## SUMMARY OF FINDINGS AND SUGGESTIONS

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CHAPTER - 7
FINDINGS AND SUGGESTIONS

7.1 MAJOR FINDINGS

Finally, this chapter highlights the major findings drawn from the analysis and interpretation of the data discussed in preceding chapters. This chapter also brought out areas for further research for the prospective researchers in the area of entrepreneurship. The following are the major findings of the study:

Chapter 1: Introduction

- Entrepreneurship can be viewed as a creative and innovative response to the environment and an ability to recognise, initiate and exploit an economic opportunity. The emergence and development of entrepreneurship is not a spontaneous one but a dependent phenomenon of economic, social, political and psychological factors often known as supporting conditions to entrepreneurship development.

- The most important task of the entrepreneur is to take moderate risk and invest money to earn profits by exploiting an opportunity. For this he must possess far-sightedness to perceive an opportunity so that he can exploit it well in time.

- The development or underdevelopment of an economy is the reflection of the development or underdevelopment of entrepreneurship in the society.

- In North Eastern states of Mizoram, unemployment, underemployment and poverty are the baffling problems faced by its people. The state is not in a position to provide government jobs to a number of people. Due to its inherent problems such as physical location, hilly terrain and inaccessibility, there is no possibility of establishing large scale industrial units which will provide large scale employment opportunities. In this situation, entrepreneurship can play an
important role by providing employment opportunities to different sections of society.

- Mizoram is one of the most industrially backward states in India. The entire state has been notified as backward and is categorised as ‘No Industry State’ due to non-existence of large and medium industries.

- The state has witnessed a low scale of migration of workforce from agriculture to non-agricultural sector. Business activities like tailoring, furniture making, automobile repairs, steel making, bakery, handloom weaving, blacksmithy etc, account for 80 per cent of the total number of business enterprises in the state. There is little scope for either medium or large scale industrial units and as such micro enterprises dominate the industrial scenario acquiring a prominent place in the socioeconomic development of the state.

Chapter 2: Economic Landscape of India’s North East: A Focus on Mizoram

- The NER of India is the home for more than 166 separate tribes having unique social and cultural practices, speaking a wide range of languages. There are four states in the region viz. Arunachal Pradesh, Meghalaya, Mizoram and Nagaland where tribals are in majority and in Mizoram, they constitute as high as 95 per cent of the population. According to the 2011 census, the literacy rate among all the states in the region is above 75 per cent which is slightly higher than the national average of 74 per cent.

- About 70 per cent of the region is hilly, and the topography varies with each state, mountains and hills cover most of Arunachal Pradesh, Mizoram, Nagaland, Meghalaya, Sikkim and about half of Tripura, one-fifth of Assam and nine-tenth of Manipur.

- The economy of NER is mainly rural and agrarian. The region has got its definite identity due to its peculiar physical, economic and socio-cultural
characteristics. Agriculture provides livelihood support to 70 per cent of the population.

- All the states in the region continue to be a net importer of food grains even for their own consumption. In spite of covering 7.9 per cent of the country’s total geographical area, the region produces only around 1.5 per cent of the country’s total food grain production.

- The contribution of agriculture to state domestic income is much higher in the region except for Meghalaya and Nagaland. Mining in case of Meghalaya and forestry and logging in case of Arunachal Pradesh and Nagaland are important contributors to NSDP.

- The per capita NSDP in NER on an average is ₹ 26,472 as compared with the national average of ₹ 37,490 at current prices in 2008-09. NSDP shows that Sikkim has been doing better than the national average.

- The total road length in the region is 1,73,261 km which works out to be 7.05 per cent of the country’s aggregate road network. Out of the total road length, only 25.5 per cent (44,261 km) was surfaced and the remaining 74.5 per cent (1,29,000 km) was unsurfac ed road. The average road availability per one thousand population in the NER is 4.46 km as against 2.39 km for the whole country.

- Almost 98 per cent of the railway route length in the region is in Assam. In Arunachal Pradesh, Manipur and Mizoram the railway route length is less than 2 kilometers.

- In NER, there are 11 operational and 11 non-operational airports. At present, only Meghalaya and Sikkim have no full-fledged airports.
Hydro power potential of the NER in terms of installed capacity has been estimated as 58971 MW, i.e., almost 40 per cent of the country’s total hydro potential, out of which only 1202.7 MW have been harnessed so far.

By the end of March, 2004, there were 2101 bank branches in the region, out of which 1229 are commercial banks, 643 are regional rural banks and 229 are cooperative banks.

Assam is the first state in the NER, taking planned and systematic efforts to promote entrepreneurship. In 1973, Assam started an integrated approach for entrepreneurship development by setting up district level agency known as Entrepreneurial Motivation Training Center (EMTC) to identify, select, and train prospective entrepreneurs, and to provide them all support services to establish and manage their enterprises.

Only three per cent of MSMEs in the country are located in the NER, out of which slightly more than 60 per cent are found to be in Assam. Sikkim is the state in the region with least number of MSMEs.

The employment in the registered MSME sector in the NER is only about 3.11 per cent of the total registered MSME employment in India. Assam constitutes more than half of NER’s share in the registered MSME sector employment.

4.38 per cent of exporting units in the MSME sector in India are located in the NER. Though Sikkim is the state in the NER with least number of MSMEs, the number of registered exporting units in the MSME sector in the region is highest in Sikkim. The exporting units in the NER contribute only 0.23 per cent of the export value of the country.

Out of the total registered working MSMEs in the NER, 46.27 per cent are located in rural areas and the remaining 53.73 per cent are located in urban areas.
However, Arunachal Pradesh, Manipur, Meghalaya and Tripura have more units in rural areas.

➢ 39 per cent of the registered MSMEs in the NER are closed units. The closed units are mostly located in urban areas.

➢ 2.92 per cent of women enterprises in the country are located in the NER and 2.82 per cent of enterprises managed by women are found to be in NER. Assam has the highest share of women enterprises and the enterprises managed by women in the region.

