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Date : 14<sup>th</sup> December 2016

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(K. LALMUANPUII)

## TABLE OF CONTENTS

<b>Title</b>	<b>Pages</b>	
<i>Acknowledgement</i>	<i>i</i>	
<i>Table of Contents</i>	<i>ii</i>	
<i>List of Tables</i>	<i>iii</i>	
<i>Glossary</i>	<i>v</i>	
<i>Abbreviations</i>	<i>vi</i>	
<b>CHAPTER - I</b>	<b>INTRODUCTION</b>	<b>1</b>
<b>CHAPTER - II</b>	<b>STRUCTURE AND FUNCTIONS OF MIZORAM KHADI &amp; VILLAGE INDUSTRIES BOARD</b>	<b>19</b>
<b>CHAPTER - III</b>	<b>MIZORAM KHADI &amp; VILLAGE INDUSTRIES BOARD ROLE IN PROMOTING ENTREPRENEURSHIP</b>	<b>32</b>
<b>CHAPTER - IV</b>	<b>RESULTS AND DISCUSSIONS</b>	<b>54</b>
<b>CHAPTER - V</b>	<b>CONCLUSION</b>	<b>69</b>
<b>BIBLIOGRAPHY</b>		<b>81</b>
<b>APPENDICES</b>		<b>84</b>
<b>ANNEXURE</b>		<b>86</b>

## LIST OF TABLES

No	Table	Title	Pages
1.	2:1	Group-wise number of incumbancy as on 2014-2015	23
2.	2:2	Group-wise and Centre-wise technical and non-technical incumbancy	24
3.	2:3	Land and Property owned by Mizoram Khadi & Village Industries.	25
4.	2:4	Staff Position of Lunglei Office	27
5.	2:5	Staff Position of Lawngtlai Office	28
6.	2:6	Staff Position of Mamit Office	29
7	2:7	Staff Position of KVI Growth Centre. Saitual	30
8	2:8	Staff Position of Multi Diciplinary Training Centre, Zemabawk	31
9	3:1	District-wise Achievement of PMEGP Margin Money during 2012-2015	46
10	3:2	Consolidated Bank-Wise Performance under PMEGP during 2014—2015	47
11	3:3	Year-Wise PMEGP Performance of Mizoram Khadi & Village Industries Board for 2014-2015	48
12	3:4	Performance of Rural Self-Employment Training Institute for 2014-2015	49
13	3:5	Trade-wise application form issued from Rural Industries Consutancy Services for 2014-2015	50

14	3:6	Training Report under MDTC Zemabawk for 2014-2015	52
15	3:7	Year-Wise Achievement of MDTC	53
16	4:1	Response of Officials on Funding Patern for conducting Training Programme	55
17	4:2	Response of Officials on Fund Receive from Government of Mizoram	56
18	4:3	Response on Sufficiency of Manpower in the Organisation	58
19	4:4	Impact of various training programme for Promotion of Entrepreneurship.	58
20	4:5	Impact of Training for Generation of Sustainable Economic Development	59
21	4:6	Beneficiaries awareness on the Training Programme	62
22	4:7	Response on Decision on Selection of Trade	62
23	4:8	Education on Entrepreneurship development Programme	63
24	4:9	Response relating to willingness of setting up of New Enterprise	63
25	4:10	Response on Duration of Training	64
26	4:11	Effectiveness of the topics tought in the training	65
27	4:12	Satisfaction with the Trainer or Faculty	65
28	4:13	Effectiveness of training for Building Confidence.	66

## GLOSARRY

1	Aizawl, Lunglei, Saiha, Mamit, Kolasib, Champhai,	Name of District Capitals of Mizoram.
2.	Gur or Khansari	Name of the project under MKVIB.
3.	Haubuangi	Name of the Landlord whom MKVIB firstly rented a house for their Head Office.
4.	Karve Committee	A Committee set up to suggest the role of Entrepreneur for generation of Self-Employment.
5.	Khatla	Name of one locality in the Southern part of the City where the Head Office of MKVIB is located.
6.	Pukupui, Luangpawl, Mualkawi, New Capital Complex, Serchhip, Kolasib Theiriati, AOC Veng.	Name of a place where MKVIB owned Land and Property.
7.	Tie-The Indus	A Non- Profit making Organisation for promotion of Entrepreneurship.
8.	Zalawma	Name of former MLA, who is the Member in the first Governing Board of MKVIB.
9.	Zemabawk	Name of one Locality in Aizawl where the MKVIB had a Training Centre.

## **ABBREVIATIONS**

BADP	Border Area Development Programme
BPL	Below Poverty Line
CEO	Chief Executive Officer
DIC	District Industries Centre
DO	Development Officer
DPR	Detailed Project Report
DTFC	District Task Force Committee
DVIO	District Village Industries Officer
EAP	Entrepreneurship Awareness Programme
EDP	Entrepreneurship Development Programme
EO	Executive Officer
ILP	Inner Line Permit
IUP	Inter University Programme
KVI	Khadi and Village Industries
KVIB	Khadi and Village Industries Board
KVIC	Khadi and Village Industries Commission
MCAB	Mizoram Cooperative Apex Bank Ltd.
MDTC	Multi Dicipinary Training Centre
MDTC	Multi Disciplinary Training Centre
MKVIB	Mizoram Khadi and Village Industries Board
MRB	Mizoram Rural Bank

MSME	Micro Small and Medium Enterprises
NECS	North East Consultancy Services
NER	North Eastern Region
NGO	Non-Governmental Organisation
NMC	New Model Charka
NSIC	National Small Industries Corporation
NULM	National Urban Livelyhood Mission
PE's	Public Enterprises
PMEGP	Prime Minister Employment Generation Programme
PMRY	Prime Minister Rojgar Yojana
PR	Panchayati Raj
R&D	Research and Development
REGP	Rural Employment Generation Programme
RGUMY	Rajiv Gandhi Udayami Mitra Yojana
RICS	Rural Industries Consultancy Services
RICS	Rural Industries Services
RSETI	Rural Self Employment Training Institute
SBI	State Bank of India
SDP	Skill Development Programme
SGSY	Swarnajayanti Gram Swarajgar Yojana
SHG	Self Help Group
SIST	Sarabhai Institute of Science & Technology

TCPC	Training cum Production Centre
TRYSEM	Training of Rural Youth for Self Employment
UD&PA	Urban Development and Poverty Alleviation



**MIZORAM KHADI & VILLAGE INDUSTRIES BOARD  
FOR PROMOTING ENTREPRENEURSHIP**

**Dissertation Submitted in Partial Fulfilment for the Award of the  
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(School of Social Sciences)**

**By  
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**CERTIFICATE**

This is to certify that Ms. K. Lalmuanpuii has prepared a Dissertation under my Supervision on the topic **Mizoram Khadi & Village Industries Board for Promoting Entrepreneurship** in partial fulfillment for the award of the Degree of Master of Philosophy (M.Phil) in the Department of Public Administration, (School of Social Sciences) Mizoram University, Aizawl.

This Dissertation has been the outcome of her original research work and it does not form a part of any other dissertation submitted for the award of any other degree.

She is duly permitted to submit her dissertation for examination.

Dated Aizawl,  
the 14<sup>th</sup> December 2016

(Prof. LALNEIHZOVI)

## DECLARATION

I, **K. Lalmuanpuii**, do hereby declare that the dissertation entitled, **Mizoram Khadi & Village Industries Board for Promoting Entrepreneurship** is being submitted to the Mizoram University for the award of the Degree of Master of Philosophy (M.Phil) in the Department of Public Administration (School of Social Sciences), is a record of work carried out by me, under the supervision and guidance of Prof. Lalneihzovi, Professor and Head, Department of Public Administration, Mizoram University, Aizawl and that the contents of this dissertation do not conform basis of the award of any previous degree to me or to the best of my knowledge, to anyone else, and that the dissertation has not been submitted by me for any research degree in any other University or Institute.

Date : 14<sup>th</sup> December 2016

(K. LALMUANPUII)

Place : Aizawl

## **Chapter - I**

### **INTRODUCTION**

Khadi is a hand spun and woven material made from cotton, silk and woollen yarn. It is a mixture of any two or all such yarn. In India, khadi is not just a cloth, it is a whole movement started by Mahatma Gandhi. He promoted an ideology that Indian could be self reliant on cotton and be free from the high priced goods and cloths which the British were selling to them. Under the guidance of Mahatma Gandhi, the provisional activity of khadi was started in 1922. Khadi programme was thus closely linked with the struggle for freedom.

Village industries otherwise cottage industries provide immediate large-scale employment and offer a method of ensuring a more equitable distribution of national income and facilitate an effective mobilization of capital resources and skill. Mahatma Gandhi, father of the nation had once said that “India lives in villages and its true spirit lives in rural India.”<sup>1</sup> Mahatma Gandhi was not in favour of heavy and large industries. The reason is that large-scale industries can increase production but cannot provide employment to the millions of poor rural Indians. According to him, the crying need of India is production by masses through rural entrepreneurship and not mass production by heavy industries.

The focus of rural entrepreneurship or village industries is therefore very clear that it can produce self-employment opportunities to the millions

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<sup>1</sup> J.Daizova. L.S.Sharma *European Academic Research-Vol II, Issue 8/November 2014.p.10409*

and thus, reduce unemployment. It can also augment employment avenues for others in backward areas and bring in balanced regional development to alleviate poverty.

Rural entrepreneurship or village industries can be simply defined as entrepreneurship emerging at village level which can take place in a variety of endeavour such as business, industry, agriculture and acts as a potent factor for economic development. In short, it implies rural industrialization consisting mainly of agro-based industries, khadi and village and cottage industries.<sup>2</sup>

When we talk about industries or entrepreneurship development, we need to define the meaning of entrepreneurship. The word 'entrepreneurship' has been derived from a French root which means 'to undertake.' In simple language, entrepreneurship is a desire for some unique achievement, risk taking and uncertainty facing capacity, thrill seeking, adventurism or invoking capacity.

Whereas, the National Knowledge Commission set-up by the Government of India has defined that entrepreneurship is the professional application of knowledge, skills and competencies and of monetizing a new idea, by an individual or a set of people by launching an enterprise *de novo* or diversifying from an existing one (distinct from seeking self-employment as in profession or trade), thus to pursue growth while generating wealth, employment and social good.<sup>3</sup>

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<sup>2</sup> *Ibid*, p.2

<sup>3</sup> National Knowledge Commission, *Entrepreneurship in India*. Govt. of India. (2008), N. Delhi, New Concept Information Systems Pvt. Ltd., p. 1.

Thus, we may summarize that *entrepreneurship is the function of economic activity, undertaking risk, facing challenges, creating something new, innovation, organising and coordinating resources.*<sup>4</sup>

The concept of entrepreneurship is not new. It was used in France for providing leadership to army in the 16<sup>th</sup> century. In the 17<sup>th</sup> century, the concept was used for craftsmen and contractors. In the 18<sup>th</sup> century, a French economist R. Cantillon used entrepreneurship for those businessmen who were dealing in local products and facing the problem of limited market and uncertainty of prices.

In the 19<sup>th</sup> century, the concept of entrepreneurship was used as risk taking, facing uncertainty and establishment of business enterprise activity. In the beginning of the 20<sup>th</sup> century, the concept was accepted as innovation ability. In this way, the concept of entrepreneurship is not static but changing according to time, place and situation.<sup>5</sup>

Industries or entrepreneurship coming under the purview of Khadi and Village Industries Commission (KVIC), Government of India's organization are treated as rural industries. As mentioned earlier, *Khadi* means any cloth woven on handloom in India from cotton, silk and woollen yarn hand spun in India or from a mixture of any two or all of such yarn. *Village Industry* or *rural industry* or *rural entrepreneurship* means any industrial form of business located in rural area, population of which does not exceed 10,000 with a fixed capital investment of Rs. 15,000/-.

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<sup>4</sup> RC Agarwal, *Fundamentals of Entrepreneurship*, (2008), Agra, Navrang Offset Printers, p.1.

<sup>5</sup> *Ibid*, p.5.

However, the definition of village industries has been modified by the Government of India in its Micro Small and Medium Enterprises (MSME) Act 2006 so as to enlarge its scope. According to the modified definition, any industry located in rural area, village or town with a population of 20,000 and below and which can have an investment of Rs. 3 crores in plant and machinery is classified as a village industry. As a result of this, the scope of village industries or rural entrepreneurship was enlarged. As per MSME Act 2006, the following sectors are covered under KVIC, namely:-<sup>6</sup>

- Mineral-based industries
- Forest-based industries
- Agro and Food-based industries
- Polymer and Chemical-based industries
- Engineering and Non-Conventional-based industries
- Textile-based industries
- Service industries

Modern small industry implies a small industry which caters to the needs of the emerging modern economy. It is adaptable to changing conditions in its production process and applies reasonably up-to-date ideas of organization and management in business operation. To a far greater degree, the Japanese succeeded in modern techniques of small establishment. Most importantly, they strengthen it with external economics introducing large scale organization in supply of raw-materials, working capital and marketing. The integration of rural way of life substantially lowered both the transport and social costs of industrialisation.<sup>7</sup>

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<sup>6</sup> *National Knowledge Commission, Ibid. P.6.*

<sup>7</sup> Sangram Keshari Mohanty, *Fundamentals of Entrepreneurship*, (2014), Delhi, PHI Learning Pvt. Ltd. p.147

## **Review of literatures**

There are a number of books in relation to Khadi and Village Industries Commission, however, books and articles relating to MKVIB and its contributions to entrepreneurship development are few. With a view to focus on the proposed study, we have chosen a few books and articles that are relevant to the context. Some of them are reviewed as follows:

D.N. Gadhok (1980) in his book '*Accountability of Public Enterprises to Parliament*' described about the working of the Committee on Public Undertakings, the third Parliamentary Financial Committee. Along with the historical evolution of the committee, the author has summed up the views of the committee on the working, and their suggestions for improving the functioning of Public Enterprises. This book contains detailed analysis of the work of the Committee on Public Undertakings, till the end of 1976, and attempts to bring at one place the committee's recommendations and observations on various aspects of the working of Public Sector Undertakings. The book will be of interest to administrators, students of Public Administrations and Parliamentarians.

Jagdish Prakash (1980) in '*Public Enterprises in India*' expressed how Public Enterprises in India occupy a significant and commanding place in the economy and how they have filled the gaps in the economic structure of the country and have been responsible for phenomenal growth of various basic and key industries and promotion of social justice. He made an observation that Public Enterprises in India are playing a notable role in the capital formation, acting as model employer, reducing concentrations of economic power in private hands, removing regional imbalances and generate surpluses for further development.



K.S. Sastry (1993) in his book '*Performance Evaluation of Public Enterprises*' explained that how Public Enterprises (PE's) act as an instrument of economic development and account for a sizable volume of resource deployment. The book is divided into seven chapters. It presents the concept and role of PE's, and various aspects of performance evaluation, Organizational Index Approach of Performance based on Quantitative and Qualitative factors are being discussed. He also expressed the Political Will acts as a main force behind performance evaluation.

Tarun Khanna (2007) of Harvard Business School, in '*Billions of Entrepreneurs: How China and India are Reshaping, Their Futures and Yours*' described on-the-ground stories and through research to show how China and India are embracing the world on their own distinct terms. Entrepreneurs are powering change through new business models and bringing hope to countless people. According to the author, since the rise of western capitalism, entrepreneurs in China and India are now in a position to ignore New York and London. The social and economic revolution in China and India has captured the best brains and money from all around the globe. Prof Tarun Khanna also reveals how China and India must learn from each other by governing 2.4 billion people with entrepreneurial spirit. He highlighted the need for information accessibility, transparency and reliability, the role of overseas Chinese and Indians in developing their homeland. This book exposes how China and India are reshaping business, politics and society around the world.

Subroto Bagchi (2009) in '*The Professional*' gave us his knowledge, based on his lifelong experience of what it takes to be a professional, what qualities you need to become a great professional and what are the

challenges of the future a professional must be prepared for. Most importantly, he asks and gives answers to the toughest question every professional faces; what I am going to do now, faced with a difficult decision and multiple options, the professional choice to make. In a world where the global economic meltdown has affected the livelihoods of millions of people; where companies and individuals are routinely revealed to have made unprofessional choices, this book provides the explicit and implicit code of conduct – the boundaries which separate a skilled individual from a professional.

Uday Muhurkar (2014) in '*Centrestage*' tried to present a balanced assessment of Narendra Modi's government by uncovering and analysing the Modi mantra of governance. He had an in-depth study on energy, technology, agriculture, finance, innovation etc. Mahurkar reveals the ground reality through facts and research beyond the media hype. He writes how Narendra Modi brings 24-hour, three-phase domestic power supply to 18,000 villages in Gujarat. How Narendra Modi turns the forlorn Kutch into a top tourist destination and also examined that the Narendra Modi government in Gujarat is innovative and free of vote-bank politics. The book is a must-read for research scholars and entrepreneurs. He specifically mentioned how Gujarat is achieving progress under Narendra Modi.

T.N. Srinivasan (2011) in the book '*Growth, Sustainability and India's Economic Reforms*' analysed the origins, rationale and outcomes of India's economic reforms in the context of changes in the polity, society and economy. Examining India's development experience across time, Srinivasan wrote about a comprehensive review of policies and performance of the economy since independence. He gave a comparative

analysis of the Indian experience with that of China as well as low-income countries. He further provided an understanding on the recent financial crisis, its implications for growth, sustainability and the necessity of further reforms. Emphasizing the intrinsic goal of India's development, eradication of mass poverty, T.N. Srinivasan also highlights future challenges and suggests appropriate policies.

Paul Krugman (2008) in his book '*The Return of Depression Economics and the Crisis of 2008*' showed how today's situation parallels the events that caused the Great depression. He surveyed the economic crisis that swept across Asia, Russia and Latin America in the 1990s and reveals that those crisis were a warning for all of us. Now depression economic has returned, when the great housing bubble of the mid-2000 burst, the western financial system proved as a vulnerable as those of developing countries and a replay of the 1930s seems all too possible. Paul Krugman shows how it happened and lays out the steps that must be taken to turn around a world economy sliding into a deep recession.

Vanlalrema (2014) in '*Production and Marketing of Squash in Mizoram*' deals with how squash was produced and marketed in Mizoram. He gave an in depth study on squash right from the cultivation and how the manure was used and its scientific analysis of squash, the advantages of cultivation squash and how many towns and villages were covered for the cultivation of squash. The author being having an economic background have highlighted about various aspects like, demand and supply of squash, stability of equilibrium, graphical approach and equations approach. He also mentioned about the demand forecasting, market planning, and efficient criteria for agriculture marketing, application of fertilizers and

manures. He also mentioned about the problems faced by the farmers in production and suggests some measures for solutions of such problems.

S. Anil Kumar, S.C.Poornima, Mini K.Abraham, K.Jayashree (2015) in '*Entrepreneurship Development*' presented a lucid treatment of a wide range of issues involved in the development of entrepreneurship. It presents an insight into the identification of business opportunities, creating a venture and financing and managing it. The book further explains the choice of technology and equipment, man,machine and materials management,and quality assurance. The book highlights the various legal provisions relevant to entrepreneurship and concludes with a chapter on social responsibility and business ethics. With its wide coverage and step-by-step approach, the book would serve as an ideal reading for those who wanted to start up their own enterprise.

