

## Why do neighboring states, Bihar and West Bengal, exhibit such contrasting economic performance in the sphere of Un-Incorporated enterprises?

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### ABSTRACT

Even Bihar and West Bengal both state has some similarities in Population size, Geographical area, population density, youth population etc. the GSDP (2023-2024) of West Bengal is Double. So the objective of this paper is to find out the components where Bihar lagged behind West Bengal during the Study of Un-Incorporated Non-agricultural Enterprises (ASUSE-2023-24). We have utilized the Descriptive Research Approach, where we have performed a Comparative analysis between Bihar and West Bengal's Un-Incorporated enterprises. This analysis considers the number of Establishment in the states, type of Ownership and their distribution, Employment and emoluments per worker and per establishment. Taking deep research in different sector like Manufacturing, Trade, & Other Services. In Bihar have only 1.84% no. of establishments in urban area of whole manufacturing and West Bengal have 11.95%. This paper finds that female participation as a worker in urban area in all sectors is significantly lower in BR compare to WB. West Bengal's enterprises are more formalized and regulated, on the other hand Bihar's enterprises tend to be digitally stronger and financially more resilient in terms of fixed assets but Bihar's enterprises have lower Outstanding loans compare to West Bengal. Bihar is ahead of West Bengal in terms of Productivity of per Worker & Establishment

**Keywords:** Un-Incorporate Enterprises, Descriptive Research, Comparative Analysis, Emoluments, BR: Bihar, WB: West Bengal..

### INTRODUCTION:

There is a huge Population in country depends on Un-Incorporate enterprises or informal sectors. So this descriptive research analysis going to describe the comparative segregation of Bihar's and west Bengal's Un-Incorporated enterprises. The primary question arises that why are we taking the two states like Bihar and west Bengal, the reason behind it, these states demographic characteristics Similarities in terms of Population size, Geographical area (sq km), density (per sq km), Age of Youth Under 25. But there are also some disparities in terms of social development indicator like, Urban and rural population, Overall literacy, Computer literacy (in youth) rate. There is huge no of inter-state migration between these two states for a long time period. These two states are exactly fit for our research analysis to find out the growth factors economic development and self-resilience in terms of GDP per capita, ease of doing business, employment generation. And also doing a study about which factors or availability of facility that causes the progress or create issue for development of Un-Incorporate enterprises.

#### 1.1 Economic background of the state Bihar and West Bengal.

The size of the economy of Bihar state was ₹8,77,197 crores in the year 2023-24 (Government of Bihar, Directorate of Economics & Statistics). The Un-

Incorporate enterprises have also a crucial role to determine the GSDP. And GSDP further depends on multiple economic factors like; labour force, employment generation, Capital accumulation, Technology etc. Bihar is the largest state in terms of migrating population. According to Post Office officials the total value of MOs sent to Bihar from other parts of India was ₹450 crores, about less than 0.5% total GSDP in 2005-2006. (Priya, Sushil, Harendra, and Dhananjay.2006), even though it was very significant amount for residents of Bihar that reflects the dependence on other state employment generation and weakness of Un-Incorporated and formal Enterprises. More than 60 % have migrated for ten years and above; this composition is favorable in internal, interstate and international migration. Around ten percent of people have migrated for either 1-4 years or 5-9 years, while the least have migrated for less than one year (krishlay kirti, raviranjana kumar,rikil chymrang 2023)

On the other west Bengal, The Gross State Domestic Product (GSDP) at current prices for 2023-24 is ₹17.19 lakh crore (PRS Legislative research). The net migration rate has dropped over the decade. In 1991 the net migration rate was 1.28, and here it fell to 1.01 in 2001. The drop in the net migration rate happened because a lot of people moved out to other states during 1991-2001. West Bengal receives more migrants than it sends out. Bihar remains the leading source of migrants to West Bengal, accounting for 62.43% in 1991 & 63.68% in 2001. Conversely, Bihar itself has West Bengal as one of

its preferred destinations, with 36.76% of its migrants moving there in 1991 and 28.17% in 2001. The data also shows that employment is the primary reason for men migrating, while marriage continues to be the dominant factor behind women's migration (Raju Sarkar 2017). And these data favoring us to do a comparative analysis between Bihar & west Bengal that which causes the unemployment and pattern or trend of informal sector movement. Because Un-Incorporated enterprises have very significant role of income and employment generation.

## 1.2 Objectives

1. Identify the primary drivers of the growth with in Un-Incorporated sectors and its implication in economic development in Bihar and West Bengal.
2. Find the participation of Females in labour group and their significance change in their income level.
3. Differentiate the family Owners enterprises between Bihar and West Bengal.
4. Analysis the productivity level of individuals and establishments in both states.
5. How the representation of "Reliance on indigenous resources" get indicate?

## 1.3 Un-Incorporated non-agricultural establishments:

Non-agricultural establishments (excluding construction) which are not incorporated (i.e. not registered either under Companies Act, 1956 or, Companies Act, 2013) are only covered. Further, the coverage of 'Un-Incorporated establishments' is given in ASUSE 2023-2024.

