CHAPTER 1

ENTREPRENEURSHIP IN HANDLOOM CLUSTERS

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Entrepreneurship is a human activity which plays an important role in economic development. Enterprises are believed to be prime movers of economic growth (Audretsch, 2002 and Carree and Thurik, 2005). Economists over the years have shifted their emphasis from the rate of capital formation to the growth of entrepreneurship as a major catalyst influencing economic growth. Researchers down the ages have extolled the role and significance of entrepreneurs in the economic development of nations and regions. Entrepreneurship and innovation are central to economic growth and social transformation and growth of entrepreneurship is synonymous with growth and prosperity of any region.

In this chapter, the researcher has presented an overview of the status of clusters all over the world and their relevance; status of rural clusters in India and their significance to the Indian economy, with a focus on handloom clusters in North Eastern Region (NER) of India in terms of looms, cloth production, employment and other parameters based on secondary data.

1.1 INTRODUCTION

Entrepreneurship in India can be traced back to the ancient Vedic times (*Rig-Veda*[4]) with evidence of the existence of metal handicraft enterprises. However, the actual emergence of manufacturing entrepreneurship can be attributed to the unsuccessful venture of setting up the textile manufacturing unit by Ranchodlal Chotalal, a Nagar brahman in

1847 (Khanka, 2005). In the early decade of the twentieth century (1911), Jamshedji Tata, a Parsi set up the first viable steel enterprise in India. Some of the successful Indian entrepreneurs of the twentieth century include the Birlas, Tatas, Dalmias, Thapars, Kirloskars, Mafatlals and Ambanis. Towards the end of the twentieth century India witnessed a ‘knowledge revolution’ led by entrepreneurs such as Narayana Murthy, Nandan Nilekeni, Shiv Nadar, Sanjeev Bhikchandani and others who made an impact globally.

Entrepreneurship in India has traversed a long journey since those early days and emerged vibrant and rejuvenated in recent times with Indian entrepreneurs emerging as global players in the new millennium. In 2008, four Indians Lakshmi Mittal, Mukesh Ambani, Anil Ambani and K.P. Singh made their way into the coveted list of the ‘top ten’ of the *Forbes* World’s Billionaires list, with a combined net worth of 160 billion dollars, displacing some well known Japanese entrepreneurs from the list. (http://www. Forbes.com/lists/2008)

However, today India presents a picture of contrasts where a majority of her population is living on low incomes and has low quality of life. According to Human Development Report (HDR) (2009) of the United Nations Development Programme (UNDP), India ranked 134th among 180 countries in the Human Development Index (HDI). It is distressing to note that India has further slipped down from its position of 126th rank and 128th rank in 2007 and 2008, respectively. The HDI is a comparative measure of life expectancy, literacy, education and standard of living for 180 countries worldwide. Further, the fact that India has also scored an abysmally low rank (113th rank among 130 countries) in the Global Gender Gap Report (2008) is particularly of great concern. The Global Gender Gap Index examines the gap between men and women in four fundamental categories: economic participation and opportunity, educational attainment, political empowerment, and health and survival. It is distressing to note that India is far behind even its neighbour, Bangladesh which was ranked 90th in the report (Ricardo et al, 2008).

Hence 'inclusive growth' has become a much debated word in India, which brings into its ambit, the development of the people at large, especially underprivileged sections of the population such as women, people from Scheduled Castes (SC)[2], Scheduled Tribes (ST)[3] and Other Backward Communities (OBC)[4]. The Government of India envisages augmenting industrial development of the country with a thrust on 'inclusive development' by applying cluster development as a key tool in the eleventh five year plan (2007-12).

Many micro enterprises based artisan clusters have been in existence for centuries in India for example, handloom cluster of Chanderi (Madhya Pradesh), hand block printing cluster of Jaipur (Rajasthan), silk saris cluster of Kanchipuram (Tamil Nadu) and many others. India developed a system of specialised artisan concentrations throughout the country where the entire village was considered as a workshop and handlooms and handicrafts, apart from other rural enterprises dominated the scene.

Indian artisans flourished in pre–independence era and entire villages were transformed as "*Kharkhanas"* or workshops. The perfection in art, durability and appeal to the eye of the individual were the distinguishing qualities inherent in the Indian craftsmanship that brought ever lasting laurels of name and fame to illustrious India in the past (Khanka, 2005). Unfortunately, this prestigious Indian handicraft industry, which was basically cottage and small sector declined at the end of the eighteenth century for various reasons (Gadgil, 1959). The handlooms of India are also acclaimed for the exquisite designs, colours and workmanship. The Gossamer silk of Varanasi, fine muslin of Dacca (now in Bangladesh), *Patola* of Baroda and other fabrics of Assam, Manipur, Orissa and south India have been famous for ages. The export of hand-woven cloth dates back to the times of Gautam Buddha and hand fabrics of India occupied a priceless position in the early civilizations of Egypt and Rome (Ministry of Textiles, 1964). The handloom sector suffered a set back in the pre-independence era and steadily declined over the 18^{th} and 19^{th} century. Though the handloom sector is struggling to survive in the present times of globalisation, it continues to play a crucial role in the Indian economy even today, as it provides employment to 65 lakh persons, out of which about 60 per cent are women and 35 per cent belong to the SC/ST communities (Ministry of Textiles, Government of India Annual Report, 2009-10).

In recent decades, clusters worldwide are being acknowledged as a strategic mechanism through which regions and nations can attain higher levels of industrial development and has evinced a lot of interest in both policy making and academic circles. The dynamism and economic success of numerous Small and Medium Enterprise (SME) clusters in Italy in 1980s and 1990s in sectors as diverse as textiles, leather, jewelry, optical frames and many others kindled the interest of researchers and policy makers alike to utilise this phenomenon as a tool for development of SMEs.

In India, cluster development initiatives gathered momentum in early 2000 and have sustained the interest of policy makers and academia. Several initiatives have been undertaken in the handloom clusters as well to enable select clusters to become competitive in the new globalised economy.

Small Scale Industries (SSIs) in India contribute to 40 per cent of the country's industrial output and 35 per cent to direct manufactured exports. According to a United Nations Industrial Development Organisation (UNIDO) survey, there are 388 SME clusters and about 6000 rural and artisan based clusters in India and these clusters together are estimated to account for 60 per cent of the manufactured exports from India (UNIDO CDP, 2005). Some of the well known clusters among them are: the knitwear cluster of Ludhiana (Punjab), gems and jewelry clusters of Surat (Gujarat) and Mumbai (Maharashtra); hosiery cluster of Tirupur (Tamil Nadu) and others.

In the context of 'inclusive growth', it is important to understand how the cottage and village industries in India have survived over a period of time, to study the entrepreneurial traits and attributes of craftsmen entrepreneurs in artisan clusters and the factors that motivate them to continue their creative skills through generations. Despite a lot of research having been conducted on different facets of entrepreneurship in India, negligible research is visible on artisan entrepreneurs among the marginalised sections of the population such as SC / ST and other backward communities of the country operating on traditional technology in the rural areas of the country. Moreover, the dimensions of the impact of cluster dynamics on the development of entrepreneurship in these artisan clusters have been largely unexplored.

The present study has attempted to examine the overarching relationship between cluster processes and entrepreneurship and the role played if any, by clusters on the endogenous entrepreneurial growth in these artisan clusters.

1.2 CLUSTERING OF ENTERPRISES

Clusters and clustering of small firms is increasingly becoming an important tool in Micro, Small and Medium Enterprises (MSMEs) development in both developed and developing economies. With a view to have a clear understanding of clusters, the present section has discussed the meaning of clusters, the status and relevance of clusters at the global level and particularly to the Indian economy; the typology and geographical spread of clusters in India.

1.2.1 What is a Cluster?

Broadly clusters may be defined as sectoral and geographical concentration of enterprises, in particular Small and Medium Enterprises (SME), faced with common opportunities and threats which can give rise to external economies and favour the emergence of specialised technical, administrative and financial services. Clusters have been defined and conceptualised differently by different scholars and practitioners.

Rosenfeld (1996) defined clusters as “Geographically bounded concentration of similar, related or complementary businesses with active channels for business transactions, communications and dialogue that share specialised infrastructure, labour markets and services, and that are faced with common opportunities and threats.”

The UNIDO defined clusters as “A sectoral and geographical concentration of enterprises faced with common opportunities and threats which: a) gives rise to external economies (e.g. specialised suppliers of raw materials, components and machinery, sector specific skills, etc, b) favours the emergence of specialised infrastructures and services and c) enables cooperation among public and private local institutions to promote local production, innovation and collective learning."

Porter (1998) defined clusters as "A geographically proximate group of interconnected companies and associated institutions in a particular field linked by commonalities and complementarities. Clusters encompass an array of linked industries and other entities important to competition, including governmental and other institutions - such as universities, standard setting agencies, think tanks, vocational training providers and trade associations."

According to the Organisation for Economic Cooperation and Development (OECD) "Clusters can be characterized as being networks of production of strongly interdependent firms (including specialised suppliers), knowledge producing agents (universities, research institutes, engineering companies), bridging institutions (brokers, consultants) and customers, linked to each other in a value adding production chain. The cluster approach focuses on the linkages and interdependence between actors in the network of production when producing products and services and creating innovations (Foundation for MSME, 2007).

Further, several agencies in India have defined clusters, on the basis of typology of clusters, their geographic range and minimum number of units. Some of these definitions are given hereunder:

The National Bank for Agricultural and Rural Development (NABARD), Cluster Development Programme: "Micro enterprises and household units functioning on Self Help Group (SHG) mode and having a minimum of 50 beneficiaries up to a maximum of 200. In intensive clusters, the number of beneficiaries may go up to 500-700 and can even extend over a block or *taluka*" (foundation for MSME, 2007).

The Government of Gujarat defined a cluster as follows: "A minimum of 50 industrial units, indulging in the manufacture of the same or related products and located within a radius of 10 kms in a particular location (foundation for MSME , 2007)."

The Integrated Handloom Cluster Development Programme (IHCDP), Ministry of Textiles, Government of India defined a handloom cluster as one "Having a minimum of 500 looms."

The Development Commissioner (Handicrafts), Ministry of Textiles, Government of India defined a handloom cluster as "Agglomerations having 100 artisans. In case of NER, Jammu & Kashmir and other hilly terrains, the clusters will have a minimum of 50 artisans (foundation for MSME, 2007)."

It is thus observed that there is no unanimity among the experts, policy makers and agencies about the meaning of clusters. However, a cluster should fulfill certain basic conditions such as: a) the product range should not too wide and b) the area covered provides scope for interaction among stakeholders.

1.2.2 Relevance of Clusters

Research evidence shows that clusters stimulate industrial growth and increase productivity. Many studies confirm the benefits of clustering for SMEs operating in the same or related industrial sectors (OECD, 2007) in both developed and developing countries.

Further, there are numerous examples that indicate that collective action by clustered firms has not only led to the improvement in product quality but also helped them in having access to larger markets (Schmitz, 1999 and World Development Report, 1999). Awasthi (2004) observed that firms in clusters have shown higher productivity both in national as also international context as compared to their counterpart industries situated in isolated areas and not in clusters. It has also been observed that being clustered, MSMEs choose networking and collective action as a strategy to access market, credit, infrastructure, R&D, etc which are required by individual units but cannot be obtained through individual efforts. Similarly, it is easier for financial institutions to offer credit at the cluster level in a targeted fashion and with greater assurance of repayment. Literature indicates that these advantages have been obtained in clusters of traditional goods such as textiles, ceramics, furniture, jewelry, leather and leather products, garments etc and also in sophisticated products such as precision machine tools, pharmaceuticals, computer parts, surgical instruments etc. (Foundation for MSME, 2007).

1.2.3 A Glimpse of Clustering around the Globe

Italy is considered the cradle for cluster development and global understanding of the clustering phenomenon. Clustering, however, is a widespread phenomenon and has been documented in developed and developing countries. The number of clusters in select developed and developing countries (other than India) is given in Table 1.1.

Table1.1 Number of Clusters in Select Developed and Developing Countries (Other than India)

S.No	Countries	No. of Clusters
	Developed Economies	
1	Denmark	19
2	France	95
3	Germany	31
4	Italy	199
5	Japan	18
6	Switzerland	13
7	UK	165
8	USA	152
	Developing Economies	
9	Bahrain	3
10	Bangladesh	23
11	Brazil	4
12	China	101
13	Iran	116
14	Kuwait	3
15	Mexico	7
16	Oman	24
17	Pakistan	43
18	Qatar	8
19	Saudi Arabia	21
20	Sri Lanka	15
21	Thailand	35
22	UAE	17

Note: List of clusters for the individual countries is in no way exhaustive and is a function of the extent of data gathered by this study. Again, since data for India is quite exhaustive, author has shown it separately, lest it should not bias the table.
Source: Foundation for MSME clusters, (2007) based on [a) P, Bianchi, et al. (1996), b) http:// iged-rein.org/solar/solar_sre_clustem\vill.htm,c) www.smeda.org.pk,d) www.ahan.org.pke) www.competitiveness.lk/ceramics.htm, f) Linde Class Van Der (2002), g) OECD. (2007)]

Italy, the country which pioneered cluster development initiatives in the world has the highest number of clusters, followed by UK and USA among select countries. Among the developing countries, Iran has the highest number of clusters, followed by China. However, it is pertinent to note that data on Indian clusters have not been included in this table as the data for India is exhaustive.

Table 1.2 gives an account of the hi-tech, traditional and artisanal clusters across the Australian sub-continent, Asia, Africa, Europe, North America and Latin & South America.

Hi-tech clusters signify clusters with high levels of technology such as IT and IT Enabled Services, computers, biotechnology and related services, precision instruments and avionics. Traditional manufacturing clusters comprised of non hi-tech and non micro clusters, and micro enterprises clusters included low-tech poverty intensive clusters such as handlooms, handicrafts and other micro enterprises.

The table further shows that an overwhelming majority of clusters in Asia (69.7 per cent), Africa (91.7 per cent), Europe (89 Per cent), North America (87.5 per cent) and Latin & South America (82.8 per cent) were traditional manufacturing clusters. In the Australian sub-continent there was almost equal number of hi-tech and traditional manufacturing clusters. It is observed that 82.8 per cent of the total clusters mapped world over was traditional manufacturing clusters, 11.8 per cent were hi tech clusters and only 5.4 per cent were artisanal clusters.

Table 1.2: Clusters around the World (Excluding India)

S.No	Country	Total No of Clusters	Hi-Tech	Traditional Manufacturing	Artisanal
	Australian Sub Continent				
1	New Zealand	10	6	4	0
2	Australia	4	1	3	0
	Total	**14**	**7**	**7**	**0**
	Per cent		**50**		**0**
	Asia				
3	China	101	11	77	13
4	Pakistan	43	0	32	11
5	Thailand	35	2	28	5
6	Bangladesh	23	1	17	5
7	Japan	18	15	3	0
8	Sri Lanka	15	1	12	2
9	Palestine	9	0	9	0
10	Nepal	8	0	0	8
11	Israel	6	1	5	0
12	Philippines	6	0	6	0
13	Jordan	4	0	4	0
14	Maldives	4	0	0	4
15	Bhutan	3	0	0	3
16	Lebanon	3	0	3	0
17	Singapore	3	1	2	0
18	Malaysia	2	2	0	0
19	Taiwan	1	1	0	0
20	Bahrain	3	1	1	1
21	Kuwait	3	0	3	0
22	Qatar	8	0	7	1
23	Oman	24	4	7	13
24	Saudi Arabia	21	4	10	7
25	UAE	17	5	6	6

	Total	**360**	**49**	**232**	**79**
	Per cent		**12.3**	**69.7**	**18**
	Africa				
26	Morocco	5	1	4	0
27	Kenya	4	0	4	0
28	South Africa	2	0	2	0
29	Ghana	1	0	1	0
	Total	**12**	**1**	**11**	**0**
	Per cent		**8.3**	**91.7**	**0**
	Europe				
30	U.K	165	36	126	3
31	Italy	152	3	149	1
32	France	95	7	88	0
33	Germany	31	1	30	0
34	Denmark	19	4	15	0
35	Switzerland	13	0	13	0
36	Finland	11	0	11	0
37	Austria	7	0	7	0
38	Netherlands	6	1	5	0
39	Spain	6	0	6	0
40	Portugal	4	0	3	0
41	Sweden	4	0	4	0
42	Andorra	2	0	2	0
43	Ireland	2	1	1	0
44	Belgium	1	0	1	0
45	Norway	1	0	1	0
46	Turkey	1	0	1	0
	Total	**520**	**53**	**463**	4
	Per cent		**10.2**	**89**	**0.8**
	North America				
47	U.S.A	152	20	132	0
48	Canada	8	1	7	0
49	Mexico	7	0	7	0
	Total	**167**	**21**	**146**	**0**
	Per cent		**12.5**	**87.5**	**0**

	Latin & South America				
50	Brazil	4	1	3	0
51	Ecuador	3	0	3	0
52	Costa Rica	2	1	1	0
53	Venezuela	2	0	2	0
54	Chile	1	0	1	0
	Per cent		**15**	**85**	**0**
	Grand Total	**1010**	**119**	**836**	**55**
	Per cent		**11.8**	**82.8**	**5.4**

Note: Source Foundation for MSME (2007) based on a) List of clusters for the individual countries is no way exhaustive and is a reflection of the extent of data collected. The actual numbers are much more
b) Since data for India is quite exhaustive, we have shown it seperately, least it will bias the table.
Sources: P.Bianchi, L.M.Miller, S.Bertini (1997)
http:/www.lged-rein.org/solar/solar_sre_cluster.htm (Solar Energy Programme under Sustainable Rural Energy,LGED)
www.smeda.org.pk (Small and Medium Enterprise Development Authority)
www. Ahan.org.pk (Rural Enterprise Moderization Initiative of the Governement of Pakistan (AHAN)
www.competitiveness.lk/ceramics.htm (The Competitiveness Programme, Sri Lanka)
Dr. Claas Van Der Linde (2002). The Cluster meta-study-list of Clusters, Harvard Business School.
Dr. Claas Van Der Linde (2002). The Cluster meta-study-list of Clusters, Harvard Business School.
OECD Reviews of Regional Innovation, Competitive Regional Clusters, National Policy Approaches, OECD 2007

Artisanal clusters were not present in the Australian sub-continent, Africa and Europe and comprised of only 0.8 per cent of clusters in Europe and 5.4 per cent in Latin and South America. However artisan clusters comprised of 18 per cent in Asia. In comparison, in India 93.6 per cent of the clusters were artisan clusters and traditional manufacturing clusters comprised of 6.1 per cent and the number of hi-tech clusters was negligible which is discussed in the subsequent section (see Table 1.3).

1.2.4 Clustering in India

According to a UNIDO survey, there are 388 SME clusters and about 6000 rural and artisan based micro enterprises clusters in India (foundation for MSME, 2009). This section has discussed the typology of clusters in India, the estimated share of employment and economic output of cluster to the

Indian economy, the state-wise distribution of micro-enterprise clusters and the region-wise geographical spread of Indian clusters (except hi-tech clusters).

1.2.4.1 Typology of clusters in India: Clusters in India can be broadly classified as high tech clusters, traditional manufacturing clusters and micro enterprise clusters.

High tech clusters signify clusters with high levels of technology such as IT and ITES, computers, biotechnology and related services and precision instruments such as avionics and others. Traditional manufacturing clusters comprised of non high-tech and non-micro clusters and micro enterprise clusters included low-tech poverty intensive clusters such as handloom, handicraft and other micro enterprises (MSME Foundation, 2007). Table 1.3 gives the classification of the clusters and the number of clusters under each category in India.

Table 1.3: Typology of Clusters in India

Parameters	Micro Enterprise Clusters	Traditional Manufacturing Clusters	High-Tech Clusters
Typology of Products (some examples)	Handloom, handicraft, coir, village industries	Leather & Leather products, automotive components, ceramics etc.	Information Technology, pharmaceuticals, biotechnology, computers, tourism, education etc.
Number of Clusters	6000	388	20 approximately
Percentage share of total clusters	93.6 per cent	6.1 per cent	0.3 per cent

Source: Foundation for MSME Clusters, (2007) based on Annual Reports of various Ministries, Government of India and UNIDO CDP cluster database and estimates.

It is clear from the table that 99.7 per cent accounted for micro enterprise clusters and traditional manufacturing clusters, and only 0.3 per cent accounted for high–tech clusters in India.

Table 1.4 exhibits the total estimated clusters in India (except high-tech clusters) according to the UNIDO, and the Development Commissioner, SSI, Government of India.

Table 1.4: Industrial Clusters (SMEs) and Micro Enterprises in India (except High Tech Clusters)

Typology	Number of Clusters	
	UNIDO* Estimates	DC SSI** Estimates
Traditional Manufacturing SME Clusters	388	2042
Micro enterprises		
Handicraft	2780	2960
Handloom	594	372
Others	2896	2831
Total	6270	6163

*Source: Foundation for MSME Clusters, (2007) based on *UNIDO Cluster Development Project, India, New Delhi.*
*** Government of India (2004), Report on Third Census of Small Scale Industries, Development Commissioner Small Scale Industries.*

It is evident that there were very few high tech clusters in India and handloom and handicraft clusters dominated the cluster landscape of the country. This emphasizes the need for a strategy to foster the development of handloom and handicraft clusters and enable them to survive and grow.

***1.2.4.2 Contribution of MSME clusters to the Indian economy**:* MSME clusters have significantly contributed to exports, employment and economic output in India. As per the estimates of UNIDO Cluster Development Programme (UNCDP), MSME clusters in India were estimated to contribute to 60 per cent of the exports of the Indian manufacturing sector in 2005. They were estimated to generate employment for 7.5 million people and contributed to an economic output of Rs.1,57,000 crore in the national economy (MSME Foundation for MSME, 2007). As per the estimates of the Entrepreneurship Development Institute of India (EDII), clusters in India constituted 77 per cent of all the MSMEs, 72 per cent of employment and 61 per cent of investment (ediindia.org). Table 1.5 shows the estimated share of employment in clusters in India.

Table 1.5: Estimated Share of Employment in Clusters in India

Parameters	Micro Enterprise Clusters	Traditional Manufacturing Clusters	High-Tech Clusters
Typology of Products (some examples)	Handloom, handicraft, coir, village industries	Leather & Leather products, automotive components, ceramics etc.	Information Technology, pharmaceuticals, biotechnology, computers, tourism, education etc.
No. of clusters	6000	388	20 approximately
Estimated share of employment (by cluster typology)	80 per cent	14 per cent	6 per cent

Source: Foundation for MSME clusters, (2007) based on [UNIDO Cluster Development Project, India, New Delhi Government of India (2004), report on Third Census of Small Scale Industries, Development Commissioner Small Scale Industries]

It can be observed from the table that micro-enterprise clusters provided employment to the tune of 80 per cent and traditional manufacturing clusters contributed to 14 per cent of estimated share of employment. The number of hi-tech clusters was about only twenty as compared to micro-enterprise clusters (6000) in number and traditional manufacturing clusters were only 388.

Table 1.6 gives the estimates made by the Development Commissioner (SSI), Government of India and the UNIDO on the contribution of SMEs to employment and the economic output of India.

Table 1.6: Estimated Contribution of SMEs to Employment and the Economic Output of India

Variables	DC (SSI)**	UNIDO*
No. of clusters	2042	388
No. of units	1,535,357	4,90,000
Employment (No.)	4392256	75,00,000
Output (`million)	42169004	157,00,000,00

Sources: *Foundation for MSME clusters*, (2009) based on [*UNIDO Cluster Development Project, India, New Delhi** Government of India (2004), report on Third Census of Small Scale Industries, Development Commissioner Small Scale Industries].

1.2.4.3 *Geographical spread of micro enterprise clusters (handloom, handicraft and others) in India*: Micro enterprise clusters are widespread in India. To understand the geographic distribution of the micro–enterprise clusters namely, handicraft, handloom and others in India, the State-wise distribution of micro enterprise clusters has been given in Table 1.7.

The table indicates that Uttar Pradesh has the largest number of clusters over 11 per cent of the total micro enterprise clusters in India and the Union territories of Dadra & Nagar Haveli and Daman & Diu have the least, only one, mainly owing to the size of geographical area and the population in these areas.

Table 1.7: State-wise Distribution of Micro Enterprise Clusters: Handicraft, Handloom and Others

Sl. No	State / Union Territory	Other Micro-Enterprise Clusters	Handicraft	Handloom	Total
1	Andaman & Nicobar	2	14	_	16
2	Andhra Pradesh	197	159	35	391
3	Arunachal Pradesh	--	36	6	42
4	Assam	46	23	23	92
5	Bihar (undivided)	192	102	19	313
6	Chandigarh	4	_	4	8
7	Chhattisgarh	54	25	62	141
8	Dadra & Nagar Haveli	1	-	-	1
9	Daman & Diu	1	_	_	1
10	Delhi	28	80	6	114
11	Goa	3	*60()	1	64
12	Gujarat	181	262	8	451
13	Haryana	77	9	12	98
14	Himachal	30	82	6	118
15	Jammu & Kashmir	43	197	6	246
16	Karnataka	249	131	12	392
17	Kerala	217	86	64	367
18	Lakshadweep	_	4	_	4
19	Madhya Pradesh	206	144	17	367
20	Maharashtra	225	175	14	414
21	Manipur	20	26	11	57
22	Meghalaya	10	16	3	29
23	Mizoram	7	7	7	21
24	Nagaland	4	15	7	26
25	Orissa	88	247	10	345
26	Pondicherry	1	__	1	2
27	Punjab	118	19	11	148
28	Rajasthan	116	94	32	242
29	Sikkim		6	2	8
30	Tamil Nadu	194	126	102	422
31	Tripura	2	24	4	30
32	Uttaranchal	30	62	31	123
33	Uttar Pradesh	368	267	64	699
34	West Bengal	182	282	14	478
	Total	2896	2779	594	6269

Source: Foundation for MSME Clusters, (2007) based on UNIDO Cluster Development Project, India, New Delhi.
* includes Daman & Diu.

Table 1.8 further shows the region-wise distribution of traditional manufacturing and micro enterprise clusters in India.

Table 1.8: **Region-wise Geographical Spread of Indian Clusters, except Hi- Tech Clusters**

	Traditional Manufacturing		Micro Enterprises						Total	
			Handicraft		Handloom		Others			
Region	No.	Per cent	No.	Per cent	No.	Per cent	No.	Per cent	No.	Per cent
North	123	31.70	716	25.75	140	23.56	698	24.11	1677	25.19
East	36	9.28	645	23.19	43	7.24	464	16.02	1188	17.84
West	140	36.09	764	27.47	134	22.57	787	27.17	1825	27.42
South	89	22.95	502	18.05	214	36.02	858	29.62	1663	24.98
North-East	-	-	153	5.51	63	10.61	89	3.08	305	4.58
Total	388	100	2780	100	594	100	2896	100	6658	100

Source: Foundation for MSME Clusters, (2007) based on UNIDO Cluster Development Project, India, New Delhi.

The table shows that the western region has the highest number of clusters with a share of 27.42 per cent, followed by the northern region (25.19 per cent), the southern region (24.98 per cent) and the eastern region (17.84 per cent). The NER has the lowest number of cluster with a share of only 4.58 per cent. Among the handloom clusters, the south has the largest share of clusters (36.02 per cent) followed by north (23.56 per cent) and west (22.57 per cent). North east ahs a share of 10.61 per cent of handloom clusters in the country.

1.3 HANDLOOM SECTOR

Handlooms represent an age old tradition of the rich cultural heritage of India. This sector is important from the point of view of its size and employment potential. The Indian handloom industry is the largest in the world. In fact, it is the second largest employment provider after agriculture, providing employment to 12 million families and constitutes about 13 per cent of the total textile production of India (Ministry of Textiles, Government of India, 2009-10,).

The handloom sector in India is largely household- based enterprise, carried out with labour contributed by the entire family and dispersed geographically across thousands of villages and towns in the country (Soundarapandian, 2002). The handloom industry is rural based and is an important provider of rural non-farm employment. The words of Mahatma Gandhi, the father of the nation, underscore in a nutshell the importance of handlooms, "*Khadi* [5] connotes the beginning of economic freedom and equality of all in the country. It means a wholesale *swadeshi* [6] mentalility, a determination to find all the necessities of life in India, that too through the labour and intellect of the villagers."

The handloom sector in India has shown remarkable resilience in surviving over centuries. It has withstood the onslaught of many socio-political, technological and competitive forces that contributed to the decline of the handloom sector from its glorious past in the nineteenth century.

Textile history informs us that the decline of handloom industry in India began with the setting up of textile mills in Britain during the industrial revolution which dislocated India's position in world economy. This decline could be dated from approximately 1821, which was the year in which the first assignment of British textiles reached India (Das, 2001). In the words of Karl Marx, "It was the British who broke up the Indian handloom and destroyed the spinning wheel. England began with driving the Indian cottons from the European markets and in the end inundated the very mother country of cotton with cottons."

To elaborate further, India's emergence as the primary supplier of raw cotton to Britain led to a series of other changes such as decline in hand spinning of yarn. In its place, imported mill spun yarn and cloth entered Indian markets. This not only displaced the livelihood of millions of spinners, but, over a period of time, also brought about significant changes in how the weaving industry was organized. But between 1920s and 1930s handlooms grew again due to the nationalist movement and demand for *swadeshi*[3] *goods* (Niranjana and Vinayan, 2001).

The handloom sector, however, continues to play a crucial role in the Indian economy with about 3.5 million handlooms providing employment to 6.5 million persons. Out of the number of persons employed in the sector, 60.40 per cent are women and 35 per cent belong to the SC / ST communities (Ministry of Textiles, Annual Report 2009-10).

Some of its inherent strengths are innovation through creativity, requirement of low levels of capital, eco friendly activity, no need for electricity to run the looms, and the potential to arrest migration from rural to urban areas. Indian handloom products have retained their legacy as unique and exquisite products that cater to the varied demands of the customers over centuries.

In this section, the researcher has given an overview of the handloom sector in India, based primarily on the census conducted on handloom sector in 1987-88 and 1995-96 by the Government of India. The first ever census of the handloom sector in India was conducted in 1986-87 and with a view to update the database the joint census of handlooms and power looms was conducted in 1995-96. In the year 2007, the office of the Development Commissioner, Ministry of Textiles, Government of India initiated the process for conducting the third nationwide census of handlooms with issue of handloom weavers' cards.

1.3.1 Handloom Sector of India: An Overview

The number of handlooms in 1987-88 was about 3.3 millions. About 2.5 lakh looms, however, were idle and not working (Srinivasulu, 1985). Andhra Pradesh, Manipur, Tamil Nadu and Uttar Pradesh together accounted for 58.11 per cent share of handlooms. Table 1.9 gives the details of the state/union territory-wise number of handlooms in India in 1985-86.

Table 1.9: No. of Handlooms in India as on 30-6-1986

Sl.No	State/ Union territory	Total No. of Handlooms	Per cent
1.	Andhra Pradesh	529000	16.11
2.	Assam	200000	6.09
3.	Bihar	100000	3.04
4.	Gujarat	23714	0.72
5.	Haryana	41856	1.27
6.	Jammu & Kashmir	37000	1.13
7.	Karnataka	102834	3.13
8.	Kerala	95000	2.89
9.	Madhya Pradesh	30860	0.94
10.	Maharashtra	80000	2.44
11.	Manipur	314058	9.56
12.	Orissa	105000	3.20
13.	Punjab	22359	0.68
14.	Rajasthan	144000	4.38
15.	Tamil Nadu	556000	16.93
16.	Tripura	100000	3.04
17.	Uttar Pradesh	509400	15.51
18.	West Bengal	256000	7.80
19.	Other States/ Union Territories	37000	1.13
	Total	3284081	100.00

Source: Soundarapandian, M. (2002), 'Growth and Prospects of Handloom Sector in India', *NABARD, Occasional Paper No. 22*.

The next census of handlooms was conducted in 1995-96. Table 1.10 gives the details with regard to the number of handloom clusters and the size of such clusters in different States in India in 1995-96 on the basis of the joint census of handlooms and power looms conducted in 1995-96.

Table 1.10: No. of Handlooms in India as on 30-6-1996

S.No	State / Union Territory	No. of Handloom Clusters having looms						
		Up to 1000 looms	1000-5000 looms	5000-10000 looms	10000-25000 looms	25000-50000 looms	More than 50000 looms	Total No. of Clusters
1	Andhra Pradesh	4	4	7	8	1	0	25
2	Assam	0	0	0	4	5	14	23
3	Bihar	40	12	1	0	0	0	53
4	Delhi	1	0	0	0	0	0	1
5	Gujarat	11	7	1	0	0	0	19
6	Goa	1	0	0	0	0	0	1
7	Haryana	16	0	0	1	0	0	17
8	Himachal Pradesh	6	4	1	1	0	0	12
9	Jammu & Kashmir	7	7	0	0	0	0	14
10	Karnataka	5	9	5	1	0	0	20
11	Kerala	5	6	1	2	0	0	14
12	Madhya Pradesh	40	5	0	0	0	0	45
13	Manipur	0	0	0	2	5	1	8
14	Maharashtra	25	1	0	2	0	0	28
15	Nagaland	0	0	4	2	1	0	7
16	Orissa	9	15	5	1	0	0	30
17	Punjab	9	3	0	0	0	0	12
18	Pondicherry	1	0	0	0	0	0	1
19	Rajasthan	19	11	1	0	0	0	31
20	Tripura	0	0	0	2	1	1	4
21	Tamil Nadu	3	4	2	6	5	2	22
22	Uttar Pradesh	38	20	8	1	0	0	67
23	West Bengal	2	3	2	7	3	1	18
	Total	242	111	38	40	21	19	470

Source: www.ministry of Textiles, Government of India accessed on 24th March 2009.

There were about 470 handloom clusters in the country in 1995-96. Smaller clusters were prominent in number with clusters up to 1000 looms having a share of 51.48 per cent and clusters with 1000-5000 looms having a share of 23 per cent in the total handloom clusters. Whereas large clusters having more than 50000 looms had a share of only 4.04 per cent in the total clusters.

Uttar Pradesh and Bihar, the large states by size of population, have the highest share of total handloom clusters with 14.25 per cent and 11.27 per cent respectively. Assam had a substantial share of about 77 per cent of the largest clusters (having more than 50000 looms).

1.3.2 Cloth Production by Handloom Sector in India

Table 1.11 shows the total cloth production by the handloom sector in India for the years 1995-96 to 2008-09.

Table 1.11: Cloth Production by Handloom Sector in India for the Period 1995-96 to 2008-09

Year	Handloom Cloth Production (Qty in million sq. mtrs) *	Growth rate (%)
1995-96	7202	17
1996-97	7457	3.5
1997-98	7604	2
1998-99	6792	-11
1999-00	7353	8
2000-01	7472	2
2001-02	7589	1.5
2002-03	6980	-8
2003-04	5493 (16.2)	-21
2004-05	5722 (16.1)	4
2005-06	6188 (15.9)	8
2006-07	6536 (15.9)	5.62
2007-08	6943 (16.0)	6.23
2008-09	6676 (15.9)	-3.85

Source: Compiled from the Annual Reports, *Ministry of Textiles, Government of India*, and the Annual Report 2009-10, *Ministry of Textiles, Government of India.*
* Total cloth production includes handloom, power loom and mill sector excluding hosiery.
Note: Figures in parentheses indicate the share of handloom in the total cloth production.

The share of handloom sector in total cloth production has been given for the years 2003-04 to 2008-09 in Table 1.11. It is evident that cloth production by the handloom sector has declined from 7202 million sq. meters to 6676 million sq. meters in 2008-09. However cloth production by the handloom sector peaked in 2001-02 (7589 million sq. meters).

The share of handloom in total cloth production has also steadily declined from 16.2 per cent in 2003-04 to 15.9 per cent in 2008-09. The table shows trends of both growth and decline; a marked decline in cloth production is evident in 2003-04 (21 per cent). However it recovered in later years to attain a total cloth production of 6676 million sq. meters in 2008-09.

1.3.3 Exports of Handlooms from India

Handlooms occupy an important position in Indian exports. Indian handloom exports constituted nearly 15 per cent of the fabrics, made-ups and clothing from the total exports of the country. Karur in Tamil Nadu, Kannur in Kerala and Panipat in Haryana are the major handloom export production centres. Other handloom centres that contribute significantly are: Kekhra, Varanasi, Bhagalpur, Shantipur, Jaipur, Warangal, Chirala, Sambalpur, Poochampally and Madurai (Sinha, 2007).

The total value of exports during 2002-03 was Rs. 2633.27 crores registering a growth of 27.5 per cent over the previous year (Table 1.12). Fabrics mainly include dhotis, shirtings and furnishing fabrics, Real Madras Handkerchiefs (RMHK) and others. Made-ups include carpets and floor coverings, *durries*, toilet and kitchen linen, bed linen, curtains, cushions, furnishing articles and so on.

In spite of the challenges thrown by globalisation, new strategies would have to be devised to help handlooms survive the competition at the global level.

Table 1.12: Exports of Handlooms from India

Year	Fabric (` in crores)	Made –ups (` in crores)	Total (` in crores)	Growth (per cent)
1998-99	223.49	1784.42	2007.91	-
1999-00	206.80	1685.11	1891.91	-5.7
2000-01	489.63	1637.82	2127.45	12.4
2001-02	496.47	1568.47	2064.94	-3
2002-03	842.94	1790.33	2633.27	27.5

Source: Sinha, B, K. (2007),' A Tradition of Silks', *Yojana*, July 2007, p 14.

Having presented an overview of the various aspects of clusters and handloom sector such as the meaning of clusters, the status and relevance of clusters to the Indian economy, the typology of clusters and its geographical spread in India, an overview of the handloom sector in India, some details of the number of handlooms in India based on census conducted in various years, cloth production of handloom sector and its share in total cloth production in the country and exports of handlooms from India over the years; the following section proposes to present an overview of the profile of North East India, the handloom sector of NER and a profile of the State of Mizoram.

1.4 NORTH EAST INDIA: A PROFILE

It has been referred to as "a rainbow country……extraordinarily diverse and colourful, mysterious when seen through parted clouds" (MDONER and NEC 2008). The North East Region (NER) of India is a land of morning mists, majestic mountains, deep vales, mighty rivers and evergreen forests. The NER is different in many ways from the rest of India. The NER is located strategically in the easternmost region of India and comprises of eight states namely, Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura and shares 98 per cent of its borders with four neighbouring countries. NER's border with Bangladesh in the south west spans about 2500 kilometers, with Bhutan in the North West spans 650 kilometers, with Myanmar in the east spans 450 kilometers and with China in the north spans 1000 kilometers. It is a landlocked region geographically isolated from the rest of India (often known as mainland) and inhabited by diverse ethnic groups.

Troubled by history and geo-politics, the NER has remained one of the most backward regions of the country. Prior to independence, NER was a prosperous region. But partition of India in 1947 isolated the region and sealed land and sea routes for commerce and trade and severed access to traditional markets and the gateway to the east and South east Asia, the Chittagong port in East Bengal (now in Bangladesh). Partition also virtually disconnected the NER from the rest of India (MDONER and NEC 2008). Its land connectivity to the rest of India is today restricted to a slender corridor of 27 kilometers through Siliguri, popularly known as ‘the chicken’s neck.’

The region was infamously known as ’troubled area’ in the past due to political disturbances and secessionist conflicts in the region. The recent years, however, have witnessed a decline in violence and strife, but intermittent secessionist conflicts still persist in some states such as Manipur, Assam and Nagaland. Arunachal Pradesh, Mizoram and Sikkim have remained peaceful in recent times whereas Tripura and Megahalaya have shown significant improvement in law and order situation (Sadangi, 2008).

These eight states cover an area of 2,62,179 sq. kms., constituting seven per cent of India’s total geographical area and is home to 39 million people (3.8 per cent of the total population of India) that belong to more than 166 tribes having their own distinct cultural identities reflected in the myriad languages, dialects, festivals, clothes, crafts and so on.

Table1.13 shows that NER has a share of 3.8 per cent in the total population of India and 2.66 per cent in the Gross Domestic Product (GDP) of India. Over 68 per cent of the population of the region lives in the state of Assam alone, whereas Sikkim and Mizoram have a low population with 0.54 million and 0.89 million people, respectively. The density of population varies from 13 persons per sq. km in Arunachal Pradesh to 340 persons per sq. km. in Assam (MDONER and NEC 2008).

Assam is the largest state in terms of geographical area and has the highest share in India's GDP (1.61 per cent) in the region. Except Nagaland and Sikkim, the per capita income of all the other NER states was lower than the national average. Moreover, the gap in the region's per capita income vis-a-vis the national average has widened from 20 per cent in 1990-91 to 31 per cent by 2004-05 (MDONER and NEC, 2008).

Table 1.13: Profile of NER: Some Demographic and Economic Indicators

States	Population in 2001 (in million)	SDP Share in India's GDP 2002-03 (per cent)	Per Capita Income 2002-03 (`)	Literacy Rate (per cent)
Arunachal Pradesh	1.09	0.09	8958	54.8
Assam	26.64	1.61	6221	64.3
Manipur	2.39	0.16	8048	68.9
Megahalaya	2.31	0.19	9727	63.3
Mizoram	0.89	0.09	10226	88.5
Nagaland	1.99	0.19	11674	68.1
Sikkim	0.54	0.05	11232	69.8
Tripura	3.19	0.28	10255	83.8
India	1027.02		11013	65.4

Sources: Adapted from Bhattacharya B and Prabir De. (2005), Promotion of Trade and Investment between Peoples Republic of China and India: Towards a Regional Perspective, *Asian Development Review*, Vol 22, ADB 2005 and. MDONER and NEC (2008)..

The average literacy rate of the population of the region is 68.5 per cent which is higher than the national average. Mizoram has the second highest literacy rate of 88.5 per cent in the country, whereas Assam, Arunachal Pradesh and Megahalaya are below the national average. More importantly, the literacy rate has not translated into higher employability or productivity (MDONER and NEC 2008).

The region is rich in natural resources, forests, flora and fauna. The region is immensely rich in horticultural products, plantation crops and rare forest products. It has abundant forest resources in terms of wood, bamboo, rare herbs and medicinal plants. NER harvests about eight million tons of bamboo every year, sharing 54 per cent of the country's total bamboo production. About 37 per cent of India's river waters belong to NER and the entire region enjoys immense biodiversity with about 54 per cent of NER's area covered by forests. It accounts for 20 per cent of hydrocarbon (oil and gas) potential. It is bountifully endowed with natural resources namely, limestone, dolomite, kaolin, graphite, quartzite, uranium and so on. The economy of NER is primarily agrarian, but ironically it is deficient in food supply and imports grain, oilseeds, sugar, meat, fish and eggs, apart from other civil supplies from the rest of India (Bhattacharyay et al, 2005).

Several initiatives have been taken by the government of India in the 10^{th} and 11^{th} five year plan to reduce the gap between the NER and the rest of the country and set the NER on the trajectory of economic growth and development. In the absence of large scale industries, micro enterprises especially handloom and handicraft enterprises play an important role in the economies of the states of NER. The researcher has further outlined the profile of the handloom sector in the NER in the following section.

1.4.1 Handloom Sector of NER: An Overview

Weaving is intricately and inextricably intertwined in the socio-cultural ethos of tribal societies. Each handloom product has different socio-cultural connotations and is an expression of their vibrant way of life. Handlooms also play a significant role in tribal economies in the absence of large scale industrialisation.

Some of the popular products of the NER are: *mekhlas* and *gamochas* of Assam; *gale* traditional *mekhlas*, traditional *galuk* waist coats, scarves and carpets of Arunachal Pradesh; *phaneks, wangkhei phee* and shawls of Manipur, *Garo* traditional women's *chadar,* furnishing cloths and shawls of Megahalaya, the different *puans* of Mizoram; the scarves and shawls of Nagaland, and tribal shawls, saris and furnishing materials of Tripura (NEDFi Databank, 2005).

The NER has the highest concentration of handlooms in the country. According to the Census of Handlooms in India (1995), Assam has the largest number of weavers in the region followed by Manipur, Nagaland, Tripura and Mizoram. Over 53 per cent (more than 1.95 million looms) of total looms (3.5 million looms) in the country and more than 50 per cent of weavers belonged to the NER states. Out of 2.54 million units engaged in handloom activities in the country, 1.46 million units (household and non-household) were in five states i.e. Arunachal Pradesh, Assam, Manipur, Nagaland and Tripura. However, only 13.4 per cent of the commercial looms of the country were in these five states and the remaining were domestic looms and the total production of these five states to the total handloom fabrics of the country was merely 20 per cent (NEDFi, 2005).

