CHAPTER SEVEN
ECONOMIC ANALYSIS OF SAMPLE RURAL NON-FARM MICRO ENTERPRISES

7.1 INTRODUCTION:

In this chapter an effort has been made to analyse the factor behind the growth, production behaviors, pattern of finance, marketing aspects, economic performance and as well as needs of capacity buildings of the sample micro enterprises. The estimation and analysis is based on the sample survey of rural non-farm micro enterprises under taken in Sonitpur district during 2005-06.

7.2 FACTORS BEHIND THE GROWTH OF RNF MICRO ENTERPRISES:

Information recorded in the field study under the caption 'reasons for choice of activities' has been analyzed to examine the factors behind the growth of RNF Micro Enterprises in Sonitpur district. This can answer the research question of the study, whether RNF micro entrepreneurial activities are taken up primarily because of push factor rather than pull factor.

In absolute terms a total of 68 RNF micro enterprise units out of 140 sample units constituting about 48.57 per cent of the total, came into existence due to operation of push factors. On the other hand, pull factors are found to be responsible for emergence of 53 sample RNF micro enterprise units constituting 37.86 per cent of the total. Again, 19 sample units constituting 13.57 per cent came up due to impact of push-pull combined factors.
The table 7.1 shows the impact of push, pull and push-pulled factors in details on growth of RNF micro enterprises in Sonitpur district.

Table 7.1
Factors behind the growth of RNF micro enterprises in Sonitpur district

<table>
<thead>
<tr>
<th>Factors</th>
<th>Sub-sectors</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Manufacturing</td>
<td>Servicing &amp; Repairing</td>
<td>Trade</td>
<td>Transport</td>
<td>Other Services</td>
<td></td>
</tr>
<tr>
<td>Pull</td>
<td>18 (36)</td>
<td>7 (53.8)</td>
<td>8 (21.1)</td>
<td>4 (33.3)</td>
<td>16 (59.3)</td>
<td>53 (37.86)</td>
</tr>
<tr>
<td>Push</td>
<td>28 (56)</td>
<td>2 (15.4)</td>
<td>22 (57.8)</td>
<td>6 (50.0)</td>
<td>10 (37.0)</td>
<td>68 (48.57)</td>
</tr>
<tr>
<td>Push &amp; Pull</td>
<td>4 (8)</td>
<td>4 (30.8)</td>
<td>8 (21.1)</td>
<td>2 (16.7)</td>
<td>1 (3.7)</td>
<td>19 (13.57)</td>
</tr>
<tr>
<td>Total</td>
<td>50 (100)</td>
<td>13 (100)</td>
<td>38 (100)</td>
<td>12 (100)</td>
<td>27 (100)</td>
<td>140 (100)</td>
</tr>
</tbody>
</table>

Source: Field Study  (Figures in the brackets indicate percentage of the column totals)

Figure- 7.1
Factors behind the growth of RNF micro enterprises

Table 7.1 show that in the manufacturing sub-sector a total of 28 RNF sample micro enterprise units, constituting 56 per cent of the total manufacturing sample units, came into existence due to influence of push factors. Pull factors are found to be responsible for emergence of 36 per
cent sample RNF micro enterprise units in this sector followed by 8 per cent each because of push-pull combined and other factors.

Similarly, in the trade sub-sector a total 22 RNF sample micro enterprise units out of 38 total units, constituting 57.8 per cent of the total came into existence due to operation of push factors, 21.1 per cent units' came up due to pull factors and push-pull combined factors are responsible for emergence of 21.1 per cent sample units.

In the growth transport sub-sector of RNF sample micro enterprises, push factors are found to be more prominent. Out of 12 total units' growth of 50 per cent sample units of transport are caused by the push factors. On the other hand, 33.3 per cent of the units emerged due to push factors and 16.7 per cent sample transport category are due to push-pull factor.

Significantly, in respect of growth of Servicing/Repairing and other services category of RNF sample micro enterprises, pull factors are found to be more prominent as compared to push factors.