➢ In NER, in terms of share of female employment in the total employment of the state, Mizoram is highest (27.46 per cent), followed by Manipur (17.06 per cent); while Assam had only 6.08 per cent of female employees in the state, which is lower than the national average of 13.31 per cent. The share of NER is 13.98 per cent which is higher than the national average of 13.31 per cent.

➢ In NER, perennial units dominate the MSME sector. Mizoram has the highest share of perennial units (96.85 per cent), followed by Nagaland (96.48 per cent). In Sikkim, seasonal units play a significant role (33.91 per cent). The highest proportion of casual units was found in Arunachal Pradesh (16.08 per cent).

➢ Among the states in the NER, Nagaland is leading in manufacturing activities, accounted for 74.5 per cent of the total units, followed by Manipur (65.7 per cent) and Sikkim (63.7 per cent). Repairs and maintenance is an important activity of Arunachal Pradesh comprising of 31.7 per cent of the total units. In case of service activity, Tripura is in the lead, comprising of 57 per cent of the units, followed by Mizoram (47.7 per cent).

➢ In 2005-06 the NER had 3,56,002 MSMEs as against 123.42 lakh in the country. In 2009-10 there are 4,02,209 MSMEs in the region as against 298.08 lakh in the country and accounted for a share of 1.34 per cent. The trend of development
within the eight states of the region is not uniform. In 2009-10, Assam had 2,46,980 MSMEs and accounted for 61.4 per cent of the enterprises in the region.

- As per the Basic Statistics of NER 2006, there were 213 large and medium enterprises in the NER, out of which almost half of them (i.e, 56.3 per cent) were found to be in Assam.

- The Government has approved a package of fiscal incentives and other concessions for the North East Region namely the ‘North East Industrial and Investment Promotion Policy (NEIIPP), 2007’, effective from 1st April, 2007.

- Some of the organisations which have been involved in the development of MSMEs in the NER are: Ministry of Micro, Small and Medium Enterprises (Govt. of India), National Small Industries Corporation Ltd. (NSIC), Indian Institute of Entrepreneurship (IIE), North Eastern Council (NEC), North Eastern Development Finance Corporation Ltd (NEDFi), North Eastern Industrial and Technical Consultancy Organization Limited (NEITCO), North Eastern Handloom and Handicraft Development Corporation Limited (NEHHDC).

- As per the 2011 Census, Mizoram has a population of 10,91,014. Out of the total population, 5,52,339 are males and 5,38,675 are females. The density of population is 52 persons per sq km. The literacy rate is 91.58 per cent, which is far higher than the national literacy rate of 74.04 per cent. The sex ratio is 975 females per 1000 males. The state is divided into eight administrative districts.

- From 1999-2000 to 2008-09, the contribution of agricultural sector normally ranges from 13 per cent to 22 per cent, industrial sector normally ranges from 15 per cent to 20 per cent and the contribution of services sector ranges from 61 per cent to 67 per cent.
The category-wise consumption of electricity in Mizoram is highest in case of domestic purpose, ranging from 59.88 per cent and 75.47 per cent of the total consumption in the state, whereas the consumption by industrial sector is less than one per cent of the total consumption in the state.

The road length per 1000 population in Mizoram is 5.64 km, and the road per 100 sq. km is 24.07 km.

Out of 108 bank branches in Mizoram (as on February 28, 2009), 77 are in rural whereas the rest 31 are in urban/semi urban areas. It is observed that the population served per branch comes to around 3,804 in Mizoram which is favourable compared with the national average of 15,000.

There are over 400 post offices in Mizoram, out of which nearly 90 per cent were in rural areas and the rest were in urban areas.

Chapter 3: Entrepreneurship and MSME Sector in Mizoram

The government of India, with a view to facilitating the promotion and development and enhancing the competitiveness of micro, small and medium enterprises, the Micro, Small and Medium Enterprises Development (MSMED) Act was passed in 2006.

It is estimated that in terms of value, the MSME sector accounts for about 45 per cent of the manufacturing output and 40 percent of the total exports of the country. The sector is estimated to employ about 32 million persons in over 13 million units throughout the country. Further, this sector has consistently registered a higher growth rate than the rest of the industrial sector. There are over 6000 products ranging from traditional to high-tech items, which are being manufactured by the MSMEs in India. It is well known that the MSMEs provide the maximum opportunities for both self-employment and jobs after agriculture.
Tamil Nadu (14.5 per cent) makes the maximum contribution to employment followed by Maharashtra (9.7 per cent), Uttar Pradesh (9.5 per cent), and West Bengal (8.5 per cent). Per unit employment is high—17, 16, and 14, respectively in Nagaland, Sikkim, and Dadar & Nagar Haveli. Madhya Pradesh has the lowest figure of two. In all other cases it is around six.

MSEs often act as ancillary industries for large scale industries providing them with raw materials, vital components, and backward linkages.

The Eleventh Plan approach to the MSE sector marks a shift from the welfare approach to that of empowerment. The Plan looks at this sector as an engine for sustained and inclusive economic growth and employment.

As per the Incentive Schemes of 2000 (Government of Mizoram), all new industrial units in the private, state public sector and in joint sector set up on or after 24 December, 1997 are eligible under the scheme. Existing industrial units undertaking expansion, modernisation or diversification made after 24 December, 1997 are also eligible under the scheme. Those existing industrial units which have already availed incentives similar in nature under the Incentive Scheme of 1989 and thereafter are not eligible under the schemes of 2000.

With regard to the growth of SSIIs in Mizoram during ten years from 1999-2000 to 2008-09, the growth in number of registered units was 54.47 per cent whereas the growth of employment was 88.08 per cent. The growth in employment was much higher than the growth in number of units.

The enterprises relating to metal products dominate the SSI sector in Mizoram as 17.4 per cent of them (in 2008-09) were involved in activities like steel fabrication, steel window frames, steel gates, etc.
The enterprises engaged in construction activities were growing at a faster pace than others. There was only one such registered unit in 2001-02, there were 66 units in 2008-09.