Chetan Bhagat (2015) in his book '*Making India Awesome*' analysed and provided solutions to the country's most intractable problem-poverty, unemployment, corruption, violence against women, communal violence, religious fundamentalism, illiteracy and more. With all this chaos, an average viewer or reader will either be totally confused, or, more likely, will opt out of the constant cacophony generated by unsolvable national issues. No wonder that most India's youth does not care much about politics or the government. Using simple language and concepts, this book will enable us to understand the most complex of problems facing the nation today and give practical solutions on how one can do to solve these problems.

Madhav Godbole (2013) in '*Good Governance: Never on India's Radar*' stated that India is clearly divided into two worlds- the much touted 'shining India,' signifying the glossy, superficial, highly westernized sections of society with their extravagant lifestyles, and the 'left India' or Bharat, which consist of the poor, deprived, malnourished, underfed, neglected and marginalized sections of society, residing largely in rural areas and in slums and hutments in urban areas, there is an ever-widening gap between these two Indias. The Book takes a comprehensive look at the diverse areas of public life- corruption-ridden governance, crony capitalism, the rule of law, secularism, institutional integrity and freedom of expression. It emphasizes how changes in policies can make a marked difference to governance in our country.

John Forbat (2008) in the book '*Entrepreneurship- The seeds of success*' highlighted how entrepreneurship usually associated with individuals and small companies. It is the successful entrepreneurs who develop business into large corporations, their spirit, leadership and determination lead to great achievements. This book also highlighted the characteristics of one who is willing to succeed, the issues and the strat-ups faced, the management and the company politics. It also covered the spotting of unrecognised markets which were very helpful for the new entrepreneurs. It also highlighted on the people that there was a need for the 'cure for which there is no ill' and the importance to research and development in the field of entrepreneurship.

Rashmi Bansal (2008) in her book '*Stay Hungry, Stay Foolish*' This book is an inspiring stories of 25 Indian Institute of Management(IIM) Ahmedabad graduates who chose to tread a path of their own makings.

The Institute is already well known globally for the quality of the post-graduate programmes in management it offers. The author herself an alumnus of IIMA, describes how twenty five alumni of the institute chose the path less trodden and successfully built new businesses and organisations. Written in a conversational style, the book lucidly captures how these individuals, with fire in their bellies and stars in their eyes, overcome the odds to realise their dreams of being their own masters as they ventured into uncharted territories. The book should be a 'must read' not just for students of management but for all youngsters as it would inspire them to dream the forbidden and achieve the impossible.

Subroto Bagchi, (2006) '*The High Performance Entrepreneur*' stated that how difficult was to set up business and to become a high performance entrepreneur was still harder. And yet, of the many thousands who have tried, there are those who goes on to become successful. The book also includes how to decide when one was ready to launch an enterprise, selecting a team, defining the values and objectives of the company and writing the business plan to choosing the right investors, managing adversity and building the brand. The author recounts the systems and values which have made Indian IT companies on a par with the best in the world. This was a book that will tap the entrepreneurial energy within you.

Lalhunthara, (2015) in his article '*Entrepreneurial Motivation : A Study of Microentrepreneurs in Aizawl District, Mizoram*' in The IUP Journal of Entrepreneurship Development discusses the different dimensions of entrepreneurial motivation such as entrepreneurs advisors, choice of business line, choice of business location, entrepreneurs

commitment and aspirations about their children within Aizawl District of Mizoram. He stated that the existing forest and natural resources in Mizoram can be utilized more efficiently by strengthening the microenterprises in the state. It also suggested that the government should adopt separate policies for microenterprises in line with the policy for small and medium enterprises providing them financial support, marketing, infrastructure and training thereby giving considerable impetus to the growth of microenterprises.

J .Daizova, L.S.Sharma (2014) in an article '*An Analysis of the Performance of Mizoram Khadi and Village Industry Board under PMEGP Scheme*' in European Academic Research examined the performance of MKVIB under Prime Minister Employment Generation Programme (PMEGP) Scheme in the state of Mizoram. It stated that MKVIB provides financial assistance to enterprise as the board is one of the implementing agency for PMEGP in Mizoram. The board also work as a consultant for the enterprise by providing them consultancy services through Rural Industries Service (RICS). The board also provide marketing support to enterprises by establishing emporium of marketing in every district of Mizoram. Since the introduction of PMEGP in Mizoram, the board provides assistance to a number of enterprise units. During the study periods of 2009 to 2014 the board so far has assisted 1137 enterprise units.

Lalhunthara, NVR Jyoti Kumar (2014) in their article '*Financial Problems of Microenterprises in Mizoram: Issues and Dimensions*' in the IUP Journal of Entrepreneurship Development described the predominant role played by the Microenterprises for socio economic development of any country. In spite of their limited capacity, the Micro, Small and Medium

Enterprises (MSME) were considered as a growth engine that prompts development process. The article reveals that this sector suffers a variety of problems not only in Mizoram but on all over the country. The major constraint is financial problems. The article illustrated these issues by comparing the problems of Mizoram with that of other states in India.

Vishne Vadde, N.Vijaya Ratnam (2014) in '*The Impact of Self Help Groups on Women Entrepreneurship*' published in the IUP Journal of Entrepreneurship Development examine the behaviour and traits of self help group of women entrepreneur by taking the two revenue division of Nasaraopet and Tenali in Andhra Pradesh. The article explains the relationship between self help group activities with that of entrepreneurship. They described the requisite conditions and qualities to become a successful women entrepreneur. In this article, the writer stressed more on whether the backward and forward division with different environment has an impact on the activities and qualities of the women entrepreneur. It was stated that after joining the self help group by these women, the quality of each women entrepreneur have been improved in terms of creativity, leadership qualities, communication skills and motivation level.

Navin Kumar Rajpal, (2014) in an article titled '*Micro, Small and Medium Enterprises in North East India: Performance and prospects*' in the IUP Journal of Entrepreneurship Development discusses about the pivotal role played by MSMEs in economic development. In India, the growth of small scale industries and small entrepreneurs has increased mainly due to the promotional and extraordinary policies of government. He stated that the MSMEs have gained a lot of importance and priority



only because of their significant contribution to employment. The study not only shows the broad comparative status and performance of MSMEs in India but also provides deep insights into its North Eastern Region. It shows the backlogged structure in terms of MSMEs share, uneven annual growth, investment, production and employment. He further stated that to overcome the above issues, the state governments should encourage the development of MSMEs by utilizing local resources and subsidized packages. He further mentioned that the government should abolish Inner Line Permit (ILP) which he feels stand as one of the barriers for the promotion of MSMEs in these regions.

In view of the above mentioned literature, we could not find any study regarding a particular book which studies the contributions of MKVIB for promotion of entrepreneurship. As such, it is the need of an hour to study the role played by MKVIB for promotion of entrepreneurship, also find out the constraints and challenges and obtain possible solutions.

### **Research problem**

The Mizoram Khadi and Village Industry Board (MKVIB) was established in March 1986 by an Act of Assembly i.e. The Mizoram Khadi and Village Industries Act 1982. The board is a statutory body and promotional body, but having a power to take up trading and business activities for the benefits of its registered village industries units, so as to promote village industries. The MKVIB was established to provide for the better facilities development and regulation of Khadi and Village industries in the state of Mizoram. As provided in Section 17 of Mizoram Khadi and Village Industries Act 1982, the board shall perform the following functions:

- To start, encourage, assist and carry on Mizoram khadi and village industries and to carry on trade or business in such industries and in the matters incidental to such trade or business.
- To help the people by providing them with work in their homes and to give loans and other form of monetary help to individual, registered cooperative societies and registered institutions.
- To encourage establishment of cooperative societies for khadi and village industries and handicrafts, to conduct training and train people with a view to equipped them with the necessary knowledge for starting or carrying on khadi and village industries.<sup>8</sup>

The MKVIB play a very important role in the economic development of the rural poor by providing entrepreneurship and skills training in various sectors. Under Multi Disciplinary Training Centre (MTDC) at Zemabawk, MKVIB used to provide training in the following trade such as; beauty culture, carpentry, cane and bamboo, soap making, steel fabrication, tailoring, weaving, food processing and bee-keeping. The Board also used to conduct different kinds of training like Entrepreneur Awareness Programme (EAP), Entrepreneurship Development Programme (EDP) and Skill Development Programme (SDP).

Apart from training programmes, MKVIB also provides financial assistances to enterprise units, as the board is one of the implementing agencies for Prime Minister Employment Generation Programme (PMEGP) in the state of Mizoram. It used to give financial assistance to the

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<sup>8</sup> <https://mizokvib.mizoram.gov.in/>

entrepreneur by giving margin money to those enterprises which have started their business through Bank loans. The Board also established Tung oil Production Centre at Saitual since 2011.

The MKVIB has taken up a number of programmes and projects to improve the conditions of the unemployed and the rural poor. However, in-depth studies on the role played by MKVIB for promotion of entrepreneurship have not yet being done. Keeping this in view, this research activity is being undertaken.

### **Scope of the study**

The present study covers the origin and history of Mizoram Khadi and Village Industries Board (MKVIB) and the important role played by the Board in promoting various entrepreneurs through different programmes.

The MKVIB has taken up various government programmes and schemes in the state. This research provide an in-depth study of the programmes and schemes implemented by the MKVIB.

It focused mainly on how the entrepreneurs benefited through different schemes undertaken by MKVIB, highlight the constraints and challenges faced by MKVIB for promotion of entrepreneurship in the state.

### **Obtectives of the study**

The proposed study will have the following objectives:

1. To study the structure and functions of Mizoram Khadi and Village Industries Board (MKVIB).

2. To examine the policies and training programmes of MKVIB.
3. To analyze the role played by MKVIB for promotion of entrepreneurship.
4. To study problems faced by MKVIB for the promotion of entrepreneurship and suggest suitable measures.

### **Research questions**

The following research questions have been formulated for the purpose of the study:

1. What are the structure and functions of Mizoram Khadi and Village Industries Board (MKVIB)?
2. What are the different policies and programmes undertaken by MKVIB?
3. What role does the MKVIB play for promotion of entrepreneurship?
4. What are the possible suggestions for solving the problems faced by MKVIB in promoting entrepreneurship?

### **Methodology**

Primary and secondary data are used to collect necessary data for the present study.

The present size of the organization is not big, the overall size is 160 and out of which, there are 13 Group A Officers and 11 (Gazetted)

group B Officers. Amongst 24 Officers, 12 samples are collected to represent the organization. During the study period, there are 50 trainees out of which 32 trainees from different trades are selected randomly to represent the beneficiaries. The data thus collected was further supplemented by unstructured interview with the officials and the beneficiaries.

The secondary data has been collected from various Journals, related literatures, Official records, MKVIB Annual Reports, published and unpublised documents and related websites.

### **Chapterization**

Chapter I: Introduction

Chapter II: Structure and Functions of Mizoram Khadi and Village Industries Board (MKVIB)

Chapter III: Mizoram Khadi and Village Industries Board – Role in Promoting Entrepreneurship

Chapter IV: Results and Discussion

Chapter V: Conclusion.

To conclude, this chapter has discussed about the meaning of Khadi and how it is related with village industries. It also emphasised how entrepreneurship and village industries are connected and thereby contributing to generate income and sustainability in development. Fifteen related books and five articles are reviewed to support the study. As the first chapter being an introductory chapter, it includes necessary proposal like research problems, scope of the study, objectives, research questions, methodology and concluded with chapterization.

**CHAPTER II**  
**STRUCTURE AND FUNCTIONS OF**  
**MIZORAM KHADI & VILLAGE INDUSTRIES BOARD**

Mizoram is one of the states in India, situated in the north east corners flanked by Myanmar and Bangladesh having an area of 21,081Sq.km. It is a small land-locked state in the North Eastern Region(NER) of India. The state occupies a great strategic importance due to its long international boundary. However, it is one of the most industrially backward states in India and has been categorized as a ‘no industry state’ due to non- existence of large and medium enterprises. Only micro and small enterprises exist in Mizoram.<sup>1</sup>

Development of industries in the state is an uphill task as the investors remain fearful to invest in Mizoram due to its topography, small market size, entry restrictions, and other related factors. The disadvantages due to the geographical location, coupled with underdeveloped infrastructure and transport bottlenecks, are the main hurdles for the first generation entrepreneurs to move towards industrialization. The growth and performment of the manufacturing sector is also poor. The state has witnessed a low scale of migration of workforce from agriculture to non-agriculture sector. Business activities like tailoring, furniture making, automobile repairs, steel fabrication, bakery, handloom and handicrafts, blacksmithy etc. account for 80% of the total number of business enterprise in the state.<sup>2</sup>

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<sup>1</sup> J.Daizova. and L.S.Sharma. *An analysis of the performance of Mizoram Khadi and Village Industry Board under PMEGP Scheme*. 2014. European Academic research. Vol. II. Issue 8. p. 10408.

<sup>2</sup> Lalhunthara, *Entrepreneurial Motivation : A Study of Microentrepreneurs in Aizawl District, Mizoram*, The IUP Journal of Entrepreneurship Development. Vol XII. No. 1.2015.

## **Mizoram Khadi and Village Industries Board (MKVIB)**

The Mizoram Khadi and Village Industries Board (MKVIB) was established in March 1986 by an Act of Assembly i.e. The Mizoram Khadi and Village Industries Act 1982<sup>3</sup>. It is a statutory and promotional body, but having a power to take up trading and business activities for the benefits of its registered village industries units so as to promote village industries. The MKVIB is jointly looked after by the Khadi & Village Industries Commission and Govt. of Mizoram. Khadi & Village Industries Commission provides all the funds Loan and various Promotional activities. All the Establishment fund is met by the state government. It is constituted to promote Khadi & Village Industries following the Gandhian principle to uplift village artisans and give employment at their door step.<sup>4</sup>

### **Formation of the Board**

With the passing of the Act, the first Board was constituted by the State Government in 14.6.1985 consisting the following members :

- |  |   |                  |
|--|---|------------------|
| 1) Minister i/c Industries                       | - | Chairman         |
| 2) Secretary of Industries                       | - | Vice Chairman    |
| 3) Chief Executive Officer                       | - | Member Secretary |
| 4) Director of Industries                        | - | Member           |
| 5) Asst. Director, KVIC                          | - | Member           |
| 6) Asst. Director SISI                           | - | Member           |
| 7) General Manager, DIC                          | - | Member           |
| 8) Shri Zalawma MLA                              | - | Member           |
| 10) President,<br>Mizoram Industries Association | - | Member           |

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<sup>3</sup> J.Daizova and L.S.Sharma. *Ibid.* P.10410.

<sup>4</sup> [www.mizokvib.mizoram.gov.in](http://www.mizokvib.mizoram.gov.in)

11) President

Mizoram Chamber of Commerce - Member

**Powers and Functions of the Board.**

- To encourage, organize, develop and regulate Khadi and Village Industries and perform such functions as the Government may prescribe from time to time.
- To start, encourage, assist and carry on Khadi & Village Industries and to carry on trade or business in such Industries.
- To help the people by providing them with work in their homes and give loans and other form of monetary help to individuals, registered cooperative societies and registered institutions.
- To encourage establishment of co-operative societies for Khadi and Village Industries and Handicrafts.
- To conduct train people with a view to equip them with the necessary knowledge for starting or carrying on Khadi and Village Industries.
- To popularise and publicise the finished products of Khadi & Village Industries by opening stores, shops, emporis or exhibitions and to take similar measures for the purpose.<sup>5</sup>

**Structure and Organisation**

This chapter aims at understanding the organizational structure of MKVIB. It is an important exercise in itself as when we are analyzing any economic activity we need to understand the role and efficiency of the

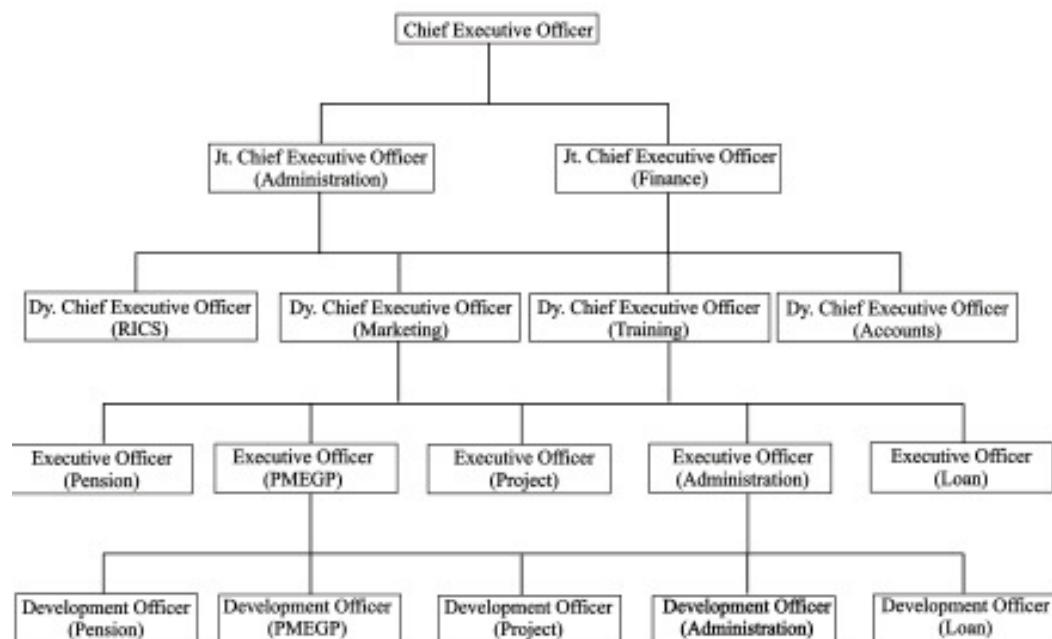
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<sup>5</sup> *Ibid*



institutional arrangements which are executing such activities like the flow of information within the hierarchy, time taken for decision making and democratic participation in the decision making. The Gandhian concept of decentralized structure of the MKVIB envisioned a structure of decentralized production processes. It tries to cover the whole state by opening its branches in every district<sup>6</sup>. The organization has emerged over the years based on the above ideas with production and other processes dispersed over small villages with marketing of Khadi, Handloom and Handicrafts product. Though attempts have been made to cover the whole districts, due to financial constraint, the MKVIB could not open its branches in Saiha and Serchhip District. Therefore, the above two district is covered by Lawngtlai and Head Office respectively.

### Organisational Structure of MKVIB (as on 13th October 2016)



<sup>6</sup> Programme Evaluation Organisation. Planning Commission. *Evaluation Study on Khadi and Village Industries programme*, Government of India. (2001), P. 21

The Mizoram Khadi and Village Industries Board came into effect from march 1986 by an Act of Assembly. As shown in the chart, the principal administrative officer of the Commission is the Chief Executive Officer (CEO) who is appointed by the Board. The Chief Executive Officer is assisted by two Joint Chief Executive Officer-Joint CEO (Finance) and Joint CEO (Admin). To assist Joint CEO there are five Deputy CEO. The five Dy. CEO's are assisted by five Executive Officer (EO). The Executive Officers are again assisted by five Development Officers. These officers are supported by other clerical staff.<sup>7</sup>

The overall strength of the MKVIB in its district offices all over Mizoram is 160. Out of 160 staff, Group A officers are 13; Group B (Gazetted) are 11; Group B (Non-Gazetted) are 48; Group C are 53 and Group D are 35. The Table 2:1 below shows the latest statistic of group-wise number of incumbency of MKVIB.