In Servicing /repairing sub sector, out of 13 total sample units 53.8 per cent sample RNF micro enterprise units came into existence because of pull factors and 15.4 per cent units emerged due to push factors. A total of 4 units of this sector constituting 30.8 per cent came up due to operation push-pull combined factors.

Similarly in other service sub sector, out of 27 total RNF sample micro enterprise units 59.3 per cent sample units came into existence due to pull factor. The push factor constitute 37 per cent for the growth of RNF micro enterprises and 3.7 per cent of the sample units came up due to combined push-pulled factor.
The above analysis indicates that in almost all sub-sectors of RNF micro enterprise units, except servicing/repairing and other services, growth is distress induced. Of course, in respect of overall growth of RNF micro enterprises in the district push factors rank first followed by pull factors and push-pull combined.

This signifies that RNF micro entrepreneurial activities in the Sonitpur district are taken up primarily because of push factor or out of distress. This however does not imply that these enterprises are in barely survival stages, but a large majority of the enterprises now stands in a robust way.

7.3 PRODUCTION RELATED ASPECTS :

(A) Input Sources :

Here an attempt has been made from the information recorded in the field study relating to inputs sources of 50 sample micro entrepreneurial units of manufacturing sub-sector The 50 manufacturing sample units have further been sub categorized into eight sub sector as shown in table 7.2

**TABLE: 7.2**

Inputs table of manufacturing sub-sector

<table>
<thead>
<tr>
<th>Manufacturing sub sectors</th>
<th>No. of units</th>
<th>Inputs from farm sector alone (%)</th>
<th>Inputs from non-farm sector alone (%)</th>
<th>Inputs from other primary (OP) sector alone (%)</th>
<th>Inputs from both farm and OP sector (%)</th>
<th>Inputs from both non-farm and OP sector (%)</th>
<th>Inputs from both farm &amp; non farm sector (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supari Processing</td>
<td>6</td>
<td>100 (6)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Weaving</td>
<td>9</td>
<td>0</td>
<td>0</td>
<td>100 (9)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Furniture</td>
<td>7</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>100 (7)</td>
<td>0</td>
</tr>
<tr>
<td>Local wine</td>
<td>15</td>
<td>46.6</td>
<td>0</td>
<td>0</td>
<td>53.4 (8)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Fabrication</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>100 (3)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Fish net making</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>100 (4)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Pottery items</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>100 (3)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Well rings</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>100 (3)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Over all percentages</td>
<td>100</td>
<td>26</td>
<td>6</td>
<td>18</td>
<td>22</td>
<td>28</td>
<td>0</td>
</tr>
</tbody>
</table>

Source: Field survey  (Brackets indicates number of sample units)
The sources of input requirements for the sample-manufacturing units from different Sectors are shown in table 7.2. Relevant information reveals that 26 per cent of the sample manufacturing units have derived their required inputs from the farm sector alone and 22 per cent of the sample units derived their inputs from both farm and other primary sector. While 6 per cent of the sample units obtained their required inputs from non-farm sector alone and inputs of 18 per cent entrepreneurs derive their required inputs from other primary sector alone.

(B) Ratio of Gross Value Addition to Total Output of Different Manufacturing Units:

Within the manufacturing sub-sector, the ratio of gross value addition to total output has been estimated, in order to find the rate of value addition on raw materials/intermediate inputs used in production. So from the eight selected different manufacturing activities, it has been found that the ratio of gross value addition to total output is highest in pottery manufacturing activity (0.89) followed by local wine manufacturing activity (0.59), fish net manufacturing activity (0.57) and cloth weaving activity (0.53). The lowest has been found in well ring manufacturing activity (0.13) followed by fabrication activity (0.28), supari processing activity and wood carving activity (0.34). This indicates that pottery, local wine, fish net and cloth weaving activities are contributing higher value addition on the intermediate inputs respectively.

