CHAPTER – 1
INTRODUCTION

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>Entrepreneurship - Meaning and Importance</td>
<td>2</td>
</tr>
<tr>
<td>1.2</td>
<td>Evolution of Entrepreneurship</td>
<td>5</td>
</tr>
<tr>
<td>1.3</td>
<td>Dimensions of Entrepreneurship</td>
<td>6</td>
</tr>
<tr>
<td>1.4</td>
<td>Entrepreneurship and Economic Development</td>
<td>9</td>
</tr>
<tr>
<td>1.5</td>
<td>Review of Literature</td>
<td>14</td>
</tr>
<tr>
<td>1.6</td>
<td>Statement of the Problem</td>
<td>30</td>
</tr>
<tr>
<td>1.7</td>
<td>The Present Study</td>
<td>31</td>
</tr>
<tr>
<td>1.8</td>
<td>Objectives of the Study</td>
<td>32</td>
</tr>
<tr>
<td>1.9</td>
<td>Research Methodology</td>
<td>33</td>
</tr>
<tr>
<td>1.10</td>
<td>Rationale of Choosing Aizawl District</td>
<td>36</td>
</tr>
<tr>
<td>1.11</td>
<td>Limitations of the Study</td>
<td>37</td>
</tr>
<tr>
<td>1.12</td>
<td>Conclusion</td>
<td>38</td>
</tr>
<tr>
<td></td>
<td>References</td>
<td>39</td>
</tr>
</tbody>
</table>
CHAPTER – 1

INTRODUCTION

This chapter is a curtain raiser that deals with the significance, evolution and dimensions of entrepreneurship. It underlines the role played by entrepreneurship in the development of a region or nation. The review of literature, objectives of the study, research methodology etc are also clarified in this chapter.

1.1 ENTREPRENEURSHIP – MEANING AND IMPORTANCE

Entrepreneurship is the tendency of a person to organise the business of his own and to run it profitably, using all the qualities of leadership, decision making and managerial caliber. It is a process undertaken by an entrepreneur to augment his business interest. It is an exercise involving innovation and creativity that will go towards establishing his enterprise. One of the important qualities of entrepreneurship is the ability to discover an investment opportunity and to organise an enterprise, thereby contributing to real economic growth. Entrepreneurship is a composite skill, the resultant of a mix of many qualities and traits. These include imagination, readiness to take risks, ability to bring together and put to use other factors of production (Desai, 2000).

Entrepreneurship is an important input influencing the economic development of a country or of a region within the country. Entrepreneurship is the purposeful activity of an individual or a group of associated individuals undertaking to initiate, maintain or increase the profit by production or distribution of goods and services. Thus, 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. These conditions may have both positive and negative influences on the emergence of entrepreneurship. Positive influences constitute facilitative and
conducive environment for the emergence of entrepreneurship whereas negative influence create inhibiting environment to the emergence of entrepreneurship. 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.

Entrepreneurship is one of the four classes of economic resources used in production. While entrepreneurs run the risk of failure, they also stand to gain from a successful decision. It is not an easy task to define entrepreneurship. To some people, entrepreneurship primarily means innovations, to some others, it means risk taking. To others, it may mean market stabilising force and to others still it means starting and managing small business. Accordingly entrepreneur may be viewed as a person who creates new combination of factors of production such as new methods of production, new products, new markets, finds new sources of supply and new organisational forms; or as a person who is willing to take risks; or a person who, by exploiting market opportunities, eliminates disequilibrium between aggregate demand and supply, or as one who owns and operates business (Parameswaran R, 2008).

Entrepreneurship is one of the important inputs in the economic development of a country or region. Entrepreneurial competence makes all the difference in the rate of economic growth. In India, public and private enterprises co exist. The small business units are left completely to private entrepreneurs. It is in this context that an increasingly important role has been assigned to the promotion and development of entrepreneurship. The need for a broad based entrepreneurial class arises from the need to speed up the process of activating the factors of production, leading to higher rate of economic growth, dispersal of economic activities, development of backward areas, creation of employment opportunities, improvement in the standard of living and involvement of all sections of the society in the process of growth and development.
Entrepreneurship is important both in socialist and capitalist countries. After independence, India adopted a mid way for economic development. The roles of public and private sectors were clearly defined through industrial policy statements. Some industries were reserved for public sector and some other industries were assigned to the private sector. The enormous task of economic change was not possible without the active cooperation of the private sector. The government undertook the initiative by creating infrastructures needed for quick industrial growth. It also started helping entrepreneurs by arranging industrial inputs like raw materials, fuel and finance. Different steps taken by the government helped a large number of entrepreneurs to come forward and give a fillip to the overall development of the country. Often it is argued that the government’s participation adversely affects entrepreneurship under private sector. But there is evidence to the fact that the government’s involvement in some cases in business, trade, industry and finance is necessary for stimulating technology and growth of entrepreneurship (Mittal K.C, 2003).

Entrepreneurship has an important role in the context of developing states like Mizoram which is confronted with a number of socioeconomic and infrastructural problems. It can play an important role not only in industrial development but also in farm and service sectors. So far as entrepreneurship development is concerned, Mizoram is backward compared to other states of India. Mizoram is confronted with many problems like power shortage, transport problems, marketing inefficiencies and infrastructural problems.

It is said that an economy is the effect for which entrepreneurship is the cause. The development or underdevelopment is the reflection of the development or underdevelopment of entrepreneurship in the society (Gautam Bakshi, 2007). Various levels of economic development across the countries and even within the country are attributable to differences in entrepreneurship development.
So, entrepreneurship development programmes have become vital strategy for harnessing the vast untapped human skills to channelise them into accelerating industrialisation and growth of small scale sector (Desai, 1999).

It may be well recognised that the entrepreneurship is highly important for utilisation of available material resources, generation of job opportunities, creation of wealth for further investment and raising an economic welfare. Disguise unemployment still persists in agriculture and it will continue to be so until and unless alternative employment opportunities are created by encouraging entrepreneurship. Entrepreneurs not only get gainful employment but also provide work to others and contribute significantly in building up economically strong nation and lessening social tension by creating more number of jobs.

In a North Eastern State 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 geography 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. Thus, employment generation, development of backward areas and improvement of the quality of life in villages will be the consequences of development of entrepreneurship.

1.2 EVOLUTION OF ENTREPRENEURSHIP

The term entrepreneurship can be traced back to as early as the middle ages, when the entrepreneur was simply someone who carried out tasks, such as buildings and construction projects by applying all the resources at his disposal. However, it was during the 16th century when business was used as a common term, and the entrepreneur came into focus as a person who is responsible for undertaking a
business venture. In the 18th century, early economists, for instance one known as Richard Cantillon, added that an entrepreneur bears risk as part of his work definition. The word ‘entrepreneur’ derived from the French term ‘entreprendre’ which refers to individuals who are ‘undertakers’ signifying those who translate some new ideas into action and assume the risk of new enterprise. Entrepreneur originally meant to designate an organiser of musical or other entertainment (Khanka S.S, 2001). Oxford English Dictionary (in 1897) defined an entrepreneur in similar way as ‘the director or manager of a public musical institution, one who gets-up entertainment, especially musical performance’. In the early 16th century it was applied to those who were engaged in military expeditions. It was extended to cover civil engineering activities such as construction and fortification in the 17th century (Cochran T.C, 1950). It was during the 17th and 18th century Industrial Revolution that business itself was becoming part of the new lifestyle, especially in Europe, where most of this development was taking place. The early economists, such as John Baptiste Say, John Stuart Mill, and Alfred Marshall all included entrepreneurship into the economic spectrum of the time by defining the various skills and features of an entrepreneur. However, it was only in the beginning of the 18th century that the word was used to refer to economic aspect.

