

**A STUDY ON
ENTREPRENEURSHIP DEVELOPMENT IN NAGALAND:
WITH SPECIAL REFERENCE TO
KOHIMA AND DIMAPUR DISTRICTS**

**THESIS SUBMITTED TO
NAGALAND UNIVERSITY FOR THE AWARD OF
THE DEGREE OF DOCTOR OF PHILOSOPHY
IN COMMERCE**

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CERTIFICATE

This is to certify that the thesis titled “A Study on Entrepreneurship Development in Nagaland: with Special Reference to Kohima and Dimapur Districts” submitted to Nagaland University for the award of the degree of Doctor of Philosophy in Commerce is a record of the research work undertaken by Ms. Kevino Nagi under the supervision of Dr. N. Martina Solo, Department of Commerce, Nagaland University.

She has fulfilled all the requirements laid down in the Ph.D regulations of Nagaland University. Neither the thesis as a whole nor any part of it was ever submitted to any other University or Institution for the award of any research degree.

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

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List of Tables

Table	Title	Page
1.1	Classification of Enterprises as per MSMED Act, 2006	6
1.2	Number of Workers by Main and Marginal Category in Nagaland	11
1.3	Distribution of Workers by Category of Economic Activities in Nagaland	12
1.4	Number of SSI/ MSME units registered and employment generated in Nagaland from 2002-03 to 2014-15	13
1.5	Public Sector undertakings in Nagaland	14
2.1	Number of persons trained in various skills under Department of Industries & Commerce from 2002-03 to 2016-17	61
2.2	Number of entrepreneurs trained under EDP and TEDP by Department of Industries & Commerce from 2002-03 to 2016-17	62
2.3	Number of Persons trained under PMRY & PMEGP in Nagaland from 2002-03 to 2014-15	63
2.4	Amount of 90% Central Transport subsidy by the Department of Industries & Commerce from 2002-03 to 2016-17	65
2.5	Amount paid and units benefited under 15% Central Capital Investment Subsidy from 2002-03 to 2010-11	66 & 67
2.6	Number of entrepreneurs assisted under Year of Entrepreneur	67
2.7	Number of trainees for different trainings conducted by DICs of Dimapur and Kohima districts from 2010-11 to 2016-17	69
2.8	District wise KVIC Target Allocation of PMEGP Scheme in Nagaland (No. of units) from 2014-15 to 2016-17	72
2.9	Number of Beneficiary village industries under NKVIB (PMRY) from 2003-04 to 2007-08	74
2.10	Target and Achievement of PMEGP under NKVIB from 2010-11 to 2016-17	75
2.11	Performance of PMEGP Achievements under NKVIB from 2010-11 to 2016-17	76
2.12	PMEGP Forward and Backward Linkages under NKVIB from 2010-11 to 2014-15	77
2.13	Trainings under the purview of KVIC conducted through NKVIB from 2002-03 to 2016-17	78
2.14	Year-wise allocation and achievement under Chief Minister's Corpus Fund for Self-Employment Generation from 2002-03 to 2016-17	80 & 81
2.15	Achievements of Corpus Fund for employment generation and capacity building from 2008-09 to 2016-17	82
2.16	CMCF number of beneficiaries for self-employment and capacity building	84

	from 2002-03 to 2016-17	
2.17	Allocation and achievement under Chief Minister's Corpus Fund for Year of Entrepreneur	85 & 86
2.18	Number of Programmes and Beneficiaries under Ni-msme from 2002-03 to 2015-16	89
2.19	Entrepreneurship Development Programmes conducted by Dimapur Branch from 2012-13 to 2015-16	92
2.20	Management Development Programmes conducted by Dimapur Branch during 2012 and 2013	93
2.21	Industrial Motivation Campaigns conducted by Dimapur Branch during 2015-16	94
2.22	Types and number of Programmes under IIE from 2006-07 to 2011-12	96
2.23	Number of participants in different Programmes from 2006-07 to 2011-12	96
2.24	Training Programmes and number of participants for different categories from 2012-13 to 2016-17	97
2.25	RIP conducted by IIE as implementing agency as on 31 st December 2011 and 31 st December 2012	98
2.26	Different Programmes conducted by IIE for OIL in the year 2014	101
2.27	Status of Diploma students (Long-term Training course) from 2007 to 2016	107
2.28	Target and Achievement of Revenue generation from 2006-07 to 2014-15	105
2.29	Number of jobs undertaken, units and entrepreneurs benefited from 2007-08 to 2016-17	106
2.30	Number of Trainees under NTTTC from 2008-09 to 2016-17	107
3.1	Number of employment generated through financial support	115
3.2	Number and types of Training under EA from 2003 to 2016	116
3.3	Sponsored Trainings from different sources for the period 2014-16	117
3.4	Number of Entrepreneurs supported by EA till 2016	118
3.5	Project details under EA	120
3.6	Credit Linkages of EA	121
3.7	Awards received by EA	122
3.8	Youth Employment Summit in Nagaland (First Phase)	124
3.9	Seminars, interactive sessions, Meets and Conference for 2007	125 & 126
3.10	Number of Beneficiaries and amount of loans given by YouthNet	129
3.11	Different Programmes of YouthNet	130
3.12	Table showing the summary performance of EA, YN and EDA	133
3.13	Number of Persons Trained under EDP	135
3.14	Funding Agency for Training Programme/ EDP	136
3.15	Nature of financial assistance provided	136

3.16	Type of Reports maintained	137
3.17	Duration for conduct of EDPs	137
3.18	Level of effectiveness of EDPs	138
3.19	Problems in market survey	138
4.1	Annual Target and Sanction of NIDC from 2002-03 to 2015-16	149
4.2	Annual Sanction and Disbursement of NIDC from 2002-03 to 2015-16	150
4.3	Performance of loans (Principal) of NIDC from 2002-03 to 2015-16	152
4.4	State-wise total Sanctions by NEDFi from 2002-03 to 2011-12	156
4.5	State-wise total Disbursements of NEDFi from 2002-03 to 2011-12	156
4.6	State-wise No. of projects assisted from 2002-03 to 2011-12	158
4.7	Overall operations of SIDBI	163
4.8	Financial Highlights of MUDRA as on 31 st March 2016	166
4.9	Performance under PMMY	167
4.10	Promotional and Developmental Activities: SIDBI, Dimapur office (prgs.)	169
4.11	Promotional and Developmental Activities: SIDBI, Dimapur office (prts.)	170
4.12	Promotional and Developmental Activities of SIDBI, Dimapur in 2014-15	171
4.13	District- wise No. of Banks in Nagaland as on 31 st March for the period 2008 to 2016	174
4.14	Priority Sector Advances by Scheduled Commercial Banks of Nagaland	177
4.15	Credit sanctioned to SME and SSI sector under Annual Credit Plan from 2008-09 to 2014-15	179
4.16	Credit disbursed to SME sector	180
4.17	Performance under PMRY/PMEGP for all Scheduled Commercial Banks	182
4.18	Performance under PMEGP as on 31 st March 2016	183
4.19	Recovery performance of Bank loans (in percentage)	187
4.20	Recovery performance of Bank loans (Amount)	188
5.1	State-wise distribution of Registered working Enterprises by type of Organization: Fourth All India Census of MSMEs	195
5.2	State-wise Entrepreneurship Profile: Fourth All India Census of MSMEs	196
5.3	Number of Enterprises and Persons employed in NER	197
5.4	Occupational background of Entrepreneurs	203
5.5	Age-wise Profile of Entrepreneurs	203
5.6	Educational qualification of Entrepreneurs	204
5.7	Time period of the enterprises	205
5.8	Investment of Entrepreneurs	206
5.9	Monthly Income of Entrepreneurs	206
5.10	Employment Generation by Trained and Untrained Entrepreneurs	207
5.11	Motivational factors for starting an enterprise	207
5.12	Problems faced by Entrepreneurs	209
5.13	Comparison of Problems faced by Trained and Untrained Entrepreneurs	211

List of Exhibits

Figure	Title	Page
2.1	Comparison of target number of persons trained and the achievements of the Target under PMRY & PMEGP in Nagaland from 2002-03 to 2016-17	64
2.2	Comparison of Target and Achievement of PMEGP Margin Money under NKVIB from 2010-11 to 2016-17	75
2.3	Number of Beneficiaries under CMCF from 2002-03 to 2016-17	81
3.1	Total number of employment generated by EA through financial support	116
3.2	Comparison between total number of entrepreneurs supported by EA and number of entrepreneurs running enterprises	119
4.1	Annual Target, Annual Sanction and Annual Disbursement of NIDC from 2002-03 to 2015-16	150
4.2	Amount of loan due and recovered of NIDC from 2002-03 to 2015-16	152
4.3	Amount of sanctions and disbursements of NEDFi from 2002-03 to 2011-12	157
4.4	Number of commercial Banks in Nagaland in the year 2016	175

List of Abbreviations

ACE	Affirmative Customer Experience
AICTE	All India Council of Technical Education
AGR	Average Growth Rate
ANBC	Adjusted Net Bank Credit
ASIDE	Assistance to States for Infrastructure Development for Exports
ASPIRE	A Scheme for Promotion of Innovation, Rural Industry & Entrepreneurship
ATI	Administrative Training Institute
AWAKE	Association of Women Entrepreneurs of Karnataka
BEST	Basic Entrepreneurial Skills Training
BGT	Business Growth Training
BoD	Board of Directors
CAD/ CAM	Computer Aided Design & Manufacturing
CAGR	Compound Annual Growth Rate
CAPART	Council for Advancement of People's Action and Rural Technology
CART	Credit Appraisal and Rating Tool
CDA	Cluster Development Agency
CDCG	Cluster Development Coordination Group
CDE	Cluster Development Executives
CEE	Creation of Environment for Entrepreneurship
CENVAT	Central Value Added Tax
CFC	Common Facility Centre
CGR	Compound Growth Rate
CIBIL	Credit Information Bureau (India) Limited
CIETI	Central Industrial Extension Training Institute
CIS	Commonwealth of Independent States
CITC	Cottage Industries Training Centre
CMCF	Chief Minister's Corpus Fund
CMD	Chairman and Managing Director
CNC	Computer Numerical Control
DIC	District Industries Centre
DEPB	Duty Entitlement Pass Book
DONER	Development of North Eastern Region
DTDM	Diploma in Tool & Die Making
DUDA	Directorate of Underdeveloped Areas
EA	Entrepreneurs' Associates
EAP	Entrepreneur Awareness Programme
EDA	Entrepreneurs Development Agency
EDP	Entrepreneurship Development Programme
EE	Entrepreneurship Education

EM	Entrepreneurs Memorandum
EOP	Entrepreneurship Orientation Programme
FEMA	Foreign Exchange Management Act
FERA	Foreign Exchange Regulation Act
FDI	Foreign Direct Investment
FLC	Financial Literacy Centre
GDP	Gross Domestic Product
GEE	Growth of Existing Entrepreneurs
HADP	Hill Areas Development Programme
HDFC	Housing Development Finance Corporation
HDR	Human Development Report
HSLC	High School Leaving Certificate
HSSLC	Higher Secondary School Leaving Certificate
IDBI	Industrial Development Bank of India
IAF	India Aspiration Fund
ICICI	Industrial Credit and Corporation of India
ICT	Information and Communication Technology
IIDC	Integrated Infrastructure Development Centre
IIE	Indian Institute of Entrepreneurship
IMC	Industrial Motivation Campaigns
IT	Information Technology
ITMT	Institute of Toy Making Technology
KVIB	Khadi and Village Industries Board
KVIC	Khadi and Village Industries Commission
KP	Knowledge Partner
LAC	Latin American Countries
LDM	Lead District Manager
MAC	MSME Advisory Centre
MAI	Market Access Initiative
MEPP	Micro Enterprise Promotion Programme
MES	Modular Employable Skills
MDTC	Multi-Disciplinary Training Centre
MDP	Management Development Programme
MFI	Micro Finance Institution
MMS	Margin Money Scheme
MNCs	Multi-National Companies
MoU	Memorandum of Understanding
MSME	Micro, Small and Medium Enterprises
MUDRA	Micro Units Development & Refinancing Agency
NABARD	National Bank for Agriculture and Rural Development

NBFC	Non-Banking Financial Company
NCDC	Nagaland Career and Development Centre
NCUI	National Cooperative Union of India
NEC	North Eastern Council
NEICON	North Eastern Industrial Consultants Ltd
NEDFi	North Eastern Development Finance Corporation Limited
NEF	Network Enterprises Fund
NEIIP	North East Industrial and Investment Promotion Policy
NEIP	North East Industrial Policy
NEITCO	North Eastern Industrial and Technical Consultancy Organization
NER	North East Region
NGO	Non-Governmental Organization
NHHDC	Nagaland Handloom and Handicraft Development Corporation Limited
NHL	Nagaland Hotels Limited
NIDC	Nagaland Industrial Development Corporation Limited
NIESBUD	National Institute for Entrepreneurship and Small Business Development
NI-MSME	National Institute for Micro, Small and Medium Enterprises
NIRSC	Nagaland Industrial Raw Material & Supply Corporation Limited
NISIET	National Institute of Small Industry Extension Training
NJC	Nagaland Job Consultants
NKVIB	Nagaland Khadi & Village Industries Board
NMCP	National Manufacturing Competitiveness Programme
NMDFC	National Minorities Development Finance Company
NMTTC	Nagaland Mini Tool Room and Training Centre
NRLM	National Rural Livelihood Mission
NSTFDC	National Scheduled Tribes Finance Development Company
NTTC	Nagaland Tool Room and Training Centre
OBU	Overseas Banking Unit
OIL	Oil India Limited
OLS	Ordinary Least Square
OTS	One Time Settlement
PLR	Prime Lending Rate
PMEGP	Prime Minister's Employment Generating Programme
PMJDY	Pradhan Mantri Jan Dhan Yojana
PMMY	Pradhan Mantri Mudra Yojana
PMRY	Prime Minister's Rozgar Yojana
PNE	Promotion of New Entrepreneurs
PSU	Public Sector Unit
RAP	Rural Artisan Programme
RBI	Reserve Bank of India

REDP	Rural Entrepreneurship Development Programme
REGP	Rural Employment Generation Programme
RFS	Receivable Finance Scheme
RIP	Rural Industries Programme
RRB	Regional Rural Banks
RSETI	Rural Self Employment Training Institutes
RUDSETI	Rural Development and Self Employment Training Institute
SBI	State Bank of India
SDI	Skill Development Initiative
SDP	Skill Development Programme
SEOY	Social Entrepreneur of the Year
SEZ	Special Economic Zone
SFURTI	Scheme of Fund for Regeneration of Traditional Industries
SGSY	Swarnajayanti Gram Swarozgar Yojana
SJSRY	Swarna Jayanti Shahari Rozgar Yojana
SHG	Self Help Group
SIDBI	Small Industries Development Bank of India
SIMAP	Small Industries Management Assistants Programme
SLBC	State Level Bankers Committee
SLC	State Level Committee
SLVDP	State Level Vendor Development Programme
SME	Small Medium Enterprises
SMERA	SME Rating Agency
SMILE	Make in India Loan for Small Enterprises
SRTT	Sir Ratan Tata Trust
SSI	Small Scale Industries
STUP	Skill-cum-Technology Upgradation Programme
SVCL	SIDBI Venture Capital Limited
TEDP	Turnkey Entrepreneurship Development Programme
UCO	United Commercial Bank
VAT	Value Added Tax
VCF	Venture Capital Funds
WEDP	Woman Entrepreneurship Development Programme
WTC	Weaving Training Centre
YARD	Youth Action for Rural Development
YES	Youth Employment Summit
YLC	Young Leaders Connect
YN	YouthNet

Contents

Certificate

Declaration

Acknowledgements

List of Tables

List of Exhibits

Abbreviations

CHAPTER	Page
1. INTRODUCTION	1-39
Overview, Socio-economic scenario in Nagaland, Significance of the study, Study of literature, Objectives, Methodology, Hypotheses and Limitation of the study.	
2. ROLE OF GOVERNMENT IN ENTREPRENEURSHIP DEVELOPMENT	40-109
Introduction, an analysis of Government's Role, Central Government Incentives and Schemes, Government Departments involved in Entrepreneurship development, Institutions conducting EDPs	
3. ROLE OF PRIVATE AGENCIES/ ORGANIZATIONS	110-141
Introduction, leading NGOs/ Agencies working towards entrepreneurship development, comparative analysis of the role of NGOs.	
4. INSTITUTIONAL FINANCE TO ENTREPRENEURS	142- 191
Introduction, Section-I: Institutional finance- NIDC, NEDFi, SIDBI Section-II: Case Study of Commercial Banks	

5. PROBLEMS AND PROSPECTS OF ENTREPRENEURS IN NAGALAND **192- 215**

Introduction, Challenges/ Problems faced by entrepreneurs, a case study of Kohima and Dimapur Districts, prospects of entrepreneurs in Nagaland.

6. FINDINGS AND RECOMMENDATIONS **216- 242**

Summary of findings, Hypotheses Testing, Recommendations of the Study .

APPENDICES

Annexure – I	Questionnaire for Government Department	i-iv
Annexure – II	Questionnaire for NGOs	v-vii
Annexure – III	Questionnaire for Financial Institutions	viii & ix
Annexure – IV	Questionnaire for sample Entrepreneurs	x-xii

BIBLIOGRAPHY	xiii- xvii
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CHAPTER- I

INTRODUCTION

OVERVIEW

In the present society, the principal concern of the Naga people is to secure a good livelihood. The limitation of conventional way of living as agriculturists has given rise to the need of an alternative source of livelihood in Nagaland. The state is faced with few opportunities for the employment of its youth. Moreover, being a hilly state with so many constraints, Nagaland cannot compete with others in conventional areas of development, especially in the primary and secondary sector. Factors such as a weak economy, unemployment and industrial backwardness have necessitated entrepreneurial development.

Efforts must be made to exploit the natural resources of the state and utilise other potential areas. The State has to plan intelligently and strategize its efforts, concentrating on its areas of strength and available resources. This can be best achieved through self-employment. Entrepreneurship has become a decisive aspect of change in the Naga society, empowering individuals to seek new opportunities. This emerging entrepreneurial scenario demands the need for a qualitative study on the development of entrepreneurship in the state.

In order to further educate the people about the magnitude of self-employment, entrepreneurial culture is called for at this juncture. Entrepreneurial culture implies a set of values, norms and traits that are conducive for the growth of entrepreneurship. There are several institutional factors which affect entrepreneurship. Economic institutional factors include availability of capital to start new enterprises, finance facilities to operate enterprises and market incentives. Social institutional factors which promote the growth of enterprises include political ideology, nature of governance and legal structure conducive to the creation of free enterprises.

CONCEPTUAL FRAMEWORK

For progress of a nation, the role of entrepreneurs is crucial. Therefore, attention has to be given to entrepreneurial development for the overall economic development. Thus, entrepreneurship education is the need of the hour to promote economic activity. To validate the economic benefit of entrepreneurship education, a theoretically sound conceptual framework is required which will bring out a single/ common perspective of entrepreneurship. Such a framework will allow comparisons for effectiveness of entrepreneurship in different economies.

DEFINITION OF ENTREPRENEURS

The word entrepreneurship had its origin in France. Initially, the term ‘entrepreneur’ referred to men engaged in military expeditions. By seventeenth century, it was used in reference to architects and contractors of public works. It was Richard Cantillon (1755), an economist, who introduced the term ‘entrepreneur’ and defined it as a unique risk bearing function. He drew attention to entrepreneur as a technical term. The essence of the function of the entrepreneur was to bear uncertainty.

Gordon (1961) stated that the entrepreneurs are not simply innovators in the sense of innovation; they are men with the will to act, to assume risks to bring about change through the organization of human efforts.

McClelland (1961) pointed out that the man who organizes the business unit and/or increases its productive capacity is an entrepreneur.

Schumpeter (1971) stated that an entrepreneur is an innovative agent, who introduces something new into the economy – a new method of production or a new product, a new source of material or new markets. He further added that an entrepreneur’s function was to revolutionize the pattern of production by exploiting an invention or introducing an untried technological possibility for producing a new commodity.

Hawley (1982) saw risk taking as the distinguishing attribute of the entrepreneur and ranked this as a factor in production on par with land, labour and capital.

Later, Mark Casson (1991) has quoted that “an entrepreneur is a person, who specializes in taking judgmental decisions about the coordination of scarce resources”.

Entrepreneurship Development Model in the twenty-first century described entrepreneurs as “those who (1) Learn and listen, (2) Take risk and responsibility, (3) Know their own uniqueness and hence are innovative, creative in their own way, (4) Are free from fear of failure or success, (5) Always add value to what they produce, and (6) above all, are always achieving” (Ranade, 1996).

The Encyclopedia Britannica defined entrepreneur as an individual who bears the risk of operating a business in the face of uncertainty about the future conditions.

S.S. Khanka (2005) defined entrepreneur as “an individual who tries to make the best efforts in bringing up his own domain/ empire where he is the master who sets all the goals and objectives." He stated that the entrepreneur sets the targets to achieve these goals and objectives. He further added such a person was free to make his own plans and thus organizes the resources so as to meet the challenges he sets for himself.

It is ordinarily accepted that an entrepreneur is basically an intelligent person who has a definite ability to create something new to prove its worthiness. The entrepreneurial behaviour is not necessarily doing new things but doing things in a new way of something that has been already done.

DEFINITION OF ENTREPRENEURSHIP

Entrepreneurship is a persistent activity aimed towards starting and maintaining economic activities for the production and distribution of wealth. It

has been recognized as an essential ingredient of development and an integral part of socio-economic transformation in a modern economy. Entrepreneurship is a multi-dimensional undertaking and hence it has been defined differently by different experts.

Joseph Schumpeter (1930) stated that “Entrepreneurship is based on purposeful and systematic innovation. It included not only the independent businessmen but also company directors and managers who actually carry out innovative functions.”

Lamb (1952) defined entrepreneurship as that form of social decision making performed by economic innovators, and thus entrepreneurship broadly meant the ability to recognize and exploit economic opportunity.

According to Arthur Cole (1959), entrepreneurship is considered as the purposeful activity of an individual or a group of associated individuals, undertaken to initiate, maintain or aggrandize profit by production or distribution of economic goods and services.

Drucker (1986) stated that “entrepreneurship is neither a science nor an art. It is a practice. It has a knowledge base. Knowledge in entrepreneurship is a means to an end. Indeed, what constitutes knowledge in practice is largely defined by the ends, that is, by the practice.”

Robert Hisrich and Michael Peters (2002) defined entrepreneurship as the process of creating something new with value by devoting the necessary time and effort, assuming the accompanying financial, psychic and social risks, and receiving the resulting rewards of monetary and personal satisfaction, and independence. Entrepreneurship is found in all professions, including architecture, education, medicine, law, research, social work and engineering.

Edvinraj (2005) stated that entrepreneurship is a process undertaken by an entrepreneur to augment his business interests. Basically, it involves an exercise on innovation and creativity that will go towards establishing the enterprise.

Entrepreneurship is further indicated as the tendency of the mind to take calculated risks with confidence to achieve a pre-determined business or industrial objectives.

The factors which govern entrepreneurship are economic and non-economic. Some non-economic aspects are:

- Social mobility
- Psychological factors
- Competence and attitude
- Ability to contribute effectively
- Cultural factors.

Difference between entrepreneurship and entrepreneurs

The terms ‘entrepreneurship’ and ‘entrepreneur’ are often used interchangeably, but conceptually they are different. Entrepreneurship is a set of activities performed by the entrepreneur. Thus, entrepreneur precedes entrepreneurship. Entrepreneur refers to a person who is a visualizer, a creator, an organizer, an innovator, a planner, a risk taker, a communicator and a leader. The importance of the person cannot be overemphasized since individuals place themselves in a particular capacity for rational reasons relating to their own lives. Entrepreneurs are creators of new wealth and new jobs by inventing new products and services. They shape the economy.

Entrepreneurship refers to a process, a vision, a creation, an organization, an innovation, risk taking, communication, leadership and planning. It is an activity which creates value in the entire social eco-system. However, entrepreneur, entrepreneurship and entrepreneurship development are all required for economic development of an individual and country.

In this study, an entrepreneur is simply defined as a person who engages in entrepreneurial activity. He/ she is one who identifies and undertakes economic opportunities by starting and operating commercial enterprises using his/ her own means and others’ resources. Entrepreneurship under the present

study is defined as the process of starting and operating enterprises which generate commercial value through new products, processes or markets.

CLASSIFICATION OF ENTERPRISES

Under this study, enterprises are classified into two broad categories as per the Micro, Small and Medium Enterprises Development Act, 2006. The categories are defined in terms of investment in Plant & Machinery and Equipment into Manufacturing Enterprises and Service Enterprises.

Table 1.1: Classification of Enterprises as per MSMED Act, 2006

Category of enterprises	Investment limit	
	Manufacturing enterprises (investment in p & m)	Service enterprises (investment in equipment)
Micro Enterprises	upto Rs. 25 Lakhs	upto Rs.10 Lakhs
Small	Above Rs. 25 Lakhs & upto Rs. 5 Crore	Above Rs. 10 Lakhs & upto Rs. 2 Crore
Medium	Above Rs. 5 crore & upto Rs. 10 Crore	Above Rs. 2 crore & upto Rs. 5 Crore.

Source: Department of Industries & Commerce, Government of Nagaland.

Enterprises are no longer required to register except file EM part-I & EM Part-II for availing financial assistance from banks and/ or availing incentives from State/ Central Government schemes. Studies reveal that most of the micro and small enterprises are subsistence firms and very few reach Medium size. A slight percentage also has the potential to develop into large enterprises, which depends so much on the entrepreneurs/ founders of such enterprises. It was found that there is positive relationship between an entrepreneur and the firm performance.

This study identified some of the qualifications of enterprise performance that affect their development. Enterprise performance can be financial (e.g. Return on Investment, Return on Equity, Return on Sales, Net Profit) and non-financial measures (e.g. Market Share, Share Growth). Entrepreneurs/ founders in an enterprise affect enterprise performance since they tend to have a powerful

and influential position. Traits of entrepreneurs such as need for achievement, motivation for achievement, risk taking propensity, innovativeness, capacity to adapt to and tolerate uncertainty, and high personal perseverance shape how entrepreneurs are likely to behave in a given situation.

The relationship between entrepreneur traits and enterprise performance may have the following concepts: entrepreneurial orientation, market orientation, organizational search, innovative capacity and innovative performance. By integrating these concepts into a comprehensive conceptual framework, an effort can be made to understand the growth and development of enterprises. Any enterprise needs to offer products or services that are sufficiently innovative relative to its competitors to generate profit. Other dimensions of enterprise performance such as customer satisfaction, loyalty and growth all follow innovative performance. Organizational search activities are conducted to find information not just on any purchase but also to find novel ideas that have potential to be useful as a body of knowledge. It helps find knowledge, ideas, information, technology, tools and skills that will result in innovations that bring about a higher level of relative competitiveness. Entrepreneurial orientation refers to a behavior reflected in basic processes on how an enterprise is run. Market orientation reflects the extent to which an enterprise achieves the satisfaction of customer needs and wants as a unifying standard. Entrepreneurial orientation, organizational search, market orientation and innovative capacity will drive an enterprise to monitor, understand and serve their markets better.

Capacity building of entrepreneurs is required for entrepreneurial development. To achieve this, many institutions are involved in organizing Entrepreneurship Development Programmes (EDPs). Appropriate feedback is essential for planning and conducting EDP trainings. This study proposes to find out the rate of success of EDP trainings. In addition, the study also looks at the factors which facilitate establishment and development of an enterprise.

ENTREPRENEURSHIP IN INDIA

Right after independence, conscious efforts were made by the country towards economic and social transformation. India followed a socialistic pattern of development policy within the framework of five-year plans. Accordingly, the government concentrated on the development of infrastructure for industrial and agricultural progress. It was during late sixties that the small-sector began to be recognized as an instrument for tapping entrepreneurial talent. Initially, the government envisaged a promotional package to facilitate setting up of units which consisted of financial assistance and incentives, infrastructural facilities, technical and managerial guidance at central, state and local levels. The inadequate progress of the small scale sector however, made the planners realize that facilities and incentives were necessary but not sufficient in themselves to ensure adequate entrepreneurial response. In reality, entrepreneurial development needed to focus on the human resource development more than anything else. Since then, Entrepreneurship Development Programmes (EDPs) have become an integral part of our economic development programmes. A large number of governmental and non-governmental institutions are thereby engaged in conducting training activities directed towards developing entrepreneurship. The main objectives of these EDPs are as follows:

1. Increasing the number of entrepreneurs who start new business units
2. Diversifying the social base of entrepreneurs from non-conventional sources
3. Improving the quality of entrepreneurship to reduce the incidence of industrial sickness
4. Reducing the incidence of unemployment by creating opportunities for self-employment.

The objectives are attempted to be achieved through a well-designed EDP which has three important stages:

1. Pre-training
2. Training and
3. Post-training

The aspirants for entrepreneurial training are selected on the basis of certain psychological variables like, the need for achievement, the ability to take calculated risk, self-confidence, possession of problem solving nature, awareness of available alternatives, and having leadership qualities.

The Government of India established National Institute for Entrepreneurship and Small Business Development in 1983. Likewise, many such governmental and non-governmental training institutes were established to organize and conduct training programmes for entrepreneurs to impart necessary skills and knowledge about financial, technical and managerial aspect of business and also to give infrastructural support for establishing new business enterprise. There are many agencies and institutions working towards organizing Entrepreneurship Development Programmes. Some of the important institutions working in this regard are District Industries Centre (DIC), Rural Development and Self Employment Training Institute (RUDSETI), Council for Advancement of People's Action and Rural Technology (CAPART), and Association of Women Entrepreneurs of Karnataka (AWAKE). Frequent evaluation is necessary to assess the impact of any training programme on the trainees and give workable suggestions to the sponsors and organizers of those training programmes and to modify the programmes in the right direction. All these facts have to be considered to make an attempt to analyze entrepreneurship development through Entrepreneurship Development Programmes and related trainings.

ORGANIZATIONS INVOLVED IN DEVELOPMENT OF ENTREPRENEURSHIP IN NORTH EAST INDIA

The Government as well as various industrial promotion and support institutions were making considerable efforts to facilitate the process of emergence of new entrepreneurs for setting up enterprises in small scale sector. These efforts involve making attractive schemes for availability of finance and various other assistances including technical know-how, training, sales and

purchases. Today, there are a number of organizations which are actively involved in entrepreneurship development activities in the region. Their efforts are supported by the North Eastern Council (NEC) in general and financial institutions like Industrial Development Bank of India (IDBI), Small Industries Development Bank of India (SIDBI), North Eastern Development Finance Corporation Limited (NEDFi) and various commercial banks in particular. Since early nineties, SIDBI along with National Institute of Small Industry Extension Training (NISIET), Indian Institute of Entrepreneurship (IIE), the North Eastern Industrial Consultants Ltd (NECON), and North Eastern Industrial and Technical Consultancy Organization (NEITCO) have been sponsoring Rural EDP (REDP) and Woman EDP (WEDP) in various parts of the North East. A wide spectrum of social groups ranging from the uneducated and underprivileged sections to qualified professionals have benefited from these programmes.

SOCIO-ECONOMIC SCENARIO IN NAGALAND

The people of Nagaland lived in secluded villages that were self-sufficient and self-governed until the advent of the British in 1832. The coming of Christianity has exposed the Nagas to the outside world and has ushered changes in the political, social and economic lives of the people. However, it was only in the last quarter of the 19th century that people have started to use currency as a medium of exchange. Before that, the exchange of goods was done through barter system.¹

The state of Nagaland was created out of political necessity and when it became a full-fledged state on 1st December 1963, it became a well-known fact that the state would not be economically self-sufficient for a long time to come.² The state would, therefore, have to depend on the centre for funding its development activities and assistance in its planning and development processes

¹ *Nagaland State HDR 2004*, pp. 61-62.

² Kekuchol Pusa, *Impact of Eighth and Ninth Five-year Plans on the Socio-Economic development of Nagaland (1992-2002): A Sectoral Analysis* (2013), p 309.

with deliberate intention to build the resource base of the state. Since statehood Nagaland has developed drastically in areas such as education and life expectancy, which are at par with the country's average. Yet, the hilly topography, the insurgency problem, and poor infrastructural facilities make the people of the state struggle much to avail the opportunities of better lives.³ With a population of 19,78,502 persons (Primary Census Abstract 2011),⁴ the state still lies in the much underdeveloped stage of economic development with 82.8% rural population and only 17.2% urban population⁵. Moreover, the standard of living is very low compared to the national general standard of living. However, one of the main indicators of development i.e., literacy rate in the state is higher than the All India average (79.6% against 74.04%). But the outcome of the state's educated economic performance is very low. The state has not been able to reach the minimum stage of economic development characterized by the process of industrialization and a level of income sufficient to yield the domestic savings required to finance the investment necessary to accelerate the economic development.

Table 1.2: Number of Workers by Main and Marginal Category in Nagaland

District	Workers			Main workers			Marginal Workers		
	Persons	Male	Female	Persons	Male	Female	Persons	Male	Female
Dimapur	151,350	99,645	51,705	122,358	88,055	34,303	28,992	11,590	17,402
Kiphire	31,959	16,780	15,179	25,830	14,181	11,649	6,129	2,599	3,530
Kohima	114,825	68,140	46,685	99,408	60,839	38,569	15,417	7,301	8,116
Longleng	30,568	16,273	14,295	20,944	11,547	9,397	9,624	4,726	4,898
Mokokchung	100,067	57,084	42,983	81,046	48,355	32,691	19,021	8,729	10,292
Mon	147,654	79,425	68,229	104,981	58,695	46,286	42,673	20,730	21,943
Peren	61,390	32,249	29,141	36,555	21,162	15,393	24,835	11,087	13,748
Phek	80,277	41,556	38,721	63,645	34,382	29,263	16,632	7,174	9,458
Tuensang	98,154	52,931	45,223	73,518	41,420	32,098	24,636	11,511	13,125
Wokha	78,412	42,096	36,316	63,512	35,692	27,820	14,900	6,404	8,496
Zunheboto	79,466	41,178	38,288	49,382	27,876	21,506	30,084	13,302	16,782
Total	974,122	547,357	426,765	741,179	442,204	298,975	232,943	105,153	127,790
Percentage	100%	56.19%	43.81%	76.09%	45.40%	30.69%	23.91%	10.79%	13.12%

Source: Census 2011, RGI.

³Yelhi Vero, *Human Development in Nagaland: An Insight* (2013), p 275.

⁴ Directorate of Economics and Statistics, *Primary Census Abstract 2011*.

⁵ *ibid.*

The total number of workers in the state is 974,122 persons (49% of the total population) as per Census 2011. Of the total workers, the percentage of male and female workers is 56.19% and 43.81% respectively as shown in table 1.2. The percentage of main workers is 76.09% with 741,179 persons while the marginal workers is only 23.91% with 232,943 persons. A comparison of male and female workers shows that the number of male main workers is more whereas the number of male marginal workers is less.

Table 1.3: Distribution of Workers by Category of Economic Activities in Nagaland

District	Cultivators	Agricultural labourers	Household industries workers	Other workers	Total Workers	Share of workers (%)
Dimapur	24,517	8,990	5,073	112,770	151,350	15.54%
Kiphire	21,432	1,259	749	8,519	31,959	3.28%
Kohima	44,684	2,198	2,072	65,871	114,825	11.79%
Longleng	22,501	1,309	598	6,160	30,568	3.14%
Mokokchung	48,925	9,166	3,798	38,178	100,067	10.27%
Mon	113,473	10,836	1,608	21,737	147,654	15.16%
Peren	39,671	3,739	2,571	15,409	61,390	6.30%
Phek	55,091	3,159	1,275	20,752	80,277	8.24%
Tuensang	75,212	3,913	1,104	17,825	98,154	10.08%
Wokha	47,473	6,438	1,965	22,536	78,412	8.05%
Zunheboto	44,723	11,955	2,025	20,763	79,466	8.16%
Total	537,702	62,962	22,838	350,620	974,122	100.00%
Share (%)	55.20%	6.46%	2.34%	35.99%	100.00%	

Source: Census 2011, RGI.

Table 1.3 shows the distribution of workers by category of economic activities in Nagaland. Out of 974,122 workers, 55.20% are cultivators, 35.99% are other workers (Government and Private sector employees), 6.46% are agricultural labourers and 2.34% are household industries workers. This means that 58.66% of the total workers in the state are still involved in agriculture. Among the districts, Dimapur has the highest number of workers with a total strength of 151,350. Mon district comes second with 147,654 workers followed by Kohima district with 114,825 workers. Both Kohima and Dimapur districts

have majority of the workers in the public sector and together they constitute more than two-thirds of the total other workers of the state.

INDUSTRIAL GROWTH – TRENDS

The number of industries has gone up in the past two decades. As per the State records on employment, by the end of March 2003, there were 2037 establishments in the SSI sector. The total employment provided by them was 15,798. Table 1.4 shows the units registered during the year and the total employment during the same year.

Table 1.4: Number of SSI/ MSME units registered and employment generated in Nagaland from 2002-03 to 2014-15

Year	No. of units	Rate of change	Employment	Rate of change
2002-03	362	-	3218	-
2003-04	573	58.29%	5397	67.71%
2004-05	569	-0.70%	6318	17.07%
2005-06	416	-23.89%	3955	-37.40%
2006-07	717	72.36%	13452	240.13%
2007-08	704	-1.81%	13150	-2.25%
2008-09	717	1.85%	4302	-67.29%
2009-10	704	-1.81%	4224	-1.81%
2010-11	2062	192.90%	12192	188.64%
2011-12	1092	-47.04	6444	-47.15%
2012-13	560	-48.72%	3360	-47.86%
2013-14	126	-77.50%	1733	-48.42%
2014-15	78	-38.10%	506	-70.80%
Average Rate	-	6.37%	-	14.66%
CAGR	-12.01%	-	-14.29%	-

Source: Statistical Handbook

Note: Permanent registration of MSME enterprises (2009-10 onwards).

In 2002-03, the number of units was 362 and employment was 3218. The number of units registered was the maximum during 2010-11 with 2062 units registered in the period. However, since then, the units underwent a declining

trend with 78 in 2014-15 being the lowest number of registration done in the thirteen years under study. The employment generated was the highest in 2006-07 with 13452 employees added during the year. Since 2010-11, generation of employment has also declined to 6444 in 2011-12, 3360 in 2012-13, 1733 in 2013-14 and finally to 506 in 2014-15. The average growth rate was 6.37% for number of units and 14.66% for employment generated during the thirteen years of study. However, the Compound Annual Growth Rate (CAGR) for growth of units and employment are both negative with 12.01% and 14.29% respectively.

Table 1.5 Public Sector undertakings in Nagaland

Year	No. of units	Rate of change
2002-03	13	-
2003-04	13	No change
2004-05	13	No change
2005-06	13	No change
2006-07	14	7.69%

Source: Statistical Handbook

Note: PSUs include NIDC, NHHDC, NIRMSC, NKVIB and Emporiums.

The number of public sector undertakings in the State was 13 units in 2002-03. It remained the same till 2005-06, and increased to 14 in 2006-07. Public sector undertakings include Nagaland Industrial Development Corporation Limited, Nagaland Handloom and Handicraft Development Corporation Limited, Nagaland Industrial Raw Material & Supply Corporation Limited, Nagaland Khadi & Village Industries Board, and Emporium.

The Government has established a few medium enterprises for the development of industrial sector. Nagaland Pulp and Paper Company Limited was established at Tuli in 1971, Nagaland Sugar Mill was established at Dimapur in 1973, Khandsari Mill was commissioned in 1986 and a mechanized Brick Plant was commissioned in 1988. Other medium size enterprises include Citronella oil industries, Pineapple Fibre Plant, Nagaland Plywood Factory and Fruit and Vegetable Processing Plant.

It may be noted that there are a considerable amount of factors contributing to the state's economic backwardness. The lack of infrastructural facilities, unemployment frustration among youth, conflict of cultural and ethnic identities, the insurgency issue and government's inability to address the basic concerns of people are some reasons why the state has been unable to keep up with the country's economic growth. This situation, however, has been improved to a certain extent through initiatives taken by the Indian Government to uplift the economic condition of Nagaland and other north-eastern states. In order to provide overall growth to all states on equal footing, a regional development planning body known as the North Eastern Council (NEC) was established by the Government of India in 1971. A ministry of Development of North Eastern Region (DONER) was also established in 2001 to monitor the development and provide funds in the region. The Indian Institute of Entrepreneurship (IIE) was set up in Guwahati in 1993 to organize training programmes, workshops and seminars for promoting new entrepreneurs. In addition to this, announcements of Special Schemes and Packages by the Government at the Centre for north-eastern states have been taken up in recent decades. As "special category" state, Nagaland receives 90% of plan assistance as grant, and just 10% as loan, as against the norm of 30% grant and 70% loan for other states. The Finance Commission also gives favoured treatment with respect to the sharing of central tax revenues.

Infrastructural facilities such as transport and communication are indispensable for developmental process of any region. The Indian Railways plan to bring the entire North-east in the railway map of India within the next few years under the Prime Minister's 'Vision 2020' Programme. The Ministry of Road Transport and Highways, in its 100-day agenda earmarked Rs.13,397.2 crores for road projects in Jammu & Kashmir and the Northeastern states.⁶ With developments in infrastructure and better connectivity with the rest of the country, the state can hope for an upliftment in its economy in the coming years.

⁶ N.K. Das, *Post-Colonialism, Indigeneity and Environmentalism: Eco-cultural Diversity, Ethnic Dissent and Politics of Development in The North East India*, (2013) p 57.

THE ENTREPRENEURIAL SCENARIO OF NAGALAND

The average size of land holding is very high in Nagaland with 6.92 hectares per person.⁷ The tribes of this hill state, with their meager population size, are still comfortable in utilizing their land and forest resources in an uninterrupted manner. Every tribe has enough land and forest areas to offer to its community. Hence, the type of poverty related to landlessness found in many other parts of India does not exist in the state. Nevertheless, the subsistence farming mode is predominant and there is hardly any commercial surplus. Agriculture in Nagaland, by tradition, is merely a way of living and not a means of earning a living. Consequently, the sense of commercialization of agricultural products has dawned only in recent years.

After the attainment of statehood, the State Government has been working towards imparting knowledge and skills to the farmers to improve agricultural situation in the state. It has undertaken a number of irrigation projects, supplied pumping set to farmers, started Community Development Projects, set up seed farms and established an Agricultural Research Centre. Owing to these, there has already been a sustained increase in production. Agriculture still leads the economy of the state. Today, Nagas have adopted floriculture and horticulture, among others, as worthwhile occupation and are performing well in these sectors.

In Nagaland, though absolute labour is available, dearth of skilled labour is a great limitation. The unique situation of land ownership also restricts availability of bank credit while private sources of funding become unrealistic due to very high interest rates. Another constraint is the limited availability of capital and lack of institutional arrangements for financial resource mobilisation. Even then, there are various areas that have developed in the state as significant basis for livelihood in both urban and rural areas. Moreover, initiatives of the government, private organizations and individuals have ushered in new avenues

⁷ N.K. Das, *opcit*, p 45.

that have become prospective or secure means of income for many people. Owing to present avenues, knowledge and skills, entrepreneurs are on the rise.

There are other various areas that have developed in the state as alternative means of livelihood. Even though some have not yet established a firm footing in the commercial scenario, all these may be considered as significant developments in the entrepreneurial scene:

Small scale and cottage industries: The sale of vegetables, seasonal fruits, other home-made products and handlooms and handicraft items have slowly emerged by the roadsides and market places in the major towns of the state. Today, these small income generating ventures have expanded into small scale and cottage industries. These industries are labour-intensive and provides huge employment opportunities.

Sericulture: Sericulture is an agro-based labour intensive industry and provides ample scope for generation of employment opportunities and economic upliftment to entrepreneurs. The congenial climatic conditions of the region give rise to immense possibilities for the development of sericulture, viz., Mulberry, Eri, Oak, Tasar and Muga. Keeping in view the advantages and prevailing potentials, emphasis on private sector participation is being done.

Bee-keeping: Bee-keeping is an income generating industrial sector having potential to generate off farm employment to the unemployed, and also the underemployed populace of the state. The Nagaland Bee-keeping and Honey Mission was established to create a road map for promotion and development of honey and implement programmes and policies which are aimed at fulfilling the economic, social and environmental objectives through bee-keeping and honey enterprises.

Handloom and handicrafts: Handlooms and Handicrafts were the most common household industry among the tribal people. They constitute an important segment of the unorganized sector in Nagaland contributing substantially in

employment generation and export. They are now flourishing activities due to significant market demand over the years.

Bamboo works: Bamboo, one of the most important resources of Nagaland with about 5 percent of the growing stock of the country available in the state, is used mainly for handicrafts, paper-making and other traditional usages. The potential of bamboo for various uses are limitless with value added applications; as food, as medicinal products, as wood substitute, and as building and construction material. The beautifully made cane and bamboo works show great demand at the national and international level.

Horticulture: The state has high potential for agro-horticulture. The different varieties of fruits grown are apple, pear, plum, peach, citrus, papaya, banana, guava, mango, litchi, pineapple and jackfruit. The major vegetables include ginger, cabbage, chilly, peas, beans and sweet potato. Horticulture is one area where the state is experiencing good prospects for entrepreneurs to start different food processing units.

Floriculture: Floriculture is yet another area where there is potentiality. With the suitable agro-climatic conditions, there is good scope for the development of cut flowers, ornamental plants, flowering plants, flower seeds and plantlets. In order to ensure quick dispatch to the markets, it is needed to develop a package of practices and post-harvest technologies.

Essential oils and aromatic chemicals: Essential oils and aromatic chemicals of plant origin play an important role in our daily life. There is ample prospect for essential oils like citronella, lemon grass, orange peel and ginger.

One primary problem that the commercial sector faces is the lack of suitable outlets to sell the products. This poses a challenge to entrepreneurs and other stakeholders in sustaining their enterprises. Moreover, the capacity of business enterprise in Nagaland is found to be low because of other aspects. Some basic barriers to entrepreneurship can be found such as lack of market familiarity, lack of viable concept, lack of technical and managerial skills, and

lack of business technical know-how. Education, which encompasses different dimensions of entrepreneurship, is the best means of developing man's resourcefulness. Education, entrepreneurship and economic development are much inter-related.

SIGNIFICANCE OF THE STUDY

With government bodies being saturated and no adequate industry to absorb the educated populace, unemployment is a major problem facing the state. To address this issue, the Government of Nagaland along with other governmental and non-governmental organizations is working toward the promotion of industries and enterprises. They are conducting training activities aimed at developing entrepreneurship and providing necessary support to prospective entrepreneurs. It is essential to know whether their target is being accomplished, which area needs to be improved or which area needs to be sustained. This will help to re-strategize the programmes and policies so that the best method can be adopted. Emergence of entrepreneurship has subsequently led to job creation, improved productivity and ushered in a higher quality of life. It is imperative to study the factors, the impact and the contribution of these innovations to socio-economic development of the society.

STUDY OF LITERATURE

The study of entrepreneurship and its development has gained momentum in recent decades throughout the world, the country and even within the state. The success stories of many developed economies have contributed to the emergence of entrepreneurship as an undeniable instrument for the growth and development in any economy. A study of related literature has been done on various books about entrepreneurship development, organizational behavior, entrepreneurial skills, leadership quality, marketing, motivation and problem solving techniques. A brief account of books which were studied is presented here.

Mehta and Bhatt (1983)⁸ explained differential growth rates of 100 SSI units of Gujarat in terms of variables like social caste, occupational background of entrepreneurs, institutions of joint family and risk taking abilities of the entrepreneurs. Some of their findings were as follows:

1. The institution of joint family had positive influence on the growth of enterprise.
2. The entrepreneurs who achieved high growth rates of their units had advantage of experience of their fathers in related sphere of activities.
3. Related working experience, trading backgrounds and training were important variable associated with entrepreneurs whose enterprises registered significant growth rates.
4. A desire to take moderate risk was associated with entrepreneurs of units with significant growth.

In the book entitled ‘Small Business entrepreneurs in Asia and Europe’ edited by Mario Rutten and Carol Upadhy (1997)⁹, a comparative study of small entrepreneurs in Asia has been done which indicates that there are many similarities among small and medium entrepreneur. It states that businessmen and their families often come into interaction with other community members through corporate, religious and organization activities. In the case of Chinese businessmen, kinship provides access to capital and credit as well as support networks. The study also examines the entrepreneur’s initial capital accumulation, strategy of exploiting certain resources and profit making.

An evaluation study by NEC (1990) showed that the overall success rate of EDPs organized during the Seventh Five year plan (1985-90) was 20.88 per cent. During April 1990 to March 1996 North Eastern Council, Industrial Development Bank of India and Small Industrial Development Bank of India together sponsored 212 EDPs in the North east in which 5375 participants

⁸ B.V. Mehta, & P.K. Bhatt, *Analysis of factors affecting growth of Entrepreneurship (in) Gujarat Economy Problems and Prospects*, (1983).

⁹ Mario Rutten, and Carol Upadhy, *Small Business Entrepreneurs in Asia and Europe*, (1997).

participated. Only 25.2 per cent of the participants trained could set up their enterprises (Mali 2001)¹⁰.

N. Martina Solo, in her thesis ‘A Study of Governmental Role in Industrial Development of Nagaland- A Policy Assessment’ (2001)¹¹ gave a systematic study on the different roles of the Government, Government’s Industrial Policy and their impact on Industrial development, socio-economic background and industrial infrastructure of Nagaland, and development of small scale industries in Nagaland. The purpose of the study was to examine the Governmental role and policies in the promotion of industries in Nagaland, to identify the industrial infrastructural bottlenecks faced by the state, to assess Governmental policies and its impact in the growth of industries during the last two decades, to analyze the role played by Central Government, financial institutions and other agencies, and to suggest an Action Plan/ Model for future industrial development. The important tools used in the study were content analysis and principal component analysis. Besides, she also used questionnaires, interviews, observation and schedules to collect data. The study revealed that the role of state government in the industrial development of the state is not that effective because of poor implementation of industrial policy, improper monitoring and policy follow-up as well as due to poor infrastructure facilities available within the state. The major recommendations of the study included identification of industrial backward districts and areas, development of infrastructure, development of human resources, reforms in power sector, expansion of commercial banks, formulation of pragmatic investment friendly industrial policy and promotion of SSI units in the state.

Tisonise Iralu, in his thesis ‘A Study on Informal Sector in Economic Development of Nagaland’ (2001)¹², provided insightful descriptions of the

¹⁰ D. D. Mali, *Entrepreneurship Development in North East* (2001).

¹¹ N. Martina Solo, *A study of Governmental Role in Industrial Development in Nagaland- A Policy Assessment*; Ph.D. Thesis, (2001).

¹² Tisonise Iralu, *A Study of Informal Sector in Economic Development of Nagaland*, Ph.D. Thesis, (2001).

economy of Nagaland, estimates of the contribution of informal sector to income and employment generation. The objectives of the study were to estimate the contribution of informal sector in the income and employment generation in the economy of Nagaland, an examination of the income and employment generating capacity of the informal sector vis-à-vis the formal sector as well as the various segment of the informal sector in relation to each other, a description of the socio-economic characteristics of the workers in the informal sector, an analysis of the occupations and earnings in pre-migration and post-migration period of the individuals engaged in the informal sector, and to examine the problems faced by informal sector enterprises. The methodology involved the design of a questionnaire to gather primary data from enterprises engaged in manufacturing, construction, transport, trade and service segments with less than ten employees. The statistical analysis of the informal sector has been made with the help of a linear regression equation taking into consideration the variables-investment, sale and profit. The study has provided evidence in terms of several parameters that indicates that the informal sector is a major growth point in the economy and contributes in providing solutions to the basic human problem of unemployment. As such, the insight provided by this study has been enlightening in considering the changes that took place since the new millennium. The study recommended future research on specific governmental role on development of informal sector in Nagaland and role of financial institutions for the growth of informal sector in Nagaland.

Hyderabad and Krishnamurthy in ‘Impact of training programmes on entrepreneurship development: a case study’ (2002)¹³ revealed that training programmes and institutions involved in training did a commendable job in moulding the behaviour of small scale industry entrepreneurs. However, the end result was not up to the desired level. In spite of their efforts, the sector was inundated by many ills and weaknesses.

