

FINANCING OF MICRO ENTERPRISES IN MIZORAM: AN ANALYTICAL STUDY ON GOVERNMENT SCHEMES

**THESIS SUBMITTED IN FULFILLMENT OF THE DEGREE OF
DOCTOR OF PHILOSOPHY IN MANAGEMENT**

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DECLARATION

I, J. Daizova, hereby declare that the thesis entitled '*Financing of Micro Enterprises in Mizoram: An Analytical Study on Government Schemes*' is the record of the work carried out by me that the content of this thesis did not form any basis for the award of any previous degree to me or, to the best of my knowledge, to anybody else, and the thesis has not been submitted by me for any research degree in any other institution/University.

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CERTIFICATE

This is to certify that “*Financing of Micro Enterprises in Mizoram: An Analytical Study on Government Schemes*” by J. Daizova has been written under my supervision.

He has fulfilled all the required norms laid down under Minimum Standards and Procedure for Award of M.Phil/Ph.D. of UGC Regulations 2009. The thesis is the result of his own investigations. Neither the dissertation as a whole nor any part of it was ever submitted to any University for any research degree.

(Prof. L. S. Sharma)
Supervisor

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ACRONYMS

CCIS	: Central Comprehensive Insurance Subsidy
CCIS	: Central Capital Investment Subsidy
CCIS	: Central Comprehensive Insurance Subsidy
CED	: Central Excise Duty
CGFSE	: Credit Guarantee Fund for Small Enterprises
CIS	: Central Interest Subsidy
CTS	: Central Transport Subsidy
DIC	: District Industry Centre
ERDF	: European Regional Development Fund
ESF	: European Social funds
EU	: European Union
GDP	: Gross Domestic Product
GSDP	: Gross State Domestic Product
IHDS	: Integrated Handloom Development Scheme
KVI	: Khadi and Village Industry
KVIB	: Khadi and Village Industry Board Industrial Training centre
KVIC	: Khadi and Industry Commission
MIFCO	: Mizoram Food and Allied Industries Corporation
MKVIB	: Mizoram Khadi and Village Industry Board
MSME	: Micro, Small and Medium Enterprise
MSMED	: Micro, Small and Medium Enterprise Development
NCEUS	: National Commission for Enterprise in Unorganised Sector
NEC	: North East Tern Council
NER	: North Eastern Region
NEDFi	: North Eastern Development Finance Corporation Ltd.
NMCC	: National Manufacturing Competitiveness Council
PMEGP	: Prime Minister Employment Generation Programme
PMRY	: Prime Minister Rozgar Yojana
PWCOS	: Primary Weavers Co-operative Society
RICS	: Rural Industrial Centre Services
SEFC	: Small Enterprise Financial Centre
SFURTI	: Schemes of Funds Generation of Traditional Industries

SIDBI : Small Industrial Development Bank of India
SIDO : Small Industrial Development Organization
SME : Small and Medium Enterprise
SSI : Small Scale Industries
TBSE : Technology Bureau for Small Enterprise
UNIDO : United Nations Industrial Development Organization
ZIDCO : Zoram Industrial Development Corporation limited
ZOHANCO : Mizoram Handloom and Handicraft Development Corporation Limited

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CHAPTER -I

INTRODUCTION

1.1 Introduction to Entrepreneurship

Entrepreneurship in the service and manufacturing sector has emerged as an important sector for the development of a country. Entrepreneurship has established its credibility in improving income, through increase in productivity, generation of employment, enhancing export and creating economic equality to the people.

The small enterprise sector played an important role for the development of the economic activities in advanced countries like Japan, Germany, Great Britain and United States of America. Many nations recognized that the micro enterprise sector is a useful vehicle for the growth of economic conditions of the country, which helps in increasing per capita income and employment in the country. Especially in developing countries, the microenterprise is one of the most important wheels of economic development because it provides immediate large scale employment and contributes to comparatively higher labour capital ratio (Hallberg, 2000). The small enterprises need a shorter gestation period and relatively smaller market to be economically viable; needs lower investment, ensuring an equal distribution of national income which facilitates the effective mobilization of capital resources and skills, which might otherwise remain unutilized and promote more diffused pattern of ownership location. Conscious about the unique features of entrepreneurship, governments in both industrialized and developing countries provide a wide variety of programmes to assist small and medium scale enterprises.

1.2 Financing an Enterprise

Finance is the lifeblood and nerve centre of every business that keeps the enterprise dynamic. Any kind of business activity depends on the finance. Hence, it is called as lifeblood of business organization. Every business whether small or big need financial sources to acquire fixed assets, start its operations and pay salaries to employees. Even existing business has working capital requirements as well as for expansion needs. Finance function encompasses application of technology, infrastructure, business strategies and models, policies and debt – equity mix in the company.

Availability of timely and adequate financial assistance is *sine qua non* for fostering any sector including microenterprise. Like any other sector, micro entrepreneur needs two types of funds:

a. Term Capital or Long-Term Funds

b. Working Capital or Short-Term Funds

Term capital or long-term funds are required for the creation of fixed assets like land, building, plant and machinery and other capital assets. Working capital is the fund that an entrepreneur needs to carry on for the day-to-day businesses like purchase of raw materials, electricity, water and payment of wages and salaries, etc. (DCSSI, 1971; SIDBI, 1999). Even though various programmes have been introduced for the development of enterprises, getting capital is still the main struggle of the small enterprises. Finance is the lifeblood of any enterprise but availing easily is difficult due to the perception that small business is risky and usually are not successful in their endeavour. This perception has become the barriers for small enterprise in getting financial resources.

Every new start-ups need to raise capital in order to implement their new ideas. Cross sectional differences in the ability of capital markets to select and finance the most promising entrepreneurs may lead to important differences in entrepreneurship and productivity growth across economies. To meet the diverse financial requirements of small entrepreneurs, a number of institutional arrangements have been made by the Government of India, over a period of time. The Government of India introduced various financial assistance policies to promote and meet the diverse financial needs of the Small and Medium Enterprise (SME) sector. The exclusive 'policy measures for promoting and strengthening small, tiny and village enterprises' emphasized the need for shifting from subsidized/cheap credit to adequate flow of credit (Ministry of Industry, 1991).

During 2000, the central and the state government has introduced various subsidy schemes to encourage the entrepreneurs to development an enterprise and to increased employment through entrepreneurship.

Micro, Small and Medium enterprises play a key role in the economic condition particularly in industrial development of the country. In terms of manufacturing output, the total contribution the MSME sector comes to 42.02 percent in the year of 2006-07, 41.98 percent in 2007-08, 40.79 percent in 2008-09, 39.63 percent in 2009-10, 38.50 percent in 2010-11, 37.47 percent in 2011-12, 37.33 percent till the year ended 2013 respectively. One of the major indicators of the contribution on economic development of the country is the trend of opening new enterprises in the country. Rural development will be successful only when it

goes along with the development of human resource, employment generation and infrastructural development. States in the north east India has been facing with many problems of unemployment, militancy and still lagging behind other states in infrastructure development. Absence of industrial establishment is considered to be one of the reason for economic backwardness of this region. So far the participation of private sector undertaking in employment generation is very low and most of the peoples cannot rely as a livelihood on it (Meetei & Deepakkumar, 2012). In this connection, Prime Minister Employment Generation Programme (PMEGP) is playing an important role in generation of employment opportunities through rural industrialization. Therefore, it is necessary to study the rural industrial activities as an instrumental approach for reducing the emerging problems of increasing unemployment and poverty in rural areas.

1.3 Review of Concept and Literature

The literature survey implies a critical examination of the published and unpublished works related to the topic of the study. A review of various literatures imparts knowledge to the researcher and enables the researcher to define the frontiers of the selected field.

Many scholars has been attempting to define entrepreneurship, but there is a lack of commonly agreed definition and exist variety of different definitions depending on the differences in policy choice that each implied. Although several literature are available the concept of innovation or risk taking as a necessary element for entrepreneurship is unclear. For example, if the risk taking is the essence of entrepreneurship then government might wish to establish the public-venture capital funds to promote especially risky projects. On the other hand, if the innovation is the primary essence of entrepreneurship, the entrepreneurial promotion policies may need to focus on establishing public research institutes to perform basic science research to disseminate the results of scientific research carried out. Due to the chronicles of literature available on entrepreneurship, the students of entrepreneurship fails to agree what they are studying (Gartner, 1988; Hubert and Link, 1989) or does self-employment suffices, or whether self-employment and ownership of a small business firm are equally entrepreneurial (Ulijn and Brown, 2003).

Studies also showed that two role of entrepreneurship were focussed that is the static role of coordination with factor of production and secondly dynamic role of innovation and creation. A number of literatures available are on the definition of entrepreneurship, but the definition that appeared in the subject was legion and chronicles extensively by Herbert and Link

(1989). To make it simpler, the study may re-group into four groups (i) entrepreneurship as innovation (ii) entrepreneurship as risk taking (iii) entrepreneurship as stabilizing force (iv) entrepreneurs as founding, owning and managing small business.

The first view of entrepreneurship viz., entrepreneurship as innovation is associated with Schumpeter (1934) who placed an entrepreneur at the centre of his theory of economic development. To Schumpeter, an entrepreneur is an innovator who carried out new combination of economic development, which are new methods of production, developing a new product, identifying new markets, developing new source of supply, and developing new organizational forms thus becoming the dynamic agents of change in the economy (Luiz, 2008). Although the risk forms an inherent part of entrepreneurs, Schumpeter's definition distinguished not by his risk bearing ability but by his insight and vision. The Schumpeterian theory emphasises on substantial innovation which includes a little or simple changes in production process to meet the demand of new environment. As such, this definition is relatively narrow. In addition to this, the Schumpeterian definition for entrepreneurship is quite restrictive. The definition assume that the entrepreneur launched his innovation from an initial state of equilibrium and that is the stability of the initial state that allow the entrepreneurs to gather necessary data to plan and implement his innovation (Schumpeter,1934, cited in Loasby, 1991).

A second definition of entrepreneurship as a risk bearing function is associated with Cantillon (1928). According to him, the economic vitality is dependent on ventures that are inherently risky, but the willingness to take risk is distributed scarcely. The definition implied that those who have ability and willingness to take risks are classified as entrepreneurs. While running a business, the entrepreneurs may often be involved in innovation which is not their foresight or technical knowledge viz., the essence of entrepreneurship, but rather a simple feature of their preference structure, their relatively low disinclination to risks, which enable them to undertake innovation that others are not willing to attempt.

The third definition of entrepreneurship as a stabilizing force that moves market towards equilibrium is associated with Kirzner (1973). Israel Kirzner has express his view of entrepreneurship most clearly, building on Friedrich von Hayek's discussion on the role of private knowledge achieving equilibrium (Hayek, 1937 and 1946 cited in Loasby, 1991). In contrary to Schumpeter's entrepreneur, Kirzner views disequilibrium as the only environment in which the entrepreneurs can act. In disequilibrium view of entrepreneurs, the economy is full of errors in resource allocation that can be exploited profitably by prospective entrepreneurs. By exploiting these opportunities, essentially by serving as arbitrageur seizing

something obtainable for nothing (Kirzner, 1973), therefore, the entrepreneurs eliminate disequilibrium.

The other major definition of entrepreneurship as a founding or owning and operating a business which has not been found much in literature review but surfaces often as an empiricist's definition, which gives the practical difficulties in identifying the theories of Schumpeterian 'innovation and risks taking definition in an economy'. Instead, the empiricists often defines entrepreneurs are those who have started business within several years or even simple owners –operator of firms. The implicit definition gains greater currency as empiricists survey this population and use their data to identify the characteristic of entrepreneurs.

All of the above definitions have their own weaknesses, however, the Schumpeterian definition may leave little room for innovation that are not in the technological or organizational cutting edge and adaptation of older technologies to developing country context. The Schumpeterian theory of initial equilibrium also became increasingly more difficult in a world constantly disturbed by technological shocks. The other definition of stabilizing force makes the entrepreneurs little more than astute reader of markets equilibrium mechanism but neglected how the entrepreneurs discover and exploited markets opportunities or how a firm survives its entrepreneurial character of innovation. The entrepreneurship as a risk taking neglects other major elements of what we usually think as an entrepreneur like well developed ability to recognise unexploited market opportunities. Finally the empiricists entrepreneurs denies the possibility of entrepreneurial behaviour by established firms not merely a manager who does not have an equity stake but also entrepreneurial direction by an owner or manager who did not established their business.

In response to the traditional definition of entrepreneurship which had been neglecting the entrepreneurial behaviour by an established firm, the modern management writers have come up to examine the entrepreneurship within the existing organization. Firstly, Peter Drucker (1985) defines entrepreneur as the one who always search for changes, respond to it, and exploit it as an opportunity. This definition can be classified as under Schumpeterian camp although his emphasis on systematic management and creativity inducing organizational structure; he also considered innovativeness is to be more creative than an innate. Many other definition of entrepreneurship does not fit as easily into the existing frame work.

The other definition which is alternative to the traditional definition and takes into account the weaknesses of traditional definition is offered by Jones and Sakong (1979) in their study of Korean entrepreneurship. According to them, entrepreneurship consists of mobilizing other

resources to meet unfulfilled market demand but in a way that neither as narrowly technological as Schumpeterian entrepreneurship nor as dependent on inner farsightedness. In addition to this, entrepreneur plays a market supplementing role by providing inputs themselves. This broader definition reflects views that are also prominent in the recent management literature on entrepreneurship. Timmon (1989) also compliment the definition of market supplementing where he defines entrepreneurship as ‘the ability to create and build something from practically nothing’ while Stevenson (1985) combines both the innovation theories and managerial roles of the entrepreneurs in his definition. According to him, entrepreneurship is ‘process of creating value by pulling together a unique package of resources to exploit an opportunity’. A number of economists had commented entrepreneurship in the perspective of modern economic development. It is evident from the studies conducted by Thurik *et al.* (2002), Wennekers *et al.* (2002), Audretsch and Thurik, (2004), Parker, (2004). An attempt was made to introduce the variable ‘entrepreneurship’ whatever it may be in subfields of economics like labour economics, economics of growth and economic development, industrial organization, enterprise policy, applied micro, and business economics, among others. The entrepreneurship has attracted the interest of the policy makers because it is assumed to enhance economic growth (Carree and Thurik, 2003; Acs *et al.* 2004; Audretsch and Kailbach, 2004; Van Praag and Versloot, 2007).

There have been various studies on entrepreneurship developments. It was Cantillon (1755) who coined the term “entrepreneurship” in French. The term entrepreneurship was translated into English as “Merchant”, “Adventure” or “Employer” precisely it means “ The undertaker of the project”. J.B. Say (1803) also identified entrepreneurship as the possession of certain skills for creating the new economic enterprise and exceptional insight to satisfy the society needs. Later John Stuart Mill (1848) analyzed the necessity of entrepreneurship in the private sector. According to the Social Science Encyclopaedia by Adam Kuper and Jessica Kuper (1985), the term “Entrepreneur” seems to have been introduced in economic theory. Another definition of entrepreneurship recognized the term ‘entrepreneurship’ as a profession.

In the opinion of the economist, the entrepreneurship development has been related to the growth of economics. In regard to this opinion, many scholars like, Adam Smith (1775), J Schumpeter (1934) and Cantillon (1755) etc, have highlighted the stage of economic growth relating to the growth of entrepreneurship.

According to Adam Smith (1775) in his famous book 'Wealth of Nation', the entrepreneur reacted to economic change, there by becoming the economic agents who transformed economic change.

Development Commission for Small Scale Industry (DCSSI, 1971) make a report called Small Scale Industries, the report states that Small Scale Industries (SSI) has some familiar problems with other countries and possibly the most basic problem is the lack of adequate capital and credit facilities for sustaining their growth and development. Credit is an essential input for industry, more so in the case of SSI which has a fragile capital base. Recognizing the importance of SSI and its need for sufficient credit facilities from institutional sources, Indian policy makers have formulated several suitable measures from time to time.

Mehta (1976) discussed the role of financial institution and central and state level agencies in the new strategy for developing SSI. He states that the central incentives such as tax concession, subsidies and more of assistance on concessional terms by the national financial institute have all contributed to the developmental process. The incentive measure of central taxation has been most effective, subsidies have been effective but there is a need for simplification of the process for making it available to the project. The study finds that the state assistance also plays an important role; however, it may be further desirable to provide selective facilities for attracting industries to the backward region to compensate the promoters and the project.

Ashouri, Singh and Setty (1977) had conducted a study on entrepreneurial and managerial needs in the North Eastern Region (NER) of India. The study stated that in order to promote entrepreneurship, the social infrastructure is to be taken care of in term of community education, identification, selection, training and supporting of new entrepreneurs and sustaining the tempo of entrepreneurship institutionally and socially.

Uddin (1989) describe that the development of an enterprise is a complex process, influenced both by external and internal factors. Internal factors originate in the policies and the attitude of the enterprise while managing their business. Such internal factors arising from internal policies which is amenable timely, adapted to the change in business condition. External factors are beyond the control of business enterprise. They alone account for unpredictability of return and risk assumed by the entrepreneurs

Sharma (1991) suggested that entrepreneurship breeds entrepreneurship. The interplay of banking and entrepreneurship has rich potentialities to spur in the industrial development by encouraging congruous nexus between agriculture and entrepreneurship.

Colney (1997) highlight the importance of finance and education. The study finds that the financial capacity as well as the educational background and level of industrial orientation of entrepreneurs are equally important for the production efficiency of the business unit. Stating that in Mizoram, the bulk of industrial entrepreneurs are financially weak, technologically inefficient, improvement of the quality of industrial labour force as well as financial assistance schemes is needed.

Mutha (1999) studied the management of working capital in rural and small industries. The study finds that the effective management of working capital contributes to the success of business, while inefficient management can lead not only to loss of profit, but also ultimate downfall.

Irniraya (1999) highlighted the policy measures for the promotion of small scale units sector taken by the central and the state government which try to address the basic requirement of this sector. He tries to study the variables of credit, marketing, technology, entrepreneurship development or fiscal financial or infrastructural support. The study found that support to small industries usually is universal phenomenon and exist in various forms as in other parts of the world, whether developing or developed.

Wang (2004) finds that small scale industry on the whole has bright prospects, but due to individual enterprise's Achilles' heel in scale and boundaries in personnel, information, management and especially financing; the development of these enterprises does not take off smoothly.

Onugu (2005) had conducted a study on the problems of small and medium enterprise (SMEs) in Nigeria. He states that SMEs have played and continue to play significant roles in the growth and development and industrialization in many economies over the world. In the case of Nigeria, SMEs have performed below expectation due to a combination of problems which ranges from attitude and habits of SMEs themselves even though environmental related factors, instability of governments and frequent Government policy changes and somersaults.

Laskar (2007) studied industrialization in Mizoram focusing opportunities, growth and content of small scale industry. He states that trade demand and availability of local resources should be utilized. Training institute, extension of basic infrastructure facilities, promotion of entrepreneurship spirit amongst the educated youth, maintenance of peace and harmony in the state are some of the pre-requisites for creating conducive atmosphere in the state for entrepreneurial development.

Jurgens (2009) studied about the Turkish entrepreneurs saying that the obstacles of Turkish entrepreneurs may be linked to not having enough money as reserve, not being able to offer collateral, not producing anything that has a “high value”, not having a turnover or balance sheet that is convincing to the local bank manager, or in the case of start-ups, not having a product idea or the required own investment to get going.

According to Khanka, (2009) entrepreneurs are primarily motivated by the need for economic achievement, personal growth, autonomy and recognition. The desire to contribute to the community was not found to be an important reason to become an entrepreneur. No significant difference was found in the motivations of men and women entrepreneurs. He also states that entrepreneurial motivation also changes with entrepreneurial experience. The most interesting finding was the dramatic change in autonomy and power motives as to the change with entrepreneurial experience over time.

Dutta and Bargee (2009) commented on the characteristic of entrepreneurship. The modern business environment is characterized by increased scrutiny of ethical practices. Given the ubiquitous role of small businesses and their expanding realm in the globalize era, it is becoming imperative that these enterprises reckon with the ethical dimension of business on a much more stringent basis. The issues of business ethics, which were primarily addressing to the problems of large corporations, are gradually encompassing the small enterprises. With the use of empirical data, the researcher tested whether proprietorship or partnership firms in the Kolkata district of West Bengal are more inclined to indulge in unethical practices in comparison with limited companies. The study found that proprietorship and partnership firms tend to be more ethically complaisant than the limited companies.

Ogechukwu (2008) studied various policy actions by the government, governmental agencies and the private sector to promote SMEs in Nigeria. The study recognizes marketing as major problem and relevant solution to the growth of SMEs. They also retrace the historical development and orientation of SMEs in Nigeria and discussed the role of the Nigerian

government as a participant, regulator and facilitator, both legally and politically for the growth of SMEs.

Satyanarayan and Kumari (2011) studied the industrial sickness in India focussing on causes, consequence and cures. The paper finds that industrial sickness in small scale industries is not a regional problem; rather it is a global problem now. Especially the role of government, financial institutions and developmental agencies are vital to tackle the problems of industrial sickness.

Bansal and Kumari (2012) studied the impact of micro finance on poverty reduction in India. The paper argues that micro finance can be considered an importance element for an effective poverty reduction strategy. It shows that access and efficient provision of micro credit can enable the poor to smooth their consumption, better manage their risk, gradually build their assets, develop their micro enterprise, enhance their income earning capacity and enjoy an improve quality of life.

1.4 Entrepreneurship Development in Global Scenario

Entrepreneurship development plays major role in economic development of the country. In European Union countries (EU), entrepreneurship development work is carried out in accordance with rules and laws framed by the union. Small and Medium sized enterprises are considered as backbone for the European economy and offer best potential jobs. The European Union is working with the government aiming to help to achieve the goals. The EU provides a single point of contact so that they can help in setting up a company anywhere in Europe within a week. Conscious of the needs of the financial means to make difference, EU has increased its funding to SME. The EU support to SME venture is available in different forms such as grants, loans and guarantees. Support is available either directly or through programmes managed at national and regional level. The assistance schemes in European Union are of four types:

- 1) Thematic funding:** The funding is mostly focussed on the environment, design and implementation of the European Commission by various departments. It is applied directly for the programmes.
- 2) Structure funds:** The structure funds called European Regional Development Fund (ERDF) and European Social Fund (ESF) are the largest funding instruments with mostly thematic programmes and community initiative implemented in the region. The beneficiaries of the structure funds received direct contribution to finance their projects.

- 3) **Financial instruments:** The financial instruments are mostly available indirectly via national financial intermediaries. Many of them are managed by the European Investment fund.
- 4) **Support for the internationalization of SMEs:** The assistance mainly consists of intermediary organizations and/or public authorities in the fields of internationalization in order to help SMEs to access markets outside EU.

1.5 Entrepreneurship in India

The Small Scale Industries (SSIs) sectors are considered to be one of the major dynamic forces for economic development in the developing countries. It is evident in the contribution made in generating employment and income and contribution to the gross domestic product of the country. The rapid growth of industrialization in India was found only after attaining Indian independence, so this period can be called the period of Indian industrial revolution. The beginning of the modern factory in India took place only after the second half of the 19th century. Before 1850, there was an attempt of setting up factories in India by the pioneer effort made of the Europeans and got success because of political privilege and control over the organized money market (Batra, 2009). In the middle of the 19th century, the Indian nation had started developing business community. Gadgil (2009) notes that Gujarat and the erstwhile Saurashtra were the most urbanized and developed tracts in the whole India with a contentious inflow of foreign trade. Amongst the Indian origin, the first person to think on manufacturing on modern factory was Mr. Ranchad Lal Chota Lal but failed in his first attempt (Batra, 2009). In Oct. 1905, the Swadesh Company was launched in Gujarat and that induce the investment on industrial activities. A large number of new banks were established during the same period. After Indian independence, the government of India recognized the need for planning and setting infrastructure development as first priorities to accelerate the industrial development. The government came forward with various incentives and Industrial Policy 1948 provided guidelines for industrial and entrepreneurial development. In order to expand a dynamic MSME sector in the country, various policy reforms has been launch from time to time. Some of the policies are:

1. A single comprehensive legislation for the promotion, development and enhancement of the competitiveness of the MSME sector i.e., Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 came in to effect from October 2006.

2. National Manufacturing Competitiveness Council (NMCC) was set up to energize and uphold the growth of manufacturing industry, new promotional package for MSMEs and focus on accelerating development of clusters.
3. The revised strategy of lending and introducing of newer measures such as the scheme to established Small Enterprise Financial Centre (SEFC) for strategic alliance between branches of banks and Small Industrial Development Bank of India (SIDBI) located in 388 clusters identified by ministry of Small Scale Industry (SSI)
4. Promotion and financial support for credit cum performance rating by MSME sector in India, to facilitate greater and easier flow of credit from the banking sector to SMEs.
5. The national Commission for Enterprises in the Unorganised Sector (NCEUS) has been set up as an advisory body and in the productivity of these enterprises for generation of large scale employment opportunities on a sustainable basis particularly in the rural areas.
6. Facilitation of technology transfer through the Technology Bureau for Small Enterprises (TBSE).
7. The Scheme of Fund Generation of Traditional Industries (SFURTI) was introduced
8. Guarantee coverage under Credit Guarantee fund for Small Enterprises (CGFSE) expanded substantially.
9. Credit linked Capital Subsidy Scheme for technological up gradation.
10. In Khadi and Village Industry (KVI), two new schemes have been launched namely work shed scheme for khadi artisans with a view to providing assistance for construction of work-shed for khadi artisans for ensuring better work environment and the scheme for enhancing productivity and competitiveness of Khadi Industries and Artisans to assist 200 khadi institutions to make khadi industry competitive, market driven and profit oriented through replacement of obsolete and old machinery and equipment etc (Ahmad, 2013).

Other than that of above policies, the government took initiative in promoting the entrepreneurship in the country with the introduction of various incentive schemes, which may vary from state to state. The government incentives are of two type, financial incentive and non-financial incentive. Finance is the life blood of any organization, the entrepreneurs' financial sources are mainly from two areas one is from own and the others is from borrowed, from money lender or relatives or governmental institutions. Since getting loan from the

financial institution for an ordinary person is a difficult task, the small entrepreneurs look up to government for the support, the government provides schemes, subsidies and other support. So, in this case the governmental incentive and financial assistance played a crucial role in promoting the entrepreneurship.

The Development Commissioner of Ministry of Micro, Small and Medium Enterprise defines small scale undertaking as per its notification made on 21.12.1999 that a small scale enterprise is 'an industrial undertaking in which the investment in fixed assets in plant and machinery whether held on ownership or on hire purchase does not exceeds Rs 10 million'. The concept of industry has now being change into enterprises and re-defined in terms of investment. The enterprise has been classified broadly into two categories. Enterprise that are engaged in manufacturing/production of goods pertaining to any industry and enterprise engaged in providing/rendering services. The manufacturing enterprise has been defined in terms of investment made in plant and machinery excluding land and building. It is further classified as under:

- 1) **Micro enterprise:** The micro enterprise are the enterprise whose investment made in plant and machinery is not more than 25 lakh.
- 2) **Small enterprise:** The enterprise whose investment in plant and machinery are not more than 5 crore and not less than 25 lakh.
- 3) **Medium enterprise:** The enterprise whose investment in plant and machinery are not less than 5 crore and not more than 10 crores (MSME, 1999).

The service enterprise is defined in terms of investment made in equipment excluding land and building. It is further classified as the following:

- 1) **Micro enterprise:** The enterprise whose investment made in equipment not more than 10 lakh.
- 2) **Small enterprise:** The investment made in equipment not less than 10 lakh and not more than 2 crore.
- 3) **Medium enterprise:** The medium enterprise is the enterprise whose investment in equipment is not more than 5 crore but not less than 2 crores. (MSME, 1999)

Like many other countries in India, the entrepreneurship and small scale industries are interlinked and generally have a common administrative body. There is a belief that small venture is more manageable and involve less risk. In India, Office of the Development Commissioner, Micro, Small and Medium Enterprise (MSME) and Small Industries

Development Organization (SIDO) are functioning as the nodal agency for small industries development. It was established in 1954 and supports for small industries growth.

1.6 Entrepreneurship Development in North East India

In the context of globalization, the north eastern region has been lagging behind in all fronts so as the technology aided articulation are concerned. The region is bountifully endowed with biodiversity, hydro power potential, oil and gas, coal, limestone and forest wealth. It is also suited to produce a whole range of plantation crops, spices, fruits and vegetable, flower and herbs, much of which can be processed and exported to the rest of the country and the world wide. The backwardness of the north eastern region in entrepreneurship may be responsible for some of the major reason likes, market and problems in transportation, power, infrastructure, finance, and services. The natural beauty of its serenity and rich flora and fauna attract tourist, so there is a good potential in tourism industry. Some of the others potential and strength of the north east region are as:

Tea: The north eastern region produces more than 50 percent of the tea in the country. Since tea is a plantation crop, the landscape and climate of the north east region is suitable for tea plantation. Assam is the largest tea producer among the states in India.

Bamboo: Bamboo plays an important role in rural economy. The region has an abundant bamboo resource. It may be due to the climate and heavy rainfall which is suitable for natural bamboo plantation. Through bamboo processing a large scale of employment can be generated.

Handloom and Handicraft: In the north eastern region, the KVI took initiative in developing the handicraft section. The tribal people in north east region have a unique experience in the field of handicraft. From time to time, handloom sector plays a vital role in the economic development of the north eastern region. The north east people have a rich tradition of handloom weaving. The total production of handloom in the north eastern region consists of around 1,145 million on annual basis.