**Table 2:1**

**Group-wise number of incumbency as on 2014 – 2015**

<b>GROUP</b>	<b>TECHNICAL</b>	<b>NON-TECHNICAL</b>	<b>TOTAL</b>
A	-	13	13
B (Gazetted)	1	10	11
B (Non-Gazetted)	24	24	48
C	36	17	53
D	12	23	35
<b>TOTAL</b>	<b>73</b>	<b>87</b>	<b>160</b>

**Source :** *30th Annual Report of Mizoram Khadi and Village Industries Board 2014-2015*

<sup>7</sup> *30th Annual Report of Mizoram Khadi and Village Industries Board, 2014-2015*

Table 2:2 given below shows group-wise and centre-wise technical and non-technical incumbency in MKVIB.

**Table 2:2**  
**Group-wise and Centre-wise technical and non-technical of incumbency**

CENTRE	TECHNICAL						NON-TECHNICAL						GRAND TOTAL
	A	B (G)	B (NG)	C	D	TO TAL	A	B (G)	B (NG)	C	D	TO TAL	
Head-quarter	-	1	6	11	-	18	9	7	20	7	13	56	74
MDTC	-	-	15	20	8	43	3	1	1	3	6	14	57
Saitual	-	-	2	3	2	7	-	1	-	-	1	2	9
Lunglei	-	-	-	2	-	2	1	-	3	2	2	8	10
Lawngtlai	-	-	-	-	-	-	-	-	-	3	1	4	4
Champhai	-	-	-	-	1	1	-	-	-	-	-	-	1
Kolasib	-	-	1	-	-	1	-	1	-	1	-	2	3
Mamit	-	-	-	-	1	1	-	-	-	1	-	1	2
<b>TOTAL</b>	<b>-</b>	<b>1</b>	<b>24</b>	<b>36</b>	<b>12</b>	<b>73</b>	<b>15</b>	<b>10</b>	<b>24</b>	<b>17</b>	<b>24</b>	<b>87</b>	<b>160</b>

**Source :** 30th Annual Report of Mizoram Khadi and Village Industries Board 2014-2015

Immovable property owned by the MKVIB in different areas and place throughout the State is shown in Table 2:3 below.

**Table 2:3**  
**Land and Property**

<b>No</b>	<b>Particulars</b>	<b>Location</b>	<b>Area</b>
1.	Land	New Capital Complex, Khatla, Aizawl, Plot No.A-13	1000 Sq.m
2.	Land	MDTC, Zemabawk	4.22 bighas
3.	Land	Khansari Centre, Saitual or KVI Growth Centre.	52.44 bighas
4.	Land	Pukpui, Lunglei Bee Breeding Farm	2.63 bighas
5.	Land	Theiriat, Lunglei	3.95 bighas
6.	Land	AOC Veng, Lawngtlai, Serva Road	10 bighas
7.	Land	Luangpawl, Mamit	5.97 bighas
8.	Land for Beekeeping	Mualkawi, Champhai	10 bighas

*Source : 30th Annual Report of Mizoram Khadi and Village Industries Board 2014-2015*

### **Head Office**

The Head Office of MKVIB is located at the New Secretariat Complex at Khatla in the Southern part of the State Capital Aizawl. Before shifting to its present location, it was run by renting a private building at Upper Khatla and later on shifted to Pi Haubuangi's Building at Canteen

Square in 1987. The Board then again decided to shift the Office to a bigger building at Zarkawt and taken on rent from 1996.

Now, the State Government allotted land on lease basis at the present location with an area of 8476sq.m of land. The construction of three buildings viz: one semi permanent building and two temporary buildings were completed in the year 2007 and occupied the Office on 15.12.2007. The present condition of the building is not so good and may need to reconstruct in the very near future.<sup>8</sup>

### **Aizawl Sales Emporium**

MKVIB has its Sales Emporium in the heart of the city having six employees headed by one Executive Officer. Different handmade products from small and village artisans were collected and sold to different places within and outside the state through this emporium. According to MKVIB Annual Report 2014-2015, Aizawl Sales Emporium have made an income by selling Khadi products to the tune of Rs. 3,00,050/- and from selling of Village Industries product, it made an income of Rs.76,64,901/- for the year 2014-2015.<sup>9</sup>

### **District Offices**

For the proper functioning and implementation of different programme and schemes, the MKVIB has set up its offices in all district except Serchhip and Saiha District. Serchhip District is operated from Head Office Aizawl, whereas Saiha District is operated from Lawngtlai Office respectively.

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<sup>8</sup> [www.mizokvib.mizoram.gov.in](http://www.mizokvib.mizoram.gov.in)

<sup>9</sup> 30<sup>th</sup> Annual Report of MKVIB, Op. cit., 2016

### **District Office at Lunglei**

MKVIB district Office Lunglei was inaugurated at Lunglei on 20<sup>th</sup> November 1997. It is headed by District Village Industries Officer. There are 10 regular employees and one non-regular employees. The MKVIB also is having a plot of land in its own name at Theiriat, Lunglei. During 2014-2015, The District Office Lunglei have made an income from the sale of Khadi and Village Industries to the tune of Rs. 3,72,517/-

Table 2:4 given below depicts staff position of MKVIB District office at Lunglei.

**Table 2:4**

#### **Staff position of MKVIB District office at Lunglei**

<b>No</b>	<b>Group</b>	<b>Nos</b>
1.	Group A	1 no
2.	Group B (NG)	2 nos
3.	Group C	5 nos
4.	Group D	2 nos
5.	MR Worker	1 no
	<b>Total</b>	<b>11 nos</b>

**Source :** 30th Annual Report of Mizoram Khadi and Village Industries Board 2014-2015

### **District Office at Champhai**

The MKVIB has started its offices in Champhai since 2007. The Champhai Office is headed by District Village Industries Officer. There are only 4 employees wherein only one employee is regular and the rest are not a regular employee.

### **District Office at Kolasib**

Mizoram Khadi and Village Industries Board office, Kolasib was inaugurated on 14<sup>th</sup> September 2007. District Village Industries Officer is the head of the office. There were three (3) regular employee and one (1) non regular employee. MKVIB have their own building at Kolasib which was being constructed as a semi pucca building.

### **District Office at Lawngtlai**

MKVIB Office Lawngtlai was started since 4<sup>th</sup> may 2007. The District Village Industries Officer headed the Office. There were 4 regular employees and one non-regular employees. As there was no separate set up for Saiha District, The Lawngtlai Office has to take care of all the activities within Saiha District.

Table 2:5 given below shows Staff position of MKVIB District office at Champhai.

**Table 2:5**

#### **Staff position of MKVIB District office at Champhai**

<b>No</b>	<b>Group</b>	<b>Nos</b>
1.	DVIO	1 no
2.	LDC	3 nos
3.	IVth Grade	1 no
4.	MR (Computer Operator)	1 no
	<b>Total</b>	<b>6 nos</b>

**Source :** 30th Annual Report of Mizoram Khadi and Village Industries Board 2014-2015

## District Office at Mamit

The Office of MKVIB Mamit started functioning from 26<sup>th</sup> July 2007. The Office was headed by District Village Industries Officer. The Office was rented by paying Rs.4000/- per month as rental charges. The Board acquired land at Mamit Luangpawl and land lease No.95 of 2005 and the area of land is 5.97 bighas.

Table 2:6 given below shows Staff position of MKVIB District office at Mamit.

**Table 2:6**

### Staff position of MKVIB District office at Mamit

No	Group	Nos
1.	Group A (DVIO)	1 no
2.	Group C (LDC)	1 no
3.	Group D (IVth Grade)	1 no
4.	MR Semi-Skilled - Computer Operator	1 no
5.	Unskilled (Peon-cum-Sweeper)	1 no
	<b>Total</b>	<b>5 nos</b>

Source : 30th Annual Report of Mizoram Khadi and Village Industries Board 2014-2015

## KVI Growth Centre, Saitual

The KVI Growth Centre was originally called Gur and Khansari Centre. The Gur and Khansari Plant was in operation from 1992 to 2000. But due to different reasons like, inadequate supply of raw materials and wear and tears of machines, the plant could not function properly. Later on, it was converted into Growth Centre. The area is of about 37.43 bighas of land.



Table 2:7 given below highlights the Staff position of MKVIB Growth Centre at Saitual.

**Table 2:7**

**Staff position of MKVIB Growth centre at Saitual**

<b>No</b>	<b>Group</b>	<b>Nos</b>
1.	Development Officer	1 no
2.	Instructor	2 nos
3.	Demonstrator	1 no
4.	Mechanic (II and III) (One each)	2 nos
5.	Bee-man	1 no
6.	Chowkider	1 no
7.	Skilled-worker	1 no
	<b>Total</b>	<b>9 nos</b>

**Source :** 30th Annual Report of Mizoram Khadi and Village Industries Board 2014-2015

**Multi-Disciplinary Training Centre(MDTC) at Zemabawk,Aizawl.**

Multi-Disciplinary Training Centre (MDTC) is located at Thingkhim Veng, Zemabawk Aizawl. It is about 7 kms from the main Post Office, Aizawl and 19 kms from Tuirial River. It is situated nearby the roadside of National Highway -54.

The training centre was established on April 1987 under the supervision of senior officer as the Principal. Initially, the centre was known as Training-cum-Production Centre(TCPC) upto 1994. Later on, the new nomenclature of MDTC is being given as desired by Khadi and Village Industries Commission (KVIC) so as to accomodate different disciplines.

Accordingly, the KVIC had given recognition vide their letter No. 3/CC/494/99-2000 dated 04.08.1999 .<sup>10</sup>

**Table 2 :8**

**Staff Position of MTDC, Zemabawk**

No	Group	Nos
1.	Principal	1 no
2.	Executive Officers	2 nos
3.	Development Officer	1 no
4.	Administrative Staff	14 nos
5.	Technical Staff	41 nos
	Total	59 nos

*Source : 30th Annual Report of Mizoram Khadi and Village Industries Board 2014-2015*

**Hostel for Girls**

The North East Consultancy Services(NECS) in consultation with the MKVIB has prepared a Detailed Project Report(DPR) in 2014 to be set up at MDTC, Zemabawk. This DPR was submitted to the Ministry of Tribal Affairs, Government of India through Social Welfare Department, Government of Mizoram. It is expected to accomodate 50 number of borders.<sup>11</sup>

The ongoing programme undertaken by MKVIB are mostly for generating income and self employment which offers vast scope and potentiality in setting up village industries in rural areas with less capital investment. In spite of limited fund, the MKVIB has open up its branches in almost all districts to realise decentralised production process. These district offices are implementing various projects and schemes undertaken by the organisation. These district offices can be utilised as a collection centre to collect whatever productions from the village artisans in future.

<sup>10</sup>Mizoram Khadi & Village Industries Board, *Success Stories of Entrepreneurs*, Aizawl: J.P.Offset Printers. (2016) p.xii

<sup>11</sup> *Ibid*, 2016. p.xvii

## Chapter III

### **MIZORAM KHADI & VILLAGE INDUSTRIES BOARD (MKVIB) ROLE IN PROMOTING ENTREPRENEURSHIP**

This chapter mainly deals with the relationship between entrepreneurship and MKVIB. Therefore it is essential to highlight the concept of entrepreneurship, its role for generation of employment, how entrepreneurship have contributed to the economic development and the relationship between entrepreneurship and Khadi and Village industries. The need is being felt to mention the relationship between KVIC and KVIB as they are a part of an agency who promote entrepreneurship. In the last part of this chapter, the role of MKVIB for promotion of entrepreneurship is mentioned.

Entrepreneur is an Economic Agent who plays a vital role in the economic development of a country. Economic development of a country refers steady growth in the income levels. This growth mainly depends on its entrepreneur. An entrepreneur is an individual with knowledge, skills, initiative, drive and spirit of innovation who aims at achieving goals. An entrepreneur identifies opportunities and seizes opportunities for economic benefits.

Entrepreneurship is a dynamic activity which helps the entrepreneur to bring changes in the process of production, innovation in production, new usage of materials, creator of market etc. It is a mental attitude to foresee risk and uncertainty with a view to achieve certain strong motive. It also means doing something in a new and effective manner.<sup>1</sup>

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<sup>1</sup> S. Anil Kumar, S.C. Poornima, Mini K. Braham, K. Jayashree, *Entrepreneurship Development*, (2015), New Age International (P) Ltd, New Delhi.p.1.

## **The Concept of Entrepreneurship**

The word 'Entrepreneur' is derived from French word 'entreprede' which means to undertake. In the early 16<sup>th</sup> century, the Frenchmen who organised and led military expeditions were referred as 'Entrepreneur.' In the early 18<sup>th</sup> century French Economist Richard Cantillo used the term entrepreneur to business. Since that time the word entrepreneur means one who takes the risk of starting a new organisation or introducing a new idea, product or service to society.<sup>2</sup>

According to J.B.Say, "An Entrepreneur is the economic agent who unites all means of production, land of one, the labour of another and the capital of yet another and thus produces a product. By selling the product in the market he pays rent of land, wages to labour, interest on capital and what remains is his profit." Thus, an Entrepreneur is an organiser who combines various factors of production to produce a socially viable product.

## **Role of Entrepreneur in Generation of Employment Opportunities**

Entrepreneur plays a significant role in generation of employment opportunities. As we all know, entrepreneurship is a purposeful activity indulged in initiating, stimulating, promoting and maintaining economic activities for production and distribution of goods and commodities, the person behind these economic activities is, therefore, a critical factor as well as an integral component of socio-economic transformation.<sup>3</sup> The development strategy of our country confronts two important problems- unemployment and poverty of the masses. These problems can be effectively minimized by activating the latent human potentials through entrepreneurship. This leads to the creation of self-employment and wage employment avenues for large number of people.

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<sup>2</sup> Sangram Keshari Mohanty, *Fundamentals of Entrepreneur* (2014). Published by Ashoke K. Ghosh. Delhi. p.1.

<sup>3</sup> Mukhtar Mustapha, *The role of entrepreneurship towards employment generation and poverty reduction : A theoretical discourse.*

For reduction of unemployment, entrepreneurship in small and tiny sector industries, both in manufacturing and service sectors, is imperatively needed. Thus, the role of entrepreneur and its significance in generation of employment opportunities can be depicted under the following heads.

**a) Establishing Tiny, Micro and Small Scale Enterprise**

Role of entrepreneur in establishing the above types of enterprises is perceived as a powerful medium to address several socio-economic issues and the chief among them is generation of employment opportunities for millions. In a developing economy like India, where population pressure is quite high and the job employment is limited, the role of entrepreneur is very much significant. Entrepreneurial development gives rise to economic independence through self-employment. Creation of tiny, micro and small enterprises by entrepreneurs can lead to creation of both self-employment and wage-employment opportunities, thereby solving the problems of unemployment in the economy.<sup>4</sup>

**b) Giving Emphasis upon Village and Cottage Industries**

Upliftment of economically- backward sections of the society can be made possible if self-employment opportunities can be provided at the grass root level. To enable these people in backward regions of the state to set up village and cottage industries, government has implemented several anti-poverty programmes like PMRY, TRYSEM, SGSY, REGO, PMEGP etc. and the importance of entrepreneurs in cottage and village industries sector has been clearly acknowledged by Mahatma Gandhi by his policy priorities in village upliftment including khadi and village industries in his famous *constructive*

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<sup>4</sup> *Ibid*

*programme* in 1922. Prior to Independence, cottage industries and handicraft production located in rural areas had occupied a distinct place in Indian economy because of their high potential in employment generation and income creation especially in rural and backward areas. As such, entrepreneur can play a significant role in setting up and reviving the cottage and village industries, thereby creating employment opportunities to a large number of people living in rural and backward pockets of the country.

### **c) Utilising Surplus Labour Force in Industrial Activities**

India is a primary producing country. This characteristic is further accentuated by the seasonality feature of agriculture. Therefore, for a large part of the year, people remain unemployed. Disguised unemployment is a chronic phenomenon in agriculture wherein more people work in a field than actually required. So the surplus labour force is transferred and utilized by the entrepreneur in non-farm sector activities like small tiny, cottage and village industries which are labour intensive in nature.<sup>5</sup>

### **d) Employment Argument**

It would be worthwhile to mention employment argument favouring the growth of small scale enterprise and the role of entrepreneur in accelerating this growth. In this regard, the report of Karve Committee can be quoted. According to the committee: “The principle of self-employment is at least as important to a successful democracy as that of self-employment per unit of capital employed. So entrepreneurs should be encouraged to put up small scale enterprise so as to create large number of employment avenues for others”.<sup>6</sup>

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<sup>5</sup> Role of entrepreneurship in economic development, <http://www.yourarticlelibrary.com/essay/role-of-entrepreneurship-in-economicdevelopment/p.49658>

<sup>6</sup> *Ibid*, p. 49659

## **Role of Entrepreneurship in Economic Development**

According to TiE - The IndUS Entrepreneurs, a non-profit organisation, promoting entrepreneurship, each entrepreneur creates 30 jobs. An entrepreneur creates jobs, setting stage for a flourishing economy, unlike an individual who is a job seeker and a burden to the economy. Managers employed by large corporations use their creativity and intellect to make their corporations richer, where as entrepreneurs make themselves and their nations richer.<sup>7</sup>

The major roles played by an entrepreneur in the economic development of an economy is discussed in a systematic and orderly manner as follows.

### **a) Promotes Capital Formation**

Entrepreneurs promote capital formation by mobilising the idle savings of public. This type of entrepreneurial activities lead to value addition and creation of wealth, which is very essential for the industrial and economic development of the country.

### **b) Creates Large-Scale Employment Opportunities**

Entrepreneurs provide immediate large-scale employment to the unemployed which is a chronic problem of underdeveloped nations.

### **c) Promotes Balanced Regional Development**

Entrepreneurs help to remove regional disparities through setting up of industries in less developed and backward areas. The growth of industries and business in these areas lead to a large number of public benefits like road transport, health, education, entertainment etc.

### **d) Reduces Concentration of Economic Power**

Economic power is the natural outcome of industrial and business activity. Industrial development normally lead to concentration of

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<sup>7</sup> *Ibid*

economic power in the hands of a few individuals which results in the growth of monopolies. In order to redress this problem a large number of entrepreneurs need to be developed, which will help reduce the concentration of economic power amongst the population.

**e) Wealth Creation and Distribution**

It stimulates equitable redistribution of wealth and income in the interest of the country to more people and geographic areas, thus giving benefit to larger sections of the society.

**f) Increasing Gross National Product and Per Capita Income**

Entrepreneurs are always on the look out for opportunities. They explore and exploit opportunities, encourage effective resource mobilisation of capital and skill, bring in new products and services and develops markets for growth of the economy.

**g) Improvement in the Standard of Living**

Increase in the standard of living of the people is a characteristic feature of economic development of the country. Entrepreneurs play a key role in increasing the standard of living of the people by adopting latest innovations in the production of wide variety of goods and services in large scale that too at a lower cost.<sup>8</sup>

**h) Promotes Country's Export Trade**

Entrepreneurs help in promoting a country's export-trade, which is an important ingredient of economic development. They produce goods and services in large scale for the purpose earning huge amount of foreign exchange from export in order to combat the import dues requirement.

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<sup>8</sup> *Ibid*, p. 49659



**i) Induces Backward and Forward Linkages**

Entrepreneurs like to work in an environment of change and try to maximise profits by innovation. When an enterprise is established in accordance with the changing technology, it induces backward and forward linkages which stimulate the process of economic development in the country.