(C) Linkages with Farm Sector:

The primary data collected from the field study relating to flow of output between farm and non-farm micro enterprise sector has been used to ascertain linkages of non-farm sector with farm sector. The movement of output of farm sector as inputs to non-farm micro enterprise sector has
been regarded as backward linkages and the movement of output of non-farm micro enterprise sector to farm sector as inputs has been considered as forward linkages. The linkages of non-farm micro enterprise sector with farm sector is shown in table 7.3

**TABLE: 7.3**

Linkages of RNF micro enterprise sector with farm sector

<table>
<thead>
<tr>
<th>Sub sectors</th>
<th>Number of sample units</th>
<th>Forward linkages with farm sector</th>
<th>Backward linkages with farm sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>50</td>
<td>4 units</td>
<td>24 units</td>
</tr>
<tr>
<td>Other services</td>
<td>27</td>
<td>0</td>
<td>3 units</td>
</tr>
<tr>
<td>Repairing/servicing</td>
<td>13</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Trade</td>
<td>38</td>
<td>14 units</td>
<td>31 units</td>
</tr>
<tr>
<td>Transport</td>
<td>12</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Over all percentage</td>
<td>100</td>
<td>12.85</td>
<td>41.42</td>
</tr>
</tbody>
</table>

Source: Field survey

From the table 7.3, it has been found that about 41.42% of total sample units of RNF micro enterprises have backward linkages with farm sector and 12.85% of the total sample units of RNF micro enterprises have forward linkages with farm sector. However, the above analysis has been drawn from the sample units of RNF micro enterprise sector. If we consider all the prevailing units of RNF micro enterprise sector of Sonitpur district than the above analysis is supposed to be underestimate.

**7.4 PATTERN OF FINANCE:**

(A) Investment & Finance:

Based on sample findings, it has been observed that a total of 140 sample micro entrepreneurial units have invested Rs 15, 06,800 in fixed capital in last five years. The main sources of finance for fixed capital
investment of micro entrepreneurs are, Gifts from father, friends/relatives, moneylenders, micro credits, institutional credits and own funds. Out of 140 sample micro entrepreneurs, 62.9% entrepreneurs have used their own funds for fixed capital. Whereas 25.7% entrepreneurs have used borrowed funds from formal & informal sources as well as own funds, about 11.4% have depended entirely on borrowed finance and 8.6 per cent entrepreneurs depends on institutional finance.

Regarding working capital investment, it has been found that 140 sample micro entrepreneurial units have utilized a sum of Rs 10,45,656 in a month as working capital which includes raw material, power/fuel, rent of building, rent of equipment, wage & salaries, interest payment, transport, communication and other. Regarding the sources financing working capital it has been found that about 77.1% of the entrepreneurs use their own funds and remaining 22.9% of the entrepreneurs have to depend on borrowed as well as own funds, of which only 1.4% entrepreneurs rely on institutional finance.

(B) Financial Aspects:

To examine the extent to which the growth of RNF micro enterprises is aided by support of financial institution, the share of institutional credit for both type of investments (Working and fixed capital) of the sample micro enterprises units have been calculated and shown in table 7.4
### TABLE 7.4

**Number of units received institutional credit for fixed and working capital**

<table>
<thead>
<tr>
<th>Sectors</th>
<th>Total no of sample units</th>
<th>Number of units received institutional credit for Fixed capital</th>
<th>Percentage</th>
<th>Number of units received institutional credit for working capital</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>50</td>
<td>4</td>
<td>8</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other services</td>
<td>27</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Servicing/repairing</td>
<td>13</td>
<td>4</td>
<td>30.8</td>
<td>1</td>
<td>7.7</td>
</tr>
<tr>
<td>Trade</td>
<td>38</td>
<td>2</td>
<td>5.3</td>
<td>1</td>
<td>2.6</td>
</tr>
<tr>
<td>Transport</td>
<td>12</td>
<td>2</td>
<td>16.7</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

*Source: Field survey*

Based on sample findings, it is observed that in the manufacturing sub-sector only 4 units constituting of 8% of the total sample units in the sector had received institutional finance for meeting fixed capital requirement and for working capital all the units of the sector have to relied upon own fund as well as from non-institutional sources.