The entire paper segregates the no. of Establishment between two states Bihar & West Bengal, that is Further distributed in Rural and urban Regions. The Bihar is Significantly behind the West Bengal in Manufacturing sector by the 10% of manufacturing sector, In Bihar have only 1.84% in urban area of whole manufacturing and WB have 11.95%. Bihar has only 2.63 % & WB has 10.79% of whole number of Establishment urban OAE, on the other side WB's urban HWE is more than Double of BR's urban HWE. The WB has greater percentage of establishment for the Location of Within household premises in Rural area compare to urban area.

Un-Incorporated non-agricultural sector has employed about 12.06 crore workers during ASUSE 2023-24, i.e. October, 2023 – September, 2024. This paper finds that female participation as a worker in urban area in all sectors is significantly lower in BR compare to WB. WB has almost double in worker engaged through OAE relative to BR. The Bihar has significantly lower employment in Urban sector. West Bengal leads overall with ₹.106,835 compared to Bihar's ₹. 102,032 per hired worker. This highlights a clear divide: Bihar performs better in rural wage structures, while West Bengal have very good position for Urban wages for Un-Incorporated enterprises non-agricultural sectors. Bihar is ahead of West Bengal in terms of Productivity of per Establishment as wells productivity per worker.

Bihar's enterprises tend to be digitally stronger and financially more resilient, with higher asset bases and lower debt levels (low amount of Outstanding loans), yet

they remain largely informal, marked by weak registration and negligible audit practices; in contrast, West Bengal's enterprises are more formalized and regulated, but they struggle under heavier debt burdens (high amount of outstanding loans) and lag behind Bihar in technology adoption.

## LITERATURE REVIEW

Employment provided by these Un-Incorporated non-agriculture enterprises has increased but still, the rate of growth of employment is low when compared to the rate of growth of the population of India. The percentage of workers employed in rural areas dropped from 49% to 45% in 2015-16, As per comparative study of 67th round survey (2010-11) and 73rd round survey (2015-16) of Un-Incorporated non-agriculture enterprises (excluding construction) by the National Sample Survey Office (NSSO) (Parag Gupta and S Subramanian; 2025).

In India's informal sector, women-owned businesses make up between 17 and 18 percent of all businesses, while male-owned businesses continue to hold the top spot at roughly 78.4 percent. One of the paper's main conclusions is that, in contrast to male businesses, the majority of which (about 42 percent) fall under the category of "fixed premises with permanent structure," the vast majority of women proprietary businesses (over 80 percent) are situated within household premises. In comparison to male-headed businesses, the number of female-headed businesses has increased during the last three years of the survey.

Emerging establishments are much higher for female-headed units, with around 23 percent of the female-headed firms established in the past three years of survey as opposed to 15 percent of male during around the same period (Stanzin Padma; 2017).

Out of thirty states, twenty states have more than 50 percent of the Un-Incorporated textile enterprises owned by women. West Bengal, Gujarat, Tamil Nadu and Andhra Pradesh account for 79 percent of the total full time female workers and 74 percent of part time female workers of the sector but there is not a crucial role of Bihar female participation in labor force (Meenakshi Sinha Swami and Stanzin Padma).

The density of MMEs is highest in West Bengal on the basis of 67th Round (July, 2010 – June, 2011) NSSO Unit Level data, India where one MME exists per 7 households. Proprietary enterprises have the biggest proportion in MMEs. Productivity of MMEs is significantly high in establishment enterprises than that of Own Account Enterprises (OAEs) but the profit rate is comparatively high in OAEs (Pinaki Das and Bhabasankar Das).

## 1. Research methodology and Data Collection

This paper emphasizes more about the comparative Analysis between Bihar and West Bengal in terms of their Incorporate enterprises. We have used the Descriptive Research Methodology, that makes our analysis simpler, representable and reliable. For this purpose, we have collected Data from Annual Survey of Un-Incorporated Sector Enterprises (ASUSE): 2023-24, as a Cross-sectional data type. Which is conducted by National

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Statistics office (NSO), Ministry of statistics and Programme Implementation (MoSPI) at a large-scale for the socio-economic data across India. This Survey Highlights the information about Economic and Operational data for Un-Incorporated Non-Agricultural establishment in different sectors like; Manufacturing, trade, and Services sectors.

After study the West Bengal's and Bihar's economy as well as reviewed some literature (Meenakshi Sinha Swami and Stanzin Padma; 2017) & (Pinaki Das and Bhabasankar Das; 2017), we able to make a hypothesis. The crucial Hypothesis of this paper is that the Operational and Economic activity of Un-Incorporated enterprises Non-agricultural establishments have Poor or Weaker performance in Bihar Compare to West Bengal.

## RESULTS AND DISCUSSIONS

### 4.1 Establishment and their distribution

Annual Survey of Un-Incorporated Sector Enterprises (ASUSE) exclusively measures various economic and operational characteristics of Un-Incorporated non-agricultural establishments in manufacturing, trade and

other services sector (excluding construction). The total no of establishments of Un-Incorporated enterprises in all sectors grew from 6.50 crore during 2022 – 2023 to 7.334 crores for the survey period of ASUSE 2023 -2024. Out of this estimated data, the rural area has 3.97 crore Establishment and Urban have 3.37 in all over India, but when we talk about Bihar and West Bengal, in 2023-2024, Bihar have just only 5.88% (4319314) in which urban have 1.172% (860478) and rural establishment is 8.7% (3458836), other the other hand West Bengal have total 12.63(9267816) of establishment in india, In west Bengal urban establishment contains 10.79% and rural contains 14.18% of entire Establishments. But the rohbust result is that Bihar is Significantly behind the West Bengal in Manufacturing sector by about 10% of manufacturing sector, In Bihar have only 1.84% in urban area of whole manufacturing and WB have 11.95%. In the trade and Other services Bihar has also less no of establishment of compare to WB. But table 1. **Represent one most significant result is that west Bengal is growing in terms of numbers of establishment in Urban Area.** In Bihar highest number of establishment have in other services is 1,436,775.