Due to the geographical disadvantage of the north east region, there is a slow growth of development. Conscious about the geographical disadvantage and potentials, the central Government has made special treatment in allocation of schemes and has come up with special incentives for the enterprise in the north east region. Some of the central grant subsidies for the enterprise units available in the North East region are as follows:

- 1) **Central Capital Investment Subsidy (CCIS):** The scheme provides 15 percent subsidy from the investment made in respect of new unit or 15 percent of the additional investment in respect of substantial expansion (in Plant and Machinery) subject to a maximum ceiling of Rs. 30 lakhs.
- 2) **Central Interest Subsidy (CIS):** The scheme provides 10 per cent subsidy on the working capital advance to the industrial units by the scheduled banks, Central / State financial institution for a maximum period of 10 (ten) years from the date of commencement of production.
- 3) **Central Comprehensive Insurance Subsidy (CCIS):** Under this scheme the enterprise units can reimburse the initial premium paid by them.
- 4) **Central Excise Duty:** The central excise duty scheme envisage the provision for the enterprise units to refund of the amount of duty paid from the account current during the month under- consideration to the manufacturer, by the 15th of the next month.
- 5) **Central Transport Subsidy (CTS):** Under this scheme, the enterprise units are liable to reimburse 90 percent of the cost incurred for movement of raw materials from outside the state, both outside the north eastern region as well as inside the north eastern region. 90 percent of the transportation cost for export of finished products outside then north eastern region and 50 percent of the transportation cost for export of finished products outside the state but within the North Eastern Region.
- 6) **Support of North Eastern Council (NEC) for the promotion of industrialization in the north eastern region:** The NEC is providing 25 per cent subsidy of the Project Cost subject to a maximum limit of Rs.50 lakhs to small and tiny sector of industries with projects up to Rs. 500 lakhs.

Since the central government had given special attention to the industrial units in the north eastern region, a slight growth in enterprise and production is found.

1.7 Entrepreneurship Development in Mizoram

The growth of enterprise sector was experienced in Mizoram, despite the fact that topographical and geographical disadvantages of its location and coupled with under developed infrastructure and transport and communication bottle-neck. Power supply, transport, water supply and lack of raw material and skill inter alia played a significant role as the hindrance of slow industrial development in the state (Laskar, 2007). However, the state

government has given an immense effort to develop entrepreneurship in the state. The government introduced the New Industrial Policy (NIP) of Mizoram 2000, which state and aims to engineer rapid growth in the state by industrialization of the state for the fulfilment of various points like enrichment of the industrial growth potential in various sector, formation of suitable mechanism for attracting and growth of capital formation in Mizoram etc. Entrepreneurship sector became the vehicle for the growth of the state domestic product in Mizoram. The enterprise sector contribution in the state domestic products has been showing positive development. Services sector has a tremendous share in the gross domestic product, since the sector has an emerging growth in the state. The estimate of state domestic product is one of the most important single economic indicators to measure the overall economic development of the state. However, the enterprises are slowly gaining its momentum especially in service sector.

Table 1. Number of Registered Units per year in the period 2004-14

Year	No. of registered unit	No. of registered during the year	Investment made during the year	Employment
2004-05	6080	319	717.50	1116
2005-06	6395	315	661.50	1228
2006-07	6739	344	791.20	1376
2007-08	6944	594	593.00	594
2008-09	7431	487	866.30	4113
2009-10	7888	457	1978.29	3977
2010-11	8088	200	2164.50	1328
2011-12	8219	131	1072.985	906
2012-13	8341	122	1432.21	930
2013-14	8474	133	1349.59	800

Source; Economic Survey Mizoram 2013-14

The above table shows the numbers of enterprise units registered within the period of 2004-14. The numbers of units registered during the period is contentiously increasing, but fall in the last five years. During the years of 2004-05 the numbers of 319 units were registered, 315 units in 2005-06, 594 units in 2007-08, 487 units in 2008-09, 457 units 2009-10, 200 units in 2010-11 and 131 units during 2011-12, 122 units in 2012-13, 133 units in 2013-14 were registered. The amount invested for the periods of 2005-12 per year is also contentiously increasing. The total numbers of the enterprise units registered in 2014 were 8474 units. The

numbers of enterprise registered for the succeeding year of 2016 and 2017 has been estimated with the help of least square method. It is forecasted the entry of the new enterprises will increase nearby to 9854.92 and 10205.85 respectively.

Utilization of the available local resources is necessary for the development of entrepreneurship in the state. Establishing training institute, extension of basic infrastructure facilities, promotion of entrepreneurship spirit amongst the educated youth, maintenance of peace and harmony in the state are some of the pre-requisites for creating conducive atmosphere in Mizoram for entrepreneurial development.

Despite the low rate of registered unit in department of industries, the state government has taken a keen interest in developing entrepreneurship. Since Mizoram has a good potential for development of entrepreneurship, the state government has taken an initiative in many areas, the following are some of the major initiatives taken to improve the development of entrepreneurship in Mizoram.

1.7.1 Major Enterprises and Incentives in Mizoram

(1) Tea Industry: North east produce more than 50 percent of tea in the country. Tea being a plantation crops, it plays a vital role the development of socio economic of the state. Mizoram topography landscape, climate and rainfall are suitable for the development of tea industry. Therefore the government of Mizoram also taken initiative in developing tea industry, Tea processing factory is being installed at Ngopa village, Champhai district. Another tea processing factory is installed at Biate village, Serchhip district.

(2) Bamboo Processing: Mizoram has rich bamboo resources, the climate and topography is also suitable for growing bamboo. These resources become an income earner for the state. Keeping in mind, the potential of generating employment and income, the government of Mizoram has taken several steps in developing bamboo processing in Mizoram. The state government has established nine (9) bamboo clusters, and also developed three (3) round Agarbati stick making units at Lunglei, Haulawng and Sairang. The government also takes initiative on establishing two (2) units of bamboo slivers and mat making unit at Darlak and Bairabi, established bamboo pebble unit at East. Phaileng, bamboo charcoal and bamboo vinegar unit, and conduct training on handicraft items in association with United Nation Industrial Development Organization (UNIDO).

(3) Handloom and Handicraft

The Handloom and Handicraft wing was established in 1988 headed by Joint director of Industry Department. The wing is meant for the development of handloom and handicraft industry in Mizoram. It introduces a new technology and mechanism which replace and upgrade traditional loin weaving into fly shuttle loom which is more productive and saves time. The wing has also taken up various training programmes for skill up gradation of various artisans as below:

Table 2. Name of Activities, Capacity and duration of Training for Artisans of Handloom and Handicraft

Name of activities	Capacity per year	Duration	Remarks
Knitting & Tailoring	110	6 months	Stipend for trainee Rs. 500 & 2500 for post incentive
Weaving	80	6 months	
Cane & Bamboo	80	6 months	

Source: Compiled from Economic Survey of Mizoram 2012-2013

The wing has also implemented Integrated Handloom Development Scheme (IHDS) covering clusters i.e., Aizawl and Thenzawl clusters and 36 groups approached. Marketing incentive is one of the components of IHDS, is being implemented covering Primary Weavers Co-Operative Societies in the state (PWCOS).

(4) Food Processing

The central and the state government take an interest in the fields of food processing. The state conducts training and funding to improve the quality of food and meet demand. The state government's initiative to develop on this field has been observable. The government has form the council for promoting the food processing industries under the chairmanship of the Hon'ble Chief Minister to guide the executive committee in implementing food processing mission. An executive committee also has been constituted under the Chairmanship of Principal Secretary, Industries Department and the Director of Industries Department was appointed for the mission Director for the state mission on food processing. The state level empowered committee has also been constituted. The Mizoram Food processing Development Society also has been formed for the implementation of the schemes. Other than mentioned from above, many citizens in the state have set up their own enterprises, to

support their income and livelihood. Among them a number of entrepreneurs are dependent their livelihood on the sole income of their enterprise.

Since the enterprise sector has become the important wheel for the growth the state's economy, the government takes various initiatives for the promotion of the entrepreneurship in the state. The state introduced the new Industrial Policy 2000, which aims to engineer rapid growth in the state by Industrialization.

1.7.2 Opportunities of Mizoram Entrepreneurs: For the last couple of years India has witnessed the progress of economic condition in the world economy, the country Gross Domestic Product has been increasing. This has opened up a lot of opportunities for export from the country. The state of Mizoram must take this as an advantage in the various factors like, proximity to china which has emerged as the largest trading partners of India. Proximity to South East Asian countries have become important players for India in all trade and investment relation. Neighbour countries i.e. Myanmar and Bangladesh which have potential to become important trading partners for Mizoram and NER. Emergence of the state as the upcoming tourist destination, availability of domestic airport in the state, proximity to Kolkata airport and relatively small population are some of the advantages of the state in developing entrepreneurship. The state of Mizoram has distinct advantages in most of its horticulture and floriculture related produces. The state products could fetch the South East Asian countries. At the same time these countries are not very much far from the state. This is where the state should leverage its proximity to international markets and give concrete shape to the Look East Policy.

1.7.3 Institutional Support for Enterprises in Mizoram: According to Mizoram Industrial survey (2012), the enterprises in Mizoram has faced various constraints on their venture. Out of the total of 1656 units, 724 units (43.72%) has faced the problems of shortage of skilled workers, 386 units(23.31%) has faced the problem in shortage of un-skilled worker and 399 units (24.09%) has faced marketing problems and 1008 units (60.87%) has a problem on financial management, 1166 units (70.41%) has faced a problem on shortage of power supply, 426 units (25.72%) has faced a problem relating to production management and lastly 838 units (50.60%) had experience in modern technological problems. To overcome various problems various institutional support measures have been introduced as follows;

1. **Zoram Industrial Development Corporation Limited (ZIDCO):** It was set up in 1978 to aid, council, assist, finance, protect and promote the interest of the entrepreneurs in the state. The corporation provides term loans under the refinance schemes of the Small Industries Development Bank of India (SIDBI) and Industrial Development Bank of India (IDBI), Mizoram Khadi Village Industry Board (MKVIB) was established in 1982 to provide financial assistance to the traditional khadi, village and cottage industries and to create self employment for the people.
2. **Mizoram Handloom and Handicraft Development Corporation Limited (ZOHANCO):** It was set up in 1988. The main aim of ZOHANCO is to develop the age old handlooms and handicrafts sector in the state.
3. **Mizoram Food and Allied Industries Corporation (MIFCO):** It was established in 1989 to look after the development promotion and improvement of the processing and preservation of food, milk, fish, fruits and vegetable etc. The corporation has started food processing plant at Sairang, ginger oil and oleoresin plant at Sairang, maize milling centre at Khawzawl, food preservation factory at Vairengte and fruits juice concentrate at Chhingchhip.
4. **Khadi and Village Industry Board (KVIB):** Besides the PMEGP scheme, the KVIB rendered various service and conduct entrepreneurship training for the entrepreneurs. Various training centre were set up, technical support and marketing support is also the main function of the KVIB. Mizoram KVI Board provides Rural Industrial Centre Services (RICS) facilities for the benefit of entrepreneurs and artisans by opening RICS at Main Office. The entrepreneurs can approached the RICS in respect of preparation of project report, can ask guidance in implementation of project, support service from various organization and local authorities, supply of raw materials and machinery procurement, necessary inputs for the projects, help in quality control, packaging and designing and marketing support etc.
- 4) **Industrial Training Centre (ITC):** The government of Mizoram has also introduced Industrial Training Centre (ITC) for the people. Where the prospective entrepreneurs can take various course of study, and get trained to impart various skills and to become employable.

1.8 Significance of the Study

Among the twenty nine states in the country, Mizoram is one of the states situated in the north east corner of India. Mizoram is located between 21.58 degree north to 24.35 degree north latitude and 92.15 degree to 93.29 degree longitude. It occupies an area of great strategic importance as it is sandwiched between Burma now Myanmar and Bangladesh in the north eastern corner of India, it spreads over an area of 21,087 km; the length is 277 km north to south and 121 km east to west. Since Mizoram is located in the corner of India, it shares international boundary with Myanmar for about 404 km and with Bangladesh 318 km and national boundary with Manipur for 95 km, with Assam about 123 km and Tripura 66 km. Mizoram is a mountainous region spreading from north to south and covered with forest.

The growth of entrepreneurship in Mizoram was experienced after obtaining statehood in 1986 only, despite the fact that topographical and geographical disadvantage of its location and coupled with under developed infrastructure and transport and communication bottleneck. Power supply, transport, water supply and lack of raw material and skill inter alia played a significant role as the hindrance of slow entrepreneurial development in the state. However, the enterprises are slowly gaining momentum especially in service sector. Till the year of 2004-05 a numbers of enterprise units that accounts 6080 units were registered with the department of industries, from the year of 2005 every year new registration were obtained from the department. 315 units were registered in 2005-06; 344 units were in 2006-07; 394 units in 2007-08; 487 units in 2008-09; 457 units in 2009-10; 200 units in 2010 – 11; 131 units in 2011-12 were registered. This has been one of the big a achievement for the state like Mizoram who is very backward in industrialization and also named as ‘no industrial state’. Considering the backwardness of the state, various schemes for the development of the enterprise has been introduced within the state and a number of central schemes have also been utilized, but the knowledge and awareness about the schemes among the people in the state is very low. Some of the schemes which are presently applied in the state are, Prime Minister Employment Generation Programme (PMEGP), Central Transport Subsidy (CTS), Central Capital Investment Subsidy (CCIS) and state subsidies etc are the commonly schemes available in the state. Even though money has flowed in to the state for development of entrepreneurs within the state irrespective of the population, the growth of industrialization in the state of Mizoram is still in the initial stage and the state is still lagging behind in the industrialization.

1.9 Research Design

1.9.1 Statement of the Problem

The Directorate of Industry, Government of Mizoram and other nodal agencies viz., Khadi and Village Industry Commission, Khadi and Village Industry Board, District Industry Centre and Micro Small and Medium Institute provide loans, grants, subsidies etc. to the entrepreneurs. Although loans, grants, subsidies etc. may be provided to a numbers enterprise units during 2001-02 till 2010-11 (Directorate of Industries-Mizoram, 2011), the effectiveness of the funds invested has not been studied yet. Despite the high encouragement from the government sector, the rate of growth is not reflecting in the economic activities. Therefore, there is a need to study the sources and effectiveness of various government funds which are invested to the entrepreneurs in the state. For the purpose of this research work, three schemes have been selected which are presently working in the state of Mizoram. The specific schemes are as follows:

- 1) **Prime Minister Employment Generation Programme (PMEGP):** Prime Minister Employment Generation Programme (PMEGP) is a new credit linked subsidy programme implemented by Khadi and Village Industries Commission (KVIC) in the national level. It was introduced on 31st March 2008, by merging two schemes namely Prime Minister's Rojgar Yojana (PMRY) and Rural Employment Generation Programme (REGP), for generation of employment opportunities through establishment of micro enterprises in both rural and urban areas. This scheme is implemented by state KVIC, Khadi and Village Industries Board (KVIB) and District Industries Centre (DICs). The objective is to generate employment opportunities in rural and urban areas by setting up new ventures or micro enterprises, bringing together widely dispersed traditional artisans, rural and urban unemployed and providing continuous and sustainability employment to a large segment of traditional and prospective artisans to prevent from migration of rural artisans to urban artisans.
- 2) **Central Transport Subsidy (CTS):** Under this scheme the enterprise units are liable to reimburse 90 percent of the cost incurred for movement of raw materials from outside the state, both outside the north eastern region as well as inside the north eastern region. 90 percent of the transportation cost for export of finished products outside then north eastern region and 50 percent of the transportation cost

for export of finished products outside the State but within the North Eastern Region.

- 3) **State Subsidies:** This scheme includes Manpower subsidy 50 percent, Interest subsidy 50 percent, Power subsidy 60 percent, Draw of power line subsidy 50 percent, state transport subsidy etc. These schemes are implemented under Directorate of Industries, Mizoram.

During the financial year 2001-02 to 2010-11, the total sum of fund disbursement in Mizoram was Rs. 1,12,47,684 (compiled from MSME report). Altogether 246 micro enterprises were benefitted from this scheme. Under the margin money scheme by the Khadi Village and Industries Commission in Aizawl district alone the total loan disbursements amounted to Rs. 6,139.82 lakhs during the period 2001-02 to 2010-11 which were given to 2,728 units. Under the similar scheme in Lunglei district, the total loan sanction amounted to Rs. 930.12 lakhs during the period 2002-03 to 2010-11 which were given to 806 units. In Champhai district, the total loan sanction were Rs. 359.06 lakhs and 120 units benefitted from loans during the period 2002-03 to 2010-11 (Directorate of Industries-Mizoram, 2011). All these shows that loans have been sanctioned from the government but its utilization and benefits derived have not been studied exclusively in Mizoram.

1.9.2 Objectives of the Study

1. To examine the trends and pattern of government financing to the entrepreneurs of Mizoram
2. To analyse the various state government and central government schemes for entrepreneurship development
3. To examine the impact of the institutional flow of credit to entrepreneurs on production, employment, income etc.
4. To identify the operational problems in relation to the flow government financial schemes.

1.9.3 Hypotheses

- 1). H_0 The distribution of observed number of entrepreneurs keeping books of accounts does not differ significantly from those who maintains books of accounts
- H The distribution of observed number of entrepreneurs keeping books of accounts does differ significantly from those who maintains books of accounts

2). H_0 There is no significant relationship between the purpose of the schemes (establishment of new enterprise, expansion and no new expansion) with the three schemes viz, PMEGP, CTS, State schemes.

H_1 There is significant relationship the purpose of the schemes (establishment of new enterprise, expansion and no new expansion) with the three schemes viz, PMEGP, CTS, State schemes.

3). H_0 The financial assistance provided to the entrepreneur is not sufficient to cover the specific purpose of the schemes

H_1 The financial assistance provided the entrepreneurs is sufficient to cover the specific purpose of the schemes

1.9.4 Research Methodology

In order to achieve the objective of the study requires both primary and secondary data. Accordingly, the field survey was conducted in obtaining primary data by using sampling designed of two stages of purposive sampling like selecting the schemes and secondly selecting the industrial units. For the purpose of this research information has been obtained from three district of Mizoram state i.e, Aizawl district, Lunglei District and Champhai Districts are covered and various industrial units and beneficiaries of the schemes were visited through the three districts and an informal interview was conducted with the owners and workers of the industrial units. The information had been gathered from the Directorate of Industries, Khadi and Village Industry Commission, Mizoram Khadi and Village Industry Board (MKVIB), North Eastern Development Financial Institution (NEDFI), District Industry Centre (DIC) etc. Since the study concentrated only on the selected government subsidies scheme viz., Central Transport subsidy (CTS), and Central Capital Investment subsidy (CCIS), Prime Minister Employment Generation Programme (PMEGP), and State subsidies. The respondents were selected from the list of beneficiaries.

- 1. Population:** The population of the study shall be the entrepreneurs engaged in manufacturing and services of Mizoram who were assisted in production and operation of their micro entrepreneurial organisation under various government financial incentive schemes.
- 2. Sample Design:** The sample unit of the study shall be those micro entrepreneurs who have received financial assistance in the form of schemes from the central or state government or both. The total numbers 1137 beneficiaries in PMEGP schemes and

2790 beneficiaries from CTS and other 89 units' beneficiaries from state subsidy has been observed across the state. Sample were collected from the three districts viz., Aizawl, Champhai and Lunglei. These three districts were selected on the basis of population density in comparison to other districts of Mizoram. The sample units were selected based on convenience. Out of those units, 375 units were selected for interview and the total samples was distributed to three district as 152 units from Aizawl district, 121 units from Lunglei district units and 94 units from Champhai district, with the total sample size of 375 units.

- 3. Data Collection:** The data were collected from primary as well as secondary. To obtain primary data interview was conducted with structured of questionnaire designed in view of the objectives of the study. Primary data were gathered from the policy makers, officers who have been involved in promotion of entrepreneurship in Mizoram. Firstly the questionnaire was distributed to entrepreneurs but the return of the questionnaire was less, so the researcher took the questionnaire to the beneficiaries and discussion were also held during the interview. Secondary data is mostly congregated from published and unpublished works on the related topics. Census reports, economic surveys, journals, newspapers, government and non government organizations (NGOs) associated with the industrial sector especially the Directorate of Industries, Directorate of Economics and Statistics, Directorate of Agriculture, Directorate of Industries, Government of Mizoram. Aizawl DICs, SIDBI, SISI (now MSME Development Institute), ZIDCO, MIFCO, ZENICS, MKVIB, ZOHANDCO etc, various issues of Statistical Handbook of Mizoram, Basic Statistics of North Eastern Region, published by NEC, Shillong, various publications and reports of Development Commissioner, Ministry of SSI, New Delhi etc were also a major source for secondary information. Moreover, web resources were also an important source of secondary information. In addition, personal interviews and informal discussions also held with the government officials, policy makers and NGOs to know their reactions and suggestions.
- 4. Analysis of data:** The information collected was directly entered into the SPSS software. In the process certain errors, omission were detected and corrected subsequently. The collected data so arranged has been examined with the help of appropriate statistical tools to draw the inherent facts. In analyzing data, simple statistical techniques such as percentage, mean, least square and chi square has been utilised in order to reach conclusions.

1.10 Limitations of the Study

Researchers frequently come across many problems in the path of their studies. The present study on Government schemes for development of entrepreneurship in Mizoram was not an easy task as the enterprises are scattered over a wide geographical area with unique characteristics, managed and run by persons with moderate level of education. During the course of present study, the researcher faced many constraints and barriers which were resolved to the satisfactory level; however these were very burdensome and time consuming. The following are the main limitations of the study:

1. The main difficulty in the present study is geographical terrain of the selected districts where the researcher has to meet the entrepreneurs. It was very difficult to reach the entrepreneurs.
2. Since the proper address for respondents was not available from the concern department or agency, it was very difficult to find the entrepreneurs and their units for data collection.
3. The survey was carried out only on the entrepreneurs on the selected schemes viz., PMEGP, CTS and State schemes within the three districts. There are many others entrepreneurs who were not included in the samples. Therefore generalizations for on the entire entrepreneurship in Mizoram may be too limited.
4. Data pertaining to income, production and employees etc. are gathered from the entrepreneurs directly. The respondents may not have adequate qualification. Hence, data validation was performed on the basis of the information provided by them and logical judgement and observation were being used during the period of validation.

1.11 Chapterization

The present study is divided into five chapters as follows:

Chapter 1: Introduction

This chapter dealt with the meaning of entrepreneurship and contribution to the economic conditions of the country. It gives an overview of entrepreneurship in the country, north east and the state of Mizoram. It also provides some of the financial assistance available for entrepreneurs and entry of entrepreneurs in the state of Mizoram. The chapters highlight significance of the study, hypothesis, objectives, literature review, methodology and limitation of the present study.

Chapter 2: Brief Study and Theoretical Comparison of the Schemes

This chapter provides details about the selected financial assistance like PMEGP, CTS and others state schemes, their performance in term of units finance and turnover is also highlighted. The chapter is also includes table comparing the various schemes.

Chapter 3: Socio-economic profile of the Respondents, the State and Enterprises

This chapter explores various aspects of Mizoram viz., population, geographical condition, infrastructure available and Gross Domestic Product of the state etc. and the analysis of the respondents' profile viz., their ages, education etc. It also depict the profile of the enterprise viz., type of the enterprise, year of establishment, district wise and schemes wise enterprise by their activities.

Chapter 4: Data Analysis and Interpretation

This chapter examines the awareness of the respondents on the various schemes, the financial coverage of the specific purpose of the schemes, sustainability from the revenue earned from the enterprise and performance of the schemes based on the entrepreneur's income, production and expansion of the existing enterprise etc. It also dealt with testing of the hypothesis.

Chapter 5: Major Findings, Suggestions and Conclusions

In this chapter, the conclusions of the study are drawn and major finding of the study is reported. The future agendas obtained from the study for the policy makers, entrepreneurs etc. is also included.

CHAPTER- II

BRIEF STUDY AND THEORETICAL COMPARISON OF THE SCHEMES

2.1 Introduction

Mizoram occupies an area of great strategic importance as it is sandwiched between Myanmar and Bangladesh in the north eastern corner of India. It spreads over an area of 21,087 km. and shares international boundary for about 1013 km. and national boundary with Manipur, Assam and Tripura. Mizoram is a mountainous region spreading from north to south and covered with forest. The total population of Mizoram is 10,98,827 and the literacy rate is 93.33 percent (Mizoram statistics, 2014). Mizoram state has been transformed into peaceful state from insurgency dominated state during 1990s. Due to insurgency and other related activities, the state's economy was affected with development. Agriculture is the main occupation of the people and 70 percent of the population is involved in agriculture based on shifting cultivation which is very destructive in nature. To do away with the jhuming cultivation and to sustained livelihood entrepreneurship is an ideal approach and need of the people. In view of this, the government of Mizoram had introduced Industrial Policy in 1989 which aims to reduce the practice of jhuming cultivation. Later, the government had notified New Industrial Policy, 2000 for accelerating the industrial economic development of the state which is followed by Industrial Policy, 2006. Till date, the entire state has been notified as backward and is categorized as 'No Industry State' (Economic Survey, 2007-08) due to the non-existence of any large and medium industry.

Mizoram is a young state with little industry and it is still in the phase of industrial backward state. Among the existing small scale and cottage industries handloom, handicrafts, carpentry, blacksmithy, tailoring, bakery and servicing units are dominant units. There is no large scale industry in the state till date. An acute problem of industrial development in the state could be the entrepreneurs themselves. Ignorance and in competitiveness contributes to major problems. Agriculture alone could not feed the people of Mizoram whereas industrial orientation and awareness is yet to be created among the common people. Educated unemployed and jobless people from all sections of the society tend to rush to establish their own small enterprise units.

The development of SMEs in the state of Mizoram has been an important element for developing of the state's economy. The development work is carried out through department of industries and other nodal agencies viz., Mizoram Khadi and Village Industry Board (KVIB) and District Industry Centre (DIC) which is functioning under Department of Industry, Zoram Industrial Development Corporation (ZIDCO) etc. are the common agencies which rendered financial or non financial assistance to the enterprises. Finance is inevitable for any organization for its survival. The entrepreneurs' source of finance is mainly from two areas, one from own and borrowed sources and the other from governmental institutions. The government provides financial resources in various forms like seed capital, subsidy, grants and loans. The Directorate of Industry, Government of Mizoram and other nodal agencies viz., Khadi and Village Industry Commission, Khadi and Village Industry Board, District Industry Centre and Micro Small and Medium Institute are taking up industrial development in the state of Mizoram. Various financial assistance schemes are implemented within the state of Mizoram. This chapter highlights the details about the three selected schemes viz, PMEGP, CTS and states schemes. Tables has also been generated to see the details about the schemes and compared them.

Finance is the life blood of any enterprise. The availability of financial assistance is absolutely essential for the development and operation of enterprise. The SSI needs two types of financial sources viz., term capital or long-term funds and working capital or short term funds. Term capital and long term capital are required for the creation of fixed assets like land, building, plant and machinery and other capital assets. The working capital or short term funds is the fund required by an enterprise of its day to day business like purchase of raw materials, electricity, water, payment of wages and salary etc. (DCSSI, 1971; IDBI,1999).

The government financial assistance is very important for accelerating the growth of enterprises in the country. The small enterprise might have a bright prospect, but due to individual enterprise weakness like information, management and especially financing, the development of this sector has not gone smoothly (Wang, 2004). Improving the entrepreneur's access to finance services on the ground may result in flourishing of the SSI sector and increasing accessibility to finance service for larger, established firms would further boost the industrial growth and income distribution objectives (Webster, 1989). Therefore many countries have offered liberal concession and attractive incentive for entrepreneurship growth and SSI development (DCSSI, 1971). The recovery of interest in role of the entrepreneur in economic change has led to a

review of the role of public policy strategies that seeks to facilitate and promote entrepreneurship.

Le (2008) states on the article of Entrepreneurship and Small Business Policies under the Presidential Administrations of Presidents Carter, Reagan, Bush and Clinton: 1977 to 2001 that since the 1970s, small business and entrepreneurial policies have attempted to help businesses compete in an increasingly technical and global economy. Target market equity policies and economic efficiency policies were enacted to pursue and achieve these goals. If the U.S. government considers it necessary to drive small business ownership, entrepreneurship, and technology entrepreneurship, by placing itself in charge of fostering and managing technology and small business development than it is imperative that elected officials carefully examine how new laws and regulations effect the U.S. entrepreneurial economy. It is urgent to recognize that the economic gains from policies like technology transfer, or target market equity programs, are easily eliminated by overly burdensome regulatory policies that suppress innovation, form barriers to market entry, impede new venture financing, and discourage risk-taking and entrepreneurship.

Sutter (2008) on his studies of simulating the impact policy finds that the numbers of firm entries' and the total numbers of firm's survival was larger in due to the introduction of new policies. He classified the policy in four categories viz, policies affecting the stream of new business routines or innovations, policies affecting the tendency for individuals to engage in entrepreneurial activities, policies affecting the quality of available human capital and policies affecting the availability of financial capital for start-ups.

Meetei and Deepakkumar (2012) considered absence of industrial establishment is as one of the reasons for economic backwardness of the state of Manipur. So far the participation of private sector undertaking in employment generation is very low and most of the people cannot rely their livelihood on it. The study finds that Prime Minister Employment Generation Programme (PMEGP) is playing an important role in generation of employment opportunities through rural industrialization.

