

Financial Problems of Food & Grocery Shops in Aizawl, Mizoram

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CERTIFICATE

This is to certify that the dissertation entitled 'Financial Problems of Food & Grocery Shops in Aizawl, Mizoram' submitted to the Mizoram University for the award of the degree of Master of Philosophy in Commerce, is a record of research work carried out by Ms. Priskil Lalremruati under my supervision.

She has fulfilled all the requirements laid down in the M. Phil regulations of Mizoram University. The dissertation is the result of her investigation into the subject. Neither the dissertation as a whole nor any part of it was ever submitted to any other University for any research degree.

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DECLARATION

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July, 2018

I, Priskil Lalremruati, hereby declare that the subject matter of this dissertation is the record of work done by me, that the contents of this dissertation did not form basis of the award of any previous degree to me or to do the best knowledge to anybody else, and that the dissertation has not been submitted by me for any research degree in any other University/Institute.

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PREFACE

Food & Grocery forms the backbone of the Indian retail sector. The category accounts for about 57% of the total retail market. There are an estimated 8-9 million food & grocery stores (including local kirana shops, hawkers etc.) in India and the sector supports millions of other Small and Medium Enterprises (SME's) and Micro, Small and Medium Enterprises (MSME's) who cater to the demand.

Retailing in Mizoram is predominated by the unorganised retail stores which are mostly run by family members. The organised retail sector operates in the state mostly by franchising and small outlets. When it comes to food & grocery retailing, there was no organised retail store until Vishal Mega Mart was opened recently on 25th March, 2017 in Aizawl with much protest. Therefore, the unorganised food & grocery shops dominate the market. They provide the vital sources of nutrition. Most food & grocery shops in Mizoram are sort of variety stores where not only food and food products are sold but also a variety of products which are the basic needs in the day to day life. In Mizoram, many families rely on food & grocery shop business as their occupation and every family rely on food & grocery shops to meet their daily food requirements. There are dozens of food & grocery shops in a local area where people can get their nutritional needs without having to travel long

distances. They play a crucial role in the communities and life of the people in Mizoram.

Food & grocery shops are a great source of generating self-employment since it does not require huge capital investments such as land, building and machinery. Establishing these enterprises does not require educational qualification or technical skills which is convenient for anyone who have the zeal to start a business. According to 2011 census, the population of Aizawl city alone is 2,93,416 persons which is about 26% of the total population of the entire state which makes it an ideal place in the state for retail businesses. Meanwhile sufficient financial resources are a must for the development of every business enterprises. However, from the review of literature, it has come to light that small enterprises often faces financial problems especially when it comes to borrowing funds. The lack of understanding these problems can result in enterprises failing to take necessary actions and therefore affecting the performance of the enterprise. Hence, the study aimed at identifying the financial problems faced by food & grocery shops in Aizawl and give suggestions so that interested parties may benefit from the study.

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LIST OF ABBREVIATIONS

AMC	: Aizawl Municipal Council
ATM	: Automated Teller Machine
BCG	: The Boston Consulting Group
BCs	: Business Correspondents
BSBDAs	: Basic Savings Bank Deposit Accounts
CAGR	: Compound Annual Growth Rate
CARE	: Credit Analysis & Research Limited
CC	: Credit Card
CDR	: Credit Deposit Ratio
CMA	: Chennai Metropolitan Area
FIIs	: Financial Inclusion Indices
GCCs	: General Credit Cards
GDP	: Gross Domestic Product
GSDP	: Gross State Domestic Product
IBEF	: Indian Brand Equity Foundation
IBM	: International Business Machines Corporation
ILP	: Inner Line Permit
KCC	: Kisan Credit Card
KSA	: Kurt Salmon Associates
MCAB	: Mizoram Co-operative Apex Bank
MFI	: Micro Finance Institutions
MSMEs	: Micro, Small and Medium Enterprises
MUCO	: Mizoram Urban Co-operative Development Bank
MZP	: Mizo Zirlai Pawl
NCR	: National Capital Region
PMJDY	: Pradhan Mantri Jan Dhan Yojana

RAI	: Retailers Association of India
RBI	: Reserve Bank of India
RRBs	: Regional Rural Banks
SCBs	: Standard Chartered Banks
SHGs	: Self Help Groups
SMEs	: Small and Medium Enterprises
SPSS	: Statistical Package for the Social Sciences
UK	: United Kingdom
US	: United States
YMA	: Young Mizo Association

CHAPTER 1

INTRODUCTION

This chapter presents an overview of the Indian retail sector and the contribution food & grocery in the sector, the research area, review of literature, statement of the problem, objectives of the study, research methodology, chapterization, limitations of the study and conclusion drawn from the chapter.

1.1 Retailing

The word 'retail' means the sale of goods or commodities in small quantities directly to consumers. It has been derived from the French word 'retailer' which means 'to cut a piece off' or 'to break bulk'. Retailing can be defined as procurement of varied products in large quantities from various sources/manufacturers and their sale in small lots, for direct consumption to the purchaser (CARE, 2017). It can be defined as a distribution channel function, where an organization, buying the products from supplying firms or manufacturing the products themselves, sells these directly to consumers. Many a times, consumers buy from an organization who is not the manufacturer of the products, rather it is a reseller of the products obtained from others. However, there are also some cases where the product manufacturers operate their own retail outlets in a corporate channel arrangement. Retailing is beneficial to both consumers and sellers. It enables the consumers to purchase small quantities of an assortment of products at a reasonably affordable price, it also offers

opportunity to suppliers to reach their target market (Dun & Bradstreet, 2009). A retailer earns profit by purchasing large quantities of goods and services either from manufacturers directly or through a wholesale and he is a part of an integrated system called the supply chain. Thus, retail consists of sale of goods and services from individuals or businesses to end-user (Crown Stars, 2013).

Retailing is one of the biggest sectors in India and has witnessed multi fold growth in post liberalization of the Indian Economy. The evolution of retail trade in India can be traced to the times when majority of trade was routed through formats gained prominence. Almost everything from vegetables, household necessities to cattle's were bought and sold, either through monetary means or the barter system (CARE, 2017). Over the last two decades, the size, scope and complexity of retailing has undergone considerable change. The retail sector in India can be broadly classified into two categories: organized and unorganized sectors.

The trading activities undertaken by licensed retailers are categorized as organized retailing. Licensed retailers are those who are registered for sales tax, income tax, etc. These include the corporate-backed hypermarkets and retail chains, and also the privately owned large retail businesses .Organized retail is characterised by high investment requirements, large premises, trained staff where retailers are licensed and are registered to pay taxes to the government (CARE, 2017).

Unorganized retail refers to the traditional form of retail often situated near residential areas. It is generally characterized by low rentals, low tax pay-outs with a majority of it being owner-managed and employing personal capital. It includes a large number of small retailers that consists of local kirana shops, owner-manned general stores, chemists, footwear shops, apparel shops, paan and beedi shops, hand-cart hawkers, pavement vendors etc. (CARE, 2017).

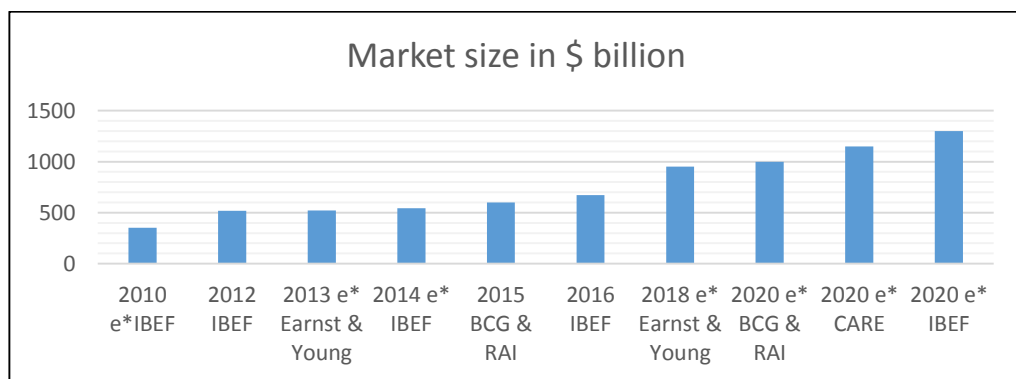
1.2 The Indian Retail Market

The Indian retail industry constitute over 10% of the country's Gross Domestic Product (GDP) and around 8% of the employment. In 2016, the retail industry was valued at \$ 672 billion. Currently, the unorganized retail sector is valued at about \$611 billion which constitute about 91% of the total retail market. The organized retail sector on the other hand is valued at about \$ 60 billion, only about 9% of the sector. Globally, India is fifth largest global destination in the retail space and is growing at a rate of 12% per annum (CARE, 2017).

Retailing in India is evolving rapidly, with consumer spending growing by unprecedented rates and with increasing number of global players investing in this sector. Organized retail in India is undergoing a metamorphosis and is expected to scale up to meet global standards over the next five years. India's retail market has experienced enormous growth over the past decade. The most significant period of growth for the sector was between year 2000 & 2006, when

the sector revenues increased by about 93.5% translating to an average annual growth of 13.3%.The sectors growth was partly a reflection of the impressive Indian economic growth and overall rise in income level of consumers (Handa, 2012).

The value/estimated value of the Indian retail sector over the years as extracted from different sources is shown in Exhibit 1.



*e: Estimated

Source: IBEF, Earnst & Young, BCG & RAI, IBEF, CARE

Exhibit 1. Market value of Indian Retail Sector

Earnst and Young in 2013 estimated the Indian retail market at \$ 520 billion and its growth at a CAGR of 13%, and was estimated to reach \$ 950 billion by 2018. The report stated that the unprecedented growth in the Indian retail sector was driven by favourable demographics, a young and working population, rising income levels, urbanization and growing brand orientation. The report also estimated the penetration of unorganized retail sector at 92.5% and organized retail sector at 7.5%, which was expected to reach 10% by 2018.

A report by the Indian Brand Equity Foundation (IBEF) estimated the size of the Indian retail market in 2010 at \$ 353 billion and was expected to increase up to \$ 543 billion by 2014. The value of the market was \$ 518 billion in 2012, \$ 672 in 2016 and is estimated to grow at a CAGR of over 17% over the years and reach \$ 1.3 trillion by 2020. However, with the Private Final Consumption Expenditure expected to grow by about 12.5% year to year till 2020 and GDP by 8.9%, CARE expects the retail industry to register a growth rate of about 12-14% over the coming years and reach \$ 1.15 trillion by 2020.

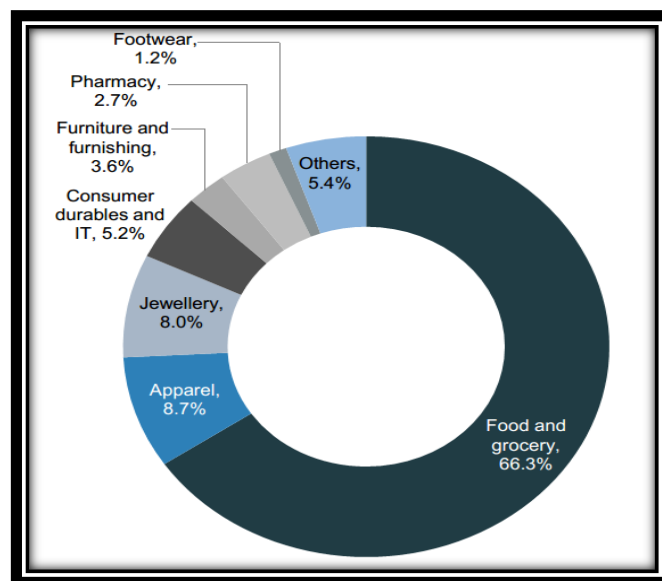
1.3 Food & Grocery Retail Market

Food & grocery forms the backbone of the Indian retail sector. The category accounts for about 57% of the total retail market. There are an estimated 8-9 million food & grocery stores (including local kirana shops, hawkers etc.) in India and the sector supports millions of other Small and Medium Enterprises (SME's) and Micro, Small and Medium Enterprises (MSME's) who cater to the demand (Naqvi, 2015).

The Indian food and grocery market is the world's sixth largest, with retail contributing 70% of the sales. The Indian food retail market is expected to reach Rs 61 lakh crore (\$ 915 billion) by 2020. The Indian food processing industry accounts for 32 per cent of the country's total food market, one of the largest industries in India and is ranked fifth in terms of production, consumption, export and expected growth. It contributes around 14% of

manufacturing Gross Domestic Product (GDP), 13% of India's exports and 6% of total industrial investment. Indian food service industry is expected to reach \$ 78 billion by 2018. The Indian gourmet food market is currently valued at \$ 1.3 billion and is growing at a Compound Annual Growth Rate (CAGR) of 20%. India's organic food market is expected to increase by three times by 2020 (IBEF, 2017).

The food & grocery segment is expected to account for 66% of the total revenue of the retail sector by 2020, followed by apparel segment.



Source: IBEF, 2018

Exhibit 2. Market Segments across different Sectors in Retailing

According to KSA Technopak Analysis, a reputed retail consultancy firm, food & grocery category includes the items as shown in Table 1.

Table 1. Food & Grocery items categorization

Food items categorization	<ul style="list-style-type: none"> • Ready Foods (savouries, biscuits, confectionaries, pickles/chutneys, sauces, jams, ready to eat, desserts and breakfast cereals),
	<ul style="list-style-type: none"> • Instant Foods (ready mixes, noodles, Italian delicacies, baby food, ready to fry, additives and preservatives),
	<ul style="list-style-type: none"> • Beverages (drinks & juices, tea & coffee, health drinks and alcoholic beverages)
	<ul style="list-style-type: none"> • Frozen/Chilled Food (frozen veg, frozen non-veg and processed meat)
	<ul style="list-style-type: none"> • Staples (cereals, pulses, flours, spices & dry fruits, edible oil and salt/sugar/jiggery),
	<ul style="list-style-type: none"> • Dairy (milk, butter, cheese, curd/yogurt, paneer and other dairy products),
	<ul style="list-style-type: none"> • Dairy Fresh Needs (fruits & vegetables)
	<ul style="list-style-type: none"> • Bakery (breads, cakes and other specialty foods)
Non-food items categorization	<ul style="list-style-type: none"> • Cleaning Aids (detergents, household cleanings, fresheners, insect & mosquito repellants and shoe care),
	<ul style="list-style-type: none"> • Health & Beauty (sanitary needs, soaps & scrubs, skin care, hair care, oral care, men’s grooming, Baby needs and cosmetics)
	<ul style="list-style-type: none"> • General Merchandise (pet foods, batteries, electrical equipments, pooja needs and disposable ware)
	<ul style="list-style-type: none"> • House ware (plastic & steel utensils).

Source: KSA Technopak Categorization, Gupta (2015)

1.4 Research Area

Mizoram is one of the eight states in the North-East of India. Mizoram shares its borders with other north-eastern states of Manipur, Tripura and Assam, and neighbouring countries of Bangladesh and Myanmar. Services or Tertiary Sector dominates the economy in terms of contribution to the Gross State Domestic Product (GSDP) at 60.02% of the total GSDP (2014-15). The Primary Sector comprising agriculture & allied activities contributed 17.5% (2014-15) to the GSDP. With livelihood of about 60% of the population depending on agriculture and allied activities, faster growth in agriculture is both a necessary and sufficient condition for stronger, sustainable and inclusive growth in the State. The Industry Sector contributed 21.10% of GSDP during 2014-15. The main driving force of the sector is Construction Sector with a contribution of 9.87% to the GSDP in 2014-15 (Economic Survey, 2015-2016).

According to Aizawl Municipal Council Licensing Regulations 2012, grocery means food grains, spices and other edible items for consumption and food means any substance, whether partially processed or unprocessed, which is intended for human consumption and includes an article of food, being a produce of agriculture or horticulture or animal husbandry and dairying or aquaculture in its natural form, resulting from the growing, raising, cultivation, pickling, harvesting, collection or catching in the hands of a person other than a farmer or fisherman, genetically modified of a person other than a farmer or

fisherman, genetically modified or engineered food or food containing such ingredients, infant food, packaged drinking water, alcoholic drink, chewing gum, and any substance, including water used into the food during its manufacture, preparation or treatment but does not include any animal feed, live animals unless they are prepared or processed for placing on the market for human consumption, plants, prior to harvesting, drugs and medicinal products, cosmetics, narcotics or psychotropic substances (The Aizawl Municipal Council Licensing Regulations 2012).

The Aizawl Municipal Council Licencing Regulations, 2012 classified grocery shops into Grade A and Grade B. Grocery Shops Grade A are the grocery shops which are larger in investment, size of the store, inventory etc. while Grocery Shops Grade B are those which are considerably smaller in investment, size of the store, inventory etc. (The Aizawl Municipal Council Liscencing Regulations, 2012). But, The Aizawl Municipal Council Licencing Regulations, 2012 did not give proper criteria for classification of Grocery Shops Grade A and Grade B. Therefore, the researcher has made criteria for the size of food & grocery shops to be considered for study. The study is conducted only on the food & grocery shops with minimum annual turnover of Rs. 10 lakhs and a commencement of 5 years and above.

Retailing in Mizoram is predominated by the unorganised retail stores which are mostly run by family members. The organised retail sector operates in the state mostly by franchising and small outlets. When it comes to food & grocery retailing, there was no organised retail store until Vishal Mega Mart was opened recently on 25th March, 2017 in Aizawl with much protest. Therefore, the unorganised food & grocery shops dominate the market. They provide the vital sources of nutrition. Most food & grocery shops in Mizoram are sort of variety stores where not only food and food products are sold but also a variety of products which are the basic needs in the day to day life. In Mizoram, many families rely on food & grocery shop business as their occupation and every family rely on food & grocery shops to meet their daily food requirements. There are dozens of food & grocery shops in a local area where people can get their nutritional needs without having to travel long distances. They play a crucial role in the communities and life of the people in Mizoram.

However, with low productivity in agriculture and food processing, most of the food & grocery requirements are supplied from outside the state. With the absence of railway connectivity in Mizoram, the state depends mostly on road transportation for the supply of goods from neighbouring states. The road transport is also not well developed due to steep slopes of the hills. The problem of transportation is even critical during monsoon due to frequent landslides.

1.5 Review of Literature

Relevant studies on problems faced by entrepreneurs and micro enterprises, retailing industry and financial inclusion has been reviewed for the proposed study.

Devananda (2016) attempted to examine the determinants of micro-enterprise development in North Eastern Region of India with special reference to Imphal West district of Manipur. The study also attempted to pinpoint the challenges faced by micro-enterprises. The study covered 70 shops which consisted of shops from different nature and type. 10 shops under study were grocery shops. It was found that the main determinants for the growth of micro-enterprises in the study area are availability of timely and adequate finance and development programmes. The study also found that the major problems faced by the micro-enterprises are frequent closure of the business unit due to law and order problems which is followed by difficulties to get finance. The main source of credit for the samples micro-enterprises are their own capital. The study suggested that micro-enterprises need to be made aware about various sources of credit available at low interest rates.

Khan et al (2016) conducted a study on the problems of entrepreneurs in Jammu and Kashmir which is based on secondary data. It was found that the various problems and difficulties to entrepreneurs in Jammu and Kashmir include lack of basic knowledge, lack of support from family and society, difficulties in start-

ups, problems in finance, lack of adequate skill and attitude, low risk bearing capacity, lack of technology, dependence on government, shortage of raw materials and excessive legal formalities. The study made suggestions such as establishing Entrepreneurship Development Institutes and reducing administrative burden by the Government, provide moral support by society, creating industry friendly environment and reducing paperwork and other formalities by banks.