**Table1 Percentage share of establishments in BR & WB states (all-India) 2023-2024**

**(Bihar, West Bengal, Other States/UTs, All-India)**

BAC / Activity	State/UT	Rural % (Abs)	Urban % (Abs)	Rural+Urban % (Abs)
<b>Manufacturing</b>	Bihar	7.6 (919,344)	1.84(147,907)	13.25(1,067,251)
	West Bengal	18.73(2265230)	11.95(962537)	16.02(3227767)
	Other States	60.62	63.82	64.47
	<b>All-India</b>	100 (12,091,435)	100 (8,055,022)	100 (20,146,457)
<b>Trade</b>	Bihar	9.64 (1,102,717)	3.16(359,398)	6.41(1,462,115)
	West Bengal	9.83(1124665)	8.176(929,188)	9.01 (2,053,853)
	Other States	62.47	67.14	65.99
	<b>All-India</b>	100 (11,443,466)	100 (11,363,483)	100 (22,806,949)
<b>Other Services</b>	Bihar	8.86 (1,436,775)	-3,53,142	-17,89,917
	West Bengal	13.85	12.23 (1,740,425)	13.09 (3,986,196)
	Other States	63.68	66.42	66.56
	<b>All-India</b>	100(16212760)	100(14232838)	100(30445599)

<b>All sectors</b>	Bihar	8.7(3458836)	1.172(860478)	5.88(4319314)
	West Bengal	14.18(5635666)	10.79(3632150)	12.63(9267816)
	Other States	62.4	67.3	65.81
	<b>All-India</b>	100(39747675)	100(33651800)	100(73399476)

The **table 2**. Represents that BR have 6.26% (3969075) of entire Own Account Establishments (OAE) and WB have 13.57% (8603237) of OAE. Here meaning of OWE is that the business managed by individual who using their own capital and other resources and work for themselves & self-responsible for full risk of profit and lost. The all decision- making power are centralized. But Hired Worker Enterprises are those firms who hire the 1 or more than 1workers. The Worker is responsible for their

distributed work, they getting salary, but the all workers perform their task under the direction of Employer. Even the BR has not a much area for urban, it has only 2.63 % & WB has 10.79% of whole urban OAE, on the other side WB's urban HWE is more than Double of BR's urban HWE. If we talk about the rural area the WB has not a very big difference but even those WB ahead of BR by more than 1.5 times in all segments like in OAE & HWE.

**Table 2. Establishment of Bihar and West Bengal (all-India) (ASUSE-2023-24)**

State/UT	Share of estimated number of establishment (%)								
	Rural			Urban			Rural + Urban		
	OAE	HWE	All	OAE	HWE	All	OAE	HWE	All
Bihar	8.86 (3273883)	6.63 (184953)	8.7 (3458836)	2.63 (695192)	2.29 (165286)	2.56 (860478)	6.26 (3969075)	3.5 (350239)	5.88 (4319314)
West Bengal	14.61 (5397940)	8.52 (237726)	14.18 (5635666)	12.13 (3205298)	5.91 (426852)	10.79 (3632150)	13.57 (8603237)	6.63 (664578)	12.63 (9267816)
All India	3695642	2791253	3974767	2642601	7225789	3365180	6338243	1001704	(73399476)

Here **table 3**. Helps in this paper through telling us about the Type of Ownership among the all establishments, there is Fourth Category for type of ownership; First category is Proprietary on the basis of Gender (male and female). The summation gap reflects the involvement of third gender. The Second category of ownership represents Partnership on the basis of with same household and with Different household. The third category explain the SHG (Self-help-group) and Forth category is Others (including multiple things trusts/society/Association/club/body of individual's/membership organisation, co-operatives).

The total contribution of Proprietary ownership is 94.7% of total establishments of Un-Incorporated enterprises sector and only 0.7% establishment emerged as

Partnership. But when classify this for BR and WB than we found that WB have significantly very low no of establishment of partnership with member from same household and different household respectively 0.2 & 0.2, same in both, but in BR the establishment of Partnership is equals to zero.

Although Proprietary segment has different result, because BR look like here as a weak player state, the reason behind it overall estimated data show the biased Proprietary ownership towards Male of BR. Out of 1000 sample survey, there is only 212 females have proprietary ownership in Bihar but in WB the female's participation in ownership is 364 out of 1000 samples. Now take adeep review of women participation in ownership in different classification of HWE and OAE. In both HWE and OAE

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the female participation is very less in Bihar respectively 24 & 221, that is also lower than WB's female participation in both category (52 in HWE and 388) but big issue is that it is also lower than the India's average level of women participation i.e. respectively 63 and 293 in HWE and OAE.