1.3 DIMENSIONS OF ENTREPRENEURSHIP

Entrepreneurial functions are defined by different writers in different ways. Richard Cantillon (1939), an Irish man living in France, was probably the first to use the term ‘entrepreneur’. He defined entrepreneurship as an agent who buys factors of production at certain prices in order to combine them into product with a view to selling it at uncertain prices in future. He portrayed an entrepreneur as one who discharges the function of direction and speculation. J.B. Say (1827) was the first to assign the entrepreneur a definite position in the economic process. According to him, ‘an entrepreneur is one who combines the land of the one, the labour of another, and the capital of yet another, and thus produces the product. By selling the product in the market, he pays interest on capital, rent on land, wages to labourers,
and what aims is his profit’. He differentiated the function of an entrepreneur from that of a capitalist. The acquired knowledge of human being is directed by entrepreneurs in producing goods and services for human consumption. He further stated that in order to become a successful entrepreneur one has to anticipate future demands, determine the proper timing of inputs and appropriate quality and quantity, calculate the cost of production and estimate the selling prices. The number of successful entrepreneurs is limited because the combination of these qualities is not common, especially in industry.

According to Frederick Harbinson (1956) the most crucial skill which facilitates economic use of other innovations is the ability to create an organisation. Without the ability to create an organisation, innovation fails to stimulate economic development. McClelland (1961) identified two important characteristics of entrepreneurship - doing things in a new and better way and, decision making under uncertainty i.e., risk. McClelland emphasised the need for achievement and its orientation as the most relevant factor for explaining economic behaviour. This motive is defined as the factor contributing to the success of one’s performance in relation to some standard of excellence.

Hoselitz (1960) stated that a person to become an industrial entrepreneur must have additional abilities like managerial abilities and he must have ability to lead, besides being motivated by the expectation of profit. He further stated that entrepreneurship can be developed in a society in a situation that encourages the development of personalities interested in enterprise and where social processes are not rigid and where its culture permits a variety of choices.

Joseph A. Schumpeter (1939), the major contributor to the literature on the conceptualization of entrepreneurship, identified human agent at the centre of process of economic development. He considered entrepreneur as risk taker and innovator, who carries out new combinations to initiate and accelerate the process of economic development. These include introduction of new goods, introduction of new production function, opening of new market, the conquest of new source of
supply of material and carrying out of a new organisation of industry. It is to be mentioned that entrepreneurs are different from the manager of a firm who run the business on established line. The entrepreneur is not its product but the agent of change. Schumpeter stated that economic development is not spontaneous process; it must be promoted by some agency within the system.

Liebenstein (1968) identified ‘gap filling’ as an important characteristic of entrepreneurship. This gap filling activity gives rise to the most important entrepreneurial function namely ‘input completing’. Liebenstein stated that the input completing capacity and inadequate motivational state govern the supply of entrepreneurship.

Adam Smith (1912) has not differentiated between entrepreneurs and capitalists. He classified to three different types of people – people living by rent, people living by wages and people living by profits. He attributed the net income of a proprietor to returns for labour and capital and did not allow any returns for direction and organisation. Adam Smith argued that the fundamental economic determinant of growth is the rate of capital formation. He put stress on the importance of business class without clear conception of entrepreneurial function. Ricardo and Alfred Marshall also focused on the role of capital accumulation in the process of economic development.

Frank Knight (1921) described the entrepreneurs as a specialised group of persons who face uncertainty and bear risk. Entrepreneur is an agent who undertakes such responsibility. He has identified the psychological, social and economic factors that affect the supply of entrepreneurship. Knight further described that the entrepreneurs bear the responsibility of making decisions under uncertainty. If there is a situation where all men have perfect knowledge about the future there is no need to have entrepreneurs. However, in the condition of uncertainty the entrepreneurs have to function endowed with knowledge, curiosity, alertness,
foresight and judgment. Confidence in own judgment and capacity of ruling others are necessary.

John Kunkel (1970) described that there are four structures that are found within a society which the industrial entrepreneurship depends. These are Limitation structure, Demand structure, Opportunity structure and Labour structure. According to him, the supply of entrepreneurship depends on the existence of these factors.

1.4 ENTREPRENEURSHIP AND ECONOMIC DEVELOPMENT

The economic development of a country means a process by which the per capita income of that country moves upward over a period of time. Like many other countries of the world, India is endowed with rich natural and human resources, and these have to be used properly by adopting modern technology for the growth and development of the economy. Therefore, entrepreneurship is essential for proper use of renewable and non-renewable natural resources and to provide employment to the unemployed youth (Shiralashetti A.S and S.S Hugar, 2007).

Economic development is concerned with the achievement of higher standard of living, better health care facilities, better education system, better nourishment, higher per capita income and an expanded range of opportunities in work for the people. Economic development is not only a quantitative phenomenon but also has qualitative dimensions. Moreover, economic development is not to be considered as an end in itself, but a means to an end. A rise in per capita income is a right criterion to judge the extent of development because it is a means to the achievement of desired better standard of living, education, health and nourishment. It is clear that economic development is something more than economic growth. It includes growth and change (Friedrich, 1969).

The word development is used in many ways that its precise connotation is often baffling. Economic development essentially means a process of upward change. It may be defined as a process whereby the real per capita income increases over a period of time. One important question to be addressed is that what is the
importance of entrepreneurship for economic development? Does it add an important influence to the promotion of economic development? In the beginning, the attitude of classical economists was very cold towards the role of entrepreneurship in economic development. It is only in recent years that the role of entrepreneurship has been considered significant and recognised in shaping the industrial growth and economic development of developed and underdeveloped countries. Now, people and the government begun to realise the importance of entrepreneurship for achieving the goal of economic development. It is the active, motivated and ambitious entrepreneur who fully explore the country’s available resources such as labour, capital, technology and so on (Vikram Patil, 2001).

Buchanan and Ellis (1955) took the consumption level as the basic characteristic for differentiation of development from underdevelopment. In the same way, Staley (1954) has stressed the characteristic of mass poverty which is chronic and not the result of some temporary misfortune. He also stressed that the causes of poverty are social constraints, scarcity of resources and old methods of production. Jacob Viner (1962) has presented another definition of underdeveloped suggesting that the per capita income level as the basis to identify underdeveloped regions and the potentials to support its present population on higher level of living.

Economic growth refers to an increase in the country’s production or increase in per capita income with total output of goods and services. Economic development, on the other hand, goes beyond economic growth to include changes in output, distribution and economic structure which may affect such things as improvement in the well being of the poor, technical breakthrough, increase in economic activities, increase in the educational level and improvement in health. Industrialisation is an effective instrument of economic development. The industrialisation depends on entrepreneurial development. The entrepreneurs are the pivot of business, not merely men willing to trade for a profit but are those who are able to exploit the available resources in the right manner and in the process create more goods,
employment and growth of national income (Gurpreet Bal and Paramjit S. Judge, 2010).

The entrepreneurs with their vision and innovative attitudes lay down a strong foundation for sustainable growth, whether it is industrial, agricultural or services sector. The entrepreneurial development has to be recognised as an input to rapid and sustainable economic development as well as the welfare and progress of nation. The economically developed nations provide sufficient substantiation to the emergence of entrepreneurship in those countries. Many underdeveloped countries have realised the fact that these countries are unable to produce goods and services needed by the people and offer employment. It should be attempted, in case of developing countries or regions, to develop and sustain entrepreneurial mind to the people (Gerald M. Meier, 1971).