Table 1.14 shows the number of looms in the seven states of the NER in 1995-96. The table indicates that Assam has the highest number of looms with 72.13 per cent, followed by Manipur (13.83 per cent) and Tripura (6.10 per cent). The type of looms were fly shuttle, loin looms and throw shuttle looms. It is evident that handloom industry plays a significant role in the economy of the region.

Table 1.14: Distribution of Handlooms in Seven States of NER (in number)

States	Working Looms	Idle Looms	Total looms	Per cent
Arunachal Pradesh	45,060	456	45156	2.31
Assam	12,98,731	1,10,437	14,09,168	72.13
Manipur	2,66,915	3,346	2,70,261	13.83
Meghalaya	7,783	418	8, 201	0.42
Mizoram	14,388	9,406	23,794	1.22
Nagaland	71,636	5,867	77,503	3.97
Tripura	1,16,659	2,413	1,19,072	6.10
Total	18,21,172	1,32,343	19,53,515	100.00

Source: Census of Handloom in India 1995-96 (quoted from *NEDFi Databank Quarterly*, October 2005, p 22)

Table1.15 shows the number of weavers in seven states of the NER. There are about 33 lakh weavers in the region i.e. more than half the weavers of the country belong to the NER. About 84 per cent of the weavers belong to

Assam and Manipur. However data regarding the number of weavers in Mizoram was not available.

Table 1.15: No. of Weavers in the NER

States	Number of Weavers	Per cent
Arunachal Pradesh	53474	1.62
Assam	2322278	70.23
Manipur	462084	13.97
Meghalaya	40250	1.22
Mizoram	NA	NA
Nagaland	136827	4.14
Tripura	291761	8.82
Total	3306674	100.00

Source: Handloom Census 1995-96 (Quoted from *NEDFi Databank Quarterly*, October 2005)

The table further indicates that out of 6.5 million persons employed in handloom sector in the country, more than 50 per cent of the weavers were from the NER. The highest number of weavers were from Assam (70.2 per cent), followed by Manipur (13.97 per cent). However, data for Mizoram was not available.

1.5 ABOUT MIZORAM

Mizoram (the land of Mizos) is the 23rd State of the Indian union ensconced in the north eastern corner of India flanked by Assam, Tripura and Manipur and sharing its borders with Myanmar in the east and Bangladesh in the south (as shown in Exhibit 1). Mizoram is a mountainous region, covering an area of 21,087 sq kms and has a population of more than a million. The average height of the mountains is about 1000 meters. As discussed earlier, it is the second most literate state in the country. Mizoram has eight districts namely, Aizawl, Lunglei, Kolasib, Mamit, Champai, Serchhip, Saiha, and Lawngtlai.

Nestled in the hills, Mizoram is bountifully endowed by nature with rivers, dales, forests, flora and fauna. The terrain is hilly with the average height of the hills being about 1000 meters. The state experiences heavy rainfall in the monsoon months has pleasant winters and summers with the average winter temperature varying between 11 to 21 degrees centigrade and the summer temperatures varying between 20 and 29 degrees centigrade. Mizoram is gifted with rich forests with variety of tropical trees and a predominance of bamboo forests. Several rivers criss-cross the state with the *Tlawang* being the longest river.

The Mizos have faced many political struggles in the past and have emerged as the most peaceful state in the troubled North East. The *mautam* or famine caused due to bamboo flowering and proliferation of rats led to economic scarcities and resulted in a violent secessionist movement by the Mizo National Front (MNF), led by Laldenga in the 1960s. However, the organisation after a long violent struggle entered into negotiations with the Government of India and signed an accord, which is known as the peace accord, with the Government of India in 1986. Mizoram became the 23rd state of the Union of India on 20th February 1987.

The state of Mizoram is inhabited by a number of tribes who originally belong to the Assam-Burman sub-group [7] and are believed to have their origins in Chhinlung in China. The tribes of Mizoram may be broadly divided into nine major and 13 minor tribes and sub-tribes (Verghese and Thanzawna, 1997). These tribes and sub-tribes are further divided into a number of clans. The major tribes of Mizoram are: Lusei or Lutsei (consists of ten clans and six chiefs' clans), *Pawi* or *Lai, Hmar, Lakher or Mara, Paite* or *Vuite, Ralte* (sub tribe), *Chakma* or *Tsak* or *Sak*, *Riang* or *Tuikuk*, and *Mogh* or *Mok* or *Thakma*. The sub tribes are: *Chawngthu*, *Chawthe*, *Ngente*, *Khawlhring*, *Khiangte*, *Pautu*, *Rawite*, *Renthlei*, *Tlau*, *Vangchhia*, *Zawngte*, *Pang* and *Bawng*. The *Lusei* consists of ten commoners' and six chiefs' clans. The commoners' clans include *Pachuau*, *Chhangte*, *Chawngte*, *Hauhnar*, *Chuango*, *Chuaungo*, *Hrashel*, *Tochhawng*, *Vanchhawng* and *Chhakchhuak*. The six chiefs' clans are: *Zadeng*, *Palian*, *Thangluah*, *Rivung*, *Rokhum* and *Sailo* (Verghese and Thanzawna, 1997).

The Mizos are characterised by a strong sense of common identity as they are bounded by race, religion and language. They originally belonged to the Assam-Burman sub-group and are believed to have their origins in Chhinlung in China as stated earlier. Moreover, their society is founded on the principles of '*tlawmngaihna',* [8] which permeates the whole community and binds them together and the spirit of *hnatlang* [9] which encourages voluntary community works. These two codes of ethical behaviour govern the social fabric of Mizos.

Traditionally, the social unit of the Mizos was the village which was usually set on top of a hill with the chief's house at the centre and the focal point in the village was the *Zawlbuk*, a dormitory for the bachelors where all the young bachelors of the village slept. *Zawlbuk* was the training ground where the Mizo youth was trained into a responsible adult citizen of the Mizo society.

Festivals such as *mim kut* [10], *chapchar kut* [11], and *pawl kut* [12], and dances such as *Cheraw* [13], *khuallum* [14] and *chhei lam* [15] reflect their rich ethnic and cultural heritage. The Mizos predominantly practice *jhum*[16] cultivation, whereby the jungles are slashed and burnt and thereafter cultivation is done. All the cultural activities also revolve around the *jhum* operations and the festivals are connected with *jhum* (Government of Mizoram Website). The main festivals are: *Mim kut*, *chapchar kut* and *Pawl kut.*

Like other states of NER, industrialisation is at a nascent stage in Mizoram. The industries comprise of only small scale and cottage industries. These mainly include furniture, knitting, tailoring, bakery, automobile repair, TV repair and service, wood seasoning. And so on. Handlooms and Handicraft play a major role in the economy.

NOTES

1. *Rig-Veda* is an ancient Indian sacred collection of Vedic Sanskrit hymns. It is counted among the four canonical sacred texts of Hinduism known as the Vedas. It is one of the oldest extant texts in any Indo-European language. Philological and linguistic evidence indicate that the Rig-Veda was composed in the north-western region of the Indian subcontinent, roughly between 1700–1100 BC.(www.wikepedia.org).

2. Scheduled Castes (SCs) are Indian population groupings that are explicitly recognized by the Constitution of India (http://en.wikipedia.org/wiki/Scheduled_castes_and_scheduled_tribes).

3. Scheduled Tribes (STs) are Indian population groupings that are explicitly recognized by the Constitution of India (http://en.wikipedia.org/wiki/Scheduled_castes_and_scheduled_tribes).

4. Other Backward Castes (OBCs) is a collective term, used by the Government of India, for castes which are economically and socially disadvantaged and face, or may have faced discrimination on account of birth (http://en.wikipedia.org/wiki/Other_Backward_Class).

5. *Khadi* means cotton. *Khadi* is Indian handspun and hand-woven cloth

6. *Swadeshi* the Swadeshi movement, part of the Indian independence movement, was a successful economic strategy to remove the British Empire from power and improve economic conditions in India through following principles of *swadeshi* (self-sufficiency). Strategies of the swadeshi movement involved boycotting British products and the revival of domestic-made products and production techniques.

7. *Assam-Burman sub-group* Mizos are said to be the Assam-Burman sub group that had branched off from the Tibeto-Burman group of the main Tibeto-Chinese race. Some authors have classified them as Tibeto-Burman, because of the affinity of the language, even though they have described them as people who once lived in Chhinlung (Verghese and Thanzawna, 1997).

8. *Tlawmngaihna* is a moral code of conduct which encouraged the Mizos to be courteous, unselfish, courageous and industrious and always to help others even at considerable inconveniences to oneself and to surpass others in doing one's daily task efficiently. There is no equivalent English word for this good quality (Verghese and Thanzawna, 1997).

9. *Hnatlang* is a code of conduct that encourages voluntary community works in the society.

10. *Mim kut* is celebrated during the months of August – September after the harvest of maize and the harvests are consecrated to the departed souls.

11. *Chapchar kut* is the spring festival celebrated with great fervour and gaiety in the month of March after the after completion of the most arduous task of jhum i.e. clearing of jungles for cultivation.
12. *Pawl kut* is the harvest festival celebrated in the months of December-January after the harvest.

13. *Cheraw:* The popular bamboo dance which displays a perfect synchrony of the movements of the footsteps of the Mizo girls to the beats of the bamboo.

14. *Khuallum* is the dance performed by a group of dancers in colourful dresses to the tune of drums and gongs. Khuallum is the dance for the visitors or guests.

15. *Chhei la*m is the dance that personifies the spirit of joy and exhilaration performed to the song known as *Chhei Hla*, which contains lyrics that are simple and spontaneous.

16. *Jhum* jungle clearing whereby the jungles are slashed and burnt and thereafter cultivation is done.

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CHAPTER 2
THE PRESENT STUDY

THE PRESENT STUDY

This chapter has focused on the research problem. Need for the study, the statement of the problem, a review of literature covering the areas of entrepreneurship, clusters and handloom industry, the research design which includes the objectives of the study, the methodology adopted and the limitations of the study are discussed in the following sections.

2.1 INTRODUCTION

As discussed in the previous chapter, handlooms constitute an age old tradition of the rich cultural heritage of India. This sector is important from the point of view of its size and employment potential. The handloom industry is largely rural based and is an important provider of rural non-farm employment. The handloom sector plays a crucial role in the Indian economy with about 3.5 million handlooms providing employment to 6.5 million persons. Further, the handloom census of 1995 suggests that the handloom sector employs the most vulnerable sections of the Indian population especially from rural areas. Out of the number of persons employed in the sector, more than 60 per cent are women and 35 per cent belong to the SC/ST communities (Annual Report 2009-10, Ministry of Textiles, Government of India). Many micro enterprises based handloom clusters have been in existence for centuries in India.

The present study is in the nature of a diagnostic study of the cluster town of Thenzawl in Mizoram, where craftsmen have been deftly weaving exquisite handloom products on their looms for decades and has developed as a handloom cluster in the state of Mizoram. It also proposes to study the entrepreneurial dynamics of the craftsmen entrepreneurs in the cluster.

2.2 NEED FOR THE STUDY

The NER of India has a rich tradition of weaving exquisite cloth material on handlooms. Some of the handloom products, which are known for their excellent craftsmanship in the NER are - carpets of Arunachal Pradesh, *muga* silk products of Assam, *lashingphee* of Manipur, shawls of Nagaland and *puans* of Mizoram. Other common handloom products such as bed sheets, *chaddar*, scarf and jackets are found in almost all the States of the region (NEDFi, 2005).

The NER has the highest concentration of handlooms in the country. According to the Census of Handlooms in India 1995, Assam has the largest number of weavers in the region followed by Manipur, Nagaland, Tripura and Mizoram. Over 53 per cent (more than 1.95 million looms) of total looms (3.5 million looms) in the country and more than 50 per cent of weavers belonged to the NER states. Out of 2.54 million units engaged in handloom activities in the country, 1.46 million units (household and non-household) were in five states i.e. Arunachal Pradesh, Assam, Manipur, Nagaland and Tripura (NEDFi Data Bank, 2005). However, only 13.4 per cent of the looms of the country in these five states were operating commercially and the remaining were domestic looms and the total production of these five states to the total handloom fabrics of the country was around 20 per cent. Assam has the largest number of weavers in the region followed by Manipur, Nagaland, Tripura and Mizoram (NEDFi Data Bank, 2005).

'Inclusive growth' has become a much debated word in India, which brings into its realm, the development of the people at large, especially underprivileged sections of the population such as women , people from Scheduled Caste (SC), Scheduled Tribe (ST) and Other Backward Communities (OBC). The Government of India envisages augmenting industrial development of the country with a thrust on 'inclusive development' by applying cluster development as a key tool in the eleventh five year plan (2007-12).

As discussed in the preceding chapter, the handloom sector employs the most vulnerable sections of the population of India as more than 60 per cent of the persons employed in the handloom sector and 35 per cent belong to the SC / ST community in India. The development of the handloom sector hence, plays a crucial role in attaining inclusive growth, as envisaged by the Government of India in its eleventh plan document. Therefore in the context of the 'inclusive growth', it is important to understand how the cottage and village industries have survived over a period of time and to study the entrepreneurial traits and attributes of craftsmen entrepreneurs and the factors that motivate them to continue their creative skills through generations.

In the absence of large industries handloom sector plays an important role in the Mizo economy. *Puantah* (means weaving in Mizo) is an integral part of the Mizo culture. The tradition of weaving by hand is intricately and inextricably meshed in the socio-cultural ethos of Mizoram. Handlooms, as village industries, were originally being practiced in the region as hereditary occupation.

Mizoram has an artisan population of 2,074 working on about 14,388 handlooms functioning on a regular basis. The looms are located mostly in Thenzawl town of Serchhip district and in certain parts of Aizawl district and Lunglei district. The annual production of handloom goods in the State is estimated at around 1,10,000 meters. The products manufactured, include the traditional lungi (*puan*), curtains, bedcovers and wall hangings (NEDFi Databank, 2005).

Mizoram has a varied range of handloom products with the *puan* occupying an important place in the wardrobe of Mizo women. The other important products are *Puandum*, a traditional hand-woven cloth wrapped over the shoulders, *Ngotekherh*, *Puanchei* and *tawlhoh puan*. Handlooms, as village industries, were originally being practiced in Mizoram as hereditary occupation. The looms are located mostly in Thenzawl of Serchhip district, Aizawl district and Lunglei district.

Mizoram has no major industry and has remained industrially backward with 60 per cent of the population dependent on agriculture for their livelihood. Since large industries do not exist, cottage industries play an important role in the Mizo economy. The cottage industries comprise of handloom and handicrafts.

Despite a lot of research having been conducted on different facets of entrepreneurship in India, it seems not much research has been done on artisan entrepreneurs among the marginalised sections of the population such as SC / ST and other backward communities of the country operating on traditional technology in the rural areas of the country. Moreover, the dimensions of the impact of cluster dynamics on the development of entrepreneurship in these artisan clusters have been largely unexplored.

The present study has attempted to examine the overarching relationship between cluster processes and entrepreneurship and the role played, if any, by clusters on the endogenous entrepreneurial growth in the tribal artisan cluster of Thenzawl town.

2.3 REVIEW OF LITERATURE

The main objective of this section is to review the available literature on entrepreneurship, clusters and handloom industry. Relevant literature in respect of these three important areas was drawn to understand the current status of research on entrepreneurship in handloom clusters comprising of entrepreneurs from the underprivileged sections of the country viz, women belonging to the SC, ST and OBC categories. In this backdrop, a review of literature of these areas was undertaken.

2.3.1 Studies on Entrepreneurship

In this section the researcher has attempted to trace the history of entrepreneurship and review significant studies on different facets of entrepreneurship relevant to the present study such as, craft entrepreneurship, women entrepreneurship, some empirical studies on entrepreneurship in India, entrepreneurship among SC and ST communities and entrepreneurship in North east India.

2.3.1.1 A Historical Perspective: The word entrepreneur is derived from the root French word '*entreprendre'*, which means, 'to undertake'. The meaning of the word dates back to Cantillon (1755) and has been defined in myriad hues over the centuries. Some important contributors to the evolution of the term were Say (1942), who referred to an entrepreneur as an organiser, Knight (1942) who described him or her as risk bearer and Cole (1959) who defined entrepreneurship as "the purposeful activity of an individual or group of associated individuals, undertaken to initiate, maintain or aggrandize profit by production or distribution of economic goods and services." Schumpeter (1934) described the entrepreneur as an innovator who carried out new combinations. Theses new combinations could take the form of introduction of a new product, a new method of production, exploring a new market, conquest of a new source of supply of materials and carrying out of a new organisation of industry. McClelland (1961) emphasised on the need for achievement. According to him an entrepreneur with high n-achievement takes personal responsibility for finding solutions to problems, sets moderate achievement goals and takes calculated risks; and wants concrete feedback on his performance.

The term entrepreneur evolved different meanings in later years. Drucker (1985) defined an entrepreneur as one who always searches for change, responds to it and exploits it as an opportunity. He opined that innovation is a tool of entrepreneurship, which endows resources with a new capacity to create wealth and discussed seven sources of opportunities namely, the unexpected, the incongruity, innovation based on process need, changes in industry structure or market structure, demographics (population changes), changes in perception, mood and, new knowledge.

2.3.1.2 Studies on craft entrepreneurship: Extensive research is also visible on the typology of Entrepreneurs. Numerous typologies of entrepreneurs have been reported in literature, the most significant being 'craftsman entrepreneur' and 'opportunist entrepreneur.'

The term craft entrepreneur emerged in the works of McCrory (1956) on the basis of his study on craftsmen entrepreneurs in a north Indian town located between Kanpur and Amritsar. He observed that in contrast to industrial entrepreneurs of a mercantile background, the craftsmen entrepreneurs had all qualities of a good entrepreneur except success.

Collins and Moore (1964), defined craftsman entrepreneur as an individual who followed in the footsteps of family relations or role models who gave him early exposure to the craft he decided to follow as an entrepreneur.

American researcher Smith (1967), on the basis of interviews conducted on entrepreneurs drawn from six Michigan cities constructed two ideal types of entrepreneurs; the craftsman entrepreneur and the opportunistic entrepreneur. According to Smith, the craftsman entrepreneur tends to be focused on the present and past, has specialised skills and has low levels of confidence and flexibility. Conversely, the opportunistic entrepreneur tends to have advanced education and social awareness, a high degree of flexibility and an orientation to the future.

In 1978, Filley and Aldag again described entrepreneurs in terms of a `craftsman type' and 'an administrative type'. According to them, a craftsman entrepreneur prefers technical work and has a primary motivation of making a comfortable living, while the administrative entrepreneur prefers management tasks utilising the techniques of forecasting, planning and budgetary controls and is motivated by making a lot of money.

The artisan as an entrepreneur was also discussed by Stanworth and Curran (1976) while craftsman entrepreneur was addressed by Chandler (1962), Cooper and Dunkelberg (1982).

Research by Bird (1988), on the behaviour of entrepreneurs characterised entrepreneurs as either process oriented or ends oriented. According to Bird, process oriented entrepreneurs choose self employment as a means of achieving satisfying work and a comfortable life. She further describes process oriented entrepreneurs as craftsmen entrepreneurs who begin ventures in order to use their technical skills and are driven by a need for personal autonomy.

Lafuente and Salas (1989) identified four types of entrepreneurs namely: the craftsman, the family man, the risk lover and the manager.

Hornaday (1990) defined the craftsman entrepreneur as the one who provides a product or service directly to customers and generally enjoys doing so.

Bewayo (1995) studied the motivational factors that influenced entrepreneurship in Uganda on the basis of a field survey of 208 small business owners. The majority cited monetary considerations as the main reason for starting their enterprise. However, he observed that though they start their enterprises for monetary reasons, they remain entrepreneurs for the freedom that entrepreneurship accords them.

Dana (1999) has addressed the efforts of Greece to promote long term development of artisan enterprises as a means to preserve their culture and tradition.

It is evident that there is a dearth of research not only on artisan entrepreneurs in India as a whole, but also on women artisan entrepreneurs belonging to SC and ST communities. The present section has further undertaken a review of women entrepreneurs and particularly women artisan entrepreneurs to find out research gaps, if any.

***2.3.1.3 Studies on women entrepreneurship*:** Entrepreneurship amongst women has evinced immense interest among researchers and academia in recent decades. The present study, however, has focused on literature on women (including artisan) entrepreneurship in small business, especially in transitional and developing countries.

Some important works carried out in some countries namely, Nigeria, Ghana, Kenya, China, Bangladesh, China, Finland and India were reviewed in this section.

Obbe (1980) referred to problems faced by African women vis-a vis their male counterparts due to the African tribal tradition that regards women as subordinate to men regardless of their age or educational status.

Parikh (1987) observed that female entrepreneurs in India faced a host of problems which were common to those faced by American women managers and Nigerian businesswomen.

Jacka (1997) observed that much of the work that women undertake in activities such as weaving and handicraft production in China is subcontracted and they were not involved in the business side.

Based on her study on women entrepreneurs in Pune (India), Dadlani (2000) observed that women entrepreneurs are fairly successful and that they have accepted multiple roles as a way of life and are forging ahead with confidence.

On the basis of her study on 87 women entrepreneurs in Orissa, Mishra (2000) observed that education has contributed a lot to the self esteem and confidence of the women entrepreneurs.

Rani (2000) opined that state governments should formulate and implement women oriented policies, improve networking with NGOs in order to reach women at grassroots levels, develop infrastructure and improve governance in order to develop women entrepreneurship in India.

Reijonen and Komppula (2004) studied the micro craft enterprises in North Karelia in Finland to determine the reasons of the woman owned craft businesses being small, by investigating the growth of their businesses, their attitudes toward growth and factors affecting business matters. They observed that a majority of entrepreneurs were receptive to growth and showed signs of gradual growth in sales turnover, number of customers and profits.

Kitching and Woldie (2004) made a comparative study of female entrepreneurs in Nigeria and China. They concluded that the greatest challenge for both Chinese and Nigerian female entrepreneurs was being taken seriously by their male counterparts as well as society as a whole. The greatest reward of business ownership was in gaining control over their working lives.

Kollan and Parikh (2005) reflected on the status of the woman entrepreneur in India, the problems faced by her and the transformation in her role since 1950s.

Benzing and Hung M. Chu (2009) examined the reasons why 599 small entrepreneurs in Kenya, Ghana and Nigeria started businesses. He compared ten motivational factors across these three Sub-Saharan African countries by gender. The strongest motivator was the opportunity to increase income. The study also showed that female entrepreneurs were less motivated to create a business as a legacy or external validation.

Khan Noman (2009) focused on rural women in Bangladesh and suggested alternate strategies to develop micro woman entrepreneurship.

Kapil and Kapil (2009) traced the success story of '*Lijjat papad* [2]', an entrepreneurial venture by the underprivileged women in Gujarat. Mathur (2009) concluded that given suitable and timely infrastructural support by the government, small women entrepreneurs can contribute significantly to the Indian economy.

Murali Krishna (2009) studied the problems and prospects of women entrepreneurs in three districts of north coastal Andhra Pradesh namely, Visakhapatnam, Vizianagaram and Srikakulam and observed that there is a need to support them through special schemes and programmes.

Hari Prasad et al (2009) reflected on the need for empowering women and concluded that she suffered from societal stereotyped roles defined by socio-cultural milieu, problems at the place of work and role conflict.

2.3.1.4 Entrepreneurship in India: Some empirical studies: Many researchers have studied different dimensions of entrepreneurship in India. Berna (1960) studied fifty manufacturing enterprises in Tamil Nadu and observed that caste and tradition do not play an important role in the emergence of entrepreneurship.

Gaikwad and Tripathi (1970) studied entrepreneurs in Andhra Pradesh and found that all the entrepreneurs had drive, initiative and were hardworking. Sharma (1975) conducted a survey on 245 entrepreneurs from Punjab and Uttar Pradesh and concluded that government policies play a crucial role to sustain the interest of entrepreneurs in the continuous expansion of business. Hundal (1977) studied the entrepreneurial motivation on 434 entrepreneurs from various towns of Punjab and observed that the entrepreneurs were motivated by concern about self, social repute, remote rewards and conscience.

Nafziger (1978) studied fifty four manufacturing enterprises in Vishakhapatnam and concluded that a high number of successful entrepreneurs belonged to families of the brahmans and families with a high economic status.

Gangadhara Rao (1986) ascertained and evaluated the impact of industrial estates on the emergence of entrepreneurship in Coastal Andhra. He concluded that though the impact of industrial estates on the emergence of entrepreneurship in Coastal Andhra was marginal, a new sense of awareness about the virtues of self employment through industrial entrepreneurship is emerging among agricultural communities, white collar workmen and unemployed. However, he observed that artisans and factory workers needed to be awakened and brought into the fold of entrepreneurship.

Khanka (1990) defined entrepreneurship as ”an attempt of create value through recognition of business opportunity, the management of risk-taking appropriate to the opportunity, and through the communicative and management skills to mobilise human, financial and material resources necessary to bring a project to fruition.”

Manimala (1999) explored the phenomenon of entrepreneurial heuristics (rules of thumb) and provided insights into what “pioneering innovators” do while establishing and operating their enterprises.

Manimala's study moved away from the focus on 'what the entrepreneur is' to 'what the entrepreneur does.'

As the present study has focused on artisan entrepreneurs, a comprehensive review of literature of craft entrepreneurs was undertaken to find out the gap in research literature pertaining to this type of entrepreneurs.

2.3.1.5 Studies on entrepreneurship among SCs and STs**:** It appears that there are few research studies on the emergence and development of entrepreneurship among the underprivileged sections of the Indian society especially, SC and ST communities. Some significant works on these communities were reviewed by the researcher in this section.

Dahiwale (1989) studied the occupational mobility of *untouchables*[2] covering 230 respondents belonging to five major scheduled castes; viz, Mahar*, Mang, Dhor, Chambar* and *Bhangi* into self employment sector in Kolhapur (Maharashtra). He observed changes in the life of SC people and attributed this change to the modern values developed in contemporary India in the post independence era.

Setty (2000) opined that entrepreneurial development in rural-tribal communities is a complex process of change. He suggested that the leadership of local institutions in tribal communities should be utilised to guide and educate the community towards entrepreneurial development which required examination, development and establishment of organizational and functional linkages between the four factors of entrepreneurial development viz, resources, organisation, infrastructure and the entrepreneurs themselves.

A study on entrepreneurship among *dalits*[4] in the cities of Jalandhar and Amritsar in Punjab by Gurupreet and Parmajit (2010) examined how entrepreneurship has paved the way for their economic and social development. They observed that the entrepreneurs belonging to the SC community have experienced social, economic and political mobility through entrepreneurship.

2.3.1.6 Entrepreneurship in North East India: Here the researcher has reviewed the few but significant studies conducted on entrepreneurship in NER.

Baruah (2000) conducted a study on 140 successful women entrepreneurs who were trained in six states of NER viz, Assam, Megahalaya, Manipur, Tripura, Arunachal Pradesh and Mizoram to find out the impact of the efforts of the training institutions to create entrepreneurs in the North East. She concluded that successful women entrepreneurs in the North East transcend communities and castes and that most of these entrepreneurs were supported by their families to adopt entrepreneurship as a career.

Das (2000) conducted a study on women entrepreneurs in Kamrup district (Greater Guwahati city) in Assam and concluded that most of the entrepreneurs had entered business through choice, were educated and had high n-achievement.

Mali (2000) conducted a study on trained women entrepreneurs belonging to some states in NER and concluded that support from their family members; in case of married entrepreneurs, husbands and in case of unmarried women, parents played an important role in their becoming successful entrepreneurs. He observed that there was an emerging trend of women entrepreneurship in NER and there was an urgent need to support this trend.

Srivastav and Syngkon (2007) conducted a study in a tribal district in East Khasi hills of Meghalaya to analyse the various emerging aspects of SSIs and observed that most of the SSIs are adopting direct selling marketing strategy rather than indirect selling strategy and produce the products mainly to cater to the local market demand. A majority of entrepreneurs were educated and first generation tribal entrepreneurs and more than one fourth of them were women entrepreneurs. However, these small industries were at the preliminary stage of development and had yet to make a significant contribution to the growth of the economy in Meghalaya in a significant way.

Entrepreneurial motivation in Assam was studied by Khanka (2009) on a sample of 243 first generation entrepreneurs and he observed that the entrepreneurs were primarily motivated by the need for economic achievement, personal growth, autonomy and recognition. No significant difference was found on gender basis. He also observed significant changes in autonomy and power motives as the entrepreneurs gained experience over a period of time transforming their role from doers to implementers as their enterprises grew.

Few studies are available on industrialisation and economic development of Mizoram. Some of the notable works were conducted by Lianzela (1994, 1995) that focused on the economic development of Mizoram and Agarwal (1999) on industries in Mizoram. Kabra (2008) studied the role of business and industry in the economic growth of Mizoram. Laskar (2010) studied the problems and prospects of industrial development with a focus on small and cottage industries in the State. Lalhriatpuii (2010) in her study focused on economic participation of women including some entrepreneurs in Mizoram. However, there seems to be no substantive evidence of research work exclusively on woman entrepreneurship among artisans in the State of Mizoram.

2.3.2 Studies on Clusters

Researchers, academics and policy makers have evinced great interest in clustering. Many facets of clustering viz, advantages of clustering, cluster development, cluster initiatives, and so on have been researched upon. The researcher in this section has attempted to review some important studies relevant to the present study.

***2.3.2.1 Conceptual framework**:* The clustering of firms is rooted in Marshall's (1907, 1919) analysis of industrial districts. He observed that several advantages such as a pool of specialised labour, access to suppliers of specialised inputs and services, and dissemination of inventions, new ideas and improvements in technology can be derived by enterprises following the same type of business in the same geographical locality.

This conceptualisation of clusters was followed by a lot of research interest, stimulated by the success of the 'industrial districts' of Italy which popularly came to be known as 'third Italy'. Becattini (1991), Piore and Sabel (1984) traced the success of the industrial clusters of 'Third Italy' and provided an impetus to research on clusters in 1990s. Becattini (1991) interpreted Marshallian industrial districts as 'socio-territorial entities' which were characterised by the active presence of both a community of people and enterprises in a common area, naturally and historically bounded.

Porter (1990) modeled the effect of the local business environment on competition in terms of inter related influences, graphically depicted in a diamond popularly known as the 'diamond theory.' The theory explained that a cluster is the manifestation of the diamond at work, comprising of three elements viz, proximity arising from the co-location of companies, customers, and suppliers and other institutions.

Porter (1998) in his book 'On Competition' defined clusters as geographic concentrations of inter connected companies and institutions in a particular field and explained why clusters are critical to competition, mapped selected clusters in the U.S.A and Portugal and elaborated on the roles to be played by governments both national and local in cluster development.

2.3.2.2 Studies on clustering around the globe: Academic literature in the following years thereafter has focused on different perspectives of clustering in developed and developing countries. Some of the significant research works on developed countries include the studies by Piore and Sabel, (1984); Best (1990); Brusco (1982) and Becattini (1991); Mitsui (2003) and Higgins (2008).

Academic research work also extended to clusters in developing countries such as footwear cluster of Agra, Uttar Pradesh in India (Knorringa, 1998), cluster of shoemakers of Sinos valley in Brazil (Schmitz, 1995), shoe cluster of Leoan and Guadalajara in Mexico (Rabelloti, 1993, 1995), textile cluster of Diego in Korea (Cho, 1994), cotton knitwear cluster of Tirupur, Tamil Nadu in India (Cawthorne, 1995). Some other notable research studies were: engineering and electronics cluster of Bangalore, Karnataka in India (Holmstrom, 1993), diamond cluster of Surat, Gujarat in India (Kashyap, 1992), surgical instruments cluster of Sialkot in Pakistan (Nadvi 1995). Das (1999) made a comparative analysis of a developed cluster namely pump manufacturing cluster of Coimbatore (Tamil Nadu) and a 'developing cluster' namely, rubber manufacturing cluster of Kottayam (Kerala) and hand tool clusters in Jalandhar and Ludhiana (Punjab) and

Nagaur (Rajasthan). Das (2003) further conducted a study on the garment cluster of Ahmedabad in India. Pal and Sood (2004) conducted a study on the flooring cluster of Morbi town (Gujarat). UNIDO's cluster development programmes, probably the most widely publicized initiatives has conducted diagnostic studies and prepared Cluster Action Plan for many clusters in the developing countries (www.unido.org).

2.3.2.3 Studies on rural clusters: As the present research work is on a handloom cluster, in rural India, an attempt was made to enquire into relevant literature on rural clusters and artisan clusters in developing countries. Weijland (1999) and Sandee (1994) found specialisation of production of roof tiles by the entire village in Indonesia. Other works include metal and repair workshops cluster of Takora in Lima, Peru (Villaran 1993), cluster of Kumasi, a shanty suburb in Ghana and rattan furniture of Tegalwani in Indonesia (Smyth 1992).

Numerous research studies have also been conducted on various aspects of rural clusters in India. Some significant studies are: tannery and leather cluster of Palar valley in Tamil Nadu (Kennedy, 2005), studies on four districts of Unnao, Barabanki, Hardoi and Gorakhpur in Uttar Pradesh, India (Planning Commission, Government of India) and Awasthi (1997) on five industrial clusters namely; brass parts and components cluster of Jamnagar, Gujarat; Brass cluster of Moradabad, Uttar Pradesh; Diesel engine cluster of Rajkot, Gujarat; sports goods cluster of Meerut, Uttar Pradesh, cotton knitwear cluster of Tirupur, Tamil Nadu. DuPont (1992) analysed the advantages and drawbacks of industrial clustering in Jetpur, a cluster in Gujarat which has specialised in dyeing and printing of textiles.

2.3.2.4 Studies on artisan clusters in India: However, few studies are visible on artisan clusters in India. Some significant research studies conducted on artisan clusters are reviewed hereunder to find out gaps in the literature.

Biswas (2005), based on a study conducted on four low end artisanal clusters in West Bengal, India, observed that the markets for these clusters were limited and in almost all cases, labour productivity was low. Some clusters were struggling for survival due to scarce availability of raw materials and/or dwindling markets. He further observed that neither the local state nor any other association has shown any interest in these clusters.

Sarkar and Bannerjee (2007) conducted studies on the hand block printed textile cluster of Jaipur in Rajasthan, India and suggested interventions by the government to foster the development of this artisan cluster.

Mathew (2005) observed that appropriate policies to encourage entrepreneurship in Kerala's bamboo and rattan cluster could transform this traditional and neglected cluster into a competitive cluster.

A similar study conducted by Kar (2005), on silver filigree cluster of Orissa observed that the artisans in that cluster suffered from non-availability of high quality raw materials and market support. The artisans suffered from poor working conditions and were barely able to manage an existence for their families. As a result, most of the artisans had given up this activity or migrated to other states, especially, West Bengal, Gujarat and Tamil Nadu only to earn a meagre income. He suggested a substantial intervention of the government to revive and modernise the cluster.

Chatrapathy (2005) suggested sustained strategic networking between various stakeholders to transform artisans in the leather works cluster of Athani in Karnataka, India into entrepreneurs through an approach called 'group enterprises.'

Twenty handloom clusters from different parts of India were identified by the Office of the Development Commissioner (Handlooms), Ministry of Textiles, Government of India in the first phase during the eleventh plan for cluster development activities on the basis of diagnostic studies prepared on these 20 handloom clusters. The clusters identified were: Bargarh (Orissa), Barabanki (Uttar Pradesh), Bhagalpur (Bihar), Bijoy Nagar (Assam), Bijnore (Uttar Pradesh), Burdwan (West Bengal), Chirala (Andhra Pradesh), Gadag (Karnataka), Chanderi / Gwalior (Madhya Pradesh), Imphal (Manipur), Kullu (Himachal Pradesh), Kurinjipadi (Tamil Nadu), Madhavaram (Andhra Pradesh), Mubarakpur (Uttar Pradesh), Nadia (West Bengal), Sonepur (Orissa), Thiruvannamalai (Tamil Nadu), Tiruchirapalli (Tamil Nadu), Thiruvananthapuram (Kerala) and Varanasi (Uttar Pradesh) have been submitted to the office of the Development Commissioner

(Handlooms), Ministry of Textiles, Government of India (Diagnostic Reports). This includes two handloom clusters in NER namely, Imphal and Bijoy Nagar (Diagnostic Reports). However, other handloom clusters in NER have been neglected as areas of research. The Entrepreneurship Development Institute of India (EDI) has been designated as the National Resource Agency (NRA) for co-ordination, monitoring and handholding support of cluster development interventions at these 20 locations. The Government of India aims at consistent, synergisd support to the handloom weavers of these 20 selected handloom clusters across the country. The diagnostic reports were prepared on the basis of field survey conducted for the purpose.

2.3.2.5 Studies on entrepreneurship in clusters: The role of clusters in developing entrepreneurship among the artisan entrepreneurs in developing countries has also largely been a neglected research area, especially artisan entrepreneurs in developing countries. Very few research studies have given due attention to this area for example, Rocha and Sternberg (2005) studied the impact of clusters on entrepreneurship on 97 German Planning Regions as units of analysis and concluded that clusters do have an impact on entrepreneurship at the regional level.

It appears though, that no notable research work is available on entrepreneurship in artisan clusters in North East Region which is dominated by the underprivileged sections of the society, such as tribals.

2.3.3 Studies on Handloom Industry

Various aspects of the handloom industry have been researched in India. The researcher has reviewed some significant studies conducted in different parts of India on different aspects such as relevance of the industry, socioeconomic background of different stakeholders of the industry, marketing initiatives by various government and non-government agencies and the problems faced by the handloom sector. Various government reports were also reviewed to understand the status of the handloom sector in India, especially in the North East India.

2.3.3.1 Relevance of handlooms: Menning (1997) studied the role of ethnic networks in the art silk industry of Surat, comprising four business communities. He observed that the success can be attributed to a system of ethnic entrepreneurship relying on informal networks based on bonds of kinship, caste and place of origin.

Bedi (2002) analysed the state of textile and clothing industry for the period 1983-2000 to find the impact of liberalisation policies on the structure of textile and clothing industry during two phases of liberalisation and the future prospects of the industry. He observed that impact of liberalisation was not homogenous throughout the various production stages in the sector due to reasons related to protection and lack of competition and economies of scale which were causing lack of modernisation in weaving and dyeing segment, while rapid technological changes took place in the spinning sector.

Jain (2007) highlighted the woes of handloom sector and the importance of handloom sector for providing employment to the teeming millions in India.

Sinha (2007) brought out the importance of handlooms to the economy and listed the policies and initiatives of the government of India to revive the handloom sector in India.

Reddy (2007) discussed the present status of the handloom industry in India, its strengths and relevance to the Indian economy and suggested relevant policy measures that would provide the sector a level playing field to compete in the globalised economy.

Niranjana (2006) emphasized the importance of handloom enterprises as they ensure that traditional industries can be sustained over a period of time, without creating social upheavals or environmental degradation and highlighted the needs of the industry and challenges faced necessitating shifts in policy approach.

Hafeez M (2007) traced the case study of a nonagenarian Muslim weaver in Malegaon, his trials and tribulations and the transformation of a traditional weaver family to other more preferred non-weaving professions in modern times.

The researcher also reviewed some important reports on the status of Handloom industry in India. IIFT, (1982) in its Report on the Export Potential Survey of Handicrafts and Handlooms of North East Region) prepared by the Indian Institute of Foreign Trade based on a study conducted on cotton handloom industry and silk industry of the states of Assam, Manipur, Tripura, Nagaland, and Arunachal Pradesh in the NER. The report studied various aspects such as number of commercial looms, number of weavers, types of looms, production and product range.

National Productivity Council (1984), in its Studies in Handloom & Handicraft Industries in Mizoram studied the status of handloom industry in Mizoram. The report explored the tradition of Handloom and Handicrafts (H&H) in NER, status of H& H and the reasons for the poor state of affairs of the sector and recommended improvements such as supply of yarn, training, design development and market expansion.

Ministry of Labour, Government of India (1986-87), studied the working and living conditions i.e., employment, social security, assets, qualitative standard of living, housing, health conditions and so on of workers employed in the handloom industry. The survey which was conducted in pockets/centres having concentration of handloom manufacturing units in all the states where the total looms were 35000 or more (15 states that satisfied this criterion). The study revealed that a lot of improvement is desirable in the living conditions of the handloom weavers.

IIE (2005) in its Evaluation cum Impact Study of STEP Project for Handloom Weavers of Assam analysed the project on some basic parameters and found major gaps in the sustained operation of the project in North East India. The report recommended clustered approach towards beneficiaries and a strict adherence to the criteria of selecting poor asset-less rural women as beneficiaries. The report also recommended the criteria for selection of beneficiaries; their training; implementation of the project; and modus operandi for distribution of materials and financial support.

***2.3.3.2 Studies on Socioeconomic profile of handloom Industry**:* Several studies conducted in various parts of India have focused on the socio–economic aspects of weaving in India.

Das, N (1986) studied the socioeconomic aspects of the handloom industry in Assam. He observed that the handloom industry created avenues for self-employment to a sizable population in Assam. According to him, the industry suffered from problems such as scarcity of yarn, lack of up gradation of technology, finance and marketing networks.

Arterburn (1982) studied the socioeconomic aspects of silk weaving cooperatives in Kanchipuram cluster in Tamilnadu. She observed that the weavers in the clusters belonged predominantly to traditional weaving castes or agricultural caste and the wages were low.

Similarly, Mahapatro (1986) studied the socioeconomic aspects of the handloom industry in Orissa. He observed that the industry was caste based and suffered from inadequacy of working capital, fixed capital and wage anomalies.

Goyal (1990) studied the problems of the jute industry in India. He suggested qualitative improvement of the jute fiber, establishment of a brand identity and product innovation.

Rama Mohana Rao (1990) conducted a study on the socio- economic, production and marketing characteristics of handloom industry in Karimnagar district (Andhra Pradesh).

Another study was conducted by Dash (1995) on the handloom industry in Western Orissa, a backward area and he found that the handloom industry provided a sizeable employment to the workforce in the region and it was caste based comprising mainly of four communities.

Rama Mohana Rao (1997) further identified the role of stakeholders in the handloom industry, studied the growth model of the handloom industry and analysed the strength, weaknesses, opportunities and threats of the handloom industry in India and suggested that handloom development centres should be set up at various places in the country where handloom industry is concentrated to facilitate the growth of the industry.

Bhaskar Rao and Himachalam (1998) studied the socioeconomic characteristics of handloom weavers in Nellore division of Andhra Pradesh. They observed that the weaving is dominated by certain communities and they were working mostly with weavers' cooperatives and master weavers.

Narasaiah and Krishna (1999) focused on the socioeconomic condition of weavers in Prakasam district, Andhra Pradesh. They observed that the weavers' belonged to backward communities namely, Padmasali and Devanga, their living conditions were deplorable as the weavers were poor and lacked basic facilities for weaving and they also observed that 61.60 per cent of the weavers were illiterate.

Kanakalatha and Syamasundari (2002) analysed the performance and prospects of handloom weaving in Andhra Pradesh and the effectiveness of government policy on handlooms.

***2.3.3.3 Studies on marketing of handloom products*:** Marketing is crucial to the success of handloom industry and several research works in this area are visible. Some significant literature based on case studies were reviewed; which emphasized the marketing initiatives and strategies taken by NGOs, cooperative societies and others, to enhance the markets and marketability of handloom products in India.

Sharma (2004) traced the success of providing innovative Business Development Services (BDS) in design and product development; upgradaton of weavers' skills and development of marketing tie-ups through National Institute of fashion Technology (NIFT) in different handloom clusters in 14 districts of Andhra Pradesh.

Niranjana (2004) studied the characteristics, nature of markets, mode of institutional mediation such as cooperatives on the basis of case studies from three regions of Andhra Pradesh, namely, Coastal Andhra, Rayalseema and Telangana. This study contradicted the popular perceptions that handlooms catered to a niche market only, both overseas and in India; and that setting up of cooperatives was a panacea to tackle the problems of yarn, market access and employment of the handloom industry. It was further observed that on one hand the well functioning smaller cooperatives had suffered due to mergers with larger cooperatives and on the other side the apex body of weavers' cooperative societies had failed in their marketing strategies which led to the collapse of many cooperatives and ultimately affected the common weaver in the state. The study suggested that several issues related to the handloom industry required mapping and analysis on the basis of field information.