Similarly, 30.8% and 7.7% sample RNF micro enterprise in servicing/repairing category received institutional finance for fixed capital and working capital respectively. In respect of trade sector, 5.3% and 2.6% units have received institutional finance for fixed and working capital respectively. In transport sector only 16.7% sample units have received institutional finance for purchasing of vehicle and for working capital the needs has been managed by the entrepreneurs themselves.

In the other service category, the picture is altogether different from the other sector. In this sector, all the sample units have to depend on their own fund as well as on informal sources.
Even from the sample findings, it has been observed that 30% of sample RNF micro enterprise units do not have any intention for the expansion/diversification of plan due to financial constrains. From the above analysis, it is clear that growth of RNF micro enterprise sector in the district is not sufficiently aided by the support of financial institutions. Its growth largely relies upon own funds and informal credit markets (ICMs). The main reasons for barring micro entrepreneurs' to formal credit market were due to lake of awareness about the provision and procedure of banking facilities. As such, the bulk of entrepreneurs did not even apply for bank loans.

7.5 MARKETING ASPECTS:

(A) Mode of Selling:

Based on the sample findings, it is observed that a large majority (49.29%) of the entrepreneurs sold their products from home and only 1.43 per cent entrepreneurs sold their product outside the district. Remaining entrepreneurs preferred different mode of selling their products like, urban markets, village hats, through traders, etc.

(B) Market Expansion Plan:

It has been found that 55 per cent of the sample micro entrepreneurs have expressed to expand their market in the local economy. However, about 45 per cent entrepreneurs are not looking forward to expand their market in local economy. Regarding exploring wider markets out side the local economy, 75 per cent of the entrepreneurs' are not interested to exploit bigger market out side local economy but only 25 per cent of them have gathered the confidence to think of exploiting markets outside the local economy.
(C) Marketing & Physical Constraints:

The rural non-farm entrepreneurs were asked to report their marketing and physical related constrains restricting their activities. So regarding marketing constraints, about 21.4 per cent of the entrepreneurs reported price competition from the large producers as a major problem followed by 20 per cent of the entrepreneurs reported inability to maintain stocks and about 10 per cent reported road linkages as a major marketing problem. However, about 18 per cent of the entrepreneurs does not have any marketing related problems.

Regarding physical constraints of the entrepreneurs, about 27.1 per cent of the entrepreneurs reported to have inadequate supplies of raw materials followed by poor road connectivity and power supply by 23 and 20 per cent respectively.

This shows that the governments failure in providing road connectivity and power supply has restricted the growth of rural non-farm micro enterprise sector in Sonitpur district.

Thus, there is a need to address the marketing and physical related problems faced by micro entrepreneurs in the district. The Marketing and physical related problems in the rural areas can be largely solved by developing road connectivity for the existing enterprises. As the sector and enterprises grow in the future, it will be necessary to access distant market. To enable the sector in this process, institutional net working along with rural market networking has to be developed so that desired market exposure can be obtained. Moreover, in order to sustain and to stimulate the growth of non-traditional rural non-farm micro entrepreneurial activities, regular and affordable power supply is also necessary in the rural areas.
7.6 PERFORMANCE OF RNF SAMPLE MICRO ENTERPRISE UNITS:

7.6.1 Economic Performance of Sample Micro Enterprise Units of Various Sub-Sectors:

In order to judge the extent to which of the sample micro enterprise units of various sub-sectors are economically successful, the ratio of value addition to investment has been taken as one of the indicator of economic success. This indicator is not strictly comparable across different sectors. For instance, in the manual transport sub-sector, the ratio is an exaggeration of economic success as investment requirement is very small. Therefore, even a relatively small size of investment can give a large value of the ratio. Hence, in the following analysis, the ratio is compared among units within the sector and not across the sectors.