**j) Facilitates Overall Development**

Entrepreneurs act as catalytic agent for change which results in chain reaction. Once an enterprise is established, the process of industrialisation is set in motion. This unit will generate demand for various types of units required by it and there will be so many other units which require the output of this unit. This leads to overall development of an area due to increase in demand and setting up of more and more units.<sup>9</sup>

**Entrepreneurship and Khadi and Village Industries**

Modern small scale enterprises have been incorporated in rural industries. These enterprises benefit the rural industries. Modern small industry implies a small industry which caters to the needs of the emerging modern economy, is progressive in outlook and adaptable to changing conditions in its production process and applies reasonably up-to-date ideas of organization and management in its business operation.

W. Lockwood, in the *Economic Development of Japan*, writes: “To a far greater degree, the Japanese succeeded in modern techniques of small establishment. Most important, they strengthen it with external economics introducing large scale organization in supply of raw materials, working

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<sup>9</sup> *Ibid.*

capital and market". The integration of industry into rural way of life substantially lowered both the transport and social costs of industrialization.

The role of rural industries is of paramount importance in our country. China represents a unique example of rural entrepreneurial development with prima facie importance to the use of local resources such as natural resources, human resources and material resources for local economic, social and cultural development and for reinvesting within the local area the surpluses so generated and at the same time effectively integrating rural development with modernization in the urban sector.<sup>10</sup>

Before Independence, the development of Khadi and Village Industries was entirely a non-governmental effort under the guidance of Mahatma Gandhi. After independence, the Government of India took the responsibility of bringing the development of Khadi and Village Industries within the overall framework of the Five Year Plans.<sup>11</sup> Therefore, the Government of India set up Khadi and Village Industries Commission (KVIC), which is a statutory organization by an Act of Parliament. This organisation came up in 1956 and it plays a pivotal role in the strengthening of rural economy by promoting and developing Khadi and Village Industries. The Khadi and Village Industries programme plays predominant role in providing employment opportunities to rural artisans more specifically the socio-economic strata of the weaker sections of the society. Since agriculture sector has been losing its ability to generate additional employment opportunities for the fast increasing workforce in rural areas, the importance of Khadi and Village Industries Commission (KVIC) has increased to find an alternative and appropriate employment for rural people.

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<sup>10</sup> Sangram Keshari Mohanty, *Op. cit.*, p. 147

<sup>11</sup> Programme Evaluation Organisation, Planning Commission, *Evaluation Study on Khadi and Village Industries Programme*, (2001), Govt of India, New Delhi.

The functions of the KVIC are generally to plan, promote, organize and assist in implementation of programmes for the development of khadi and village industries. To achieve this, it undertakes

- (a) financing of eligible agencies;
- (b) training of persons employed or desirous of seeking employment in Khadi and Village industries, supervisors and other functionaries;
- (c) building the reserves of the materials;
- (d) R&D in Khadi and Village Industries sector;
- (e) promotion of sale and marketing of khadi and village industries products; and
- (f) promotion and encouragement of cooperative efforts among the persons engaged in Khadi and Village Industries, etc.

The implementation of Khadi and Village Industries Programme in our country is a joint effort of the Khadi and Village Industries Commission, which is an Apex Organization at the Central level and the State Khadi and the Village Industries Boards, functioning in various States and Union Territories. Though, the primary responsibility of carrying out programme of village industries lies with State Khadi & Village Industries Boards, they require drive and direction from central as well as state governments for the proper development of this sector. That is the reason when the Government of India decided to constitute a National Level Organisation in the name of Khadi and Village Industries Commission (KVIC). It emphasized the need for similar organisations in States also, to work in collaboration with the Central Organisation. Subsequently, the State Khadi and Village Industries Boards were constituted in all States and Union Territories.<sup>12</sup>

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<sup>12</sup> *Ibid.* p. 21.

At present, there are 30 State KVIBs functioning all over India. These Boards are mostly assisting the implementing 13 agencies involved in the village industries programme. As on date, in general, about 77.96% of KVI Programme, in terms of production, is being implemented by State Khadi and Village industries Boards. Though the basic objective of the KVI programme since very beginning was creation of employment opportunities in rural areas, it was observed during the Eighth Plan that in view of large scale unemployment in the rural areas this aspect would need focussed attention. Therefore, a High Power Committee under the Chairmanship of Honorable Prime Minister examined this aspect in detail in 1993-94 and recommended creation of additional two million jobs in the remaining 3 years of the Eighth Five Year Plan.

### **KVI Boards**

Khadi and Village Industry Boards are statutory Boards constituted by respective State Governments. KVI boards implement 90% of Village Industries programmes of KVIC, whereas KVIC looks after mainly the khadi implementation programmes and the rest of Village Industries programmes. There are altogether 26 State KVI Boards and 4 U.T. KVI boards in the country. The organisational structure of KVIB is more or less similar to KVIC headquarters in various States. KVIB's are headed by Chief Executive Officer and supported by Financial Adviser, Executive officers, Registrar, Development Officers, Accounts officers, technical officers and administrative staff.<sup>13</sup> There are variations between the selected States for the number and designation of staff at various levels. In the case of KVI Boards of the selected States, it was found that except in the States of Bihar, Madhya Pradesh, Orissa, Rajasthan, Tamil Nadu and Uttar Pradesh and West Bengal, necessary Technical Officers were in position against the sanctioned posts for the implementation of KVI Programmes.

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<sup>13</sup> *Ibid.* p. 22.

## **Coordination between KVIC and KVIB**

Though KVIC is a central organisation and KVIBs are the State level agencies, there is a need for coordination of activities between KVIC and KVIB for successful implementation of the programme. KVIC has to ensure coordination of activities with the Board through discussions of budget proposals by allocating targets for employment and production. KVIC also has to ensure the creation of the Monitoring Committee under the State Industry Secretary for monitoring and coordination of the programme in the State. State-wise targets are fixed by both State KVIC offices and KVI Boards and divided between them for implementation. Though KVIC provides funds with guidelines for implementing its programmes through KVIB, they do not have direct control over them.<sup>14</sup>

The major functions of the State KVIC offices are to

- (i) identify institutions/ entrepreneurs for implementation of the programme,
- (ii) conduct annual budget discussion to fix the target for employment and production,
- (iii) supply equipment such as New Model Charkha (NMC) units, twisting units etc.
- (iv) provide raw materials such as cotton, sliver etc.
- (v) provide marketing support through sales outlets; and
- (vi) conduct economic and sample surveys.

Similar functions are performed by KVI Boards in the States for village industries. The Development Officer of the KVIC/KVIB has to scrutinise the proposed units and personally inspect those units before

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<sup>14</sup> *Ibid.* p. 23.

they are sent to Assistant Director/Dy. Director concerned for final scrutiny. The implementation of the programme to a great extent depends on the Development Officer/Assistant Director/Dy. Director. It was found that except in the States of Jammu & Kashmir, Technical officers were in position against the sanctioned posts in all the States. However, our qualitative field data from many States like Himachal Pradesh, J&K and Bihar indicate ineffective administration and lack of coordination between KVIC and KVIB which is hampering the programme, particularly, at implementation and monitoring stages.<sup>15</sup>

### **Role of MKVIB for Promotion of Entrepreneurship**

The MKVIB has played a tremendous role for the promotion of entrepreneurship as the board is an agent to implement various Central Government schemes. The main objectives of the board is to generate employment and uplift the rural and urban artisans. The MKVIB has not only conducted numerous capacity building activities to the rural and urban youths but also provides start-up capital for the first generation entrepreneurs through various central schemes. The MKVIB has a tie-up arrangement with the State Bank of India for running Rural Self-Employment Training Institute at their training premises. The board has also signed memorandum of understanding with the Urban Development and Poverty Alleviation Department for undertaking entrepreneurship and skill development programme under National Urban Livelihood Mission (NULM).<sup>16</sup>

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<sup>15</sup> *Ibid.* p. 23.

<sup>16</sup> Mizoram Khadi and Village Industries Board, *Success Stories of Entrepreneurs*. (2016)

The MKVIB has taken up various schemes to promote entrepreneurship in the state. Some of the schemes may be highlighted below:

### **Prime Minister's Employment Generation Programme (PMEGP)**

The Scheme Government of India has approved the introduction of a new credit linked subsidy programme called Prime Minister's Employment Generation Programme (PMEGP) by merging the two schemes that were in operation till 31.03.2008 namely Prime Minister's Rojgar Yojana (PMRY) and Rural Employment Generation Programme (REGP) for generation of employment opportunities through establishment of micro enterprises in rural as well as urban areas. PMEGP will be a central sector scheme to be administered by the Ministry of Micro, Small and Medium Enterprises (MoMSME).<sup>17</sup>

The scheme is to be implemented by Khadi and Village Industries Commission (KVIC), a statutory organization under the administrative control of the Ministry of MSME as the single nodal agency at the National level. At the State level, the Scheme will be implemented through State KVIC Directorates, State Khadi and Village Industries Boards (KVIBs) and District Industries Centres (DICs) and banks. The Government subsidy under the scheme will be routed by KVIC through the identified Banks for eventual distribution to the beneficiaries/entrepreneurs in their Bank accounts. The Implementing Agencies, namely KVIC, KVIBs and DICs will associate reputed Non-Government Organization (NGOs)/reputed autonomous institutions/Self Help Groups (SHGs)/ National Small Industries Corporation (NSIC)/Udyami Mitras empanelled under Rajiv Gandhi Udyami Mitra Yojana (RGUMY), Panchayati Raj institutions and other relevant bodies in the implementation of the Scheme, especially in the area of identification of beneficiaries, of area specific viable projects, and providing training in entrepreneurship development.<sup>18</sup>

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<sup>17</sup> [www.mizokvib.mizoram.gov.in](http://www.mizokvib.mizoram.gov.in)

<sup>18</sup> *Ibid.*

## **Objectives of PMEGP**

The following are the main objectives of PMEGP scheme.

- (i) To generate employment opportunities in rural as well as urban areas of the country through setting up of new self-employment ventures/projects/micro enterprises.
- (ii) To bring together widely dispersed traditional artisans/ rural and urban unemployed youth and give them self-employment opportunities to the extent possible, at their place.
- (iii) To provide continuous and sustainable employment to a large segment of traditional and prospective artisans and rural and urban unemployed youth in the country, so as to help arrest migration of rural youth to urban areas.
- (iv) To increase the wage earning capacity of artisans and contribute to increase in the growth rate of rural and urban employment.<sup>19</sup>

The Margin Money which comes under PMEGP is distributed throughout the state. It covers the entire state and Table 3:1 depicts the District-wise achievement of PMEGP Margin Money distributed during the year 2014-2015 and also highlighted the number of units assisted, the amount of margin money disbursed; and the number of employment generated through this PMEGP scheme.

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<sup>19</sup> J.Daizova, L.S.Sharma., *Op, cit.*, p. 10414



**Table 3:1**

**District –wise Achievement of  
PMEGP Margin Money during 2014-2015**

No	Name of District	Assisted nos of units	Margin Money released	Production Value	Sales Value	Employment
1	Aizawl	60	6,809,125.00	33,220,000.00	49,900,000.00	480
2	Lunglei	44	3,946,910.00	22,400,000.00	35,000,000.00	352
3	Champhai	42	4,575,000.00	24,300,000.00	36,500,000.00	336
4	Saiha	47	4,579,750.00	26,300,000.00	39,500,000.00	376
5	Kolasib	41	4,809,000.00	240,000,000.00	36,000,000.00	328
6	Serchhip	45	3,420,925.00	17,800,000.00	27,000,000.00	360
7	Lawngtlai	61	5,005,000.00	26,200,000.00	39,300,000.00	488
8	Mamit	78	5,005,875.00	26,900,000.00	40,400,000.00	624
<b>G.TOTAL</b>		<b>418</b>	<b>38,151,585.00</b>	<b>417,120,000.00</b>	<b>303,600,000.00</b>	<b>3344</b>

**Source:** 30<sup>th</sup> Annual Report of Mizoram Khadi and Village Industries Board. 2014-2015.

According to Table 3:1, which stated district-wise achievement of PMEGP Margin Money, the biggest district in terms of population do not perform as expected and generate only 480 employment and assisted 60 units so far during one financial year i.e.2014-2015, while a very small district like Mamit District generate 624 employment and assisted 78 number of units.

The following Table 3:2 depicts the consolidated bank-wise performance under PMEGP during 2014-2015.

**Table 3:2**  
**Consolidated Bank-wise Performance under**  
**PMEGP during 2014-2015**

<b>No</b>	<b>Name of the Bank</b>	<b>No.of Projects</b>	<b>Margin Money</b>	<b>Employment (Nos.)</b>
1	SBI	70	6,272,210.00	560
2	MCAB	55	5,113,500.00	440
3	MRB	293	26,765,875.00	2344
	<b>Total</b>	<b>418</b>	<b>38,151,585.00</b>	<b>3344</b>

**Source:** 30<sup>th</sup> Annual Report of Mizoram Khadi and Village Industries Board. 2014-2015.

The above table highlights the consolidated Bank-wise performance of PMEGP for the year 2014-2015. The State Bank of India has assisted only 70 projects and create employment of 560 only. Whereas, a smaller Bank like Mizoram Rural Bank has assisted 293 projects creating 2344 number of employment. Mizoram Co-opreative Apex Bank has financed 55 projects thus creating 440 number of employment. The larger Banks are not performing upto the expectations whereas a smaller Bank which is scatered over villages are preforming better. The above table clearly shows how a larger banks are not interested in helping a small artisans in the rural areas.

Table 3:3 indicates year-wise PMEGP performance of MKVIB during 2014-2015.

**Table 3:3**  
**Year-Wise PMEGP Performance of MKVIB**

No	Year	No.of units financed	Margin Money	Bank Loan	Employ ment	Produc tion	Sales
1.	2009-2010	88	133.52	400.41	1037	959.61	1322.17
2.	2010-2011	208	316.21	903.30	1964	2203.77	3009.42
3.	2011-2012	219	351.10	1046.79	1804	2120.81	3127.66
4.	2012-2013	244	280.84	764.56	1017	1536.28	2189.88
5.	2013-2014	378	431.6	1238.67	1858	2740.35	3948.46
6.	2014-2015	418	381.51	1093.67	3344	2011.30	3036.00

*Source: 30<sup>th</sup> Annual Report of Mizoram Khadi and Village Industries Board. 2014-2015.*

### **Rural Self Employment Training Institute (RSETI)**

Rural Self Employment Training Institute (RSETI) has been set up by State Bank of India in collaboration with Mizoram Khadi and Village Industries Board, at Multi-Disciplinary Training Centre, Zemabawk, Aizawl since 2010. Deed of agreement was sign by the State Bank of India and MKVIB on 12.5.2010. According to the Agreement, RSETI will utilize MDTC, Zemabawk for Training Centre and shall pay Rs. 15,000/- per month as Rental charge to the MDTC. And RSETI shall enjoy all training facilities available at MDTC, Zemabawk. Hostel for Boys and Girls, Training Hall, Machine tools and implements etc. The period of Deed of Agreement between SBI and MKVIB was over on 31<sup>st</sup> May 2013. The fresh of Agreement was signed on 1<sup>st</sup> June 2013 for another 3 (three) years.

Table 3:4 portrays the performance of RSETI training during the year 2014-2015.

**Table 3:4**

**Performance of RSETI training for the year 2014-2015**

<b>No</b>	<b>Trade</b>	<b>Male</b>	<b>Female</b>	<b>Total</b>
1.	Beauty Culture	2	47	49
2.	Carpentry	13	-	13
3.	Food Processing	2	7	9
4.	Soap Making	7	6	13
5.	Steel Fabrication	18	-	18
6.	Tailoring	3	81	84
7.	Cane Furniture	3	-	3
	<b>Total :</b>	<b>48</b>	<b>141</b>	<b>189</b>

**Source:** 30<sup>th</sup> Annual Report of Mizoram Khadi and Village Industries Board, 2014-2015.

The above Table 3:4 depicted that depending on the nature of trade, the number of male and female trainees are different. In Beauty Culture, only two male has attended the training whereas in Steel Fabrication, there are no trainees among female.

The table reveals that depending upon the nature of works, the representation of male and female may vary. There is almost an equal representation for both gender in Soap Making.

## **Rural Industries Consultancy Services (RICS)**

Rural Industries Consultancy Services(RICS) was set up in 2004 to help and uplift the rural artisan through preparing project scheme and guide the people who need help. Visitors from rural areas who need help in preparing projects and schemes are increasing day by day. To meet the growing demands for making project report, the RICS used to lend a helping hand to the people. The Centre is well equipt with computer facilities. The outgoing trainees could enjoy the RICS facility with a nominal consultation free of cost.

Table 3:5 indicates trade-wise application form issued from RICS during the year 2014-2015.

**Table 3:5**

### **Reports of RICS Section**

#### **Trade-wise Application form issued from RICS for 2014-2015**

<b>No</b>	<b>Trade</b>	<b>Male</b>	<b>Female</b>	<b>Total</b>
1.	Service	45	40	85
2.	Textile	6	53	59
3.	PCI	1	-	-
4.	RBI	86	8	94
5.	MBI	12	NIL	12
6.	FBI	6	3	9
7.	FAI	8	8	16
	<b>TOTAL :</b>	<b>164</b>	<b>112</b>	<b>274</b>

**Source:** 30<sup>th</sup> Annual Report of Mizoram Khadi and Village Industries Board. 2014-2015.

## **Multi-Disciplinary Training Centre, Zemabawk**

The area of the land is 4.22 bighas, approximately. The land is inherited from the parent department i.e. Industries Department in line with the meeting resolution of the concerned officers under the guidance of the Chairman, Mizoram Khadi & Village Industries Board on 29.7.2002.

The major objectives of the centre are to organize and conduct training for imparting the spirit of entrepreneurship, to provide appropriate knowledge to the trainees, to increase the skills of rural youth and to create employment opportunity among the un-employed youth.

The management of the training centre is in the hands of the committee appointed by MKVIB and Senior Officer is appointed to look after the Centre. The course of the training comprises of Artisan and Khadi and Village industries side by side in the form of stipendary course training.

At present, there are 12 semi permanent buildings of which 7 buildings were constructed during 1986-1987 and the rest of the buildings were constructed during 1998. All the buildings were of age old and need to be reconstructed very soon.

### **Training Activities**

The Training Centre can accomodate and used to train different trade as follows:

- i) Carpentry
- ii) Cane and Bamboo
- iii) Neo Soap (Non Edible Oil)
- iv) Village Oil
- v) Fibre Technology
- vi) Tung Oil
- vii) Mosala (PCPI) processing Tailoring
- viii) Tailoring

- ix) Blacksmithy & Steel Fabrication
- x) Bee-Keeping
- xi) Khadi Spinning & Weaving
- xii) Beauty Culture
- xiii) Fruits and Vegetable Processing

The training is conducted as per the syllabus approved by KVIC. The training calendar is arranged by the centre vis-a-vis the availability of the candidate. Medium of instruction is in Mizo as most of the trainees are not comfortable with English and Hindi.

Previously, the Centre used to have a Bus service of its own for facilitating easy movement of the trainees as the centre is situated in the outskirts of the city. The Bus was used for field visits and study tours. At present, there is no transportation facilities due to lack of fund.

Table 3:6 depicts training report under MDTC during the year 2014-2015.