Schramm (2004) states that entrepreneurship has become necessary to make a reference to global economy. As a result, entrepreneurs that ignore the global market do so at their threat when designing and implementing business plans. Likewise, the implication for policy makers is clear:

In order to promote entrepreneurship, they must think globally rather than locally or even nationally.

The Micro, Small and Medium Enterprises (MSME) sector has been recognised as engine of growth all over the world. Many countries have established SME Development Agency as the nodal agency to coordinate and oversee all government interventions in respect of the development of this sector. In India, medium establishment has for the first time defined in terms of a separate act, governing promotion and development of Micro, Small and Medium Enterprises (MSME) i.e., Micro, Small and Medium Enterprises (MSME) Development Act, 2006 which has come into force from 2nd Oct. 2006. The Office of Development Commissioner (Micro, Small and Medium Enterprises) functions as the nodal Development Agency under the Ministry of Micro, Small and Medium Enterprises (MSME). Various frameworks for thinking about the development-entrepreneurship interface exist but they tend to be highly detailed and nearly exhaustive on the one hand or so skeletal, on the other, as to omit some of the most critical aspect that is development.

A numbers of financial assistance schemes are introduced by the central and the state government. Amongst the various schemes the following three schemes has been selected for the study purpose.

2.2 Prime Minister Employment Generation Programme (PMEGP)

The Prime Minister Employment Generation Programme (PMEGP) is one of the important programme which intend to generate employment opportunities through building micro-enterprises in the country. It was launched in 2008-09 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 in urban areas. PMEGP is a central sector scheme administered by the Ministry of Micro, Small and Medium Enterprises (MoMSME). The Scheme is 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 is implemented through State

KVIC Directorates, State Khadi and Village Industries Boards (KVIBs) and District Industries Centres (DICs) and banks.

Since the inception, the scheme aims to achieve the following objectives

1. To generate employment opportunities in rural as well as urban areas through setting up of self employment ventures
2. 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 and also to increase their income
3. To provide continuous and sustainable employment to a large segment of traditional and prospective artisans and unemployed youth, so as to help arrest migration of rural youth to urban areas
4. To increase the wages earning capacity of artisans and contribute to increased in the growth rate of rural and urban employment.

2.2.1 Funding Pattern

The PMEGP schemes assist various enterprises in generating funds for operating enterprise. The PMEGP has its unique pattern of funding which is through a credit link subsidy for enterprise. Under this scheme, the enterprise which can avail subsidies is restricted depending on the maximum amount of investment in plant and machinery in case of manufacturing; equipments in case of service enterprise. Regarding to manufacturing enterprise, the ceiling in investment in plant and machinery goes up to Rs. 25 lakhs, but in the case of service industry, the ceiling in equipments is up to Rs. 10 lakhs only, particularly in urban areas. For the rural areas, the schemes has a limited ceiling; in case of the manufacturing enterprise situated in rural areas, investment in plant and machinery goes up to Rs. 25 lakhs and for the service sector, the investment limit in equipments is only Rs. 10 lakhs. The Khadi and Village Industry Board (KVIB) is looking after rural areas while District Industry Centre (DIC) is for urban areas.

2.2.2 Level of Funding

The level of funds allotted for enterprises under PMEGP schemes is different in respect of the enterprise location or categories of the entrepreneur. If the entrepreneur is under general categories, the beneficiary's contribution is more viz., ten percent from the project cost, the rate of subsidies could be claimed is 15 percent in urban areas and 25 percent in rural areas. The entrepreneurs who are under the special categories that includes Schedule Tribe, Schedule Caste, Minorities, Women, Ex-serviceman, physically handicap, those who are in North Eastern Region (NER), Hill and Border areas; the entrepreneurs contributions for the project is only 5 percent, where the rate of subsidies is 25 percent in urban areas and 35 percent in rural areas. The maximum cost of the project admissible under the manufacturing sector is Rs 24 lakhs. Whereas for the service sector, the maximum cost of project admissible is only Rs 10 lakhs. The other balance amount of the total project cost will be provided by banks in terms of loans. The scheme is applicable to all enterprises; technical as well as economical project in rural as well as urban areas, under micro enterprise sector. Only one person from the family is eligible for obtaining financial assistance under the scheme, the assistance under the scheme is available only for a new project. The scheme also aims to encourage the manufacturing sector. The assistance under the scheme will not be available for the activities in the negative list including business activities like grocery shop, stationery shops etc, farm related activities (except auto rickshaw, tourist boat & house boat in Andaman and Nicobar Island; shikara and tourist boat in Jammu and Kashmir, and cycle rickshaw). The eligibility for the assistance scheme are as under:

1. Any individual, above 18 years of age
2. There will be no ceiling income for assistance for setting up project under PMEGP
3. Beneficiaries should have passed at least VIII standard for setting up of project costing above Rs. 10 lakh in the manufacturing sector and above Rs. 10 lakhs in the service sector.
4. Self Help Group (SHG) including those belonging to BPL provided that have not availed benefits under any other scheme are also eligible assistance under PMEGP.
5. Institutions registered under Societies Registration Act 1860, Production Cooperative Societies, Charitable Trust

6. The existing units under PMRY, REGP or any other scheme of Government of India or state government and the units that have already eligible for Government Subsidies under any other scheme of Government of India or state government are not available.
7. Other eligibility conditions:
 - (a) A certified company of the caste/community certificate or relevant documents issued by the competent authority in the case of other special categories is required to be produced by the beneficiary to the concerned branch of the bank along with the margin money subsidy claim.
 - (b) A certified copy of the by-laws of the institution is required to be appended to the margin money subsidy claim, where ever necessary.
 - (c) Project cost will include capital expenditure and one cycle of working capital project without capital expenditure are not eligible for financing under the scheme. Project costing more than Rs. 5 lakhs, which do not require working capital, needs clearance from the Regional Office or controller, as the case may be.
 - (d) Cost of land should not be included in the project cost. Cost of the readily built as well as long lease or rental work-shed/workshop can be included in the project cost subjected to restricting such cost of ready built as well as long lease or rental work-shed/workshop to be included in the project cost calculated for a minimum periods of 3 years only.
 - (e) PMEGP is applicable to all new viable micro enterprise, including villages industry project activities indicated in the negative list of village industries existing or old units are not eligible.
 - (f) Only one person from one family is eligible for obtaining financial assistance for setting up of project under PMEGP. The family includes self and spouse.

2.2.3 Implementing Agencies

The scheme will be implemented by Khadi and Village Industry Commission Mumbai, a statutory body created by the Khadi and Villages Industries Commission Act 1956, which will be the single agency in the national level. At the state level, the scheme will be implemented through State Directorate of KVIC, State Khadi and Village Industries Boards (KVIBs) and District Industries Centre (DIC) in rural areas. In urban areas, the scheme will be implemented

by State District Industries Centre (DICs) only. KVIC will coordinate with state KCIB/State DIC and monitoring performance in rural and urban areas. The details of other agencies to be associated by the nodal agencies in the implementation of PMEGP are as under:

- (1) Fields offices of KVIC and its state office
- (2) State KVIB
- (3) District Industries Centre of all state government and union territories administration reporting to perspectives Commissioner/Secretaries (Industries)
- (4) Banks / financial institutions
- (5) Department of Women and Child development (DWCD), Nehru Yuva Kendra Sangathan (NYKS), the Army Wives Welfare Association of India (AWWA) and Panchayati Raj Institution (PRI).
- (6) Non Governmental Organization (NGOs) having at least five years of experience and expertise in project consultancy service in Small Agro & Rural Industrial Promotion and Technical Consultancy Service. Rural Development, Social Welfare having a requisite infrastructure and manpower and capable of reaching village and taluk level in the state or district. NGOs should have been funded by the state or national level government agency for any of its programme in the preceding three years.
- (7) Professional institutions and technical colleges recognised by Government/university and University Grant Commission (UGC)/All India Council of Technical education (AICTE) having department for vocational guidance or technical courses providing skills based training viz, ITI, rural polytechnic, food processing training institute, etc.
- (8) Certified KVI institutions aided by KVIC/KVIB provided these are in category A+, A or B and are having required infrastructure, manpower and expertise for the role.
- (9) Departmental and non departmental training centre of KVIC/KVIBs.
- (10) Micro, Small and Medium Enterprise Development Institutes (MSME-DIs), MSME tool rooms and Technical Development Centre (TDC) under the administrative control of Office of the Development Commission, MSME

- (11) National Small Industries Corporation's (NSIC) offices, technical centre, training centre, incubator and training cum incubation centre (TICs) set up in Public Private Partnership (PPP) mode.
- (12) National level entrepreneurship development institute like National Institute for Entrepreneurship and Small Business Development (NIESBUD), National Institute for Micro, Small and Medium enterprise (NIMSME) and Indian Institute of Entrepreneurship (IIE), Guwahati under the administrative control of Ministry of MSME, their branches and Entrepreneurship Development Centre (EDC) set up by their Partner Institution (PIs)
- (13) Udyami Mitras empanelled under Rajiv Ghandi Udyami Mitra Yojana of Ministry of MSME
- (14) PMEGP federation, whenever formed.

The financial institutions involve in distributing loans or subsidies are, 27 Public Sector Banks, all Regional Rural Banks (RRB), Co-operative Banks approved by State Level Task Force Committee (SLTFC), headed by the Principal Secretary/Commissioner Industries. Private sector scheduled commercial banks approved State level task Force Committee headed by the principal secretary or Commissioner Industries, Small Industrial Development Banks of India (SIDBI). The banker should be involved right from the beginning to ensure bunching of application is avoided. However, the applicant who has already undergone training at least two weeks under Entrepreneurship Development Programme (EDP)/ Skill Development Programme (SDP)/ Entrepreneurship cum Skill Development Programme (ESDP)/ Vocational Training (VT) will be allowed to submit their application directly to banks. However, the banks will refer the application to the state level task force for its consideration. Exaggeration of the project with a view only to availing higher amount of subsidy should not be allowed. The banks will sanction 90 percent of the project cost in case of general category of beneficiary and 95 percent in case of special category beneficiary. The banks will finance capital expenditure in the form of term loans and working capital in the form of cash credit. Project can also be financed by banks in the form of composite loan, consisting of capital expenditure and working capital. The banks will claim the margin money (subsidy) on the basis of projection of capital expenditure in the project report sanction thereof. The normal rate of interest rate shall be charged. The repayment schedule may range from 3 to 7 years after the initial moratorium as may be prescribe by the concern

institution/bank. The working capital components should be utilized in such a way that at one point of stage, it touch 100 percent limit of cash within three years of lock period of margin money and not less than 75 percent utilization of the sanction limit than only the margin money must be released. In case, the aforesaid limit does not touch, the proportionate amount of margin money must be recovered by the banks and refunded to the KVIC at the end of three years. The Reserve Bank of India (RBI) has already issued guidelines to the public sector banks to ensure 20 percent year to year growth to credit MSME sector. Rural areas are areas classified as village as per the revenue record of the state irrespective of population and it will also include any area, even if classified as town provided its population does not exceed 20,000 persons.

2.2.4 Modalities of the Operation of the Scheme

- (1) Project proposal will be invited from the potential beneficiaries at the district level through press, advertisement, radio and others multimedia by KVIC, KVIBs and DIC at the periodical interval depending on the target allotted to that district. The scheme will also publicize through the panchayati raj institutions which will also assist in identification of beneficiaries.
- (2) Sponsoring project by any agency is not mandatory. The beneficiary can directly approach bank/financial institution along with his/her project proposal or it can be sponsored by KVIC/KVIBs/DICs/Panchayati Karlayas etc. However, the application received directly by the banks will be referred to the task force for scrutinizing the application.

2.2.5 Physical Verification of PMEGP Units

100 percent physical verification of the actual establishment and working status of the units, set up under PMEGP including those set up under through KVIBs and DICs, will be done by KVIC through the agencies of the state government and if necessary by outsourcing the work to professional institution having expertise in this area.

Awareness camps: KVIC and state DIC will organised awareness camps in close relation with other agency, throughout the country to popularise the scheme. There will be two camps permissible for a district, one is for KVIC and another is for DIC. Mandatory activities to be taken up in the awareness camps are:

- (1) Publicity through banners, posters, hoarding and press advertisement in local news paper
- (2) Presentation on the scheme by KVIC/DIC officials
- (3) Presentation by leads banks of the area
- (4) Distribution of sanction letter to PMEGP entrepreneurs who have been sanctioned by the bank
- (5) Press conference
- (6) Collection of data from the potential beneficiaries, which will includes information like profile of beneficiary, skills possessed, background and qualification, experience, project interest etc. The entrepreneurs has to be sent to RICS and bank for project formulation and project sanction.

2.2.6 Workshop

One state level workshop for KVIC and DIC is permissible. The KVIC and DIC may organize the workshop jointly, and one representative of KVIC and DIC must present in each workshop. It must be ensured that the minimum number of 200 prospective entrepreneurs participate in the workshop. An exhibition will be organised at the national, zonal, state and district level and special exhibition for the north eastern region in co-ordination with KVIBs and DICs to promote the product produced by the PMEGP unit. PMEGP units participation in international exhibition is envisaged like Indian International Trade Fair (IITF) for developing their export market. KVIC in coordination with KVIBs and DICs will seek the list of willing units for the unit has to be selected on the basis of merit, variety and quality of the product.

Bankers review meeting: Since PMEGP is a bank driven scheme and the final sanction of the loan is carried out at the level of bank concerned, a regular interaction with the higher officials of bankers is necessary at the district level and state level. Lead District Manager meet (LDM) is to be organised by the state Office and zonal office of KVIC jointly with KVIBs and DICs. The main focus will be to inform and educate the bank official about the PMEGP scheme. The meeting will be held on quarterly basis. Orientation and training programme must be organised to educate the staff on KVIC, KVIB and DIC. Forty such kinds of programme should be organised per year by KVIC and DIC or may jointly organised

2.2.7 Monitoring and Evaluation

The particular beneficiaries of the scheme will be identified and selected at the district level by a task force consisting of representative from KVIC, State KVIB, DIC'S and banks headed by the District Magistrate/Deputy Commissioner/District Collector. But in the agency concern, the first selection for the beneficiaries is carried out by the agency DIC, KVIB etc. They conduct their own interview methods for selecting the beneficiaries. Once they have selected than it is forwarded to the district task force.

Since PMEGP has become credit link subsidy, the interest rate levied by bank may differ from bank to bank depending upon the type of activities. The repayment period may vary from 3 to 7 years with the initial moratorium not exceeding six months.

2.2.8 Turnover of the PMEGP Schemes

The turnover of the PMEGP schemes like the numbers of units financed during the year, margin money distributed and banks contribution on the estimate year wise is shown on below table no 3

Table 3. Numbers of Units Finance, Bank's Loan Amount & Margin Money claimed under PMEGP Scheme in Mizoram for the period of 2009-14

Sl. No.	Year	Nos. of unit Financed	Bank Loan Amount (Rs in lakhs)	Margin money (Rupees)
1	2009-10	88	400.41	1,33,52,419
2	2010-11	208	852.88	3,16,21,376
3	2011-12	219	984.27	3,51,01,897
4	2012-13	244	764.56	2,80,84,548
5	2013-14	378	1173.87	4,29,55,274
	Total	1137	4175.99	15,11,15,514

Source: MKVIB

The above table presents the numbers of units financed, bank loan amount and margin money claim. It can observed from the table that the numbers of units finance and bank loan amount is contentiously increasing over the years, but the margin money does not increase continuously. Again based on the table, forecasting of the coming numbers of units to be finance in the year of

2016 and 2017 is forecasted with the help of least square method, the numbers of units to be finance in the year 2016 and 2017 is projected. The results in forecast for these years are these two numbers respectively 1667.2 and 1771.4 respectively. Therefore the estimation on the numbers of units finance under PMEGP scheme of the succeeding year of 2016 and 2017 is expected to be 1667 and 1771 respectively.

Table 4. Financing of Micro Enterprises by KVIC under Margin Money Scheme during the period of 1996-2012

Year	Total project (numbers)	Amount sanctioned (Rs in lakhs)	Margin money (Rs in lakhs)	Employment (numbers)	Production (Rs in lakhs)
1996-97	162.2	81.0	100.8	386.0	174.0
1997-98	NA	NA	NA	NA	NA
1998-99	NA	NA	NA	NA	NA
1999-00	379.9	306.4	87.8	530.0	516.5
2000-01	NA	NA	NA	NA	NA
2001-02	50.4	39.1	11.7	77.0	62.3
2002-03	892.9	719.8	205.1	1620.0	1023.6
2003-04	490.4	425.5	122.3	920.0	602.1
2004-05	899.4	472.7	242.9	1434.0	1262.8
2005-06	NA	NA	NA	NA	NA
2006-07	NA	NA	NA	NA	NA
2007-08	88.0	400.4	133.5	NA	959.8
2008-09	208.0	852.9	316.2	NA	2203.8
2009-10	219.0	984.3	351.0	NA	2120.8
2010-11	244.0	764.6	280.8	NA	1536.3
2011-12	378.0	1173.9	492.6	NA	2747.1
Total	4012.14	6220.5	2344.8	4967.0	13209.1

Source: Compiled

The above table represents the numbers of project financed, amount sanctioned, margin money distributed, employment generated and production. It can be observed that there was no constant growth or decline on the total numbers of project financed, the amount of money sanctioned and

margin money distributed, sales and employment generated. For the period of 1996-2012 a numbers of 4012.14 projects have been financed. For which Rs. 6220.5 lakhs has been sanctioned and an amount of Rs. 2344.8 lakhs has been deposited. The total numbers of employment generated is and during the periods the productions amount to Rs 13209.1 lakhs.

2.3 Central Transport Subsidy (CTS)

The Government of India (GOI) introduced the transport subsidy scheme in July 1971 and announced on 27.7.1971, with a view to promoting industrialization of hilly, remote and inaccessible areas by providing for subsidy in the transportation cost incurred by the industrial units so that they could stand competition with other similar industries, which are geographically located in better areas. Planning Commission, Ministry of Railways, Ministry of Finance (Department of Expenditure), State Governments and Industrialists in NER, were associated at the time of finalization of initial scheme. Under the scheme, transport subsidy is allowed to industrial units in selected areas, on movement of raw materials and finished goods to and from the designated railheads.

The scheme is applicable to all industrial units (excluding plantations, refineries and power generating units) located in the North Eastern Region (Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura and Sikkim), Jammu and Kashmir, Himachal Pradesh eight hilly districts of Uttarakhand, one District of West Bengal, Andaman and Nicobar Islands and Lakshadweep.

The Central Transport Subsidy (CTS) scheme is administered by the Department of Industrial Policy Promotion (DIPP), Ministry of Commerce & Industry. Each State Government/UT administration is required to set up a State Level Committee (SLC), to scrutinize and settle all claims of transport subsidy arising within the State/UT. The SLC consists of representatives of the State Industries and Finance Departments, as well as a nominee of the DIPP.

The Central Transport Subsidy (CTS) scheme was announced and with effective from on 23.7.1971. The Scheme was introduced to develop industrialization in the remote, hilly and inaccessible areas by providing for subsidy in the transportation cost incurred by the industrial units so that they could stand competition with other similar industries, which are geographically located in better areas. The scheme has been extended from time to time, the last being on 26.02.2009 when the Cabinet Committee on Economic Affairs (CCEA) approved its extension

beyond 31.03.2008 till completion of the process of evaluation of the scheme being done with a view to introducing necessary safeguards to prevent possible leakages and misuse, if any, under the scheme.

The Central Transport Subsidy (CTS) ranging between 50% and 90% of the transport cost for transportation of raw material and finished goods to and from the location of the unit and the designated rail-head. For North East States, Jammu & Kashmir and UTs, the subsidy is 90%. For Himachal Pradesh and Uttarakhand and Darjeeling District of West Bengal, the subsidy is 75%. However, for movement of goods within NER, the subsidy is 50%. Transport subsidy is payable at 90% of the expenditure incurred on transportation of raw materials and finished goods from the designated railheads/ports of the industrial units and vice versa for the north east states and Jammu & Kashmir and UTs. The subsidy is also payable under certain conditions, for transportation cost of raw materials and finished goods within the North Eastern Region, as well as for air freight for movement of electronic products/components to and from Kolkata, and from Delhi to Srinagar/Shimla and vice versa. The Central Transport Subsidy (CTS) is payable for a period of five years from the date of commencement of commercial production. Subsidy is also available for transportation cost of additional raw materials and finished goods as a result of substantial expansion or diversification of existing industrial units, but is restricted to 50% of the additional transport cost. With a view to providing a single window for all fiscal incentives in the country, the distribution of fiscal is made through the nodal agencies in the respective state viz, North East Development Financial Corporation (NEDFI), Jammu and Kashmir Development Financial Corporation (JKDFC), Himachal Pradesh Small Industrial Development Corporation (HPSIDC), SIDCUL for Uttarakhand. The disbursement of subsidy to the industrial units in the Union Territories is made through the UTs Administrations. This system of disbursement of subsidy was introduced in May 2000 for the North East Region (NER), it is done through the North Eastern Development Finance Corporation (NEDFi) (which is under Ministry of Development for North-Eastern Region, DONER) which is a special purpose vehicle for the North East. As the NEDFi is carrying out scrutiny and disbursement on behalf of the Department of Industrial Policy and Promotion (DIPP), the State Level Committee (SLC) is required to forward the SLC minutes along with original claim papers and supporting documents of the units concerned to the NEDFi, who will determine the eligibility and ensure that all procedural and documentation formalities have been complied with. The disbursement of subsidy to the eligible

industrial units in the states is made through the nodal agencies appointed for the purpose. Since inception of the scheme, an amount of Rs.2438.99 crore (approx) has been released to the States/UTs.

2.3.1 Definitions of Industrial Unit

‘Industrial Unit’ means an industrial unit where a manufacturing programme is carried on.

(b) ‘New Industrial Unit’ means an industrial unit which has set up manufacturing capacity and come into production on or after the date of commencement of the scheme.

(c) ‘Existing Industrial Unit’ means an industrial unit which has set up manufacturing capacity and came into production before the date of commencement of the Scheme.

(d) ‘Substantial Expansion’ means increase in production of an industrial unit by 25 per cent or more of the licensed or approved capacity.

(e) ‘Diversification’ means manufacture of new article or articles by an industrial unit by 25 per cent or more (by value) of the approved or licensed capacity of the article or articles already manufactured by it during the preceding year.

(f) The Selected Areas (A) means the State of Jammu & Kashmir, Union Territories of Andaman & Nicobar Islands, Lakshadweep, the State of Sikkim and the North-Eastern Region comprising the states of Assam, Meghalaya, Manipur Nagaland, Tripura and Arunachal Pradesh and Mizoram. The Selected Areas (B) means the State of Himachal Pradesh and hilly areas of the state of Uttarakhand comprising the districts of Dehradun, Nainital, Almora, Pauri Garhwal, Tehri Garhwal, Pithoragarh, Uttar Kashi and Chamoli and the State of West Bengal comprising Darjeeling District.

Table 5. Number of Units availing CTS and Amount of Money Disbursed in Mizoram during the period 2001- 2013

Sl. No.	Year	No. of units	Gap/ years	Amount (Rs)
1	2001-02	520	1-4	6,70,14,510
2	2002-03	NA	NA	NA
3	2003-04	1	1-4	40,83,581
4	2004-05	543	1-4	13,90,10,864
5	2005-06	91	1-4	1,20,66,545
6	2006-07	1	1-4	47,79,513
7	2007-08	1247	1-4	25,89,42,377
8	2008-09	2	1-4	80,983
9	2010-11	341	1-4	6,26,61,964
10	2011-12	41	1-4	76,53,824
11	2012-13	3	1-4	1,45,26,269

Source : NEDFI

The above table shows the numbers of enterprise getting CTS and amount distributed per year. The table indicates that during the year of 2001-02, 520 units has been given subsidies with spending amount of Rs. 6,70,14,510. During the year of 2004-05 subsidies was given to 543 enterprises units with allocation of Rs. 13,90,10,864. Units of 91 had been provided subsidies in the following year 2005-06 and were distributed amount of Rs. 1,20,66,545. In the year of 2007-08, 1247 enterprise units were given subsidy with amount of Rs. 25,89,42,377. A number of 341 enterprise were given during the year of 2010-11 and allocated a sum of Rs. 6,26,61,964. Major disbursement occurred in the years 2001-02, 2004-05, 2007-08 and 2010-11.

2.4 State Government Subsidies

The state government of Mizoram had introduced various subsidies scheme under the Industrial Policy of Mizoram State 1989 for industrial units within the state, with a view to promote industrialization. The Industrial Policy 1989 of Mizoram was framed and the policy brings the scheme for enterprises. The eligibility criteria for availing the incentives/subsidies are as under:

- (a) The industrial units located and having its registered office in Mizoram is eligible for incentives/subsidies

(b) New industrial unit in the private, joint and co-operative sector is eligible for the incentives/subsidies

(c) Existing industrial unit is eligible for the incentive/subsidies, for the expanded portion as a result of expansion, modernization and diversification on or after 1st April, 1989.

The state government introduced a number of incentives/subsidies schemes which are as follows:

2.4.1 Subsidy on the Cost of Project

The subsidies have been provided to the industrial units who incurred amount of money for preparing Detail Project Report (DPR), which has been paid to the registered consultancy firm. The subsidy may range to 90 percent but limit of Rs. 5000 per unit in case of tiny units. In case of small industries, the subsidy may range from 75 percent of the cost of project or not more than Rs. 25000 per unit. In case of medium and large scale enterprise, the subsidy may range from 50 percent of the cost of project and not more than Rs. 50000 per unit. An industrial unit is eligible to claim subsidy only for the amount of cost of project already paid to the concern consultancy/agency as approved by the Government of India/Directorate of Industries.

2.4.2 Land Subsidy

An industrial unit is eligible to claim subsidy on the amount of lease charge/fee on the developed land allotted to the units and on amount spent for the development of the allotted undeveloped land in the industrial estate. The amount of subsidy admissible is limited to 25 percent of the amount spent in developing the land.

2.4.3 Factory Rent Subsidy

The factory rent subsidy is for tiny and small scale sector, within the industrial area declared or rented building in the expanded portion of industrial area. It can be claimed for a period of 5 years from the date of commercial production. The ceiling of the subsidy is Rs. 30,000 only.

2.4.4 Manpower Development Subsidy

The subsidy is applicable to all industrial units newly developed or existing units, which incurred expenses for training or upgrading skill of their workers to the registered institution in Mizoram. It is also admissible to claim expenditure for managerial and technical training of its workers. The subsidy can be claimed by the unit for a period of five years from the date of commercial production, the ceiling may limit up to Rs. 25,000 only.

2.4.5 Interest Subsidy

The interest subsidy is meant for the interest incurred by the unit from term loan or working capital already paid. The subsidy may limit to the total amount of Rs. 1,20,000 and the total amount of loan must not exceed Rs. 3,60,000.

2.4.6 Power Subsidy

This subsidy is eligible for power consumed by the industrial units for production. It can be claimed by the units from 5 years from the date of commission. The limit on subsidy would be 60 percent for tiny, small and ancillary units where 50 percent for medium and 30 percent large units.

2.4.7 Power Line Subsidy

The industrial unit is eligible to claim subsidy on joining of power line from the main power line to the side of the industry. The amount of subsidy may limit to 50 percent of the expenses incurred not more than Rs. 50,000.

2.4.8 Power on Generating Set Subsidy

An industrial unit is eligible for claiming subsidy on cost of captive generating set and installation charge thereof. The subsidy cover 50 percent of the cost charges or amount is limit to Rs.3,00,000.

2.4.9 State Transport Subsidy

A new industrial unit is eligible to claim the subsidy on the actual cost of transportation of plant and machinery, from place of purchase to location of the units. The units are admissible to claim 50 percent of the cost incurred in transportation and transferring plant and machinery. In all matters concern to the state subsidy like doubt arising out of any rules the interpretation by and decision of the Director of Industries shall be final.

Table 6. Number of units availing State Government Subsidies in Mizoram during the period 2008-14

Year	No of units	Incentives subsidy (Rs)	Power subsidy/Gen set (Rs)	Interest subsidy (Rs)	Transport subsidy (Rs)
2008-09	30	25,68,377	NA	NA	NA
2009-10	26	23,32,401	NA	NA	NA
2010-13	NA	NA	NA	NA	NA
2013-14	33	NA	26,98,702	78,182	11,31,188
Total	89	49,00,778	26,98,702	78,182	11,31,188

Source: Department of Industry, Government of Mizoram

The above table shows the turnover of the various state subsidy like incentives; power, interest and transport subsidy availed by units in Mizoram during 2008 to 2014. During the year (2008-09) thirty enterprises were benefited with incentives subsidy where distributed an amount of Rs 25,68,377. In the following year 2009 and 2010, altogether 26 units also claim incentives subsidy of Rs 23,32,401. Records were not available for the year of 2010 to 2013. During the year of 2013-14, other schemes subsidies were provided as shown by where 33 units were distributed subsidies Rs, 26,98,702 who received power subsidy/gen set, interest subsidy of Rs 78,1082 and transport subsidy of Rs,11,31,188. The above table shows that majority of the subsidy was of incentives subsidy followed by power subsidy and transport subsidy. Minimum subsidy was given in terms of the schemes is interest subsidy.

2.5 Summarization of the Schemes

The below tables 7 and 8 briefly explains the percentage of the subsidy allotted depending on the schemes and how the schemes is supposed to be carried out in order to meet the objectives of the scheme.