Those micro enterprise units are considered highly successful for which the gross value addition to investment ratio is one and above. Micro enterprise units having value of the ratio in between .5 to 1 are considered moderately successful and units belonging to the category of 0 to .5 gross value additions to investment ratios are considered barely successful micro enterprise units.

Table 7.5

'Sector' and 'Gross Value Addition to Investment Ratio' wise cross Classification of Sample Enterprises

<table>
<thead>
<tr>
<th>Sub-sectors</th>
<th>Gross value addition to investment ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0 to 0.5</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>31 (62)</td>
</tr>
<tr>
<td>Servicing/repairing</td>
<td>07 (53.8)</td>
</tr>
<tr>
<td>Trade</td>
<td>10 (26.3)</td>
</tr>
<tr>
<td>Transport</td>
<td>07 (58.3)</td>
</tr>
<tr>
<td>Other services</td>
<td>13 (48.1)</td>
</tr>
<tr>
<td>Total</td>
<td>68 (48.57)</td>
</tr>
</tbody>
</table>

(Figures in the brackets indicate percentages of row totals)
Table 7.5 shows gross value addition to investment ratio of sample micro enterprise units of various sub-sectors. The figures in the table indicates that in manufacturing sub-sector, only 12 per cent of total manufacturing sample units are economically highly successful. Similarly 26 per cent and 62 per cent of total manufacturing sample units are moderately and barely successful units respectively.

But in respect of service and repairing sub-sector economically highly successful units were not found at all. Whereas, moderately and barely successful units constitute 46.2 and 53.8 per cent respectively.

In trade sub-sector 44.8 sample micro enterprise units are economically highly successful and remaining 28.9 per cent and 26.3 per cent of sample micro enterprise units of the sub-sector are moderately and barely successful units respectively.

In respect of transport sub-sector only 8.4 per cent sample micro enterprise units are economically highly successful and remaining 33.3 per cent and 58.3 per cent of sample micro enterprise units of the sub-sector are moderately and barely successful units respectively.

In other service sub-sector 37.1 per cent sample micro enterprise units are economically highly successful and remaining 14.8 per cent and 48.1 per cent of sample micro enterprise units of the sub-sector are moderately and barely successful units respectively.

Across the sub-sector 24.29 per cent of sample micro enterprise units economically highly successful, 27.14 per cent are moderately successful and remaining 48.57 per cent units are barely successful.

Thus, majority of sample micro enterprise unit's belongings to trade and other services of Sonitpur district are either highly successful or
moderately successful. But barely successful sample micro enterprise units are found in manufacturing, servicing /repairing and transport sub-sector in the district.

7.6.2 Entrepreneurial Performance:

To judge the entrepreneurial success of sample micro enterprise units the ratio of profits before depreciation to investment has been calculated for units. Using the profits before depreciation to investment ratio an attempt has been made to determine entrepreneurial success of sample micro enterprise units. Entrepreneurs in each sector having capability to generate the ratio greater than 25 per cent have been regarded as successful entrepreneurs. Those who can generate the ratio from 10 to 25 per cent are regarded as moderately successful entrepreneurs and 0 to 10 per cent ratio generating entrepreneurs are considered as barely successful entrepreneurs. However, those entrepreneurs who generate the ratio in negative are considered as unsuccessful entrepreneur.

From the table 7.6, the ratio of profits before depreciation to investment of manufacturing sub-sector reveals that, 26 per cent sample micro enterprise units of the sub-sector can generate above 25 per cent gross profits. Therefore, they are considered highly successful entrepreneurs. On the other hand, 12 per cent entrepreneurs of this category generate profits before depreciation in between 10 to 25 per cent, so they may be regarded as moderately successful. Whereas 48 per cent entrepreneurs are barely successful as they can generate profits before depreciation in between 0 to 10 per cent. But 14 per cent entrepreneurs have generated gross profit in negative, so they are consider as unsuccessful entrepreneurs.
In respect of service and repairing sub-sector 15.38 per cent entrepreneurs are highly successful, 30.77 per cent entrepreneurs are moderately successful and a relatively large proportion of entrepreneurs constituting 53.85 per cent belong to the barely successful category.