**Table 3:6**

**Training report under MDTC for year 2014-2015**

No	Trade	No. of training completed
1.	Beauty Culture	48
2.	Carpentry	36
3.	Cane & Bamboo	30
4.	NEO Soap	32
5.	Steel Fabrication	36
6.	Tailoring	48
7.	Weaving	25
8.	Food processing	48
9.	Bee-keeping	40
10.	Bamboo article making	40
11.	EAP	515
<b>TOTAL :</b>		<b>898</b>

**Source:** 30<sup>th</sup> Annual Report of Mizoram Khadi and Village Industries Board, 2014-2015.

Table 3:7 below highlights year-wise achievement of MDTC during the year 2014-2015.

**Table 3:7**

**Year-Wise Achievement of MDTC**

<b>No</b>	<b>Year</b>	<b>No. of Trainees</b>
1.	1993-1994	87
2.	1994-1998	400
3.	1998-2002	810
4.	2002-2006	960
5.	2006-2010	1100
6.	2010-2014	1280
7.	2014-2016	1200
	<b>Total</b>	<b>5837</b>

**Source:** 30<sup>th</sup> Annual Report of Mizoram Khadi and Village Industries Board. 2014-2015.

Besides the above normal training activities, the MKVIB has tied up with other Departments and organised training courses at MDTC Zemabawk as follows:

- National Urban Livelihood Mission (NULM) with UD&PA Department, Government of Mizoram for Below Poverty Line (BPL) and Self Help Group (SHG) in all District.
- Border Area Development Programme (BADP) with Rural Development Department, Government of Mizoram.

The role of entrepreneur for socio-economic transformation is dynamic. The development strategy of our country confronts two important problems; poverty and unemployment. These problems could only be tackled through promotion of entrepreneurship so as to create self-employment and wage-employment avenues for large numbers of people.



## **Chapter - IV**

### **RESULTS AND DISCUSSIONS**

The MKVIB played a vital role for the promotion of entrepreneurship by implimenting various schemes through conducting different kinds of training to generate employment. In order to collect empirical data to administer the involvement of the organisation for promotion of entrepreneurship, two sets of questionnaires were prepared and administered. Accordingly structured questionnaires were sent out to the officials and to the beneficiaries.

This study is an attempt to find out the effectiveness of the organisation towards achieving their goals and the hurdles for the implementation of the same. It also tries to focus on the effectiveness of training for first generation entrepreneur. The analysis of data have been interpreted through the following tables and charts which indicate the findings with the help of an open-ended questionnaires to the respondents as follows:

#### **RESPONSES OF THE OFFICIALS TO QUESTIONNAIRES**

Data has been collected from the officials of MKVIB who are being posted within Aizawl City area. The questionnaire were framed with a hope to collect information concerning the management, the policy, man-power and the funding pattern and the effectiveness of training conducted by the organisation. So, officials who are concerned with such matters have been selected. The total size of the whole organisation is only 160. There are 49 numbers of Group A and Group B Officers, out of which 12 samples are selected to represent the organisation.

**(a) Responses of the officials relating to the funding pattern for conducting training programme**

With a view to understand the perception of the officials regarding the adequacy of fund received from various sources, the following tables represents the results of their responses.

**Table 4.1**

**Do you think you have received adequate fund from KVIC to conduct training programmes?**

<b>Yes</b>	<b>%</b>	<b>No</b>	<b>%</b>	<b>No idea</b>	<b>%</b>
2	17	7	58	3	25

The above Table 4:1 reveals that 58 % of the officials are of the opinion that the fund they received from KVIC to conduct training programmes are not adequate. 25% had no idea and 17 % agreed that the fund they received is adequate.

The reasons given by those officials may be summarised as follows:

- i) The existing training programme sponsored by KVIC is very meagre. They cannot improvised their training tools and technique. The Training institute itself need to be upgraded. Considering the importance of the course and its impact on the society, the Respondents expect more attention from their funding counterpart.
- ii) The question is also drawn to a person or officials who are not directly incharge of the training and its management. For those persons, it is possible to conclude that they have no idea about the funding

pattern. So 25% of the respondents reacted that they have no idea about the fund received by them.

- iii) 17% of the respondents are of the opinion that the fund they received from KVIC for training is adequate. The strength of the present staff position is very less and the building itself may not be in a position to accommodate additional trainees.

**(b) Responses of officials regarding the fund they received from the Government of Mizoram.**

The Government of Mizoram has contributed from Plan Fund to support MKVIB for meeting the salary expenses of its employees every year. In order to find out the opinion of the officials regarding contributions of the Government of Mizoram, the following question was administered.

**Table 4.2**

**Do you think you have received adequate plan fund from the Government of Mizoram annually?**

<b>Adequate</b>		<b>Not Adequate</b>		<b>No Idea</b>	
<b>Respondent</b>	<b>%</b>	<b>Respondent</b>	<b>%</b>	<b>Respondent</b>	<b>%</b>
1	8.33	11	91.67	0	0

From the above responses out of 12 sample, 11 respondents, which represents 91.67% of the total size were of the opinion that the fund they received from Government of Mizoram is not

sufficient. Only 1 respondent that represent 8.33% of the sample feels that it is adequate.

It appears that the Government of Mizoram had no intention of raising their contribution to MKVIB other than their normal Establishment Fund. This fund is meant to meet all the expenses incurred on salary part of its employee.

On the other hand, the expectation of the employees to the Government may be different, that:-

- i) In order to get their salary on time, they used to request the State Government to convert the funding pattern from plan to non-plan. Usually during the financial year and every quarter of the month, they were encounter with problems of late payment of salary. This is a known fact for an employee who drew their salary under plan fund.
- ii) They are the one who tries to inculcate the idea of entrepreneurship in the minds of the people, that would definitely have an impact on the economy of the whole society, if more attention is being given to them.
- iii) It is very difficult for a small institution like them to prepare their own projects so far due to lack of expertise. Most of the employees are not acquaint with modern system of management. In order to contact other funding institute, they do not have the ability to make use of consultancy firms for its expensiveness.

**c. Question relating to sufficiency of man-power in the organisation .**

**Table 4.3**

**Do you think you have sufficient man-power to cater the fund you recieved for conducting various training programmes?**

<b>Yes</b>	<b>%</b>	<b>No</b>	<b>%</b>	<b>No idea</b>	<b>%</b>
11	91.67	1	8.33	0	0

The above responses reveals that 91.67% of the respondent concluded that the existing staff is adequate to handle the present training programme. Only 8.33% that is 1 out of 12 respondent feels the staff strength is not adequate.

The size of the organisation is not big as compared to other state KVI Board, and the fund they have received is sufficient so far. Therefore, the employees of MKVIB have agreed that the present man-power position of the organisation is good enough.

**d. Impact of various Training Programmes for promtion of Entrepreneurship.**

The following questionnaire was framed with a hope to reflect the contribution of training towards promotion of Entrepreneurship.

**Table 4.4**

**Do you think that various programmes conducted by you have an impact for promotion of entrepreneurship development?**

<b>Yes</b>	<b>%</b>	<b>No</b>	<b>%</b>	<b>No idea</b>	<b>%</b>
12	100	0	0	0	0

The above table shows that 100% of the official respondents accepted that various training programmes conducted by MKVIB had a tremendous impact for promotion of Entrepreneurship

Development. The respondent feels that the training programme conducted by the organisation has a greater input for the promotion of the economy as a whole and contributed so much towards creation of sustainable economic development.

**e) Impact of training for generation of sustainable economic development.**

With a hope to collect a reliable data on whether the training conducted by the organisation have generated sustainable economic development, the following question was generated.

**Table 4.5**

**Do you think that various training programmes conducted by you have generated enough sustainable economic activities so far?**

<b>Yes</b>	<b>%</b>	<b>No</b>	<b>%</b>	<b>No idea</b>	<b>%</b>
11	91.67	1	8.33	0	0

91.67% of the respondents, that is 11 out of 12 respondents agreed that various programmes conducted by the Board has helped a lot to generate sustainable economic activities. This has been reflected in the book prepared by the Board in the name of ‘Success Stories of Entrepreneurs’. The case study was done for the beneficiaries under PMEGP scheme alone. Passed out trainees are followed by correspondence and by visiting them to their places, it was calculated that total number of trained out persons who are setting up of their own industries were 985 and those who employed elsewhere were 875. So, the total number of trained out persons who got permanent jobs so far were 1860.

**f) What is your biggest constraint for helping entrepreneurs?**

The respondents are provided a space to scribe down few lines on the problems faced by them in the process of guiding and helping entrepreneurs. Some of the points may be highlighted below:

The biggest ongoing programme of MKVIB is to carry out the Flagship programme of the Central Government through PMEGP. The selection of beneficiaries under PMEGP is a difficult task. A District Task Force Committee (DTFC) is empowered to select the eligible candidate and the same is forwarded to MKVIB for training. After completion of training, Their application is forwarded to the Bank for Financial support. Normally, when the Banks verify such applicants, they refuse to proceed and the MKVIB could not help such applicants.

The fact is, that Banks are doing their part on a business purpose. But those who seek such help through PMEGP schemes are always the one who do not have the ability to support themselves and do not own any assets to start a new venture. Poor repayment from the Beneficiaries is the main backlog from the side of the Bank.

While selecting the beneficiaries, Banks also used to send their representatives in the District Task Force Committee. But when they verify the selected trainees, they normally hesitate to sanction the amount. It is thus very obvious that it is not easy to get details of applicants during a very short interview. This is the biggest constraints reflected by the respondent. The result of this mis-match between the Bank and the decision of District Task Force Committee is Lapse of Fund. Every year they have to return un-used amount due to this problem. The policy for implimenting this scheme should be revised so as to tackle the hurdles.

Few respondents had mentioned that the trainees are not serious enough to set up their own enterprise. Most of the trainees are not highly educated. They are mostly of class 8 to 12 standards. It appears that the awareness campaign is not good enough to attract the people especially of the educated youths.

Some of the respondents have mentioned about the outdated and age old machine tools for the training purposes. They could not replace due to insufficiency of funds. The present position of the training tools and machineries are in a very bad shape.

### **ANALYSIS OF RESPONSES OF BENEFICIARIES TO THE QUESTIONNAIRE.**

In order to obtain the effectiveness of the organisation, need is being felt to contact beneficiaries. Accordingly, the questionnaires were administered to the trainees under MDTC. 32 number of trainees were contacted and series of questionnaires were framed, with a view to obtain the contributions of the organisation for promotion of entrepreneurship. The reflections of the response were as follows:

a) **How do you come to know about this training programme?**

**Table 4.6**

<b>Advertisement</b>		<b>Friends</b>		<b>Others</b>	
Respondent	%	Respondent	%	Respondent	%
14	43.7	16	50	2	6.3

This question was raised with a hope to acquire information about the awareness in regard to training. 50% of the respondent reflected that they came to know this programme through friends, and another 43.7% of the respondents revealed that they heard it



through advertisement and another 6.3% got the information from others.

For successful implementation of any programme involving people, it is essential that the people are given information, educate about the importance and how to go about with for successful implementation of the same.

It is suggested that all the training programmes and schedules are flashed in the local newspapers and other local cable network. In order to get the best results, it is necessary to educate people. So awareness programmes should be conducted as much as possible. The existing fund received by the Board for awareness campaign is not sufficient. It is a known fact that the success of every welfare schemes lies so much on the awareness of the people.

**b) Who has made a decision to choose your trade?**

**Table 4.7**

<b>Myself</b>		<b>Faculty</b>		<b>Others</b>	
<b>Respondent</b>	<b>%</b>	<b>Respondent</b>	<b>%</b>	<b>Respondent</b>	<b>%</b>
12	100	0	0	0	0

The above question was raised in order to acquire whether the trainees were really fitted to the right trade for which he/she was interested. It was possible that without knowing what exactly it would be like, the trainees could have lended in selecting wrong trade. From the above table it is clear that 100% said that they choose their own trade for their training, not by the influence of others.

c) **Have you obtain the concept of entrepreneurship from this training programme?**

**Table 4.8**

<b>Yes</b>		<b>No</b>		<b>Others</b>	
Respondent	%	Respondent	%	Respondent	%
27	84.3%	0	0	5	15.7

With a hope to get information on how far the training has an impact on the trainees for acquiring the concept of entrepreneurship. The above table shows that 84.3% of the respondents had agreed that they obtained the concept of entrepreneurship within their training course.

d) **Do you actually plan to set-up your own enterprise after completion of this programme?**

**Table 4.9**

<b>Yes</b>	<b>%</b>	<b>No</b>	<b>%</b>	<b>No idea</b>	<b>%</b>
30	93.7	0	0	2	6.3

The question sought to get information on how effective was the training and whether they had the tendency to stand on their own feet. 93.7% of the respondents agreed that they were positive on setting up their own enterprise after completion of their training. Only 2.63 % had no idea on how they would go about after completion of their training.

It is always true that any type of training is useful in one way or the other. It is made mandatory that selected beneficiaries under PMEGP scheme have to undergo training before disbursement of loans. In some cases depending on the duration of training, there is a chance that the whole course might not meet the objective for which the training is conducted. Knowing that, the following question had been administered.

e) **Do you think the duration of the training is good enough?**

**Table 4.10**

<b>Yes</b>	<b>%</b>	<b>No</b>	<b>%</b>	<b>Others</b>	<b>%</b>
24	75	3	9.4	5	15.6

75% of the respondents agreed that the duration of the course was good enough while only 9.4% were reflected that it was not good enough. The rest of the respondents that is 15.6% had no idea about the duration of the training programme.

The duration of the training under the present research is three months. The respondents are basically from Tailoring and Beauty Culture Course. Besides in order to get accurate data on the above questions, it was best to be answered by the trainees who had completed the whole course. But as the samples could not be collected to those who had completed the course so far, it was collected from among the ongoing training to those who have not been completed even half part of the training course.

**f) Do you really make use of various subjects/topics from this training programme?**

**Table 4.11**

<b>Yes</b>	<b>%</b>	<b>No</b>	<b>%</b>	<b>Others</b>	<b>%</b>
32	100	0	0	0	0

Replies to the questionnaires as reflected in the above table revealed that all the 32 trainee respondents, which make 100 percent agreed that they really made use of the subject and topics of the training programme. The researcher while analysing the response feels that it was so far, so good. As mentioned earlier the respondents have not attended even half part of the training course.

**g) Are you satisfied with your trainer/faculty?**

**Table 4.12**

<b>Yes</b>	<b>%</b>	<b>No</b>	<b>%</b>	<b>Others</b>	<b>%</b>
29	90.6	1	3.1	2	6.3

Out of 32 respondents, 90.6% of respondents were satisfied with the teaching of the trainers or faculties whereas 3.1% were not satisfied with the trainers. 6.3% has responded that they have no idea about it.

**h) After completion of training, will you be able to acquire self-confidence to start your own enterprise?**

**Table 4.13**

<b>Yes</b>	<b>%</b>	<b>No</b>	<b>%</b>	<b>Others</b>	<b>%</b>
30	93.8	1	3.1	1	3.1

The basic idea of training is to inculcate confident among the trainees so that they could help themselves to start their own enterprise. Of all the respondents, 93.8% were of the opinion that they would attain confident after completion of training while only 6.2 % of the respondents had otherwise no idea. After intervening with the faculty, it is worth mentioning that inspite of all odds, the training they conducted so far had so much impact on the beneficiaries. This can be credited to the seriousness and zeal on the part of the faculty and the trainees. Many beneficiaries under different trades could start their own enterprises. It is a known fact that the success of each and every activity depends so much on the seriuosness and determination of the individual.

**i) Write down one or two points on how you benefit the training programme?**

The response on the above questionnaire may be summarise below:

**Imparting Skills and knowledge**

The respondents agreed that the training they received so far had inculcate skills and enlightened their knowledge on their approach to initiate their own enterprise. The whole course was of course designed by an expert so as to meet the objectives for which the training was conducted. So, most of the respondents feel that they gained so much from the programmes they attend so far.

## **Confidence**

Many respondents mentioned that they gained confidence to start their own enterprise. One of the important ingredients of training is to build confidence in the trainees so that they could pursue and struggle on their own to start a new venture. This has been reflected in their response to the questionnaire.

## **Time Management**

One should never miss out the importance of Time Management in human life. Some of the respondents mentioned that they have learnt the significance of time management through this training. This is one of the most important ingredients to become a successful entrepreneur.

## **Motivation**

Some of the respondents feel that they were being motivated by the trainers to have confidence so as to start their own enterprises. There may be hurdles and difficulties in a way to success. Many success stories were told to them and showed how it was possible for them to become one of them.

## **j) Write down one or two points on how you are not satisfied on the training programme?**

The reflections of the above questions may be summarised as follows:

### **Duration of the training**

The respondents were given a chance to give their idea on the duration of the training period in the previous question. But 75% of them agreed that it is good enough. But while analysing the response of the above question, 11 out of 32 respondents mentioned that the duration of the training programme is too short. This contradicts the previous answer given by them.

### **Shortage of Training Tools**

The responds received from the Tailoring section revealed that the tailoring machine was not provided to each trainees. This really hampers their training programme for it consume so much of time as they need to make use of the sewing machine turn by turn.

### **Transportation**

The Training Centre is situated in the outskirts of the city. The Centre is accomodating mostly 40 to 50 number of trainees during one course. Earlier, they were provided a bus for the training purposes. But due to lack of fund, they could not provide transportation facilities anymore. If transportation facilities is provided, it may attract more trainees from far flung areas within Aizawl city area.

### **Expensiveness**

Trainer who had undergone training on tailoring had mentioned that they had to buy their own training material like cloth and other items. As most of the trainees were from a family with a very meagre income, it was so much a burden for them to help oneself considering the financial position of their family.

Imparting knowledge and skills through training is one of the most important components for promotion of entrepreneurship. The MKVIB has set up an institute to develop appropriate training by following KVIC guidelines and procedures. Though attempts have been made to achieve their objectives through conducting trade-wise training throughout the year. Due to poor infrastructure and shortage of fund, the optimum result could not be achieved so far.

## **Chapter V**

### **CONCLUSION**

The last chapter is divided into two parts. The first part provides a brief summary of the discussion in the preceding chapter. The second part discusses the research questions and contains the major findings of the study. It also contains issues and challenges and suggestion thereof for the effective implementation of the workings of Mizoram Khadi and Village Industries Board.

#### **PART- I**

The dissertation has been divided into five chapters. The first chapter is an introductory chapter and starts with introducing the meaning of Khadi and how it is related with village industries and rural entrepreneurship. It also introduces the concept of entrepreneurship and how industry or entrepreneurship comes under the purview of KVIC. It also contain Research Problem, Review of related literature, Objectives of the Study, Scope of the Study, Research Questions, Methodology and Chapterisation.

The second chapter focuses on the structure and function of MKVIB. It begins with how the state is being categorized as '*no industry state*' and thereby involvement of MKVIB for generating employment is a necessity. This chapter highlights the organisational structure of the head office of MKVIB with pictorial chart and its district offices dispersed over the state. It also highlights other important activities set up and owned by the organisation such as the workings of MDTC Zemabawk, KVI Growth Centre Saitual and Sales Emporium at Aizawl.

In the third chapter, an attempt has been made to study the role of MKVIB for promotion of entrepreneurship in the state. The role of



entrepreneur in generation of employment and their role in economic development is highlighted. The relationship between entrepreneurship and Khadi and Village Industries and how the MKVIB is an agent to implement the programme of KVIC is also discussed. The last part of this chapter deals with different activities undertaken by MKVIB for promotion of entrepreneurship.