¹³ R.L. Hyderabad, and B.Krishnamurthy, *Impact of Training Programmes on Entrepreneurship Development: A case study*, (2002).

Kumaran in an empirical study on 'Role of self-help groups in promoting micro enterprises through micro credit' (2002) revealed that 68.9 per cent of the members belonged to the age group of 26-40, 16.7 per cent belonged to the age group upto 25 years, 13.3 per cent belonged to the age group of 41-50 years, and those who are above 51 years constituted only 1.1 per cent. He also found out that majority of the respondents were educated upto middle school (38.9 %) followed by primary school (17.8%), high school (12.2%), graduates (2.2%) and illiterates (5.6%). Moreover, the cost of production per month of the selected micro-enterprises under study varied from Rs.100 to Rs.10,000/- while the average cost of production per unit came to Rs.2522.

Rajendran in his study on the entrepreneurial development in Andaman and Nicobar islands (2002)¹⁴ found that 40 per cent of the respondents were illiterate, 35 per cent were able to read and write in their mother tongue, 20 per cent were literate and 5 per cent were technically qualified. He also found that 60 per cent of the entrepreneurs started their industrial units with their own capital, 8 per cent of them started with borrowings from friends and relatives and 32 per cent of the entrepreneurs started with bank loan and Rural Industries Programme (RIP) loan from DIC. The study highlighted that the entrepreneurs encountered several problems viz., 38 per cent of the entrepreneurs experienced problems related to raw materials, 32 per cent of the respondents felt the inadequacy of finance, 17 per cent faced marketing problems and 13 per cent faced transport problems.

Udaykumar and Sreedhara in their study entitled 'Entrepreneurship Development Programmes: an Analysis' (2002)¹⁵ stated that Entrepreneurship Development Programmes (EDPs) were an integral part of economic development programmes and they were directed towards developing entrepreneurship with the objective of increasing the number of entrepreneurs who start new business units.

¹⁴ G. Rajendran, *A study on the entrepreneurial development in Andaman and Nicobar Islands*, (2002).

¹⁵ M.A. Udaykumar, and T.N. Sreehdhara, *Entrepreneurship Development programmes: An analysis*, (2002).

A study on 'Entrepreneurial orientation of educated unemployed rural youth' by Jhamtani et al. (2003)¹⁶ discovered that about 55.11 per cent of trained educated unemployed rural youth belonged to the age group of 18 to 23 years, 32.88 per cent belonged to 23 to 29 years followed by 12.32 per cent belonged to age group of above 29 years. It can be inferred from this study that majority of the entrepreneurs belonged to young age group.

Anwar's 'Evaluation of entrepreneurship development programmes' (2004)¹⁷ revealed that, entrepreneurs who applied for loans under the PMRY were not serious about receiving training in entrepreneurship development. The study also revealed that the institutions conducting EDP do not have much concern for proper identification and selection of entrepreneurs for training.

Nandagopal and Chinnaiyan (2004)¹⁸ conducted a study on entrepreneur's perception about success factors and reported that hard work was reflected as the key factor for the success with mean score of 4.76 followed by support of family members (4.58) and self-confidence (4.54). The study also revealed that important factors for starting an enterprise as perceived by the entrepreneurs were high demand for the product (with mean scores of 4.64), followed by local advantage (4.14) and family source of finance (4.06).

Sanjay Kumar Chhabra in his thesis 'Role of Commercial Banks in the Socio-economic Development of Nagaland: an Analytical Study' (2006)¹⁹, dealt with the available facilities in commercial banks and their requirement for overall social and economic development. The objectives of the study were to review the growth and development of Scheduled Commercial Banks in Nagaland, to examine the composition and growth trend in the deposits of Scheduled Commercial Banks in Nagaland as well as at the national level, to analyze the composition and growth trend in the credit of Scheduled

¹⁶ A. Jhamtani, and others, *Entrepreneurial orientation of educated unemployed rural youth*, (2003).

¹⁷ S. A. Anwar, *Evaluation of entrepreneurship development programmes*, (2004).

¹⁸ R. Nandagopal and P. Chinnaiyan, *Success factors: Entrepreneur's Perception*, (2004).

¹⁹ Sanjay Kumar Chhabra, *Role of Scheduled Commercial Banks in the socio-economic Development of Nagaland: An Analytical Study*, Ph. D. Thesis, (2006).

Commercial Banks in Nagaland vis-à-vis the nation, and to examine the socio-economic development of Nagaland with the help of socio-economic indicators. A pilot survey was conducted in all the social and economic sectors with the help of random sampling. The study covered the period from 1992 onwards. The statistical tools and techniques used included Compound Growth Rate (CGR), principle of Ordinary Least Square (OLS), line of best fit and tests of statistical significance like the t-test and F-test to ascertain the validity of the estimated results.

Angadi and others in 'Entrepreneurship Growth and Economic Integration- A Linkage' (2009)²⁰ presented a collection of variety of proceedings and technical papers on women entrepreneurship- their development, emerging issues, problems and prospects; effect of sustained growth and economic integration to entrepreneurship; and marketing and advertising. It identifies two broad set of factors responsible for entrepreneurial activities, namely, endogenous and exogenous factors. The literature contained a distinct growth hypothesis which suggested that other things remaining constant, the existence of entrepreneurship culture had positive impact on economic performance. The studies have found that women entrepreneurs/ enterprises failed due to shortage of finance, scarcity of raw material, and stiff competition for marketing their products from both organized sector and their male counterpart. Social attitude, low need for achievement and socio-economic constraints also held women back from entering into business. However, empowerment of women through various schemes have enabled women to become economically independent and even become job providers to others.

Pranab Baishya in his thesis 'A Study of Infrastructure and their impact on the economy of Nagaland' (2010)²¹ has done an analysis on the growth and progress of different industries in both urban and rural areas of Nagaland. The

²⁰ V.B. Angadi, H.S. Cheema and M.R Das, *Entrepreneurship Growth and Economic Integration- A Linkage*, (2009).

²¹ Pranab Baishya, *A study of infrastructural facilities and their impact on the economy of Nagaland*, Ph.D. Thesis, (2010).

objectives of the study were to study the existing scenario of infrastructure in Nagaland and their impact on economy of the state, to examine the contribution of present infrastructure to accelerate maximum utilization of available resources of the state, to evaluate the infrastructural changes of Nagaland during the Tenth Five Year Plan, to evaluate the infrastructural changes of Nagaland during the Eleventh Five Year Plan, and to find out suggestions to accelerate the development of economy. The analysis of the study used both quantitative and qualitative approach. Primary data for the study was collected through field survey and interviewing on random sampling basis. The research design adopted was explanatory in nature and statistical analysis was made on the basis of requirement like Correlation, Regression and Index Number. The particular areas of the study were economic infrastructure such as Capital Overheads, Power, Road, Transport and Communication, Credit and Financial Institutions as well as social overheads like Education and Health. The study has concentrated on three districts viz., Dimapur, Kohima and Mon. Sample investigation was conducted for estimating the domestic product of the districts both in urban and rural areas. The study found that the scope for large industries was limited while there were possibilities for promoting small and cottage industries.

‘Rural Development in North East India’ edited by Komol Singha and Gautam Patikar (2010)²² focussed on various aspects of rural development in North East India. The contributors addressed key issues concerning empowerment and participation of people in rural development. Infrastructure, finance, agriculture and socio-political aspects of rural development have been discussed. The book also analysed the role of institutions and their performance in rural development. The essay entitled “Business Linkage in Marketing Rural Industrial Products: A Study of Handicraft in Manipur” came up with the issue of sustainability of handicraft industry in the present competitive market environment. The main problems of handicraft industry in Manipur were lack of productivity and marketing capabilities. Buyback and subcontracting have been

²² Komol Singha and Gautam Patikar, *Rural Development in North East India*, (2010).

found to be effective type of inter-firm linkage for profitability and sales. The study suggested adopting business linkage as a strategy to make the industry competitive in terms of productivity and help better marketing. The essay entitled “Role of Infrastructure in Rural Development in North Eastern Region” identified poor governance, lack of capacity by the states, leakage of funds at various levels of the Government machinery, non-implementation of economic packages announced by the Union Government as major problems in the NER. The study found that the number of registered educated and semi-educated jobseekers in the region had an upward trend but only 3 to 4 percent were able to get job placement during a year. It suggested developing managerial capability of the local youths through EDP. Changing the mindset of the people in the region and promoting the handloom and handicraft sector are also required for industrial development. The essay entitled “Role of Infrastructural Facilities in Rural Development” stated that road connectivity, postal services, bank facility, educational institutions, and medical facilities in Nagaland were still lacking. The state needed more number of health, postal and bank services centres. The essay entitled “Infrastructure Facilities and Economic Development in Nagaland” examined the existing scenario of infrastructure facilities in Nagaland and suggested measures for its development. It suggested that Government should provide funds for construction of roads in core areas and mobilise the large investments required for infrastructure sector.

‘The Dynamics of Development in North-East India’ edited by Kedilezo Kikhi (2013)²³ presented the changes, the challenges and growth of North-east India in general and Nagaland in particular. It is a compilation of papers aimed at making significant contributions towards the understanding of transformation and development of the tribes in the region from an economic and social perspective. The paper entitled “Developmental Planning for North-East India” pointed out that the development of the region was impeded due to limited infrastructural facilities, existence of complex land tenure arrangements, diverse

²³ Kedilezo Kikhi, *Educated Unemployed Youth in Nagaland: A Sociological Study*, (2006).

agro-horticultural and forestry systems, low capacity of business enterprise and inefficient governance by developmental implementing bodies. The paper recommended improving transport and communication facilities, promoting industry, handloom and handicrafts, expanding banking services, improving local entrepreneurship and enterprise and reforming existing land tenure system. The paper entitled “Accelerating Pace of Development in North East India” stated that there were very few factories in Manipur, Nagaland and Meghalaya. It also found that the share of workforce in primary sector was more than 50 percent in the NER states except Tripura. The major recommendations included removing infrastructure bottlenecks, providing healthcare and creating conducive environment for private investment to flow in. The essay entitled “Governance and Development in Nagaland: Musings of a Sociologist” found that there was a gap between need and resources, claim and reality, intention and achievement. Plans for economic development hardly succeeded. It suggested giving more emphasis to private sector and foreign direct investment. Moreover, the paper recommended promoting entrepreneurial culture in the state.

N. Sarma and Dr.P.H.Talukdar²⁴ in their article entitled “Trend Analysis of Micro & Small Enterprises in North East India: with Reference to Entrepreneurship Development Programme under KVIC, Assam” did a study based on the IIE Guwahati Training Database. The study computed the trend values for the number of participants in the trainings and projected the trend for 2013 by using the curve fitting by the Principle of Least Square method. The district wise projections for number of participants joining EDPs was 222 participants for Barpeta, 296 participants for Jorhat, 492 participants for Kamrup and 677 participants for Nagaon. It revealed that the number of participants joining EDP training was more for bigger geographical area. It also inferred that there was more awareness in the districts nearer to the state capital. The study suggested conducting more awareness programme in districts with larger geographical area and districts far from state capital.

²⁴ *International Journal of Emerging Technology and Advanced Engineering*, Vol.3, Issue 8, (August 2013) pp.134-141.

It is evident from the above reviews that entrepreneurship can be advanced through training and reducing complications arising out of inadequate skill, non-availability of marketing facilities, inadequacy of finance, non-availability of raw materials and lack of family co-operation. Studies have been done on diverse aspects of entrepreneurship and the research has derived aid from their contribution. Yet, the present available literature on entrepreneurship relating particularly to Nagaland is limited and much work can still be done on different facets for the development of entrepreneurship.

REVIEW OF ENTREPRENEURSHIP DEVELOPMENT IN THE STATE UNDER GOVERNMENT INITIATIVES

In a state like Nagaland, where most self-employment opportunities are provided by the government organization through various programmes and schemes, it is imperative to analyze their role and progress over the years. Therefore a study based on these aspects is expected to provide a clear picture of the entrepreneurial situation and its development in the state.

ROLE OF GOVERNMENTAL ORGANIZATIONS

With the Declaration of 2010-11 as the 'Year of Entrepreneur' by the Government of Nagaland, the Cooperation Department took the responsibility of identifying the areas and scope for development, trainings and facilitating an entrepreneurial atmosphere. The Department has been identifying and nurturing potential unemployed entrepreneurs in various parts of the state. These unemployed entrepreneurs were assisted to form SHGs and Cooperatives. Enterprising individuals were trained in manufacturing of wax candle, woolen shoe/ sandal production, jute bag knitting/ making, and food and fruit preservation methods under the National Cooperative Union of India (NCUI).

Nagaland Khadi and Village Industries Board (NKVIB) had been implementing Rural Employment Generation Programme (REGP) and the Margin Money Scheme (MMS) for employment generation through the

nationalized banks. The REGP Scheme has been merged with Prime Minister's Rozgar Yojana and implemented under Prime Minister's Employment Generating Programme (PMEGP) since 2008. The number of village industries which benefitted under NKVIB from the period 2003-04 till 2007-08 was 690 village industries.

The Department of Industries and Commerce under Government of Nagaland organized several seminars and workshops to motivate and educate the people and also sponsored educated unemployed youths to undergo various training programmes within and outside the state in order to promote industries and business enterprises. A total of 3,404 prospective entrepreneurs have undergone training programmes during the years 2002-03 to 2016-17.

The Ministry of Textiles have been overseeing various schemes and programmes in the state implemented in the Eleventh Plan Period such as the Integrated Handloom Development Scheme, Cluster Development Programme and marketing incentives to handloom agencies.

The Government of India under the Ministry of Food Processing Industries has created self-employment opportunities in rural areas by accelerating the growth of food processing sector. The state's progress in development of horticulture particularly in the field of fruits like passion fruit, pineapple, citrus and plum is remarkable. The Department of Horticulture has formed about 1,128 SHGs with 11,796 memberships since June 2008 to bring about sustained income generation leading to entrepreneurial development. Floriculture is another major growth area especially for flowers such as Anthurium, Liliun, Rose, Carnation, Bird of Paradise and other dry flowers. Cattle rearing, piggery and poultry farming have also been very successful as enterprises in the state.

SOME GOVERNMENTAL SCHEMES

PMRY- The Prime Minister's Rozgar Yojana was launched on October 2, 1993 to provide self-employment to educated unemployed youth in the age group of

18-35 years through industry, service and business routes. The Scheme also associates reputed NGOs in the selection and training of would be entrepreneurs and in the preparation of project profiles. For availing financial assistance for the project, the prospective entrepreneur is required to contribute only 5% of the project cost while the rest will be provided through institutional loans. The schemes stipulate compulsory training with stipend for a period of 15 to 20 working days after the loan is sanctioned. The Department of Small-scale Industries has framed suitable training modules for industry and service/business sector.

PMEGP- The Government of India has approved the introduction of a new credit linked subsidy programme called Prime Minister's Employment Generation Programme (PMEGP) by merging the two schemes that were in operation till 31.03.2008 namely Prime Minister's Rozgar Yojana (PMRY) and Rural Employment Generation Programme (REGP) for generation of employment opportunities through establishment of micro enterprises in rural as well as urban areas. At the State level, the Scheme is implemented through State Khadi and Village Industries Commission (KVIC) Directorates, State Khadi and Village Industries Boards (KVIBs), District Industries Centres (DICs) and banks.

PMEGP was administered by the Ministry of Micro, Small and Medium Enterprises with the following objectives:

- To generate employment opportunities in rural as well as urban areas of the country through setting up of new self-employment ventures/projects/micro enterprises.
- To bring together widely dispersed traditional artisans/ rural and urban unemployed youth and give them self-employment opportunities to the extent possible, at their place.
- To provide continuous and sustainable employment to a large segment of traditional and prospective artisans and rural and urban unemployed

youth in the country, so as to help arrest migration of rural youth to urban areas.

- To increase the wage earning capacity of artisans and contribute to increase in the growth rate of rural and urban employment.

90% Transport Subsidy Scheme: Under this scheme, the Government of India directly pays 90% of transport cost of raw materials and finished products to and from Siliguri/ Guwahati Stations to the nearest railway head and thereafter transport cost by road to the units through NEDFi, Guwahati. The claims of units are first scrutinized by the department and placed to the State Level Committee (SLC) for approval. Then the pre-audit team from the Ministry, Government of India scrutinizes all documents approved and recommended units once again before the amount is released to NEDFi by the Ministry for payment. The Ministry releases the claim amount to NEDFi for payment, based on the pre-audit report. NEDFi makes direct payment to the accounts of the beneficiary units by cheques.

15% Central Capital Investment Subsidy: The Ministry of Industry, Government of India introduced this scheme which provides 15% on Plant & Machinery only with a maximum ceiling of Rs.30 Lakhs per unit for those units set up between 1st April, 1997 to 31st March 2007 and 30% on Plant & Machinery to those units which were set up after 1st April 2007 subject to a maximum of Rs.30 Crores. NEDFi, Guwahati directly pays the amount to the industrial units.

CM Corpus Fund: To address the issue of unemployment, the Chief Minister's Corpus Fund was re-oriented in 2002-03 with the objective to generate sustainable income to unemployed youth of the State through creation of self-employment opportunities and through capacity building programmes. Under this programme a certain amount was allocated under the corpus each year and the amount was disbursed through Planning & Co-ordination Department. A portion of the Corpus Fund was bifurcated to the districts to ensure proportionate selection of beneficiaries from all the districts. The remaining amount was

earmarked for Departmental proposals, for trainings and capacity building programmes.

REVIEW OF DEVELOPMENT OF ENTREPRENEURSHIP IN THE STATE UNDER NON-GOVERNMENT ORGANIZATIONS

Besides government efforts, there are a few non-governmental agencies that have taken the entrepreneurship status forward. These organizations are not just associations of entrepreneurs but also provide self-employment opportunities to potential entrepreneurs and others. The following organizations have been taken for the study:

Entrepreneurs' Associates:

Neichute Duolo along with sixteen of his friends, as core members, founded an NGO called Entrepreneurs' Associates (EA). With the support of 650 people in the community, who were enrolled as members, the EA launched a micro-credit system in the year 2000 (HDR 2004) with the express purpose of helping unemployed youth to establish their own businesses. The EA has helped many first generation entrepreneurs to set up their own business establishments— beauty parlors and hair-cutting saloons, tea stalls, grocery shops, carpentry and readymade garment shops in different districts of the state.

The EA has evolved a simple but practical mechanism. Members of the public are invited to invest a minimum sum of Rs 1000/- to the EA corpus for at least one year at interest rate of 8 percent per annum. With this money, the EA advance loans to those who wish to set up their businesses at 16 percent annual interest rates. Meticulous interviews and study of the business potential in the area are conducted by EA. Selected candidates are given training in running their business. Besides, there are also other forms of support to the potential entrepreneurs. EA Core Members contribute one day's wage every month while other members contribute annual membership fee for EA office and other expenses. This mentoring strategy and support group, however, involves the local public, the church, the village council, and other traditional social

institutions. The approach builds a supportive environment to enhance the success of Naga youth and helps tribal communities see the benefit of business entrepreneurs. In developing this new generation of business entrepreneurs with a social conscience, the Association works to create employment and income-generating opportunities, thereby rebuilding the local economy and discouraging young people from participating in violence and rebellion.

EA also builds a support system for the new entrepreneurs that involve families and other traditional institutions and organizations. The most important part of the EA strategy lies in instilling both a professional and a social attitude among the young Naga entrepreneurs. Regular group meetings and close monitoring of the new entrepreneurs help instill some of the EA values of business with ethics. An important part of the strategy also lies in involving and changing the negative mindset of the local Naga people, leaders and non-leaders alike, toward business entrepreneurs from their own community. The EA constantly spreads the concept of entrepreneurship, bringing their ideas to community members through church, talks, seminars, workshops, and lectures.

YouthNet:

YouthNet was launched on 1st February 2006 by a group of young Naga professionals. It is registered under the Registration of Societies Act 1895. It is a non-profit organization with a mission to help youth acquire knowledge, develop life skills and form attitudes to enable them to become self-directing, positive, productive, responsible and contributing members of society through active participation and involvement. YouthNet is the host organization to the global Youth Employment Summit (YES) Campaign in Nagaland. The YES campaign is a youth-led response to the enormous global challenge of youth unemployment. YES Nagaland has organized a series of state level consultations and district level consultations, with the goal of creating sustainable youth-led livelihood and entrepreneurship development programs under the banner of YES Fund programme, in partnership with the Government and private sectors since April 2007.

YouthNet has trained and funded youths in the field of sericulture, piggery, hair cutting and saloons. It has also selected and given entrepreneurs with start-up grant for various business enterprises from different districts. The Program was funded by the Government of Nagaland under the Chief Minister's Corpus Fund. Moreover, YouthNet, in a joint venture with Smarter Nagaland launched a job consulting firm in Kohima called 'Nagaland Job Consultants' on 25th February 2012. The main objective of NJC is to attract various employers/ companies/ clients and thereby provide jobs for the unemployed youth looking for change in Jobs. Since 2012, YouthNet has been running NJC, which provides training and internship to help youths find options beyond government jobs, including entrepreneurship. It also publishes YouthNet Opportunity Express, Nagaland's first employment paper (Indian Express, 28 April 2013).

YouthNet Centre for Entrepreneurship and Innovation is one of the latest initiatives of YouthNet. Strongly endorsing the Government of Nagaland's promotion on entrepreneurship, the Centre is being envisioned to impart training and business skills to entrepreneurs. The first batch of training was in partnership with Zynorique Initiatives and Entrepreneur's Associates and funded by the Sir Ratan Tata Trust. The Centre has been supported by the Chief Minister's Corpus Fund and talks are on for technical, research and development assistance (Nagaland Post, June 23, 2013).

OBJECTIVES OF THE STUDY

- 1) To study the present scenario of entrepreneurship in Nagaland.
- 2) To evaluate and study the role of Governmental and Non-governmental agencies in assisting entrepreneurs in Nagaland.
- 3) To analyze the problems faced by entrepreneurs in the state (a case study of Kohima and Dimapur districts).
- 4) To assess the Entrepreneurship Development Programmes.

METHODOLOGY

The research design adopted for this study was ex-post facto in nature since the phenomenon had already occurred. According to Kerlinger, ex-post-facto research refers to a systematic empirical enquiry in which the researcher does not have direct control over independent variables because their manifestation had already occurred or they were inherently not manipulated. The study was both descriptive and analytical in nature. The main focus of investigation was to find out the development of entrepreneurship in Nagaland for ten years from 2002-03 to 2011-12. This time period has been extended to 2017 in most cases to make the study more up-to-date. The study was done as under:

Area of study:

Since entrepreneurship is multi-level and multi-disciplinary, it includes a large area and, thus, is complicated. Therefore, for the purpose of this study, focus has only been given to some parameters. The study has been conducted for the entire state of Nagaland with special emphasis on the districts of Kohima and Dimapur. These two districts are purposively selected because one is the administrative centre of the state while the other is the commercial hub of the state. Further, to identify the extent of Entrepreneurship Development in Nagaland, the study attempted an evaluative study of various Entrepreneurship Development initiatives and Programmes in the aforementioned period.

Nature of data:

The study has been based on primary and secondary data. Primary data was based on personal interviews and questionnaires with the proprietor or managers and employees of the enterprises. Entrepreneurs were interviewed with the help of well-structured questionnaire. Discussions with entrepreneurs and other stakeholders have been conducted. Moreover, the personal observations of the researcher during the field visit were also used in the study.

The secondary data was collected from reviews of past researches and reports of relevant departments and sectors. Information were also obtained from the handbooks, annual reports, evaluative reports, guidelines and documents of various Government Departments/ agencies. For assessing entrepreneurial development, the role of government agencies have been analyzed from the various schemes like REGP, MMS, PMEGP and CM Corpus Fund, and trainings given to selected entrepreneurs under the schemes. Also, the amounts of subsidy sanctioned and disbursed under the selected schemes were evaluated. Employment generation through creation of enterprises was another parameter taken for the study.

Sampling Design and size:

Convenience sampling method was adopted for the investigation. The total population for the selection of respondents for survey was entrepreneurs from Kohima and Dimapur districts. The sample population included rural as well as urban areas of the said districts. The rural areas refer to villages with a minimum of 100 households. The urban areas refer to the cities of Kohima and Dimapur. The sample size was 100 respondents each from the urban areas of both districts and 50 respondents each from the rural areas/ villages, making a total of 300 respondents. Information was also collected from the trainees of EDP conducted by various governmental and non-governmental agencies.

Statistical Tools and Techniques:

The data collected from the entrepreneurs have been scored, tabulated and analyzed. Percentages have been used to understand the different socio-economic characters of the entrepreneurs and their enterprises. To examine the growth rate in the number of registered enterprises in the state, Trend Analysis was used. Compound Annual Growth Rate (CAGR) and Average Growth Rate (AGR) were used to measure the increase/ growth during the period of study. Percentage, CAGR and AGR have been calculated in Microsoft Excel. Likert's five point scaling technique was also applied to analyse the perception of the respondents.

HYPOTHESES OF THE STUDY

- i) The growth trend of entrepreneurship in Nagaland is not satisfactory.
- ii) The Governmental agencies have contributed positively towards the development of entrepreneurship in Nagaland.

LIMITATION OF THE STUDY

There are a number of limitations affecting the research study. The time period of the study was extended to fifteen years in most cases. It was done to include the recent trends and make the study up-to-date. However, information could not be obtained for fifteen years in some cases due to unavailability of required information. Nevertheless, this study was primarily concerned with individual entrepreneurs' experience of governmental and non-governmental enterprise assistance in the past fifteen years.

Though direct interviews were conducted with entrepreneurs, their response may not be reliable in some cases since many of the entrepreneurs did not go through any business education or training. A large number of entrepreneurs failed to maintain proper account of business transactions and thus could not provide adequate data on starting and running their enterprises.

Data from Government record and sources was not uniform during the period of study. There was no systematic maintenance of official records by the Departments and Institutions covering the whole study period. Moreover, there was very less record on the achievement status and success rate of the targets by the concerned departments.

CHAPTERIZATION

The study has been divided into six chapters including the present chapter as follows:

Chapter I- Introduction: Overview, Socio-economic scenario of Nagaland, significance of the study, Study of literature, objectives, methodology hypotheses and limitations of the study.

Chapter II- Role of Government in Entrepreneurship Development: analysis of Government's role, Central Government incentives and schemes, Government departments involved in entrepreneurship development, institutions conducting EDPs.

Chapter III- Role of Private Agencies/ Organizations: Introduction, leading NGOs/ agencies working towards entrepreneurship development, comparative analysis of the role of NGOs.

Chapter IV- Institutional Finance to Entrepreneurs: section I: Institutional finance- NIDC, NEDFi, SIDBI

Section II: case study of commercial Banks

Chapter V- Problems and prospects of Entrepreneurs in Nagaland: Introduction, challenges/ problems faced by entrepreneurs, a case study of Kohima and Dimapur Districts, prospects of entrepreneurs in Nagaland.

Chapter VI- Findings and Recommendations: Summary of findings, hypotheses testing, recommendations of the study.

CHAPTER- II

ROLE OF GOVERNMENT IN ENTREPRENEURSHIP DEVELOPMENT

INTRODUCTION

Entrepreneurial development is essential for the overall economic development of a nation. For the promotion of entrepreneurship, the Government takes responsibility directly or indirectly. The Government plays a crucial role in developing economies by bringing industrialization throughout the country.

In India, there is a need to develop industries in backward regions in order to achieve economic and balanced regional development. The backward regions were rural in character and have not experienced any industrial development. The past strategy of development has led to disparity between 'rural' and 'urban' areas, which Lipton²⁵ has called 'Rural urban' dichotomy. The development of industrial activities in urban areas contributed to their prosperity while rural areas remained stagnant and economically backward. Such 'urban' centres were very limited in number in our country. The problem was that the developed industrial regions were surrounded by agrarian backward regions characterized by chronic unemployment, under-employment and lack of industrial development. With the problem of distributional and developmental disparities of income and opportunity between people and places, the primary aim of regional development effort was to stimulate the economies of depressed regions.

It has been found that backward areas cannot sustain large scale industries in big number because essential backward and forward linkages for their growth were not found in such areas. Under such circumstance, small scale industries were more suitable due to their built in flexibility. Therefore, industrialization, by and large, will depend on the growth of small scale industries. Small scale

²⁵M. Lipton, *Why poor people stay poor*, (1977), p.13.

industry encourages self-employment and wide spread ownership, and thus leads to a more equitable distribution of wealth. In most developing countries, small firms form the seedbed for entrepreneurship. Small enterprises use latent resources which otherwise would lie idle and thus mobilize the scattered savings into industry. This was because many of the small scale units were financed by the owners themselves or by borrowings from friends and relatives.

It is agreed by different nations that the following essential functions are undertaken by the Government:

- Provision of public goods like defence where no private agency can be entrusted with.
- Provision of merit goods through policies which encourage the consumption of such goods and discourage the use of non-merit goods.
- Policies that encourage activities that have positive externalities and discourage those that have negative externalities.
- Poverty reduction would be considered a prime responsibility of all modern governments to cater to the needs of the poor.
- Providing economic stability through suitable fiscal and monetary policies.

The Policies, Schemes and Incentives of the Government influence economic activity and bring balanced regional development. Moreover, the policies and schemes of the Central Government serve as guides for the State Governments to evolve their respective policies depending upon specific requirements of the states. Therefore, an attempt has been made to analyze Government Policies and their impact during the period under study.

DIFFERENT ROLES OF GOVERNMENT IN THE ECONOMY²⁶

The different roles played by the Government in an economy include the following four important roles:

²⁶ N. Martina Solo, *A Study of Governmental Role in Industrial Development of Nagaland- A Policy Assessment Approach*, Nagaland University, (2001), pp 1-4.

- i) the regulatory role;
- ii) the promotional role;
- iii) the entrepreneurial (participative) role;
- iv) the planning (managerial) role.

The Regulatory Role:

Government regulation of the economy can be through either direct controls or through indirect controls. The direct administrative or physical controls are discretionary but tend to be drastic in their effect. They can be applied selectively at the discretion of the State. They have assumed great significance in many developing countries, perhaps due to economic, political and historical reasons. Direct controls in India include industrial licensing, price and distribution controls. Thus, the Government may determine the conditions under which persons or associations may enter certain lines of business as in the granting of a charter, a franchise, a licence or permitting any 'person' to use any public facilities or resources.

The indirect controls are usually exercised through various fiscal and monetary policies/ incentives and disincentives/ penalties. A high import duty may discourage imports, while at the same time fiscal and monetary incentives may encourage the development of export oriented industries.

The Promotional Role:

The promotional role of the Government is much more significant in developing countries where infrastructural facilities for development are inadequate and entrepreneurial activities are at a slow pace. The state has to assume direct responsibility for building up and strengthening the necessary development infrastructure such as power, transport, finance, marketing, institutions for training and guidance and other promotional activities.

The provision of various fiscal, monetary and other incentives including measures to cover certain risks for the development of certain priority sectors and activities also come under the promotional role of the state.

The Entrepreneurial Role:

The importance of the entrepreneurial (participative) role of the state is evident from the existence of the public sector in most developing countries. Public sector has assumed significance for the balanced growth of a nation, for better functioning of public utility services, for managing unprofitable and sick units in certain sectors, for building sound infrastructural base, and for ensuring equitable distribution and social justice.

Public sector dominance, in India, is found in capital-intensive projects like power and petroleum where there is higher risk of investment. The Government enters into areas where the individual entrepreneur cannot afford to invest and promotes industries for the overall economic growth.

The Planning Role:

The state plays a very important role as planner in developing countries. It is the custodian of the welfare of the society and has responsibility to fulfill the aspirations of the people by bringing about all-round prosperity. The objectives to be achieved and the purpose to be served are many but the resources readily available are quite insufficient. This calls for prioritization of national needs ensuring best and proper utilization of available resources.

The Government redesigns and reshapes the economy of the state keeping in view the needs and aspirations of the people.

AN OVERVIEW OF GOVERNMENTAL ROLE TOWARDS ENTREPRENEURIAL DEVELOPMENT

The Government of India has taken a number of measures for entrepreneurship development such as implementation of self-employment oriented projects, developing backward areas to strengthen infrastructure facilities, universalization and decentralization of banking, simplification of Government purchase programme, introduction of information through electronic media for easy access to information, and involvement of NGOs and

Associations in training and subcontracting programmes. Other policy initiatives of the Government includes facilities for foreign participation, establishment of growth sectors, export promotion, marketing assistance, incentives for quality improvement, and institutional support for upgrading technical competence.

Soon after independence, India adopted a socialistic pattern of development under the five-year Plans to achieve economic and social transformation. The Government concentrated on the development of infrastructure as priority for industrial and agricultural progress. However, by late sixties, the small sector was recognized as a mechanism for tapping entrepreneurial talent. Therefore, the Government envisaged promotional packages for financial assistance, infrastructural facilities, technical and managerial guidance to facilitate setting up of units. These packages were to be distributed through a network of support organizations in the central, state and local levels. These facilities and incentives though necessary, were not sufficient in themselves, to ensure satisfactory entrepreneurial response. The insufficient progress of the small scale sector brought emphasis on human resource development for entrepreneurial development. And entrepreneurship development programmes became a much needed part of the country's economic development programmes.

Industrial Policies:

The major objectives of the Industrial Development and Regulation Act of 1951 Act were development and regulation of industrial investment according to plan priorities and targets, protection and encouragement of small industries, prevention of concentration of ownership of industries, and balanced development of different regions in the country.

The Industrial Policy Resolution of 1956 made specific reference to the problem of industrial development in backward areas besides the need for a balanced growth of industries in the country. Its main objectives were to avoid concentration of production from the point of view of ownership and location, to provide immediate large scale employment opportunities, to provide

opportunities for generation of new enterprises, and to mobilize small capital resources and skill that might otherwise remain unutilized. Emphasis was on the provision of infrastructure in industrially less developed regions/ areas.

The Industrial Policy Statement of 1973 made licensing stringent for large industrial houses. It also gave recognition to the joint sector and established a Secretariat of Industrial Approval to provide single-window clearance.

The Industrial Policy 1977 was primarily directed towards removing the distortions of the past so that faster economic development is achieved through a time bound programme²⁷. The aims of the policy include interaction of agricultural and industrial sectors, employment of the rural population left unabsorbed by the agricultural sector, and placing the vast rural manpower both skilled and unskilled at the centre of planning and implementation²⁸.

The Policy statement of 1980 says “It will be the Government’s endeavor to reverse the trends of the last three years towards creating artificial divisions between the small and large industries under the misconception that they are essentially conflicting”²⁹. It aimed at faster promotion of export-oriented and import substitution industries, and consumer protection against high prices and sub-standard quality.

The new Economic Policy of 1991 envisaged industrial development through concessions, subsidies and other facilities. It openly welcomed foreign direct investment upto 51 percent. The new policy on small scale industry allows SSI units access to overseas technology and also permits foreign equity investment upto 24 percent. Promotion of entrepreneurship was an important feature of the new policy. The Government will continue to support first generation entrepreneurs through training and other supports. To significantly expand the Entrepreneurship Development Programmes (EDPs), large number

²⁷ Gurubasappa, T.R., *Role of Small Industries in Development of Backward Regions*, Abhijeet Publications, Delhi, 2008. P. 63.

²⁸ Government of India, *Industrial Policy Resolution*, Dated 23rd December, 1977, New Delhi.

²⁹ Government of India, *Industrial Policy Resolution*, Dated 23rd July, 1980, New Delhi.

of trainers and motivators will be trained. Women entrepreneurs will receive support through special training programmes and additional employment opportunities would be generated through training.

Recognizing the importance of Foreign Direct Investment (FDI) in bringing about technology upgradation, quality improvement and managerial skills, automatic approvals were given for FDI proposals in most areas. Foreign Exchange Regulation Act (FERA) has been replaced by Foreign Exchange Management Act (FEMA) with effect from June 2000. The FEMA limits its scope to selected transactions under current account, all transactions under capital account and also to export proceeds and repatriation of foreign exchange.

Monetary Policy in India:

An active monetary policy is required for boosting economic development and controlling inflationary pressures. The Reserve Bank of India (RBI), the main agency for implementing the monetary policy, has defined its monetary policy in terms of “adequate financing of economic growth and at the same time ensuring price stability”.

Among the instruments which RBI employs to achieve a stable monetary policy, bank rate acts as a signal to the economy. After the economic reforms of 1991, bank rate has resumed significance. Commercial banks have been delegated to decide the Prime Lending Rate (PLR) with reference to bank rate and the deposit position of each bank.

Fiscal Policy:

Fiscal policy refers to the use by the Government of the various instruments such as taxation, expenditure and borrowing to achieve the objectives of economic development. The Budget of the Government gives expression to its fiscal policy. The Union Budget consists of a statement of revenues and expenditures. Revenue receipts of the Government consist of tax and non-tax revenues. Tax revenues include central excise, customs duty and

corporation tax. Non-tax revenues include fiscal and other services interest receipts and profits and dividends from RBI, nationalized banks and PSUs.

The primary purpose of taxation is the mobilization of resources and channelizing the same for productive investment. It can be used as a measure to promote equity and reduce disparities or to encourage or discourage consumption of particular items. Taxes are broadly divided into two: direct and indirect. In the case of direct taxes, the burden has to be borne by the taxpayers themselves whereas in the case of indirect taxes, the burden can be shifted to another person.

The Central Value Added Tax (CENVAT) is a value added tax on manufacture imposed by the Government of India which allows to set-off taxes paid in the earlier stages of manufacturing/ processing. The Kelkar Task Force on Indirect Taxes (2002) has recommended that all excise duties be converted into CENVAT. In 2002, a conference of state finance ministers decided to replace the state sales tax with a Value Added Tax (VAT) which will be more or less uniform across all the states and will be easy to administer.

The Indian Fiscal scene is plagued by the explosion of public expenditure. Government's expenditure on current account was 23% of GDP in 1990. The gap between revenues and expenditure was financed by domestic borrowings, which was 7.7% of GDP in 1990. This further increased to 10.4% of GDP in 1999-2000, and 9.4 % of GDP in 2003-04.

Five-Year Plans in India:

India follows a system of fixed term plans drawn up for a period of five years. The development strategy underlying the plans has two components:

- An investment and growth oriented strategy which assumed that capital investment would lead to growth in employment and reduction in poverty.
- An employment oriented strategy which focused on a direct assault on unemployment and poverty through specially targeted schemes.

The First Five-Year Plan accorded highest priority to agriculture, irrigation and power projects.

The Second Five-Year Plan suggested a threefold strategy for industrial dispersal - setting up decentralized industrial production, developing a balanced economy for the different parts of the country, and to promote greater mobility of labour between different parts of the country³⁰.

The Third Five-Year Plan stated clearly that the implementation of the programmes in the third plan will be on encouraging the further growth of industries in rural areas as well as in less developed areas having good industrial potential³¹. It was during this plan period that a beginning was made in tackling the problem of larger cities by taking positive steps for dispersal through suitable creation of small centres in the rest of the area.

The Fourth Five-Year Plan emphasized on growth with distributive justice. It witnessed poor achievements of targets- national income grew by 3.3% per annum; per capita income by 1.2% per annum and agricultural production by 2.8%; industrial production by 3.9%.

The Fifth Five-Year Plan had the twin objectives of poverty eradication and attainment of self-reliance.

Poverty alleviation was given top priority under sixth Plan. The actual growth of national income was 5.3% (against a target of 5.2%).

The Seventh Five-Year Plan had a fifteen year perspective for removal of poverty, providing basic needs, achieving universal elementary education and total access to health facilities. It gave emphasis on the creation of productive employment on farm as well as in rural subsidiary occupations. There was stress on increasing the production of food grains, oilseeds, sugar, textile, domestic fuel and housing.

³⁰ Government of India, *Second Five Year Plan*, Planning Commission, New Delhi, 1956, p.37.

³¹ Government of India, *Third Five Year Plan*, Planning Commission, New Delhi, 1956, pp.434.

One of the most significant features of the Eighth Plan period was the sharp increase that occurred in domestic private savings. In the Seventh Plan, the private savings rate was 18 per cent, but improved to 22 per cent in the Eighth Plan.

The Ninth Five Year Plan recognized the State's involvement to ensure that employment opportunities were created in the growth process itself. The emphasis of the Plan was to concentrate on such sectors/ sub-sectors and technologies which were more labour-intensive; and focused on areas which suffered from a high degree of unemployment/ under-employment.

The Tenth Five-Year Plan emphasized the need to ensure equity and social justice taking into account the fact that rigidities in the economy can make poverty reducing effects of growth less effective. One of the important objectives was to encourage development of small industry and other industries suited for rural areas to provide non-farm employment in rural areas.

The growth objective of the Eleventh Five-Year Plan was to achieve an average growth rate of 9% per annum for the Plan period. The strategy involved several interrelated components such as continuation of the policies of economic reforms, revival in agricultural growth, improved access to essential services in health and education, special thrust on infrastructure development, environmental sustainability, special attention to the needs of disadvantaged groups, and good governance at all levels. The central vision of the Plan was to build on our strengths to trigger a development process which ensures broad-based improvement in the quality of life of the people, especially the poor, SCs/STs, other backward castes (OBCs), minorities and women.

One of the key drivers of growth in the Twelfth Plan was the viability of farm enterprise and returns to investment that depends on scale, market access, prices and risk. The National Horticulture Mission was entrusted to integrate the several existing schemes in horticulture sector for holistic growth of the sector, including bamboo, through area-based regionally differentiated strategies.

With the end of the Twelfth Plan on March 31, 2018, Niti Aayog launched a 3 year action plan from April 1, 2018. The new system will encourage states to meet the targets of various schemes or face the prospects of drying up of the fund flows. Niti Aayog was entrusted to work on the 15-year Vision Document and a seven year strategy to guide the government's development works till 2030.

AN ANALYSIS OF GOVERNMENT'S ROLE

Successful strategies have evolved from ongoing productive interactions between government and producers. It had the active involvement of private enterprises and other non-governmental stakeholders. Under the Indian industrial policy, prior to India's economic reforms commencing in the 1980s, industrial planning was a top down control activity with Government determining who should produce what, where and how much and also what technology they should use. Industrial policy came under a stifling system of bureaucratic controls through licenses and quotas for industrial production.

Economic reforms since 1991 have transformed India into one of the fastest growing economies. The country has moved towards a market-based system. However, the problems of poverty, illiteracy and malnutrition still persist.

The decade 1995-2005 witnessed a deceleration in the economy. However, the Eleventh Five-year plan showed a marked improvement and potential to build upon. There were other formidable challenges as for instance, a shrinking land base, dwindling water resources, the adverse impact of climate change, shortage of farm labour, and increasing costs and uncertainties associated with volatility in international markets.

The small-scale industrial sector played a pivotal role in the Indian economy in terms of employment and growth. Even with stiff competition from the large sector and not so encouraging support from the Government, this sector has recorded a high rate of growth since Independence. During the last decade

alone, the small-scale sector has progressed from the production of simple consumer goods to the manufacture of many sophisticated and precision products like electronics control systems, micro-wave components, electro-medical equipment and T.V. sets. The Government has been following a policy of reservation of items for exclusive development in the small-scale sector. There were 13.75 lakh units in the registered sector and 91.46 lakh units in the unregistered sector, thus recording a total number of 105.21 lakh units in the SSI sector in 2000-01.

The policy of the Government to focus on public investment in heavy industries and setting up of PSUs did not provide an ideal environment for entrepreneurship. An entrepreneur faced problems like lack of mentoring facilities, technology, support or easy availability of credit. Though different reports on employment highlighted the need for promoting entrepreneurship as a means of self-employment, entrepreneurship did not show much progress. Besides, Entrepreneurship in India was confined to being own-account workers with one or more helpers and did not expand in size as well. According to the Fifth Economic Census 2005, 95 percent of establishments were engaging not more than five workers and they accounted for almost 64 percent of the total employment.

To promote self-employment as a means of job-creation and to promote entrepreneurship for further job creation, the Micro, Small and Medium Enterprises (MSME) Act, 2006 was enacted to facilitate the promotion, development and enhancing the competitiveness of micro, small and medium enterprises. However, even after the implementation of the Act, the high proportion of unregistered MSME units outside the purview of the Act is a matter of concern. The government has implemented policies for the promotion of the small industries which included providing concessional credit, training in entrepreneurship development, and marketing assistance. But the entrepreneurial growth did not take off in a big way in India because of the procedural hassles, stringent labour laws, and economic regulations that the establishments had to

face. Further with import liberalization and entry of MNCs into India, the Indian small scale entrepreneurs were not able to face the competition and were facing difficulty to survive. All India Census of MSMEs (2006-07), released during 2009-10 revealed that there were 2.61 crore MSMEs in 2006-07, providing employment to about 6 crore persons. Of the total MSMEs, 28% were in the manufacturing segment and 72% in the services segment.

Network Enterprises Fund (NEF), created by Institute for Financial Management and Research Trust in January 2008 was an equity fund investing in commercially viable, sustainable enterprises in sectors impacting low income households by ensuring participation in economic activities on a sustainable basis. The equity fund created under NEF seeks to create a network of enterprises to provide the economically disadvantaged a platform to engage with the markets, as producers and consumers of goods and services.

A scheme for Providing Support for “Entrepreneurial and Managerial Development of SMEs through Incubators” has been in implementation since 2008. The MSME Technology Centres provide high end skill training to the youth. A national award scheme was initiated by MSME for outstanding performance in Entrepreneurship, Research and Development, Innovation, Lean Manufacturing Techniques and Quality Products. In addition, the creation of Self Help Groups cannot be underestimated. Self Help Groups are homogeneous groups of micro entrepreneurs formed voluntarily to save whatever amount they can and mutually agree to contribute to a common fund of the group from which small loans are given to the members for meeting their productive and emergent credit needs on rate of interest and terms decided by the group.

A major weakness in India was the quality and efficiency of the physical and administrative infrastructure for manufacturing enterprises. The thrust in Government’s New Manufacturing Policy (2011) to create good infrastructure for manufacturing enterprises along transportation corridors was, therefore, overdue.

To give boost to the Make in India programme, the MSME Ministry launched the ASPIRE scheme (a Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship) in March 2015. The objective of the scheme was to set up a network of technology and incubation center to accelerate entrepreneurship and also to promote start-ups for innovation and entrepreneurship in agro-industry. To ease the credit availability requirements of startups the Government announced the MUDRA scheme (Micro Units Development & Refinancing Agency) operated by SIDBI for providing refinance to micro units. The scheme is expected to improve the liquidity of the micro units who had to borrow from NBFCs and moneylenders at high rates of interest.

India Aspiration Fund (IAF) was launched by SIDBI in August 2015 to boost the startup funds in the country by investing in various venture capital funds for meeting the equity requirement of MSME start-ups. A SIDBI Make in India Loan for Small Enterprises (SMILE) Scheme of Rs.10,000 crore was also launched to catalyze equity investment in start-ups and MSMEs, creating employment for lakhs of persons, mostly educated youth for the next 4-5 years. The objective of SMILE is to provide soft loans in the nature of quasi-equity and term loans on relatively soft terms to MSMEs to meet the required debt-equity ratio norm. Further, there will be concessional terms for the enterprises promoted by SC / ST / Persons with Disabilities (PwDs) and women.

Despite the various schemes to promote entrepreneurship, the country has not witnessed the natural gradation from self-employment to entrepreneurship as part of the growth process. The entrepreneur is encumbered with hurdles in regulation and financing the startup ahead. There is limited availability of risk capital from banks and venture capital companies. Poor infrastructure availability also increases the operational costs for the startups. As a result of these hurdles, the proportion of closure of units was high at the startup stage. Entrepreneurial culture is also lacking as the institutions of learning train students for wage employment rather than in becoming entrepreneurs. A vital

sociocultural factor also relates to social attitudes towards risk and failure. It is essential to remove the stigma associated with failure to better understand and manage risk as well as create a supportive social environment for entrepreneurs.

Certain sectors are more important to meet the goals of the different Plans for more employment. However, the capabilities created by Indian entrepreneurs in sectors which provide potential for more growth should be supported. The lack of co-ordination amongst government ministries, and the relatively poor quality of interaction between business associations and government prevents improvement in the process of collaborative learning and capability building for the growth of the manufacturing sector.

Since technological learning takes a long time, it requires large investments and is risky. Therefore, Government support is essential to enable the industrial ecosystem of a country to gain depth. Support to the enterprises should be such that it motivates and enables enterprises to learn and develop complex capabilities and not become complacent and inefficient. The specific policy interventions must be made to fit the requirements of sectors and industry. For instance, MSMEs and large enterprises require different kinds of interventions from Government. MSMEs play a critical role in innovation due to their agility and ability to experiment with new technologies on small scales. Yet, they often suffer from lack of funds, inability to take risks associated with technology developments and difficulty of attracting skilled manpower.

CENTRAL GOVERNMENT INCENTIVES AND SCHEMES

The Micro Small and Medium Enterprises (MSME) Act, 2006 contained a number of provisions aimed at strengthening medium, small, and micro enterprises and, also to integrate them. Small-scale and medium enterprises were the main beneficiaries of investment incentives for modernization, upgradation, and additional capacity creation given in most schemes.

A package of fiscal and other incentives aimed at facilitating industrial development of the States of the North East Region (NER) was launched in 1997

and extended in 2007. During the Tenth Plan, similar schemes were notified for Jammu & Kashmir, Himachal Pradesh and Uttarakhand. While the response in the NER and Jammu & Kashmir have not been significant, these incentives have encouraged industrial investment in Himachal Pradesh and Uttarakhand.

Transport Subsidy:

The Scheme was introduced in July 1971 and extended from time to time. For the North East Region, the scheme remained in operation till 31st March 2017. The scheme was aimed to promote industrialization in hilly, remote and inaccessible areas and was applicable to all industrial units both in public and private sectors except plantations, refineries and power generating units. A subsidy of 50% to 100% was admissible on transportation cost incurred by an entrepreneur on the movement of raw materials and finished goods from the designated rail head/ parts upto the location of industrial units and vice versa for a period of five years from the date of commencement of commercial production. The scheme worked on disbursement/ reimbursement basis i.e., the subsidy claims were first scrutinized and disbursed by the State Government to the eligible units on the basis of the recommendations of the State Level Committee and reimbursement was claimed thereafter from the Central Government.

Seed Money/ Margin Money Loan Scheme:

It was one of the promotional schemes under the District Industries Centres programme. The assistance was available to any micro and small enterprise including ancillary units. The Banks generally provided 75% to 80% of the total investment both on working and fixed capital. The remaining amount of the investment was financed by the entrepreneur himself, known as margin money. Margin money assistance was admissible only to those units whose investment in Plant and Machinery did not exceed Rs.2 Lakhs. The extent of financial assistance was limited to 20% of the total investment comprising of fixed capital investment, pre-operative expenses and 3 months working capital requirement or Rs.40,000 whichever was less.

Electric Power:

The rapid growth of the economy can be realized only with availability of energy at reasonable costs. Electricity is a vital energy input in this context. A major initiative for promoting competition and attracting private investment in the power sector was the Ultra Mega Power Projects Programme launched in 2007. Under this programme, the government invited proposals on a competitive basis from the public and the private sector to set up nine large power projects of 4000 MW each.

Other Energy Sectors:

Availability of energy at competitive prices was also important. The coal industry was nationalized in 1973 and since then, only public sector units and designated users were permitted to mine coal for their own use. The shortage in oil and gas resources were met by imports which accounted for more than 70% of our oil needs. The new Exploration Licensing Policy was effective in finding gas in the country and in offshore areas.

Export promotion package:

Transport assistance was made available for exports of fresh and processed fruits, vegetables, floriculture items, poultry and dairy products, and wheat and rice products under direct export policy. Other sector-specific packages included incentives for export of jewelry, leather and textiles, handicrafts, and other items from the small-scale sector. The package also encompasses reduction of customs duty and abolition of licensing on import of rough diamonds, and reduction in value addition norms for export of plain jewellery. Special Focus on Cottage Sector and Handicrafts Programme was launched to enable small scale products to form 50 per cent of India's exports.

