of knowledge about the accounting norms inhibit sufficient usage of contemporary accounting systems. The study suggested that government policies should be developed to counteract the mentioned limitations.

Singh and Verma (2023) examined the connection between the level of financial literacy and the adoption of accounting systems by MSMEs in India. The researchers concluded that entrepreneurs with greater financial understanding tended to use automated accounting systems, which allowed them to budget better, manage cash flow properly, and make informed decisions.

Ahmed and Hussain (2024) conducted a study on the adoption of cloud accounting in Indian SMEs and found out that cloud-based systems in financial management increase accounting efficiency, cut business costs down, have better means of internal control, and give instant access to business financial performance. Their results prove that cloud computing has a high chance to improve MSME efficiency.

Sharma et al. (2024) studied how artificial intelligence is used in accounting and came to the conclusion that AI accounting software allows bookkeeping to be automated, fraud to be detected, predictions to be made and laws to be obeyed. According to the authors, AI accounting products can dramatically increase productivity in financial management among MSMEs.

Das and Roy (2024) According to a research study on adoption of digital accounting by MSMEs in North East India, it was concluded that those firms who adopted computerized accounting technology are benefitting from better inventory management and tax compliance, more efficient financial reporting and superior business performance than those firms that are still using traditional accounting methods.

Objectives of the Study

1. To examine employment, production, and investment trends as well as the state-by-state growth patterns of MSMEs in Northeast India.
2. To Study the current accounting systems implemented by Micro, Small and Medium Enterprises (MSMEs) operating in North East India along with their effectiveness in the field of financial reporting and business operations.
3. To Investigate the connection between different accounting practices and the performance of MSMEs while focusing on financial efficiency, growth of the business, compliance with regulations, and financing through institutions.

Research Methodology

The research is conducted using a descriptive research methodology to evaluate the MSME sector of North-East India with respect to opportunities, threats, and growth by states. The study depends on secondary sources to analyze the factors like employment, production, investment, and the number of MSME units in the eight states of North-East India. The research adopts a descriptive research design to evaluate the trends of MSME growth across the states systematically. Secondary data such as MSME census data, industry surveys, and government publications are employed to conduct the study. The major sources of information for the research are publications by the MSME Ministry of Government of India; reports like NSS 73rd Round (2024–25); economic reports and industrial development reports by MOSPI and NITI Aayog; and academic articles and policy papers on MSME growth in North-East area; and census reports for MSME from 2021–22, 2022–23, 2023–24, and 2024–25.

Result and Discussion

The mini-and medium-sized enterprises sector in the region of North-East India has been able to grow and develop steadily in terms of employment, investment, production, and number of units with Assam being the leading state. Although government policies have been influencing the steady growth of the

MSME sector in the region, serious problems exist including poor infrastructure, funding problems, and issues with markets.

The State-wise Growth Patterns of MSMEs in North-East India

The growth of MSMEs in North-Eastern India differs from one state to another, with Assam being the top state in the area of employment, investment, and production. On the other hand, Nagaland and Tripura have made substantial progress; while Mizoram and Sikkim lag behind because of poor infrastructure and market conditions. The role of government policies and financial assistance in making sure that MSME development is regulated is significant.

Table 1: State-Wise MSME Units in North-East India (2024–25) (Lakh Units)

State	Udyam Registered MSMEs (2021–22)	2022–23	2023–24	2024–25*
Assam	12.84	15.63	17.42	19.36
Manipur	2.08	2.41	2.73	3.02
Meghalaya	1.68	1.84	2.01	2.18
Mizoram	0.54	0.60	0.67	0.74
Nagaland	1.42	1.58	1.73	1.91
Arunachal Pradesh	0.38	0.46	0.55	0.63
Sikkim	0.39	0.45	0.52	0.58
Tripura	2.46	2.71	2.96	3.21
Total	21.79	25.68	28.59	31.63