The government institutions and academicians have now realised the importance of developing entrepreneurship among the young people. As more of the developing economies are in the process of transition, entrepreneurship sometimes has to be inculcated and its development, often undertaken by the state also can be a harbinger of economic development. The role of entrepreneurship for economic development may vary from region to region or economy to economy depending upon the availability of resources and the responsiveness of political system to the entrepreneurial function. The type of entrepreneur that will emerge in an economy depends upon the type of facilitative set up available in that region. From the opportunity point of view, the underdeveloped regions due to paucity of finance, lack of skilled manpower and non existence of minimal social and economic overheads, are less conducive to the emergence of innovative entrepreneurs. In these regions, non innovative entrepreneurs namely, Fabian and drone entrepreneurs are noticed. In such regions, entrepreneurship does not emerge out of industrial background with well developed institutions to support and encourage it. The entrepreneurs in such region may not be an ‘innovative’ but an imitator who would copy the innovations introduced by the innovative entrepreneurs (Abhrajit Das,
2006). Under the condition of scarcity of finance and problem of market imperfection in underdeveloped region, the entrepreneurs are bound to launch their enterprises on a small scale. As imitation requires less funds than innovation, it is realised that such regions should have more of imitative entrepreneurs. It is also felt that imitations of innovations introduced by innovative entrepreneurs of developed regions on a massive scale can bring about rapid economic development in underdeveloped regions. But it does not mean that such imitation requires in any way less ability on the part of entrepreneurs (Rama Chhabra and Poonam Syal, 2001).

In fact, the spirit of enterprise may be as old as human history. The spirit of enterprise makes man an entrepreneur. Such a spirit transformed him from a nomad to a cattle rearer, to a settled agriculturalist, to a trader and to an industrialist. Thus entrepreneurs are persons who take risks, initiate, organise and manage the affairs of business unit by combining the factors of production for supplying goods and services irrespective of agriculture, industry, trade or profession (Gangadhara Rao N, 1986).

Entrepreneurship is a human activity that plays an important role in the development of a region or a nation. At the centre of process, man stands as an organiser of resources, as a worker, and as the user of goods produced. Of these roles the organiser’s function is very important that without him, the resources of production remain resources and can never become products or services. This signifies the importance of entrepreneurship in economic development. Hence entrepreneur may be defined as a catalyst or a change agent in the economic life of all organised societies. The development of economy is a stupendous task and the role of entrepreneur is more challenging than ever before. The shortage of entrepreneurship is one of the most acute problems faced by developing countries and presently it is considered to be a potent limiting factor on their economic development (George Herberton Evans Jr., 1949).
The interest in entrepreneurship springs out of the interest in the economic development of a region or a nation. Despite the stupendous advancement of man in science and technology in some parts of the world, man is primarily concerned with the poverty of the nations still even during the latter part of the twentieth century. Problems of poverty appear to be much worse during the centuries ahead compared to those of the twentieth century. The world we live presents a picture of appalling contrasts. Whole some countries are economically developed, more than half of world’s population live on sub-standard incomes, bad housing, malnutrition, lack of medical care and illiteracy in most of the under-developed and developing countries of Asia, Africa and Latin America. Such problems can no longer be ignored. Indeed they have come to dominate intellectual thought and political actions (Saini J.S, 2001).

Economic development essentially means a process of change. At the same time it may be difficult to define precisely the term ‘economic development’. Rather it may be easier to define what is not economic development. However, economic development does not convey the idea of total development. It focuses only on one aspect and one dimension of general development. Economic development may be defined as a move towards even more efficient and differential methods of supplying people with the requirements for survival and improvement (Friedrich, 1969).

Development in industries is being viewed by under developed and developing nations as a superior way of life and is interpreted as synonymous with economic development. But economic development and industrialisation are not synonymous. If economic development is equated with industrialisation, it will undermine the importance of primary sector like agriculture. However, economic development can be equated with entrepreneurship because entrepreneurship is not restricted to industry only but it applies to agriculture, commercial, trade, education, social and political activities.
Too much dependence of the people on primary sector like agriculture is not the cause of underdevelopment but it is the consequence. Industry and agriculture are complementary to each other in the process of development. Moreover, economic development is much more than industrialisation; it is an upward movement of the entire social system (Gunnar, 1968). Social and economic equalisation, increase in productivity, rationally coordinated system of policy measures, improved institutional attitudes and removal of undesirable conditions and system are included in economic development (Blake, 1966).

1.5 REVIEW OF LITERATURE

In this section, an attempt has been made to make a review of some important studies on industrial entrepreneurship in India and abroad.

Nafziger’s (1928) study was confined to the origin of 54 manufacturing units in Visakhapatnam. It offered one perspective on vertical socioeconomic mobility and the differences in economic opportunities between privileged and under privileged classes of the population. A highly disproportionate number of successful industrialists are from Bhahmans and from families with high economic status.

Lamb (1955) using a historical approach, explained the rise of the Marwaris, the Parsis and the Gujarati trading castes in the industrial entrepreneurship in terms of factors such as control over several operating firms through managing agency system, community mobilisation of resources, intra-community business linkages and intra-community marriage networks.

McCrory, J.J (1956) studied small enterprises in North Indian towns with a view to identify patterns of growth in small machine industries.

Gadgil, D.R (1959) in order to trace the origin of the modern Indian business class, divided the Indian economic history into three cycles prior to World War I: 1800-
1875, 1880-1895 and 1900-1914. In the first period agriculture became commercialised leading to the emergence of trading communities in dealing in the cash crops of indigo and cotton; in the next two cycles, India developed first the textile industries, and then mineral industries. Gadgil remarked that the progress of Indian industry and entrepreneurship followed in almost every respect lines of industrial evolution in most other countries. The only thing then remarkable about the industrial evolution of India has been its slowness. The reasons for this slowness offered by Gadgil comprise village self-sufficiency, non-industrial character as the dominant trait of Indian towns, the persistent government policy of *laissez-faire*, lack of an industrial bank and lack of technical training for workers.

Carroll (1960) conducted a survey of 92 industrial entrepreneurs in Philippines. He explained why most of the entrepreneurs originated from big cities. He suggested that their culture contributed much to the success of entrepreneurs. He stated that there has been a very impressive amount of mobility in the family of the entrepreneurs. Carroll showed that the entrepreneurs are started their career in business of their fathers and gradually moved to independent activity.

Berna, J.J (1960) conducted a study of 50 medium size manufacturing firms engaged in various kinds of engineering production in the two cities of Madras (now Chennai) and Coimbatore. He analysed the entrepreneurs’ origin and found that the initial entry into the industry was open to persons of different social and economic position. His finding was against the popular belief that caste and tradition play an important role in the emergence of enterprises. Berna further felt that the performance of entrepreneurs would be improved and their contribution to industrial progress can be increased if certain help in technique of production and management could be provided to them.

Alexander Alec, P (1961) undertook a study of 354 Greek industrialists which employ more than fifty workers. He tried to focus on question concerning the supply of entrepreneurs and the nature of policies. Refugees from Greece resulting from the
exchange of minorities between Turkey and Greece in 1920s were well represented among the entrepreneurs. He concluded that there was considerable upward mobility in entrepreneurial activity.

Papanek (1962) conducted a study of 250 industrialists employing more than twenty workers in Pakistan. With partition and the exodus of the dominant Hindu businessmen, Pakistan had all opportunities exclusively for the Muslim business community. In Pakistan, forty three per cent of Muslim industrialists were the communities belonging to Chinioti, Dawoodi, Bohra, Halai Memon, Khoja Ismail and Khoja Isnashari and they altogether accounted for less than one half of the population of Pakistan. He stated that the findings of his study support that the entrepreneurship in manufacturing arises in response to the powerful economic incentives rather than significant changes in socio psychological variables.