Special Economic Zones (SEZs) were set up to further boost the exports. To encourage export of quality/branded goods, double weightage was accorded to exports made by units having ISO or equivalent status. Other measures included promotion of agricultural exports, market access initiative, setting up of business-cum-trade facilitation centres, trade portals, and Duty Entitlement Pass

Book (DEPB) Scheme. Overseas Banking Units (OBUs) were permitted to be set up in SEZs to let them access international finances at international rates. Market Access Initiative (MAI) was initiated to assist industry in research and development, market research, warehousing and marketing infrastructure. Assistance to States for Infrastructure Development for Exports (ASIDE), a scheme for participation of States in the export endeavour was implemented.

Various programmes were launched to promote exports to Latin America, Africa and the Commonwealth of Independent States (CIS) countries. For instance, the Focus: LAC programme has been launched for accelerating trade with Latin American Countries; the Focus: Africa Programme for boosting India's trade with the sub-Saharan African region; and the Focus: CIS programme for strengthening trade ties with the CIS countries.

Hill Areas Development Programme (HADP):

Specific schemes were formulated with central assistance to develop hill, tribal and drought prone areas. The Hill Areas Development Programme (HADP) covered the hill areas identified by a Committee of the National Development Council in 1965. To achieve socio-economic development of the hills and the people, HADP aimed at promoting the basic life support systems with sustainable use of the natural resources of the area covered by the programme.

National Manufacturing Competitiveness Programme (NMCP):

The Government announced the NMCP in the Budget 2006-07 to support the manufacturing sector. NMCP included schemes for application of lean manufacturing, design clinic, promotion of ICT in manufacturing sector, setting up Mini-Tool Rooms, technology and quality management support for SMEs, entrepreneurial and management development of SMEs, encouragement of quality management standards and quality technology tools, national campaign for investment in intellectual property, technology upgradation activities, and marketing support/ assistance to SMEs.

Though the Government of India took a number of steps to bring the backward, Scheduled Castes and Scheduled Tribes to the mainstream of social change as in other parts of the country, their participation in entrepreneurial activities was lagging behind. Some special policy and schemes introduced by the Central Government for the North East were as follows:

Industrial Policy for NER 1997:

This policy was announced in December 1997 to stimulate development of industries in the North East Region having the following salient features:

- Expenditure on growth sectors upto Rs. 15 crores would be met through central assistance.
- Funding pattern of Integrated Infrastructure Development Centres (IIDCs) would be 4:1 and in the nature of grant.
- Transport subsidy was extended till 31-03-2007 and the amount was to be disbursed through NEDFi.
- Industries located in the growth sectors would be given capital investment subsidy on Plant & Machinery upto Rs. 30 lakhs @15%.
- Growth centres and IIDCs were to be tax-free zones for a period of ten years. Certain high growth potential industries were also given tax-free status irrespective of the location in the North-East.
- An interest subsidy of 3% on working capital loans would be provided for a period of 10 years after the commencement of production.
- Comprehensive Insurance Scheme for new industrial units has been put in place.

North East Industrial and Investment Promotion Policy (NEIIPP), 2007:

This policy was approved by the Government for the North eastern states including Sikkim effective from 1st April 2007. It envisaged all new units as well as existing units which go in for substantial expansion, unless otherwise specified, and commenced commercial production within the ten year period from the date of notification of the NEIIPP, 2007 to be eligible for incentives for

a period of ten years of commercial production. Incentives on substantial expansion were given to units to an increase by not less than 25% in the value of fixed capital investment in plant and machinery for the purpose of expansion of capacity/ modernization and diversification. The North East Industrial Development Finance Corporation (NEDFi) continued to act as the nodal agency for disbursal of subsidies under NEIIPP, 2007.

Excise duty exemption continued on finished products made in the North Eastern Region, as was available under NEIP, 1997. Income Tax Exemption also continued under NEIIPP, 2007 as was available under NEIP, 1997. All eligible industrial units located anywhere in the North Eastern Region were given capital investment subsidy at the rate of 30% of their investment in Plant and Machinery or additional investment in Plant and Machinery. Such subsidy was applicable to units in the private sector, joint sector, cooperative sector as well as the units set up by the State Governments concerned of the NER. The limit for automatic approval of subsidy was Rs.1.5 crore. For grant of capital investment subsidy higher than Rs.1.5 crore but upto a maximum of Rs.30 crore, there was an Empowered Committee. Investment subsidy was made available @ 3% on working capital loan under NEIIPP, 2007 as was available under NEIP, 1997. New industrial units as well as the existing units on their substantial expansion were eligible for reimbursement of 100% insurance premium. Incentives under NEIIPP, 2007 were applicable to the service sector activities/ industries including (i) Hotels, adventure and leisure sports including ropeways; (ii) Medical and Health services in the nature of nursing homes with a minimum capacity of 25 beds and old-age homes; (iii) vocational training institutes such as institutes for hotel management, catering and food crafts, entrepreneurship development, nursing and paramedical, civil aviation related training, fashion, design and industrial training.

GOVERNMENT DEPARTMENTS INVOLVED IN ENTREPRENEURSHIP DEVELOPMENT

The role of Governmental Departments and organizations was studied in this chapter to find out their involvement in developing entrepreneurship in the state. The Schemes and Programmes under the selected Departments were analyzed to provide a clear picture of the entrepreneurial situation and its development. The Departments taken for the study were:

DEPARTMENT OF INDUSTRIES AND COMMERCE

The Department of Industries and Commerce plays the chief role for entrepreneurial development under the Government of Nagaland. The Department has its offices spread over in the Secretariat, Kohima, Directorate of Industries and Commerce, Kohima, eleven District Industries Centers (DICs) in each district and five sub-DICs. The main function of the Department is to implement the policies and programmes of the State Government including the Ministries of the Government of India. The Department undertakes to motivate and create industrial consciousness for economic upliftment through industrialization by imparting training programmes, exhibition and publicity, technical and financial assistance, and self-employment schemes. The various activities being carried out by the Department for the promotion of entrepreneurship are as follows:

Training:

The Department imparts and provides training programmes in various trades to local artisans/ craftsmen/ entrepreneurs/ educated youth within and outside the state. Rural Industrial Programmes (12 months) in weaving and handicrafts, and Rural Artisan Programme (9 months) in electronic, automobile, sheet metal, welding, stenography, cutting and tailoring trainings are conducted in different districts of the state. The Department also selects trainees to avail training outside the state in different trades. Trainings given during the period under study is shown in Table 2.1. The number of persons trained within the

state was highest during the year 2015-16 and lowest during the year 2002-03. The year 2003-04 had the maximum number of trainees trained outside the state.

Table 2.1: Number of persons trained in various skills under Department of Industries & Commerce from 2002-03 to 2016-17

Year	No. of persons trained within the state	No. of persons trained outside the state	Total	Annual Growth (%)
2002-03	90	65	155	-
2003-04	85	166	251	61.94
2004-05	116	45	161	-35.86
2005-06	154	24	178	10.56
2006-07	140	22	162	-8.99
2007-08	140	31	171	5.56
2008-09	133	84	217	26.90
2009-10	147	77	224	3.23
2010-11	135	66	201	-10.27
2011-12	187	11	198	-1.49
2012-13	295	39	334	68.69
2013-14	295	105	400	19.76
2014-15	252	24	276	-31.00
2015-16	352	7	359	30.07
2016-17	287	7	294	-18.11
Total	2,808	773	3,581	-
Average growth	-	-	-	8.07%
CAGR	8.64	-14.72	4.68	-

Source: Annual Administrative Report of Department of industries & Commerce

Note: No. of persons trained within the state includes RAP-Rural Artisan Programme, CITC- Cottage Industries Training Centre, WTC- Weaving Training Centre.

The annual growth was highest in 2012-13 while it decreased the most in 2004-05. Altogether 3,581 persons have undergone different training programmes during the years 2002-03 to 2016-17. The average growth rate during 2002-03 to 2016-17 was 8.07%. Meanwhile, the compound annual growth rate of total persons trained was 4.68% during the study period. The CAGR for persons trained within the state was 8.64% while the number of persons trained outside the state had a negative CAGR of 14.72%. The annual growth for persons trained within the state and outside the state had a fluctuating trend during the years under the study.

In addition to the trainings as in table 2.1, the Department also selected trainees for Entrepreneurship Development Programme (EDP), Turnkey Entrepreneurship Development Programme (TEDP) and Skill Development Programme (SDP). EDPs were usually given to PMRY/ PMEGP selected candidates. TEDP was given to the beneficiaries under CM's special employment for educated unemployed youth.

Table 2.2: Number of entrepreneurs trained under EDP and TEDP by Department of Industries & Commerce from 2002-03 to 2016-17

Year	No. of persons trained under EDP	No. of persons trained under TEDP	Total	Annual Growth (%)
2002-03	700	100	800	-
2003-04	1000	100	1100	37.50
2004-05	1200	NA	1200	9.09
2005-06	1500	NA	1000	-16.67
2006-07	1000	NA	1000	0
2007-08	1500	NA	1500	50.00
2008-09	150	NA	150	-90.00
2009-10	150	NA	150	0
2010-11	930	NA	930	520.00
2011-12	1000	NA	1000	7.53
2012-13	182	NA	182	-81.80
2013-14	329	NA	329	80.77
2014-15	606	NA	606	84.19
2015-16	330	NA	330	-45.54
2016-17	1001	NA	1001	203.33
Total	11,578	200	11,778	-
Average Growth	-	-	-	50.56%
CAGR	2.59	-100	1.61	-

Source: Annual Administrative Report of Department of industries & Commerce

NA- not available

As per Table 2.2, the target number of persons trained under EDP was 700 in 2002-03, and then it increased by 37.50% in 2003-04 and 9.09% in 2004-05. It decreased by 16.67% in 2005-06 and 33.33% in 2006-07, and then increased by 50% in 2007-08. During 2008-09, the number of trainees declined sharply due to the merging of the existing schemes viz., PMRY and REGP into

PMEGP. Under PMRY, the Government of India sets the target number of persons for the whole state. But after 2008-09, the target number of candidates for PMEGP has been selected separately under KVIC, NKVIB and DIC. The average growth rate during the period was 50.56%. The annual growth rate showed a fluctuating trend. And the CAGR was 1.61%.

PMRY and PMEGP:

PMRY was aimed at the welfare of educated unemployed in urban areas. This scheme has been merged with Rural Employment Generation Programme (REGP) and renamed PMEGP since 1st April 2008. Table 2.3 shows the target number of beneficiaries and achievement of the targets for PMRY/ PMEGP under the Department from 2002-03 to 2016-17.

Table 2.3: Number of Persons trained under PMRY & PMEGP in Nagaland from 2002-03 to 2016-17

Year	Target No. of persons trained under EDP	Achievement of Target No. of persons	Annual Growth of Achievement (%)
2002-03	700	700	-
2003-04	1000	1000	42.86%
2004-05	1200	1200	20.00%
2005-06	2800	2800	133.33%
2006-07	1000	1003	-64.18%
2007-08	1500	1274	27.02%
2008-09	150	150	-88.23%
2009-10	150	72	-52.00%
2010-11	930	204	183.33%
2011-12	1000	199	-2.45%
2012-13	182	182	-8.54%
2013-14	329	329	80.77%
2014-15	606	606	84.19%
2015-16	330	330	-45.54%
2016-17	1001	400	21.21%
Total	11,578	9,149	-
Average Growth	-	-	22.12%
CAGR	2.59%	-3.92%	-

Source: Annual Administrative Report of Department of Industries & Commerce.

The trend showed a yearly increase till 2005-06, after which it decreased by 33.13%, and then increased by 27.02% in 2007-08. But it decreased again in 2008-09 and 2009-10, and increased by 183.33% in 2010-11. It decreased again in 2011-12, 2012-13, and 2015-16. It increased in 2013-14, 2014-15 and 2016-17. Thus the trend indicated a fluctuating growth rate. The average growth rate was 22.12%. Out of a total target of 11,578 trainees, the Department had an achievement of 9,149 numbers of trainees. The achievement was 100% for nine years during the study period viz., 2002-03 to 2005-06, 2008-09, 2012-13 to 2015-16. CAGR for the target had a positive value of 2.59% while CAGR for achievement was negative with 3.92%.

Fig. 2.1: Comparison of Target number of persons trained and the Achievements of the Target under PMRY & PMEGP in Nagaland from 2002-03 to 2016-17

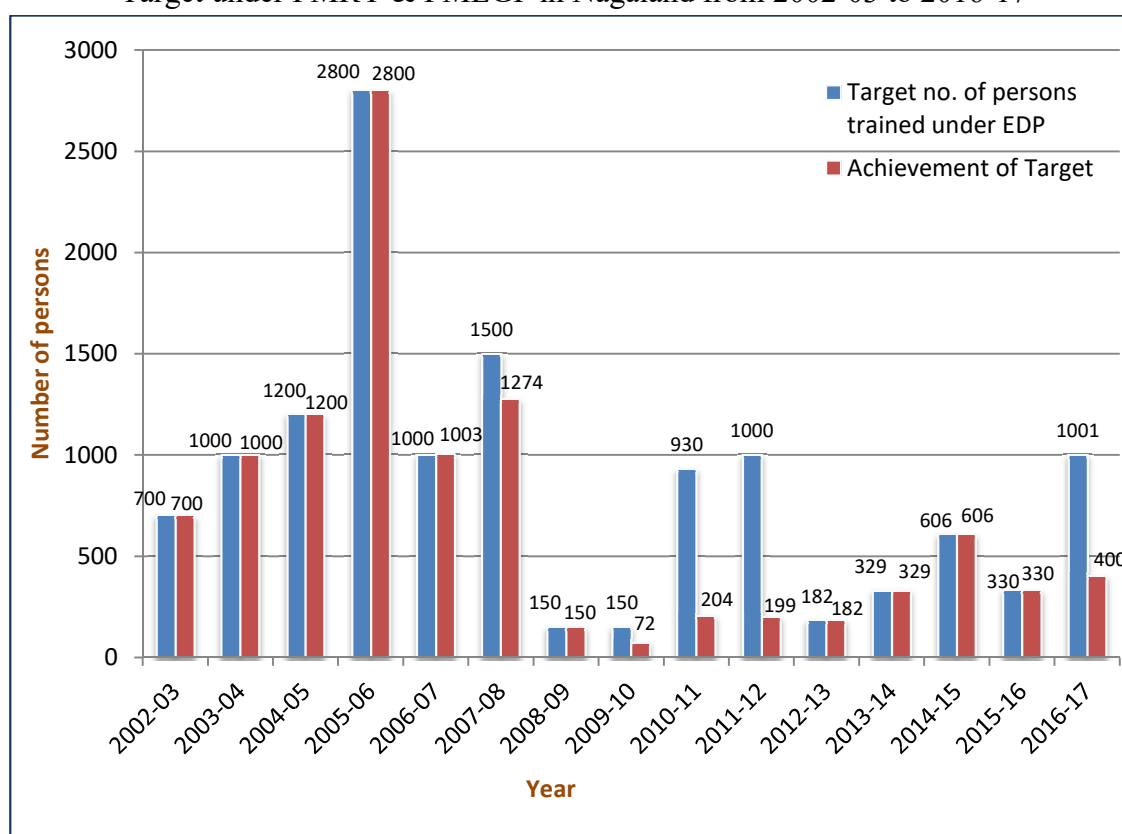


Fig.2.1 shows the comparison between target number of persons trained under EDP and the achievements of the targets. The achievements have fulfilled the targets in most of the years under study. However, there was wide difference

between target and achievement during 2009-10 to 2011-12 and 2016-17 as indicated in the graph.

90% Central Transport Subsidy Scheme:

Under this scheme, the claims are approved by the State Level Committee, scrutinized by the pre-audit team from the Ministry, Government of India and then the units eligible are recommended for payment. Based on the pre-audit report, the Ministry releases the claim amount to NEDFi and NEDFi makes direct payment to the accounts of the beneficiary units by cheques. The amount paid and the number of units benefited under this scheme is shown in Table 2.4.

Table 2.4: Amount of 90% Central Transport subsidy by the Department of Industries & Commerce from 2002-03 to 2013-14

Year	Recommended by SLC		Payment made		Growth (%)
	No. of Units	Amount (in Rs.Lakhs)	No. of Units	Amount (in Rs.Lakhs)	
2002-03	104	391.25	-	-	-
2003-04	-	-	104	391.25	-
2004-05	363	1948.97	363	-	-
2005-06	362	1943.59	362	-	-
2006-07	-	-	359 (32)	1923.38 (613.31)	391.60 -
2007-08	961	10657.90	-	-	-
2008-09	1920	20225.95	436	5189.06	169.79
2009-10	540	6467.85	-	-	-
	1074	9306.90		-	
2010-11	Same as 2009-10	Same as 2009-10	-	-	-
2011-12	Same as 2009-10	Same as 2009-10	-	-	-
2012-13	Same as 2009-10	Still pending	-	-	-
2013-14	*	-	-	-	-
CAGR			26.98%	53.85%	

Source: Annual Administrative Report of Department of industries & Commerce

Note: i) CAGR has been calculated for 7 years (2003-04 till 2008-09).

ii) Figs. In () denotes backlog payment.

The claims of Rs.391.25 Lakhs of 104 units for 2002-03 which was approved by the Department in the same year was paid by NEDFi in 2003-04. No new claims were recommended by the department in 2003-04. In 2004-05,

the department has put the claims of 363 units, which was paid in 2006-07 for 359 units only. Backlog claims for 32 units amounting to Rs. 613.31 Lakhs was also paid during the year 2006-07. Out of claims of 961 units recommended in 2007-08, an amount of Rs.5189.06 Lakhs was paid to 436 units in 2008-09. After 2008-09, no more claims had been paid by the Government of India though the Department has recommended units to be paid in 2009-10, 2010-11, 2011-12, and 2012-13. The Department also did not submit any more recommendations by SLC after 2013-14. The CAGR has been calculated for six years since no more claims were paid after 2008-09. The CAGR for the number of units paid is 26.98% and amount paid is 53.85%.

The study has found two major reasons behind non-payment of claims by the Ministry. The first was that many claims were submitted under fictitious names which were found out on verification. The second reason was that there was mismanagement in implementing the scheme which was revealed during the pre-audit process. Therefore, the Government has stopped paying all claims since 2009-10.

15% Central Capital Investment Subsidy:

Under this Scheme, the Ministry of Industry, Government of India provided 15% subsidy on Plant & Machinery only with a maximum ceiling of Rs.30 Lakhs per unit for those units set up between 1st April, 1997 to 31st March 2007 and 30% on Plant & Machinery to those units which were set up after 1st April 2007 subject to a maximum of Rs.30 Crores. NEDFi, Guwahati directly paid the amount to the industrial units. The amount paid annually and the number of units benefited under this scheme is shown in Table 2.5.

Table 2.5: Amount paid and units benefited under 15% Central Capital Investment Subsidy from 2002-03 to 2010-11

Year	Recommended by SLC		Payment made		Annual Growth (%)
	No. of Units	Amount (in Rs.Lakhs)	No. of Units	Amount (in Rs.Lakhs)	
2002-03	-	-	5	3.93	-
2003-04	-	-	5	3.87	-1.53

2004-05	138	111.84	138	-	-100.00
2005-06	-	-	Pending	-	-
2006-07	-	-	138	111.84	2789.92
2007-08	267	785.28	-	-	-
2008-09	924	3858.79	-	-	-
2009-10	482	1642.21	-	-	-
2010-11	*				
CAGR	95.36				

Source: Annual Administrative Report of Department of industries & Commerce

Note: i) CAGR has been calculated for 5 years (2002-03 to 2006-07)

ii) Since payment was pending, the Department has conducted no SLC after 2009-10.

Under the scheme, the Ministry of MSME, Department of Industrial Policy and Promotion, Government of India reimbursed the claim amount of industrial units on investment in plant and machinery only, which were approved by the SLC for the years 2002-03, 2003-04 and 2006-07. No state level selection was held after 2011-12 since NEDFi, Guwahati has made no payment to the units even though the SLC has submitted the claims for payment. The reason for non-payment was because the Central Government has stopped payment to NEDFi for the purpose.

Year of Entrepreneur 2010:

Under the State Government Cabinet approval, the ‘Year of Entrepreneur 2010’ was implemented. Entrepreneur Awareness Programme (EAP) was held in all the eleven districts of the state and 1000 interested entrepreneurs were selected.

Table 2.6: Number of entrepreneurs assisted under Year of Entrepreneur (2010)

Sl.No.	Particulars	No. of Beneficiaries
1	PMEGP	342
2	NHHDC	85
3	NIDC	49
4	Directly financed by Banks	168
5	Other allied departments	122
	Total	766

Source: Annual Administrative Report of Department of Industries & Commerce

The selected entrepreneurs were trained for EDP at IIE, Guwahati and Dimapur. 766 entrepreneurs were given financial assistance under different schemes as mentioned in Table 2.6. The Year of Entrepreneur also had six Enterprise Expos organized during the State Road Shows in different districts. The Expos showcase various enterprising businesses in different fields and trades with products ranging from handloom and handicraft, floriculture product, bakery products, ethnic food, textile products, sericulture products and, fruits and vegetables. Awards were given in each Enterprise Expo for Best Display and Best Innovative Product.

District Industries Centre (DIC):

According to the State Industrial Policy revised in 2004, it was envisioned for District Industries Centres to play a vital role in the development of SSI and Tiny sector industries. SSI means an industrial unit where the investment in plant and machinery does not exceed Rs.1 Crore. Tiny industry means an industrial unit where the fixed capital investment does not exceed Rs.25 Lakhs. DICs were to be strengthened with adequate facilities which included training the officers and staff to keep pace with the latest technology/ skill. Each DIC acts as Principal agency to guide the entrepreneurs in selection of industries/ entrepreneurs, preparation of project report, arrangement of finance for projects and other matters of setting up of industries. The policy also formulated a package of incentives for promotion and setting up of industrial units and revitalization of sick industrial units in the state. In this regard, the Industrial Facilitation Committee DIC issued eligibility certificate to SSI units and tiny sector after ensuring that all the criteria for eligibility have been fulfilled.

The main activities of DICs are to motivate and guide educated youths to set up small Scale Industries which are viable and feasible in the respective districts. Implementation of the State Industrial Policy and imparting training in various trades and promotion of centrally Sponsored Schemes are the normal functions of DICs. In fact, the entire activities of the department lie with the DICs.

There are eleven full-fledged DICs headed by the General Manager, assisted by Functional Managers and Inspectors and six sub-DICs headed by a Functional Manager, assisted by Inspectors. The General Managers are assisted by Functional Managers, Inspectors/ Extension officers/ Economic Investigators and Ministerial Staff.

To encourage and promote rural artisans, weavers and craftsmen all over the state, the State Government approved creation of six new Sub-DICs at Tuli and Mangkolemba under Mokokchung District, Tizit under Mon district, Meluri under Phek district, Noklak under Tuensang district and Atoizu under Zunheboto district. At present, the Department of Industries and Commerce is in the process of deploying requisite number of officers and staff to the newly created sub-DICs. With this new creation, there were twelve sub-DICs to assist the Department in the service of the entrepreneurs of the state. In accordance with the e-Governance Plan of the State Government, all DICs and sub-DIC offices were installed with computers, printers and Fax machines.

Table 2.7: Number of trainees for different trainings conducted by DICs of Dimapur and Kohima districts from 2010-11 to 2016-17

Rural Artisan Programmes	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Radio Mechanic Training Centre, DIC, Dimapur	10	10	10	10	10	10	10
Automobile Training Centre, DIC, Dimapur	10	15	15	15	15	15	15
Sheet Metal Training Centre, DIC, Dimapur	10	15	15	15	15	15	15
Welding Training Centre, DIC, Dimapur	-	-	-	15	12	12	12
Stenography Training Centre, DIC, Kohima	10	20	20	20	20	20	20
Total	40	60	60	75	72	72	72

Source: Administrative Report of DIC

Note: Separate data for each DIC is available since 2010-11. Since inception till 2009-10, only the total figures for the entire state were available.

Under Rural Artisan Programmes, different trainings are conducted by various DICs in the state. These trainings were for a period of nine (9) months. Table 2.7 indicates the number of trainees under different training centres from

DICs, Dimapur and Kohima during the period under study. DIC Dimapur gives trainings for radio mechanic, automobile, sheet metal and welding. DIC, Kohima gives training for stenography. The number of trainees for radio mechanic was 10 each year. The number of trainees for automobile was 10 in 2010-11 which has increased to 15 since 2011-12. 10 trainees were trained during 2010-11 for sheet metal which increased to 15 from 2011-12 onwards. Welding training was conducted from 2013-14 at DIC, Dimapur with 15 trainees, but decreased to 12 trainees in 2014-15. Stenography training was conducted from DIC, Kohima with 10 trainees during 2010-11, with an increase in the number of trainees to 20 from 2011-12 onwards.

KHADI AND VILLAGE INDUSTRIES COMMISSION (KVIC)

KVIC is a statutory body created by an Act of Parliament in 1956. It is engaged in the task of promoting and developing Khadi and Village Industries with a view to create employment opportunities in the rural areas. The broad objectives of KVIC are:

- The social objective of providing employment
- The economic objective of producing saleable articles
- The wider objective of creating self-reliance amongst the people and building up a strong rural community spirit.

KVIC was established in the state in 1979 and performs the function of planning, promotion, organization and implementation of programmes for the development of khadi and other village industries in the rural areas in coordination with other agencies engaged in rural development. It builds up reserves of raw materials for supply to producers, creation of common service facilities for processing of raw materials as semi-finished goods and provision of facilities for marketing of KVI products. It also organizes training of artisans engaged in KVI. The various incentives and programmes for Khadi artisans are as follows:

Prime Minister's Employment Generation Programme:

This Scheme was implemented by KVIC as the single nodal agency at the national level. At the State level, the scheme was implemented through State Directorates of KVIC, State Khadi and Village Industries Boards (KVIBs) and District Industries Centres in rural areas. In urban areas, the Scheme was implemented by the State District Industries Centres (DICs) only. In Nagaland, KVIC coordinates with NKVIB and Department of Industries and Commerce to monitor performance in rural and urban areas. PMEGP was equipped with support of strong backward and forward linkages to ensure smooth functioning of the scheme. KVIC provided training to PMEGP beneficiaries for Entrepreneurship Skill Development on managerial, accounting and marketing management through accredited institutions. It also conducted Awareness Camps in each district through which extensive dissemination of information for the scheme is made to potential beneficiaries.

The district wise target allocation for number of units for three years is shown in Table 2.8. The data could be obtained for three years only since the earlier records were maintained by different personnel. Moreover, there are no records on the achievements of the targets by the concerned department. During personal interview with the Department, it was revealed that though physical verification had to be done for all beneficiary units, it would have to be done at the personal expense of the officials. Therefore, it was difficult to take up verification for all units. That is the reason for absence of reliable data which could be used for analysis of the performance of the Scheme under the Commission.

The total number of units targeted in 2014-15 was 1514 but it decreased to 876 units in 2016-17. The trend indicates a negative CAGR performance for all the districts individually during the period. The selection process for the scheme was done by the District Task Force Committee. To monitor the loans given to entrepreneurs, physical verification of the units is done within three years by the Commission. The amount of subsidy/ margin money sanctioned and

disbursed according to KVIC report for the period 1st April 2002 till 31st March 2013 was Rs.8,75,000 only.

Table 2.8: District wise KVIC Target Allocation of PMEGP Scheme in Nagaland
(No. of units) from 2014-15 to 2016-17

Name of Districts	2014-15 (No. of units)				2015-16 (No. of units)				2016-17 (No. of units)				CAGR for total units
	Total	NKVIB	KVIC	DIC	Total	NKVIB	KVIC	DIC	Total	NKVIB	KVIC	DIC	
Dimapur	220	75	65	80	56	15	25	16	142	50	60	32	-19.66%
Kohima	160	40	60	60	29	15	0	14	112	50	20	42	-16.33%
Reserved for other tribes	50	15	20	15	-	-	-	-	-	-	-	-	0
Mokokchung	178	55	55	68	29	15	0	14	115	50	-	65	-19.62%
Tuensang	162	45	49	68	24	12	0	12	82	50	-	32	-28.85%
Zunheboto	154	49	45	60	29	15	0	14	78	51	-	27	-28.83%
Wokha	100	25	25	50	20	12	0	8	57	35	-	22	-24.50%
Phek	100	25	25	50	22	12	0	10	67	35	-	32	-18.15%
Mon	170	70	55	45	20	12	0	8	82	35	-	47	-30.55%
Peren	70	20	15	35	20	12	0	8	42	25	-	17	-22.54%
Kiphire	80	20	20	40	42	30	0	12	29	20	-	9	-39.79%
Longleng	70	15	20	35	18	10	0	8	28	20	-	8	-36.75%
Additional	-	-	-	-	516	250	60	206	42	25	-	17	-91.86%
Total	1514	454	454	606	825	410	85	330	876	446	80	350	-23.93%

Source: Field Study

Note: i) Being the state capital, 25% of the target allocation for Kohima district is reserved for other tribes permanently settled in Kohima district.

ii) As per KVIC target allocation, Projected Margin Money is calculated as Rs. 1.24 Lakhs per unit for 2014-15, Rs. 1.51 Lakhs per unit for 2015-16 and Rs. 1.99 Lakhs per unit for 2016-17.

iii) KVIC target employment generation was 8 employees per unit.

Exhibitions:

As a part of market promotion, KVIC organizes National, Zonal, State and District Level exhibitions for KVI products. These exhibitions provide scope for free participation of entrepreneurs to display, demonstrate and sell their products.

Training:

Various trainings for skill development and capacity building are provided through departmental institutes and recognized training centres under KVIC. The Multi-Disciplinary Training Centre (MDTC) at Nagarjan, Dimapur

has conducted various training programmes under the purview of KVIC year wise budgetary allocation. The KVIC fixed tentative physical target against MDTC to conduct 610 trainees during 2016-17 under various trade course as per the guideline of Directorate of Capacity building, KVIC Mumbai.

Besides the above skill based trainings, KVIC State office also sponsors EDP for PMEGP beneficiaries. The data available at the State office, Dimapur reveals that 1299 entrepreneurs were beneficiaries of subsidies under KVIC from 1st April 2008 to 31st March 2013.

NAGALAND KHADI AND VILLAGE INDUSTRIES BOARD (NKVIB)

Nagaland Khadi and Village Industries Board (NKVIB) is a statutory body constituted by the Government of Nagaland under the Nagaland Legislative Assembly Act and it started functioning in January 1979. The main function of the Board is to implement the programmes in accordance with the Khadi & Village Industries Commission (KVIC) pattern of assistance whenever required. It implements Rural Employment Generation Programme (REGP) and the Margin Money Scheme (MMS) for employment generation through the nationalized banks. The financing banks are to provide a loan of 65% of the total cost and 30% margin money to be availed from KVIC through NKVIB and rest 5% are to be contributed by the promoters/ beneficiaries. The REGP Scheme has been merged with Prime Minister's Rozgar Yojana and implemented under Prime Minister's Employment Generating Programme (PMEGP) since 2008.

The number of village industries benefitted along with the amount of margin money (Grant) and amount of loan is indicated year-wise from 2003-04 till 2007-08 in the Table 2.9. The total number of village industries which benefitted under NKVIB from the period 2003-04 till 2007-08 was 695 village industries. Loan has been sanctioned by the Department only in the first two years under study i.e. during 2003-04 and 2004-05. The number of beneficiary village industries was the highest in 2007-08 while the amount of grant was the maximum in 2005-06. The CAGR for the period 2003-04 to 2007-08 for number

of beneficiary village industries was 49.39% and the amount of grant was 12.54%. 150 cases were selected by the District Task Force Committee and forwarded to bank for sanction of loan. However, the new Scheme could not be implemented for two years (2008-09 and 2009-10) due to lack of awareness on the part of the targeted beneficiaries and the implementing agencies needing time to get into the process.

Table 2.9: Number of Beneficiary village industries under NKVIB (PMRY)
from 2003-04 to 2007-08

Year	No. of village Industries	Amount of Grant (Rs. in lakh)	Amount of Loan (Rs. in lakh)	Annual Growth for Grant (%)
2003-04	51	100.00	320	-
2004-05	111	128.00	458.84	28.00%
2005-06	146	163.66	-	27.86%
2006-07	133	160.40	-	1.99%
2007-08	254	160.40	-	No change
CAGR	49.39%	12.54%	-	-

Source: Annual Administrative Report of Department of Industries & Commerce.

Note: i) After 2007-08, the Scheme was merged under PMEGP

ii) 2002-03 figures were not available

Under PMEGP, all the candidates were selected by the concerned District Task Force Committee as per the guidelines of the scheme and the applications were forwarded to the banks for sanctioning. The annual target margin money, number of projects and employment and the achievements are shown in Table 2.10. The achievements and the targets vary because according to the report published by the Department, the targets were for one financial year whereas the achievements were evaluated till the month of February only. The next report starts from the month of April again, which means the month of March has not been evaluated for the annual reports during the periods under study.

The achievement has fallen short of the target in all the years except during 2015-16 where the number of projects assisted was more than the target. The average growth target for margin money allocation was 24.79%, for number of projects was 17.2% and for number of employment targeted was 15.42%. The

average growth in achievements were 26.67%, 38.26% and 10.27% for the margin money utilised, number of projects and number of employment generated. The CAGR target for the period was 24.08% for margin money allocated, 17.68% for number of projects and 13.38% for employment generated. The CAGR for achievement during the period was 23.88% for margin money utilized, 25.01% for number of projects and 4.05% for employment generated.

Table 2.10: Target and Achievement of PMEGP under NKVIB
from 2010-11 to 2016-17

Year	Target			Achievement		
	Margin money Allocated (Rs. in Lakh)	No. of projects	No. of employment Targeted	Margin money utilized (Rs. in Lakh)	No. of projects	No. of employment generated
2010-11	266.25	183	1830	177.17	60	1238
2011-12	374.93	268	2680	348.54	158	2635
2012-13	572.23	249	1992	275.39	101	1809
2013-14	875.16	381	3048	521.69	173	2087
2014-15	564.55	454	3632	547.26	231	1915
2015-16	774.98	410	2845	619.19	418	2021
2016-17	971.82	486	3888	640.46	229	1571
AGR	24.79%	17.20%	15.42%	26.67%	38.26%	10.27%
CAGR	24.08%	17.68%	13.38%	23.88%	25.01%	4.05%

Source: Annual Administrative Report of Department of Industries & Commerce.

Note: i) The target includes both KVIC and NKVIB as assigned to NKVIB.

ii) Achievement includes the units that were sanctioned by banks but yet to receive the margin money due to non-receipt of fund from KVIC.

Fig. 2.2: Comparison of Target and Achievement of PMEGP Margin Money under NKVIB from 2010-11 to 2016-17

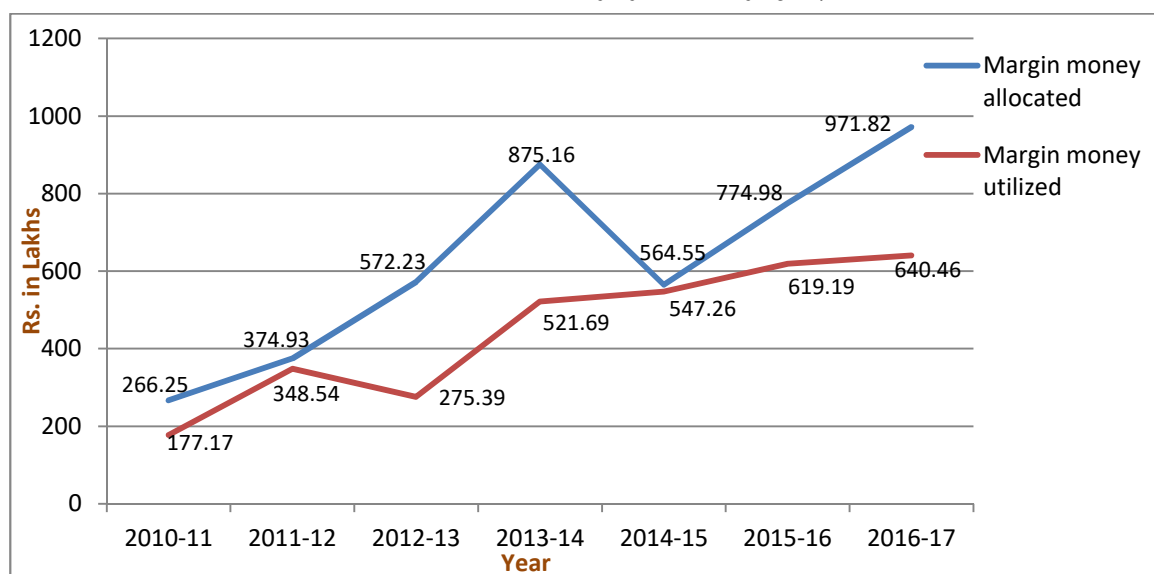


Fig.2.2 shows the comparison of target and achievement of margin money under NKVIB. The margin money allocated and utilized had a fluctuating trend during the period 2010-11 to 2016-17. The allocation has increased from Rs.266.25 Lakhs in 2010-11 to Rs.971.82 Lakhs in 2016-17. However, the amount utilized has increased from Rs.177.17 Lakhs in 2010-11 to Rs.640.46 Lakhs in 2016-17.

Table 2.11: Performance of PMEGP Achievements under NKVIB
from 2010-11 to 2016-17 (Rs. in Lakhs)

Year	Achievement			Annual Growth (%)		
	Margin money utilized	No. of projects	No. of employment generated	Margin money utilized	No. of projects	No. of employment generated
2010-11	177.17	60	1238	-	-	-
2011-12	348.54	158	2635	96.73	163.33	112.84
2012-13	275.39	101	1809	-20.99	-36.08	-31.35
2013-14	521.69	173	2087	89.44	71.29	15.37
2014-15	547.26	231	1915	4.90	33.53	-8.24
2015-16	619.19	418	2021	13.14	80.95	5.54
2016-17	640.46	229	1571	3.44	-45.22	-22.27
AGR	-	-	-	26.67%	38.26%	10.27%
CAGR	23.88%	25.01%	4.05%	-	-	-

Source: Annual Administrative Report of Department of Industries & Commerce.

The annual growth under PMEGP for NKVIB is shown in Table 2.11. The yearly growth of margin money, number of projects and employment generated in terms of percentage had a fluctuating trend. The amount of margin money was the highest in 2016-17 and lowest in 2010-11. The number of projects was highest in 2015-16 with 418 numbers of beneficiaries and it was the least in 2010-11 with only 60 beneficiaries. The employment generated was the highest in 2011-12 with 2635 persons and the lowest in 2010-11 with 1238 persons. The AGR during the period was 26.67%, 38.26% and 10.27% for margin money utilized, number of projects and number of employment generated respectively. The CAGR for margin money utilized, number of projects and number of employment generated was 23.88%, 25.01% and 4.05%.

Forward and Backward Linkages:

The NKVIB also conducts PMEGP forward and backward linkages as shown in Table 2.12. Under such linkage, in 2010-11, one District Level Exhibition was held at Kisama, Kohima with 10 participants and one State Level Exhibition was also held during Hornbill Festival with 25 participants. In 2011-12, three District and State Level Exhibitions were held at Kisama, Kohima during Hornbill Festival which had 30 participants. Five awareness camps were also conducted during the same year which had more than 100 participants each. In 2012-13, one District Level Exhibition was conducted at Kisama, Kohima during Hornbill Festival and two Awareness Camps were conducted at Mon and Tuensang with more than hundred artisans participating in each camp. Again in 2013-14, two District Level Exhibitions were conducted for 20 participants at Kohima and Longleng, and three Awareness Camps were conducted at Phek, Tuensang and Peren with more than one hundred participants each. During the year 2014-15, two District Level Exhibitions were held for twenty participants at Kohima and Kiphire and three Awareness Camps were also conducted at Kiphire, Peren and Zunheboto with more than one hundred participants each.

Table 2.12: PMEGP Forward and Backward linkages under NKVIB
from 2010-11 to 2014-15

Type of Programme	2010-11	2011-12	2012-13	2013-14	2014-15
District Level Exhibition	1	3	1	2	2
State Level Exhibition	1	1	-	-	-
Awareness Camp	-	5	2	3	3

Source: Annual Administrative Report, DIC.

Other initiatives undertaken by NKVIB include Human Resource Development, which are of two types:

A. With financial assistance

Regular course (residential course)

1. Machine knitting
2. Weaving (flying shuttle loom)

Non-residential course

1. Hand knitting
2. Tailoring/ embroidery
3. Lime (chalk making)
4. Soap making
5. Leather
6. Carpentry/ wood carving
7. Bee keeping

B. Without financial assistance

1. Entrepreneurship Development Programme
2. Entrepreneurship Awareness Programme
3. Skill Development Programme

Table 2.13: Trainings under the purview of KVIC conducted through NKVIB
from 2002-03 to 2016-17

Year	Knitting	Weaving	Tailoring/ Embroidery	Chalk Making	Soap Making	Leather	Carpentry	Bee Keeping	Total
2002-03	35	40	-	-	-	15	-	-	90
2003-04	-	35	-	-	-	15	35	-	85
2004-05	-	32	-	-	-	15	-	-	47
2005-06	-	15	-	-	-	45	-	-	60
2006-07	-	45	-	-	-	15	-	-	60
2007-08	-	45	30	-	-	15	-	-	90
2008-09	-	42	30	-	-	15	-	-	87
2009-10	-	45	32	-	-	15	-	-	92
2010-11	30	30	30	40	20	20	30	60	260
2011-12	30	30	30	40	20	30	30	60	270
2012-13	60	30	30	40	20	20	40	60	300
2013-14	60	30	30	40	20	20	40	60	300
2014-15	60	30	30	40	20	20	40	60	300
2015-16	60	60	30	100	100	70	60	100	580
2016-17	60	60	60	100	100	70	60	100	610
CAGR	3.93%	2.94%	8.01%	16.50%	30.77%	23.22%	4.23%	8.89%	14.65%

Source: Annual Administrative Report, DIC.

The Multi-Disciplinary Training Centre (MDTC) at Nagarjan, Dimapur has conducted various village industries training programme under the purview

of KVIC year wise budgetary allocation. Among the regular courses, knitting and weaving were residential courses while tailoring/embroidery, chalk making, soap making, leather, carpentry and bee keeping were non-residential course. There was an increase in the target and achievements in the number of trainees trained during the fifteen years of study as shown in Table 2.13. The number of trainees increased from 90 in 2002-03 to 610 in 2016-17. The CAGR has been calculated for the different courses. It was 3.93% for knitting, 2.94% for weaving, 8.01% for tailoring/ embroidery, 16.50% for chalk making, 30.77% for soap making, 23.22% for leather, 4.23% for carpentry and 8.89% for bee keeping. The total CAGR was 14.65%.

The study has also found that the Board started training entrepreneurs since 2005-06. In ten years (i.e, till 2015-16), around 20,000 entrepreneurs were trained by NKVIB. Individual contacts were used to monitor the performance of trainees after training. The success rate of EDP training according to NKVIB official was 50%. However, there were no detailed records for achievements of EDP by the Board.

DEPARTMENT OF PLANNING AND CO-ORDINATION

The Department of Planning and Co-ordination, under the Planning Branch, deals with matters relating to formulation and planning of development programmes and their execution, evaluation and monitoring of plan implementation, plan co-ordination, field studies and manpower planning, and public co-ordination and manpower planning. The General Branch deals with administrative matters relating to Urban Development Department, Economics and Statistics Department and Evaluation Department. The policies followed by the Department were formulated by the Department through field experience and as per requirement of the different programmes. However, there was no mechanism for monitoring the policies and therefore, they were not reviewed. The Department was also involved in entrepreneurship development in the state through the Chief Minister's Corpus Fund. An evaluation and analysis of CMCF was done for the years under the study period.

Chief Minister's Special Employment Scheme under Corpus Fund:

To address the issue of unemployment, the Chief Minister's Corpus Fund was re-oriented in 2002-03 with the objective to generate sustainable income to unemployed youth of the State through creation of self-employment opportunities and through capacity building programmes. With this new initiative, 100 educated unemployed youths were selected and trained at the Indian Institute of Entrepreneurship (IIE) Guwahati on turnkey basis for self-employment for the years 2002-03 and 2003-04. In this programme, a certain amount was allocated under the Corpus each year and the amount was disbursed through Planning & Co-ordination Department. A portion of the Corpus Fund was bifurcated to the Districts to ensure proportionate selection of beneficiaries from all Districts. The remaining amount was earmarked for Departmental proposals, for trainings and capacity building programmes.

Since its re-orientation in 2002-03, certain amounts have been allocated each year for promoting self-employment. The allocation has been made for self-employment projects in the different districts, purchase of machineries, sponsoring vocational studies and other capital requirements for setting up enterprises.

Table 2.14: Year-wise allocation and achievement under Chief Minister's Corpus Fund for Self-Employment Generation from 2002-03 to 2016-17

Year	No. of beneficiaries	Amount disbursed (in Rs. Lakhs)	Increase/ decrease (in Rs. Lakhs)	Annual growth (%)
2002-03	448	200	-	-
2003-04	899	500	300	150%
2004-05	735	500	0	0
2005-06	1070	700	200	40%
2006-07	603	800	100	14.29%
2007-08	1246	800	0	0
2008-09	593	800	0	0
2009-10	860	800	0	0
2010-11	293	1000	200	25%

2011-12	140	908	-92	-9.2%
2012-13	140	1000	92	10.13%
2013-14	1612	610	-390	-39%
2014-15	131	900	290	47.54%
2015-16	187	513	-387	-43%
2016-17	141	600	87	16.96%
Total	9098	10631	-	-
Average Growth	-	-	28.57	15.19%
CAGR	-7.93%	8.16%	-	-

Source: Department of Planning and Co-ordination Nagaland

It is evident from Table 2.14 that a total of Rs.10,631 Lakhs was disbursed by the Department in a span of fifteen years to 9098 beneficiaries. The annual growth rate showed a fluctuating trend while the average growth was Rs.28.57 Lakhs increase for amount disbursed and 15.19% increase in percentage. The CAGR for beneficiaries for the period of study is negative at (-) 7.93% while the amount disbursed is positive with 8.16%.

Fig.2.3: Number of Beneficiaries under CMCF from 2002-03 to 2016-17

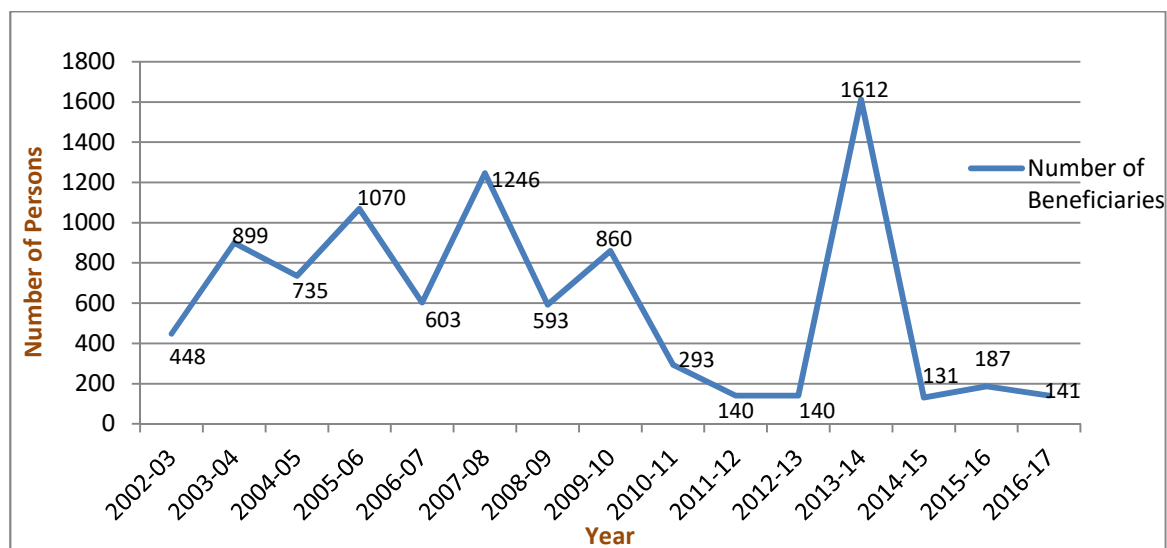


Figure 2.3 shows the fluctuation in the number of beneficiaries under CMCF from 2002-03 to 2016-17. It was highest in 2013-14 with 1612 beneficiaries and lowest during 2014-15 with 131 beneficiaries.

Table 2.15: Achievements of Corpus Fund for employment generation and capacity building from 2008-09 to 2016-17 (amount in Rs.Lakhs)

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
A. <u>Employment Generation:</u>									
Self-employment projects in Districts	230	300	300	315	-	-	-	-	-
Purchase of Tractors, power tillers and stone crushers	200	200	200	110	465	224.24	300	200	200
Candidates sponsored for vocational study	73.36	-	-	100	18.27	81.66	-	-	-
Printing, admin. & advertisement expenses	6	10	24	-	25	25	25	25	25
Entrepreneurs	-	-	362	369	50	20	-	-	-
Sponsoring trips abroad	-	-	-	14	52.50	29.33	-	-	-
Other expenses	290.64	290	114	0	389.23	71.33	575	488	375
Total	800	800	1000	908	1000	451.56	900	513	600
B. <u>Capacity Building:</u>									
Common / Central Pool	200	502	179	300	55	-	-	-	-
Music Task Force	150	100	-	50	-	-	-	-	-
Capacity building of Departments	480	100	493	-	240	-	-	-	-
Capacity building of NGOs	358	-	41.80	30	200	17	-	-	-
Differently abled persons	-	32	8.48	-	-	-	-	-	-
Women Development Department	-	50	5	-	-	-	-	-	-
Training for Naga youths	-	135	100	225	-	138.44	-	-	-
Dance course & Dance Academy	-	-	99	-	-	3	-	-	-
Music Academy	-	-	-	80	-	-	-	-	-
Miscellaneous Expenses	12	50	73.72	103	505	-	-	-	-
Total	1200	969	1000	788	1000	158.44	-	-	-
Grand Total (A+B+C)	2000	2000	2000	1696	2000	610	900	513	600

Source: Department of Planning and Co-ordination Nagaland

Besides self-employment generation projects, the CMCF also funded programmes for capacity building and road shows. Since 2008-09, the Fund had been utilized under three heads. The details of the Fund are shown in Table 2.15. For capacity building, funds were allocated to different departments, NGOs, students and individuals for training, incentives and meeting expenses. In 2008-09, Rs.800 Lakhs were utilized under employment generation and Rs.1200 Lakhs for capacity building. The total amount remained the same at Rs.2000 Lakhs in 2009-10, 2010-11 and 2012-13. However, the amounts allocated were lesser in 2011-12 with Rs.1696 Lakhs, 2013-14 with Rs.610 Lakhs, 2014-15 with Rs.900 Lakhs, 2015-16 with Rs.513 Lakhs and 2016-17 with Rs.600 Lakhs. During 2008-09, 2009-10 and 2010-11, special initiatives were taken up to promote Year of Entrepreneurs. Therefore the total allocation under the Fund was higher in these three years. Since 2013-14, the Fund allocation decreased due to fund constraint and shift in priorities under the newly formed ministry.

It may be noted that according to the reports of the Department, some activities were mentioned in both self-employment programmes and capacity building initiatives. The reason was because there was no clear cut distinction between self-employment and capacity building programmes.

The number of beneficiaries for self-employment and capacity building from 2002-03 to 2016-17 is given in Table 2.16. It is evident from the table that from 2002-03 to 2007-08, the beneficiaries were all under self-employment and since 2008-09, the beneficiaries were grouped under self-employment and capacity building. The annual growth rate showed a fluctuating trend with an average growth of 23.27% during the fifteen years of study. The number of beneficiaries rose from 448 in 2002-03 to the maximum of 3535 in 2008-09 and then decreased to the minimum in 2014-15 with 131 beneficiaries. The CAGR was negative for both beneficiaries for self-employment and capacity building at 7.93% and 13.36%. The beneficiaries included individual entrepreneurs, students, SHGs, youth, women and villages. They were assisted for training in vocational trades, acquiring equipment and machineries and for setting up

enterprises in different trades. Some programmes were taken up by the Department for longer duration.