Table 7. Theoretical Comparison and Pattern of the Selected Schemes in Mizoram

Sl. No.	Scheme	Pattern	Amount	Monitoring	Evaluation	Liability of beneficiaries	Physical Verification
1	PMEGP	Credit link subsidy	35% (rural) 25% (urban)	Yes	Yes	Yes	Yes
2	CTS	Subsidy in movement of raw material for enterprise units	90%	Yes	No	Yes	No

Source: Compiled

Table 8. State Government Schemes operating in Mizoram and its Pattern

Scheme	Pattern	Amount	Monitoring	Evaluation	Liability of beneficiaries	Physical Verification
Transport subsidy	Movement of raw materials	50%	No	No	No	No
Generating set subsidy	For buying generator set	50%	No	No	No	No
Power line subsidy	Connecting power main line	30-60%	No	No	No	No
Interest subsidy	Interest on loan	4%	No	No	No	No
Manpower development subsidy	Training manpower	50%	No	No	No	No
Factory rent subsidy	Rent of building	50%	No	No	No	No
Land subsidy	Development of land	25%	No	No	No	No
Cost of project	Making DPR	50-90%	No	No	No	No

Source: Compiled

The above table represents the features of different schemes available in Mizoram state. In case of Central Transport Subsidy (CTS), monitoring would be done by a high level committee set up in Annexure-III, and the entrepreneurs are liable to submit certificate of utilisation of the subsidy for the purpose for which it was given shall be furnished to the Central Ministry of Industry (Department of Industrial Policy and Promotion) by the financial institution/State Government concerned, within a period of one year from the date of receipt of the last

instalment/full amount. In case of Prime Minister Employment Generation Programme (PMEGP) the monitoring of the scheme would be handle in the district level by a task force consisting of representative from KVIC, State KVIB, DIC'S and bank headed by the District Magistrate/Deputy Commissioner/District Collector. But in the agency concern the first selection is conducted for the beneficiaries in DIC, KVIB etc. Regarding liabilities of the beneficiaries, the beneficiaries are responsible to make reports regarding their enterprise information viz, employment generation, production, etc. In respect of the states schemes the rules does not envisages any Monitoring, and evaluation, does not push the beneficiaries any responsibility.

In case of physical verification, the physical verification is necessary for every set of schemes to fund the right and needy entrepreneurs within the state. Only PMEGP schemes have highlighted how the beneficiary's enterprise units should be physically identified. Others schemes does not mention or imposed any regulation regarding physical verification. Only in PMEGP schemes the evaluation of performance has been reviewed and in another two schemes evaluation has not been envisage to the theory.

2.6 Conclusion

Different schemes have been introduced and functions within the state of Mizoram, but many of the schemes have not able to transfer the benefit to the needy entrepreneurs due to the inappropriate functioning of the schemes. Various operational problems was occurred which reduced the effectiveness of the schemes to the enterprises. Various effective measures could be introduced for the smooth functioning of the schemes. In respect of Central Transport Subsidy (CTS) the time taken for issuing the cheque is very long that create a huge problems for the entrepreneurs. Even though the provision of monitoring was given, it has been rarely conducted, and some of the schemes does not have provision for monitoring and physical verification which is a must for the proper functioning of the schemes.

CHAPTER-III

SOCIO-ECONOMIC PROFILE OF THE RESPONDENTS, THE STATE AND ENTERPRISES

3.1 Introduction

The chapter presents a brief review of the profile of the state viz., location, climate and rainfall, topography, rivers, lakes, flora and fauna, soil and minerals, administration, population, marginal workers, main workers, literacy etc. From the profile, it can be identified that various resources available within the state and promotion of the small enterprises based on the available resources through various schemes. Economic profile like Gross Domestic Product (GDP), Infrastructure analysis etc. were also studied. The infrastructure plays an important role in promoting small and medium enterprises (SMEs). If the infrastructure is well developed, it may attract the potential entrepreneurs to invest to develop small and medium enterprises (SMEs). This chapter also analysed the profile of the respondents' viz., age, gender, educational qualifications, marital status, income and profile of the enterprises like type of enterprise, year of establishment, reasons of starting and sources of advice taken. Since the study is on various promotion schemes for entrepreneurship within the state, it is necessary to study about the beneficiary's status. The term socio-economic has been defined by many scholars but the fact is that there is no commonly agreed upon the definition of Socio Economic Status (SES). The term socio economic in the social science is the study of how the economy affects social processes. Some scholars have defined it as equivalent to simple measurable variables like annual income. Others think, race or ethnicity should be included. Some believe health status should be part of an SES measure since SES and health are so highly correlated. Few are certain how to assign SES to those not in the labour force, such as children, the elderly, or those who have intentionally dropped out. In sum, for a term that appears to be universally understood and employed, it is profoundly ironic that its scientific underpinning is so under-developed. This could be because of the construct essentially entails political ideologies about existing and looked-for social structures, and political ideologies and science do not mix well. Whenever the terms socio-economic is used, it is necessary to understand that SES is more difficult to define in the multifarious world of the 21st Century than in the early 19th century or before. In the pre-modern era, SES may have been based on physical strength, intelligence, and/or choice of parents. In the modern era; wealth, income, educational attainment, and occupational prestige have become justifiable indicators of SES.

3.2 Literature Review of Key Terms

Instead of socio-economic status (SES), European scholars tend to use term *socio-economic position (SEP)* (Galobardes et al. 2006). The word socio-economic status tends to connote meanings limited to occupational esteem, which is a largely outdated idea. Yet in practical terms the distinction between “status” and “position” seems trivial.

Marxist in origin, social class measures tend to classify persons according to whether they own or control a business (or school) or whether they are labourers in such places (Krieger, 1997; Wright, 1985).

Though the term socio-economic status (SES) is used less often, the term *caste* is also related to SES because caste tends to convey one’s social class status or position. But unlike SES, or at times even social class, caste tends to convey a place in the hierarchy that is not surmountable by effort. Caste is set at birth and is rigid if not impenetrable. It is directly tied to the luck of one’s birth parents (Arrow, Bowles and Durlauf, 2000).

The socio-economic status may be analysed how societies progress, stagnate or regress because of their local or regional economy or the global economy. The socio economic is also used as an umbrella term with different usage. Socio-economic may refer to the use of economic in the society (John et, al, 1987-1989).

3.3 Profile of Mizoram state

The state of Mizoram is situated in the north east corner of India. It lies between 21.58° degree north to 24.35° degree north latitude and 92.15° degree to 93.29° degree longitude. After the Indian independence of 1947, the Bordoloi Committee was set up to advice on the tribal affairs of the north east. In 1952, the Lushai Hills Autonomous District Council was formed. However a demand for a separate state was raised and in 1955, a new political outfit - the Eastern Indian Union was founded. The state was declared as union territory of India in 1972. After many years of protests, Mizoram was recognized as a fully fledged state of the country in 1987.

It occupies an area of great strategic importance as it is sandwiched between Myanmar and Bangladesh in the north eastern corner of India. It spreads over an area of 21,087 km. the length is 277 km. north to south and 121 km. east to west. Since Mizoram is located in the

corner of India, it shares international boundary with Myanmar for about 404 km. and with Bangladesh 318 km. and national boundary with Manipur for 95 km. with Assam about 123 km. and Tripura 66 km. Mizoram is a mountainous region spreading from north to south and covered mostly forest.

3.3.1 Climate and Rainfall

The general climate of Mizoram is one of the most pleasing one in the country. With moderate temperatures throughout the year, the Mizoram climate is loved by the tourists and visitors. The summers are not very hot as the temperature remains between 20° to 30° Centigrade. The winters are very pleasing and cool with temperatures ranging from 11° to 21° Centigrade. Mizoram witnesses heavy rainfall in all parts of the state during the rainy season. Monsoon starts from June and lasts till the month of August. An annual average rainfall of 3000 millimetre is recorded in the state. During the months of March to April, heavy storms occur in most parts of the state.

3.3.2 Topography

The topography of Mizoram is not very different from its other north eastern neighbours. Mizoram is a land of rolling hills, valleys, rivers and lakes. As many as 21 major hills ranges or peaks of different heights run through the length and breadth of the state, with plains scattered here and there, topography is conspicuous with the presence of hills and mountain ranges. The tall green hills are moated with free flowing rivers. The eastern side of the state is situated at a higher altitude than the western side of the state. The average height of the Mizoram hills is approximately 900 meters (from sea level). The tallest among the hills is the Phawngpui - Blue Mountain with a height of 2210 meters. The picturesque valleys and flat lands of Cachar, Mat, Champhai, Chamdur and Tlabung are blessed with very fertile soil and natural resources suitable for excellent agricultural and horticultural productions.

3.3.3 Rivers

The rivers of Mizoram constitute a major part of the topography of Mizoram. Aided by heavy rainfall during the rainy seasons and occasional rainfall throughout the year, most of the Mizoram rivers are perennial in nature. Some of the rivers flowing through Mizoram are Tlawng (Dhaleshwari), Tiak, Teirei, Tuirini, Serlui, Chhimtuipui or Kolodyne, Khawthlangtuipui or Karnaphuli, Tuichang, Tuirial or Sonai, Tuichawng, Mat, Tuipui or Khawchhak and Tuivawl etc. The northern part of the state comprises of some important

rivers like the Tlawng or Dhaleshwari, Tuirial or Sonai and some other rivers. Rivers like Mat, Tyao, Tuichang, and Tuipui fall in the southern part of Mizoram. The rivers of Mizoram are the main source of water for the people of the state. The perennial rivers of the state feed the lush green vegetation of Mizoram.

3.3.4 Lakes

The picturesque lakes of Mizoram have emerged as popular tourism destinations of the state. Mizoram lakes are the venues of lots of activities like boating, fishing, camping and trekking. Some of the important lakes in Mizoram are Palak Lake, Tamdil Lake, Rengdil Lake, Rungdil Lake etc.

The Tamdil lake has an interesting legend attached with its creation. Situated in Aizwal district, the Tamdil lake is 110 kilometers away from the capital city. One of the most beautiful lakes of the state of Mizoram, the Palak Lake lies in the Lakher region. The oval shaped lake is bordered with stretches of deciduous and tropical evergreen forests. The lake is visited by numerous migratory birds making the place a haven for the bird watchers. The Rengdil lake is an artificial lake in Aizawl. It has emerged as one of the prime tourist attractions of the state. The Rungdil lake covers an area of 2.5 hectares. The lake is divided into two parts and surrounded by long stretches of forests.

3.3.5 Flora and Fauna

The lush green vegetations and forests infested with many type of animals signify the rich flora and fauna of Mizoram. The excellent flora and fauna of Mizoram is a strong reason behind its popularity among the tourists. The abundance of bamboo forests is one high point of Mizoram's flora. The hills of Mizoram have dense deciduous vegetations. The valleys and the mountain peaks are blessed with many known and unknown orchids. The ever admirable rhododendron is seen in abundance in these areas. The Blue Mountain is one such place where the *Veitchiunum and Arboretum* species of rhododendron are found in plenty.

The presence of thick forests and good climate facilitated the fauna of Mizoram. The animal kingdom of Mizoram comprises of several rare and endangered species. Some of the animals found in the Mizoram forests, wild life sanctuaries and national parks are bear, tiger hoolock gibbon, leopard , porcupine , mongoose , claw-less otter and chinese pangolin.

The forest areas and the lakes of Mizoram attract large number of migratory birds besides the local birds. Several species of pheasants, hawks, eagles, bulbuls, herons and egrets are sighted in Mizoram. Numerous species of butterflies, moths and many colourful insects are also found in these regions.

3.3.6 Soils and Minerals

The folded structure of Mizoram ranges is at the junction of two moving tectonic plates. The hilly or mountainous North South belts, with perpendicular faults, comprise sediments of the Surma, Barail and Tipam groups. There is aluvium in river beds consisting of deposits of argillaceous and erinaceous sandstones, shale, siltstones and mudstones and greywacke. A 560m thick rock succession of the Middle Bhuban type exposed between Bawngkawn and Durtlang shows 7 normal and 7 reverse magneto strata (North and South pole reversals) showing its age to be around 20 million years old.⁴ The rock system is generally weak, unstable, weathered and prone to seismic and weather influence producing landslides. The soft, black to grey rock is used locally for building materials and for low trafficked road construction work. There are no useful minerals of economic significance apart from clays in the river Tlawng beds. Typical soils are sandy loam, clay loam that has been heavily leached due to the high slopes leaving it porous and lacking in minerals or humus.

A number of oil and gas exploration activities have taken place due the geological condition with which Mizoram has been formed, leading to the possibilities and high expectation that reserves would be confirmed. France, Russia and Cyprus as well as several Indian companies have already signed a 12% oil and 10% gas royalty arrangement with proceeds going direct to Mizoram state on any production (Baluram Laskar, 2007).

3.4 Administration

Mizo hills were formally declared as part of British India by its proclamation in 1895. North and the south hills were united in to Lushai hills district in 1898 with Aizawl its headquarters. As the suggestion made by Bordoloi Commission, a certain amount of autonomy was accepted by the government and enshrined in the six schedule of the Indian constitution. The Lushai Hills district came in to being in 1952 followed by the formation of these bodies led to the abolition of chieftainship in the Mizo society. Later the Mizo political leaders felt that Lushai does not include all the tribe of Mizo therefore it has been altered as Mizo.

The Mizo National Famine Front dropped the words famine and a new political organization, the Mizo National Front (MNF) was born on 22 October 1961 under the leadership of Laldenga with the specified goal of achieving sovereign independence of greater Mizoram. The Mizo District Council delegation met the then Prime Minister and demanded for its statehood for Mizoram. The Indian government has offered to convert the Mizo hills into a union territory (UT) in July 1971. The Mizo leaders accepted on the condition that statehood occurred sooner rather than later. While the MNF took to violence to secure its goal of establishing a sovereign land, other political forces in the hills of Assam were striving for a separate state. Then the statehood of Mizoram was declared in 20 February 1987. When Mizoram was a Union territory, it was divided into three districts viz., Aizawl, Lunglei and Saiha and later five more districts were carved out of the already existing districts, which are Kolasib, Champhai, Mamit, Lawngtlai and Serchip with three Autonomous districts viz., Lai Autonomous, Mara Autonomous and Chakma Autonomous district. A district is divided into one or more subdivisions, further divided into tehsil and blocks.

3.4.1 Districts of Mizoram with Headquarters and subdivisions

The district of Mizoram is headed by Deputy Commissioner who is in charge of the administration in that particular district. He/she has to perform triple functions as he/she holds three positions as the Deputy Commissioner, District Magistrate and the District Collector. As a Deputy Commissioner, he is the executive head of the district. The District Magistrate is responsible for maintaining the law and order situation in the district. As the Collector, he is the Chief Revenue Officer of the district who is responsible for revenue collection and recovery. A Superintendent of Police (SP) controls the Police administration of each district. The district in Mizoram is further divided into sub-division maximum numbers of the district in Mizoram have three sub-division and only Saiha district is divided into two sub divisions.

Table 9. Districts of Mizoram with its Headquarters and Sub-divisions

Sl. No.	District	Headquarter	Sub-division
1	Aizawl	Aizawl	3
2	Lunglei	Lunglei	3
3	Champhai	Champhai	3
4	Serchhip	Serchhip	3
5	Kolasib	Kolasib	3
6	Mamit	Mamit	3
7	Saiha	Saiha	2
8	Lawngtlai	Lawngtlai	3
	Total		26

Source: Statistical Handbook, Mizoram, 2010

There are eight districts in Mizoram, each district has three sub-division except Saiha which has only two sub-division. Aizawl district has the highest numbers of Rural Development Blocks (RD) in the state followed by Kolasib district. Lunglei and Lawngtlai district has three RD blocks while Mamit, Serchhip and Saiha district has two RD blocks each but Champhai district has only one RD block.

Table 10. Geographical Area, Population and Administrative Structure of Mizoram

Sl.No.	District	Headquarters	Area (sq.km.)	Population	No. of sub-divisions	No. of RD blocks
1	Aizawl	Aizawl	3,576	3,98,604	3	5
2	Lunglei	Lunglei	4,536	1,66,864	3	3
3	Champhai	Champhai	3,185	1,30,372	3	1
4	Saiha	Saiha	1,399	76,513	2	2
5	Kolasib	Kolasib	1,382	81,859	3	4
6	Lawngtlai	Lawngtlai	2,557	98,766	3	3
7	Serchhip	Serchhip	1,421	67,009	3	2
8	Mamit	Mamit	3,025	78,840	3	2
	Total		21,081	10,98,827	23	22

Source: Statistical Handbook, Mizoram, 2010

3.4.3 The Selected Districts (study area) and its Administration

The state of Mizoram is divided into eight districts as mentioned above, amongst them three district has been selected for the study viz., Aizawl, Lunglei and Champhai. The districts had

been selected based on the density of population, because these three districts represent more than 50 percents population of Mizoram.

(a) Aizawl District: Aizawl district is one of the eight districts in Mizoram. It is situated at the heart of the state, surrounded by other districts on the north Kolasib district, on the west Mamit district, on the south Serchhip district and on the east Champhai district, and also bounded by Lunglei district. The district occupies an area of 3576.31, sq. km. The headquarters of the district is Aizawl which is the capital of the state. As of now Aizawl district is the most populated district in the state.

The district has been further divided into five (5) Rural Development Blocks (RD Blocks) viz., Aibawk, Darlawn, Phullen, Thingsulthliah and Tlangnuam. The district has fourteen legislative assembly constituencies. These are Tuivawl, Chalfilh, Tawi, Aizawl North I, Aizawl North II, Aizawl North III, Aizawl East-I Aizawl East-II, Aizawl West-I, Aizawl West-II, Aizawl West-III, Aizawl South-I, Aizawl South-II Aizawl South-III.

(b) Lunglei District: Lunglei district is the second most populous district in the state of Mizoram. The district name is given after its headquarter Lunglei. The district of Lunglei is bounded on the north by Mamit and Aizawl district, on the south by Lawngtlai district, on the south east Saiha District and share an international boundaries on the east with Myanmar and on the west Bangladesh. The district occupies an area of 4538, km. Lunglei is the administrative headquarters of the district.

Lunglei district has three subdivision; Hnahthial, Lunglei and Tlabung. The district has seven assembly constituencies. These are South Tuipui, Lunglei North, Lunglei East, Lunglei West, Lunglei South, Thorang and West Tuipui.

According to 2011 Census Lunglei ditrict has a population of 1,54,094. The district has a population density of 36 habitants per square kilometer. Its population growth rate over the decades of 2001-2011 was 17.64 percent. Lunglei has the sex ratio of 947 females for every 1000 males and literacy rate of 88.86 percent.

(c) Champhai District: Champhai is the main gate of Mizoram and Myanmar border trade. It is the headquarters of Champhai district, one of the eight district of Mizoram state. It is situated in the Indo-Burma border and has become strategically important place because of its location. Champhai district occupied an area of 3,185.83 square

kilometers (1230 sq mi). The Champhai district is partly hilly and has a beautiful plain area. The plain areas have been utilized for the cultivation, rice and vegetables has been cultivated and sold out to other cities. The district is also divided into three subdivisions. The literacy rate of the population in Champhai district is 94.59 percent. The economy of Champhai district is mainly based on agriculture. It has a flat land measuring of 113 kilometer and 48 kilometers in width for wet rice cultivation which can produce 19,200 quintals of rice per year and 10,000 quintals of grapes were cultivated. It is also the main trading centre of the state with goods like cloths, silverware and electronics imported from Myanmar through the trading post of Zokhawthar.

3.4.5 Other Districts:

- (a) **Mamit district:** Mamit district is one of the important district in the state of Mizoram, situated in the border of Tripura, it occupy an area of 3025km² and having the population of 78,840 persons and decadal variation of the population for the last decade is 26.062 percent only. There are 487 agricultural based enterprises and 2032 non-agricultural based enterprise within the district, the total numbers of the enterprise in Mamit district is 2519 which is 5.3 percent from the total enterprise in the state of Mizoram.
- (b) **Kolasib District:** Kolasib district is bounded on the north and northwest by Hailakandi district of Assam, on the west by Mamit district, on the south and east by Aizawl district and on the north east by Cachar district of Assam. The district occupies an area of 1382 Sq.km and Kolasib town is the headquarters of the district. The district has two RD block Bilkhawthlir and Thingdawl. The district has three assembly constituencies. Tuirial, Kolasib, Serlui. According to the census 2011 Kolasib district has the population of 83,054 and the population density is 60 per sq.km.(Mizoram statistics, 2014)
- (c) **Serchhip District:** The district is bounded on the north and North West by Aizawl district, on the west and south by Lunglei district on the south east by Myanmar and east by Champhai district. The district occupies an area of 1421.60km². Serchhip town is the administrative headquarters of the district. The district has the population of 64,875 and the density of population is 43 persons per km².

3.4.5 Autonomous Districts Council in the state of Mizoram

There are three autonomous districts in the state, mostly located in the southern part of Mizoram. Chakma and Lai district are situated in Lawngtlai district while Mara district is in Saiha districts.

- (a) **Chakma Autonomous District Council (CADC):** Chakma autonomous district was formed under the Sixth schedule of the Constitution of India on April 29, 1972. The Council is the replication of the state assembly and exercises executive power over specially allotted departments. The people of CADC are also enjoying special safeguard granted by the article 273-G of the Constitution of India. It is one of the three Autonomous District Councils of Mizoram state in North-East India. It is an autonomous council for ethnic Chakma people living in South-Western Mizoram bordering Bangladesh and Myanmar. The CADC has a land area of 1500km² and the population grew from 34,528 in 2001 to 40,265 (as of 2008). The total Chakma and Tongchangya population of Mizoram is estimated to be more than 100,000. The entire population of Chakma Autonomous District Council belongs to schedule tribe. The total population of CADC is 34,528 as per 2001 census out of which 80% of it is dependent on agriculture and the literacy rate of Chakma Autonomous District Council is 57% as per census conducted by the Education Department of CADC in the year 2001. The headquarters of Chakma Autonomous District Council is Kamalanagar which is also known as Chawngte. Kamalanagar is located on north eastern corner of CADC and on the bank of Tuichawng river.
- (b) **Lai Autonomous District Council (LADC):** It is one of the three Autonomous District Councils in Mizoram state in North-east India. It is an Autonomous district council for ethnic Lai people earlier known as Pawi, living in South-eastern Mizoram bordering Myanmar and Bangladesh. The L.A.D.C. has its headquarters at Lawngtlai town, which is the District Capital of Lawngtlai District. Lawngtlai District has a population of 75,477 persons according to Mizoram Statistical Handbook 2003. Lai Autonomous District Council occupies a strategic position in Mizoram, located in the Southern most corner of the state. It shares its political border with the erstwhile Burma (Myanmar) and MADC, the west by CADC, in the north Lunglei Administrative District and in the south by Myanmar. The Lai Autonomous District Council covers an area of 1870.75 km² with a population of 73,620 as on April 2008 and its density is 39 persons per km². The whole/entire

population belonged to Schedule Tribes. The main occupation of the people of Lai Autonomous District Council is agriculture, having Rice as its staple food, other crops like ginger, sesame, banana, chilli, pine-apple, orange, mango, etc., are also cultivated.

(c) Mara Autonomous District Council (MADC): It is one amongst the three Autonomous District Councils within Mizoram state of Union India. Primarily, an autonomous administrative government meant for the Mara people living in the state. It is situated in the southern tip of Mizoram state bordering Myanmar. Its autonomy was established and carved out from the erstwhile Pawi-Lakher Regional Council on 29 May 1971 and separated the next year as Lakher Autonomous District Council, and renamed it to current name in 1988. It covers 1445 km². The government has jurisdiction over land administration, administration of justice, and limited legislative powers, and a few other local powers.

The state of Mizoram has the population of 8,88,573 (Census 2001) since the 2011 census is yet to published. But as per provisional figure of 2011 census, the total population stood at 10,91,014 (Economic Survey, 2013) registering a growth rate of 22.78 percent over 2001 census. The sex ratio is 975 females per 1000 males. About 94.46 percent of the state population belongs to scheduled tribe and Schedule cast population comprise about 0.03 percent of the state population.

3.5 Population Size and Growth

The population of Mizoram according to 2011 census is 10,91,014. The Scheduled Tribe population in the state was 8,39,310 i.e., 94.45 per cent of the total population of the state. The Scheduled Caste population was only 920. The population consists of 5,52,339 males and 5,38,675 females by which the sex ratio works out to be 976 females per 1000 males. The density of population as compared to other major states of India is still very low. Stated otherwise, the population is thinly distributed as compared to other states. The density of population in the state as per the latest Census is 52 per square kilometre while that of all India is 324 according to 2001 census. Table no 11 shows the decadal variation of population in Mizoram during 1901-2001. In 1901 the total number of population in Mizoram was only 82,434 persons which increased to 8,88,573 in 2011. This shows that during the last ten years, the population of Mizoram has increased by 2,02,441 persons, i.e., 22.78 percent. On an average, the population of Mizoram has increased by 5,79,869 persons for the last two decade

during the period 1991 to 2011. Here the decadal variation means the percentages of increasing population over the decades.

Table 11. Population size and growth of Mizoram

Sl.No.	Year	Persons	males	Females	Decadal Variation
1	1901	82,434	39,004	43,430	-
2	1911	91,204	43,028	48,176	10.64
3	1921	98,406	46,652	51,754	7.90
4	1931	1,24,404	59,186	65,218	26.42
5	1941	1,52,786	73,855	78,931	22.81
6	1951	1,96,202	96,136	1,00,066	28.42
7	1961	3,66,063	1,32,465	1,33,598	35.61
8	1971	3,32,390	1,70,824	1,61,566	24.93
9	1981	4,93,757	2,57,239	2,36,518	38.55
10	1991	6,89,756	3,58,978	3,30,778	39.70
11	2001	8,88,573	4,59,109	4,29,464	28.82
12	2011	10,91,014	5,52,339	5,38,675	22.78

Source: Mizoram Statistics, 2014

3.5.1 District wise Distribution of Population

The district wise population is given in table 12. Since the land of Mizoram is hilly, the topography is not so much suitable for concentrating and living in a one place or locality. As far as the Mizo's are following a traditional system of shifting cultivation, and is also the mainstay of the maximum population, it is not convenient for the large population to concentrate in one locality. At present the state of Mizoram has eight districts as highlighted in the below table no 12 which clearly implied that Aizawl district is the most populated and also second largest district of Mizoram state and also has the highest density rate which is 111.46 people per square kilometre, that is followed by Lunglei District having a population of 1,66,864 and density of people per square kilometre is 36.79, it is the largest district in the state. The third largest district is Champhai district having the population of 1,30,372 and density of people per square kilometre is 40.93. Lawngtlai district has the population of 98,766 having an area of 2557km² situated in the southern part of the state. Kolasib is the smallest district in the state occupying an area of 1382km² in the north having population of 81,859 and density of population is 59.23. Mamit district has the lowest rate of density in the

state, occupying an area of 3025km² and the population is 78,840. Serchhip district is the least populated in the state, having the population of 67,009. It acquired an area of 1421 sq.km.

Table 12. District wise Distribution of Population of Mizoram

Sl.No.	District	Headquarter	Area(sq.km)	Population	Density per sq.km
1	Aizawl	Aizawl	3,576	3,98,604	111.46
2	Lunglei	Lunglei	4,536	1,66,864	36.79
3	Champhai	Champhai	3,185	1,30,372	40.93
4	Saiha	Saiha	13,99	76,513	54.69
5	Kolasib	Kolasib	1,382	83,955	59.23
6	Lawngtlai	Lawngtlai	2,557	98,766	38.62
7	Serchhip	Serchhip	1,421	67,009	47.16
8	Mamit	Mamit	3,025	78,840	26.07

Source: Statistical Handbook, Mizoram 2010

3.6 Work Force and Occupation Structure

The important aspect of a country's population relates to the size and structure of its total work force. The total number of healthy person with capabilities to work constitutes the total work force in the country. Agriculture is the main stay of Mizoram, more than 60 percent of the total population is dependent upon agriculture and allied sector. The share of agriculture and allied sector to the economy during the 11th plan period could be averaged at 14 percent. About 32 percent of the cultivated area is under jhuming cultivation. The population census of 2001 reveals that out of the total population of 8,88,573 in the state, 52.57 percent i.e. 4,67,159 were workers and the rest 4,21,414 were non workers. It also reveals that proportion of workers is higher in the rural areas than urban areas at 55 percent which was about 44 percent of all workers. The workers consist of cultivators, agricultural labourer, households' workers and other workers.

3.6.1 Percentage of different Types of Workers to the Total Workers

The occupational structure is given in the below table 13 which clearly shows the distribution of the district wise work force in their respective sectors of the economy. Occupational structure means the distribution of the work force in various economic activities or occupation. The economic activities are divided in to three categories such as, cultivator,

agriculture labour, household, industrial worker and others. In the year of 2001, the cultivators constitutes 77.51%, 3.29% agricultural labourer, 0.80% household workers and 18.39% others workers to the total workers. In Kolasib district 61.52% were cultivators, 3.83% were agricultural labourer, 1.13% house hold workers and another 33.52% were others workers. In Aizawl district, there were 31.41% cultivators, 2.51% agricultural labourer, 1.47% household workers, 64.61% were others workers. In Champhai district, 70.19% were cultivator, 6.37% were agricultural labourer, 1.12% were household workers and another 22.31% were others workers. In Serchhip district, 72.77% were cultivator, 2.32 were agricultural labourer, 2.64 were household workers and another 22.27% were others workers. Lunglei district constitutes 65.23% of the cultivators, 1.52% of agricultural labourer, 0.59% of household workers, 32.65% of others workers. In Lawngtlai district, 71.52% were cultivators, 3.09% were agricultural labourer, 0.99% were households workers and another 24.40% were others workers. In Saiha district, 67.66% were cultivator, 1.28% were agricultural labourer, 0.80% were household workers and another 30.26% were others workers.