According to the Third Census of SSIs, there were 2718 registered SSIs in Mizoram, out of which 1328 units were closed units (48.8 per cent).

**Chapter 4: Socioeconomic Characteristics of the Entrepreneurs**

Age has been found to be one of the important factors associated with the success of entrepreneurs. The study observed that 19.2 per cent of the entrepreneurs commenced their business when they were below 30 years of age. The age group 31 – 40 has the highest proportion among the entrepreneurs (30 per cent). 28.1 per cent of the entrepreneurs were in the age group 41 – 50 years and 15.8 per cent of the entrepreneurs entered into the entrepreneurial activity during 50 - 60 years of age. Interestingly 6.9 per cent of them started entrepreneurial activity after completing 60 years of age. However, overall data indicates that nearly 50 per cent of the entrepreneurs started their business when they were below 40 years of age. One distinctive feature with regard to the age is that with the increase in the age of the entrepreneurs, the proportion of the entrepreneurs engaged in steel/metal is declining.

Among the entrepreneurs who started business at the age of above 60 years, the highest number (28.6 per cent) of the entrepreneurs started food processing. In all the age groups except in the age group of above 60 years, the number of entrepreneurs who engaged in food processing were almost negligible. In establishing food processing business proper training is required. Lack of trained persons in food processing activity is one of the problems, or vocationally trained persons do not think of self employment which needs other qualities of innovation, managerial and risk taking ability. Further, the manufacturing activity in business such as food processing requires uninterrupted production process. But the Mizo people are not in the habit of going to work especially on
Sunday. They devote their time in church services on Sunday. Such Mizo ethos discourages the entrepreneurs from doing business in manufacturing activities which would demand continuity of production process throughout the year.

- In respect of the period of establishment of the enterprise by the entrepreneurs, it was observed that the biggest proportion (45.8 per cent) of the sample entrepreneurs established their enterprise during 1996 – 2000. It was further observed that before 1985, the biggest proportion of the entrepreneurs under the present study were engaged in tailoring. But after 1991 onwards, the proportion of entrepreneurs engaged in tailoring show a declining trend. On the other hand, it may be worth mentioning that the proportion of the entrepreneurs who took up repair services show a rising trend.

- There were no entrepreneurs who have average annual income of less than ₹ 40,000. Ninety per cent of the entrepreneurs have average annual income of more than ₹ 80,000 and the remaining 10 per cent of the entrepreneurs have average annual income of less than ₹ 80,000. The entrepreneurs whose annual income was less than ₹ 80,000 confessed that the income generated from the enterprise was the only source of income they have and they do not have other income generating assets or other sources of income.

- Among the group of entrepreneurs having income of ₹ 1,00,000 and above, 25.7 per cent of the entrepreneurs were engaged in wooden, followed by tailoring (23.7 per cent) and repair services (22.4 per cent). It can be seen that in all the different income groups, the entrepreneurs engaged in wooden occupy the highest proportion.

- The study found that 6.2 per cent of the entrepreneurs were illiterates. The highest proportion of the entrepreneurs had education up to school (69.2 per cent). This indicates that the low level of formal education did not act as a barrier to the emergence of entrepreneurship. Among the entrepreneurs having
education up to school, the biggest proportion of them were engaged in wooden (30.2 per cent), followed by tailoring (19.9 per cent) and steel/metal (17.8 per cent). None of the illiterate entrepreneurs took up printing/publication activities, mostly they were concentrated in wooden (36 per cent) and handlooms (24 per cent).

- The study also revealed that nearly 90 per cent of the entrepreneurs were married at the time of starting the enterprise. This proves that the entrepreneurs in the region have a tendency to start their entrepreneurial activities after marriage.

- Almost all the married entrepreneurs mentioned that they have supporting spouse sharing all types of responsibilities in running their enterprises.

- Half of the respondent-entrepreneurs have family members up to five, 42.9 per cent of the respondents have 6 – 10 members and 7.1 per cent of the respondent-entrepreneurs have very big families with 11 or more family members. Among the entrepreneurs having family members up to 10, the highest proportion of the entrepreneurs were engaged in wooden, and among the entrepreneurs with more than 15 members, the biggest proportion (40 per cent) of the entrepreneurs was engaged in handlooms.

- In Mizoram the impact of the developmental activities on women during the post independence period is significant. The role and status of women in Mizoram has undergone notable changes with improvement in literacy and awareness that comes along with development and changes in the social and economic life. Female population constitutes a strong force in Mizoram and the proportion of female workers in work participation show an improving trend like the rest of India. The 2001 census reveals that work participation in Mizoram is much higher than India. The total work participation in Mizoram is 52.6 per cent as against 39.1 per cent in India. The female work participation
rate, according to 2001 census is 43.7 per cent as against 31.5 per cent in India. With regard to the gender composition among the entrepreneurs, it was found that 76.4 per cent of them were males and the remaining 23.6 per cent of them were females. However, tailoring is female dominated activity as majority of them (62.3 per cent) were females. Moreover, the composition of females in handlooms is also significant as almost 45 per cent of them were females.

- The entrepreneurs are classified into two categories namely, entrepreneurs with rural background and entrepreneurs with urban background. The rural population in the NER is 227.7 lakh which constitutes 78.9 per cent of the population in the region and the urban population is 60.8 lakh constituting only 21.1 per cent. In Mizoram, there is not much difference between the proportion of rural and urban population. The rural and urban population were 50.4 per cent and 49.6 per cent respectively. In case of the entrepreneurs under this study, it was found that 69.2 per cent were entrepreneurs with urban background and 30.8 per cent were with rural background. Among the entrepreneurs with rural background, the largest proportion (43.5 per cent) of them was engaged in tailoring; whereas among the entrepreneurs with urban background, the largest proportion (75.4 per cent) of them was engaged in repair services.

