CHAPTER – X

FINDINGS,
SUGGESTIONS AND
CONCLUSION
10.1 Introduction

The study enabled the researcher to assess various aspects of micro enterprises running in Papum Pare district. The study has touched the core areas of micro entrepreneurship with relevant and valid variables. The micro enterprises of the district are not much different in their start up process in comparison to enterprises of other states. However, state policies, infrastructure facilities, governmental support, etc. are different from one state to another. Moreover, the mindset of entrepreneurs is also different from region to region. The functional activities and the way in which entrepreneurs carry out their entrepreneurship keep on varying from one entrepreneur to another with the passage of entrepreneurial venture. Hence, it becomes difficult to generalize the results obtained from the micro enterprises of Papum Pare district for the state as a whole. However, some of the aspects are common to all the micro enterprises. This study has been able to found a number of issues pertaining to the present status of micro enterprises of Papum Pare district. The study conducted with objectives:

- To examine the performance of Micro Enterprises in Papum Pare district of Arunachal Pradesh.
- To strive/identify the employment and revenue generation of Micro Enterprises in the district.
- To analyze the different problems faced by the Micro Enterprises in the district.
- To analyze the role of Financial Institutions in promoting Micro Enterprises in the district.
- To suggest suitable measures for promotion of Micro Enterprises in the district.
The findings on various aspects of Micro Enterprises have been already reflected in the earlier chapters too. The most significant findings and observations of the study are summarized in this section.

10.2 Summary

The chapter wise summary has been highlighted herewith.

The first chapter started with introduction on micro enterprises. The role of micro entrepreneur is very important in case of developing state like Arunachal Pradesh. The chapter laid down several objects to understand the micro entrepreneurial scenario in the district. The study incorporates statement of the problem, significance, research questions, etc. Further, hypothesis has been formulated during the research work to provide better understanding of among the different variables.

The second chapter is an extensive literature survey of micro enterprises of Papum Pare district. The literature related to Arunachal Pradesh regarding micro entrepreneurship found to be inadequate. The literatures associated with other industrial sectors and states have been gone through. The micro enterprise are not being focused in Arunachal Pradesh by the stakeholders and research scholars in their studies, only a general view of enterprises have been studied by them. The chapter depicts important literatures available at state level, national and international levels. The gap has been noted with regard to micro entrepreneurship in the state. It constituted to have understanding of research on the present area.

The third chapter have presented the research methodology and design of the present study. The micro enterprises in the district are found to be very less. A very specific research process has been followed to understand about the micro enterprises
in Papum Pare district. The research is based on empirical data and adopted KM model for sample size determination. The convenient sampling technique has been used to select the respondents in the district. About 103 samples have been covered during field visits and several variables have been considered to fulfill the objectives of the study.

The fourth chapter presents about the micro entrepreneurial scenario of Arunachal Pradesh and found that resources have not been utilized properly in the state. The state has enough local talents and skills which can be utilized as for entrepreneurship in the state. The chapter highlighted the role of different agencies in promoting micro entrepreneurship in the state. It was found that the process of entrepreneurial development in Papum Pare district is not admirable. The State Industrial Policy 2008 is being enacted for the entrepreneurial development in the state. A very meagre amount of micro entrepreneurship the Papum Pare district has been traced out from the DICs’ record.

The fifth chapter focused on profile of micro entrepreneurship in the state. The different micro entrepreneurial traits have been studied. The micro entrepreneurship is mostly confined to the male category. A few numbers of micro enterprises are run by women entrepreneurs. The trained entrepreneurs are less in the study district. Even some of the micro enterprises are run by proxy owners too. The micro enterprises are mostly in the urban part of the district and mainly focuses on the demand based enterprises.

The sixth chapter analyses the growth and performance of micro enterprises in Papum Pare district. The number of micro enterprises is less in recent past and its promotion is quite low. A few number of micro enterprises registered themselves with DICs. Some of the micro enterprises are suffering from slow growth because of
several reasons. The chapter highlights various strategies adopted by the micro entrepreneurs for overall growth. The enterprises are focused with survival concept, hence the expansion and diversification of the units have not been prioritized by the entrepreneurs.

The seventh chapter ponders over the employment ability of micro enterprises in Papum Pare district. The units are less and employment scenario has shown erratic fluctuations. The micro entrepreneurs utilize both local and non-local workers to perform the work. The employment of male workers is higher than the female workers. The chapter highlights the revenue generating capacity of micro enterprises covering production and service sectors. The revenue earned is utilized for the livelihood and business purpose by owners.