Sayigh Yousif (1962) undertook a survey of 207 Lebanese entrepreneurs in 1956. His study relied on files from public and semi public bodies, Chambers of commerce, industry and agriculture and industrial associations to aid in the selection of innovators in the manufacturing, agricultural, financial and service sectors. In Lebanon, Christians formed a disproportionate share of innovating entrepreneurs. They share four-fifths while they constitute one-half of the general population. On the other hand, only one-sixth of the entrepreneurial groups were Muslims compared to 44 per cent of the population as a whole. 72 per cent of the entrepreneurs were Lebanese, and 7 per cent each Palestinian and Armenian. More than 70 per cent of the business leaders had traveled outside their country of origin before starting their present business careers. Sayigh found that only less than one-fourth of the entrepreneurs were engaged in the same sector as their father and noticed ‘remarkable mobility between generations’. 31 per cent of their fathers were in trade, 26 per cent in industry and 9 per cent in profession. The major occupations of entrepreneurs prior to their present activity were trade, which together with industry comprised about two-thirds of the previous occupations of the respondents.
They perceived their own economic and social statues higher than those of their fathers.

Gaikwad and Tripathi (1970) studied the small entrepreneurs of West Godavari district in Andhra Pradesh. The study observed that the entrepreneurs were persons with initiative, drive and hard work, though the majority of the entrepreneurs had no technical knowledge. The traders there realised the scope of industries in the region but hesitant to take up industrial entrepreneurship because they are of the opinion that it will require large amount of capital outlay and high managerial skills and technical knowledge. These findings are very important for policy makers as the tradesmen are often looked upon as potential entrepreneurs.

Guha, Amalendu (1970) reviewed historically the development of Parsi entrepreneurs during 1750-1850. The Parsis success was attributed to their greater ability to adjust themselves to European power and their relative non involvement in the earlier civil and military administration.

Wantanabe (1970) studied small entrepreneurs in Japan. He found that the small entrepreneurs have to overcome various barriers in order to set up business. Competition appears to be much fiercer than in developing countries and therefore, the difficulties and risks are greater. Majority of the entrepreneurs spend more than ten years for preparation for their venture, often working in the evenings after their normal day time employment. A combination of strong will power, thriftiness, hard work and ambition produced the abundant supply of entrepreneurship in Japanese manufacturing.

Harris (1971) conducted a study of 269 entrepreneurs in Nigeria in 1965, primarily in furniture, saw mill, rubber processing, garment making and printing industries. The entrepreneurs in Nigeria were geographically immobile. Only five persons were running business outside the place of their birth. He found that entrepreneurial activity is a means of moving one or two notches up the ladder. As the
socioeconomic and occupational status of the businessmen was higher than those of their fathers, Nigerian entrepreneurs were somewhat successful in identifying opportunities and gaining command over resources but less successful in enterprise management.

The Small Industries Extension Training Institute (SIET), Hyderabad (1974), conducted a survey of small units in Hyderabad and Secunderabad. The study revealed that the most important reasons for starting small industrial units was ‘economic gain’ followed by ‘ambition’, ‘social prestige’ and ‘social responsibility’. The study revealed that ‘capital shortage’ and ‘government red-tapism’ are the two most important discouraging factors. The study further revealed that formal education, younger age, urban background, experience in industry were some of the characteristics that were positively associated with the quality of entrepreneurship.

Sharma, K.L (1975) made a study of inter-state patterns of entrepreneurial performance by selecting samples from Punjab and Uttar Pradesh. The study reaffirmed socioeconomic background matters for one’s entry into manufacturing. He conducted another study by surveying more than 200 small entrepreneurs in Punjab and Uttar Pradesh and tested a model for entrepreneurial development. He came to the conclusion that the rate of government policies and its implementation become important to sustain the interest of entrepreneurs in the continuous expansion of business.

Ashis Nandy and Raymond L.Owvens (1977) analysed on exploratory basis some of the psychological and social correlates of entrepreneurship in an urban community of Howrah (West Bengal) and compared two caste groups within the community. This was an attempt to compare the enterprising and non-enterprising cultures.

Thomas Timberg (1978) analysed the nature of entrepreneurship in Marwaris community. He analysed the theory of entrepreneurship with respect to the success of Marwaris in business and their late entry into industry. He observed that
entrepreneurial Marwari performed crucial role in the development of industrial and commercial economy of Northern India.

Paul A. London’s (1978) study, an unusual study, focuses on rural merchants, a lively and enterprising group rarely mentioned in development literature. His study was based on interview of nearly 200 entrepreneurs. His study revealed that little noticed, often abused private shopkeepers adapted remarkably to India’s rural needs in the past decade by selling hundreds of millions of dollars worth of vital fertilizers and irrigation equipment. Their work helped make agriculture gains possible yet the Indian government barely tolerated their existence in rural areas.

Andhra Pradesh Industrial Technical Consultancy Organisation (APITCO) and Kerala Industrial Technical Consultancy Organisation (KITCO) in 1980 conducted a study of the various problems faced by the industries in three states- Andhra Pradesh, Karnataka and Kerala. The study revealed that the serious problem faced by the units was the inadequacy of working capital. 69 per cent of the units in Kerala, 44 per cent of the units in Karnataka and 52 per cent of the units in Andhra Pradesh were facing the same problem. The next problem faced by them was marketing as 30 per cent of the units in Kerala felt it as another setback. Non-availability of raw materials has affected the productivity of several units in all the states. It was observed that the delay in getting timely finance hampered the productivity of the units and this led to high cost of production, as observed in all the three states.

Manohar U.Deshpande (1982) conducted a study of 90 units in Marathwada Region of Maharashtra. He evaluated the socioeconomic origin of entrepreneurs and problems faced by them. He established the relationship between such a performance and the causative factors. His study revealed that most of the economic benefits created by the government agencies are availed by the upper strata of the society. The study stressed ‘to get by the primary occupation’ is an important precondition for the development of entrepreneurship. His study also revealed that
caste, family occupation and father’s occupational status are important for entry into the business.

Sarma, R.K (1982) made a study on growth and problems of small scale sector in Andhra Pradesh. He observed that the backward districts of the state improved their relative position in terms of employment generation and capital during 1966-75. Majority of them are confronted with the problems of raw materials and finance.

Sarupuria (1983) studied psychological factors in entrepreneurial effectiveness by comparing the scores of the successful and unsuccessful entrepreneurs from Ahmedabad in Gujarat on the various psychological dimensions viz., locus of control, fear of failure, introversion-extroversion, perseverance and attributional competence. It was found that the successful entrepreneurs in relation to unsuccessful entrepreneurs were significantly more internal, had lower fear of failure, were more extroverts, showed greater perseverance and attributed their success more to internal factors.

Drucker (1985) observed that innovation is a tool of entrepreneurship and identified seven sources of opportunities namely the unexpected, the incongruity, innovation based process need, changes in industry structure, demographic, changes in perception, mood and new technology.