As we now that the women participation in the capacity of entrepreneur is a significant element for forecasting the economic development. So ASUSE 2023-24 also give

insights through women participation in all different sectors like Manufacturing, trade, and Other services. Where from we get a very significant outcome that, Women play a dominant role in the Un-Incorporated manufacturing sector, with over half of the proprietors in this sector being women. Bihar has fourth position in manufacturing sector for women participation for ownership, out of total female headed proprietary establishments the women have robust 63.11% ownership rate in just Manufacturing as well as WB also has 69.60%.

**Table 3. Percentage distribution of number of establishments by type of ownership (ASUSE-2023-24)**

State/UT	Percentage distribution of establishments								
	Proprietary			Partnership with members from			SHG	Others (including trusts etc.)	All
	Male	Female	All	same household	Different household	All			
Bihar	77.8	21.2	99	0	0	0	0.9	0.1	<b>100(4319314)</b>
West Bengal	58.5	36.4	94.9	0.2	0.2	0.4	4.2	0.5	<b>100(9267816)</b>
<b>All India</b>	<b>68.5</b>	<b>26.2</b>	<b>94.7</b>	<b>0.2</b>	<b>0.5</b>	<b>0.7</b>	<b>3.7</b>	<b>0.9</b>	<b>100(73399476)</b>

Focus point on female headed proprietary establishments

Table 4. is next step which explains the other aspect of Operational and Economic Characteristics between two neighboring states BR and WB. Here the occurrence of classification is happened due to "type of location and sectors". The Location of the establishment classified into 2 parts; First "Within household premises" and Second is "Outside household premises". The WB has greater percentage of establishment for the Location of Within household premises in Rural area compare to urban area. But this result is robust in rural area even when we see the data of "All central scheme and PMAY-G (2023-24)", because till 2023-2024 no. of houses completed and delivered to beneficiary in Rural West Bengal is just 10814 compares to rural Bihar has 179591(As per

AwaasSoft MINISTRY OF RURAL DEVELOPMENT). Establishment outside household with fixed premises, Bihar has good position compare to WB in both rural as well as urban areas. 43.4% of the Entire establishments have been located outside household premises while operating on a fixed premise through permanent/temporary/without any structure. Per 1000 distribution of establishment by type of location, we found that BR contains 760 out of 1000 establishment as "fixed permanent structure in Hired worker establishment (HWE) and in the WB it is 854 out of 1000, but both neighboring state is below the all-India average 749 out of 1000 establishments.

**Table 4. Percentage distribution of establishments by type of location and sector (Report: ASUSE-2023-24)**

State/UT	Percentage distribution of establishments located							
	Rural				Urban			
	Within house- hold premises	Outside household premises		All	Within household premises	Outside household premises		All
		With fixed premise	Without fixed premise			With fixed premise	Without fixed premise	
<b>Bihar</b>	38.9	38.6	22.5	100	28.4	53.7	17.8	100
<b>West Bengal</b>	55.6	21.6	22.9	100	36.4	40	23.6	100
<b>all-India</b>	<b>46</b>	<b>34.5</b>	<b>19.5</b>	<b>100</b>	<b>29.6</b>	<b>53.7</b>	<b>16.7</b>	<b>100</b>

MSME categorisation is important for the all enterprises because it determine condition and eligibility of government support like; Access to Credit and Financial Support, Government Schemes and Subsidies, Market and Procurement Advantages, Simplified Compliance and Growth Flexibility. And all these things are crucial for Self-resilience and sustainability of any enterprises that will lead to impact on overall Economic Development.

The WB has more than double MSME compare to BR. The result also same for Micro Enterprises but highly significant for Small Enterprises where WB is 4 times ahead of BR. WB also has 62 Medium enterprises but BR don't have a single medium enterprise. It indicates that these huge nos. of MSME get benefited from government and play a crucial role in higher development in West Bengal relative to Bihar.

**Table 5. Categorisation of establishment in MSMEs.**

State/MSME Category	Micro	Small	Medium	MSME (Total)	Non-MSMEs
<b>Bihar</b>	4318728	586	0	4319314	0
<b>West Bengal</b>	9265305	2448	62	9267816	0
<b>All -India</b>	73264334	130383	4387	73399104	372

#### 4.2 INCOME AND EMPLOYMENT/WORKER

Income and Employment are the main factor that impact standard of living of household and overall Economic Development of that particular State or economy. So here we are taking First Employment and their difference between Bihar and WB. But on country level; Un-Incorporated non-agricultural sector has employed about 12.06 crore workers during ASUSE 2023-24, i.e. October, 2023 – September, 2024. These workers include working owners, hired workers, unpaid family members involved in the establishments and others, etc. Out of the total workers, 6.45 crore are from urban areas and 5.61 crore from rural areas. In the manufacturing sector BR is

drastically behind the WB in employment generation, WB is 4 times more employment compare to BR. But the unsatisfactory thing is that in Urban area the manufacturing in Bihar female has only 72273 employment and WB has 1587467. The trade and other services sector have almost same trends between these two states. This paper finds that female participation as a worker in urban area in all sectors is significantly lower in BR compare to WB.