Das and Guha (2015) in their study on the differences in the banking parameters between pre and post-financial inclusion periods in India found that although financial inclusion period showed some improvement among different banking parameters, the North East Region of India is lagging behind compared to other regions of India. Among the north eastern states, Mizoram recorded highest growth in both financial inclusion period as well as the overall study period. Among the north eastern states, Assam recorded highest growth in the number of accounts of aggregate bank credit during the overall study period with Tripura registering the lowest growth.

Gupta (2015) measured the productivity of grocery retail sector in Delhi & NCR. The study tried to identify different factors of productivity and their impact on grocery stores productivity. It was found that 5 factors such as store image, service interface, service delivery, retail atmospherics, and retail convenience were instrumental in influencing the customer experiences. The

study also found that firms which were smaller in size were better as compared to large firms in terms of productivity. Therefore, the study concluded that in terms of having grocery stores, one should think of an area less than or equal to 2000 sq.ft as such store had been found to be optimum in terms of productivity.

Lalhunthara (2015) studied the financial problems faced by micro entrepreneurs of Aizawl District. It was found out that the entrepreneurs depend mostly on private money lenders, relatives and friends to meet their credit needs. It was also found out that only 8.4% of the entrepreneurs have access to banks for their credit needs. The paper emphasizes the need of active cooperation between banks and micro entrepreneurs for the promotion of entrepreneurship.

Vanlalmuana (2015) studied the depth of financial inclusion among private school teachers in Aizawl, Mizoram. The study analysed the extent of financial services adopted by private school teachers and identify the problems faced by them. The study concluded that, even though school teachers are considered to be literate people and well suited with the financial facilities, they did not go beyond basic savings account. Even 15% of them do not have basic saving account. Even though Government and RBI have taken an immense step for financial inclusion, it was not enough without proper response from the target public. Therefore, it was concluded that financial inclusion requires efforts on the parts of three parties-RBI, all the banks and also the general public for its better progress.

Gupta (2015) in his paper entitled, 'Pradhan Mantri Jan-Dhan Yojana, an effort towards financial inclusion' examined the progress in financial inclusion plans over the last five years, analyses the progress made by PMJDY from August 15, 2014 to January 26, 2015; and studied the impact of PMJDY towards the achievement of financial inclusion objectives. The study observed that during the last five years, the total number of banking outlets has been increased to 3,83,804 indicating 467% change. The contribution of Business correspondents (BCs) has increased to 135 times in the last five years. Additional Rs. 257.28 billion have been collected through 169.55 million accounts. Further, Rs. 2,444.43 billion and Rs. 1,061.79 billion of additional money has been disbursed via 15.59 and 6.01 million of KCCs and General Credit Cards (GCCs) respectively.

Qureshi and Trehan (2014) in their study of the role of financial inclusion in restraining entrepreneurial breakdown In India stated that the correlation and regression analysis, done with the help IBM SPSS 19, clearly indicate an extremely positive relationship between GDP of the region and the financial deepening (indicated by All India percentage share of bank branches) where R² is 98.9%, which is significantly high and describes that higher financial inclusion facilitates higher growth of GDP of the concerned region.

Archana (2013) aimed at understanding the importance of financial inclusion for Inclusive growth. It also analysed the role of various institutions like MFIs,

SHGs, RRBs in achieving Financial Inclusion. The study showed that the performance of RRBs in India improved in the post- merger period. Among a variety of programmes to alleviate poverty and empower rural people, SHG have done well in the country. The Plan provides a new vision of inclusive MFIs and Commercial Banks have played a pivotal and are the possible combinations of formal and non-formal institutions that are involved in channelling funds for loans to poor families.

Gupta et al (2013) assessed the correlation between the Usage Dimension of Financial Inclusion Index and literacy level in India. Correlation has been statistically tested by using Karl Pearson coefficient of correlation. The results depict a large variation in extent of correlation among the different states of the country with a very low correlation at the national level. The study concluded that the Government should promote the use of Information Communication Technology models like biometric ATM, telecentres to achieve Financial Inclusion in India as these models do not compulsorily require high literacy levels.

Patel and Chavda (2013) studied the challenges and problems of rural entrepreneurship in India in the fields of marketing, finance and other primary amenities such as electricity, water supply, transport facilities and required energy etc. It was found out that the main problem faced by the sampled rural entrepreneurs in India was getting finance from external sources, they also face

problems regarding lack of infrastructural facilities, competition from large scale units, middlemen who exploit entrepreneurs, lack of technical knowledge, difficulty in complying with various legal formalities, procurement of raw materials, scarcity of skilled labour, and lack of support from family and society.

Akhter and Equbal (2012) analysed the challenges and opportunities in organized retailing in India. The study showed that the challenges facing the organized retail industry in India is competition from the unorganized sector, lack of recognition as an industry which hampers the availability of finance to the existing and new players, high cost of lease or rent of properties, high stamp duties on transfer of property, lack of adequate infrastructure and high sales tax rates. The study also highlighted opportunities in retail marketing such as visibility & platform for customer interaction, increased urbanization, increase in income of nuclear family, development in technology (e-payment system, credit cards, debit cards etc.) and employment generation.

Unnikrishnanet, R. et al (2012) analysed the importance of financial inclusion in economic empowerment. This study identifies the variables in enabling financial inclusion, analyses the barriers to effective financial inclusion and the prerogative steps to be taken to overcome the barriers and enable inclusive growth. The study concludes by identifying the variables that empower the masses financially and stating the importance of social inclusion in relation to

financial inclusion and also by reinforcing the importance of self-sustenance at the bottom of the economic pyramid.

Kumar (2011) attempted to measure and understand financial inclusion by looking at supply of (banking outreach indicators such as number of deposit and credit accounts, number of bank branches, average deposit and credit amount per account and credit utilized) and demand for (indicators of household level access such as the proportion of households having saving, credit and insurance facilities) financial services. Separate composite Financial Inclusion Indices (FIIs) using both the data sets were calculated for the year 2002-03 for all the States/Union Territories of India and used as complementary to each other to get a comprehensive picture. In both the cases, one observes a lot of variation across states, for rural and urban regions. Even within a state, differences are clearly evident between rural and urban areas for the different indicators considered. The presence of informal sector in providing financial services is significant, especially in rural areas.

Prabhakar (2011) studied food and grocery retail market in Chennai Metropolitan Area (CMA). The study was aimed to find out the growth impact of modern stores who also sell food and grocery on the traditional retail stores whose majority sales dealings are also food and grocery. Majority of the traditional retail business under study were more than 16 years and the analysis revealed that emergence of modern stores did not affect them much than the

shops which are in existence for only a few years. The study also found that most of the shops under study are not availing bank loan for their business and they feel that banks are not encouraging the loans for these shops. The study concluded that there was no big impact of modern stores on traditional stores under study.

Santhi and Kumar (2011) examined the opportunities and challenges faced by entrepreneurs in India. The study found out that the main challenges faced by entrepreneurs in India are lack of support from family and society, technological backwardness, difficulty in borrowing funds. While the challenges faced by rural entrepreneurs are growth of mall culture, poor assistance, power failure, lack of technical know-how, capacity utilization and infrastructure sickness.

Bailey (2010) examined the importance and challenges faced by rural grocery stores in the US. The study showed that rural grocery stores are slowly disappearing across the nation due to inadequate customer base for a local store as people are moving from rural to urban areas. The study also highlighted some issues and challenges faced by rural grocery stores such as competition with large chain grocery store, high operating cost, unavailability of satisfactory labour, narrow profit margins, taxes, government regulations, lack of community support.

Rao (2010) studied the problems of retail traders in Guntur District with special reference to financial problems. The study showed that shortage of finance is

the most important problem faced by retailers in the study area. The principal sources of capital are self-finance and borrowed funds from commercial banks, money lenders and friends & relatives. The problems of higher rate of interest, indecent means of recovery were experienced by the outlets in respect of money lenders and friends and relatives. The problems of security, delays in sanction and release of funds, complicated and rigid procedures, inadequate financing etc., were experienced by the sample outlets while dealing with commercial banks which happened to be the main source of borrowed funds.

Sarma and Pais (2008) examined the cross country empirical analysis of the relationship between financial inclusion and development. Index of financial inclusion developed by Mandira Sarma is used to identify the associated factors with financial inclusion. It was found out that per capita GDP, income inequality, adult literacy and urbanization are important determinants of financial inclusion, physical and electronic connectivity and information availability also enhance financial inclusion while non-performing assets are inversely associated with financial inclusion. It was also found that capital asset ratio is negatively associated with financial inclusion and foreign ownership in the banking sector negatively affects financial inclusion, while government ownership has no significant effects.

Ramswamy (2007) in her study of entrepreneurs of handloom cluster in Thenzawl, Mizoram observed that the working capital requirement were funded

by own funds for almost 90% of the respondents, remaining 10% depended on loan from friends and relatives. There is an overdependence of own fund for financing working capital requirement. The study suggested that banking facilities should be provided to address the credit and banking needs of the entrepreneur in the cluster.

De (1998) studied the financial problems of poultry farming in the district of Midnapore, West Bengal. The concepts and techniques of financial management and marginal costing was applied to examine the financial problems. The study was based on data collected through interviews on the basis of questionnaires covering relevant issues. The study observed that the usual sources of finance available to other small scale industries in West Bengal cannot be availed of because of its low rate of return on capital employed. High rate of interest on loans was also one of the problem in finance. Investment in current assets was not sufficient. The assumption underlying the marginal cost analysis does not hold good in this industry. The suggestions of the study includes production to be done in large scale, modern tools and techniques to be applied, loan at nominal rate of interest to be provided, investment in working capital to be increased.

The above studies showed that a number of studies have been conducted which aims at identifying the problems faced by micro enterprises in the country, in the North-East Region and even in Mizoram. A number of study

have been conducted on the challenges faced by entrepreneurs in India. There has been a study on the financial problems of micro enterprises and handloom cluster in the context of Mizoram. The challenges and opportunities in retailing in India have also been studied. There has also been a study on the financial problems of retailers in Guntur District. However, there has not been any significant research on food & grocery shops in Mizoram. Therefore, an attempt is made to study the financial problems faced by food & grocery shops in Aizawl.

1.6 Statement of the problem

The Indian retail industry is growing in a faster rate because of growth in the changing demographics of Indian population and an improvement in the quality of life of people. Indian retail industry consists of both organised and unorganised sectors. The retail industry in India is largely unorganized and predominantly consists of small, independent, owner-managed shops. Food & grocery forms the backbone of the Indian retail market. In Mizoram, food & grocery shops play an important role in supplying the food & grocery needs of the people. The grocery shop business provides employment to many families. There are dozens of food & grocery shops in a local area where people can get their nutritional/day-to-day needs without having to travel long distances. Studies shows that the problems faced by food & grocery stores in the national and international level are competition from larger chain grocery stores, high

operating costs, unavailability of satisfactory labour, narrow profit margin, taxes, government regulations, lack of community support, low sales volume. There are instances where retailers have failed to understand neither these problems nor the ways to solve them and have to suffer losses and in some case had to shut down their business. One of the main problems faced by entrepreneurs across the nation is lack of adequate finance while sufficient financial resources are a must for the development of every business. The inaccessibility of credit from banks by business owners is the main problem faced by business owners in regard to finance. The financial needs of businesses have to be fulfilled mostly by owners. Therefore, the present study is aimed at studying the financial problems of food & grocery shops in Aizawl in meeting their long term capital requirements, short term capital requirements, repayment of loans, repayment of debts, collection of debts and meeting requirements of operating costs. The study would also analyse the level of financial inclusion among food & grocery shop owners in Aizawl.

1.7 Objectives of the study

The following are the objectives of the study:

1. To study the socio-economic profile of Food & Grocery Shop owners in Aizawl.
2. To study the financial problems of Food & Grocery Shops in Aizawl.

3. To identify the level of Financial Inclusion of Grocery Shop owners in Aizawl.
4. To offer suggestions to the stakeholders for improvement.

1.8 Research methodology

Data Collection

For the purpose of the study, primary and secondary data have been collected.

For collection of primary data, questionnaire method is adopted. A questionnaire with open ended and closed ended questions was framed for collection of primary data from grocery shops. The questionnaire is prepared in English which is then translated into local language i.e, Mizo for better response from respondents.

The questionnaire consists of 3 parts namely, ‘Socio-economic Profile of Food & Grocery Shop Owners in Aizawl, Mizoram’, ‘Financial Problems of Food & Grocery Shops in Aizawl, Mizoram’, and ‘Financial Inclusion of Food & Grocery Shop Owners in Aizawl, Mizoram’. The first part of the questionnaire, ‘Socio-economic Profile of Food & Grocery Shop Owners in Aizawl, Mizoram’ includes questions about the socio economic profile of the food & grocery shop owners under study like age, gender, marital status, family size, educational qualification, nativity, religion, caste and income. The

questionnaire also consists of questions regarding the nature of the grocery shops such as age (duration of operation), type of start-up, and type of property in which business is operated, its legal/illegal existence and generation of employment. The second part of the questionnaire, 'Financial Problems of Food & Grocery Shops in Aizawl, Mizoram' aimed at collecting information regarding the financial problems faced by the respondents from starting to management of business. The third part of the questionnaire, 'Financial Inclusion of Food & Grocery Shop Owners in Aizawl, Mizoram' aimed at collecting information on the levels of financial inclusion of the sampled food & grocery shop owners in Aizawl and the problems faced by them in accessing banking services. Food & grocery shop owners are usually busy during the day running business and interacting with customers, therefore collection of primary data was difficult as the researcher faced problems in searching shop keepers who were willing to participate. Even those who were willing to participate usually takes very long to finish the questionnaires.

Secondary data needed for the research is collected through various sources such as books, journals, bulletin, newspapers, published and unpublished thesis and dissertations, unpublished documents by the State and Central Government etc. The data is analysed using percentage and weightage sum method.

Sampling

The study is confined to Aizawl City, the capital of Mizoram. The study was proposed to be conducted on a sample of 80 respondents, 20 respondents each from the 4 areas/zones of Aizawl city. However, during the time of field survey, several samples were eliminated due to the failure of disclosing complete information by the respondents. Therefore, a total of 75 respondents were selected using purposive sampling method. Food & grocery shops with minimum annual turnover of Rs. 10 lakhs and which are in existence for at least 5 years and above were selected as samples. The study selected as samples food & grocery shops whose sales are only of retail or those food & grocery shops whose majority of sales are retail.

Samples were selected from 4 areas/zones of Aizawl city namely Aizawl North Zone, Aizawl East Zone, Aizawl West Zone and Aizawl South Zone, which is based on the classification of zonal areas by the Department of Taxation, Mizoram. The 4 zonal areas as classified by the Department of Taxation, Mizoram is given in Table 2, 3, 4 and 5.

The area covered by Aizawl North Zone is depicted in Table 2 as follows.

17 samples collected from Aizawl North Zone are included in the study.

Table 2. Aizawl North Zone

Area
<p>An area comprising Northern Parts of Aizawl city from Chanmari onwards. The boundary line runs as follow: covering Aizawl Venglai, Ramhlun, Bawngkawn Chaltlang, Laipuitlang, Thuampui, Falkland, Zuangtui, Zemabawk, Tuirial, Tuikhurhlu, Chanmari, Hunthar, Chanmari West, Edenthar, Durtlang, Selesih, Sihphir, Lungdai</p>

Source: Department of Taxation, Mizoram

The area/locality which are covered by Aizawl East Zone is shown in

Table 3.

Table 3. Aizawl East Zone

Area
<p>An area comprising- Eastern parts of Aizawl city from Bara Bazar Bungkawn point following the Bara Bazar main road towards north upto Chanmari-Zarkawt boundary. The boundary line of which runs as follows:</p>
<p>a) From Bara Bazar Bungkawn point, the boundary line runs towards East and follows the boundary line of Tuithiang and Venghlu and further follows the boundary line of Armed Veng and Bethlehem upto Chite stream.</p>
<p>b) From Chanmari-Zarkawt boundary, the boundary line follows Chanmari-Electric Veng boundary and further follows the Electric Veng-Aizawl Venglai boundary upto Chite stream.</p>

Source: Department of Taxation, Government of Mizoram

20 samples collected from Aizawl East Zone is used in the study.

The area/locality under Aizawl West Zone is shown in Table 4 as follows:

Table 4. Aizawl West Zone

Area
An area comprising Western part of Aizawl city from Bara Bazar Bungkawn point following the Bara Bazar main road towards north upto Chanmari-Zarkawt boundary. The boundary line of which will runs as follows:
a) From Bazar Bungkawn point, the boundary line runs towards Wests and covers an area of Jail Veng, Babutlang, Dawrpui Vengthar, Dinthar, Vaivakawn, Hunthar, Zotlang, Seventh day tlang, Chawnpui, Kanan, Luangmual, Tuivamit, Chawlhmun, Ramrikawn, Tanhril, Sakawrtuichhun, Rangvamual, Phunchawng, PTC Lungverh, Sairang, Lengpui and Lengte.
b) From Chanmari-Zarkawt boundary, the boundary line follows the Chanmari West-Dawrpui Vengthar boundary and further follows Vaivakawn-Hunthar Veng boundary upto Company Peng. From Company peng, the boundary line follows the National Flighway upto Buichali.

Source: Department of Taxation, Government of Mizoram

19 samples collected from Aizawl West Zone is included in the study.

The area/locality under Aizawl South Zone is depicted in Table 5. 19 samples collected from Aizawl South Zone is included in the study.

Table 5. Aizawl South Zone

Area
An Area comprising Southern part of Aizawl City from Bara Bazar Bungkawn point, the boundary line of which will run as follows:
a) From Bara Bazar Bungkawn point, the boundary line runs towards west following boundary line of Vaivakawn Road of the South Side/Left Side covering Dawrpui, Tuikual, Treasury, Bethlehem Veng, Bethlehem Vengthlang, College Veng, ITI, Republic, Venghloi, Sikulpuikawn, Mission Veng, Mission Vengthlang, Khatla, Maubawk, Bungkawn, Capital Complex, Lawipu, Tuikhuahtlang, Salem, Venghlun, Thakthing, Kulikawn, Ngaizel.
b) The remaining Southern part of Aizawl City/Aizawl District not covered by Aizawl North Zone, Aizawl West Zone and Aizawl East Zone.

Source: Department of Taxation, Government of Mizoram

1.9 Chapterization

The study is divided into five chapters, the contents of which are discussed as follows:

Chapter 1: Introduction.

Introduction presents an overview of the Indian retail sector and the contribution food & grocery in the sector, review of literature, statement of the problem, objectives of the study, research methodology, chapterization, limitations of the study and conclusion drawn from the chapter.

Chapter 2: Socio-economic Profile of Food & Grocery Shop Owners in Aizawl, Mizoram.

This chapter highlights the socio economic profile of the food & grocery shop owners under study like age, gender, marital status, family size, educational qualification, nativity, religion, caste and income. The analysis of this chapter also aims to study the nature of the grocery shops such as age (duration of operation), type of start-up, and type of property in which business is operated and its legal/illegal existence based on the data collected from 75 respondents from the city of Aizawl.

Chapter 3: Financial Problems of Food & Grocery Shops in Aizawl, Mizoram.