Table 2.16: CMCF number of beneficiaries for self-employment and capacity building from 2002-03 to 2016-17

Year	No. of beneficiaries		Total	Annual growth
	Self-employment	Capacity building		
2002-03	448	-	448	-
2003-04	899	-	899	100.67%
2004-05	735	-	735	-18.24%
2005-06	1070	-	1070	45.58%
2006-07	603	-	603	-43.64%
2007-08	1246	-	1246	106.63%
2008-09	593	2942	3535	183.71%
2009-10	860	269	1129	-68.06%
2010-11	293	926	1219	7.97%
2011-12	140	488	628	-48.48%
2012-13	140	488	628	0
2013-14	176	1436	1612	156.69%
2014-15	131	-	131	-91.87%
2015-16	187	-	187	42.75%
2016-17	141	-	141	-24.60%
Average				23.27%
CAGR	-7.93%	-13.36%	-7.93%	-

Source: Department of Planning and Co-ordination Nagaland

In 2004-05, 14 candidates were assisted to undergo training at Institute of Toy Making Technology at Kolkata. 33 candidates and 107 candidates were sponsored to undergo same training in 2005-06 and 2006-07 respectively. The Department established Lady Bug Toy Production Unit at Kohima in 2006-07 with employment capacity for 40 girls for production of soft toys with buy back arrangement with Shockley Hall Electronics Private Limited, Kolkata. The unit was expanded in 2007-08 with additional employment capacity for 30 girls. Besides, 18 girls were sponsored to undergo training during the same year. 129 girls were sponsored for Toy Making Training at ITMT, Kolkata in 2008-09.

Year of Entrepreneur:

With the declaration of 2010-11 as the Year of Entrepreneur by the State Government, the Planning and Co-ordination Department set the following objectives for entrepreneurship promotion:

1. Identification of potential areas for building/ development of entrepreneurs.
2. Retrospection and introspection revisit of policy issues on promotion of entrepreneurship in industrial policy, provision of incentive and subsidies for setting up private enterprises and preparation of road map.
3. Drawing up of calendar of activities.
4. Recognition of performing and outstanding entrepreneur in each sector.

Under the Year of Entrepreneur, the funds allocated for specific programmes are shown in Table 2.17. To promote entrepreneurship, the Department of Planning and Co-ordination had allocated and disbursed Rs.1000 Lakhs during the year to entrepreneurs individually and to groups of entrepreneurs. Through NGOs such as Entrepreneurs' Associates and YouthNet, the Department endeavored to reach out to more entrepreneurs at different levels.

Table 2.17: Allocation and achievement under Chief Minister's Corpus Fund for Year of Entrepreneur (Amount in Rs. Lakhs)

Sl. No.	Project/ Scheme	Amount allocated	Amount Cleared
1	Entrepreneur Associates for expansion of seed money of DREAM LOAN	150	150
2	Youth Net for supporting 20 emerging young entrepreneur who would in turn support 20 MBA students in the next 10 years	100	100
3	Nagaland Designers Association for setting show room in kohima C/O Rosou Rhi	20	20
4	Yekivi Chishi's SAP Business One, Training & Placement Programme for Naga Youth	15	15
5	Society for North East India Performing Arts, Dimapur, training of youth, Beauty & Spa, NE Agri Expo Complex	100	100
6	Zynorique Consultant for procurement of equipment for training Naga Youth	40	40

7	Textile Designing Industry of Naga motifs and manufacturing into readymade outfits by house of Designs	20	20
8	Infill Motors, C/O Shri. Phillip Imti	14	14
9	Feed Mills at Sovima, Kiphire, Ungma, Jalukie, Tuensang, Botsa @ Rs. 25.00 lakh per Unit	150	150
10	Purchase of Stone crushers for 11 Districts @ Rs. 15.00 lakh	165	165
11	For D/O Agriculture-purchase of machineries for post-harvest management	100	100
12	Millenium Hotel C/o Abu Metha	10	10
13	For purchase of 100 KVA Kirloskar Generator	10	10
14	India Japan Global Partnership	14	14
15	Year of Entrepreneur (1st Batch)	92	92
	Total	1000	1000

Source: Department of Planning and Co-ordination Nagaland

Ladybug Toy Production Unit at Kohima:

The Department has sponsored the establishment of Lady Bug Toy Production Unit at Kohima with employment capacity of 40 girls for production of soft toys with buy back arrangement with Shockley Hall Electronics Private Limited, Kolkata. The unit was expected to expand further. Out of 284 persons in different batches to undergo Toy Making Training at Institute of Toy making Technology, Kolkata sponsored by the Department of Industries and Commerce, eight trained persons have opened Ladybug Toy Production unit at Kohima with financial assistance under the CM's Corpus Fund. Since 2009, the unit was supervised and managed by the Department of Industries and Commerce. However, it was later handed over to the Department of Women Development in 2015.

INSTITUTIONS CONDUCTING ENTREPRENEURSHIP DEVELOPMENT PROGRAMMES

Capacity building is required for effective development of entrepreneurship in the country. Therefore, Entrepreneurship Development Programmes/ trainings are organized by a host of institutions. The objectives of Entrepreneurship Development Programmes (EDP) are to be achieved through a

well-designed training programme. The aspirants for entrepreneurial training are selected on the basis of certain psychological variables like need for achievement, ability to take calculated risk, self-confidence, problem solving nature, and leadership qualities. The selected candidates are imparted pre-training, training and post-training assistances. It was found that appropriate feedback was of immense help in planning and conducting EDP trainings. In this backdrop, the study analysed the rate of success of EDP trainings. Moreover, the study also generated information about factors which facilitate establishment and development of an enterprise. This will be of immense help to the training programme organizers and planners to take up improvement in their activities which is necessary for the effective entrepreneurship development.

At the national level, Entrepreneurship Development Programmes are being conducted by Institutes like National Institute for Entrepreneurship and Small Business Development (NIESBUD), National Institute for Micro, Small and Medium Enterprises (ni-msme) and Indian Institute of Entrepreneurship (IIE) under the administrative control of Ministry of MSME, their branches and the Entrepreneurship Development Centres (EDCs) set up by their Partner Institutions (PIs).

There are a number of organizations like North Eastern Industrial and Technical Consultancy Organization (NEITCO), and the North Eastern Industrial Consultants Ltd (NEICON) which have been actively involved in entrepreneurship development activities in the northeastern region. Their efforts are supported by the NEC in general and financial institutions like IDBI, SIDBI, NEDFi and various commercial banks in particular. Since early nineties, SIDBI along with NISIET, IIE, NECON, and NEITCO have been sponsoring Rural EDP (REDP) and Woman EDP (WEDP) in various parts of the North East. A wide spectrum of social groups ranging from the uneducated and underprivileged sections to qualified professionals have benefited from these programmes.

In Nagaland, policies and schemes of the State Government have facilitated entrepreneurial development. The State Industrial Policy (2000) aimed to bring rapid and sustained industrial development in the state and generate substantial income and employment avenues for the people of Nagaland. Developing entrepreneurial and other technical skills of the available human resources was one of the objectives. Weaving training-cum-production centres have been set up at Mokokchung and Dimapur, a cottage industry training-cum-production centre at Mon, and a cottage industries training centre at Aghunato. Mini Tool Room and Training Centre has also been set up in Industrial estate at Dimapur.

Some agencies/ institutes conducting entrepreneurship Development Programmmes taken for the study are:

NATIONAL INSTITUTE FOR MICRO, SMALL AND MEDIUM ENTERPRISES (NI-MSME)

Ni-msme, formerly known as National Institute of Small Industry Extension Training (NISIET), was set up in 1960 at New Delhi as a Department of Central Government under the Ministry of Commerce and Industry and was initially known as Central Industrial Extension Training Institute (CIETI). Subsequently, in 1962, it was shifted to Hyderabad and converted into an autonomous society. After enactment of the MSMED Act, 2006, the Institute was renamed as National Institute for Micro, Small and Medium Enterprises (ni-msme), w.e.f. 11th April 2007. The Institute has benefited the MSMEs through a variety of activities and thus helped in promoting self-employment and enterprise development. The Institute has constantly evolved in accordance with the changing times, modifying its focus with the emerging needs of MSMEs and providing solutions in the form of consultancy, training, research, and education. Ni-msme's programmes were designed to have universal relevance for successfully training the entrepreneurs to face challenges and emerging competition in the era of globalisation. The academic activities of the Institute

were organized through centres of excellence focusing on specific needs of the MSMEs. The specialised need-based programmes, workshops and seminars have enabled the enterprises and the supporting systems to deal effectively with aspects that directly or indirectly affect the success of enterprises.

Ni-msme undertakes training programmes, research and consultancy projects and other educational programmes. The total number of different programmes conducted from 2002-03 to 2015-16 along with number of participants is given in Table 2.18.

Table 2.18: Number of Programmes and Beneficiaries under Ni-msme from 2002-03 to 2015-16

Years	Training		Research and consultancy	Educational		Annual growth (programmes)	Annual growth (participants)
	No. of Programmes	No. of participants	No. of projects	No. of programmes	No. of participant		
2002-03	382	16592	23	33	809	-	-
2003-04	611	37434	33	32	619	59.95%	125.61%
2004-05	241	7948	20	39	834	-60.56%	-78.77%
2005-06	242	9014	23	37	626	0.41%	13.41%
2006-07	213	6852	21	21	383	-11.98%	-23.98%
2007-08	157	5312	47	11	276	-26.29%	-22.48%
2008-09	187	8799	68	23	79	19.11%	65.64%
2009-10	215	10702	76	14	863	14.97%	21.63%
2010-11	676	22242	91	-	-	214.42%	107.83%
2011-12	698	25079	74	-	-	3.25%	12.76%
2012-13	1406	47840	12	-	-	101.43%	90.76%
2013-14	1354	43287	10	-	-	-3.70%	-9.52%
2014-15	2162	72696	9	-	-	59.68%	67.94%
2015-16	1994	61,888	24			-7.77%	-14.87%
Total	10,538	3,75,685	531	210	4,489	-	-
CAGR	14.76%	11.59%	0.36%	-11.53%	0.93%	-	-

Source: Ni-msme Annual Report

Training programmes was the most significant activity under Ni-msme with maximum number of participants compared to other programmes. In 2002-03, there were 382 training programmes with 16,592 participants. It increased to

1,994 training programmes and 61,888 participants in 2015-16. However, the annual growth trend was a fluctuating one. During the period, the annual growth rate for number of training programmes increased during the years 2003-04, 2005-06, 2008-09 to 2012-13 and 2014-15. While the annual growth rate was negative during the years 2004-05, 2006-07, 2007-08, 2013-14 and 2015-16. The annual growth rate for number of participants to the trainings showed increase during the years 2003-04, 2005-06, 2008-09 to 2012-13 and 2014-15. There was decrease in annual growth during the years 2004-05, 2006-07, 2007-08, 2013-14 and 2015-16. The CAGR was 14.76% for number of training programmes and 11.59% for number of participants in the trainings. The total number of training programmes was 10538 and the total number of participants was 3,75,685 in the fourteen years of study. The number of projects under Research and consultancy had a CAGR of 0.36%. Reports for educational programmes were available from 2002-03 to 2009-10. The CAGR for the period was negative with 11.53% for number of educational programmes and 0.93% for number of participants.

Special activities of Ni-msme for the Northeastern region included establishment of a Branch Regional Centre at Guwahati in 1979 and consultancy studies undertaken on identification of projects for specific resource base in Northeastern Region (2003). The Ministry of MSME launched the 'Assistance to Training Institutions' during the last quarter of 2009-10 to ensure that young entrepreneurs were encouraged and equipped to take up new ventures. It has approved and allotted 1613 programmes against which 536 programmes were actually conducted through Partner Institutions covering 15,246 beneficiaries. 1063 programmes covering 31,890 beneficiaries were conducted by the institute itself. As against the total financial assistance involved of Rs.4070.52 Lakhs, the Ministry released assistance of Rs.2755.02 Lakhs as per the achievement report.

An analysis of trainings under ATI Scheme during 2014-15 showed that 1,32,632 trainees were trained with Andhra Pradesh accounting for the largest share (27.5%) in the total number of trainees. Uttar Pradesh and Assam came in second and third place with 8.6% and 7.8% respectively. Nagaland had 2085

trainees with a share of 1.57%. Andaman & Nicobar Islands, Chandigarh, Dadra & Nager Haveli, Daman & Diu and Jammu & Kashmir reported 'Nil' number of trainees.

Under the training programmes, a major achievement for the North-East Region was conducting EDPs for SC/ ST/ NER youth in 2014-15. Ni-msme organized EDPs in various trades for the benefit of SC/ST and the youth of the North-east. The primary objective of the EDPs was to empower youth by building their competencies so as to make them employable, or equip them with skills that would enable them to go for self-employment. The trades chosen were fashion designing, electrician course, beautician course, desktop publishing, computing skills, MS office, web designing and accounting skills. Among the activities during 2014-15, a one-week Refresher Programme on MSME sector for Assam State Industries Officials was held during 21st-25th July 2014. Ten officials participated from different District Industries Centres of Assam. A two-week Induction Training for 31 newly recruited Industrial Promotion Officers of the Government of Meghalaya was held during 24th November- 5th December 2014.

The MSME-DI, Dimapur is a branch of the MSME-DI, Imphal, which is a field office of MSME-Development Organization under the office of the Ministry of Micro, Small & Medium Enterprises, Government of India since 1986. The main objective for setting up these institutes was to provide consultancy services and support to Micro & Small Enterprises sector in the states of Manipur and Nagaland. The institutes conduct Entrepreneurship Development Programme, Skill Development Programme, and Management development programme on a regular basis for developing and sharpening the entrepreneurial, technical and managerial skills of the existing or prospective entrepreneurs.

The Dimapur Branch located at the Industrial Estate Dimapur was formerly known as Br.Sisi Dimapur. EDPs conducted by Dimapur branch is shown in Table 2.19.

Table 2.19: Entrepreneurship Development Programmes conducted by Dimapur Branch from 2012-13 to 2015-16

Venue	Duration	No. of candidates	Revenue (Rs.)	Expenditure (Rs.)
DIGITECH Institute, Dimapur	04/12/2012 to 14/12/2012	20	700	20,000
SAI COMPUTER, Dimapur	11/01/2013 to 22/01/2013	20	1000	20,000
Nagaland Candles, Dimapur	22/01/2013 to 01/02/2013	20	300	20,000
DELTA SERVICES, Dimapur	01/02/2013 to 12/02/2013	20	600	20,000
Dimapur	09/12/2013 to 31/12/2013	20	600	20,000
Dimapur	13/01/2014 to 27/01/2014	21	0	20,000
Fellowship colony, Dimapur	07/01/2016 to 19/01/2016	21	0	19,995
Br. MSME-DI, Dimapur	06/02/2016 to 17/02/2016	25	0	20,000
Alaphra Group, Dimapur	18/02/2016 to 29/02/2016	31	-	20,000
Sidhartha Professional Academy, Dimapur	18/01/2016 to 29/01/2016	20	150	18,360
Sidhartha Professional Academy, Dimapur	18/01/2016 to 30/01/2016	23	-	19,480
NTTC Dimapur	21/01/2016 to 04/02/2016	23		19,600
DIC Complex, Kohima	03/02/2016 to 16/02/2016	25		19,650
Patkai Christian College	17/02/2016 to 29/02/2016	24		19,740
Total		313	3,350	2,76,825

Source: Annual Reports of MSME-DI Imphal

It is clear from the table that during the period 2012-13 to 2016-17, the Dimapur Branch conducted 14 EDP trainings and trained 313 candidates. The duration of the trainings was two weeks (10 working days). The average number of trainees in the trainings was 22 candidates. Majority of the EDPs were located in Dimapur district. Some of the EDPs were able to generate revenue from the trainees.

Management Development Programmes (MDPs) were organized and conducted by the branch to impart training in management related topics for higher productivity and profitability of existing enterprises and development of new enterprise. Table 2.20 shows the different MDPs organized under Dimapur Branch. MDPs were organized for information technology & export management, financial management, marketing management, e-commerce,

project management, and human resource. During 2012 and 2013, the office conducted 9 MDP trainings with 190 trainees. These trainings were for a period of one week (5 working days). All the MDPs during the two years were conducted in Dimapur district only.

Table 2.20: Management Development Programmes conducted by Dimapur Branch during 2012 and 2013

Name of training	Venue	Duration	No. of candidates	Revenue (Rs.)	Expenditure (Rs.)
MDP on Information Technology & Export Management	Sidhartha Professional Academy, Dimapur	17/11/2012 to 22/11/2012	20	850	19,984
MDP on Financial Management	Sidhartha Professional Academy, Dimapur	20/11/2012 to 24/11/2012	25	850	19,997
MDP on Marketing Management	Sidhartha Professional Academy, Dimapur	26/11/2012 to 01/12/2012	20	200	19,982
MDP on IT & Export Management	Sidhartha Professional Academy, Dimapur	04/12/2012 to 08/12/2012	20	950	19,984
MDP on E-Commerce	Sidhartha Professional Academy, Dimapur	06/03/2013 to 11/03/2013	20	350	19,982
MDP on Financial Management	Dimapur	25/11/2013 to 30/11/2013	20	800	20,000
MDP on Project Management	Dimapur	9/09/2013 to 13/09/2013	25	1500	20,000
MDP on Financial Management	Dimapur	3/12/2013 to 7/12/2013	20	1100	20,000
MDP on Human Resource	Dimapur	26/12/2013 to 31/12/2013	20	400	20,000
Total			190	7000	1,79,929

Source: Annual Reports of MSME-DI Imphal

The Branch office had also organized and conducted industrial Motivation Campaigns to motivate people from different community and category to be self-employed and to promote entrepreneurship. During 2015-16, thirteen (13) IMCs were conducted as shown in Table 2.21. Twelve (12) IMCs were held in the district of Dimapur and one (1) IMC was held in Peren district. During the same year, 523 participants attended the Campaigns.

Table 2.21: Industrial Motivation Campaigns conducted by Dimapur Branch during 2015-16

Venue	Date	No. of Participants	Expenditure (Rs.)
Dimapur	18/12/2015	30	7995
Br.MSME, Dimapur	06/01/2016	35	8000
Br.MSME, Dimapur	20/01/2016	35	8000
Alaphra Group, Dimapur	21/01/2016	30	8000
Alaphra Group, Dimapur	04/02/2016	35	8000
Br.MSME, Dimapur	18/02/2016	30	8000
Jalukie town, Peren	22/01/2016	41	7995
Patkai Christian College, Dimapur	03/01/2016	48	8000
Sakus Mission College	04/02/2016	60	7840
Br.MSME, Dimapur	05/02/2016	35	7950
Dimapur Govt. College	12/02/2016	39	7800
Unity College, Dimapur	18/02/2016	70	7950
Kuda Village, Dimapur	12/03/2016	35	8000
Total		523	

Source: Annual Reports of MSME-DI Imphal

Besides, MSME-DI Dimapur offered Common facility Services which included job work and technical training programme. During 2015-16, 51 jobs were undertaken by MSME-DI Imphal and Dimapur. A one day State Level Vendor Development Programme (SLVDP) and exhibition of MSE products was conducted at Nagaland Pulp and Paper Company Limited, Tuli, Mokokchung. Under the economic investigation works, District Industrial Potential Survey Report was done for Phek District of Nagaland.

It is evident from the information provided in the tables that the maximum number of the programmes was held in Dimapur district only. The other districts in the state were not given much importance.

INDIAN INSTITUTE OF ENTREPRENEURSHIP (IIE):

The Indian Institute of Entrepreneurship (IIE), set up at Guwahati in 1993, regularly organised training programmes and undertook research and

consultancy services for the promotion of MSMEs and entrepreneurship. The North East Council (NEC), Governments of Assam, Arunachal Pradesh and Nagaland and SIDBI were its other stakeholders. The institute also has state offices in seven states - Nagaland, Sikkim, Arunachal Pradesh, Mizoram, Manipur, Tripura, and Meghalaya.

Since its establishment, the Institute has expanded its area of activities not only in terms of geographical coverage but also in terms of diversification into various related regions of the activities pertaining to socio-economic development. It has been transferred to Ministry of Skill Development and Entrepreneurship on 22nd May 2015.

Trainings:

The promotion of new entrepreneurs was a major focus of training activities organized by IIE. In order to promote new entrepreneurs, it organized Rural, General and Women EDPs. The number of trainings for promotion of new entrepreneurs was 61 in 2006-07 and it increased to 716 in 2011-12 as shown in Table 2.22. The institute organized a series of programmes for growth and development of existing entrepreneurs during 2006-07 to 2011-12. However, the number of GEE trainings slowly declined from 103 in 2006-07 to 10 in 2011-12. Under creation of environment for entrepreneurship, the institute has been organizing programme for unemployed youth and orientation for support officials. Creating Awareness and Orientation for College and University teachers in Entrepreneurship was one of the core areas of the Institute. 17 CEE programmes were conducted during 2006-07 and 53 CEE programmes were conducted in 2009-10. There is no separate data available on CEE training since 2010-11. The total number of training programmes increased from 225 in 2006-07 to 815 in 2011-12. The annual growth rate showed a fluctuating trend. The annual growth of total training programmes initially decreased by 4.89% in 2007-08. However, it then increased by 19.16% in 2008-09, 16.47% in 2009-10, 87.20% in 2010-11 and finally 46.58% in 2011-12. The CAGR for training programmes in total was 29.36%.

Table 2.22: Types and number of Programmes under IIE from 2006-07 to 2011-12

Types of Programmes	No. of Programmes						CAGR
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	
Promotion of new Entrepreneurs (PNE)	61	62	137	104	471	716	63.65%
Growth of existing Entrepreneurs (GEE)	103	71	31	27	20	10	-37.28%
Creation of environment for Entrepreneurship (CEE)	17	32	27	53	-	-	46.09%
Entrepreneurship Education (EE)	32	17	25	16	1	-	-57.96%
Information Technology (IT)	03	2	1	2	-	-	-12.64%
Seminar/ workshop (S/W)	09	29	34	15	6	-	-9.64%
Others(Exhibition)	-	01	-	80	58	89	207.15%
Total	225	214	255	297	556	815	29.36%
Annual Growth Rate	-	-4.89%	19.16%	16.47%	87.20%	46.58%	-

Source: Annual Reports, IIE

Creating Awareness and Orientation for College and University students on Entrepreneurship was another thrust area of the Institute. The Institute organized 3 Faculty Development Programmes during 2006-07 on Entrepreneurship for School, College and University Teachers where 65 teachers participated. During 2010-11, the Institute organized 6 awareness camps for College and Polytechnic students.

Table 2.23: Number of participants in different Programmes from 2006-07 to 2011-12

Types of Programmes	No. of participants						CAGR
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	
PNE	3102	1667	6231	2860	12639	20822	46.34%
GEE	3756	2732	1117	691	568	234	-42.60%
CEE	407	1445	2529	2330	-	-	78.89%
EE	1324	705	1514	1034	-	-	-7.91%
IT	66	44	25	24	-	-	-28.62%
S/W	456	1181	1523	903	-	-	25.58%
Others (Exhibition)	-	14	-	4182	3630	5528	345.77%
Total	9111	7788	12939	12024	16837	26584	23.88%
Annual Growth (%)	-	-14.52%	66.14%	-7.07%	40.03%	57.89%	-

Source: Annual Reports, IIE

The total number of participants increased from 9,111 in 2006-07 to 26,584 in 2011-12. The annual growth varied over the years with an increase in 2008-09, 2010-11 and 2011-12 by 66.14%, 40.03% and 57.89%. The annual growth decreased in 2007-08 and 2009-10 by 14.52% and 7.07%. The CAGR for total number of participants under various training programmes was 23.88%. The CAGR for number of participants under each programme is shown in detail in Table 2.23.

Table 2.24: Training Programmes and number of participants for different categories from 2012-13 to 2016-17

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17	Total	CAGR
Training programmes	1195	810	594	726	799	4124	-9.57%
Annual Growth (%)		-32.22%	-26.67%	22.22%	10.06%	-	-
No. of women trained	19474	4950	4356	5324	5856	39,960	-25.95%
SCs trained	3659	2700	2376	2904	3194	14,833	-3.34%
STs trained	7216	4500	3960	4840	5324	25,840	-7.32%
Minorities trained	333	495	436	532	586	2,382	15.18%
Differently abled trained	0	27	24	29	31	111	4.71%
Others trained	24951	8028	7065	8635	9499	58,178	-21.45%
Total trained	55,633	20,700	18,217	22,264	24,490	1,41,304	-18.55%
Annual Growth (%)		-62.79%	-11.99%	22.22%	10.00%	-	-

Source: Annual Reports, IIE

Table 2.24 shows the training programmes taken during 2012-13 to 2014-15 and the targeted number for 2015-16 and 2016-17. The number of training programmes conducted and the number of persons trained was the highest in 2012-13. Till 2014-15, there was a decreasing trend in both number of programmes conducted and number of participants. The annual growth decreased during 2013-14 and 2014-15 by 62.79% and 11.99% and then increased in 2015-16 and 2016-17 by 22.22% and 10%. While the CAGR was negative for training programmes conducted at 9.57%, number of women, SCs, STs and others trained at 25.95%, 3.34%, 7.32% and 21.45% respectively. The CAGR was positive for minorities trained and differently abled trained at 15.18% and 4.71% respectively.

IIE and Rural Industries Programme:

This programme was launched by SIDBI in November 1993 and initially implemented in three industrially backward districts of Andhra Pradesh. The first Rural Industries Programme (RIP) by IIE, Guwahati was launched in Nagaon District of Assam in 1996 with the objective to promote 100 units. IIE enrolled 254 potential beneficiaries out of which 89 rural enterprises were started in the district within a span of two years. This success of the institute boosted its morale to extend the RIP activities to Barpeta district of Assam, West Garo Hill district of Meghalaya and Imphal district of Manipur in 2002, Ribhoi district of Meghalaya in 2006, Dimapur district of Nagaland in 2007 and Champhai district of Mizoram in 2009 respectively. The objective of the programme is to develop viable and self-sustaining tiny and small enterprises in rural and semi-urban areas. The target group is local unemployed youth who have the necessary desire and attitude to launch a business unit.

While continuing with the RIPs in Meghalaya, Manipur and Assam, the Institute also started RIP at Dimapur in Nagaland with the help of SIDBI. Within a short span, i.e., by March 2008, 5 entrepreneurs have already started their enterprises under Dimapur RIP, 3 with financial assistance from Bank and 2 with their own sources of finance. By 31st December 2012 i.e., after five years of launching, 100 units were launched by Dimapur RIP, 90 with financial assistance from Bank and 10 with their own sources of finance as shown in table 2.25.

Table 2.25: RIP conducted by IIE as implementing agency as on 31st December 2011 and 31st December 2012

Sl.No	RIP	Year of launching	Units launched	Bank	Self	Remarks
1	Ribhoi, Meghalaya	2006	111	83	28	Completed on 31.12.2011
2	Dimapur, Nagaland	2007	100	90	10	Completed on 31.12.2012
3	Champhai, Mizoram	2009	75	57	18	Completed on 31.12.2012
	Total		286	230	56	

Source: Annual Reports, IIE

Under Ribhoi RIP, 111 units were launched in five years, 83 were financed by Bank and 28 were self-financed. The achievement of Champai RIP during the initial five years was 75 units, 57 units being Bank financed and 18 units being self-financed. Cluster Development Initiatives:

In the year 2006, IIE was assigned the role of a technical agency in assisting the development of a large number of clusters in the Eastern and North Eastern region of the country under the scheme called Scheme of Fund for Regeneration of Traditional Industries (SFURTI) by the Ministry of Micro, Small and Medium Enterprises, Government of India. As per the MoU with KVIC, IIE acts as a Technical Agency for 14 clusters in khadi, village industry and coir sector which are as under:

1. Cane and Bamboo Cluster, Jowai, Meghalaya
2. Khadi Cluster, Dimapur, Nagaland
3. Mon Bead Making Cluster, Nagaland
4. Wood Carpentry Cluster, Kairembikhok, Manipur
5. Rungchan Cane and Bamboo Cluster, Manipur
6. Mukalmua Silk Khadi Cluster, Assam
7. Barpeta Cane and Bamboo Cluster, Assam
8. Gauripur Cane and Bamboo Cluster, Assam
9. Sesawng Cane and Bamboo Cluster, Aizwal, Mizoram
10. Ziro Traditional Dress Making Cluster, Arunachal Pradesh
11. Bee keeping Cluster, Jourthang, Sikkim
12. Nalbari Coir Cluster, Nalbari, Assam
13. Indranagar Coir Cluster, Agartala, Tripura
14. Dhanchaberia Coir Cluster, West Bengal

As Technical Agency, the activities undertaken by IIE were:

- Diagnostic Study- IIE provided complete guidance and handholding support in carrying out 16 diagnostic studies besides assisting the Implementing Agencies and CDAs in preparing detailed Action Plans and validating the same through Cluster Development Coordination Group (CDCG) meeting.

As a result of these initiatives, the Implementing Agencies have successfully conducted diagnostic studies with several revisions and recasting of action plan was carried out with its active involvement at the initial stages as per the request of SFURTI, Directorate KVIC.

- **Training and Capacity Building-** IIE conducted a series of training/seminars/workshops covering various aspects of implementation of the programme. This included training for Nodal Agency officials, Implementing Agency officials and Cluster Development Executives (CDEs), and need based trainings for cluster artisans. In addition, IIE has also facilitated linkage with various professional and support institutions for planned capacity building activities for different clusters.
- **Product Development-** IIE assisted the Implementing Agencies in product development both through design development and technology infusion by providing linkages with designers, technologists and institutions.
- **Market Promotion-** For market promotion, IIE assisted the different clusters through initiatives like development of E-portal, conducting and facilitating buyer seller meet, facilitating exhibition participation, and providing linkages with marketing experts and retail houses. It has developed E-portal for Cane and Bamboo Cluster, Meghalaya and Mukalmua Silk Khadi Cluster, Assam as a part of these initiatives. Further, IIE organized buyer-seller meet in the form of Cluster Conclave in order to provide market linkage with established buyers.
- **Assisting in Establishment of Common Facility Centre (CFC)-** IIE provided help and guidance to the Implementing Agencies of the clusters in preparation of Techno Feasibility Report for the CFC and identified appropriate list of machineries and equipments for CFC.
- **Monitoring and Evaluation-** For smooth functioning of the planned activities, IIE has conducted monthly monitoring of the activities. Based on the findings of the monitoring, it reported the same to the Nodal Agency. In order to keep track of the performance of cluster activities, an Online Reporting System

was developed to get Real Time Information on the Performance of Clusters in terms of physical and financial achievements.

In keeping with the trend of the recent worldwide phenomenon of entrepreneurship development through area approach, IIE initiated cluster development efforts to develop the small and traditional industrial sector in the North Eastern Region. These initiatives in Nagaland were implemented under the Cane and Bamboo Cluster, Dimapur district. It has accomplished its focus on value added products, awareness creation on raw material treatment, process improvement through improved tools, development of market linkage through Central Cottage Industries Corporation, setting up of a crafts gallery, providing credit linkages to artisans and launching of a website amongst others during the year 2007-08.

Other Activities of IIE:

IIE signed an MOU with Oil India Ltd Duliagan on 2nd December 2013 to receive financial assistance for various activities for a period of five years as part of OIL's corporate responsibility. Activities completed under this collaboration are shown in table 2.26. IIE undertook three types of programmes targeting different groups. Out of a total target of 1530 participants, the actual achievement was 1524 (99.61%).

Table 2.26: Different Programmes conducted by IIE for OIL in the year 2014

Sl. No.	Type of Programme	No. of programmes	Place	No. of participants		Achievement
				Target	Actual	
1	EAP for college students	10 (2 days each)	Dibrugarh, Tengakhat, Chabua, Tinsukia	1000	1010	101.00%
2	EAC for school students	5 (2 days each)	Dibrugarh	500	501	100.20%
3	EOP for college students	1 (5 days)	IIE Guwahati	30	13	43.33%
	Total	16		1530	1524	99.61%

Source: Annual Reports, IIE

Note: i) EAP- Entrepreneurship Awareness Programme
 ii) EAC-Entrepreneurship Awareness Camp
 iii) EOP- Entrepreneurship Orientation Programme

Further, as a national institute for training, IIE had slowly intensified its endeavor to serve the people of various underdeveloped regions of the country. Towards this initiative, IIE increased its reach to 16 states of India- eight states from the North Eastern Region and eight states from the Northern region of India. During 2011-12, out of 815 programmes, IIE conducted 482 (59.14%) programmes across the eight states of NER and the rest 333 programmes (40.86%) in the other eight non-NER states with 58.5% participants in the eight states of NER and 41.5% in the non-NER states respectively.

IIE Dimapur, Nagaland

IIE initially began as a Resource Centre in Dimapur in 2006 for implementing MSME cluster and project office for RIP. Later, the Industries & Commerce Department, Government of Nagaland signed an MoU with IIE for leasing a plot of land earmarked for the branch office of IIE. The Institute had started its operation from the office for various activities from 2010-11.

It conducted a series of programmes under Turnkey Entrepreneurship Development Programme for the State of Nagaland. Many first generation entrepreneurs who were facing various problems in managing and running their units were given training to overcome their problems and to develop their management skill. IIE organized a three days orientation course for them. This was the first programme of its kind in Nagaland. The main objective of the programme was to make the entrepreneurs familiar with the various managerial and practical aspects in establishing and running their enterprises successfully. The orientation course was organized from 2nd to 4th December 2004 at Dimapur. A total of 19 existing entrepreneurs from 7 districts of Nagaland participated in the course. The course was designed to analyse and deliberate the practical problems and their implications/ challenges faced by entrepreneurs. Besides IIE faculties, resource persons from various promotional organisations and successful entrepreneurs also shared their experiences and exposure with the participants.

With the declaration of 2010-11 as ‘Year of Entrepreneurs’ by the state Government, the IIE State Office conducted 11 Entrepreneurship Awareness Programmes (EAP) in all the 11 districts of Nagaland besides selecting 1000 Entrepreneurs for undergoing two weeks EDP at IIE Guwahati. The institute also organized 10 EAP & 10 EDP trainings sponsored by KVIC. Other than this, Farmers Awareness Programme was also organized in the same year. Moreover, the state office undertook cluster development initiative, organised training programme on handloom, conducted skill intervention training programme and trained 100 beneficiaries on Handloom and Weaving Sector. The institute also helped to form four SHGs.

The Institute hosted need-based seminars and workshops on regular basis at regional and national level. An Entrepreneurship Awareness Camp was held at Public College of Commerce, Dimapur from 13th to 15th June 2017 (i.e., for three days) by IIE. The programme was graced by resource persons from MSME, KVIC, SIDBI and Public College of Commerce. Topics during the camp included “Eradication of Dependency syndrome- Goal setting & Decision Making” and “self-employment and PMEGP Scheme”.

NAGALAND MINI TOOL ROOM AND TRAINING CENTRE

The Nagaland Mini Tool Room and Training Centre is an autonomous registered society under the Government of Nagaland besides being a centrally sponsored project commissioned on 9th August 2006. The Centre was set up at the Industrial Estate, Dimapur. The main objectives of the Centre are:

- i) Development of youth
- ii) Development of qualified and skilled manpower
- iii) Development of small enterprises
- iv) Creation of self-employment opportunity
- v) Inculcation of spirit of competitiveness, and
- vi) Providing common facilities to industries.

Training Programmes:

Short-term Training Programmes on Computer Aided Design & Manufacturing Software CAD/CAM were conducted in November 2006 and February 2007 with the help of nine technical persons who have undergone specialized training at Central Tool Room & Training Centre, Kolkata. Long-term training course of 4 years with 32 persons (intake capacity of 30) for Diploma in Tool & Die Making (DTDM) had commenced from July 2007.

Table 2.27: Status of Diploma students (Long-term Training course) from 2007 to 2016

Batch/ Year	Enrollment			Achievement		Feb. 2017	Annual Growth
	Total	Boys	Girls	No. of pass out	No. of drop out	Present strength	
1 st Batch (2007)	35	32	3	18	17		-
2 nd Batch (2008)	35	33	2	30	5		66.67%
3 rd Batch (2009)	32	30	2	22	10		-26.67%
4 th Batch (2010)	34	31	3	21	13		-4.55%
5 th Batch (2011)	59	56	3	21	38		0
6 th Batch (2012)	60	58	2	31	29		47.62%
7 th batch (2013)	50	50	0	-	27	23	-25.81%
8 th batch (2014)	52	52	0	-	29	23	0
9 th Batch (2015)	60	57	0	-	34	26	13.04%
10 th Batch (2016)	48	46	2	-	17	31	19.23%
Total	465	445	17	143	219	103	-

Source: Annual Administrative Reports, DIC

Table 2.27 indicates the details of the Long-term Training Programmes. 35 students were enrolled for the first batch in 2007 and passed out in 2011. Out of 35 students enrolled in the second batch, 30 students graduated in 2012. In the third batch, 22 students were declared passed on 12th July 2013. Among the 22, 12 students have joined high profile companies in Pune, Maharashtra and Delhi, 7 of them are pursuing higher studies and 3 of them have opted to face competitive exams. As of February 2017, a total of 465 students have been enrolled at the centre. Out of 465, 143 students passed out, 219 dropped out and 103 are still on training. The annual growth trend of successful students from

2007 to 2016 shows a fluctuating one. The intake capacity was upgraded to 60 students from 2011-12.

The training and production wings are equipped with comprehensive range of state-of-the-art machines including CAD/CAM, CNC Lathe, CNC Milling, CNC EDM, CNC WEDM, Jig Grinding, Injection Moulding Machine and Heat Treatment. The Centre functions with eighteen employees out of whom five were regular faculties including Assistant Manager, seven were trainers/instructors, and six were technicians. Besides, guest faculties were employed whenever needed.

Performance and Achievement of NTTC

1. *Revenue generation*- NTTC has tied up with concerned innovators and the project works undertaken include Electric Load Controller, Bamboo Sheet Making Press Machine, Portable Slitting Saw for Stone Block Making, and Stone Chipping Grader. The Centre also has a Steel Fabrication unit which generated revenue besides providing welding training. The trainees were retained and paid on daily wage basis. The revenue generation through such activities is given in Table 2.28.

Table 2.28: Target and Achievement of revenue generation from 2006-07 to 2014-15
(Rs. in Lakhs)

Year	Target	Achieved	Improvement over Target	Percentage of improvement	Annual Growth for Achievement
2006-07	0.28	0.28	0	0	-
2007-08	3.00	3.88	0.88	29.33%	1285.71%
2008-09	7.89	7.50	-0.39	-4.94%	93.30%
2009-10	14.59	18.96	4.37	29.95%	152.80%
2010-11	21.00	22.66	1.66	7.90%	19.51%
2011-12	30.50	31.00	0.50	1.64%	36.80%
2012-13	33.00	34.50	1.50	4.55%	11.29%
2013-14	35.00	38.00	3.00	8.57%	10.14%
2014-15	60.00	80.85	20.85	34.75%	112.76%
CAGR	95.60%	103.03%			

Source: Annual Administrative Reports, DIC

The target for revenue generation increased continuously from Rs.0.28 Lakhs in 2006-07 to Rs.60 Lakhs in 2014-15. The achievements of the targets also indicated an increase from Rs.0.28 Lakhs in 2006-07 to Rs.80.85 Lakhs in 2014-15. Except for the year 2008-09, there was an increase in achievements over targets. The annual growth for achievement indicated an increasing trend. The CAGR for target and achievement were 95.60% and 103.03% respectively. The positive growth in achievement has enabled the Centre to be self-financed in recent years.

2. *Number of organizations assisted-* Services on repair works and machining works were undertaken by the Centre. The Centre provided whatever technical support it can to the jobs brought to it and built relation and satisfaction on the services performed.

Table 2.29: Number of jobs undertaken, units and entrepreneurs benefited from 2007-08 to 2016-17

Year	No. of jobs undertaken	Annual Growth (%)	No. of units benefited	Annual Growth (%)	No. of entrepreneurs benefited	Annual Growth (%)
2007-08	6	-	6	-	4	-
2008-09	15	150%	10	67%	6	50 %
2009-10	30	100%	24	140%	20	233%
2010-11	32	7%	26	8 %	25	25 %
2011-12	35	9%	18	-31%	15	-40 %
2012-13	38	9%	20	11 %	17	13 %
2013-14	39	3%	25	25 %	19	12%
2014-15	35	-10%	26	4 %	21	11%
2015-16	30	-14 %	24	-8%	21	0
2016-17	65	117%	40	67%	30	43%
Total	325	-	219	-	178	-

Source: Annual Administrative Reports, DIC

Beginning with 6 jobs undertaken in 2007-08, the number of jobs undertaken slowly increased to 65 in 2016-17 as evident from Table 2.29. Except for 2014-15 and 2015-16, the annual growth showed an increasing trend with CAGR of 30.31%. The number of units benefited increased from 6 in 2007-08 to 40 in 2016-17. The number of entrepreneurs assisted has also increased

from 4 to 30 during the ten years period. The annual growth was positive for eight years except during 2011-12 when the growth was negative. During 2015-16, it remained constant.

3. *Number of trainees* - NTTC imparted training on Diploma in Tool & Die Making, DoNER sponsorship courses, MES courses, Entrepreneurship Skill Development Programme Courses, and other sponsorship courses with 90% placement to the pass out students in various manufacturing companies in and outside the state. It also conducted 6 weeks ESDP courses on conventional Lathe, Milling, CAD/CAM, CNC Milling and Carpentry.

Table 2.30: Number of Trainees under NTTC from 2008-09 to 2016-17

Year	Long-term trainees	Annual Growth	Short-term trainees	Annual Growth
2008-09	69	-	40	-
2009-10	83	20.29%	50	25.00%
2010-11	112	34.94%	44	-12.00%
2011-12	142	26.79%	71	61.36%
2012-13	123	-13.38%	337	374.65%
2013-14	118	-4.07%	411	21.96%
2014-15	130	10.17%	821	99.76%
2015-16	129	-0.77%	295	-64.07%
2016-17	103	-20.26%	547	85.42%
Total	1009	-	2616	-
CAGR	5.14%	-	38.67%	-
Average	-	6.73%	-	74.01%

Source: Annual Administrative Reports, DIC

Other Activities

Besides the regular short-term training and long-term training courses conducted at NTTC, the Centre also undertakes other short-term certificate courses sponsored by various Departments under the State Government. Departments which have collaborated with NTTC include Power Department, Soil Conservation, and Public Works Department. Moreover, it trained final year students from Kheloshe Polytechnic Atoizu for Advanced Mechanical Course.

With the announcement of MSME's scheme of "Support for Entrepreneurial and Managerial Development of SMEs through incubators", to provide early stage funding for nurturing innovative business ideas to commercialize in a year, NTTC has strived hard to explore the possibility of developing few innovative ideas from among local youth, encouraged and motivated some innovators to take up and develop innovative ideas for rural upliftment and socio-economic development of the society. The Office of the Development Commissioner, Ministry of MSME, Govt. of India conveyed its approval to the Centre as a Business incubator during 2010-11.

NTTC has assisted 44 trainees for placement under various companies during 2012-13. Out of 220 trainees successfully trained under capacity building and Technical Assistance sponsored by Ministry of DoNER, GoI during 2013-14, 166 students have been assisted placement within and outside the state.

During 2014-15, the Indian Institute of Entrepreneurship (IIE), Dimapur, in collaboration with NTTC, Dimapur conducted ESDP sponsored by the Ministry of MSME, GoI for 150 youths at NTTC, Dimapur. 75 youths had enrolled for Skill Development Programme (SDP) on Welding, fabrication, NIG & Gas Welding and Sheet Metal Fabrication sponsored by NEDFi and conducted from 18th November 2014 to 17th December 2014 at NTTC, Dimapur. 422 youths have undergone training on Modular Employable Skills (MES) course under Skill Development Initiative (SDI) Scheme sponsored by Ministry of Labour and Employment, Govt. of India at NTTC, Dimapur. 136 trainees were assisted for placement by NTTC, Dimapur.

In commemoration of its 10th Anniversary, Scholarship Training of 3 months free residential training on Machinist course was offered to 38 unemployed youths from 1st September to 30th November 2016. On completion of the training, 25 trainees were placed in different manufacturing industries in Pune, Maharashtra and 5 trainees were placed in Fabrication units in Dimapur. NTTC had successfully conducted five courses of job-oriented skill development where 200 educated unemployed youths have been trained during 2016-17. It

has provided job placement assistance to 162 pass outs in various companies in Pune, Bangalore, Ahmedabad, and Hyderabad as well as within Nagaland.

NTTC also got approval to conduct three vocational Diploma courses of 1000 hours each under AICTE's Community College programme. The curriculum is as per National Skill Qualification Framework, viz., Automobile, Manufacturing and Electrical Equipment Maintenance. A total of 100 students were enrolled under Manufacturing (50 students) and Automobile (50 students) during 2016-17.

NTTC has successfully registered as training provider. The Centre was also empaneled as Project Institute for National Entrepreneurship Resource and Co-ordination Hub under Pradhan Mantri YUVA Yojana during 2016-17.

The analysis of the study indicated a fluctuating trend for almost all the programmes conducted by the different institute/ organization taken for the present research. It was observed that most of the programmes were not successfully implemented. Data from Government sources were limited since most of the departments only maintained records of targets and failed to maintain achievement status or assess the success of the plans and targets. It was found that lack of personnel and other resources affected the assessment of achievements. Moreover, in Government offices, change/ transfer of personnel in charge of particular activity resulted in unsystematic and irregular records in the data available.

CHAPTER- III

ROLE OF PRIVATE AGENCIES/ ORGANIZATIONS

INTRODUCTION

According to the development strategy adopted by the country, the public sector was given direct responsibility for infrastructure investment and the development of heavy industry. However, it was also expected that the private sector would develop and expand its activities in a large area of economic activity functioning in harmony with the overall aims and policies of economic planning. In fact, the private sector was given an important place in the mixed economy of India. The activities of the private sector were seen to be essentially complementary to a rapidly growing public sector. Anticipating a growing trend towards concentration of economic power in the private sector and to counter this trend, the planners provided larger opportunities for new entrants for medium and small-sized units and also for extensive use of controls and regulations and appropriate fiscal measures.

The Government has initiated a great deal of schemes to support growth of enterprises to improve the economy. In addition to these efforts, a major role was also played by private organizations to form enterprise and to enhance enterprise performance. Enterprise performance refers to how the enterprise involved in some sort of business is performing either financially or in non-monetary aspects. There are many factors which help in improving the performance of these enterprises. One of the key dimensions under consideration is that of entrepreneurship knowledge. Entrepreneurship knowledge refers to the knowledge of the entrepreneurs who have started their own enterprises. These entrepreneurs must know the various aspects of entrepreneurship development programs which influence their success rate. They need to enhance their skills in a constructive manner so that they may gain edge over the others in the business. Entrepreneurship knowledge is what helps the entrepreneurs in gaining this

important awareness about the various dimensions of entrepreneurship development.

In Nagaland, in order to give opportunities to promote enterprises, some organizations have been providing institutional support to aspiring entrepreneurs. They are concerned with imparting various set of skills to entrepreneurs so that they can manage their enterprises with proper setup. Entrepreneurship has gained importance as a major substitute for the huge unemployment problem faced by the society. In fact, a majority of these enterprises have been started to cope with this aspect. Hence, it becomes necessary for the entrepreneurs to receive quality training in entrepreneurship and financial aid in order to successfully manage their enterprises.

Until a few decades ago, the educated Naga youth were reluctant and even embarrassed to set up business or open a shop since employment was once considered synonymous with an office job or to be employed by another. The concept of starting an enterprise for self-employment was not prevalent. However, this attitude has seen transformation in the recent years with many young educated youth opting to take up entrepreneurship. The educated unemployed youth have become conscious that job opportunity in public sectors has reached a saturation point in Nagaland. Thus, the only alternative was entrepreneurship development among the Nagas, who have been depending on other communities for almost all forms of business and trade. Many organizations and agencies have been started by educated Nagas to change this state of affairs. Private organizations have also come forward to help young entrepreneurs by imparting training and extending credit.

There are many registered NGOs too working towards promotion of self-employment and providing livelihood to different groups in the society. The statistics of registered Co-operative Societies in Nagaland was 6,797 in 2013³² which has increased to 7,007 as on 31st July, 2016³³. According to the Societies

³² Directorate of Economics and Statistics, *Statistical Handbook of Nagaland*, (2013), pp.103-106.

³³ Nagaland Civil Secretariat Record.

Registration Act 1860, societies include Charitable Societies, the military orphan funds or societies established at the several presidencies of India, societies established for the promotion of science, literature or the fine arts, for instruction, the diffusion of useful knowledge, the foundation or maintenance of libraries or reading rooms for general use among the members or open to public, or public museums and galleries of paintings and other work of art, collections of natural history, mechanical and philosophical inventions, instruments or designs³⁴. With more than seven thousand NGOs registered in the state, the study had selected only those working exclusively for promotion of entrepreneurship in the state.

In this chapter, an attempt was made to study about the role of private or Non-governmental agencies that provide assistance to potential entrepreneurs in Nagaland with special reference to Kohima and Dimapur districts. Taking the aforementioned factors into consideration, three NGOs have been selected for the present study.

LEADING NGOS/ AGENCIES WORKING TOWARDS ENTREPRENEURIAL DEVELOPMENT

There are a few Non-Governmental Organizations and Agencies in the state that have taken the entrepreneurship status forward. These organizations are private initiatives functioning for development of entrepreneurs, and at times, in collaboration with the government or other leading organizations. They are not just associations of entrepreneurs but also provide self-employment opportunities to potential entrepreneurs and others. The following NGOs were taken for the case study:

- a) Entrepreneurs' Associates
- b) YouthNet
- c) Entrepreneur Development Agency

³⁴ The Societies Registration Act, 1860 (21 of 1860) with State Amendments, Universal Law Publishing Co. Pvt. Ltd., New Delhi, India, Pp.39&40.

ENTREPRENEURS' ASSOCIATES

Historical Background:

Neichute Doulo, along with sixteen of his friends, founded an NGO called Entrepreneurs' Associates (EA). With a support of 650 people in the community, who were enrolled as members, the EA launched a micro-credit system in the year 2000 (HDR 2004). The EA has evolved a simple but practical mechanism. Initially, members of the public were invited to invest a minimum sum of Rs.1000 to the EA corpus for at least one year at interest rate of 8 percent per annum. With this money, the EA advanced loans to those who wish to set up their businesses at different interest rates depending on the time period. Meticulous interviews and study of the business potential in the area were conducted by EA. Selected candidates were given training in running their business. Besides these, there were other forms of support to the potential entrepreneurs. EA Core Members contributed one day's wage every month while other members contributed annual membership fee for EA office and other expenses. This mentoring strategy and support group involved the local public, the church, the village council, and other traditional social institutions (all forms of institutions which have moral sanction behind them and are recognized by society) such as Gaonburas and Dobashis³⁵.

Objectives:

The Entrepreneurs' Associates was launched as a micro-credit system with the express purpose of helping unemployed youth to establish their own business. EA intended to be actively involved in building a supportive environment to enhance the success of the youth and help tribal communities see the benefit of business entrepreneurs. In developing a new generation of business entrepreneurs with a social conscience, the Association created employment and income-generating opportunities, thereby rebuilding the local economy and discouraging young people from participating in violence and rebellion.

³⁵ Village elders/ native leaders who are vested with a great deal of authority.

Organizational Structure:

Entrepreneurs Associate is still evolving as a social enterprise. It was originally started as an NGO, and then transformed into a co-operative society, with the final goal of becoming a bank. Although the organization was started in 2000, the office and the projects were streamlined only a few years ago i.e., in 2012. Therefore, there was no proper organizational structure during the study period. The sixteen core members are regarded as the founders of EA. However, all the members are not fully active in the day-to-day activities of the Organization. There are six active core members. The Governing Board holds office for a term of three years and has eight members with one Chairman. All policy matters are decided and passed from the Governing Board. The Board meets once in every three months.

The Management Team which has six members looked after the overall management activities of the organization. The members were made up of the heads of each project/ department such as Programme Manager, Finance Manager, Accounts Manager, Head of Human Resource, and Project Co-ordinators.

The daily routine of the office was undertaken by around thirty employees. Some were employed on a regular basis while others were employed for particular projects only. There were different sections like finance, accounts, human resource, and various projects. For instance, field level projects were headed by the project Co-ordinator with other members such as project assistant/ field executives. The field executives directly reported to the Project Co-ordinator. There was one team leader each in Manipur, Dimapur and Mokokchung. The organization also worked in Longleng and Tuensang through a non-physical office.