Niranjana et al (2006), attempted to highlight certain trends and processes that typify marketing of handlooms and offered insights into understanding marketing practices of artisanal production.

Kumar (2006) presented the case of Anokhi (a federation of craftsmen) in reviving Rajasthan block prints and changing the way that these craft items were marketed while Aruna M (2006) traced the case study of Urmul Trust in Bikaner, Rajasthan; in making handloom weaving a major income generation activity by product innovation and diversification to cater the demands of national and international markets.

Another case study (Niranjana and Syamasundari, 2006) presented a case study of the role of master weavers in of Mangalagiri town in Guntur district (Andhra Pradesh) in product differentiation and exploring new markets. Puri (2006), studied the marketing strategies of Dastkar Andhra Marketing Association (DAMA) in Andhra Pradesh to expand market share of these products. Dharmaraju (2006) explored the experiences of weavers in two handloom weaver cooperatives in Angara and Koyyalagudem in Andhra Pradesh.

Mathur (2006) cited the role of Rehwa Society in the phenomenal growth of Maheshwari handlooms in the Nimmar region of Madhya Pradesh.

Modak (2006, 2007) traced the success of Fab India as a major player in the retail handloom sector in India and the reasons behind the success of Fab India.

Syamasundari and Niranjana (2006) found answers to the non market factors and conditions that influence marketing practices of the handloom industry. They also studied the production related innovations undertaken by handloom firms and argued for a production paradigm that values growth along with equity.

Syamasundari (2007) contended that the handloom industry is far from being a ‘sunset industry’ and by building on the strengths of handloom industry such as product innovation, organisations involved in marketing of handlooms can lead the industry into a bright future.

Kasturi et al., (2006) explored the successful marketing strategies adopted by Developing Ecological Sustainable Industry (DESI) trust in creating a brand identity for handloom products in Karnataka.

2.3.3.4 Studies on problems of handloom industry: Mali (1980) studied the status of the handloom and handicraft industry in North East India and attributed the poor state of affairs of the sector to problems of organisation and lack of technical inputs.

Das, N (1986) observed that the handloom industry in Assam suffered from problems such as scarcity of yarn, lack of up gradation of technology, finance and marketing networks.

Mohanty and Acharya (2003) examined and analysed the organisational structure, business strategies and overall working results of a famous cooperative in Sambalpur district of Orissa and suggested measures to revive the cooperative society.

Venkateswarlu (2005) pointed out to the problems of handloom industry in India such as increasing yarn prices, scarcity of yarn, competition from power looms and organised sector and inadequate working capital.

Jain (2007) highlighted the woes of handloom sector and the importance of handloom sector for providing employment to the teeming millions in India and offered suggestions for making handloom industry competitive. NEDFi (2005) surveyed the profile of handloom industry in NER, and the problems faced by these industries.

Dharma Raju, P (2006) analysed the problems faced by the handloom sector in Andhra Pradesh. Kumar (2006) discussed the problems faced by handloom sector and suggested policy reforms to make it more competitive by promoting stronger intermediary institutions; developing robust private markets for raw material and technical inputs; and encouraging both public and private capacity building investments in the sector.

Dev et al (2008) examined the problems and prospects of handloom sector in Andhra Pradesh. They concluded that well performing cooperatives are the best safeguard for the handloom sector, as they provide a counterbalance to the master weaver and competition from power looms can be countered if the handloom sector produces high value, unique (brand value) products or medium value products which can be marketed locally or abroad, as distinct from power loom products.

2.3.4 Research Gap

Das (1995) observed that there is a dearth of studies focusing primarily on the 'actual mechanisms' in industrial districts of developing countries. Das (2003) opined that merely a mechanistic and replicative approach to cluster development that ignores the developmental constraints typically faced by the Indian rural economy may fail to succeed in generating employment opportunities as also in creating a competitive and sustainable rural base. He argued that a comprehensive rural development perspective has to be designed within a broader perspective that does not fail to provide an opportunity to the local labour.

In another study Das (2005) observed that studies on Indian clusters were still very few and for the purpose of both policy and debate on clustering, studies on as many cases as possible would be enriching.

Parilli (2006) observed that research on clusters has not answered the role of survival clusters in developing countries. The researcher classified survival clusters as the kinds of clusters that do not work close to technological frontiers; for example, craft producers who worked independently with little machinery for the local market. Such local systems have often been neglected by researchers, in spite of their density and importance in the economic life of developing countries.

Therefore, there is a dearth of systematic and path finding studies in the area of entrepreneurship in tribal artisan clusters, especially in North east India. Precisely, the study of entrepreneurship in Thenzawl handloom cluster is an attempt to fill this gap.

2.4 RESEARCH DESIGN

2.4.1 Statement of the Problem

As noted earlier, the relevant literature reviewed as above would lead to a conclusion that there is not much evidence of research on entrepreneurship in tribal clusters in NER. Hence, the researcher was prompted to conduct a study on entrepreneurial aspects of tribal artisan entrepreneurs in the handloom cluster of Thenzawl, which is dominated by women in Mizoram. It is expected that this piece of work will go a long way in plugging the gap in the existing body of knowledge relating to the artisan entrepreneurs. Further, the present study may enable the policy makers to develop relevant policies for the development of entrepreneurship in the tribal regions such as NER.

2.4.2 Objectives of the Study

The specific objectives of the present study are:

1. To study the socioeconomic characteristics of the artisan entrepreneurs in the Thenzawl handloom cluster in Mizoram.
2. To ascertain the motivational factors that motivated the entrepreneurs to establish their enterprise.
3. To evaluate the growth and managerial performance of handloom enterprises in the cluster.
4. To understand the problems faced by the handloom enterprises.
5. To offer suitable suggestions so as to enable the handloom enterprises survive and thrive.

2.4.3 Research Methodology

Here it is attempted to specify the scope of the study, the time period for which data was collected from the sample enterprises, sources of data, tools applied for data analysis and limitations of the present study.

2.4.3.1 Scope of the Study:

2.4.3.1.1 The Thenzawl handloom cluster: The study is restricted to Thenzawl, one among 23 towns in Mizoram. It is located in Serchhip district and it is the only handloom cluster mapped in the State. Thenzawl is at a distance of about 180 kilometers from the capital city, Aizawl and had a population of 5519, with almost an equal proportion of males and females and a literacy rate of 83 per cent (Directorate of Economics and Statistics, Mizoram, 2008).

The weavers have a ubiquitous presence in Thenzawl. Invariably almost every home in Thenzawl has looms and as one walks the streets of the town, the sounds of the rhythmic movements of the looms (*Puan Bu)* can be distinctly heard. Thenzawl is also popularly known as the weaving town of Mizoram. This is perhaps the only town in Mizoram where one can find such a large concentration of weavers.

An aerial view of the idyllic town of Thenzawl distinctly shows the field (a playground) at the centre with many localities surrounding the field. As far as practicable, the Mizos in general arrange their houses in regular rows along the ridges or in lines facing each other with a wide space or street in between (Lalrinmawia, 1995). In Thenzawl also the same pattern has been followed. The houses were arranged in rows facing each other on both sides of the streets. The streets in most localities were paved with mud and stones and were uneven. As the streets were kutcha in nature and not tarred or concrete, it becomes very difficult for pedestrians and vehicles to ply.

It was observed during field study that most of the entrepreneurs were operating their looms in their homes. The houses of many small weavers were typically small with two rooms; one living room with the kitchen attached and a bedroom. The houses were mostly made from bamboo and built on stilts as the region is a hilly terrain. The loom / looms were usually placed in the verandah, in the living room or in a thatched shed in the basement of the house under the stilts.

Mizoram has a tradition of a varied range of handloom products with the '*puan*' being the most important attire in the wardrobe of Mizo women. The *puan* is akin to the lungi usually about 45 to 48 inches in width and about 36 inches in length mainly worn by women. There are *puan*s for every occasion – festivals, weddings, dances and mourning with specific designs, colours and names. *Puanchei* is worn for weddings, *Ngotekherh* for festivals and *Puandum* for mourning and so on.

2.4.3.1.2 Entrepreneurs of the study: As mentioned earlier, the NER has a tradition of having looms used for domestic purposes only and majority of the looms are operating for domestic purposes (NEDFi Databank, 2005). But for the purpose of the present study, an entrepreneur is defined as one who is weaving or managing the weaving activities for commercial purpose and also owns a loom or looms.

As official census of the handloom enterprises in Thenzawl cluster has not been conducted, information about the total number was based on the list of the members (see *Annexure-2)* maintained by the Thenzawl Handlooms and Handicrafts Association. The Association had a membership of 194 micro handloom enterprises operating on the basis of sole proprietorship at the time of conducting the survey and the present study covered 97 of such entrepreneurs i.e. 97 enterprises (50 per cent of the population) based on random sampling method.

***2.4.3.2 Time Period**:* In Thenzawl, almost all enterprises commenced business since 1980.The researcher collected information for the first two years of commencement of business and last three years prior to the date of collection of primary data from the sample enterprises i.e. 2006, 2007 and 2008. All analysis is hence based on the information compiled from this data made available from individual sample enterprises.

2.4.3.4 Sources of data: The researcher relied on primary data as well as secondary data. The primary data was collected through a structured questionnaire (see *Annexure-1*) and discussions with the sample artisan entrepreneurs, supporting institutions such as the Thenzawl Handlooms and Handicrafts Association, and the Government departments. The structured questionnaire was administered to a sample of fifty per cent of the entrepreneurs (97 in number) during December 2008 and March 2009. The questionnaire was translated into Mizo language and the answers to the questionnaire were again translated into English (as the researcher doesn't know Mizo language) to facilitate analysis.

In selection of sample entrepreneurs, as discussed earlier, out of 194 micro handloom enterprises operating in the cluster at the time of conducting the survey, the present study covered 97 of such entrepreneurs or enterprises (50 per cent of the population) based on random sampling method.

An attempt was made to cover the sample entrepreneurs or enterprises belonging to all the 11 localities in the town namely, Bazar Veng, Vengtlang, Laural, Venghlai, Vengchak, Dinthar Veng, Lungrang, Venglun, Model Veng, Field Veng and Vety Veng as shown in Table 2.1.

Table 2.1: Distribution of Sample Enterprises

S. No.	Locality	No. of Entrepreneurs	Per cent
1	Bazar Veng	9	9.28
2	Vengtlang	27	27.84
3	Laural	11	11.34
4	Venghlai	8	8.25
5	Vengchak	5	5.15
6	Dinthar Veng	9	9.28
7	Lungrang	9	9.28
8	Venglun	12	12.37
9	Model Veng	2	2.06
10	Field Veng	4	4.12
11	Vety Veng	1	1.03
	Total	97	100.00

The maximum number of entrepreneurs surveyed belonged to Vengtlang (27.84 per cent), followed by Venglun (12.37 per cent) and the least number of entrepreneurs were from Vety Veng (1.03 per cent).

The researcher took the assistance of some MCom students (2008-10 batch) of Mizoram University as interpreters for translation of the conversations between the researcher and the respondents.

This was supplemented by employing the methods of unstructured interviews and participatory observation with the sample entrepreneurs by visiting them in their place of work which happened to be their own home in most of the cases.

Further, discussions were held a number of times with the officers of the Directorate of Industries (Handloom and Handicrafts), Government of Mizoram, Dr Zohmangaiha, president of Federation of Mizoram Handloom and Handicrafts (ZOHANFED), Smt. Ngurhmingthangi, president, and Smt B. Zahmingliani, vice president, of the Thenzawl Handlooms and Handicrafts Association.

The secondary data was collected by consulting relevant reports, journals, magazines, books, newspapers and websites.

Some of such data were collected from the following institutions:

A. National Institute of Micro Small and Medium Enterprises (NIMSME), Hyderabad.

B. Entrepreneurship Development Institute of India (EDI), Ahmedabad.

C. Indian Institute of Entrepreneurship (IIE), Guwahati.

D. Central Library, Mizoram University.

E. Directorate of Industries (Handlooms & Handicrafts), Government of Mizoram.

F. Directorate of Information and Public Relations, Government of Mizoram.

2.4.3.5 Tools applied for data analysis: Simple statistical devices such as per centages, averages and standard deviation wherever relevant were used to interpret and analyse data collected. Factors motivating and facilitating entrepreneurship and problems faced by entrepreneurs were rated by weighted scores.

2.4.3.6 Limitations of the study*:* Some of the significant limitations are mentioned hereunder:

1. As the entrepreneurs hardly maintained any books of accounts for recording their business transactions, the researcher had to largely rely on the information provided by them on its face value which is a limitation that could not be avoided in data collection.

2. Another limitation posed due to the lack of maintenance of records was relating to the collection of data for the period of study.

NOTES

1. *Puantah* is the colloquial word ion Mizo language for weaving. It has its root in the word*' puan'* which is the traditional attire of Mizo women.

2. *Lijjat Papad*: Shri Mahila Griha Udyog Lijjat Papad, popularly known as *Lijjat,* is an Indian women's organisation involved in manufacturing of various fast moving consumer goods. Lijjat was primarily a cottage industry, urban by its origin that has spread to the rural areas. It is considered as one of the most remarkable entrepreneurial initiatives by women that are identified with female empowerment in India (www.wikepedia.org).

3. *Untouchables* Now called *harijans* have traditionally occupied the lowest place in the caste system of Hindus in India. They were called untouchables because they were considered to be outside the confines of caste. In 1949 the Indian government outlawed the use of the term 'untouchables'.

4. *Dalits* are a group of people traditionally regarded as of a lower caste in India.

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CHAPTER 3

SOCIO ECONOMIC CHARACTERISTICS OF ENTREPRENEURS

SOCIOECONOMIC CHARACTERISTICS OF ENTREPRENEURS

This chapter proposes to study the socioeconomic characteristics, viz age, tribal origins, educational qualifications, family structure, family size, occupation, year of commencement of business, marital status, religion, domically nature etc. of the entrepreneurs in Thenzawl.

4.1 INTRODUCTION

The socioeconomic milieu plays an important role in the emergence and development of entrepreneurs as they are embedded in socioeconomic systems. The socioeconomic factors such as caste, parental occupation, income and age mould the attitudes of entrepreneurs. Gangadhara Rao (1986) in his study on industrial estates in coastal Andhra observed that entrepreneurship is a socioeconomic phenomenon.

Although a lot of research has been conducted on different aspects of the handloom industry as well as industrial clusters in the country, there is a dearth of academic research on entrepreneurial aspects of artisan clusters in tribal areas of the country which are represented by the marginalised sections of the society especially Scheduled Tribes. A study of the socioeconomic milieu of Thenzawl cluster may provide a clue to the emergence of entrepreneurship in such clusters in tribal areas.

Many researchers have contended that clusters are identified by strong social structures. Porter (1998) in his study on industrial clusters observed that social structure of clusters takes on central importance and social glue binds clusters together, contributing to value creation. Interestingly weaving as an activity is intertwined in the warp and weft of the Mizo socio cultural ethos. Weaving as an occupation is followed mainly by the Mizo women and has also played a significant role in the Mizo economy. In another study, Chatterjee (1999) observed that the Mizo women's weaving had played a vital role in the social and economic life of the Mizo people.

As elaborated in Chapter 1, the NER (North Eastern Region) has the highest concentration of handlooms in the country with over 53 per cent of the total looms and 50 per cent of total weavers in India. However, the region contributes to only 13.4 per cent of the commercial looms in the country. Majority of the looms are operating for domestic purposes and the contribution of NER to the total production of handloom products in India is only 20 per cent (NEDFi, 2005).

But for the purpose of the present study, an entrepreneur is one who is weaving or managing weaving activities for commercial purpose and also owns one or more number of looms. The present study covers 97 of such entrepreneurs or 97 enterprises. The study has focused on the handloom enterprises in the town of Thenzawl only, which has developed as a handloom cluster in the state of Mizoram.

Weaving in Thenzawl

Thenzawl is also popularly known as the weaving town of Mizoram. This is perhaps the only town in Mizoram where one can find such a large concentration of weavers. Interestingly 95.88 per cent of the respondents were women entrepreneurs in the present study and were operating their looms on a commercial basis as sole proprietors. An aerial view of Thenzawl distinctly shows the field (a playground) at the centre with many localities surrounding the field (Exhibit 2).

This study covered all the 11 localities in Thenzawl from Bazar Veng to Vety Veng as shown (see Table 2.1 in Chapter 2). The maximum number of entrepreneurs surveyed belonged to Vengtlang (27.84 per cent) followed by Venglun (12.37 per cent) and the least number of entrepreneurs were from Vety Veng (1.03 per cent).

3.2 SOCIOECONOMIC CHARACTERISTICS

The researcher was prompted to study the social characteristics of the entrepreneurs in Thenzawl cluster viz, religion, caste, domicile, marital status, education and so on. Setty (2000) observed that in tribal societies, the family is bound by the kin group with a set of consanguneous and affinal kin, shaping and influencing the individual's decision making and behaviour.

3.2.1 Religion and Clan of Entrepreneurs

Nadvi (2004) has observed that clusters are marked by a strong sense of common social identity. This is often based on shared norms or common notions of community that lie in ethnic, religious, regional or cultural identities which can in turn result in local *social capital*[1]. Another unique feature of the Mizo society is the concept of '*tlawmngaihna*[4]', which permeates the whole community and binds them together. The Mizo society is founded on this principle which continues to have wide acceptance in their society.

All the respondents were Mizos (*Assam–Burman sub-groups*[2] of the Tibeto-Chinese race). It was also observed that none of the weavers belonged to the neighbouring country, Myanmar as is commonly observed in other parts of Mizoram such as Aizawl and Lunglei. All the respondents belonged to the ST category, and all of them were Christians by religion.

The Mizos are comprised of different tribes, sub tribes and clans. The state of Mizoram is inhabited by a number of tribes which may be broadly divided into nine major and thirteen minor tribes and sub- tribes (Verghese and Thanzawna 1997)**.** These tribes and sub-tribes are further divided into a number of clans. The major tribes of Mizoram are:

Lusei or Lutsei (consists of ten clans and six chief's clans), *Pawi* or *Lai, Hmar, Lakher* or *Mara, Paite* or *Vuite, Ralte* (sub tribe), *Chakma* or *Tsak* or *Sak*, *Riang* or *Tuikuk*, and *Mogh* or *Mok* or *Thakma*.The sub tribes are: *Chawngthu, Chawthe, Ngente, Khawlhring, Khiangte, Pautu, Rawite*, *Renthlei, Tlau, Vangchhia, Zawngte, Pang* and *Bawng*. The *Lusei* consists of ten commoners and six chief's clans. The commoner's clans include *Pachuau, Chhangte*, *Chawngte, Hauhnar, Chuango, Chuaungo, Hrashel, Tochhawng*, Vanchhawng and *Chhakchhuak*. The six Chief's clans include *Zadeng, Palian, Thangluah, Rivung, Rokhum* and *Sailo*.

Table 3.1: The Distribution of Tribes/Sub -tribes/Clans of Entrepreneurs

Tribe / Sub-Tribe / Clan	No. of Entrepreneurs	Per cent
1. Bawithing	1	1.03
2. Chawhte	1	1.03
3. Chawngthu	8	8.25
4. Chenkual	1	1.03
5. Chhakchhuak	8	8.25
6. Chungthu	1	1.03
7. Fanai	2	2.06
8. Hauhnar	4	4.12
9. Hmar	3	3.09
10. Hnamte	6	6.19
11. Hrahsel	1	1.03
12. Kawlni	1	1.03
13. Khawlhring	3	3.09
14. Khiangte	1	1.03
15. Pachuau	9	9.28
16. Ralte	27	27.84
17. Renthlei	1	1.03
18. Sailo	6	6.19
19.Tlau bualchhuak	1	1.03
20. Vanchhawng	3	3.09
21. Zadeng	9	9.28
Total	97	100.00

As shown in Table 3.1, twenty one different tribes or sub-tribes or clans were involved in the commercial production of handloom products in the cluster. Interestingly, about 15 per cent of the sample entrepreneurs belonged to the chief's clans namely, *Sailo* and *Zadeng*. *Raltes* were the largest tribe among the sample entrepreneurs (27.84 per cent), followed by Zadeng (chief's clan) and Pachuau (commoner's clan) of the *Lusei* tribe (9.28 per cent each).

It is observed that the sample entrepreneurs in Thenzawl share a strong sense of common identity despite the fact that they belonged to different tribes or sub-tribes or clans and abound in 'social capital.'

Moreover, social relationships are not dominated by tribes or sub-tribes or clans within the Mizo community. This phenomenon seems to be unique to this cluster as it is evident from research literature[3] that in many parts of India such as Kanchipuram (Tamil Nadu), Varanasi (Uttar Pradesh), Sonepur and Bargarh (Orissa) and Bhagalpur (Bihar), the weavers belonged predominantly to certain castes. Handloom weaving in the country has remained more or less a traditional caste and family based occupation. Very few members of other non-traditional weaving castes are found engaged in this sector. The entry barrier was very high in terms of caste in many weaving clusters Sonepur (Diagnostic Report, Sonepur). Whereas it is observed that there are no such entry barriers to the weaving occupation in Thenzawl on the basis of clans.

3.2.2 Gender

Entrepreneurship in general is dominated by men in India and there is a need for greater participation of women in entrepreneurial activity**.** UNIDO (2001) has observed that entrepreneurship represents an appropriate opportunity for women all over the world as entrepreneurship responds flexibly to entry, change and innovation. But this potential has not yet been realised in an optimal fashion in most developing countries.

In this backdrop, a comparison of the sex ratio (No. of females per thousand males) of NER with the national average shows that the overall average of NER and Mizoram is slightly higher than the national average. But the average sex ratio in the Handloom and Handicraft (H&H) sector in Mizoram is far less than that of women in the H&H sector in NER (Table 3.2).

Table 3.2: Comparison of the Sex Ratio in the States of NER and in the Handloom and Handicraft sector in NER.

State	Sex ratio	
	State	H&H Sector
Arunachal Pradesh	901	1500
Assam	932	1039
Manipur	978	1377
Megahalaya	975	1000
Mizoram	938	857
Nagaland	909	1017
Sikkim	875	1000
Tripura	950	848
North East average	936	1086
All India average	933	N.A

Source Compiled from 'Handloom & Handicrafts', *NEDFi Databank Quarterly*, October, 2005 (Census of India, 2001 and a survey by CII, 2005)

The present study has compared the sex ratio prevalent in some handloom clusters in NER and India vis -á -vis Thenzawl handloom cluster. According to available literature, handloom clusters in the NER seem to be dominated by women. The Diagnostic Reports on the Imphal (Manipur) and

Bijoynagar (Assam) handloom clusters show that in Bijoynagar, 75 per cent of the weavers were estimated to be women and in the Imphal cluster, the entire workforce of weavers was women.

In Thenzawl cluster also 95.88 per cent of the sample entrepreneurs were women (Table 3.3). This speaks of the predominance of women entrepreneurs in the handloom industry in Thenzawl.

Table 3.3: Gender of the Sample Entrepreneurs

Gender	No. of Entrepreneurs	Per cent
Female	93	95.88
Male	4	4.12
Total	97	100.00

In fact, the same phenomenon can be observed from an earlier study (National Productivity Council, Guwahati, 1984) based on a sample survey of the handloom weavers in Mizoram. Out of 67 weavers, 65 (97 per cent) were women. It is, therefore, evident that women continue to play a predominant role in the handloom industry in Mizoram since 1980s.

On the other hand the Diagnostic Reports on some important handloom clusters in other parts of the country, such as Varanasi (Uttar Pradesh), Bhagalpur (Bihar), Chirala (Andhra Pradesh) and Trichy (Tamil Nadu) reveal that weaving is mainly dominated by men. Another study (Bhaskara Rao and Himachalam, 1998) which focused on the socioeconomic characteristics of handloom weavers in Nellore division in Andhra Pradesh revealed that 95.65 per cent of the respondents were men.

3.2.3 Education

Many social scientists have contended that educational background of the entrepreneur plays an important role in the development of entrepreneurship. In the case of craftsmen entrepreneurs, although low levels of education does not seem to act as a barrier to their weaving career as the repository of knowledge in the form of traditional designs and weaving skills passed down through generations is invaluable and assumes more importance for their career, formal education at school or college would certainly enable them to manage the enterprise successfully. In fact, it has been observed by many researchers that success has often eluded craftsmen entrepreneurs. Lack of education has proved to impede the progress of weavers and has compounded their problems.

McCrory (1956) observed that the craftsmen entrepreneurs had all qualities of a good entrepreneur except success. Smith Norman (1967) further observed that the craftsman entrepreneur tends to be focused on the present and past, has specialised skills and has low levels of confidence and flexibility. Conversely, the opportunistic entrepreneur tends to have advanced education and social awareness, a high degree of flexibility and an orientation to the future. Bhaskara Rao and Himachalam (1998) observed that education is necessary to understand and keep pace with up-to-date changes in the market and technical field. According to them education also played an important part in the inculcation of certain drives and ambitions in the young. In another study (Diagnostic Report on Bhagalpur Handloom Cluster), it is revealed that most of the weavers in Bhagalpur (Bihar) cluster undertook only job work of weaving at very low rate of wages from the master weavers or traders or exporters rather than being independent entrepreneurs. The basic reason for this was that due to lack of education, they do not have sufficient market knowledge and information about the relevant trade. It can be observed that, the literacy rate in Bihar was the lowest in the country (47.58 per cent) and Bhagalpur district has the lowest rate of literacy in Bihar, according to the Census Report 2001.

In this context, an attempt is made in the present study to analyse the levels of education both formal and weaving, prevalent among the entrepreneurs. Table 3.4 shows the literacy rates in different states of NER and in the H&H sector in NER in comparison with the national average.

Table 3.4: Comparisons of Literacy Rates in the States of NER and Handloom & Handicraft Sector of NER

State	Literacy rate	
	State	H&H
Arunachal Pradesh	54.74	94.74
Assam	64.28	94.74
Manipur	68.87	85.60
Megahalaya	63.31	62.50
Mizoram	88.49	75.00
Nagaland	67.11	92.98
Sikkim	69.68	63.16
Tripura	73.66	84.75
North East (average)	65.78	85.63
India (average)	65.38	N.A

Source: Compiled from 'Handloom & Handicraft', *NEDFi Databank Quarterly*, October, 2005(Census of India, 2001 and study by Confederation of Indian Industries, 2005)

Mizoram has the highest literacy rate (88.49 per cent) compared to the overall national average (65.38 per cent). In fact, Mizoram ranked second in literacy rate among all the states in India. However, the literacy rate of Mizoram in H&H sector is lower than many North east States.

Table 3.5 suggests that the sample entrepreneurs of Thenzawl handloom cluster scored well in literacy rate (93.81 per cent) higher than both the overall average literacy rate of Mizoram (88.49 per cent) and the literacy rate of Thenzawl town (83 per cent).

Table 3.5: Education Level of Sample Entrepreneurs

Education	No. of Entrepreneurs	Per cent
Illiterate	6	6.19
School	84	86.60
College	5	5.15
Professional	2	2.06
Total	97	100.00

86.6 per cent of the sample entrepreneurs have attended school, but only five per cent have attended college. 94.85 per cent of the sample entrepreneurs have weaving skills which has a direct bearing on their field of entrepreneurial activities. Even now there is no college in Thenzawl and students have to travel 30 kms to Serchhip town (the headquarters of Serchhip District) for college education. It need not be overemphasized that the literacy rate in Thenzawl was very high compared to almost any handloom cluster in India. For example a vast majority of the weavers in

Bhagalpur (Bihar) and Barabanki (Uttar Pradesh) were illiterates (Diagnostic Reports). Similarly in Nellore, Andhra Pradesh 18.26 per cent of the weavers were illiterates (Bhaskara Rao and Himachalam, 1998).

Table 3.6 shows the educational level of the entrepreneurs' parents. It is observed that the level of illiteracy among the female parents (mothers) was slightly higher than that of the male parents (fathers). However, the percentage of male parents (fathers) attending college was higher than that of the female parents (mothers).

Table 3.6: Educational Level of the Sample Entrepreneurs' Parents

Education	Entrepreneur's Father	Entrepreneur's Mother's	Average
Illiterate	15 (15.96)	18 (18.56)	16.5 (17.26)
School	73(77.66)	77 (79.38)	75 (78.52)
College	6 (6.38)	2 (2.06)	4 (4.22)
No response	3	-	-
Total	97 (100.00)	97.00 (100.00)	97 (100)

Note: Figures in parenthesis indicate percentage to totals

3.2.4 Age at the Time of Entry

Traditionally, Mizo women learn the skill of weaving from their mothers at a young age. Lalrinmawia (1995) observed that the young Mizo men go hunting and the Mizo girls sit and weave or spin with their mothers, watched with keen interest by their little sisters - all of whom eagerly jump at any offer to try their hand at this fascinating past time of their elders.

Table 3.7 shows that over three-fourths of the sample entrepreneurs were below 30 years of age, 20.62 per cent of the entrepreneurs belonged to

30 – 40 years age group and an insignificant proportion (2.06 per cent) of entrepreneurs were more than 40 years of age at the time of starting their enterprises**.** Interestingly, no one had started the enterprise after crossing 50 years of age.

Table 3.7: Age Distribution of the Sample Entrepreneurs at Commencement of Business

Age (in years)	No. of Entrepreneurs	Per cent
Below 30	75	77.32
31-40	20	20.62
41-50	2	2.06
51-60	0	0.00
More than 60	0	0.00
Total	97	100.00

In a study (National Productivity Council, 1984) conducted in Mizoram also, a similar trend is revealed. According to that study, 68 per cent of the weavers were in the age group of 15-30 years and 25 per cent were in the age group of 31-45 years. Only 7 per cent were over 45 years.

Although Mizo women learn weaving skills at an early age, it is important to note that the weavers, predominantly women (about 96 per cent) in Thenzawl cluster have converted this domestic chore into an entrepreneurial venture.

3.2.5 Age of Entrepreneurs

It is attempted to know the age of the entrepreneurs at the time of field study. Table 3.8 shows that maximum number of sample entrepreneurs were in the age group of 31-40 years, followed by the age groups of below 30 years (27.84 per cent) and 41-50 years (27.84 per cent). Only two entrepreneurs were more than 60 years of age.

Table 3.8: Age Distribution of the Sample Entrepreneurs

Age (years)	No. of Entrepreneurs	Per cent
Below 30	27	27.84
31-40	31	31.96
41-50	27	27.84
51-60	10	10.31
More than 60	2	2.06
Total	97	100

This aspect has been compared to a study (National Productivity Council, 1984*)* conducted on weavers in Mizoram

Table 3.9: Age Distribution of Female Weavers In 1982

Age (in years)	No. of Weavers	Per cent
15- 30	44	68
31- 45	16	25
46 and above	5	7
Total	65	100

Source: Studies in Handloom & Handicraft Industries in Mizoram, Vol-I, National Productivity Council, Guwahati, 1984.

That study also revealed that out of 65 women weavers covered, 44 weavers (68 per cent) were in the age group of 15 – 30 years. 25 per cent of the weavers were in the age group of 31-45 years and only 7 per cent were in the age group of 46 years and above (Table 3.9).

3.2.6 Year of Commencement of Business

The birth of the Thenzawl Handloom cluster as a centre of commercial production of handloom products can be traced to 1982, with a humble beginning of four enterprises operating with eight looms. Thereafter during the period 1982-1985 saw the birth of six more enterprises commenced business with an increase in the number of looms to 35. It is observed that the State Industries Department, Government of Mizoram has played a role in the birth of the cluster as a centre of commercial weaving. Table 3.10 shows the year wise distribution of looms by State Industries Department, Government of Mizoram to the entrepreneurs.

Table 3.10: Year-wise Distribution of Looms to Enterprises by Directorate of Industries, Govt of Mizoram

Year	No. of looms distributed	No. of Beneficiary units	Per cent of Beneficiary units
1980-85	8	5	22.72
1985-90	10	7	30.43
1990-95	4	4	18.18
1995-00	3	3	18.18
2000-05	2	2	9.52
Total	27	21	100.00

It is observed that 22.72 per cent of the enterprises (5 nos) which began commercial production during 1980-85 were given (8) looms at the same period at a subsidised rate.

It can be inferred that a conducive political environment along with a sound government policy has played a significant role in the birth of the handloom cluster. But the support of the Government in the form of distributing looms at subsidised rates has declined over the years. A perusal of Table 3.11 shows that the period 1982-95 saw the birth of 67 units and thereafter there has been a decline in the rate of setting up of enterprises.

Table 3.11: Period of Commencement of Sample Enterprises

Year of Commencement	No. of Enterprises	Per cent
1982-1985	22	22.9177
1986-1990	23	23.95833
1991-1995	22	22.91667
1996-2000	15	15.625
2001-2005	11	11.45833
2006-2008	4	4.166667
Total	97	100

1985-90 has been the period that witnessed the birth of maximum number of units (26.80per cent) among the sample units. This period also coincided with Mizoram attaining the status of statehood (February, 1987) in the Union of India, the cessation of insurgency and the return of peace to this strife torn erstwhile union territory of India as an outcome of peace accord signed on 25th June, 1986 between the Mizo National Front, which led the movement and the Government of India.

The total number of looms owned by sample enterprise has increased from merely eight in 1982 to 510 looms in 2008.

3.2.7 Domicile of Entrepreneurs

The domiciliary nature of the entrepreneurs has been enquired into to understand the nature of migration that has occurred into the cluster and the reasons for this migration.

Table 3.12 Sample Entrepreneurs' Native Place

Native Place	No. of Entrepreneurs	Per cent
Thenzawl	79	81.44
Other places	18	18.56
Total	97	100.00

Most of the entrepreneurs (81.44 per cent) were natives of Thenzawl. Only 18.56 per cent of the respondents have migrated to Thenzawl town from other places in Mizoram since 1970 (Table 3.12).Table 3.13 further shows the period wise migration of entrepreneurs to Thenzawl town.

Table 3.13 Period-wise Migration of the Sample Entrepreneurs to Thenzawl Town

Year	No. of Entrepreneurs
1970-1975	2 (11.11)
1975-1980	2 (11.11)
1980-1985	2 (11.11)
1985-1990	5 (27.77)
1990-1995	2 (11.11)
1995-2000	3 (16.66)
2000-2005	0 (0)
2005-2008	2 (11.11)
Total	18

Note: Figures in parentheses indicate percentages

The study also enquired into the reasons for the migration of entrepreneurs into the cluster (Table 3.14).

Table 3.14: Reasons for Migration of Entrepreneurs

Reasons for Migration	No. of Entrepreneurs
service*	2 (11.11)
weaving	14 (77.77)
no response	2 (12.5)
Total	18 (100)

* 1 migrated due to transfer of job (government) of her husband
Note: Figures in parentheses indicate percentages.

Out of the 18 sample entrepreneurs who have migrated from other places in Mizoram to Thenzawl town, 14 of them have migrated in search of better opportunities for weaving. Porter (1998) has observed that the existence of a cluster itself signals an opportunity. While local entrepreneurs are likely entrants to a cluster, entrepreneurs based outside a cluster frequently relocate, sooner or later, to a cluster location. Opportunities perceived at the cluster location are pursued there, because barriers to entry are lower than elsewhere. The same lower entry barriers attract them, as does the potential to create more economic value from their ideas and skills at the cluster location or the ability to operate more productively. It seems that cluster dynamics has played a vital role in attracting entrepreneurs from other places in Mizoram to Thenzawl handloom cluster in search of entrepreneurial opportunities in weaving.

3.2.8 Marital Status of Entrepreneurs

The marital status of the entrepreneurs in this cluster assumes more importance as almost all the entrepreneurs in this cluster were women. The marital status of the entrepreneurs has been enquired into to understand the support and encouragement provided by the family to the entrepreneur. At the same time it also throws light on the economic contribution of women towards their family. Since the Mizo society follows the patrilineal system where the customary Mizo Laws of inheritance and succession rights are biased against women, the marital status has many ramifications on the socioeconomic status of women in the cluster. It denotes the support they receive from their family in making the decision to start their own independent enterprises and also reflects on the economic status the woman entrepreneur and her contribution to the family's income. The marital status of the sample entrepreneurs is shown in Table 3.15.

Table 3.15: The Sample Entrepreneurs' Marital Status

Marital Status	No. of Entrepreneurs	Per cent
Unmarried	23	23.71
Married	61	62.89
Divorced	8	8.25
Widowed	5	5.15
Total	97	100

Note: Figures in parenthesis indicate percentage to totals

It is observed that 62.89 per cent of the sample entrepreneurs were married and 37.11 per cent of the entrepreneurs were *single women* [4]**.**

It is observed that married women were augmenting the income of the family by weaving (61 Nos.) Interestingly this occupation was also supporting a significant population of single women. 23 sample entrepreneurs were unmarried and 13 were either divorced or widowed. It appears that weaving as an occupation has been an important means of economically empowering women in Mizoram.

Weaving has also been an important source of economic empowerment of women in other parts of NER. For example, in his study, Das (1986) observed that unmarried girls in their mother's dwellings always become a helping hand to augment the earnings of the family even in distressing period of the family, implying how the industry continues to be a backbone of the rural economy in Assam. An Assamese maiden of marriageable age, tarrying along in her mother's roof, is not a financial burden to her parents. Many Assamese families have been saved from ruin by the labours of their womenfolk. At the same time, an Assamese widow, however destitute she may be, is never driven to the extremity of earning her bread by living a life of shame (Bhuyan). It is also important to remember the words of Mahatma Gandhi, "Every widow I have met has recognised in the wheel a dear forgotten friend. Its restoration alone can fill the millions of hungry mouths". It can be inferred that weaving as an occupation has economically empowered both married and single women in Mizoram.

3.2.9 Type and Size of Family

Traditionally the Indian society followed the joint family system. However, it has been observed that as a consequence of growing industrialisation and urbanization, joint family system is slowly disintegrating, giving way to the independent family system. Conversely, Lalrinawma (2005) observed that joint family system is still prevailing in Mizoram. The sample entrepreneurs were asked whether their family was a nuclear family or a joint family. It is observed that a high proportion (73.20 per cent) of the sample entrepreneurs in this cluster was having joint families. Only 26.80 per cent of the entrepreneurs were living in nuclear families.

Family size: As handloom is produced by a family based production system, the family members also lend a helping hand to the process of weaving. As discussed earlier, young Mizo girls learn the weaving skills from their mothers very early and make valuable contributions to the enterprise. The size of the family also suggests the number of members dependent on the entrepreneur. Hence, a study of the family size is very important.

Table 3.16 shows the family size of the sample entrepreneurs.

Table 3.16: Family Size of the Sample Entrepreneurs

No. of Members	No. of Entrepreneurs	Per cent
up to 5	49	50.52
6-10	45	46.39
11-15	3	3.09
above 15	0	0
Total	97	100.00

It is observed that 50.52 per cent of the sample entrepreneurs have family up to five members, 46.39 per cent have 6 -10 members and 3.09 per cent of entrepreneurs have 11 – 15 members in their family. Family members are also involved in all the three stages of weaving, namely, pre-weaving,

weaving and post-weaving. It is interesting to note that 51 minor children were also involved in weaving activities in the sample enterprises.

A comparison to the study conducted in Nellore division by Bhaskara Rao and Himachalam (1998) shows that a considerably higher proportion of the entrepreneurs' families in Thenzawl cluster have greater number of members in the family. Only 21.74 per cent the weavers in Nellore had 6-15 members in their family (Table 3.17), whereas almost half of the sample entrepreneurs in Thenzawl have 6-10 members in their family. The larger size of families of the sample entrepreneurs however, may be attributed to the joint family system followed by the Mizos.

Table 3.17: Size of Weavers' Family in Nellore

Family Size	No. of weavers	Per cent
1-2	-	-
0-4	51	44.35
4-6	39	33.91
6-8	21	18.26
8-10	4	3.48
Total	115	100.00

Source: S. Bhaskar Rao, D. Himachalam (1998), Socio- economic Profile of Handloom Weavers in Nellore Division- A Study, *SEDME* XXV (2), June.

3.2.10 Main Occupation of Entrepreneurs' family

It is attempted to know the main occupation of the sample entrepreneurs' family and the antecedents of the occupation of their parents in order to find out the number of entrepreneurs solely dependent on weaving, the occupational mobility of the entrepreneurs and their parents and continuation of the occupation from one generation to the next. Table 3.18 shows the main occupation of the sample entrepreneurs' family.

Table 3.18: Main Occupation of the Entrepreneurs' Family

Occupation	No. of Entrepreneurs	Per cent
Agriculture/*Jhumming*	22	22.68
Business	3	3.09
Only weaving	66	68.04
Job	6	6.19
Total	97	100.00

It is observed that 68.04 per cent of the entrepreneurs were solely dependent on weaving and 22.68 per cent considered agriculture as their main occupation. Only three per cent entrepreneurs considered business as their main occupation and for six entrepreneurs, job was the main occupation. It is pertinent to note that 95.88 per cent of the sample entrepreneurs were women and this also throws light on the fact that the income from weaving earned by women was not only supplementing the incomes of other members in the family, but was the main source of income to the family. Lalrinawma (2005) in his study observed that it is common in many of the families in Mizoram that married women contribute substantially to the family income and in some cases are sole contributors to the family income.

According to a similar study conducted in Mizoram by National Productivity Council (1984), out of 65 weavers covered, 19 per cent earned their income solely from handlooms as shown in Table 3.19. This finding is in contrast to that of the present study which shows that 66 per cent of the sample entrepreneurs in Thenzawl cluster were dependent solely on weaving as their main occupation.

Table 3.19: Vocational Distribution of Weavers in Mizoram, 1982

Vocation/Occupation	No. of Artisans	Per cent
Only handloom	13	19
Others and handloom	35	53
No response	19	28
Total	67	100

Source: In-depth *Studies in Handloom & Handicraft Industries in Mizoram*, Vol-I, National Productivity Council, Guwahati, 1984

It may be concluded that handloom has emerged as an important economic activity in Thenzawl cluster where a large number of sample entrepreneurs depend on it as the main occupation of their families.

3.2.11 Main Occupation of Entrepreneurs' Parents

The present study also enquired into the occupational background of the entrepreneurs' parents. Table 3.20 shows the occupation of the entrepreneurs' parents. It can be observed that of the total responses, 71.43 per cent of the sample entrepreneurs' fathers pursued agriculture as their occupation whereas 74.70 per cent of the sample entrepreneurs' mothers were weavers.

It is evident that a majority of the entrepreneurs have taken to the profession in the footsteps of their mother. They have made a firm foundation for their enterprises on the weaving skills learnt from their mother. Therefore, it can be inferred that the present generation of the sample entrepreneurs have clearly moved away from agriculture with a view to seek better standards of living in Thenzawl cluster as handloom weavers.

Table 3.20: Main Occupation of Sample Entrepreneurs' Parents

Occupation	Occupation of Father	Occupation of Mother
Agriculture/ *Jhumming*	50 (71.43)	18 (21.69)
Business/ Trade	8 (11.43)	2 (2.41)
Weaving	4 (5.71)	62 (74.70)
Job	8 (11.43)	1 (1.20)
No. of Responses	70 (100.00)	83 (100.00)
Total	97	97

Note: Figures in parentheses indicate percentages

3.2.12 Income from Enterprise

Income from a given activity is a strong stimulant to the growth and development of entrepreneurship in that sphere. Profit is an important determinant of success for any enterprise and a motivating factor for others to enter the same line of business. It is also important for the sustenance and growth of an enterprise.

All the entrepreneurs (approximately 200 in number) in Thenzawl cluster were operating their looms on a commercial basis only. It is found that 44.32 per cent of the sample enterprises were operating with one or two looms only. It means that it is feasible to run a handloom enterprise with just one or two looms. The study also enquired into the economic status of the entrepreneurs and their family on the basis of their income from weaving and from other sources. A comparison has been made to the average earnings of weavers in Mizoram in 1982 and with other clusters wherever possible.

Table 3.21 shows the annual average income of the sample entrepreneurs from weaving.