The North-Eastern states of India have shown remarkable differences in MSMEs development Barely any state has thrived in this respect the way Assam has, in terms of the number of MSMEs since Assam remains and has always been the biggest contributor to the MSME sector of North-east India by having the highest number of MSMEs observed in the year 2024. The reason for such growth. Moreover, Tripura as well as Manipur have done well in this regard, with the increase in entrepreneurial activities and government support. Contrary to these states, Meghalaya, Mizoram and Nagaland have also achieved continuous growth in terms of number of MSMEs established, although this growth has been slower than that of Assam. Lastly, Sikkim and Arunachal Pradesh still have far fewer MSMEs compared to the other states because of geographical reasons and lack of industries and market access. In general, the research indicates that while the MSME industry in North-East India has made remarkable progress over the period, there is still significant inequality between the states. To alleviate this inequality, a comprehensive policy approach must be taken that focuses on developing infrastructure, advancing financing access, strengthening entrepreneurship, improving skill development, and ensuring a favorable environment in all the states of the region.

In Chart 1, we see the growth of MSMEs in North-Eastern states of India from the First Census in 2021-22 to the NSS 73rd Round Survey in 2024-25. The data indicate that MSME operations in the region have been gradually expanding through the years. In the initial years, especially during 2021-22, the number of MSMEs in the states was very low. In Assam, for example, 0.2 hundred thousand MSMEs were created while in Manipur and Tripura the number remained very low. The same reasoning can be applied to other states of North-East India, among which are the states of Nagaland, Mizoram, and Arunachal Pradesh, which had practically no MSME industry.

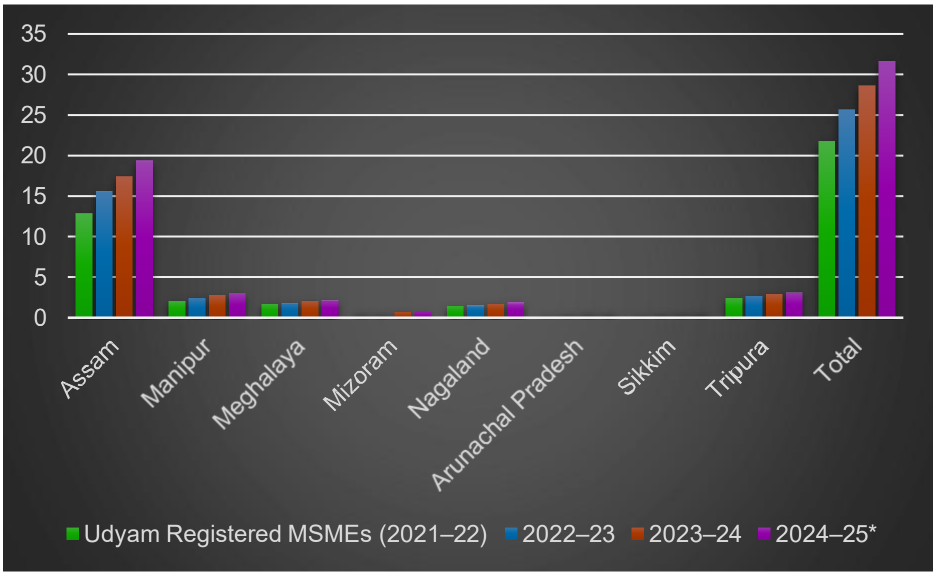

Chart 1: state -wise MSME units in north -east India

An increase in the number of MSME units was seen in the Third Census (2023-24). Assam tops the list with 4.29 lakh units, followed by Manipur at 1.36 lakh units. This period indicates a gradual development of small-scale industries in the region. The Fourth Census (2024-25) and NSS 73rd Round (2024-25) indicate further increase in the number of MSMEs in most of the states. Assam leads the states with 18.15 lakh units, while Manipur and Tripura each has nearly 3 lakh units. Overall, the graph shows us the growing influence of MSMEs in the domains of economic development and job creation in North-East India even though its distribution across states is not uniform.