- Agriculture occupies a very important place in the economy of Mizoram and more than 60 per cent of the total workers are engaged in agricultural activities. In this context, an enquiry was made into the occupation of the entrepreneur’s father. It was revealed that the highest proportion (38.4 per cent) of the sample entrepreneurs’ father pursued business as their occupation. In this context, it can be inferred that the entrepreneurs who have business as their father’s occupation are more prone to become entrepreneurs.
Chapter 5: Motivational Factors of the Entrepreneurs

- It was found that the most important ambitions that have led the entrepreneurs to start entrepreneurial activity was ‘to make money’. 96.5 per cent of the entrepreneurs marked to make money as one of their three ambitions. For 240 of them it is first ranking ambition, for 123 it is second ranking ambition and for another 29 it is third ranking. This ambition was ranked first in the overall rating of all the ambitions (40.8 per cent of rating). This implies that the urge for money making ambition is very high in the minds of the present sample entrepreneurs. ‘To secure self employment’ was the second ambition in the overall ranking (26.2 per cent of rating). This means that many of the entrepreneurs wanted to become their own boss. This indicates that the entrepreneurs want to become a job giver rather than a job seeker. The third ambition was ‘to continue family business’ (23.2 per cent of rating).

- An enquiry was made into the factors which compelled the entrepreneurs to take up entrepreneurial activities. It was observed that the most important reason to have compelled the respondent-entrepreneurs to go into entrepreneurship was unemployment (28.8 per cent of rating), followed by dissatisfaction with the previous job (27.1 per cent of rating), to make use of technical and professional skills (20.4 per cent of rating) and to make use of idle funds (16.5 per cent of rating). Almost 80 per cent of the entrepreneurs (324 out of 406) mentioned unemployment either as the first, second or third compelling reason. 144 of them ranked it as number one compelling reason, 89 of them as number two reason and 91 of them as number three reason. 316 entrepreneurs cited that dissatisfaction with the job so far held or occupation so far pursued was one of the three compelling reasons which induced them to start enterprises. 262 entrepreneurs mentioned that technical and professional skill is the most important reason which compelled them to become entrepreneurs. For 226 entrepreneurs the most important reason which compelled them into entrepreneurship was to make use of idle funds.
It was found that among the factors which facilitate the emergence of entrepreneurship, success stories of entrepreneurs was most important. This factor was ranked first (33.2 per cent of rating). This shows that the success of others in business can have an inspirational effect on potential entrepreneurs. For 177 of them it is first ranking facilitating factor, for 103 it is second ranking facilitating factor and for another 63 it is third ranking. Previous employment in the same line or other line of activity is ranked second by the entrepreneurs (22.9 per cent of rating). 268 entrepreneurs mentioned it as one of the three facilitating factors which make them enter industry. The third rank was advice or encouragement of family members (16.9 per cent of rating). 194 entrepreneurs mentioned ‘advice or encouragement of family members’ as a facilitating factor which make them enter industry.

With regard to the entrepreneurs’ reasons for selecting their line of business, it was observed that the most important reason for selecting their line of business was easy to enter (30.4 per cent of rating), followed by high margin of profit (28.5 per cent of rating) and previous employment in the same line or other lines of activity (11.2 per cent of rating). However, no difficulty in securing know how, no competition, related to the profession or occupations pursued so far and existence of similar business in the neighbourhood were not significant reasons for the entrepreneurs for choosing their line of business.

The present study also enquired into the entrepreneurs’ considerations for selecting location of their business. The first rank was assigned to nearness to markets (23.5 per cent of rating), followed by advice of family members/relatives/friends (21.8 per cent of rating). The third important reason is nearness to home place (19.2 per cent of rating). It was also observed that the existence of similar units in the neighbourhood was the least important reason accorded by the entrepreneurs in selecting their location of business. Therefore, it can be inferred that the entrepreneurs were repelled by fear of competition.
The present study also enquired into the entrepreneurs’ commitment to the enterprises. The entrepreneurs’ commitment to the enterprise is measured in terms of average time devoted by the entrepreneur himself. The time devoted by the entrepreneurs indicates the degree of attachment to the enterprise, and this determines his or her success. It was observed that 50.2 per cent of the entrepreneurs devoted 75-100 per cent of their time, 35 per cent devoted 50-75 per cent and the remaining 14.8 per cent not more than half of their time in looking after their enterprises. Overall data indicates that 85.2 per cent of the entrepreneurs devote at least 50 per cent of their time in the enterprise. This indicates that the entrepreneurs were committed and hardworking in looking after their enterprises.

An attempt was also made to know the commitment of the entrepreneurs’ family members in looking after the enterprise in terms of average time devoted by them in the enterprise. With regard to the involvement of family members in the enterprises, there were two types of enterprises – enterprises with no involvement of family members and those with some sort of involvement. It was found that 17.7 per cent of the enterprises (72 out of 406) utilise the services of family members of the entrepreneurs in running the enterprise. It was also revealed that among the entrepreneurs having some sort of family members’ involvement, 70.8 per cent of the entrepreneurs’ family members devote at least 50 per cent or more of their time in the enterprises. These family members were mostly involved in wooden and printing/publication.

The present study examined the entrepreneurs’ aspirations about their children. For this purpose, the entrepreneurs under the study were asked whether they were interested in developing their children as entrepreneurs in future. It was found that 36.2 per cent of the entrepreneurs wanted their children to follow their footstep. But the level of entrepreneurs’ desire was not very high since slightly more than one-third of the entrepreneurs wanted their children to follow their
footstep. Another 34.7 per cent of them do not want their children to be entrepreneurs in future and the remaining 29.1 per cent cannot decide.

Chapter 6: Problems Faced by the Entrepreneurs

➢ Among the entrepreneurs under the present study, 42 entrepreneurs (10.3 per cent) were reported not facing the problem of marketing. Out of the entrepreneurs facing the problem of marketing, it was observed that the biggest problem faced by them was competition from other micro enterprises (33.8 per cent of rating), followed by slackness in demand (27.7 per cent of rating), lack of advertising efforts (18.7 per cent of rating), competition from large enterprises (9.2 per cent of rating), and transport problem (8.9 per cent of rating).