This chapter highlights the various financial problems faced by the 75 selected sample of food & grocery shops in Aizawl from starting to management of business. The chapter also analyses in depth the reasons that caused the financial problems.

Chapter 4: Financial Inclusion of Food & Grocery Shop Owners in Aizawl, Mizoram.

This chapter highlights the importance of financial inclusion and inclusive growth and for financing businesses, this chapter also exhibits the levels of financial inclusion of the sampled food & grocery shop owners in Aizawl and the problems faced by them in accessing banking services.

Chapter 5: Findings, Conclusion, & Suggestions.

This chapter highlights the findings of the study from the data collected from 75 respondents and gives suggestions that could improve or solve the problems faced by the respondents. The conclusion drawn from the study is also given in this chapter.

1.10 Limitations of the study

1. Even though retailing is one of the largest sector in India, the researcher faced problems in acquiring up to date information and secondary data on the topic. Reports published by different sources presents figures that were sometimes slightly different from one another. Furthermore, extensive literature and studies was found for organized retail sector of food and grocery sector, but was limited in unorganized sector.
2. Although the primary data were collected through questionnaire and non-disclosure statement was provided, many shop keepers were hesitant to be respondents since the questionnaire require respondents to disclose information relating to financial matters.
3. The study was proposed to be conducted with a total of 80 samples; 20 samples each to be collected from the 4 Zonal areas of Aizawl Municipal Council. However, after distributing 120 questionnaires and receiving 93 samples, the researcher had to eliminate 18 samples due to inadequate

information provided by respondents. Therefore, the study is based on 75 samples.

4. At the time of field survey, it was found that all the food & grocery shops were not maintaining proper books of accounts. Therefore, this creates a problem for them in giving exact information regarding sales, purchase and stocks. However, the researcher has put effort to obtain these data by helping them in making estimates based on their monthly, weekly purchases and sales and the amount of purchases and sales they make.

1.11 Conclusion

Food & grocery shops are a great source of generating self-employment since it does not require huge capital investments such as land, building and machinery. Establishing these enterprises does not require educational qualification or technical skills which is convenient for anyone who have the zeal to start a business. According to 2011 census, the population of Aizawl city alone is 2,93,416 persons which is about 26% of the total population of the entire state which makes it an ideal place in the state for retail businesses. Therefore, food & grocery business is a great way of generating employment. Meanwhile sufficient financial resources are a must for the development of every business enterprises. However, from the review of literature, it has come to light that small enterprises often face financial problems especially when it comes to borrowing funds. The lack of understanding these problems can result in enterprises failing to take necessary actions and therefore affecting the

performance of the enterprise. Hence, the study aimed at identifying the financial problems faced by food & grocery shops in Aizawl and give suggestions so that interested parties may benefit from the study.

CHAPTER 2

SOCIO-ECONOMIC PROFILE OF FOOD & GROCERY SHOP OWNERS IN AIZAWL, MIZORAM

This chapter highlights the socio economic profile of the food & grocery shop owners under study like age, gender, marital status, family size, educational qualification, nativity, religion, caste and income. The analysis of this chapter also aims to study the nature of the grocery shops such as age (duration of operation), type of start-up, and type of property in which business is operated, its legal/illegal existence and generation of employment based on the data collected from 75 respondents from the city of Aizawl.

Mizoram is a state located in the north eastern region of India having a population of 10,97,206 persons and a geographical area of 21,081 sq.km. Mizoram shares its borders with other north eastern states of Manipur, Tripura and Assam. Mizoram also shares its international borders with Myanmar and Bangladesh. Aizawl is the capital of Mizoram with a population of 2,93,416 persons which constitutes 26% of the total population of the state.(Statistical handbook, 2014). The state Gross Domestic Product (GSDP) at constant (2011-2012) prices in 2016-2017 is estimated at Rs. 16,334.14 crore as against Rs. 15,339.25 crore in 2015-16, thereby registering an increase of 6.49 percent. The tertiary or service sector drives the economy of Mizoram contributing about 43% of the total GSDP. The industry sector contributed 25% while the

agriculture & allied sector contributed 32% to the GSDP (Economic Survey, 2018)

The state recorded a total employment of 34,662 persons during 2015-2016. The number of job-seekers on live registration of the employment exchange in Mizoram as on December 2015 was 32,321 while the record of placement during 2015-16 was only 181 (Economic survey, 2016). In spite of the north east states endowed with rich resources, it remains backward economically and industrially mainly due to inadequacy of supply of entrepreneurs. The reservation for the underdeveloped communities in government jobs is going to be less significant because job avenues in the government or public sector are gradually shrinking in the context of liberalisation, privatisation and globalisation. Therefore, the need of the hour is to encourage entrepreneurship as the way of livelihood by the new generations not only for self-employment but to provide employment to others (Lalhunthara, 2012). Food & grocery shops plays a vital role in the day to day living of the people in Mizoram. With the absence of big organised retailers, they are the main source of nutritional needs as well as basic day to day needs of the population. There are dozens of food & grocery shops in a locality supplying/providing the demand while ensuring employment and occupation for many families.

2.1 Age of respondents

There are many contradictions regarding age in studies of entrepreneurship. Traditional studies such as Cooper (1973) suggested that younger individuals are more confident in setting up new businesses and in taking risks. However, it has been found that risk aversion decreases with age as older people are more settled and hence can take more risk (Van Praag and Booji 2003). A study conducted by Lalhunthara (2006) on micro enterprises in Aizawl stated that age does not seem to be a barrier on one's entry into business. His study shows that the age group 31-40 has the highest proportion followed by age group 41-50. Similarly, Dingliana (2015) in his study on family businesses in Mizoram found that the largest age group were comprised of respondents below 40 years.

The owners of the food & grocery shops under study are classified into different age groups: the first age group is a representation of the respondents below 30 years, the second group represent 31 to 40 years, the third group consists of respondents between 41 to 50 years, the fourth group represents 51 to 60 years and the fifth group represents the age group of above 60.

It is observed in Table 6 that only 4% of the owners are less than 30 years, the majority of the owners are between 31 to 50 years of age. 40% of the owners are between 31 to 40 years, 36% are between 41 to 50 years whereas 16% are 51 to 60 years and the remaining 4% of the owners are above 60 years.

Table 6. Age of respondents

Age of respondents	No. of Respondents	Percentage
Less than 30	3	4 %
Between 31 to 40	30	40 %
Between 41 to 50	27	36 %
Between 51 to 60	12	16 %
Above 60	3	4 %
Total	75	100 %

Source: Field Survey

The data indicates that the number of respondents under 30 years is extremely low. The study observed that the respondents who are older were not as productive as the respondents who are younger in age and mostly rely on help from their family members or employees due to complications that comes with old age such as eyesight/vision in reading product information, hearing needed in communicating and physical fitness required to actively interact with the customers and quickly tend to their needs.

2.2 Gender of respondents

The development of an economy can be measured not only in terms of Gross Domestic Product (GDP), per capita income and wage but also in terms of effective participation and utilisation of the capabilities of both men and women as an effective human resource potential (Mary, 1996). In traditional Mizo society, as in other patriarchal societies, the woman's gender role is that of caregiver and homemaker. The attributes that are considered as entrepreneurial values may not match what are traditionally understood as

‘feminine’ qualities and thus would be discouraged in women (Dingliana, 2015). The role and status of women in Mizoram has undergone notable changes with improvement in literacy and awareness that comes along with development and changes in the social and economic life. The 2001 census revealed that work participation in Mizoram is much higher which is at 52.6% as against 39.1% at the national level. Table 7 shows gender wise classification of respondents.

Table 7. Gender of respondents

Gender of respondents	No. of Respondents	Percentage
Male	31	41.3 %
Female	44	58.7 %
Total	75	100 %

Source: Field Survey

Out of the total 75 food & grocery shops under study, it is observed that 58.7 % are owned by female and 41.3% of the food & grocery shops are owned by male. The participation of female in food & grocery business is no doubt higher than the work participation at the national level.

2.3 Marital status

In Mizo society, boys normally get married between 20 to 30 years of age and the girls between 18 to 23 years (Mahapatra, 2008). However, marriages normally takes place only after a fairly long period of courtship between boys and girls (Dokhuma, 1992). The respondents are classified into four categories based on their marital status such as unmarried, married, divorced and

widow/widower. Table 8 shows that during the time of the study, 61.3% of the respondents are married and 10.7% are widow/widower. 6.7% of the respondents are divorced whereas 21.3% of the respondents are unmarried.

Table 8. Marital status of respondents gender-wise

Marital status of respondents	Gender of the respondents		Total	Percentage		
	Male	Female		Male	Female	Total
Unmarried	2	14	16	12.5 %	87.5 %	21.3 %
Married	25	21	46	54.3 %	45.7 %	61.3 %
Divorced	3	2	5	60 %	40 %	6.7 %
Widow/ Widower	1	7	8	12.5 %	87.5 %	10.7 %
Total	31	44	75	41.3 %	58.7 %	100 %

Source: Field Survey

Out of the 21.3% of respondents who are unmarried, 12.5% are male and an overwhelming 87.5% are female whereas among the 61.3% of the respondents who are married, 54.3% are male and 45.7% are female. The divorced respondents are made up of 60% male and 40% female while 10.7% of the remaining respondents are composed of 12.5% widower and 87.5% widow. The proportion of female respondents is undeniably higher in unmarried groups while the proportion decreases when it comes to married groups. This may be due to the duties a woman may have to take due to pressure from society, family or spouses to become a full time housewife and focus on taking care of the family as women in Mizo society are often expected to do after they get married. Women often have to sacrifice their career they once had before they get married.

2.4 Family size of respondents

The respondents are classified into groups based on the size of the family. The respondents fall into three groups i.e., a family of less than 5, a family of 6 to 10 persons and a family consisting of 11 to 15 persons. It is observed that 1.3% of the respondents did not response to this particular question.

Table 9. Family Size

No. of persons	No. of respondents	Percentage
No response	1	1.3 %
Less than 5	41	54.7 %
6 to 10	30	40 %
11 to 15	3	4 %
Total	75	100 %

Source: Field Survey

Table 9 presents the classification of respondents based on the size of their family. About half of the respondents i.e., 54.7% belong to a family of less than 5 person and 40% of the respondents belong to a family of 6 to 10 person while only 4 % of the respondents have a family of 11 to 15 person.

The cultural and traditional/common practice of Mizo society is that; after a few years of marriage, all the sons with the exception of the youngest son will establish a house of his own and live separately with his own family. However, the youngest son is the heir of the father and will continue to live with his parents and is responsible for taking care of the parents till they become old

and ultimately decrease. This may be one of the reasons why the number of persons in a family is usually low.

2.5 Educational qualification of respondents

The educational qualifications of the respondents is also studied. Formal education not only helps in gaining the required knowledge for a job which demands non-traditional skills but also imparts knowledge about the different occupational opportunities. The communication skills, technological innovations, production efficiency, and marketing capability of an entrepreneur mainly depend on his/her educational level (Meher and Sahoo, 2008). The probability of any businesses survival and growth increased with increasing levels of education of those managing these businesses (Dolinsky, 1993).

To examine the educational qualification of the respondents, they have been classified into five categories namely respondents below HSLC, respondents who have cleared HSLC, respondents who have cleared HSSLC, respondents who are graduate and respondents who are post graduate.

Table 10 shows the distribution of the respondents by their educational qualification as follows. Out of the total 75 respondents, 32 % completed their graduation, followed by 26.7% who completed high school while 24% of respondents were under matriculates and 13.3 % completed higher secondary school. Only 4% of the respondents were post graduates.

Table 10. Educational Qualification of respondents

Educational qualification	No. of Respondents	Percentage
Below HSLC	18	24 %
HSLC	20	26.7 %
HSSLC	10	13.3 %
Graduate	24	32 %
Post Graduate	3	4 %
Total	75	100 %

Source: Field Survey

In the study, the low level of formal education did not seem to be a barrier to their entry into the business as about half of the respondents are those who did not complete higher secondary. The study also found many college graduates and a few post graduates among the respondents. While the main intention of youths pursuing higher educational level is to secure government jobs, more and more educated youths are turning towards entrepreneurship since educated unemployment is one of the main problems faced in Mizoram and it is not possible for the government to provide government jobs to all the educated youths.

2.6 Nativity, Caste and Religion of the respondents

A study conducted by Cooper, Dunkelberg and Woo (1988) determined that, in America, entrepreneurs from ethnic minorities businesses that were more likely to experience failure in their business. They also found that even when these entrepreneurs did not fail, their businesses were likely to grow or grew at a slower rate. However, the impact of race and ethnicity is culture and

situation specific and does not necessarily entail negative factor. In India, the ethnic/familial bonds that tie together the Marawris and Parsis together have enhanced rather than hindered business activity in these communities (Dingliana, 2015).

2.6.1 Nativity of respondents

To classify the respondents based on their nativity, the study divided the respondents into two groups; the first group consists of respondents from Mizoram whereas the second group consists of respondents who have migrated from outside Mizoram. The first group is further classified into two sub groups: respondents from Aizawl and respondents who have migrated from outside Aizawl city, but from inside Mizoram.

Table 11. Nativity

Nativity of respondent	Native of Mizoram		Total	Percentage		
	Aizawl	Migrated from outside Aizawl		Aizawl	Migrated from outside Aizawl	Total
Native of Mizoram	47	16	63	74.6 %	25.4 %	84 %
Migrated from outside Mizoram	-	12	12	-	100 %	16 %
Total	47	28	75	62.67 %	37.33 %	100 %

Source: Field Survey

Table 11 shows that 84% of the respondents are of the nativity of Mizoram of which 74.6% of them are from Aizawl and 25.4% of them migrated

from outside Aizawl, but from inside Mizoram. The data revealed that the food & grocery shop owners in Aizawl are mainly native of Mizoram with a few of them who have moved to the city from other cities/towns/villages in Mizoram with the hopes of a better life which they could achieve by taking the business opportunities provided by the much higher population of Aizawl city as compared to any parts of Mizoram.

Only 16% of the respondents are those who have migrated from outside Mizoram. The lower number of respondents who are not a native of Mizoram may be in light of the Inner Line Permit (ILP) which was established by the British in 1873 and has been forwarded by successive governments which regulates the movement of people into the region. Inner Line Permit is a document which is required for an Indian citizen in order to travel into a protected/restricted area within the country such as Arunachal Pradesh, Nagaland and Mizoram.

2.6.2 Religion and Caste of respondents

Respondents under the study falls under three different castes such as Scheduled Tribe, Other Backward Classes and General. The study also shows the religion in which the respondents believe in based on their caste.

As shown in Table 12, out of the 75 respondents, 86.67% of the respondents belong to Scheduled Tribes, 10.67% belong to General and the remaining 2.67% belong to Other Backward Classes while 88% of the

respondents believe in Christianity, the remaining 12% of the respondents are Hindu.

Table 12. Caste and Religion

Caste of the respondent	Religion of the respondent		Total	Percentage		
	Christian	Hindu		Christian	Hindu	Total
Scheduled Tribe	65	Nil	65	100 %	-	86.67 %
Other Backward Classes	-	2	2	-	100 %	2.67 %
General	1	7	8	12.5 %	87.5 %	10.67 %
Total	66	9	75	88 %	12 %	100 %

Source: Field Survey

Table 12 also shows that all the 86.67% of the respondents who belong to Scheduled Tribe are Christian and all the 2.67% of the respondents who belong to Other Backward Classes are Hindu. Among 10.67% of the respondents who are General caste, 87.5% of them are Hindu while 12.5% are Christian.

2.7 Annual Income of respondents

Income of the respondents also influences the development of their business activity. In the present study, the respondents are classified into three different groups based on their annual income: the first group represents the respondents with annual income of less than Rs. 3,00,000/-, the second group with an annual income of between Rs. 3,00,001 and Rs. 5,00,000/-, the third

group is a composition of respondents with annual income of Rs. 5,00,001 to Rs. 10,00,000/-.

Table 13. Annual Income of respondents by gender wise distribution

Annual Income in Rs.	Gender		Total	Percentage		
	Male	Female		Male	Female	Total
Less than 3,00,000/-	17	21	38	44.74 %	55.26 %	50.67 %
3,00,001 to 5,00,000/-	12	20	32	37.5 %	62.5 %	42.67 %
5,00,001 to 10,00,000/-	2	3	5	40 %	60 %	6.67 %
Total	31	44	75	41.33 %	58.67 %	100 %

Source: Field Survey

Of all the respondents, 50.67% earn less than Rs. 3,00,000/- per annum while 42.67% of the respondents have an annual income of between Rs. 3,00,001 to Rs. 5,00,000/-. Only 6.67% of the respondents have an annual income between Rs. 5,00,001 to Rs. 10,00,00/-

Table 13 also shows the income level of the respondents by gender-wise distribution. Among 50.67% of the respondents who earn less than Rs. 3,00,000/- per annum, 55.26% are female and 44.74% are male. The study also shows that out of 42.67% of the respondents earning between Rs. 3,00,001 to Rs. 5,00,000/- per annum, 62.5% are female and 37.5% are male whereas the remaining 6.67% of the respondents who earn Rs. 5,00,001 to Rs. 10,00,000/- per annum is a composition of 60% female and 40% male.

2.7.1 Annual income of respondents based on occupation

The study also classified the annual income of the respondents based on the occupation of the respondents. The respondents were classified into two groups: food & grocery shop owners who have other occupation/business other than food & grocery shop and those with no other occupation/business other than food & grocery shop.

The classification of respondents based on annual income and occupation is shown in Table 14.

Table 14. Annual Income of respondents by occupation wise distribution

Annual Income from all sources (in Rs.)	Occupation other than Food & Grocery Shop		Total	Percentage		
	Having other occupation/business	Not having other occupation/business		Having other occupation/business	Not having other occupation/business	Total
Less than 3,00,000/-	2	36	38	5.26 %	94.74 %	50.67 %
3,00,001 to 5,00,000/-	1	30	31	3.23 %	96.77 %	41.33 %
5,00,001 to 10,00,000/-	1	5	6	16.67 %	83.33 %	8 %
Total	4	71	75	5.33 %	94.67 %	100 %

Source: Field Survey

It is observed in the field survey that most of the owners, i.e., 94.7 % rely on food & grocery shop as their only occupation and therefore their only source

of income. Whereas 5.3% of the owners have other occupation/business or different source of income from other than food & grocery shop (Table 14).

Table 14 also shows that 50.67% of the respondents earn less than Rs. 3,00,000/- per annum of which 94.74% of them are respondents with no other occupation than food & grocery shop and 5.26% are those with occupation other than food & grocery shop. The table also indicates that 41.33% of the respondents earn Rs. 3,00,000 to Rs. 5,00,000/- per annum which was a composition of 96.77% of those with no other occupation than food & grocery shop and 3.23% of those with occupation other than food & grocery shop whereas only 8% of the respondents earn 5,00,001 to 10,00,000/- per annum which was composed with 83.33% of those with no other occupation than food & grocery shop and 16.67% are those with occupation other than food & grocery shop.

2.8 Year of commencement of food & grocery shop

The year of commencement of business gives us an insight about how long the food & grocery shops under study have survived or thrived in the market. It also helps us to understand the growth of the food & grocery market in the study area. Based on the year of commencement of the food & grocery shop, they are classified into different categories as shown in Table 15. It is to be noted that the study collects data from only food & grocery shops which were established on or before 2012.