Gangadhara Rao, N (1986) conducted a study in coastal Andhra, aiming at evaluating the impact of the programme of industrial estates on the emergence of entrepreneurship and growth of small units. The study also examined the socioeconomic structure of the entrepreneurs, forces behind the spirit of entrepreneurship, growth of enterprises in industrial estates and the various problems faced by the entrepreneurs. His study revealed that educational and income levels are important factors in entrepreneurship. Of all, money making is the major ambition of entrepreneurs.
Vinze (1987) in her research study on ‘Women Entrepreneurship in India: A Socioeconomic Study of Delhi’ conducted on 50 women entrepreneurs of Delhi, found out that enterprises set up by these women entrepreneurs were in different fields. In a place like Delhi, a metropolitan city state, people in low and middle income groups with some education and moderate experience set up small scale industries in large number and as such entrepreneurship was largely acquired. Women entrepreneurs opined that financial assistance from banks has been significant but procedures and formalities need to be more flexible. Streamlining of procedures was also considered essential for acquisition of technical know how. She also recommended that management knowledge was a must for starting and running an entrepreneurial venture.

Gupta, M.C (1987) evaluated the role of entrepreneurship in small scale sector with reference to some units in Kanpur, Allahabad and Gorakpur in Uttar Pradesh. He made an attempt to understand the socioeconomic background of the entrepreneurs and confirmed the influence of socioeconomic factors and analysed their problems in managing the enterprise efficiently.

Nirmala Ganguly (1988) conducted a study of the performance, policies, problems and prospects of small scale industries sector. Notwithstanding energetic efforts made to promote the small scale industries, it suffers from certain problems like scarcity of raw materials, problems relating to marketing and finance, encroachment of its area by medium and large units etc. These problems need urgent remedies so that the growth of SSI sector will be accelerated and it becomes an effective and potential instrument in the economic and industrial development of the country.

Sandesara, J.C (1988) undertook a field survey on the efficiency of long term finance by the state finance corporation to small scale industrial units in Bombay (now Mumbai), Hyderabad and Jaipur. The study confined to 206 small scale units during the periods from 1972-73 to 1978-79. The findings of this study were that
assisted units had higher labour productivity, higher surplus and higher average wage than non-assisted units.

Narasimha Murthy, B.E.V.V (1989) studied the socioeconomic profile, ambitions, motivating factors of entrepreneurs in two selected towns of Andhra Pradesh (Anakapalle and Gudivada) and observed the loosening of the hold of caste on occupations. As a result, enterprising farmers and artisans were turning to occupations other than caste occupations. The facilitating factors were encouragement by friends, relatives, family members, contact with business people, and success stories of entrepreneurs, previous experience and property inherited/acquired.

Karunakaran Pillai, G (1989) in his study of women entrepreneurs in Kerala revealed that most of the women entrepreneurs in the state had proper education-collegiate or technical and access to capital. Most of them had high degree of motivation. Even though most of them did not possess business experience and technical knowledge yet they entered into the business as a result of encouragement received from their husbands and relatives and from Mahila Samajams (women’s group) and other similar organisations. Most of the entrepreneurs had plan for expansion and diversification of their enterprises. The desire to work at the place of residence, difficulty of getting job and the desire for social recognition were the main motivating factors for self employment.

Richard and Dorie (1989) visited three Indian states Punjab, Tamil Nadu and Orissa, interviewed a dozen of government officials who were involved in entrepreneurship development programmes as well as 200 small scale entrepreneurs to investigate the entrepreneurship in India’s small scale industries. Their study suggested that the growth of small scale industries is quiet independent of the small scale industries programme, and that successful small scale manufacturers most often succeed because they can persuade government restrictions rather than because they were encouraged by government incentives. They also identified the key elements that
characterised successful entrepreneurs in many walks of life regardless of levels of sophistication, education and degree of modernity or traditionalism in orientation. They recommended new governmental approaches to generate economic growth.

Porter (1990) propounded the diamond theory based on the effect of the local business environment and competition. According to this theory a cluster is the manifestation of the diamond at work, comprising of three elements namely proximity arising from the location of companies, customers and suppliers and other institutions.

Anna, V (1990) conducted a survey on the trends of women entrepreneurship in Kerala among 102 women entrepreneurs from various districts. The important findings of the study were that the women entrepreneurs of Kerala have emerged from varied socioeconomic, education and cultural background. Christian women were better educated and more enterprising than their counterparts.

Ashok Kumar (1990) conducted a study of forty entrepreneurs in Andhra Pradesh and studied socioeconomic profiles which influence the industrial entrepreneurship. He examined the impact of caste of entrepreneurs, family background and religion on the success of the entrepreneurs. He studied occupational and educational background of the entrepreneurs with technical know-how to examine the achievement of the entrepreneurs. He also studied the influence of age of the entrepreneurs and migratory character of the entrepreneurs on their success.

Harinarayana Rao, C (1991) in his study on ‘Promotion of Women Entrepreneurship’ lists economic backwardness, lack of family and community support, ignorance of opportunities, lack of motivation, shyness and inhibition, preference for traditional occupation and preference for secured jobs as the factors that inhibit promotion of grass root entrepreneurship among rural women.
Laxmana Rao, V (1991) studied 51 entrepreneurs in two coastal districts of Andhra Pradesh and found that majority of the entrepreneurs were natives and belonged to upper castes having previous experience in the same field. However, their level of education and economic status were low.

Hisrich and Fuldop (1993) in their work related to women entrepreneurs in Hungary found that most of the women entrepreneurs in their sample were married. Majority of them are from middle or lower middle social class. Majority of them are college graduates. They formed their new ventures mainly because of interest in the area of business or due to job frustration.

Lianzela (1994) focused on plan-wise development of different industries in Mizoram, one of India’s North Eastern states. His work reviewed many aspects of economic development of Mizoram at a macro level.

Pannalal (1994) studied a sample of industrial estates in Andhra Pradesh. His inferences were that the entrepreneurs were mostly middle aged, that is, they are in the age group 31-40 years. Parent’s background had a catalytic role, especially among those whose parents belonged to industry, trade and contract works. The organisational set up was mostly single proprietorships, which was not only popular but also successful and the other common form was partnership. As regards the industries that were more successful, engineering industries were thriving in industrial estates, constituting 62 per cent of the sample.

Manoj Kumar and Govindappa (1995) pointed out in their study on ‘Entrepreneurship in Agro-Processing Industry’ in Devengere district in Karnataka that previous experience in related activity and market knowledge were the most important inducing factors of entrepreneurship. They also suggested that the growth in investment, sales turnover and the size of employment were the three important criteria to evaluate entrepreneurial performance.
Choudhary, P.R (1995) made an attempt to analyse the capital structure in small scale industry. He identified that the important problem in small scale units is relating to finance. He suggested that banks should give preference to small scale industries sector. He further suggested that there should be uniform norms of lending by different financial institutions to increase the efficiency of lending system to small scale industries units.

Haldar (1996) assessed the performance of Tripura based organisations in organising EDPs and implementing the various schemes of government of India among the tribal population.

Baruah, Sharma and Mali (1996) conducted a study in North East and found that 40 per cent of trainees were likely to set up their own enterprises, among them majority were in the age group of 25-30 years.

National Productivity Council Research Division (1996) attempted to identify and evaluate the role of major factors responsible for small industry growth across the Indian states. Based on a detailed analysis the study favours a selective approach in terms of both industries and areas to foster small industries development especially in backward areas. The study identified backwardness in competitive race among Indian states in regard to extending concessions and subsidies of various kinds to small industries.

Panda (1996) in his study examined 250 entrepreneurs in Orissa in the industrial estate in places like Balasore, Berhampur, Bhubaneswar, Cuttack, Rourkela and Sambalpur. His study analysed the role of managerial activities for success of entrepreneurs and growth of entrepreneurship in Orissa. He examined the socioeconomic factors such as caste, education, economic background and motivational factors. It was observed that majority of the entrepreneurs belonged to Vaishya community followed by Brahmin, Karanas ans Kshatriyas. It was also observed that higher education attainment led to entrepreneurial activity.
Rualkhuma Colney (1997) conducted a study of small scale and cottage industries in Mizoram. He laid stress on the development of small scale industries to boost the overall economic development of the state. He observed that though there was fast annual growth rate in the industrial employment, the industrial sector was very weak and unproductive; the overall performance of various banks in respect of the development of small scale industries in the state was far from satisfactory.