**Table 13. District wise Workforce of Mizoram in various economic activity
(Figures in percentages)**

District	Cultivators		Agricultural Laborer		Household Workers		Others Workers	
	2001 (Census)	2012 (P)	2001 (Census)	2012 (P)	2001 (Census)	2012 (P)	2001 (Census)	2012 (P)
Mamit	77.51	66.27	3.29	4.74	0.80	1.18	18.39	27.81
Kolasib	61.52	47.32	3.83	2.67	1.13	0.84	33.52	49.17
Aizawl	31.41	18.41	2.51	1.00	1.47	0.79	64.61	79.81
Champhai	70.19	53.50	6.37	9.74	1.12	1.77	22.31	35.00
Serchhip	72.77	60.82	2.32	3.72	2.64	4.81	22.27	30.65
Lunglei	65.23	53.10	1.52	0.51	0.59	0.54	32.65	45.85
Lawngtlai	71.52	51.65	3.09	4.47	0.99	5.67	24.40	38.20
Saiha	67.66	60.46	1.28	0.44	0.80	0.77	30.26	38.33

Source: Economic survey of Mizoram 2013

Note: The figures are in percentages

(P)= Projected

3.6.2 Marginal Workers and Main Workers in Mizoram

'Work' was defined as participation in any economically productive activity. Such participation was physical or mental in nature. Work involved not only actual work but also effective supervision and direction of work. According to this definition, the entire population has been classified into three main categories, i.e., Main workers, Marginal workers and Non-workers. Main workers were those who had worked for the major part of the year preceding the date of enumeration of statistical data i.e., those who were engaged in any economically productive activity for 183 days (or six months) or more during the year. Non-Workers were those who had not worked any time at all in the year preceding the date of enumeration. The total population of Mizoram (provisional) has reached 10,91,014 in 2011, the number of males is 5,52,339 and females 5,38,675 contribute to the population of Mizoram. From the total population 4,47,657 of them are from rural areas and 4,41,006 of them are in urban areas.

Table14. Marginal and Main Workers of Mizoram

Workers	Numbers	Percent
Main workers	3,62,450	77.58 %
Marginal workers	1,04,709	22.41%
Total workers	4,67,159	100%

Source: Statistical Handbook, Mizoram, 2010

The above table 14 shows the marginal and main workers of the total population of Mizoram. Out of the total workers of 4,61,159. The main workers were 3,62,470 which constitute 77.58% of the total, while the marginal workers account for 1,04,709 which constitute 22.41 percent.

3.7 Literacy Level

The literacy rate among the people is an important indicator for the quality of the population in country. Keeping in mind that school education department in Mizoram took crucial steps in progress of literacy rate. It has the objective of development of human resource to achieve academic excellence through education. Since the opening of the first experimental school in 1901 by the Christian missionaries, the progress of education is enormous which made Mizoram became one of the most literate states in India having 91.58 percent literacy rate in 2011(provisional).

3.7.1 District wise Literacy Rate

The district wise literacy rate is shown on the in the below table 15 which indicates the overall literacy level in the state of Mizoram according to Mizoram Statistics 2014 is 89.27 percent. Aizawl district shows the highest level literacy rates (96.50) percent in the state while Lawngtlai district shows the lowest level of literacy amongst the district (57.12) percent. However, the literacy rate in the state is much higher as compared to national level. The decadal variation of the literacy rates is highest in Aizawl district while lowest in Mamit district.

The literacy rate amongst male is 90.72 percent is higher as compared to female counterpart that is 86.75 percent. The gap between the male and females in literacy rate comes to 4.08 in the state. The literacy level of the district in Mizoram is quite comparable except Lawngtlai district, where the literacy rates is comparatively low to other district and also have a big gap between the gender literacy level.

Table 15. District wise Literacy Rate and Variation in Gender of Mizoram

District Name	Percent (%)	Males	Female	Gap
Aizawl	97.67	98.11	97.89	0.22
Lunglei	85.49	92.04	85.49	6.55
Champhai	94.59	97.21	94.59	2.62
Kolasib	92.38	94.57	92.38	2.19
Lawngtlai	57.12	74.12	57.12	17.00
Saiha	87.34	92.64	87.34	5.30
Mamit	80.35	89.13	80.35	8.78
Serchhip	97.53	98.28	97.53	0.75
Total	89.27	90.72	86.75	4.08

Source: Mizoram Statistic, 2014

3.8 Economy of the State

Mizoram is rich in natural resource but it is yet to be exploited. More than 70 percent of the people depend on agriculture the old age of jhum cultivation is carried out annually by a number of people living in rural areas. Managing the growth and price stability are the major challenges of the macro-economics in Mizoram.

The estimate of state domestic product is one of the most important single economic indicators to measure the overall economic development of the state. It estimates the value of all goods and service produced within the state during a reference period of year. The GDP of Mizoram is contentiously increasing over the years. Gross state domestic product (GSDP) at factor cost at constant price (2004-2005) is expected to reach an amount of Rs.553687/- lakhs in 2012-2013 against the advance estimate of Rs.501661/- lakhs for the year 2012-2013 showing the growth rate of about 10 percent over the previous year.

Table 16. GSDP at factor cost by economic activity of Mizoram

Sl. No.	Industry	2009-2010 (Provisional estimate)	2010-2011 (Quick estimate)	2011-2012 (Advance estimate)	2012-2013 (Projected estimate)
1	Agriculture, forestry & fishing	89737	91866	97377	103404
2	Mining & Quarrying	1241	752	458	752
3	Manufacturing	5047	6087	6414	6759
4	Electricity, Gas & Water supply	12358	11077	10969	10862
5	Construction	60171	73676	83202	93960
6	Trade & Hotels, transport, Communication	52295	58334	64200	70692
7	Financing, Insurance Real Estate & business Service	70660	76226	83560	91612
8	Communication, Social, Personal service	133387	137654	155481	175646
9	GDP at factor cost	424896	455672	501661	553687

Source: Economic Survey, Mizoram, 2013

The above figure implies that there is a slight change that is progress in Service sector where the sector has more than 58.42 percent share in GSDP and Agriculture and allied sector also improve rather than the previous year, whereas Industry sector has a decline in the contribution of GSDP in 2008-2009.

3.9 Agriculture

Mizoram is a small hilly state. Agriculture occupies a very important place in the economy of Mizoram. As per economic classification of workers 2001 census, about 60 percent of the total workers are engaged in Agriculture and Allied sector. Paddy is the principal food crop and the staple food of Mizoram.

Table 17. Land Utilization of Mizoram

Sl. No.	Particulars	2008-2009	2009-2010
1	Geographical area	2,108.700	2,108.700
2	Area for land utilization	2,108.700	2,108.700
	Forest	1,593.700	1,585.700
	Non available of cultivation	133.000	102.188
	Land put to non agriculture use	124.000	93.404
	Barren and uncultivable land	9.000	8.784
3	Others uncultivated land excluding fallow land (a+b+c)	67.226	44.158
	Permanent gesture and grazing land	5.250	5.250
	Land under miscellaneous tree, crop and groves not included in net area sown	51.976	32.208
	Cultivable land waste	10.000	6.700
4	Fallow land (a+b)	210.939	246.823
	Fallow land other than current fallow	170.850	180.800
	Current fallow	40.089	66.023
5	Net sown area	103.835	130.226
6	Total crop area	106.714	133.226
7	Area sown more than once	2.879	3.000
8	Total irrigation area	11.153	10.361
9	Area irrigated for the year	11.022	10.244

Source: Statistical Handbook, Mizoram, 2010

The above table shows land utilization of Mizoram. Out of the total area of 21,08,700 ha, the gross cropped area of the state at present is 138556 ha. which account for 6.57 percent of the total area. Due to the hilly terrain potential area for Wet Rice Cultivation (WRC) is very limited. It is estimated that there are 74,644 ha. of area having a slope of 0-25 percent which can be developed for WRC areas. Some of the major crops are rice, oil palm, sugarcane, pulses and ginger etc.

Table 18. Production Areas and Yield of Principal Agricultural Crops

Sl. No.	Name of crops	2008-2009			2009-2010		
		Area in ha.	Production mt	Yield in mt/ha	Area in ha.	Production mt	Yield in mt/ha
1	Paddy						
	Kharif	51,859	68,637	1.32	47,085	65,894	1.40
	Rabi	131	280	2.13	119	138	2.00
	Total	51,990	68,917	3.45	47,204	66,132	3.40
2	Maize	9,558	3,318	0.97	8,551	11,510	1.35
3	Pulses	3,931	3,646	0.93	3,920	6,479	1.65
4	Oilseeds	3,275	2,514	0.76	2,741	2,988	1.09
5	Sugarcane	1,342	13,696	10.20	1,434	12,368	6.82
6	Potato	269	1,569	5.83	285	2,235	7.80

Source: Statistical Handbook, Mizoram 2010

The above table shows there is a significant increase in the production rice, with improving technology. The productivity of Rice under WRC has increased from the level of 1.5 MT/ha at the beginning of 11th five year plan to 2.0 MT/ha during kharif 2012-1013.as the total area of maize cultivation is increased the production of maize is also increased by 25.04 percent over the preceding year. Similarly the production percentage in pulse and oilseeds has shown increased during 2012-2013.

3.10 Infrastructure

Infrastructure development is necessary for the progress of industrial development in the state, even though the state is lagging behind in infrastructure facilities a little progress in this field is experienced. The infrastructure facilities may be defined as capital of an organization that is embodied such form which helps direct productive activities. It generally consists of transport, communication, power and electricity water supply, banking, finance and social overheads like health and education.

Table 19. Basic Indicators of Infrastructure in Mizoram

Sl.No.	Particulars	Unit	2010-2011	2011-2012
1	Transport	Kms		
	Total road length		7437.17	8465.14
	National highway		886.00	871.12
	State high way		699.64	1663.51
	District road		2332.55	2320.55
	Village road		1102.70	1045.13
	Town road		947.13	959.31
	Town road		91922	106105
2	Communication	Nos		
	No. of post office		394	395
	Rural		353	348
	Urban		41	47
	No. mobile connection		601169 (2011)	732977 (Feb 2011)
3	Electricity	MW		
	Installed capacity		52.47	52.77
	Gross generation		33.66	18.35
	Power purchased		403.57	369.58
	Total consumption		237.56	252.05
4	Water Supply	No.		
	No. of fully covered		472	589
	No. of village partially covered		278	188
5	Health			
	No. of Hospitals	No.		
	Community health centre		12	13
	Primary health centre		12	12
	Sub-centre		57	57
6	Education			
	No. of primary	No.	1,821	1855
	No. of middle school		1,353	1383

	No. of High school		538	543
	No. of higher secondary school		98	113
	No. of college		21	22
	No. of University		1	2
7	Finance	Rs. in Crores		
	Revenue deficit(-) Surplus(+)		16.63	322.04
	Gross fiscal deficit		732.85	172.86
	Internal debt		534.5	433.6
	Accumulated debt		3410.21	3580.72
8	Banking			
	No. of bank /Branches	Number	119	129
	Total deposit	Rs. in Crores	3012.26	4063.75
	Total advance	Rs. in Crores	1392.72	1740.93
	Credit deposit ratio	%	46	42.84

Source: Economic Survey, Mizoram 2013

The above table 19 which indicates infrastructure availability in Mizoram clearly highlight the state of Mizoram does not have adequate infrastructure facilities for the development of large industries, so it must concentrate on small enterprise, but it still has a large potential in generation of hydro electric power and oil and natural gas has been found in many places of Mizoram, which if exploited fully may help in revenue generation.

3.11 Socio-Economic profile of the Respondents

The socio economic profile of the respondents such as location, age, gender, marital status, educational qualification and income provide a base for studying the performance of the schemes.

3.11.1 Classification of Age of the Respondents

The age of the entrepreneurs plays an important role in the overall growth and expansion of the enterprise concerned. Like innovative spirit, introduction of new methods of production or adoption of new methods and risk taking ability etc. are mainly related with age of the

entrepreneurs. Firstly, the classification of the ages of the respondents is made. For the purpose of the classification, a number of 371 samples has been selected from the three districts of the state and based on the selected schemes. The below table indicates the age group of the respondents.

Table 20. Distribution of Respondents by Age group and Selected Schemes (District wise)

Age group	District												Total
	Aizawl				Lunglei				Champhai				
	PMEGP	CTS	State subsidy	Total	PMEGP	CTS	State subsidy	Total	PMEGP	CTS	State subsidy	Total	
20-30	1 (1.63)	3 (4.3)	0 (0.0)	4 (2.5)	2 (3.8)	2 (4.25)	0 (0.0)	4 (3.3)	1 (2.3)	3 (7.5)	0 (0.0)	4 (4.2)	12 (3.2)
30-40	15 (24.5)	16 (23.1)	9 (30)	40 (25)	13 (25)	13 (27.6)	11 (50)	37 (30.5)	10 (23.2)	10 (25)	5 (45.4)	25 (26.5)	102 (27)
40-50	36 (59.1)	37 (53.6)	19 (63.3)	92 (57.5)	26 (50)	21 (44.6)	11 (50)	58 (43.8)	25 (58.1)	19 (47.5)	6 (54.5)	50 (53.1)	200 (53.3)
Above 50	9 (14.7)	13 (18.8)	2 (6.6)	24 (15)	11 (21.1)	11 (23.4)	0 (0.0)	22 (1.6)	7 (16.2)	8 (20)	0 (0.0)	15 (15.9)	61 (16.3)
Total	61	69	30	160	52	47	22	121	43	40	11	94	375
	160				121				94				375

Source: Field survey

Note: Figures in brackets denote percentage

The above table 20 finds that the majority that is 52 percent of the respondents were in the age group of 40-50. Within Aizawl district, 57.5 percent of the respondents were at the age group of 40-50, in Lunglei district 43.8 percent were at the age group of 40-50 and in Champhai district 53.19 percent were under 40-50. The table also shows that in Aizawl, out of 160 respondents the highest category falls in CTS represented by 69 respondents followed by 61 respondents in PMEGP and 30 respondents with state subsidies. In Lunglei district, the highest category falls in PMEGP (52 respondents) followed by 47 respondents in CTS and 22 respondents with state subsidies. Similarly, in Champhai district, the highest category is in PMEGP represented by 43 respondents followed by CTS (40) respondents.

3.11.2 Gender Wise Distribution of the Respondents

The common perception of the people is that tribal women tend to be more active as compared to their counterparts in plain areas. But the analysis shows a different picture in the SSI sector of the tribal economy of Mizoram.

The classification of the respondents in term of gender has been shown in the below table 21. The maximum number of the respondents was male that constitute 259 (69.7%) and the rest that is only 116 (29.3%) respondents were female. The researcher observed that many of the enterprise have been operated by female that could also be more than the counterpart of male. In reality, the maximum enterprise is owned by the male entrepreneur.

Table 21. Distribution of Respondents by Gender and Selected Schemes (District wise)

Gender	Aizawl Distirct				Lunglei District				Champhai District				Grand Total
	PMEGP	CTS	State subsidy	Total	PMEGP	CTS	State subsidy	Total	PMEGP	CTS	State subsidy	Total	
Male	45 (73.8)	51 (73.9)	13 (43.3)	109 (68.2)	33 (63.4)	40 (85.1)	10 (45.4)	83 (68.5)	31 (72.1)	29 (72.5)	7 (63.6)	67 (71.2)	259 (69.1)
Female	16 (26.2)	18 (26.1)	17 (56.7)	51 (31.8)	19 (26.6)	7 (14.9)	12 (54.6)	38 (31.5)	12 (27.9)	11 (27.5)	4 (36.4)	27 (28.8)	116 (29.9)
Total	61	69	30	160	52	47	22	121	43	40	11	94	375

Source: Field survey

Note: Figures in brackets denotes percentage

The above table 21 shows the gender of the respondents in relation to the schemes availed by the respondents. It shows that the majority of the respondents viz., 69.1 percent are male respondents while female respondents are represented by 116 denoting 30.9 percent out of 375. The study indicates that in all districts, male respondents are more than the female respondents. Therefore it can be concluded that the majority of the entrepreneurs are male and although female respondents are present, they may be managing the enterprise while the actual ownership may be in the hands of male counterparts.

3.11.3 Educational Qualification of the Respondents

The educational level is the major factor that determines the quality of human resources. The economic development largely depend upon the educational level of human resource, this is particularly true in case of for the growth of entrepreneurship. The educational level of the entrepreneurs may affect the decision making attitude regarding selection of enterprise, location, cost of project and application of modern technology. The education makes the entrepreneurs aware of various incentives and schemes available for the development of entrepreneurship.

Table 22. Distribution of Respondents by Educational Level and Selected Schemes (District wise)

Responses	Aizawl District				Lunglei District				Champhai District				Total
	PMEGP	CTS	State subsidy	Total	PMEGP	CTS	State subsidy	Total	PMEGP	CTS	State subsidy	Total	
Illiterate	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)
Under Matric	0	21 (35.59)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	21
Matriculation	41 (67.21)	26 (44.04)	11 (36.66)	78 (52)	35 (67.3)	26 (55.31)	15 (68.18)	76 (62.8)	23 (53.48)	22 (56.41)	5 (45.45)	50 (43.47)	204
Intermediate	10 (16.39)	12 (20.33)	10 (33.33)	32 (21.33)	7 (13.46)	9 (19.14)	7 (31.81)	23 (19.08)	13 (30.23)	4 (10.25)	6 (54.54)	23 (20)	78
Graduate and above	10 (16.3)	0	9 (30)	40 (26.66)	10 (19.23)	12 (25.53)	0	22 (18.18)	7 (16.27)	13 (33.33)	0	42 (36.52)	82
Total	61	59	30	150	52	47	22	121	43	39	11	115	375

Source: Field survey

Note: Figures in brackets denotes percentage

Table no. 22 displays the educational qualifications of the respondents in the select districts in respects to the schemes availed by them. Educational background of the entrepreneurs plays an important role for promoting the enterprises. The table shows that in Aizawl district, majority of the respondents viz., 78 persons belongs to having qualification of matriculation followed by 32 respondents with intermediate degree and further followed by 21 respondents having graduate degree. In terms of schemes, those having matriculation are availing PMEGP maximally which is represented by 41 respondents. Similarly, in Lunglei district, highest number of person having matriculation is 76, followed by intermediate and graduate represented 23 and 22 respondents respectively. Similar is the trend with the respondents of Champhai district. Altogether, in all the three districts, matriculation is seen as the largest proportion on level of education.

3.11.4 Marital status-wise Classification of the Respondents (District and Scheme wise)

An attempt had been made here to classify the marital status of the respondents on the basis of districts and schemes wise.

Table 23. Distribution of Respondents by Marital status and Selected Schemes (District wise)

Marital status	Aizawl District				Lunglei District				Champhai District				Total
	PMEGP	CTS	State subsidy	Total	PMEGP	CTS	State subsidy	Total	PMEGP	CTS	State subsidy	Total	
Married	61 (100)	55 (79.7)	11 (36.6)	127 (79.3)	44 (84.6)	38 (80.9)	15 (68.1)	97 80.16	39 (90.6)	32 (80)	7 (63.6)	78 (82.9)	302 (80.5)
Unmarried	0 (0.0)	14 (20.3)	19 (63.3)	33 (20.6)	8 (15.4)	9 (19.1)	7 (31.9)	24 (19.9)	4 (9.3)	8 (20)	4 (36.3)	16 (17.1)	73 (19.5)
Others	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)
Total	61	69	30	160	52	47	22	121	43	40	11	94	375

Source: Field Survey

Note: Figures in brackets denotes percentage

The study finds that majority of the respondents are married as indicated by 302 respondents in comparison to 73 respondents who are not married. In terms of percentages, the married respondents are represented by 80.5 percent while the remaining 19.5 percent represents the unmarried entrepreneurs. In further studying the table in terms of schemes availed, it can be observed that unmarried are more inclined towards CTS and state subsidy rather than PMEGP schemes.

3.11.5 Entrepreneurs earning Primarily from Enterprise (District and Scheme wise)

The family source of income is a major factor for a person to choose his career. The table no17 shows the numbers of respondents who are having others source of income other than that of their enterprise.

Table 24. Entrepreneurs earning Primarily from Enterprise (District and Scheme wise)

Aizawl District				Lunglei District				Champhai District				Total
PMEGP	CTS	State subsidy	Total	PMEGP	CTS	State subsidy	Total	PMEGP	CTS	State subsidy	Total	Percent
41 (67.21)	39 (56.52)	3 (10)	83 (51.87)	29 (55.76)	28 (59.57)	8 (36.36)	65 (53.71)	22 (51.16)	19 (47.5)	3 (27.27)	44 (46.8)	192 (51.6)

Source: Field Survey

Notes: Figures in brackets denotes percentage

Table. 25. Entrepreneurs earning primarily from other Sources (District and Scheme wise)

Source	Aizawl District				Lunglei District				Champhai District				Percent
	PMEGP	CTS	State subsidy	Total	PMEGP	CTS	State subsidy	Total	PMEGP	CTS	State subsidy	Total	
Govt. Job	15 (24.59)	15 (21.73)	11 (36.6)	41 (25.62)	10 (19.23)	8 (17.02)	4 (18.18)	22 (18.18)	8 (18.6)	12 (30)	6 (54.54)	26 (27.65)	89 (23.7)
Private company	5 (8.19)	13 (18.84)	9 (30)	27 (16.87)	13 (25)	11 (23.4)	10 (45.45)	34 (28.09)	8 (18.6)	7 (17.5)	1 (9.09)	16 (17.02)	77 (20.5)
Others	0 (0.00)	2 (2.89)	6 (20)	8 (5)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	5 (11.62)	2 (5)	1 (9.09)	8 (8.51)	16 (4.2)
Total	20 (32.78)	30 (43.47)	27 (90)	77 (48.12)	23 (44.23)	19 (40.42)	14 (63.63)	56 (46.28)	21 (48.83)	21 (53.5)	8 (72.72)	50 (53.19)	183 (48.4)

Source: Field Survey

Notes: Figures in brackets denotes percentage

The above table no. 24 and 25 shows the sources of primary and secondary incomes of the respondents. The table shows that out of 350 respondents, only 182 representing 51.6 percent are totally dependent on their enterprises. The remaining respondents are having a secondary source of income. Among them the maximum number of the respondents who has a government job consists of 89 respondents representing 23.7 percent of the total respondents. It is followed by 20.5 percents who works in private companies. It can be concluded that among those who have a secondary income belongs to those who are having government jobs and working in private sector.

3.11.6 Sources of Substitute Income

Many a times the single income from the entrepreneurship may not be sustainable for the family. Also many entrepreneurs feel that there is insecure the income source is insecure if they fully depend on their enterprise because of insecurity many of the entrepreneurs are working on government sector. The above table indicates the percentage of the entrepreneurs working in governments sector and private sector.

3.12 Profile of the Enterprises

In order to study the profile of enterprises, various variables such as type of enterprise, numbers of employees, year of establishment, reason of start up, and source of advice taken contributes the basis for understanding the profile of enterprise.

3.12.1 Types of Enterprise by Activities

The enterprises in the state are engaging in various activities. The classification of the enterprise by their activities is shown in table 26.

Table 26. Distribution of Enterprise Units by Activity and Selected Schemes (District wise)

Activities	Aizawl District				Lunglei District				Champhai District				Total
	PMEGP	CTS	State subsidy	Total	PMEGP	CTS	State subsidy	Total	PMEGP	CTS	State subsidy	Total	
Agro allied & Forest based	19 (31.1)	9 (13.04)	11 (36.6)	21 (13.1)	0 (0.0)	21 (44.6)	7 (31.8)	28 (23.1)	2 (4.6)	22 (55)	7 (63.6)	30 (31.9)	98 (26.1)
Catering & service	13 (21.3)	9 (13.04)	10 (33.3)	32 (20)	19 (36.5)	14 (29.7)	15 (68.1)	48 (39.6)	6 (13.9)	10 (25)	4 (36.3)	20 (21.2)	100 (26.6)
General trading	8 (13.1)	4 (5.7)	0 (0)	12 (7.5)	5 (9.6)	0 (0.0)	0 (0.0)	24 (19.8)	10 (23.2)	1 (2.5)	0 (0.0)	17 (18.08)	28 (7.5)
Technical services and fabrication	8 (13.1)	39 (56.5)	9 (30)	56 (35)	6 (11.5)	11 (23.4)	0 (0.0)	17 (14.04)	6 (13.9)	7 (17.5)	0 (0.0)	13 (13.8)	86 (22.9)
Others	13 (21.3)	8 (11.5)	0 (0.0)	21 (13.1)	22 (42.3)	1 (2.1)	0 (0.0)	22 (18.1)	19 (44.1)	0 (0.0)	0 (0.0)	19 (20.2)	63 (16.8)
Total	61	69	30	160	52	47	22	121	43	40	11	94	375

Source: Field Survey

Note: Figures in bracket denotes percentage

Table 26 shows that the type of enterprises has been set up in Mizoram. Out of 375 enterprises surveyed, 100 respondents (26.7 percent) belong to catering and services followed by 98 respondents (26.13 percent) from agro allied and forest based enterprises. 22.63 percent consisting of 86 respondents are from technical services and fabrication while remaining 63 respondents are from other forms of enterprises. In Aizawl district, technical and fabrication enterprises are the largest (35 percent) followed by catering and services (20 percent). In Lunglei district, catering and services forms the largest enterprises (39.66 percent) followed by agro based and forest based enterprises (23.14 percent). In Champhai district, agro allied and forest based enterprises forms the largest represented by 30 respondents (31.91 percent) followed by catering and services (21.27 percent). So altogether, agro allied and forest based, catering and service and technical services and fabrication seems to be in the same proportion while general trading who avails funding remains low as represented by 7.5 percent in combining all the districts.

3.12.2 Year of Establishment: The enterprises entry/start up for the year of 1990-2010 has been surveyed from the total numbers of 375 respondents.

The survey revealed that majority the beneficiaries of central and state subsidies schemes in Mizoram state had been establish between the years of 2000 to 2010

Table 27. Distribution of Enterprise Units by Year of Establishment and Selected schemes (District wise)

Year	Aizawl District				Lunglei District				Champhai District				Total
	PMEGP	CTS	State subsidy	Total	PMEGP	CTS	State subsidy	Total	PMEGP	CTS	State subsidy	Total	
Before 1990	1 (1.6)	7 (10.1)	9 (30)	17 (4.3)	4 (7.69)	10 (21.2)	7 (31.8)	21 (17.3)	10 (23.2)	5 (12.5)	0 (0.0)	15 (15.9)	53 (14.1)
1990-2000	11 (18.03)	12 (17.3)	12 (40)	35 (21.8)	48 (92.3)	7 (14.8)	0 (0.0)	55 (45.4)	32 (74.4)	7 (17.5)	6 (54.5)	45 (47.8)	135 (36.0)
2000-2010	49 (80.3)	50 (21.)	9 (30)	108 (67.5)	0 (0.0)	30 (63.8)	15 (68.1)	45 (37.1)	1 (2.3)	28 (70)	5 (45.)	34 (36.1)	187 (49.9)
Total	61	69	30	160	52	47	22	121	43	40	11	94	375

Source: Field Survey

Note: Figures in bracket denotes percentage

The above table 27 displays the year of enterprises set up in Mizoram. Out of 375 the enterprises surveyed 49.9 percent were established between the years of 2000 to 2010. Likewise only 14.1 percent were found to be established before 1990 and 36 percent were established after 1990 but before 2000. The reason behind the high growth of enterprise in the state of Mizoram after 1990 may be due to the introduction of various schemes, subsidies, incentives etc announced in the first Industrial Policy of the state in 1989, to attract the parental investor and entrepreneurs in the industrial sector.

Out of the 160 enterprises surveyed in Aizawl district 67.5 percent which is majority of the enterprises within Aizawl district were setup in between 2000 to 2010. Likewise 21.75 percent of the respondents said they had established their enterprise during the periods of 1990-2000 where the minimum numbers of the respondents said their enterprise were established before 1990 in Aizawl district. Amongst the PMEGP respondents in Aizawl district, there was only 1(1.63%) enterprise established before 1990, 11(18.03%) were established during 1990-2000 and another 49(80.32%) were established between the year of 2000-2010. Amongst the CTS respondents, there were 7 (10.14%) enterprises established before 1990, where 12(17.39%) were started in between 1990-2000, another 50 (21.73%) were established during the period of 2000-2010. The state schemes of 4 (30%) were established before 1990, where 12(40%) were established between 1990 to 2000 and another 9 (30%) were established between 2000-2010.

Maximum numbers of enterprise units in Lunglei district were established during the periods of 1990-2000 that constitute 45.45 percent followed by 2000-2010 that contributes 37.19 percent of the total within the district where minimum numbers of the respondents that is 17.35 percent in Lunglei district said they have established their enterprise before 1990.

The enterprises established during the periods of 1990 to 2000 is maximum in Champhai district contributes 47.36 percent followed by 37.23 percent during the periods of 2000-2010, where the enterprise established before 1990 were minimum under the study.

3.12.3 Reasons of Setting Up an Enterprise

Table 28 highlights the various reasons which encourage entrepreneurs to start their business. It is found that majority of the entrepreneurs i.e., 64.53 percent of the respondents have chosen entrepreneurship as a profession due to the fact that they want to earn profit from the

enterprises. Self achievement as the factor motivated 15.2 percent of the entrepreneurs. Only 10.93 percent admitted that there is no other option as their career. 17 respondents out of 375 entrepreneurs i.e., 4.53 percent have chosen self control.