The eighth chapter of the study outlines various functional problems affecting enterprises internally and externally. The capacities are not been utilized by the micro entrepreneurs to the fullest extent. It is due to power failure, shortage of raw materials and sometimes lack of skilled manpower also. The governmental and institutional efforts are also not appreciating in promoting micro enterprises. The micro entrepreneurs face competition from other macro industries in the district. The branding, marketing aspects are not taken care of seriously by the units.

The ninth chapter revealed the role of financial institutions for promoting entrepreneurship in the district. The finance have been cited as one of the biggest problem for most of the micro enterprises. Most of the micro enterprises started venture with own capital. Most of the times, funds are borrowed from the informal sources to meet business related expenditures. The district is blessed with different financing agencies, however their role in promoting micro enterprises are hardly seen. The formal sources like financial institutions and banks are not properly assisting
micro entrepreneurs of the district and they need to be more concerned to entrepreneurs.

The **tenth chapter** presents findings and suggestions for vibrant micro enterprises in the district. It also outlines limitations and scope for further research in the district.

### 10.3 Findings

- There are only 370 registered micro, small and medium enterprises in the state, which is in fact very less in number to consider the state as an entrepreneurial state. Other than entrepreneurial ventures, trading and commercial activities like sericulture and craft centres are also running in the district.

- There are 134 micro enterprises as on 31st March 2013 (including those registered under SSIs) in the Papum Pare district and shows poor industrialization in the state. The study found that most of the micro entrepreneurs in the district are males. The sole proprietorship businesses are mostly found in the micro units.

- For establishing micro enterprises the trading license is only given to the local entrepreneurs. It is also found that 21.4 percent of the micro enterprises of the district are run by the proxy owners. All the proxy owners are Non-Arunachalis. Hence, the real zeal of being an entrepreneur is lacking among the micro entrepreneurs in Papum Pare district.

- Various kinds of industrial trainings are also being provided by the state government through Institutions including ITIs. DICs being nodal departments are looking after enterprises in the district and facilitates registration to MSME units in both EM Part-I and EM Part-II.
The state’s polices are not encouraging for outside investors for establishing micro enterprises in the state. It is found that except proxy owners all the micro entrepreneurs in the district belong to Scheduled Tribe population. Most of the micro entrepreneurs are from rural areas of the district.

It is observed that most of the micro enterprises have been started because of unemployment. And entrepreneurs have started their venture for supporting their family income too. Majority of the micro entrepreneurs of the district hail from joint families, who act as the head of the family.

Even if the micro entrepreneurs are from remote and rural areas, most of the entrepreneurs have setup enterprises in urban areas comprising Itanagar and Naharlagun towns.

Almost all the enterprises are focusing on the manufacturing units and very few entrepreneurs are taking up service sector.

Demand based enterprises are very common in the district. But the district has its potentiality in other sectors too. Among the demand based enterprises, fabrication units are mostly found in the district. The service sector enterprises are confined to automobile repairing services only.

It is found that growth rate (table 6.2) during SSI regime was 62.1 percent. But in subsequent years i.e. after enactment of MSME Act the growth rate had shown drastic fluctuations. Even after the enactment of MSME Act, 2006 growth rate has not been improved.

A few micro enterprises in the district are looking for growth strategy and are planning for the expansion strategy as part of their growth strategy. Also a very few enterprise are looking for diversification strategy as found during field survey.
Growth strategy with regard to joint ventures, mergers, franchising are still not been a plan for the micro enterprises in the district. Product modification is a choice among the micro enterprises for expansion of their business.

Generally micro enterprises in Papum Pare district have an average yearly production of ₹ 10 lakhs to ₹ 15 lakhs. Most of the micro enterprises have average sales amounting to ₹ 5 to ₹ 10 lakhs in a year. Micro enterprises are using medium level of technology for their production process.

The study found that majority of the micro enterprises of Papum Pare district are making their product and services available to the local areas/within the state market. The majority of micro enterprises are not trying to exploit new markets.

Most of the micro enterprises use direct channel of selling and distribution of their product/services. Some manufacturing micro enterprises provide after sales services to their customers in various forms. With regard to the marketing activities, it is found that most of the micro enterprises of the district are engaged in direct marketing of their products and services.

The export process has yet to take momentum since not a single enterprise is involved in export of their goods. It is also observed that the goods are not being sold to other states.