Table 2: State-Wise MSME Investment Trends in North-East India (₹ Crore)

State	2021–22	2022–23	2023–24	2024–25*
Assam	8,965.40	10,842.65	12,986.83	15,274.56
Manipur	812.35	956.48	1,118.94	1,286.72
Meghalaya	635.28	742.16	856.43	982.54
Mizoram	312.47	356.82	408.56	467.93
Nagaland	1,042.63	1,184.25	1,336.87	1,508.94
Arunachal Pradesh	524.81	608.46	698.23	789.15
Sikkim	456.73	521.34	596.42	672.81
Tripura	1,286.54	1,462.88	1,658.76	1,864.39
Total	14,036.21	16,675.04	19,661.04	22,846.04

According to Table 2, MSME investment in the North Eastern states of India has increased consistently from 2021-22 to 2024-25. Assam was the front runner in this period with an investment rise from ₹8,965.40 crores in 2021-22 to ₹15,274.56 crores in 2024-25, owing to solid industrial excellence, infrastructural development, and better access to finance. Tripura and Nagaland also showed remarkable growth, while Manipur and Meghalaya showed moderate development and continuous rise in investment. States like Arunachal Pradesh, Sikkim, and Mizoram showed lower investments, however, all of them showed improvement in investments during the study year. Overall, the data depict a positive trend of investment in the MSME sector in North-East India. But, inter-state disparities still need to be reduced by investing in infrastructure, credit accessibility, and region-specific industrial policies and development strategies.