➢ An attempt was made to identify the problems faced by the sample respondent entrepreneurs with regard to raw materials. They were asked to rank (up to three) the most serious problems faced by them in order of importance. The problems identified were: scarcity, high price, low quality and transport problem. 48.9 per cent of them (118 out of 241) indicated high prices as the number one problem. 25.3 per cent of them (61 out of 241) cited the problem of scarcity of raw materials as the most important problem faced by them. 16.1 per cent of the entrepreneurs (39 out of 241) cited the problem of transport as the number one problem. In fact, being a hilly area, the problem of transport is a serious constraints faced by almost the whole North Eastern Region of India. As a result, the firms face the problems such as scarcity of raw materials and high price of raw materials. Only 6.2 per cent of the entrepreneurs (15 out of 241) cited low quality of raw materials as number one problem.

Going by the whole picture, the biggest problem with regard to raw materials was high price (45 per cent of rating), followed by scarcity (24.9 per cent of rating) and transport problem (15.6 per cent of rating). The problem of low
quality was ranked fourth (11.6 per cent of rating). However, 165 entrepreneurs (40.6 per cent) were reported not facing the problem of raw materials.

- It was found that the most serious problem faced by the entrepreneurs with regard to power is irregularity (37.9 per cent of rating), followed by high tariff of power (32.2 per cent of rating) and scarcity of power (29.8 per cent of rating). 41.6 per cent (160 out of 384) of enterprises cited irregularity as the number one problem. For 29.9 per cent (115 out of 384) of the enterprises, scarcity of power supply was the number one problem. 28.3 per cent (109 out of 384) of the enterprises felt the high tariff of power as the most serious problem. Many of the entrepreneurs stated that because of the frequent interruption of power supply, they were compelled to use other means of power like a small diesel generator, which would increase the production cost. However, 22 entrepreneurs (5.4 per cent) were reported not facing the problem of power.

- With regard to labour problem, 220 entrepreneurs (54.1 per cent) were reported not facing the problem of labour. Among the entrepreneurs facing the problem of labour, the most serious labour problem faced by the entrepreneurs is scarcity of labour (41.6 per cent of rating), followed by high labour cost (31.2 per cent of rating), labour turnover (18.3 per cent of rating) and labour absenteeism (8.8 per cent of rating).

Of the enterprises facing the problem of labour, nearly half of the enterprises (90 out of 186) have indicated scarcity of skilled labourers as the most serious problem. High labour cost was reported by 23.6 per cent (44 out of 186) of the enterprises and labour turnover was the number one problem for 17.2 per cent (32 out of 186) of the enterprises. Labour absenteeism was also reported as the number one problem by 10.7 per cent (20 out of 186) of the enterprises.

- Financial support and availability are one of the most important considerations of any business. The quantum of financial problems faced by the entrepreneurs...
in the state of Mizoram is not less than their counterparts in other states of the country. Because of lack of financial support, it may be difficult for the entrepreneurs to spend on advertising and sales promotion activities. The financial problem faced by the entrepreneurs coupled with competition from other well established firms were one of the major problems faced by the sample entrepreneurs. Hence, lack of competitiveness leads to loss of markets for their products. This might have an adverse effect in the growth of entrepreneurship in Mizoram.

With regard to the problem of finance, it was observed that high rate of interest was rated as the most serious problem (36.8 per cent of rating), followed by meagre assistance from government agencies (22.4 per cent of rating), red tapism in banks (22.2 per cent of rating) and, red tapism in government agencies (14.9 per cent of rating). 43.4 per cent (149 out of 343) of the entrepreneurs indicated high rate of interest as the most serious problem. 30.3 per cent of the entrepreneurs (96 out of 316) felt high interest rate as the second most important problem, and 27.3 per cent (81 out of 296) of them considered it as the third most important problem. The problem with regard to finance was one of the main constraints in the development of entrepreneurship in Mizoram.

The capital base of the micro enterprises in the state is typically weak.

- The sources of initial capital of the entrepreneurs are also enquired into. Initial capital is defined as the capital required for the establishment of the enterprise initially. The study revealed that 47.8 per cent of the entrepreneurs (194 out of 406) cited their own funds as a major source of initial capital. On the other hand, only 6.7 per cent (27 out of 406) of the entrepreneurs started their entrepreneurial activity by availing bank loans. This indicates that only small proportion of entrepreneurs could have access to bank loans because of the reluctance shown by banks to grant loans to micro entrepreneurs.
The entrepreneurs under the present study who had availed loan from government agencies, loan from banks, borrowing from money lenders and borrowing from friends/relatives were asked whether they were repaying their loans. It was observed that 37.8 per cent (28 out of 74) cannot repay their loans, 32.4 per cent (24 out of 74) said that they can repay their loans with interest in time, and the remaining 29.7 (22 out of 74) said that they can repay only some portion of their loans.

The entrepreneurs who cannot repay their loans and those who can repay only partially were asked the reasons for their non-repayment or partial payment of their loans. It was found that the biggest problem faced by the sample entrepreneurs for non-repayment of their loan is due to business loss (42 per cent), followed by high rate of interest (28 per cent) and lack of liquidity (14 per cent). 12 per cent of them (6 out of 50) stated that tight repayment period is the main problem faced by them.

The present study enquired into the problems with regard to the internal management faced by the enterprises. As such, it was observed that 39.2 per cent (159 out of 406) of the enterprises were reported to be facing the problem of internal management. However, the problem of internal management is not a serious problem confronted by the enterprises under the present study as majority (60.8 per cent) of the enterprises were reported not facing the problem of internal management. Among the enterprises facing the problem of internal management, it was found that the most serious internal management problem faced by them was lack of team work (20.9 per cent of rating), followed by lack of coordination (20.3 per cent of rating), lack of communication (17.7 per cent of rating), improper delegation of authority (15.1 per cent of rating), lack of work culture (11.7 per cent of rating) and lack of leadership skill (9.4 per cent of rating).
The study revealed that out of 406 sample micro entrepreneurs, only one-fifth of the entrepreneurs found an opportunity to attend training or skill development programme. The remaining 325 entrepreneurs (80 per cent) never attended any such programme. When enquired into the reasons for not participating in any skill development or training programme, 38.5 per cent of those who have not attended such programme admitted their ignorance or lack of awareness of such training programmes. 28 per cent of the entrepreneurs (91 out of 325) did not attend any training programme as they do not see any utility. About one-fourth of the entrepreneurs (82 out of 325) found it ‘inconvenient’ to attend training/development programme. Only 8.3 per cent (27 out of 325) said they did not attend such programmes as it would be ‘expensive’ to attend.