**Table 6. Number of workers by employment and gender in Un-Incorporated enterprises in different Sectors**

Sectors	State	Number of workers by employment and gender				
		Rural		Urban		Combined
		Male	Female	Male	Female	All
<b>Manufacturing</b>	<b>Bihar</b>	481591	647965	177703	72273	1379532
	<b>West Bengal</b>	1035780	2029079	660998	1587467	5313324
<b>Trade</b>	<b>Bihar</b>	1172290	215347	554103	40963	1982703
	<b>West Bengal</b>	1239976	273016	1213546	230325	2956863
<b>Other services</b>	<b>Bihar</b>	1688042	185289	526429	89618	2489378
	<b>West Bengal</b>	1815244	421558	1489747	702462	4429011
<b>All</b>	<b>All India</b>	38818676	17313483	47855610	16595053	120582822
		<b>All in Rural = 56138411</b>		<b>All in Urban =64461404</b>		<b>120599815</b>

Unequal summation of combined data indicates third gender employment no.

**Table 7. Number of workers by employment and gender in Un-Incorporated enterprises by type of establishment**

Establishment Type	State	Number of workers by employment and gender				
		Rural		Urban		Combined
		Male	Female	Male	Female	All
HWE	Bihar	642220	92635	573101	62224	1370180
	West Bengal	785663	75020	1407808	137794	2406285
OAE	Bihar	2699703	955966	685166	140630	4481465
	West Bengal	3305337	2648632	2221633	1455991	9631593

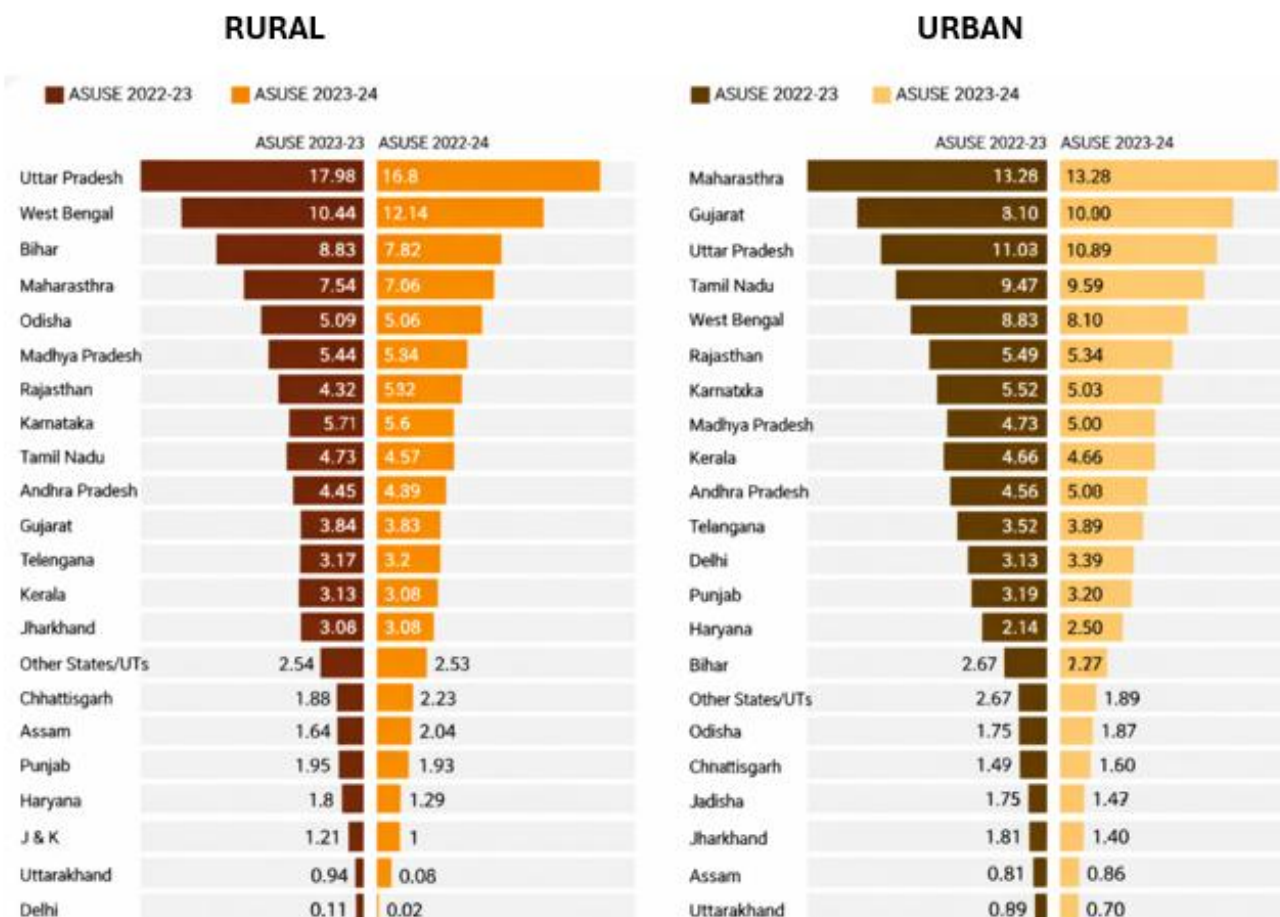
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Employment generation on the basis of HWE and OAE, WB employment no is greater than BR in HWE. On the other hand, WB has almost double in worker engaged through OAE relative to BR. The Bihar has significantly lower employment in Urban sector.