In the trade sub-sector, a relatively large proportion of entrepreneurs constituting 50 per cent belong highly successful category, 13.16 per cent moderately successful and 34.21 per cent of entrepreneurs belong to the barely successful category. Whereas, 2.63 per cent of trading entrepreneurs belong to the unsuccessful category.

In transport sub-sector, 16.67 per cent entrepreneurs are highly successful, a large proportion of entrepreneurs constituting of 75 per cent are moderately successful and 8.33 per cent entrepreneurs belong to the barely successful category.
In respect of other services sub-sector of rural non-farm micro enterprise sector 22.22 per cent sample units are highly successful in terms of the ratio of profits before depreciation to investment, 22.22 per cent entrepreneurs are moderately successful and relatively larger proportion, that is 48.15 per cent entrepreneurs are barely successful. However, it has been found that about 7.41 per cent entrepreneurs in trade sub-sector are regarded as unsuccessful entrepreneurs.

Proportion of highly successful entrepreneurs is highest in the trade sub-sector (50), followed by manufacturing (26), other services (22.22) and serving and repairing (15.38).

In respect of moderately successful entrepreneurs servicing and repairing sub-sector ranks first with 30.77 per cent moderately successful units, followed by other services (22.22), transport (16.67), trade (13.16) and manufacturing (12).

Larger proportion of barely successful entrepreneurs is found to be concentrated in transport sub-sector of rural non-farm micro enterprise sector in the district (75) followed by servicing and repairing (53.85), other services (48.15), manufacturing (48) and trade (34.21).

Whereas, the proportion of unsuccessful entrepreneurs is highest in manufacturing sub-sector of rural non-farm micro enterprise sector in the district (14) followed by transport (8.33), other services (7.41) and trade (2.63).

Among all the sub-sector of rural non-farm micro enterprise sector in the district, 28.57 per cent entrepreneurs are highly successful, 16.43 per cent moderately successful, 47.14 per cent entrepreneurs are barely successful and remaining 7.86 per cent entrepreneurs are unsuccessful.
This indicates that 28.57 per cent entrepreneurs of rural non–farm micro enterprise sector in the district are highly successful. However, a large majority of rural non–farm micro entrepreneurs (47.14) in the district are barely successful. Moreover, about 8 per cent of rural non–farm micro entrepreneurs in the district are unsuccessful in their business. Hence, there is need for initiating capacity-building measures through which quality of entrepreneurs in terms of awareness and managerial skill can be enhanced.

7.7 CAPACITY BUILDING NEEDS:

7.7.1 Performance level and Relevance of Government Training:

In order to examine the performance level of rural non-farm micro entrepreneurs, ranks were accorded to various sample units considering their capacity to maintain accounts properly, innovative ideas and awareness about business prospects. Based on the scores accorded by the investigator after careful examination of factors stated above, entrepreneurs were classified into four groups- (i) poor; (ii) average; (iii) good and (iv) very good.

Those entrepreneurs are considered poor who have scored less than 9 marks out of 30. Entrepreneurs scoring marks between 9 to 15 are considered average, 16 to 22 are considered good, and above 22 are considered as very good.

It is observed that out of 140 sample units only 1.4 per cent turned out to be very good, 27.86 per cent good, 31.43 per cent average and 39.29 per cent entrepreneurs were found to be in the rank of below average.
One of the important reasons of poor performance level of the entrepreneurs in terms of accounting practices, innovativeness and awareness about business prospects has been identified as lack of training, because 87.86 per cent of the entrepreneurs did not receive any formal training in the relevant field. Therefore, significance of government training and performance level has been examined with the help of regression analysis and chi-square test.