With a view to know the perceptions of the entrepreneurs about the usefulness of training and development programmes, they were asked to evaluate such programmes they attended. Of the 81 entrepreneurs who have experience of participating in training and development programmes, only 12.3 per cent of them perceived those programmes as ‘very useful.’ Over one-third of them felt that such programmes were ‘useful’. The rest of 53.1 per cent of the entrepreneurs were not satisfied with the training and development programmes they had attended so far.

7.2 SUGGESTIONS

This section gives the suggestions for the entrepreneurs and the stakeholders such as different government agencies and various supporting agencies who are interested in the development of entrepreneurship.

Proper records of business: It is unfortunate to note that most of the entrepreneurs do not keep proper records of their business transactions. It is suggested that the entrepreneurs should maintain proper books of accounts to keep systematic records of all business transactions, to know the financial position of their business and to provide information to interested persons.
Prior education: It is desirable for potential entrepreneurs to acquire formidable educational qualifications (at least graduation) before venturing into entrepreneurship because education acts as a powerful tool to break the barriers of successful entrepreneurship.

Prior experience: It is also desirable for potential entrepreneurs to acquire few years of experience in the line of activity they intend venturing into. This would give them an insight into the functioning of a business enterprise and will therefore prepare them to better face the challenges ahead in the start up and management of their enterprises.

Exploring opportunities in poultry and piggery: The North Eastern states including Mizoram are heavily dependent on other parts of the country for consumption of food grains. In spite of covering 7.9 per cent of the country’s total geographical area, the region produces only about 1.5 per cent of the country’s total food grains production. The food habit of the people in the region suggests tremendous demand for eggs, pork and chicken. There is a severe shortage of poultry and pork products in the region. Hence, the entrepreneurs should be encouraged to set up farms for poultry and piggery in order to meet the growing demand for such products. In this regard MIFCO, a state owned enterprise should play a proactive role in providing required support to the entrepreneurs. Similarly, there is a need to attract private investment in the area of animal feed production as Mizoram has sizable production of maize. The new entrepreneurs should be encouraged to set up animal feed ventures in the state.

Harnessing local resource based enterprises: There is a tremendous opportunity to establish the business enterprises which are based on local resources available. There is scope to promote new businesses and strengthen the existing businesses such as bamboo based, timber based, horticulture, fruit processing, orchid cultivation, and floriculture. Mizoram is rich in terms of biodiversity. There are
more than 400 medicinal plants available in the state, of which more than 60 are recorded as new medicinal plants (Kabra KC, 2008). In addition, research evidence suggests that 90 per cent of India’s medicinal plant diversity in forest and 10 per cent in non-forest habitat suits Mizoram condition (Department of Environment and Forest, Mizoram Forest 2003, Government of Mizoram, Aizawl, p.4). As Mizoram University has been producing postgraduates in the area of forestry, biodiversity and horticulture, the new entrepreneurs can make use of their talents in establishing and managing medicinal plant extractions and other horticulture units.

- Improving competitiveness: With regard to the problem of marketing, it is suggested that the entrepreneurs must establish credibility first in terms of quality, price and competitiveness of products/services. He/she should acquire relevant techniques and skills on winning customers’ loyalty. With a view to improve their competitiveness, government should undertake effective check on spurious goods available in the market. The problem of transport can be overcome to some extent by availing transport subsidy which is permissible by New Industrial Policy of Mizoram 2000 and central transport subsidy. The entrepreneurs can tackle the problem of advertising of their products/services due to limited availability of finance by looking for cheaper alternatives. As per the new Industrial policy of Mizoram 2000, there is a Market Promotion Council which is acting as an advisory council, it coordinates and interacts with the marketing agencies elsewhere to promote sales of local products inside and outside the country. The entrepreneurs should be in touch with this agency so as to promote sales of their products/services.

- Raw material depots: With a view to offset the problems as regards raw materials, the government should establish proper and effective raw material depots from where the entrepreneurs can get scarce raw materials at a price
controlled by the government which are not locally available. It is also suggested that a uniform quota system should be developed.

- **Efficient generation and distribution of power:** It was found that the most serious problems faced by the micro enterprises with regard to power is irregularity, followed by high tariff of power and scarcity of power. Only 5.4 per cent of the enterprises were reported not facing the problem of power. Power is an important basic infrastructure around which all economic activities move. Though Mizoram has huge hydroelectric potential, the progress in the field is very slow creating a huge gap between demand and supply in the state. The consumption of electricity was highest in case of domestic and lowest in case of industrial sector. Therefore, it is suggested that the ongoing power projects in the state should be speeded up by the government so that there should be availability of power supply for industrial sector. On the other hand, in order to ensure more systematic and efficient generation and distribution of power, the government should encourage private investment in power sector.

- **Inclusive banking:** With regard to the problems of finance, it was observed that high rate of interest was rated the most serious problem, followed by meagre assistance from government agencies, red-tapism in banks and red-tapism in government agencies. The capital base of the micro enterprises in the state is typically weak. In the present study, hardly seven per cent of the entrepreneurs had availed bank loans while starting their ventures. This indicates that only small proportion of entrepreneurs could have access to bank loans because of the reluctance shown by banks to grant loans to micro entrepreneurs. Collateral security should also be dispensed with by banks in the case of micro and small enterprises provided they have reliable guarantors because many of the micro and small entrepreneurs in Mizoram belong to lower middle income group. Many of them have hardly any property or other assets in their own name to be guaranteed as collateral security. The decision making process in banks should
be quick and time bound to minimise delays in sanction and disbursement of loans. Too much official formalities in banks should be avoided. Reluctance of banks to lend to micro and small entrepreneurs is primarily due to poor recovery. Banks are also partly responsible for poor recovery. Therefore, it is suggested that there should be effective follow up and monitoring by banks to ensure utilisation of loan after it is disbursed. This would create mutual trust and confidence between banks and entrepreneurs.