Table 3.21: Annual Average Income of the Sample Entrepreneurs from Weaving

Income (`)	No. of Entrepreneurs	Per cent
Up to 20,000	12	12.37
20001-40000	28	28.87
40001-60000	23	23.71
60001-80000	17	17.53
80001-100000	7	7.22
More than 100000	10	10.31
Total	97	100.00

The table shows that 10.31 per cent earn more than ` 100000, 7.22 per cent earn ` 80000 - 100000, 17.53 per cent earn ` 60000 – 80000, 23.71 per cent earn ` 40000 - ` 60000, 28.87 per cent earn ` 20000 ` 40000 and 12.37 per cent of entrepreneurs earn up to ` 20000 annually, from weaving activities only.

It has been observed that handloom industry in India has gradually declined due to various factors. In clusters such as Bhagalpur (Bihar), most of the weavers were Below the Poverty Line and the wages of the weavers in this cluster were abysmally low at ` 30 per day (lower than the wages mentioned in the Minimum Wages Act) at the time of research study conducted (Diagnostic Report on Bhagalpur handloom Cluster). In another similar study, the weavers in Barabanki cluster in West Bengal earned meagre earnings of ` 50-60 per day and their estimated household income was as low as ` 12000 to Rs 15000 per annum.

It may be noted that most of the weavers in such clusters were daily wage earners and do not run their looms as an independent enterprise whereas all the entrepreneurs (approximately 200 enterprises) in Thenzawl were operating their looms independently on a commercial basis.

3.2.13 Income of Entrepreneurs from all Sources

The income earned from all sources (including handloom enterprise) for the entrepreneurs' families was also enquired into to find out the levels of dependence of the entrepreneurs on weaving as a source of income.

Table 1.26 shows the average annual earnings of the entrepreneurs in Thenzawl cluster from all sources including handloom. As observed in Table 1.23, 66 per cent of the entrepreneurs are solely dependent on weaving for their livelihood. The income of the others is supplemented by jhumming, trade and other economic activities.

It is observed from Table 3.22 that almost one third earned more than ` 80000, 10 percent earned between ` 60000 and ` 80000, 24.74 per cent earned between ` 40000 and ` 60000, 28.87 per cent earned ` 20001 to ` 40000, and 12.37 per cent of the entrepreneurs earned up to ` 20000 annually from all sources.

Table 3.22: Annual Average Income of Sample Entrepreneurs' Family from all Sources

Income (`)	No. of Entrepreneurs	Per cent
Up to Rs 20000	12	12.37
20001-40000	28	28.87
40001-60000	24	24.74
60001-80000	10	10.31
80001-100000	9	9.28
More than 100000	14	14.43
Total	97	100.00

3.2.14 A Comparison with other Clusters

A comparison of weavers' earnings in Mizoram and Kanchipuram (Tamil Nadu) was also made. Table 3.23 shows the earnings of the weavers (from handloom only) in Mizoram and Kanchipuram around 1980.

It is observed that around 1980, a majority of the artisans (69 per cent) in Mizoram were earning only ` 2000 or less as their annual income from weaving and 15.5 per cent were earning ` 4000 to ` 5000 annually. These artisans were found to be solely dependent on weaving for their livelihood.

Table 3.23: Annual Earnings from Weaving only, in Mizoram and Kanchipuram around 1980

Annual Earnings from Weaving in `	Per cent of Weavers In Mizoram *	Per cent of Weavers In Kanchipuram **
Up to 2000	69.0	60.6
2001-3000	15.5	29.8
3001- 4000	0	8.2
4001- 5000	15.5	1.4

Source: *National Productivity Council (1984): *Studies in Handloom & Handicraft Industries in Mizoram*, Vol-I, National Productivity Council, Guwahati.
** Arterburn, Yvonne (1982): The Loom of Independence: Silk weaving Co-operatives in Kanchipuram.

A comparison to a study (Arterburn Yvonne, 1982) in Kanchipuram cluster (Tamil Nadu) during the same period shows a similar trend. Table 3.23 shows the earnings of weavers in Kanchipuram around 1980, based on a sample size of 767 weaving households in the cluster. The study shows that a majority of weaver households (60.6 per cent) earn ` 1000 to 1500 annually, whereas only 1.4 per cent earns ` 4200- 4800 annually. In Mizoram however, 15.5 per cent of the weavers earned between ` 4000-5000 even though a higher percentage (69 per cent) of weavers earned up to ` 2000 only annually.

It is observed that the weavers in Mizoram not only eked out a living but a significant per cent (15.5 per cent) contributed ` 4000 to 5000 annually to their households through weaving profession as compared to Kanchipuram where only 1.4 per cent of the weavers were able to earn between ` 4200-4800.

Table 3.24 shows the earnings of weavers in Mizoram, from all sources in 1980. It is observed that a majority of the weavers earned between ` 2000-4001 and ` 6001-8000. Only 20 per cent of the weavers were in the income bracket of ` 10000 and more.

Table 3.24: Average Annual Income of Entrepreneur's Family from all Sources (1980)

Annual Earnings (`)	No. of Entrepreneurs	Per cent
Up to 2000	-	-
2001-4000	12	34.29
4001-6000	4	11.43
6001-8000	12	34.28
8001-10000	-	-
more than 10000	7	20.00
Total	35	100.00

Source: National Productivity Council (1984): *Studies in Handloom & Handicraft Industries in Mizoram*, Vol-I, National Productivity Council, Guwahati.

Another study in Nellore (Bhaskara Rao, 1998) based on 115 respondents, shows that the annual earnings of 10.43 per cent of the weavers were between ` 10000 and 20000, 26 per cent were in ` 20000 to 30000 income group, 36 per cent were in the income group between ` 30000 and 40000 and the remaining 25.09 per cent earned an income above ` 40000.

Even though a comparison between the clusters is difficult as there is a gap of ten years in the data collected from Nellore and the present study in Thenzawl, comparison to Thenzawl cluster shows that a majority (56.71 per cent) of the entrepreneurs in Thenzawl are in income bracket of above `

40000 annual income as compared to 25.09 per cent in Nellore Division. However the percentage of weavers in the initial income bracket of up to ` 20000 per annum is more in Thenzawl (17.53 per cent) than in Nellore Division (10.43 per cent). A majority (62 per cent) of the weavers in Nellore division belong to the income bracket between ` 20000 and ` 40000 as compared to 25.77 per cent of entrepreneurs in the same income bracket in Thenzawl. It is evident that a majority of the entrepreneurs in Thenzawl are earning higher income than the weavers in Nellore.

A comparison to other Handloom clusters in the country shows that the average earnings of the entrepreneurs in Thenzawl also compares favourably to other clusters such as Bhagalpur and Barabanki where the weavers are living in abject poverty.

3.3 CONCLUSION

It is evident that the Mizos are a close knit society strongly bound by the principle of *tlawmngaihna,* the moral code of conduct that governs their social life. In other words, the Mizos are known for courteous, unselfish, courageous, industrious and co-operative spirit. It may be inferred that the cluster abounds in social capital. Porter (1998) observed that the social structure of clusters takes on central importance and social glue binds clusters together, contributing to value creation. He also opined that the social capital of a cluster depends on its social structure. Nadvi (2004) further observed that the strong sense of common identity visible in clusters is based on shared norms or common notions of community that lie in ethnic, religious, regional or cultural identities which again results in local social capital that strengthens cluster ties, fosters trust between local actors and promotes local cooperation and support.

Interestingly, the literacy levels in Thenzawl compares favourably to clusters in other parts of the country such as Bhagalpur cluster in Bihar and Barabanki in Uttar Pradesh, where a majority of the weavers have not gone to school and Nellore in Andhra Pradesh where 18.26 per cent of the weavers were illiterate. It is also pertinent to note that a majority of the entrepreneurs in Thenzawl cluster were women who have chosen to start their own enterprises rather than be wage earners like their counterparts in other states such as Bihar, Uttar Pradesh and Orissa. Weaving was the only source of livelihood of entrepreneurs for 68.04 per cent (see Table 3.18) and was also augmenting the family income of the remaining 31.96 percent of entrepreneurs. It appears that weaving is playing an important role in empowering the underprivileged tribal women dwelling in a remote corner of India's Northeast.

NOTES

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1. *Social Capital* refers to the values and beliefs that citizens have in their everyday dealings and which give meaning and provide design to all sorts of rules. It is an asset attained through membership of community and is accumulated within the community through processes of interaction and learning. In this context this study traced the religious, ethnic, caste and racial origins of the entrepreneurs Maskell (1999).

2. *Assam–Burman sub-groups Mizos* are said to be the Assam-Burman sub group that had branched off from the Tibeto-Burman group of the main Tibeto-Chinese race. Some authors have classified them as Tibeto-Burman, because of the affinity of the language,

even though they have described them as people who once lived in Chhinlung (Verghese and Thanzawna, 1997).

3. *Literature refers* to diagnostic Reports submitted to the Development Commissioner (Handloom) Ministry of Textiles, Govt. of India, New Delhi on some important Handloom clusters for adoption under the Integrated Handloom Cluster Development Programme and Arterburn Yvonne (1982).

4. *Single women* in this study indicate women who are unmarried, widowed and divorced.

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CHAPTER 4

MOTIVATIONAL FACTORS

MOTIVATIONAL FACTORS

In order to have a full understanding of the role of motivation in the overall process of entrepreneurship in Thenzawl handloom cluster, this chapter has enquired into entrepreneurial motivations such as entrepreneurial ambitions, reasons compelling entrepreneurs to enter the industry, factors facilitating their entry into entrepreneurship, entrepreneurs' expectations and the degree of fulfillment of their expectations and reasons for setting up their handloom enterprises in this cluster. The study has also enquired into the time devoted by the entrepreneurs to their enterprise, whether they would like their children to continue as entrepreneurs in the same industry, the entrepreneurs' satisfaction level with common facilities available in the cluster and the impact of cluster on the emergence of entrepreneurship in Thenzawl cluster.

4.1 INTRODUCTION

The word 'motivation' originates from the Latin word 'movere' which means to move. It is an inner urge in an individual that drives him/her towards a certain goal. Several motivational theories have been propounded by psychologists to understand the urge behind an entrepreneur's behaviour.

Research on entrepreneurship has focused on many motivational factors such as achievement motive (McClelland, 1961), power motive and self-discipline (McClelland 1961 and Burnham 1976), self-efficacy (Baum, 1994), locus of control (McClelland,1961 and Rotter, 1966), desire for autonomy (Burtner and Moore, 1997), independence (Hisrich, 1985, Hornaday and Aboud, 1973, and Aldridge, 1997), drive (Shane et al, 2003) and passion (Baum et al, 2001 and Shane et al, 2003). Research has also focused largely on the environmental characteristics influencing the foundings of a firm (Aldrich, 2000) and the characteristics of entrepreneurial opportunities (Christiansen, 1997).

However, as pointed out earlier there is a paucity of research on motivational factors facilitating entrepreneurship among artisans of underprivileged sections of the society especially, women who belong to the SC / ST category in India. UNIDO (2001) observed that women's involvement in production activities, particularly in industry, empowered them to contribute more to their overall development. Whether they are involved in small or medium scale production activities, or in the informal or formal sectors, women's entrepreneurial activities are not only a means for their economic survival but also have positive social repercussions for the women themselves and their social environment. Entrepreneurship represents an appropriate opportunity for women all over the world as entrepreneurship responds flexibly to entry, change and innovation. In this backdrop, it is noteworthy that all the sample entrepreneurs in this cluster belong to the ST category and 95 per cent were women.

The motivations of every individual are leveraged on his or her ambitions. Gangadhara Rao (1986) opined that ambition is the mother of all motives and it nourishes the achievement motivation. Shane et al (2003) observed that ambition influences the degree to which entrepreneurs seek to create something great, important and significant when they pursue opportunities and the nature of ambition may include making money or the desire to create something new from conception to actuality.

But, ambitions alone may not shape the entrepreneurial decision of a person. It may be influenced by factors such as encouragement from family and friends, compulsions, factors that may facilitate entrepreneurship and many others. The entrepreneurial process, therefore, can be attributed to the ambitions as well as such other factors.

Gangadhara Rao (1986) has classified entrepreneurial motivations into certain broad categories such as entrepreneurial ambitions which led them to industry, reasons compelling entrepreneurs to enter the industry, factors facilitating entrepreneurship, entrepreneurs' choice of product lines, entrepreneurs' advisers, hurdles on the way, friend, philosopher and guide of the entrepreneur, expectations that have influenced the emergence of entrepreneurship and so on. In order to have a full understanding of the role of motivation in the overall process of entrepreneurship in this handloom cluster, the present study has enquired into such entrepreneurial motivations viz; entrepreneurial ambitions, reasons compelling entrepreneurs to enter the industry, factors facilitating their entry into entrepreneurship, entrepreneurs' expectations and the degree of fulfillment of their expectations and reasons for setting up their handloom enterprises in this cluster. The study has also enquired into the time devoted by the entrepreneurs to their enterprises, whether they would like their children to continue as entrepreneurs in the same industry, the entrepreneurs' satisfaction level with common facilities available in the cluster and the impact of cluster on the emergence of entrepreneurship in Thenzawl cluster.

To this end the entrepreneurs were asked to accord ranks to their reasons wherever required in the order of importance. These reasons were then rated by a weighted score to understand their underlying importance on the emergence of entrepreneurship in the cluster. A choice of 'any other' was given to them in order to ensure that their choices were not restricted to only the ones given in the questionnaire. The first ranking factor/reason carries three points, the second, two points and the third one point. On the basis of the percentage of the total weighted score for each factor, overall ranking has been made. Only first three ranks have been considered and ranking beyond these have been discounted as not much of significance.

4.2 AMBITIONS THAT INFLUENCED THE ENTREPRENEURS TO START THEIR ENTERPRISE

Gangadhara Rao (1986) opined that ambitions motivate men, activate them, broaden their vision and make their life meaningful, which builds up 'achievement pressure' and that in turn provides the basis for McClelland's factor ratings. He also observed that ambitions differ from individual to individual on the basis of personal tastes and temperaments, and family to family and nation to nation depending upon the circumstances in which they are placed and the priorities which they have set for themselves. Some individuals may be impelled by the ambition of earning a living, whereas for others it may be being their own boss or gaining social prestige or any other ambition.

In order to inquire into the ambitions that spurred the entrepreneurs in this cluster to create their enterprises, the entrepreneurs were asked to mark in the order of importance, any three of the six ambitions given in the questionnaire namely, earning livelihood, making money, gaining independent living, fulfilling the desire of self/parents/spouse, gaining social prestige and any other ambitions (Table 4.1.).

Table 4.1: Ambitions that Influenced the Entrepreneur in Starting the Business

Ambitions	Ranking of the ambition			Weighted Score	Rating (%)	Ranks
	No. of Entrepreneurs					
1. To earn livelihood	84	2	3	259	47.79	1
2. To make money	6	58	1	135	24.91	2
3. To gain independent living (self employment)	6	27	42	114	21.03	3
4. To fulfill the desire of parents or spouse	1	5	18	31	5.72	4
5. To gain social prestige	-	-	2	2	0.37	5
6. Any other ambition	-	-	1	1	0.18	6
No Response	*0*	*5*	*30*	-	-	

Total	97	97	97	542	100.00	

Note: Any other ambition includes interest in weaving, to contribute to family income, for women empowerment

Ambition No. 1: Earning a livelihood: Khanka (2009) observed that there could be two motives to be an entrepreneur: one, plunging into entrepreneurship by choice and enjoying it as play (McGregor, 1960); and second, joining entrepreneurship by compulsion and experiencing it as uninteresting and boring (Schwartz, 1983). Earning a livelihood may be a compelling ambition that initiates people into entrepreneurship. Research evidence shows that making a living has been a prime motivator for entrepreneurs (mainly women) in transitional economies and among craft entrepreneurs to set up enterprises.

Laaperi (1989) observed that the craft entrepreneurs often perceive self employment as a way and source of living. In another study, Matomaki (2002) observed that in many cases, entry into self employment seemed to be the only way to earn a living in the field of one's education for craft entrepreneurs. She further observed that success in craft enterprises meant that the entrepreneur earned his or her living from the business. Reijonen and Komppula (2004) in their study observed that the most important motivating factor for female craft entrepreneurs in Karelia, Finland to start their enterprises was to earn a livelihood. It has also been observed by the researchers that earning a livelihood has been a prime motivator for entrepreneurs to start enterprises in some transitional economies. In a similar study (Bewayo, 1995) conducted on 208 entrepreneurs in two cities of

Uganda, Kampala, the capital and Masaka, a town located 80 miles south west of Kampala, it was observed that a substantial majority (59 per cent) of the entrepreneurs surveyed were in business for making a living more than anything else. Kitching and Woldie (2004) also observed that the predominant motivation for women entrepreneurs to start their own enterprises in the less developed Western Province of Yunnan in China was to make a living. Another study (Benzing and Hung.Chu, 2009) conducted on 599 entrepreneurs in Kenya, Ghana and Nigeria observed that the strongest motivation for respondents from all the three countries was an opportunity to increase their income.

Mishra (2000) also observed in a study conducted on women entrepreneurs in Orissa (India) that women having lower levels of education have been motivated into entrepreneurship due to economic compulsions. Another Indian study (Baruah, 2000) on 140 women entrepreneurs in six states of NER also observed that majority of the women entrepreneurs studied were motivated by economic compulsion and the absence of any other option into entrepreneurship.

In Thenzawl handloom cluster, as indicated in Table 4.1, 91.75 per cent of the sample entrepreneurs marked livelihood as one of their three ambitions. For 84 entrepreneurs (out of 97) it is the first rank, for two entrepreneurs it was second, and for three entrepreneurs it was the third rank. This ambition is ranked first in the overall rating based on weighted score with 47.79 per cent, followed by making money with a weighted average rating of 24.91 per cent, and to gain independent living with a weighted average rating of 21.03 per cent.

It is evident that the sample entrepreneurs started the handloom enterprise with an ambition to earn their livelihood. A majority of entrepreneurs have utilised the weaving skills acquired from their mothers to produce handloom products commercially in order to earn a livelihood. Even though the literacy levels in the cluster was high (93.81 per cent), only 7.21 per cent of the entrepreneurs had attended college to acquire professional degrees. However, 94.85 per cent of the entrepreneurs had weaving skills which has motivated them to start their own enterprises to make a living. Almost all the entrepreneurs in the present study were women who started their own micro enterprises with one or two looms (see Table 3.3 in Chapter 3). This finding is in conformity with other studies, for example, Kitching and Woldie (2004), who observed that women in Nigeria took up self employment as they enjoyed less access to formal education and other critical resources as land, technology and credit facilities and, hence, were confined to micro enterprises.

Ambition No. 2: Making Money: Although the ambitions of livelihood and making money may seem similar, there is a sense of inevitability in the choice of livelihood, whereas making money gives an impression of progression in the motivational theory propounded by Maslow (1954), that human needs follow a hierarchical order from lower to higher order needs, namely, physiological, security, social, self esteem and self actualization in that order.

As shown in Table 4.1, 65 sample entrepreneurs have indicated making money as their choice with 58 ranking this second, six ranking it as the first choice and only one ranking it as third rank. It is evident that even if the predominant motive was making a livelihood, there were shades of the motive of making money underlining this basic motive. Khanka (2009) observed that a satiated need remains no more a motivator of human behaviour. It is the need deficiency that motivates one to action. Although the need at the time of inception of the enterprise for most of the entrepreneurs was ‘to make a livelihood’, ‘making money’ has emerged as an underlining motive ranking second among the ambitions to start their enterprises. Khanka (2009) further observed that the entrepreneurs change in entrepreneurial motivations pursuant to experience as the enterprise grows. As the present study has only focused on the ambitions that led the weavers to entrepreneurship and not their motivating factors at the time of the survey, the researcher is not in a position to shed light on this aspect.

Another similar study (Kitching and Woldie, 2004) on women entrepreneurs in China and Nigeria, observed that ‘making money’ emerged as a dominant motivator for entrepreneurs in the relatively developed cities. The study was based on data collected from two regions, namely Abuja, the capital and Lagos, the commercial nerve centre of Nigeria; and two regions in China viz, Shanghai, a rapidly developing eastern city and the much less developed Western province of Yunnan. Conversely, for the entrepreneurs from the Western Province of Yunnan, the most dominant motivating factor was earning a livelihood.

Ambition No. 3: Gaining of Independence**:** Independence entails taking the responsibility to use one's own judgment as opposed to blindly following the assertions of others. It also involves taking responsibility for one's own life rather than living off the efforts of others (Shane et al, 2003). Several researchers have observed that 'gaining independence' has been a dominant motivator in the emergence of entrepreneurship. For example, Hisrich (1985), in a survey of interviews with female firm founders of USA, observed that one of the prime motivators for them to start business was 'a desire for independence.' Another study (Hornaday and Aboud, 1973) also observed that the entrepreneurs surveyed by them showed a higher presence of sense of independence as compared to the general population. Similarly in a study on 63 firm founders, Aldridge (1997) observed that firm founders scored significantly higher than the general population on personality measures of independence. It has also been observed by Laaperi (1989) that craft entrepreneur places emphasis on independence**.** Further, in an Indian study conducted by Khanka (2009) on entrepreneurs in Assam, 'desire for independence' ranked as an important motive second only to 'money motive.'

It appears that though the immediate and predominant urge for starting the enterprise was to 'make a living' and 'make money' in that order, the motive 'to gain independent living', was an underlying ambition that has played a significant role in their becoming entrepreneurs. Hence, it appears that even though weaving was an imminent choice for making a living, it is noteworthy that 75 entrepreneurs (out of 97) were also motivated by the ambition of 'gaining independent living' rather than be a wage earner. As discussed earlier, majority of the weavers in UP and Bihar were compelled to be wage earners rather than entrepreneurs (Diagnostic Reports). Moreover, it is pertinent to note that about 95 per cent of the entrepreneurs in the present study started their enterprise with humble beginnings of less than five looms. Table 4.1 shows that other ambitions viz, fulfilling the desire of parents or spouse, and gaining social prestige have not significantly driven the entrepreneurs to start their enterprises.

4.3 TIME DEVOTED TO THE ENTERPRISE

Entrepreneurs usually possess traits of high degree of passion for their work, resulting in long hours of hard work. The present study elicited answers on the time devoted by the entrepreneurs to their enterprise to gauge the level of commitment and passion for their enterprise. Shane et al (2003) has defined egoistic passion as a passionate, selfish love of the work.

Rani (2000) has also observed that entrepreneurs possess a capacity to work for several days with less than a normal amount of sleep. Table 4.2 shows the time devoted by the entrepreneurs to their enterprise.

Table 4.2: Entrepreneurs' Time Devoted to the Enterprise

No. of hours per day	No. of Entrepreneurs	Per cent
1) Less than 2 hours	-	-
2) 2-4 hours	7	7.22
3) 4-6 hours	21	21.65
4) 6-10 hours	46	47.42
5) 10-12 hours	17	17.53
6) More than 12 hours	6	6.19
Total	97	100.00

71.14 per cent of the sample entrepreneurs in the cluster devoted more than six hours in a day to their enterprise and 23.72 per cent of the entrepreneurs devoted more than ten hours in a day to their enterprise. Only 7.22 per cent of enterprises spared 2-4 hours of time to their enterprise. It is important to note that 95 per cent of the sample entrepreneurs were women and as women they have to shoulder additional family responsibilities. It can be inferred that the entrepreneurs are very committed, hardworking and passionate about their work.

Table 4.3: Time Devoted by Family Members to the Enterprise

No. of Hours per day	No. of Entrepreneurs	Per cent
1) Less than 2 hours	2	2.06
2) 2-4 hours	1	1.03
3) 4-6 hours	19	19.59
4) 6-10 hours	51	52.58
5) 10-12 hours	15	15.46

6) More than 12 hours	9	9.28
Total No.	97	100.00

An attempt was made to know the involvement of the family members of the sample entrepreneurs in managing the enterprise in terms of time devoted by them to the enterprise. It is observed that the family members of the entrepreneurs in Thenzawl cluster actively participate in the all the stages of the weaving process. Table 4.3 shows that the family members of 94 entrepreneurs out of 97 (96.91 per cent) devoted at least four hours of time a day for the enterprise. It is to be noted that most of the enterprises depend on their own family members for running the enterprise. As discussed in the previous chapter, almost 73 per cent of the sample entrepreneurs in Thenzawl cluster belonged to joint families. Further, it is observed from the table that 51 sample entrepreneurs (52.58 per cent) in Thenzawl cluster engaged their family members who devoted 6-10 hours of time per day. About one fourth of the sample entrepreneurs were utilising the services of their family members for more than 10 hours a day in managing the enterprise.

From the above analysis, it is clear that most of the micro enterprises in the study were run as a household enterprise by depending heavily on their family members. This shows how the entrepreneur's entire family depends on the enterprise for their livelihood. It is evident that the entrepreneurs received tremendous support from their family members. Encouragement of family members/relatives/friends has also been one of the three most important factors facilitating entrepreneurship in the cluster (see Table 4.6).

4.4 PROMISE OF ENTREPRENEURSHIP FOR THE NEXT GENERATION

The study enquired into what aspiration weaving holds for the entrepreneurs for their next generation. To this end the entrepreneurs were asked whether they would like their children to become entrepreneurs in the handloom industry. It seems that from the point of view of the entrepreneurs, handloom industry does not hold any promise for their children. Only 16.49 per cent of the entrepreneurs would like their children to become entrepreneurs in the same business whereas about 80 per cent of the entrepreneurs (77 in number) do not want their children to become entrepreneurs in the handloom industry.

The present study further elicited answers from 77 entrepreneurs about the reasons behind their not wanting their children to take up entrepreneurship in handlooms (Table 4.4). 32.3 per cent of entrepreneurs had a bleak and dismal image for the future of handlooms. 19.4 per cent of the entrepreneurs believed that handloom does not have any future and 12.9 per cent felt that handloom is not a profitable business. 10 per cent opined that children may not be interested in this business. It is also pertinent to note that men in the Mizo society are not encouraged to undertake weaving activities. Weaving has remained exclusively a woman’s profession.

Table 4.4: Reasons for Children not Becoming Entrepreneurs

Reasons	No.	Per cent
1. Children may not be interested	8	10.00
2. Business is not profitable	10	12.90
3. There is no future for handloom business	15	19.40
4. Any other reason	3	3.90
5. Cant Say	41	53.8
Total	77	100

4.5 REASONS COMPELLING ENTREPRENEURS TO ENTER THE INDUSTRY

Gangadhara Rao (1986) observed that many a time it is the compulsion rather than the ambition that leads the man to success such as sudden unemployment that forces a change in occupation, opting for entrepreneurship as a last resort when all avenues to employment are closed and many others.

The present study has identified some such compelling reasons that led to entrepreneurship in the cluster. The reasons identified were: 'unemployment', 'dissatisfaction with the previous job', 'to make use of idle funds,' 'diversification of economic interests' and others, as indicated in Table 4.5.

The overall rating assigned to the compelling reasons suggest that the sample entrepreneurs were compelled to enter the industry to make use of idle funds (32.19 per cent of rating), followed by unemployment (28.34 per cent), diversification of economic interests (21.86 per cent) and dissatisfaction with the previous job (14.98 per cent of rating). 49 sample entrepreneurs (out of 97) indicated unemployment as the most compelling factor to enter the industry, 53 cited diversification of economic interests as one of the three compelling reasons to enter the industry and 32 sample entrepreneurs were not happy in their previous job or occupation which prompted them to opt for the present industry.

Table 4.5: Compelling Reasons to Enter the Industry

Compelling Reasons	Ranking of the Reasons			Weighted Score	Rating (%)	Rank
	No. of Entrepreneurs					
	Rank One	Rank Two	Rank Three			
1. Unemployment	44	3	2	140	28.34	2
2. Dissatisfaction with the previous job	15	12	5	74	14.98	4
3. To make use of idle funds	19	34	34	159	32.19	1
4. Diversification of economic interests	19	17	17	108	21.86	3
5. Any other compelling reason	-	2	9	13	2.63	5
6. No Response	-	29	30	-	-	
Total	97	97	97	494	100.00	

Others include: only source of livelihood, interest in weaving, only skill known and to contribute to family income

It is to be observed that starting of an handloom enterprise doesn't require huge funds as the cost of the loom was not very high (average cost of loom in 2008 was ` 3000 - 4000), and most of the sample entrepreneurs have commenced production with only one or two looms. Therefore, initial investment in looms was well within their financial capacity. 87

entrepreneurs (89.6 per cent) have indicated 'making use of idle funds' as one of the three compelling factors to enter the industry. It is evident that they have preferred to invest surplus funds available in acquiring looms to start their enterprise.

4.6 FACTORS FACILITATING ENTRY INTO ENTREPRENEURSHIP

Gangadhara Rao (1986) observed that ambitions or compulsions alone may not make an entrepreneur. The encouragement the entrepreneur gets from family members or friends and relatives, the entrepreneurial experience gained in employment or otherwise, the skills acquired or inherited, the property acquired or inherited and so on are also the factors that facilitate their entry into entrepreneurship. In order to enquire into the factors that facilitated entrepreneurship, five choices were given to the entrepreneurs and they were asked to accord three ranks in the order of importance to these factors. Table 4.6 shows the factors that have facilitated entrepreneurship in the present study.

All the sample entrepreneurs have attributed their 'previous experience of weaving as one of the three the most important factors that has facilitated their entry into entrepreneurship. Shane et al (2003) have observed in their study that entrepreneur's knowledge of the industry and relevant technology played a critical role in the process of development of entrepreneurship.

Table 4.6: Factors Facilitating Entry into Entrepreneurship

Factors	Ranking of the Reasons No. of Entrepreneurs			Weighted Score	Rating (%)	Rank
	Rank One	Rank Two	Rank Three			
1. Success stories of entrepreneurs	1	6	20	35	6.93	4
2. Previous experience in weaving	45	46	6	233	46.14	1
3. Loom inherited / acquired	43	5	3	142	28.12	2
4. Encouragement of family members / relatives / friends	8	21	29	95	18.81	3
6. No Response	-	19	39	-	-	-
Total	97	97	97	505	100.00	-

This factor scored the first rank with a rating of 46.14 per cent based on weighted score. The second rank was accorded to 'looms inherited or acquired' with a rating of 28.12 per cent., followed by 'encouragement of family members' (18.81 per cent of rating). 27 entrepreneurs cited 'success stories of entrepreneurs' as a facilitating factor with a rating of 6.93 per cent. It seems that the success of enterprises in the cluster has encouraged a spin off of new enterprises being set up in the cluster. Porter (1998) observed that the benefits of trust and organisational permeability, fostered through repeated interactions and a sense of mutual dependence within a region or city, clearly grease the interactions within the clusters that enhance productivity, spur innovation and result in the creation of new enterprises.

It is obvious that the combination of weaving skills and the ownership of looms have facilitated their initiation into entrepreneurship. Another significant facilitating factor has been the encouragement provided by family members, relatives and friends. Almost 60 per cent of entrepreneurs have marked 'encouragement and support of family members, relatives and friends' as one of the three important factors responsible for facilitating their entry into entrepreneurship. Baruah (2000) also observed in a study on 140 successful women entrepreneurs from six states of NER (Assam, Megahalaya, Manipur, Tripura, Arunachal Pradesh and Mizoram) that in 80 per cent of the cases, the family members of the entrepreneurs supported their idea of entrepreneurship as a career.

4.7 IMPACT OF CLUSTER ON ENTREPRENEURSHIP

Although there is no dearth of research studies on different facets of cluster development and cluster processes, they have not focused much on the relationship between clusters and entrepreneurship development in developing countries.

The present study has probed the impact of cluster on the emergence of entrepreneurship from the point of view of the entrepreneurs. The study has attempted to understand whether clusters are fertile grounds for the emergence and development of entrepreneurship and how clusters have contributed to the development of entrepreneurship in tribal areas in the NER. The study has examined the impact of clusters on the emergence and augmentation of entrepreneurship. The scope of the study is confined to the role played by Thenzawl cluster in the emergence and preservation of entrepreneurship. The extent of the influence exerted by this cluster on entrepreneurship in matters of the expectations of entrepreneurs, the selection of the cluster for starting their units, alternate proposals in the absence of the cluster and the satisfaction from the common facilities available (through a self assessment) were enquired into.

4.7.1 Initial Expectations of Entrepreneurs from Support Agencies

The present study has identified the initial expectations of the entrepreneurs from support agencies at the time of commencement of their enterprise in Thenzawl cluster (Table 4.7). Cluster relationship with other units has played a prominent role in the development of entrepreneurship and emerged as a prime expectation in the cluster with 76 per cent of the sample entrepreneurs marking this as one of their three reasons with the highest rating of 51.86 per cent based on weighted score. It is evident from the table that securing cluster relationship to derive positive synergies from linkages with other units in the cluster was the most dominant expectation of the entrepreneurs at the time of starting their enterprise.

Table 4.7: Initial Expectations of Entrepreneurs

Factors	Ranking of the Reasons No of Entrepreneurs			Weighted Score	Rating (%)	Rank
	Rank One	Rank Two	Rank Three			
1. Allotment of shed / plot in the cluster	-	-	-	-	-	-
2. Assistance from the State Government or other agencies	8	1	1	27	7.18	3
3.Assistance from friends / relatives / family members	38	11	-	136	36.17	2
4.Securing cluster relationship with other units	50	21	3	195	51.86	1
5.Other reason	1	6	3	18	4.79	4
No Response	-	58	90	-	-	
Total	97	97	97	376	100.00	

Others include: easy job, able to spend time at home and do weaving and better business than others

Porter (1998) observed that a firm's identification with and sense of community, derived from membership in a cluster, and its civic management beyond its own narrow confines as a single entity translate directly according to cluster theory, into economic value. The benefits of trust and organisational permeability, fostered through repeated interactions and a sense of mutual dependence within a region or city, clearly grease the interactions within the clusters that enhance productivity, spur innovation and result in the creation of new enterprises. This analysis leads to the inference that cluster dynamics acted as an important tool in stimulating entrepreneurship in Thenzawl cluster. Assistance from family members, friends/relatives with a rating of 36.17 per cent was the second ranking expectation of the sample entrepreneurs. It appears that family members, friends/relatives have come to the rescue of the weavers and have played a prominent role in supporting their idea of starting the enterprise. This finding is in conformity with the observation made in Table 4.6 where encouragement from friends and relatives was accorded a high rank (3rd rank) by the entrepreneurs as an important factor that facilitated their entry into entrepreneurship. It may be inferred that the socio cultural fabric of the Mizo society has played an important role in motivating entrepreneurship in this handloom cluster. The Mizos being a close knit community with values of '*tlawmngaihna'* embedded in their socio cultural ethos have high expectations from their family, friends and relatives.

Even though the third rank was accorded to government assistance, this factor has scored only 7.18 per cent of rating with only ten entrepreneurs giving this factor as one of their three choices.

It is evident that expectations from government and non-government agencies in the form of financial assistance have played a negligible role in stimulating entrepreneurship in this cluster. The humble weavers have reposed more confidence on their own family, friends and relatives and network with other weavers in the cluster rather than the government and other agencies at the time of commencement of their enterprise. Therefore, the study revealed that the initial expectations of the sample entrepreneurs from the government and other agencies were meagre. Conversely another study (Gangadhara Rao, 1986), conducted on industrial estates in Andhra Pradesh, revealed that assistance from state agencies and allotment of plot shed were the most important expectations of entrepreneurs, and expectations from family members, friends and relatives was the least expectation for entrepreneurs. It is noteworthy that none of the sample entrepreneurs in Thenzawl cluster had expectations of securing a plot/shed. This may be attributed to the fact that most of the sample entrepreneurs started their enterprise with one or two looms from their homes.

4.7.2 Degree of Fulfillment of Entrepreneurs' Expectations

Further, the present study also sought a self-assessment of the fulfillment of the sample entrepreneurs' initial expectations referred in Table 4.7.

Table 4.8: Degree of Fulfillment of Entrepreneurs' Expectations

Responses	No. of entrepreneurs	Per cent
1. Very much fulfilled	22	22.68
2. Fulfilled	38	39.18
3. Undecided (neither fulfilled nor unfilled)	22	22.68
4. Partly fulfilled	8	8.25
5. Not at all fulfilled	7	7.22
Total	97	100.00

It is noteworthy that 61.86 per cent of them expressed their satisfaction over the fulfillment of their initial expectations. 8.25 per cent of the sample entrepreneurs felt that their expectations were fulfilled partly, while only 7.22 per cent of the entrepreneurs expressed complete dissatisfaction in this regard.

4.7.3 Entrepreneurs' Economic Reasons for Entering Handloom Industry

The present study elicited the economic reasons responsible for entering the handloom industry. The different reasons and their ratings are given in Table 4.9.

Table 4.9: Entrepreneurs' Economic Reasons for Entering Handloom Industry

Factors	Ranking of the Reasons No. of Entrepreneurs			Weighted Score	Rating (%)	Rank
	Rank One	Rank Two	Rank Three			
1. Easy to set up	24	10	4	96	19.28	3
2. High margin of profit	6	3	4	28	5.62	6
3. No difficulty in securing machinery / raw materials /skilled weavers	2	11	7	35	7.03	5
4. Previous employment as weaver in the industry	19	26	6	115	23.09	2
5. Existence of similar units in the cluster	10	10	11	61	12.25	4
6. Skill of weaving	34	19	12	152	30.52	1
7. Other reasons	2	2	1	11	2.21	7
8. No Response	-	16	52	-	-	
Total	97	97	97	498	100	

Note: Other reasons include no knowledge of any other profession and interest in weaving

It is observed from Table 4.9 that the highest rating was given to 'possessing the skill of weaving' (30.52 per cent), followed by 'previous experience as weaver in the same industry' (23.09 per cent) and 'easy to set up' (19.28 per cent).

As almost all the sample the entrepreneurs were women and belonged to the ST category, it appears that given their low levels of education and financial resources, they have fallen back on the weaving skills either possessed or acquired from their previous generation to start commercial production of handloom products.

Therefore, it may be inferred that the possession of weaving skills, previous experience in the handloom industry and the fact that commencement of commercial production of handloom products was easy as it does not entail huge investments, have influenced these humble weavers in their choice of setting up of micro enterprises in Thenzawl cluster. Since most of the entrepreneurs were women, developing entrepreneurship in the handloom industry may be an important tool of **economic empowerment of women especially in tribal areas of NER.**

4.7.4 Entrepreneurs' Reasons for Setting up Enterprise in Thenzawl Cluster

This study has also enquired into the important reasons behind the entrepreneur setting up of his or her enterprise in the cluster to understand the cluster processes (Table 4.10). The first rank was accorded to 'the availability of weavers/labour in the cluster' (22.97 per cent of rating), followed by ‘hometown or nearness to native place’, which is the second important reason (21.14 per cent of rating) and ‘existence of similar units in the cluster’, which was the third important reason (16.87 per cent rating).

Table 4.10: Entrepreneurs’ Reasons for Setting up Enterprise in Thenzawl Cluster

Factors	Ranking of the Reasons			Weighted Score	Rating (%)	Rank
	No. of Entrepreneurs					
	Rank One	Rank Two	Rank Three			
1. Availability of shed in the cluster	14	0	2	44	8.94	5
2. Availability of raw materials	20	6	2	74	15.04	4
3. Availability of weavers / labourers	30	9	5	113	22.97	1
4. Availability of transport facilities	2	8	5	27	5.49	6
5. Government Support and Assistance	3	3	3	18	3.66	8
6. Near to customers	2	6	4	22	4.47	7
7. Existence of similar units in the cluster		25	6	83	16.87	3
8. Hometown or nearness to native place	16	18	20	104	21.14	2
9. Any other reason (Pl. specify)	1	1	2	7	1.42	9
10. No response	-	21	48	-	-	
Total	97	97	97	492	100.00	

Other reasons include: Thenzawl is a weaving town, my home town and like to work with my friends as a group

The least important reasons for setting up of their enterprise in Thenzawl cluster were: ‘availability of raw materials’ (15.04 per cent of rating), ‘availability of shed in the cluster (8.94 per cent of rating), ‘access to customers’ (4.47 per cent of rating) and ‘government support’ (3.66 per cent of rating). Although raw materials, transport facilities and access to customers play an important role in setting up of any business or industry, it appears such factors were not considered important by the sample entrepreneurs for establishment of handloom enterprises in Thenzawl cluster.

Thenzawl is 180 kilometres away from Aizawl, the state capital. Thenzawl's nearby town, Serchhip is well connected with the national highway (NH 54) and therefore in that sense, Thenzawl cluster is well connected with Aizawl. At the same time, Mizoram as such is a remote hilly tribal state of India without any access to railway line. This would obviously create transport bottlenecks and enormously increase the cost of transportation. Hence, manufacturing activity carried out in Mizoram cannot be competitive. The respondents have indicated 'availability of shed in the cluster' as the fifth important reason for commencement of their business in Thenzawl cluster. 14 entrepreneurs gave first rank to this reason. The researcher in the course of her field study indentified four sheds in the cluster made of bamboo. These were common sheds constructed by the Directorate of Handlooms, Government of Mizoram in the year 1982. Presently there are four such working sheds in the cluster.

Interestingly, government support was the least important reason cited by the respondents for setting up of the enterprise. Only nine entrepreneurs cited it as one of the three important reasons. In the course of discussions the researcher has observed that the entrepreneurs could not get the required support from government agencies and unfortunately they are not in the mood of exerting any pressure on the government for the fulfillment of their basic demands.

No. 1 Reason: Availability of labour in the cluster is often one of the important incentives that firms derive in operating in a cluster and this, in turn, becomes a motivating factor for new enterprises to set up their firms in the cluster, resulting in cumulative increase of firms in the cluster. 44 weavers have ranked this as the most important reason for setting up of their enterprise in the cluster. Porter (1998) observed that one prominent motivation for the formation of early companies is the availability of pool of factors such as specialised skills. Companies in vibrant clusters can tap into existing pools of specialised and experienced employees, thereby lowering their search and transaction costs in recruiting. In a similar study, Scorsone (2002) also opined that labour and human resources pooling is one of the main sources of productivity and cost benefits that occur both directly and indirectly to firms within a cluster. Firms who use similar types of occupation and worker skills can draw from a larger pool of potential employees. Further, Basant (2002), observed that geographical concentration of firms in related industries creates a pooled market for workers with the same or similar skills.

No.2 Reason: 54 (about 56%) sample entrepreneurs have marked 'hometown or nearness to native place' as one of their three choices with a rating of 21.14 per cent. It was also observed earlier that 81.44 per cent of the sample entrepreneurs (see Table 3.12 in Chapter 3) belonged to Thenzawl and the urge to continue living in their hometown has played a significant role in inducing them to start the enterprise in the cluster itself. Tribal communities have strong socio-cultural bonds with the members of the community and this factor has urged them to remain in the cluster rather than migrate to urban areas such as Lunglei and Aizawl. Growing urbanisation has posed many problems to Mizoram as 50 per cent of the population of Mizoram dwells in the cities of the state and it is noteworthy that handloom can play an important role in the balanced regional development of the state by giving livelihood and financial independence to the marginalised people in their place of origin and curbing migration of people from rural areas to the urban areas.

This was followed by the factor, 'existence of similar units in the cluster'. It is evident that cluster dynamics has played a significant role in the birth and agglomeration of firms in this cluster. Therefore, it may be inferred that networking of firms in the cluster is an important advantage derived by the enterprises which in turn, would create more number of enterprises in the cluster and as a result an agglomeration of firms.

4.7.5 Entrepreneurs' Alternate Proposals had there been no Cluster

The study also enquired into the entrepreneurs' alternate proposals had there been no cluster in Thenzawl in order to assess the magnitude of the desire for taking up any entrepreneurial venture.

As shown in Table 4.11, only three entrepreneurs out of 97 indicated that they would have taken up a job had there been no cluster at the time of commencement of their business in Thenzawl cluster. About one third of the entrepreneurs opined that they would prefer to run the same handloom business elsewhere under hypothetical situation. This speaks of their interest and commitment for weaving as an occupation. 16 entrepreneurs (16.49 per cent) would rather opt to do a different business. Therefore it is evident that the spirit of entrepreneurship existed among about half of the sample entrepreneurs. However, 45 (46.39 per cent) of them were not sure about their second option, as they indicated 'can't say'.