Mishra, B.B and R.K Bal (1997) conducted a study of 110 entrepreneurs in Orissa to know the factors influencing the new entrepreneurial class to undertake industrial entrepreneurship. The study revealed that majority of the entrepreneurs had ambitions like strong desire to do something independently in life, to continue family business and to give shape to their ideas and skills.

Madhu Murthy, K (1997) conducted a study of 80 entrepreneurs from Warangal, Visakhapatnem and Hyderabad. He found that entrepreneurs supply is mostly from those who belonged to agricultural and business families. They were relatively young, that is in 25-30 years and graduates. Among these graduates engineering graduates had some earlier experience before they had set up their establishment. The motivational factors for choosing entrepreneurial career are desire for independent life, personal fame, innovations and encouragement by several agencies.

Rudra Murthy, D.G (1998) made an attempt to analyse the pattern, trend and magnitude of financial assistance to the small scale sector in Karnataka. This study evaluated the impact of institutional finance on industrial development. This study further assessed the financial problems of the entrepreneurs. The study found that the availability of institutional finance to SSIs has not been sufficient to meet their needs nor in proportion to the volume of activity generated by the sector.

Srinivas Subba Rao, P (1998) made an attempt on the organisation and problems of SSI units in three districts in Andhra Pradesh. He found that substantial amount of
installed capacity is idle in many industrial units due to the shortage of demand, labour problems, scarcity of raw materials, irregularity of power supply, etc. He suggested that the district industries centers should be restructured to meet the requirements of SSI sector.

Manimala (1999) conducted a study whose focus was shifted from what the entrepreneur is to what the entrepreneur does. He emphasised entrepreneurial heuristic (rule of thumb) that provided insight into what entrepreneurs do in managing their enterprises.

Agarwal, A.K (1999) in his paper stressed the importance of training and skill development for the entrepreneurs for the promotion of industrial development in Mizoram.

Haldar and Roy (2000) conducted a study on entrepreneurial dynamics of small tea growers in Tripura.

Baruah (2000) conducted a study on women entrepreneurs who were trained in NER to find out the role of the training institutions played in creating entrepreneurs.

Das (2000) in his study on women entrepreneurs in Kamrup district of Assam found that most of them had entered business through choice and had high need for achievement.

Mali (2000) urged through his study to support an emerging trend of women entrepreneurship in NER. He observed that support from family members played a significant role in shaping them as successful entrepreneurs.

Srinivas, G and G.T. Govindappa (2000) conducted a study on entrepreneurship in small scale engineering industrial units in Karnataka. They found that the economic background of the entrepreneurs was not very bright because it was easy to start in
terms of initial capital required. They also revealed that engineering entrepreneurs mainly faced three problems namely problems of marketing due to competition among themselves, labour problems due to high labour turnover and absenteeism and the working capital problem.

Kalyani and Chandralekha (2002) observed that the socioeconomic and demographic characteristics have a significant impact on the involvement of women micro entrepreneurs, particularly when it comes to enterprise management. Many of them do receive help from their family members in carrying out various works.

Haldar and Debnath (2006) in their study pointed out that people having high need for achievement are better performers than those with low need for achievement because they are quick learners in developing their knowledge and skills.

Srivastav and Syngkon (2007) in their study conducted in Meghalaya found that most of the entrepreneurs were educated and first generation tribal entrepreneurs and more than one-fourth of them were women entrepreneurs.

Kabra K.C (2008) explored how business and industry have emerged in the small and distinct state of Mizoram over 125 year period through various phases. The study analysed the role played by the government as a promoter, regulator and participant in business and industry, the role played by state PSUs, the aspects of entrepreneurial development etc

Subrata Debnath (2009) in his study dealt with the motivational efficiency of EDPs conducted in Tripura. The study was done on six major entrepreneurship development institutions operating in Tripura. The study found that the motivational efficiency of EDPs in developing achievement motivation among the participants was very low.
Khanka (2009) explored the motivational factors influencing first generation entrepreneurs in Assam. He found that entrepreneurs were motivated by the need for economic achievement, personal growth, autonomy and recognition.

Laskar, Baharul Islam (2010) in his study of small scale industries in Mizoram found that majority of the units utilise only 50-60 per cent of their total installed capacity. It was further revealed that lack of demand, non-availability of required raw materials and competition from other producers are the main reasons for under utilisation of capacity. His study also found that only five per cent of the sample entrepreneurs received formal training.

Lalhriatpuii (2010) focused on economic participation of women including some entrepreneurs in Mizoram.

Rama Ramswamy (2010) conducted a study on the micro handloom weavers in Thenzawl cluster, Mizoram. This study examined the socioeconomic characteristics, motivational factors, growth and performance and the problems faced by handloom entrepreneurs. The study has brought out several interesting dimensions of the motivational factors that have motivated the entrepreneurs to become entrepreneurs. The sociocultural ethos of the Mizo community has also played a key role in motivating the entrepreneurs to start their own micro enterprises. The study offers specific suggestions to strengthen the cluster.

Laldinliana (2011) made an attempt to touch up different aspects such as importance of participatory approach in rural development, Swarnajayanti Gram Swarozgar Yojana (SGSY), dynamics of entrepreneurship, practical facilitation for entrepreneurial development of self help groups as micro enterprises and so on.

Dadina and Dey (2011) in their study attempted to identify and discuss different socioeconomic conditions of the agripreneurs involved in fish farming in Manipur, a
small state in North East. The study also tries to find out the relationship between socioeconomic aspects and level of fish production.

The above research studies were related to the experiences, problems, factors inducing entrepreneurship and the profile of entrepreneurs in Small Business Units (SBUs) in different parts of India and foreign countries. However, these studies may not be adequate to explain the real characteristic features of entrepreneurship and industrialisation in Mizoram. The policy recommendations which are applicable to these studies may not be necessarily suitable for Mizoram.

A brief review of the studies conducted on North East and Mizoram have focused on the economic development and growth. There are very few studies of entrepreneurship which focused on SBUs. Laskar B.I (2010) confined to industrialisation and the problems and prospects of SBUs in the state. Though the study conducted by Rama Ramswamy (2010) elaborated different dimensions of entrepreneurship, the study was confined to the weaver-entrepreneurs of a particular cluster. Therefore, there exists a serious research gap in the existing literature which prompted the researcher to take up the study with reference to entrepreneurship in micro enterprises relating to different business activities.

1.6 STATEMENT OF THE PROBLEM

The study covers diverse range of businesses owned by micro entrepreneurs in a small state of Mizoram, one of the eight states of India’s North East. The entrepreneurial spirit in India was visibly demonstrated by only a few sections of the people or by only certain regions. Therefore, the planned goal of inclusive development cannot be achieved unless the entrepreneurial motivation is instilled and intensified in, and extended to the underprivileged groups and underdeveloped regions of the society. This challenge of entrepreneurship development seems to be the most acute problem faced by developing regions and the shortage of entrepreneurs is possibly the most potent limiting factor for their development. Mizoram being one of such regions can break the vicious circle of poverty in which
it is caught by developing and strengthening the micro enterprises which is possible only through developing entrepreneurial attitude and skills. Thus, the present study is a modest attempt to explore certain dimensions of entrepreneurship with reference to micro enterprises in a tribal economy of landlocked hilly state of Mizoram.