- **Business incubators**: The study reveals that only one-fifth of the entrepreneurs found an opportunity to attend training or skill development programmes when enquired into the reasons for not participating in any skill development or training programme. Nearly 39 per cent of those who have not attended such programmes admitted their lack of awareness of such programmes. 28 per cent of the entrepreneurs did not attend any such programme as they do not see any utility. About one-fourth of the entrepreneurs found it inconvenient to attend training programme. With regard to the usefulness of training programme, the entrepreneurs who attended such programmes were asked to evaluate the programme attended. Only 12.3 per cent of them perceived those programmes as very useful. Over one-third of them felt that such programmes were useful. The rest 53 per cent of the entrepreneurs were not satisfied with the training programme they have attended so far. Entrepreneurship support organisations should make intensive promotional efforts to popularise their schemes of assistance for entrepreneurs so that more number of entrepreneurs would be able to avail the various schemes of financial and technical assistance. Entrepreneurship support organisations need to tap the reservoir of technically qualified persons by offering them better schemes of assistance and ensuring their proper implementation. Preference should also be given to them in the existing schemes of assistance. The support organisations should follow the participatory approach through bottom up while planning EDPs. They should design curriculum keeping in view the needs of entrepreneurs and conduct EDPs.
for right mix of entrepreneurs at their convenience. More number of successful entrepreneurs should be involved in imparting the skills and in inspiring the participants. There is a need to organise the trained entrepreneurs meet on a regular basis with the government departments and other organisations concerned at a state level and regional level. Such type of follow up action would be helpful to the micro entrepreneurs in resolving their problems. It is important to establish Business Incubators in the government and in higher educational institutions in the state such as Mizoram University and National Institute of Technology (NIT) with a view to provide continuous support to micro and small enterprises. Many resources persons such as experts, policy makers and bankers would be associated with such Business Incubators.

➢ **Women entrepreneurship cells:** As is revealed by the study, less than one-fourth of the sample entrepreneurs are women. This indicates that there is a need to encourage women entrepreneurship in Mizoram. For this purpose, separate cells should be created in various entrepreneurial support organisations. These cells should be managed by women officials. In addition, the state government should also give special incentives to women entrepreneurs for a certain period of time. The government should also evolve schemes of assistance exclusively meant for women entrepreneurs.

➢ **Separate policy for micro enterprises:** The government should adopt a separate policy for micro enterprises in line with the policy for small and medium enterprises indicating financial support, marketing support, infrastructure support, training support etc. This will provide considerable impetus for the growth of micro enterprises.

➢ **Rural entrepreneurship:** Almost 75 per cent of the enterprises are located in Aizawl district, and the remaining 25 per cent of the enterprises are distributed in other districts of the state (see Table 1.1 of chapter 1). It is suggested that the
government should evolve a policy to cater to the needs of rural areas also without focusing on Aizawl district only. The government along with the entrepreneurship support organisations should play more proactive role with a view to tap those rural small entrepreneurs who have potential to become successful entrepreneurs, so that there would be better inclusive growth.

- **Entrepreneurship as an option:** The biggest proportion of the entrepreneurs started their entrepreneurial activities in the age group 31-40 (see Table 4.2 in chapter 4), and the biggest compelling force of the entrepreneurs is unemployment (see Table 5.2 in chapter 5). It is suggested that the entrepreneurship support organisations should give priority to the potential entrepreneurs who are below 30 years of age, who want to start their entrepreneurial activities by ‘ambition’ and not by ‘compulsion’. Preference should be given to these young potential entrepreneurs in extending support so that they will be motivated to take calculated risks out of willingness to take up challenging tasks than out of compulsion.

- **Preventing proxy entrepreneurs:** At the time of granting loans, technical assistance, material assistance, grant-in-aid etc. the entry of proxy entrepreneurs needs to be checked so that the benefits trickle down only to genuine entrepreneurs.

- **Inculcating the entrepreneurial attitude:** It is found in the present study that unemployment was the most compelling reason for opting to be an entrepreneur. Almost 80 per cent of the entrepreneurs mentioned unemployment either as the first, second or third compelling reason. The study further reveals that only 36 per cent of the entrepreneurs wanted their children to follow their footsteps. This indicates the negative or indifferent attitude of the people in general for seeking a career in entrepreneurship. It is further observed young people even today have some reluctance in assuming calculated risk in choosing business as their career.
However, the government no longer would assume the responsibility of providing large scale employment for educated youth. In Mizoram rich people and eminent persons are generally from families belonging to politicians and high officials of government. Young generations always want to follow the footsteps of these people. It is necessary to change the mindset of the young people. It is not difficult to mould the young minds than the matured minds. Therefore, in order to inculcate the entrepreneurial attitude in the minds of young generation, entrepreneurial education needs to be introduced and strengthened, especially from the secondary school level. This will help the young generation in visualising their career in entrepreneurship rather than in government sector.