Table 4.11: Entrepreneurs' Alternate proposals had there been no cluster

Alternate Plan	No. of Entrepreneurs	Per cent
1. To take up a job	3	3.09
2. To set up the same business elsewhere	33	34.02
3. To start a different business	16	16.49
4. Can't say	45	46.39
Total	97	100.00

It appears that these entrepreneurs had opted to commence business in handloom mainly because of the existence of Thenzawl cluster. This inference is reinforced by the earlier finding (see Table 4.7) where 'securing cluster relationship with other units' received the highest ranking.

4.8 ENTREPRENEURS' SATISFACTION WITH COMMON FACILITIES

The present study also elicited a self assessment by the entrepreneurs on their degree of satisfaction with common facilities available in the cluster. Common facilities are facilities such as assistance for procurement of raw materials, technological support, maintenance and repairing of looms, dye house, sheds for production activities and sharing of equipments, quality testing and counselling facilities and so on.

Only 12.37 per cent of the sample entrepreneurs were satisfied with the common facilities available in the cluster (Table 4.12). A large majority (83.51 per cent) of entrepreneurs expressed their dissatisfaction with the common facilities available in Thenzawl cluster.

Table 4.12: Entrepreneurs'' Satisfaction level with Common Facilities in the Cluster

Level of satisfaction	No. of Entrepreneurs	Per cent
1. Very much satisfied	-	-
2. Satisfied	12	12.37
3. Undecided (neither satisfied nor dissatisfied)	4	4.12
4. Not satisfied	72	74.23
5. Not at all satisfied	9	9.28
Total	97	100.00

The researcher in her field study observed that except for the existence of one site for production activities, where four sheds have been provided by the Directorate of Handlooms, Government of Mizoram, which houses fly shuttle looms and two warping drums, no other common facility was available to the entrepreneurs such as, common yarn depots, testing laboratories for yarn, dyes, colours, chemical testing; laboratory for testing quality of products, facilities for repair of looms and so on. The analysis shows that meagre assistance was provided by the government to the weavers and a lot more needs to be done to sustain and develop the industry in Thenzawl.

4.9 CONCLUSION

It is evident that the traditional artisan cluster of Thenzawl has become a pool of entrepreneurship. The weavers in this cluster have initiated themselves into entrepreneurship on the basis of the weaving skills acquired by them, family and friends' support and expectations of cluster dynamics in order to earn a livelihood, make money and enjoy independence. The socio cultural ethos of the Mizo community in providing support to the entrepreneurs has played a key role in motivating the entrepreneurs to start their own micro enterprises, rather than be wage earners. Some of the key issues that emerge from this chapter are:

1. The most important ambitions that have spurred the entrepreneurs to start their enterprises was earning a livelihood, making money and gaining an independent living.

2. The entrepreneurs are very hardworking and devote a lot of exclusive time to their enterprises. It was noted that micro enterprises in the study were run as a household enterprise by depending heavily on their family members. About one fourth of the entrepreneurs were utilising the services of their family members for more than 10 hours a day in managing the enterprises.

3. Only 16.49 per cent of the entrepreneurs would like their children to become entrepreneurs in the same business whereas about 80 per cent of the entrepreneurs do not want their children to become entrepreneurs in the handloom industry.

4. 'To make use of idle funds' was the most compelling reason to enter the industry with the weighted score of 159, followed by 'unemployment' (weighted score of 140), 'diversification of economic interests'(weighted score of 108) and 'dissatisfaction with the previous job'(weighted score of 74).

5. It is observed that combination of weaving skills and the ownership of looms have facilitated the initiation of the weavers into entrepreneurship. Another significant facilitating factor has been the encouragement provided by family members, relatives and friends. This study revealed that the

humble weavers have reposed more confidence in their own family, friends and relatives and network with other weavers in the cluster rather than the government and other agencies. It is also evident that securing cluster relationship to derive positive synergies from linkages with other units in the cluster was the most dominant expectation of the entrepreneurs at the time of starting their enterprise. This analysis leads to the inference that cluster dynamics seems to be an important tool in stimulating entrepreneurship in Thenzawl handloom cluster located in a remote tribal area. This was followed by assistance from family members, friends and relatives. Further with regard to the fulfillment of the expectations of the entrepreneurs, it was observed that 61.86 per cent of them expressed their satisfaction. 8.25 per cent of the entrepreneurs felt that their expectations were fulfilled partly, while only 7.22 per cent of the entrepreneurs expressed complete dissatisfaction in this regard.

6. The possession of weaving skills, previous experience in the handloom industry and the fact that commencement of commercial production of handloom products was easy as it does not entail huge investments, have influenced these humble weavers in their choice of setting up of micro enterprises in Thenzawl cluster.

7. This study has also enquired into the important reasons behind the entrepreneur setting up of his or her enterprise in the cluster to understand the cluster processes. The first rank was accorded to the availability of

weavers/labour in the cluster followed by ‘hometown or nearness to native place’, which was the second important reason and ‘existence of similar units in the cluster’ was given the third rank. Interestingly government support was the least important reason cited by the respondents for setting up of the enterprise

8. It is evident that the spirit of entrepreneurship existed in 50 per cent of the entrepreneurs irrespective of the choice of location or type of business. It also brings out the significant role played by the cluster phenomenon on the emergence, sustenance and the development of entrepreneurship in Thenzawl. It seems that cluster processes can be an important tool of developing entrepreneurship in such tribal areas of NER. The study enquired into the entrepreneurs’ alternate proposals in the absence of the cluster in order to assess the magnitude of the desire for taking up entrepreneurship.

9. The present study also elicited a self assessment by the entrepreneurs on their degree of satisfaction with common facilities available in the cluster. A large majority (83.51 per cent) of entrepreneurs expressed their dissatisfaction with the common facilities available in Thenzawl cluster. The analysis shows that meagre assistance is provided by the government to the weavers and a lot more needs to be done to sustain and develop the industry in Thenzawl.

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Chapter 5

GROWTH AND MANAGERIAL PERFORMANCE OF ENTERPRISES

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5.6 MARKETING
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5.6.1.1 No. of units sold by the sample enterprises for the years 2006, 2007 and 2008.

GROWTH AND MANAGERIAL PERFORMANCE OF HANDLOOM ENTERPRISES

This chapter has attempted to evaluate the growth and managerial performance of handloom enterprises in Thenzawl cluster in terms of production, human resources, marketing and finance.

5.1 INTRODUCTION

Having explored the socioeconomic characteristics of the entrepreneurs (see Chapter 3) and the motivational factors behind the emergence of entrepreneurship (see Chapter 4) in Thenzawl handloom cluster, the present study intends to evaluate the and growth and managerial performance of the sample enterprises in the cluster. The analysis is based on the data collected from the sample enterprises which will shed light on the trajectory of growth of the cluster since its evolution in 1982.

Several measures or indicators of performance such as employment, sales, growth in number of looms and so on have come to be used by several researchers to evaluate the performance of enterprises in the handloom sector. Some critical indicators analysed in the present study are growth in terms of the number of units, looms, value of production, sales, employment and so on. An enhancement in these critical dimensions of performance over a period of time has been inferred as *growth*.

An attempt is also made to analyse the functional dynamics of the enterprises such as production, human resources, marketing and finance. Some nuances of qualitative growth such as design of the products, response to preferences of customers, opportunities for exposure to national and international markets and diversification of products, which have a bearing on the performance and growth of the industry in the present era of globalisation have also been analysed. Several researchers (Mahapatro, 1986, Kankalatha and Syamasundari 2002, Narasaiah and Krishna, 1999, Rama Mohana Rao, 1997, Venkateshawarlu, 2005) have analysed the problems of the handloom industries in various parts of the country. However, there is a paucity of data on the functional dynamics of the handloom industry in the India's North east. This may be one of the reasons which has constrained the formulation of appropriate policies relevant to the development of this sector in NER.

The present study has presented the aggregate data of the sample enterprises in the cluster to gain a holistic understanding of the performance and growth of the cluster. This macro analysis is, however, based on data collected from individual enterprises through field observations. As the entrepreneurs hardly maintained any books of accounts, the researcher had to largely rely on information provided by them on its face value which is a limitation that could not be avoided in data collection. Further, the study has considered only investment in looms and loom accessories as operational investment (land and building was excluded) as 88.66 per cent of the entrepreneurs operate from their houses.

Another limitation posed by the lack of maintenance of records was the collection of data for all the years or a period of more than three years consecutively. Hence, the data was collected for the initial two years of commencement of the enterprises and the last three consecutive years from the year of study from all the enterprises. The initial years refer to the first two years of functioning of the enterprise and the last three years refer to the years 2006, 2007 and 2008. This method of collection has been followed for all the criteria of performance.

5.2 SOME KEY CONCEPTS

A brief explanation of some of the key concepts used in the present chapter is given hereunder:

Fixed Assets: Fixed assets for a micro handloom enterprise generally comprise, working sheds, looms and loom accessories. In this context some key concepts have been explained to give a clear understanding of the investment in working sheds, looms and loom accessories.

Working shed: Working shed is a separate place where looms are placed to conduct weaving activities.

Handloom: The word ‘handloom’ refers to a loom which is operated manually to weave a fabric by interlacement of warp and weft. The Indian handloom textiles are classified as traditional textiles which are manufactured or woven on handloom without the use of electricity.

Looms: The loom is the means of production for the weaver. It is the equipment that enables the weaver to convert the yarn into fabrics with exquisite designs.

Loin looms: The loin looms are primitive looms which do not have fly shuttles. In the case of loin looms, the maximum width of weaving of cloth that can be undertaken is restricted to 40 inches only and the production on loin loom is slow as compared to the fly shuttle loom (Das, 1986).

Fly shuttle looms: The looms that have fly shuttles as apparatus came to be known as fly shuttle looms. Fly shuttle loom is an advanced technological version of the loin loom.

In order to gain a clear understanding of the difference between the fly shuttle loom and loin loom, the concepts of shuttle and fly shuttle have been elaborated as hereunder:

Shuttle: The shuttle is an important part of the loom made of hard wood and shaped like a miniature boat pointed at both ends. A shuttle is basically a container for a package of filling yarn and is shaped so it passes easily through a shed, moving across the warp[1] with as little effort as possible (Fannin, 1979).

Fly shuttle: The invention of fly shuttle was an advancement in the weaving technology that brought immense benefits to the weaver and the weaving industry. Fly shuttle is an improved version of the simple shuttle.

The effect of the fly shuttle upon the loom and the whole textile manufacturing process was almost magical. The fly shuttle apparatus really quadrupled the productive capacity to the loom. The fly shuttle gave freedom to the weaver to weave straight on, which enabled him to not only produce more quickly but also enabled him to give more attention to the pattern and quality of the cloth (Murphy, 2000).

Loom accessories: Loom accessories are equipments that enable the functioning of weaving activities such as cycle wheel winder or '*charkha'*, warping drum, warp bobbin, pin and so on. The weaving activity is dependent on these equipments which are attached to the loom or are used during the pre weaving process.

5.3 PERIOD OF COMMENCEMENT OF SAMPLE ENTERPRISES

Numerical increase of the handloom enterprises in Thenzawl cluster has implications on the development of the economy of the state since handloom sector is considered as an important contributor to the economic development of the tribal economy of Mizoram, particularly, in the absence of significant industrial development. As mentioned earlier, all the entreprenurs in Thenzawl cluster are tribals and almost all of them are women. According to the Global Gender Gap Report (2008) India has the 113th position among 130 countries (Ricardo et al,2008). This reveals the appalling condition of women in India, in general, and reiterates the need to economically empower women.

Given the lack of opportunity to higher education due to many socioeconomic barriers, discussed in the previous chapter, it is significant that the tribal women of Thenzawl have tried to make the best of the knowledge and economic resources at their disposal to start their own enterprise rather than working as mere wage earners like their counterparts in big states such as Bihar and Orissa.

The birth of the Thenzawl handloom cluster as a centre of commercial production of handloom products can be traced to the period 1980-85. Presently it is estimated that approximately 200 enterprises are operating in the cluster. The present study has analysed the performance of 97 sample enterprises.

A perusal of Table 5.1 shows that 10 of the sample enterprises were started during the period 1980-85.

Table 5.1: Period of Commencement of Sample Enterprises during 1980-85 and 2005-08

Year	No. of Enterprises	Per cent
1980-1985	10	10.31
1985-1990	26	26.80
1990-1995	21	21.65
1995-2000	20	20.62
2000-2005	11	11.34
2005-2008	9	9.28
Total	97	100.00

1985-90 has been the period that witnessed the birth of maximum number of units (26.80 per cent) among the sample units. This period also coincided with Mizoram attaining the status of statehood (February, 1987) in the Union of India, the cessation of insurgency and the return of peace to this strife torn erstwhile union territory of India as an outcome of the peace accord signed on 25th June, 1986 between the Mizo National Front, which led the movement and the Government of India. It appears that political stability had played a role in the growth in terms of the emergence of new enterprises in the cluster. Thereafter, there has been a decline in the rate of setting up of enterprises among the sample enterprises.

The entry of new enterprises alone cannot be construed as the sole indicator of growth of the cluster. Other aspects of growth such as expansion of production capacity of the existing enterprises in the form of increase in number of looms, growth in the value of production and so on are other important indicators of growth. The present study has also analysed some of these aspects of growth.

5.4 PRODUCTION

A handloom enterprise is basically a production unit in which inputs such as yarn are converted into fabrics for sale to consumers. Production can be referred to as the process of physical transformation of inputs such as yarn into finished products. The production system basically consists of three elements: inputs, the production process and outputs. Inputs take the form of labour, raw materials and sources of energy. The production process in a handloom enterprise mainly consists of raw materials and labour as it does not need any source of energy to operate by virtue of being a unit that functions manually and does not require electricity. The process of production, the products manufactured and the basic elements of production system viz raw materials and labour in the handloom industry in Thenzawl are discussed in this section.

5.4.1 Production Process

The process of manufacturing handloom products usually involves three important phases: i) preweaving process ii) weaving and iii) post weaving. These phases are briefly explained below:

i. **Preweaving**: Preweaving involves grey yarn procurement, designing, scouring, dyeing, winding and warping of yarn, sizing, dressing and beaming, and drafting and denting.

- *Yarn Procurement* – The raw material for the manufacture of handloom fabric is yarn. Yarn is produced from natural fabrics like cotton, silk, wool and man made fabrics like polyester or a blend of these fibres. Normally *hank yarn*[2] is consumed by handloom industry. The entrepreneurs in Thenzawl, however, procure dyed yarn from the yarn merchants in Aizawl and Thenzawl.

- *Designing*- Different patterns and colour combinations are designed at the beginning of the manufacturing process. Design of the finished product has to be conceived and planned well before weaving takes place.

- *Winding* – Winding is done for two reasons, namely, for warp winding and for pirn winding. Warp winding is the process by which the dyed yarn will be weaved on small bobbins through charkhas. Pirn winding is the process of winding the dyed yarn on the pirns to be used as weft yarn during the process of weaving.

- *Warping* – It is the process by which the required number of warp threads is wound on the warping machine simultaneously to get a lengthy warp.

- *Sizing* – It is the process in which the yarn in the form of warp is applied with sizing mixture.

- *Dressing and Beaming* – The yarn after sizing are to be woven on a beam. The pieced warps are stretched to remove the broken threads and the warp is woven on the warp beam. This process is called dressing and beaming.

- *Drafting and Denting* – The drawing of each end of warp thread through the *healds*[3] as per requirement of designs is called drafting. Denting is the process of drawing the warp yarn threads through the *reeds*[4] after drafting (Ministry of Labour, 1986-87).

Thereafter, the shuttle box is fitted in the loom and the next process of weaving starts. Small weavers usually do not own drum, and hence do not perform the activity of warping in drum and beam rolling. They collect it from outside as per chosen design. In Thenzawl cluster the charges for warping one product was about `10.

ii. Weaving: This is a crucial stage of production process where the weaver converts the yarn into different products using his or her creativity. The time taken for weaving depends on the specific type of product depending on the intricacy and patterns of design of the product. For instance, weaving an intricately designed *Siniar* or *Puanchei* will demand greater skills and time of the weaver as compared to plain *puan* or *Puandum*. It is the final operation in the production of cloth. It mainly consists of three functions: shedding, picking and beating.

- *Shedding* – is the process where warp is divided into two layers for the passage of the shuttle carrying the weft yarn.

- *Picking*- is the process by which the shuttle is moved from one side to the other side with the weft yarn.

- *Beating*- Thereafter the thread is beaten to the fall of the cloth. This process is known as beating (Ministry of Labour, 1986-87).

iii. **Postweaving**: This phase involves cutting, brushing, calendaring, finishing, packaging and marketing. Finished product is calendered manually and carried to the market (Khasnabis and Nag, 2001).

As mentioned earlier, the production process deals with converting raw materials into finished products. Under the production function some important aspects such as procurement of raw materials, capacity utilisation of looms, total production of handloom products, growth in production of handloom products, quality control techniques, setting designs, and others have been studied in the cluster.

5.4.2 Basis of Production

In the present study, the sample entrepreneurs were asked whether they plan their production based on orders received or not (Table 5.2).

Table 5.2: Basis of Production by the Sample Enterprises

Basis	No. of enterprises	Per cent
a. As per orders recd	4	4.12
b. First produce and then sell	46	47.42
c. Both a & b	47	48.45
Total	97	100.00

Interestingly, very few enterprises (4.12 per cent) manufacture their products solely on the basis of orders procured whereas 47.42 per cent enterprises first manufacture the products and then plan to sell it in the market. 48.45 per cent of the sample entrepreneurs manufacture their products based on a combination of two methods, namely: orders procured and in anticipation of orders after manufacture of products.

5.4.3 Fixed Assets

The present study has enquired into the fixed assets owned by the sample enterprises and the growth in the fixed assets, if any. Fixed assets comprise working sheds, looms and loom accessories owned by the sample enterprises.

5.4.3.1 ***Working Sheds***: **A**bout 89 per cent of the sample entrepreneurs were operating their looms from their houses or the houses of the labourers and only 11 per cent were operating their looms in working sheds. It is observed that in most cases the looms were housed in the verandah or in the basement of the entrepreneurs' houses below the stilts.

In a study (Ministry of Labour, 1986-87) on the living conditions of weavers in 15 states (excluding Mizoram) in Indian it was observed that only 10.15 per cent of the looms were operated in sheds whereas the remaining (89.85 per cent) of looms were housed in the dwellings of the weavers. In another study (National Productivity Council, 1984) conducted on weavers in Mizoram, it was found that all the weavers studied worked in their houses and none had a separate working shed.

A similar situation existed in Thenzawl cluster where only 11 per cent of the entrepreneurs were working in sheds. However, it is distressing to note that 89 per cent of the weavers were working with very less support of infrastructure such as separate sheds for operating their looms which poses many difficulties to the weavers. Moreover, since Thenzawl experiences heavy rainfall, (for example, the average rainfall was 2942.55 mm in Serchhip district in 2008 (Directorate of Economics and Statistics, 2008) the weavers have to work by spreading plastic sheets to shield their looms from the rain.

It was observed that the small weavers even finance to buy high quality silpaulin sheets to shield their looms from rain. In spite of adverse weather conditions and lack of bare minimum infrastructure, it appears that most of the weavers continue weaving, though, at a slower pace even during the monsoon period It was observed that this has affected the capacity utilisation of the looms during the monsoon months. This aspect has been detailed under the head' capacity utilisation of looms' in this section.

Since most of the entrepreneurs were operating from their houses and did not have separate sheds to operate their looms, the study has considered only investment in looms and loom accessories as the investment in fixed assets.

5.4.3.2 Looms: Looms are the most important equipment required for weaving. As mentioned earlier, looms may be classified into two broad types : loin looms and fly shuttle looms. Loin looms were the primitive type of looms which were used in ancient times whereas fly shuttle looms are advanced versions of loin looms. In a study (National Productivity Council, Guwahati, 1984), it was observed that in 1980s, loin looms were predominantly used by weavers (91 per cent) in Mizoram. Only 11 per cent of the total looms surveyed were fly shuttle looms. However interestingly, loin looms were being used even in recent times in some handloom clusters such as Barabanki in Uttar Pradesh.

In the present study, it is observed that two types of looms were being used in Thenzawl viz, Indian looms and Burmese looms, implying the country where it was manufactured. Both the types of looms can be classified as fly shuttle looms. It appears that the Burmese looms require lesser movements in operating. However, it seems that many weavers in Thenzawl prefer Indian looms as it suits the physical stature of the Mizo women who are normally short and petite and, hence, find it difficult to operate the Burmese looms.

At the time of survey (December 2008), the sample enterprises in Thenzawl cluster owned 501 Indian looms and only nine Burmese looms. The present study has also analysed the cost of the looms, growth of looms in the cluster, status of idle looms in the cluster and average capacity utilisation of the looms with comparisons to other select clusters, wherever possible.

5.4.3.2.1 **Price of looms and accessories:** Starting an enterprise in the handloom sector does not entail huge investment. The average price of an Indian loom (fly shuttle) was about ` 5000 and the average price of a Burmese loom was about ` 7500 at the time of survey. The price of different loom accessories required for the pre- weaving and weaving phases of manufacturing as on December 2008 are mentioned in Table 5.3.

Table 5.3: Price of Loom Accessories as on 31st December 2008

Sl.No	Particulars	Price (`)
1	Cycle Wheel winder	500
2	Warp Bobbin	2
3	Warping Drum	4200
4	Ordinary Winder	250
5	Street Warping	2500
6	Beaming Frame	1500
7	Reed	220
8	Wire Heald	130
9	Fly shuttle	55
10	Warp Drawing Book	25

It is observed that there is a deficiency of loom accessories such as warping drum and beaming frame in the cluster and these equipments were being shared by weavers in the cluster.

***5.4.3.2.2 Growth in the number of looms*:** The study has enquired into the growth in the number of looms owned by the sample enterprises since the first year of commencement of business. It is noteworthy that the number of looms owned by the sample enterprises in the cluster was merely eight in 1982 and has increased to 509 in 2008 (Table 5.4).

Table 5.4: Growth in Number of Looms Owned by the Sample Enterprises

Type of Loom	No. of looms owned	
	In the first year of business commencement	As on 31-12-2008
Indian Looms	152	500
Burmese Looms	3	9
Total	155	509*

**Includes a loom owned by an enterprise which commenced business in 2008*

The average number of looms owned by the sample enterprises was 5. There has been a growth of 229.6 per cent in the number of Indian looms in the cluster from the beginning of commercial production by the enterprises The number of looms owned by the sample enterprises has registered a remarkable growth of 228.4 per cent since the initial year.

The number of Burmese looms owned by the sample enterprises was very negligible at two points of time. Burmese looms comprised merely 1.8 per cent of the total looms and played an insignificant role in the handloom industry in Thenzawl. This may be attributed to the drawbacks faced by Mizo women in operating Burmese looms due to their small physique.

***5.4.3.2.3 Requirement of additional looms*:** The study also enquired into the additional number of looms required by the sample entrepreneurs. It may be inferred that the entrepreneurs would like to increase their capacity of production by acquiring more Indian looms and the industry holds promise for the future (Table 5.5).

Table 5.5: Additional Looms Required by the Sample Enterprises

Type of loom	Existing No. of looms	No. of additional looms required	Increase in per cent
Indian looms	501	883	76.6
Burmese looms	9	2	-

The sample entrepreneurs require an increase of 76.6 per cent Indian looms in comparison to the total number of looms operated by them at the time of survey. Conversely in another study conducted in Chirala cluster, it was observed that the number of looms have decreased by 60 per cent from 1970. (Diagnostic Report of Chirala Handloom Cluster)

5.4.3.2.4 Number of looms owned: The study has also analysed the number of looms owned by sample enterprises. The table 5.6 indicates that 69 per cent of the sample enterprises have four or less than four looms.

Table 5.6: Number of Looms Owned by the Sample Enterprises in 2008

No. of Looms	No. of Enterprises	Per cent
0-2	43	44.33
3-4	24	24.74
5-6	16	16.49
7-8	2	2.06
9-10	4	4.12
11-12	1	1.03
13-14	1	1.03
More than 14	6	6.19
Total	97	100.00

Further, it is observed that 18.55 per cent of the sample enterprises owned 5-8 looms, 5.12 per cent owned 9-12 looms and 7.21 per cent owned more than 12 looms. The analysis brings out the fact that most of the sample enterprises were small in size. However, it is pertinent to note that all the sample enterprises started their enterprise with not more than five looms.

87.63 per cent of the sample enterprises in the cluster commenced business with one or two looms only and the remaining 12.38 per cent entrepreneurs began business with 3-5 looms.

It is evident that all the weavers in the cluster started their business activities as small weavers and their number of looms has grown over a period of time. There are instances of entrepreneurs who have increased their ownership of looms from a mere two looms to more than 20 looms.

In a study (National Productivity Council, 1984*)* conducted in Mizoram in 1980, shows the same trend, of weavers owning few looms. None of the weavers surveyed had more than three looms. As shown in Table 5.7 almost two thirds of the weavers had to run their enterprise with only one loin loom, 31 per cent with two loin looms and three per cent with three loin looms. None of the weavers had more than three looms. Therefore, it is evident that the average number of looms owned by the weavers in Mizoram was 1 -2 looms in early 1980s.

Table 5.7: Number of Looms Owned by Enterprises in Mizoram in 1980

No. of Looms	No. of Enterprises	Per cent
1	40	65.57
2	19	31.15
3	2	3.28
More than 3	-	-
Total	61	100

Source: National Productivity Council, Guwahati (1984): *Studies in Handloom & Handicraft Industries in Mizoram*, Vol-I, Guwahati.

5.4.3.2.5 Idle looms: Idle looms indicate looms which are not in operation and hence, are unproductive. This may be due to many reasons such as, low demand for products, shortage of weavers to work on the looms; and so on.

The number of idle looms has a bearing on the performance and growth of the enterprise. The performance of the enterprise is reflected in the number of idle looms as against the total number of looms. Idle looms can be a symptom of decline in production and profitability which does not augur well for the industry.

It can be observed from Table 5.8 that only 12 Indian looms out of 501 looms were idle whereas one out of nine Burmese looms was idle in the cluster. On the whole only 2.5 per cent of total looms were found to be idle in the cluster. The number of Burmese looms however was insignificant.

Table 5.8: No. of Idle Looms in Sample Enterprises

Type of Loom	No. of Idle looms	Total
Indian looms	12	501
Burmese looms	1	9
Total	13	510

A comparison to the number of idle looms existing in other clusters reveals that Thenzawl cluster has comparatively very less number of idle looms. In a study (Ministry of labour, 1986-87) conducted in 15 states in India, it was observed that 26 per cent of looms were idle, and in a survey

(National Productivity Council, 1984) conducted on handloom weavers in Mizoram observed that 11 per cent of the looms (loin looms) were idle. Another study (Dev et al, 2008) conducted in Andhra Pradesh revealed that on March 31, 2005, 63 per cent of the looms under the co-operatives were idle. It was also observed in Tiruchirapalli cluster in Tamilnadu that 34.34 per cent of the looms operating in the co-operative sector in the cluster were idle and unproductive (Diagnostic Study Tiruchirapalli).

The existence of a very low proportion (2.4 per cent) of idle looms in the sample enterprises in Thenzawl cluster indicates a healthy trend and shows that the enterprises are in a position to operate to maximum number of looms. Table 5.8 indicates that Thenzawl cluster scores favourably in having less number of idle looms and reflects on the high performance level of the cluster as a whole.

***5.4.3.2.6 Capacity utilisation of looms*:** Capacity utilisation of operating looms was enquired into and standard deviation was calculated to find out an overall view of the capacity utilisation of the looms in the cluster. The entrepreneurs were asked to give the average capacity utilisation of the looms, utilisation during the periods of season and non season months. The period September to December is considered the seasonal period and May to July as non seasonal period which is characterized by the monsoon period for the state.

As stated earlier, Mizoram falls in the region that gets an average annual rainfall of about 3000 mm. The rainfall occurs during May - July period and may extend up to September. Due to the lack of facilities for storage of raw materials and operation of looms, it becomes very difficult for the weavers to carry on weaving activities smoothly during these months. Transportation also gets affected due to bad weather and the difficult terrain as these areas are wrought by frequent landslides in rainy season.

In these months, the weavers usually resort to spreading silpaulin sheets over the area slotted for the looms in their verandah and struggle to carry on their weaving activities. As noted earlier, most of the enterprises (89 per cent) do not have separate sheds to operate their looms. Many a times the small weavers have inadequate finance to equip themselves with good quality plastic or silpaulin sheets that would shield them from heavy rainfall. This has a bearing on the capacity utilisation of looms during the monsoon months. Table 5.9 shows the average capacity utilisation of sample enterprises in terms of hours per day.

Table 5.9: Average Capacity Utilisation of Sample Enterprises (in hours per day)

Type of Loom	In hours per day	During season	During non -season
Indian Loom	7.76	9.71	5.26
Burmese Loom	8.00	9.00	6

The average capacity utilisation per loom per day was 9.71 hours in case of Indian looms and 9 hours in case of Burmese looms during the seasonal months. However, during non season it was 5.26 hours per day in case of Indian looms and 6 hours per day in case of Burmese looms. The inclement weather conditions combined with the lack of infrastructure to operate the looms smoothly and fluctuating demand conditions may be considered as some reasons for less capacity utilisation during non-season months. As discussed earlier, the demand for handloom products peaks before Christmas and New Year.

In this regard, Table 5.10 compares the findings of the present study to that of another study (National Productivity Council, 1984) conducted in Mizoram in 1980s.

Table 5.10: Comparison of Capacity Utilisation of Looms

Capacity Utilisation of looms	Mizoram (1980) #	Thenzawl (2008) *
	Loin Looms	Fly Shuttle Looms
Average No. of hours utilised per day	No. of enterprises	No. of enterprises
1- 4	37 (60.66)	-
5 - 8	10 (16.39)	78 (80.41)
9 - 12	9 (14.75)	19 (18.55)
No Response	3 (8.20)	-
Total	61 (100)	97 (100)

Source: National Productivity Council (1984)*: Studies in Handloom & Handicraft Industries in Mizoram*, Vol-I, Guwahati
*Source: Field study.

The table indicates that average capacity utilisation of looms (loin looms) in Mizoram in 1980 was lower than the average capacity utilisation of the looms operating in sample enterprises in Thenzawl cluster (2008). 60.66 per cent who responded were operating the looms at an average capacity of up to 4 hours and only 31.14 per cent of the weavers operated their looms at an average capacity of more than 4 hours in 1980. Whereas none of the entrepreneurs in the present study operated their looms for an average of less than 5 hours in a day (table 5.10). 80.41 per cent of the sample entrepreneurs in Thenzawl operated their looms for 5-8 hours as against only 16.39 per cent weavers in 1980. Further, 18.55 of sample entrepreneurs in Thenzawl operated their looms for more than 8 hours as compared to 14.75 weavers in 1980. It may be noted that the entrepreneurs in Thenzawl cluster use fly shuttle looms whereas all weavers surveyed in Mizoram in 1980 were operating loin looms. Loin looms have a lower productivity than fly shuttle looms as the production of loin loom is slow as compared to the fly shuttle loom (Das N, 1986).

5.4.3.2.7 Standard deviation of capacity utilisation of looms*:* The present study also analysed the standard deviation of the looms owned and operated by the sample enterprises to evaluate the performance of the looms in the cluster.

The standard deviation of capacity utilisation as indicated by Table 5.11 is 1.42 hours. It may be inferred that the values of number of hours of utilisation of the looms by 97 enterprises was more or less differing by 1.42 hours only. The values are not spread to a great extent and the enterprises maintain an equitable capacity utilisation of their looms.

Table 5.11: Standard Deviation of Capacity Utilisation of Looms Owned by Sample Enterprises for 2008

x (Hours)	f (No of Entrepreneurs)	fx	d (average capacity Utilisation)	d^2	fd^2
5	1	5	-2.74	7.51	7.51
6	21	126	-1.74	3.03	63.58
7	10	70	-0.74	0.55	5.48
8	46	368	0.26	0.07	3.11
9	0	0	1.26	1.59	0.00
10	17	170	2.26	5.11	86.83
11	1	11	3.26	10.63	10.63
12	1	12	4.26	18.15	18.15
68	97	762			195.28
				SD	1.42

The present study has further analysed the functional dynamics of the cluster which includes some important aspects of production, human resources, finance and marketing. The cost of production of different products has been estimated and compared to other select handloom clusters in India.

5.4.4 **Raw Materials**

The raw material for the handloom products in Thenzawl cluster is the dyed yarn. The enterprises in Thenzawl do not undertake dyeing activity, but procure dyed yarn as raw material for weaving. Hence, the raw material for the products is dyed yarn. The present study has analysed the cost of raw materials, sources of procurement of raw materials, buffer stock maintained, storage facilities for raw materials and terms of payment for raw materials.

5.4.4.1 Cost of raw materials: There are different varieties of yarn which are used in the production process, both natural and man made fabrics, such as cotton, wool, silk, acrylic and gold thread required for manufacturing different products.

Table 5.12 shows the product-wise yarn requirement and the average cost of the yarn for the select products namely *Puanchei*, Plain *puan, Siniar puan, Ngotekherh, Puandum* and shawl.

Table 5.12: Product-wise Details of Quantity of Yarn Required and Average Cost of Raw Materials in 2008

Handloom products	Quantity of yarn required (in gms)	Average cost of raw material per handloom product (in `)
Puanchei	550	165
Plain *puan*	250	65
Siniar	600	210
Ngotekherh	450	105
Puandum	300	78
Shawl	600	156

The type of yarn mainly used for producing *Puanchei, Ngotekherh* and *Puandum* is acrylic whereas the yarn used for manufacturing of *Siniar puan* is silk. It is evident that the average cost of raw materials for producing plain *puan* and *Puandum* was among the lowest and the price of these products was also among the cheapest. The cost of raw materials for *Siniar* was the highest. It is made of silk and this is a niche product which is among the highly priced products in the market.

***5.4.4.2 Sources of procurement of raw materials*:** Procurement of raw materials is the first step in the production process. Thenzawl being a remote town in India's North east, it is important to understand from which place raw materials are procured. The study reveals that the most important source of procurement of raw materials for 71.13 per cent of the sample enterprises was yarn merchants in Aizawl (the capital of Mizoram), and 28.87 per cent of the enterprises procured raw materials from yarn merchants in Thenzawl itself. None of the enterprises procure the raw materials either from Guwahati or other places in India or from other countries. This indicates that the raw materials were sourced from within the state itself and the sample enterprises did not have any network with yarn merchants outside Mizoram. An important reason for this could be problems of transport as Thenzawl is tucked away in a remote corner of North east. It may be concluded that the cluster is mainly dependent on yarn merchants from Thenzawl and Aizawl for the supply of raw materials.

5.4.4.3 **Buffer stock:** The respondents were asked whether they maintain any buffer stock to enable their enterprises to continue operations in the event of any delay in procurement of stock due to some unavoidable reasons. Only 31 per cent of the sample enterprises maintained a buffer stock for an average period of two or three months. 69 per cent of them did not maintain any buffer stock. Maintenance of buffer stock could facilitate the smooth flow of the production process without delays. One reason for not maintaining buffer stock might be lack of facilities for storage of raw materials.

5.4.4.4 **Facilities for storage of inventory**: An overwhelming majority of the sample enterprises (93.81 per cent) stored the raw materials and finished goods in their homes itself, and only a small number (6.19 per cent) of enterprises had separate facilities for storing their inventory.

It appears that sample enterprises owning more than 14 looms are having separate storage facilities for inventory. This calls for steps by the government to create storage facilities for raw materials for the cluster as a whole in the form of building a yarn depot in Thenzawl to support and develop the handloom industry.

5.4.4.5 **Terms of payment for raw materials:** Terms of payment for raw materials can be either on cash basis or credit basis or both. Availing credit facilities from the suppliers is an important component of working capital for any enterprise. The study enquired into the method of payment for procuring raw materials

It can be observed from Table 5.13 that 57.73 per cent of the sample enterprises make down payment of cash on delivery of raw materials and a very small number of enterprises (three or 3.09 per cent) depend on a credit basis of payment to the suppliers.

Table 5.13: Method of Payment for Raw Materials

Methods	No. of enterprises	Per cent
a. Cash basis	56	57.73
b. Credit basis	3	3.09
c. Both a & b	38	39.18
Total	97	100.00

39.18 per cent of the enterprises make payments on cash and credit basis as well. It may be inferred that as most of the enterprises make payments on the basis of cash payment, such enterprises have been facing a problem of inadequate working capital, as discussed in the next Chapter (see section 6.6).

5.4.5 **Cost of Production**

The main components of the cost of production in handloom products are the cost of raw materials and wages. The cost of production of select handloom products in Thenzawl has been estimated and compared. Table 5.14 shows the cost component of labour and raw materials in producing a single item of *Puanchei*, *Ngotekherh*, *Siniar puan*, plain *puan*, *Puandum* and shawl.

The labour cost for *Siniar puan* ` 500 (70.42 per cent), *Ngotekherh* (65.57 per cent) and *Puanchei* (60.87 per cent) handloom products was high as these items required specialised skills and expertise.

Table 5.14: Comparison of Raw Material Cost and Labour Cost of Select Products in Thenzawl Cluster in 2008

	Select handloom products					
Cost (`)	*Puanchei*	*Puandum*	*Ngotekherh*	*Siniar puan*	Plain *puan*	Shawl
Raw material	*225 (39.13)	65 (52)	105 (34.43)	210 (29.58)	78 (56.52)	156 (60.94)
Labour	350 (60.87)	60 (48)	200 (65.57)	500 (70.42)	60 (43.48)	100 (39.06)
Total	575 (100)	125 (100)	305 (100)	710 (100)	138 (100)	256 (100)

Note: Figures in parenthesis indicate percentage
* Includes *zari* ` 50.

Siniar puan was a high priced product with varied designs, intricately embroidered along with the weaving activity, Ngotekherh requires specific patterns and *Puanchei* requires specific intricate designs and patterns. *Puandum* and plain *puan* require raw materials of low cost and the wages for weaving plain *puan* and *Puandum* is the lowest at ` 60 each. Shawl requires high quality wool and hence the share of cost of raw materials is highest at 60.94 per cent.

5.5 HUMAN RESOURCES

The handloom industry is dependent on the skills and expertise of the weavers. Even the machine (loom) is manually handled by the weaver without the use of any automation or power. The weavers' services are the most important input in the handloom industry. The final product is the outcome of the creativity and expertise of the weavers. The weaver uses his/her nimble fingers deftly to create the varied colourful and intricate designs on the fabrics. Labour in the handloom industry is required mainly for: weaving the yarn into fabric and ancillary activities such as preweaving and postweaving operations.

5.5.1 Type and Number of Employees

It is observed in the present study that in most cases the weavers themselves perform preweaving and postweaving activities. Family members also perform pre-weaving and postweaving activities. It is observed that 90 entrepreneurs among the sample of 97 were self employed in their enterprise. Table 5.15 shows the number of people employed in the cluster

Table 5.15: Type of Employees and No. of Persons Employed in Sample Enterprises

Type of Employees	No. of Employees	Per cent
Self employed	90	16.01
Part time weavers	68	12.10
Full time weavers	350	62.28
Ancillary workers	48	8.54
Total	556	100.00

62.28 per cent of the weavers employed in the sample enterprises were working as full time weavers, whereas 12.10 per cent were part time weavers. 8.54 per cent of employees were ancillary workers engaged in pre weaving and postweaving activities. 51 children were found to be working as weavers in the sample enterprises.

Usually the looms were operated in the homes of the weavers (labourers). As all the weavers (labourers) were women, having the loom in close proximity of her home facilitates her to perform her household chores and take care of her children along with weaving. The family members of the weavers employed also help her in ancillary activities of manufacturing the fabrics. The looms are usually found in the verandahs of their home or the drawing rooms. It is also observed that their wages are also determined on the basis of the number of products manufactured rather than the hours of work put in. This arrangement gives her a lot of flexibility in managing her home as well as her weaving activities. Girl children also help out their mothers in weaving, preweaving and postweaving activities.

5.5.2 Wages

The weavers were paid on a piece rate system i.e. the wages were paid on the basis of the number of items produced. The wages per item differ according to the difficulty, expertise and time required to weave different handloom products. The study has analysed the labour charges of six important products in the cluster and a comparison is made to the labour charges of these products in 1980 (National Productivity Council, 1984). Table 5.16 shows the different rates of wages per item in different years.

Table 5.16: Rate of Wages for Select Handloom Products in Select Years in Mizoram (in `.)

Year	*Puanchei*	*Puandum*	*Ngotekherh*	*Siniar puan*	Plain *puan*	Shawl
1980#	150	30	100	150	40	17
2006*	350	60	200	500	60	100
2007*	350	60	200	500	60	100
2008*	350	60	200	500	60	100

Source: # National Productivity Council (1984): *Studies in Handloom & Handicraft Industries in Mizoram,* Vol-I, Guwahati.
*Field Study.

- *Siniar puan* requires intricate work from the weaver. It is a high priced product as the cost of raw materials and labour charges are high. *Siniar puan* has the third highest share in the total sales relating to sample enterprises with a share of 13.14 per cent in 2008 (see Table 5.21). The wages paid for weaving *Siniar puan* has increased by more than two times (233 per cent) from 1980 to 2008.

- The wages for producing *Puanchei* has increased by 133.33 per cent from 1980 to 2008. *Puanchei* is a traditional product which is being manufactured in the cluster since 1980. It has maintained the highest share in the total production with regard to the sample enterprises since the initial year (see Table 5.21).

- The wages of producing *Puandum* and *Ngotekherh* have doubled and wages for plain *puan* has increased by 50 per cent since 1980.

- Shawls were produced by only two enterprises in the 1980s, but in response to the increasing demand more numbers of enterprises have started manufacturing this product. It has shown a high growth (37.80 per cent) in production in comparison to the year 2006. The wages for producing this product have also increased by almost six times as compared to 1980.

5.5.3 Comparison of Wages in Thenzawl with other Clusters

The researcher has made an attempt to compare the wages of weavers in Thenzawl cluster with that of other select clusters. In Thenzawl cluster, the average wage per day was calculated as ` 100-125 per day on the basis of average number of days taken to weave different products. Table 5.17 shows a comparison of the wages paid to weavers in select handloom clusters in India.

Table 5.17: Wages of Weavers in Select Handloom Clusters in India in 2006

Name of Cluster	State	Wages(in ` per day)
Chirala	Andhra Pradesh	50-60
Bhagalpur	Bihar	30
Madhavaram	Tamil Nadu	60
Varanasi	Uttar Pradesh	60
Barabanki	West Bengal	50-60
Kullu	Himachal Pradesh	35-40
Trichy	Tamil Nadu	50-75
Imphal	Manipur	30
Burdwan	West Bengal	50
Thenzawl	Mizoram	100-125*

Source: *Diagnostic Reports of Chirala, Bhagalpur, Madhavaram, Varanasi, Barabanki, Kullu, Trichy, Imphal and Burdwan* handloom clusters.
* Field Survey.
Notes: Calculation for Thenzawl was made on the basis of average number of days taken to produce the product.

The following inferences can be drawn on the basis of information from the table and secondary information:

i. The wages paid to weavers in Bhagalpur (Bihar) and Imphal (Manipur) clusters were among the lowest in the clusters analysed. The wages of weavers in Bhagalpur have not increased since mid-1990s.The wages in these clusters were lower than the wages prescribed by the Minimum Wages Act. This may be attributed to the exploitation of the weavers by middlemen, traders and master weavers (Diagnostic Reports, Bhagalpur and Imphal clusters).

ii. In Varanasi (Uttar Pradesh) and Madhavaram (Tamil Nadu), there has been an absolute decline in earnings of weavers since 1995 by 30-40 per cent (Diagnostic Reports, Varanasi and Madhavaram clusters).

iii. The weavers in Kullu (Himachal Pradesh) cluster also get low wages at ` 35-40 per day (Diagnostic Report, Kullu cluster).

iv. The wages paid to weavers in Thenzawl cluster was the highest among the clusters compared. This may be attributed to the absence of exploitation of weavers by master weavers and traders.

A comparison of percentage share of labour cost in total cost of production is made between select clusters, namely Thenzawl (Mizoram), Imphal (Manipur) and Chirala (Andhra Pradesh) clusters as shown in Table 5.21.