Figure 1, represents overall percentage growth of Workers share in Rural and urban Area, According to ASUSE 2022-2023 Bihar has 8.83 % of all workers in rural India which is now get reduced to 7.82 % in ASUSE 2023-2024 as well as urban region has also declined in worker shares

percentage i.e. ASUSE 2022-2023 Bihar has just 2.67% and it get reduced to 2.27 in ASUSE 2023-2024. But WB shows employment increases in rural region from 10.44% to 12.14% and constant in urban region about more than 8%. The significant outcome we generate here that is Bihar has Significantly lower workers or employment in Urban region, that reflects the low industrialization of Bihar compare to West Bengal as well as average level of Indian state industrialization.

**Figure.1: The left-hand side of table represents worker’s percentage share of Un-Incorporated enterprises in rural region, similarly right-hand side of table represents for urban region.**



According to table 6 &7. In the manufacturing sector, Bihar’s rural workers earn more than their counterparts in West Bengal, with annual emoluments of ₹. 118,430 compared to ₹. 100,328. However, in urban areas, West Bengal slightly surpasses Bihar, with ₹. 113,385 against Bihar’s ₹. 108,545. When rural and urban are combined, Bihar maintains a higher average at ₹. 115,233 compared to West Bengal’s ₹. 107,876. This suggests that Bihar’s rural manufacturing sector is relatively stronger, while West Bengal’s urban manufacturing sector offers marginally better pay.

In trade, West Bengal consistently outperforms Bihar across all regions. Rural workers in West Bengal earn ₹. 91,981 compared to Bihar’s ₹. 80,542, and in urban areas, the gap widens further with ₹. 118,776 in West Bengal against ₹. 101,110 in Bihar. Overall, the combined average for West Bengal stands at ₹. 111,667, significantly higher than Bihar’s ₹. 94,217. This indicates that trade workers in West Bengal enjoy better compensation, reflecting stronger commercial activity and higher wage structures in this sector.

The other services sector presents a mixed picture. In rural areas, Bihar workers earn more, with ₹. 96,224 compared to ₹. 82,581 in West Bengal. However, in urban areas, West Bengal takes the lead, offering ₹. 112,505 compared

to Bihar’s ₹. 104,442. When rural and urban are combined, West Bengal maintains a slight edge at ₹. 102,165 against Bihar’s ₹. 99,665. This suggests that Bihar’s rural service sector is stronger, while West Bengal’s urban service sector provides better opportunities and higher pay.

Looking at the overall averages across all sectors, Bihar’s rural workers earn ₹. 100,400 annually compared to ₹. 93,146 in West Bengal, showing Bihar’s rural advantage. However, in urban areas, West Bengal surpasses Bihar with ₹. 114,525 against ₹. 104,003. When rural and urban are combined, West Bengal leads overall with ₹. 106,835 compared to Bihar’s ₹. 102,032. This highlights a clear divide: Bihar performs better in rural wage structures, while West Bengal dominates in urban compensation, ultimately giving West Bengal a higher overall average.

Bihar shows strength in rural manufacturing and services, with higher rural wages and asset-backed stability, while West Bengal excels in trade and urban services, offering better pay and stronger formalization in urban areas. Overall, West Bengal edges ahead in combined averages, but Bihar demonstrates resilience in rural sectors.

**Table 8. Annual emoluments per hired worker (Rs.)**

BAC	Annual emoluments per hired worker (Rs.)		
	Rural	Urban	Rural + Urban
<b>Manufacturing</b>	113232	144985	134850
<b>Trade</b>	112492	138538	133206
<b>Other services</b>	130574	157143	148743
<b>All*</b>	<b>122095</b>	<b>148794</b>	<b>141071</b>

**Table 9. Annual emoluments per hired worker (Rs.) Specially for Bihar and West Bengal**

BAC	Annual emoluments per hired worker (Rs.)					
	Rural		Urban		Rural + Urban	
	Bihar	West Bengal	Bihar	West Bengal	Bihar	West Bengal
<b>Manufacturing</b>	118430	100328	108545	113385	115233	107876
<b>Trade</b>	80542	91981	101110	118776	94217	111667
<b>Other services</b>	96224	82581	104442	112505	99665	102165
<b>All*</b>	<b>100400</b>	<b>93146</b>	<b>104003</b>	<b>114525</b>	<b>102032</b>	<b>106835</b>

When comparing Bihar and West Bengal in terms of **formal and informal** sector employment and wages, the differences are striking. In the manufacturing sector, Bihar’s rural formal workers earn ₹. 67,630 annually, but urban formal employment is virtually absent. Interestingly, informal workers in Bihar’s manufacturing sector earn more than formal ones, with ₹. 117,683 in rural and ₹. 108,231 in urban areas. West Bengal, on the other hand, has a much stronger formal base, with rural formal wages at ₹. 199,384 and urban formal at ₹. 150,277.

However, its informal wages—₹. 93,978 rural and ₹. 106,519 urban—are lower than Bihar’s, showing that Bihar’s manufacturing relies heavily on informal labor but pays them relatively well, while West Bengal emphasizes formalization with higher formal wages.

In the trade sector, Bihar is almost entirely informal. Rural informal workers earn ₹. 55,800 and urban informal ₹. 99,479, with virtually no formal presence. West Bengal’s trade sector is far more formalized, with rural formal wages at ₹. 156,000 and urban formal wages soaring to ₹.