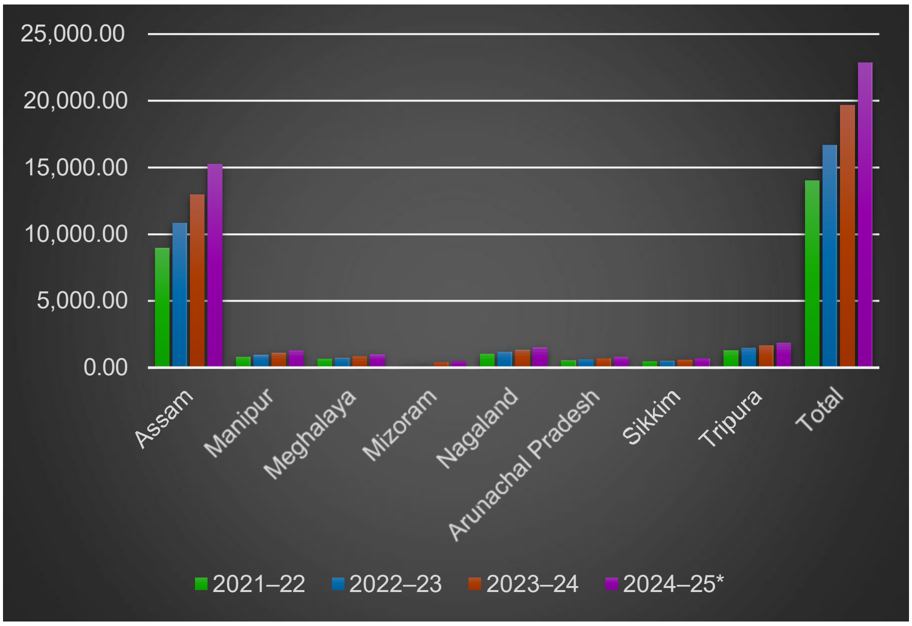

Chart 2: state wise MSME Investment trends in north east India

The graph presented in Chart 2 depicts the change in MSME investments in the North-Eastern states of India for the years 2021–22 to 2024–25. Each state has shown positive behavior in terms of investments over the years, indicating the rise in the industrialization process, entrepreneurial involves, and the government support available to the MSME sector. In 2021-22, the state of Assam made the investment valued at ₹8,965.40 crore with Tripura investing ₹1,286.54 crore and Nagaland having been reported with ₹1,042.63 crore. Mizoram and Sikkim invested the least among the states for the given year. In 2022-23, all the states reported a positive change in their investment pattern, with Assam still taking the leading position of ₹10,842.65 crore, followed by Tripura, Nagaland, Manipur, and Meghalaya with their investments increasing. The upward trend in investment continued in 2023-24 with the investment in Assam reported growing to ₹12,986.83 crore, while the investments of other states also went up due to their improved access to the financing aid available, promotion of entrepreneurship activities on the territory of each state, as well as the support provided by the government policies. In 2024-25, the total investments in Small and Medium Enterprises reached their peak level in the North-Eastern states, with the state of Assam leading again at ₹15,274.56 crore, whereas Tripura and Nagaland invested ₹1,864.39 crore and 1,508.94 crore respectively. The last states among the states shown in the study include Arunachal Pradesh, Sikkim and Mizoram, which, however, showed the positive trend in their investments during the study period.

Table 3: State-Wise MSME Production in North-East India (₹ Crore)

State	**2021–22**	**2022–23**	**2023–24**	**2024–25***
Assam	16,245.82	18,954.76	21,786.35	24,918.64
Manipur	1,286.54	1,462.37	1,658.48	1,876.92
Meghalaya	1,134.68	1,286.45	1,458.74	1,645.28
Mizoram	684.25	768.39	856.74	954.82
Nagaland	2,946.17	3,258.64	3,612.85	3,985.76
Arunachal Pradesh	1,082.45	1,196.38	1,328.56	1,472.64
Sikkim	468.92	536.18	612.47	694.83
Tripura	1,965.74	2,184.56	2,428.63	2,698.17
Total	25,814.57	29,647.73	33,742.82	38,247.06

Table 3 indicates that MSME production has shown a constant upward trend in the North-Eastern states of India during the years from 2021 to 2025. Assam has retained its crown as the top producer with rising production from ₹16,245.82 crore in 2021-22 to ₹24,918.64 crore in 2024-25. Significant growth has also been noticed in Nagaland and Tripura, while Manipur, Meghalya, and Arunachal Pradesh had consistent increments in the production process. Although Mizoram and Sikkim had lower levels of production, they still show a positive pattern of growth in this time frame. It can hence be stated that MSME production has grown positively in the entire region supported by both investment and government's interventions. However, it is to be mentioned that better policies are needed to support MSME production and lessen regional imbalance in future.