Table 28. Distribution of Respondents by Motives of Setting Up an Enterprise (Select Schemes and District wise)

Reasons	Aizawl District				Lunglei District				Champhai District				Total
	PMEGP	CTS	State subsidy	Total	PMEGP	CTS	State subsidy	Total	PMEGP	CTS	State subsidy	Total	
Profit making	31 (50.81)	48 (69.56)	18 (60)	97 (63.81)	45 (86.53)	29 (61.7)	3 (13.63)	77 (63.63)	36 (83.72)	26 (65)	6 (54.54)	68 (72.34)	242 (64.53)
Self achievement	15 (24.95)	10 (14.49)	6 (20)	21 (13.81)	4 (7.69)	5 (10.63)	15 (68.18)	24 (19.83)	4 (9.30)	4 (10)	4 (36.36)	12 (12.76)	57 (15.2)
Want to free from control	3 (4.91)	8 (11.59)	6 (20)	9 (5.92)	3 (5.76)	0 (0.0)	4 (18.18)	7 (5.78)	0 (0.0)	0 (0.0)	1 (9.09)	1 (1.06)	17 (4.53)
Others/no other option	12 (19.67)	3 (4.34)	0 (0.0)	15 (9.86)	0 (0.0)	13 (27.65)	0 (0.0)	13 (10.74)	3 (6.97)	10 (25)	0 (0.0)	13 (13.82)	41 (10.93)
Total	61	69	30	152	52	47	22	121	43	40	11	94	375

Source: Field Survey

Note: Figures in bracket denotes percentage

An attempt has been made to find out the reasons that the entrepreneurs are venturing into entrepreneurship and is shown in table 28. In Aizawl district, it shows that 97 respondents (63.81 percent) comments it is purely with profit motive, followed by a small percent 13.81 indicating self achievement. In Lunglei district, 77 respondents (63.63%) also opine that it for purely profit while 19.83 percent indicates self achievement. Champhai District also indicates the similar trend where 72.34 percent indicates profit motive and self achievement by 12.76 percent. It is interesting to note that near about 9.86 percent to 13.82 percent indicates having no other options and so to start an enterprise. Altogether the three districts shows that the highest category for reason for starting a business is for profit motive (64.53 %), where else 15.2 percent indicates self achievement followed by no options but to start a business by 10.93 percent of the respondents.

3.12.4 Source of Advice

The below table highlight the source of suggestion from where the entrepreneurs have obtained advice to start their business. Majority of the respondents i.e., 51.2 percent said they themselves started their business without any advice, but 40.2 percent said they have established as per family's suggestion. Only 8.53 percent said they have taken friends or other's advice for their business.

Table 29. Distribution of Respondents by Sources of Advice (Select Schemes and District wise)

Sources	Aizawl District				Lunglei District				Champhai District				Total
	PMEGP	CTS	State subsidy	Total	PMEGP	CTS	State subsidy	Total	PMEGP	CTS	State subsidy	Total	
Self	20 (32.78)	37 (53.62)	3 (10)	60 (37.5)	30 (57.69)	26 (55.31)	22 (100)	76 (62.80)	26 (60.46)	25 (62.5)	5 (45.45)	56 (59.57)	192 (51.2)
Family members	36 (59.01)	23 (33.33)	19 (6333.)	78 (48.75)	21 (40.38)	17 (36.17)	0 (0.0)	38 (31.40)	17 (39.53)	12 (30)	6 (54.54)	35 (37.23)	151 (40.26)
Friends or others	5 (8.19)	9 (13.04)	8 (26.66)	22 (13.75)	1 (1.92)	4 (8.51)	0	5 (4.13)	0	3 (7.5)	0	3 (3.19)	32 (8.53)
Total	61	69	30	160	52	47	22	121	43	40	11	94	375

Source: Field Survey

Note: Figures in bracket denotes percentage

The above table indicates the sources of advice, from where the respondents obtained. 192(51.2%) of the total respondents said they have setup their enterprise in their own, where 151(40.26%) claims that other family members suggested to run their business. Another 32(8.53%) revealed that they were advised by their friends and others.

Out of the total respondents in Aizawl district the PMEGP contributes 62(38.75%) respondents out of which 20(32.78%) said they have established in their own, 36(59.01%) said they have obtained advice from their friends and another 5(8.1%) said they have received advice from other sources. Amongst the CTS beneficiaries, 37(53.62%) said they have not taken any advice from others, 23(33.33%) said they have taken advice from their friends or other family members. Another 9(13.04%) said they were advised by others. Amongst the state beneficiaries 3(10%) said they have established in their own and 19(63.33%) said they were advised by their friend and family members and another 8(26.66%) said they were advised by others.

Lunglei district constitutes 32.26% of the total respondents out of which 52 were from PMEGP schemes, amongst the PMEGP respondents 30(57.69%) said they have not obtained any advice to start their business. 21(40.36%) were saying that they were advised by their family and another 1(1.92%) said friends and others. Amongst the CTS respondents, 26(55.31%) have established in their own, another 17(36.17%) said they were advised by their family members or relatives another 4(8.51%) said they were advised by their friends. The state schemes respondents were the least numbers amongst the schemes. But the total numbers of the respondents said they were not advised by any others persons. They have established in their own.

Out of the total 94 respondents in Champhai district, 56(59.57%) said they have started their enterprise in their own without any advice, another 35(37.23%) said they were advised by their relatives and another 3(3.79%) said they were advised by their friends. Amongst the PMEGP respondents, 26(60.46%) were saying that they have not taken any advice from their relatives or friends. Another 17(39.53%) said they were advised by their relatives. CTS respondents 25(62.5%) said they have not taken any advice from others to start their business while 12(30%) said they were advised by their relatives and another 3(7.5%) said they were advised by their friends and others. Amongst the state schemes respondents, 5(45.45%) were not advised by any person and another 6(54.54%) were advised by their family. Therefore it

can be said that maximum numbers of the respondents in each district established their enterprises with their own decision.

3.13 Conclusion

The conditions of the state like geographical terrain and un-availability of finance has added the disadvantages of the industrial growth in Mizoram. More than 70 percent of the people are still dependent on agriculture that is jhuming cultivation which is a very destructive method of cultivation. The industry origin service sector has played a crucial role in the contribution of gross domestic product of the state of Mizoram, manufacturing sector has not contribute much to the GDP of the State. The educational qualifications of the respondents has shown a good image from the three districts but the young entrepreneurs and female entrepreneurs were to be encouraged since the entry on entrepreneurship is less among them within the three districts. Many of the entrepreneurs do not fully depend on their enterprise to manage their family; they have to get some other source of income. The entrepreneurs in Mizoram usually started their enterprise with a motive of profit making.

CHAPTER-IV

DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

Business organization needs finance to meet their requirement in order to function their organization. Any kind of business activity needs finance. Therefore, it is so called as life blood of business organization, whether big or small, they need finance to fulfil their business activity.

The State and Central Government and other financial agencies give loans grants, subsidies, etc. to these industrial entrepreneurs. The government provide this support to promote small and medium entrepreneurs which will bring development in the state. The government also provide subsidies which are important source of working capital to the small entrepreneurs. Most of the enterprises have ventured into SME with their owned fund, but it is observed that despite the support from the government, the number of entrepreneurs is not increasing as expected. Diversification of society, emergence of elites, rich class and the growing number of Government servants are creating demand for luxurious and modern sophisticated factory made goods, motor vehicles, cosmetics etc. To maintain their high standard of living, thus the demonstration effect fails to generate sufficient demand for indigenously produced goods. The rich people prefer to spend money in construction of multi-storeyed buildings which yield easy money in the form of rent. Somehow they are reluctant to invest in industrial units which yield low profits, take long gestation period and involved high risk. Besides, the various policy reforms and industrial development programmes announced by the government lack inefficiency in management. Moreover, there is no proper coordination among various agencies in proper implementation of the programmes. Poor accountability and lack of vigilance on the part of administration leads to under utilization and misappropriation particularly in financial areas. Subsequently the State cannot optimally reap the fruits of various plans and policies announced by the government from time to time.

Congregating the rising credit needs of Small Scale Industries (SSI) entrepreneurs adequately has been one of the objectives of industrial policy for SSI in India since independence. Accordingly, an extensive financial infrastructure for SSI has been developed over a period of time. Even before the onset of economic liberalization, Indian policy makers put in place exclusive financial institutions to meet their long-term as well as short-term credit

requirements. In the period of economic liberalization, the four Expert Committees were set up to seek solution into the problems and requirements of SSI including that of finance. The Expert Committee was to exclusively deal with the credit issues of the sector. Based on the recommendations made by the Expert Committee, policy makers formulated many innovative policies and programme to provide to the diverse credit needs of the sector.

According to the Report of the Comptroller and Auditor General of India (2013), the audit found that a number of Central Transport Subsidy (CTS) beneficiary enterprises have wound up their activities just after receiving the financial assistance and are no longer existed. It also found that the Directorate of Industries Department were to lay down the procedure to ensure the inflow of the raw materials and finished goods and is also liable to carry out periodical check on the use of the funds. The District Industry Centre (DIC) is also responsible to ensure the units maintaining register for the movement of raw materials during the claims period.

However, the impacts of many planned public policies on entrepreneurial outcomes are difficult, at best, to quantify. As a result, little public policy analysis regarding the potential for the success of the proposed sets of policies exists. This research attempts to, in part, fill in this gap by first generalizing some financial schemes to its most basic degree of effect and then analyze the impacts of these generalized extent on entrepreneurial outcomes using tabulation and some statistical technique.

This chapter consist of data analysis and data interpretation regarding government financial assistance. The primary data are tabulated and highlighted the concept of government financial assistance role, interpreted by percentage and using statistical tools. The hypothesis testing is also conducted in this chapter. The chapter is also an attempt to analyse the influences of government financial assistance or incentive to entrepreneurship development particularly on new establishment, expansion of the existing enterprise, income generation, production and employment generation.

4.2 Respondents' Awareness of Governmental Schemes

The central and the state government have introduced a number of concession/incentives and attractive schemes fostering the growth of entrepreneurship in the country. Most of the entrepreneurs are not aware of some other schemes apart from the selected scheme for study. Availability of information or easily accessible information about the schemes is necessary for proper utilization of the scheme. The below table 30 indicates awareness of the

respondents on various selected government schemes that is Prime Minister Employment Generation Programme (PMEGP), Central Transport Subsidy (CTS) and State subsidy.

Table 30. Distribution of Respondents District wise for Awareness of Schemes

Awareness	Aizawl District				Lunglei District				Champhai District				Total
	PMEGP	CTS	State subsidy	Total	PMEGP	CTS	State subsidy	Total	PMEGP	CTS	State subsidy	Total	
Yes	56 (91.80)	59 (85.50)	19 (63.33)	134 (83.75)	27 (51.92)	42 (89.36)	15 (68.19)	84 (69.42)	34 (79.06)	33 (82.5)	8 (72.72)	75 (79.78)	293 (78.13)
No	5 (8.19)	10 (14.49)	11 (36.66)	26 (16.25)	25 (48.07)	5 (10.35)	7 (31.17)	37 (30.41)	9 (20.93)	7 (17.5)	3 (27.27)	19 (20.21)	82 (21.87)
Total	61	69	30	160	52	47	22	121	43	40	11	94	375

Source: Field Survey

Note: Figures in bracket denotes percentage

Since the central and the state government grant has become an important source of working capital for enterprises, the awareness of these various available schemes are necessary for the entrepreneurs. The above table 30 shows the awareness of the schemes floated by the central and state governments for the entrepreneurs. Maximum numbers of the respondents' viz., 78.13 percent are aware of about these three schemes. It can be observed that in all the three districts, awareness of the schemes is high as indicated by 83.75 percent in Aizawl, 69.42 percent in Lunglei and 79.78 percent in Champhai. Those who were not aware of the schemes came to know about the schemes through other modes of communication.

4.3 Medium of Communication

There are various mode of communication regarding the selected schemes. Selecting the right medium of information is necessary to reach the target group. Newspaper, reference, advertisement are the common medium of information within the state of Mizoram.

Table 31. Medium of Communication of the Schemes

Medium of Communication	Aizawl District				Lunglei District				Champhai District				Total
	PMEGP	CTS	State subsidy	Total	PMEGP	CTS	State subsidy	Total	PMEGP	CTS	State subsidy	Total	
News paper	21 (37.5)	17 (28.8)	8 (42.1)	46 (34.0)	3 (11.1)	17 (40.4)	4 (26.6)	24 (28.37)	18 (54.5)	14 (42.4)	3 (37.5)	35 (47.3)	105 (35.8)
Reference	22 (39.2)	28 (47.4)	11 (57.8)	61 (45.1)	16 (59.2)	15 (35.7)	11 (73.3)	42 (50.0)	14 (42.4)	14 (42.4)	5 (62.5)	33 (44.5)	137 (47.4)
Advertisement	7 (12.5)	7 (11.8)	0 (0)	14 (10.3)	8 (29.6)	5 (11.9)	0 (0)	13 (15.4)	1 (3.03)	5 (15.1)	0 (0)	6 (8.1)	33 (11.2)
Others	6 (10.7)	8 (13.5)	0 (0)	14 (10.3)	0 (0)	5 (11.9)	0 (0)	5 (5.95)	0 (0)	0 (0)	0 (0)	0 (0)	19 (6.4)
Total	56	60	19	135	27	42	15	84	33	33	8	74	293

Source: Field survey

Note: Figures in bracket denotes percentage

The above table 31 shows how the information regarding the schemes were communicated to the respondents. The table shows that in Aizawl district, 61 respondents say that they came to know about the schemes through references (45.18 percent). The second largest group 46 respondents (34.07 percent) got the information from newspaper and smaller group through advertisements and other sources (10.37 percent each). In Lunglei district, the medium of information are mostly through references and newspapers only represented by 50.00 percent and 28.57 percent respectively. In Champhai district, majority of the respondents got their information through references and newspaper which is represented by 47.44 percent and 35.54 percent respectively. Majority of the respondents 47.44 percent received the information regarding schemes through references.

4.4 Respondents Receiving the Requested Amount

The various schemes are offering diverse amount of subsidies depending on the schemes and enterprises. The entrepreneurs are liable to submit the amount of rupees along with its application. The below table 32 indicates that whether the entrepreneurs received the actual value of amount which he/she is entitled depending on their enterprise.

Table 32. Respondents Receiving the Requested Amount

Responses	Aizawl District				Lunglei District				Champhai District				Total
	PMEGP	CTS	State subsidy	Total	PMEGP	CTS	State subsidy	Total	PMEGP	CTS	State subsidy	Total	
Yes	19 (31.1)	69 (100)	23 (76.6)	111 (69.4)	19 (36.5)	45 (95.7)	15 (68.8)	79 (65.2)	21 (48.8)	40 (100)	8 (72.72)	69 (73.4)	259 (69.0)
No	42 (68.8)	0 (0)	7 (23.3)	49 (30.6)	33 (63.4)	2 (4.2)	7 (31.8)	42 (34.7)	22 (51.1)	0 (0)	3 (27.2)	25 (26.5)	116 (30.9)
Total	61	69	30	160	52	47	22	121	43	40	11	94	375

Source: Filed survey

Note: Figure bracket denotes percentage

The above table 32 shows whether the respondents were sanctioned the requested amount for assistance from the agency. In Aizawl district, it is found that only 111 respondents out of 160 respondents have been sanctioned the amount in full as requested by them. Interestingly, in the PMEGP schemes, most of the respondents 42 (68.8 percent) have been sanctioned the full amount as requested by them. Lunglei district also shows the same trend meaning in total of the three schemes, 79 respondents (65.2 percent) have been sanctioned the full requested amount while 34.7 percent were not sanctioned the full requested amount. Here also, in the PMGEP schemes, only 36.5 percent were sanctioned the full amount while the remaining 63.4 percent were not sanctioned the full amount. In Champhai district, 69 respondents viz., 73.4 percent says that they were sanctioned the full amount while the remaining 26.5 percent were not sanctioned the full amount. The PMGEP schemes seems to be better in Champhai district as compared to the other two districts as 48.8 percent of the respondents state that they were sanctioned the full amount while 51.1 percent did not receive the full amount. Altogether in comparing the select schemes, it seems that PMGEP did not sanction the full amount to the respondents. By summing up all the schemes in the three districts, it can be said that maximum numbers of the respondents that is 66.4 percent said they were sanctioned the full amount while 33.6 percent said their estimate was reduced by the authority. In all the three districts, majority were sanctioned the requested amount. The entrepreneurs not received the exact amount of assistance entitled could be due to estimate revision by the agency and the process of the schemes.

4.5. Financial Coverage for Specific Purpose of the Scheme

Various financial assistances have been introduced within the state. Every set of scheme has been focus on different objective to promote some portion of the enterprises, where none of the scheme covered the whole requirements of the enterprise. Table 33 reflects the financial coverage of the entrepreneurial needs for which the scheme is subjected.

Table 33. Financial Coverage of Specific Purpose of the Scheme

Responses	Aizawl District				Lunglei District				Champhai District				Total
	PMEGP	CTS	State subsidy	Total	PMEGP	CTS	State subsidy	Total	PMEGP	CTS	State subsidy	Total	
Yes	11 (18.0)	13 (18.8)	9 (13.1)	33 (20.6)	9 (17.3)	13 (27.6)	4 (18.1)	26 (21.4)	7 (16.2)	9 (22.5)	4 (36.3)	20 (21.2)	79 (21.07)
No	50 (81.9)	56 (81.1)	21 (67.7)	127 (79.3)	43 (82.6)	34 (72.3)	18 (81.8)	95 (78.5)	36 (83.7)	31 (77.5)	7 (63.6)	74 (78.7)	296 (78.93)
Total	61	69	31	160	52	47	22	121	43	40	11	94	375

Source: Field survey

Figures in bracket denotes percentage

The above table 33 reveals the financial amount sanctioned is sufficient to implement the specific purpose of the schemes. In Aizawl district, it is found that only 20.62 percent can managed with the amount given and most of the respondents that is 79.37 percent said they cannot manage with the sanctioned amount. Lunglei district also shows the same trend which is maximum number of the respondents that is 78.5 percent said the amount sanctioned is less to implement the specific purpose. Likewise, Champhai district also shows the same trend as 78.72 percent said the amount sanctioned is less.

In the three district, 79 (21%) respondents can manage with their funds and another 296 (78.9%) said they cannot manage with the amount of subsidy received. Therefore, it can be said that maximum number of the respondents feels that the financial assistance are not sufficient for its purpose of the scheme. Therefore, it can be said that maximum number of the respondents were not satisfied with the amount of the subsidy or loan amount.

4.6 Maintenance of Books of Account

Maintenance of book of accounts is necessary of every enterprise. Books of account are where the income and expenditure of the enterprise are recorded. It is one of the activities of the entrepreneur to show the financial management of the enterprise. The table below indicates the entrepreneurs maintaining of cash book for his/her enterprise.

Table 34. Maintenance of Books of Account

Maintained books of accounts	Aizawl District				Lunglei District				Champhai District				Total
	PMEGP	CTS	State subsidy	Total	PMEGP	CTS	State subsidy	Total	PMEGP	CTS	State subsidy	Total	
Yes	35 (57.3)	35 (59.7)	19 (63.4)	89 (55.6)	24 (46.2)	19 (40.5)	18 (81.8)	61 (50.5)	17 (39.5)	17 (42.5)	10 (90.9)	44 (46.8)	194 (51.7)
No	26 (42.7)	34 (49.3)	11 (36.6)	71 (44.4)	28 (53.8)	28 (59.5)	4 (18.2)	60 (49.5)	26 (60.5)	23 (57.5)	1 (9.1)	50 (53.2)	181 (48.3)
Total	61	69	30	160	52	47	22	121	43	40	11	94	375

Source: Field Survey

Figures in bracket denotes percentage

Maintenance of books of accounts is an important factor to track and control the financial management of the enterprise. From the above table 34, it can be seen that out of the total respondents of 375, about half of them maintains the books of account while the other half does not maintain the books of accounts. As evidenced by 194 respondents (51.7 percent) maintains the books of accounts while the remaining 181 respondents (48.3 percent) have not maintained their books of accounts. In comparison among the districts, it can be found that in Champhai district the number of respondents maintaining books of accounts is less as 44 respondents maintains the accounts while 50 respondents do not maintain the books of accounts. Lunglei district shows interesting aspects that PMEGP and CTS schemes beneficiaries have higher number of respondents not maintaining the books of account but in the case of state subsidies books of accounts maintained. It could mean that state subsidies are strictly audited for their usage. Looking into the State subsidies in the three districts, it can be seen that in Aizawl district (63.4 percent), Lunglei (81.8 percent) and Champhai (90.9 percent) maintains the books of accounts. Maintaining the books of accounts also shows the transparency of the functioning of the schemes and the enterprise.

4.7 Persons Maintaining Books of Account

Maintenance of the income and expenditure of organisation is necessary. Some of the entrepreneur may join other organisation to earn their income, in which case the books of account maybe maintained by one of his employees.

Table 35. Persons Maintaining the Books of Account

Responses	Aizawl District				Lunglei District				Champhai District				Total
	PMEGP	CTS	State subsidy	Total	PMEGP	CTS	State subsidy	Total	PMEGP	CTS	State subsidy	Total	
Self	30 (85.7)	32 (91.4)	19 (100)	81 (91.01)	23 (95.8)	13 (68.4)	14 (77.7)	50 (80.97)	15 (88.2)	16 (94.1)	8 (80.2)	39 (95.1)	170 (87.62)
Employee	5 (14.2)	3 (8.5)	0 (0)	8 (8.9)	1 (4.1)	6 (31.5)	4 (22.2)	11 (18.03)	2 (11.7)	1 (5.8)	2 (17.7)	5 (12.1)	24 (12.38)
Total	35	35	19	89	24	19	18	61	17	17	10	44	194

Source: Field survey

Note: Figures in bracket denotes percentage

The above table shows the person, maintaining books of account for the enterprises. It can be said that out of the total respondents who maintains the books of account, 170 (87.62%) respondents said they have maintained the book of account themselves and another 24(12.37%) respondents said that their books of account has been maintained by their employee. 81of the respondents (91.01%) in Aizawl district maintains the books of account themselves and another 8(8.98%) said their books of account has been maintained by their employees. Amongst the PMEGP respondents in Aizawl district, 30(85.71%) said their accounts are maintained by themselves and another 5(14.28%) said employee. Out of the total CTS respondents 32(91.42%) responded self and others 3(8.57%) responded employee maintains the books of account. All of the state subsidy respondents said they have maintained their account themselves only.

Amongst the respondents who were keeping proper record 49(80.32%) said they maintained book of account by them self and another 11(18.03%) said their book of account is maintained by their employee. Amongst the PMEGP respondents 23(95.83%) said self and another 1(4.16%) said employee. Majority of the CTS respondents that is 13(68.42%) said self and another 6(31.57%) said employee. Amongst the state respondents, maximum numbers of the respondents that is 18(81.81%) said self and another 4(18.18%) said employee. Out of the total respondents in Champhai district, maximum numbers of the respondents that is 39(88.63%) said they maintained by them self and others 5(11.36%) said employee. Amongst the PMEGP respondents in Champhai district 15(88.23%) said them self and others 2(11.76%) said employee. Almost all the CTS respondent in Champhai district said they have maintained by themselves only. Maximum numbers of the state scheme that is 8(80%) said self and other 2(20%) said employee.

4.8 Ability to Generate Sustainable Income from the Enterprise:

Generating suitable income on the enterprise is requisite for the life and growth of the enterprise. Many of the enterprise in Mizoram cannot sustain from their own income. This has created acute problems in the development of enterprises in Mizoram. According to Mizoram Entrepreneurship Network annual report more than 70 percent of the enterprise in Mizoram is defunct units.

Table 36. Ability to Generate Sustainable Income from the Enterprise

Sustainability	Aizawl District				Lunglei District				Champhai District				Total
	PMEGP	CTS	State subsidy	Total	PMEGP	CTS	State subsidy	Total	PMEGP	CTS	State subsidy	Total	
Yes	52 (85.2)	47 (68.1)	11 (36.6)	110 (68.7)	38 (73.07)	31 (65.9)	18 (81.8)	87 (71.9)	30 (69.7)	27 (67.5)	7 (63.6)	64 (68.1)	261 (69.6)
No	9 (14.7)	22 (31.9)	19 (63.3)	50 (31.2)	14 (26.9)	16 (34.1)	4 (18.1)	34 (28.1)	13 (30.2)	13 (32.5)	4 (36.3)	30 (31.9)	114 (30.4)
Total	61	69	30	160	52	47	22	121	43	40	11	94	375

Source: Filed survey

Notes: Figures in bracket denotes percentage

The sustainability from the enterprise from the revenue generated is one of the most important factors for the health and performance of enterprise. The above table 36 shows the ability to sustain the enterprise from revenue generation. Maximum numbers of the respondents that is 69.6 percent (261 respondents) feels that they are able to generate income and able to sustain themselves. Out of 375, 114 respondents (30.4 percent) feel that they are not able to generate revenue despite the support through government schemes. In Aizawl district out of 61 respondents who have received PMEGP, 52 respondents (85.2 percent) feels that they are able to sustain while a small 9 respondents (14.7 percent) feels not able to do so. Among the observations, the user of state subsidies in Aizawl feels that they are not able to sustain as shown by 19 respondents (63.3 percent). In other districts, the general observation is that most of the enterprises are able to sustain themselves with generated revenue.

4.9 Impact of Schemes on Enterprise

Although states and central government had initiated various development schemes for entrepreneurship, the development of entrepreneurship in the state is meagre. Many of the schemes have become inactive and have no relevant impact on the beneficiaries. Here the impact of the schemes on the enterprises is highlighted.

Table 37. Status of Scheme Impact on the Enterprise

Scheme Impact	Aizawl District				Lunglei District				Champhai District				Total
	PMEGP	CTS	State subsidy	Total	PMEGP	CTS	State subsidy	Total	PMEGP	CTS	State subsidy	Total	
Yes	22 (36.06)	24 (34.7)	6 (20)	52 (32.5)	24 (46.1)	16 (34.04)	4 (18.1)	44 (36.3)	21 (48.8)	14 (35)	4 (36.3)	39 (41.4)	135 (36)
No	39 (63.9)	45 (65.2)	24 (80)	108 (67.5)	28 (53.8)	31 (65.9)	18 (81.8)	77 (63.6)	22 (51.1)	26 (65)	7 (63.6)	55 (58.5)	240 (64)
Total	61	69	30	160	52	47	22	121	43	40	11	94	375

Source: Field survey

Note: Figures in bracket denotes percentage

The above table depicts the scheme's impact on the enterprise and indicates out of the total respondents only 135(36%) said the schemes brought some development on their enterprise. On the other hand 240(64%) said that the schemes does not bring any development on the enterprise. By analysing the district wise respondents, Aizawl district has 160 respondent out of which 52(32.5%) said the scheme brought some development on the enterprises 108(32.5%) said the schemes does not bring any changes on the enterprise. Amongst the PMEGP respondents within Aizawl district only 22(30.06%) said there was some development due to financial assistance and others that is 39(63.93%) said there was no development due to the financial assistance. Majority of the CTS respondents in Aizawl district that is 45(65.21%) said there was no development on their enterprise even after getting the subsidy and another 24(34.78%) said there was some development due to the assistance. Out of the total states scheme respondent, maximum numbers that is 24(80%) said there was no development on their enterprise and other 6(20%) said there was some development on their enterprise.

Majority of the respondents in Lunglei district that is 77(63.63%) said that the schemes does not bring any development on their enterprise and other 44(36.36%) said there was some development on their enterprise. Amongst the PMEGP respondents 24(46.15%) respondents said the financial schemes brought some development on their enterprise and other 28(53.84%) said there was no development on their enterprise. Majority of the CTS respondents 31(75.60%) financial assistance does not developed their enterprise and other 16(34.04%) said there was some development on their enterprise after getting the assistance. 18(81.81%) of the state schemes respondents said there was no development due to assistance schemes and other 4(18.18%) said there was some development on their enterprise.

Majority of the respondents that is 55(58.51%) in Champhai district said there was no development on their enterprise due to assistance and other 39(41.48%) said there was some development on their enterprise due to the schemes. Amongst the PMEGP respondents within Champhai district there were 21(48.83%) respondents who said there was some development on their enterprise due to assistance and 22(51.16%) said there was no development on their enterprise due to financial assistance.

4.10 Impact of Schemes on Income, Production and Employment Generation

The small enterprise in India has contributes a large number of employment and to the Gross Domestic Product (GDP). The contributions attract the eye of the economic planners and give

importance to small enterprise. The development of enterprise based on income, production and employment generation of the small enterprises in Mizoram based on the survey is indicates in the below table.