Table 15. Commencement of food & grocery shop

Year of establishment	No. of respondents	Percentage
2008 to 2012	22	29.3 %
2003 to 2007	15	20 %
1998 to 2002	20	26.7 %
1993 to 1997	8	10.7 %
1988 to 1992	2	2.7 %
On/before 1987	8	10.7 %
Total	75	100 %

Source: Field Survey

Table 15 shows that the number of grocery shops under study which were established during 2008 to 2012 is the most which contributed 29.3% of the food & grocery shops under study, followed by 26.7% of the food & grocery shops which were established during 1998 to 2002. 20% of the food & grocery shops under study were established during 2003 to 2007 which is then followed by 10.7% of the food & grocery shops which have commenced during 1993 to 1997 and on/before 1987. Only 2.7% of the food & grocery shops under study commenced during the year 1988 to 1992. Most of the food & grocery shops under study were established during 1998 to 2012 which indicate a massive growth in the market from the end of the 20th century driven primarily by the increase in population, improvement in standard of living and growing food demand of the people.

2.9 Type of start-up of food & grocery shop

The circumstances leading to the operation/running of the food & grocery shops under study differs from one another. The food and grocery shops fall under four groups based on the type of start-up of business: the first group are food and grocery shops which are a start of a completely new enterprise/business activity, the second group are creation by an existing enterprise as an affiliate or subsidiary, the third group consists of food & grocery shops which are a purchase of existing business enterprise while the fourth group are those food & grocery shops which are inherited from ancestors. The distribution of respondents based on the type of start-up of their business is shown in Table 16.

Table 16. Type of start-up

Type of start-up	No. of Respondents	Percentage
Start of a completely new enterprise / business activity	64	85.3 %
Creation by an existing enterprise (as an affiliate / subsidiary)	1	1.3 %
Take-over/purchase of existing business enterprise	2	2.7 %
Enterprise/ Business activity inherited from ancestors.	8	10.7 %
Total	75	100 %

Source: Field Survey

Table 16 indicates that most of the respondents i.e., 85.3% stated that their business was a start of a completely new business activity followed by

10.7% of the respondents who inherited their grocery shop from their ancestors. Only 2.7% of the respondents purchased an existing business activity already taken up by another and a mere 1.3 % of the respondents responded that their business was a subsidiary/affiliate of an already existing business.

2.10 Building/property of grocery shop

Finding the right location with the right rental for stores has been a challenge for all retailers. Rent forms a large portion of the total expenditure and can more often than not convert a profitable store into loss making (Gupta,2015). Table 17 highlights the type of building/property in which the food & grocery shops are operated. The type of building/property is classified into three categories such as rental, lease and own property. Under the study, rental is classified as those situation where the building/property where the business is operating does not belong to the owner of the business and has to pay monthly payment to the property owner for the occupancy of the property. Under rental agreement, the period is mainly for a month. The agreement have to be renewed every month by both parties. Lease agreement are those agreement where the period of occupancy of a property is for a long term. The duration and amount of rent are discussed beforehand and can be changed only when the specified duration has completed.

Table 17. Type of location of grocery shop

Particulars	No. of Respondents	Percentage
Rent	51	68 %
Lease	3	4 %
Own property	21	28 %
Total	75	100 %

Source: Field Survey

From the field survey, it was observed that a majority of the grocery shops i.e. 68% were operating on rental property where they have to pay monthly rent to their tenants. 28% of the respondents were opening their grocery shops in their own property while 4 % of the respondents were operating on a lease property. The lease properties mainly belong to the non-profit organization called YMA and are leased out mainly for a period of 1 to 3 years. The duration of the lease may differ from locality to locality based on the decision of the respective YMA.

2.11 Legal existence

The Aizawl Municipal Council Licensing Regulations, 2012 made it compulsory for any kind of business /trade operating in the area of the Aizawl Municipal Council to obtain a license from the Aizawl Municipal Council. Table 18 shows the legal / illegal existence of the food & grocery shops under study. The study revealed that only 49.3% of the respondents acquire license from the AMC while the other 50.7% of the respondents did not acquire any license for opening their grocery shop.

Table 18. Legal existence nativity-wise distribution

Whether license/permit is obtained for starting business	Nativity of respondent		Total	Percentage		
	Native of Mizoram	Migrated from outside Mizoram		Native of Mizoram	Migrated from outside Mizoram	Total
License obtained	25	12	37	67.56 %	32.43 %	49.3 %
License not obtained	38	-	38	100 %	-	50.7 %
Total	63	12	75	84 %	16 %	100 %

Source: Field Survey

The study also analysed the distribution of legally/illegally existing food & grocery shops based on the nativity of the owners. It is interesting to find out that all the immigrants from outside Mizoram obtain license/permit for starting business and 50.7% of the respondents who did not obtain license/permit are all a native of Mizoram.

2.12 Generation of employment

The employment generated by the food & grocery stores under study is also analysed. The study showed that the food & grocery stores are not only generating self-employment but also employment to others even though it may not be in great numbers.

Table 19. Employment generated by food & grocery shops

Employment	No. of respondents	Percentage
Employ	37	49.3 %
Not employ	38	50.7 %
Total	75	100 %

Source: Field Survey

As shown in Table 19, 50.7% of the respondents under study does not have employees working in their grocery shop whereas 49.3% of the respondents have employees working in their grocery shop. Among the respondents who have employees in their grocery shop, the number of employees mostly range from 1 person to 3 persons. The average number of employees in the grocery shops is 1.38 person. The average monthly salary of the employees in grocery shops is Rs. 4,132/-

2.13 Conclusion

The study indicated that age does not seem to be a barrier in one's entry into the business since the respondents are comprised of different age groups. However, the number of respondents under 30 years is extremely low which is only 4 %. Moreover, the respondents who are older were not as productive as the respondents who are younger in age and mostly rely on help from their family members or employees. The study observed that 58.7 % of respondents are female and 41.3% are male. The participation of female in food & grocery business is no doubt higher than the work participation at the national level. The proportion of female respondents is undeniably higher in unmarried groups

(where it is 87.5%) while the proportion decreases when it comes to married groups (45.7%). This may be due to the duties a woman may have to take due to pressure from society, family or spouses to become a full time housewife and focus on taking care of the family as women in Mizo society are often expected to do after they get married. The number of persons in a family is usually low. 54.7 % of the respondents belong to a family of less than 5 persons, 40 % belong to a family of 6 to 10 persons and only 4 % belong to a family of 11 to 15 persons. 24 % of respondents are under matriculates, 26.7 % are matriculates, 13.3 % completed higher secondary, 32 % are graduates and 4 % are post graduates. While the main intention of youths pursuing higher education is to secure government jobs, more and more educated youths are turning towards entrepreneurship since educated unemployment is one of the main problems faced in Mizoram and it is not possible for the government to provide government jobs to all the educated youths.

The nativity of the respondents was also studied. Only 16 % of the respondents are those who have migrated from outside Mizoram. 84 % of the respondents are of the nativity of Mizoram; out of which 74.6 % of them are from Aizawl and 25.4 % of them migrated from outside Aizawl city, but inside Mizoram. 86.67 % of the respondents belong to Scheduled Tribes, 10.67 % belong to General and 2.67 % belong to Other Backward Classes. The study showed that all the 86.67 % of the respondents who belong to Scheduled Tribe are Christian and all the 2.67 % of the respondents who belong to Other

Backward Classes are Hindu. Among 10.67 % of the respondents who belong to General caste, 87.5 % of them are Hindu while 12.5 % are Christian. 50.67 % of the respondents earn less than Rs. 3,00,000/- per annum while 42.67 % have an annual income of between Rs. 3,33,331 to Rs. 5,00,000/-. Only 6.67% of the respondents have an annual income between Rs. 5,00,001 to Rs. 10,00,00/-.

The number of food & grocery shops under study which were established during 2008 to 2012 is the most which contributed 29.3% of the food & grocery shops under study, followed by 26.7% of the food & grocery shops which were established during 1998 to 2002. 20% of the food & grocery shops under study were established during 2003 to 2007 which is then followed by 10.7% of the food & grocery shops which have commenced during 1993 to 1997 and on/before 1987. Only 2.7% of the food & grocery shops under study commenced during the year 1988 to 1992. Most of the food & grocery shops under study were established during 1998 to 2012 which indicate a massive growth in the market from the end of the 20th century driven primarily by the increase in population, improvement in standard of living and growing food demand of the people. The circumstances leading to the operation/running of the food & grocery shops under study differs from one another. 85.3% stated that their business was a start of a completely new business activity followed by 10.7% of the respondents who inherited their grocery shop from their ancestors. Only 2.7% of the respondents purchased an existing business activity already

taken up by another and a mere 1.3 % of the respondents responded that their business was a subsidiary/affiliate of an already existing business. 68% of the food & grocery shops under study were operating on rental property where they have to pay monthly rent to their tenants, 28% were opening their grocery shops in their own property while 4 % were operating on a lease property.

The Aizawl Municipal Council Licensing Regulations, 2012 made it compulsory for any kind of business /trade operating in the area of the Aizawl Municipal Council to obtain a license from the Aizawl Municipal Council. The study revealed that only 49.3% of the respondents acquire license from the AMC while the other 50.7% of the respondents did not acquire any license for opening their grocery shop. It is interesting to find out that all the immigrants from outside Mizoram obtain license/permit for starting business and 50.7% of the respondents who did not obtain license/permit are all a native of Mizoram. 50.7% of the respondents under study does not have employees working in their grocery shop whereas 49.3% of the respondents have employees working in their grocery shop. Among the respondents who have employees in their grocery shop, the number of employees mostly range from 1 person to 3 persons. The average number of employees in the grocery shops is 1.38 person.

CHAPTER 3

FINANCIAL PROBLEMS OF FOOD & GROCERY SHOPS IN AIZAWL, MIZORAM

This chapter highlights various financial problems faced by the respondents from starting to management of business. Every business enterprise needs finance to meet its requirements. Whether the business concern is big or small, finance is needed to fulfil business activities. While starting business, a business concern needs finance for procurement of land, building, machinery and other fixed assets. Business concerns also need finance for running day-to-day activities like purchase of goods, payment of rent, payment of salaries, wages etc. When business grows, finance is also needed for expansion of business. Hence, it is called the lifeblood of business organization. This chapter study in depth the financial problems faced by the respondents relating to initial capital, fixed capital, borrowings, purchase, sales and operating costs. The analysis of this chapter is based on the primary data collected from the sample food & grocery shops in Aizawl city.

3.1 Initial capital invested by respondents

Initial capital investment refers to the capital used for starting up a business. The food & grocery shops under study are classified into different categories based on the amount of initial investment made by the owners, viz. 'less than Rs. 50,000/-', 'Rs. 50,001 to Rs. 1,00,000/-', 'Rs. 1,00,001 to

Rs.5,00,000/-' and 'above Rs. 10,00,000/-' under the study. Table 20 shows the distribution of respondents based on the amount invested as initial capital.

Table 20. Initial capital investment

Amount of capital invested (in Rs.)	No. of respondents	Percentage
Less than 50,000/-	18	24 %
50,001 to 1,00,000/-	27	36 %
1,00,001 to 5,00,000/-	19	25.3 %
Above 10,00,000/-	1	1.3 %
No response	10	13 %
Total	75	100 %

Source: Field Survey

From the study, it was observed that 36% of the respondents invested Rs. 50,001 to Rs. 1,00,000/- as the initial capital followed by 25.3% of the respondents who invested Rs. 1,00,001 to Rs. 5,00,000/- as the initial capital. The initial capital investment of 24% of the respondents was less than Rs. 50,000/- and only 1.3% of the respondents invested more than 10,00,000/- as the initial capital.

3.2 Sources of initial capital investment

The respondents were asked to give a rank from 1 to 3 to the variables of the sources of initial capital investment ranking the main source as 1, the second source as 2 and the third as 3 respectively. The variables under the sources of initial capital are own funds, loan from banks/financial institutions, borrowing

from money lenders, borrowing from relatives, borrowing from friends and any other.

Table 21. Source of Initial Capital

Sources	Percentage of respondents			Weightage score	Weighted rank
	Rank 1	Rank 2	Rank 3		
Own funds	80 %	5.3 %	1.3 %	191	1
Loan from banks/financial institutions	5.3 %	1.3 %	1.3 %	15	3
Borrowing from money lenders	1.3 %	1.3 %	1.3 %	6	5
Borrowing from relatives	8 %	17.3 %	1.3 %	45	2
Borrowing from friends	1.3 %	1.3 %	1.3 %	6	5
Any other*	4 %	-	-	9	4

Source: Field Survey

*‘Any other’ includes those respondents who have no knowledge about the sources of initial capital

As shown in Table 21, going by the whole picture, the main source of initial capital for the respondents are own funds, followed by borrowing from relatives. Loan from banks/financial institutions come at third with only 15 points in weighted score.

Rank 1: Table 21 shows that the main source of initial capital investment of the respondents is their own funds. 80% of the respondents stated that their main source of capital is their own funds which is followed by 8% of the respondents’ main source of capital being funds borrowed from relatives. Only 5.3% of the respondents stated that loan from banks/ financial institutions was their main

source of capital. 1.3% of the respondents opined borrowing from money lenders as their main source of capital while another 1.3% opined for borrowing from friends as their main source of capital.

Rank 2: As shown in Table 21, 17.3% of the respondents used borrowing from relatives as their second source of capital while 5.3% of the respondents used their own funds as their second source of capital. 1.3% of the respondents considered loan from banks as their second source of capital while another 1.3% borrowed money from lenders to use as their second source of capital. The second source of capital for the remaining 1.3% of the respondents was borrowing from friends.

Rank 3: Table 21 shows that the number of respondents who chose the different sources of finance such as own funds, loan from banks, borrowing from money lenders, borrowing from relatives and borrowing from friends for their third source of capital was the same which was 1.3 % of the respondents respectively.

3.3 Sources of fixed capital other than initial capital

Fixed capital refers to the capitals which are used for purchase of fixed assets such as land, building, machinery, vehicles etc. The respondents were asked to give a rank from 1 to 3 to the sources of fixed capital ranking the main source as 1, the second as 2 and the third as 3 respectively. The different sources of fixed capital given for selection are own funds, loan from banks/financial

institutions, borrowing from money lenders, borrowing from relatives, borrowing from friends and any other.

Table 22. Sources of Fixed Capital

Sources	Percentage of respondents			Weightage score	Weighted rank
	Rank 1	Rank 2	Rank 3		
Own funds	70 %	2.6 %	-	163	1
Loan from banks/financial institutions	4 %	-	-	9	4
Borrowing from money lenders	1.3 %	-	1.3 %	4	5
Borrowing from relatives	2.6 %	5.3 %	-	14	3
Borrowing from friends	-	-	1.3 %	1	6
Any other*	16 %	-	-	36	2

Source: Field Survey

*‘Any other’ includes those respondents who have no knowledge about the sources of fixed capital

The main sources of fixed capital for the respondents are own funds (163 points in weightage), any other (36 points in weightage) and borrowing from relatives (14 points in weightage).

Rank 1: Table 22 highlighted the sources of fixed capital other than initial capital investment. The study observed that 70% of the respondents considered their own funds as their main source of fixed capital. 16% of the respondents selected any other (here the respondents do not have a knowledge about the sources of fixed capital) whereas the main source of fixed capital for 4% of the respondents was loan from banks. 2.6% of the respondents stated that their main

source of fixed capital was borrowing from relatives while only 1.3% of the respondents borrowed money from lenders as their main source of fixed capital.

Rank 2: The second source of fixed capital for 5.3% of the respondents was borrowing from relatives while 2.6% cited that their own funds was their second source of fixed capital.

Rank 3: 1.3% of the respondents used borrowing from money lenders as their third source of fixed capital while the third source of fixed capital for another 1.3% of the respondents was borrowing from friends.

3.4 Problems in acquisition of funds

The respondents under study were asked whether they face problems in acquiring funds for start-up, fixed capital, and extension of business or for personal use etc.

Table 23. Contend with problems in acquiring funds

Particulars	No. of respondents	Percentage
Faced problems in acquiring funds	50	67 %
No problem in acquiring funds	25	33 %
Total	75	100 %

Source: Field Survey

Table 23 depicts the data received from the respondents regarding the matter. 67% of the respondents believe that they face problems in acquiring

funds whereas 33% of the respondents cited that they did not face problems in acquiring funds.

The respondents were also asked to specify the reasons behind problems in acquiring funds. The respondents were asked to give a rank of 1 to 3 ranking the main reason as 1, the second as 2 and the third as 3 from the variables given such as high rate of interest, mearge/no assistance from government agencies, denied loan by banks, lack of collateral securities, lack of guarantor and any other.

Table 24. Problems in acquiring funds

Problems	Percentage of respondents			Weightage score	Weighted rank
	Rank1	Rank2	Rank3		
High rate of interest	4 %	4 %	-	10	5
Mearge/no assistance from government agencies	28 %	6 %	2 %	43	2
Denied by banks/No access to bank loans	32 %	10 %	-	58	1
Lack of collateral securities	2 %	6 %	4 %	9	6
Lack of guarantor	4 %	4 %	4 %	11	4
Any other*	26 %	4 %	-	41	3

Source: Field Survey

*‘Any other’ includes the problem of difficulty to borrow small sums

Going by the whole picture, the main problems in acquiring funds for the respondents are no access to bank loans/denied by banks (58 points in weightage score), mearge/no assistance from government agencies (43 points in weightage score) and any other (41 points in weightage score).

Rank 1: 32% of the respondents who face problems in acquiring funds announced that no access to bank loans/denied by banks was the main problem. 28% believe that the main problem was mearge/no assistance from government. 26% opted for any other (which include the problem of inability to borrow small sums) as the main problem while 4% stated that high rate of interest was the main problem and another 4% declared the main problem to be the lack of guarantor. A mere 2% cited that lack of collateral securities was the main problem (Table 24).

Rank 2: Table 24 disclosed that no access to bank loans/denied by banks was the second problem for 10% of the respondents who face problems in acquiring funds. 6% believe that the second problem was mearge/no assistance from government while another 6% opted lack of collateral securities. High rate of interest was considered the second problem by another 4% while respondents who choose any other as the second problem constitute 4%.

Rank 3: Table 24 revealed that among the respondents who face problems in acquiring funds, 4% stated that lack of collateral securities was the third problem while another 4% referred the lack of guarantor as the third problem. Only 2% of the respondents who face problems in acquiring funds consider mearge/no assistance from government as the third problem.

3.5 Financial problems

The respondents were asked whether they face any financial problems in the course of starting and managing of their business. Table 25 shows the distribution of respondents who face financial problems and the respondents who do not have any financial problems.

Table 25. Contend with financial problems

Particulars	No. of respondents	Percentage
Faced financial problems	71	94.7 %
Do not face financial problems	4	5.3 %
Total	75	100 %

Source: Field Survey

94.7% of the respondents affirmed that they are facing financial problems while only 5.3% of the respondents cited that they do not face any problems regarding finance.

The respondents were further asked to specify what kind of financial problems they faced ranking the main problem as 1, the second as 2 and the third as 3 from the variables of financial problems such as lack of initial capital, lack of fixed capital, narrow profit margin, repayment of loans, repayment of debts, collection of debts, lack of finance for purchase of stock/inventory. The nature of financial problems faced by the respondents are depicted in Table 26.