230,844. Even informal wages in West Bengal (₹. 85,725 rural and ₹. 108,679 urban) are higher than Bihar's. This reflects a clear structural difference: Bihar's trade is informal-heavy and lower paying, while West Bengal's trade is formalized and lucrative.

The services sector shows a more balanced picture. Bihar's rural formal workers earn ₹. 136,000 and urban formal ₹. 223,376, which are competitive figures. Informal wages stand at ₹. 95,726 rural and ₹. 105,646 urban. West Bengal's rural formal wages are higher at ₹. 190,220, but its urban formal wages (₹. 180,712) are lower than Bihar's. Informal wages in West Bengal (₹. 77,884 rural and ₹. 101,941 urban) are consistently lower than Bihar's. This suggests Bihar's urban services provide

stronger pay for formal workers, while West Bengal leads in rural formal services but lags in informal compensation.

Employment numbers further highlight the divide. Bihar's formal sector employment is extremely limited: only 76 rural formal workers in manufacturing, none in urban, and negligible numbers in trade. Most of Bihar's workforce is informal, such as 39,538 rural informal in manufacturing and 74,484 rural informal in trade. West Bengal, by contrast, has thousands in formal roles—3,651 rural formals in manufacturing, 7,512 urban formals, and 2,268 urban formals in trade—alongside massive informal employment. This balance shows West Bengal's stronger integration of formal employment into its labor market.

**Table 10. Annual Emoluments (₹.) per hired worker in Formal and Informal sector.**

sectors	state	Annual Emoluments (₹.) per hired worker			
		Rural		Urban	
		Formal	Informal	Formal	Informal
Manufacturing	Bihar	67630	117683	0	108231
	West Bengal	199384	93978	150277	106519
Trade	Bihar	0	80114	558000	99747
	West Bengal	156000	85725	230844	108679
Other services	Bihar	136000	95672	223876	103646
	West Bengal	190220	77884	180712	101941
All	All India	293312	104226	291148	134581

**Table 11. Estimated no. of hired worker in Formal and Informal sector.**

sectors	state	Estimated no. of hired worker			
		Rural		Urban	
		Formal	Informal	Formal	Informal
Manufacturing	Bihar	76	39538	0	72956
	West Bengal	3651	292013	7512	397573
Trade	Bihar	0	74486	263	147532
	West Bengal	43	100854	7625	271750
Other services	Bihar	406	304169	660	218744
	West Bengal	1608	188259	25328	334270

### 4.3 Progress of Un-Incorporated sectors/Enterprises

**Table 12. Availability of Facility for Progress of Un-Incorporated sectors/Enterprises**

Availability of the Facility for Progress of Un-Incorporated sectors/Enterprises	Section	Sub-Section	Bihar		West Bengal		All India	
			Rural	Urban	Rural	Urban	Rural	Urban
Maintenance of Account		Maintains audit	0	0	3	5	4	996
		Does not maintain audit	1000	1000	997	995	16	984
Use of Technology		Using computer	28	70	14	35	28	92
		Using internet	106	197	83	192	179	370
Financial Condition annually (rs.) per Est.		Fixed Assets	165710	337628	95147	182638	264942	779781
		Outstanding Loan	4250	3989	15138	12284	37910	72373
		Annual interest payable	412	682	1361	1038	4073	6463
Registration (Except companies act)		Not Registered	809	839	781	654	686	560
		CGST act	2	17	2	9	6	40
		State specific License/Reg.	52	75	165	282	166	251
		Others	241	154	133	197	307	433
except Section Financial Condition annually (₹.) per Est. All other section calculated on the basis of out of 1000 distribution of sample survey.								

For any individual to run an enterprise, they have to care some important thing like maintenance of Accounts because it helps to manage or record the stock, revenues, cost, profits, & debts; it further lead to take a right financial decision for shop or firm. Use of Technology in Enterprises as using computer and using internet make the work easier and efficient. There are also some financial instruments that helps firm growth as well as economy scale. For government benefits or assistance, the enterprises need to registered itself in official or authoritative institution or program/scheme. The availability of all these

Facility are necessary for the Progress of Un-Incorporated sectors/Enterprises. Now we focus gradually on all terms.

**1.3.1 Maintenance of Account:** In Bihar, enterprises show a complete absence of audit practices, with both rural and urban establishments reporting zero cases of maintaining audits. In contrast, West Bengal, though still very low, demonstrates a slight presence of audit culture, with 3 rural and 5 urban enterprises maintaining audits. This indicates that while both states largely neglect formal audit systems, West Bengal is marginally ahead in adopting basic accounting discipline compared to Bihar, which remains entirely informal in this regard.

**1.3.2 Use of Technology:** Bihar enterprises display stronger adoption of technology than those in West Bengal. In rural Bihar, 28 enterprises use computers compared to only 14 in rural West Bengal, and in urban areas, Bihar records 70 against West Bengal's 35. Similarly, internet usage is higher in Bihar, with 106 rural and 197 urban enterprises connected, compared to 83 rural and 192 urban in West Bengal. This suggests that Bihar's enterprises, despite their informality in accounts, are more digitally inclined, showing greater penetration of both computers and internet services than their counterparts in West Bengal.