Major dimensions of Activities:

Employment Generation: Over the years, EA helped many first generation entrepreneurs to set up their own business establishments— beauty parlors, hair-cutting saloons, tea stalls, grocery shops, carpentry and readymade garment

shops in different districts of the state. The number of employment generated in different enterprises is given in Table 3.1. The total number of employment generated through EA till October 2016 was 12,985. Kohima had the highest figure at 6,212 with 1573 being self-employed, 1005 coming under Micro Enterprises, 1780 under Medium Enterprises and 1854 under Big Enterprises. It accounted for almost half of the total employment generated in the state through their support. Phek and Mokokchung occupied the second and third place with 2,557 and 2,279 employment generated through financial support. Dimapur stood at fourth place with a total of 1,123 employments generated through self-employment, Micro Enterprises, Medium Enterprises and Big Enterprises.

Table 3.1: Number of employment generated through financial support

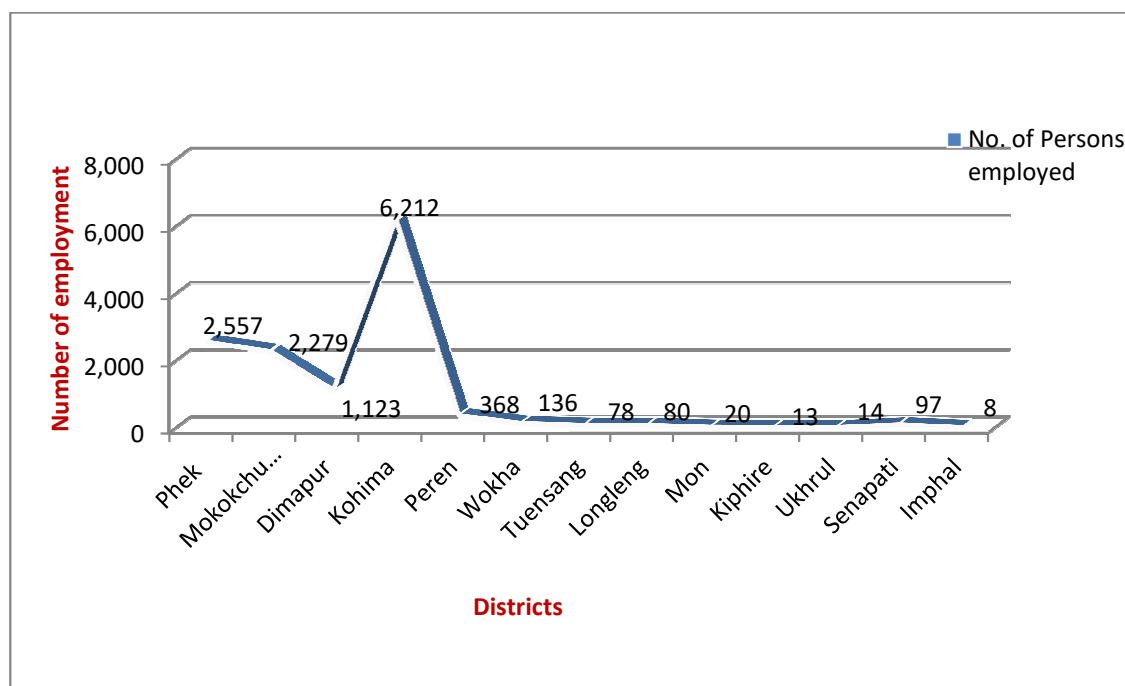
District Name	State	Self-Employed (1-2 persons)	Micro Enterprises (3-5 Persons)	Medium Enterprises (6-15 persons)	Big Enterprises (16+)	Total
Phek	Nagaland	580	420	789	768	2,557
Mokokchung	Nagaland	574	354	665	686	2,279
Dimapur	Nagaland	277	180	332	334	1,123
Kohima	Nagaland	1573	1005	1780	1854	6,212
Peren	Nagaland	92	58	110	108	368
Wokha	Nagaland	33	22	39	42	136
Tuensang	Nagaland	18	11	23	26	78
Longleng	Nagaland	21	10	25	24	80
Mon	Nagaland	5	6	9	0	20
Kiphire	Nagaland	4	3	6	0	13
Ukhrul	Manipur	4	3	7	0	14
Senapati	Manipur	23	13	28	33	97
Imphal	Manipur	5	3	0	0	8
Total		3209	2091	3813	3875	12985

Source: EA Report

Figure 3.1 shows the number of financial support and total employment generated by EA during the study period. EA helped entrepreneurs in different districts of Nagaland and Manipur. The number of employment generated was

highest in Kohima (6212), followed by Phek (2557), Mokokchung (2279) and Dimapur (1123).

Fig. 3.1: Total number of employment generated by EA through financial support



Types of Training: Table 3.2 shows the total number of persons trained by EA from 2003 till October 2016. Intensive training was provided under three different categories- Basic Entrepreneurial Skills Training (BEST), Business Growth Training (BGT) and Affirmative Customer Experience (ACE).

Table 3.2: Number and types of Training under EA from 2003 to 2016

State	Intensive Training			Workshops/ Motivation trainings	
	BEST	BGT	ACE	Youth	Farmers
Nagaland	617	180	30	20,000	12,000
Manipur	Nil	38	20	800	300
Total	617	218	50	20,800	12,300

Source: EA Report

617 trainees were trained under BEST, while 218 and 50 were trained under BGT and ACE respectively. In many cases, financial support was given to start/ upgrade their enterprises. Continuous mentoring was also provided to all the trainees. Besides, Workshops and Motivation trainings were also given to

Youth and Farmers too. EA has given trainings since 2003; and from 2007 it had started giving trainings on a regular basis.

There were different organizations providing grants to EA for undertaking various projects. Since 2014, the trainings were given under the name ‘Wave’. These trainings were usually for 45 days. The Directorate of Underdeveloped Areas (DUDA), Government of Nagaland, had sponsored Wave 1 and Wave 2 while Sir Ratan Tata Trust Mumbai (SRTT) had provided financial support for Entrepreneurial Skill Development and promotion of micro enterprises under Wave 3 to Wave 7. DUDA has provided funds to train 50 entrepreneurs in two batches but most of the trainees dropped out from the programme mid-way. It was found that since the training was free, they took the training for granted and were not determined to make use of the opportunity. Most of the selected trainees did not show up even once while some failed to show up after one day. The details of the trainings under wave 1 to 7 are given in Table 3.3.

Table 3.3: Sponsored Trainings from different sources for the period 2014-16

Name of training	Year	Place of training	No. of trainees	Funded by	Trend (in %)
Wave 1	2014	Kohima	7	DUDA	-
Wave 2	2014	Kohima	11	SRTT	(+)57
Wave 3	2015	Mokokchung	14	-do-	(+)21
Wave 4	2015	Pfutsiro	25	-do-	(+)79
Wave 5	2016	Kohima	11	-do-	(-)56
Wave 6	2016	Kohima	21	-do-	(+)91
Wave 7	2016	Kohima	15	-do-	(-)33
Total			104		

Source: EA Report

The sponsored trainings were taken in different districts of the State as shown in Table 3.3. Wave 1 and 2 were done in 2014 in Kohima with 7 and 11 trainees each. Wave 3 was in Mokokchung with 14 trainees. Wave 4 had the maximum with 25 trainees at Pfutsiro. Wave 5 had 11 trainees in Kohima. In 2016, Wave 6 and 7 were conducted at Kohima. Wave 6 was conducted with 21

trainees and Wave 7 with 15 trainees. The number of trainees shows a fluctuating trend i.e., it increased by 57%, 21% and 79% till Wave 4, then it decreased by 56% in Wave 5, but increased again in Wave 6 by 91% and finally decreased in Wave 7 by 33%. A total of 104 trainees were trained under Basic Entrepreneurial Skills Training (BEST) under Wave trainings. These trainings gave basic entrepreneurial skill training on soft skills (communication, listening, attitude, time management), hard skills (spot analysis, business proposal writings, financial awareness) and practical skills (field surveys, case study, selling assignment, classroom presentation).

EA also gave loans through Non-Banking Financial Companies (NBFCs) and through credit linkage schemes with banks. Till date, EA had supported 9,495 entrepreneurs financially in different districts of Nagaland and Manipur as shown in table 3.4. Kohima district had the highest number of support with 4,500 while Dimapur had 780.

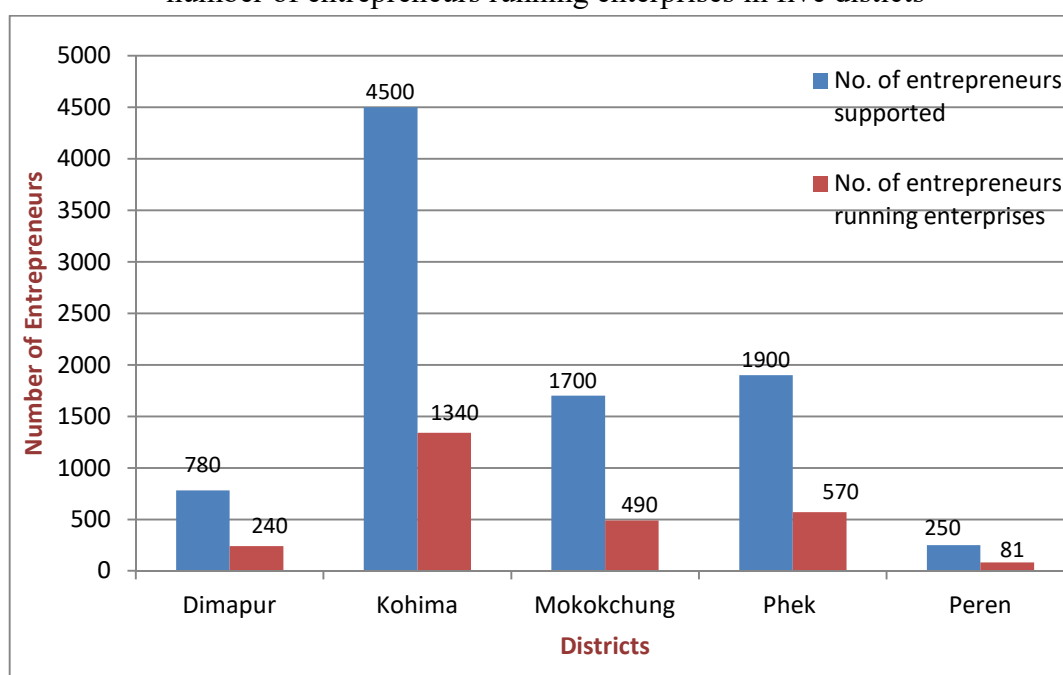
Table 3.4: Number of Entrepreneurs supported by EA till 2016

District Name	State	No. of Entrepreneurs Supported	No. of entrepreneurs running Micro enterprises	% of Successful Entrepreneurs
Phek	Nagaland	1900	570	30.00
Mokokchung	Nagaland	1700	490	28.82
Dimapur	Nagaland	780	240	30.77
Kohima	Nagaland	4500	1340	29.78
Peren	Nagaland	250	81	32.40
Wokha	Nagaland	100	32	32.00
Tuensang	Nagaland	66	20	30.30
Longleng	Nagaland	64	17	26.56
Mon	Nagaland	20	7	35.00
Kiphire	Nagaland	15	4	26.67
Ukhrul	Manipur	10	4	40.00
Senapati	Manipur	80	23	28.75
Imphal	Manipur	10	3	30.00
Total		9495	2831	29.16

Source: EA Report

Success Rate of the Trainings: Out of 9,495 entrepreneurs who received financial support, 2831 entrepreneurs were successful in setting up their enterprises. a comparison of the success rate from the top five districts is shown in figure 2.3. Kohima district had 29.78 % of entrepreneurs who were able to set up their enterprises while Dimapur had a success rate of 30.77%. The overall percentage of success stood at 29.16 % (Table 3.4). Therefore, the performance/ rate of success for both Kohima and Dimapur districts were slightly above the average. The low success rate clearly indicated that most of the trainees did not set up enterprises. This was because of funds constraint or lack of other infrastructure facilities to set up their business.

Fig. 3.2: Comparison between total number of entrepreneurs supported by EA and number of entrepreneurs running enterprises in five districts



Before 2012, it was found that around 50% of the trainees under EA have started their own enterprises. However, recently the start-up rate is much higher. The mixture of trainees for each group/ batch (with regard to education, age, sex, employed/ unemployed) was a challenge in adapting the training module. Course topics were taught differently for each batch.

Follow-up of the Training: At present, EA is able to follow-up the activities of the trainees through social media by creating groups. In August 2016, a 30 days

service centric training was provided under Affirmative Customer Experience (ACE) to 22 sales executives out of which 7 of them have been provided placements in Kohima and Dimapur. Trainee batches have been sent to Night Carnival in 2016. As part of the practical learning, selling assignments are also given to the trainees to enhance selling skills- learn and earn at the same time.

Projects: Different Agencies have sponsored various training programmes such as entrepreneurship training, rug weaving, livelihood and orchard development, entrepreneurship skill training, mithun rearing and conservation and Start-Up Village Entrepreneurship Program. Starting from Nagaland University project for entrepreneurship training in 2007, many projects have been taken. Table 3.5 shows all the grants and projects of EA along with the details.

Table 3.5: Project details under EA

Sl. No.	Agency	Particulars	Year & Remarks
1	Nagaland University	Entrepreneurship Training	2007
2	BASIX LAMP Fund, Kolkotta	Rug Weaving	2008
3	Nagaland University & Department of Biotechnology, GOI, New Delhi	Livelihoods & Orchard developments	2008 & 2009
4	Government of Nagaland	Entrepreneurial Skill Training	2009
5	United Nations Development Programme	Entrepreneurial Skill Training	2008 & 2009
6	Sir Ratan Tata Trust, Mumbai	Livelihoods & Forest Conservation	2009 – ongoing
7	Indian Council of Agricultural Research (ICAR), Nagaland	Mithun rearing & Conservation	2010 – ongoing
9	Seed Fund from Government of Nagaland	Entrepreneurship Development	2012
10	Axis Bank Foundation, Mumbai	Livelihood & Rural Lighting	2014 – ongoing
11	Sir Dorabji Tata Trust Mumbai (SDTT)	Entrepreneurial Skill development and promotion of micro enterprises	2015-ongoing
12	Caring Friends, India	Transport	2015
13	National Rural Livelihood Mission, Govt. Of India	Start Up Village Entrepreneurship Program	2015-Ongoing

Source: EA Report

Some projects including Sir Ratan Tata Trust, Indian Council of Agricultural Research, Axis Bank Foundation, Sir Dorabji Tata Trust and National Rural Livelihood Mission are still continuing. Recognizing the creditworthiness of community based organizations, NEDFi, a premier development financing agency set up by the Centre, joined hands with EA and launched a micro-credit disbursement programme on November 7, 2005. NEDFi has tied up with EA to strengthen the micro-credit portfolio in Nagaland for many first generation Naga entrepreneurs. It had sanctioned Rs.15 crores to industrial sectors and micro-credit of Rs.1.50 crore in Nagaland as per the report received during field study. EA was also chosen as the implementing Agency for NRLM Project/ Start-up Village Entrepreneurship Programme.

Credit Linkages: In 2006, EA helped mobilize over Rs.2.5 crores with ICICI Bank and disbursed micro-credit to its members. EA has also collaborated with Axis Bank, Sona Finance, Ganpati Stock Ltd, SBI, and Vijaya Bank. Moreover, local corporate houses have contributed to providing credit through EA linkage. Most of these collaborations are still functioning.

Table 3.6: Credit Linkages of EA

Sl. No	Name of agency	Details	Credit Exposure (Rs)	Remarks and year
1	North East Development Finance Corporation Ltd. (NEDFi)	Profitable livelihood and enterprise credit	15 Crores	2004 and ongoing
2	ICICI Bank	Profitable livelihood and enterprise credit	2.5 Crores	2006 and ongoing
3	Axis Bank	Profitable livelihood and enterprise credit	4 Crores	2008 and ongoing
4	Sona Finance	Enterprise Credit	2.5 Crores	2013 and ongoing
5	Ganpati Stock Ltd	Enterprise Credit	20 Crores	2013 and ongoing
6	Local Corporate Houses	Rural Transport & Taxis	20 crores	2003 and ongoing
7	State Bank of India	Micro enterprise	47 Lakhs	2004 to 2006
8	Vijaya Bank	SHG & MUDRA	1.7 crores	2014 and ongoing

Source: EA Report

Awards received: Beginning with the Citizen Based Initiative Award, Ashok Innovators for the Public, Washington DC, USA in 2001, EA was awarded with seed fund for entrepreneurship by the Government of Nagaland in 2010 and 2011 and the

prestigious Social Entrepreneur of the Year (SEOY)- India 2016 Award instituted by the Schwab Foundation for Social Entrepreneurship and Jubilant Bhartia Foundation. The awards from the Government of Nagaland were converted into seed fund for entrepreneurs. All these Awards also testify to the contributions made by the Association in developing entrepreneurship not only within the state but also in the region and the country as a whole.

Table 3.7: Awards received by EA

Sl. No.	Organization	Particulars	Amount (In Rs.)	Year
1	Citizen Based Initiative Award, Ashok Innovators for the Public, Washington DC, USA	Entrepreneurship	1 Lakh	2001
2	Naga Mothers Association	Entrepreneurship development	Citation	2003
3	Chakhesang Youth Front	Youth Entrepreneurship	Citation	2006
4	Government of Nagaland	Entrepreneurship	1 Crore	2010
5	Government of Nagaland	Seed fund for entrepreneurship development	1.5 Crores	2011
6	Social Entrepreneur of the Year 2016 by World Economic Forum- Schwab Foundation	Social Entrepreneurship	Citation	2016

Source: Field Survey

Look East Policy/ Cross Border Trade: EA envisions Nagaland to be a Buffer State (like Switzerland) under the Look East Policy of the Government. It believes that there is no need for industrial revolution to bring change. Bringing together a few thousand farmers and encouraging them to produce on a more commercial scale instead of subsistence farming, would be a starting point in building a strong market for the local products/ items. Some specific objectives of the organization are building the pork industry and widening the market for local millets.

EA has financed many women entrepreneurs for business trips to Shanghai, Bangkok, Kathmandu and other South East Asian Countries for running retail garment stores. During the personal interview, it was found that the maximum entrepreneurs financially assisted by EA were in the retail Garment sector. Besides, EA has also financed saw mills, restaurants, meat

processing unit (Chandmari, Kohima) and waste management firm (Pfutsero), which were successfully running. EA helped an entrepreneur from Manipur to set up his own company in China. It has also been trying to help few Nagas in Myanmar.

YOUTHNET

Historical Background:

YouthNet was launched on 1st February 2006 by a group of young Naga professionals. It was registered under the Registration of Societies Act 1895. It is a non-profit organization which works in partnership with community residents, grassroot organizations, government agencies, educational institutions, corporations and philanthropies in all aspects of development while actively engaging youth in the process.

YouthNet was the Secretariat for the global Youth Employment Summit (YES) Campaign in Nagaland. The YES campaign was a youth-led response to the enormous global challenge of youth unemployment. Its initiatives included training and funding youth, especially entrepreneurs to start various business enterprises all over the state.

Objectives:

YouthNet has a mission to help youth acquire knowledge, develop life skills and form attitudes to enable them to become self-directing, positive, productive, responsible and contributing members of society through active participation and involvement.

Organizational Structure:

YouthNet is a registered society with its physical office situated in different locations in Kohima and Dimapur. It was originally started by the founding members who were involved in the management activities initially. At present, its activities are managed under the Governing council, whose members are appointed for a period of four years. The Governing Council is headed by a Chairperson. The routine activities of Nagaland Job Consultants (NJC), Impact

5000 by 18, Beauty-preneur, Nagaland Career and Development Centre (NCDC) and YN office are overseen by the heads or programme co-ordinators of the different programmes.

Major dimensions of Activities:

Employment Summit: YN, under the banner of YES Fund programme, organized a series of state level consultations and district level consultations, with the goal of creating sustainable youth-led livelihood and entrepreneurship development programs, in partnership with the Government and private sectors since April 2007. The partners for the YES campaign were DICE foundation, Entrepreneurs Associates, Hornbill Finance, and Youth Action for Rural Development (YARD). They worked in collaboration with the Government of Nagaland.

Table 3.8: Youth Employment Summit in Nagaland (First Phase)

Date	Venue	No. of participants
April 23, 2007	Local Ground, Kohima	5000
May 28, 2007	Hotel Japfii, Kohima	300
July 10-11, 2007	Wokha	300
July 13-14, 2007	GHSS, Zunheboto	600
July 25-26, 2007	DPDB Conference Hall, Phek	700
August 2-3, 2007	ASHSS, Peren Town	1500
August 7-8, 2007	Mokokchung Town	1000
August 10-11, 2007	IMC Hall, Dimapur	1000
September 21-22, 2007	Alder College, Kohima	800
October 9-10, 2007	Kiphire	500
October 12-13, 2007	Tuensang	800

Source: Field survey

Note: ASHSS- All Saints Higher Secondary School

GHSS- Government Higher Secondary School

The first phase of the YES campaign (District Level Consultations) in 2007 was able to cover ten districts of the State starting from July 10 at Wokha and ending on October 13 at Tuensang. The number of participants at the Summit began with a very high figure of around 5000 youth attending the

opening ceremony in Kohima on April 23, 2007. The overall response in the other districts by way of number of participants was very positive as indicated in Table 3.8. At the end, the campaign had identified 120 young people from the different districts of Nagaland for capacity building in agriculture, floriculture, and animal husbandry. The State Government provided stipend to these interns.

Activities during 2007: Table 3.9 shows the various activities of YouthNet taken during 2007. The activities included seminars, interactive sessions, investors' meet and conference in agriculture, horticulture, livestock, fisheries, food processing and credit & finance.

Table 3.9: Seminars, interactive sessions, Meets and Conference for 2007

Topics	Date
Seminars:	
NE emerging Horizons in Agribusiness	28 th March
Organic Farming- Status and Road Map	28 th March
Conservation of Natural Resources and utilization	28 th March
Role of Livestock and Fisheries in Poverty Reduction in NER	28 th March
Extension Reforms (ATMA Scheme) Review of implementation in NER and Road Map	29 th March
Opportunities of Horticulture in NER	29 th March
Agri-Enterprises- How to change your future	29 th March
Productivity and Sustainability aspect of Agriculture	30 th March
Emerging areas of Commercial interests in NER	30 th March
Interactive Session:	
Horticulture/ Field crops/ Livestock/ Fisheries	29 th March
Post-Harvest Technology- Focus on Storage and Processing	29 th March
Shifting Cultivation/ Organic Farming	30 th March
Investor's Meet:	
North Eastern Agri Conclave	27 th March
Horticulture and Agriculture	28 th March
Livestock and Fisheries	28 th March
Food Processing	28 th March

Credit and Finance	28 th March
Conference on Rural Development: Empowerment through Decentralization	30 th March

Source: Field Survey

Young Leaders Connect: Young Leaders Connect (YLC) was another YouthNet initiative to bring young leaders and achievers from the eight North East states together on one platform. The programme aimed to develop greater awareness and understanding of the region, as well as to establish a powerful network of like-minded young leaders, with a desire for strengthening the North East. The group consisted of policy makers, strategists, entrepreneurs, members of academics, social entrepreneurs and achievers in the field of sports & entertainment. The objectives of YLC were:

- i) To facilitate government programs and policies and create awareness of various opportunities for youth of North-East.
- ii) To identify, promote, support and mentor young leaders in the North-East.
- iii) To focus and highlight issues that will impact development in the North-East.

The First YLC conclave was held in Kohima, Nagaland in 2011 which was followed up by YLC-2 in Kohima in 2012, YLC- 3 in Guwahati in 2013 and YLC-4 in New Delhi in 2014. The annual conclave was based on panel discussions where young leaders interacted with each other in the fields of governance, youth employment, education, sports and entertainment. This enhanced contact between the young leaders and provided an opportunity to exchange views and opinions and build network. A special employment-linked skill development drive was suggested to be launched in the North-East to ensure adequate employment or entrepreneurship opportunities and put more emphasis on youth development. Other issues raised at the latest meeting included strengthening of the North East Council (NEC), better coordination amongst agencies focusing on North East, ensuring proper utilization of

development funds meant for the region, reverting to the original composition of the central assistance funds including special category status, special plan assistance, special central assistance, normal central assistance and north east industrial and investment promotion policy. Topics such as new and pending projects to connect the north east region through road, rail and air including connecting state capitals through rail, and intra-regional and international air connectivity were also highlighted.

Nagaland Job Consultants: Nagaland Job Consultants was launched in 2011 to provide training and internship to help youth find opportunities beyond government jobs, including entrepreneurship. After a year in office, it was able to launch the Dimapur office on April 1, 2012. Since inception, more than 1,000 have registered for over 100 jobs. It also published YouthNet Opportunity Express, Nagaland's first employment paper (Indian Express, 28 April 2013).

Nagaland Career and Development Centre: Nagaland Career and Development Centre was another initiative launched by YouthNet and Smarter Nagaland on February 25, 2012 at YouthNet office in Kohima. Its main objective was to improve professionalism and soft skills such as communication, time management and basic work protocols.

YouthNet Centre for Entrepreneurship and Innovation: This was another initiative of the YouthNet to impart training and business skills to entrepreneurs. The first batch of training was held in partnership with Zynorique Initiatives and Entrepreneur's Associates and funded by the Sir Ratan Tata Trust. The Centre has been supported by the Chief Minister's Corpus Fund (Nagaland Post, June 23, 2013).

Impact 5000 by 18: The 'Impact 5000 by 18' campaign launched on August 30, 2013 was a partnership between YouthNet and the Government of Nagaland with the aim to reach and impact 5000 local youths by 2018 with the goal of building a healthier and stronger private sector in Nagaland. To achieve this, the focus was on creating sustainable income opportunities through nurturing and

promoting a healthy entrepreneurial ecosystem. This campaign was implemented through the YouthNet Centre for Entrepreneurship and Employment.

Under the Centre, the first programme was launched on August 28, 2013 titled 'The Entrepreneur.' The programme was a six-week course for 18 participants who were taught by successful entrepreneurs and professional experts in the business field. The program aimed to enhance their business skills, employability skills and develop entrepreneurial mindsets. The impact campaign was guided by the vision to create and build socio-economic prosperity for the youth and an entrepreneurial culture in the state. The campaign has undertaken various projects including carpentry and steel fabrication workshops, handloom and bamboo basket weaving skill-building programs, local piggery shop, CAT scholarship, Dial Nagaland, and The Entrepreneur. The program was designed to impart entrepreneurial, business and leadership skills to emerging local entrepreneurs who have the ambition and potential to create economic and social value through their ventures.

The following year (2014), 'The Entrepreneur-2' was held wherein another set of 20 Start ups and new businesses underwent a similar program for developing entrepreneurial, business and leadership skills. The program had a combination of class-room lectures, case study discussions, group activities and individual project development followed by a competition amongst the participants. In two years, 38 young Entrepreneurs have been a part of this program.

Dial Nagaland: To promote and empower local skilled workers, YouthNet in partnership with the Department of Labour and Employment launched "Dial Nagaland" on July 21, 2015. Dial Nagaland was conceptualized and created to address the issue of inaccessibility of local skilled workers and to help them in their marketing by creating linkages and publicity. Dial Nagaland also aimed to improve the level of professionalism of the skilled workers by imparting training as and when necessary, and to organize the local skilled labour industry in the

state. Dial Nagaland was undertaken through YouthNet's Impact 5000 by 18. It is a classified directory of local skilled workers to which the public can gain access by calling a number (70850-50006) and requesting for the services of skilled workers such as plumbers, carpenters, electricians, masons and painters. The operator then connects the potential customers/clients to the available skilled workers by giving them the contact information of the available skilled workers. Through this, customers were able to get in touch directly with the skilled workers for negotiations and to avail their services. Within one year of operation, around 80 skilled workers have registered across different sectors. Registration can be done for free at the YouthNet offices in Kohima and Dimapur.

Finance to Entrepreneurs: Table 3.10 shows the financial assistance given to entrepreneurs through YouthNet. The amount was provided through 80% grant and 20% YouthNet Corpus Fund. As of date, YouthNet has given financial assistance to a total of 22 entrepreneurs with Rs.82,85,000 as loan without any interest. But the recovery performance was not good with around 60% only. Because of the poor performance in repayment of loans, YN has not given any grant since 2013-14 till 2016-17.

Table 3.10: Number of Beneficiaries and amount of loans given by YouthNet

Year of grant of loan	No. of Beneficiaries	Amount of loan (in Rs.)	Period of payment	Remarks
2011-12	20	79,35,000	5 years	12 Nos. repaid
2012-13	Nil	-	-	-
2013-14	2	3,50,000	3 years	-
Total	22	82,85,000		

Source: Field Survey

Other activities: YouthNet trained and funded youth in the field of sericulture, piggery, and hair cutting saloons. It also selected and gave entrepreneurs from different districts with start-up grant for various business enterprises. These were funded by the Government of Nagaland under the Chief Minister's Corpus Fund. Other programmes of YouthNet are shown in the Table 3.11. It is evident from

the table that the organization was actively involved in creating awareness as well as in promoting entrepreneurship among the young generation in the state.

Table 3.11: Different Programmes of YouthNet

Type of Programme	Date/ Period	Venue	No. of participants	Other Details
Mobilization Drive for NE Agri Expo	March 24, 2006	Padam Pukhri, Dimapur	-	
YN Young Leadership Programme	July 22, 2006	Dimori Cove, Kohima	-	Sponsored by Legislatures, GoN
Awareness on 'Revival of Dignity of Labour'	August 20, 2006	State Banquet Hall, Kohima	-	Sponsored by GoN & Labour Association of Nagaland
YES Campaign	April 23, 2007 Onwards	ATI, Kohima	120	Partnership with DICE Foundation, EA, Hornbill Finance, YARD, GoN
Training on Silkworm Post-cocoon Technology	June 22- July 1, 2009	Dimapur	15	Sponsored by Sericulture Department, GoN
Training for Beauty, Hair & Spa		Lambency Chrysalis Academy, Noida	100	Sponsored by GoN
Career and Internship Fair	April 16-28, 2012	-	NA	Government Departments and Private enterprises
Seminar on 'Youth Promotion and Career Guidance'	June 20-21, 2013	Jalukie, Peren	100	
Professional Skill Development	July 8-11, 2013	Kohima	25	Training for NEPED and NBHM staff
The Entrepreneur	August 30-Oct 10, 2013	Kohima	18	Entrepreneurs from all districts
Entrepreneurship workshop 2014 (under Impact 5000 by 18)	Jul 30-Aug 1 August 4-6 August 20-22 August 25-27 Sept 10-12 Sept. 17-19 Sept 24-26 October 2-4 October 8-10	Phek Kiphire Mon Tuensang Peren Dimapur Zunheboto Kohima Longleng		Partnership with Deptt. of YRS

Source: Field Survey

ENTREPRENEURS DEVELOPMENT AGENCY

Historical Background:

The Entrepreneurs Development Agency (EDA) was started on September 20, 2005 with its base in Kohima. The agency was an initiative committed for the development and growth of entrepreneurs. The agency intended to serve with a philanthropic bent of mind, while fulfilling the dreams and aspirations of the people. EDA aimed to arrange for employment directly or indirectly through entrepreneurship by providing hassle-free loans at a very low rate of interest. It invited deposits from entrepreneurs and public for a minimum period of one year. These deposits were then generated as loans for start-up and expansion of business to other entrepreneurs and businessmen.

Objectives:

- To introduce the youth to the world of business by developing in them the core skills and competencies required for an entrepreneur.
- To create a centre for entrepreneurship development and growth, to train with proficiency and competencies to face challenges of global market with confidence.
- To inspire people to discover their potential and capabilities; encourage value based business and being responsible citizens.
- To harness small savings into meaningful investments, to finance potential entrepreneurs and other developmental activities.
- To carry out rural educational and integrated development initiatives, and support charitable activities.
- To organize and train SHGs and finance their projects which will play a vital role in imparting skills, ethics and values particularly for the poorer sections of the society.

Major activities:

Investment Scheme: EDA has been playing a vital role in capital formation for investments, by taking less productive capital and investing it in a meaningful

way. The entrepreneurs and public invest either in the form of recurring deposits (Daily/Weekly/Monthly) or fixed deposits for a period of one year and above. The rate of interest starts from 8% and above per annum, depending on the amount and the duration of the deposits. All deposits were done by the staff for the convenience of the investors. EDA also facilitated like-minded people to invest in estate projects through “Realtech Project” in order to let the investor park their idle money. These were converted into a value investment later. The agency has a monthly interest withdrawal scheme, where investors were allowed to withdraw interest generated upon their investment, at the rate of 15% per annum with an investment of Rs.1 lakh and above.

Providing loans to entrepreneurs: EDA provided loans to entrepreneurs at 15% per annum (1.25% per month) lending rates of interest depending upon the nature and amount sanctioned. To ensure 100 % loan recovery, EDA had prepared/ drawn the recovery schedules according to capabilities and in the interest of respective individuals. EDA has provided micro finance to vegetable vendors on the roadside as well as other entrepreneurs, and thus, helped them add capital investment into their business. By 2015, the Agency has given loans to more than 8000 beneficiaries. The agency has also financed ventures into new business/ entrepreneurs/ projects against fixed deposits.

The study found that the agency planned and organized training programmes in 2015 and 2016. Out of 44 trainees during 2015, 12 of them have started their own enterprises. The remaining were not able to set up their own enterprises at the time of the study. EDA has assisted the trainees financially in setting up their enterprises. EDA also provided other assistance such as providing links for marketing, infrastructure and other hand holding support to the beneficiaries. However, it did not maintain any reports for monitoring the performance of the beneficiaries. Acknowledging the importance of EDPs and other trainings for entrepreneurs, the agency planned to start trainings on Entrepreneurship Development and Management Programme, Socio-economic Development Programme and Rural Educational Development Programme.

COMPARATIVE ANALYSIS OF THE ROLE OF NGOS

To further understand the role of NGOs in Nagaland, an analysis of the three NGOs viz., Entrepreneurs Associates (EA), YouthNet (YN) and Entrepreneurs Development Agency (EDA) was done through field survey. The findings of the survey are presented briefly in Table 3.12. In Nagaland, the involvement of private organizations for entrepreneurship promotion and development has emerged recently as 2005. The earliest organizations were also started in Kohima with branches being opened in other districts at later dates. The main purpose of most of these NGOs for starting the organizations was to provide finance to businessmen and to contribute towards providing self-employment, especially for the large number of unemployed youth in the state.

Table 3.12: Table showing the summary performance of EA, YN and EDA

Sl. No.	Particulars	EA	YN	EDA
1	Year of establishment	2005	2006	2005
2	Conduct trainings/ EDPs	Yes	Yes	Yes
3	Who funds the training programmes?			
	a) Self-sponsored	Yes	No	Yes
	b) State Government	Yes	Yes	No
	c) Private organizations within the state	No	No	No
	d) Private organizations outside the state	Yes	Yes	No
4	Providing financial assistance to entrepreneurs (e.g. Loans)	Yes	Yes	Yes
5	Rate of recovery of Loans	Above 80%	Above 60%	NA
6	Other facilities to trainees			
	a) Technical help	Yes	Yes	Yes
	b) Establishing links for availing loan	Yes	No	Yes
	c) Marketing	Yes	Yes	No

Source: Field survey

The study was done on three NGOs which were in operation for a period of ten years. Among them, EA conducted EDP trainings while YN and EDA conducted other types of trainings. EA, YN and EDA gave technical help to trainees while EA and EDA also established links to trainees for availing loans.

All three organizations provided financial assistance to entrepreneurs as loans and advances.

The role of NGOs have been analyzed under the following heads:

1. Trainings and Success rate of EDP:

EDPs were a novel approach for entrepreneurship development with the process of EDP ranging from identification of appropriate candidates to imparting necessary skills and knowledge about financial, technical and managerial aspect of business. They helped entrepreneurs to develop motivation and gave infrastructural support for establishing new business enterprise. They have contributed towards the objective of increasing the number of entrepreneurs who start new business units. These training programmes have been successful in equipping entrepreneurs with self-confidence and higher self-esteem. They have also helped trainees in adopting the appropriate technologies at the right time.

EA started conducting EDPs in 2010. The average number of entrepreneurs trained per EDP was 20 trainees (the model group being 25). The EDPs were either self-sponsored or State Government sponsored. Recently, they were also sponsored by the Ratan Tata Trust, Mumbai. Two types of trainings were given- the first type to potential entrepreneurs known as BEST and the second type to experienced entrepreneurs known as BGT. The EDPs were usually held for a period of 45 days. The BEST trainings have theory classes as well as practicals where the trainees were given random products to sell. The trainees have to be at least class eight pass. The Business Growth trainings were aimed at improving the existing business of entrepreneurs already in business. To monitor the performance of trainees, pre-training and post training questionnaires were administered. The areas covered during training were technical, finance, human resource, marketing and soft skills.

The number of persons trained for the years 2014, 2015 and 2016 were 18, 39 and 47 respectively as shown in Table 3.13. It showed an increasing

trend. An analysis of the various EDPs and training programmes under the study revealed that 60%-80% of the trainees under EA and YouthNet were able to establish and run a profitable enterprise. It was found that new entrepreneurs usually struggle after the third year of running business. If an entrepreneur had been running the enterprise for five years, then he/ she was considered successful, as per the opinion of the NGOs.

Table 3.13: Number of Persons Trained under EDP

Year	Name of the Organization	No. of persons	Increase/ decrease	Percentage of increase
2014	EA	18	-	-
2015	EA	39	21	116.67%
2016	EA	47	8	20.51%
Total		94		

Source: Field study

YouthNet imparted training and business skills to entrepreneurs and had been conducting EDPs since 2013 in partnership with other organizations. YouthNet was involved primarily with providing EDP to already established entrepreneurs. Usually EDPs were conducted four times in a year. The number of entrepreneurs trained per EDP was thirty to forty. The areas covered during EDPs were technical management, financial management, personnel management and marketing management.

Zynorique Initiatives in co-ordination with several state departments and NGOs (EA and YouthNet) also conducted a number of hands on trainings, workshops and seminars to train and equip the local youth with desired professional skills. It was observed that these trainings, workshops and seminars have reached out to the local populace and have provided them with necessary skills to make them self-reliant. The objective of the trainings was to provoke young people to understand the dignity of labour and realize the opportunity they can avail through the imparted professional skills.

2. Funding Agency for Training Programmes:

Under EA, the EDPs were self-sponsored or State Government sponsored. Recently, they were also sponsored by the Ratan Tata Trust, Mumbai. YouthNet collaborated with Zynorique Initiatives, Entrepreneur's Associates, Sir Ratan Tata Trust and the State Government for various training programmes. State Government and other private organizations from outside the state have funded the training programmes till 2017. EDA also conducted skill-based trainings which were self-sponsored as evident from Table 3.14.

Table 3.14: Funding Agency for Training Programme/ EDP

Name of the Organization	Funding Agency
EA	<ul style="list-style-type: none">• Self-sponsored• State Government• Private Organizations
YN	<ul style="list-style-type: none">• State Government• Private Organizations
EDA	<ul style="list-style-type: none">• Self-sponsored

Source: Field survey

3. Financial assistance:

Table 3.15 shows that EA gave loans and advances through NBFCs and other credit linkage schemes with banks. The level of assistance provided was usually 60% to 80% of the initial investment. YouthNet provided financial assistance through 80% grant and 20% YouthNet Corpus Fund. These were funded by the Government of Nagaland under the Chief Minister's Corpus Fund. These loans were given without any interest. EDA provided loans at 15% per annum (1.25% per month) lending rates of interest depending upon the nature and amount sanctioned. It has also financed ventures into new business/ enterprises/ projects, against fixed deposits.

Table 3.15: Nature of financial assistance provided

Name of the Organization	Nature of assistance	Level of assistance
EA	Loans	60-80%
YN	Loans, Grants, Subsidies	Above 80%
EDA	Loans	60-80%

Source: Field Survey

4. Monitoring performance of trainees:

Besides financial assistance, many organizations also gave technical help and marketing support to trainees. However, follow-up reports to monitor the performance of trainees after training were not maintained by any of the organizations. Table 3.16 indicated that EA maintained records of cash book for those entrepreneurs who were financed in starting their businesses (whether undergone training or not). But the other two NGOs taken for the research did not give importance in maintaining records of the units.

Table 3.16: Type of Reports maintained

Name of the Organization	Type of Report
EA	Cash Book
YN	No reports are maintained
EDA	No reports are maintained

Source: Field Survey

5. Duration for conducting EDP:

Table 3.17 showed the duration period for conducting EDPs. EA gave EDPs which were usually for 45 days since 2014. The frequency of training depended on the number of people who had signed up for each batch. In 2014 and 2015, there were two trainings in each year. In 2016, there were three trainings as reported by the organisation. YN usually conducted the trainings four times a year. Whereas, EDA conducted one training in a year and it was for 30 days.

Table 3.17: Duration for conduct of EDPs

Name of the Organization	Duration
EA	45 days period
YN	Quarterly
EDA	Annually

Source: Field Survey

6. Level of effectiveness of EDPs:

Table 3.18: Level of effectiveness of EDPs

Name of the Organization	Level
EA	60%-80%
YN	60%-80%
EDA	60%-80%

Source: Field Survey

As shown in Table 3.18, all the three organizations stated that 60%- 80% of the trainees were able to establish and run a profitable business after the training. This indicated that the level of effectiveness of EDPs was encouraging.

7. Problems in conducting market survey:

To bring about systematic and sustained development in the progress of EDPs, performance review of the trainees was essential. This required a proper market survey of the existing business scenario to enable new entrepreneurs to begin viable enterprises. But the private organizations were unable to take up such market research due to lack of resources viz., finance, manpower and time as shown in Table 3.19. The study revealed that EA and EDA have not undertaken any market research due to lack of finance. YN has taken up market research on selected topics from time to time.

Table 3.19: Problems in market survey

Name of the Organization	Problems
EA	Lack of finance
YN	Less manpower
EDA	Lack of finance Social problems

Source: Field Survey

8. Finance:

Finance was a major requirement not just to start an enterprise but also to sustain it. It was further required for upgradation of existing enterprises and other improvements to the business. All the three NGOs taken for the study gave financial assistance to entrepreneurs in the form of loans.

EA gave financial assistance to trainees as loans with interest to set up their enterprises. For convenience of repayment of loans, different methods were followed- repayment was done on a daily, weekly, monthly or quarterly basis. Loans were given upto 60% or more of the start-up capital. To monitor the performance and repayment of the loans, EA insisted on the maintenance of cash book. EA also established links with Axis Bank, NEDFi, SIDBI and Vijaya Bank to provide short-term and medium-term loans to entrepreneurs through their office. Recently, EA gave interest free loans to the top three trainers under EDP training 2016.

Unlike EA, YouthNet provided finance to trainees to upgrade their existing enterprises. Through its tie ups with other financial institutions, it gave grants, subsidies and loans to selected entrepreneurs under different schemes to help deserving entrepreneurs avail loans and other credit facilities.

EDA was actively involved in giving loans at the rate of 15 percent per annum interest. It has provided micro finance to roadside/ small vendors as well as other entrepreneurs.

9. Self- Employment Opportunities:

The unemployment scenario in Nagaland being a grave concern for the society, Government initiative alone was unable to tackle the problem. Therefore, many Non-Governmental Agencies and Organizations had came up and searched for alternative means of providing employment. Large scale self-employment was the only solution to eradicate the economic menace. Through the various training programmes, skill training and financial help, NGOs opened up employment opportunities for many unemployed youth.

The main purpose of EA for launching micro-credit system was to help unemployed youth to establish their own businesses. EA had assisted in self-employment of many beauty parlours, hair-cutting saloons, tea stalls, grocery shops, garment shops and carpenters. YouthNet has been established with the main objective of promoting employment, youth development and

empowerment. It organized a series of consultations for creating sustainable livelihood for the youth. It also trained youths in the field of sericulture, piggery, hair cutting, and other skills. EDA also contributed towards employment directly and indirectly through entrepreneurship.

10. Networking:

Providing opportunities for networking among entrepreneurs themselves helped to start new businesses in a more significant way. Network and exchange among both new and established entrepreneurs helped entrepreneurs to learn not only through their own experience but also through that of others. An effective approach which encouraged this type of networking was to schedule several conferences/seminars within Nagaland where these individuals interacted. At these conferences, experienced entrepreneurs presented their experiences on what has worked for them and their ideas. Meanwhile new entrepreneurs described what they hoped to achieve in their new businesses and got feedbacks on their plans from other entrepreneurs present.

EA built a support system for the new entrepreneurs which involved families and other traditional institutions and organizations. The most important part of the EA strategy was in instilling both a professional and a social attitude among the young Naga entrepreneurs. Regular group meetings and close monitoring of the new entrepreneurs helped to instill some of the EA values of business with ethics. The EA constantly spread the concept of entrepreneurship, bringing their ideas to community members through church, talks, seminars, workshops, and lectures. Mentoring programmes under training took place in the form of apprentices benefitting from the wisdom of the more experienced members. Business mentoring was thus, about helping entrepreneurs develop knowledge, skills and confidence through one-on-one advice, encouragement and knowledge transfer. EA also conducted mentoring programmes.

YouthNet supported networking among business partners. The organization provided technical expertise to entrepreneurs who came for training. Many a times, marketing links for entrepreneurs were also built up by

the organization. It was actively involved in conducting market survey/ research too.

The observations made from the analysis of the NGOs taken for the study revealed that the organisations were actively involved in the upliftment of the economic development of the state through its various programmes though they have only begun recently. The study revealed that the three NGOs were involved in building a supportive environment to enhance the success of the youth and help tribal communities see the benefit of business entrepreneurs. They worked to create employment and income-generating opportunities to rebuild the local economy. Thus, they played an important role in entrepreneurship development.

CHAPTER- IV

INSTITUTIONAL FINANCE TO ENTREPRENEURS

INTRODUCTION

Finance is crucial for the development of an economy. The presence of adequate finance facilities supports growth of entrepreneurship. In the same way, lack of suitable resource to finance projects is a chief problem for entrepreneurship development. Keeping these in view, some major financial packages developed for the Small Enterprises sector was undertaken in the study. The chief packages included recommendations from the various committees set up by the RBI and the enactment of the Micro, Small and Medium Enterprises Development Act (MSME Act), 2006. Their main purpose was to facilitate access to finance and promote efficient use of funds by entrepreneurs to bring about greater growth in numbers and overall competitiveness.

In the past decade, some major initiatives/ policies were adopted by the Government of India to improve and regulate enterprises with regard to finance. In September 2005, Credit Information Bureau (India) Limited (CIBIL), Dun & Bradstreet Information Services India Private Limited (D&B), SIDBI, and a few other banks have together set up SMERA (SME Rating Agency) – the first rating agency in India focusing primarily on the SME segment. SMERA is a transparent rating system, where the cost of credit is linked to the credit rating of the enterprise, thereby incentivizing SMEs to get credit rated; availability of a Credit Appraisal and Rating Tool (CART) and a comprehensive Risk Assessment Model, which public sector banks could use. The MSME Act, 2006 stated that the RBI would issue guidelines from time to time, to ensure timely and smooth flow of credit to such enterprises, minimize the incidence of sickness and enhance the competitiveness of such enterprises. State Bank of India (SBI) introduced special consultancy cells to address functional

inadequacies and develop multi-dimensional skills for entrepreneurship. From the viewpoint of banks, the crucial need was to encourage entrepreneurs to achieve greater scale of operations and develop multi-dimensional expertise. Better awareness of financial schemes and efficient credit information and rating systems ensured greater ease of access to traditional sources of finance.

This chapter is divided into two sections. Section I deals with an overview of some financial institutions operating in Nagaland. Section II is an analysis of the role of commercial banks.

SECTION- I

INSTITUTIONAL FINANCE

Financial institutions and intermediaries gave financial support for setting up of new industrial units as well as expansion and modernization of existing units. They played the role of the implementing/ nodal agencies for certain government schemes for enterprises/ business units. They have also devised customized schemes to meet the financial and even non-financial needs of enterprises. Their functions covered imperative areas like venture capital, funding for enterprise development, credit guarantee and credit rating.

In order to study the creation and development of enterprises in Nagaland, it was imperative to observe the institutions that provided finance to enable them. These institutions were either Central Government or State Government or joint venture institutions of both Central and State Governments. Some financial institutions taken for the present study were:

1. Nagaland Industrial Development Corporation (NIDC)
2. North Eastern Development Finance Corporation (NEDFi) (Branch office)
3. Small Industries Development Bank of India (SIDBI) (Branch office)
4. Commercial Banks

1. NAGALAND INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

The Nagaland Industrial Development Corporation Limited (NIDC) acts as the State Financial Corporation. It was incorporated on 26th March 1970 as a Government Company under the Companies Act, 1956 with its main objectives to promote, assist and finance industrial concerns, and also to establish and administer public utilities including hotels, warehouses and markets with a view to develop industries in the State. The Company endeavored to undertake only such projects which were under prevailing conditions, technically feasible, economically viable and within the framework of the Central and State Government's industrial policy. Another prime factor in selecting projects was the socio-economic benefit. NIDC played a major role in entrepreneurship development in the state by fostering the growth of industries.

The Company is under the administrative control of the Industries and Commerce Department of the Government of Nagaland. Its management is vested in a Board consisting of nine Directors. As on 31st March 2006, there were nine members in the Board. Out of these, seven Directors including the Chairman and Managing Director (CMD) were nominated by the State Government and one special Director each was nominated by the Small Industrial Development Bank of India (SIDBI) and Industrial Development Bank of India (IDBI). Officers of the State Government were also sent on deputation/ assignment to the Organization. The CMD was responsible for the day to day activities of the Company and was assisted by three General Managers and two Deputy General Managers.

A performance review reported to the Government in October 2006 had the following audit findings:

1. The initial authorized capital of the Company of Rs.4 crores was increased from time to time and was Rs.25 crores as on 31st March 2006. The paid up capital of the Company was Rs.13.30 crores out of which the

Government of Nagaland and IDBI have subscribed Rs.6.52 crores and Rs.4.73 crores respectively.

2. As on 31st March 2006, the borrowings of the Company stood at Rs.26.39 crores from IDBI/ SIDBI/ National Scheduled Tribes Finance Development Company (NSTFDC)/ National Minorities Development Finance Company (NMDFC).
3. The Provisional accounts of the Company till 2005-06 showed that it had been incurring losses and its accumulated losses as on 31st March 2006 amounted to Rs.10.76 crores; this had wiped out about 81 per cent of its paid up capital of Rs.13.30 crores on that date. Accumulated losses mainly cover written off loans and administrative expenses. The Company failed to recover loans and interest amounting to Rs.25.80 crores during 2005-06. The main reasons for the losses during 2001-02 to 2005-06 as analyzed in audit were high expenditure on salaries and wages, decrease in interest income and accumulation of bad debts, besides low recovery of principal and interest on loans disbursed.
4. The Company, out of their own funds as well as funds received from the Development Financial Institutions, provided financial assistance for setting up of new industrial units as well as expansion and modernization of existing units. Besides, the Company extended loan to transport sector such as auto-rickshaws, taxis, passenger vehicles, and trucks. Applications were examined by the Loan Screening Committee for the techno-economic viability of the project, and offered for submission of proper security i.e., personal guarantee of two in-service Government employees by the applicant before sanction of loan. However, it was observed that these guarantees were not being enforced in a large number of cases.

The following failures were also revealed:

1. Deficiencies in monitoring project implementation:

Out of 352 cases test checked to review the system of appraisal, sanction, disbursement of loans and post inspection, and follow up action on the part of

Management for timely recovery of dues, audit scrutiny revealed that the composite loan scheme to assist entrepreneurs for setting up of small and village industries were not successful as most of the units failed to set up the industries and repay the loans. Request to defaulting units for payment of outstanding dues of Rs.22.61 lakhs failed to bring any compliance from the entrepreneurs. The Company failed to initiate follow up action against the defaulters even after serving legal notices to them. Thus, due to failure of timely follow up action by the Management for recovery of dues, total amount of Rs.86.33 lakhs (principal: Rs.41.15 lakhs and Interest: Rs.45.18 lakhs) remained un-recovered as on 31st October 2006.