In order to ascertain the impact of government training, gender and education of the entrepreneurs performance level, a regression model has been formulated:

\[ P = \alpha + \beta \text{Ed} + \delta \text{Gn} + \lambda \text{Tr} + U \]

Where, 

- \( p \) = Performance level (1 = Poor, 2 = Average, 3 = Good & 4 = V. Good)
- \( \text{Ed} \) = Education level (0= illiterate, 1 = primary, 2=below HSLC, 3 = HSLC, 4 = Graduation & 5 = Above Graduation)
- \( \text{Gn} \) = Gender (0= Female, 1= Male)
- \( \text{Tr} \) = Govt. Training (0= No, 1= Yes)
- \( U \) = Error

The results are summarized in table 7.7

### Table 7.7

Results of Regression Analysis of Entrepreneurial Success

<table>
<thead>
<tr>
<th>Variables</th>
<th>Coefficient</th>
<th>Standard-error</th>
<th>t- Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>0.319</td>
<td>0.050</td>
<td>6.380 ***</td>
</tr>
<tr>
<td>Gender</td>
<td>0.350</td>
<td>0.174</td>
<td>2.011 **</td>
</tr>
<tr>
<td>Training</td>
<td>0.223</td>
<td>0.214</td>
<td>1.042</td>
</tr>
<tr>
<td>Constant</td>
<td>0.964</td>
<td>0.173</td>
<td>5.572 ***</td>
</tr>
</tbody>
</table>

\[ R^2 = 0.298 \]

\[ F(3, 136) = 19.19 *** \]

** and *** indicates significance at 0.05 and 0.01 levels respectively.
From the regression analysis, it has been found that given other things, male-headed entrepreneurs have better success than the female-headed ones. The level of education of the entrepreneurs also plays a vital role for the success of the enterprises. However, attending or not attending entrepreneurial training programmes has no significant association with the performance level of the entrepreneurs.

Further, Chi-square test was also conducted for testing of independence or absence of association between training and performance level of the entrepreneurs and found that calculated $\chi^2$ value is 7.92, which is smaller than the table value of Chi-Square with 6 degree of freedom at 0.05 level of significance. Hence the null hypothesis that there is no association between the Government training and the performance level of the sample units is accepted. Since the training programmes have had little impact on the performance level of entrepreneurs, there is a need for re-orienting such entrepreneurial training programmes to make them more relevant.

Moreover, from the information recorded in the field study shows that only 33 per cent of the entrepreneurs have organizational linkages either with Self-help group (SHG) or Non-Governmental Organization/Trade Association or with both. Only 32.1 per cent of the sample entrepreneurs maintained accounts. Clearly, it indicates that there is a need for capacity improvement interventions to enable micro entrepreneurs to adopt better management practices in professional way.

7.8 CONCLUSIONS:

The following conclusions have been derived from the analysis presented in this chapter:
• RNF micro entrepreneurial activities in the Sonitpur district are taken up primarily out of distress phenomenon. This however does not imply that these enterprises are in barely survival stages, but a large majority of the enterprises now stands in a robust way.

• The farm and non-farm sector of the district are extensively linked with one another through backward and forward linkages. Therefore, growth of one sector is expected to supplement growth of another sector of the district.

• Large majority of rural non-farm micro entrepreneurs in the district have some limitations on the availability of credit from financial institution.

• Most of rural non-farm micro entrepreneurs in the district have some physical and marketing related problems.

• More than ½ of rural non-farm micro entrepreneurs in the district are economically successful.

• The ratio of gross value addition to output value is highest in pottery manufacturing activities followed by local wine manufacturing activities, fish net manufacturing actives and cloth weaving activities.

• Attending or not attending entrepreneurial training programmes has no significant association with the performance level of the entrepreneurs.

• There is a need for re-orienting entrepreneurial training programmes to make them more relevant. There is also a need for capacity improvement interventions to enable micro entrepreneurs to adopt better management practices

• Growth of rural non-farm micro enterprise sector in the district is restricted by various physical, financial and marketing related constraints.