Table 5.18: Comparison of Percentage Share of Labour Cost in Total Cost of Production in Select Clusters

Name of Cluster	Percentage share of labour cost in total cost of production
Thenzawl (Mizoram) *	60
Imphal (Manipur) #	32
Chirala (Andhra Pradesh) #	33

Source: # Diagnostics Reports of Imphal and Chirala cluster
**Field study (2008).*

The component of labour cost in the total cost of production is the highest in Thenzawl handloom cluster. As discussed earlier, this may be attributed to the high level of literacy rate in Thenzawl cluster and the absence of middlemen and traders who exploit the weavers as in Chirala and Imphal. At the same time it may be inferred that higher labour cost may affect competitiveness of Thenzawl cluster. The weavers of Thenzawl cluster, however, were not aware of any schemes of the Government of India formulated for them and none of the weavers were availing the benefit of any schemes such as Artisan Credit cards and Health Insurance scheme.

5.6 MARKETING

The present study has also analysed some important aspects of marketing of the sample enterprises in terms of sales, growth in sales, channels of distribution, terms of payment for sales, sales promotion techniques, market for the products and extent of participation of sample enterprises in exhibitions and fairs.

5.6.1 Handloom Products of Thenzawl: A Rich Tradition

At the outset, it would be interesting to have a glimpse of the various products manufactured in Thenzawl and their socio-cultural connotations. Mizoram offers a rich and varied ethnic range of intricately woven handloom products. The '*puan*' is the most widely worn ethnic dress in Mizoram. In fact, the word '*Puantah'* which means weaving in Mizo language has sprung from the word *puan*. The *puan* is akin to the lungi usually about 45 to 48 inches in width and about 36 inches in length worn by women.

There are *puan*s for every occasion – festivals, weddings, dances and mourning with specific designs, colours and names. *Puanchei* is worn for weddings, *Ngotekherh* for festivals and *Puandum* for mourning and so on. About 13 items of handloom products are produced in Thenzawl cluster ranging from *puan*s and shawls to bags and purses. These different products and their sociocultural implications have been described and elaborated below:

- ***Puanchei*** is the most colourful dress (*puan*) worn by Mizo women. The *Puanchei* is worn on occasions of weddings and festivals such as 'C*hapchar kut',* [5] *Pawl kut',* [6] *and 'Mim kut'.*[7] This is a multicoloured striped *puan* sometimes interlaced with *zari*. This was the traditional wedding dress worn by the Mizo brides. The colours used are red, green, pink, black and white.

- ***Ngotekherh*** is a *puan* for festive occasions. This is a traditional Mizo dress also worn for the traditional dances such as '*Cheraw',* the popular bamboo dance which displays a perfect synchrony of the movements of the footsteps of the Mizo girls to the beats of the bamboo. The *Ngotekherh* usually has white and black stripes but nowadays fresh combinations of colours like blue and red are being adopted by the weavers to cater to the preferences of the modern Mizo society.

- ***Siniar*** is a *puan* enriched by intricate embroidery and *zari* work by the weaver. It comes in varied designs and colours and does not subscribe to any traditional colours. *Siniar* is one of the most popular dresses worn by the Mizo women. It is observed that in recent times Mizo women in urban areas also wear *Siniars* to their workplace. It is symbolic of the modern Mizo women's sense of pride in the Mizo culture and tradition.

- ***Kawrchei*** is a black and white striped full sleeve blouse usually worn on *Puanchei* and *Ngotekherh* on festive occasions.

- ***Tawlhloh puan*** is an indigo coloured dress with red and white stripes. It was a traditional dress worn by warriors in ancient times. It symbolises the tribal warriors' undying spirit for defeating the enemy in the battle ground.

- ***Puandum*** is usually woven in black, red, yellow and green stripes. *Puandum* traditionally had to be taken by every Mizo girl to her husband's home when she got married and it was used to cover her husband's body when he died. It is usually worn as a mark of respect to a dead person during mourning and condolence.

- ***Puan ropui*** is a niche product woven to cater to the needs of the modern Mizo women. It is richly embroidered with *zari* and intricate designs and motifs all over the puan. It is the richest and most highly priced *puan* produced in Thenzawl.

- ***Plain puan*** is the *puan* commonly worn by Mizo women as a daily dress and the price is low.

The other items include bags, shawls and vest coats, with typical ethnic Mizo designs and colours which are becoming popular in recent times. Weavers in Thenzawl have gradually diversified into these products to cater to the increasing demand.

- ***Vest Coat***: is a colourful jacket woven in ethnic Mizo designs worn by men and women.

Other items: the other items include bags, shawls and vest coats. Bags, purses and shawls with typical ethnic Mizo designs and colours are becoming popular in recent times. Weavers have gradually diversified into these products to cater to the increasing demand.

5.6.1.1 No. of units sold by the sample enterprises for the years 2006, 2007 and 2008: Another indicator of performance of a cluster is the total sales output and the growth in the sales output over a period of time. The present study has analysed the sales output of sample enterprises. Table 5.19 shows the total number of units sold by the sample enterprises in the cluster for the years from 2006 to 2008.

Table 5.19: No. of Units Sold by the Sample Enterprises for the years 2006, 2007 and 2008

Products	2006	2007	2008
1. *Puanchei*	25372	27494	28511
2. *Siniar puan*	9259	9872	10497
3. *Tawlhoh puan*	1741	1650	1768
4. *Ngotekherh*	24280	25720	27072
5. *Puandum*	2685	2865	3238
6. Shawl	1270	1570	1750
7. Purse	2000	3500	2500
8. Plain *puan*	2775	2840	2890
9. *Puan-Ropui*	240	240	240
10. Vest coat	300	450	550
11. Bags	120	150	200
12. *Puantial*	50	50	75
13. *Kawrchei*	600	600	600
Total	70692	77001	79891

Thirteen types of handloom products were manufactured in the cluster in the years 2006, 2007 and 2008. The total number of units sold by the sample enterprises has increased from 70,692 units in 2006 to 79,891 units in 2008. All products have registered an increase in production except, *Puan ropui* and *Kawrchei.*

As the entrepreneurs hardly maintained any books of accounts the researcher had to largely rely on information provided by them on its face value which is a limitation that could not be avoided in data collect. Another limitation posed by the lack of maintenance of records was the collection of data for all the years since the commencement of the enterprise.

Hence, the data was collected for the initial two years of commencement of the enterprises and also for three consecutive years, viz, 2006, 2007 and 2008. The cluster has registered a remarkable growth in the number of products and the range of products sold over the years.

The total output has increased from 70,692 units to 79891 units with regard to 97 sample enterprises. Five new products have been added to the product mix since the initial year of commencement of business viz; vest coats, bags, shawls, purses and *Puan ropui*.

Traditionally, it appears that *Puanchei*, *Siniar*, *Tawlhoh puan*, *Ngotekherh*, *Puandum*, Plain *puan*, *Kawrchei* and *Puantial* were manufactured in the cluster. Data reveal that later on new products were added to the product mix viz, *Puan ropui*, vest coat, shawls, bags and purses. It seems that the weavers have introduced these new products primarily to cater to the customer demand. Though the market is quintessentially local i.e. restricted to Mizoram only, it seems that some entrepreneurs are catering to the changing tastes and preferences of the customers. To this extent a certain level of marketing innovation is visible in some of the entrepreneurs.

However, the traditional products such as Puanchei, *Ngotekherh* and *Siniar puan* were the leading products manufactured by the sample enterprises. The details of new products that have been introduced in recent years are given hereunder:

- ***Vest Coat***: This product was introduced by the sample enterprises in 2006 and the number of units produced by the sample enterprises has almost doubled in two years. The vest coat is woven in colourful patterns following the ethnic Mizo designs.
- ***Bags***: Bags were newly introduced in 2006 and the production has almost doubled in two years. Bags are usually woven in red and green ethnic Mizo designs and are available in different sizes.
- ***Shawls***: Shawls were initially manufactured by only two sample entrepreneurs in 1980s, but it is observed that there has been an increase in the production of shawls in recent years and the number of entrepreneurs producing shawls has increased in the last two decades.
- ***Puan ropui***: This has been newly added to the product mix by the sample entrepreneurs. It is a modification of *Siniar puan*. This product was manufactured for the first time in 1998 by the sample enterprises. This is a high priced product which has a niche market. It is richly embroidered with *zari* and intricate designs and motifs all over the *puan*.
- ***Purses:*** Purses in attractive colour combinations are a recent addition to the product mix by the sample enterprises. The weavers follow the ethnic

Mizo colours and patterns which finds a demand in the market. It is observed that the weavers have innovated on manufacturing sling purses facilitating the female customers to carry their mobile phones.

It is evident that the cluster has traversed a long way since its inception in 1982 in terms of performance and growth. The number of units sold has grown from 880 units to 79891 units and the number of products has increased from merely four viz., *Puanchei, Siniar puan, Ngotekherh* and *Puandum* to thirteen different products in 2008. It is again evident that the products manufactured have a signature of the Mizo culture with respect to the designs, patterns and colours. The entrepreneurs have also introduced some new products during the period.

5.6.1.2 Sales turnover The study has analysed the sales value of handloom products of sample enterprises for the years 2006, 2007 and 2008. As mentioned earlier, most of the enterprises did not maintain any books of accounts or records and, hence, the researcher has relied on prima facie information obtained from the sample entrepreneurs at the time of field study. Table 5.20 shows the product-wise sales of the sample enterprises.

The sales turnover has increased from ` 3.81 crore in 2006 to ` 4.84 crores in 2008. The total sales volume from the operation of 510 looms owned by the sample enterprises in the cluster was ` 4.84 crores in 2008. The sales turnover of the sample enterprises has registered a remarkable growth, with the sales turnover rising by over ` 1 crore in three years since 2006, which reflects a healthy trend and indicates the degree of sustainable success of the cluster. The important products contributing to high sales turnover were: *Puanchei*, *Ngotekherh* and *Siniar puan* in that order.

Table 5.20: Estimated Sales Turnover of Sample Enterprises for 2006, 2007 and 2008

Handloom products	Sales (in ` lakhs)		
	2006	2007	2008
1. *Puanchei*	202.98	219.95	256.60
2. *Siniar puan*	50.92	59.23	68.23
3. *Tawlhoh puan*	4.35	4.13	4.42
4. *Ngotekherh*	97.12	102.88	121.82
5. *Puandum*	6.71	7.16	8.10
6. Shawl	4.45	5.50	7.00
7. Purse	1.00	1.75	1.25
8. Plain *puan*	8.33	8.52	8.67
9. *Puan-Ropui*	2.88	2.88	3.12
10. Vest coat	1.35	2.03	2.75
11. Bags	0.48	0.68	0.90
12. *Puantial*	0.10	0.10	0.15
13. *Kawrchei*	1.20	1.20	1.20
Total	381.87	416.00	484.21

5.6.1.3: Share of different products in the total sales of sample enterprises:

The researcher has made an attempt to assess the share of different products manufactured by sample enterprises in the cluster in order to understand which products are significantly contributing to the total sales turnover of the cluster. Table 5.21 shows the share of different products in the total sales turnover of the sample enterprises.

Table 5.21: Share of Different Handloom Products in the Total Sales of Sample Enterprises for the Years 2006, 2007 and 2008

Handloom products	Share in total sales (in per cent)		
	2006	2007	2008
1. Puanchei	*53.15*	*52.87*	*52.99*
2. Siniar puan	*13.34*	*14.24*	*14.09*
3. Tawlhoh puan	1.14	0.99	0.91
4.Ngotekherh	*25.43*	*24.73*	*25.16*
5. Puandum	1.76	1.72	1.67
6. Shawl	1.16	1.32	1.45
7. Purse	0.26	0.42	0.26
8. Plain *puan*	2.18	2.05	1.79
9. Puan-Ropui	0.75	0.69	0.64
10. Vest coat	0.35	0.49	0.57
11. Bags	0.13	0.16	0.19
12. Puantial	0.03	0.02	0.03
13. Kawrchei	0.31	0.29	0.25
Total	100.00	100.00	100.00

The following findings may be made from table:

- *Puanchei*, *Ngotekherh* and *Siniar puan* have been the most dominant products with a combined share of about 92 per cent in the total sales turnover of sample enterprises in the cluster in the period between the 2006 and 2008.

- *Puanchei* maintained the highest share of about 53 per cent) among all the products in the total sales of sample enterprises in the cluster in the years 2006, 2007 and 2008.

- *Ngotekherh* was the second most important product having an average share of 25 per cent of the total sales turnover of sample enterprises for the years 2006, 2007 and 2008.

- *Siniar puan* ranked third with a share of about 14 per cent in the total sales turnover of the sample enterprises.

- The products recently introduced by the sample enterprises in 2006 namely purse, vest coat and bag have a combined share of only 0.74 per cent in the total sales turnover of the sample enterprises.

- The other products have maintained a low share in the total sales turnover relating to the sample enterprises in the duster.

- The share of *Puan ropui* and plain *puan* has marginally declined since from 2006 to 2008.

5.6.1.4 Growth in sales of sample enterprises for the period 2006-08.

The following findings can be made from Table 5.22:

- All products manufactured by sample enterprises have registered an increase in sales value in comparison to 2006 except T*awlhoh puan* in 2007 and *Puan ropui* in 2007.

- *Puanchei* which has maintained the highest share in the estimated sales turnover of sample enterprises and has registered a growth of 9.14 per cent in 2007 and 27.71 per cent in 2008.

Table 5.22: Percentage Growth in Estimated Sales of Sample Enterprises (Product-wise) in 2007 and 2008 (2006 as Base Year)

Handloom Products	Estimated Growth in Sales (in per cent)	
	2007	2008
1. Puanchei	9.14	27.71
2.Siniar puan	16.81	35.08
3. Tawlhoh puan	-6.59	1.96
4. Ngotekherh	6.19	26.00
5. Puandum	6.70	20.60
6. Shawl	23.62	57.48
7. Purse	75.00	25.00
8. Plain *puan*	2.99	5.29
9. Puan-Ropui	0.00	8.33
10. Vest coat	50.00	103.70
11. Bags	40.63	87.50
12. Puantial	0.00	50.00

Note: Sales of Kawrchei have remained constant and hence not included in the table.

- Sales of *Ngotekherh* have shown an increase of 26 per cent in 2008 in comparison to 2006.

- The new products viz, vest coats, shawls and bags have registered a tremendous growth rate of more than 50 per cent in 2008, notwithstanding their negligible share in the estimated sales turnover.

***5.6.1.5 Designs*:** The study also enquired into the people involved in creation of designs in the sample enterprises. Table 5.23 gives the details about who creates the designs for the products in sample enterprises.

Table 5.23: Who Creates Designs?

Responses	No. of enterprises	Per cent
By the professional designer	-	-
By the entrepreneurs	45	46.39
By the weaver -labourers	41	42.27
By the entrepreneur and weaver jointly	9	9.28
By the professional designer and entrepreneur jointly	2	2.06
Total	97	100.00

Interestingly, no sample entrepreneur had solely depended on any professional designer so far for the purpose of creating designs. However, two sample entrepreneurs had consulted professional designers to create designs for their products, but creation of designs was not solely assigned to the professional designers. The entrepreneurs also participated in the decision making process of creation of such designs. 46.39 per cent of the sample enterprises depended on their own entrepreneurs (who happen to be the weavers also) in the creation of designs. 42.27 per cent of the sample enterprises relied on their weaver-labourers for this purpose. In case of 9.28 per cent of the enterprises, the designs were decided jointly by the weaver-labourers and the entrepreneurs.

As the products manufactured were traditional and follow traditional designs, it appears that the need to involve designers does not arise. The product differentiation is based on specific ethnic designs, patterns and colours and has specific sociocultural connotations in the lifestyles of Mizos. For example, *Puanchei* has red, green, pink and green stripes and *Ngotekherh* has black stripes. And at the same time as the entrepreneurs and weavers were also well versed in the traditional Mizo designs, it seems that they do not require inputs in the creation of designs from professional consultants. It is further observed that the small entrepreneurs (15.46 per cent of the respondents) who own only a single loom were themselves involved in the creation of designs and weaving.

58.76 per cent of the sample entrepreneurs were in the habit of obtaining feedback from their customers on the designs of their products and they make changes in the designs within two months of receiving such recommendations from the customers.

However, there is a wide scope for innovation and some entrepreneurs have made changes in the traditional colours used for traditional products such as *Ngotekherh* which has the second largest share in the total production of sample enterprises. The traditional colours used in *Ngotekherh* were black stripes. The enterprises have introduced new colours in this product such as blue, brown and green to cater to the demands of the market.

Networking with the Specialised Institutes: The present study also enquired whether the sample enterprises had any networking with specialised institutes such as National Institute of Fashion Technology (NIFT), Hyderabad and National Institute of Design (NID), Delhi. None of the entrepreneurs had any networking with the national level institutions such as NIFT and NID. Only one enterprise had some networking with Khadi and Village Industries Board (KVIB) and Mizoram Apex Handloom & Handicraft Cooperative Society Ltd. (MAHCO) in Aizawl.

5.6.1.6 Quality control: It is observed that most of the weavers were not aware of the need for any scientific quality control techniques and as a consequence they did not apply any quality control measures for the handloom products manufactured by their enterprises. 89 per cent of the sample entrepreneurs did not respond to the question and the remaining entrepreneurs said that they personally check the texture of the product in a primitive way by feeling or touching it or seek the assistance (3.09 per cent) of the demonstrator in the Handloom Extension office, office of the Directorate of Handlooms, Government of Mizoram in Thenzawl.

5.6.1.7 Testing facilities: The present study enquired into the testing facilities available in Thenzawl handloom cluster**.** Testing of fabric and yarn is required to ascertain whether the colours in the fabric is causing allergies to the human skin or has any other adverse effect; colour fastness of the fabric; strength of the fabric and so on. However, no laboratory exists in Mizoram that can undertake such testing activities. Moreover, the sample entrepreneurs in Thenzawl were largely unaware of the scientific techniques of testing the yarn and fabric. There is an urgent need to educate the weavers about the need for testing and establishment of a laboratory in Thenzawl which may have equipments for testing such as yarn strength tester, fabric strength tester, glass instruments and chemicals for testing, PH meter and so on.

5.6.2 Pricing

The pricing of the three most important products having the highest share in the total production is presented to understand the expenses incurred in the course of manufacturing the final product and the margin of profit available to the entrepreneur.

- *Puanchei:* Cost of raw materials is ` 225, cost of labour is ` 350. The total cost of production amounts to `575. The price at which it is sold to the dealer is ` 700. The entrepreneur gets a margin of `125 (about 22 per cent). The dealer gets a margin of `100-300 (about 23 per cent)
- *Ngotekherh*: Cost of raw materials is ` 105, cost of labour is ` 200. The total cost of production amounts to `305. The price at which it is sold to the dealer is `375. The entrepreneur gets a margin of `65 (about 22 per cent). The dealer gets a margin of `75 (about 20 per cent).
- *Siniar*: Cost of raw materials is ` 210, cost of labour is ` 500. The total cost of production amounts to ` 710. The price at which it is sold to

the dealer is ` 850. The entrepreneur gets a margin of `140 (about 20 per cent). The dealer gets a margin of `350 (about 25 per cent).

5.6.3 Channel Management

5.6.3.1Channels of distribution: The main channels used for selling handloom products by the sample enterprises was direct selling, selling through one or two dealers, selling through Government agency such as MAHCO and selling through private agents.

Out of the 135 responses received, 60 affirmations were for selling through private agents (Table 5.24). There are several agents in Thenzawl who undertake selling of the handloom products for the enterprises. 40 affirmations were for direct selling.

Table 5.24: Channels of Distribution of Handloom Products of Sample Enterprises

Channels	Responses
Direct Selling	40
Through one dealer	16
Through two dealers	9
Through government agency	10
Trough private agency	60
Total	135

Note: Some respondents gave multiple responses

5.6.3.2 Market spread of sample enterprises: The study also examined the geographical spread of the market for the handloom products of the cluster. The study revealed that the market for the products was largely restricted to Mizoram. 92.54 per cent of the sample enterprises sold their products in Mizoram only. 3.72 per cent of the sample enterprises sold their products in other states of NER and a negligible per cent (1.49 per cent) of enterprises sold their products at the national level. Only one enterprise was able to sell in the international market. This may be largely due to the locational disadvantage of the cluster, the lack of diversification of products and a lack of entrepreneurs' exposure to the national and international markets due to weak linkages and low participation of the enterprises at national and international trade fairs and exhibitions.

However, Das K (1999) has opined that the success of a cluster need not be measured by whether and to what extent its links with the international market exists, instead supportive interventions need to be made towards product diversification and upgrading local technological capabilities of these clusters.

***5.6.3.3 Terms of Payment for Sales*:** The study has examined the terms of payment made to the enterprises on sales of the handloom products. The terms of payment have implications on the management of working capital of the enterprises.

Table 5.25: Terms of Payment for Sales of Handloom Products of Sample Enterprises

Mode of Payment for sales of handloom products	No. of Enterprises
Cash basis	9
Credit basis	0
Both	88
Total	97

It was observed that none of the entrepreneurs sell their products on terms of credit only. They are relying on a combination of credit and cash system (90.72 per cent) whereas 9.27 per cent of the entrepreneurs execute their sales solely on cash basis (Table 5.25).

It is important to also analyse what is the extent of sales transacted on cash and credit basis in order to understand the proportion of cash and credit sales of enterprises, as it would enable us to know to what extent of sales is made on cash basis and credit basis by all the enterprises. Table 5.26 indicates the range of percentage of Sales on cash basis.

Table 5.26: Percentage of Sales Transacted on Cash Basis by Sample Enterprises

Per cent Sales Transacted on cash basis	No. of Enterprises	No. of Enterprises (per cent)
0-20	6	6.19
20-40	9	9.28
40-60	35	36.08
60-80	32	32.99
80-100	15	15.46
Total	97	100.00

It may be inferred that the sample entrepreneurs of Thenzawl relied more on selling their products on cash basis rather than on credit basis. 35 enterprises (36.08 per cent) transacted 40-60 per cent of their sales turnover on cash basis, 32 (32.99 per cent) enterprises transacted 60-80 per cent sales turnover on cash basis and 15 (15.46 per cent) enterprises sold more than 80 per cent of their turnover on cash basis. This reveals that a majority of enterprises transacted a greater share of their turnover on cash basis. This may be attributed to a shortage of working capital since a majority of entrepreneurs (57.7 per cent) also buy their raw materials solely on cash basis (see Table 5.12). Hence the problem of liquidity may be forcing them to sell most of their products on cash basis (ref Table 5.18).

They are constrained to sell on cash basis in order to procure raw materials. This analysis highlights the need for better working capital management by the enterprises. The absence of banking facilities has further aggravated the problem of working capital in the cluster. This aspect has been further analysed while exploring the sources of working capital for the entrepreneurs in Section 5.8.2.

5.6.4 Promotion

***5.6.4.1 Sales promotion techniques*:** The study has attempted to identify the sales promotion techniques, if any, adopted by the sample. Out of a total of 103 responses given by the respondents, 56 per cent of affirmations favoured trade discount, followed by credit to traders (32 affirmations). Only 15 per cent affirmations were in favour of customer discount (Table 5.27).

Table 5.27: Sales Promotion Techniques Used by Sample Enterprises

Type of Sales Promotion	Per cent	No. of Responses
Trade discount	54.37	56
Credit to traders	31.07	32
Customer discount	14.56	15
Total	100.00	103

The researcher has also attempted to find out the level of participation of the sample entrepreneurs at exhibitions and trade fairs organised in the country and abroad.

5.6.4.2 Participation in exhibitions & trade fairs: Exhibitions and trade fairs are important channels for advertising and selling handloom products. Several exhibitions are being organised in India to encourage the handloom weavers. But it is distressing to note that 40.21 per cent of the sample enterprises in the cluster have not participated in any exhibition at the regional, national or international level. Among the enterprises who have participated (59.79 per cent) in exhibitions, most of them have represented the cluster at the local level in Aizawl. Very few have participated at the regional level i.e. North East Region and national level. None have participated in international exhibitions and trade fairs. It speaks volumes on the initiatives taken by the government to represent the handloom products of Thenzawl at the national and international level. Therefore there is an urgent need to facilitate the participation of the weavers of Thenzawl in regional, national and international exhibitions and trade fairs. Perhaps this may be one of the reasons for the limited market being enjoyed by the handloom products of Thenzawl cluster.

5.7 FINANCE

Finance is the life blood of any business. Without adequate finance at the appropriate time an enterprise can perish. The study has attempted to know the sources of fixed capital and working capital for the sample enterprises in Thenzawl cluster.

5.7.1 Seed Money

Seed money is the initial capital required for setting up the enterprise, procurement of plant and machinery and other assets. Table 5.28 shows the sources of seed capital for the sample enterprises in the present study.

Table 5.28: Sources of Seed Capital

Sources	Per cent of the Enterprises
1. Income from agriculture	8.11
2. Income from trade	18.02
3. Income from salaries	24.32
4. Income from sale of land	8.11
5. Income from sale of other properties	-
Income from sale of business	3.60
Borrowings from commercial banks	-
Borrowings from co-operative banks	-
Borrowings from Govt agencies	-
Borrowings from relatives and friends	15.32
Family savings	22.52
Total	100.00

About one-fourth of the sample entrepreneurs have started their enterprise by investing the savings of salaried income followed by their family savings (22.52 per cent). 18.02 per cent of the entrepreneurs depended on income from trade and 15.32 per cent of the entrepreneurs have borrowed from their relatives and friends. It is to be noted that relatives of the entrepreneurs also acted as a motivating factor for the commencement of the enterprise in Thenzawl cluster. The other sources of seed capital were income from trade, agriculture (8.11 per cent), sale of land (8.11 per cent) and sale of business (3.6 per cent) in that order.

It is important to note that not a single sample entrepreneur has borrowed from banks, financial institutions and government agencies. It speaks of the absence of any support from financial institutions. It is evident that the cluster has sustained the growth of enterprises through an unorganized pattern of funding within the cluster without any dependence on financial institutions of any nature. It is evident that cluster dynamics and networking has played a significant role in the growth of new enterprises by acting as a catalyst in financing such new ventures. An efficient financial mechanism through banking facilities would however, facilitate the sustainable growth of existing enterprises and the emergence of new enterprises in the cluster.

5.7.2 Sources of Working Capital

It is observed that working capital requirements are also funded through own funds for almost 90 per cent of the sample enterprises (Table 5.29). The remaining 10 per cent enterprises depended on loans from friends and relatives. There is an overdependence on own funds for financing working capital requirements. As observed earlier, 57.73 per cent of the sample enterprises purchase raw materials on cash basis (see Table 5.12) and most of the sales are transacted on cash basis (see Table 5.25).

Table 5.29: Sources of Working Capital for the Sample Enterprises

Source of Working Capital	No. of Enterprises	Per cent
Own funds	87	89.69
Commercial Banks	-	-
Cooperative Banks	-	-
Moneylenders	-	-
Friends and relatives	10	10.31
Creditors	-	-
Other Sources	-	-
Total	97	100.00

This fact has been reinforced in the next chapter, where 55 sample entrepreneurs have indicated inadequate working capital as an important problem faced by them. It is, however, pertinent to note that none of the sample entrepreneurs have met the working capital through moneylenders which has been a common practice in other parts of the country. Absence of adequate banking facilities could impede the sustainable growth of enterprises in the cluster. Therefore, there is an urgent need to increase their access to banking facilities for the long term survival and growth of the cluster.

5.8 CONCLUSION

It is evident that the cluster has recorded a remarkable growth by all parameters viz, number of units, number of looms, total production, sales turnover and employment. This is contrary to the general perception in the country as a whole that handloom industry is facing a crisis. However, the analysis has also exposed the lacunae in the support systems available to this cluster. Further, by initiating proactive measures such as providing consultancy in designs and encouraging more participation of entrepreneurs at national and international level exhibitions and trade fairs, Thenzawl cluster can not only sustain but grow at a faster pace in the future.

NOTES

1. Warp: warp-weaving is a process of interlacement of two series threads warp and weft to form a fabric.

2. Hank yarn: yarn manufactured in spinning mills are of two types; cone yarn and hank yarn. Cone yarn is used by power looms whereas hank yarn is used by handlooms.

3. Heald: is made of series of vertical cords or wires having in the middle a loop to receive the warp of threads and passing round and between the parallel eyes. It helps in separating the warp thread by which the weft passes smoothly. Dash, (1995).

4. Reed is part of a loom, and resembles a comb. It is used to push the weft yarn securely into place as it is woven, separates the threads and keeps them in their positions, keeping them untangled, and guides the shuttle as it moves across the loom. It consists of a frame with lots of vertical slits (http://en.wikipedia.org/wiki/Reed_ weaving).

5. *Chapchar kut- It* is the spring festival celebrated in the month of March after the jhum operation i.e. clearing of jungles for cultivation.

6. *Pawl kut- It* is the harvest festival celebrated in the months of December-January after the harvest.

7. *Mim kut- It* is celebrated during the months of August – September after the harvest of maize and the harvests are consecrated to the departed souls.

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CHAPTER 6

PROBLEMS OF HANDLOOM ENTERPRISES

PROBLEMS OF HANDLOOM ENTERPRISES

After evaluating the growth and managerial performance of the sample enterprises in Thenzawl handloom cluster, this chapter has attempted to make an appraisal of the problems confronting the sample enterprises in the cluster.

6.1 INTRODUCTION

Several research studies (Mahapatro, 1986, Kankalatha and Syamasundari, 2002, Narasaiah and Krishna, 1999, Rama Mohana Rao, 1997, Venkateswarlu, 2005 and Dev, et al 2008) have pointed out the problems relating to raw materials, marketing and working capital as the most significant and chronic problems that have plagued the handloom industry and impeded its growth for decades.

In spite of the challenges faced, the handloom sector has shown great resilience in surviving and growing over decades. This is evident from the fact that the handloom sector in India has maintained 20 to 25 per cent share of total textile production (Dev, et al 2008). Clusters such as Chanderi in Madhya Pradesh and Kannur in Kerala which were faltering and declining in terms of growth in market and sales have demonstrated that with the appropriate kind of intervention from and collaboration with various national and international agencies and Business Development Services (BDS) providers they have not only survived but shown exemplary growth in terms of quality, sales turnover and market spread; and become benchmark clusters for others to emulate.

Some important initiatives taken in Kannur were: market initiatives such as improvement of the product, design innovations to cater to the international markets, imparting supply chain knowledge to manufacturers and exporters and conducting design workshops to give the weavers a perspective of the international demand. This was achieved through the establishment of four consortia under the cluster project framework who have taken the lead role in the cluster development activities. For example, the 'Irinavu Handloom Consortium,' one of the four consortia, took initiatives to increase productivity, launch new products to cater to the needs of international markets by seeking the services of a German agency, ' Senior Experten Services.' National institutions, BDS providers and international support agencies also collaborated with the handloom industry to provide design inputs to weavers, introduced supply chain knowledge to manufacturers and exporters. In fact, an Australian agency conducted a five day workshop on designs at Kannur to impart knowledge to the weavers to create designs for the international markets (Diagnostic Report, Kannur).

Similarly, the Chanderi handloom cluster (Madhya Pradesh) which was showing a decline in the previous decade, has shown remarkable success in the recent past in terms of growth in sales, market spread, technical capacity building and reduction of poverty. The problems diagnosed were lack of credit, lack of technical upgradaton, low bargaining power at the weavers end and poverty in the cluster. However, as a result of the cluster initiatives developed by UNIDO, today this cluster has emerged a successful cluster. To start with Self Help Groups (SHGs) were formed which were again regrouped into a larger federation namely; Bunkar Vikas Sanstha (BVS) which increased the bargaining power of the stakeholders. Further, with the help of UNIDO, local NGOs, national and international agencies, the technology of weaving was upgraded, markets were explored and market linkages with wholesaler buyers including Fab India, a private handicraft retailer with branches all over India were developed (Bedigg, 2008). Gradually as a result of such initiatives the benefits percolated to the small weavers also and resulted in reduction of poverty in the cluster.

In this background, this chapter has attempted to analyse the wide ranging problems that the sample enterprises may be facing with a view to suggest remedial action to enable the cluster to sustain and grow. The problems that may be encountered by the sample entrepreneurs have been broadly classified into seven categories viz., problems relating to raw materials, production, infrastructure, marketing, technical consultancy, finance and internal management. Here again as in the case of motivational factors, a self-assessment of the problems faced by the sample entrepreneurs was sought and they were requested to clearly specify the problem encountered under each major head by giving a rank to the problems on the basis of the magnitude of the problem. The first ranking problem carries three points, the second problem two points and the third one point. On the basis of the percentage of the total weighted score for each problem, overall ranking has been made. Only first three ranks have been considered and ranking beyond these have been discounted as insignificant. A choice of ‘any other’ was given to them in order to ensure that their choices were not restricted to only the ones given in the questionnaire.

6.2 PROBLEMS RELATING TO RAW MATERIALS

Several studies on handloom industry in different parts of the country have drawn attention to the problems faced by the industry regarding procurement and prices of raw material (Mahapatro, 1986, Kankalatha and Syamasundari, 2002, Narasaiah and Krishna, 1999). Table 6.1 indicates the problems relating to raw materials faced by the sample enterprises in the cluster viz, scarcity of yarn, high prices of yarn, low quality of yarn, transportation bottlenecks, lack of storage facilities, irregular supply of yarn, unfair finance terms with suppliers of yarn and other reasons.

The highest ranking was given to ‘scarcity of yarn’ with a rating of 38.86 per cent, followed closely by ‘high price of yarn’ with a rating of 37.28 per cent. The third rank was accorded to ‘low quality of yarn’ with a rating of 10.06 per cent. The other problems faced by the sample enterprises were: ‘lack of storage facilities for raw materials’ (6.11 per cent) and ‘irregular supply of yarn’ (3.94 per cent), ‘transportation bottlenecks,’ (2.37 per cent).

However, only three entrepreneurs complained about 'unfair finance terms with suppliers of yarn.'

Table 6.1: Problems Relating to Raw Materials

Nature of Problems	Entrepreneurs' Ranking of Problems			Weighted Score	Rating (per cent)	Rank
	No. 1	No. 2	No. 3			
1. Scarcity of yarn	60	7	3	197	38.86	1
2. High prices of yarn	25	55	4	189	37.28	2
3. Low quality of yarn	3	8	26	51	10.06	3
4. Transportation bottlenecks	-	2	8	12	2.37	6
5. Lack of storage facilities	7	2	6	31	6.11	4
6. Irregular supply of yarn	1	5	7	20	3.94	5
7. Unfair finance terms with suppliers	1	1	1	6	1.18	7
8. Any other (Pl specify)	-	-	1	1	0.20	8
No response	-	17	41	-	-	
Total	97	97	97	507	100.00	

Note: Others include exploitation by middlemen

It is evident from the table that 'scarcity of yarn' was the predominant problem faced by the sample entrepreneurs relating to raw materials as it was accorded the highest rank with 72.16 per cent of sample entrepreneurs marking it as one of their three major problems. This may be attributed to the geographical isolation of Thenzawl and the lack of spinning mills in the state. Absence of spinning mills in the state and region has aggravated the problem as weavers are dependent on companies located in far flung areas of the country.

The scarcity of yarn perceptibly affects the price of the yarn as the weavers are dependent on private yarn suppliers who charge high rates and also compromise on the quality of the yarn supplied. It is pertinent to note that 86.20 per cent rating was accorded to these three problems which appear to be inter-related.

It is evident that in the absence of supply of yarn from government agencies such as Mizoram Apex Handloom & Handicraft Co-operative Society Ltd. (MAHCO), the entrepreneurs were forced to procure yarn from private dealers at higher prices.

'Lack of storage facilities for raw materials' has emerged as another problem with a rating of 6.11 per cent. 'Irregular supply of dyed yarn' (3.94 per cent rating) has further compounded the problem of scarcity of yarn and high price of dyed yarn.

Ten entrepreneurs have mentioned transport bottlenecks as another problem. Thenzawl is 180 kilometers away from Aizawl, the state capital. Thenzawl's nearby town, Serchhip is well connected with the national highway (NH 54) and, therefore, in that sense, Thenzawl cluster is well connected with Aizawl. At the same time, Mizoram as such is a remote hilly tribal state of India without any access to railway line. But as the markets for the handloom products of Thenzawl cluster are largely restricted to

Mizoram, transportation has not emerged as a significant problem. This, however, may impede the growth of the market to national and international levels in the future.

This calls for some intervention in order to break this vicious circle of problems faced by the entrepreneurs. It is distressing to note that special schemes such as Mill Gate Price Scheme[1] earmarked for procurement of yarn, were not operating in this cluster which was dominated by the underprivileged section of the population i.e. women belonging to the scheduled tribe category.

6.3 PROBLEMS RELATING TO PRODUCTION

The present study also enquired into the problems that the enterprises faced regarding production viz, lack of technical upgradaton of looms, inadequate number of looms, problems in pre-loom and post -loom processes, inadequate quality testing facilities, inadequate water supply, lack of trained weavers, labour absenteeism, labour turnover and lack of sufficient space for weaving (Table 6.2).

The first rank was accorded to 'inadequate number of looms' with a rating of 32.46 per cent, followed by 'lack of technical upgradaton of looms' (26.05 per cent rating) and 'lack of sufficient space for weaving' (8.62 per cent rating). The other problems cited were: problems in pre-loom process (7.82 per cent rating), problems in post-loom process (7.62 per cent), labour turnover (5.21 per cent rating), inadequate quality testing facilities (4.01 per cent rating), lack of trained weavers (3.81 per cent rating) and labour absenteeism and inadequate water supply (2.20 per cent rating each).

Table 6.2: Problems Relating to Production

Nature of Problems	Entrepreneurs' Ranking of Problems			Weighted Score	Rating (per cent)	Rank
	No. 1	No. 2	No. 3			
1. Lack of technical up gradation of machines	32	14	6	130	26.05	2
2. Inadequate number of looms	41	18	3	162	32.46	1
3. Problems in pre loom process	3	11	8	39	7.82	4
4. Problems in post loom process	3	10	9	38	7.62	5
5. Inadequate quality testing facilities	3	4	3	20	4.01	7
6. Inadequate water supply	3	-	2	11	2.20	9
7. Lack of trained weavers	2	3	7	19	3.81	8
8. Labour Absenteeism	1	3	2	11	2.20	9
9. Labourers leave the unit	2	9	2	26	5.21	6
10. Lack of sufficient space for weaving	7	8	6	43	8.62	3
12. No Response	-	17	49	-	-	-
Total	97	97	97	499	100.00	-

It is evident that the main problem facing the sample entrepreneurs with regard to production was inadequacy of looms. This was also reflected in their desire to acquire more looms. As observed earlier (see Chapter 5, Table 5.5), the entrepreneurs expressed the desire to acquire 382 more Indian looms (an increase of 76.24 per cent looms in comparison to the number of

Indian looms presently operating). It reveals the general perception among a majority of sample entrepreneurs of operating their looms below the optimum level and the existence of immense scope for increasing their level of production. This also revealed the fact that the cluster has a potential to grow further with appropriate hand holding initiatives by government and non-governmental agencies.

As discussed earlier, the number of idle looms is very low in this cluster and the sample entrepreneurs desire to expand production facilities by adding more number of looms.

The second ranking problem cited by the sample entrepreneurs was 'lack of technical upgradation of looms,' 52 entrepreneurs (about 56 per cent) have complained about the lack of upgradaton of looms. Even though all the looms operating in the cluster were fly shuttle looms, the sample entrepreneurs wanted to have loom accessories with advanced technology such as dobby, jacquard and other design devices that would enable them to create new marketable designs and products.

The third ranking problem was 'lack of sufficient space for weaving' (8.62 per cent rating). As observed earlier (see Chapter 5), most of the entrepreneurs (88.66 per cent) were operating their looms either in their home or the homes of the labourers and lacked facilities of a separate shed. It was observed during field study that the houses of most of the small weavers (includes entreprenurs and labourers) were typically small with two rooms; one living room with the kitchen attached and a bedroom. The houses were mostly made from bamboo and built on stilts as the region is a hilly terrain (see Exhibit 2). The loom or looms were usually placed in the verandah, in the living room or in a thatched shed in the basement of the house under the stilts. During monsoon season the rains and winds hamper weaving activities (see Exhibit 2).

The fourth rank was accorded to 'problems in pre-weaving process'.-weaving processes' (7.82 per cent rating). The pre-weaving process includes functions of winding, warping, dressing and beaming. The winding of yarn is usually performed on *charkhas* and weaved on to small bobbins. It was observed during field visit that the weavers seem to have inadequate space to perform this function and the *charkhas* were located in the kitchens of the weavers (see Exhibit 2). It was also observed that the small weavers (44.33 per cent of sample entrepreneurs) who owned only 1-2 looms did not own warping drums and hence do not perform the drumming activity i.e. the warping of threads in drum and rolling it on beams before weaving the yarn into final product. They perform this activity on the warping drums (see Exhibit 2) owned by entrepreneurs owning more looms or utilise the warping drum provided by the Directorate of Industries (Handloom & Handicrafts), Government of Mizoram by paying an average of ` 10 per product. However it was observed during field visit that the number of warping drums provided by the Directorate of Industries (Handloom &

Handicrafts) was inadequate which may be posing problems to the small entrepreneurs. There is an urgent need to increase the number of warping drums in the cluster.

The fifth rank was accorded to ‘problems in post-weaving process’ (7.62 per cent rating). It was observed during field visit that there was a lack of facilities for post-weaving activities such as cutting, brushing, calendaring, finishing and packaging in the cluster.

13 entrepreneurs complained that ‘labourers leave the unit’ (5.21 per cent rating). ‘Inadequate testing facilities’ emerged as another problem with a rating of 4.01 per cent. It is pertinent to note that the weavers in Thenzawl cluster were not aware of the quality testing techniques such as to ascertain whether the colours in the fabric are causing skin allergies to the human skin or has any other adverse effects, colour fastness of the fabric, strength of the fabric and so on. As already noted in Chapter 5, there is no testing laboratory in Mizoram that can undertake such testing activities. Moreover the entrepreneurs largely are unaware of the scientific techniques of testing the yarn and fabric. There is an urgent need to educate the entrepreneurs about quality testing techniques and the establishment of a laboratory in Thenzawl which may have equipments for testing such as yarn strength tester, fabric strength tester, glass instruments and chemicals for testing, PH meter and so on.

Lack of trained weavers and labour absenteeism were marked as the least important problems faced by the sample enterprises.

To sum up, the table indicates that inadequate number of looms, lack of technical upgradaton of looms, insufficient space for weaving and lack of facilities pre-weaving and post-weaving processes, have emerged as the most important problems faced by the sample entrepreneurs in that order. It was also observed that benefits from centrally sponsored schemes such as 'work shed-cum-housing Scheme'[2] were not being enjoyed by any sample entrepreneurs in Thenzawl handloom cluster, which is located in a remote area in NER and comprised of mostly women entrepreneurs who belonged to the ST community.

Therefore, there is an urgent need to address the problems of production by providing more number of looms to the small entrepreneurs at subsidised rates, technical up gradation of looms with jacquard and dobby devices, facilitating the pre-weaving and post-weaving processes by providing more equipments, construct weaving sheds, and providing testing laboratory in the cluster with scientific equipments for enhancing the quality of the products.

6.4 PROBLEMS RELATING TO INFRASTRUCTURE

The present study also enquired into the infrastructural bottlenecks that exist in the cluster. The sample entrepreneurs were asked to mark infrastructural deficiencies in the cluster in their order of importance, viz, ‘lack of proper storage facilities for inventory,’ ‘lack of proper schools,’ ‘lack of proper transportation,’ ‘lack of proper telecommunications,’ ‘lack of facilities for weaving’ and ‘lack of common facilities centre.’ The choice of ‘any other’ was also given so as to enable them to indicate problems outside the purview of the questionnaire. These problems are mentioned in Table 6.3.

Table 6.3: Problems Relating to Infrastructure

Nature of Problems	Entrepreneur's Ranking of Problems			Weighted Score	Rating (per cent)	Rank
	No. 1	No. 2	No. 3			
1. Lack of proper storage facilities for inventory	41	6	2	137	31.71	2
2. Lack of proper schools	3	4	-	17	3.94	5
3. Lack of proper transportation	2	2	1	11	2.55	6
4. Lack of proper telecommunications	5	4	1	24	5.56	4
5. Lack of facilities for weaving	32	33	5	167	38.66	1
6. Lack of common facilities centre	14	12	8	74	17.13	3
7. Others (Pl specify)	-	1	-	2	0.46	7
No response	-	35	80	-	-	
Total	97	97	97	432	100.00	

Note: Others include non availability of common shed

The first rank was accorded to ‘lack of facilities for weaving activities’ with a rating of 38.66 per cent, second rank to ‘lack of storage facilities for inventory’ (31.7 per cent) and the third rank to ‘lack of common facilities centre’ (17.13 per cent). The other infrastructural problems were: ‘lack of proper telecommunications' (5.56 per cent), 'lack of proper schools' (3.94 per cent) and 'lack of proper transportation' (2.55 per cent).