2. One time settlement cases (OTS):

OTS provided for waiver of normal and penal interest/ additional interest subject to the approval of the BOD. During the period under review, the Company settled cases of 16 defaulting units under OTS by sacrificing Rs.1.67 crores. It was revealed that IDBI and SIDBI have extended OTS package to the Company, which the Company had passed on to the deserving units with a view to uplift the units which were on the verge of closure.

3. Investment in subsidiary company- Nagaland Hotels Limited (NHL):

Nagaland Hotels Limited (NHL) was incorporated in 1981-82 with an authorized capital of Rs.25 lakhs as a wholly owned subsidiary of the Company. The subsidiary company had set up two three star hotels viz., Hotel Saramati at Dimapur (1987-88) and Hotel Japfu at Kohima (1988-89) at a combined project cost of Rs.4.87 crores. NIDC had been providing loans to the subsidiary (NHL) since the hotels were incurring losses and facing financial difficulties. On 3rd March 2001, the BOD of NIDC converted the principal amount of Rs.3.19 crores into equity share capital of NHL and wrote off the recovery of interest as a re-structuring measure. However, the subsidiary company still continued running into losses and the company did not receive any progress report/ account from the subsidiary to monitor its performance. As a result, the investment in the subsidiary company together with the benefits given in the form of write-off of

interest resulted in huge loss to NIDC. As on 31st March 2006, the subsidiary company had an overdue balance term loan of Rs.7.62 lakh payable to NIDC. No effective steps were taken to recover the overdue balance.

4. Management and Maintenance of Industrial Estate:

The old and new Industrial Estates in Dimapur were handed over to NIDC by the Directorate of Industries in 1971-72 for management and maintenance without any specific terms and condition. The total area of the two estates was 40 acres with 25 ready built standard factory sheds, which were rented out to the industrial units at concessional rates. In the management and maintenance of the Industrial Estate, it was observed that some enterprises (viz., Viva Beverages) resorted to unauthorized construction in the open space of the Industrial Estate. However, the Management has not initiated any legal action against this.

5. Inadequate legal action:

The Company had filed 27 cases in various Courts during 2002-06 for recovery of overdues of Rs.2.33 crores, out of which 13 cases involving Rs.1.93 crores were pending with the Courts and 14 cases were decreed. Even from this, the Company recovered only Rs.8.22 lakhs leaving an outstanding balance of Rs.31.40 lakhs. The Company stated technical reasons for non-execution/ non-filing of suits.

Internal Control/Internal Audit:

Internal control is very much significant in Government financial institutions due to the fact that these institutions have to appraise all applications critically to reduce the risk of default by the borrowers to the minimum. The following deficiencies were noticed in the internal control system being followed by the Company:

- Internal control system in the Company was inadequate to ensure that its objectives were being achieved in an efficient, effective and adequate manner.

- Administrative, accounting and internal audit manuals were not prepared by the Company.
- Absence of efficient monitoring of outstanding loans resulted in delay in taking follow up action in respect of cases of default.
- Internal audit wing, headed by a Deputy General Manager (Finance & Accounts), involved only checking of the actual receipts of cash with the computer generated sheet of the settled cases of loanee and balances in the case of write-off.
- The Company had not constituted an Audit Committee under Section 139 of the Companies Act, 2013. Failure of the Company to have an effective internal control/ internal audit mechanism resulted in a lack of accountability.

An Analysis of NIDC:

An analysis of the company was done based on the annual target, annual sanction and total yearly disbursements of the company for the period 2002-03 till 2015-16. And comparisons were made for the different years, sanction against target and disbursements against sanction. Recovery of loans from loanees was also presented in this study. The Refinance Schemes available prior to 2002-03 from IDBI and SIDBI have been discontinued. Out of the different schemes in operation in NIDC, data was available only for the National Minorities Development Finance Company (NMDFC). District-wise data was also presented and analyzed. The results of the field study have been summarized and shown in the following Tables:

1. Performance of Annual Sanctions:

It is evident from Table 4.1 that the annual target and annual sanction had a fluctuating trend. The annual target of NIDC under different schemes for 2002-03 was Rs.700 Lakhs. It was maximum in 2006-07 with a target of Rs.1500 Lakhs while the year 2011-12 had a minimum of only Rs.400 Lakhs. However, the annual amount sanctioned against the annual target was very different. For instance, in 2011-12 the total sanction which was Rs.893.49 Lakhs showed an

increase of 223.37% of the annual target. In 2002-03 the total sanction was merely 37.50% of the annual target at Rs.262.49 Lakhs. It increased to Rs.893.49 Lakhs in 2011-12 which indicated that after a period of ten years, the loan sanctioned has increased by more than thrice the amount. But the sanction finally decreased to Rs.736.85 Lakhs in 2015-16. The overall performance of annual sanction against target was 87.14%.

Table 4.1: Annual Target and Sanction of NIDC from 2002-03 to 2015-16
(Rs. in Lakhs)

Year	Annual Target (Rs.)	Annual Sanction (Rs.)	Percentage of Sanction against Target (%)
2002-03	700.00	262.49	37.50
2003-04	655.00	497.70	75.98
2004-05	495.00	455.64	92.05
2005-06	800.00	925.07	115.63
2006-07	1500.00	485.80	32.39
2007-08	1000.00	564.55	56.46
2008-09	880.00	766.55	87.11
2009-10	700.00	582.67	83.24
2010-11	550.90	589.90	107.08
2011-12	400.00	893.49	223.37
2012-13	600.00	675.00	112.50
2013-14	675.00	1027.01	152.15
2014-15	755.00	774.50	102.58
2015-16	890.00	736.85	82.79
Total	10,600.90	9237.22	87.14%

Source: Field Survey

2. Performance of Annual Disbursements:

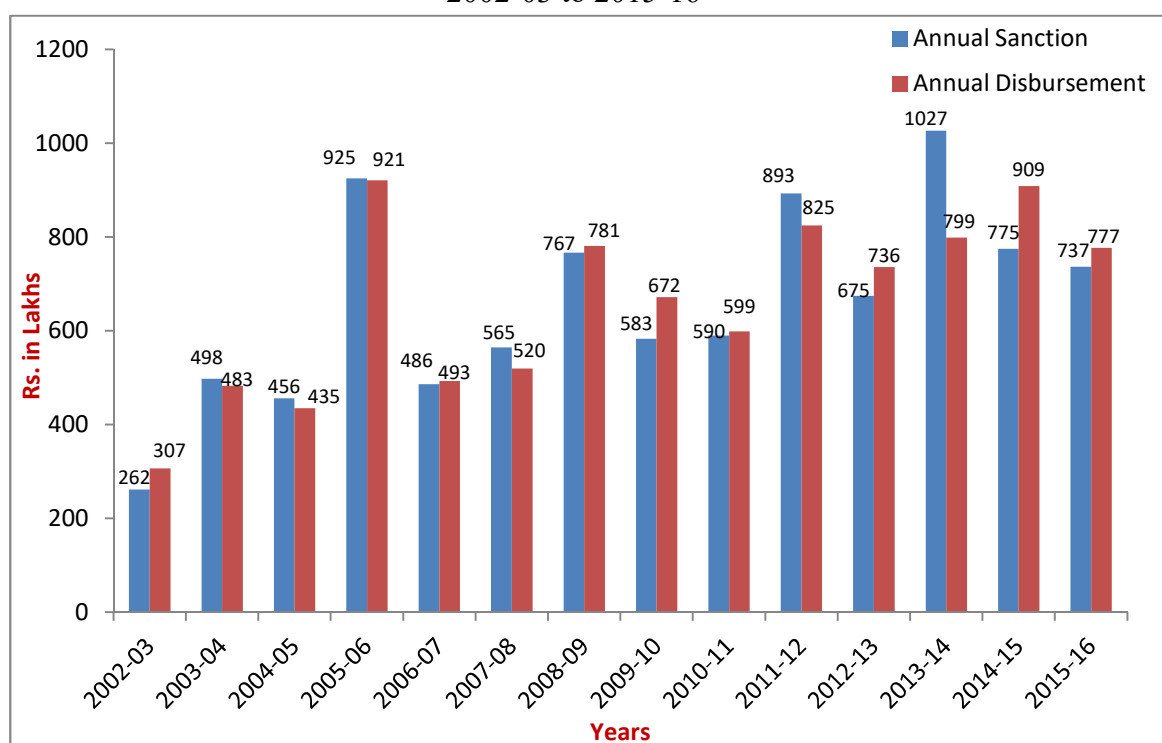
The percentage of disbursements against the annual sanction showed a fluctuating trend as represented in Table 4.2. The annual disbursement which was Rs.307.12 Lakhs in 2002-03 increased to Rs.776.53 Lakhs in 2015-16. It was highest in 2005-06 with Rs.921.11 Lakhs and second highest in 2014-15 with Rs.909 Lakhs. The total disbursement was less than the sanction amount in the years 2003-04, 2004-05, 2005-06, 2007-08, 2011-12 and 2013-14 i.e., the

Table 4.2: Annual Sanction and Disbursement of NIDC from 2002-03 to 2015-16

Year	Annual Sanction (Rs. in Lakhs)	Annual Disbursement (Rs. in Lakhs)	Percentage of disbursement to sanction (%)
2002-03	262.49	307.12	117.00
2003-04	497.70	483.35	97.12
2004-05	455.64	434.60	95.38
2005-06	925.07	921.11	99.57
2006-07	485.80	493.29	101.54
2007-08	564.55	520.10	92.13
2008-09	766.55	780.70	101.85
2009-10	582.67	671.62	115.22
2010-11	589.90	598.70	101.49
2011-12	893.49	824.55	92.28
2012-13	675.00	736.09	109.05
2013-14	1027.01	798.50	77.75
2014-15	774.50	909.00	117.37
2015-16	736.85	776.53	105.39
Total	9,237.22	9,255.26	100.20

Source: Field Survey

Fig. 4.1: Annual Target, Annual Sanction and Annual Disbursement of NIDC from 2002-03 to 2015-16



total disbursement fell short of the annual sanction for six years out of the total fourteen years. The percentage of total disbursement to total sanction was 100.20%.

3. Performance of Loans:

The major involvement of NIDC towards entrepreneurial development in Nagaland was that it provided resource persons from the company for Entrepreneurship Development Programmes and other Seminars. It also provided financial assistance to local entrepreneurs through loans. The company takes loans at 4 percent per annum interest and gives loans at a minimum interest of 6 percent per annum. It made loans available under different schemes of the Central Government with different interest rates ranging from 8 percent per annum to 12 percent per annum. It gave loans from its equity contribution with very low interest rates. Besides, the company also provided raw material subsidy at 15 percent per annum and labour subsidy at different amounts (for units employing local and non-local employees). Prior to granting loan, the company went for field inspection and feasibility assessment in addition to requirement for submission of project reports.

The minimum amount granted as loan to an entrepreneur was Rs.50,000 (Rupees Fifty Thousand) while the maximum amount was Rs.20,00,000 (Rupees Twenty Lakhs). The total amount of loans sanctioned and disbursed under all schemes by NIDC for entrepreneurs for the period 2002-03 to 2012-13 was Rs.67.60 crores. And the number of units assisted during the same period was 5,285 while the number of beneficiaries was 10,570. The loans have to be repaid within five years.

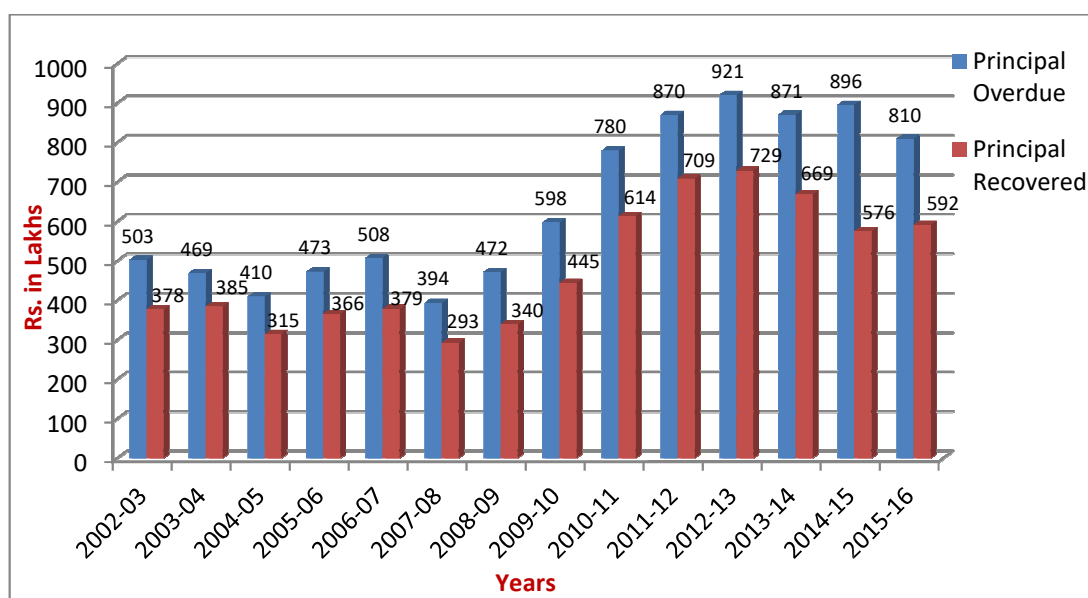
The recovery rate of loans to enterprises/ entrepreneurs is shown in Table 4.3. It also shows the Principal amount overdue each financial year along with the annual recovery. The overdue amount in 2002-03 was Rs. 502.53 Lakhs. It increased to Rs.469.29 Lakhs in the following year. Then it decreased to Rs. 410.36 in 2004-05. During the period under study, the overall trend of recovery was fluctuating. The total amount overdue was to Rs.8,972.97 Lakhs.

Table 4.3: Performance of loans (Principal) of NIDC from 2002-03 to 2015-16

Year	Principal Overdue (Rs. in Lakhs)	Principal Recovered (Rs. in Lakhs)	Percentage of Recovery (%)
2002-03	502.53	378.09	75.23
2003-04	469.29	384.93	82.02
2004-05	410.36	315.45	76.87
2005-06	472.87	365.77	77.35
2006-07	508.02	378.89	74.58
2007-08	393.85	293.49	74.52
2008-09	471.97	340.09	72.06
2009-10	597.60	445.39	74.53
2010-11	780.06	614.36	78.75
2011-12	870.17	709.29	81.51
2012-13	920.55	729.28	79.22
2013-14	870.50	668.65	76.81
2014-15	895.59	575.90	64.30
2015-16	809.61	592.40	73.17
Total	8,972.97	6,791.98	75.69

Source: Field Survey

Fig. 4.2: Amount of loan due and recovered by NIDC from 2002-03 to 2015-16



A comparative statement of loans overdue during the last fourteen years ended 31st March 2016 showed that the Company had Rs.8,972.97 Lakhs principal amount overdue; a total repayment of Rs.6791.98 Lakhs was recovered

during the period which was only 75.69% of the overall loan due during the period. With principal amount overdue not being fully recovered, the interest amount overdue was not even raised. The poor recovery of overdue principal and interest from its loanees led to the failure of the Company to recycle the funds by extending loans to other beneficiaries.

The main reason for slow recovery was that the provisions of the Transfer of Property Act and State Financial Corporation Act, 1951 were not applicable in the State. The procedure prescribed by the Company for cases where the entrepreneurs did not have fixed assets as security against loan, the Company obtained an Authorization Certificate from a responsible Government servant as guarantor before disbursement of loan. The guarantors were equally responsible for repayment of loan as per the deed of guarantee executed and registered in the court before disbursement. However, the Company had not fixed any norms for inspection of the assisted units and failed to take periodical inspection of assisted units on a regular basis to assess and monitor their performance. Hence, the Company was unable to identify assisted units likely to become liabilities.

Though the Company had been established with a view to promote, assist and finance industrial concerns, the performance of the Company in the past was adversely affected by inadequate project appraisal, lack of mechanism for inspection of assisted units prior to and post disbursement of loan and non-monitoring of the performance of assisted units. It was found that the main reason for poor recovery was due to lack of business knowledge of entrepreneurs and misconception of loan to subsidy. Market survey and research also identified that the major problem among Naga entrepreneurs for failure of business was improper maintenance of accounting books. Since the past decade, the Company carried out proper project appraisals, instituted mechanisms for physical inspection of assisted units and monitored their performances. For better loan recovery, the company planned to have bank tie-ups and SMS facility for reminding those who have taken loans. It also took legal actions for instituting better recovery of loans. However, before going to the last resort, it undertook

follow up methods like enquiries about performance of the enterprises- their difficulties in paying/ recovery, and giving suggestions for sustenance.

2. NORTH EASTERN DEVELOPMENT FINANCE CORPORATION

North Eastern Development Finance Corporation Limited (NEDFi) was the premier financial and development institution of North East India for promotion, expansion and modernization of industrial enterprises and projects in the region. It was incorporated on 9th August 1995 to provide a comprehensive package for the economic development of North-East India. It was supported by a host of all India Financial Institutions and banks. It contributed in the efficient formation of fixed assets by identifying, financing and nurturing eco-friendly and commercially viable projects in the North Eastern region. It rendered in-depth counselling to entrepreneurs, timely advices and assistance for building quality enterprises on a sustained basis. NEDFi also carry on and transact business of providing credit and other facilities for promotion of agro-horticulture, medicinal and sericulture plantation, aquaculture, poultry, dairy and animal husbandry development.

NEDFi spearheaded various initiatives since its formation as a Development Bank exclusively for the North Eastern states. It launched the Micro credit Finance Scheme for agriculture, fishery, animal husbandry, horticulture and rural industries. The Cane and Bamboo Technology Centre and the Design Centre for Handloom and Handicrafts were undertaken to promote exports in the sector and improve the lot of thousands of rural artisans all over the North-East. The Corporation also established an appropriate financing scheme for IT industries and helped increase the lending portfolio of NEDFi. It promoted bio-technology in the region through negotiations with foreign promoters.

NEDFi was the disbursing agency for payment of Transport subsidy to eligible units in the North Eastern States on the basis of recommendations of the State Level Committee. It has sponsored a number of studies in the areas of

development of cold storage facilities, development of water storage facilities, development of regional airlines for the region and promotion of medicinal plants. From its inception until 2007, it has released Rs. 49,261.40 Lakhs for the North East. By 2013-14, the total amount disbursed to the North-Eastern states was Rs.2,32,575.39 Lakhs³⁶. This indicated that the amount disbursed increased by Rs.1,83,313.99 Lakhs (372%) within a period of seven years. Also, the yearly amount disbursed witnessed an increasing trend from 2006-07 till 2013-14.

The various incentives available for encouraging Entrepreneurship under different schemes of Government of India were:

- Project Finance
- North East Entrepreneurs Development Scheme
- NEDFi Opportunity Scheme for Small Enterprise
- Equipment Finance
- Micro Finance
- Jute Enterprise Development
- Women Enterprise Development Scheme
- Scheme for North East Handloom and Handicrafts

The total sanctions and disbursements by NEDFi for the different states during 2002-03 to 2011-12 are shown in Tables 4.4 and 4.5 respectively. The tables showed an increasing trend in the period under study. Assam had maximum amount of sanction for nine years. During 2003-04, Meghalaya had maximum sanction. Manipur had minimum sanction for five years out of total ten years. Mizoram also had the minimum sanction for three years. Except for the year 2002-03, Assam received the maximum disbursement in the other nine years. For the years 2003-04, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11 and 2011-12, Assam alone accounted for more than fifty percent of the total disbursements of the year. Meghalaya received the highest disbursement during 2002-03 but was the next highest after Assam for eight years. Sikkim had

³⁶ Annual Report 2013-14, NEDFi, p.7.

the least disbursements during 2003-04 and 2007-08 while Nagaland had the lowest disbursements for the years 2005-06 and 2011-12. Mizoram received the minimum disbursements for the years 2004-05, 2008-09, 2009-10 and 2010-11.

Table 4.4: State-wise total Sanctions by NEDFi from 2002-03 to 2011-12 (amount in Rs. Lakhs)

Year	Arunachal Pradesh	Assam	Manipur	Meghalaya	Mizoram	Nagaland	Sikkim	Tripura	Total
2002-03	136	3401	59	2114	114	80	-	460	6364
2003-04	942	2639	76	4607	152	102	97	355	8970
2004-05	762	4084	65	3458	40	63	358	102	8932
2005-06	1593	7053	50	2874	102	167	75	1218	13132
2006-07	780	8545	109	3122	362	258	389	307	13872
2007-08	1230	16588	519	8510	350	195	159	394	27945
2008-09	1254	13071	540	1994	88	432	713	318	18410
2009-10	4750	21351	308	2143	68	230	191	2569	31610
2010-11	3296	31129	273	2874	284	345	580	871	39652
2011-12	3500	26544	1497	6657	2578	673	357	1418	43224

Source: Annual Reports of NEDFi.

Table 4.5: State-wise total Disbursements of NEDFi from 2002-03 to 2011-12 (amount in Rs. Lakhs)

State	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Arunachal Pradesh	246	341	778	610	725	118	415	3881	2649	1793
Assam	2170	2964	2285	5342	6680	8872	13071	13512	20259	23854
Manipur	68	70	105	50	69	106	498	508	461	719
Meghalaya	2404	1349	1542	3199	1320	1405	3833	2365	3372	3907
Mizoram	87	96	85	70	115	539	42	22	61	1797
Nagaland	97	175	152	32	105	252	321	230	499	295
Sikkim	-	14	88	128	355	103	76	78	283	468
Tripura	38	200	200	1000	55	249	153	212	501	624
Total	5110	5209	5235	10431	9424	11644	18409	20808	28084	33456

Source: Annual Reports of NEDFi.

Fig. 4.3: Amount of sanctions and disbursements to Nagaland from 2002-03 to 2011-12

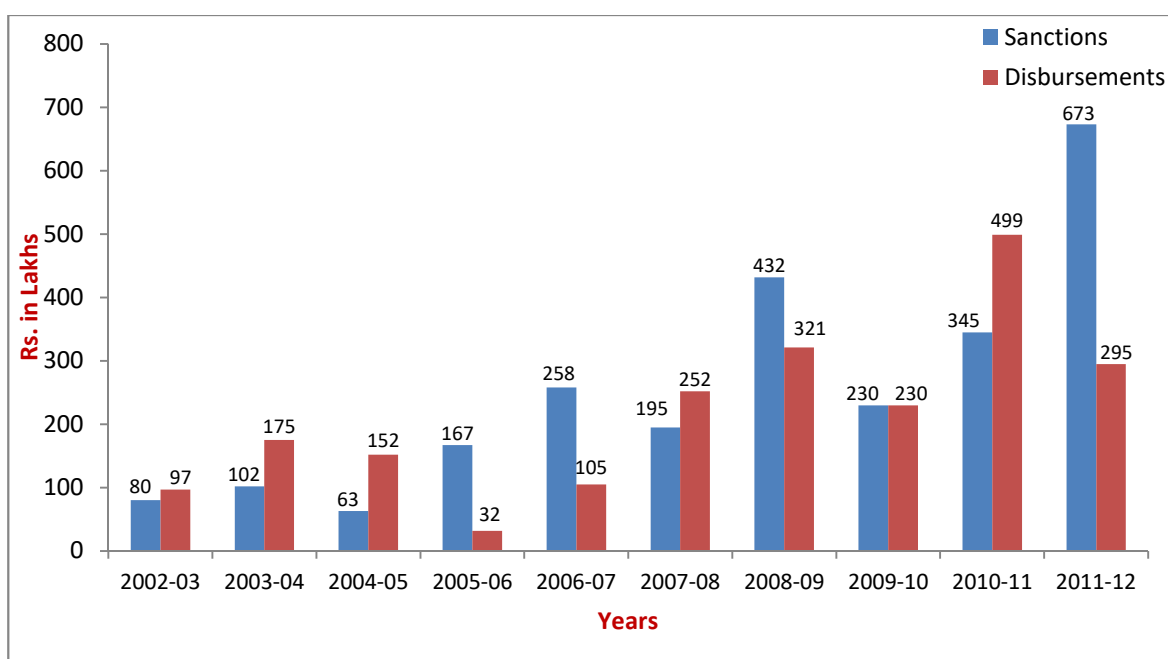


Figure 4.3 is a comparison of the annual sanctions and disbursements by NEDFi for the state of Nagaland from the year 2002-03 to 2011-12. It was observed that the disbursements were more than the sanction during 2002-03, 2003-04, 2004-05, 2007-08 and 2010-11.

The number of projects assisted under NEDFi during the period under study is shown in Table 4.6. The number of projects assisted showed an increasing trend from 2002-03 to 2006-07. Then, it decreased to almost half in the year 2006-07 i.e., from 300 projects in 2006-07 to 169 projects only in 2007-08. But after this, it increased again. A noteworthy achievement was in the case of Sikkim (it was included in the North-Eastern States by 2002-03). In spite of its late entry, the number of projects assisted in the first year was 12, which further increased to 44 projects in 2011-12. Other states which showed an increase in the number of projects assisted by NEDFi in the mentioned period were Assam, Manipur, Mizoram, Nagaland and Tripura. Arunachal Pradesh had remained consistent while Meghalaya was the lone state showing a decrease during the decade.

Table 4.6: State-wise No. of projects assisted from 2002-03 to 2011-12

State	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Arunachal Pradesh	10	11	21	37	55	16	17	17	32	10
Assam	69	91	129	110	98	66	73	72	76	95
Manipur	9	8	10	8	15	18	28	25	5	19
Meghalaya	20	19	19	16	14	10	9	22	18	13
Mizoram	7	48	5	45	17	1	18	16	10	14
Nagaland	11	8	9	8	19	20	7	16	14	27
Sikkim	-	12	36	23	27	18	9	17	17	44
Tripura	5	7	9	38	55	20	12	26	33	31
Total	131	204	238	285	300	169	173	211	205	253

Source: Annual Reports of NEDFi.

NEDFi- Branch Office:

NEDFi opened a branch in Dimapur, Nagaland during 2001-02. Since then, it has discharged the functions of sanctioning and appraising credit proposals in Nagaland. It took initiatives to extend hand holding support to budding entrepreneurs of the state through organization of Entrepreneurship Development Programmes, market linkages and credit backing. NEDFi also opened an information centre at Kohima in 2004-05 in association with an NGO, Nagaland Voluntary Health Association. The purpose behind this was to provide better service to every part of the state.

The activities of NEDFi in Nagaland since 2002 included planning and organizing training programmes, sponsoring/ funding training programmes for entrepreneurs besides providing financial assistance to enterprises. Depending on the project, the institution was giving credit to eligible entrepreneurs a minimum of Rs.1 lakh to a maximum of Rs.5 crores till the financial year 2015-16. The process for availing loan required scrutiny of financial statements and project inspection besides submission of project details. Such loans were repayable after two years or more. In the past years, there was poor recovery of loans from entrepreneurs due to non-enforcement of personal guarantees. To overcome this situation, rigorous follow up was taken and legal recovery mode was applied. Since then the recovery of loans in Dimapur branch for the past two

financial years i.e., 2014-15 and 2015-16 was above 80% as per the reports of the Corporation. The Corporation also conducted market survey to check the financial viability of the projects.

3. SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA

SIDBI was set up under an Act of Parliament in 1990 as the principal financial institution for the promotion, financing and development of the Micro, Small and Medium Enterprise (MSME) sector in India. It also co-ordinated with institutions engaged in similar activities. Financial support was provided in two ways:

- a) Indirect finance/ refinance to banks and financial institutions for onward lending to MSMEs, and
- b) Direct finance in the niche areas.

Indirect finance comprises refinancing support to banks, State Financial Corporations, Bills Rediscounting support to banks, assistance to Microfinance Institutions and resource support to various institutions and agencies. Indirect finance constitutes about 83% of the total credit outstanding of the bank while refinance to banks and financial institutions constitute around 86% of the total indirect finance and 71% of the total credit outstanding during 2015-16³⁷. The direct finance was oriented to address the niche financial gaps like risk capital/ equity finance, sustainable finance, receivable finance and service sector finance.

The mission of SIDBI was to facilitate and strengthen credit flow to MSMEs and address both financial and developmental gaps in the MSME ecosystem. Some latest initiatives of the Bank to promote and strengthen the MSME sector are³⁸:

- In order to take forward the Government of India's 'Make in India' programme, SIDBI set up 'SIDBI Make in India' fund with a corpus of Rs. 1000 crores to make MSMEs a world-class manufacturing hub.

³⁷ Annual Report 2015-16, SIDBI p.xvii

³⁸ Annual Report 2015-16, SIDBI pp. xviii-xxi

Concessional finance was provided to MSMEs in 25 identified sectors of the economy.

- ‘SIDBI Make in India Soft Loan for Micro, Small & Medium Enterprises (SMILE)’, a Rs.10,000 crores fund, was launched to make soft loan available to MSMEs in the nature of quasi-equity and also for pursuing opportunities for growth of existing MSMEs.
- India Aspiration Fund (IAF) was constituted of Rs.2000 crores and utilized as a Fund of Funds for making investments in Venture Capital Funds (VCFs). VCFs then made investments in MSMEs to the extent of twice the commitment of SIDBI or 50% of the corpus of the VCF whichever was higher. As on March 31, 2016, SIDBI committed Rs.607 crores to 10 VCFs under IAF.
- To promote the ‘Start-up India’ programme of Government of India, SIDBI prepared an online platform ‘www.sidbistartupmitra.in’, which enabled start-up entrepreneurs all over the country to get connected with various stakeholders. Around 500 start-ups, 48 incubators and 50 investors have already registered on this platform as on March 31, 2016.
- A new website ‘www.venturefund.sidbi.in’ was developed for Direct Risk Capital assistance to MSMEs in the form of sub-debt and equity assistance through VCFs.
- Subsequent to the announcement of the Hon’ble Prime Minister on January 16, 2016 at New Delhi to create a fund corpus of Rs. 10,000 crores (Rs.2500 crores every year for a period of four years) for start-ups an amount of Rs.500 crores was received in FY 2015-16 as budgetary support.
- Under ‘A Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship (ASPIRE)’ Fund of Ministry of MSME, Rs.60 crores was allocated and disbursed to SIDBI for managing the fund for investing in VCs with investment focus on start-up and early stage enterprises in the areas of Rural and Agro industries.

- Alternate Hedging Mechanisms for Foreign Currency Lines of Credit were introduced to reduce the cost of hedging.
- New Risk Rating models for MFIs, Asset Light Business, Cash-flow Based Business, Commercial Real Estate Business and Secure Business Loan were implemented.
- New financing channels were created through Industry Associations like Karnataka Small Scale Industries Association, National Institute of Bank Management, Coimbatore District Small Scale Industries Association, Chamber of Small Industries Association and Rai Industries Association.

Besides, SIDBI has the following business operations:

- Risk Capital operations under MSME Risk Capital Fund was started in 2009 with a committed corpus of Rs.2,000 Crores. The Fund has been fully drawn.
- It assisted start-ups and early stage ventures to identify and support deserving start-ups. Till March 31, 2016, 57 start-ups have been sanctioned assistance under the scheme with a total of Rs.57.48 Crores.
- Since 1991, SIDBI had been operating Receivable Finance Scheme (RFS) under which it fixed limits to well-performing purchaser companies and discounts usance bills of MSMEs/ eligible service sector units supplying components, parts, sub-assemblies and services so that MSMEs/ service sector units realize their sale proceeds quickly. It also offered invoice discounting facilities to the MSME suppliers of purchaser companies. The gross amount outstanding under RFS was Rs.1,596 Crores as on March 31, 2016.
- SIDBI provided micro finance loans (upto Rs.50,000) and the Missing Segment loans (in the range of Rs.50,000-Rs.10,00,000) through NBFCs/ NBFC-MFIs. The cumulative assistance aggregated to Rs.10,769.17 Crores till March 31, 2016. The assistance benefitted around 345 lakh disadvantaged people, most of them being women.

- It has international partnership for micro finance with Kreditanstalt für Wiederaufbau (KfW), Germany, Asian Development Bank (ADB) and World Bank (WB). It has also contracted a Line of Credit (LoC) of USD 500 million with International Bank for Reconstruction and Development for MSME Growth Innovation and Inclusion Finance Project for India.
- For holistic development of the MSME sector, MSME Advisory Centres (MACs) were set up which guided entrepreneurs regarding availability of schemes of commercial banks, government subsidies/ benefits, debt counselling, and answering queries raised by banks. The MACs have served MSME clusters across the country in partnership with Industry Associations. So far, more than 12,500 MSMEs have benefitted through MACs.
- To promote youth entrepreneurship, SIDBI developed a website 'www.smallB.in', which was a virtual mentor and handholding forum for new entrepreneurs and for existing entrepreneurs to grow their existing business.
- A project for capacity building of Tier-II banks viz., Regional Rural Banks (RRBs) and Urban Co-operative Banks was initiated in 2012-13 with the objective to enhance the credit flow to micro enterprise sector. Under this project, SIDBI extended capacity building support to these banks and arranged for training of staff of these banks.
- SIDBI Venture Capital Limited (SVCL) was established in 1999 for managing venture capital funds. It provided growth capital to high quality, growth-oriented MSMEs across diversified sectors. SVCL made a profit of Rs.6.58 Crores during the 2015-16.

SIDBI registered strong business growth during 2015-16 with an increase of 18.6% in the total MSME credit outstanding to Rs.65,632 crores as against Rs.55,343 crores in 2014-15. The indirect credit comprising of refinancing, rediscounting and resource support to banks and other institutions constituted

about 83% of total credit outstanding. It increased by 24% to Rs.54,235 during the period under review.

Table 4.7: Overall operations of SIDBI (Amount in Rs. Crores)

Sl.No.	Particulars	31-03-2015	31-03-2016
1	Indirect Credit		
	a) Refinance	38,098	46,544
	b) Micro finance	1,603	2,013
	c) Resource Support to NBFC/ Others	4,054	5,678
	Total Indirect Credit	43,755	54,235
2	Direct Credit		
	a) Risk Capital	1,279	792
	b) Sustainable Finance	2,747	1,920
	c) Service Sector	2,297	1,934
	d) MSME Receivable Finance	2,083	1,513
	e) Others	3,182	5,238
	Total Direct Credit	11,588	11,397
	Grand Total	55,343	65,632

Source: Annual Report of SIDBI

Micro Units Development and Refinance Agency (MUDRA) were set up in April 2015 as a wholly owned subsidiary of SIDBI for ‘funding the unfunded’ micro enterprises in the country. MUDRA refinanced banks, Micro Finance Institutions (MFIs) and other lending institutions which lends to micro/ small business entities engaged in manufacturing, trading and service activities. It has sanctioned Rs.3,783.20 crores to 22 MFIs, 3 NBFCs, 17 PSBs, and 3 RRBs till March 2016.

The Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) was set up in 2000 by Government of India and SIDBI to operate the credit guarantee Scheme for MSEs which guaranteed credit facilities upto Rs.100 Lakhs. The cumulative guarantees approved by the Trust stood at 23.3 lakh for an amount of Rs.1.1 lakh crore till March 31, 2016.

Promotional and Developmental Initiatives:

SIDBI adopted a 'Credit Plus' approach in its endeavor towards an all-round development of the MSME sector. Besides credit, it provided grant support for the promotion and development of the sector to make it strong, vibrant and competitive. Some important initiatives are given below:

MSME Advisory Centres (MACs):

These have serviced MSME clusters in partnership with Industry Associations. SIDBI appointed Knowledge Partners (KPs) who were retired bank officials with vast experience of MSME sector, to manage the MACs. The KPs have further been trained for the purpose. Till March 2016, more than 12,500 MSMEs have benefitted through MACs.

Micro Enterprise Promotion Programme (MEPP):

MEPP aimed at promoting viable micro enterprises leading to employment generation in rural India by providing comprehensive enterprise support services through identified implementing agencies. So far, it was implemented in 126 districts in 26 states. Cumulatively, about 42,000 enterprises were set up. One new MEPP each were launched in Varanasi district in U.P., Kamrup district in Assam and Jahanabad district in Bihar during 2015-16.

Entrepreneurship Development Programmes (EDPs):

SIDBI supported EDPs with the aim of building and nurturing a reservoir of entrepreneurs, while creating a cadre of motivated entrepreneurs and promotion of self-employed ventures capable of generating employment opportunities targeting less privileged sections of the society like women, minorities and SC/ST. A total of 3,191 EDPs had been supported by the Bank which benefitted more than 79,500 participants in various target groups till March 31, 2016. About 39,500 participants have either set up their own units or have been gainfully employed in the sector.

Skill Development Programmes (STUPs/ SIMAPs):

SIDBI also supported reputed management/ technology institutions to offer Skill-cum-Technology Upgradation Programme (STUP) and Small Industries Management Assistants Programme (SIMAP) to strengthen the technical and managerial capacities of the MSME workers. Since its inception, SIDBI has supported 1,560 STUPs benefitting about 32,750 participants. Further, 302 SIMAPs were conducted benefitting about 9,100 participants. It was found that these programmes have benefitted a large number of young bright students with most of the participants joining the MSME sector.

Promoting Innovation and Incubation:

To identify and commercialize grassroots innovation all over the country, SIDBI had supported the National Innovation Foundation, Ahmedabad with a corpus of Rs.400 lakhs and administrative grant of Rs.100 lakhs to set up Micro venture Innovation Fund (MVIF) in 2003. The fund supported about 194 innovations till March 31, 2016.

To foster successful entrepreneurs and develop industry in the knowledge and technology based areas in small enterprises, SIDBI also supported setting up of SIDBI Innovation and Incubation Centre at Indian Institute of Technology, Kanpur in January 2002. SIIC has so far incubated 62 start-ups in diverse areas of state-of-the-art technologies.

Economic Impact of SIDBI's Assistance:

Being the principal financial institution for MSMEs, SIDBI strived for promotion, financing and development of the MSME sector. Its initiatives and actions have impacted the MSME sector in the following ways:

- More than 350 lakh persons in the MSME sector have benefited from SIDBI's cumulative financial assistance of Rs.4.50 lakh crores by March 31, 2016.
- Many local MFIs were supported and strengthened in underserved areas including NER which helped the poor to access micro credit from MFIs. It also widened the arena of financial inclusion in these areas.

- More than 12,500 MSMEs benefitted in terms of financial literacy, awareness about Government Schemes and credit linkages through SIDBI's MSME Advisory Centres manned by Knowledge Partners.
- SIDBI's promotional and developmental support helped in setting up of about 80,000 enterprises, providing employment to about 1.5 lakh people and benefitting more than 2.3 lakh people in the MSME sector.

Micro Units Development & Refinance Agency (MUDRA):

This was set up on April 8, 2015 as a wholly owned subsidiary of SIDBI. It refinanced banks, MFIs and other lending institutions which were in the business of lending to micro/ small business entities. 27 Public Sector Banks, 17 Private Sector Banks, 31 Regional Rural Banks, 1 State Co-operative Bank, 12 Urban Co-operative Banks, 46 MFIs and 26 NBFCs were shortlisted as partner institutions as on March 31, 2016.

Table 4.8: Financial Highlights of MUDRA as on 31st March 2016 (Rs. in Crores)

Agency	Amount sanctioned	Amount disbursed
Banks	2,432	2,432
MFIs	812	616
NBFCs	250	0
RRBs	239.25	239.25
Investment in PTCs	49.95	49.95
Total	3,783.20	3,337.20

Source: Annual Report of SIDBI

As at the end of March 2016, MUDRA had sanctioned Rs.3,783.20 crores to 22 MFIs, 3 NBFCs, 17 PSBs and 3 RRBs. Out of the same, Rs.3,337.20 crores was disbursed as on the same date. Maximum amount was sanctioned and disbursed under banks with Rs.2,432 crores. Although Rs.250 crores was sanctioned to NBFCs, no amount was disbursed.

Pradhan Mantri Mudra Yojana (PMMY):

PMMY was launched on April 8, 2015 to finance income generating small business enterprises. Under this scheme, all banks were required to finance

micro entrepreneurs upto Rs.10 lakhs, irrespective of whether they availed refinance support from MUDRA or not. MUDRA loans were available for small business in three categories:

- a) Shishu- loans upto Rs.50,000
- b) Kishore- loans beyond Rs.50,000 and up to Rs.5 lakhs
- c) Tarun- loans beyond Rs.5 lakhs and up to Rs.10 lakhs

PMMY loans are extended by PSU banks, RRBs, Co-operative banks, Private Sector banks, Foreign banks, MFIs and NBFCs.

Table 4.9: Performance under PMMY

Scheme	No. of Accounts (in lakhs)	Amount sanctioned (Rs.in crores)	Amount disbursed (Rs. in crores)
Shishu	324.02	62,894	62,028
Kishore	20.69	43,053	41,073
Tarun	4.10	31,502	29,854
Total	348.81	1,37,449	1,32,955

Source: Annual Report of SIDBI

As on March 31, 2016, Rs.1,37,449 crores was sanctioned to 348.81 lakh borrowers out of which Shishu had the maximum of Rs.62,894 crores to 324.02 lakh borrowers. Tarun category had the least amount of sanction with Rs.0.32 lakh crores, and with the least number of beneficiaries too at 4.10 lakhs. The total amount disbursed was Rs.1.33 lakh crores which was 97.08% of the total sanction. The share of Nagaland was Rs.76.54 Crores.

Initiatives in the North-Eastern Region:

To upscale and widen the outreach of the microfinance operations in the undeserved states, SIDBI initiated several proactive measures to increase the flow of assistance to hitherto undeserved areas including the NER. Besides development of local MFIs, SIDBI continued to induce larger MFIs from the southern states to expand outreach in the region. By March 31, 2016, most of the MFIs having outstanding loans from SIDBI had a substantial part of their operations in the region.

SIDBI accorded special and focused attention to the development of NER in terms of micro finance, rural industrialization, handicraft cluster development, entrepreneurship development, and marketing support. The significant programmes supported in NER were as follows:

- An MoU was executed with NEDFi in March 2012 for providing various financial and developmental services including MSME Finance, micro finance and undertaking various planning and developmental activities in NER. Under this, Business Facilitation Centres were also opened. Presently, there are eight such centres operational in NER- Shillong (Meghalaya), Silchar (Assam), Aizwal (Mizoram), Gangtok (Sikkim), Agartala (Tripura), Kohima (Nagaland), Itanagar (Arunachal Pradesh) and Imphal (Manipur). Besides, an Entrepreneur's Corner was set up in NEDFi Office at Guwahati.
- SIDBI supported more than 377 EDPs in NER benefitting over 15,556 budding entrepreneurs, 104 skill development programmes (vocational) benefitting over 2,983 persons and almost 115 exhibitions/ seminars/ workshops benefitting over 15,287 participants.
- 49 Cluster Development Programmes covering activities like bamboo mat weaving, carpet weaving, handicrafts, handloom weaving, pottery, and bee keeping were supported by SIDBI. These have benefitted around 7,000 artisans in different states of NER.
- SIDBI had conducted about 156 Skill cum Technology Upgradation Programmes benefitting over 4,867 participants in the entire NER.
- Under the Micro Enterprises Promotion Programme, 24 districts in NER were covered. These programmes have resulted in promotion of about 2,460 units.

SIDBI- Branch Office, Dimapur:

SIDBI has opened a branch office in Dimapur, Nagaland. The bank contributed towards entrepreneurship development through various training programmes besides financial assistance. For the training programmes, it

assisted in selecting trainees, organized trainings and sponsored/ funded training programmes. Financial assistance was given through loans and grants. It also conducted and assisted in holding awareness programmes, seminars and workshops. The promotional and developmental activities taken under Dimapur office is highlighted in Tables 4.10 and 4.11.

Table 4.10: Promotional and Developmental Activities: SIDBI, Dimapur office
(Number of programmes)

Year	Marketing	EDP	STUP	vocational	Seminar	MEPP	Total
1991-2000	1	NC	NC	NC	NC	NC	1
2001-02	NC	NC	1	NC	NC	NC	1
2002-03	NC	2	NC	NC	NC	NC	2
2003-04	NC	NC	NC	NC	NC	NC	NC
2004-05	NC	NC	NC	NC	NC	NC	NC
2005-06	NC	NC	NC	NC	1	NC	1
2006-07	NC	1	NC	1	NC	NC	2
2007-08	NC	NC	NC	NC	NC	NC	NC
2008-09	1	1	NC	1	NC	NC	3
2009-10	NC	NC	NC	NC	NC	NC	NC
2010-11	NC	NC	NC	NC	NC	NC	NC
2011-12	NC	NC	NC	NC	NC	NC	NC
2012-13	NC	NC	NC	NC	NC	NC	NC
2013-14	NC	NC	NC	NC	NC	NC	NC
2014-15	NC	NC	4	NC	NC	NC	4
2015-16	1	NC	8	NC	NC	NC	9
Total	3	4	13	2	1	0	23

Source: Field Survey

NC- Not Conducted

The number of programmes conducted for promotion and development of entrepreneurs under SIDBI Dimapur office from the period 1991-92 till 2015-16 was 23. The number of programmes was highest under Skill-cum-Technology Upgradation Programme (STUP) with 13. The branch was able to organize only one seminar/ workshop during the period under study. Moreover, the number of activities taken by the branch per year was very less with no activity even, in

some years. However, 2014-15 and 2015-16 showed a more satisfactory trend with four (4) programmes and nine (9) programmes respectively.

Table 4.11 showed that the total number of participants to the various programmes conducted during the years 1991-92 till 2015-16 was 892. The number of participants as also the number of programmes was highest under Skill-cum-Technology Upgradation Programme (STUP) with 423 participants. From 1991 to 2000, 72 participants have benefitted. Since then, the yearly trend showed a fluctuating one with no entry in some years. From 2009-10 to 2013-14 i.e., for five years there was zero promotional and developmental activity. A major reason was the lack of adequate personnel in the office to take up the additional activity as reported by the branch office.

Table 4.11: Promotional and Developmental Activities: SIDBI, Dimapur office
(Number of participants)

Year	Marketing	EDP	STUP	vocational	Seminar	MEPP	Total
1991-2000	72	NC	NC	NC	NC	NC	72
2001-02	NC	NC	30	NC	NC	NC	30
2002-03	NC	58	NC	NC	NC	NC	58
2003-04	NC	NC	NC	NC	NC	NC	NC
2004-05	NC	NC	NC	NC	NC	NC	NC
2005-06	NC	NC	NC	NA	75	NC	75
2006-07	NC	27	NC	75	NC	NC	102
2007-08	NC	NC	NC	NC	NC	NC	NC
2008-09	60	30	NC	22	NC	NC	112
2009-10	NC	NC	NC	NC	NC	NC	NC
2010-11	NC	NC	NC	NC	NC	NC	NC
2011-12	NC	NC	NC	NC	NC	NC	NC
2012-13	NC	NC	NC	NC	NC	NC	NC
2013-14	NC	NC	NC	NC	NC	NC	NC
2014-15	NC	NC	120	NC	NC	NC	120
2015-16	50	NC	273	NC	NC	NC	323
Total	182	115	423	97	75	0	892

Source: Field study

NC- Not Conducted

During the year 2014-15, 120 participants were trained under various EDPs conducted in Dimapur, Mokokchung, Kohima and Peren districts. The trainings were held for six weeks each on Desktop Publishing, Masonry and Handloom Weaving. 51 units were started under SIDBI's assistance through these promotional and developmental activities. The trainings were able to generate employment to 55 persons. This indicated that the activity undertaken for the promotion and development of MSMEs by SIDBI was not very impressive.

Table 4.12: Promotional and Developmental Activities of SIDBI, Dimapur in 2014-15

Implementing Agency	Programme details	Programme location	Sanctioned amount	No. of trainees	No. of units grounded	No. of employment
Alaphra Group	EDP on Desktop Publishing	Dimapur & Mokokchung	1,70,000	60	21	25
Vikemetha Welfare Society	EDP on Masonry	Mezoma, Kohima district	76,000	30	18	12
Rural Multipurpose Society	EDP on Handloom Weaving	Ahthibung, Peren district	83,000	30	12	18
Total			3,29,000	120	51	55

Source: Field Survey

Prior to granting loans, SIDBI went for field inspection/ survey and did feasibility assessment. After loans were given to entrepreneurs, it also went for monitoring and follow-up. The loans were usually for a period of minimum two years and above. The recovery rate of the loans was very poor with only 40% to 60% till 2015-16. One of the main reasons for the poor recovery was the non-enforcement of personal guarantees. Another reason was failure of the business unit. However, in 2015-16, the recovery improved considerably to almost 80%. With this positive performance, SIDBI is expected to play a more significant role in the development of entrepreneurship in the state.

SECTION-II

CASE STUDY OF COMMERCIAL BANKS

INTRODUCTION

Traditionally, commercial banks in India were confined mainly to finance working capital requirements of trade and industry. Financial institutions were set up to ensure adequate flow of assistance to industrial projects. However, these days, with the expansion of the scope of commercial banks, they provide financial assistance for term loans too under various schemes of the Central and State Governments. The functions of Commercial Banks elucidated their importance in the economic development of a country. They helped in accelerating the economic growth in the following ways:

- i) Commercial Banks encouraged the habit of thrift and mobilized the savings of people. These savings were effectively allocated among the ultimate users of funds i.e., investors, for productive investment. This resulted in capital formation which formed the basis of economic development.
- ii) Commercial Banks were a very important source of finance and credit for trade and industry.
- iii) They promoted entrepreneurship by underwriting the shares of new and existing companies and granting assistance in promoting new ventures, or financing sick industries and other promotional activities.
- iv) They brought about balanced regional development by channelizing investments to the underdeveloped regions of the country.
- v) Commercial Banks created demand for consumer goods by advancing credit to consumers for purchase of durable consumer items.

Role of Commercial banks in promoting entrepreneurship:

Commercial Banks provided capital, technical assistance and other facilities to businessmen leading to development in trade. They mobilized the dormant savings and made them available to entrepreneurs for productive

purposes. Innovations were mostly financed by bank credit. In India, Commercial banks financed small scale industries, provided hire-purchase finance and helped in developing the underdeveloped capital market. They also helped in bringing about balanced regional development throughout the country.

Commercial Banks provided loans to wholesalers and retailers to stock their goods, helped in movement of goods from one place to another through facilities such as discounting and accepting bills of exchange, providing overdraft facilities, and issuing drafts. By financing consumers' activities, commercial Banks raised the standard of living of the people in developing countries. They helped in providing foreign exchange to businessmen dealing in foreign exchange.

Creating money, which is an important function of Commercial Banks, was possible without printing additional money. Thus, with no payment in cash, the supply of money was increased. For instance, Banks lends to entrepreneurs and opens a demand deposit in their name by making a credit entry in that account.

Electronic banking has been a boon to many entrepreneurs and businessmen. Services such as debit cards, credit cards and internet banking have facilitated online business, e-commerce. It made possible the buying of goods from and selling of goods to far away locations too.

Apart from loans and other banking facilities, banks provided the following services to MSE entrepreneurs:

1. Rural Self Employment Training Institutes (RSETIs): These have been set up at the initiative of the Ministry of Rural Development and were managed by banks with active co-operation from the Government of India and state Governments. They conducted various short duration skill upgradation programmes to help the existing entrepreneurs compete with the ever-changing global market. RSETIs co-ordinated with all bank branches of the area and ensured that a list of candidates trained by them

was sent to them for grant of financial assistance under any Government sponsored scheme or direct lending.

2. Financial literacy and consultancy support: Through the Financial Literacy Centres (FLCs) set up by banks, commercial banks provided assistance to MSE entrepreneurs in regard to financial literacy, operational skills, including accounting, finance, and business planning.

COMMERCIAL BANKS IN NAGALAND

The State Bank of India (SBI) with its Zonal Office at Dimapur is the lead bank in Nagaland. Other Commercial Banks operating in the state were Allahabad Bank, Axis Bank, Bandhan Bank, Bank of Baroda, Bank of India, Bank of Maharashtra, Canara Bank, Central Bank of India, Corporation Bank, Federal Bank, HDFC Bank, ICICI Bank, IDBI Bank, Indian Bank, Indusind Bank, Indian Overseas Bank, Punjab National Bank, Punjab & Sind Bank, South Indian Bank, Syndicate Bank, United Bank of India, Vijaya Bank, Yes Bank, Nagaland Rural bank and Nagaland State Co-operative Bank.