Manufacturing micro enterprises use mostly Tata mobile/Mini truck for carrying their goods from one place to another. Heavy truck is also the mode of transportation for micro enterprises in the district.

The number of workers increased with the passage of time. But the rate of employment in the micro enterprises has gone down in recent times. The average employment of the micro enterprises in Papum Pare district is 10 persons. Average number of workers are more in women enterprises in comparison to male
counterparts. It is found that the ratio of male workers in micro enterprises is much higher than the female workers. The male workers are dominated in all enterprises except the weaving and knitting units.

- The skilled workers are more in female run micro enterprises than that of male run micro enterprises. However, around 44.6 percent of total micro enterprise workers are illiterate. The workers in the micro enterprises are belong to different castes and religions. The OBC workers are much higher than the rest of the category of workers in the district.

- Entrepreneurs apply differential payment method in which the workers are categorized under skill basis. Only few enterprises follow fixed payment mode of remuneration to the workers.

- The majority of micro enterprises do not provide any kind of training for their workers. About 23.3 percent of micro enterprises provide training and development to their employees.

- It is found that most of the micro enterprises earn profit up to ₹ 3 lakhs in a year in the study district. Basically, most of the micro entrepreneurs have started the venture for their family livelihood in the district.

- Almost all the micro enterprises have faced problems at the beginning of their business venture. The most cited issue at the beginning was the finance in the district.

- Enterprises also face marketing problem for their products/services and also face heavy competition from other units.

- Micro enterprises in the district are facing high labour turnover, as the workers tend to shift to other units frequently for better payment. The other labour issues
like labour cost, absenteeism, and claim for remuneration hike are some of the concern areas for the micro entrepreneurs.

- It is also found that the micro enterprises do not maintain proper records of the business transactions and the enterprises are lacking proper planning.

- The micro enterprises of the district are not using up to date production technology. The enterprises are running with the old and outdated machinery and equipments most of the times.

- It is found that frequent power fluctuations and scarcity of raw materials are major concerns for the micro enterprises in the district.

- It is found that only a few numbers of micro enterprises are availing government subsidies in the district. The governmental support in the form of government purchase is also drastically missing in the district.

- It is found that not even a single enterprise in the district is having their business website and nor connected to internet facility.

- It is found that most of the enterprise do not have brand name for their products. Hardly, any enterprise of the district conducts research and development for their product.

- The governmental attitude towards micro enterprises is not appreciable and the level of government monitoring is also negligible towards them. Most of the micro entrepreneurs felt that registering of enterprises do not bring benefit from the government.

- Most of the enterprises have been started with own capital or with the help of informal sources of finance. The formal source of borrowing is being availed by few entrepreneurs in the district.
The unsupportive attitude of financial institutions is the top most problem for the micro enterprises. The enterprises who have availed the financial assistances also opined that the requested amount of loan are not being sanctioned by the financial institutions.

Most of the formal borrowings are from the leading commercial banks of the state. Other agencies have funded some of the micro enterprises in the district. Most of the entrepreneurs are dissatisfied with the Financial Institutions, whereas only countable entrepreneurs are satisfied with the FIs of the district.

10.4 Suggestions

During field visits and interactions with respondents, the findings and observations have been analyzed in the study. There were many opinions about growth and nurturing of micro enterprises. The following suggestions are offered to Micro Entrepreneurs, Government, Financial Institutions and other stakeholders, in order to promote micro enterprises vigorously in the district. This section recommends measures for overall growth of micro enterprises in the district as well as in the state.

10.4.1 To Micro Entrepreneurs

✓ The first and foremost recommendation for micro entrepreneurs is, once enterprises is established, entrepreneur should continue the enterprise in odds and evens. The micro entrepreneur must do some appraisal/research in the area where the business is going to be started so that the enterprise will sustain and generate profits for the business.
✓ Though the latest machineries and equipments cost more for long run profit, an entrepreneur must install those for improving the quality and marketability of the product. It is the call of time to have such facilities to sustain growth.

✓ Proper working conditions should be provided by the entrepreneurs to their workers. An entrepreneur must follow the minimum national standards for workers safety and welfare.

✓ The proper remuneration and timely incentives should be provided to the workers in order to avoid high labour turnover. The basic norms one entrepreneur should follow in their respective units. At least a training programme should be made for the newly recruited workers for effectiveness in the production process.