Interestingly, the problem of 'lack of facilities for weaving' stands out as the most important infrastructural constraint in the cluster. 70 out of 97 sample entrepreneurs (72.60 per cent) have mentioned this problem as one of the three important problems, with the highest rating of 38.66 per cent. It may be attributed to lack of facility of separate sheds, inadequate number of warping drums in the cluster, lack of space for placing *charkhas* and other loom accessories and others. It was observed that 88.66 per cent of the entrepreneurs operated their looms in their homes. This problem also found a mention in the previous section.

'Lack of proper storage facilities for inventory' was the second important infrastructural problem faced by the sample entrepreneurs with a rating of 31.71 per cent. Importantly this aspect was pointed out to in the preceding chapter also where it was observed that most of the sample entrepreneurs (93.81 per cent) store their raw materials in their homes due to the absence of separate storage facilities (see Chapter 5).

The third important problem identified was 'lack of common facilities centre' with a rating of 17.13 per cent. Common facilities centre may provide facilities such as raw materials depot, technological support, quality testing and counselling facilities, loom repair services, dye house, sheds for production activities and sharing of equipments for all entrepreneurs.

This was in conformity with the sample entrepreneurs assessment of the common facilities available in the cluster which has been discussed earlier in Chapter 4 (see Table 4.12). It was observed that 83.51 per cent of sample entrepreneurs expressed complete dissatisfaction with the common facilities available. It was also observed that there is virtually no common facilities centre functioning in the cluster. Hence, there is a need to provide a common facilities centre in the cluster to support the enterprises on a continuous basis.

The other problems cited were: 'lack of proper telecommunications' (5.56 per cent rating), 'lack of proper schools' (3.94 per cent) and 'lack of proper transportation' (2.5 per cent rating). Telecommunication facilities such as telephone and mobile phones were available in the cluster and it was observed that most of the entrepreneurs owned either mobile phones or telephones or both (78 per cent of sample entrepreneurs). Thenzawl is 180 kilometers away from Aizawl, the state capital. Thenzawl's nearby town, Serchhip is well connected with the national highway (NH 54) and therefore in that sense, Thenzawl cluster is well connected with Aizawl. At the same time, Mizoram as such is a remote hilly tribal state of India without any access to railway line. In their study, Humphrey and Schmitz (1995) observed that roads, telecommunication networks and so on are more fully used within a cluster and also their enhancement is oriented to serve the logic of the cluster's needs. Hence, improvement of infrastructure in the cluster may actually lead to improved productivity and advantages to clusters in reducing unit costs in several ways. Therefore the provision of adequate infrastructure in the cluster is the need of the hour so as to enable the enterprises to fully utilise them and sustain the managerial performance of the cluster.

This reinforces the need to chalk out a strategy to address the problems of the weavers by facilitating the construction of sheds in close proximity to the homes of the weavers, construction of yarn depots for storage and continuous supply of raw materials, setting up of a common facilities centre that may provide technological support, quality testing and counselling facilities, loom repair services, dye house, sheds for production activities and sharing of equipments and other such common facilities for the weavers and improving the general infrastructure of the cluster by setting up proper telecommunications and transport facilities and educational institutes in the cluster.

6.5 PROBLEMS RELATING TO MARKETING

Marketing has been a general problem faced by the handloom industry in India, since these products are known for niche marketing and meant for mass production and mass marketing. Moreover, the weavers lack the resources to advertise in the mass media on a large scale. Notwithstanding these constraints, handloom products have found their way into export markets through the support of institutions such as FAB

India and others. The Chanderi (Madhya Pradesh) and Kannur (Kerala) clusters are examples of how with the required institutional support they have become benchmark clusters for others to emulate by making inroads into international markets.

It was observed that the market for the products of sample entrepreneurs in Thenzawl cluster was primarily local in nature i.e. restricted to the state of Mizoram as already noted in Chapter 5. The sample entrepreneurs were enquired about the problems that confronted them in this regard. On the basis of their answers, ranks were accorded to the problems based on a weighted score. Table 6.4 lists out the problems faced by the sample entrepreneurs relating to marketing. The highest ranking problem was 'low margin' with a rating of 34.91 per cent, followed by 'slackness in demand' (28.02 per cent rating) and 'traders not giving good price for products' (14.01 per cent rating). The other problems cited were: 'problem of distribution' (7.76 per cent rating), 'competition from power looms' (7.54 per cent rating), 'limited resources for publicity' (6.47 per cent rating) and 'competition from products of neighbouring States/ countries' with a rating of only 1.29 per cent.

The first rank was accorded to low margin on the products they sell with the highest rating of 34.91 per cent. 62 entrepreneurs (about 64 per cent) have cited this as one of their three important problems. It is observed that most of the enterprises sell their products through private agents mostly operating in Thenzawl. However, some small weavers prefer to resort to direct selling in Aizawl market mostly on door-to-door basis. It is distressing to note that the government agencies such as Mizoram Apex Handloom & Handicraft cooperative Society Ltd. (MAHCO) are playing a negligible role in facilitating sales in the cluster.

Table 6.4: **Problems Relating to Marketing**

Nature of Problems	Entrepreneurs' Ranking of Problems			Weighted Score	Rating (per cent)	Rank
	No. 1	No.2	No. 3			
1. Competition from power looms units	9	3	2	35	7.54	5
2. Slackness in demand	33	12	7	130	28.02	2
3. Low margin	43	14	5	162	34.91	1
4. Problem of distribution	5	7	7	36	7.76	4
5. Competition from products made in neighbouring states / countries	1	-	3	4	1.29	7
6. Traders not giving good price for products	2	25	9	65	14.01	3
7. Limited resources for publicity	4	4	10	30	6.47	6
No response	0	32	54	-	0.00	
Total	97	97	97	464	100.00	

Interestingly, in comparison to the clusters in other parts of India, the margin of profit earned the sample entrepreneurs in Thenzawl cluster is quite high. As discussed in the previous chapter, the average margin of profit for the entrepreneurs was about 25 per cent (see Chapter 5). The traders are getting a high margin of about 22 per cent. The researcher has compared the margins earned by the master weavers in other clusters viz, saris of Burdwan in West Bengal (14 per cent), *Inaphi* (normal design *dupatta*[3]) of Imphal in Manipur (5 per cent), woolen shawls of Kullu, Himachal Pradesh (10 per cent), *zari* cotton saris of Madhavaram in Tamil Nadu (10 per cent), and silk saris of Bhagalpur in Bihar (7 per cent) (Diagnostic Reports).

52 sample entreprenurs perceived ‘slackness in demand’ as one of the three marketing problems faced by them. The third ranking problem (14.01 per cent rating) cited by the sample entrepreneurs were, ‘traders giving a low margin’, followed by the ‘problem of distribution’ which was identified by nineteen entrepreneurs as one of their three important problems choices with a rating of 7.76 per cent.

In fact the marketing problems faced by the sample entrepreneurs are interrelated. Although the sample entreprenurs in Thenzawl cluster earn a high rate of profit margin (about 25 per cent), it has emerged as the highest ranking problem. This margin of profit was higher as compared to the margins earned by master weavers in other handloom clusters of the country. At the same time, the sample respondents in the present study have perceived the ‘traders giving low margin’ and ’slackness in demand’ as the most important problems. It appears that most of the most of the sample entreprenurs in Thenzawl cluster are over dependent on the traders or middlemen and their helplessness in distribution of their products is being exploited by the middlemen as the traders are earning a high margin of about 22 per cent. Therefore it is evident that almost 50 per cent of the price of the product consists of the profit margin being enjoyed by the entrepreneurs and the middlemen. It is but natural that when the product is not an essential commodity such high prices would certainly deter the customers from regularly buying such items. As middlemen are enjoying an almost equal margin of profit on par with the entreprenurs, it seems the entrepreneurs felt 'low margin of profit' as the highest ranking problem.

Therefore, it may be concluded that the crux of the marketing problem lies with the over dependence of the entrepreneurs on a few retail outlets who exploit the entrepreneurs by charging high margin of profit. In other words, the entrepreneurs are focusing their energies and efforts in managing the production activities of their enterprises and in the process they are unable to reach the customers. Ultimately this has led to losing the control over three Cs of distribution management namely, coverage of the market, controlling the channel members and cost of channel management. Moreover, the existence of middlemen has created the widening gap between the entrepreneur and the final customer.

Unfortunately it is observed that the specialised agencies such as MAHCO, Mizoram Handloom and Handicrafts Development Corporation Ltd. (ZOHANDCO) and Federation of Mizoram Handloom & Handicrafts

(ZOHANFED) are not playing any proactive role in providing the required support to the handloom enterprises located in Thenzawl cluster. The competitiveness of the cluster cannot be enhanced in the absence of concerted joint action of the facilitating agencies such as MAHCO, ZOHANDCO and ZOHANFED, Directorate of Industries (Handlooms & Handicrafts) Government of Mizoram and the entrepreneurs of the cluster..

The other problems faced by the sample entreprenurs were: ‘competition from power looms’, and ‘limited resources for publicity,’

The Thenzawl Handloom & Handicraft Association should be strengthened into a larger federation so as to increase their competitiveness in the local, national and international markets through appropriate linkages with the intermediaries. There is a need to add new products in accordance with the changing preferences of consumers based on continuous marketing research.

To elaborate further, research studies suggest that traditional skills can be used to innovate new products to expand the markets. Case studies of Urmul Trust in Bikaner, Rajasthan (Aruna M, 2006) showed how product innovation for outside markets with a focus on exports slowly moved the markets for the handloom products beyond the local markets to national and international markets. This was initiated by procurement of orders through participation in exhibitions and fairs. Another case study (Niranjana and Syamasundari, 2006) of Mangalagiri saris cluster in Guntur district of

Andhra Pradesh showcased the success of five weavers who started on modest scale of around ten looms and have grown to more than 100 looms by altering their product profile and diversifying to new products, for example from saris to Punjabi suits; and expanded markets through product diversification.

Another similar study (Dharmaraju, 2006) on two handloom weaver cooperatives in Andhra Pradesh, namely Angara in East Godavari district and Koyyalagudem in Nalgonda district observed that they capitalised on unique products and explored national and international markets through participation in exhibitions and fairs to become successful.

Learning lessons from such examples, the entrepreneurs in Thenzawl handloom cluster can also innovate on art, design and technology to produce high value added products for the local, national and international markets. Further the cluster needs to create a strong brand for their products that may reflect the socio cultural ethos of Mizo society.

There is a need for greater support of the government agencies in the marketing of these products not only in Mizoram but also at the national and international levels. This could be facilitated through exposure in exhibitions and trade fairs and support in identifying products that could be sold in these markets.

There exist several components under the Marketing and Export Promotion Scheme for the eleventh plan such as organisation of exhibitions, events and craft *melas*, setting up of urban *haats*, publicity and awareness programmes, acquiring Geographic Indication (GI) and Handloom Mark to support marketing activities of the weavers which if extended to the weavers of this cluster can alleviate the problems faced by the cluster. Moreover, the Integrated Handloom Development Scheme (IHDS) , another centrally sponsored scheme formulated under the twelfth plan offers financial assistance to organisations in selected clusters for publicity and market development to cover expenditure towards advertisement, printing of brochures, catalogues, buyer-seller meets, market research, exposure visits for weavers to other clusters, awareness programmes and so on, on the basis of sharing between Central government, State government and beneficiaries. The State government should initiate the process of adoption of Thenzawl cluster under this scheme to sustain and develop the cluster.

6.6 PROBLEMS RELATING TO FINANCE

Finance is the lifeblood of any business and lack of financial resources can affect the survival of the business. The sample entrepreneurs were enquired about the most important problems they face regarding finance (Table 6.5).

The first ranking problem cited by them was ‘lack of fixed capital’ (37.84 per cent rating), followed by ‘lack of working capital’ (35.36 per cent rating) and ‘meagre assistance from government agencies’. Only six sample entrepreneurs mentioned 'high rates of interest' as one of their three problems.

Table 6.5: Problems Relating to Finance

Nature of Problems	Entrepreneurs' Ranking of Problems					
	No. 1	No. 2	No. 3	Weighted Score	Rating (per cent)	Rank
1. Lack of working capital	47	8	-	157	35.36	2
2. Lack of fixed capital	35	30	3	168	37.84	1
3. High rates of interest	1	2	3	10	2.25	4
4. Meagre assistance from government agencies	14	19	27	107	24.10	3
5. Others (pl specify)	-	1	-	2	0.45	5
6. No Response	-	37	64	-	-	-
Total	97	97	97	444	100.00	-

Note: others include not able to return loan in time

The first rank was accorded to 'lack of fixed capital' with the highest rating of 37.84 per cent. 68 out of 97 sample entrepreneurs (about 70 per cent) have cited this as one of their important problems. This was also reflected in their need for acquiring more number of looms and enhancing the facilities to conduct weaving activities, such as construction of separate sheds and buying better quality plastic silpaulin sheets to enable smooth functioning of weaving activities in inclement weather earlier as noted in Chapter 5, (see

Table 5.5). This may be attributed largely to the absence of formal banking facilities in the cluster and consequently overdependence by the sample entrepreneurs on informal means of financing for meeting their business needs.

The second rank was accorded to 'lack of working capital' with 55 out of 97 citing this as a problem. It appears that the problem of inadequate working capital is further aggravated by the persistence of the entrepreneurs to depend largely on cash transactions rather than credit for purchase of raw materials which is squeezing their working capital as observed earlier. The third problem is meagre assistance from the government agencies to address their financial problems. It appears that there is negligible financial support extended by the government agencies in the form of credit or any other means. There exists one branch of Mizoram Rural Bank in Thenzawl town which was established in 1985. But it seems the weavers were not satisfied with the services provided by the bank.

There is an immediate need for intervention of government agencies to provide credit and banking facilities in the cluster especially to cater to the needs of small and marginal weavers.

6.7 PROBLEMS RELATING TO TECHNICAL AND CONSULTANCY

The sample entrepreneurs have cited 'inadequate consultancy services provided by the government' as the outstanding problem as regards technical and consultancy problems(34.11 per cent rating), followed by 'lack of consultancy services for designs' (23.43 per cent rating), 'lack of technical knowledge' (22.04 per cent) and 'nonavailability of consultancy services' (20.42 per cent rating) as shown in Table 6.6.

Table 6.6: Problems relating to Technical and Consultancy

Nature of Problems	Entrepreneur's Ranking of Problems					
	No. 1	No. 2	No. 3	Weighted Score	Rating (per cent)	Rank
1. Inadequate consultancy services provided by Government agencies	33	18	12	147	34.11	1
2. Non availability of any consultancy services	20	14	-	88	20.42	4
3. Lack of technical knowledge	23	11	4	95	22.04	3
4. Lack of consultancy for designs	21	15	8	101	23.43	2
No Response	-	39	73	-	-	
Total	97	97	97	431	100.00	

It is distressing to note that there was virtually an absence of technical and consultancy services in the cluster. It seems that the entrepreneurs' expectations from the government in providing such services have not been fulfilled. This was also reflected in their dissatisfaction towards common facilities provided in the cluster as noted in Chapter 4 (see Table 4.12).

The second ranking problem was lack of consultancy for designs (23.43 per cent rating). As observed in the preceding chapter that the cluster has never had any association with national institutes such as the National

Institute of Fashion Technology (NIFT) and the National Institute of Design (NID). 45.36 per cent of the entrepreneurs have cited this as one of the three important problems faced by them. Networking with such national institutes would enable these entrepreneurs to improvise and innovate their designs and explore local, national and international markets.

The third problem faced by them with a rating of 22.04 per cent was a general lack of technical knowledge. It is also pertinent to note that most of the entrepreneurs lack the technical skills for maintenance and repair of their looms.

With regard to the fourth ranking problem, 34 sample entrepreneurs (20.42 per cent rating) cited 'nonavailability of any consultancy services' in the cluster as one of the important problems. It is observed that there is a total absence of availability of any kind of professional consultancy services with regard to technical assistance, designs, quality control and other services in the cluster. There is an urgent need to provide consultancy services in the cluster in order to enhance the competitiveness of the cluster.

6.8 PROBLEMS RELATING TO INTERNAL MANAGEMENT

The study also enquired about the problems that the sample enterprises faced in internal management of their enterprises. Table 6.7 indicates that the main problems faced by the sample entreprenurs in managing their enterprises were: 'lack of coordination' between the (42.60 per cent rating), followed by 'improper delegation of authority' (26.23 per cent rating) and ‘lack of teamwork’ (21.04 per cent). Other problems were: ‘lack of work culture’ (8.05 per cent rating) ‘and ‘lack of communication’ (2.08 per cent).

Table 6.7: Problems Relating to Internal Management

Nature of Problems	Entrepreneurs’ Ranking of Problems					
	No.1	No. 2	No.3	Weighted Score	Rating (per cent)	Rank
1. Lack of co-ordination between the employers and labourers	54	1	-	164	42.60	1
2.Lack of communication between the employers and labourers	1	2	1	8	2.08	5
3. Lack of teamwork	12	22	1	81	21.04	3
5 Improper delegation of authority	21	14	10	101	26.23	2
5. Lack of work culture	3	7	8	31	8.05	4
7. No Response	6	51	77	-	-	-
Total	97	97	97	385	100.00	

These problems may be attributed to the fact that the labourers were found to be not working under one roof as a majority of the entrepreneurs do not have separate sheds to operate the looms and hence the looms were being operated by the labourers at their homes. Moreover, the entrepreneurs were neither professionally qualified in management nor had attended training/management development programmes. Short term training and development programmes may be organised by institutes of higher learning in order to develop the managerial skills of the entrepreneurs.

NOTES

1. Mill Gates Price Scheme: The objective of this component is to make available all types of yarn at Mill Gate Price to the eligible handloom weavers so as to facilitate regular supply of basic raw materials to the handloom sector and help utilise the full employment potential of the sector.

2. Work shed- cum- housing Scheme: Improvement of work place is an important infrastructural support for the weavers. An improved work shed or house-cum-work shed provides better work environment, more space, improves working hours because better lighting is available and enables installation of improved looms. The Government of India, in pursuance of the Textile Policy of 1985, introduced a Centrally Sponsored Scheme called 'Work shed-cum-Housing Scheme' for Handloom Weavers during the 7th Five Year Plan, in recognition of these aspects and the scheme was also in operation during VIII & IX Five Year Plan. In view of several requests received from various State Governments and handloom agencies to enhance the unit cost as well as the Governmental assistance for construction of Work shed/ Work shed-cum-Houses due to continuing escalation in the cost of construction material etc., the funding pattern was last revised in 1997-98, which was continued during the X Five Year Plan also www.handlooms.nic.in/hl_workshed.pdf).

3. Dupatta is a long, multi-purpose scarf that is essential to many South Asian women's suits (http://en.wikipedia.org/wiki/Dupatta).

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CHAPTER 7

EVALUATON AND SUGGESSTIONS

7.1 ENTREPRENEURSHIP IN HANDLOOM CLUSTERS

1.2THE PRESENT STUDY

1.3SOCIOECONOMIC CHARACTERISTICS OF ENTREPRENEURS

1.4 MOTIVATIONAL FACTORS

1.5 GROWTH AND MANAGERIAL PERFORMANCE OF ENTERPRISES

1.6PROBLEMS OF HANDLOOM ENTERPRISES

1.7SUMMARY OF SUGGESTIONS

1.8 CLUSTER DEVELOPMENT INITIATIVES

7.9 SUGGESTED ACTION PLAN FOR BDS IN THENZAWL CLUSTER

EVALUATION AND SUGGESTIONS

This last chapter gives a summary of the study. The suggestions are given in three distinct sections. Section 7.7 gives the summary of suggestions meant for the entrepreneurs and other stakeholders such as the governments and facilitating agencies who are interested in the development of Thenzawl cluster. Section 7.8 devotes on executing certain solid measures in the form of cluster development initiatives in order to sustain and develop the cluster. As the researcher strongly recommends the implementation of the centrally sponsored scheme namely the IHDS, this section offers specific suggestions for the speedy and effective execution of the scheme. Finally in the last section, an achievable concrete plan is suggested to make Thenzawl cluster competitive. In this section thirteen business activities have been identified, where there is scope for improving the Business Development Services (BDS).

Evaluation of entrepreneurship constitutes the core of the study. Entrepreneurship is a human activity which plays an important role in economic development. Economists over the years have shifted their emphasis from the rate of capital formation to the growth of entrepreneurship as a major catalyst influencing economic growth. Researchers down the ages have extolled the role and significance of entrepreneurs in the economic development of nations and regions. Entrepreneurship and innovation are central to economic growth and social transformation and growth of entrepreneurship is synonymous with growth and prosperity of any region.

Indian entrepreneurs today have emerged as global players with some making their way into the elitist global club of billionaires. However, today, India presents a picture of contrasts where a majority of her population is living on low incomes and has low quality of life as reflected in the Human Development Index, particularly relating to gender issues. In this context ‘inclusive growth’ has become the new mantra for economic development which envisages to bring into its ambit, the development of the people at large, especially underprivileged sections of the population such as women , people from Scheduled Caste (SC), Scheduled Tribe (ST) and Other Backward Communities (OBC).

Cluster development has also emerged as a strategic tool for developing MSMEs in the new economic order of globalisation. The handloom and handicraft industries known as the cottage and village industries have since ancient times developed as a system of specialised artisan concentrations, where the entire village was considered as a workshop. In the context of inclusive development and cluster development, it is imperative to understand how these artisan enterprises have survived over a period of time and to study the entrepreneurial traits and attributes of craft entrepreneurs in these clusters which have employed the most vulnerable sections of the population.

The present study has explored various facets of entrepreneurship development in a remote town, Thenzawl, in the tribal state of Mizoram in the North East of India viz, the socioeconomic profile of the entrepreneurs and how it determined their entry into entrepreneurship, factors that motivated and facilitated entrepreneurship in the cluster and the impact of clusters on entrepreneurship. The study also evaluated the managerial performance and growth of the sample enterprises, and problems encountered by them.

7.1 ENTREPRENURSHIP IN HANDLOOM CLUSTERS

Chapter 1 presents an overview of the status of clusters all over the world and its relevance, status of rural clusters in India and their significance to the Indian economy, with a focus on handloom clusters in North Eastern Region (NER) of India; the significance of the handloom sector in India in terms of employment, cloth production, exports and so on. The researcher also highlighted the significance of the handloom sector to the NER in terms of looms, cloth production, employment and other parameters based on secondary data.

There are an estimated 594 rural and artisan based micro enterprises handloom clusters in India. Handloom sector is the second largest employment provider in India after agriculture, providing employment to 12 million families and constitutes about 13 per cent of the total textile production of India. The handloom sector in India is largely household-based enterprise, carried out with labour contributed by the entire family and dispersed geographically across thousands of villages and towns in the country. Out of the number of persons employed in the sector, 60.40 per cent of the persons employed in this sector are women and 35 per cent belong to the SC / ST communities. Handloom clusters thus, play a crucial role in the overall economic development of the country. The NER has the highest concentration of handlooms in the country with more than 50 per cent of weavers belonging to the NER states.

7.2 THE PRESENT STUDY

Chapter 2 focuses on the research problem. The need for the study, the statement of the problem, a review of literature, the research design which includes the objectives of the study, the methodology of the study and its limitations are clearly spelt out in this chapter. The review of literature covered the areas of entrepreneurship, clusters and handloom industry to understand the gap in research. The specific objectives of the present study are: to study the socioeconomic characteristics of the artisan entrepreneurs in the Thenzawl handloom cluster in Mizoram, to ascertain the motivational factors that motivated the entrepreneurs to establish their enterprises, to evaluate the growth and performance of handloom enterprises in the cluster, to understand the problems faced by the handloom enterprises and to offer suitable suggestions so as to enable the handloom enterprises survive and thrive.

Out of 194 micro handloom enterprises operating in the cluster at the time of conducting the survey, the present study covered 97 of such entrepreneurs or enterprises (50 per cent of the population) based on random sampling method.

The researcher relied on primary data as well as secondary data. The primary data was collected through a structured questionnaire (see *Annexure 2*) and discussions with the sample artisan entrepreneurs, supporting institutions such as the Thenzawl Handlooms and Handicrafts Association, and the Government departments. The structured questionnaire was administered to a sample of fifty per cent of the entrepreneurs (97 in number) during December 2008 and March 2009. An attempt was made to cover all the 11 localities in the town namely, Bazar Veng, Vengtlang, Laural, Venghlai, Vengchak, Dinthar Veng, Lungrang, Venglun, Model Veng, Field Veng and Vety Veng. The maximum number of entrepreneurs surveyed belonged to Vengtlang (28.87 per cent), followed by Venglun (12.37 per cent) and the least number of entrepreneurs were from Vety Veng (1.03 per cent).Further, discussions were held a number of times with the officers of the Directorate of Industries (Handloom and Handicrafts), Governemnt of Mizoram, Dr Zohmangaiha, president of Federation of Mizoram Handloom and Handicrafts (ZOHANFED), Smt.Mgurhmingthangi, president, and Smt B. Zahmingliani, vice president, of the Thenzawl Handlooms and Handicrafts Association.

The secondary data was collected by consulting relevant reports, journals, magazines, books, newspapers and websites.

Simple statistical devices such as per centages, averages and standard deviation wherever relevant were used to interpret and analyse data collected. Factors motivating and facilitating entrepreneurship and problems faced by entrepreneurs were rated by weighted scores.

7.3 SOCIOECONOMIC CHARACTERISTICS OF ENTREPRENEURS

Chapter 3 explores the socioeconomic characteristics, viz, age, tribal origins, educational qualifications, family structure, family size occupation, year of commencement of business, marital status, religion, domically nature etc. of the entrepreneurs in Thenzawl.

The socioeconomic milieu plays an important role in the emergence and development of entrepreneurs as they are embedded in socioeconomic systems. Mizoram has no major industry and has remained industrially backward with 60 per cent of the population dependent on agriculture for their livelihood. Since large industries do not exist, micro enterprises play an important role in the Mizo economy. Weaving as an occupation is followed mainly by Mizo women and is an integral part of their socio-cultural fabric and plays a significant role in the Mizo economy.

The Mizos are characterised by a strong sense of common identity as they are bound by race, religion and language. All the respondents were

Mizos (*Assam–Burman sub-groups of* the Tibeto-Chinese race) and it is observed that none of the weavers belonged to the neighbouring country, Myanmar as is generally found in other parts of Mizoram such as Aizawl and Lunglei. All the respondents belonged to the Scheduled Tribe category, and all of them were Christians by religion and were operating their looms on a commercial basis as sole proprietors. Interestingly, the cluster was dominated by women entrepreneurs comprising 95.88 per cent of the respondents in the present study.

Social relationships are not dominated by tribes or sub-tribes or clans within the Mizo community. The sample entrepreneurs in Thenzawl cluster comprised of twenty one different tribes/sub-tribes/clans. It is observed that the sample entrepreneurs in Thenzawl share a strong sense of common identity despite the fact that they belonged to different tribes or sub-tribes or clans and abound in 'social capital.'

93.81 per cent of the sample entrepreneurs were literate with 86.6 per cent having attended school and five per cent having attended college. About 95 per cent entrepreneurs have weaving skills which has a direct bearing on their field of entrepreneurial activities.

62.89 per cent of the sample entrepreneurs were married and almost all the married women were augmenting the income of the family by weaving. Joint family system was predominantly followed in the cluster (73.20 per cent). 50.52 per cent of the entrepreneurs come from a family of up to 5 members, 46.39 per cent come from a family of 6 -10 members and 3.09 per cent of entrepreneurs come from a family of 11 – 15 members.

Most of the weavers (77.32 per cent) were below 30 years of age, 20.62 per cent of entrepreneurs were between 30 – 40 years and an insignificant proportion (2.06 per cent) of entrepreneurs was more than 40 years of age when they started their enterprises. Interestingly no one started the enterprise after crossing 50 years of age.

The birth of the Thenzawl Handloom cluster as a centre of commercial production of handloom products can be traced to 1982. The period 1980-1985 saw the birth of 10 sample enterprises operating with 35 looms. 1985-90 has been the period that witnessed the birth of maximum no of units (26.80per cent) among the sample units. This period also coincided with Mizoram attaining the status of statehood (February, 1987) in the Union of India; the cessation of insurgency; and the return of peace to this strife torn erstwhile union territory of India as an outcome of the peace accord signed on 25th June, 1986 between the Mizo National Front, which led the movement and the Government of India.

Most of the entrepreneurs (81 per cent) were natives of Thenzawl and 18.56 per cent of the respondents have migrated to Thenzawl. However the entrepreneurs who have migrated from other places in Mizoram to Thenzawl, (77.77 per cent) have migrated in search of opportunities for weaving. It is evident that cluster dynamics have attracted entrepreneurs to the cluster in search of weaving opportunities.

It is observed that married women were augmenting the income of the family by weaving (57 in number). Interestingly, this occupation was also supporting a significant population of single women. 23 sample entrepreneurs were unmarried and 13 were either divorced or widowed. It appears that weaving as an occupation has been an important means of economically empowering women in Mizoram.

It is observed that a high proportion (73.20 per cent) of the sample entrepreneurs in this cluster was having joint families. Only 26.80 per cent of the entrepreneurs were living in nuclear families.

It is observed that 50.52 per cent of the sample entrepreneurs have family up to five, 46. 39 per cent have 6 -10 members and 3.09 per cent of entrepreneurs have 11 – 15 members in their family. Family members are also involved in all the three stages of weaving, namely, pre-weaving, weaving and post-weaving. It is interesting to note that 51 minor children were also involved in weaving activities in the sample enterprises.

It is further observed that 68.04 per cent of the entrepreneurs were solely dependent on weaving and 22.68 per cent considered agriculture as their main occupation. Only three per cent entrepreneurs considered business as their main occupation and for six entrepreneurs, job was the main occupation. It is pertinent to note that 95.88 per cent of the sample entrepreneurs were women and this also throws light on the fact that the income from weaving earned by women was not only supplementing the incomes of other members in the family but was the main source of income to the family.

An enquiry into the occupation of the previous generation revealed that that 71.43 per cent of the sample entrepreneurs' fathers pursued agriculture as their occupation whereas 74.70 per cent of the sample entrepreneurs' mothers were weavers. Therefore it can be inferred that the present generation of the sample entrepreneurs have clearly moved away from agriculture with a view to seek better standards of living in Thenzawl cluster as handloom weavers.

An analysis of the income earned by the entrepreneurs showed 10.31 per cent earn more than ` 100000, 7.22 per cent earn ` 80000 - 100000, 17.53 per cent earn ` 60000 – 80000, 23.71 per cent earn ` 40000 - ` 60000, 28.87 per cent earn ` 20000 - ` 40000 and12.37 per cent of entrepreneurs earn up to ` 20000 annually, from weaving activities only.

It is further observed that almost one third earned more than ` 80000, 10 percent earned between ` 60000 and ` 80000, 24.74 per cent earned between ` 40000 and ` 60000, 28.87 per cent earned ` 20001 to ` 40000, and12.37 per cent of the entrepreneurs earned up to ` 20000 annually from all sources.

The influences of religion, caste and kinship appear to be strong in the cluster. The cultural coherence; socioeconomic, regional and ethnic identities; and trust relationships existing in the cluster indicates that, it abounds in social capital and this can be further nurtured to derive socioeconomic benefits to all the stakeholders.

7.4 MOTIVATIONAL FACTORS

In order to have a full understanding of the role of motivation in the overall process of entrepreneurship in Thenzawl handloom cluster, Chapter 4 has enquired into entrepreneurial motivations such as entrepreneurial ambitions, reasons compelling entrepreneurs to enter the industry, factors facilitating their entry into entrepreneurship, entrepreneurs' expectations and the degree of fulfillment of their expectations and reasons for setting up their handloom enterprises in this cluster. The study has also enquired into the time devoted by the entrepreneurs to their enterprise, whether they would like their children to continue as entrepreneurs in the same industry, the entrepreneurs' satisfaction level with common facilities available in the cluster and the impact of cluster on the emergence of entrepreneurship in Thenzawl cluster.

The most important ambitions that have spurred the entrepreneurs to start their enterprises was 'earning a livelihood', 'making money' and 'gaining an independent living.' 91.75 per cent of the entrepreneurs marked livelihood as one of their three ambitions (47.79 pr cent rating), followed by making money with a weighted average rating of 24.91 per cent, and to gain independent living with a weighted average rating of 21.03 per cent.

It appears that though the immediate and predominant urge for starting the enterprise was to 'make a living' and 'make money' in that order; the motive 'to gain independent living', was an underlying ambition that has played a significant role in becoming entrepreneurs. Hence, it appears that even though weaving was an imminent choice for making a living, it is noteworthy that 75 entrepreneurs (out of 97) were also motivated by the ambition of 'gaining independent living' rather than be a wage earner.

It is observed that the entrepreneurs were very hardworking and devoted a lot of exclusive time to their enterprises. 71.14 per cent of the sample entrepreneurs in the cluster devoted more than six hours in a day to their enterprise and 23.72 per cent of the entrepreneurs devoted more than ten hours in a day to their enterprise. Only 7.22 per cent of enterprises spared 2-4 hours of time to their enterprise. It is important to note that 95 per cent of the sample entrepreneurs were women and as women they have shoulder additional family responsibilities. It can be inferred that the entrepreneurs are very committed, hardworking and passionate about their work.

An attempt is made to know the involvement of the family members of sample entrepreneurs in managing the enterprise in terms of time devoted by them to the enterprise. It is observed that the family members of the entrepreneurs in Thenzawl cluster actively participate in the all the stages of the weaving process. From the above analysis it is clear that most of the micro enterprises in the study were run as a household enterprise by depending heavily on their family members. This shows how the entrepreneur's entire family depends on the enterprise for their livelihood. It is evident that the entrepreneurs received tremendous support from their family members.

Only 16.49 per cent of the entrepreneurs would like their children to become entrepreneurs in the same business whereas about 80 per cent of the entrepreneurs (77 in number) do not want their children to become entrepreneurs in the handloom industry. 4.12 per cent of the entrepreneurs did not respond to the question.

The present study further elicited answers from 77 entrepreneurs about the reasons behind their not wanting their children to take up entrepreneurship in handlooms. 32.3 per cent of entrepreneurs had a bleak and dismal image for the future of handlooms. 19.4 per cent of the entrepreneurs believed that handloom does not have any future and 12.9 per cent felt that handloom is not a profitable business. 10 per cent opined that children may not be interested in this business. It is also pertinent to note that men in the Mizo society are not encouraged to undertake weaving activities. Weaving has remained exclusively a woman's profession.

The present study also enquired into the reasons that compelled them to become entrepreneurs. The overall rating assigned to the compelling reasons suggest that the sample entrepreneurs were compelled to enter the industry to make use of idle funds (32.19 per cent of rating), followed by unemployment (28.34 per cent), diversification of economic interests (21.86 per cent) and dissatisfaction with the previous job (14.98 per cent of rating). 44 sample entrepreneurs (out of 97) indicated unemployment as the most compelling factor to enter the industry, 53 cited diversification of economic interests as one of the three compelling reasons to enter the industry. 32 sample entrepreneurs were not happy in their previous job or occupation which prompted them to opt for the present industry. It is to be observed that starting of an handloom enterprise doesn’t require huge funds as the cost of the loom was not very high (average cost of loom in 2008 was ` 3000-4000), and most of the sample entrepreneurs have commenced production with only one or two looms. Therefore, initial investment in looms was well within their financial capacity. 87 entrepreneurs (89.6 per cent) have indicated ‘making use of idle funds’ as one of the three compelling factors to enter the industry. It is evident that they have preferred to invest surplus funds available in acquiring looms to start their enterprise.

All the sample entrepreneurs have attributed their ‘previous experience of weaving as one of the three the most important factors that has facilitated their entry into entrepreneurship. This factor scored the first rank with a rating of 46.14 per cent based on weighted score. The second rank was accorded to 'looms inherited or acquired' with a rating of 28.12 per cent., followed by 'encouragement of family members' (18.81 per cent of rating). 27 entrepreneurs cited 'success stories of entrepreneurs' as a facilitating factor with a rating of 6.93 per cent. It seems that the success of enterprises in the cluster has encouraged a spin off of new enterprises being set up in the cluster.

It is obvious that the combination of weaving skills and the ownership of looms have facilitated their initiation into entrepreneurship. Another significant facilitating factor has been the encouragement provided by family members, relatives and friends. Almost 60 per cent of entrepreneurs have marked 'encouragement and support of family members, relatives and friends' as one of the three important factors responsible for facilitating their entry into entrepreneurship.

The present study has also examined the impact of clusters on the emergence and augmentation of entrepreneurship from the point of view of the entrepreneurs. The extent of the influence exerted by this cluster on entrepreneurship in matters of the expectations of entrepreneurs, the selection of the cluster for starting their units, alternate proposals in the absence of the cluster and the satisfaction from the common facilities available (through a self assessment) were enquired into.

Cluster relationship with other units has played a prominent role in the development of entrepreneurship and emerged as a prime expectation in the cluster with 76 per cent of the sample entrepreneurs marking this as one of their three reasons with the highest rating of 51.86 per cent based on weighted score. It is evident that securing cluster relationship to derive positive synergies from linkages with other units in the cluster was the most dominant expectation of the entrepreneurs at the time of starting their enterprise.

This analysis leads to the inference that cluster dynamics acted as an important tool in stimulating entrepreneurship in Thenzawl cluster. Assistance from family members, friends/relatives with a rating of 36.17 per cent was the second ranking expectation of the sample entrepreneurs. It appears that family members, friends/relatives have come to the rescue of the weavers and have played a prominent role in supporting their idea of starting the enterprise.

It may be inferred that the sociocultural fabric of the Mizo society has played an important role in motivating entrepreneurship in this handloom cluster. The Mizos being a close knit community with values of '*tlawmngaihna'* embedded in their socio cultural ethos have high expectations from their family, friends and relatives.

It is evident that expectations from government and non-government agencies in the form of financial assistance have played a negligible role in stimulating entrepreneurship in this cluster. The humble weavers have reposed more confidence on their own family, friends and relatives and network with other weavers in the cluster rather than the government and other agencies at the time of commencement of their enterprise. Therefore, the study revealed that the initial expectations of the sample entrepreneurs from the government and other agencies were meagre. It may be inferred that the possession of weaving skills, previous experience in the handloom industry and the fact that commencement of commercial production of handloom products was easy as it does not entail huge investments, have influenced these humble weavers in their choice of setting up of micro enterprises in Thenzawl cluster. Since most of the entrepreneurs were women, developing entrepreneurship in the handloom industry may be an important tool of economic empowerment of women especially in tribal areas of NER.

In an assessment of the fulfillment of the above expectations of the entrepreneurs, it was observed that 61.86 per cent of them expressed their satisfaction over the fulfillment of their initial expectations. 8.25 per cent of the entrepreneurs felt that their expectations were fulfilled partly, while only 7.22 per cent of the entrepreneurs expressed complete dissatisfaction in this regard.

An evaluation of the economic reasons behind the sample entrepreneurs' selecting handloom industry to start business revealed that ‘possession of weaving skills’ (30.52 per cent), ‘previous experience in the handloom industry’ (23.09 per cent) and the fact that commencement of commercial production of handloom products was easy (19.28 per cent) as it does not entail huge investments, have influenced these humble weavers in their choice of setting up micro enterprises in Thenzawl cluster.

As almost all the sample the entrepreneurs were women and belonged to the ST category, it appears that given their low levels of education and financial resources, they have fallen back on the weaving skills either possessed or acquired from their previous generation to start commercial production of handloom products.

Therefore, it may be inferred that the possession of weaving skills, previous experience in the handloom industry and the fact that commencement of commercial production of handloom products was easy as it does not entail huge investments, have influenced these humble weavers in their choice of setting up of micro enterprises in Thenzawl cluster. Since most of the entrepreneurs were women, developing entrepreneurship in the handloom industry may be an important tool of economic empowerment of women especially in tribal areas of NER.

The present study has also enquired into the important reasons behind the entrepreneurs setting their enterprises in the cluster to understand the impact of cluster processes on the emergence of entrepreneurship. The first rank was accorded to ‘the availability of weavers/labour in the cluster' (22.97 per cent of rating), followed by 'hometown or nearness to native place', which is the second important reason (21.14 per cent of rating) and 'existence of similar units in the cluster', which was the third important reason (16.87 per cent rating). Interestingly government support was the least important reason cited by the respondents for setting up of the enterprise.

An enquiry into the entrepreneurs' alternate proposals in the absence of the cluster was made in order to assess the influence of the existence of the cluster on the magnitude of their desire for taking up entrepreneurship. Only three entrepreneurs out of 97 indicated that they would have taken up a job, had there been no cluster at the time of commencement of their business in Thenzawl cluster. About one third of the entrepreneurs opined that they would prefer to run the same handloom business elsewhere under hypothetical situation. This speaks of their interest and commitment for weaving as an occupation. 16 entrepreneurs (16.49 per cent) would rather opt to do a different business. Therefore it is evident that the spirit of entrepreneurship existed among about half of the sample entrepreneurs. However, 45 (46.39 per cent) of them were not sure about their second option, as they indicated 'can't say'.

The common facilities available in the cluster were subjected to an assessment by the sample entrepreneurs. A large majority (83.51 per cent) of entrepreneurs were dissatisfied with the common facilities available in

Thenzawl cluster. The analysis shows that meagre assistance is provided by the government to the weavers and a lot more needs to be done to sustain and develop the industry in Thenzawl.

The present study has brought out several interesting dimensions of the motivational factors that have impelled the entrepreneurs to become entrepreneurs. It is evident that the traditional artisan cluster of Thenzawl has become a pool of entrepreneurship. The weavers in this cluster have initiated themselves into entrepreneurship in order to earn a livelihood, make money and enjoy independence on the basis of the weaving skills acquired by them, family and friends' support and expectations of cluster dynamics. The sociocultural ethos of the Mizo community in providing support to the entrepreneurs has also played a key role in motivating the entrepreneurs to start their own micro enterprises, rather than be wage earners.

7.5 GROWTH AND MANAGERIAL PERFORMANCE OF ENTERPRISES

An attempt is made in chapter 5 to measure the growth and managerial performance of the sample enterprises in the cluster in terms of the number of units, looms, value of production, turnover, employment and so on. The managerial performance in terms of production, human resources, marketing and finance of the sample units is also analysed.

Production: The birth of the Thenzawl handloom cluster as a centre of commercial production of handloom products can be traced to the period

1980-85. Presently it is estimated that approximately 200 enterprises are operating in the cluster. The analysis showed that 1985-90 has been the period that witnessed the birth of maximum number of units (26.80 per cent) among the sample unit.

Fixed assets: Fixed assets for the micro handloom enterprise in Thenzawl mainly comprised of working sheds, looms and loom accessories

- Working sheds: 89 per cent of the sample entrepreneurs were working from their houses and only 11 per cent were working in sheds. It is observed that in most cases the looms were housed in the verandah or in the basement of the entrepreneurs' houses below the stilts.

- Looms: In the present study, it is observed that two types of looms were being used in Thenzawl viz, Indian looms and Burmese looms, implying the country where it was manufactured. Both the types of looms can be classified as fly shuttle looms. At the time of survey (December 2008), the sample enterprises in Thenzawl cluster owned 501 Indian looms and only nine Burmese looms.

It is noteworthy that the number of looms owned by the sample enterprises in the cluster was merely eight in 1982 and has increased to 510 in 2008. The average number of looms owned by the sample enterprises was 5.25. There has been a growth of 229.6 per cent in the number of Indian looms in the cluster from the beginning of commercial production by the enterprises The number of looms owned by the sample enterprises has registered a remarkable growth of 228.4 per cent since the initial year.