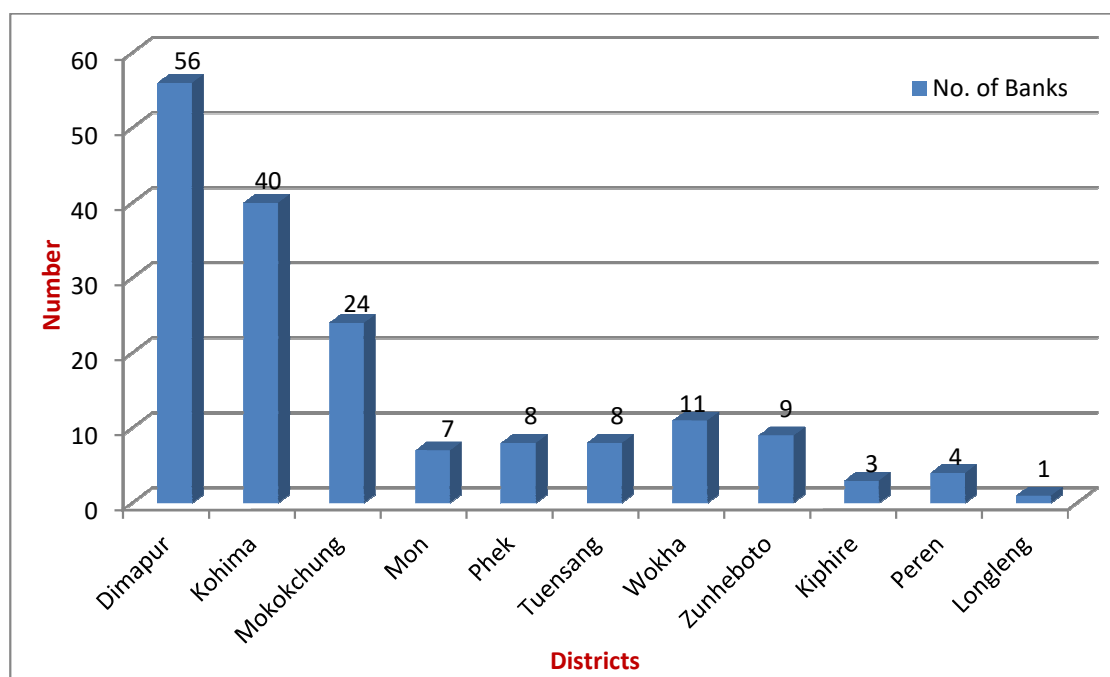
Table 4.13: District- wise No. of Banks in Nagaland as on 31st March for the period 2008 to 2016

Name of District	2008	2009	2010	2011	2012	2013	2014	2015	2016
Dimapur	30	33	33	35	41	47	51	55	56
Kohima	20	21	21	23	24	29	33	34	40
Mokokchung	13	13	14	14	15	19	23	23	24
Mon	4	4	5	5	5	6	7	7	7
Phek	8	9	9	8	8	8	8	8	8
Tuensang	5	5	5	5	7	8	8	7	8
Wokha	8	8	8	8	8	11	11	11	11
Zunheboto	6	7	8	7	7	7	8	8	9
Kiphire	2	2	2	2	3	3	3	3	3
Peren	3	3	3	3	4	4	4	4	4
Longleng	1	1	1	1	1	1	1	1	1
Total	100	106	109	111	123	143	157	161	171

Source: State Level Bankers' Committee Meeting

Table 4.13 represents the total number of banks in each district of the state as on 31st March 2008 to 31st March 2016. All together there were 171 Scheduled Commercial Bank branches in the state as on March 31, 2016. It has steadily increased from 100 on March 31, 2008. The number of banks and bank offices both showed an increasing trend. Figure 1.4 illustrates the number of banks in the different districts of the state. Dimapur district had the highest number of bank offices with 56 followed by Kohima with 40. Together, they constituted 56% of the total bank offices opened in the state. Longleng was the most neglected district under this category with only one bank office viz., State Bank of India.

Fig. 4.4: Number of commercial Banks in Nagaland in the year 2016



Annual Credit Plans of Commercial Banks:

Under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, the Reserve Bank of India issued the following directives for Commercial Banks:

Priority sector included

- Agriculture and allied activities
- Micro and small enterprises

- Manufacturing enterprises: micro, small and medium enterprises engaged in manufacture or production of goods to any industry specified in the first schedule of the Industries (Development and Regulation) Act, 1951.
- Service Enterprises: micro, small and medium enterprises engaged in providing or rendering of services under MSMED Act, 2006
- Housing
- Micro-credit
- Education loans
- State sponsored organizations for SC/ST
- Weaker sections
- Export credit

Khadi and Village Industries Sector were eligible for classification under the sub-target of 7.5% prescribed for Micro enterprises under priority sector. Bank loans to food and agro processing units formed a part of agriculture.

Other Finance to MSMEs included

- Loans to entities involved in assisting the decentralized sector (artisans, village and cottage industries) in the supply of inputs to and marketing of outputs.
- Loans to co-operatives of producers in the decentralized sector.
- Loans sanctioned by banks to MFIs for on-lending to MSME sector.
- Credit outstanding under General Credit Cards in existence and catering to the non-farm entrepreneurial needs of individuals.
- Overdrafts extended by banks after April 8, 2015 up to Rs.5,000/- under Pradhan Mantri Jan Dhan Yojana (PMJDY) accounts provided the borrower's annual household income does not exceed Rs. 1,00,000/- for rural areas and Rs.1,60,000/- for non-rural areas.
- Outstanding deposits with SIDBI and MUDRA Ltd. on account of priority sector shortfall.

To ensure MSMEs did not remain small and medium units merely to remain eligible for priority sector status, the MSME units continued to enjoy the priority sector lending status up to three years after they grew out of the MSME category concerned.

Targets/ Sub-targets for lending to MSME sector by domestic commercial banks and foreign banks operating in India:

1. Advances to MSME sector were reckoned in computing achievement under the overall priority sector target of 40% of Adjusted Net Bank Credit (ANBC) or credit equivalent amount of Off-Balance Sheet Exposure, whichever was higher, as per the extant guidelines on priority sector lending.
2. Domestic commercial banks were required to achieve a sub-target of 7.5% of ANBC or credit equivalent amount of Off-Balance Sheet Exposure, whichever was higher, for lending to Micro Enterprises.
3. Bank loans above Rs.5 crores to Micro and Small Enterprises and Rs.10 crores to Medium Enterprises engaged in providing or rendering of services were not reckoned in computing achievement under the overall priority sector targets as above.

Table 4.14: Priority Sector Advances by Scheduled Commercial Banks of Nagaland
(Rs. in Lakhs)

Particulars	31-12-07	31-03-08	31-03-09	31-03-10	31-03-11	31-03-12	31-03-13
Priority Sector Advances	30087	34705	36124	48393	56138	65417.24	70969.58
Share of Total Advances	40%	40%	10.89%	38.15%	40.33%	41.5%	39.55%
Advance to agriculture sector	7930	8491	10163	13350.77	15905	17890.75	21354.35
Advances to women beneficiaries	4598	5531	5775	18262.47	23450	NA	NA
Advances to minority communities	10553	15043	13409	38176.28	47286	NA	NA
Advance to SSI sector	7634	8307	9971	11078.68	13920	10563.43	12665.33
Share of Total Advances	25.73%	23.93%	27.60%	22.89%	24.79%	16.15%	17.84%
Recovery percentage of Priority Sector Advances	-	-	-	-	-	25%	30.83%
Overdues percentage of Priority Sector Advances	-	-	-	-	-	75%	69%

Source: State Level Bankers' Committee Meeting

Table 4.14 shows the priority sector advances to the different components by Commercial Banks as on 31-12-2007 to 31-03-2013. Except for the year 2009, the share of priority sector was around 40% (being target set by RBI) of the total advances by Commercial banks. The advances to agriculture sector had an increasing trend quantity wise. But quality wise, the share of agriculture declined over the period. The advances to SSI sector also showed an increasing trend quantity wise. But in terms of quality, the share of SSI was less than 10% of the total advances in 2009, 2010, 2012 and 2013.

Micro and Small enterprises sector:

Keeping in view the high level of financial exclusion in the MSME sector, it was imperative for banks to bring the excluded units within the fold of the formal banking sector. The lack of financial literacy, operational skills including accounting and finance, and business planning represent formidable challenge for MSE borrowers underscoring the need for facilitation by banks in these critical financial areas. Moreover, MSE enterprises were further handicapped in this regard by absence of scale and size. To address these handicaps, Commercial Banks were advised to separately set up special cells at their branches, or vertically integrate this function in the Financial Literacy Centres (FLCs) set up by them. The bank staff should also be trained through customized training programs to meet the specific needs of the sector.

Table 4.15 shows the credit amount sanctioned to SME and SSI sector under Annual Credit Plan for the period 2007-08 to 2014-15. The total amount sanctioned by all commercial banks in Nagaland was Rs.5,543 lakhs on March 31, 2008. It increased to Rs.12,680.53 lakhs on March 31, 2015 which indicated an increase of 228.77%. However, the increase was not uniform in all the years; it showed a decrease in 2009, 2011, and 2012. State Bank of India alone accounted for 42.88% of the total amount sanctioned by all commercial banks.

Table 4.15: Credit sanctioned to SME and SSI sector under Annual Credit Plan from 2008-09 to 2014-15 (Amount sanctioned in Rs. Lakhs)

Bank	31-03-08	31-03-09	31-03-10	31-03-11	31-03-12	31-03-13	31-03-14	31-03-15
Allahabad Bank	335	76.85	241.99	497.28	98	225	259	242.26
Axis Bank	0	270	2676.04	180.00	111	325	1336	922.75
Bank of Baroda	37	224.21	241.29	62.56	227	425	428	484.50
Bank of India	-	-	-	-	-	0	120	275.00
Bank of Maharashtra	-	-	-	-	-	0	100	100.00
Canara Bank	-	-	-	-	-	0	100	261.25
Central Bank of India	20	15.09	87.40	0	112	225	301	405.50
Federal Bank Ltd.	6	12.00	8.00	4.00	53	75	150	250.00
Housing Dev.Fin.Cor	-	-	-	-	11	0	222	321.00
ICICI Bank	-	-	-	-	103	0	191	377.25
IDBI	461	345.00	141.70	130.00	107	75	120	271.00
Indian Bank	8	0	18.20	21.09	32	75	100	200.00
Indusind Bank	-	-	-	-	-	-	100	100.00
Indian Overseas Bank	-	-	-	-	-	-	0	100.00
Punjab National Bank	0	490.53	433.62	172.58	21	75	100	200.00
Punjab & Sindh Bank	-	-	-	-	21	75	100	250.00
State Bank of India	3916	1155.00	1156.00	2371.39	2115	2150	4038	5437.02
South Indian Bank	-	-	-	-	-	-	100	100.00
Syndicate Bank	0	10.44	39.00	57.00	53	75	100	200.00
United Bank of India	319	244.66	480.00	44.24	143	225	260	500.00
UCO Bank	19	8.23	12.00	286.00	233	250	471	450.00
Union Bank of India	-	-	-	-	107	-	100	200.00
Vijaya Bank	422	793.12	33.64	164.00	236	425	480	933.00
Yes Bank	-	-	-	-	-	-	0	100.00
Total	5543	3662.13	5569.08	3989.14	3783	4700	9275	12680.53

Source: SLBC Report

The overall growth rate in credit disbursed in the year 2009 over 2008 witnessed a decrease of 35.99% (Table 4.16). Allahabad Bank, Central Bank of India, Industrial Development Bank of India, Indian Bank, State Bank of India, United Bank of India, and UCO Bank showed a declining trend in the disbursement during the period. The performance improved the following year with an overall increase of 55.07%. Most of the banks showed an improvement in the amount of credit disbursed to SME sector. Nevertheless, some banks have

not disbursed any amount till 2010. It was observed one major reason was due to slow recovery rate.

Table 4.16: Credit disbursed to SME sector (Amount disbursed in Rs. Lakhs)

Bank	31-03-08		31-03-09		31-03-2010		Growth rate in 2009 (%)	Growth rate in 2010 (%)
	No.	amount	No.	amount	No.	amount		
Allahabad Bank	66	335	35	76.85	54	241.99	-77.06	214.87
Bank of Baroda	21	25	84	116.90	68	199.87	367.60	70.98
Central Bank of India	11	20	10	15.90	12	56.80	-20.50	257.23
Federal Bank Ltd.	7	6	8	12.00	26	8.00	100.00	-33.33
ICICI	0	0	0	0	0	0	0	0
IDBI	14	450	6	345.00	8	141.70	-23.33	-58.93
Indian Bank	8	7	0	0	3	17.16	-100.00	0
Punjab National Bank	0	0	4	450.85	6	433.62	0	-3.82
Punjab & Sindh Bank	0	0	0	0	0	0	0	0
State Bank of India	2024	3916	515	1155.00	421	1156.00	-70.51	0.09
Syndicate Bank	0	0	6	10.44	8	39.00	0	273.56
United Bank of India	82	267	78	244.66	23	410.00	-8.37	67.58
UCO Bank	3	19	7	8.23	4	12.00	-56.68	45.81
Axis Bank	0	0	4	270	29	2676.04	0	891.13
Vijaya Bank	144	421	102	793.12	15	33.64	88.39	-95.76
Total	2380	5466	859	3498.95	677	5425.82	-35.99	55.07

Source: SLBC Report

Commercial Banks and Entrepreneurship Development Programmes

Commercial Banks need to develop empathy for micro, small and medium borrowers and understand their financial and other related needs. Developing business sensitivity towards such entrepreneurs required focused capacity building through training interventions. A major initiative taken by the Government of Nagaland in 2010 had been setting a target of training 2000 entrepreneurs out of which 1000 entrepreneurs were to be promoted by Industries Department and 1000 were to be promoted by line departments. The commercial banks were entrusted to provide financial support and fund the entrepreneurs to undergo appropriate training.

Awareness camps were organized to educate potential beneficiaries of different schemes (e.g.,PMEGP) under a committee consisting of Lead Bank,

KVIC/ KVIB/ DIC and Principal, Multi-Disciplinary Training Centre (MDTC). The committee shortlisted the beneficiaries and sent them for orientation and training. The beneficiaries then underwent project formulation and approached bank for project sanction. Activities undertaken in such camps included Presentation by successful EDP trained entrepreneurs, Distribution of letters to PMEGP entrepreneurs who were sanctioned projects by Bank and Collection of data from the potential beneficiaries, which included information like profile of beneficiaries, skills possessed, background, qualification and experience.

Selection Process for Grant of Loans:

Most of the Governmental Schemes being bank driven, the final sanction of the project and release of loan was done at the level of the concerned bank. It was, therefore, imperative that KVIC, KVIB and DICs interact regularly with the higher officials of Banks at district/ state/ national level to ensure that bottlenecks, if any, in implementation, were resolved, outcomes were effectively achieved and targets were met. To achieve this, Bankers Review Meetings were organized at the following levels:

- Lead District Managers (LDM) Meet: This meeting was held on a quarterly basis to monitor and review the implementation of PMEGP scheme. It was a joint meeting of officials of KVIC, KVIB, DIC and bank officials at LDM level.
- Zonal Review Meeting: This meeting was conducted quarterly by KVIC to review and monitor PMEGP scheme. Representatives of KVIC, KVIB, DIC and concerned banks participated in the review.
- Top Level Bankers Meeting: This meeting was held twice a year (in June and December) so that proper monitoring would be done at the beginning and towards the end of the financial year. Senior executives of Nationalized Banks, representatives from Ministry of MSME, KVIC, state DICs and KVIBs participated in the meeting to focus on reviewing the targets and examining the issues related to policy decisions relating to banks for the implementation of PMEGP.

Lead District Managers of Commercial Banks, SIDBI and NABARD offices were entrusted with the responsibility to co-ordinate with various handholding agencies, banks and other related agencies in facilitating Government sponsored schemes. Concerned banks were entrusted with the responsibility to review progress periodically, handle grievance redressal, and assist in resolving issues, if any.

Among the various schemes available for entrepreneurs, PMRY/ PMEGP was the most popular scheme in the state. The performance under SGSY and SJSRY was quite negligible due to non-receipt of applications by banks.

Table 4.17: Performance under PMRY/PMEGP for all Scheduled Commercial Banks

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Target of Beneficiary (No.)	1145	1500	179	179	610	497	456
Application received	1137	1462	175	180	558	558	326
Application sanctioned	1119	1367	123	144	460	460	255
Number disbursed	1058	1274	2	99	431	270	215
Percentage of sanction to target	98	91	68.72	80	75.41	92.56	55.92
Percentage of disburse to sanction	95	93	1.63	68.75	93.70	58.70	84.31

Source: SLBC Report

The target for PMRY 2006-07 was 1145 as shown in Table 4.17. Out of 1,137 applications received, 1119 applications (98%) were sanctioned and 1058 numbers (95%) were disbursed. Of the 1500 target for PMRY 2007-08, 1274 applications were disbursed. The target set for 2008-09 was 179. Banks sanctioned 123 proposals, thereby achieving 68.72% of the target. Against a target of 179 for 2009-10, banks had sanctioned 144 proposals. A huge backlog of PMEGP proposals were cleared by the banks till March 31, 2010. PMEGP target for the year 2010-11 was 610. Out of 558 proposals received by the banks, 460 proposals have been sanctioned and 431 proposals have been disbursed. However, the proposals sanctioned decreased drastically to 55.92% only in 2012-13, which was the lowest during the study period.

Table 4.18: Performance under PMEGP as on 31st March 2016

Particulars	Numbers
Target of Beneficiary (No.)	825
Application received	892
Application sanctioned	725
Number disbursed	681
Number rejected	54
Number pending	157

Source: SLBC Report

Table 4.18 illustrates the applications received, sanctioned and disbursed for the quarter March 31, 2016 by all commercial banks in Nagaland. Out of a target of 825 beneficiaries, 892 applications were received. But 54 applications were rejected by the selected commercial banks. Thus, only 725 applications were selected and sanctioned. The amount was disbursed to 681 beneficiaries. The banks have failed to meet the target set for the period. This was found to be a common occurrence in almost all the other periods too.

In a recent meeting of bankers as stated by the official, banks were requested not to reject the proposals of Government Sponsored Schemes without ascertaining the viability of the project. Since there were multiple issues in this area, a Sub-Committee was recommended and set up by the State Level Bankers' Committee, Nagaland in order to have more clarity and to update the issues of eligibility and also to reduce the potentially unviable projects at the screening level.

Follow-up Mechanism:

An important objective of EDP was to help trainees to launch and manage their enterprises successfully. A key factor behind the failure of EDPs from the point of view of enterprise creation was inadequate follow-up. In the absence of follow-up, training was a futile exercise. In a follow-up, the essential aspects were quality and timeliness. Though training taught the trainees how to go about at various stages, when they actually started to set up their enterprises, they faced a number of complications in many fronts. Meetings were conducted

occasionally with bankers so that finance to micro entrepreneurs may be increased.

Physical verification of the actual establishment and working status of each unit set up by EDP trainees was usually done by KVIC, with coordination from banks, DICs and KVIBs, or through outsourcing to professional institutes.

Interacting with PMEGP entrepreneurs was done to obtain feedback about the units, their problems, support required, and success stories. However, in practice, it was observed that such interactions were almost absent.

Evaluating EDPs:

The strategy of training potential entrepreneurs through EDPs constituted an important policy instrument. Since a substantial amount of public resources were annually committed to train potential entrepreneurs, a systematic and comprehensive evaluation of EDPs was needed. Such evaluations have helped to identify the gaps and improve upon the performance. Moreover, such evaluation cannot be a one-time concern. Since EDPs were dynamic activity, they should be continuously renewed and restructured to meet the ever changing requirements of potential entrepreneurs and the policy environment. Furthermore, the use of scarce resources for any developmental activity should be justified in terms of costs involved and benefits accruing from it.

The success of any training should be evaluated by looking at the extent as to how far it has achieved its stated objectives. This applies to EDP as well. The first national level evaluation of EDPs stated the objectives of EDPs as follows:

- a. Increasing the supply of entrepreneurs who start new ventures.
- b. Diversifying the base of enterprise ownership by promoting first generation entrepreneurs.
- c. Reducing the incidence of unemployment by creating self-employment/employment opportunities.
- d. Improving the quality of entrepreneurship to avoid industrial sickness.

Two major approaches to the evaluation of EDPs were:

- 1) It can be viewed as an enterprise creating activity, or
- 2) It can be viewed as a human resource development strategy.

The view of the first approach was that the major objective of EDP was to convert a potential entrepreneur to an actual entrepreneur. The underlying assumption behind this approach was that training intervention bridged the gap between those who were born in a business family and those who lacked the advantages of such immediate environment. Thus, the success rate of EDPs were evaluated in terms of the number of units started by the trainees within a reasonable period of time (usually two years) after completion of the programme. However, this approach did not measure the fringe benefits of the programmes such as a trainee guiding other people about EDP, helping them to start their own business or manage a venture. Therefore, it would be rather too simplistic to evaluate the impact of EDPs in terms of start-up rate only.

The second approach held that the contribution of EDPs went much beyond enterprise creation. EDPs inculcated entrepreneurial values in societies where environment for natural supply of entrepreneurs was not very conducive. It widened the base of entrepreneurial supply by bringing young potential entrepreneurs into the fold of entrepreneurship through training intervention. Therefore, EDPs were treated as a human resource development activity as it led to an appreciation of human capital.

A judicious blending of both approaches was necessary to make a comprehensive evaluation of EDPs which took into consideration not only direct benefit or tangible contribution in terms of the number of enterprises created but also the factors behind its success/ failure. The evaluation should also take the four interest groups, viz., trainees, trainers, support system and sponsors into consideration while analyzing success.

Funding agencies were also keen to know about EDPs to decide whether continued financial assistance should be extended. An evaluation of EDP

therefore included the effectiveness of the selection tools, training inputs, impact of Achievement Motivation Training, training pedagogy and faculty, and organizational structure of EDPs conducted.

An evaluation of EDPs conducted by SBI's Evaluation and Monitoring Cell assessed overall success of EDPs in terms of start-up rates, performance of the units started by trainees and problems and prospects of SBI-EDPs. The study came to the conclusion that the funding of new ventures, poor follow-up, inadequate opportunity identification, and guidance were some of the major weaknesses of these EDPs.

A review of past programmes (EDPs) shows that the major areas of self-employment in the state include weaving, tailoring, printing press, bakery, steel fabrication, automobile repairing and communication services.

Success rate of EDPs:

EDPs lacked standardization. Though EDI prescribed a standard six week EDP with specified course content, duration and selection criteria of trainees, they were not being followed uniformly. Training programmes of three to seven days were also called EDPs. The quality of EDPs was seriously affected. This was one of the major factors determining the success of EDPs.

Participating entrepreneurs in review meetings have identified the lack of institutional arrangements for financial resource mobilization as a major constraint. This was reflected in the annual credit plan of the state (Tables 4.15 and 4.16). Another reason for poor success rate was that most of the trainees were first generation entrepreneurs. There was no proper follow-up mechanism as there was absence of interaction with the trainees after the training got over. KVICs and KVIBs have failed to maintain EDP records. Trainees, on their part, did not furnish proper contact addresses for their enterprises to enable the monitoring of their enterprises for future. Negligence from both stakeholders to fill up the necessary details has resulted in improper evaluation of the training programmes even after five decades of statehood.

Trainees also complained that their proposals to some schemes were under-financed. For instance, a loan proposal under PMEGP involving a total project cost of Rs.10,55,000 recommended by the District Level Task Force Committee was reduced and only Rs.83,000 sanctioned. The concerned bank issued a notice to the beneficiary that it was not in a position to fund the proposal (SLBC March 2016, page 89). Reduction in project cost to such an extent affected the quality of the project and its sustainable growth. Moreover, the units faced financial crisis and eventually became sick units.

Recovery performance of bank loans:

It was observed that the recovery of banks under different schemes of the Government was very low as indicated in Table 4.19. SGSY has the lowest recovery percentage of 3.08 % of the total amount outstanding for the year 31-03-2008. The recovery rate has improved in 2009, 2010, 2011, and 2012 but decreased again to 32.34% in 2013. Khadi and Village Industries Commission margin money scheme of Nagaland had the highest recovery rate for the quarter in 31-03-2008 with 12.72%. KVIC recovery performance decreased to 11.64 % in 2009, then increased to 30.60% in 2010 and finally decreased to 14.01% in 2013. The recovery rate of PMRY was also very low at 3.77% in 2008, 1.53% in 2009, 2.74% in 2010, and 4.59% in 2011. There was a significant increase in the recovery for the year 2012 with 87%.

Table 4.19: Recovery performance of Bank loans (in percentage)

Scheme	31-03-2008 Percentage recovered	31-03-2009 Percentage recovered	31-03-2010 Percentage recovered	31-03-2011 Percentage recovered	31-03-2012 Percentage recovered	31-03-2013 Percentage recovered
PMRY	3.77	1.53	2.74	4.59	87	17.58
SGSY	3.08	7.79	13.54	21.43	37	32.34
SJSRY	10.83	11.52	7.45	9.86	26	23.04
KVIC	12.72	11.64	30.60	17.82	24	13.01
PMEGP			-	13.96	87	NA

Source: SLBC Report

NA- Not Available

(* Percentage is the amount of recovery to the demand raised)

Table 4.20: Recovery performance of Bank loans (Amount)

Scheme	31-03-2008 Amount (in lakhs)	31-03-2009 Amount (in lakhs)	31-03-2010 Amount (in lakhs)	31-03-2011 Amount (in lakhs)	31-03-2012 Amount (in lakhs)	31-03-2013 Amount (in lakhs)
PMRY	122.99	56.56	90.67	101.94	2327.08	509.91
SGSY	9.94	27.91	49.32	112.03	151.85	150.50
SJSRY	20.60	16.84	13.42	22.24	65.36	42.41
KVIC	38.02	25.70	96.35	48.09	67.63	40.39
PMEGP	-	-	-	6.43	2327.08	NA

Source: SLBC Report

NA- Not Available

The recovery of loan for Government sponsored loans in absolute numbers is given in Table 4.20 which showed that the recovery performance for all the schemes was very poor in all the years under review.

Reasons for Low Recovery:

1. Most of the beneficiaries failed to set up their enterprises. Though they availed the finance under the schemes, they were not determined in pursuing an entrepreneurial career and gave up in the face of opposition. Some beneficiaries joined the training programmes just to avail the subsidy under the schemes. In other cases, the units had to shut down their business due to failure of the business. As such, they were unable to repay the loan since they could not get any returns on their investment.
2. Timely recovery could not be done since contact with the beneficiaries was done after much hardship. There was shortage of manpower to go on meeting defaulters time and again. Requests and reminders to defaulting beneficiaries for payment of outstanding dues failed to bring any compliance on the part of the entrepreneurs.
3. The banks have many court cases for loan recovery with the courts. Since it takes time to resolve the cases, most of the cases were still pending in the courts.
4. Legal notices were served to defaulters. But enforcing action against the defaulters of loans proved difficult. In the event that the beneficiaries go back on their personal guarantees, land mortgage was not an option. The

reason behind this was that in Nagaland, most of the hill areas were owned by community and could not be given to any person.

Analysis of the Study:

1. The annual target and sanction of NIDC indicated a fluctuating trend. During the fourteen years under study, the sanction amount fell short of the target for eight years viz., in 2002-03, 2003-04, 2004-05, 2006-07, 2007-08, 2008-09, 2009-10, and 2015-16. The total sanction was 87.14% of the total target. The percentage of disbursements against the annual sanction also showed a fluctuating trend with Rs.307.12 Lakhs in 2002-03 which finally increased to Rs.776.53 Lakhs in 2015-16. The overall disbursement was 100.20% with annual disbursement being less than the sanction amount for six years out of fourteen years viz., 2003-04, 2004-05, 2005-06, 2007-08, 2011-12 and 2013-14.
2. It was found that recovery rate of loans by NIDC was only 75.69% of the Principal amount due. Separate targets for recovery of old and current over-dues were not fixed and hence, the recovery of principal and interest as against the total amount due during the years remained very low. It was further observed that the Company does not have specified norms for inspection of assisted units to monitor their performance or for taking action against the loan defaulters.
3. Internal control system in any organization/institution was required to ensure that its objectives were being achieved in an efficient, effective and adequate manner. Failure of NIDC to have an effective internal control/internal audit mechanism has resulted in lack of accountability.
4. Rs.97 Lakhs was given as assistance to Nagaland by NEDFi in 2002-03, out of a total of Rs.5,110 Lakhs which was given to the North-Eastern states. The share of Nagaland was just 1.90%. After ten years, the amount increased to Rs.295 Lakhs but the share was still lower at 0.88% only. These figures reflect the non-preferred treatment to the state by the organization over the years.

5. In the past years, there has been poor recovery of loans in NEDFi from entrepreneurs due to non-enforcement of personal guarantees. To overcome this situation, rigorous follow up has been taken and legal recovery mode has been applied. The Corporation also conducted market survey to check the financial viability of the projects in the last two years of the study. These have resulted in better recovery rate in 2014-15 and 2015-16.
6. From the field study, it was found that the SIDBI office in Dimapur had conducted 23 programmes for promotion and development of entrepreneurs from 1991-92 till 2015-16. The total number of participants to such programmes was 892 for a period of 24 years. This reflected a very poor presence of the institution in the state. However, since 2014-15, there was a revival on various trainings. But the lack of personnel to take up such activities was a major problem.
7. There were 171 scheduled commercial bank branches in Nagaland as on 2015-16, which was 100 in 2007-08. Dimapur district has the highest number of bank offices followed by Kohima district. Together they constituted for more than half of the total bank offices in the state. These two districts have a much better presence of banks compared to other districts of the state.
8. Under priority sector advances by commercial banks, the share of SSI sector showed a very poor performance of less than 10% in the years 2008-09, 2009-10, 2011-12 and 2012-13. One of the reasons for the poor lending to SSI was the low recovery rate of advances.
9. The credit sanctioned to SME and SSI sector under Annual Credit Plan increased from Rs.5543 Lakhs in 2007-08 to Rs.12,680.53 Lakhs in 2014-15. The bank-wise performance showed that SBI alone accounted for more than 40% of the total credit sanctioned by all commercial banks operating in the state. Some banks failed to disburse any amount even after the sanction was done.

10. A study of the performance of PMRY/PMEGP revealed that annual targets were not achieved fully. There was a variation in the number of proposals sanctioned and disbursed and the amount of sanction and disbursement. The percentage of sanction to target was 98% while percentage of disbursed to sanction was 95% in 2006-07. The performance failed to improve in 2007-08 to 2015-16. All these revealed the failure of commercial banks to meet the targets set by them.
11. Training programmes (EDPs) conducted by banks had a very poor success rate in terms of the number of units set up by the trainees. In some batch of trainees, not even one entrepreneur could start up a venture. In other cases, few entrepreneurs were able to set up their enterprises. However, the contribution of EDPs as a human resource development activity could not be measured.
12. The recovery of bank loans under PMRY/PMEGP, SGSY, SJSRY and KVIC was very low. The trend of recovery from 2007-08 to 2012-13 was a fluctuating one with hardly any improvement in most of the years except 2011-12 where the overall performance was better at 87%, 37%, 26% and 24% recovery of the demand raised.

It was observed from the analysis that the financial loans sanctioned by the institutions taken for the study indicates a fluctuating trend. The loan recovery rate/ performance for almost all the schemes was also very poor.

CHAPTER- V

PROBLEMS AND PROSPECTS OF ENTREPRENEURS IN NAGALAND

INTRODUCTION

Resources may make a nation potentially rich, but for this richness to manifest itself into reality, there has to be an agency or an organization which can organize these resources for the successful implementation of industrial development. The initiative and motivation to organize them usually falls with the entrepreneurs. Therefore, entrepreneurs play a pivotal role in determining the growth and development of any region.

In this study, an entrepreneur is defined as a person who engages in entrepreneurial activity. He/ she is one who identifies and undertakes economic opportunities by starting and operating commercial enterprises using his/ her own means and others' resources. It was found that traits of entrepreneurs such as need for achievement, motivation for achievement, risk taking propensity, innovativeness, capacity to adapt to and tolerate uncertainty, and high personal perseverance shaped how entrepreneurs performed in their fields.

Besides individual skills and efforts of the entrepreneur, support programmes such as Capacity building of entrepreneurs promoted entrepreneurial development. Many institutions were involved in organizing Entrepreneurship Development Programmes (EDPs).

To establish entrepreneurial culture in Nagaland, there is a need for the people of the state to change their outlook towards life values and also awareness to meet the challenges of an industrialized economy. Entrepreneurial development depended not only on financial and physical incentives but also on the various aspects of the entrepreneur. Entrepreneurs should be driven by a high degree of motivation and a high need for achievement. It becomes necessary to

strike the right balance between family and society based values on one hand and the new challenges of entrepreneurship and industrialization on the other. Moreover, with many of the few medium and small scale industries outside the corporate sector being owned and managed by immigrant entrepreneurs as in the case of Nagaland, local entrepreneurs faced the challenge of competition from outsiders. This chapter deals with the problems/ challenges and prospects of entrepreneurs in Nagaland. A case study of Kohima and Dimapur districts was done.

Inspite of support from governmental and non-governmental institutions, the progress of entrepreneurship in Nagaland was not appreciable. One of the reasons being that entrepreneurs encountered many problems in their efforts to develop the enterprises that they have established.

CHALLENGES/ PROBLEMS FACED BY ENTREPRENEURS

The high level of uncertainty, inexperienced management and employees, and the availability of limited resources were some of the major challenges/ problems faced by new venturers. These problems lead to a very high rate of mortality among new ventures compared to that of well-established enterprises. Usually, it was not a single reason but a number of reasons/ problems which led to failure of entrepreneurship. Some major challenges were as follows:

1. Lack of experienced management- This was a major problem faced by new enterprises. Both the entrepreneur and the top management were usually new to the role with no prior experience of being in charge of the fortunes of a whole business. This was a challenge even in the case of experienced individuals as they too, were faced with a new situation where the business itself has no previous track record.
2. Shortage of skilled manpower- This problem was present in new ventures since most people preferred to work in well-established organization employing hundreds of employees and having a stable track record. Lack

of skilled and experienced manpower led to a general drop in productivity and quality of output.

3. Pricing- The price of the product/ products which an entrepreneur offers should be rigorously thought out. Usually, the price was determined by the cost structure, nature of demand, and extent of competition. In some cases, high prices decreased the demand. On the other hand, low prices of products resulted in loss/ failure for the enterprise when investment costs were not met.
4. Inventory control- Insufficient inventory halted production whereas excess inventory led to wastages and damages. In case of perishable goods, high inventory led to expiration of stock. In high-tech industries, goods became obsolete very soon. Improper inventory valuation therefore, gave rise to a number of problems.
5. Challenges from family- In the Naga society, convincing the family to opt for an entrepreneurial career over job was not an easy task for an individual. To answer doubts on whether the income will be better compared to existing family norms was a challenge to many new entrepreneurs.
6. Social challenges- At times, social challenges also mattered a lot. Comparisons with other friends and relatives in terms of income, housing and other facilities occurred in the society. If an entrepreneur has nothing to show off as his personal assets, it posed a challenge to him/ her.
7. Access to credit- Creation of viable and sustainable credit schemes still remained a major challenge for the economically weaker sections. They faced great difficulty in obtaining access to credit because of lack of saving needed for equity payment, lack of access to land which could be used as collateral, less education and lack of information.

Challenges of Entrepreneurs in the NER:

The Central and State Governments have initiated various measures for the upliftment of the economy of backward areas. However, there seems to be

very little effect of these policies in the North-Eastern Region despite completion of almost seven decades of economic planning. The obvious problems that confronted the growth of industrial sector in the region included lack of adequate transport and finance facilities, lack of entrepreneurial class and the problem of insurgency throughout the region. There were very few medium and large scale enterprises, with most of the large scale enterprises located in Assam.

The present status of industries in North-East India was very discouraging as indicated in Table 5.1. There were about 34,295 enterprises in total out of which 19,864 (57.92 %) were located in Assam. The region accounted for only 2.19 percent of the total registered enterprises of the country. Almost half of the small scale industries were based on locally available resources. Handloom weaving was very important in this region with about 1.3 million handlooms and 1.5 million weavers in the NER. There were about 5000 handicraft units engaging about 40,000 craftsmen. The main items of handicrafts were bamboo and cane baskets, cane furniture, mats, wood carving, and terracotta dolls and toys.

Table 5.1: State-wise distribution of Registered working Enterprises by type of Organization: Fourth All India Census of Micro, Small & Medium Enterprises

States	No. of Enterprises under different types of Organization						
	Proprietary	Partnership	Private Co.	Public Ltd.	Co-operatives	Others	Total
Arunachal Pradesh	389	11	10	3	1	2	417
Assam	18,657	476	335	81	53	261	19,864
Manipur	4,460	13	4	1	3	11	4,492
Meghalaya	2,944	8	33	2	13	9	3,010
Mizoram	3,652	16	9	10	3	25	3,715
Nagaland	1,209	18	16	5	70	14	1,332
Sikkim	98	5	11	0	4	4	122
Tripura	1,192	85	27	11	7	20	1,343
NER Total	32,601	632	445	113	154	346	34,295
All India	1,408,760	62,723	43,412	8,392	4,722	35,962	1,563,974
Percentage of NER	2.31%	1.01%	1.03%	1.35%	3.26%	0.96%	2.19%

Source: Basic Statistics 2015

Table 5.2 shows the entrepreneurship profile in terms of sex and social category in the different North-Eastern states. Ownership by male sex was more compared to female in all the states with overall 76.11% in NER (as against 86.28% in all India). This clearly indicated that female participation in the region was better compared to other parts of the country. However, the number of enterprises owned by female was below 20% in Nagaland, Sikkim and Tripura. Among the different social categories, ownership by General Category was the highest with 50.47% enterprises, followed by ST Category with 30.22% and OBC with 12.91%.

Table 5.2: State-wise Entrepreneurship Profile: Fourth All India Census of Micro, Small & Medium Enterprises

States	No. of Enterprises owned by							
	Sex			Social Category				
	Female	Male	Total	SC	ST	OBC	Others	Total
Arunachal Pradesh	100	320	420	10	310	40	60	420
Assam	4,070	15,800	19,870	1,570	1,420	3,720	13,160	19,870
Manipur	1,150	3,350	4,490	100	1,100	310	2,980	4,490
Meghalaya	1,190	1,830	3,010	60	2,810	0	140	3,010
Mizoram	1,290	2,420	3,720	130	3,510	10	70	3,720
Nagaland	220	1,120	1,330	70	1,150	10	100	1,330
Sikkim	20	100	120	10	30	40	50	120
Tripura	160	1,180	1,340	150	40	300	860	1,340
NER Total	8,200	26,120	34,320	2,100	10,370	4,430	17,420	34,300
All India	214,650	1,349,320	1,563,970	118,900	44,840	598,610	801,620	1,563,970
Percentage of NER	3.82%	1.94%	2.19%	1.77%	23.13%	0.74%	2.17%	2.19%

Source: Basic Statistics 2015

The total number of registered and unregistered enterprises in NER was 14,36,627 as per Economic Census 2005. These enterprises provided an overall employment of 40,55,313. Assam alone accounted for 67.44% of the total employment. Tripura ranked a far second with a share of 9.35% as shown in Table 5.3. The average rate of employment per enterprise at 1.62 was below the national average of 1.97. The total share of enterprises in NER was only 5% of

the total of the whole nation. The employment provided was also very low at 4.10% of the entire country.

Table 5.3: Number of Enterprises and Persons employed (Excluding Crop Production and Plantation) in NER

State	No. of Enterprises	Total Employment	Share of employment
Arunachal Pradesh	28,622	107,198	2.64%
Assam	925,902	2,734,763	67.44%
Manipur	104,237	234,609	5.79%
Meghalaya	84,845	244,684	6.03%
Mizoram	47,378	101,336	2.50%
Nagaland	37,941	184,071	4.54%
Sikkim	19,418	69,331	1.71%
Tripura	188,284	379,321	9.35%
NER Total	1,436,627	4,055,313	100.00%
All India	50,185,441	98,967,642	
Share of NER (%)	5.00%	4.10%	

Source: Basic Statistics 2015.

The number of business establishments in Nagaland further increased to 60,937 in Sixth Economic Census 2013. These establishments were engaged in economic activity other than crop production, plantation, administration, defence and other social security activities employing 1,61,818 people. Out of the total establishments, 33,446 (54.89%) were located in the rural areas while 27,491 (45.11%) in the urban areas. Dimapur had the highest number of establishments with 15,326 (25.2%). Kohima ranked second with 10,808 establishments (17.74%). Dimapur district employed 41,899 persons while Kohima district employed 25,767 persons. Kohima district reported the highest number of women run establishments with 3285.

Notwithstanding the tradition of village and cottage industries, the number of small scale units was not large. And also, though a large number of persons took the benefits of loans, grants, and subsidies for starting industries, many failed to actually start their enterprises. Moreover, many entrepreneurs failed to sustain their enterprises because of other aspects such as lack of market

familiarity, lack of viable concept, lack of technical and managerial skills, and lack of business technical know-how. However, these constraints can be removed through business education and training.

Low level of local entrepreneurship, besides lack of infrastructure and finance, were the main reasons for the slow pace of entrepreneurship development in the NER. Earlier, local entrepreneurs, being unfamiliar with the complex banking procedures, were not able to take full advantage of the presence of various financial institutions and banks like IDBI, SIDBI, and NEDFi.

Challenges of Entrepreneurs in Nagaland:

Even with the rich potential, the entire state was industrially backward. Nagaland continued to be deficient in basic infrastructural facilities like power, transport and communication. Moreover, the possibility of developing large enterprises was limited. The main problems faced by entrepreneurs in Nagaland were:

1. Finance- Right from the initial stage of starting an enterprise, finance is required. Capital needs to be invested for any venture. However, most of the prospective entrepreneurs did not have the required capital to set up their enterprises. Therefore, they had to look for alternative forms of raising the initial investment. The presence of many financial institutions in the state did not guarantee loan to an entrepreneur since such institutions were also wary of giving loans without any collateral.

Financial problems had maximum impact on the working of business enterprises. In particular, the shortage of working capital was a serious problem for many entrepreneurs. The existing rates of interest charged by financial institutions were also very high and worked against the economic viability of the enterprises. Also, there was delay in loan sanction due to procedural formalities to be fulfilled by the units.

2. Scarcity of raw materials- The availability of raw material is a basic requirement of an enterprise. It must be available in adequate quantity

whenever required and at a reasonable cost. The raw material problem arose out of inadequacy, irregularity and high cost of raw material. For instance, the Sugar Mill at Dimapur faced the problem of inadequate raw materials from the neighbouring areas since the areas under sugar cultivation decreased in recent years and as such the unit had to be closed down by the Government of Nagaland.

3. Proper financial management- Often, operational issues kept an entrepreneur busy and financial management tended to get neglected. The entrepreneur found the technicalities of accounting and finance intimidating and avoided looking deep into it. Common problems in financial management were poor budgeting decisions, unproductive investments and bad receivables management.
4. Unorganized market and inadequate market strategy- Marketing in Nagaland was mainly unorganized. There was an imbalance between agricultural produce and marketing especially in the rural areas. The surplus products of the rural areas found difficulty in being marketed due to lack of adequate marketing facilities, middlemen, cold storage facilities and lack of knowledge about the existing market condition. As such, the marketing activities were performed by the producers themselves, which often failed to get uniform market price.

Insufficient and expensive transport facilities, lack of proper packing materials or packaging skills, and lack of proper advertisement policy were some of the major problems faced in marketing the products. Inadequate marketing was a difficult problem faced by many entrepreneurs in the state. Shortage of demand for products, problem of credit sales and shortage of working capital due to delay in payment by parent units were also faced by entrepreneurs.

5. Economies of Large scale production- It is a proven economic fact that the cost of production decreases as the quantity increases, till it reaches the optimal level. In other words, large scale production can lead to lower cost of the final products as the production cost can also be reduced.

The process of production in the state was still for self-consumption and not for commercial purpose/ sale. Therefore, many enterprises were unable to avail the economies of large scale leading to higher total cost of production.

6. Competition- Competition from existing units arose due to the low level of demand. Existence of similar industries made them heavily dependent on the outside market for selling the goods. But selling of goods to distant markets required well established distribution channel which was absent in the state. Competition from other entrepreneurs dealing in the same products also affected the local demand as it reduced the number of potential customers.
7. Power supply- Availability of cheap, adequate and regular supply of electric power was essential for the smooth functioning of industries. The problem of power shortage for industrial purpose interrupted production and caused undue loss to entrepreneurs. Power supply was both inadequate and of low quality. Consumption of electricity in the state was as low as 31.2 KWH while the national average was 90.8 KWH in 2016-17.
8. Transportation- The network of transport and communication was very poor. Dimapur was the only district connected by railways. Air connectivity with the rest of the country was also available in Dimapur only. The total length of National highway in the state was 830 kms and state highway was 1206.30 kms³⁹. With shortage of primary infrastructural activity like transport and communication, entrepreneurial initiative was very less.
9. Labour- Labour is the very backbone of every productive activity. A stable supply of required skilled and unskilled manpower is needed for uninterrupted industrial production. Units belonging to food products, wood, paper products, ferrous and non-ferrous category faced the problem of non-availability of skilled labour.
10. Social attitude- For a state like Nagaland, social norms and attitudes were still very much prevalent. And these remain a deterrent to many young

³⁹ Statistical Handbook of Nagaland 2015, p.270.

entrepreneurs. To make a stand for an entrepreneurial career by convincing family, relatives and friends was a constant challenge.

11. Land alienation was another important issue with both socio and economic repercussions. The available land for cultivation was fast dwindling due to population growth and influx of outsiders. The practice of temporary jhum cultivation made tribal people to keep on shifting their place of habitation. As a result they did not get patta, against which they could have been provided credit from banks.
12. It was often supposed that the indigenous people living in the region lack a work culture. They were also usually resistant to change and their attitude to the external environment was one of skepticism. In reality, quite a few entrepreneurs were doing quite well in a relatively low scale. The geographical remoteness of the area and lack of access of the local people to the external market have adversely affected the entrepreneurial zeal of the indigenous people of the region.
13. Though there was ample scope for developing agro-based cottage industries, there was lack of efficient organization to suitably assemble available resources and encourage entrepreneurs to develop such industries to improve their economic condition.
14. Lack of willingness to invest – Investors, both from within and outside, were not willing to invest their capital in Nagaland. The social and political problem in the state has led to huge amount of capital flight, money transfers and increased remittances from Nagaland. Moreover, the investment from outside the state was also obstructed seriously by the problems of geographical isolation and higher unit cost of production. Another constraint in the growth of enterprises was the investment risks due to growing social issues which raised insecurity in the minds of external investors.

A CASE STUDY OF KOHIMA AND DIMAPUR DISTRICTS

In this section an attempt has been made to study the perception of the entrepreneurs (respondents) about the challenges faced by them and for the same

purpose a survey was done for 300 entrepreneurs in the districts of Kohima (150) and Dimapur (150) to draw the conclusion.

The parameters taken for the study were classified as follows:

1. Occupational background of Entrepreneurs
2. Age profile of entrepreneurs
3. Educational qualification
4. Time period of the enterprises
5. Source of finance and investment
6. Income
7. Employment generation
8. Motivational factors
9. Problems related to land
10. Marketing
11. Power
12. Social
13. Family
14. Raw materials
15. Legal
16. Government policy

The details were as follows:

1. Occupational background of entrepreneurs- The sample comprised two types of entrepreneurs- first generation entrepreneurs and second generation entrepreneurs. First generation entrepreneurs were those whose family occupation had been either agriculture or service. Entrepreneurs having business background were considered for second generation entrepreneurs.

The percentage of second generation entrepreneurs was 54.67% while that of first generation entrepreneurs was 45.34%. It was observed from table 5.4 that the number of first generation entrepreneurs has increased. Most of the entrepreneurs interviewed belonged to the services sector and ancillary segment. A comparison of entrepreneurs who have undergone training (EDP)

and those who have not undergone training revealed that among the trained entrepreneurs, majority (21.67% of the total sample) were first generation entrepreneurs. Whereas among the untrained entrepreneurs, majority (44.67% of the total sample) can be considered as second generation entrepreneurs since they came from families whose primary occupation was business.

Table 5.4: Occupational background of Entrepreneurs

Family occupation	Respondents			Percentage		
	Trained	Untrained	Total	Trained	Untrained	Total
Agriculture	23	42	65	7.67%	14.00%	21.67%
Business	30	134	164	10.00%	44.67%	54.67%
Service	42	29	71	14.00%	9.67%	23.67%
Total	95	205	300	31.67%	68.33%	100.00%

Source: Field Survey

2. Age Profile of Entrepreneurs- The age of the sample entrepreneurs were shown in table 5.5. For convenience purpose, the age of respondents was grouped into five categories viz., below 20 years, 20-29 years, 30-39 years, 40-49 years and above 50 years.

Table 5.5: Age-wise Profile of Entrepreneurs

Age	Respondents			Percentage		
	Trained	Untrained	Total	Trained	Untrained	Total
Below 20 years	0	1	1	0.00%	0.33%	0.33%
20-29 years	78	41	119	26.00%	13.67%	39.67%
30-39 years	14	68	82	4.67%	22.67%	27.33%
40-49 years	3	51	54	1.00%	17.00%	18.00%
Above 50 years	0	44	44	0.00%	14.67%	14.67%
Total	95	205	300	31.67%	68.33%	100.00%

Source: Field Survey

The number of entrepreneurs was the highest in the age group 20-29 years (39.67%) followed by 30-39 years (27.33%), and 40-49 years (18%). The number of entrepreneurs trained was also highest in the age group 20-29

years (26%). However, the number of untrained entrepreneurs was the highest in the age group 30-39 years (22.67%). In the group of 40-49 years, the trained entrepreneurs were 1% while the untrained figure was 17%. In the group 50 years and above, all the 44 respondents (14.67%) were untrained. This showed that training was more among the younger entrepreneurs.

3. Educational Qualification- The educational background of the entrepreneurs is presented in table 5.6. It has been categorized into Under Matric (below class 10), HSLC (class 10 pass), HSSLC (class 12 pass), Graduate, Post graduate and others (including Diploma and certificate courses).

Table 5.6: Educational qualification of Entrepreneurs

Educational qualification	Respondents			Percentage		
	Trained	Untrained	Total	Trained	Untrained	Total
Under Matric	12	56	68	4.00%	18.67%	22.67%
HSLC	24	33	57	8.00%	11.00%	19.00%
HSSLC	11	35	46	3.67%	11.67%	15.33%
Graduate	28	54	82	9.33%	18.00%	27.33%
Post Graduate	9	15	24	3.00%	5.00%	8.00%
Others	11	12	23	3.67%	4.00%	7.67%
Total	95	205	300	31.67%	68.33%	100.00%

Source: Field Survey

The number of graduate entrepreneurs was the highest, and then followed by Under Matric, Class 10 pass and Class 12 pass respectively. For the trained entrepreneurs, the maximum educational category was graduate with 9.33% of the total respondents. Whereas, among the untrained entrepreneurs, the maximum educational qualification was below class 10. This suggested that educational qualification had direct influence on trainings.

4. Time Period: To explore factors across various time periods, the sample was spread as follows: 33% of the sample entrepreneurs started their ventures after 2012; 38% started in between 2007 and 2012; and 29% started before

2007. As shown in table 5.7, 67% of the enterprises have been in operation for more than 5 years. This gave possibility to study the enterprises which were doing business for the long run. However, to gain insights into recent trends for starting an enterprise, 100 numbers of recently established enterprises were also selected for the study.

Table 5.7: Time period of the enterprises

Age of Enterprise	Respondents			Percentage		
	Trained	Untrained	Total	Trained	Untrained	Total
Below 5 years	40	60	100	13.33%	20.00%	33.33%
5-10 years	53	61	114	17.67%	20.33%	38.00%
11-15 years	0	30	30	0.00%	10.00%	10.00%
Above 15 years	2	54	56	0.67%	18.00%	18.67%
Total	95	205	300	31.67%	68.33%	100.00%

Source: Field Survey

Almost all the trained entrepreneurs were in business for less than ten (10) years with the exception of two (2) entrepreneurs. 20.33% of the untrained entrepreneurs were in business for 5-10 years, 20% for less than 5 years, 18% for more than 15 years and 10% for 11-15 years. The age of enterprises was 5-10 years for majority of the respondents.