Overall, as shown in Table 26, the three major problems faced by respondents regarding financial matters is narrow profit margin (143 points in

weightage score), followed by high operating costs (89 points in weightage score) and problems in collection of debts (42 points in weightage score)

Table 26. Problems in finance

Particulars	Percentage of respondents			Weightage score	Weighted rank
	Rank 1	Rank 2	Rank 3		
Lack of initial capital	11.3 %	7 %	1.4 %	35	5
Lack of fixed capital	14 %	2.8 %	9.9 %	41	4
Narrow profit margin	39.4 %	36.6 %	9.9 %	143	1
Repayment of loans	-	1.4 %	-	2	8
Repayment of debts	2.8 %	4.2 %	4.2 %	15	7
Collection of debts	4.2 %	9.9 %	26.8 %	42	3
Lack of funds for purchase of stock/inventory	7 %	2.8 %	8.5 %	25	6
High operating costs	21.1 %	26.8 %	11.2 %	89	2

Source: Field Survey

Rank 1: Among 94.7% of the respondents who face financial problems, 39.4% disclosed that narrow profit margin is the main problem whereas 21.1% stated that high operating costs is the main problem. 14% of them believe that lack of fixed capital is the main problem while 11.3% cited that lack of initial capital is the main problem. The main problem regarding finance for 7% of them is lack of funds for purchase of stock/inventory. Another 4.2% referred to collection of debts as the main problem and only 2.8% repayment of debts as the main problem.

Rank 2: 36.6% of the respondents who face financial problems claimed that narrow profit margin is the second problem while 26.8% referred to high

operating costs as the second problem. 9.9% of the respondents who face financial problems stated that collection of debts is the second problem while 7 % of them cited that lack of initial capital is the second problem. Repayment of debts is the second problem for 4.2 % of the respondents who face financial problems while lack of fixed capital and lack of funds for purchase of stock/inventory is the second problem for both 2.8% of the respondents.

Rank 3: The third problem for 26.8% of the respondents who face financial problems is collection of debts and high operating cost is the third problem for 11.2% of them. 9.9% of the respondents believe that lack of initial capital is the third problem while another 9.9% affirmed that narrow profit margin is the third problem. For 8.5% of the respondents who face financial problems, lack of funds for purchase of stock/inventory is the third problem. 4.2% of the respondents disclosed that repayment of debts is the main third problem while 1.4% believes that lack of initial capital is the third problem.

3.6 Operating costs

In the present study, the respondents were asked the major problems faced regarding operating costs through questionnaire.

Table 27 shows that 88% of the respondents faced problems regarding operating costs such as payment of rent, payment of salaries, electricity charges, taxes, etc. while 12% of the respondents declared that they have no problems regarding operating costs.

Table 27. Contend with problems in operating costs

Particulars	No. of respondents	Percentage
Face problems in operating cost	66	88 %
Do not face problem	9	12 %
Total	75	100 %

Source: Field Survey

The respondents were further asked to give a rank on the problems they face in operating costs ranking the main problem as 1, the second problem as 2 and the third as 3 from the variables of problems such as high rent, salaries/wages, high electricity charges, high rates of taxes and any other.

Table 28. Problems in operating costs

Particulars	Percentage of respondents			Weightage score	Weighted rank
	Rank 1	Rank 2	Rank 3		
High rent	50 %	10.6 %	6.1 %	117	1
Salaries/Wages	-	1.5 %	3 %	4	5
High electricity charges	7.6 %	34.9 %	9.1 %	67	3
High rates of taxes	39.4 %	16.7 %	4.5 %	103	2
Any other*	4.5 %	-	1.5 %	10	4

Source: Field Survey

*‘Any other’ was not specified by the respondents

The three major problems faced by respondents regarding operating costs are high rent (117 points in weightage score), high rates of taxes (103 points in weightage score) and high electricity charges (67 points in weightage score).

Rank 1: 50% of the respondents who face problems regarding operating costs concluded that high rent is the main problem faced in operating costs while 39.4% believe that the main problem is high rates of taxes. 7.6% choose high electricity charges as the main problem whereas 4.5 % opted any other as the main problem.

Rank 2: Among the 88% of the respondents who face problems regarding operating costs, 34.9% considered high electricity charges as the second problem while 16.7% believe high rates of taxes is the second problem. 10.6% of the respondents who face problems in operating cost believe that high rent is the second problem while a mere 1.5% believe salary/wages is the second problem.

Rank 3: 9.1% of the respondents stated that high electricity charges is the third problem regarding operating costs while 6.1% disclosed that high rent is the third problem. The third problem for 4.5% of the respondents is high rates of taxes while salaries/wages is the third problem for 3% of the respondents. Only 1.5% of the respondents who face problems in operating costs choose any other as the third problem.

3.7 Collection of debts

From the field survey, it has come to knowledge that 62 respondents i.e., 82.7% of the respondents allow their customers to purchase on credit, while 17.3% revealed that they do not allow them to purchase on credit. The study

also found that there is no specific credit period offered to customers for repayment of debts while it is common practice that debts are paid every month at the beginning of the month. The shop owners usually do not go door to door for collection of debts or inform debtors to repay debts in regular/timely basis but rather wait for the convenience of the debtors to repay them for when they are able to pay.

Table 29. Contend with problems regarding debts from customers

Particulars	No. of respondents	Percentage
Problems due to customer's debt	41	66.1 %
No Problems at all	21	33.9 %
Total	62	100 %

Source: Field survey

As shown in Table 29, among the respondents who offer credit service to customers, 66.1% claimed that they face problems regarding debts from customers while 33.9% concluded they do not face problems regarding debts from customers.

The respondents were further asked to rank the variables behind the problems in collection of debts ranking the main problem as 1, the second as 2 and the third as 3. The variables given are 'bad debts' which refers to the debts that have remain unpaid for a long time and which are unlikely to be received, 'debts of negligent customers' which are likely to be received but takes very long, 'negligence by shop keeper' and 'any other'.

Table 30. Problems in regarding debtors

Particulars	Percentage of respondents			Weightage score	Weighted rank
	Rank 1	Rank 2	Rank 3		
Bad debts (likely not to receive)	63.4 %	29.3 %	-	102	1
Debts of negligent customers (likely to receive, but takes very long)	34.1 %	51.2 %	-	83	2
Non-collection/negligence by shop keeper	-	-	9.8 %	4	3
Any other*	-	-	2.4 %	1	4

Source: Field survey

*‘Any other’ not specified by respondents

As shown in Table 30, the major problems regarding debts from customers for the respondents are bad debts (102 points in weightage score), and negligent customers (83 points in weightage score).

Rank 1: Among the 66.1% of the respondents who face problems regarding debts from customers, 63.4% considered bad debts as the main problem while 34.1% believe customer negligence is the main problem.

Rank 2: 51.2% of the respondents who face problems regarding debts from customers stated that negligence of debts by customers is the second problem while 29.3% stated that bad debts is the second problem.

Rank 3: The third problem for 9.8% of the respondents who face problems regarding debts from customers is non-collection/negligence by shop keeper while 2.4% opted any other as the third problem regarding collection of debts.

3.8 Stock, purchase & sales

The respondents were asked to give their estimated stock value, monthly purchase and monthly sales. The average estimated value of stocks, monthly purchase and sales are shown in Table 31.

Table 31. Stock, Purchase & Sales

Particulars	Average Stock value	Average monthly Purchase	Average monthly Sales
No. of respondents	69	65	75
Missing	6	10	Nil
Mean	Rs. 570579.71	Rs. 304892.31	Rs. 369586.67

Source: Field Survey

The average stock value of the grocery shops under the study is Rs. 5,70,579.71/- while the average monthly purchase is Rs. 3,04,892.31/-. The average monthly sales of the grocery shops is Rs. 3,69,586.67/-

3.9 Terms of payment on purchase

The respondents were also classified into three groups based on the terms of payment while purchasing stocks from suppliers/wholesalers. The first group are those who never purchase stocks on credit and always do payment on point of purchase, the second group are those who purchase stocks only on credit, and the third group consists of respondents who purchase stocks both on credit and payment on point of purchase.

Table 32. Terms of payment on purchase

Particulars	No. of respondents (Percentage)
Payment on point of purchase only	10.7 %
Credit only	5.3 %
Both	82.7 %

Source: Field Survey

The study revealed that 5.3% of the respondents purchase stock/inventory only on credit while 10.7% of the respondents never purchase stock/inventory on credit. 82.7% of the respondents enjoy both credit and payment on point of purchase.

3.10 Distribution of payment in percentage

82.7% of the respondents who enjoy both credit and payment on point of purchase were asked to present the ratio of proportion on the frequency of the use of the two types of payment on purchase of stocks from suppliers/wholesalers.

Table 33. Distribution of payment terms in percentage

Particulars	Average Percentage of usage
Payment on point of purchase	47.6 %
Credit	52.4 %
Total	100 %

Source: Field Survey

Table 33 discloses that in every 100 purchase, the respondents does payment on point of purchase 47.6% of the time while in 52.4% of the time, the respondents purchase on credit.

3.11 Mode of payment

The respondents were further asked to give a proportion of percentage to the different modes of payment that they used for paying the suppliers/wholesalers while purchasing stocks/inventory.

Table 34. Mode of payment

Particulars	Average Percentage of usage
Cash	94.77 %
Cheque	2.66 %
e-payment	0.27 %
Any other*	2.3 %
Total	100 %

Source: Field survey

*‘Any other’ includes Bank Transfer

Table 34 shows that in every 100 payment done by respondents, payment is done in cash 94.77% of the time while payment is done through cheque in 2.66% of the time. E-payment is used only 0.27% of the time while another 2.3% of the time, payment is done in any other means (which includes bank transfer).

3.12 Repayment of debts to suppliers/wholesalers

The respondents were asked whether they face problems in repayment of debts to suppliers/wholesalers. Table 35 present the distribution of respondents who face problems in repaying debts to suppliers and the respondents who did not face problems in repayment of debts to suppliers.

Table 35. Contend with problems in repaying debts to suppliers

Particulars	No. of respondents	Percentage
Facing problems	19	25.3 %
Not facing problems	56	74.7 %
Total	75	100 %

Source: Field survey

25.3% of the respondents declared that they face problems in repaying debts to suppliers whereas 74.7% of the respondents affirmed that they did not face problems in repaying debts to suppliers/wholesalers.

The respondents were also asked to give a rank from 1 to 3 ranking the main problem as 1, the second as 2 and the third as 3 from the variables given such as time restraints, low profit margin/business loss, high operating cost, bad debts and any other.

Table 36 highlights the problems faced by respondents in repayment of debts to suppliers. The major reason behind the problems in repaying debts to suppliers for the respondents are bad debts (46 points in weightage score) and business loss due to low profit margin (40 points in weightage score).

Table 36. Problems in repaying debts to suppliers

Particulars	Percentage of respondents			Weightage score	Weighted rank
	Rank 1	Rank 2	Rank 3		
Due to low profit margin/business loss.	31.6 %	57.9 %	-	40	2
Due to high operating cost.	5.3 %	-	21.1 %	7	3
Due to bad debts.	63.2 %	31.6 %	-	46	1

Source: Field survey

Rank 1: Among the respondents who face problems in repaying debts to suppliers, 63.2% believe that the main reason was due to bad debts while 31.6% considered low profit margin/business loss as the main reason. 5.3% of the respondents who face problems in repaying debts to suppliers revealed that it was mainly due to high operating cost.

Rank 2: The second reason for 57.9% of the respondents who face problems in repaying debts to suppliers was due to low profit margin/business loss whereas another 31.6% believe that bad debts was the second reason behind their problems in repaying debts to suppliers.

Rank 3: Of all the respondents who face problems in repaying debts to suppliers, only 21.1% of the respondents believe that the third reason was due to high operating cost.

3.13 Borrowing from others

Table 37 highlights whether respondents have taken loan from any source whether it is for the purpose of capital investment, fixed capital, and extension of business or for personal use.

Table 37. Borrowings/Loans

Particulars	No. of respondents	Percentage
Borrowed loan	27	36 %
Do not borrow loan	45	60 %
Do not remember loan taken	3	4 %
Total	75	100 %

Source: Field Survey

The study observed that 60% of the respondents have never taken any loan from any source while 36% of the respondents have taken loan. The remaining 4% can't remember whether they have taken a loan.

3.14 Loan from banks/financial institutions

The 27 respondents who have taken a loan/borrowing were asked whether they have taken a loan from banks/financial institutions.

Table 38. Borrowings/Loans from banks

Particulars	No. of respondents	Percentage
Borrow	6	22.2 %
Not borrow	21	77.8 %
Total	27	100 %

Source: Field Survey

Table 38 indicates that among the 27 respondents, only 6 respondents, i.e., 22.2% of them have borrowed a loan from banks whereas 77.8% of them have never borrowed loan from banks.

The respondents who have taken loan from banks were further asked to give a rank on the reason that led them to borrow loan from the banks ranking the main reason as 1, the second as 2 and the third as 3. The options given were low rate of interest, offered/arranged by banks, easy, trustworthy lender, and any other (Table 39).

Table 39. Reason for borrowing from banks

Particulars	Percentage of respondents			Weightage score	Weighted rank
	Rank 1	Rank 2	Rank 3		
Low rate of interest	67 %	-	-	12	1
Was offered/arranged by the banks	-	17 %	17 %	3	4
It is easy	17 %	17 %	-	5	3
Trustworthy lender	17 %	17 %	17 %	6	2

Source: Field Survey

The main reasons for borrowing from banks for the respondents are low rate of interest (12 points in weightage score), trustworthy lender (6 points in weightage score) and easy process (5 points in weightage score).

Rank 1: Table 39 shows that of all the respondents who have taken loan from banks, 67% of them concluded that the main reason for taking loan from banks was due to low rate of interest. 17% of the respondents who took a loan from the bank cited that the main reason that led them to borrow loan from banks was

because it was easy and another 17% of them claimed that the main reason to borrow loan from banks was because it was trustworthy.

Rank 2: From the respondents who have taken a loan from banks, 17% stated that the second reason that led them to this choice was because it was offered/arranged by banks. 17% claimed that it was easy to borrow from banks while another 17% opined that the second reason that led them to borrow from the banks was due to trustworthiness.

Rank 3: Table 39 indicates that 17% of the respondents who took a loan from banks concluded that the third reason that led them to this choice was because it was offered/arranged by the banks while the third reason for borrowing from banks for another 17% was because of trustworthy lender.

3.15 Borrowing from sources other than banks

Among the 27 respondents who have borrowed loan, the study also inquired whether these respondents have taken any loan from other sources excluding banks. The borrowing from other sources than banks includes borrowing from sources such as money lender, friends, family, etc.

Table 40. Borrowing/loan from other sources

Particulars	No. of respondents	Percentage
Borrowed from other source	27	100 %
Total	27	100 %

Source: Field Survey

Table 40 revealed that among the 27 respondents who have borrowed a loan from any sources including banks, 27 of them i.e., 100% have borrowed from sources other than banks such as family, friends, money lenders etc.

The respondents who have borrowed loan from sources other than banks such as family, friends, money lenders etc., were further asked to give a rank on the reason that led them to borrow a loan from such sources ranking the main reason as 1, the second reason as 2 and the third reason as 3.

Table 41. Reason for borrowing from other sources

Particulars	Percentage of respondents			Weightage score	Weighted rank
	Rank 1	Rank 2	Rank 3		
Being able to borrow relatively small sums	7.4 %	18.5 %	14.8 %	20	3
Did not need to provide security or guarantors	11.1 %	11.1 %	7.4 %	17	4
It was available locally	3.7 %	-	3.7 %	4	7
Can make repayment in cash in small weekly or fortnightly sums	14.8 %	18.5 %	11.1 %	25	2
They come to the door to collect	3.7 %	3.7 %	-	5	6
I know the lender	33.3 %	14.8 %	11.1 %	38	1
Any other*	11.1 %	-	3.7 %	10	5

Source: Field Survey

*‘Any other’ not specified by respondents

Going by the whole picture, the main reasons for borrowing from sources other than banks for the respondents are familiarity with the lender (38 points in weightage score), ability to make repayment in cash in small weekly or

fortnightly sums (25 points in weightage score), and ability to borrow in small sums (20 points in weightage score).

Rank 1: Table 41 highlights the ranking of the reasons that led the respondents to borrow money from sources other than banks. For 33.3%, the main reason for borrowing from sources such as money lenders, family and friends was because they know the lender. 14.8% of them borrowed from these sources because they can make repayment in cash in small sums. The main reason for 11.1% of the respondents who borrowed money from these sources was because they did not need to provide security or guarantor while another 11.1% chose any other as the main reason which include need of finance in urgent and unable to borrow money from banks. 7.4% of the borrowers' main reason was due to the ability to borrow relatively small sums while reasons such as availability in the local and door to door collection by lender was the main reason for borrowing from these sources for 3.7 % of the respondents each.

Rank 2: Table 41 shows that the second reason for borrowing from sources such as money lenders, family and friends for 18.5% of the borrowers were due to the ability to borrow relatively small sums. The second reason for another 18.5% of the borrowers was because they can make repayment in cash in small sums. 14.8% of the borrowers' second reason was because they know the lender well while the second reason for opting these sources for 11.1% of the borrowers was because they did not need to provide security or guarantor. 3.7%

of the borrowers cited that the availability of door to door collection by lender was the second reason they opted for these sources.

Rank 3: The study observed that the third reason for borrowing from sources such as money lenders, family and friends for 14.8% of the borrowers was due to the ability to borrow relatively small sums. The third reason for another 11.1% of the borrowers was because they can make repayment in cash in small sums while another 11.1% of the borrowers' third reason was because they know the lender well. The third reason for opting these sources for 7.4% of the borrowers was because they did not need to provide security or guarantor. 3.7% of the borrowers cited that the third reason for borrowing from these sources was because it was locally available while another 3.7% of the borrowers chose any other as the third reason.

3.16 Repayment of loans/borrowings

All the 27 respondents who have taken a loan from any source including banks were asked whether they were able to repay the loans/borrowings. The study also attempts to find out the main reasons for inability of repayment of loans/borrowings.

Table 42 shows the distribution among 27 respondents based on their repayment of loans/borrowings. Out of all the respondents who have taken a loan from any source, 81.5% of them were able to repay the loans/borrowings

from all sources while 18.5% claimed that they have been able to repay the loans/borrowings only partially.

Table 42. Repayment of loans/borrowings from all sources

Particulars	No. of respondents	Percentage
Repaid in full	22	81.5 %
Repaid only partially	5	18.5 %
Total	27	100 %

Source: Field survey

18.5% of the respondents who were unable to repay their loans/borrowings were further asked to give a rank of 1 to 3 ranking the main reason as 1, the second as 2 and the third as 3. The reasons that could led to non-payment or partial repayment of loans/borrowing given for ranking are lack of liquidity, due to business loss, high rate of interest, negligence by lender and any other.

Table 43. Reasons for non- repayment/partial repayment of loan/borrowings

Particulars	Percentage of respondents			Weightage score	Weighted rank
	Rank 1	Rank 2	Rank 3		
Lack of liquidity	60 %	-	-	9	1
Due to business loss	20 %	20 %	-	5	2
High rate of interest	-	20 %	-	2	3
Any other*	-	20 %	-	1	4

Source: Field Survey

*‘Any other’ include inadequate cash flow in the market

The analysis of data as shows that the main reason behind non-payment or partial payment of loans/borrowings is due to lack of liquidity.

Rank 1: Table 43 highlights the reasons for non-payment/partial repayment of loans/borrowings. From the respondents who were unable to repay loans/borrowings in full, 60% considered that lack of liquidity is the main reason while 20% cited that the main reason was due to loss in business.