The fourth chapter provides an analysis of the response to the interview and the questionnaire both by the officials and the beneficiaries. These questions have been framed to give answers to the research questions on the function of the organisation and different policies and programmes undertaken by the organisation has contributed to the promotion of entrepreneurship in the state.

The last chapter deals with summary of the study, major findings and suggestions along with areas for further research have been dealt with. An attempt has been made to discuss the research questions followed by issues and challenges and, areas for further studies.

## **PART-II**

This dissertation is the first study relating to the role of Mizoram Khadi and Village Industries Board (MKVIB) for promoting Entrepreneurship. The present study reveals that the Board has undertaken various schemes funded mainly by the Khadi and Village Industries Commission (KVIC). In delivering services for the welfare of the people, the Board in collaboration with State Bank of India has set up Rural Self Employment Training Institute (RSETI) at their premises and also tied up with National Urban Livelihood Mission (NLUM) under UD&PA Department, Government of Mizoram and Border Area Development Programme (BADP) with Rural Development Department, Government of Mizoram.

An attempt is made to answer to the first research question: *What are the structure and functions of Mizoram Khadi and Village Industries Board?* The Mizoram Khadi and Village Industries Board (MKVIB) was established in March 1986 by an Act of Assembly i.e. The Mizoram Khadi and Village Industries Act 1982. It is a statutory and promotional body, but having a power to take up trading and business activities for the benefits of its registered village industries units so as to promote village industries. The MKVIB is jointly supported by the Khadi & Village Industries Commission and Government of Mizoram. Khadi & Village Industries Commission provides fund loans and various promotional activities whereas all the establishment fund is met by the state government. It is constituted to promote Khadi & Village Industries following the Gandhian principle for upliftment of village artisans and give employment at their door step.

The Head Office of MKVIB is located in Aizawl. The concept of decentralised structure is realised by opening its branches to all District Capitals except Saiha and Serchhip District. The size of the organization is not big. The overall strength of the MKVIB all over Mizoram is 160. Out of 160 staff, there are 13 Group A Officer and 11 Group B (Gazzeted) Officers; There are 48 Group B (Non-Gazzeted) and 53 numbers of Group C and only 35 numbers of Group D in the whole organisation.

At present, the Chief Executive Officer is assisted by two Joint Chief Executive Officer, four Deputy Chief Executive Officer who are in-charge of different sections. Deputy Chief Executive Officer are assisted by Executive Officer and Development Officer who are in charge of different department. These Executive Officers are assisted by Assistant, UDC, LDC and IV Grade staff. There is one post of Assistant Project Engineer. In the Multi-Disciplinary Training Centre, there are fifteen instructor post for different disciplines. The District Offices are headed by District Village

Industries Officer with other four or five supporting staff. The MKVIB also owned Sales Emporium at Aizawl, located in Khatla. Different handmade products and handloom products as well are sold through this Emporium. The District Offices are expected to function as Office-cum-Sale Counter, if need arises.

The main functions of MKVIB are: (a) To encourage, organize, develop and regulate Khadi and Village Industries and perform such functions as the Government may prescribe from time to time. (b) It also encourage, assist and carry on Khadi & Village Industries and tries to help the people by providing them with work at their homes and give loans and other forms of monetary help to individuals, registered cooperative societies and registered institutions. (c) Another important objective of the organization is to encourage establishment of co-operative societies for promotion of Khadi and Village Industries and Handicrafts. (d) It also provide necessary training to the people with a view to equip them with the necessary knowledge for starting or carrying on Khadi and Village Industries for their livelihood. (e) The most important function of the MKVIB is to popularise and publicise the finished products of Khadi & Village Industries by opening stores, shops, emporis or exhibitions and to take similar measures for the purpose.

The second research question is: *What are the different policies and programmes undertaken by Mizoram Khadi and Village Industries Board?* The study reveals that the MKVIB has undertaken many projects and schemes under KVIC and other sources of funding available to them. The MKVIB is one of the nodal agent to implement one of the central government flagship programme, i.e. Prime Minister's Employment Generation Programme (PMEGP). This is a new credit linked subsidy programme meant for generation of employment through establishment of micro enterprises in rural as well as urban areas. It will be administered

by the Ministry of Micro, Small and Medium Enterprises. According to this scheme, the government subsidy will be routed by KVIC through identified Banks for eventual distribution to the entrepreneurs in their Banks accounts.

The MKVIB has also set up an arrangement to accommodate training under Rural Self Employment Training Institute (RSETI) in collaboration with State Bank of India. The study depicts that during the year 2014 - 2015 alone, as many as one hundred and eighty nine employment has been generated under this scheme. Another important programme undertaken by the Board is setting up of Rural Industries Consultancy Services (RICS) at their premises. Through this programme, the MKVIB has facilitated and guide rural as well as urban poor to prepare projects and scheme with nominal consultation fees. Normally, the outgoing trainees from the Centre make use of this facility to realise their dreams of setting up a new enterprises.

The third research question is: *What role does the MKVIB play in promotion of entrepreneurship?* Since its inception, the MKVIB has taken up various steps to promote and help the rural as well as urban poor. The study reveals that through different governmental schemes like providing soft loan, subsidy cum bank loan, PMRY, REGP etc. In spite of its poor performance in its implementation, it does contribute a lot to promote entrepreneurship in the state. According to the present study, during the year 2014-2015, under PMEGP scheme alone, it generate as many as three thousand three hundred and forty four employment by implementing four hundred and eighteen projects.

The responds to the questionnaire relating to promotion of entrepreneurship by Mizoram Khadi & Village Industries Board provided relevant informations and views for proper analysis. As far as the impact of training for generation of sustainable economic development is

concerned, 91.67 percent of the respondents agreed that the trainings do have great impact for generation of employment.

The beneficiaries/trainees were also asked whether they have confidence to set up their own enterprises after completion of training. The responses were positive. 93.7 percent of them agreed that they were positive on setting up their own enterprises after completion of their training courses. Apart from the above mentioned findings through questionnaires, the MKVIB has taken various initiatives to promote entrepreneurial activities which we can obtain from other available literatures and publications.

Rural Self-Employment Training Institute (RSETI) has been functioning since 2010. From this institute, as many as six hundred and sixty five entrepreneurs from rural and urban areas have completed their training course and two hundred and ninety five entrepreneurs have completed training under Entrepreneur Development Programme. During the year 2014-2015 alone, as may as one hundred and eighty nine employment have been generated.

The Rural Industries Consultancy Services (RICS) has helped two hundred and seventy four entrepreneur during 2014-2015. The RICS facilitate the entrepreneur by providing them with high priced machines and tools which the private firm do not afford individually. It acts as a Common Facility Centre for a small entrepreneur and guide them to set up their own enterprise.

The Multi-Disciplinary Training Centre (MDTC) which is a very useful Centre for imparting knowledge and skills to the entrepreneurs; has conducted a training as per the syllabus approved by the KVIC under varied trade. Presently, they offer training under fourteen selected trades through out the year. According to the 'Success Stories' prepared by the Board, from the year 1993 to 2015, this Centre has facilitated as may as two thousand four

hundred and thirty six artisans under stipendary scheme and two thousand two hundred and ninety one artisan without giving stipend.

The MKVIB in trying to assist entrepreneur has open up Aizawl Sales Emporium. The Emporium is a collection-cum- sale counter. They have collected handmade products from rural and urban areas and sale it within and outside Mizoram. Need is being felt here to mentioned that there is an urgent demand for improvement in replacing the existing machine tools which are outdated, resulting the poor performance in the quality of production.

Besides the above schemes, the Government of Mizoram has make use of the MDTC for implimentation of their project which comes under the NULM and BADP respectively.

The last research question is: *What are the possible suggestions for solving the problems faced by MKVIB in promoting entrepreneurship?* There is an ample scope for the MKVIB to enhance their efficiency and ability to promote entrepreneurship in the state. The on-going normal scheme received from the Central Government alone is not adequate to solve the unemployment problem and uphold the condition of entrepreneur in the state. The following suggestions are emanating from the present study which might facilitate effective and efficient implimentation of the workings of MKVIB in Mizoram.

#### **a) Financing Facilities**

An entrepreneur seeking for financing facilities is always encounter with difficulties in obtaining Bank finance even after being selected by the selection committee. Under PMEGP scheme, selection of beneficiary is in the hands of the District Task Force Committee wherein Banks also are sending their representatives in the committee. Even then, it is

always a problem to avail financing. Therefore, it is felt necessary that the procedures for selection should be revised so as to ensure easy financing facilities for approved schemes.

**b) Monitoring Mechanism**

There is no proper monitoring mechanism in the existing system. Therefore it is suggested that there should be a proper monitoring mechanism so as to generate realistic picture of employment, functional units and reliable information to touch the grassroot realities.

**c) Convergence with other line departments**

The main objectives of MKVIB is to train artisans and make them stand on their own for sustainable growth. Meanwhile, various government departments have come up with the same motives and visions of empowering the people for creation of new enterprises. The initiatives of MKVIB would be more fruitful and have meaningful impacts if these schemes are converged to MKVIB's purview by the authority.

**d) State-of-the-art infrastructure for Training**

Funds for restructuring and re-engineering of this infrastructure may be sourced from the Government of Mizoram's newly introduced New Economic Development Policy (NEDP). Apart from NEDP, fund may be managed from the Ministry of DoNER under its Non-Lapsable Central Pool of Resources (NLCPR) .

**e) Policy restructuring by the state government**

The government of Mizoram needs to take proactive and concrete steps to promote entrepreneurship in the state. The Khadi and Village Industry sector is given priority in the Central Government. The state government should restructure its industrial policy and prioritised this sector.

**f) Handholding-Support Services to artisans**

MKVIB should also take up the challenge of guiding and handholding of first generation artisans and entrepreneurs for setting-up their micro enterprises. The Government of India introduced a scheme called “Rajiv Gandhi Udhyami Mitra Yojana” which means “Rajiv Gandhi Entrepreneurs’ Friends Scheme.” This initiative would really pave the way for promotion of entrepreneurship in the state.

**g) ASPIRE (Scheme for promotion of Innovation, Entrepreneurship and Agro-Industry)**

The ASPIRE can be implemented by MKVIB for promotion of innovation, entrepreneurship and Agro-Industry with one time grant of 50% cost of Plant and Machinery. Assistance can also be obtained towards the training cost of potential and prospective entrepreneurs and innovators.

**h) SFURTI (Revamped Scheme of Fund for Regeneration of Traditional Industries)**

Implementation of SFURTI scheme is urgently required by the state. Most of the artisans and micro-entrepreneurs do not afford to buy advanced and modern tools and equipments to improve their products. SFURTI scheme has the provision to set-up not only Cluster approach but also Common Facility Centre where modern tools and equipments would be installed and utilized by these people.

**Issues and Challenges**

There is a mis-match between selection of beneficiaries by the selection committee and the funding agency. The District Task Force committee is empowered to select the eligible candidate. The selected



candidates are often rejected by the funding agency thereby causing return of un-used amount allotted by the Central Government.

The existing infrastructure of the organisation is very poor. The Old Assam Type structure which was constructed in 2007 need reconstruction. The machineries and tools used for the training purpose are also outdated. Non- availability of improved technologies and repairing facilities have all contributed in different degrees to the present sorry state of affairs.

The fund receive by the organisation for the awareness campaign is very meagre. This results in the poor performance and does not meet upto the expectation so as to have an impact of far reaching effects to represent the grassroot level of representation from the whole society.

Insufficient financing is always a problem which hampers the functioning of the organisation. The KVIC normal fund has stopped and replace by the new schemes of PMEGP which have many drawback in its implementation as mentioned earlier.

The product of MKVIB in Khadi sector and Handloom and Handicraft sector could not compete with the prevailing market requirement. The finish product collected from the artisans and marketed by the MKVIB are outdated in comparison with the product from private firms.

The MKVIB used to give assistance in the name of KVIC (normal), CBC, SEP, and NSTFDC. The poor performance in repayment of such loan resulted in poor performance of Bank in giving fresh loan to the artisans.

There is no proper monitoring mechanism. Therefore, it does not generate realistic picture of employment, production, number of functional units and utilisation of government assistance.

The glaring challenges faced by MKVIB for promotion of entrepreneurship are given below:-

Mizo believe that being content with the status quo is healthier for the inner soul than striving to improve one's situation. They believe that peace of mind can be achieved from spiritual calm rather than from materialism. After all, compared with other countries, family life in Mizoram is more important than any other economic activities.

Starting a business in Mizoram is costly in terms of the time required and the cost involved. While it takes just five days to start a business in the United States and just two days in Australia, in Mizoram it takes as long as 200 days. The reason for such delay is bureaucratic, too many rules and regulations, and too much of paperwork. Most of the time, the Mizo entrepreneurs have to tackle problems like electricity, transportation, water, and licensing.

A survey done by the Entrepreneurship Development Institute, India (EDII) in 2003 shows that young people are afraid to start their own business because they are not confident, not capable, and lack knowledge in starting a business. This is also true to Mizoram context.

The overall state of affairs is a confused one, one that lacks broad vision, goals, and systematic planning (akin to the 5-year plans for the economy). The lack of a standard framework is a big challenge to the development of entrepreneurship in India as a whole and Mizoram in particular.

## **Suggested areas for Further studies**

Looking at the above notes, we need an in-depth study on the need for promotion of entrepreneurship in Mizoram. To a large extent, the Mizo society is risk averse. People usually seeks secured and long term employment such as government jobs. That is why the society and the government are not encouraging enough towards entrepreneurship. As such, a systematic and meaningful studies on this topic is the need of an hour.

We may need to study the following points:-

- Evolution of entrepreneurship in Mizoram.
- Importance and role of entrepreneurs in Mizoram economy.
- Importance of entrepreneurship awareness for budding and prospective entrepreneurs.
- Challenges faced by entrepreneurs in Mizoram.
- Suggestions for developing entrepreneurship in Mizoram.
- Identification of potential trade sectors.
- Constraints faced by the budding and potential entrepreneurs.

After studying the structure, function and contribution of Mizoram Khadi and Village Industries for promotion of entrepreneurship, we may concluded that the State Government may take initiative by prioritising Khadi and Village Industries sector, and the work culture adopted in the organisation may be revised. It also appears that the existing funding may not facilitate much improvement for generating adequate employment. Therefore need is being felt to contact other funding partner to achieve efficiency and sustainable economic development for promotion of entrepreneurship in the state.

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## APPENDIX - I

### Questionnaire for Trainees under MKVIB

1. How do you come to know about this training programme?  
**Advertisement      Friends                      Others**
2. Who has made a decision to choose your trade?  
**Myself                      Faculty                      Others**
3. Have you obtain the concept of entrepreneurship from this training programme?  
**Yes                      No                      No Idea**
4. Do you actually plan to set-up your own enterprise after completion of this programme ?  
**Yes                      No                      No Idea**
5. Have you acquired necessary knowledge and skills for setting-up your own enterprise?  
**Yes                      No                      No Idea**
6. Do you really make use of variuos subjects/topics from this training programme  
**Yes                      No                      No Idea**
7. Are you satisfied with your trainer/faculty?  
**Yes                      No                      No Idea**
8. After this programme, will you be able to acquire self-confidence to start your own enterprise.  
**Yes                      No                      No Idea**
9. Write down one or two points on how you benefit the training programme
10. Write down one or two points on how you are not satisfied on the training programme

APPENDIX - II

**Questionnaire for Officials**

1. Do you think you have recieved adequate fund from KVIC to conduct training programmes?

**Yes                      No                      No Idea**

2. Do you think you have recieved adequate plan fund from the Government of Mizoram annually.

**Yes                      No                      No Idea**

3. Do you think you have sufficient man-power to cater the fund you have recieved for conducting various training programmes?

**Yes                      No                      No Idea**

4. Do you think that various programmes conducted by you have an impact for promotion of entrepreneurship development.

**Yes                      No                      No Idea**

5. Do you think that various training programmes conducted by you have generated enough sustainable economic activities so far.

**Yes                      No                      No Idea**

6. What is your biggest constraint for helping entrepreneurs?

Confidential

Name.....

Designation.....



**ANNEXURE**

**The Mizoram Khadi & Village Industries Act, 1982**

**Government of Mizoram**  
**Department of Industries**

**NOTIFICATION**

No.LJD.122/82/66, the 29<sup>th</sup> April, 85. The following Act of the Mizoram Khadi & Village Industries which received the assent of the President of India, is hereby published for general information.

Mizoram Act No. 3 of 1985

The Mizoram Khadi & Village Industries Act, 1982  
(Received the assent of the President on 20.3.85)

(as amended by 1<sup>st</sup> Amendment Act 1986)  
(Mizoram Act No.1 of 1988)

AN  
ACT

to provide for better organization, development and regulation of Khadi & Village Industries in the Union Territory of Mizoram and for establishment and constitution of Khadi and Village Industries Board for the said Union Territory, and for matters connected therewith and incidental thereto.

Be it enacted by the Legislative Assembly of Mizoram in the Thirty-third Year of Republic of India as follows :-

CHAPTER 1

**PRELIMINARY**

- Short title  
extent and  
commence-  
ment
1. (1) This Act may be called the Mizoram & Village Industries Board Act, 1982.
- (2) It extends to the whole of the Union Territory of Mizoram
- (3) It shall come into force on such date as the Government may be notification in the Gazette appoint.
- Definitions.
2. In this Act, unless the context otherwise requires
- (a) "Board" means the Mizoram Khadi & Village Industries Board, established under Section 3;
- (b) "Chairman" means Chairman of the Board;
- (c) "Commission" means the Khadi & Village Industries Commission established under section 4 of the Khadi and Village Industries Commission Act, 1956 (Central Act 61 of 1956);
- (d) "Gazette" means the Mizoram Gazette ;
- (e) "Government" means the Government of Mizoram ;
- (f) "Khadi" means any cloth woven on handlooms in India for cotton, silk or woolen yarn-handspun in India or from a mixture of any two or all such yarns and includes readymade garments made out of such cloths ;

(g) "member" means a member of the Board :

(h) "prescribed" means proescribed by rules made under this Act ;

(i) "regulations" means the regulations made by the Board under this Act ;

(j) "Village Industries" means -

(a) all or any of the Industries specified in the Schedule to the Khadi and Village Industries Commission Act, 1956, and includes any other Industry deemed to be specified in the said schedule by reason of a notification issued by the Central Government under Section 3 of the said Act; and

(b) any other industry specified in this behalf by the Government, notification in the Gazette, in consultation with the Commission and the Board.

(k) "Union Territory" means the Union Territory of Mizoram.

## CHAPTER II

## MIZORAM KHADI AND VILLAGE INDUSTRIES BOARD

**Establishment and incorporation of Board** 3. (1) With effect from such as the Government may, by notification in the Gazette, fix in this behalf, there shall be established a Board to be called the Mizoram Khadi & Village Industries Board.

(2) The Board shall be a body corporate having perpetual succession and a common seal with power to acquire, hold and dispose of property and to contract and may, by the said name, sue and sued.

**Constitution of the Board** 4. "4. (1) The Board shall consist of not more than eleven numbers who will be appointed by the Government.