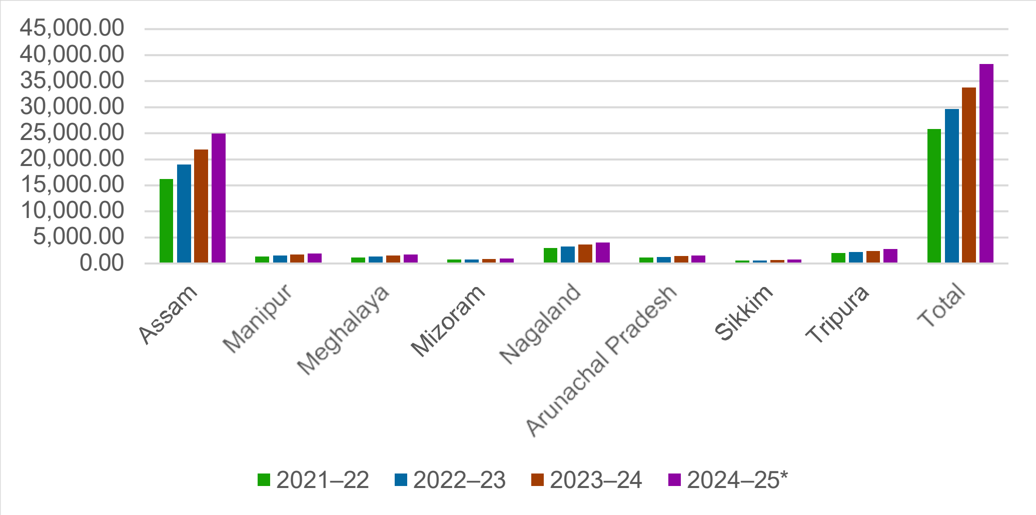

Chart 3: state -wise MSME Production in north -east India

Chart 3 indicates that MSME production experienced a steady rise in the North-Eastern states of India over the period from 2021–22 to 2024–25. Assam continued to be the major producer, registering growth from ₹16,245.82 crore in 2021–22 to ₹24,918.64 crore in 2024–25. Nagaland and Tripura also showed tremendous progress. Manipur, Meghalaya, Arunachal Pradesh, Mizoram, and Sikkim showed consistent progress throughout the study period. Overall, the chart indicates that MSME production is improving in the region, thereby emphasizing the benefits of higher investment, good government policies, better infrastructure for entrepreneurship.

Table 4: State-Wise MSME Employment Trends in North-East India (in Lakh)

State	**2021–22**	**2022–23**	**2023–24**	**2024–25***
Assam	12.84	15.63	17.42	19.36
Tripura	2.46	2.71	2.96	3.21
Manipur	2.08	2.41	2.73	3.02
Meghalaya	1.68	1.84	2.01	2.18
Nagaland	1.42	1.58	1.73	1.91
Arunachal Pradesh	0.38	0.46	0.55	0.63
Mizoram	0.54	0.60	0.67	0.74
Sikkim	0.39	0.45	0.52	0.58
Total	21.79	25.68	28.59	31.63

Table 4 shows how MSME jobs performed in every state in North-East India for the period of 2021–22 to 2024–25. The figures reveal that jobs have been continuously rising in all states, which is a sign of MSME activities taking roots and entrepreneurs having more opportunities. The job creation in 2021–22 in Assam was the highest, reaching a total of 12.84 lakh jobs, tripled in comparison to Tripura (2.46 lakh jobs) and Manipur (2.08 lakh jobs). Although Meghalaya, Nagaland, Mizoram, Arunachal Pradesh, and Sikkim generated jobs too, the figures were below the level of the abovementioned states. Job growth was observed for the years of 2022–23 and 2023–24 with Assam maintaining the upper hand with 15.63 lakh and 17.42 lakh jobs in those periods, respectively. Tripura, Manipur, Meghalaya, and Nagaland recorded growth too. In 2024–25, jobs creation attained its peak in the region with Assam producing 19.36 lakh jobs, while Tripura and Manipur were left behind with 3.21 lakh and 3.02 lakh jobs respectively. Job creation by other states mentioned above provided lower results as Meghalaya created 2.18 lakh jobs while Nagaland had the job creation level of 1.91 lakh, and Mizoram reached just 0.74 lakh. Job creation of Arunachal Pradesh and Sikkim reaches 0.63 lakh and 0.58 lakh respectively. The analysis of the presented data demonstrates the positive trend of employment in the MSME sector, particularly in North-East India from 2021–22 to 2024–25. However, it is given that there are differences between states, which indicates that further measures need to be taken in terms of policy development, training, providing finance, and building infrastructure in order to achieve effective job creation.

Opportunities and Growth Potential of MSMEs in North-East India

The North-East India has enormous opportunities for growth in Micro, Small, and Medium Enterprises (MSMEs) because of its coveted geographical location, large quantity of natural resources, improving infrastructure, and supportive government policies. As the region goes through economic transition, the various sectors in North-East India are offering good prospects for entrepreneurship, employment, and sustainable industrial progress.

1. Availability of Rich Natural Resources: The area possesses a vast amount of bamboo, tea, rubber, medical plants, spices, fruits, and forest resources. Such natural resources provide significant opportunities in the area of MSMEs in agro-processing, food processing, bamboo products, producing herbals, and eco-friendly industries.
2. Growth of Organic Farming and Food Processing: The North-East region of India has turned into one of the most thriving areas of organic agriculture in India. The growing demand for organic products in the domestic and international markets offers wide-ranging possibilities for the value-adding small-scale agro-industries and export-oriented enterprises based on agriculture.
3. Expansion of Handloom and Handicraft Industries: This region has gained international acclaim for its handicrafts, handloom articles, bamboo crafts, and cane furniture. The increasing

demand for consumer goods has resulted in new markets opening up for rural artisans and small enterprises owing to domestic and international e-commerce.