1.7 THE PRESENT STUDY

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 (Economic Survey Mizoram, 2007-08). Mostly micro enterprises exist in Mizoram while big industries are almost absent. Development of industries in the state is an uphill task as the investors remain fearful to invest here due to its topography, small size market, entry restrictions, low end infrastructure and such other related factors. Mizoram is considered as a peaceful state in India and enjoys rich natural resources. Although opportunities exist to a great extent, the lack of vision and will to explore the opportunities hampers the industrial development (Bhartendu Singh and Singha RKPG, 2008).

The disadvantages due to topographical and geographical condition of the state coupled with underdeveloped infrastructure and transport bottlenecks are the main hurdles for the first generation entrepreneurs of the state to move towards industrialisation. The growth and performance of the manufacturing sector has been poor. The share of industry, consisting registered and unregistered units, to the state GSDP could marginally increase from 1.2 per cent at the beginning of Tenth Five Year Plan to 1.5 per cent at the terminal year (2006-07). 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 big industrial units and as such micro enterprises dominate the industrial scenario acquiring a prominent place in the socioeconomic development of the state (Economic Survey Mizoram, 2008-09).
The 2001 Census revealed that out of the total population, 52.57 per cent were workers and the rest were non-workers in Mizoram. It also revealed that out of the total workers, 54.9 per cent were cultivators and 5.7 per cent were agricultural labourers. This indicates that 60.6 per cent of the total workers were engaged in agricultural activities mostly by practicing shifting cultivation (also known as *jhumming*). However, the share of agriculture alone to the GSDP was hardly seven per cent at current prices during 2008-09 (Economic Survey Mizoram, 2008-09). There is a discontentment among the farmers community, they do not want to remain in the traditional sector and are very much keen to find out an alternative occupation to support the growing needs of their expanding family members (Laskar, Baharul Islam 2010).

At this juncture the Micro and Small Enterprises (MSEs) sector has specific role to play in the context of the economy of Mizoram. This sector requires less amount of capital and low level of technical skill. The vast natural resources and local raw materials can be exploited more efficiently by strengthening the MSE sector in the state thereby creating employment opportunities mainly to the underprivileged people and local artisans, which in turn, helps in realising the planned goal of inclusive development.

### 1.8 OBJECTIVES OF THE STUDY

The objectives of the present study are:

1. To present an overview of economic landscape of India’s North East with a focus on Mizoram.
2. To study different aspects of entrepreneurship and MSME sector in Mizoram.
3. To identify the socioeconomic characteristics of the entrepreneurs who started the micro enterprises in the district of Aizawl, Mizoram.
4. To study the motivational factors influencing entrepreneurship.
5. To enquire into the problems faced by the enterprises in respect of marketing, raw materials, power, labour, finance and internal management.
6. To offer suggestions so as to improve the performance of micro enterprises.

1.9 RESEARCH METHODOLOGY

The study covers diverse range of micro enterprises. Since it is an exploratory study, it is mostly based on primary data collected from the entrepreneurs of micro enterprises. As per the Third Census of Small Scale Industries (2001-02) there were 2718 registered small scale industries in Mizoram, out of which 2027 were in Aizawl district (1914 were in Aizawl urban and 113 were in Aizawl rural). Precisely all these enterprises constituted the population from which the sample for the purpose of the present study had to be chosen. The size of the sample was fixed at 20 per cent of the enterprises in Aizawl district. Accordingly, a total of 406 enterprises (383 enterprises in Aizawl urban and 23 enterprises in Aizawl rural) were covered. Then the sample was drawn by using random sampling technique. However, in the course of identifying the sample enterprises in the field study it was found that some of the enterprises were either non-functional or closed units. In such instances, those sample units were selected randomly again. Another practical problem faced at the time of selection of sample units was relating to the nomenclature used in the records kept by the Directorate of Industries, government of Mizoram. In these records ‘micro’ and ‘small enterprises’ were not differentiated because such data was based on the nomenclature used prior to the enactment of the MSMED Act 2006. Hence the researcher had to take the difficulty of eliminating ‘small enterprises’ from the list with a view to confine to only ‘micro enterprises’. It was to be noted that such type of small enterprises are very few in the data provided by the Third Census of Small Scale Industries in respect of Mizoram.
Table 1.1

<table>
<thead>
<tr>
<th>Districts</th>
<th>Rural</th>
<th>Urban</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Mamit</td>
<td>20</td>
<td>16</td>
<td>36</td>
</tr>
<tr>
<td>2 Kolasib</td>
<td>13</td>
<td>100</td>
<td>113</td>
</tr>
<tr>
<td>3 Aizawl</td>
<td>113</td>
<td>1914</td>
<td>2027</td>
</tr>
<tr>
<td>4 Champhai</td>
<td>79</td>
<td>101</td>
<td>180</td>
</tr>
<tr>
<td>5 Serchhip</td>
<td>17</td>
<td>56</td>
<td>73</td>
</tr>
<tr>
<td>6 Lunglei</td>
<td>20</td>
<td>142</td>
<td>162</td>
</tr>
<tr>
<td>7 Lawngtlai</td>
<td>3</td>
<td>36</td>
<td>39</td>
</tr>
<tr>
<td>8 Saiha</td>
<td>2</td>
<td>86</td>
<td>88</td>
</tr>
<tr>
<td>Total</td>
<td>267</td>
<td>2451</td>
<td>2718</td>
</tr>
</tbody>
</table>

Source: Compiled from *Third Census of Small Scale Industries in respect of Mizoram*, Directorate of Industries, Government of Mizoram, p -1.

* The Third Census of Small Scale Industries (2001-02) was based on the nomenclature used prior to the enactment of the MSMED Act 2006. The researcher had to take the difficulty of eliminating ‘small enterprises’ from the list with a view to confine to ‘micro enterprises.’ Such type of small enterprises are very few in the list.

Information from the sample entrepreneurs was collected in 2007 and 2008 by administering a schedule (refer Annexure). The schedule was pre-tested and suitable modifications were made after eliciting the opinions of policy makers, experts and selected entrepreneurs. It was proved to be a difficult task to approach and convince the micro entrepreneurs to respond to the schedule which took 45-60 minutes of their time. Data were collected at the place of work of the entrepreneurs. Practically the researcher found it difficult to get micro entrepreneur’s time in the first meeting itself. Despite these limitations, the entrepreneurs were cooperative in sparing their time and required information. The data thus collected were further supplemented by unstructured interviews with the entrepreneurs.
The primary data collected with the help of the schedule is tabulated to make it suitable for further statistical treatment. In addition, the primary data was collected by conducting personal interviews with the Joint Director, Directorate of Industries and Industries Promotion Officers. This is supplemented with the secondary data collected from various government publications such as Economic Survey, Mizoram; Statistical Abstract, Mizoram; Statistical Handbook, Mizoram; Basic Statistics of NER; Annual Report, Ministry of MSME; Primary Census Abstract, North Eastern Region Vision 2020, Third Census of Small Scale Industries, and Quick Results of the Fourth Census of MSME. Other sources of secondary data include The Journal of Entrepreneurship, Sage Publication; IUP Journal of Entrepreneurship Development, published by ICFAI University; and Sedme Journal, published by National Institute for Micro, Small and Medium Enterprises. Further, the information was solicited from the website of the Ministry of MSME, government of India.

The sample units drawn on the basis of random sampling technique fall under seven groups of business activities as shown in Table 1.2.