Rank 2: Table 43 also shows that 20% of the respondents who were unable to repay loans/borrowings in full stated that loss in business was the second reason for non-repayment/partial repayment of loans/borrowings. The second reason for another 20% was due to high rate of interest while 20% opted any other as the second reason.

3.17 Source of finance in emergency

The study attempts to find out the possible sources of funds for the respondents in an emergency. This is done in order to understand the ability of the respondents to absorb financial shocks in unpredicted circumstances. The respondents were asked to give a rank from 1 to 3 ranking the main possible source as 1, the second as 2 and the third as 3.

Table 44 gives a series variables from where the respondents can get funds in need such as family/friends, bank loan/overdraft, credit card, selling assets, savings in banks and any other. It shows that the main source of funds in emergency for the respondents are family/friends, savings in bank and sale of assets.

Table 44. Possible source of funds in emergency

Particulars	Percentage of respondents			Weightage score	Weighted rank
	Rank 1	Rank 2	Rank 3		
Ask family/friends	41.3 %	37.3 %	5.3 %	153	1
Take a bank loan /overdraft	8 %	6.6 %	16 %	40	4
Use my credit card	-	4 %	2.6 %	8	5
Sell my assets	4 %	33.3 %	37.3 %	89	3
Withdraw from savings	44 %	9.3 %	-	113	2
Any other*	-	-	5.3 %	4	6

Source: Field Survey

*‘Any other’ not specified by respondents

Rank 1: 44% of the respondents stated that savings in banks would be the main source of funds in case of emergencies while the main source of funds in case of emergencies for 42.6% of the respondents would be from family/friends. 8% of the respondents declared that a bank loan/overdraft would be the main source of funds in an emergency whereas 4% of the respondents disclosed that the main source of funds in an emergency would be from selling of assets.

Rank 2: The second source of funds in case of emergencies for 37.3% of the respondents would be from family/friends whereas 4% of the respondents disclosed that the second source of funds in an emergency would be from selling of assets. 9.3% of the respondents stated that savings in banks would be the second source of funds in case of emergencies while 6.6% of the respondents declared that a bank loan/overdraft would be the main source of funds in an emergency. The second source of funds in an emergency for 4% of the respondents would be to use from their credit card. 6.6% of the respondents

declared that a bank loan/overdraft would be the second source of funds in an emergency.

Rank 3: 37.3% of the respondents disclosed that the third source of funds in an emergency would be from selling of assets followed by 16% of the respondents who declared that a bank loan/overdraft would be the third source of funds in an emergency. The third source of funds in case of emergencies for 5.3% of the respondents would be from family/friends while another 5.3% of the respondents opted for any other as the third source. Only 2.6% would use credit card as the third source of funds in an emergency.

3.18 Conclusion

From the study, it was observed that the initial capital investment for 24% of the respondents is Rs. 50,000/-, 36% invested Rs. 50,001 to Rs. 1,00,000/-. 25.3 % invested Rs. 1,00,001 to Rs 5,00,000/- while 1.3% invested above Rs. 10,00,000/-. The main source of initial capital of the respondents are own funds, borrowing from relatives and loan from banks/financial institutions. The main sources of fixed capital for the respondents are own funds and borrowing from relatives. 67% of the respondents stated that they face problems in acquiring funds for start-up, fixed capital and extension of business or for personal use. The main problems faced by respondents in acquiring funds are no access to bank loans, mearge/no assistance from government agencies and difficulty to borrow small sums.

94.7% of the respondents stated that they face financial problems in the course of starting and managing of their business. The main financial problems faced by respondents are narrow profit margin, high operating costs and collection of debts. 88% of the respondents face problems in operating costs. The main problems faced in operating costs are high rent, high rates of taxes and high electricity charges. 66.1% of the respondents face problems in collection of debts. The main problems faced by respondents in collection of debts are bad debts that are likely not to be received and debts of negligent customers that are likely to be received but takes very long. 25.3% of the respondents face problems in repaying debts to suppliers. The main reasons behind problems faced by respondents in repaying debts to suppliers are due to bad debts, low profit margin/business loss and high operating costs.

The study revealed that 36% of the respondents have borrowed a loan while 60% of the respondents have never taken a loan. Among 36% of the respondents who have borrowed a loan, 22.2% of them have borrowed from banks. The main reason for borrowing from banks are low rate of interest, trustworthy lender and easy process. Among 36% of the respondents who have borrowed a loan, 100% of them have borrowed from sources other than banks such as money lenders, friends, family, etc. The main reason for borrowing from other sources are familiarity with the lender, ability to make repayment in cash in small weekly or fortnightly sums and availability to borrow in small sums. 81.5 % of the respondents who borrowed loan stated that they are able to repay

their borrowings in full while 18.5% stated that they are able to repay their borrowing only partially. The main reason for partial repayment of borrowings by the respondents are due to lack of liquidity, business loss and high rate of interest.

CHAPTER 4

FINANCIAL INCLUSION OF GROCERY SHOP OWNERS IN AIZAWL, MIZORAM

This chapter highlights the importance of financial inclusion inclusive growth and for financing businesses, this chapter also exhibits the levels of financial inclusion of the sampled food & grocery shop owners in Aizawl and the problems faced by them in accessing banking services.

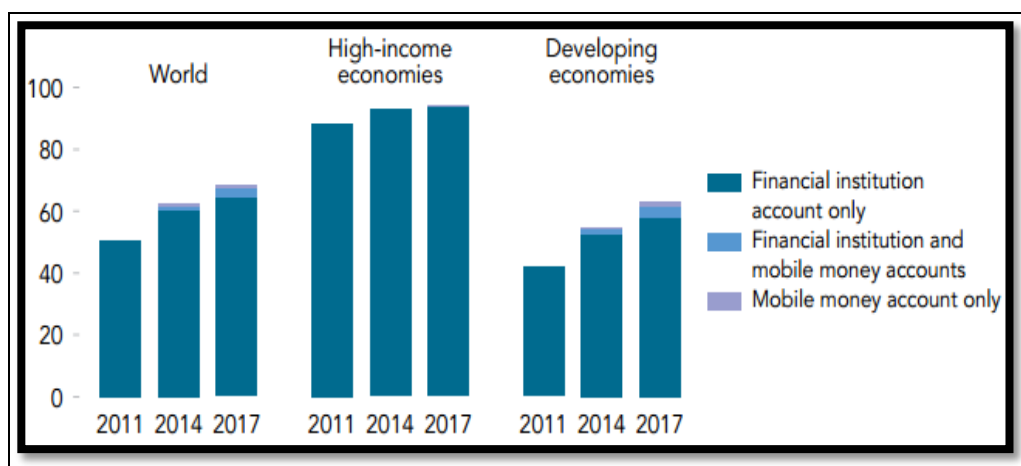
4.1 Defining Financial Inclusion

Kunt and Klapper, (2008) have described financial inclusion as a financial framework which allows broad access to financial services without price or non-price barriers to their use, especially to the poor and disadvantaged group of the society. Bihari (2011) defines financial inclusion as delivery of banking services to the mass majority of the disadvantaged and low income groups at affordable cost. Kelkar (2010) has stated financial inclusion as delivery of financial services, including banking services and credit, at an affordable cost to the vast sections of the disadvantaged and low income groups who tend to be excluded. The Report of the Committee on Financial Inclusion (2008) terms financial inclusion as the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost. The Reserve Bank of India Bulletin (2006) defines financial inclusion as availability of

banking and payment services to the entire population without discrimination of any type.

4.2 Financial Inclusion Globally

The Global Findex Database shows that between 2014 and 2017, 515 million adults worldwide opened an account at a financial institution or through a mobile money provider. This means that 69% of adults now have an account while it was 62% in 2014 and 51% in 2011. In high-income countries, 94% of adults have an account while in developing countries, 63% of adults have an account. In 2011, the first Global Findex survey was completed, followed by a second round in 2014 and the latest one in 2017. Over those intervals, the share of adults with an account rose from 51% to 62% and then to 69% globally.



Source: Global Findex Database 2017

Exhibit 3. Adults with an account (%)

However, the growth in number of account since 2011 has not benefitted all groups equally. The Global Findex Database shows that women still are less

likely than men to have an account. Globally, 72% of men and 65% of women have an account, a gender gap of 7 percentage points. The gender gap is similar in developing economies, with 67% of men but only 59% of women having an account. Indeed, most developing economies have a gender gap in account ownership, though the size varies. In Bangladesh, Pakistan, and Turkey, for example, the gender gap is nearly 30 percentage points. Other developing economies with a double-digit gap include Morocco, Mozambique, Peru, Rwanda, and Zambia. Smaller gaps are found in such economies as Brazil and India (Global Findex Database 2017).

4.3 Financial Inclusion in India

The well-developed Indian banking system plays an important role in economic development of our country. The nationalization of banks, establishing of new banks with better reforms and policies and introduction of the numerous facilities and amenities of the Indian banks are significant features of the banking services of India. Technology and financial inclusion are the popular coinage in banking parlays in the country. Financial inclusion is a major agenda for the RBI. Without financial inclusion, banks cannot reach the unbanked. It is also a major step towards increasing savings and achieving balanced growth (Roy, 2012)

According to World Bank, 80% of adults in India now have an account. Between 2014 and 2017, account ownership in India rose by more than 30 percentage among women as well as among adults in the poorest 40% of

households. The ownership of accounts increased by 20% among men and among the wealthiest 60% of households. The increase in account ownership was mostly driven by a government policy launched in 2014 called “Pradhan Mantri Jan-Dhan Yojana” to boost account ownership among unbanked adults through biometric identification cards. This policy benefited traditionally excluded groups and helped ensure inclusive growth in account ownership (Global Findex Database, 2017).

4.4 Financial Inclusion in Mizoram

The location of bank branches in Mizoram has been skewed in cities and urban centres. There are still many villages devoid of banking services even with a radius of 80-100 kms. The main reason is setting up of scattered village with small number of households which makes branch banking unviable. As on September 2013, there were 2,27,812 Basic Saving Bank Deposit Accounts (BSBDAs) in Mizoram (Mohanty, 2013). According to Mizoram Economic Survey, there are 201 bank branches in Mizoram as on 31.3.2017 with an increase of 8.65 % from 31.3.2016 when there was 185 bank branches. The population per bank branch in Mizoram comes to 5459.

The Credit Deposit Ratio (CDR) generally gives an idea about the extent to which deposit resources have been locally deployed to propel the economy. The RBI press release revealed that the Credit Deposit Ratio of all SCBs at all India level declined to 70.6% in December 2016 as against 74.% a quarter ago.

The deposits, advances and CDR of Commercial Banks, Mizoram Rural Bank, Mizoram Cooperative Apex Bank, and MUCO Bank in the state are shown in Table 45.

Table 45. Credit Deposit Ratio of Banks in Mizoram

(Rs in crore)

Agency	2015-16 (as on 31.03.2016)			2016-17 (as on 31.03.2017)		
	Deposits	Advances	CD Ratio	Deposits	Advances	CD Ratio
Commercial Banks	4270.58	1543.51	36.14	5303.43	1741.34	32.83
Mizoram Rural Bank	1517.12	865.36	57.04	1824.44	954.43	52.31
MCAB Ltd.	59.20	400.39	67.63	724.06	423.08	58.43
MUCO Bank Ltd.	43.46	29.35	67.54	50.51	32.28	63.90
Total	6423.18	2838.61	44.19	7902.44	3151.13	39.88

Source: Mizoram Economic Survey 2017-2018

The RBI's Roadmap for providing banking facilities to villages having population above 2000 is not yet fully achieved as per 2011 census. As on March 2017 there are 18 villages where bank branch is yet to be opened. A special drive is observed by banks throughout the State to enable account holders for digital payments and seeding of Aadhar and mobile number in all operative, individual savings bank accounts on voluntary basis. The state ranked at No. 12 on mobile seeding with 86.60% while it is ranked 29th in Aadhar seeding with 60.30% as on 26.05.2017 (Mizoram Economic Survey 2017-2018)

4.5 Ownership of bank a/c

Financial services can help people accumulate savings and increase spending on necessities. After being provided with savings accounts, market

vendors in Kenya, primarily women, saved at a higher rate and invested 60% more in their businesses. Women-headed households in Nepal spent 15% more on nutritious foods (meat and fish) and 20% more on education after receiving free savings accounts. And farmers in Malawi who had their earnings deposited into savings accounts spent 13% more on farming equipment and increased their crop values by 15% (Global Findex Database, 2017)

The respondents are classified into two groups viz., respondents having bank a/c and respondents not having bank a/c. Table 46 shows the distribution of respondents among the two groups.

Table 46. Owning of bank a/c

Particulars	No. of respondents	Percentage
Respondent having bank a/c	73	97.33 %
Respondent not having bank a/c	2	2.67 %
Total	75	100 %

Source: Field Survey

Table 46 revealed that 97.33% of the respondents have bank a/c in a bank whereas only 2.67% of the respondents does not have any bank a/c.

4.6 Type of bank a/c

Savings accounts are the most popular kind of individual accounts for personal purpose of saving investments and getting interest rates. It provides flexibility for deposit and withdrawal of funds. Current accounts are usually for businessmen and daily transactions. It doesn't serve a purpose of saving

investments. The transaction facility to this account is so flexible that it is possible to make innumerable transactions in a day. Recurring deposits are for those who wish to invest an average amount of their savings on a monthly basis. These accounts gain interest on the amount available in the account. Fixed deposits are available at various scheme with a tenure from 7 days to 10 years. This account is for those who want to deposit their savings for a long term to gain good rate of interest. The interest rates for these accounts varies from bank to bank¹.

Table 47 shows the distribution of respondents according to the type of bank a/c they own such as no frill a/c, savings bank a/c, current a/c, recurring deposit a/c, fixed deposit a/c and any other.

Table 47. Type of bank a/c of respondents

Particulars	No. of respondents (percentage)
Savings Bank a/c	98.63 %
Current a/c	15.07 %
Fixed deposit a/c	8.22 %

Source: Field Survey

98.63% of the respondents have a savings a/c with a bank while only 15.07% of the respondents open a current a/c with a bank. Only a mere 8.22% disclosed that they have fixed deposit a/c with a bank.

¹ www.slideshare.net/mobile/mehrasonia543/4-types-of-bank-accounts-in-india

4.7 Reason for opening bank a/c

Among the respondents who have bank a/c, the reasons that led them to open a bank a/c or bank a/c' was also inquired. There were three main reasons that led the respondents to open bank a/c.

Table 48. Reason for opening bank a/c

Particulars	No. of respondents	Percentage
For saving money	69	94.5 %
To request a loan	3	4.1 %
Any other*	1	1.4 %
Total	73	100 %

Source Field Survey

*'Any other' not specified by respondent

Table 48 highlights the reason why the respondents open different type of bank a/c with banks. Among the respondents having a bank a/c, 94.5% of the respondents affirmed that the main reason for opening bank a/c in a bank was for the purpose of saving money whereas 4.1% revealed that they open bank a/c in a bank in order to request a loan. 1.4 % of the respondents choose any other as the reason for opening a bank a/c.

4.8 Frequency of deposit/saving in a bank a/c

Mizoram Economic Survey 2018 shows that the total deposits of the state comes to Rs. 7,902.44 crore as on March 2017 as against Rs. 6423.18 crore on March 2016 registering an increase of Rs. 1479.26 crore during the period which is a growth of 23.03%.

The study also tried to uncover the amount of times the respondents deposit into their bank a/c during a month.

Table 49. Frequency of deposits in a bank a/c

Particulars	No. of respondents	Percentage
Don't save/Never	3	4.1 %
At least once a month	9	12.3 %
Less than once a month	2	2.7 %
I put in money as and when I can	52	71.2 %
Any other*	7	9.6 %
Total	73	100 %

Source: Field Survey

*‘Any other’ includes ‘only when necessary’ and ‘every week’

As shown in table 49, among the respondents who own a bank a/c, 71.2% of the respondents admitted that they deposit into their bank a/c as and when they can and 12.3% revealed that they deposit money at least once in a month. 9.6 opted any other, while 4.1% disclosed that they never deposit in their bank a/c.

4.9 Average monthly savings

The respondents are classified into different groups based on the amount of monthly savings made by them such as less than Rs. 10,000/-, Rs. 10,000 to Rs. 50,000/-, Rs. 50,001 to 1,00,000/-, above Rs. 1,00,000/- and ‘never save’.

Table 50 shows the distribution of respondents based on their average monthly savings.

Table 50. Average monthly savings

Particulars (in Rs.)	No. of respondents	Percentage
Less than 10,000	47	64.4%
10,000 to 50,000/-	19	26%
50,001 to 1,00,000/-	1	1.4%
Above 1,00,000	3	4.1%
Never	3	4.1%
Total	73	100%

Source: Field Survey

It was revealed that among the respondents who own a bank a/c, 64.4% stated that they save less than Rs. 10,000/- a month while 26% cited that their monthly savings is between Rs. 10,000 to Rs. 50,000/-. 4.1% affirmed that their monthly savings to their bank a/c is above Rs. 1,00,000/- while another 4.1% admitted that they never save money in their bank a/c. the remaining 1.4% stated that their monthly savings range between Rs. 50,001 to Rs. 1,00,000/-.

4.10 Awareness & access of banking services

Table 51 highlights the awareness and usage by the respondents of the different services provided by banks such as depositing/withdrawing cash, passbook, chequebook, loans, overdraft, credit cards, debit cards and internet banking/mobile banking.

Table 51. Awareness & access of banking services

Services	Respondents who are aware (Percentage)	Respondents who have availed/are availing (Percentage)
Depositing/Withdrawing cash.	100 %	94.6 %
Passbook	97.3 %	86.6 %
Cheque Book	94.6 %	64 %
Loans	86.6 %	13.3 %
Overdraft	18.6 %	-
General Credit Card/Kisan CC	40 %	9.3 %
ATM card	94.6 %	62.6 %
Internet Banking/Mobile banking.	56%	20%

Source: Field Survey

It is observed that among the respondents who own a bank a/c, 100% of the respondents are aware of depositing/withdrawing cash while 94.67% have availed the service. 97.33% of the respondents are aware of passbook while 86.67% have availed the product/service. 94.67% of the respondents are aware of cheque book while 64% have availed the service/product. 94.67% of the respondents are aware of debit cards/ATM cards while 62.67% have availed the service. 86.67% of the respondents are aware of loans while 13.33% have availed the service. 56% of the respondents are aware of internet banking/mobile banking while 20% have availed the service. 40% of the respondents are aware of credit cards while 9.33% have availed the service. 18.67% of the respondents are aware of overdraft while none have availed the service.

4.11 Awareness of minimum balance

The awareness of the respondents on the minimum amount needed to be maintained in their bank a/c for any designated period was also sought.

Table 52. Awareness of minimum balance

Particulars	No. of respondents	Percentage
Aware	38	52.10%
Not aware	24	32.90%
Don't remember	11	15.10%
Total	73	100%

Source: Field Survey

Table 52 shows that 52.1% of the respondents who have a bank a/c claimed that they are aware of the minimum amount of balance required to be maintained by them while 32.9% admitted that they are not aware of the minimum amount of balance required to be maintained by them. 15.1% of the respondents who own a bank ac with a bank stated that they don't remember the required amount of minimum balance to be maintained by them.

4.12 Average monthly visit to a bank branch

The respondents are classified into different groups based on the number of times they visit a bank such as once, twice, 3 to 5 times, more than 5 times and never. Table 53 shows the classification of respondents based on the number of times they visit a bank in a month.