Table 38. Impact of Schemes on Income, Production and Employment Generation

Responses	Aizawl District				Lunglei District				Champhai District				Total
	PMEGP	CTS	State subsidy	Total	PMEGP	CTS	State subsidy	Total	PMEGP	CTS	State subsidy	Total	
Income	13 (59.09)	16 (66.6)	1 (16.6)	30 (57.6)	16 (66.6)	9 (56.2)	2 (50)	27 (61)	12 (57.1)	8 (57.1)	4 (100)	24 (61.5)	69 (56.09)
Production	6 (27.27)	4 (16.6)	3 (50)	13 (25)	3 (12.5)	4 (25)	2 (50)	9 (33.3)	4 (19.0)	4 (28.5)	0 (0)	8 (20.5)	30 (24.39)
Employees	3 (13.6)	4 (16.6)	2 (33.3)	9 (17.3)	5 (20.8)	3 (18.7)	0 (0)	8 (18.1)	5 (23.8)	2 (14.2)	0 (0)	7 (17.9)	24 (19.52)
Total	22	24	6	52	24	16	4	44	21	14	4	39	123

Source: Field survey

Figures in bracket denotes percentage

Different measures have been used to find out whether the schemes have been fruitful for the entrepreneurs. The above table 38 highlights the schemes and their impact on income, production and employment on the enterprise. Altogether 123 respondents felt that the schemes have given some impact on them in terms of income, increase in production and employment generation. In Aizawl district, 30 respondents (57.6 percent) feels that the schemes have been helpful in generating income. Amongst the schemes, CTS has been most successful with 66.6 percent followed by PMGEP with 59.1 percent. In Lunglei district also, 27 respondents (61.4 percent) feels that income generation has been positively improved. In Champhai district, 24 respondents (61.5 percent) are positively improved through income generation. Among the respondents from Champhai, it was felt that State subsidies has been 100 percent effective for income generation followed by PMEGP and CTS. The second category which has been improved is in the production area which is reflected by 23.0 percent in Aizawl district, 20.5 percent in Lunglei district and 20.6 percent in Champhai district. The impact in employment generation is less in comparison to the other categories.

4.11 Scheme Utilisation in Expansion and Setting up New Enterprises

The setting up of new enterprise and expansion of the existing enterprise is required to increase the contribution on economic development of the state. Mizoram Entrepreneurs Network (MEN) survey reveals that maximum numbers of the enterprise in Mizoram are defunct. Therefore, the existing sound enterprise and entrepreneurs must foster their enterprises and developed a new enterprise. The table 39 shows that the number of entrepreneurs who are expanding their existing enterprise and developing a new enterprise, amongst the beneficiary of studied schemes.

Table 39. Scheme Utilisation in Expansion and Setting Up New Enterprises (District wise)

Utilization	Aizawl District				Lunglei District				Champhai District				Total
	PMEGP	CTS	State subsidy	Total	PMEGP	CTS	State subsidy	Total	PMEGP	CTS	State subsidy	Total	
New enterprise	11 (18.03)	11 (15.9)	28 (93)	50 (31.25)	12 (23.07)	4 (8.5)	0 (0)	16 (13.22)	7 (16.27)	4 (10)	2 (18.18)	13 (13.82)	79 (21.06)
Expansion of existing enterprise	15 (24.5)	5 (7.2)	0 (0)	20 (12.5)	17 (32.6)	0 (0)	0 (0)	17 (14.04)	10 (23.25)	2 (5)	5 (45.45)	17 (18.08)	54 (14.4)
No new expansion	35 (57.3)	53 (76.8)	2 (6.6)	90 (56.25)	23 (44.2)	43 (91.4)	22 (100)	88 (72.72)	26 (60.46)	34 (85)	4 (36.36)	64 (68.08.)	242 (64.53)
Total	61	69	30	160	52	47	22	121	43	40	11	94	375

Source: Field survey

Figures in bracket denotes percentage

The above table 39 shows the utilisation of the schemes in setting up a new enterprise or expansion of the current enterprise. 74.25 percent of the respondents have not used the schemes for setting up of new enterprise, while 14.5 percent have used in expansion of the current enterprise. It also means that majority of the enterprises viz., 242 respondents have used for running the enterprise meaning for working capital. In Aizawl district, majority of the funds from state subsidy has not been used for setting up the business (93%), while in Lunglei for working capital and in Champhai for expansion (45.45%) and working capital (36.36%) purposes. PMGEP and CTS to a smaller degree is used for new business setup and expansion.

4.12 Problems Encountered while Availing the Schemes

Small enterprises are no doubt very important for the economy of Mizoram in particular and the economy of the country as whole. Recognizing the important role that small scale industrial sector play in the national economy, both the central and state government have taken active steps and introduced various financial support schemes to develop, promote and foster their growth. Some of these initiatives have been effective and some of them are not easily accessible for small enterprises. They can play their rightful role only if they are on sound lines. Small scale and cottage industries are suffering from a number of problems; some are more or less common to a wide range of industries while others have particular relevance to a group of industries located in rural and backward areas. Many of the entrepreneurs wants to get some benefit from various schemes assistance scheme, but surrounded by various problems which are mentioned in the below table.

Table 40. Problems Encountered while Availing the Schemes (District wise)

Problems	Aizawl District				Lunglei District				Champhai District				Total
	PMEGP	CTS	State subsidy	Total	PMEGP	CTS	State subsidy	Total	PMEGP	CTS	State subsidy	Total	
Yes	20 (32.7)	26 (37.6)	10 (33.3)	56 (35)	19 (36.5)	20 (42.5)	14 (63.7)	53 (43.8)	39 (90.6)	16 (40)	2 (18.2)	57 (60.6)	166 (44.3)
No	41 (67.3)	43 (62.4)	20 (66.7)	104 (65)	33 (63.5)	27 (57.4)	8 (36.3)	68 (56.2)	4 (9.4)	24 (60)	9 (81.8)	37 (39.4)	209 (55.7)
Total	61	69	30	160	52	47	22	121	43	40	11	94	375

Source: Field survey

Figures in bracket denotes percentage

The above table shows whether the entrepreneurs face any problems while applying for the financial assistance. Out of the total respondents maximum number of the respondents viz., 209 (55.7%) said they did not faced much problem in getting the assistance while 166 (44.3%) said they incurred some problems in getting the assistance.

Maximum numbers of the respondents in Aizawl district viz., 104(65.%) said there was not much problem in availing the schemes and another 56(35%) said there were many problems on getting the assistance. Amongst the PMEGP respondents within Aizawl district there were 41 respondents (67.21%) stated they did not faced problems in getting the subsidy and another 20 (32.78%) said they faced a lot of problems to get the financial assistance. Out of the total CTS respondents within Aizawl district, there were 43 (62.31%) respondents who did not faced problems and another 26(37.68%) respondents said they faced problems in getting the assistance. The state schemes constitute only 30 respondents in Aizawl district, out of which 20 respondents (66.66%) said they did not faced problems in getting the subsidy and while 10 (33.33%) said they faced problems in getting the schemes.

There are 121 respondents within Lunglei district, out of which 68(56.19%) respondents said they did not faced much problems in availing the schemes and another 53(43.80%) said there was some problems incurred while getting the assistance. Amongst the PMEGP respondents within Lunglei district, there were 33(63.46%) respondents who did not faced much problems in getting the assistance and another 19(36,53%) said they faced some problems in availing the schemes. Amongst the CTS respondents within Lunglei district, there were 27 respondents (57.44%) respondent who did not face much problems another 20(42.55%) faced problems. Out of the total state schemes respondents in Lunglei district, 14 (63.63%) said there were many difficulties in getting assistance and another 8 (36.36%) said there were not much difficulties.

Within Champhai district, there were 94 respondents, out of which 57(60.63%) said it is very difficult to get the assistance and another 37 respondents (39.36%) said it was not much difficult to get the assistance. Amongst the PMEGP respondents within Champhai district there were 39 respondents (90.69%) who incurred problems in availing the assistance schemes and another 4 respondents (9.30%) said there were no difficulties. Out of the total CTS respondents within Champhai district, 24 respondents (60%) said there were not much problems and another 16 respondents (40%) said there was problems in getting the subsidy. The state schemes respondents is again the lowest amongst the three schemes, out of the total state schemes respondents in Champhai district, 9 (81.81%) said there not much problems in

getting the subsidy and another 2(18.18%) said there was some hindrances in availing the schemes.

4.13 Types of Problems faced by the Entrepreneurs while Processing the Schemes

For availing financial assistance, the entrepreneurs encountered various kinds of problem in getting the assistance. The below mentioned in the table are the various kinds of problems faced by the entrepreneurs in availing the schemes in Mizoram. The below table shows the various type of problems the entrepreneur incurred in getting the grant.

Table 41. Types of Problems faced by the Entrepreneurs while Processing the Schemes

Types of problems	Aizawl District				Lunglei District				Champhai District				Total
	PMEGP	CTS	State subsidy	Total	PMEGP	CTS	State subsidy	Total	PMEGP	CTS	State subsidy	Total	
Documentation	6 (30)	7 26.9	5 (50)	18 (32.1)	4 (21.0)	6 (30)	5 (35.7)	15 (28.3)	8 (20.5)	4 (25)	1 (50)	13 (22.8)	46 (27.7)
Rejection of application	6 (30)	7 (26.9)	0 (0)	13 (23.2)	7 (36.8)	5 (25)	2 (14.2)	14 (26.4)	9 (23.07)	4 (25)	0 (0)	13 (22.8)	40 (24.09)
Long Process	6 (30)	7 (26.9)	2 (20)	15 (26.7)	5 (26.3)	7 (35)	2 (14.2)	14 (26.4)	11 (28.2)	6 (37.5)	1 (50)	18 (31.5)	47 (28.3)
Others	2 (10)	5 (19.2)	3 (30)	10 (17.8)	3 (15.7)	2 (10)	5 (35.7)	10 (18.8)	11 (28.2)	2 (12.5)	0 (0)	13 (22.8)	33 (19.8)
Total	20	26	10	56	19	20	14	53	39	16	2	57	166

Source: Field survey

Figures bracket denotes percentage

The above table 41 shows the various kinds of problems met by the entrepreneurs while applying for financial assistance for the above mentioned schemes. Documentation (27.7 percent) and long process (28.3%) seems to be the major problems while getting the funds. This is further enhanced by the rejection of the form due to incomplete information as opined by 40 respondents (24.1 percent). For applying for state subsidies in the districts of Aizawl, Lunglei and Champhai districts, documentation is the major problem as reflected by the respondents 50.0 percent, 35.7 percent and 50.0 percent respectively.

4.14 Testing of Hypotheses

The hypothesis testing is carried out through Chi-square test for non-parametric test. The data is analysed by using Microsoft Excel and SPSS. The following hypotheses were tested to give a meaning to the conclusions derived.

Hypothesis 1:

H₀ The distribution of observed number of entrepreneurs keeping books of accounts does not differ significantly from those who maintains books of accounts

H₁ The distribution of observed number of entrepreneurs keeping books of accounts does differed significantly from those who maintains books of accounts

Table 42. Summary of the Chi-square test of the Observation of Entrepreneurs maintaining separate Cash Book for his/her Enterprise

District	PMEGP	Asymp. Sig.	H ₀	CTS	Asymp. Sig.	H ₀	State	Asymp. Sig.	H ₀
Aizawl	1.361	0.249	Failed to be rejected	0.014	0.904	Failed to be rejected	2.133	0.114	Failed to be rejected
Lunglei	0.308	0.579	Failed to be rejected	1.723	0.189	Failed to be rejected	8.909	0.003	Rejected
Champhai	1.884	0.170	Failed to be rejected	0.900	0.343	Failed to be rejected	7.364	0.007	Rejected

Df = 1

The district and scheme wise chi-square test on maintenance of cash book is shown below.

Chi-square test for those entrepreneurs who maintains books of accounts, amongst the PMEGP respondents

PMEGP column in the table no. 42 indicates that at Aizawl , Lunglei and Champhai districts, the calculated P values are 1.36, since the P value are 0.249, 0.579 and 0.170 respectively, and the P value sig. is greater than 0.05, the null hypotheses are failed to be rejected.

Similarly, for Lunglei and Champhai districts are also failed to be rejected as their P significance value is more than 0.05. It can be concluded that books of accounts being kept by the entrepreneurs differ significantly for PMEGP scheme users among the three districts of Aizawl, Lunglei and Champhai.

Chi-square test on those entrepreneurs who maintains books of accounts for the CTS beneficiaries

CTS beneficiaries column in the table no. 42 shows that at Aizawl, Lunglei and Champhai districts, the extracted is found to be P value is asymp.sig 0.904, 0.189, 0.343 respectively. Since the p values are more than 0.05, the null hypotheses are failed to be rejected. It can be concluded that books of accounts being kept by the entrepreneurs are different significantly for CTS beneficiaries for the three districts of Aizawl, Lunglei and Champhai.

Chi-square test on those entrepreneurs who maintains books of accounts for the state subsidies beneficiaries

State subsidies beneficiaries column in the table no. 42 shows that at Aizawl, Lunglei and Champhai districts, the P value are, 0.114, 0.003 and 0.007 respectively, while the calculated chi-square values are 2.133, 8.909 and 7.364. Since the P value of Aizawl (0.114) is more than 0.05, the null- hypothesis is failed to be rejected. It means that books of accounts being kept by the entrepreneurs are different significantly for CTS beneficiaries. In Lunglei and Champhai districts, the P values are less than 0.05. So, in the two districts of Lunglei and Champhai, the null hypothesis is rejected meaning the maintenance of books of accounts for CTS beneficiaries in Lunglei and Champhai differ significantly.

Hypothesis 2:

H₀ There is no significant relationship between the purpose of the schemes (establishment of new enterprise, expansion and no new expansion) with the three schemes viz., PMEGP, CTS, State schemes.

H₁ There is significant relationship the purpose of the schemes (establishment of new enterprise, expansion and no new expansion) with the three schemes viz., PMEGP, CTS, State schemes.

Table 43. Observation of Schemes aided for Expansion and New Enterprise

	PMEGP	CTS	State subsidy	Total
New enterprise	30	19	6	55
Expansion of existing enterprise	42	7	5	54
No new expansion	82	130	54	266
Total	154	156	65	375

Table 44. Table showing Expectation of Schemes aided for Expansion and New Enterprise

	PMEGP	CTS	State subsidy	Total
New enterprise	22.59	22.9	9.53	55
Expansion of existing enterprise	22.18	22.47	9.36	54
No new expansion	109.23	110.63	46.11	266
Total	154	156	65	375

The critical value (or table value) given is $\chi^2 = 9.47$ at $\alpha = 0.05$ and $df = 4$. Since the calculated value of χ^2 is 46.32086 and is greater than its critical value, the null hypothesis is rejected. Hence it can be said that there is significant relationship between the purpose of the schemes (new enterprise, expansion and no new expansion) and the three schemes viz., PMEGP, CTS, State schemes.

Hypothesis 3:

H₀ The financial assistance provided to the entrepreneur is not sufficient to cover the specific purpose of the schemes

H₁ The financial assistance provided the entrepreneurs is sufficient to cover the specific purpose of the schemes

Table 45. Description of the Respondents fulfilling the Purpose of the Schemes

Responses	PMEGP	CTS	State Subsidies	Total
Yes	27	35	17	79
No	129	121	46	296
Total	156	156	63	375

Table 46. Expected values of the description of the Respondents fulfilling the Purpose of the Schemes

	PMEGP	CTS	State Subsidies	Total
Yes	32.86	32.86	13.27	79
No	123.13	123.13	49.72	296
Total	156	156	63	375

The critical value of χ^2 is 5.99 at $\alpha = 0.05$ and $df = 2$. Since the calculated value of $\chi^2 = 2.828111$ is less than its critical value the null hypothesis (H_0) is accepted. Therefore, it can be concluded that the amount of financial assistance is not sufficient for the specific purpose of the schemes.

4. 15 Conclusion

Considering the unique features of the small enterprises, government in developing countries provide a wide variety of programmes to assist the small enterprises. The primary justifications of the special policy for SSI units are as: they have the capacity to produce a large number and variety of goods with relatively low investment, that they offer greater employment opportunities per unit of capital investment as compared to large enterprises and that the scope for organizing their growth on a decentralized pattern over a large area results in achieving distinct socio-economic advantages such as better and fuller utilization of untapped resources of capital and skill and more equitable distribution of national income. Even though various schemes have been introduced many entrepreneurs said that their debt requirement is still unmet, the scheme introduced does not cover the specific purpose. The knowledge of the entrepreneurs about the schemes is satisfactory, more than 47 percent of the entrepreneurs got information about the schemes through reference. Requirement of various documents is the main problems of the entrepreneurs in availing the schemes, majority of the respondents have not used the schemes for expansion or new development. Income increment has been observed on the enterprise while employment and production increment has not much been observed. It is also shows that the respondents maintain a proper book of account for their enterprise but maximum numbers of the entrepreneurs do not maintain the books of accounts for their enterprises.

CHAPTER-V

MAJOR FINDINGS, SUGGESTIONS AND CONCLUSIONS

5.1 Introduction

Finance is the life blood and nerve centre of every business that keeps the enterprise dynamic. Every business whether small or big needs financial sources to acquire fixed assets, conduct market surveys, start its operations and pay salaries to employees. Even existing business has working capital requirements as well as for expansion needs. To meet the diverse financial requirements of entrepreneurs, a number of financial institutional arrangements have been made by the government of India, over a period of time. During the period of 1956-61, the state financial corporation was established (SFCs) by various state governments for granting term loans to SSI for acquiring fixed assets. During the same period, State Bank of India (SBI) and other commercial banks in the private sector started giving financial support to SSI (DCSSI, 1971). The setting up of National Small Industries Corporation (NSIC) in 1956 followed by State level Small Industries Development Corporations (SIDCs) set up by a few State Governments for supplying imported and indigenous machinery on hire purchase basis represents another aspect of financial assistance provided to SSI. Thus by the late 1950s, financial infrastructure for SSI had taken a definite shape where “term loan” needs of the sector were met by SFCs and the state governments under the State Aid to Industries Act, supplemented by the support of NSIC and SIDCs. Whereas “short-term credit” needs were met by SBI and commercial banks, to encourage the commercial banks to expand their lending to SSI entrepreneurs.

The Government of India introduced a Credit Guarantee Scheme in 1960 for entrepreneurs, where loans granted to the sector were insured against losses on account of bad debts (DCSSI, 1971). The establishment of Industries Development Bank of India (IDBI) in 1964 has become another milestone in the development of financial infrastructure for SSI entrepreneurs (SIDBI, 1999) in India. The IDBI is responsible to make available to the long-term credit needs of SSI entrepreneurs, among others. The IDBI assistances were indirect, by way of refinance through SFCs and banks; it also provided assistance to SIDCs. After the nationalization of 14 commercial banks in 1969, Government of India defined what is known as “the priority sector” to comprise agriculture, SSI, small business, small road and water transport operators, among others and stipulated that 40 percent of the net bank credit should flow to this priority sector.

However, among the constituents of priority sector, the emphasis was to be on agriculture, SSI and small business (Chandrasekhar, 2005). In 1982 National Bank for Reconstruction & Development (NABARD) NABARD was established as a development bank “for providing and regulating credit and other facilities for the promotion and development of agriculture, small scale industries, cottage and village industries, handicrafts and other rural crafts and other allied economic activities in rural areas with a view to promoting integrated rural development and securing prosperity of rural areas and for matters connected there with or incidental thereto” (NABARD website).

However, one of the most historic development with reference to the financial infrastructure for SSI entrepreneurs was the setting up of Small Industries Development Bank of India (SIDBI) as a wholly owned subsidiary of IDBI, to cater to the needs of SSI as an apex financial institution, in 1990. SIDBI has to serve as the principal financial institution for the promotion, financing and development of Indian industry in the small-scale sector and to coordinate the functions of the institutions engaged in similar activities. The significant responsibility entrusted was to assist the entire variety of SSI sector including tiny village and cottage industries in the decentralized sector (SIDBI, 1999). SIDBI was de-linked from IDBI with effect from 27th March 2000. SIDBI today provides direct as well as indirect assistance for the overall advancement of SSI through a network of 5 regional offices and 33 branch offices spread across the country (DCSSI, 2002).

During 1990 the government of India introduced various financial assistance policies to promote and meet the diverse financial needs of the SSI sector. The exclusive ‘policy measures for promoting and strengthening small, tiny and village enterprises’ emphasized the need for shifting from subsidized/cheap credit to adequate flow of credit (Ministry of Industry, 1991). During 2000 the central and the state government had introduced various subsidies schemes to encourage the entrepreneurs to development an enterprise and to increased employment through entrepreneurship.

The state of Mizoram is facing a number of difficulties in the advancement of industries. Lack of means of dependable surface transport and poor accessibility is one of the major drawbacks. Other problems faced by the state were the poor mineral resources, non-availability of good infrastructure and communication facilities, shortage of capital and lack of modern skills. A Software Technology Park is however being established in Mizoram University campus⁺ A Steel Plant is also being established in Mizoram.

The unavailability of timely finance and credit is the main obstacle in the development of SSI units. The same is the case for cottage and village industries. The capital based of the small industrial units are usually weak since they generally have partnership or sole proprietorship form of organization. The initial investment of these units mainly comes from their own fund or borrowed fund from unorganized sectors like friends, relatives and professional lenders. Much lesser proportion of required investment comes from organized sectors like banks, financial institutions and government channels.

Recognizing the significance of smooth credit flow for the development of small scale and cottage industrial sector, the Government of India have nationalized all the major commercial banks in the country. It has also set up SFCs (State Financial Corporations) and Small Industrial development Bank of India (SIDBI) etc. to look after the financial needs of the small scale sector. Banks were also mandated to give 40 percent of their lending to priority sectors including small scale industry. But banks claims to have meet their lending target on pen and paper but in reality they are reluctant to lend to the SSI units due to low recovery rates and higher cost of lending to small firms. Moreover, banks insist on collateral security against the spirit of RBI guidelines. The small scale units are not in a position to offer the guarantee required by the banks. Improper maintenance of books of account, inability to provide collateral security, delay in payments by the larger units, lack of appreciation of financial data required by banks or financial institutions. high mortality rate, high administrative cost of lending to small units and the concessional interest rate does not basically motivate the financial institutions to invest in SSI units.”(Laskar, 2007)

There were more than 107 branches of financial institutions within the state of Mizoram in the year of 2008, out of the total loans and advances in 2006-2007, only 7.76 percent is gone to the industrial sector of the state which represent the poor performance of the financial institutions in providing assistance to the SSI sector. Most of the SSI in the state does not maintain proper account of their day to day transactions. Financial institutions require a lot of information and data but the entrepreneurs are able to satisfy them due to the lack of knowledge in the field. Sometimes they succeed in getting loans from financial agencies. Loans received without knowledge of its proper and optimum utilization often leads to poor recovery by the lending agencies which also create problems in smooth functioning of these financial institutions and also slow down further sanction of loans. As against the national loan recovery rate of 35.20 percent, the recovery rate in Mizoram stood only at 24.82 percent during 2007-08. The recovery rates of loans under various centrally sponsored schemes are in

worst position. The recovery rate under PMRY scheme is only 11.62 percent while that of SJSRY is 11.64 percent. This poor loan recovery has prevented many educated youths of Mizoram from benefiting the loans offered by various financial institutions.. It is found that the banks and financial institutions in the state does not give due importance to those recommendations forwarded to them by the DICs and always been overruled. The specialized bank branches like IDBI, NABARD, SIDBI and NEDFI etc. are located only in the state capital while the small scale and cottage industrial units in the state are located across the state. Thus it prevents the access to adequate and timely credit to the units which are located in rural and backward areas of the state.

5.2 Major Findings and Conclusions of the Study

From the present study various aspects regarding to the schemes has been identified and based on that the findings has been highlighted, and conclusions has been derived on the basis of these findings.

5.2.1 Theoretical Profile of the Schemes

The researcher has examined the theoretical aspects of the selected schemes based on the available literature. It is found that PMEGP schemes imposed to conduct monitoring, physical verification and the beneficiaries are liable to submit their annual performance report. The work of the monitoring and evaluation has been carried out by the committee selected and physical verification has also been carried out. In respect of Central Transport Subsidy; monitoring, beneficiary liabilities has been imposed to conduct but physical verification of the scheme and evaluation of the schemes has not been provided. In respect of the state scheme, monitoring, evaluation and physical verification of the beneficiaries has not been highlighted in the scheme. According to the Comptroller of Accountant General (CAG) report although the theory entrusted various committee to do physical verification, monitoring and evaluation but these activities are not carried out in spirit.

The establishment of new enterprises or registered with the Department of Industry, Mizoram has been showing a contentious fluctuation. The forecasting of the future entry of the PMEGP has been estimated with the help of least square methods. For the year of 2016 and 1017 for PMEGP, the number of units under the PMEGP schemes to be estimated as 1667 and 1771 units in 2016 and 2017 units. Mizoram is still lagging behind in industrialization

comparison to other states and the study finds building of entrepreneurship spirit will contribute to the development of Mizoram economy.

5.2.2 Findings on the Performance of the Selected Schemes:

The study finds that PMEGP schemes financed 1137 units during the period of 2009 to 2014, the CTS schemes covered the number of enterprise units of 2790, within the period of 2001 to 2013 and the state schemes covered around 178 enterprises within the period of 2008 to 2014. In the two schemes viz., state schemes and PMEGP schemes the numbers of units financed has been constant at a wide range but in CTS scheme the numbers of units finance has been hugely fluctuating.

5.2.3 Social-Economic Status of the Respondents

In order to find the socio economic status of the entrepreneurs who availed scheme, data were collected from 375 respondents throughout the three district of Mizoram viz., Aizawl, Lunglei and Champhai. The collected data were analysed and the following conclusion were derived.

- 1. Gender of the respondents:** The maximum numbers of the respondents were male that constitute 259 respondents (69.06 percent) and the rest viz., only 116 (30.9 percent) respondents were female. It is concluded that two third of the respondents are male while one third are female, although, the enterprise were owned by male but mostly operated by female.
- 2. Age of the respondents:** The respondents age of group of 20 to 30 constitute only 3.2 percents from the total population of 375 respondents. Out of the total respondents, 27 percent that is majority of the respondents were from 30-40 age groups, the age group of 40-50 form the second majority amongst the respondents viz., 25 percent from the total. Where 50 and above ages group constitute 16.3 percent of the respondents. So it can be concluded that majority of the entrepreneurs belongs to the young energetic group of 30 to 40 years.
- 3. Qualification of the respondents:** The majority of the respondents that is 204 (54.06 percent) are matriculate and 82 (22.52 percent) were intermediate and the rest viz., 78(21.4 percent) were graduate and above. So it can be concluded that the maximum numbers of the respondents were metric viz., 204 (54.06 percent) were matriculate and 82 (22.52 percent) were intermediate and the rest viz., 78 (21.4 percent) were

graduate and above. So it can be concluded that the maximum numbers of the respondents were matriculation passed. The reason could be that after basic education, the entrepreneurs have started to venture

- 4. Marital status of the respondents:** The marital status of the respondents was found to maximally from married category. This can be due to the maximum numbers of the respondents are from the age group of 30-40.

- 5. Ability to generate sustainable income from the entrepreneurship:** The sustainability from the enterprise of the revenue generated is one of the most important factors for the health and performance of enterprise. Majority of the respondents that is 69.6 percent (261 respondents) feels that they are able to generate income and able to sustain themselves. Out of 375, 114 respondents (30.4 percent) feel that they are not able to generate revenue despite the support through government schemes. In Aizawl district, out of 61 respondents who have received PMEGP, 52 (85.2 percent) feels that they are able to sustain while a small 9 respondents (14.7 percent) feels not able to do so. Among the observations, the user of state subsidies in Aizawl feels that they are not able to sustain as shown by 19 respondents (63.3 percent). In other districts, the general observation is that most of the enterprises are able to sustain themselves with generated revenue.

5.2.4 Profile of the Enterprise

In order to find out profile of the enterprises, the data collected were analysed by types of the enterprise by activity, year of establishment, reasons of starting, source of advice taken.

- 1. Type of the enterprise by their activity:** The enterprise indulges in catering and service are maximum (100 i.e., 28.57 percent) followed by technical services (86 i.e., 24.57 percent), Agro based and forest based enterprise is in the third (79 i.e., 22.57 percent) General trading is also contributing (23 i.e., 6.57 percent), other type of enterprise contributes 62 respondents that is 17.71 percent from the total. It is also found that from amongst the PMEGP respondents, other types of enterprise have formed the largest that is 54 (34.61 percent), followed by catering and service enterprises (38

i.e., 24.35 percent), technical services constitute (20 i.e., 12.82 percent), general trading has also form a part of it that is 19 respondents and agro based enterprise has the minimum respondent. Amongst the CTS respondents, maximum numbers of them are dealing with technical service and fabrication that constitute 57 (38.51 percent) of the total CTS respondents that is followed by Agro allied and forest based that constitute 52 (35.13 percent) of the total respondents and thirdly catering and services that is 33 (22.29 percent) of the total CTS respondents. Catering and services has become the majority amongst the state subsidies respondents that contribute 29 (46.03 percent) respondents form the total and it is followed by agro and allied enterprise contributing 25 (39.68 percent) from the total. Therefore, it can be concludes that Agro allied and forest based and catering and services has form the maximum numbers of the enterprise amongst the subsidies beneficiaries.

- 2. Year of establishment:** From table 27 it is found that 49.86 percent of the enterprises under study were established between the years of 2000-2010. Likewise only 14.13 percent were found to be established before 1990 and 34.4 percent were established after 1990 but before 2000. The reason behind the high growth of enterprises in the state of Mizoram after 1990 may be due to the implementation of various schemes, subsidies, incentives etc, announced in the first industrial policy of Mizoram in 1989, to attract the parental investor and entrepreneurs in the industrial sector.
- 3. Reasons to start enterprises:** Majority of the respondents have started their enterprise with a profit motive that constitute 242 (64.53 percent), followed by 57 (15.2 percent) who said that they have started for self achievement, 41 (10.93 percent) said they have started because they did not have any other option to earn their livelihood.
- 4. Source of advice taken for establishing enterprise:** The majority of the respondents viz., 192 (51.2 percent) said they have setup their enterprise in their own without taking any advice, where else 151 (40.26 percent) claims that other family members suggested to run their business. Another 32 (8.53 percent) revealed that they were advised by their friends and others.