(2) The Board shall consist of a Chairman appointed in the manner specified in sub-section

(3) and not less than 5 and not more than 10 other members as the Government may appoint. One of the members shall be a nominee of the Commission and the other will be appointed from

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\* Original version of Sec. 4.

(1) The Board shall consist of such number and members as the Government may appoint

(2) One of the members of the shall be appointed by the Government as the Chairman of the Board.

(3) The Government may appoint one of the other members as the Vice-Chairman who shall exercise such of the powers and perform such of the duties of the Chairman as may be prescribed or as may be delegated to him by the Chairman.

(4) The Government shall after consultation with the Board, appoint one of the other member (other than the Chairman and the Vice-Chairman) as the Secretary of the Board

amongst the Officers of the Government concerned with the Khadi & Village Industries Programmes and some persons having experience and faith in Khadi and Village Industries Programme.

(3) Unless otherwise decided by the Government, the Minister Incharge of Khadi & Village Industries shall be the Chairman of the Board. When any other person is appointed by the Government as Chairman, it shall be done in consultation with the Commission.

(4) The Government may appoint one of the other members as the Vice-Chairman.

(5) The Government shall, after consultation with the Board, appoint one of the other members (other than the Chairman and the Vice- Chairman) as the Secretary of the Board.

**Vacancy.**

**5.**

(1) The Chairman, the Vice Chairman, the Secretary or any other member of the Board may, at any time resign his office by submitting his resignation in writing to the Government.  
Provided that the resignation shall not take effect until it is accepted.

(2) In the event of any vacancy in the office of a member of the Board by reason of death, resignation or removal such vacancy shall be filled up by appointment by the Government and the member appointed in such vacancy shall hold office for the unexpired term of his predecessor.

**Allowance to Member**

**6.**

(1) The Chairman, the Vice-Chairman, the Secretary or any other member of the Board shall receive such allowances and at such rates as may be prescribed ;

(2) The allowances to the members shall be paid from the fund of the Board; provided by the Government of Mizoram for the purpose for establishment expenses.

(3) The Board may delegate such of its financial powers as it deems necessary, to the officers of the Board incharge of Administration for establishment expenses.

Appointment of Financial Adviser and Chief Accounts Officers 7. "The Government, shall, on the recommendation of the Commission, appoint a person not being a member of the Board to be the Financial Adviser and Chief Accounts Officer of the Board, who shall exercise such powers such powers and perform such duties as may be prescribed. He shall hold office for such period as the Government may, by general or special order, direct and unless otherwise directed by the Government he shall receive his salary and allowances from the fund of the Board."

Appointment of Chief Executive Officer 8. (1) The Government may in consultation with the Board, appoint an officer of its own to act as the Chief Executive Officer of the Board. He shall hold Office for such period as the Government may, be general or special order, direct and unless otherwise directed by the Government he shall receive his salary and allowances from the fund of the Board.

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\* Original version of Sec. 7.

The Government may appoint a person not being a member of the Board, as Financial Adviser and Chief Accounts Officer of the Board. He shall hold office for such period as the Government may, by general of special order, direct and unless otherwise directed by the Government, he shall receive his salary and allowances from the fund of the Board.

(2) Subject to the general control and supervision of the Secretary, the Chief Executive Officer shall –

(a) be responsible for the implementation of the plans and programmes of the Board.

(b) be responsible for administration of the fund and maintenance of accounts of the Board.

(c) submit periodical progress report, receipts and expenditure statement and balance sheet to the Board.

(d) be the Controlling Officer of the members of the staff of the Board.

Proceedings 9. No act or proceeding of the Board shall be questioned  
9 presumed or be invalidated merely by reason of any vacancy in  
to be good its membership on account of resignation, death or  
and valid otherwise or by reason of any defect in the  
constitution thereof.

Temporary 10. (1) The Board may associate with itself in such  
association manner and for such purposes as may be determined  
of persons by regulations made under this Act, Any person whose  
with the assistance or advice it may desire in complying with  
Board for any of the the provisions of this Act.  
particular  
purposes

(2) A person associated with the Board under sub-section (1) for any purpose shall have the right to take part in the discussions of the Board relevant to that purpose, but shall not have the right to vote and shall not be a member for any other purpose.

(3) The Governor may, by order, depute one or more Officers of the Government to attend any meeting of the Board and to take part in the discussions of the Board, but such Officers shall not have the right to vote.



Meeting of the Board 11. (1) "The Board shall meet at least once in a month. The Chairman may fix the date, time and place of such meetings.

Provided that when the Chairman, in consultation with the Secretary or Chief Executive Officer, decides that an emergency meeting of the Board should be called in the interest of the Board, he shall fix date, time and place for the same."

(2) The Chairman shall preside over the meeting of the Board and in his absence the Vice-Chairman and in the absence of both, a member elected-in the meeting from among the members shall preside.

(3) All questions at a meeting of the Board shall be decided by the majority of the votes of the members present and voting and in the case of and equality of votes of the members present and voting and in the case of and quality of votes the Chairman or in his absence the Vice-Chairman and in absence of both the member presiding, shall have a second or casting vote.

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\* Original version of Sec. 11

(1) The Board shall meet and shall, from time to time make arrangements with respect to date, time, notice, management and adjournments of its meetings as it thinks fit. Such meetings shall be held at least once in every three months.

Provided that when the Chairman, in consultation with the Secretary or Chief Executive Officer, decides that an emergency meeting of the Board should be called in the interest of the Board, he shall fix date, time and place for the same.

(4) The proceedings of the meeting of the Board shall be forwarded to the Government and the Commission within fifteen days of every meeting.

Term of Office and conditions of services of the Chairman, Vice Chairman, Secretary and other members of the Board.

12. The term of Office and the terms and conditions of services of the Chairman, the Vice Chairman, the Secretary and other members of the Board shall be such as may be prescribed.

Powers, duties and functions of the Chairman, Vice-Chairman & Secretary

13. \*13. (1) The Chairman of the Board shall preside over the meetings of the Board. The Chairman may also take certain decisions when the Board is not in session such decisions, however, shall be placed before the next meeting of the Standing Finance Committee of the Board or before the next meeting of the Board for ratification where the Board or the Standing Finance Committee, as the case may be, have such powers.

(2) The Vice-Chairman shall exercise such of the powers and perform such of the duties of the

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\* Original version of Sec. 13.

(1) The Chairman of the Board shall preside over the meeting of the Board and shall take decision when the Board or the Executive Committee is not in session.

(2) The Vice-Chairman, if any appointed shall in the absence of the Chairman, exercise all the powers of the Chairman or such powers as may be deligated to him by the Chairman.

(3) The Secretary shall exercise each powers and discharge such duties as may be prescribed or as may, from time to time, be deligated to him the Government or by the Chairman.

Chairman as may be prescribed or as may be delegated to him by the Chairman.

(3) The Secretary shall exercise such powers and discharge such duties as may be prescribed or as may, from time to time, be delegated to him by the Government or by the Chairman."

- |   |     |   |
|---|-----|---|
| Appointment of Officers & Staff of the Board and conditions of their services | 14. | (1) The Board may appoint such other Officers and staff as it may consider necessary for the efficient discharge of its functions.<br><br>(2) The remuneration, allowances and other conditions of services of the officers and members of the staff of the Board shall be such as may be determined by the Board.  |
| Standing Finance Committee  | 15. | The Board may constitute from among the members of the Board, a Standing Finance Committee relating to finances of the Board. The proceedings of the Standing Finance Committee shall be sent to the Government and the Commission within 15 days.  |
| Appointment of other Committee  | 16. | The Board may, from time to time, appoint one or Committees for the purposes of securing the efficient discharge of its functions and in particular, for the purpose of securing that the functions are discharged with due regard to the circumstances and requirement of Khadi or any particular Village Industry. Such Committees may be appointed for any particular areas. |
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**\* Original version of Sec. 15.**

The Board may constitute from among the members of the Board a Standing Finance Committee relating to finances of the Board

## CHAPTER – III

## POWERS AND FUNCTIONS OF THE BOARD

**Functions of the Board** 17. (1) It shall be the duty of the Board to encourage, organize, develop and regulate Khadi and Village Industries and perform such functions as the Government may prescribe from time to time.

(2) Without prejudice to the generality of the provisions of sub-section (1), the Board shall also in particular discharge and perform all or any of the following duties and functions, namely :

(a) to start, encourage, assist and carry on Khadi & Village Industries and to carry on trade or business in such industries and in the matters incidental to such trade or business ;

(b) to help the people by providing them with work in their homes and to give loans and other form of monetary help to individuals, registered cooperative societies and registered institutions.

(c) to encourage establishment of co-operative societies for Khadi and Village Industries, and Handicrafts.

(d) to conduct training centre's and to train people with a view to equipping them with the necessary knowledge for starting or carrying on Khadi and Village Industries.

**\* Original version of Sec. 17 (2) b.**

To help the people by providing them with work in their homes and to give loans and other form of monetary help to individuals or registered societies or registered institutions on such terms as may be prescribed.

- (e) (i) to manufacture tools and implements required for carrying on Khadi & Village Industries and to manufacture the products of such Industries;
- (ii) to arrange for the supply of raw-materials and tools and implements required for the same purposes; and
- (iii) to sell and to arrange for the sale of the products of the said industries.
- (f) to arrange for publicity and popularizing of finished products of Khadi and Village Industries by opening stores, shops, emporis or exhibitions and to take similar measures for the purpose ;
- (g) to Endeavour to educate, public opinion and to impress upon the public, the advantages of patronizing the products of Khadi and Village Industries;
- (h) to seek and to obtain advice and guidance of experts in Khadi and Village Industries.
- (i) to undertake and encourage research work in connection with Khadi and Village Industries and to carry on such activities as are incidental and conducive to the objects of this Act;
- (j) to discharge such other duties and to perform such other functions as the Government may direct for the purpose of carrying out the objects of this Act.

General Powers of the Board.

18. The Board shall, for the purpose of carrying out its functions under this Act, have the following powers, namely :

(i) to acquire and hold such moveable and immoveable property as it deems necessary and to lease, sell, or otherwise transfer ay such property :

Provided that any lease, sale, mortgage, hypothecations or other transfer to any persons or authority other than the Commission of any immovable property belonging to the Board shall be null and void unless it is sanctioned by the Government;

(ii) to incur expenditure and undertake any work in any area in the Union Territory for the framing and execution of such schemes as it may consider necessary for the purpose of carrying out the provisions of this Act, or as may be entrusted to it by the Government;

(iii) to borrow money from the Commission and also to hypothecate or mortgage properties as securities against the loans; the Board may also borrow money from other source, like Banks, and may give first or subsequent charge on its assets to the lenders. The Government (which in the instant case will mean the Central Government) shall guarantee repayment of loans on due date or on demand by the Commission.

(iv) to write off minor irrecoverable losses as provided for under section 35 of this Act.

Powers to 19. (1) The Board may enter into and perform all such contracts makes contracts as it may consider necessary or expedient for carrying out any of the purposes of this Act.

(2) Every contract shall be made on behalf of the Board by its Chairman.

Provided that the Chairman may, by an order in writing, delegate his powers in this behalf to the Vice-Chairman, Secretary or Chief Executive Officer.

(3) Every contract made on behalf of the Board shall, subject to the provisions of this section, be entered into in such manner and form as may be prescribed.

(4) A contract, not executed in the manner provided in this section and the rules made thereunder and or common seal of the Board not fixed thereto, shall not be binding on the Board.

Powers of 20. In the performance of its functions under this Act, the Board the Commission shall be bound by such directions as the Commission may give to it from time to time in the implementation of direction Schemes financed by the Commission.

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**\* Original version of Sec. 19 (4)**

A contract not executed in the manner provided in this section and the rules made thereunder, shall not be binding on the Board.

## CHAPTER IV

## PROGRAMMES OR SCHEMES OR WORKS

- Preparation and submission of programmes.** 21. (1) In each year, on such date as may be fixed by the Government, the Board shall prepare a programme of work and forward it to the Government and the Commission.
- (2) The programme shall contain -
- (a) Particulars of the schemes which the Board proposes to execute whether in part or whole during the next year;
- (b) Particulars of any work or undertaking which the Board proposes to execute during the next year for the purpose of carrying out its functions under this Act; and
- (c) Such other particulars as may be prescribed.
- Sanction of programme** 22. The Government may, in consultation with the Commission, approve and sanction the programme in whole or part or with such modifications as it deems fit the Government shall also inform the Commission or the programme sanctioned by it to the Board.
- Supplementary programme** 23. The Board may prepare and forward a supplementary programme for the sanction of the Government in such form and before such date as the Government may prescribe and the provisions of section 22 shall apply to such supplementary programme.
- Powers of the Board to alter schemes** 24. The Board may, with the previous approval of the Government, make any alteration in any scheme so long as the aggregate amount sanctioned for the scheme is not exceeded :
- Provided that for alteration of any scheme financed by the Commission, approval of the Commission, shall be necessary :
- Provided further that a report of the alteration shall be sent to the Commission in such form and within such time as may be prescribed.

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**\* Original version of Sec. 19 (4)**

The Board may, with the previous approval of the Government, make any alteration in any scheme so long as the aggregate amount sanctioned for the scheme is not exceeded. A reports of the alteration shall be sent to he Commission in such form and within such time as may be prescribed.

## CHAPTER V

## FINANCE, ACCOUNTS AUDIT AND REPORTS

- Transfer of Property** 24. The Government may transfer to the Board, buldings, lands or any other property, whether movable or immoveable for use and management by the Board on such conditions and limitations as the Government may deem fit for the purposes of this Act.
- Funds of the Board** 26. (1) The Board shall have its fund and all receipts of the Board shall be credited thereto and all payments by the Board shall be met therefrom.
- (2) The Board may accept grants, subventions, donations and gifts and receive loans from Government or a local authority or any body or association whether incorprated or not, or an individual for all or any of the purposes of this Act. It may also create reserves for irrecoverable loans in direct trading activities. The management of the reserve fund shall be in such manner as may be prescribed.
- (3) All moneys belonging to the fund of the Board shall be deposited in a Government Treasury or the State Bank of India, or the Mizoram Co operative Apex Bank Ltd., or any other Bank, approved by the Government :
- Provided that it will not be necessary for all the moneys to be kept in any one Bank or Treasury.
- (4) The accounts of the Board shall be operated upon such Officers jointly or individually as may be authorized by the Board.
- Application of fund and property.** 27. All property, fund and other assets of the Board shall be held and applied by it subject to the provisions, and for the purposes of this Act.
- Subventions and loans to the Board.** 28. (1) The Government may, from time to time, make subventions and grants to the Board for the purposes f this Act on such terms and conditions as the Government may determine in each case. Establishment expenditure of the Board will be the responsility of the Government. Similarly, the Government may grant subvention compensating irrecoverable debts.



(2) The may from time to time, with the previous sanction of the Government and subject to the provisions of this Act and such conditions as the Government may determine, borrow any sum required for the purposes of this Act.

Provided that the previous sanction of the Government shall not be necessary to borrow any sum from the Commission.

**Budget**      29. (1) The Board shall, by such date, in each year as may be prescribed, prepare and submit to the Government for approval the Budget in the prescribed form for the financial year showing the estimated receipts and expenditure in respects of Khadi & Village Industries resopectively during the financial year. The Board shall forward a copy of the budget to the Commission for information and comments, if any.

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**\* Original version of Sec. 28**

(1) The Government may from time to time, make subventions and grants to the Board for the purposes of this Act on such terms and conditions as the Government may determine in each case.

Establishment expenditure of the Board will be the responsibility of the Government and the Commission. Similarly, they may grant subvention compensating irrecoverable debts.

(2) Subject to the provisions of sub sections (3) and (4), no sum shall be expended by or on behalf of the Board unless such expenditure is covered by a specific provision in the budget approved by the Government.

(3) Provided that no re-appropriation from the head 'loan' to any other head of expenditure and vice versa in the budget shall be sanctioned by the Board.

(4) The Board may, within such limits and subject to such conditions as may be prescribed, re-appropriate and incur expenditure in excess of the limit provided in the budget approved by the Government under any head of expenditure or in connection with any particular scheme so long as the aggregate amount in the budget approved by the Government is not exceeded.

Provided that prior approval of the Commission shall be necessary for re-appropriate ,of funds where the Commission has sanctioned the scheme/programme.

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**\* Original version of Sec. 29 (3) & (4)**

(3) The Board, within the respective limits of the budget, sanction any re-appropriation from one head of expenditure to another or from a provision made for one scheme to that in respect of another.

Provided that no re-appropriation from the head 'loan' to any other head of expenditure and vice versa in the budget shall be sanctioned by the Board except with the previous approval of the Government and the Commission.

(4) The Board may within such limits and subject to such conditions as may be prescribed incur expenditure in excess of the limit provided in the budget approved by the Government under any head of expenditure or in connection with any particular scheme so long as the aggregate amount in the budget approved by the Government is not exceeded.

- Supplementary Budget** 30. The Board may submit a supplementary budget for the sanction of the Government in such form and before such date as the Government may prescribe and the provisions of section 29 shall apply to such supplementary budget.
- Annual Report** 31. (1) The Board shall prepare and forward to the Government in such manners as may be prescribed an annual report within three months from the end of a financial year giving a complete account of its activities during the previous financial year alongwith a copy of the annual statement of account referred to in section-33.
- (2) The Board shall prepare and forward to the Commission an annual report within three months from the end of financial year giving a complete accounts of the funds received by the Board from the Commission and the activities carried on by the Board from and out of such fund during the previous financial year.
- (3) The report received by the Government under sub section (1) shall be laid before the legislative Assembly of Mizoram as soon as may be after it is received by the Government. The Board shall send a copy of this annual report to the Commission within one month from the date the same is laid before the Legislative Assembly of Mizoram.
- Returns & Reports** 32. (1) The Board shall furnish to the Government and the Commission at such time and in such form and manner as may be prescribed or as the Government or the Commission may direct, such returns and statements and such particulars in regard to any proposed or existing programme for the promotion and development of Khadi and Village Industries as the Government or the Commission, as the case may be, may, from time to time, require.
- (2) Without prejudice to the provisions of sub-section (1), the Board shall, as soon as possible after the end of each financial year, submit to the Government a report in such form and before such date as may be prescribed, giving true and full account of its activitiesd, policy and programme during the previous financial year.
- (3) All returns, statements and particulars furnished by the Board to the Government under sub-section (1) shall be laid before the Legislative Assembly of Mizoram as soon as may be after they are received by the government.

**Accounts  
& Audit**

33. (1) The Board shall cause proper accounts and other records in relation thereto to be kept, including a proper system of internal check, and prepare an annual statement of accounts including the Profit & Loss Account and the Balance Sheet in such form as may be prescribed by the Government in consultation with the Comptroller and Auditor General of India.

(2) The accounts of the Board shall be audited by the Comptroller and Auditor General of India or by such persons as he may authorize in this behalf and any expenditure incurred by him in connection with such audit shall be payable by the Board to the Comptroller and Auditor General of India, from out of the fund provided by the Government.

(3) The Comptroller and Auditor General of India and any person authorized by him in connection with the audit of the accounts of the Board shall have the same rights, privileges and authority in connection with such audit as the Comptroller and Auditor General of India has in connection with audit of Government accounts and in particular shall have the right to demand the production of books of accounts, connected vouchers and other documents and papers and to inspect any of the offices of the Board.