4. Development of Tourism and Hospitality: North-East India is rich in tradition and culture, and the scenic beauty of the stunning beautiful places there can help flourish eco-tourism, adventure tourism, wellness tourism, and homestay travel industry. MSMEs in the areas of hospitality, transport, handicrafts, as well as local food services may benefit due to the growing tourism industry.
5. Cross-Border Trade and Export Potential: The region shares international frontiers with Bangladesh, Bhutan, Myanmar, China, and Nepal, providing an edge in international business. The implementation of the Act East Policy by the Government of India has provided the MSME sector with numerous opportunities to increase its exports of textiles, handicrafts, processed foods, bamboo products, and agricultural goods.
6. Government Policies and Financial Support: The establishment and growth of MSMEs is supported by financial aid, tax incentives, skill development and infrastructural support provided by the different schemes such as Udyam Registration, Startup India, Prime Minister Employment Generation Programme (PMEGP), MUDRA, CGTMSE and the North East Industrial Development Scheme (NEIDS).
7. Improved Infrastructure and Connectivity: The constant development of highway systems, train systems, airports, logistics parks, internet connectivity, and industrial corridors have been crucial in enhancing market accessibility. Improved transport and digital infrastructure lowers the cost of business operations and enables better movement of goods and services.
8. Emerging Digital Economy and IT Services: There has been an unprecedented rise in digital technology and innovations such as cloud computing, online shopping, IT-enabled enterprises and business process outsourcing that have ushered in new opportunities for technology oriented MSMEs. Aspiring entrepreneurs can utilize these digital platforms to reach new customers and enhance their operation efficiency.
9. Renewable Energy and Green Enterprises: The area sees a significant possibility for hydropower, solar energy, biomass, and other types of renewable energy resources. It is expected that MSMEs will engage in using renewable energy equipment as well as services for installation, maintenance, and sustainable equipment production practices.
10. Skill Development and Entrepreneurship Promotion: Skill-building programs, entrepreneurship development institutes, incubation centres, and vocational training programmes presented by government are creating a workforce skilled enough to assist small-scale industries growth and development. These programs created by government promote settings for innovation, startups and self-employment among youngsters and women entrepreneurs.

Major Impediments to MSME Expansion in North-East India

Despite the great potential of micro, small and medium enterprises (MSMEs) in the North-East of India, there are still many barriers that prevent them from becoming competitive and growing. Insufficient infrastructure, including poor connectivity, irregular electricity supply and shortage of logistics services, contribute to high costs of operation and hinder market accessibility. Limited availability of institutional financing due to excessive demands for collateral, bad credit history and lengthy lending processes make it very difficult for the companies to develop. Slow adoption of digital technologies and modern accounting systems contributes to poor financial efficiency and failure to comply with various regulations. In addition, there is a distinct lack of skilled workforce, entrepreneurial drive and modern technologies which negatively affects productivity and innovations. Due to geographical remoteness, high transportation costs and lack of market linkages MSMEs are also unable to enter domestic and international markets. The major way to deal with these challenges is to improve infrastructure, simplify the access to credits, make companies more digital, upskill the workforce, and implement appropriate policies in the region.

Conclusion

The growth of the micro, small and medium enterprises (MSME) is very significant for the economic growth of North-East India since it creates jobs, encourages entrepreneurship as well as leads to the development of industry. The study has discovered consistent rise in MSME units, investments, production and job creation in the country from 2021-2022 to 2024-25 with the highest increase in Assam, while Tripura, Manipur and Nagaland also recorded considerable increase in their numbers. However, a number of problems such as poor infrastructure, difficulties with financing, low uptake of digital technologies and lack of market connections continue to prevent from well-balanced development of the sector. It is necessary to pay a lot of attention to such factors as infrastructure development, financial inclusion, digitization, skills training and market improvements in order to enhance the MSME sector.

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