5.2.5 Profile of the State

- 1) **The population of Mizoram state:** According to 2011 census of Mizoram, population is 10,91,014, out of which 5,52,339 are males and 5,38,675 are females by which the sex ratio works out to be 976 females per 1000 males. It is also found that there is a continuous increase in the population over the decades. The average decadal variation of the population over the decades comes to 26.05 percent. Presently there are eight districts in Mizoram amongst the district, Aizawl district is the most populated and also second largest district of Mizoram state and also has the highest density rate which is 111.46 people per square kilometre, that is followed by Lunglei District having a population of 1,66,864 and a density of people per square kilometre is 36.786. The third largest district is Champhai district having the population of 1,30,372 and density of people per square kilometre is 40.93km². Lawngtlai district has the population of 98766 having an area of 2557km² situated in the southern part of the state. Kolasib is the smallest district in the state occupying an area of 1382km² in the north having population of 81859 and density of population is 59.23km². Mamit district has the lowest rate of density in the state, occupying an area of 3025km² and the population is 78840. Serchhip district is the least populated in the state, having the population of 67009. It acquired an area of 1421 sq.km.
- 2) **The status of workers in Mizoram:** The cultivators have formed the largest contributors of workers amongst the different types of work in Mizoram. Out of the total population of Mizoram, 77.58 percent are the main workers where as the rest that is 22.41 percent are marginal workers.
- 3) **Literacy rate of the state:** The state of Mizoram is one of the highest literate rate amongst states of India. Aizawl district shows the highest level literacy rates (96.50) percent in the state while Lawngtlai district shows the lowest level of literacy amongst the district. However, the literacy rate in the state is much higher as compared to national level. The literacy rate amongst male is 90.72 percent is higher as compared to female counterpart that is 86.75 percent. The gap between the male and females in literacy rate comes to 4.08 in the state. The literacy level of the district in Mizoram is quite comparable except Lawngtlai district, where the literacy rates is comparatively

low to other district and also have a big gap between the gender literacy level. Although the literacy rate is high, the average qualification of the selected entrepreneurs is matriculate only.

- 4) Economy of the state:** The estimate of state domestic product is one of the most important single economic indicators to measure the overall economic development of the state. It estimates the value of all goods and service produced within the state during a reference period of year. The GDP of Mizoram is contentiously increasing over the years. Gross state domestic product (GSDP) at factor cost at constant price (2004-05) is expected to reach an amount of Rs.5,53,687/- lakhs in 2012-13 against the advance estimate of Rs.5,01,661/- lakhs for the year 2012-13 showing the growth rate of about 10 percent over the previous year.

The Service sector has contributed more than 58.42 percent share in GSDP and agriculture and allied sector also improved rather than the previous year, contributing 22.11 percent, whereas industry sector has a decline in the contribution of GSDP in 2008-09 contributing 19.47 percent of the total production.

5.2.6 Financial Assistance Scheme

The following are the findings in relation to the financial assistance schemes for the study viz., PMEGP, CTS and State subsidies. They are:

- 1. Delay in payment claims:** The study finds that delay in payment of claims has become one the common problems of the entrepreneurs. In some schemes, to get the subsidy it takes one to six year to get the subsidy. Many a times the entrepreneurs are not in position to implement his/her project on time because of late payment.
- 2. Claims pending:** It is found that many entrepreneurs claims are kept pending at the agency due to various reasons like objection made by the audit team, the document submit in the claim filed did not match with the check list, the entrepreneurs did not submit the necessary documents, etc and which claim has kept pending but proper reasons has not been found or recorded.

- 3. Partial payment of the assistance:** The study observed non payment of the full amount by the agency has been observed during the interaction with the entrepreneurs in the field.
- 4. Respondent's awareness on the scheme:** It is also found that out of the total respondents, majority of the respondents viz., 296 (78.933 percent) were having good knowledge about the schemes. Remaining 82 (21.86 percent) did not have a sound knowledge about the schemes.
- 5. Mode of communication:** It can be said that majority of the respondents that is 140 (47.29 percent) got information through references, which 107(36.14 percent) got information through newspaper, another 33 (11.14 percent) were informed through advertisement and another 26 (8.78 percent) got information through others.
- 6. Respondent receiving requested amount of assistance:** Out of the total respondents 249 (68.21 percent) of the respondents, they have received their exact amount of dues and which others 116 (31.78) percent claims that they were not given their exact amount of their dues. But still maximum numbers of the respondents were claiming that they were provided a good amount which is entitled.
- 7. Financial coverage of specific purpose of the scheme:** Out of the total respondents 79 (21 percent) percent of the respondents can manage with their funds and another 296 (78.9 percent) said they cannot manage with the amount of subsidy received. Therefore it can be said that majority of the respondents feels that the financial assistance does not sufficient for its purpose of the scheme. Specifically in Aizawl district the numbers of 33 respondents that is 20.62 percent said they can manage with assistance another 127 respondents that is 79.37 percent said assistance which they were provided is less to manage with the purpose of the scheme. In Lunglei district, the numbers of 26 respondents that is 21.48 percent claims that the amount of assistance is reasonable with the purpose but another 95(78.85) percent said it is far too less to manage with. Champhai district contribute 94 respondents, out of which 20 (21.27) percent said the assistance is reasonable with the purpose and another 78.72 percent said it is minimal for the purpose.

- 8. Maintenance of books of accounts:** From the study it is found that out of the total respondents of 375, about half of them maintain the books of accounts while the other half does not maintain the books of accounts. As evidenced by 194 respondents (51.7 percent) maintains the books of accounts while the remaining 181 respondents (48.3 percent) have not maintained their book of accounts. In comparison among the districts, it can be found that in Champhai district the number of respondents maintain books of accounts is less as 44 respondents maintains the accounts while 50 respondents do not maintain the books of accounts. Lunglei district shows interesting aspects that PMEGP and CTS scheme beneficiaries have higher number of respondents not maintaining the books of account but in the case of state subsidies books of accounts maintained. It could mean that state subsidies are strictly audited for their usage. Therefore books of account were well maintained. Looking into the State subsidies in the three districts, it is found that in Aizawl district (63.4 percent), Lunglei (81.8 percent) and Champhai (90.9 percent) maintains the books of accounts. Maintaining the books of accounts also shows the transparency of the functioning of the schemes and the enterprise.
- 9. Person maintaining books of account:** It can be said that out of the total respondents who maintained books of account, 170 (87.62 percent) said the entrepreneurs have maintains the book of account themselves and another 24 (12.37 percent) said their book of account has been maintained by their employee. It seems that the books of account are maintained by the entrepreneurs himself/herself so that the information of accounts is kept to himself/herself.
- 10. Sustainability on the enterprise revenue:** Maximum number of the respondents viz., 69.6 percent (261 respondents) feels that they are able to generate income and able to sustain themselves. Out of 375, 114 respondents (30.4 percent) feels that they are not able to generate revenue despite the support through government schemes. In Aizawl district out of 61 respondents who have received PMEGP, 52 (85.2 percent) feels that they are able to sustain while a small 9 respondents (14.7 percent) feels not able to do so. Among the observations, the user of state subsidies in Aizawl feels that they are not able to sustain as shown by 19 respondents (63.3 percent). In other

districts, the general observation is that most of the enterprises are able to sustain themselves with generated revenue.

11. Impact of the schemes: Altogether 123 respondents felt that the schemes have given some impact on them in terms of income, increase in production and employment generation. In Aizawl district, 30 respondents (57.6 percent) feels that the schemes have been helpful in generating income. Amongst the schemes, CTS has been most successful with 66.6 percent followed by PMEGP with 59.1 percent. In Lunglei district also, 27 respondents (61.4 percent) feels that income generation has been positively improved. In Champhai district 24 respondents (61.5 percent) are positively improved through income. Among the respondents from Champhai, it was felt that State subsidies has been 100 percent effective for income generation followed by PMEGP and CTS. The second category which has been improved is a in the production area which is reflected by 23.0 percent in Aizawl district, 20.5 percent in Lunglei district and 20.6 percent in Champhai district. The impact in employment generation is less in comparison to the other category.

12. Problems faced by the entrepreneurs while availing the schemes: Studying whether the entrepreneurs face any problems while applying for the financial assistance. The study finds that the entrepreneurs have faced some problems while applying for financial assistance. Out of the total respondents maximum numbers of the respondents viz., 209 (55.73 percent) said they did not face much problem in getting the assistance another 166 (44.26 percent) said they incurred some problems in getting the assistance. Amongst the respondents who encountered various problems in applying the schemes the entrepreneurs main problems encountered was documentation (27.7 percent) and long process seems to be the major problems while getting the funds. This is further enhanced by the rejection of the form due to incomplete information as opined by 40 respondents (24.1 percent). For applying for state subsidies in the districts of Aizawl, Lunglei and Champhai districts, documentation is the major as reflected by the respondents 50.0 percent, 35.7 percent and 50.0 percent respectively.

13. Achievement by the scheme: Promoting entrepreneurship in the state through the schemes is very limited as can be seen from the entry of entrepreneurs has not been remarkably increased when the scheme was implemented in Mizoram. The employment provided to entrepreneurs is not sufficient and stable.

5.3 Suggestions

On the basis of the above conclusions and findings, the following suggestions are made regarding functioning of the selected schemes. The suggestions are grouped as follows:

5.3.2 Policy Makers

- 1. Transparency, easy accessibility:** The policy must be transparent, easily accessible and ensuring access to finance for the entrepreneurs. Any society interested in encouraging entrepreneurship must make it relatively easy to transition from the drawing board to the marketplace, and rewarding enough so success results in repetition. There are some policies focussed at entrepreneurs themselves within any entrepreneurial scaffold. These could make an individual in dilemma to take decision on “take a job or make a job” – that is, to work for someone else or take the riskier but potentially more profitable choice and launch an enterprise. These policies include: easing business formation, easier access to finance, protection of intellectual property etc.
- 2. Easing business formation:** Entrepreneurs cannot be expected to “take the plunge” unless it is easy and inexpensive to do so. Still, there is room for improvement, particularly at the state and local levels, where businesses actually register and must acquire various permits. For example, it is possible to make it easier for new and existing firms to obtain and submit forms on the internet. This is likely to be cheaper and more quick accomplished than building new (or retrofitting existing) physical facilities, such as “one stop shops.” Some cities have already done this, and other cities and states may wish to consider this in conjunction with an active Web-based initiative (Klapper, Luc, Rajan, 2006).
- 3. Ensuring access to finance:** It is very difficult to get loans from bank for an ordinary person. All-new ventures have need of some initial amount of capital and often more as they grow. In USA, “angel investors” – wealthy individuals or

groups of such individuals have become an increasingly important source of early-stage equity capital as well. Likewise the government should encourage the wealthy individuals to get involve in entrepreneurship.

- 4. The provision of proper protection of intellectual property:** This is another way to encourage people to become entrepreneurs is by promising legal protection for their ideas in the right situation. This is accomplished with intellectual property laws such as patents, copyrights and trademarks. If protection is arranged for too long or is very easy to obtain, then government essentially permits monopolies and public returns are limited. On the other hand, if protection of intellectual property is too weak or if legal protections can be easily find a way around through technology, then the inventors and creators may have scarce to fetch their ideas to market due to insufficient incentives. Since the achievement of the present schemes is very limited. Different way of motivating the entrepreneurs is necessary in this case the protection of intellectual property right could be one of the solutions.
- 5. Regulatory frameworks:** Reducing barriers to the start-up and growth of an enterprise is basic to increasing the level and nature of entrepreneurial activity. The policy must envisage with a strict guidelines and rules to abide the agency and the beneficiaries of the schemes. Many schemes has not been implemented and monitored as per the guideline given on the schemes. To overcome all such difficulties the schemes should be framed in such a way that to includes strict rules to impost on the agency.
- 6. Financing support:** It is essential to broaden financial-support environment in order to enhance the creation and development of entrepreneurial start-ups and growth ventures.
- 7. Hiring human resource subsidy must be introduced:** Hiring subsidy should be introduced to increase or motivate the entrepreneurs in generating employment. The subsidy should be claimed by the entrepreneurs who hired unemployed

youth with placement difficulties, to compensate the firm for productivity deficits of the worker. The subsidy should be granted if the worker was employed regularly at the firm applying for the subsidy during the last four years, or if another employee was dismissed to hire a subsidized worker instead. Only wages up to the collectively negotiated or the local customary level, respectively and up to social security thresholds can be taken into account when determining the size of the subsidy.

5.3.3 The Institutions

1. **Education and training:** Undertake reforms in the education system to enable it to become a main driving factor in the development of entrepreneurship. Though the majority of the respondents are educated and they majority are class ten passed, but the education system in Mizoram has not been designed to get self employment and focus on entrepreneurship. More awareness campaign must be conducted, in the various rural and urban areas. Training for the entrepreneurs is a must for the development of entrepreneurship in Mizoram.
2. **Monitoring:** The functioning of the schemes must be monitored strictly for the agency and the department concern. It is essential to conduct the monitoring and inspection on the flow of raw material, in case CTS, to provide the right amount of money and it will reduce the misuse of funds by the entrepreneurs and the agency as well. The department concern should carry out periodical check to ensure that the fund is used for the said purpose only. The periodical check by the department concern is essential to ensure the right amount of money has been transferred to entrepreneurs and to know about the performance of the enterprise. Since many enterprises have been wound up just after getting the subsidy, the unsound and defunct units must not be provided the subsidy, if not the units are in a revive condition.
3. **Physical verification:** Physical verification of the enterprise units must be carried out strictly before the units has been given subsidy. In order to carry out physical

verification, the agency should be collaborated with the local NGO or church organizations to ensure fewer expenses and collect the right information.

- 4. Manufacturing units:** The maximum numbers of the functioning enterprise units are catering and service only, so it is necessary to design the schemes to focus on the manufacturing units. Manufacturing units has been rarely found in the state of Mizoram, to promote the units, the financial assistance has to be formulated to concentrate on the manufacturing units.
- 5. Right amount of cash at the right time:** According to the secondary data, the agency took about 1-6 years in giving the subsidy especially in CTS scheme, so it is necessary to improve the system. The agency of the concerned state government required to draw up procedure and arrangement for prompt payment of the claims. So that the entrepreneurs could start his/her project on time. When the entrepreneurs did not get the right amount of money on time or delayed his payment, his/her project would not have been implemented properly. So it is necessary to make the right amount of money on the right time for the enterprise.
- 6. Target achievement:** The department concern must ensure the target given to bank or other agency is achieved and has been properly and made payment in full amount to the entrepreneurs. Banking sector are the source of finance and it is necessary to cooperate with the bank in case of PMEGP scheme.

5.3.4 The Entrepreneurs

The study finds that majority of the entrepreneurs are aware about the select schemes but about 21(percent) does not have sound knowledge about the select schemes. Although the majority of the entrepreneurs are aware of the schemes they need to be educated about preparation of project and implementation of these project successfully, so that they can availed more schemes in the future.

The entrepreneurs in Mizoram are generally weak in maintaining their proper books of account. Maintenance of the income and expenditure and proper records on movement of raw

materials in an organization is necessary. From the study it is found that fifty percent of the entrepreneurs do not maintain books of account or registered their movement of raw materials, which is one of the important documents for enjoying the benefit of Central Transport Subsidy. So it is necessary for all the entrepreneurs to maintain proper books of account and registered their movement of raw materials.

The status of the entrepreneurship has also been studied and found that most of the enterprises within Mizoram are proprietorship firms. It is very difficult for single entrepreneur on its own to get access finance and manage their enterprises. The researcher assumes that partnership type of enterprises will lessen the financial problems and other various difficulties. So it is suggested to opt for partnership for running an enterprise. Another important function of microenterprises is marketing. The microenterprises in Mizoram face a different problems in the marketing of products by them, the entrepreneurs face a problems viz., lack of linkage with the marketing agencies, lack of adequate sales promotion and lack of well defined and knit channel of distribution for marketing. To overcome with these problems the entrepreneurs must look into the market availability and prior identification of the market demand is necessary for the entrepreneurs.

5.4 Conclusions

Micro, Small and Medium Enterprises (MSMEs), including khadi and village/rural enterprises are credited with generating the highest rates of employment growth and account for a major share of industrial production and exports. They also play a key role in the development of economies with their effective, efficient, flexible and innovative entrepreneurial spirit. Recognizing the contribution of SMEs on the development of the economic condition the central government and the state government took initiative to promote entrepreneurship within the country. Various entrepreneurship promotion schemes have been implemented all over the country, the primary responsibility is rested at the state government. Even though various schemes have been introduced to promote entrepreneurship within the state of Mizoram, the development of entrepreneurship is not much affected. Entrepreneurs are still suffering various from obstacles especially financial problems. From the study on theoretical aspect of the schemes it can be generalised that the provisions of various activities viz., strict monitoring, evaluating, and proper physical verifications and periodical check on issuing of the assistance etc, had not been properly conducted which are

necessary to affect the efficiency in implementing the schemes. The study also finds that the socio economic conditions of the states like geographical terrain and un-availability of finance has toppled the disadvantages of the industrial growth in Mizoram. It is also clear that the state of Mizoram does not have adequate infrastructure facilities for the development of large enterprises, so the state must concentrate on the smaller enterprises. A little development on service sector is observed but manufacturing sector is still lag behind. Many entrepreneurs feel difficult to sustain from a mere source of enterprises income. The educational level of the entrepreneurs has shown a good image but the higher educated people have not been encouraged to be entrepreneurs. Majority of the enterprise were functioned by women entrepreneurs but most of the enterprise are owned by male.

The primary justifications of the special policy for SSI units are as: they have the capacity to produce a large number and variety of goods with relatively low investment, that they offer greater employment opportunities per unit of capital investment as compared to large enterprises and that the scope for organizing their growth on a decentralized pattern over a large area results in achieving distinct socio-economic advantages such as better and fuller utilization of untapped resources of capital and skill and more equitable distribution of national income. Even though various schemes have been introduced many entrepreneurs said that their debt requirement is still unmet, the scheme introduced does not covered the specific purpose. The knowledge of the entrepreneurs about the schemes is satisfactory; reference has been the most important medium of communicating information about the schemes. Requirement of various documents to avail the assistance schemes create some problems to the entrepreneurs, the utilization of the schemes does not reflect on expansion of enterprise and new establishment within the three districts. Increased in entrepreneurs income is observed but employment and production enhancement is not seen. The functioning of the schemes in promoting entrepreneurship in the state is limited, limited relations between agency and bank, delayed in payment of cheque and misappropriation of funds, nepotism are some of the obstacle in the functioning of the schemes.

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ANNEXURE-I

Questionnaire of the Ph.D. work entitled

Financing of Micro Enterprises in Mizoram: An Analytical Study on Government Schemes

To

The Proprietor/Owner

Subject: Request to fill up the accompanying questionnaire, thereof

Dear Sir/Madam

I am pleased to inform you that your enterprise has been selected for a research project entitled '*Financing of Micro Enterprises in Mizoram: An analytical study on Governments Schemes*' presently undergoing at the Department of Management, Mizoram University, Aizawl.

I am requesting you to spare some of your valuable time and fill in the questionnaire attached with this forwarding letter. The information given by you will not be disclosed and will be kept anonymous and it will be utilised only for the research purpose.

Thanking you.

Sincerely yours,

(J. Daizova)
Research Scholar
Department of Management
Mizoram University, Aizawl

Financing of Micro Enterprises in Mizoram: An Analytical Study on Government Schemes

Name of respondent: _____

Age:

Address: _____

Phone number: _____

Email address: _____

Business Organization's name: _____

Please answer the following questions. The information will not be disclosed and it will be kept anonymous.

A. PERSONAL DATA: (Tick your answer)

1. Educational qualification:

- (a) Illiterate () (b) Under Matric () (c) Matriculation () (d) Intermediate ()
(e) Graduate () (f) Post Graduate () (g) Others: _____

2. Any Professional Course & Technical Education:

- (a): _____
(b): _____

3. Tribe/Caste:

- (a) ST () (b) SC () (c) OBC () (d) Others ()

4. Religion:

- (a) Hindu () (b) Muslim () (c) Christian () (d) Sikh () (e) Others ()

5. Marital Status

- (a) Married () (b) Unmarried ()

6. If married, no. of children

- (a) Girls (.....) (b) Boys: (.....) (c) Total (.....)

B. FAMILY DATA:

1. Type of Family:

- (a) Nuclear () (b) Joint () (c) Extended

2. Who is the head of your family?

- (a) Husband () (b) Self () (c) Housewife () (d) Father () (e) Mother ()
(b) In-laws ()
(c) Others _____

C. ABOUT YOURSELF AND THE ENTERPRISE:

1. How many years you have engaged in this business

_____ years, Since _____

2. Who had suggested you to run this business?

- (a) Self () (b) Family members () (c) Friends/ others ()

(e) Others _____

3. What type of business you are dealing with?

- (a) Agro-Allied () (b) Catering () (c) General Trading ()
(d) Technical service () (e) Others ()

Others _____

4. Are you engaged in any other occupation?

Yes () No ()

If yes, what is/are your others occupation(s) _____

5. How many members of your family are engaged in your enterprises?

Total number of the family _____

No. of members engaged in the enterprises _____

6. How much capital you have invested for starting your business?

From your own _____

Bank loan/ Government _____

Others _____

7. Do you think that enterprise provides a sustainable income for you and your family?

Yes () No ()

8. Entrepreneurs source of substitute income

(a) Govt. job () (b) Private company () (c) Others ()

9. Reasons of starting your enterprise

(a) Profit making () (b) Self achievement () (c) Wan to free from control () (d) Others

10. Did you incur any loss for the last ten financial years?

Yes () No ()

If yes what was the reason? _____

11. Members of your enterprises is

(a) Stable () (b) Increasing () (c) Decreasing ()

12. Did you maintained cash book, or any register to see the financial records.

Yes () No ()

If yes who maintained the finance record,

Self () Others ()

D. ABOUT FUNDING:

1. Do you know that various schemes has been introducing for the betterment of entrepreneurship.

Yes () No ()

2. How did you come to know KVIC, KVIB, DIC, Dept, of Industries are providing financial help?

Through

(a) Newspaper () (b) Reference () (c) Advertisement ()

(e) Others _____

Note: KVIC=KHADI AND VILLAGE INDUSTRY COMMISSION, KVIB=KHADI AND VILLAGE INDUSTRY BOARD, DIC= DISTRIC INDUSTRY CENTER.

3. Does the financial support made any difference in your enterprise?

Particulars	Increased	Decreased	From (Rs. or no.)	To (Rs. or no.)
Production				
Income				
Employment				

4. Have you had any development in income or production and employment in your enterprises after getting the assistance schemes?
Yes () No ()
5. Had you experience any problems in getting financial helps/ getting loans?
Yes () No ()
If yes than mention what kinds of problem you are facing? _____
6. Do you think that the financial schemes covered the financial needs of the specific purpose of the schemes on an enterprise?
Yes () No ()
8. Did you receive the exact amount of fund that you had asked to the agency?
Yes () No ()
7. Do the assistance schemes bring any changes/development on your enterprises?
(a) Yes () (b) No ()
9. Do you think that the funding process must be improved to be more successful?
Yes () No ()
If yes, what changes you would like to bring, please mention.
-

10. What kinds of problem your enterprise is facing while applying?

- (a) Initial financial in adequacy (Seed Capital) (b) Finance for extension(Up gradation)
(c) Finance for extension(Up gradation) (d) Management
(e) Technical (f) Human resource
(g) Others

11. Reasons of liquidating an enterprise

- (a) Financial (b) Better opportunities rise up (c) Materials scarcity
(b) Others _____
-

12. Does the various schemes encourage you to set up a new enterprise or extend the existing enterprise?

- Yes () No ()
If yes

- (a) Extended (b) New set up

Please give suggestion to improve process of funding (disbursing) and to develop more enterprise in Mizoram.

ANNEXURE- II

Seminars and Workshops Attended

1. Attended ICSSR, New Delhi sponsored Ten days national workshop-cum- training programme on “ Research Methodology and Application of SPSS in Business Studies”, Organized by Mizoram University, Department of Management (28th Feb. to 9th March, 2013)
2. Attended one day workshop cum seminar on “ Disability Rehabilitation and Development of Human Resource: Exploring the Possibility”, Organized by National Institute of Orthopedically Handicapped (NIOH), Kolkata and Department of Management, Mizoram University on 17th May, 2012 at the Guest House Conference Hall, Mizoram University, Aizawl.

Paper Presented in the seminars

1. Presented a paper ‘*Micro Small and Medium Enterprise (MSME) in Mizoram: An Overview*’ at the Conference on ‘ *Socio- economic Development in Mizoram: Issues and Challenges*’, Organized by ICFAI university, Mizoram in collaboration with State Institute of Rural Development in Mizoram held on 2nd & 3rd December, 2015.
2. Presented a paper ‘*Women entrepreneurship in Mizoram: A Study on Forms and Status*’, at the National Seminar on ‘*Women Entrepreneurship in North East India: Issues and Challenges*’ organized by Department of Management, Mizoram University, Aizawl held on 17th & 18th September, 2015.
3. Presented a paper ‘*Prime Minister employment Generation Programme (PMEGP) in Mizoram: A Case Study of Lunglei District*’, at the National Seminar on ‘Economic Development in North East India: Challenges and Opportunities’, jointly organized by Department of Commerce and Department of Economics, Pachhunga University College, Mizoram in collaboration with Department of Industries, Government of Mizoram, held on 21st-22nd March, 2013.

Publications

1. Daizova and Sharma L.S. (2014), ‘*An Analysis of the Performance of Mizoram Khadi and Village Industry Board under PMEGP Scheme*’, European Academic Research, Vol. II, Issue 8/ November 2014, ISSN 2286-4822

2. Daizova and Sharma L.S. (2014), '*Micro, Small and Medium Enterprise (MSMEs) in Mizoram: An Overview*', European Academic Research, Vol. II, Issue 9/ December 2014, ISSN 2286-4822
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ANNEXURE- III

The Empowered Committee CTS

Secretary, Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India.	Chairman
Secretary, Ministry of Development of North Eastern Region, Government of India.	Member
Secretary, Department of Expenditure, Ministry of Finance, Government of India	Member
Representative of Planning Commission.	Member
Secretary of the concerned Ministry/ Department of Government of India dealing with the subject matter pertaining to the proposal under consideration of the Empowered Committee	Member
Chief Secretary/ Secretary (Industry) of the concerned North East State where the claiming unit is located/ proposed to be located.	Member
Chairman-cum-Managing Director, North Eastern Development Finance Corporation (NEDFi), Guwahati.	Member
Joint Secretary, Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India.	Member Secretary

High Level Committee/Advisory Committee

Secretary, Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India	Chairmen
Secretary, Department of Revenue, Ministry of Finance, Government of India	Member
Secretary, Department of Banking and Insurance, Ministry of Finance, Government of India.	Member
Secretary, Ministry of Development of North Eastern Region, Government of India	Member
Adviser (Industry), Planning Commission	Member
Adviser (NE), Planning Commission	Member
Chairman-cum-Managing Director, North Eastern Development Finance Corporation (NEDFi), Guwahati	Member
Principal Secretary/Secretary (Industry), of all the State Governments of North Eastern Region.	Member
Development Commissioner, Small Scale Industries, Government of India	Member
Additional Secretary & Financial Adviser, Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India.	Member
Chief Controller of Accounts, Department of Industrial Policy and Promotion, Government of India	Member
Joint Secretary, Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India	Member Secretary

ANNEXURE- IV

Forecasting of the numbers of units registered during for the years 2016 and 2017 at the Department of Industries,
Government of Mizoram

Year	E	t	t ²	Et
2005	6080	1	1	6080
2006	6395	2	4	12790
2007	6739	3	6	20217
2008	6944	4	16	27776
2009	7431	5	25	37155
2010	7888	6	36	43329
2011	8088	7	49	56616
2012	8219	8	64	65752
Total (Σ)	57784	36	201	273714

E = the number of enterprise registered for the year

Year = Actual year

T= number of year

Sum of least squares normal equations

$$\sum E = Na + b \sum t \quad \text{-----Equation I}$$

$$\sum Et = a \sum t + b \sum t^2 \quad \text{-----Equation II}$$

Substituting the computed values, we have

$$57784 = 8a + 36b \quad \text{-----Equation I}$$

$$273714 = 36a + 201b \quad \text{-----Equation II}$$

For solving them, multiplying Eq. I with 4.5 and subtracting from Eq. II, we get

$$260028 = 36a + 162b \quad \text{-----Equation I}$$

$$273714 = 36a + 201b \quad \text{-----Equation II}$$

$$260028 = 36a + 162b \quad \text{-----Equation I}$$

$$13686 = 39b$$

$$b = \frac{13686}{39}$$

$$b = 350.923$$

Then, after substituting the value of b in Eq. (I), we get

$$57784 = 8a + 36b$$

$$57784 = 8a + 36(350.923)$$

$$57784 - 12633.23 = 8a$$

$$a = \frac{45150.77}{8}$$
$$a = 5643.846$$

Thus the trend equation becomes

$$E = a + bt$$
$$= 5643.846 + 350.923 t$$

The predicted year 2016 and 2017 takes on the value of 12 and 13 as derived from the table . By substituting these values for t , we get the expected number of enterprises registered forecasted for the years as 9854.92 and 10205.85 respectively.