✓ The entrepreneurs have to think about innovativeness, as the customers are well informed. Hence, different kinds of approaches have to be followed by the entrepreneurs to catch the customer's attention and satisfaction.

✓ A proper marketing channel should be in place to distribute products, since micro entrepreneur directly involves in selling activities in the district. In the long run direct selling may not be feasible.

✓ The stiff competition from the MNCs exists in every corner of the country. Hence it is important that of micro entrepreneurs to opt for less competitive product or divert the production in other feasible ventures for continuance.

✓ There must be grievance redressal mechanism and interaction for workers' encouragement and motivation for overall productivity.
10.4.2 To Government

✔ The enterprises are not getting financial assistances from the government in many occasions. Hence, at the least factory sheds should be provided to the needy entrepreneurs.

✔ As the industrial centres are very less in the district, the government has to create more centres with adequate infrastructure for upcoming energetic entrepreneurs.

✔ Government of Arunachal Pradesh must provide a platform to innovative young minds to create new things, as state is having enough educated/trained youths and endowed with plenty of resources.

✔ The district administration has to develop all sorts of infrastructural facilities such as communication, transportation, power, finance, etc so that micro entrepreneurs are motivated to start the venture.

✔ Government should promote local micro enterprises through media, as an initiative for entrepreneurship growth in the state. They must subsidize the advertising and other promotional costs if the micro entrepreneurs are ready to opt such promotional mode.

✔ Government should allow outside investors in the state for joint ventures with local entrepreneurs in order to augment the investment for all round economic growth.

✔ The government and government undertakings should facilitate buying of the micro industrial products as a fillip to motivate entrepreneurs.

✔ The state government is yet to bring entrepreneurial flagship programmes for the benefit of local micro entrepreneurs. A number of programmes have been launched by the central government for promoting MSMEs in the country. Those programmes have to be extended in the Papum Pare district too.
✓ Women entrepreneurs are less in the district. Hence, they must be motivated to start enterprises through the regional awareness programmes.

✓ The DICs and the Directorate of Industries are the nodal departments to promote and foster the micro entrepreneurship in the district. They should encourage micro entrepreneurs time to time through campaigns and awareness programmes. Even skill based short term courses can be initiated by them.

✓ Outstanding Entrepreneurship Awards may be regularly announced by the government in urban, rural, male and female entrepreneurship categories. The awards should be given in the state level programmes so that youth will be motivated to start new ventures. Basic purpose behind this initiative is to acknowledge the role of micro entrepreneurs in the state.

✓ The nodal agencies/financiers must visit registered and financed micro enterprises. It facilitates monitoring of the enterprises and on the spot consultancy. The utilization of fund can be checked to a great extent also.

✓ During the field visit it is observed that the number of informal enterprises are more as compared to registered enterprises. Therefore DICs must play a crucial role to convince unregistered units to get registered. The procedural delays should be avoided by the DICs while registering their enterprises.

✓ The consultancy services are one of the important techniques to check micro enterprises from becoming sick. Hence, government in consultation with DICs must provide technical, marketing, production consultancies in the beginning of the venture and operational levels.

✓ It is also suggested that government must create a separate cell for monitoring the entrepreneurial activities/progress especially with regard to micro entrepreneurs.
The timely research and industrial census should be conducted by the government to follow up the promotion and progress of micro enterprises in the district.

✓ The re-orientation programmes, seminar and workshops should be organized in the district, so as to provide latest information to the micro and upcoming entrepreneurs.

✓ The government along with DICs, Universities, Colleges, NGOs and other nodal agencies must conduct Entrepreneurship Development Programmes (EDP). Government must create a helpline numbers for timely support to micro enterprises in the district and state as a whole.

10.4.3 To Financial Institutions/Banks

✓ The respondents strongly advocated about effective role of banks. The timely finance should be made available to the micro enterprises, as most of the micro entrepreneurs are not from the sound economic background. The complexities and procedural delays should be avoided to the needy entrepreneurs.

✓ The attitude of financial agencies must change towards different entrepreneurs, since there are many grass root entrepreneurs too. The loan must be offered at the lower rate of interest and reasonable term of repayment. Adequate and timely finance must be sanctioned to the needy entrepreneurs.

✓ Not only financial assistance but also non financial assistantes like consultancies, awareness programmes, and seminars relating to credit facilities must be conducted for promotion of micro enterprises.