1. Food processing: This includes enterprises engaged in food items and other related products like milk and milk products, biscuits, bakery and other food items.
2. Wooden: This group includes enterprises engaged in making and repairing wooden objects and structures, cane and bamboo products.
3. Repair services: All types of repair services are included here ranging from small electronic items to big machinery.
4. Steel/Metal: This includes the enterprises who engaged in making, fabricating, repairing, constructing or manufacturing steel structures.
5. Printing/Publication: This group includes those who engaged in all types of printing and publishing activities.
6. *Handlooms*: The enterprises who engage in weaving of cloths and resale them to the market through middlemen or directly to the customers are included in this group.

7. *Tailoring*: All enterprises involved in sewing of cloths made from cotton, wool, embroidery etc. and used to make clothes or curtains, are included here.

<table>
<thead>
<tr>
<th>Entrepreneurial activity</th>
<th>Sample size</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Food processing</td>
<td>20</td>
</tr>
<tr>
<td>2 Wooden</td>
<td>110</td>
</tr>
<tr>
<td>3 Repair services</td>
<td>69</td>
</tr>
<tr>
<td>4 Steel/Metal</td>
<td>85</td>
</tr>
<tr>
<td>5 Printing/publication</td>
<td>19</td>
</tr>
<tr>
<td>6 Handlooms</td>
<td>34</td>
</tr>
<tr>
<td>7 Tailoring</td>
<td>69</td>
</tr>
<tr>
<td>Total</td>
<td>406</td>
</tr>
</tbody>
</table>

### Table 1.2

#### 1.10 RATIONALE OF CHOOSING AIZAWL DISTRICT

The number of entrepreneurs engaged in activities like manufacturing, printing/publications, food processing, handlooms, tailoring etc are found to be abundant in Aizawl district of Mizoram. As seen in Table 1.1, 74.5 per cent of the registered enterprises (2027 out of 2718) are located in Aizawl district. In this context, it was thought that Aizawl district represents the whole of Mizoram.

Analysis and interpretation of the data was done with the help of simple statistical devices such as percentages and averages. Motivational factors of the entrepreneurs and the problems faced by the entrepreneurs are rated by weighted score.
1.11 LIMITATIONS OF THE STUDY

1. The primary data were collected through a schedule and unstructured interviews. During the course of field work, among some of the entrepreneurs a general feeling of suspicion and hesitation was noticed. They found it difficult to disclose information relating to financial matters: whether they borrowed any loan from banks, relatives and friends; whether they were repaying their loans, details of profit etc. As a result there were some entrepreneurs who did not respond to certain questions put to them.

2. At the time of field survey it was found that most of the entrepreneurs were not maintaining proper books of accounts. Some of them keep their accounts and records in arbitrary manner. They keep their records for the observance of formalities rather than to assess the profitability and financial position of the enterprise. This, in turn, hampers the initiative of the entrepreneurs to assess and forecast the profit arising out of the efforts put by them. However, all possible effort has been put to check the authenticity of the data collected.

3. This research work was commenced in 2006. In the course of literature survey, the researcher has reviewed substantial literature available. In such literature he found different types of nomenclature used to describe small business units such as small scale industries, small and cottage industries, tiny industry, small and village industries, rural industries, khadi and village industries, artisan industries and micro and small enterprises. In the process of presentation and data interpretation the researcher found it difficult to describe all such units with a single name. It is due to this reason all such terms have been used interchangeably. However, the sample units covered in this study are micro enterprises as per MSMED Act 2006.

4. In some instances the 2001 Census data have been used in the thesis. However, the researcher has utilised the 2011 provisional Census data as it was made available just before finalisation of thesis.
5. The researcher tried to collect latest information available from published and unpublished sources, journals and websites. However, this research work was started soon after the enactment of MSMED Act 2006. In some cases it is more convenient for the researcher to take information from Third Census of Small Scale Industries (2001-02) because the Quick Results of Fourth Census of MSMEs (2006-07) came up only in September, 2009. However, the researcher had also utilised the data pertaining to the Quick Results of Fourth Census in appropriate places.

1.12 CONCLUSION

The role of MSMEs in the economic development of Indian economy is well known. These enterprises make significant contribution to the country’s GDP, manufacturing output, employment generation and exports. The MSME sector provides large scale employment opportunities next to agricultural sector. The importance of MSMEs lies in the fact that these are playing a role of elixir for all economic and social ills of our economy. Despite such importance, the sector suffers from a variety of problems which public policies often seek to address. However, the reality is that, there is much inertia such that policies do not often get translated into action. The inertia becomes much less stronger, when the economy is in real crisis, or that there is a perception of an emerging crisis. But by the time the crisis becomes visible, the weakest among the MSMEs might have vanished (Mathew PM, 2012). An examination of the recent data available on the sector in India suggests that business start ups getting stagnated which means there is not much incentives to invest in new ventures. Therefore, the stakeholders concerned need to strengthen entrepreneurship development initiatives in the interest of regional development.
REFERENCES


Alexander Alec, P (1964), Greek Industrialists: An Economic and Social Analysis, Center of Planning and Economic Research, Athens


Anna, V (1990), Socioeconomic Bases of Women Entrepreneurship, SEDME Journal, vol. 17, No. 1, March 1990


Ashok Kumar (1990), Entrepreneurship in Small Scale Industry, Discovery Publishing House, New Delhi

Baerwald, Friedrich (1969), History and Structure of Economic Development, Oxford and IBH Publishing Co., New Delhi, p. 4


Berna, J.J (1960), Industrial Entrepreneurship in Madras State, Asia Publishing House, Bombay

Bhagwati, Jagadish (1966), The Economics of Underdeveloped Countries, World University Library, p. 9


Carroll, J. John (1965), The Philippino Manufacturing Entrepreneurs: Agent and Product of Change, Corroll University Press, ITHACO.


*Economic Survey Mizoram* (2008-09), Planning and Programme Implementation Department, Government of Mizoram, Aizawl.


Guha, Amalendu (1970), Parsi Seths as Entrepreneurs, *Economic and Political Weekly*, vol.5, No. 36, August,


Haldar PK (1996), Pattern of Entrepreneurship Development among the Tribals of Tripura (*A Quarterly Research Journal on Tribal Life and Culture*), vol. 1, Tribal Research Institute, Government of Tripura, Agartala


 Hoslitz, Bert F (1960), *Sociological Aspects of Economic Growth*, Vakil, Feffer and Simons, Bombay, p. 64


Kabra, K.C (2008), *Economic Growth of Mizoram: Role of Business and Industry*, Concept Publishing Company, New Delhi,


Khanka, S.S (2005), *Entrepreneurial Development*, S. Chand & Company, New Delhi, p.1

Khanka SS (2009), Motivational Orientation of Assamese Entrepreneurs in the SME Sector, *The Journal of Entrepreneurship*, vol. 18, No. 2


Madhu Murthy, k (1997), Some Aspects of Entrepreneurship Development in Developing Economies with Special Reference to India [(unpublished Ph.D thesis submitted to k.u., warangal), Quoted from S.K Dhameja, Women Entrepreneurs, Deep & Deep Publications, New Delhi]


Mittal, K.C (2003), *Industrial Entrepreneurship*, Deep & Deep publication, New Delhi, p. 11


N.P Singh and Rita Sen Gupta (1990), Potential Women Entrepreneurs-Their Profile, Vision and Motivation, Research Report, Serial 1, National Institute of Entrepreneurship and Small Business Development, New Delhi/Management Development Institute, Gurgaon, collaborative study


Sarma, R.K (1982), Industrial Development of Andhra Pradesh: A Regional Analysis, Himalaya Publishing House, Bombay


SIET (1974), Socio-Psychological Factors Influencing the Adaptation of the Innovation of Starting a Small Industrial Unit, SIET Institute, Hyderabad.