Table 53. Average monthly visit to a bank branch

Particulars	No. of respondents	Percentage
Once	27	37 %
Twice	13	17.8 %
3 to 5 times	21	28.8 %
More than 5 times	4	5.5 %
Never	8	11 %
Total	73	100 %

Source: Field Survey

Among the respondents who own a bank a/c, 37% of the respondents revealed that on an average, they visit a bank branch once a month. 28.8% of the respondents stated that the average monthly visit to a bank was 3 to 5 times while the average monthly visit to a bank branch for 17.8% of the respondents was twice. Whereas 11% of the respondents having a bank a/c stated that they never visit a bank branch. The remaining 5.5% of the respondents having a bank a/c revealed that that the average monthly visit to a bank branch was more than 5 times.

4.13 Reasons for visiting a bank branch

The study also try to find the reasons for visiting a bank branch by the respondents. The respondents were asked to give a rank to a list of possible reasons ranking the main reason as 1, the second reason as 2 and the third reason as 3. The variables are depositing money, withdrawing money, entry in passbook, depositing cheque, obtaining loans, repaying loans and any other.

As shown in Table 54, the main reason for visiting bank branches by the respondents are depositing money, withdrawing money and updating passbook.

Table 54. Reasons for visiting a bank branch

Particulars	Percentage of respondents			Weighted score	Weighted rank
	Rank 1	Rank 2	Rank 3		
Depositing money	84.9 %	4.1 %	2.7 %	191	1
Withdrawing money	-	54.8 %	11 %	86	2
Entry in pass book	1.4 %	15.1 %	20.5 %	40	3
Depositing cheque	-	5.5 %	15.1 %	19	5
Obtaining loans	-	-	1.4 %	1	7
Repaying loans	2.7 %	1.4 %	-	8	6
Any other*	8.2 %	4.1 %	2.7 %	26	4

Source: Field Survey

*‘Any other’ includes ‘money transfer’

Rank 1: Among the respondents who own a bank a/c, 84.9 % of the respondents stated that the main reason for visiting a bank branch is depositing money. 8.2% of the respondents opted any other as the main reason for visiting a bank branch. The main reason for visiting a bank branch for 2.7% of the respondents is repaying loans while 1.4% revealed that entry in passbook/updating passbook is the main reason for visiting a bank branch.

Rank 2: As show in Table 54, 54.8% of the respondents who own a bank a/c stated that the second reason for visiting a bank branch is withdrawing money while 15.1% disclosed that updating passbook/entry in passbook is the second reason for visiting a bank branch. 5.5% of the respondents revealed that the second reason for visiting a bank branch is depositing cheque and 4.1% of the

respondents claimed that the second reason for visiting a bank branch is depositing money. Another 4.1% opted any other as the second reason for visiting a bank branch. A mere 1.4% claimed that repaying loans is the second reason for visiting a bank branch.

Rank 3: The third reason for visiting a bank branch by 20.5% of the respondents having a bank a/c is to update passbook/put entry in passbook while 15.1% claimed that depositing cheque is the third reason for visiting a bank branch by the respondents. 11% disclosed that the third reason behind visiting a bank branch is for the purpose of withdrawing money. 2.7 % admitted that the third reason for visiting a bank branch is depositing money while another 2.7% choose any other as the third reason. Only 1.4% of the respondents having a bank a/c stated that the third reason for visiting a bank a/c is obtaining loan from a bank.

4.14 Problems in accessing/availing banking services

The study aimed at identifying the problems that the respondents face in accessing/availing the different banking services. The respondents were asked to give a rank from 1 to 3 giving the main problem as 1, the second as 2 and the third as 3. The different problems that could be faced by respondents given for ranking are lack of financial knowledge, low income and assets, illiteracy/language barrier, inconvenience with branch timings, cumbersome banking procedure, unsuitable banking products/schemes, transaction

costs/banking charges, non-cooperative attitude of bank officials, limited number of banks in local area, limited number of ATM in local area, preference of doing transaction in cash and any other. The respondents were also asked to specify if they choose ‘any other’.

Table 55. Problems in accessing/availing banking services

Particulars	Percentage of respondents			Weighted score	Weighted rank
	Rank 1	Rank 2	Rank 3		
Lack of financial knowledge	-	2.7 %	13.3 %	15	7
Low income and assets	16 %	20 %	5.3 %	77	2
Illiteracy/Language	-	1.3 %	1.3 %	3	11
Branch timings	1.3 %	1.3 %	1.3 %	6	10
Banking procedure are cumbersome	1.3 %	6.7 %	6.7 %	18	5
Unsuitable banking products/schemes	8 %	1.3 %	1.3 %	21	4
Transaction costs/Banking charges	1.3 %	2.7 %	2.7 %	9	9
Attitude of bank officials	1.3 %	4 %	9.3 %	16	6
Limited no. of banks in local area	4 %	8 %	5.3 %	25	3
Limited no. of ATM in local area	5.3 %	4 %	4 %	21	4
Prefer to do transaction in cash*	36 %	18.7 %	4 %	125	1
Any other*	9.3 %	-	1.3 %	12	8

Source: Field Survey

*‘Any other’ not specified by respondents

The data revealed that the main problems that the respondents face in accessing/availing the different banking services are preference of doing

transaction in cash, low income and assets, limited number of banks in local area, limited number of ATM in local area and cumbersome banking procedure.

Rank 1: 36% of the respondents stated that the main problem in availing/accessing banking services was due to the preference of doing transactions in cash followed by 16% of the respondents who claimed that the main problem in accessing/availing banking services provided by banks is low income and assets.

Rank 2: 20% stated that the second problem in accessing financial services is low income and assets. 18.7% claimed that they prefer to do transactions in cash while another 8% opined that the second reason that the second problem is limited no. of banks in local area.

Rank 3: 13.3% of the respondents concluded that the third problem in accessing financial services is lack of financial knowledge while the third problem for accessing financial services for another 9.3% was attitude of bank officials followed by 6.7% of the respondents who stated that cumbersome banking procedures is the third problem in accessing financial services.

4.15 Consultancy on financial matters

Table 56 distinguishes the respondents into two groups' viz., those who have consulted others on financial matters and those who have never consulted others on financial matters.

Table 56. Consultancy of others on financial matters

Particulars	No. of Respondents	Percentage
Have not consulted	50	66.7 %
Have consulted	25	33.3 %
Total	75	100 %

Source: Field Survey

It is found that 66.7% of the respondents claimed that they have never consulted anyone on financial matters whereas 33.3% of the respondents declared that they have consulted others on financial matters.

Table 57 displays the party whom the respondents have consulted when seeking for financial advice. The respondents who have consulted others were asked to give a rank to the listed variables such as family/friends, banks, financial adviser, social worker and any other ranking the most consulted as 1, the second as 2 and the third as 3.

Table 57. Parties consulted on financial matters

Particulars	Percentage of respondents			Weighted score	Weighted rank
	Rank 1	Rank 2	Rank 3		
Family/Friends	92 %	-	-	67	1
Any other*	-	4 %	-	2	2

Source: Field Survey

*‘Any other’ includes fellow shop owners

Rank 1: 92% of the respondents who have consulted others regarding financial matters declared that they consulted friends or family the most.

Rank 2: 4% of the respondents gave ‘any other’ the second rank which include fellow shop owners when asked whom they have consulted the second most.

The respondents were further asked whether the advice they have taken from different parties were helpful to them. Table 58 shows the response of the respondents under study.

Table 58. Helpfulness of the advice taken

Particulars	No. of Respondents	Percentage
Very helpful	2	8 %
Helpful	23	92 %
Total	25	100 %

Source: Field Survey

92 % of the respondents who have consulted others on financial matters concluded that the financial advice they got was helpful while 8% considered the financial advice they got from others were very helpful.

The respondents were also asked whether there is any financial advice centre in their local area or whether they have awareness of any financial advice centre in their local area.

Table 59. Availability of financial advice centre/credit counselling centre in the local area of respondent

Particulars	No. of Respondents	Percentage
Not available	43	57.3 %
Don't know	32	42.7 %
Total	75	100 %

Source: Field Survey

The respondents were asked about the availability of a financial advice centre/credit counselling centre in their local area to which 57.3% of them

responded stating that there is no financial advice centre/credit counselling centre in their local area whereas 42.7% of the respondents admitted that they do not know if there is a financial advice centre/credit counselling centre in their local area.

4.16 Conclusion

Financial inclusion plays a great role in financing of enterprises. Well developed and widely spread financial system extends credit facility to those who do not have adequate finance themselves but have business ideas and zeal to carry entrepreneurial activities resulting in acceleration of growth (Abhay, 2014). In an increasingly connected world, the ability for businesses to innovate, grow and sustain themselves in entrepreneurial environments, is largely dependent on financial services readily available to them (Hirani, 2016). Studies show that when people participate in the financial system, they are better able to start and expand businesses, invest in education, manage risk, and absorb financial shocks (Kunt, 2015).

The study found that only 2.67% of the respondents does not have bank a/c. Among 97.33% of the respondents who have bank a/c, 98.63% of them have Savings Bank a/c, 15.07% have current a/c and 8.22% have Fixed deposit a/c. The average monthly savings for majority of respondents i.e., 64.4% of the respondents is less than Rs. 10,000/-. Among the respondents who own a bank a/c, 71.2% of the respondents admitted that they deposit into their bank a/c as

and when they can and 12.3% revealed that they deposit money at least once in a month while 4.1% disclosed that they never deposit in their bank a/c.

It is observed that among the respondents who own a bank a/c, 100% of the respondents are aware of depositing/withdrawing cash while 94.67% have availed the service. 97.33% of the respondents are aware of passbook while 86.67% have availed the product/service. 94.67% of the respondents are aware of cheque book while 64% have availed the service/product. 94.67% of the respondents are aware of debit cards/ATM cards while 62.67% have availed the service. 86.67% of the respondents are aware of loans while 13.33% have availed the service. 56% of the respondents are aware of internet banking/mobile banking while 20% have availed the service. 40% of the respondents are aware of credit cards while 9.33% have availed the service. 18.67% of the respondents are aware of overdraft while none have availed the service. 52.1% of the respondents who have a bank a/c claimed that they are aware of the minimum amount of balance required to be maintained by them while 32.9% admitted that they are not aware of the minimum amount of balance required to be maintained by them. 15.1% of the respondents who own a bank ac with a bank stated that they don't remember the required amount of minimum balance to be maintained by them.

Among the respondents who own a bank a/c, 37% of the respondents revealed that on an average, they visit a bank branch once a month. 28.8% of

the respondents stated that the average monthly visit to a bank was 3 to 5 times while the average monthly visit to a bank branch for 17.8% of the respondents was twice. Whereas 11% of the respondents having a bank a/c stated that they never visit a bank branch. The remaining 5.5% of the respondents having a bank a/c revealed that that the average monthly visit to a bank branch was more than 5 times.

The study revealed that the main problems that the respondents face in accessing/availing the different banking services are preference of doing transaction in cash, low income and assets, limited number of banks in local area, limited number of ATM in local area and cumbersome banking procedure.

CHAPTER 5

FINDINGS, SUGGESTIONS & CONCLUSION

This chapter highlights the findings drawn from the analysis and interpretation of the data from the preceding chapters. This chapter also presents the suggestions given by the researcher which are based on the findings of the study. Finally, this chapter draws out conclusion from the findings of the study.

5.1 Findings

- Only 4% of the respondents are below 30 years. The majority of the respondents i.e., 76% are between 31 to 50 years of age, 16% of the respondents are above 51 years, and 4% are above 60 years.
- The study revealed that 58.67% of the respondents are female and 41.33% of the respondents are male. 21.3% of the respondents are unmarried and 61.3% are married. Out of the 21.3% of respondents who are unmarried, 12.5% are male and an overwhelming 87.5% are female whereas among the 61.3% of the respondents who are married, 54.3% are male and 45.7% are female. The divorced respondents are made up of 60% male and 40% female while 10.7% of the remaining respondents are composed of 12.5% widower and 87.5% widow. The proportion of female respondents is undeniably higher in unmarried groups while the proportion decreases when it comes to married groups.

- About half of the respondents i.e., 54.7 % belong to a family of less than 5 person. Another 40% of the respondents belong to a family of 6 to 10 persons.
- The study observed that among the shop owners, the percentage of graduates is the most at 32% followed by matriculates at 26.7%. There are also 4% of the shop owners who are post graduates. Low level of formal education did not seem to be a barrier to entry into the business as about half of the respondents are those who did not complete higher secondary.
- 86.67% of the respondents are Scheduled Tribes out of which 100% are Christian. 10% of the respondents belong to General out of which 87% are Hindu and 12.5% are Christian. Only 2.67% of the respondents are Other Backward Classes out of which all of them are Hindu.
- The study showed that 16% of the respondents migrated from outside Mizoram. 84% of the respondents are of the nativity of Mizoram out of which 74.6% are from Aizawl city and 25.4% migrated from outside Aizawl.
- 49.3% of the respondents acquire license from the Aizawl Municipal Council while the other 50.7% did not acquire any license for opening grocery shops. It is interesting to find out that all the immigrants from outside Mizoram obtain license/permit for starting business and 50.7%

of the respondents who did not obtain license/permit are all native of Mizoram.

- Most of the respondents i.e., 94.67% of the respondents rely on food & grocery business as their main occupation with no other income elsewhere.
- 85.3% of the grocery shops under study are start of a completely new business activity followed by 10.7% of the grocery shops which are inherited from ancestors. Only 2% of the grocery shops are a purchase of another enterprise/business activity while 1.3% are a subsidiary/affiliate of an already existing business.
- 68% of the grocery shops under study are operating on rental property while 28% of the grocery shops are operating in the property/building of the owners. Only 4% of the grocery shops are operating on a lease property.
- Half of the respondents i.e., 50.67% of the respondents have an annual income of less than Rs. 3,00,000/-. 41.33% of the respondents have an annual income of Rs. 3,00,001/- to Rs. 5,00,000/-. Only 6.6% of the respondents have an annual income of Rs. 5,00,001/- to Rs. 10,00,000/-. The gender difference does not seem to effect the income of the respondents.
- The study take into consideration only grocery shops which have commenced on 2012 or earlier. Most of the grocery shops under study

i.e, 76% were established during 1998 to 2012 which shows the growth in market for food & groceries in Aizawl.

- The average stock value of the respondents is Rs. 5,70,579.71/-. The average monthly purchase of supplies of the respondents is Rs. 3,04,892.31/-. The average monthly sales of the respondents is Rs. 3,69,586.67/-.
- 49.3% of the respondents have employee/employees in their grocery shop. The number of employees range between 1 person to 3 persons. The average monthly salary of the employees in grocery shops is Rs. 4,132/-.
- Only one respondent invest more than Rs. 10,00,000/- for opening a grocery shop while the remaining respondents invest upto/below Rs. 5,00,000/- for starting grocery shop business. The main source of capital of the respondents for starting business are own funds, borrowing from relatives, and loan from banks/financial institution, while the main sources of fixed capital of the respondents are own funds, and borrowing from relatives.
- Out of the total respondents, 67% of the respondents revealed that they face problems in acquiring funds for starting a business, fixed capital, and extension of business or for personal use. The main problems faced by respondents in acquiring funds are no access to bank loans/denied by

banks, merge/no assistance from government agencies and any other (which include the problem of inability to borrow small sums).

- It is observed that 36% of the respondents have taken a loan/borrow from any source. Among them, 22.7% stated that they have taken loan from banks. The main reasons that led the respondents to borrow money from banks are low rate of interest, trustworthy lender and easy process. Whereas 100% of them have borrowed money from other sources than banks such as friends, family, money lenders, etc. The main reasons that led the respondents to borrow from other sources are due to good relation with the lender, ability to make repayment in small weekly or fortnightly sums and due to the availability to borrow small sums.
- Out of all the respondents who have taken a loan from any source, 18.5% claimed that they have been able to repay the loans/borrowings only partially. The main reasons for partial repayment of borrowings of the respondents are lack of liquidity and business loss.
- The main possible sources of funds in an emergency for the respondents under study are savings, family/friends and sale of assets.
- The study revealed that 82.7% of the respondents are using credit facility as well as payment on point of purchase from suppliers/wholesalers. 10.7% of the respondents don't use credit facility while 5.3% of the respondents buy supplies only on credit. The percentage mean of the usage of cash as a mode of payment to suppliers by the respondents is

94.77%. The percentage mean of the usage of cheque as a mode of payment by the respondents is 2.66%. The percentage mean of the usage of e-payment as a mode of payment by the respondents is 0.27%. The percentage mean of the usage of bank transfer as a mode of payment by the respondents is 2.3%. 25.3% of the respondents declared that they face problems in repaying debts to suppliers. The main reasons behind the problems in repaying debts to suppliers are bad debts, low profit margin/business loss and due to high operating costs.

- Most of the respondents i.e., 82.7% of the respondents offer credit facility to their customers out of which 66.1% of them stated that they face problems regarding debts from customers. The main problems regarding collection of debts are bad debts and negligent customers/debtors.
- 88% of the respondents claimed that they face problems regarding operating costs. The main problems in operating costs is high rent followed by high rates of taxes and high electricity charges. The average rate of electricity for domestic use in Mizoram per 400KWh/month is 370 paise/kw which is actually higher than states like Chhattisgarh, Himachal Pradesh, Jammu and Kashmir, Jharkhand, Meghalaya, Orissa, Tamil Nadu, Uttarakhand, Goa, Manipur, Sikkim, Tripura, Chandigarh etc.

- The main problems faced by respondents regarding finance are narrow profit margin, high operating costs and lack of fixed capital.
- Most of the respondents i.e., 97.33% of the respondents have a bank a/c whereas only 2.67% of the respondents does not have any bank a/c. Among the respondents having a bank a/c, savings bank a/c was most common where 98.63% of the respondents have a savings bank a/c. Only 15.07% of the respondents have a current a/c. A mere 8.22% of the respondents have a fixed a/c with a bank. The main reason for opening a bank a/c for 94.5% of the respondents is for saving money.
- 37% of the respondents having a bank a/c visit a bank branch once a month followed by 28.8% of the respondents who visit a bank branch three to five times a month. 11% of the respondents having a bank a/c stated that they never visit any bank branch. A majority of the respondents who own a bank a/c deposit into their bank a/c as and when they can. The average monthly savings for 64.4% of the respondents having a bank a/c is less than Rs 10,000/-
- 32.9% of the respondents having a bank a/c are not aware of the minimum amount of balance required to be maintained in a bank a/c for any designated period. 100% of the respondents who have bank a/c are aware of 'depositing/withdrawing cash' while 94.67% have availed the service. 97.33% of the respondents are aware of 'passbook' while 86.67% have availed the product/service. 94.67% of the respondents are

aware of 'cheque book' while 64% have availed the service/product. 94.67% of the respondents are aware of 'debit cards/ATM cards' while 62.67% have availed the service. 86.67% of the respondents are aware of 'loans' while 13.33% have availed the service. 56% of the respondents are aware of 'internet banking/mobile banking' while 20% have availed the service. 40% of the respondents are aware of 'credit cards' while 9.33% have availed the service. 18.67% of the respondents are aware of 'overdraft facility' while none have availed the service.