**1.3.3 Financial Condition (Annual, ₹. per Establishment):** Bihar enterprises appear financially stronger in terms of asset holdings, with rural establishments reporting fixed assets worth ₹. 165,710 and urban ones ₹. 337,628, compared to West Bengal's ₹. 95,147 in rural and ₹. 182,638 in urban areas. At the same time, Bihar enterprises carry much lower outstanding loans (₹. 4,250 rural and ₹. 3,989 urban) than West Bengal (₹. 15,138 rural and ₹. 12,284 urban). Means shortage of loans leads to problem of sustaining business as well as expansion of those businesses. Consequently, annual interest payable is also lower in Bihar, at ₹. 412 rural and

₹. 682 urban, compared to ₹. 1,361 rural and ₹. 1,038 urban in West Bengal. This highlights that Bihar enterprises are more asset-rich and less debt-dependent, while West Bengal enterprises operate with higher liabilities and greater financial burden.

**1.3.4 Registration (Except Companies Act):** Enterprises in Bihar remain largely unregistered, with 809 rural and 839 urban establishments not registered, compared to 781 rural and 654 urban in West Bengal. Although Bihar shows slightly better compliance under the CGST Act in urban areas (17 versus 9 in West Bengal), West Bengal enterprises are far more likely to obtain state-specific licenses, with 165 rural and 282 urban registrations compared to Bihar's 52 rural and 75 urban. In terms of "other" registrations, Bihar rural enterprises are more active (241 versus 133 in West Bengal), while West Bengal urban enterprises lead (197 versus 154 in Bihar). Overall, West Bengal demonstrates stronger formalization through state-specific licensing, whereas Bihar enterprises remain predominantly informal and unregistered.

#### 4.4 Productivity of Worker and Establishment

The GVA (gross value added) is a crucial component to measure the productivity of Worker or establishment. According to the ASUSE 2023-24 Bihar has Estimated annual GVA per worker for Un-Incorporated Enterprises including all sectors and all types of establishments is ₹.121336 similarly West Bengal has ₹.102324 which is less than Bihar's GVA per worker, and this result is similar for Rural and Urban areas in Bihar and West Bengal, where West Bengal is behind the Bihar. If we check this output for GVA per establishment, Bihar and West Bengal have ₹.119892 and ₹.83736 respectively. And again, Bihar is ahead of West Bengal in terms of Productivity of per Establishment. Even both states are taking growth in productivity but both have lower productivity to Average of Indian state productivity ₹.149742 per worker. And it is also similar for productivity per establishment, where both states are behind the Average Indian state's Productivity per establishment ₹. 245687

#### CONCLUSION:

Despite the multiple commonalities between Bihar and West Bengal in terms of land size and population, there is a large difference between economic activities. As per this paper the numbers of Establishments in Un-Incorporated Enterprises, West Bengal doing great job in Manufacturing urban sector that is more than 10 times of Bihar manufacturing urban sector. This estimation for no of establishments is also robust for OAE in urban region, Bihar has just One-sixth of OAE urban establishments. In another way to estimate the no. of establishment by Location Bihar has significantly less no. of establishment "within Household premises" but high in "out-side of Household fixed or non-fixed premises". Bihar has low

no. of establishment in all MSMEs specially in medium enterprises WB has 76 establishments but Bihar has zero.

The total numbers of employment in OAE and HWE in urban is significantly lower in Bihar compare to West Bengal. In manufacturing sector and urban region in all sectors Bihar is drastically behind the West Bengal in employment generation in Un-Incorporate enterprises. Bihar's economy is overwhelmingly informal, with informal wages often higher than formal ones, especially in manufacturing and services. Formal employment is minimal, particularly in trade and urban manufacturing. West Bengal, in contrast, has a much stronger formal sector presence, particularly in trade and manufacturing, with formal wages far exceeding Bihar's. Informal wages in West Bengal are lower, but the workforce is more balanced between formal and informal. In essence, Bihar demonstrates resilience in informal pay structures, while West Bengal reflects greater formalization, structured employment, and higher formal wages.

This paper finds that female participation as a worker in urban area in all sectors like; manufacturing, trade, other services etc. is significantly lower in BR compare to WB.

Bihar enterprises are digitally stronger and financially more stable, with higher assets and lower debt, but they remain informal with negligible audit practices and weak registration. West Bengal enterprises, on the other hand, are more formalized and regulated, but they face heavier debt burdens and lag behind Bihar in technology adoption. But it has also other meaning that West Bengal has more debts means it has more opportunity to grow fast with available funds which is not available for Bihar. It means Bihar does not have minimum supporting amount to capital accumulation and establish their new industries. And it will lead to decline the overall income of the state.

This paper significantly shows that Bihar is behind the West Bengal in many factors that impact on economic resilience when we study about Un-Incorporate enterprises non-agricultural sector, these factors included the Numbers of Establishments, generation of establishment in different sectors like; "manufacturing, trade & other services", Type of ownership, Participation of women in employment and income generation, overall income and employment generation. All these factors affect the value of GSDP. Mean weaker the all above factors lead to low level of GSDP. On the other hand, for West Bengal's GSDP is higher because all the crucial factor has a Dominant role in the state. But our analysis support that Bihar is working more on new technology like computer and uses of Internet in Un-Incorporated enterprises in formal and informal sectors so may it will impact positively on overall economic development.

In the part of policy implication, this paper suggests that, on the behalf of their output, the Bihar has to work on more urban region, because as per this paper all the factors which promote the economic resilience and stability all are weak, less and behind the West Bengal specially in urban sector

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