(4) The accounts of the Board as certified by the Comptroller and Auditor General of India or any other persons authorized by him in this behalf together with the audit report thereon shall be forwarded annually to the Government and the Commission and the Government or the Commission may issue such instructions to the Board in respect thereof as it deems fit and the Board shall comply with such instructions.

(5) The Government shall -

(a) cause the accounts of the Board together with Audit Reports thereon forwarded to it under sub-section (4) to be laid annually before the legislative Assembly of Mizoram; and

(b) cause the accounts of the Board to be published in the prescribed manner and make available copies thereof on sale at a reasonable price.

(6) In case the accounts of the Board are not audited by the Comptroller and Auditor General of India or persons authorized by him these may be audited by Chartered Accountants approved by the Board and the Commission.

- Recovery of arrears.** 34. If any amount due to the Board in accordance with the terms of a contract or otherwise or any sum payable in connection therewith, has not been paid, the Board may without prejudice to any other remedy provided by law, recover such amount or sum as arrears of land revenue.
- Power to Write off losses** 35. The Board shall be competent to write off losses upto Rs.500/- in individual cases and exceeding Rs.5000/- in the aggregate in any financial year in cases falling under all or any of the following categories :-  
 (a) loss of irrecoverable value of stores or of public money due to theft, fraud or such other cause;  
 (b) loss of irrecoverable advance other than loans; and  
 (c) deficiency and depreciation in the value of stores.
- Dissolution of the Board 36. (1) If any time the Government is satisfied that – (a) the Board has without reasonable cause or excuse made default in the discharge of its duties or in the performance of its functions imposed or entrusted by or under this Act, or exceeded or abused its power; or  
 (b) circumstances have so arisen that the Board is rendered unable or may be rendered unable, to discharge its duties or perform its functions under this Act; or  
 (c) it is otherwise expedient or necessary to dissolve the Board, the Government may, by notification in the Gazette dissolve the Board for such period which may extend by further notification as may be specified in the notification and declare that the duties, powers and functions of the Board shall during the period of its dissolution be discharged, exercised and performed by such person or authority, as may be specified in the notification.
- Provided that the Government shall, before dissolving the Board give reasonable opportunity to it to show cause against the proposed action.
- (2) The Government shall before the expiration of the period of dissolution, reconstitute the Board in accordance with the provisions of sections 3 and 4.

(3) The Government may make such incidental and consequential provisions as may appear to them to be necessary for giving effect to the provisions of this section.

(4) Any notification issued or order made by the Government under this section shall not be questioned in any court of law.

(5) On the Board being dissolved under sub-section (1) -

(i) all properties and funds, which immediately before the said date were in the possession of the Board for the purposes of this Act shall vest in the Government.

(ii) all members, with effect from the date of the notification under sub-section (1), shall vacate and be deemed to have vacated office as members of the Board; and

(iii) all right, obligations and liabilities (including and liabilities under any contract) of the Board shall become the rights, obligations and liabilities of the Government.

- Members of the Board and Officers and servants of the Board to be public servants .** 37. Members of the Board and Officers and servants of the Board shall be deemed when acting or purporting to act in pursuance of any of the provisions of this Act to be public servants within the meaning of section 21 of the Indian Penal Code.
- Protection of action taken under this Act.** 38. No suit, prosecution or other legal proceedings shall lie against the Government, the Board or an officer or person for anything which is in good faith done or purported to be done by or under this Act.
- Powers to make rules.** 39. (1) The Government may, by notification in the Gazette make rules to give effect to the provision of this Act.
- (2) In particular and without prejudice to the generality of the foregoing powers, such rules may provide for all or any of the following matters namely :-
- (a) the place at which the office of the Board shall be located;
- (b) the term of office of, and the manner of filling casual vacancies among, the members of the Board and the terms and conditions of service of the Chairman, Vice Chairman, the Secretary and other members of the Board, including the salaries and allowances to be paid to them and traveling and daily allowances to be drawn by them;
- (c) the disqualifications for membership of the Board and procedure to be followed for removing a member who is or become subject to any disqualifications;
- (d) powers and duties to be exercised and performed by the Chairman and the Vice Chairman.

(e) the conditions subject to which and the mode in which contracts may be entered into by or on behalf of the Board;

(f) constitution of the Standing Finance Committee;

(g) the procedure to be followed in the performance of functions by members of the Board.

(h) the powers and duties to be exercised and discharged by the Secretary, the Financial Adviser and the Chief Executive Officer of the Board;

(i) the date by which and the form in which the budget and the supplementary budget shall be prepared and submitted in each year under sections 29 and 30.

(j) the procedure to be followed for placing the Board in possession of funds;

(k) the procedure to be followed and the conditions to be observed in borrowing moneys and in granting loans;

(l) the form and manner in which the returns, reports or statements shall be submitted under Section 32;

(m) the form and manner in which the accounts of the Board shall be maintained under section 33; and

(n) any other matter which has to be or may be prescribed.

**Regulations 40.** (1) The Board may, with the previous sanction of the Government by notification in the Gazette, make regulations not inconsistent with this Act and the rules made thereunder, for enabling it to perform its function under this Act.

(2) In particular and without prejudice to the generality of the foregoing power such regulation may provide for all or any of the following matters namely ;-



(a) the terms and conditions of appointment and service and the scales of pay of officers and servants of the Board other than the Secretary including the payment of traveling and daily allowances in respect of journeys undertaken by such officers and servants for the purposes of this Act;

(b) the time and place of meetingd of the Board, procedure to be followed in regard to transaction of business of such a meeting;

(c) functions of committees and the procedures to be followed by such committees in the discharge of their functions ;

(d) the delegation of powers and duties to the Standing Finance Committee, Secretary or any employee of the Board;

(e) the maintenance of minutes of meeting of the Board and the transmission of copies thereof to the Government and the Commission ;

(f) the persons by whom and the manner in which payments, deposite and investments may be made on behalf of the Board;

(g) the custody of moneys required for the current expenditure of the Board and the investment of moneys not so required; and

(h) the maintenance of accounts.

(3) The Government may, by notification in the Gazette, rescind any regulations made under this section and thereupon, the regulations shall cease to have effect.

**Laying of rules and regulations in the Legislative Assembly.**

**41.** Every rule or regulation made under this Act shall be laid, as soon as may be after it is made, before the Legislative Assembly of Mizoram while it is in session for a total period of seven days which may be comprised in one session or in two successive sessions, and itf, before the expiry of the session in which it is laid or the session immediately following the Legislative Assembly of Mizoram

makes any modification in the rule or regulation, or the Legislative Assembly of Mizoram decides that the rule or regulation shall thereafter have effect only in such modified form or be of no effect, as the case may be; so however, that any such, modification or annulment shall be without prejudice to the validity of anything previously done under the rule or regulation.

Repeal of Assam Act of 1955 as adapted in Mizoram 42. The Assam Khadi and Village Industries Board Act, 1955 as adapted in Mizoram is hereby repealed.

**ABSTRACT**

**On**

**MIZORAM KHADI AND VILLAGE INDUSTRIES BOARD  
FOR PROMOTING OF ENTREPRENEURSHIP**

**A Dissertation Submitted to the Mizoram University in partial fulfilment of the  
requirement for the award of the Degree of Master of Philosophy in  
Public Administration (School of Social Sciences)**

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**AIZAWL, MIZORAM**

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## ABSTRACT

### Introduction

Khadi is a hand spun and woven material made from cotton, silk and woollen yarn. It is a mixture of any two or all such yarn. In India, khadi is not just a cloth, it is a whole movement started by Mahatma Gandhi, promoted an ideology that Indian could be self reliant on cotton and be free from the high priced goods and cloths which the British were selling to them. Under the guidance of Mahatma Gandhi, the provisional activity of khadi was started in 1922. Khadi programme was thus closely link with the struggle for freedom.

Village industries otherwise cottage industries provide immediate large-scale employment and offer a method of ensuring a more equitable distribution of national income and facilitate an effective mobilization of capital resources and skill. Mahatma Gandhi, the father of the nation had once said that “India lives in villages and its true spirit lives in rural India.” Mahatma Gandhi was not in favour of heavy and large industries. The reason is that large-scale industries can increase production but cannot provide employment to the millions of poor rural Indians. According to him, the crying need of India is production by masses through rural entrepreneurship and not mass production by heavy industries.

The focus of rural entrepreneurship or village industries is therefore very clear that it can produce self-employment opportunities to the millions and thus,

reduce unemployment. It can also augment employment avenues for others in backward areas and bring in balanced regional development to alleviate poverty.

Rural entrepreneurship or village industries can be simply defined as entrepreneurship emerging at village level which can take place in a variety of endeavour such as business, industry, agriculture and acts as a potent factor for economic development. In short, it implies rural industrialization consisting mainly of agro-based industries, khadi and village and cottage industries.

The Mizoram Khadi and Village Industries Board (MKVIB) was established in March 1986 by an Act of Assembly i.e. The Mizoram Khadi and Village Industries Act 1982. It is a statutory and promotional body, but having a power to take up trading and business activities for the benefits of its registered village industries units so as to promote village industries. The MKVIB has dual source to manage its affairs. KVIC provides all the fund in the name of loan and various promotional activities. All the Establishment fund is met by the state government.

The MKVIB tries to cover the whole state by opening its Branches to each district. Though attempts have been made, they still could not set up offices in two district, i.e. Serchhip and Saiha District due to financial constraint. Besides opening Offices in District headquarters, MKVIB also is having other important set up in Saitual and Zemabawk. For processing sugarcane, Gur and Khansari Plant which later renamed as KVI Growth Centre was established in Saitual in 1992.

This Centre is now defunct and converted to Growth Centre due to certain problem like difficulties in supply of raw materials and other related problems.

The Multi-Disiplinary Taining Centre(MDTC) Zemabawk was started in the year 1987 and function till today.This training centre usually conducted training under different trades and giving employment to more than 100 entrepreneurs every year. This Centre also accomodate training under RSETI in collaboration with State Bank of India. The MDTC also accomodate trainees under National Urban Livelihood Mission(NULM) by signing agreement with UD&PA Department, Government of Mizoram

The MKVIB has a retail outlet in Aizawl in the name of Aizawl Sales Emporium.This emporium is design to meet the objective for which the organisation exist. Different handmade products and handloom items are sold to different places within and outside the state.

### **Scope of the study**

The present study covers the origin and history of Mizoram Khadi and Village Industries Board (MKVIB) and the important role played by the Board in promoting various entrepreneurs through different programmes.

The MKVIB has implemented various central government programmes and schemes in the state. This provides an in-depth study on the programmes and schemes implemented by the MKVIB for generating employment and rendering support to the entrepreneurs.

It focused mainly on how the entrepreneurs benefited through different schemes undertaken by MKVIB, highlight the constraints and challenges faced by MKVIB for promotion of entrepreneurship in the state.

### **Objectives of the study**

The present study have the following objectives:

- To study the structure and functions of Mizoram Khadi and Village Industries Board (MKVIB)
- To examine the policies and training programmes of MKVIB
- To analyze the role played by MKVIB for promotion of entrepreneurship
- To study problems faced by MKVIB for the promotion of entrepreneurship and suggest suitable measures.

### **Research questions**

The following research questions have been formulated for the purpose of the study:

1. What are the structure and functions of Mizoram Khadi and Village Industries Board (MKVIB) ?
2. What are the different policies and programmes undertaken by MKVIB?
3. What role does the MKVIB play for promotion of entrepreneurship?
4. What are the possible suggestions for solving the problems faced by MKVIB in promoting entrepreneurship?

## **Methodology**

Primary and secondary data is used to collect necessary data for the present study.

Primary data has been collected through questionnaire and unstructured interview with the officials. Two sets of questions were prepared for the officials and for the beneficiaries. Unstructured interview is applied only when necessary to acquire additional information.

The secondary data has been collected from various journals, newspapers, related literatures, statistical handbooks, official records, MKVIB annual reports, published and unpublished documents and related websites.

## **Chapterization**

- Chapter I - Introduction.
- Chapter II - Structure and Functions of Mizoram Khadi and Village Industries Board (MKVIB).
- Chapter III - Mizoram Khadi and Village Industries Board – Role in promoting Entrepreneurship.
- Chapter IV - Results and Discussion.
- Chapter V - Conclusion.



## **Summary of the study**

The first chapter is an introductory chapter. It deals with how the research work would be carried out. Therefore it starts with introducing the meaning of Khadi and how it is related with village industries and rural entrepreneurship. It also introduces the concept of entrepreneurship and how industry or entrepreneurship comes under the purview of KVIC. It also contains Research Problem, Review of related literature, Objectives of the Study, Scope of the Study, Research Questions, Methodology and Chapterisation.

The second chapter focused on the structure and function of MKVIB. It begins with how the state is being categorized as '*no industry state*' and thereby involvement of MKVIB for generating employment is a necessity. This chapter highlights the organisational structure of the head office of MKVIB with pictorial chart and its district offices dispersed over the state. It also highlights other important activities set up and owned by the organisation such as the workings of MDTC Zembawk, KVI Growth Centre Saitual and Sales Emporium at Aizawl.

In the third chapter, an attempt has been made to study the role of MKVIB for promotion of entrepreneurship in the state. The role of entrepreneur in generation of employment and their role in economic development is also mentioned. The relationship between entrepreneurship and Khadi and Village Industries and how the MKVIB is an agent to implement the programme of KVIC is also discussed. The last part of this chapter deals with different activities undertaken by MKVIB for promotion of entrepreneurship.

The fourth chapter provides an analysis of the response to the interviews and the questionnaires both by the officials and the beneficiaries. These questions have been framed to give answers to the research questions on the function of the organisation and different policies and programmes undertaken by the organisation has contributed to the promotion of entrepreneurship in the state.

The Last chapter deals with summary of the study, Major findings and suggestions along with areas for further research.

### **Major findings and suggestions.**

The Mizoram Khadi and Village Industries Board programme holds great potential for generating gainful employment opportunities for the urban and rural poor. To examine various issues, this study relied primarily on the data base generated through a sample survey collected from the officials and from the beneficiaries. The data from published sources as well as those from the office of the MKVIB were also collected and analysed. Accordingly, the following observations were concluded.

By observing data collected, it is understood that the officials are not content with the normal fund received from KVIC while they are contented with the contribution made by the State Government. The nature and pattern of fund and programmes are keep on changing and the State Board has to adjust themselves to implement such schemes accordingly.

While analysing the present strength of the organisation, the respondents also stated their views that the present strength of manpower in the organisation is

adequate to meet the ongoing programmes. The researcher feels that the work culture adopted by the organisation is not up to the expectation. Downsizing of manpower and introduction of professional approach to management will definitely improve the present conditions of the Board.

With regard to the role played by the MKVIB for promotion of entrepreneurship, attempt have been made to acquire information on whether the programmes and schemes implemented by the organisation have generated sustainable economics activities so far. It was found out from the respondent and information collected through 'the success story', inspite of its poor performance in the repayment of loan and unsatisfactory execution of PMEGP, it still holds great potential to generate employment.

While analysing data, it was found out that there are some problems faced by the organisation as mentioned below:

### ***Lapse of Fund***

There is a mis-match between selection of beneficiaries by the selection committee and the funding agency. The District Task Force committee is empowered to select the eligible candidate. The selected candidates are often rejected by the funding agency thereby causing return of un-used amount allotted by the Central Government.

### ***Poor infrastucture***

The existing infrastucture of the organisation is very poor. The Old Assam Type structure which was constructed in 2007 need reconstruction. The

machineries and tools used for the training purpose are also outdated. Non-availability of improved technologies and repairing facilities have all contributed in different degrees to the present sorry state of affairs.

***Lack of awareness***

The fund receive by the organisation for the awareness campaign is very meagre. This results in the poor performance and does not meet upto the expectation of far reaching effects to represent the grassroot level of representation from the whole society.

***Financial problem***

Insufficient financing is always a problem which hampers the functioning of the organisation. The KVIC normal fund has stoped and replace by the new schemes of PMEGP which have many drawback in its implementation as mentioned earlier.

***Marketing problem***

The product of MKVIB in Khadi sector and Handloom and Handicraft sector could not compete with the prevailing market requirement. The finish product collected from the artisans and marketed by the MKVIB are outdated in comparison with the product from private firms.

***Poor repayment of loan.***

The MKVIB used to give assistance in the name of KVIC(normal),CBC, SEP, and NSTFDC. The poor performance in repayment of such loan resulted in poor performance of Bank in giving fresh loan to the artisans.

### ***Monitoring***

There is no proper monitoring mechanism. Therefore, it does not generate realistic picture of employment, production, number of functional units and utilisation of government assistance.

### **Suggestions**

There is a scope for the MKVIB to enhance their efficiency and ability to promote entrepreneurship in the state. The on-going scheme received from the central government is not adequate to solve unemployment and uphold the condition of entrepreneurship in the state. Therefore, the following points are suggested for improvement.

#### ***Financing Mechanism***

An entrepreneur seeking for financing facilities is always encounter with difficulties in obtaining Bank finance even after being selected by the selection committee. The procedures for selection should be revised so as to ensure easy financing facilities for approved schemes.

#### ***Monitoring Mechanism***

There is no proper monitoring mechanism in the existing system. Therefore it is suggested that there should be a proper monitoring mechanism so as to generate realistic picture of employment, functional units and reliable information to touch the grassroot realities.

### ***Convergence with other line departments***

The main objectives of MKVIB is to train artisans and make them stand on their own for sustainable growth. Meanwhile, various government departments have come up with the same motives and vision of empowering the people for creation of new enterprises. The initiatives of MKVIB would be more fruitful and have meaningful impacts if these schemes are converged to MKVIB's purview by the authority.

### ***State-of-the-art infrastructure for Training***

Funds for restructuring and reengineering of this infrastructure may be sourced from the Government of Mizoram's newly introduced New Economic Development Policy (NEDP). Apart from NEDP, fund may be managed from the Ministry of DoNER under its Non-Lapsable Central Pool of Resources (NLCPR) .

### ***Policy restructuring by the state government***

The government of Mizoram needs to take proactive and concrete steps to promote entrepreneurship in the state. The Khadi and Village Industry sector is given priority in the Central Government. The state government should restructure its industrial policy and prioritised this sector.

### ***Handholding-Support Services to artisans***

MKVIB should also take up the challenge of guiding and handholding of first generation artisans and entrepreneurs for setting-up their micro enterprises. The Government of India introduced a scheme called "Rajiv Gandhi Udhya

Mitra Yojana” which means “Rajiv Gandhi Entrepreneurs’ Friends Scheme.” This initiatives would really paved the way for promotion of entrepreneurship in the state.

***ASPIRE (Scheme for promotion of Innovation, Entrepreneurship and Agro-Industry)***

The ASPIRE can be implemented by MKVIB for promotion of innovation, entrepreneurship and Agro-Industry with one time grant of 50% of cost of Plant and Machinery. Assistance can also be obtained towards the training cost of potential and prospective entrepreneurs and innovators.

***SFURTI (Revamped Scheme of Fund for Regeneration of Traditional Industries)***

Implementation of SFURTI scheme is urgently required by the state. Most of the artisans and micro-entrepreneurs doesn’t afford to buy advanced and modern tools and equipments to improve their products. SFURTI scheme has the provision to set-up not only Cluster approach but also Common Facility Centre where modern tools and equipments would be installed and utilized by these people.

The present study is the first attempt that focus on the role of Mizoram Khadi and Village Industries Board for promotion of entrepreneurship. The study may facilitate a better understanding of the organisation and provide a useful information for future researcher.