- 33.3% of the respondents have consulted others on financial matters. Family/friends are the most consulted regarding financial matters where all of them find it helpful. 57.3% of the respondents stated that there is no financial advice centre/credit counselling centre in their local area while 42.7% declared that they have no knowledge about the availability of financial advice centre/credit counselling centre in their local area.
- The main problems faced by the respondents in availing/accessing banking services are preference of doing transactions in cash, low income and assets, lack of financial knowledge, limited number of bank branches in local area, attitude of bank officials and cumbersome banking procedures.

5.2 Suggestions

The suggestions drawn by the researcher for different parties based on the findings of the study are as follows:

For the respondents

- About half of the respondents did not complete their higher secondary education, out of which half of them don't even complete matriculation. Even though opening food & grocery shop does not require technical skills, it is desirable that potential owners may acquire formidable educational qualification (at least graduation or higher level in commerce) which would help them in keeping books of accounts, financial management, and customer relationship management and acts as a powerful tool in breaking the barriers of successful business.
- The study revealed that cash is used as the main mode of payment to suppliers/wholesalers. Cheque is used only 2.66% of the time and e-payment is used only 0.27% of the time. It is suggested that e-payment such as mobile banking, pay-tm (other mobile transaction application), etc. be used by food & grocery owners as the main mode of payment to suppliers/wholesalers which would eradicate the problems and hurdles in paying in cash and save a lot of time. The study also suggested that food & grocery shops accept credit cards and debit cards in order to eliminate the problems of not having changes and to ensure maximum

sales. This process will also eliminate the problem of bank visits for depositing money as such will no longer be necessary and will boost the savings of the respondents.

- 66.1% of the respondents who offer credit facility to customers stated that they face problems regarding bad debts. The study also revealed that the food & grocery shops do not collect debts from debtors. It is suggested that the food & grocery shops should collect debts from debtors on monthly/quarterly basis either by collecting door to door or by means of bills reminding debtors to pay their debts.
- Proper record of business transactions: the study observed that the respondents do not keep proper records of their business transactions and therefore find it difficult to determine their purchase, sales, expenditures and their income (net profit). It is suggested that grocery shops should maintain proper books of accounts to keep systematic record of all business transactions, to know the financial position of their business in order to help them in future financial management and to provide necessary information to interested persons.

For the Government

- The study found that the food & grocery shop owners below 30 years is only 4%. There is a need in our economy and society to motivate and encourage youths to become entrepreneurs not only for self-employment

but also to provide employment to others. Therefore, an extensive career guidance campaign encouraging entrepreneurship has to be taken up by the government which focuses on the youths.

- The proportion of female respondents is undeniably higher in unmarried groups while the proportion decreases when it comes to married groups. There is a traditional believe in Mizo society that married women have to be housewives and should solely focus on taking care of the family by doing chores in the house. Women often have to sacrifice their career when they get married due to the pressure from society, family or spouse to fit the stereotype of a married woman. An awareness on importance and impact of women in an economy is necessary.
- High rent is the main problem faced by respondents in operating costs with no intervention of the government in controlling the prices of rent in Mizoram; the owners of buildings where the food & grocery shops operates determines the prices at which the property will be rented which often is too high for low margin profit businesses such as food & grocery. It is therefore necessary for the government to form a policy and effectively implement such policies that would prevent tenants of exploitation from property owners by overcharging house rents.

For the banks

- The study found that the respondents do not go beyond basic products such as savings bank ac, withdrawing & depositing cash, passbook, cheque book, ATM cards. To increase awareness of financial services and products, the study suggests initiatives through advertisement in local language-on television, print media, posters, radio etc. using local celebrities/artists as brand ambassadors of the campaign.
- It is also suggested that financial awareness campaign to be organised to increase awareness on the importance of financial literacy, savings, financial management, insurance policies, etc.
- Despite advancement in technology and the effort of the government in cashless economy, the awareness and usage of mobile banking and internet banking is significantly low. It is suggested that internet banking and mobile banking apps should be developed in local language for better customer base. It is also suggested that effort to be put in by bank officials to promote the same. The same method can be applied in case of ATMs.
- A separate counter/help desk should be set up in every bank with trained personnel to help ignorant customers regarding banking procedures and financial matters according to the needs of the customers and ensure they help them at the fullest.

5.3 Conclusion

Retailing is one of the largest sectors in India and one of the biggest source of employment in the country contributing over 10% in the country's GDP and around 8% of the employment. While the market share of unorganized retail sector is 15%- 20% in countries like UK, US, Taiwan etc., the Indian retail market is still dominated by the unorganized retail market with a market share of about 91% of the total retail market (CARE, 2017). Food and grocery forms the backbone of the retail sector. The category accounts for about 57% of the total retail market with an estimated 8-9 million food & grocery stores (including kirana shops, hawkers, etc.) all around the country.

Similarly in Mizoram, the retail sector is predominated by the unorganized sector. The organized retail sector operates in the state mostly by franchising and small outlets. The retail sector in Mizoram saw a new chapter when Vishal Mega Mart was opened on 25th March, 2017 with much protest from the union of students called MZP (Mizo Zirlai Pawl) who feared that organized sector would affect the profitability of the unorganized sector and thus leaving the small businesses at risk. Later, Bazaar India was also opened in Aizawl, this time with no protest.

The unorganized local food & grocery shops predominate the food & grocery market. Food & grocery shops play an important role in society supplying not only the nutritional needs of the people but also providing the

basic day to day needs. In a state like Mizoram where unemployment is one of the major problem in the economy, food & grocery stores are a great source of employment since food & grocery stores does not require excessive amount of investments in capital, land and labour, and does not require technical skills. Furthermore, the study found that most of the food & grocery shops under study are the only sources of income for the owners.

However, with low productivity in agriculture and food processing, most of the food & grocery requirements are supplied from outside the state. With the absence of railway connectivity in Mizoram, the state depends mostly on road transportation for the supply of goods from neighbouring states. The road transport is also not well developed due to steep slopes of the hills. The problem of transportation is even critical during monsoon due to frequent landslides. All these led to the problem of low profit margin which the shop owners regarded as the major problem faced by them. The food & grocery shops under study also faces problems such as high operating costs which include high rent, high taxes and problems of bad debts. Furthermore, even though starting food & grocery business does not require excessive amount of investments in capital, land and labour, the respondents still face problems in acquiring funds for starting the business.

While most of the respondents have a bank ac in a bank, the respondents would not be able to absorb financial shocks since most of the respondents did

not have much savings in their bank account. When asked what would be the sources of money in an emergency most of the respondents stated that borrowing from friends and family would be their first source. The food & grocery shop owners open their shops all week, every day, leaving them limited time to visit banks and make deposits for saving money. There is also the problem of doing most transactions in cash which leave the owners with the necessity to keep cash which in turn limit the deposits they make into their bank a/c.

The study extensively discussed the importance of financial inclusion for inclusive growth. Studies show that when people participate in the financial system, they are better able to start and expand businesses, invest in education, manage risk, and absorb financial shocks (Kunt, 2015). The study observed that the first and foremost need of the situation is to educate the business owners of the importance, the advantages and need of financial inclusion and banking services that can be used by them. The study also suggested that the use of electronic transactions for buying and selling will greatly benefit not only the business owners but also the customers. The problem of not having changes will be eradicated which will give customers more purchasing power, and will ultimately increase the sales resulting in higher profit for the shop owners. The use of electronic transactions will greatly benefit the food & grocery shop owners in increasing savings since it will save time and energy needed to deposit money into their bank a/c.

There is no doubt the use of electronic transactions will greatly benefit the market, the customers and business owners. However, transitioning from the traditional practice of doing transactions in cash into modern way of doing transactions cashless will not take place overnight. The government of India have recently taken many steps towards financial inclusiveness in the country and has seen an incredible outcome from schemes such as PMJDY. After all, it is the government who have the power and resources to drastically change the scenario. Therefore, the study concluded that the government have to take immense action in order to promote cashless economy in the state.

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ANNEXURE

Questionnaire on Financial Problems of Food & Grocery Shops in Aizawl, Mizoram

Sir/Madam,

I am conducting a study on 'Financial Problems of Food & Grocery Shops in Aizawl, Mizoram', I would be very glad if you could spend a few minutes of your time to answer the following questions, and I request you to not leave out any question. All information will be used for academic purpose only and kept strictly confidential.

Sincerely,

Priskil Lalremruati

Ph. 8974229778

A. PROFILE OF THE RESPONDENT:

1. Age:

- | | |
|-------------|----------|
| a) Below 30 | b) 31-40 |
| c) 41-50 | d) 51-60 |
| e) Above 60 | |

2. Gender:

- | | |
|---------|-----------|
| a) Male | b) Female |
|---------|-----------|

3. Marital status:

- | | |
|--------------|------------|
| a) Unmarried | b) Married |
| c) Divorced | d) Widow |

4. No. of family members : _____

Adults : _____

Children : _____

5. Ownership:

- | | |
|------------------------|----------------|
| a) Sole Proprietorship | b) Partnership |
| c) Any other | |

6. Education:

- a) Illiterate
- b) Below HSLC
- c) HSLC
- d) HSSLC
- e) Graduate
- f) Post – Graduate
- g) Others

If others, please specify_____

7. Are you native or immigrant of this city? If migrated, year of migration?

- a) Native
- b) Immigrant

If select b, Year of immigration : _____

Migrated from : _____(country)
_____ (state)
_____ (city/district)

8. Religion : _____

9. Caste : _____

10. Occupation (other than grocery shop) : _____

11. What is your Annual Income from all sources (in Rs.)?

- a) Less than 3,00,000
- b) 3,00,00 - 5,00,000
- c) 5,00,001- 10,00,000
- d) 10,00,001- 15,00,000
- d) 15,00,001- 20,00,000
- f) 20,00,001& above

12. What is your Annual Income from Grocery Shop alone (in Rs.)?

- a) Less than 3,00,000
- b) 3,00,00 - 5,00,000
- c) 5,00,001- 10,00,000
- d) 10,00,001- 15,00,000
- d) 15,00,001- 20,00,000
- f) 20,00,001& above

13. Year of commencement of Grocery Shop : _____

14. What type of start-up is the grocery shop? (select one):

- a) Start of a completely new enterprise / business / activity
- b) Creation by an existing enterprise (as an affiliate / subsidiary / daughter...)
- c) Restart of activity / business after being dormant over 2 years
- d) Restart of activity / business after being dormant for up to 2 years
- e) Take-over/purchase of another enterprise
- f) Take-over of a part of another enterprise
- g) Only a change of legal form of previously existing enterprise
- h) Other, please specify _____

15. Type of location:

- a) Rented
- b) On Lease
- c) Own property

16. Whether some licence/permit is obtained for starting business:

- a) Yes
- b) No

If yes, from where?

Please specify _____

17. Do you have employees in the shop?

- a) Yes
- b) No

18. How many employee are there in the shop?

19. Pay of workers

Job Description

Wages

20. Frequency of payment of Salaries

- a) Daily
- b) Weekly
- c) Fortnightly
- d) Monthly

e) Any other, please specify _____

B. FINANCE

21. How much is your initial capital (in Rs.)?

- a) Less than 50,000/- b) 50,001 to 1,00,000/-
 c) 1,00,001 to 5,00,000/- d) 5,00,001 to 10,00,000/-
 e) Above 10,00,000/-

22. Sources of initial capital (**give rank up to 3 according to contribution in investment giving 1 to the source that contribute the most and 3 to the 3rd most contributor**)

Sources	Rank
a) Own funds	
b) Loan from Banks/ financial institution	
c) Borrowing from Money Lenders	
d) Borrowing from Relatives	
e) Borrowing from Friends	
f) Any other	

Any other, please specify _____

23. Sources of fixed capital other than start-up capital. (**give rank up to 3 according to contribution, giving 1 to the source that contribute the most and 3 to the 3rd most contributor**)

Sources	Rank
a) Own funds	
b) Loan from Banks/ financial institution	
c) Borrowing from Money Lenders	
d) Borrowing from Relatives	
e) Borrowing from Friends	
f) Any other	

Any other, please specify _____

24. Do you face problems in acquiring funds for start-up, fixed capital and extension of business or for personal use?

- a) Yes b) No

25. Problems in acquiring funds (**Give rank up to 3**)

Reason	Rank
a) High rate of interest	
b) Mearge assistance from government agencies	
c) Denied by banks/No access to bank loans.	
d) Lack of collateral securities	
e) Lack of guarantor	
f) Any other	

Any other, please specify _____

26. Do you/ have you faced financial problems in the course of starting and managing of your business?

- a) Yes b) No

27. Problems of finance (**rank the following problems up to 5 giving 1 to the problem faced most**)

Problems	Rank
a) Lack of start-up capital	
b) Lack of fixed capital	
c) Narrow profit margin	
d) Repayment of loans	
e) Repayment of debts	
f) Collection of debts	
g) Lack of funds for purchase of stock/inventory	
h) High operating cost	
i) Any other	

Any other, please specify _____

28. Do you face problems regarding operating costs?

- a) Yes b) No

29. What are the problems faced in operating costs (**give rank up to 4**)

Problem	Rank
a) High rent	
b) Salaries/wages	
c) High electricity charges	
d) High rates of taxes	
e) Others	

Others, please specify _____

30. Do you offer credit to customers?

- a) Yes b) No

31. What is the credit period offered to customers?

- a) 1 week b) 15 days
c) 1 month d) Up to 2 months
e) Any other, Please specify _____

32. What is your average debt collection period?

- a) One week b) Fifteen days
c) Monthly d) Quarterly
e) Yearly
f) Any other, please specify _____

33. Do you charge interest on overdue amount?

- a) Yes b) No

34. Do you face problems regarding collection of debts from debtors

- a) Yes b) No

35. If yes, what are the problems (**give ranks**)

Problems	Rank
a) Bad debts	
b) Customer negligence	
c) Non collection/ negligence by shop keeper	
d) Others	

Others, please specify _____

36. What is your average stock value (in Rs.)?

37. What is your average monthly purchase of stock (Rs.)?

38. What is your average monthly sales (Rs.)?

39. What is the terms of payment when purchasing supplies from wholesalers/suppliers?

- a) Payment on point of purchase only
- b) Credit only
- c) Both

40. Terms of payment on purchase of goods from suppliers/ wholesalers. (**Give % according to contribution**)

Terms of payment	%
a) Cash (payment on point of purchase)	
b) Credit	

41. Mode of payment used for paying suppliers/wholesalers.(**Give % according to contribution)**

Mode of payment	%
a) Cash	
b) Cheque	
c) E-payment	
c) Any other	

Any other, please specify _____

42. Do you face problems in repaying debts to suppliers?

- a) Yes b) No

43. If yes, what are problems faced in repaying debts to suppliers?(**Rank up to 3**)

Reason	Rank
a) Time restraints	
b) Due to low profit margin/ business loss	
c) Due to high operating cost	
d) Due to bad debts.	
e) Any others.	

Any other, please specify _____

44. Have you ever taken a loan from any sources?

- a) Yes b) No
 b) Other, please specify _____

45. Have you borrowed/taken a loan from banks?

- a) Yes b) No

46. If borrowed from banks, which of the following reasons led to this choice? (**Rank up to 3**)

Reason	Rank
a) Low rate of interest	
b) Was offered/ arranged by the banks	
c) It is easy (vague)	
d) Trustworthy lender	
e) Any other	

Any other, please specify _____

47. Have you borrowed/taken loan from any other sources such as money lenders, friends, family etc.?

- a) Yes b) No

48. If borrowed from other sources than banks, which of the following reasons led to this choice (**give rank up to 3**)

Reason	Rank
a) Being able to borrow relatively small sums	
b) Did not need to provide security or guarantees	
c) It was available locally	
d) Can make repayment in cash in small weekly or fortnightly sums	
e) They come to the door to collect	
f) I know the lender	
g) Any other	

Any other, please specify _____

49. Are you able to repay the loans/borrowings from different sources?

- a) Yes b) No c) Only partially

50. If No/Only partially, what are the reasons for non-payment/ partial payment of loan borrowing? **(Give rank up to 3)**

Reason	Rank
a) Lack of liquidity	
b) Due to business loss	
c) High rate of interest	
d) Any other reason	
e) Negligence by lender	
f) Any other reason	

Any other (please specify) _____

51. What would you do, if you need money in an emergency? **(Give rank up to 3)**

Source	Rank
a) Ask family/ friends	
b) Take a bank loan/overdraft	
c) Use my credit card	
d) Sell something	
e) Withdraw from savings	
f) Any other	

Any Other (please specify) _____

C. FINANCIAL INCLUSION

52. Do you have a bank a/c?

- a) Yes b) No

53. What type of account do you have with a bank? (You may tick more than one)

- a) No frill a/c b) Savings Bank a/c
c) Current a/c d) Recurring Deposit a/c
e) Fixed Deposit a/c
f) If others, (please specify) _____

54. What were the reasons that led you to open the account?

- a) To receive Govt. payments from NREG
b) To receive Govt. payments from schemes other than NREG
c) For receiving remittances
d) For saving money
e) To request a loan
f) If others, (please specify) _____

55. How frequently do you save in your account?

- a) don't save / never
b) At least once a month
c) Less than once a month
d) I put in money as and when I can
e) I have paid money in but not in past 12 months
f) I have not added money since account was opened
g) If others, (please specify) _____

56. What are your average monthly savings, which you deposited in your bank a/c?

- a) Less than 10,000 b) 10,000- 50,000
c) 50,000- 1,00,000 d) Above 1,00,000
e) Never

57. Are you aware and have you availed any of these services?

<u>Services</u>	<u>Aware</u>	<u>Availed</u>
a) Depositing/Withdrawing cash		
b) Passbook		
c) Cheque Book		
d) Loans		
e) Overdraft		
f) General credit card/ Kisan CC		
g) ATM Card		
h) Internet banking/Mobile banking		

58. Do you know how much minimum balance your bank A/C requires you to maintain for any designated period?

- a) Yes b) No c) Don't remember

59. On average, how many times do you visit the bank branch in a month?

- a) Once b) Twice c) 3-5 times
d) More than 5 times e) Never

60. For what reasons do you visit the bank? **(Give rank up to 3)**

Reason	Rank
a) Deposit money	
b) Withdrawing money	
c) Entry in pass book	
d) Depositing cheque	
e) Obtaining loans	
f) Repayment of loans	
g) Others	

Others, (please specify) _____

61. What difficulties were faced in the process of accessing services provided by banks? **(Rank up to 5)**

Reason	Rank
a) Lack of financial knowledge	
b) Low incomes and assets	
c) Illiteracy/language	
d) Branch timings	
e) Banking procedure are cumbersome	
f) Unsuitable banking products/schemes	
g) Transaction costs/banking charges	
h) Attitude of bank officials	
i) Limited no. of banks in the local area	
j) Limited no. of ATM in the local area	
k) Prefer to do transactions in cash	
l) Others	

Others, (please Specify) _____

62. On the past three years, have you consulted anyone on money matters?

- a) No b) Yes

63. If Yes, who? **(Rank up to 3)**

	Rank
a) Family/ Friends	
b) Bank	
c) Financial Adviser	
d) Social Worker	
e) Other	

Other, please specify _____

64. And would you say, this advice was :

- a) Very helpful
- b) Helpful
- c) Unhelpful
- d) Very Unhelpful
- e) Not sure

65. Is there any financial advice centre/ credit counselling centre in your area?

- a) Yes
- b) No
- c) Don't know

66. If Yes, are you satisfied with the advice

- a) Very Satisfied
- b) Just OK
- c) Unsatisfied
- d) Completely Unsatisfied