➢ **Reforms in vocational education**: The study reveals that among the enterprises facing the problem of labour, the most serious problem is scarcity of labour, followed by high labour cost, labour turnover and labour absenteeism. The system of vocational and technical education should be further expanded by establishing at least four more Polytechnics in districts other than Aizawl and Lunglei out of which two polytechnics may be designed as ‘Community Polytechnics’. In addition, vocational schools should be set up in those districts where polytechnics are not being established. The women polytechnics at Aizawl should be made coeducational so that male students of the areas surrounding Aizawl are also benefited. At present, there are only three Industrial Training Institutes (ITI) in Mizoram, which are located in Aizawl, Lunglei and Saiha. It is suggested that ITIs should be established in all the eight districts of the state. As rightly pointed out by the Education Reforms Commission (2010) the state government should appoint a task force to identify courses to be offered in the new polytechnics including community polytechnics. The Commission further recommends that at least two community colleges be established in Mizoram to offer programmes which can lead to employment to Mizo youth both in and outside Mizoram. The undergraduate colleges found to be unviable
may be converted community colleges. The curriculum of the community college has four distinct parts: life skills, work skills, internship and preparation for employment. The community college is the need of the hour in the context of problems of unemployment, under employment and unemployability. In North East region, there is ample opportunities available in seeking careers in health care, hospitality industry, automobile industry, construction, printing and publishing, agro-based industry, medical transcription etc.

- **Making DICs more functional:** District Industries Center (DIC) plays an important role for industrial development at a district level. It helps the entrepreneurs with regard to matters connected with registration, consultancy, project formulation etc. Out of the eight districts in Mizoram, there are three districts which do not have DIC viz. Serchhip, Mamit and Lawngtlai. The government should take steps to establish DICs in these three districts and make all the DICs in the state more effective and functional so as to foster the industrial development.

### 7.3 SUGGESTED AREAS FOR FURTHER RESEARCH

The prospective researchers may undertake their research on the following related areas.

- Marketing practices of micro and small enterprises.
- Financial management in respect of micro and small business
- Entrepreneurship development in micro enterprises located in rural areas
- Industrial sickness in micro and small enterprises
- Inter state comparison in respect of entrepreneurship development in micro and small enterprises in north east.
- Inter state comparison in respect of entrepreneurship development in micro and small enterprises in north eastern state and any other state.
- A study of achievement motivation among school/college students.
- Impact of socio-cultural factors and the ethos on entrepreneurship.
Entrepreneurship development in service organisations.
Entrepreneurship development in not-for-profit organisations.
A study of entrepreneurship component in curriculum in school/college/university education in North East.
Entrepreneurship development in agricultural sector.
Women entrepreneurship.
Role of commercial banks in entrepreneurship development.
Social entrepreneurship.

7.4 CONCLUSION

The statistic that 78 per cent of the work force in the North East depends on agriculture for their livelihood reveals high incidence of agricultural employment. This indicates the low level of industrialisation and high incidence of agricultural employment. At the same time, the agricultural sector has been suffering from low productivity mainly due to lack of entrepreneurship in utilising modern technology, scientific methods of cultivation and marketing of agricultural produce. Ultimately, this has resulted in under employment in agricultural sector (Jyoti Kumar NVR, 2010).

The North East has one of the highest rates of unemployment of 12 per cent against the national average of 7.7 per cent. There were over 43 lakh registered educated unemployed youth in the region. It is to be noted that the actual number of job seekers (including those unregistered with the employment exchanges) may far exceed this figure. Manipur has the highest proportion of job seekers (25.53 per cent of state population), followed by Tripura (13.54 per cent), and Assam (7.05 per cent). The entire region is lagging behind in terms of industrial development. Even Assam, the most industrialised state of the region has registered one of the lowest gross per capita industrial output of ₹ 3000, much lower than the national average (Jyoti Kumar NVR, 2008). Inadequate number of motivated entrepreneurs is posing a serious challenge to the region. There has been a low level of private sector
participation in the region. Heavy imports of food grains and other essential products drain away financial resources of the region. Not even a single state from North East figured in the list of top ten most competitive states in India (Ketels, 2009). Assam ranked 16th (out of 27 states), followed by Meghalaya (17th rank), Sikkim (21), Arunachal Pradesh (22), Manipur (23), Tripura (24), Mizoram (25) and Nagaland (26). The overall scores range from 46.41 (Assam), to 40.20 (Nagaland). The North East states have to go a long way in improving their competitiveness, considering the overall scores of the leaders such as Maharastra (58.38 scores), Goa (58.02), and Tamil Nadu (57.16).

The higher education scenario is not as rosy as primary and secondary education in the North East. The region is far lagging the national average in terms of the number of professional and technical colleges such as engineering, medical and polytechnic colleges. For example, Delhi and Goa, among the small states, were producing a good number of engineering graduates per year when compared to the North East states. While Mizoram is producing only 384 engineering graduates per year, Delhi and Goa are producing 18,872 and 2,688 graduates respectively (Jyoti Kumar NVR, 2010).

Physical location is much less important in the age of global economy. The fact that a country or a region had missed out on industrialisation was increasingly seen as a blessing. It meant that there were no rusting industrial plans and no unemployed workforce born and bred to heavy industry. It also meant that the region’s economy could take advantage of new trends beyond its border in the global economy (Ohmae, 2006). The North East states have to understand that success in the global economy may mean challenging physical constraints. The region does not have to be born rich or be borne in a wealthy country to prosper. All four C’s, namely communication, capital, corporations (companies) and consumers can and will come to the region, if it has the right recipe. Alternatively, if our logic and system are out of sync with the global economy, the four C’s will evaporate, and we will not have an opportunity to perform in the global stage. Flexibility is one of the characteristics
of any successful region. The policy makers of the North East states should have a willingness not to be imprisoned by the paradigm of the past, and they need to rediscover themselves to meet the changing global economy. The North East in general and Mizoram in particular has to identify and focus on their core competencies. Not being different and distinctive is considered the fastest route to commercial failure. The states are masters of their destiny. The priorities adopted by the states have serious long term consequences. For example, Kerala, Tamil Nadu, Maharastra, Gujratrat and Karnataka have focused on school education and health care over the years. As a result, productivity has gone up, birth rates have declined, people are more skilled and investments are growing. The state governments in North East region need to give utmost priority to entrepreneurship development. If their basic policies are wrong, and if execution is poor, it will only see burgeoning expenditure with little to show for it. If collusive corruption is unchecked, and competition is distorted, there is neither efficiency nor thrust in political system. Good entrepreneurs are deterred in such an environment and predatory and crony capitalism strikes the deep roots.

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