It is observed that 69.07 per cent sample entrepreneurs owned less than 5 looms, 18.57 per cent of the sample enterprises owned 5-8 looms, 5.15 per cent owned 9-13 looms and 7.21 per cent owned more than 13 looms. The analysis brings out the fact that most of the sample enterprises were small in size. However, it is pertinent to note that all the sample enterprises started their enterprise with not more than five looms. 87.63 per cent of the sample enterprises in the cluster commenced business with one or two looms only and the remaining 12.38 per cent entrepreneurs began business with 3 - 5 looms.

It is evident that all the weavers in the cluster started their business activities as small weavers and their number of looms has grown over a period of time. There are instances of entrepreneurs who have increased their ownership of looms from a mere two looms to more than 20 looms.

A very low proportion (2.5 per cent) of the total looms in sample enterprises in Thenzawl cluster was idle. This reflects on the high performance level of the cluster as a whole and shows that the enterprises are in a position to operate maximum number of looms.

An estimation of the average capacity utilisation of the looms functioning in the sample enterprises in the cluster and calculation of standard deviation was also made. The average capacity utilisation per loom per day was 9.71 hours in case of Indian looms and 9 hours in case of Burmese looms during the seasonal months. However, during non season it was 5.26 hours per day in case of Indian looms and 6 hours per day in case of Burmese looms. The inclement weather conditions combined with the lack of infrastructure to operate the looms smoothly and fluctuating demand conditions may be considered as some reasons for less capacity utilisation during non-season months. As discussed earlier, the demand for handloom products peaks before Christmas and New Year.

- Loom accessories: It was observed during field survey that there is a deficiency of loom accessories such as warping drum and beaming frame in the cluster and these equipments were being shared by weavers in the cluster.

Raw Materials: The raw material for the handloom products in Thenzawl cluster is the dyed yarn. The enterprises in Thenzawl do not undertake dyeing activity, but procure dyed yarn as raw material for weaving. Hence, the raw material for the products is dyed yarn. The present study has analysed the cost of raw materials, sources of procurement of raw materials, buffer stock maintained, storage facilities for raw materials and terms of payment for raw materials.

The average cost of raw materials for producing plain *puan* and *Puandum* was among the lowest and the price of these products was also among the cheapest. The cost of raw materials for *Siniar* was the highest. It is made of silk and this is a niche product which is among the highly priced products in the market.

The study reveals that the most important source of procurement of raw materials for 71.13 per cent of the sample enterprises was yarn merchants in Aizawl (the capital of Mizoram), and 28.87 per cent of the enterprises procured raw materials from yarn merchants in Thenzawl itself. None of the enterprises procure the raw materials either from Guwahati or other places in India or from other countries. This indicates that the raw materials were sourced from within the state itself and the sample enterprises did not have any network with yarn merchants outside Mizoram.

Only 31 per cent of the sample enterprises maintained a buffer stock for an average period of two or three months. 69 per cent of them did not maintain any buffer stock.

An overwhelming majority of the sample enterprises (93.81 per cent) stored the raw materials and finished goods in their homes itself, and only a small number (6.19 per cent) of enterprises had separate facilities for storing their inventory. It appears that only 6.19 per cent of the sample enterprises owning more than 14 looms are having separate storage facilities for inventory.

57.73 per cent of the sample enterprises make down payment of cash on delivery of raw materials and a very small number of enterprises (three or 3.09 per cent) depend on a credit basis of payment to the suppliers.

39.18 per cent of the enterprises make payments on cash and credit basis as well. It may be inferred that as most of the enterprises make payments on the basis of cash payment, such enterprises have been facing a problem of inadequate working capital, as discussed.

Human Resources: The present study also estimated the number of people employed in sample enterprises in the cluster to understand the pattern of employment and growth in employment if any in the cluster. The employment has grown from merely three weavers and one ancillary worker in 1982 to 556 in 2008. 90 entrepreneurs were self-employed in their own enterprises. 62.28 per cent of the weavers employed in the sample enterprises were working as full time weavers, whereas 12.10 per cent were part time weavers. 8.54 per cent of employees were ancillary workers engaged in pre weaving and post weaving activities. Notably, there were 51 children (under the age of 18) working as weavers in the cluster comprising 12.20 per cent of the total weavers employed in the cluster.

The weavers were paid on a piece rate system i.e. the wages were paid on basis of the number of items produced. The wages per item differ according to the difficulty, expertise and time required to weave different handloom products.

A comparison of the wages paid in Thenzawl cluster with other select handloom clusters namely; Chirala (Andhra Pradesh), Bhagalpur (Bihar), Madhavaram (Tamil Nadu), Varanasi (Uttar Pradesh), Barabanki (West Bengal), Kullu (Himachal Pradesh), Trichy (Tamil Nadu), Imphal (Manipur) and Burdwan (West Bengal) brought out some interesting facts. The wages paid to weavers in Thenzawl cluster was the highest among the clusters compared. This may be attributed to the higher literacy rate in the cluster as well as absence of exploitation of weavers by master weavers and traders.

At the same time, the component of labour cost in the total cost of production was the highest in Thenzawl handloom cluster. As discussed earlier, this may be attributed to the high level of literacy rate in Thenzawl cluster and the absence of middlemen and traders who exploit the weavers as in Chirala and Imphal. At the same time it may be inferred that higher labour cost may affect competitiveness of Thenzawl cluster. The weavers of the sample enterprises in Thenzawl cluster, however, were not aware of any schemes of the Government of India formulated for them and none of the weavers were availing the benefit of any schemes such as Artisan Credit cards and Health Insurance scheme.

Marketing: The present study has also analysed some important aspects of marketing of the sample enterprises in terms of sales, growth in sales, channels of distribution, terms of payment for sales, sales promotion techniques, market for the products and extent of participation of sample enterprises in exhibitions and fairs.

Thirteen types of handloom products were manufactured in the cluster in the years 2006, 2007 and 2008. The total number of products sold by the sample enterprises of various handloom products has increased from 70,692 units in 2006 to 79,891 units in 2008. All products have registered an increase in production except *Puan ropui* and *Kawrchei.* Five new products have been added to the product mix since the initial year of commencement of business viz; vest coats, bags, shawls, purses and *Puan ropui*. It is evident that the cluster has traversed a long way since its inception in 1982 in terms of performance and growth. The number of units sold has grown from 880 units to 79891 units and the number of products has increased from merely four viz., *Puanchei, Siniar puan, Ngotekherh* and *Puandum* to thirteen different products in 2008.

The study has analysed the sales value of handloom products of sample enterprises for the years 2006, 2007 and 2008. The sales turnover has increased from ` 3.81 crore in 2006 to ` 4.84 crores in 2008. The total sales volume from the operation of 510 looms owned by the sample enterprises in the cluster was ` 4.84 crores in 2008. The sales turnover of the sample enterprises has registered a remarkable growth, with the sales turnover rising by over ` 1 crore in three years since 2006, which reflects a healthy trend and indicates the degree of sustainable success of the cluster. The important products contributing high sales turnover were: *Puanchei*, *Ngotekherh* and *Siniar puan* in that order.

- ***Designs***: The study also enquired into the people involved in creation of designs in the sample enterprises. 46.39 per cent of the sample enterprises depended on their own entrepreneurs (who happen to be the weavers also) in the creation of designs. 42.27 per cent of the sample enterprises relied on their weaver-labourers for this purpose. In case of 9.28 per cent of the enterprises, the designs were decided jointly by the weaver-labourers and the entrepreneurs. As the products manufactured were traditional and follow traditional designs, it appears that the need to involve designers does not arise. The product differentiation is based on specific ethnic designs, patterns and colours and has specific socio-cultural connotations in the lifestyles of Mizos. 58.76 per cent of the sample entrepreneurs were in the habit of obtaining feedback from their customers on the designs of their products and they make changes in the designs within two months of receiving such recommendations from the customers. However, there is a wide scope for innovation in designs. None of the entrepreneurs had any networking with the national level institutions such as NIFT and NID.

- *Quality control*: It is observed that most of the weavers were not aware of the need for any scientific quality control techniques and as a consequence they did not apply any quality control measures for the handloom products manufactured by their enterprises. 89 per cent of the sample entrepreneurs did not respond to the question and the remaining entrepreneurs said that they personally check the texture of the product in a primitive way by feeling or touching it or seek the assistance (3.09 per cent) of the demonstrator in the Handloom Extension Office, Office of the Directorate of Handlooms, Government of Mizoram in Thenzawl.

- *Testing facilities:* the sample entrepreneurs in Thenzawl were largely unaware of the scientific techniques of testing the yarn and fabric. No laboratory exists in Mizoram that can undertake such testing activities.

There is an urgent need to educate the weavers about the need for testing and establishment of a laboratory in Thenzawl which may have equipments for testing such as yarn strength tester, fabric strength tester, glass instruments and chemicals for testing, PH meter and so on.

Pricing: *:* The pricing of the three most important products having the highest share in the total sales was estimated to understand the margin of profit available to the entrepreneur. The entrepreneur gets an average margin of about 22 per cent and the dealer gets an average margin of about 25 per cent on the products which have a significant share in the total sales of the sample enterprises.

- *Channels of distribution:* The main channels used for selling handloom products by the sample enterprises was direct selling, selling through one or two dealers, selling through Government agency such as MAHCO and selling through private agents.

Out of the 135 responses received, 60 affirmations were for selling through private agents. There are several agents in Thenzawl who undertake selling of the handloom products for the enterprises. 40 affirmations were for direct selling.

- *Market spread of sample enterprises:* The study revealed that the market for the products was largely restricted to Mizoram. 92.54 per cent of the sample enterprises sold their products in Mizoram only. 3.72 per cent of the sample enterprises sold their products in other states of NER and a negligible per cent (1.49 per cent) of enterprises sold their products at the national level. Only enterprise was able to sell in the international market.

- *Terms of Payment for Sales*: It was observed that none of the entrepreneurs sell their products on terms of credit only. They are relying on a combination of credit and cash system (90.72 per cent) whereas 9.27 per cent of the entrepreneurs execute their sales solely on cash basis.

The sample entrepreneurs of Thenzawl relied more on selling their products on cash basis rather than on credit basis. 35 enterprises (36.08 per cent) transacted 40-60 per cent of their sales turnover on cash basis, 32 (32.99 per cent) enterprises transacted 60-80 per cent sales turnover on cash basis and 15 (15.46 per cent) enterprises sold more than 80 per cent of their turnover on cash basis. This reveals that a majority of enterprises transacted a greater share of their turnover on cash basis.

This analysis highlights the need for better working capital management by the enterprises. The absence of banking facilities has further aggravated the problem of working capital in the cluster..

- ***Sales promotion techniques:*** The study has attempted to identify the sales promotion techniques, if any, adopted by the sample. Out of a total of 103 responses given by the respondents, 56 per cent of affirmations favoured trade discount, followed by credit to traders (32 per cent). Only 15 per cent affirmations were in favour of customer discount.

- *Participation in exhibitions & trade fairs*: The researcher has also attempted to find out the level of participation of the sample entrepreneurs at exhibitions and trade fairs organised in the country and abroad.

it is distressing to note that 40.21 per cent of the sample enterprises in the cluster have not participated in any exhibitions at the regional, national or international level. Among the enterprises who have participated (59.79 per cent) in exhibitions, most of them have represented the cluster at the local level in Aizawl. Very few have participated at the regional level i.e. North East Region and national level. None have participated in international exhibitions and trade fairs. Therefore there is an urgent need to facilitate the participation of the weavers of Thenzawl in regional, national and international exhibitions and trade fairs. Perhaps this may be one of the reasons for the limited market being enjoyed by the handloom products of Thenzawl cluster.

Finance: Study of the financing pattern for seed capital revealed that about one-fourth of the sample entrepreneurs have started their enterprise by investing the savings of salaried income followed by their family savings

(22.52 per cent). 18.02 per cent of the entrepreneurs depended on income from trade and 15.32 per cent of the entrepreneurs have borrowed from their relatives and friends The other sources of seed capital were income from trade, agriculture (8.11 per cent), sale of land (8.11 per cent) and sale of business (3.6 per cent) in that order. A notable finding was that not a single sample entrepreneur has borrowed from banks, financial institutions and government agencies. It speaks of the absence of any support from financial institutions. It is evident that the cluster has sustained the growth of enterprises through an unorganized pattern of funding within the cluster without any dependence on financial institutions of any nature. An efficient financial mechanism through banking facilities would facilitate the sustainable growth of existing enterprises and the emergence of new enterprises in the cluster.

It was observed that working capital requirements are also funded through own funds for almost 90 per cent of the sample enterprises remaining 10 per cent enterprises depended on loans from friends and relatives. There is an overdependence of own funds for financing working capital requirements.

In conclusion it is evident that the cluster has recorded a remarkable growth by all parameters viz, number of units, number of looms, total production, sales turnover and employment. This is contrary to the general perception in the country as a whole that handloom industry is facing a crisis. However, the analysis has also exposed the lacunae in the support systems available to this cluster from the banking and financial institutions; and government organizations. Further proactive initiatives such as providing consultancy in designs and encouraging more participation of entrepreneurs at national and international level exhibitions and trade fairs, Thenzawl cluster can not only sustain but grow at a higher rate in the future.

7.6 PROBLEMS OF HANDLOOM ENTERPRISES

The fifth chapter probed into the problems faced by the sample enterprises. The sample enterprises faced a host of problems related to raw materials, production, infrastructure, marketing, finance, technical and consultancy and internal management of the enterprises. Some of the significant problems faced by the enterprises were:

Raw Materials: The highest ranking was given to 'scarcity of yarn' with a rating of 38.86 per cent, followed closely by 'high price of yarn' with a rating of 37.28 per cent. The third rank was accorded to 'low quality of yarn' with a rating of 10.06 per cent. The other problems faced by the sample enterprises were: 'lack of storage facilities for raw materials' (6.11 per cent) and 'irregular supply of yarn' (3.94 per cent), 'transportation bottlenecks', (2.37 per cent). However, only three entrepreneurs complained about 'unfair finance terms with suppliers of yarn.'

It is evident that in the absence of supply of yarn from government agencies such as Mizoram Apex Handloom & Handicraft Co-operative

Society Ltd. (MAHCO), the entrepreneurs were forced to procure yarn from private dealers at higher prices.

'Lack of storage facilities for raw materials' has emerged as another problem with a rating of 6.11 per cent. 'Irregular supply of dyed yarn' (3.94 per cent rating) has further compounded the problem of scarcity of yarn and high price of dyed yarn.

The scarcity of yarn perceptibly affects the price of the yarn as the weavers are dependent on private yarn suppliers who charge high rates and also compromise on the quality of the yarn supplied. It is pertinent to note that 86.20 per cent weighted score was accorded to these three problems which appear to be inter-related.

It is distressing to note that in spite of several special schemes earmarked such as Mill Gate Scheme for procurement of yarn. In view of the geographic isolation compounded by the lack of storage facilities and irregular supply of yarn, this vicious circle of problems relating to raw materials could be tackled by the construction of a yarn depot in the cluster. This would not only overcome the problem of scarcity of raw materials but also arrest the soaring prices of hank yarn. The Integrated Handloom Development Scheme (IHDS) would facilitate construction of yarn depot in the cluster through a corpus fund of ` 3 lakhs earmarked for the purpose which would be provided through NHDC.

Production: The first rank was accorded to 'inadequate number of looms' with a rating of 32.46 per cent, followed by 'lack of technical upgradaton of looms' (26.05 per cent rating) and 'lack of sufficient space for weaving' (8.62 per cent rating). The other problems cited were: problems in pre-loom process (7.82 per cent rating), problems in post-loom process' (7.62 per cent), 'labour turnover' (5.21 per cent rating), 'inadequate quality testing facilities' (4.01 per cent rating), 'lack of trained weavers' (3.81 per cent rating); and 'labour absenteeism' and 'inadequate water supply' (2.20 per cent rating each).

There is an urgent need to address the problems of production such as; providing more looms to the entrepreneurs at subsidised rates, technical up gradation of looms with jacquard and dobby devices, facilitate the pre-weaving and post-weaving processes by providing more equipments, construct weaving sheds, and provide testing laboratory in the cluster with scientific equipments for enhancing the quality of the products.

Implementation of components of IHDS would go a long way in eliminating these problems. Some relevant components of the scheme that would deal with the above mentioned scheme are mentioned below:

(i) Providing new looms: Assistance for purchase of looms would be provided to weavers organized in Self Help Groups and cooperatives at Rs 8000 per weaver. The assistance would be shared in the ratio 90:5:5 between the central government, state government and implementing agency/beneficiary for the NER states. The predominant problem faced by the entrepreneurs in Thenzawl cluster was inadequate number of looms. This component of the scheme would enable them to purchase new looms.

(ii) Installation of Dobby, Jacquard and other accessories: Assistance would be provided under IHDS for weavers organized in SHGs and cooperatives for purchase of dobby at ` 4000 per weaver, for the purchase of jacquard at ` 600 per weaver and other accessories at ` 2000 per weaver. The assistance would be shared in the ratio 90:5:5 between the central government, state government and implementing agency/beneficiary for the NER states. Another significant problem encountered by the entrepreneurs was lack of upgradaton of technology which could be addressed by the installation of dobby jacquard and other accessories through this scheme.

(iii) Setting up Common Facility Centre: A one –time assistance for setting up of Common Facility Centre under the IHDS which would include water treatment plant, effluent treatment plant, pre-loom and post loom-operations, quality control laboratory, display–cum-exhibition hall/committee room/ common work shed which would be entirely funded by the central government. There is an urgent need to increase the number of warping drums in the cluster.

Infrastructure: The first rank was accorded to 'lack of facilities for weaving activities' with a rating of 38.66 per cent, second rank to 'lack of storage facilities for inventory' (31.7 per cent) and the third rank to 'lack of common facilities centre' (17.13 per cent). The other infrastructural problems were: 'lack of proper telecommunications' (5.56 per cent), 'lack of proper schools' (3.94 per cent) and 'lack of proper transportation' (2.55 per cent).

These problems would be resolved by the establishment of a yarn depot and construction of work sheds (explained above). Further the government should take initiatives to establish more schools in the cluster and improve the transport facilities to the cluster.

Problems Relating to Marketing: The highest ranking problem was 'low margin' with a rating of 34.91 per cent,, followed by 'slackness in demand' (28.02 per cent rating) and 'traders not giving good price for products' (14.01 per cent rating). The other problems cited were: 'problems of distribution' (7.76 per cent rating),' competition from power looms' (7.54 per cent rating), 'limited resources for publicity' (6.47 per cent rating) and the lowest rank was accorded to 'competition from products made in other neighbouring states/ countries' with a rating of only 1.29 per cent. In fact the marketing problems faced by the sample entrepreneurs are interrelated.

The crux of the marketing problem lies with the over dependence of the entrepreneurs on a few retail outlets who exploit the entrepreneurs by charging high margin of profit. In other words, the entrepreneurs are focusing their energies and efforts in managing the production activities of their enterprises and in the process they are unable to reach the customers. Ultimately this has led to losing the control over three Cs of distribution management namely coverage of the market, controlling the channel members and cost of channel management. Moreover, the existence of middlemen has created the widening gap between the entrepreneur and the final customer.

Unfortunately, it is observed that the specialised agencies such as MAHCO, Mizoram Handloom and Handicrafts Development Corporation Ltd. (ZOHANDCO) and Federation of Mizoram Handloom & Handicrafts (ZOHANFED) are not playing any proactive role in providing the required support to the handloom enterprises located in Thenzawl cluster. The competitiveness of the cluster cannot be enhanced in the absence of concerted joint action of the facilitating agencies such as MAHCO, ZOHANDCO and ZOHANFED ,Directorate of Industries (Handlooms & Handicraft) Government of Mizoram and the entrepreneurs of the cluster..

The Thenzawl Handlooms & Handicrafts Association should be strengthened into a larger federation so as to increase their competitiveness in the local, national and international markets through appropriate linkages with the intermediaries. There is a need to add new products in accordance with the changing preferences of consumers based on continuous marketing research.

Secondly, taking a cue from examples of case studies in other parts of India, there is a need to innovate on art, design and technology to produce high value added products for national and international markets. Further the cluster needs to create a strong brand that would reflect the socio cultural ethos of the Mizo society. There is also an urgent need to understand the local market, customer preferences, and customer behaviour through market research.

There is a need for greater support of the government agencies in the marketing of these products not only in Mizoram but also at the national and international levels. This could be facilitated through exposure in exhibitions and trade fairs and support in identifying products that could be sold in these markets.

The IHDS assigns financial assistance to the eligible organization for publicity and market development which would cover expenditure towards advertisement, printing of brochures, organizing buyer seller meet, exposure visit to the weavers to other clusters, awareness programmes and so on. The assistance would be shared in the ratio of 75: 25 between central Govt and State Govt. This component would deal also with problems of limited resources for publicity.

Problems Relating to Finance: The first ranking problem cited by them was ‘lack of fixed capital’ (37.84 per cent rating), followed by ‘lack of working capital’ (35.36 per cent rating) and ‘meagre assistance from government agencies’. Only six sample entrepreneurs mentioned ‘high rates of interest’ as one of their three choices.

There is an immediate need for government intervention to provide credit and banking facilities in the cluster.

Financial assistance under the IHDS would assist the marginal entrepreneurs in procuring capital. Under this scheme financial assistance would be given to weavers organized in Self Help Groups and cooperatives at ` 6000 per weaver. This assistance would be shared in the ratio 90:5:5 between the central government, state government and implementing agency / beneficiary for the NER states.

Technical and Consultancy Problems: The sample entrepreneurs have cited 'inadequate consultancy services provided by the government' as the outstanding problem as regards technical and consultancy problems(34.11 per cent rating), followed by 'lack of consultancy services' (23.43 per cent rating), 'lack of technical knowledge' (22.04 per cent) and non availability of consultancy services' (20.42 per cent rating). It was distressing to note that there was virtually an absence of technical and consultancy services in the cluster. It seems that the entrepreneurs' expectations from the government in providing such services have not been fulfilled.

Under the IHDS a one-time assistance of ` 3 lakh would be provided towards purchase of Computer Aided Textile Design (CATD) system, colour forecast and other allied requirements which will shared equally by the central government and the state government. Further, assistance up to ` 6 lakh will be provided to engage a qualified designer for a period of 3 years which will be entirely borne by the Central government.

Internal management: The predominant problems in managing their enterprises was a 'lack of coordination' between the employees or weavers (42.60 per cent rating) followed by 'improper delegation of authority' (26.23 per cent rating) and 'lack of teamwork' (21.04 per cent).Another problem was 'lack of work culture' (8.05 per cent rating) and 'lack of communication' (2.08 per cent). However, only four sample entrepreneurs mentioned 'lack of communication' as one of their three choices.

Although the entrepreneurs possessed high levels of motivation as well as the qualities of entrepreneurship, they lacked the managerial skills required to run the enterprise such as, coordination, delegation of authority, preparation of books of accounts and so on. One of the components of the IHDS provides assistance per batch of 20 trainees to upgrade technical and managerial skills of weavers in the cluster, which will be entirely borne by the central government.

In summary, the significant challenges faced by the sample entrepreneurs in Thenzawl cluster were listed as per their order of importance as follows:

- *Problems relating to raw materials*: Scarcity of yarn, high prices, low quality of yarn and lack of storage facilities for raw materials.

- *Problems relating to production*: Inadequate number of looms, lack of up gradation of technology, problems in pre –looms and post-loom processes, lack of quality testing facilities and so on.
- *Problems relating to infrastructure*: Lack of facilities for weaving, lack of proper storage facilities for raw materials, lack of common facilities centre and others.
- *Problems relating to marketing*: Low profit margin, slackness in demand, traders not giving good price for products, problem of distribution, limited resources for publicity and others.
- *Problems relating to finance*: Lack of fixed capital, lack of working capital, high rates of interest, lack of financial assistance from government agencies and others.
- *Technical and consultancy problems*: inadequate consultancy services provided by government agencies, lack of consultancy for designs, lack of technical knowledge and non-availability if consultancy services in the cluster.
- *Problems relating to internal management*: Lack of coordination, improper delegation of authority, lack of work culture and others.

7.7 SUMMARY OF SUGGESTIONS

This section gives the summary of suggestions meant for the entrepreneurs and other stakeholders such as the governments and facilitating agencies who are interested in the development of Thenzawl cluster.

- ✓ Since most of the entrepreneurs were women, developing entrepreneurship in the handloom industry could be an important tool of economic empowerment of women especially in tribal areas of NER.
- ✓ The influences of religion, caste and kinship appear to be strong in the cluster. The cultural coherence; socioeconomic, regional and ethnic identities; and trust relationships existing in the cluster indicates that, it abounds in 'social capital' and this can be further nurtured to derive socioeconomic benefits to all the stakeholders. Social capital is the most important building block of any cluster and can be an important factor for innovation and greater performance of the cluster. Research has shown that social capital has fostered greater economic development of regions.
- ✓ The cluster has evidently become a pool of entrepreneurship founded on the key motivations of earning a livelihood, making money and enjoying independence. These entrepreneurial motivations can be nurtured to create more enterprises by active involvement of facilitating agencies. The cluster has the potential to become a benchmark cluster for others to emulate.

- ✓ In view of the geographic isolation compounded by the lack of storage facilities and irregular supply of yarn, this vicious circle of problems relating to raw materials could be tackled by the construction of a yarn depot in the cluster.
- ✓ There is an urgent need for providing more looms to the small and marginalised entrepreneurs at subsidised rates, technical up gradation of looms with jacquard and dobby devices.
- ✓ There is a need to facilitate construction of weaving sheds in close proximity to the homes of the weavers, for the smooth and uninterrupted functioning of weaving activities and storage of inventory.
- ✓ As it was observed during field visit that the number of warping drums provided by the Directorate of Industries (Handloom & Handicrafts) was inadequate which may be posing problems to the small entrepreneurs. There is an urgent need to increase the number of warping drums in the cluster.
- ✓ There is a need to implement schemes such as the Mill Gates Price Scheme to facilitate the supply of raw materials at subsidised rates with the support of institutions such MAHCO and ZOHANDCO.
- ✓ There is an urgent need to educate the entrepreneurs about quality testing techniques and the establishment of a laboratory in Thenzawl which may have equipments for testing such as yarn strength tester,

fabric strength tester, glass instruments and chemicals for testing, PH meter and so on.

- ✓ There is a need to provide a common facilities centre in the cluster to support the enterprises on a continuous basis that may provide technological support, quality testing and counselling facilities, loom repair services, dye house, sheds for production activities and sharing of equipments and other such common facilities for the weavers.
- ✓ It is suggested that concerted joint action of the facilitating agencies such as MAHCO, ZOHANDCO, ZOHANFED and Directorate of Industries (Handlooms & Handicrafts), Government of Mizoram and the entrepreneurs of the cluster for enhancing the competitiveness of the cluster.
- ✓ The Thenzawl Handloom & Handicraft Association should be strengthened into a larger federation so as to increase their competitiveness in the local, national and international markets through appropriate linkages with the intermediaries.
- ✓ The entrepreneurs in Thenzawl cluster can also innovate on art, design and technology to produce high value added products for the local, national and international markets. Further, the cluster needs to create a strong brand for their products that may reflect the socio cultural ethos of Mizo society.

- ✓ There is a need for greater support of the government agencies in the marketing of these products not only in Mizoram but also at the national and international levels. This could be facilitated through exposure in exhibitions and trade fairs and support in identifying products that could be sold in these markets.
- ✓ There is an urgent need to facilitate the participation of the weavers of Thenzawl in regional, national and international exhibitions and trade fairs to get an exposure at the regional, national and international levels and expand their markets beyond local markets.
- ✓ Urgent need to provide professional consultancy services in the cluster with regard to technical assistance, designs, quality control techniques and others to enhance competitiveness of the cluster.
- ✓ Short term training and management development programmes may be organised by centres of higher learning in order to develop the managerial skills of the entrepreneurs to run the enterprise such as, coordination, delegation of authority, preparation of books of accounts and so on.
- ✓ There is a need to network with national institutes such as NIFT and NID to innovate on art, design and technology to produce high value added products for national and international markets.
- ✓ Banking facilities should be provided to address the credit and banking needs of the entrepreneurs in the cluster.

- ✓ Initiating the process of acquiring GI and Handloom Mark for the products of Thenzawl cluster.

7.8 CLUSTER DEVELOPMENT INITIATIVES

An overview of the suggestions outlined above would enable the researcher to come out with a proposed framework of suggestions which is discussed in this section.

It is high time for the development planners and policy makers to think in terms of executing certain solid measures in the form of cluster development initiatives in order to sustain and develop the cluster.

Ideally, the implementation of the centrally sponsored scheme namely the Integrated Handloom Development Scheme (IHDS) would enable to address the problems faced by the cluster discussed earlier. This scheme which is supposed to be implemented in the eleventh plan (2007-12) has included four erstwhile schemes which were implemented in the tenth five year plan viz, the Deen Dayal Hathkarga Protsahan Yojana (DDHPY), the Integrated Handloom Training Project (IHTP), the Integrated Handloom Development Scheme (IHDS) and the Work shed cum- Housing Scheme. The Central government's scheme i.e. IHDS which focuses on facilitating the weavers to chart out a sustainable path for growth and diversification in line with the emerging market trends, would enable Thenzawl to become competitive in the long run and make inroads into national and international markets. The scheme is applicable to clusters having handlooms in the range of 300-500.

The subcomponents of the scheme include financial assistance for:

- *Conducting baseline survey, diagnostic study and formation of SHGs:* The government of Mizoram has to be proactive in taking the first step of initiating the diagnostic study of the cluster. Such diagnostic study should be conducted in a systematic way with the help of the researchers or the consulting agencies who are specialised in this field of research.
- *Formation of consortium:* One-time assistance of ` 50,000 would be provided to the cluster for meeting expenditure relating to formation, organisation and functioning of the consortium. It is suggested that the Thenzawl Handlooms and Handicrafts Association be converted as a consortium to do the needful as per the guidelines of the IHDS.
- *Corpus fund for yarn depot:* In order to ensure regular availability of yarn of requisite counts for 300-500 looms through a yarn depot in the cluster, one-time assistance of ` 3 lakhs will be provided to the National Handloom Development Corporation (NHDC). This would facilitate to address the problems such as the scarcity of yarn, high price of yarn, low quality of yarn and lack of storage facilities for raw materials confronted by the entrepreneurs in Thenzawl cluster.

- *Design development and product diversification:* One-time assistance of ` 3 lakh would be provided towards the purchase of Computer Aided Textile Design (CATD) system, colour forecast and other allied requirements. Both the central and state governments have to share the financial assistance equally. Further, assistance up to ` 6 lakh will be provided to engage a qualified designer for a period of three years which will be entirely borne by the central government. This component would enable the entrepreneurs to overcome the problems of marketing and technical consultancy problems such as lack of consultancy for designs.
- *Common Facility Centre/Dye House:* One–time assistance for setting up of Common Facility Centre, which will include water treatment plant, effluent treatment plant, pre loom and post loom operations, quality control laboratory, display–cum-exhibition hall / committee room / common work shed which would be entirely funded by the central government. The scheme also facilitates the setting up of a Dye House on the basis of public-private partnership involving the central government, state government and the consortium. This component would address the problems related to production viz, problems in pre–loom and post-loom processes, lack of quality testing facilities and other infrastructure.

- *Publicity and marketing*: Financial assistance would be given to the eligible organisation (in this case Thenzawl Handlooms and Handicrafts Association) for publicity and market development. It would cover expenditure towards advertisement, printing of brochures, organising buyer-seller meets, exposure visits to the weavers to other clusters, awareness programmes and so on. The assistance would be shared in the ratio of 75: 25 between central government and State government. This component would deal with the problems of limited resources for publicity.
- *Margin money for working capital:* Assistance would be provided to weavers organised in SHGs and cooperatives at ` 6000 per weaver. The assistance would be shared in the ratio 90:5:5 between the central government, state government and implementing agency/beneficiary for the NER States.
- *New looms:* Assistance for the purchase of looms would be provided to the weavers organised in SHGs and cooperatives at ` 8000 per weaver. The assistance would be shared in the ratio 90:5:5 between the central government, state government and implementing agency/beneficiary for the NER states. The most important problem faced by the sample entrepreneurs in Thenzawl cluster was inadequate number of looms. This component of the scheme would enable the small and marginal entrepreneurs to purchase new looms.

- *Installation of dobby, jacquard and other accessories:* Assistance would be provided for the weavers organised in SHGs and cooperatives for the purchase of dobby at ` 4000 per weaver, for the purchase of jacquard at ` 6000 per weaver and other accessories at ` 2000 per weaver. The assistance would be shared in the ratio 90:5:5 between the central government, state government and implementing agency/beneficiary for the NER States. Another significant problem encountered by the entrepreneurs was lack of upgradaton of technology which could be addressed by the installation of dobby, jacquard and other accessories through this scheme.
- *Construction of work shed*: Assistance of ` 25000 for construction of work shed would be provided for an area of 20 sq. meters. The assistance would be shared in the ratio of 75:25 between the central government, state government and implementing agency/beneficiary for the weavers who are above Below Poverty Line (BPL), and for the weavers who are BPL, the entire assistance would be met by the central government. The sample entrepreneurs also complained about the infrastructural problems such as lack of facilities for weaving which could be addressed by the construction of worksheds in close proximity to their homes.
- *Skill up gradation*: The scheme would provide assistance per batch of 20 trainees to upgrade technical and managerial skills of weavers in the cluster, which will be entirely borne by the central government. The sample entrepreneurs also pointed out the problems related to management such as

lack of coordination, improper delegation of authority, lack of team work and others. Technical and managerial skills could be infused in the cluster by conducting training programmes on a continuous basis under this scheme.

In conclusion, appropriate interventions such as up gradation of technology, product development, market development, procurement of yarn, development of infrastructure and banking facilities will enable the sustainable growth and development of the cluster. However, delay in addressing these challenges could adversely affect the morale of the entrepreneurs and retard the growth of the cluster.

As discussed earlier, a Diagnostic Study based on baseline survey of the cluster would facilitate the implementation of this comprehensive scheme (IHDS) in Thenzawl handloom cluster. The present study is likely to serve the purpose of a diagnostic study as the empirical data contained in this thesis is relating to half of the enterprises which comprised a sample. The future prosperity of Thenzawl duster depends on a combination of successful marketing strategies, through continual product innovation and building a sound infrastructure for the cluster through proactive cluster development interventions by both the central and the state government.

7.9 SUGGESTED ACTION PLAN FOR BDS IN THENZAWL CLUSTER

Finally, it is proposed to suggest an achievable, concrete action plan to make the Thenzawl cluster competitive. As shown in table 7.1, the researcher has identified thirteen business activities where there is tremendous scope for providing business services for handloom enterprises in the cluster. In other words, these are the grey areas where the facilitating agencies are under performing.

Table 7.1: Suggested Action Plan for BDS in Thenzawl Cluster

Business Activity	**Business service/facility required**	**Existing Service delivery**	**Scope for providing services**
1. Procurement of raw materials	Traders and suppliers	Traders and government agencies	Network with suppliers on PPP mode by Thenzawl Handloom & Handicrafts Association and Government agencies such as Zohandco.
2. Storage of raw materials	Common Yarn depots	None (entreprenurs storing yarn in their houses)	Establishing common yarn depots in the cluster to facilitate continuous supply of dyed yarn
3. Weaving in working sheds	Working sheds	most of the entrepreneurs were working from their houses.	Need to provide working sheds to weavers on PPP mode.
4. Quality Control	Testing quality of products for international markets	No assistance (primitive techniques of quality control by weavers)	Establishing Testing laboratories for yarn, dyes, colors, chemical testing through PPP mode
5. Technology Up gradation	Jacquard and dobby installation, repair of looms	No assistance (weavers themselves)	Establishing Common Facilities Centre through PPP mode
6. Market Research	Exploring regional, national and international markets, product innovation	none	Networking with Marketing consultants and government agencies such as Zohandco
7. Designs	Upgrading of designs for catering to regional, national and international markets	Done traditionally by master weavers and weavers	Setting up design centers for new designs and up gradation of existing designs in collaboration with National Institute of Fashion Technology (NIFT) and National Institute of Design (NID)

Business Activity	Business service/facility required	Existing Service delivery	Scope for providing services
8. Brand Building	International brand building	none	Acquiring Handloom Mark for the most popular products in the cluster such as Puanchei, Ngotekherh and Puandum designs along with support of government agencies such as Zohandco and Thenzawl Handloom & Handicrafts Association.
9. Marketing outlets	Marketing outlets for the specialized products of Thenzawl	None outside Mizoram; few outlets in Mizoram	Setting up Marketing outlets outside Mizoram on a PPP mode by networking with the Govt / Co-operative agencies
10. Geographic Indication (GI)	WTO specifications	none	Obtaining GI for puanchei and ngotekherh handloom products by Thenzawl Handloom & Handicrafts Association and ZOHANDCO.
11. Training centers.	To improve the technical , managerial, financial and marketing skills of weavers, different levels of workers and supervisors	Low levels	Setting up training centres on PPP basis; by collaborating with Dept. of Commerce, Mizoram University.
12. Participation in national and international fairs and exhibitions	Facilitating participation of entrepreneurs at national and international fairs to gain market access.	Only 43 percent entrepreneurs have participated in exhibitions in Mizoram. Very few have participated in national and international fairs	Organizing buyer-seller meets fairs at regional, national and international.
13. E-Commerce portal (interactive) for Thenzawl Cluster	Dissemination of information which is internet enabled through a database that could be accessed through E- Commerce portal which is interactive with the	none	The Govt of Mizoram can set up a cell in the Dept of Industries for the purpose.

	stakeholders like suppliers of raw materials, customers, dealers, financiers, etc.		

The table has clearly specified the kind of business service or facility required. I fact, by converting these areas as business opportunities, it is possible to attract the prospective entrepreneurs in collaboration with different types of stakeholders such as the governments, public sector enterprises, marketing consultants, national institutes of technology and design under Public Private Participation (PPP) as specified in the table. To achieve this vision, the state government needs to be proactive. The thirteen areas of business activities are:

Scope for Further Research

The approach adopted by this study can be applied to map other artisan clusters in the state and the region. Thus, further studies on entrepreneurship in rural micro enterprises clusters in the region in the nature of diagnostic studies can be undertaken to have a wider perspective of the economy of the state and the North Eastern Region as a whole and provide inputs to policy makers for chalking out relevant policies and programmes for the development of the region. To be more specific, the prospective researchers interested in entrepreneurship and management of small and micro enterprises may consider the following topics of research:

- Mapping and conducting diagnostic studies on micro enterprises clusters relating to specific products such as bamboo, cane and carpentry.
- Women entrepreneurship.
- Comparative studies between North eastern states.
- Comparison between management [practices of tribal and non tribal entrepreneurs.
- Agricultural entrepreneurship relating to specific agricultural produce.
- Entrepreneurship relating to border trade.
- Impact of Entrepreneurship development Programmes (EDPs).
- Role of commercial banks in entrepreneurship development.
- Entrepreneurship education and training.
- Role of culture, ethos and family in developing entrepreneurial motivation.
- Social entrepreneurship.
- Role of IIE in development of entrepreneurship in the region.

Annexure -2: List of Entrepreneurs in Thenzawl Handloom Cluster as on 31st October, 2010

S.No.	Name of the Entrepreneur	S. No.	Name of the Entrepreneur	S.No.	Name of the Entrepreneur	S.No	Name of Entrepreneur
1	B. Lainthangi	42	Lalbiaksangi	83	Lalnunpuii	124	Ngursawii
2	B. lalmangaiha	43	Lalchhani	84	Lalnunpuii	125	P.C. Lalhlinpuii
3	B. Lalmuanpuii	44	Lalchhanliani	85	Lalnunsiami	126	Puitei
4	B. Lianthangi	45	Lalchhawntluang i	86	Lalpari	127	R. C.Lalchhuanma-wi
5	**B. Zahmingliani (President)**	46	Lalchuailui	87	Lalpari	128	R. Lalhmachhuani
6	B.Lalmangaiha	47	Laldingliani	88	Lalrami	129	R. Lalnunmawii
7	Biakhnuni	48	Laldinpuii	89	Lalramliani	130	R. Lalrinawmi
8	Biakhnuni	49	Laldinthari	90	Lalramtiami	131	Ralliantawni
9	Biakkungi	50	Lalduhawmi	91	Lalremsangi	132	Ramchansangi
10	Biakvela	51	Lalduhi	92	Lalrikhumi	133	Ramchhani
11	C. lalbiakzuali	52	Lalduhkumi	93	Lalrimsangi	134	Ramfakzawi
12	C. Lalchhanhumi	53	Lalengi	94	Lalrinengi	135	Rammawii
13	C. Lalnuntluangi	54	Lalengkuni	95	lalrinliani	136	Rammuani
14	C. Lalremi	55	Lalengliani	96	Lalrintluangi	137	Ramngaihawmi
15	C. Lalsangpuii	56	Lalfakzuali	97	Lalrunliani	138	Ramngaihzuali
16	C. Rosangi	57	Lalhliri	98	Lalsangpui	139	Ramnunsangi
17	C. lalzoliana	58	Lalhlumawmi	99	Lalsangpuii	140	Rebeca Zodinpuii
18	Ceylonthangi	59	Lalhlunchhungi	100	Lalsawikhumi	141	Remruatmawii
19	Chawnghmingthangi	60	Lalhluni	101	Lalsiamtluangi	142	Remveli
20	Chhandami	61	Lalhluni	102	Laltanpuii	143	Rinchami
21	Chhanhimzuali	62	Lalhlupuii	103	Lalthannguri	144	Rodawli
22	Chhanhuni	63	Lalhmingsiami	104	Lalthanpuii	145	Rohmingliani
23	Chhanhuni	64	Lalhmunsiami	105	Lalthansangi	146	Rohmingthangi
24	Danhluni	65	Lalhriatzuali	106	Lalthansangi	147	Rohnuni
25	Darhmingthangi	66	Lalhuni	107	Lalthazuali	148	Rotluangi
26	Engmawii	67	Lalhuni	108	Lalthlangliani	149	Rozuali
27	F. Lalthlamuani	68	Lallawmzuali	109	Laltlankimi	150	Runsangpuii
28	H. Lalbiakzuali	69	Lallianpuii	110	Laltlanmawii	151	Saihmingthangi
29	H. Lalchhuani	70	Lallianthangi	111	Laltlansangi	152	Saikkpuii Sailo
30	Hauthuamluaii	71	Lalmangaiha	112	Lalvenhimi	153	Sailoi
31	Hmunthianghlunl	72	Lalminghluii	113	Lalzanundiki	154	Saipari
32	Hriati	73	Lalmingliani	114	Lalzikpuii	155	Sangtei
33	Hriati	74	Lalmuanawmi	115	Lawmawmi	156	Sangthangi
34	K. Lalchhuani	75	Lalmuanhluii	116	Liandingpuii	157	Sangthuami
35	K. Lalrindiki	76	**Lalmuankimi (Secreatry)**	117	Lianmawii	158	Sangzawni
36	K. Sawithangpuii	77	Lalmuanpuii	118	Liantangi	159	Sawikungi
37	Khualdawli	78	Lalmuansangi	119	Llarinpuii	160	Seiliani
38	Laithangi	79	Lalmunthari	120	Mahlimi	161	Siamhmingthangi
39	lalbeli	80	Lalnghakliani	121	Mawii	162	Siamkungi
40	Lalbiakmawii	81	Lalninpui	122	Ngurhmingthangi	163	Thangmawii
41	Lalbiaknii	82	Lalnuni	123	Ngurhmingthangi	164	Thangzuali
165	Thanngaihzuali	175	Vanlalmuani	185	Zakhumi	195	Zokhumi

166	Thanthuami	176	Vanlalnghaki	186	Ziaktluangi	196	Zoliani
167	Thanzuali	177	Vanlalruati	187	Zidingi	197	Zoliani
168	Tharpuii	178	Vanlalveni	188	Zingi	198	Zoliansan gi
169	Thiangi	179	Vanlalvuani	189	Zirkungi	199	Zongaii
170	V. lalremruati	180	Vanthangi	190	Zodinpuii	200	Zonunmawii
171	V.Lalremmawia	181	Varthankhumi	191	Zodinpuii	201	Zoramthangi
172	Vanl;alsiami	182	Venpuii	192	Zodinsangi	202	Zoramthangi
173	Vanlalchhawwni	183	Venpuii	193	Zohmingthangi	203	Zoramthangi
174	Vanlalfeli	184	Vulmawii	194	Zokaii	204	Zoramthangi
	-	-	-	-	-	205	Zotei

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