✓ Keeping in view of contribution by micro entrepreneurs, a separate bank/financial institution may be created solely for micro enterprises.
10.4.4 To Other Stakeholders

✓ Initiatives can be taken up by the local people/leaders in encouraging buying the products of local micro enterprises. They can also help them in improving their performance through suggestions and feedbacks regarding the products.

✓ Retailers must play an active role in encouraging micro enterprises by making their products available to the customers and encouraging customers to purchase the product.

✓ Similarly, the role of supplier should not be ignored. Suppliers must provide raw materials at a reasonable cost and at the right time.

✓ Local investors/money lenders are charging exorbitant rate of interest which poses difficulty to the entrepreneurs in making repayments. They should reduce the rates for promoting entrepreneurship in the locality.

10.4.5 Elements for Successful Micro Enterprises in the Papum Pare district

From the observations, it is suggested that if the enterprises follow certain guidelines and feasibility studies while going for establishing micro enterprises, the possibility of its survival would be bright. There are various factors which have to be improved upon for being successful micro enterprises in the district. Some of the important elements identified from the study and considered as the important elements for the successful micro entrepreneurship in the Papum Pare district.
10.5 Conclusion

Micro Enterprise and entrepreneurship has gathered momentum in all economies across world. The growth of micro and small enterprises contribute immensely to regional development and economic growth. The role of micro enterprises have got tremendous importance in bringing rural people as well as creative people to invest their mind for a better cause. Above all, micro entrepreneurship acts as an important source of livelihood for them. The micro enterprises become the limelight for generating employment and revenue for large section of people by supplementing the job sector.

The entrepreneurs in Arunachal Pradesh are mostly seen in micro entrepreneurial ventures, which are of formal and informal nature. In case of Papum Pare district, a limited number of micro enterprises are found to operate. With the never ending challenging situations, it has become difficult for micro enterprises to
sustain their business in the district. Recognizing the importance as well as the problem of micro enterprise, the government has taken up policies and initiatives for overall growth of units. However, little significance has been witnessed through implementation of these policies and measures for industrial development in the district as well in the state.

The study has highlighted about the issues and concerns relating to micro enterprises. The investigation also brought light on the well being of the selected units in many aspects. From the study, it came to the understanding that the scenario of micro enterprises in the district is not very appreciable and induced problems restrict entrepreneurs from earning a sustainable livelihood. Hence, the study asserts that the shortage of finance is a major hurdle for most of the enterprises. The state government have to encourage this segment through its financing agencies in the district. Rather than financing, the bigger role can also be played by the entrepreneurial development institutes by conducting EDPs & MDPs for the micro entrepreneurs. There is an urgent need to develop more infrastructural facilities such as power, communication, credit needs for business. The challenges are not only with micro entrepreneurs but for government and promotional agencies too. The effort and coordination among the leading micro entrepreneurs of the district, state government, financing agencies as well as society will accelerate the promotion and growth of micro enterprises in the Papum Pare district of Arunachal Pradesh.

10.6 Scope for Further Research

The study on Micro Enterprises is a comprehensive and empirical research which analyses various aspects of registered micro enterprises in Papum Pare district. The parameters like growth, performance, employment, revenue, problems and
sources of finance have been studied to know about the present status of micro enterprises in the district. However, some research gaps exist in the present study which calls for further research in the following aspects:

- Study of informal/unregistered micro enterprises in Papum Pare district.
- Comparative analysis of registered and unregistered micro enterprises in Papum Pare district.
- Comparative study of men and women micro enterprises in Papum Pare district.
- Study the reasons for sickness of micro enterprises in Papum Pare district.
- Study the effectiveness of EDPs in promoting micro enterprises in Papum Pare district.

10.7 Limitations of the Study

The present study is conducted with all efforts to figure out overall functioning of micro enterprises in Papum Pare district. However, the study still had its own unique limitations which are presented herewith:

▸ The study is confined only to formal sector (registered sector) of micro enterprises in Papum Pare district. The micro enterprises of informal sector (unregistered) are not covered in the present study.

▸ The parameters like profile, employment, revenue, growth, performance, problems and sources of finance are studied through different variables in the present study. However, there may be other variables to study these parameters.

▸ The reluctant attitude of micro entrepreneurs towards sharing financial information have effected the in-depth study.
➢ Most of the information provided by the entrepreneurs was based on their memory. It is also observed that micro entrepreneurs do not maintain financial records. It has posed difficulty to know about exact business figures.

➢ The approximation of figures and percentages has been done, wherever needed.

➢ Cost-Benefit Analysis has not been covered in the present study.