5. Source of Finance and investment- Besides the personal money invested by the entrepreneur, borrowing from friends and relatives, loans and advances from banks and other financial institutions, trade or supplier credit, and equity financing were the common sources of finance. The investments of respondents ranged from Rs.2,500 to Rs.60,00,000. For the study, the investment has been categorized into six groups viz., below Rs.100000, 100000-199999, 200000-299999, 300000-399999, 400000-499999 and above 500000 as shown in table 5.8.

The percentage of entrepreneurs investing below Rs.1,00,000 was highest among trained respondents and the percentage of entrepreneurs investing above Rs.5,00,000 was highest for untrained respondents; while the overall percentage was highest for initial investment of below Rs.1,00,000.

One reason for this low initial investment maybe because more than 60% of the enterprises were started before 2010 when the cost of production and materials were cheaper.

Table 5.8: Investment of Entrepreneurs

Initial Investment	Respondents			Percentage		
	Trained	Untrained	Total	Trained	Untrained	Total
Below 1,00,000	34	57	91	11.33%	19.00%	30.33%
1,00,000-1,99,999	22	41	63	7.33%	13.67%	21.00%
2,00,000-2,99,999	16	20	36	5.33%	6.67%	12.00%
3,00,000-3,99,999	4	20	24	1.33%	6.67%	8.00%
4,00,000-4,99,999	6	9	15	2.00%	3.00%	5.00%
Above 5,00,000	13	58	71	4.33%	19.33%	23.67%
Total	95	205	300	31.67%	68.33%	100.00%

Source: Field Survey

6. Income- To compare the income of different entrepreneurs, the income of entrepreneurs had to be uniformly measured. Therefore, the income was converted in terms of rupees as average total sales per month. Table 5.9 shows the different groupings of monthly income.

Table 5.9: Monthly Income of Entrepreneurs

Monthly Income	Respondents			Percentage		
	Trained	Untrained	Total	Trained	Untrained	Total
Below 50,000	79	112	191	26.33%	37.33%	63.67%
50,000-99,999	6	49	55	2.00%	16.33%	18.33%
1,00,000-1,99,999	6	18	24	2.00%	6.00%	8.00%
2,00,000-2,99,999	2	5	7	0.67%	1.67%	2.33%
Above 3,00,000	2	21	23	0.67%	7.00%	7.67%
Total	95	205	300	31.67%	68.33%	100.00%

Source: Field Survey

Maximum entrepreneurs (63.67%) earned below Rs.50,000 per month. Few entrepreneurs (7.67%) were earning above Rs.3,00,000 per month. For both categories of entrepreneurs whether trained or untrained,

monthly income below Rs.50,000 was maximum with a total of 63.67%, followed by monthly income of Rs.50,000-99,999 at a total of 18.33%.

7. Employment generation- Of the total 300 entrepreneurs interviewed, the total employment generation was 695. The average employment comes to 2-3 persons. Most of the enterprises were tiny/ very small scale units employing less than 5 employees each. As per Table 5.10, 33.67% of the enterprises had only one employee (who was usually the entrepreneur and owner). 52.67% of the enterprises had 2-5 employees.

Table 5.10: Employment Generation by Trained and Untrained Entrepreneurs

Number of Persons Employed	Respondents			Percentage		
	Trained	Untrained	Total	Trained	Untrained	Total
1 person	42	59	101	14.00%	19.67%	33.67%
2-5 persons	47	111	158	15.67%	37.00%	52.67%
Above 6 persons	6	35	41	2.00%	11.67%	13.67%
Total	95	205	300	31.67%	68.33%	100.00%

Source: Field Survey

8. Motivational factors- To pursue and achieve a definite goal required hard work and perseverance in the face of adversity. Entrepreneurs needed willingness to work and commitment to continue in the long run. Without proper motivation, the business could not succeed.

Table 5.11: Motivational factors for starting an enterprise

Motivational Factors	Respondents			Percentage		
	Trained	Untrained	Total	Trained	Untrained	Total
To earn money	20	77	97	6.67%	25.67%	32.33%
To be self-independent	24	61	85	8.00%	20.33%	28.33%
To utilize own skills	6	23	29	2.00%	7.67%	9.67%
Motivated by family	8	9	17	2.67%	3.00%	5.67%
Self-motivated	15	35	50	5.00%	11.67%	16.67%
Influence of EDP	12	0	12	4.00%	0.00%	4.00%
Total	95	205	300	31.67%	68.33%	100.00%

Source: Field Survey

The most important motivational factor among the entrepreneurs was to earn money (32.33%), followed by self-independence (28.33%), self-motivation (16.67%), to utilize own skills (9.67%), motivation by family (5.67%) and influence of EDP (4%) as shown in Table 5.11. Among the trained respondents, to be self-independent was the most significant while to utilize one's own skills was the least significant. For the untrained respondents, earning a living was the most dominant factor while there was negligible influence of EDP.

Problems/ Challenges

Being more industrially favored compared to other districts in the state, Kohima and Dimapur experienced better industrial infrastructure than other parts of the state. Nevertheless, they were also not free from all the challenges faced by entrepreneurs from other regions of Nagaland. Interviews with entrepreneurs also encountered problems such as non-disclosure of financial records, unreliable information, and inability to impart facts on their experiences. A major reason for this was because many entrepreneurs failed to maintain account books/ other financial records.

Most of the entrepreneurs under the survey were running very small enterprises with a few employees, mostly family members only. In a society where family was a closed knit unit, the approval and support of family was very essential in pursuing any career. Peer pressure, opinions of extended clan members, problems from anti-social elements and conformity were problems faced by entrepreneurs personally and in the society at large.

Likert's five point scale was applied to study the problems faced by the entrepreneurs. The study identified the problems as shown in Table 5.12 which were faced by entrepreneurs in starting their enterprises and sustaining them. The scoring for different problems were assigned as very high (5), high (4), medium (3), low (2) and very low (1). Entrepreneurs were asked to give the score of their problems accordingly. The response showed that the main

problems were finance, non-availability of land/ site, marketing and power requirement.

Table 5.12: Problems faced by Entrepreneurs

Problems	VH	H	M	L	VL	WS
Finance	95	69	62	26	48	3.62
Non-availability of land/ site	40	74	69	28	89	2.83
Marketing	17	30	82	65	106	2.29
Power	49	42	19	3	187	2.21
Social	30	27	36	11	196	1.95
Family	27	20	19	20	214	1.75
Raw material	19	13	30	34	204	1.70
Legal	4	3	28	38	227	1.40
Motivation	5	8	23	22	242	1.37
Government Policy	4	7	8	35	246	1.29

Source: Field Survey

Note: VH-Very High, H-High, M-Medium, L-Low, VL-Very Low and WS-Weighted Score.

Weights: VH-5, H-4, M-3, L-2, VL-1

Table 5.12 indicates that majority of entrepreneurs had financial worries at one time or the other. Finance was the single largest problem faced by new entrepreneurs and old entrepreneurs alike showing a weighted score of 3.62. Even with the presence of banking and financial institutions which can advance loans, the actual number of beneficiaries among entrepreneurs was very low. The reason for this was because financial institutions, in the past, have advanced loans to many bogus entrepreneurs who availed of the facilities and schemes for the money grant only and failed to set up their enterprises honestly. This practice had also made the financial institutions wary of other genuine entrepreneurs and subsequently, many deserving persons suffered due to it.

In urban areas, non-availability of land/ site was another major problem. Many entrepreneurs were unable to obtain a good location for their enterprises. Besides non-availability, rent/ lease was very high, which usually involved high amount of advance security deposits. A good location is important as it

determines the income of entrepreneurs later on in getting adequate returns by way of sales. However, this problem was not as severe in rural areas.

It was found that proper market channels were yet to be established for many of the local products. The present scenario was one where the entrepreneurs were just meeting the needs of the local area. Therefore, the production/ volume of the enterprises were in small scale only. To expand, they needed a bigger market among other things. Marketing problem was not severe under the present situation as indicated with a score of 2.29 for most small scale units but those wanting to go for expansion of their products faced this problem.

Power problem was low because most of the units interviewed were in the service sector and power requirement was minimal. Showing a WS of 2.21, only a few production units especially stone quarries or cold storage units needed power (electricity). For those units, the power problem was quite high with an average score of almost 5 points.

Social problem, family problem, procurement of raw material, legal problems, problem from government and lack of motivation had a WS of less than 2 points each. This indicated that these problems were not much for the entrepreneurs under study. Almost all the units under survey faced no legal problems at any time since their inception. Except for going in for registration, there were no other legal hurdles. This was reflected by the low WS of just 1.4 points. Lack of motivation was also less as indicated by a low WS of 1.37 points. The reason behind this was that the entrepreneurs were self- motivated either out of financial need or to be self-employed. Another reason was that most of the entrepreneurs had been in business for above 5 years and they have proved themselves to be well motivated and successful.

Table 5.13 shows a comparison of problems or challenges faced by trained and untrained entrepreneurs. There were 95 entrepreneurs who have undertaken EDP and 205 entrepreneurs who have not undergone EDP in the sample survey. Problems related to finance, availability of land/ site and

marketing were comparatively higher for entrepreneurs who have undertaken EDP. Difficulties arising out of power supply, social, family, raw material availability, legal, lack of motivation, and government policy, on the other hand, were lower for the entrepreneurs who have undertaken EDP.

Table 5.13: Comparison of Problems faced by Trained and Untrained Entrepreneurs through Weighted Score

Problems	WS of Trained	WS of Untrained
Finance	3.82	3.29
Non-availability of land/ site	3.02	2.74
Marketing	2.33	2.27
Power	1.08	2.73
Social	1.06	2.36
Family	1.04	2.08
Raw material	1.05	1.99
Legal	1.05	1.56
Motivation	1.06	1.52
Government Policy	1.07	1.40

Source: Field Survey

All the above mentioned problems were dynamic issues and were continuously evolving and needed to be periodically monitored. New entrepreneurs also have to deal with issues relating to obtaining clients, getting a good team, inadequacy of quality infrastructure and inadequate access to finance (including lack of financial information, access to private equity, venture capital and very limited access to secondary market instruments).

PROSPECTS OF ENTREPRENEURS IN NAGALAND

The following are some areas where entrepreneurs have good prospects:

1. Commercial Farming:

Agriculture continues to be a major occupation for the people of the state. In the past, most of the agricultural output had been for home consumption with a few staple foods as the chief source of food intake. There was minimum capital investment with labourers as the principal factors of production. The marketable

surplus from such a system was negligible. Agricultural transformation was expected to strengthen the link in the development chain through gradual and sustained transition from subsistence to diversified and specialized production. With the pressure on farmers to increase productivity, commercialized agricultural production system was adopted in recent years.

The retarded growth rate of agricultural productivity and the growing need for additional income by farmers in order to meet their requirements have put pressure on land and the soil's fertility. Farmers had to adapt to the changing situation by shifting towards cultivation of vegetables and cash crops. As a result, commercialization was initiated in recent years by cultivating crops for marketing purposes.

2. Fisheries:

There is high economic potential for fishery, which was largely untapped. The meagre production of the state till recently was not sufficient to meet the demands of the state. But now, local farmers have come forward to take up aquaculture practices with certain remarkable changes in the state's fisheries scenario. The Department of Fisheries has made serious efforts to assist, guide and educate the people about the importance of development and sustaining fisheries. There was an upheaval in fish culture in Nagaland by way of transfer of scientific technology.

Fishery resources of the state comprised about 30,000 hectares of lentic and 1600 kms. of lotic resources. Of these, the percentage utilized was very low at 4.50% of lentic resource. There is potential of developing more reservoirs for future. There were expectations too, of more avenues in sport fishery, fish culture and production in the state. Assistance for activities of fisheries were undertaken by Fisheries Department of the state, Ministry of Agriculture (GOI), North Eastern Council, Indian Council of Agricultural Research, National Bank for Agriculture and Rural Development and National Co-operative Development Corporation.

3. Floriculture:

The high profit of planting flowers with the increase in their demand has created awareness on the commercial aspects of floriculture. The varied range of climatic conditions in the state made cultivation of all types of flowers possible. Floriculture can create new economic avenues which can add to the existing assets of the farmers. Cultivation of ornamental crops can motivate the growers on the benefits of commercial aspects. There are Schemes available under the government for providing materials like seeds, seedlings, planting materials, organic and inorganic manure, fertilizers, tools and implements and setting up Green house.

4. Forest resources:

Nagaland is also rich in forest and forest resources. Yet, the existing enterprises based on forest resources are very limited in numbers. Forests can become an important source of revenue with measures and initiatives to adopt them. The Forest Department under the Government of Nagaland has established Wildlife Sanctuaries, Zoological Park, Botanical Garden, Forest Training Schools and a Seasoning and Treatment Plant.

5. Handloom and handicraft:

Handloom and weaving are traditional household occupations. They continue to play an important role in the socio-economic life of the indigenous people. However, most of the existing handloom and handicraft enterprises used traditional technology, facing severe competition from modern machine made products both in cost and quantity. Though Handicrafts and handlooms of the region have high demand, the industry was weighed down by lack of marketing facility, absence of improved technology and dearth of capital. The presence of middlemen has also had a negative effect on the zeal of the actual producers. Therefore, there is need for immediate attention and encouragement to this sector and encourage new entrepreneurs to venture into this business.

6. Nagaland has vast resources of crude oil. However, there were no refineries nor any industry based on petroleum or its by-products. Even small scale

industries based on petroleum by-product would be able to change the entire economy of the state to a great extent. Therefore, it needs to be identified on a priority basis.

7. Sericulture:

Sericulture is an agro-based labour-intensive industry and can provide ample scope for generation of employment opportunities and economic upliftment to entrepreneurs. The congenial climatic conditions of the region give rise to immense possibilities for the development of sericulture, viz., Mulberry, eri, oak, Tasar and Muga.

8. Horticulture:

The NER also produces and has potential for agro-horticulture. The different varieties of fruits grown are apple, pear, plum, peach, citrus, papaya, banana, guava, mango, litchi, pineapple and jackfruit. Horticulture is one area where there is high prospect for entrepreneurs to start food processing units.

9. Essential oils and aromatic chemicals:

Essential oils and aromatic chemicals of plant origin play an important role in our daily life. There is ample scope/ prospect for essential oils like citronella, lemon grass, orange peel and ginger.

Despite the various problems faced by entrepreneurs, Nagaland has witnessed slow and steady development in entrepreneurship in recent years. The study revealed that most of the entrepreneurs were from business background, below the age of 39 years and possessing graduate degree. Entrepreneurs were motivated to start their own business to earn money, to be self-independent, to utilize own skills and through support from family. Finance, non-availability of business site, marketing and inadequate power supply were major challenges of entrepreneurs as per the case study done in Kohima and Dimapur districts. The study showed that the younger breed of entrepreneurs were more inclined to getting trained in the field to ensure success of their enterprise. EDPs have gained prominence steadily over the years. There was a rise in entrepreneurs

with good educational background as opposed to the trend few decades back when entrepreneurship was an option of livelihood for those who failed to secure a job because of lack of education. The present chapter concluded with a look at the areas where there were good prospects for entrepreneurial development.

CHAPTER- VI

FINDINGS AND RECOMMENDATIONS

SUMMARY OF FINDINGS

The emerging entrepreneurial scenario which empowered individuals to seek new opportunities and be self-employed has necessitated a qualitative study on entrepreneurship development in Nagaland. The study looked at selected institutions involved in organizing and conducting trainings for capacity building of entrepreneurs. It has also examined the factors which facilitate establishment and development of an enterprise.

Though Nagaland became a full-fledged state on 1st December 1963, the state was not economically self-sufficient and therefore depended on the centre for funding its development activities and assistance in its planning and development processes. The State is still underdeveloped with only 17.2% urban population and 49% of the total population being working people. Of the total 974,122 workers, 55.20% were cultivators, 35.99% were employees, 6.46% were agricultural labourers and 2.34% were household industries workers. In Nagaland agriculture was merely a way of living and not a means of earning a living. It was only in recent years that the sense of commercialization of agricultural products has been given attention.

Limited availability of skilled labour, capital and lack of institutional arrangements for financial resource mobilization continued to hinder economic growth and development of the state. However, initiatives of the government, private organizations and concerned individuals have ushered in new avenues for many entrepreneurs. Some significant developments in entrepreneurship can be seen in the small scale and cottage industries of which sale of vegetables, fruits, handlooms and handicrafts are significant. Entrepreneurship has led to job creation, improved productivity and ushered in a higher quality of life.

This chapter presents the summary of the major findings of the study. The main objective of the study was to find out the impact and contribution of Governmental agencies and non-governmental organizations toward the promotion of entrepreneurship in Nagaland. To achieve the objectives, the study analyzed the entrepreneurial scenario in the state, the role of Governmental and Non-governmental Agencies, the role of Financial Institutions operating in the state, and the problems and challenges of entrepreneurs in Nagaland: A case study of Kohima and Dimapur Districts. The summary of the findings is shown under four headings:

- I. Role of Government
- II. Role of Non-Governmental Organizations
- III. Role of Financial Institutions
- IV. Problems and prospects of Entrepreneurs

Role of Government:

The Government of India has implemented various self-employment oriented projects, brought banking reforms, simplified government purchase programme, introduced information through electronic media, involved NGOs and Associations in training and subcontracting programmes and initiated other policy measures for entrepreneurship development. Through a network of support organizations, the Government provided promotional packages for financial assistance, infrastructural facilities, technical and managerial guidance to facilitate setting up of units. However, the insufficient progress of the small scale sector brought emphasis on human resource development for entrepreneurship development and EDPs became a much needed part of the country's economic development programmes.

Promotion of entrepreneurship through training and other supports was an important feature of the Industrial Policy of 1991. It envisaged industrial development through concessions, subsidies and other facilities. It allowed FDI upto 51 percent, access to overseas technology for SSI units and permitted foreign equity investment upto 24 percent. However, the policy of the

Government for promotion of small scale industries failed to have the desired impact even after the implementation of the MSME Act 2006. A major reason was because many MSME units were still unregistered and fell outside the purview of the Act. Competition from MNCs also affected the survival of small scale entrepreneurs. To promote innovation, rural industry and entrepreneurship, the Ministry of MSME launched the ASPIRE Scheme in March 2015. Government support was required by MSMEs to motivate and enable enterprises to learn and develop capabilities. It was found that policy interventions must be tailored to fit the requirements of specific sectors.

The Five year plans adopted by the country since 1951 have two components- an investment and growth oriented strategy, and an employment oriented strategy- to increase employment and reduce poverty. The Ninth Five Year Plan emphasized on sectors/ sub-sectors which were more labour-intensive. The Tenth Five Year Plan encouraged development of small industry and other industries suited for rural areas to provide non-farm employment in the rural areas. It was during the Eleventh Plan that broad-based improvement in the quality of life of the people, especially the poor, SCs/STs, other backward castes (OBCs), minorities and women was ensured.

Industrial Policies for North Eastern Region:

An industrial development package of fiscal and other incentives was launched in 1997 providing transport subsidy of 50% to 100%, promotional scheme for Margin Money Loan and Transport assistance for exports of fresh and processed fruits, vegetables, floriculture items, poultry and dairy products, and products of wheat and rice. SEZs were also set up to further boost the exports.

Under NEIIPP 2007, incentives were given for substantial expansion of all units, exemption of excise duty and income tax on finished products made in the NER, provision of capital investment subsidy and reimbursement of insurance premium.

Industrial Policy of Nagaland:

An analysis of State Industrial Policy 2000 revealed that the thrust areas for industrial development were food processing industries, tourism industry, agro-based industries, handloom and handicraft, sericulture, floriculture, cane & bamboo processing/ manufacturing units, and Small Scale Service and Business Enterprises (SSSBE). Besides promotion and setting up of industrial units, the Government of Nagaland had formulated a package of incentives for revitalization of sick industrial units in the state. The two measures taken were the declaration of 2004 as the Year of Youth Empowerment and the setting up of the Chief Minister's Corpus Fund in 2002-03 to generate self-employment for unemployed youth. Weaving training-cum-production centres have been set up at Mokokchung and Dimapur, a Cottage industry training-cum-production centre has come up at Mon, and a cottage industries training centre at Aghunato. Industries like soap-making, candle-making, bee-keeping were also being raised. A significant landmark was the setting up of an industrial Estate at Dimapur. Three medium-level industries have been established by the government for the development of Industrial Sector.

Role of Governmental Departments:

The study selected four Departments/ Organizations to examine their role in promoting entrepreneurship in the state. They were:

1) The Department of Industries and Commerce- It imparted training programmes, technical and financial assistance, self-employment schemes and provided exhibition and publicity to entrepreneurs. From 2002-03 to 2016-17, 3581 persons have undergone different trainings within and outside the state. The annual average growth of 8.07% and CAGR for total trainees at 4.68% showed a positive trend. The Department also selected an additional 11,778 trainees for EDP, SDP and TEDP during the same period. Of these, 11,578 have been targeted for PMRY/ PMEGP. However, the actual achievement was 79% only with 9,149 trainees.

The Central Subsidy Schemes for Transport and Capital Investment have not been implemented successfully in the state. After 2008-09, no more claims under Central Subsidy Schemes were paid by the Government of India though the Department has recommended units to be paid in the next four years. The Department also did not submit any more recommendations by SLC after 2013-14. The CAGR calculated for six years till 2008-09 for the number of units and amount paid were 26.98% and 53.85% respectively. The study found that many claims were submitted under fictitious names and the pre-audit process revealed mismanagement in implementing the scheme.

Under the 15% central capital subsidy scheme, reimbursement was given for three years viz., 2002-03, 2003-04 and 2006-07. NEDFi, Guwahati made no more payments to the units after 2006-07 even though the SLC has submitted the claims for payment because the Central Government stopped payment due to negative reports in the audit findings.

Commemorating the Year of Entrepreneur in 2010, financial assistance under different schemes was given to 766 entrepreneurs. But it was found that the Department maintained no record of the number of entrepreneurs that have been successful in setting up their enterprises. Six Enterprise Expos were also organized in different districts.

2) Khadi and Village Industries Commission- KVIC had been implementing PMEGP through NKVIB and Department of Industries and Commerce. Under the Scheme, the target number of beneficiaries was 1514 during 2014-15, 825 in 2015-16 and 876 in 2016-17. The number of beneficiaries of subsidy under the Scheme from 1st April 2008 to 31st March 2013 was 1299 entrepreneurs.

It had also organized and sponsored entrepreneurs to attend several national, zonal state and district level exhibitions for KVI products.

3) Nagaland Khadi and Village Industries Board- The number of beneficiaries under NKVIB was 695 villages during the period 2003-04 to 2007-08. From 2010-11 to 2016-17, the number of projects assisted was 1370. It also conducted

PMEGP forward and backward linkages since 2010-11 through District Level Exhibition, State Level Exhibition, and Awareness Camps.

Two types of trainings were given under NKVIB- with financial assistance and without financial assistance. From 2002-03 to 2016-17, the Board trained 3,231 trainees in different trades such as knitting, weaving, tailoring, chalk making, soap making, leather, carpentry, and bee keeping. The targets and achievements of the trainings during the fifteen years showed definite progress with CAGR 14.65%.

4) Department of Planning and Co-ordination- The Department undertook entrepreneurship development initiatives through the CMCF since its re-orientation in 2002-03. Under the Fund, 9,098 beneficiaries were assisted financially in fifteen years. The total amount disbursed was Rs.10,631 Lakhs during the same period with an average increase of 15.19%. The yearly increase showed a fluctuating trend with negative CAGR of 7.93% for number of beneficiaries and positive CAGR of 8.16% for amount disbursed.

The Department has also sponsored road shows during 2008-09 and 2009-10. During 2010-11, it has funded specific projects and Schemes for promoting entrepreneurship and utilized Rs.1000 Lakhs under Year of Entrepreneur in 2010.

Institutes conducting EDPs:

- National Institute for Micro, Small and Medium Enterprises- MSME-DI, Dimapur conducted 14 EDPs for 313 candidates during 2012-13 to 2015-16. The Branch also conducted 9 MDP trainings during 2012 and 2013, 13 IMCs during 2015-16. Moreover, it also offered common facility services and economic investigation works.
- Indian Institute of Entrepreneurship- IIE organized an orientation course for 19 entrepreneurs in 2004. It also conducted 11 EAPs during 2010-11, organized 10 EDPs and a Farmers Awareness Programme. Under Dimapur RIP, 100 units were launched till 31st December 2012.

IIE had assisted fourteen clusters under SFURTI since 2006. It has carried out 16 diagnostic studies, conducted series of trainings/ seminars/ workshops, assisted in product development, market promotion and conducted monthly monitoring of the clusters.

- Nagaland Mini Tool Room and Training Centre- NTTC has conducted short-term training programmes since 2006 and long-term training programmes since 2007. The total enrolment for diploma course till February 2017 was 465 with a fluctuating growth trend and CAGR was 3.57%.

NTTC generated revenue through various projects since 2006-07 which increased from Rs.28,000 in 2006-07 to Rs.80,85,000 in 2014-15 with CAGR of 103%. The positive achievement of NTTC has enabled it to be financially independent. NTTC also took up repair and machining jobs. With 6 jobs undertaken in 2007-08, it increased to 65 jobs in 2016-17. The annual growth had a fluctuating trend of 50% in 2008-09, 233% in 2009-10, 25% in 2010-11, -40% in 2011-12, 13% in 2012-13, 12% in 2013-14 and 43% in 2016-17 while it was constant in 2015-16. The CAGR was 30.31%.

From inception till 2016-17, the total number of trainees trained was 1,009 (long-term) and 2,616 (short-term) with CAGR of 5.14% and 38.67% respectively. The average annual growth of trainees for long-term and short-term was 6.73% and 74.01% respectively.

Governmental Schemes and Programmes:

The total number of beneficiaries under PMRY in Nagaland from 2002-03 till 2007-08 was 6,677. After that, PMEGP had a slow beginning with margin money of Rs.2 Crores each for the years 2008-09 and 2009-10 being unutilized. The performance of PMRY in Nagaland for 2006-07 showed that the number of applications sanctioned was 90% of the target and the number disbursed was 95% of the sanction. The recovery performance was very low with less than 5% for the years 2008, 2009, 2010 and 2011. However, the PMRY recovery improved in 2012 with 87%.

The study revealed that the selection process by task force, high project cost and service area criteria were the problems encountered for implementing PMEGP in the state. The years 2011-12, 2012-13, 2013-14, 2014-15 and 2015-16 witnessed less number of sanctioned proposals against the target. The percentage of amount disbursed to sanction was less than half of the target for the years 2012-13, 2013-14, and 2014-15. The performance of PMEGP in Nagaland was very poor in terms of beneficiaries and recovery. The recovery percentage was very low with even less than 20% of the demand raised.

Role of Non-Governmental Organizations

Various NGOs imparted skills to entrepreneurs so that they can manage their enterprises with proper setup. Private organizations also helped young entrepreneurs by extending credit. A case study was done on selected NGOs and a summary of the findings is given here:

Entrepreneurs' Associates- The study revealed that the number of employment generated till October 2016 through financial support was 12,985. Kohima had the highest employment figure at 6,212 followed by Phek, Mokokchung and Dimapur with 2,557 persons, 2,279 persons and 1,123 persons respectively.

EA trained 617 trainees under BEST, while 218 and 50 have been trained under BGT and ACE respectively till October 2016. It was found that the organization also undertook continuous mentoring of the trainees. Sponsored trainings were taken in different districts of the State under Wave Trainings. The number of trainees had a fluctuating trend with a total of 104 trainees.

Through its credit linkage schemes with banks, EA supported 9,495 entrepreneurs financially in different districts of Nagaland and Manipur. Kohima district showed the highest number of support with 4,500 while Dimapur came second with 780. The percentage of entrepreneurs running enterprises was 29.16%. Kohima district witnessed 29.78 % of entrepreneurs who were able to set up their enterprises while for Dimapur the success rate was 30.77%.

Therefore, the performance/ rate of success for both Kohima and Dimapur districts were slightly above the average.

EA was able to monitor the activities of the trainees/ beneficiaries by creating groups through social media. It worked in collaboration with different agencies for various projects such as training, promotion of micro enterprises, and Start up Village Entrepreneurship Programme. EA has played a significant role in developing entrepreneurship in the state.

YouthNet- The study found that YN had organized a series of state level and district level consultations to create sustainable youth-led livelihood and entrepreneurship development programmes. In 2007, it the state identified 120 young people from the different districts of Nagaland for capacity building.

YN undertook several activities through its different centres/ groups. Nagaland Job consultants registered youths for different jobs, Nagaland Career and Development Centre worked to improve professionalism and soft skills, YouthNet Centre for Entrepreneurship and Innovation imparted training and business skills to entrepreneurs, and Impact 5000 by 18 programme created sustainable income opportunities. NJC registered more than one thousand youths for various jobs and published Nagaland's first employment paper. Impact 5000 by 18 selected 18 participants in 2013 for training by successful entrepreneurs and professional experts in the business field. In 2014, another set of 20 start ups and new businesses underwent a similar program for developing entrepreneurial, business and leadership skills.

The study also found that YN gave financial assistance to a total of 22 entrepreneurs with Rs.82,85,000 as loan without any interest. But because of the poor recovery performance (around 60%), YN has not given any loan during 2013-14 to 2016-17.

Entrepreneur Development Agency- EDA claimed to have given away more than 8000 loans from 2005 till 2015. The agency has also been financing ventures into new business/ entrepreneurs/ projects, against fixed deposits.

EDA also trained youths in various skills in close co-ordination with other social organizations. It was found that EDA has sponsored and conducted free trainings atleast once a year to unemployed youths and school drop-outs since 2015.

A Comparative Analysis of the role of NGOs

The study of the selected NGOs revealed that the number of persons trained under EDP for the years 2014, 2015 and 2016 were 18, 39 and 47 respectively. It showed an increasing trend. A further analysis of the various EDPs revealed that 60%-80% of the trainees under EA and YouthNet were able to establish and run a profitable enterprise.

Under EA, the EDPs were self-sponsored, State Government sponsored or privately sponsored. State Government and other private organizations from outside the state have funded the YouthNet training programmes till 2017. EDA conducted skill-based trainings which were self-sponsored.

EA provided loans and advances through NBFCs and other credit linkage schemes with banks to a level of 60% to 80% of the initial investment. YouthNet provided financial assistance through 80% grant and 20% YouthNet Corpus Fund funded by the Government of Nagaland. EDA provided loans at 15% per annum lending rates of interest against fixed deposits.

Follow-up reports to monitor the performance of trainees after training were not maintained by any of the organizations. EA maintained records of cash book for those entrepreneurs who have been financed in starting their businesses.

The study concluded that the three NGOs in the case study have supported in building a conducive environment for business entrepreneurs. They have worked to create employment and income-generating opportunities to rebuild the local economy. Thus, they have played an important role in entrepreneurship development.

Role of Financial Institutions:

An analysis of the institutions that provided finance for enterprise development has been done on the following institutions:

- 1) Nagaland Industrial Development Corporation Limited- The study evaluated the annual targets, sanctions and disbursements of the company from 2002-03 to 2015-16. The annual target showed a fluctuating trend with minimum of Rs.400 Lakhs in 2011-12 and maximum of Rs.1,500 Lakhs in 2006-07. The total amount sanctioned against total target was 87.14% while the total disbursement was 100.20% of the total sanction.

During the period 2002-03 to 2012-13, the total amount of loans disbursed to entrepreneurs by NIDC was Rs.67.60 Crores. The number of units assisted during the same period was 5,285 while the number of beneficiaries was 10,570.

The study revealed a poor recovery of loans during the fourteen years of study with a total repayment of 75.69% only. The company had no fixed norms for periodical inspection of the assisted units on a regular basis. Therefore, it failed to assess and monitor the performance of assisted units. Another major reason for poor recovery was the failure of business to sustain itself due to lack of business knowledge of entrepreneurs. Improper maintenance of accounting books had also led to failure of business. To overcome all these problems, the company has undertaken various follow-up methods recently.

- 2) North Eastern Development Finance Corporation- The total sanctions and disbursements by NEDFi for eight north-eastern states from 2002-03 to 2011-12 was Rs.2,12,111 Lakhs and Rs.1,47,810 Lakhs respectively. Both annual sanction and disbursement showed an increasing trend during the study period. The total sanction and disbursement for Nagaland was Rs.2,545 Lakhs and Rs.2,158 Lakhs respectively.

The total number of projects assisted during the study period was 2,169. The annual number of projects assisted showed a fluctuating trend. In Nagaland, 139 projects have been assisted during the same period.

The recovery performance of loans from entrepreneurs was poor before 2014 due to non-enforcement of personal guarantees in the absence of other legal recovery modes. But since 2014-15, the Dimapur branch had witnessed 80% recovery of loans.

- 3) Small Industries Development Bank of India- SIDBI, Dimapur had conducted a total of 23 programmes for development and promotion of entrepreneurs till 2015-16. Out of 120 participants for EDP in 2014-15, only 51 units were started and generated employment to 55 persons.

Besides trainings, SIDBI also gave loans to entrepreneurs. The recovery rate of loans was around 40% to 60% till 2015-16 but improved to 80% in 2016-17. Lack of adequate personnel in the office had hampered the bank to expand its activities.

- 4) Commercial Banks- The case study of Commercial Banks in Nagaland found that the share of SSI was less than one-fourth of the total priority sector advances during 2007 to 2013.

The annual credit amount sanctioned by commercial banks to SME and SSI sector under Annual Credit Plan increased from Rs.5,543 Lakhs on 31st March 2008 to Rs.12,681 Lakhs on 31st March 2015. The credit amount disbursed was Rs.5,466 Lakhs on 31st March 2008 but decreased to Rs.5,426 on 31st March 2010.

During the year 2010, the Government of Nagaland entrusted commercial banks to provide financial support and fund 2000 entrepreneurs for training. Awareness camps have been organized to educate potential beneficiaries under different schemes.

The recovery performance of banks under different schemes of the Government had been very low. Of the total outstanding amount under PMRY, 3.77%, 1.53%, 2.74%, 4.59%, 87% and 17.58% were recovered

during 2008, 2009, 2010, 2011, 2012 and 2013. Under SGSY, the recovery rate was 3.08%, 7.79%, 13.54%, 21.43%, 37%, and 32.34% for 2008, 2009, 2010, 2011, 2012 and 2013. SJSRY and KVIC schemes also had very poor average recovery rates of 14.78% and 18.30% during the same period.

It was observed that the reasons for low recovery were failure of beneficiaries to set up their enterprises, shortage of manpower of banks to pursue recovery from defaulters, absence of collateral and the pending legal cases in court.

The study found that though banks set target number of beneficiaries for each year, their actual performance fall short of the targets. To manage different issues for better performance, a sub-Committee had already been recommended to be set up.

PROBLEMS AND PROSPECTS OF ENTREPRENEURS

Problems/ Challenges:

The study found that entrepreneurs in Nagaland faced the following problems:

- Finance- Most of the prospective entrepreneurs did not have the required capital to set up their enterprises. Availability of alternative forms of raising the initial investment were not feasible since interest rates charged by financial institutions were very high and worked against the economic viability of the enterprises.
- Scarcity of raw materials- This problem arose out of inadequacy, irregularity and high cost of raw material.
- Lack of Proper financial management- Some common challenges in financial management were poor budgeting decisions, unproductive investments and bad receivables management.
- Unorganized market and inadequate market strategy- Marketing in Nagaland was mainly unorganized. Insufficient and expensive transport facilities, lack

of proper packing materials or packaging skills, lack of proper advertisement policy were some of the major problems faced in marketing the products.

- Economies of Large scale production- The process of production in the state was for self-consumption and not for market sale. Therefore, many enterprises were unable to avail the economies of large scale leading to higher total cost of production.
- Competition- Competition from existing units was there due to the low level of local demand and the absence of established marketing channel for sale outside the state.
- Power supply- It was found to be both inadequate and of low quality. Consumption of electricity in the state was very low (31.2 KWH) compared to the national average (90.8 KWH) during 2016-17.
- Transportation- Dimapur was the only district connected by railways and airways. The total length of National Highway in the state was very low at 830 kms and State Highway at 1206.30 kms.
- Labour- It was found that units belonging to food products, wood, paper products, ferrous and non-ferrous category faced the problem of non-availability of skilled labour.
- Social attitude- Social norms and attitudes remained a deterrent to many young entrepreneurs. To make a stand for an entrepreneurial career by convincing family, relatives and friends was a constant challenge.
- Though there was ample scope for developing agro-based cottage industries, lack of efficient organization to suitably assemble available resources and encourage entrepreneurs to develop such industries was a major challenge.
- Investors, both from within and outside, were not willing to invest their capital in Nagaland.

Prospects for Entrepreneurship:

- Commercial Farming- Due to the efforts of the Government to improve production of rice, there was a sustained increase in the tonnage of rice produced. Different types of pulses, oil seeds, cash crops, plantation crops

and vegetable crops were grown. Non-traditional crops such as wheat, barley, spices, rubber and sugarcane have gained popularity in recent years and can be commercially viable entrepreneurial activity.

- Fisheries- Only 4.5% of the potential fishery resources of the state had been utilized. There is a large demand even within the state. To meet the challenge, more avenues in sport fishery, fish culture and production can be started.
- Floriculture- The conducive climatic condition can create new economic avenues to the existing assets of the farmers for floriculture. Growers can be motivated on the benefits of commercial cultivation since there is high demand for fresh flower in the state which are presently imported from other states.
- Forest resources- With 52% of the total area under forests, the share of tree cover is even higher at 80.49 percent of the total area. Wood works constitute one of the most important products of forest.
- Handloom and Handicraft- They constitute an important segment of the unorganized sector in Nagaland contributing substantially in employment generation and export. They are now flourishing activities due to significant market demand over the years. According to the Sixth Economic Census of Nagaland, there were 4,813 establishments engaged in handloom and handicraft activity employing 13,589 workers. A major initiative by the Government to promote handloom and handicraft in the state was through creation of clusters in different activities.
- Horticulture- The study has found that horticulture covered an area of about 5% of the total cropped area. With an import of 60% to 70% of the vegetable requirements, there is ample scope to increase the area under other commercial crops. The production of beans showed an increase of over 76 times from 656 M.T. in 2003-04 to 50,100 M.T. in 2012-13. Organic farming can be promoted in the state as there is high demand since people have become more health conscious. Moreover, it will fetch a good profit for the entrepreneurs as well.

- Sericulture- It is a labour intensive occupation, which involves both agricultural and industrial activity. Being an employment generating activity particularly to the rural people, it will help in sustaining the rural economy in the state. With the increase in land brought under raising of silkworm host plants and silkworm rearing, it is expected to give a boost to production in the sector besides opening more related avenues.
- Beekeeping- It is an income generating industrial sector having potential to generate employment with establishment of apiaries, beekeeping equipment manufacturing units, processing and packaging units and various other ancillary entities. Beekeeping sector in Nagaland has enormous potential due to the huge forest cover, vast traditional knowledge systems, ideal climatic conditions, negligible usage of pesticides, availability of timber and carpentry skills amongst the Nagas.

Case Study of Kohima and Dimapur:

The case study of Kohima and Dimapur districts identified four major problems/ challenges faced by entrepreneurs in the two districts. Finance, was the foremost problem faced by entrepreneurs even with the availability of banking and other financial institutions. Secondly, non-availability of land/ site was found in urban areas. The high amount of advanced security deposits for lease/ rent was not feasible for many entrepreneurs. Thirdly, proper market channels have not been established for many local products. Many entrepreneurs were just meeting the local needs and running in small scale only. Fourthly, power problem was rated high by production units only. For other units under service sector, power requirement was very minimal.

A summary of the findings on the entrepreneurs and their perception are given as follows:

- i) The study showed that 45.34% were first generation entrepreneurs and 54.67% second generation entrepreneurs while 31.67% of the entrepreneurs had undergone EDP training.

- ii) The number of entrepreneurs was highest (39.67%) for age group 20-29 years, followed by 30-39 years and 40-49 years.
- iii) In regard to educational qualification of entrepreneurs, the number of graduate entrepreneurs was the highest, followed by under matric, class 10 passed and class 12 passed.
- iv) The study revealed that 67% of the enterprises were in business for more than five years and 33% of the enterprises were in business for less than five years.
- v) It was observed that 30.33% of the enterprises had an initial investment of less than Rs.1,00,000. This was followed by initial investment of above Rs.5,00,000 with 23.67%.
- vi) The number of entrepreneurs earning below Rs.50,000 monthly was highest (63.67%), followed by entrepreneurs earning between Rs.50,000-Rs,99,999 per month. 7.67% of the entrepreneurs earned a monthly income above Rs.3,00,000.
- vii) The total employment generated by 300 enterprises under the study was 695. The study showed that 52.67% of the enterprises employed two to five persons, 33.67% of the enterprises had one employee, and 13.67% employed more than six persons.
- viii) It was found that 32.33% of the entrepreneurs were motivated to earn money, 28.33% were driven by self-independence, 16.67% were self-motivated and 9.67% took up entrepreneurship to utilize their skills.

Problems encountered in the Study:

Data from Government sources were limited. Most of the Departments only maintained records of targets and failed to maintain achievement status and assess the success of the plans and targets. It was found that lack of personnel and other resources affected the assessment of achievements. There was unsystematic and irregular records in the data available. Comparison across various organizations and Departments was difficult since data were not uniformly recorded.

Interviews with entrepreneurs encountered problems such as non-disclosure of financial records, unreliable information, and inability to impart facts on their experiences. A major reason for this was because many entrepreneurs failed to maintain account books/ other financial records.

HYPOTHESES TESTING

The study formulated two hypotheses:

- a. The growth trend of entrepreneurship in Nagaland is not satisfactory.
- b. The Governmental agencies have contributed positively towards the development of entrepreneurship in Nagaland.

To test the above hypotheses, the following parameters have been taken:

- 1) Growth trend of registered enterprises.
- 2) Employment generation.
- 3) Number of beneficiaries.
- 4) Recovery rate.
- 5) Trainings.
- 6) Amount sanctioned and disbursed.

The number of registered units in the State during the period showed a fluctuating trend. It was 362 in 2002-03 which increased till 2006-07 and was the maximum in 2010-11. Since then, the number of units showed a declining trend. The CAGR for growth of units during the study period was negative with 12.01%. Regarding the number of Public Sector Units in the state, there was hardly any change in the total number of Public Sector Undertakings. Personal interviews with officials revealed that the number of enterprises was more in the past because registration was easier, cheaper and compulsory to avail Governmental schemes and subsidies.

The working population in Nagaland was 9,74,122 persons as per census 2011. Of these 55.20% were cultivators, 35.99% were other workers, 6.46% were agricultural labourers and 2.34% were household industries workers. This

indicated that the population engaged in entrepreneurial activity still lagged behind other occupational activities.

With regard to employment generation by SSI and MSME registered units, the absolute figure was 3,218 in 2002-03. It increased by 68% in 2003-04, 17% in 2004-05, 240% in 2006-07, and 189% in 2010. On the other hand, it decreased in 2004-05 and from 2007-08 to 2014-15 by 37%, 2%, 67%, 2%, 47%, 48%, 48% and 71% respectively. The average growth rate for number of persons employed by SSI and MSME was 14.66%. The number of employment provided by the respondent entrepreneurs also revealed a negligible figure. The total employment generated by 300 entrepreneurs under the study was 695. The number of employment generated under EA as on 31st October 2016 as per the case study was 12,985 persons.

Under the Department of Industries and Commerce, out of 11,578 trainees targeted for PMEGP, the actual achievement was 79% only with 9,149 trainees. The annual growth rate of achievement of the department showed a fluctuating trend with an average growth of 22.12%. KVIC trained 3,231 persons from 2002-03 to 2016-17. EA trained 617 entrepreneurs till October 2016.

The various schemes and facilities provided by the supporting institutions such as financial institution, banking and other non-financial institution/organization were also not appreciable. There were 171 scheduled commercial branches in the state as on 31st March 2016 with each branch office serving an average 11,582 persons which was much lower than the national average of 8,715 persons. The share of advances to SSI by commercial banks for priority sector was less than 10% during 2008-09, 2009-10, 2011-12 and 2012-13.

The recovery of loans under different schemes of the Government by banks was very low. SGSY had very low recovery rates of 3.08% as on 31st March 2008, 7.79% in 2009, 13.54% in 2010, 21.43% in 2011, 37% in 2012 and 32.34% in 2013. PMRY also had very low recovery rates of 3.77% as on 31st March 2008, 1.53% in 2009, 2.74% in 2010, 4.59 in 2011, 87% in 2012 and

17.58% in 2013. Margin Money Scheme under KVIC had a recovery rate of 12.72% on 31st March 2008, 11.64% in 2009, 30.6% in 2010, 17.82% in 2011, 24% in 2012 and 13.01% in 2013. PMEGP recovery rate which was 13.96% as on 31st March 2012 increased to 87% in 2013. The poor recovery performance has led to poor funding of SSI sector in the state.

Training programmes conducted/ sponsored by banks had a very poor success rate in terms of the number of units set up by the trainees. In some batch of trainees, not even one trainee could start up a venture. In other cases, few entrepreneurs were able to set up their enterprises. However, the contribution of EDPs as a human resource development activity could not be measured. Most of the beneficiaries to the various schemes failed to set up their enterprises. Though they have availed finance under the schemes, they were not determined in pursuing an entrepreneurial career and gave up in the face of opposition and difficulties. While some beneficiaries joined the training programmes just to avail the subsidies under the schemes. These are some reasons for slow progress of entrepreneurship development in Nagaland.

SIDBI, Dimapur branch office organized only one seminar/ workshop during the period under study. Moreover, the number of activities taken by the branch per year was very less with no activity even, in some years. However, 2014-15 and 2015-16 showed a more satisfactory trend with four (4) programmes and nine (9) programmes respectively. From 2009-10 to 2013-14 i.e., for five years there was zero promotional and developmental activity. During the year 2014-15, 120 participants were trained under various EDPs conducted in Dimapur, Mokokchung, Kohima and Peren districts. The trainings were held for six weeks each on Desktop Publishing, Masonry and Handloom Weaving. 51 units were started under SIDBI's assistance through these promotional and developmental activities. The trainings were able to generate employment to 55 persons. This indicated that the activity undertaken for the promotion and development of MSMEs by SIDBI was not very impressive.

NKVIB assisted 1,370 projects from 2010-11 to 2016-17. The average growth rate was 38.26%. The number of beneficiaries for subsidies under KVIC from 1st April 2008 to 31st March 2013 was 1,299 entrepreneurs. Under CMCF, 9,098 beneficiaries have been assisted financially in the study period. The number of beneficiaries also indicated a fluctuating trend with a substantial decrease in the number of beneficiaries from 2014-15 onwards. Among NGOs, EA supported 9,495 entrepreneurs financially while YN gave financial assistance to 22 entrepreneurs during the same period. The trend analysis indicated a slow progress in the growth rate of beneficiaries/ entrepreneurs who have availed financial assistance. The study revealed that there was not much progress in the development of entrepreneurship in Nagaland.

Therefore, the hypothesis that “*the growth trend of entrepreneurship in Nagaland is not satisfactory*” is proved and accepted.

An attempt was made to analyze Government Policies and Schemes to find out their contribution towards entrepreneurship development in the study. Transport Subsidy Scheme, Margin Money Loan Scheme, Capital Investment Subsidy Scheme, PMEGP, and CMCF have been analyzed and the findings indicated that the fiscal and other initiatives launched for NER in 1997 have failed to facilitate industrial development as envisaged. Industrial policy announced for NER in 2007 has failed to reach the targeted section and development continued to be slow.

The Department of Industries and Commerce, Nagaland had given trainings to entrepreneurs during the period under study. The number of persons trained in various skills increased from 155 persons during 2002-03 to 287 persons in 2016-17 with CAGR of 4.68%. This showed a negligible growth rate with less than 5% for the last fifteen years; which was not encouraging. The number of persons trained under EDP during the study period was 9,149 with an average growth rate of 22.12%. The overall performance of the department towards the development of entrepreneurship in Nagaland was not impressive.

Under NKVIB, 695 village industries had benefitted during the period 2003-04 to 2007-08. From 2010-11 to 2016-17, CAGR for number of projects achieved was 25.01%. The average growth for margin money utilized during the same period was 26.67% and average growth for number of projects was 38.26%, whereas average growth for employment generated was 10.27%. All the three parameters taken for the study indicated a fluctuating trend and also the growth rate was low.

KVIC target allocation for PMEGP Scheme for 2014-15, 2015-16 and 2016-17 were 454 units, 85 units and 80 units respectively. The share of KVIC and also the total units targeted have decreased during the three years. Therefore, taking this time period only for analysis showed a very poor performance of the Commission in the state.

Department of Planning and Co-ordination was implementing the CMCF since 2002. The Fund was utilized for creation of self-employment opportunities and capacity building programmes. It was observed that a major portion of the funds have been used for capacity building programmes. The total number of beneficiaries under the Fund for the period of study was 9098 with negative CAGR 7.93%. The total amount disbursed was Rs.10,631 Lakhs with CAGR 8.16%. The average annual growth rate was 15.19% and the average amount of increase was Rs.28.57 Lakhs. An analysis of the activities of the Department under the Fund showed a declining trend in recent years with a decrease in the number of beneficiaries and target amount.

Since 2006, the NTTC at the Industrial Estate Dimapur has conducted short-term and long-term training courses. Till 2016-17, it trained 1,009 trainees for long-term courses and 2,616 trainees for short-term courses. The average growth rate for long-term trainees was 6.73% and for short-term trainees was 74.01%. The Centre could generate revenue to sustain itself through various innovations and project works undertaken by the trainees. It has also assisted a number of entrepreneurs and organizations by providing services and technical supports. Number of units assisted showed an increasing trend with CAGR

23.47%. The successful empanelment of the Centre for Project Institute for National Entrepreneurship Resource and Co-ordination Hub is proof of its success.

SIDBI branch office in Dimapur had conducted 23 programmes with 892 participants for entrepreneurship development in 24 years (from 1991-92 till 2015-16). This revealed a very poor presence in the working of the institution in the state.

EDPs conducted by some organisations under the state lacked standardization. Training programmes of few days were also called EDPs. This affected the quality of EDPs. Moreover, it reduced the success rate of the trainings. The entrepreneurs and trainees interviewed for the study had identified lack of institutional arrangements for access to finance as a major constraint. Reduction in project costs has also affected the quality of the project and its sustainable growth.

To test the second hypothesis that “*the performance of Governmental agencies have contributed positively towards the development of entrepreneurship in Nagaland*”, five Government Agencies/ Departments were analyzed in the study. Out of five, three (viz., Department of Industries and Commerce, NKVIB, and NTTCC) revealed positive contribution towards growth of entrepreneurship whereas the contribution of two departments (viz., KVIC and Department of Planning and Co-ordination) showed a declining trend of achievements after 2012. Hence, the hypothesis is partially accepted.

RECOMMENDATIONS OF THE STUDY

To develop entrepreneurship, the study had identified various factors. No doubt, the present scenario had encouraged entrepreneurial development. Yet, there are other measures which can be taken up for more effective accomplishment of self-employment. The following are the recommendations of the study:

1. Government policy support- State Industrial Policy/ Government Policy should provide active support for the promotion of new industries as well as for the expansion of existing industries in the state since the industrial policies announced so far had not been very effective in bringing industrial development. Policies which insist on utilization of local resources and raw materials, and locally available manpower are expected to provide employment opportunities besides bringing regional development on a sustainable basis.
2. Government Assistance such as trainings, loans, subsidies and marketing support to entrepreneurs through different programmes and schemes needs to be honestly implemented so that the targeted groups are benefitted. Government Departments and Agencies involved with various Governmental Schemes in the state should ensure that funds meant for entrepreneurs are utilized for entrepreneurs. They need to take responsibility to see that the facilities/ funds are effectively implemented in the state. Moreover, the Departments need to maintain records of its achievements and success under different schemes.
3. Developing export oriented industries- The Industrial Policy announced by the Government for NER had provided various development packages and incentives targeting export oriented industries which needs to be followed up in practice. In this regard, the Department of Industries and Commerce should take initiative to promote export potential of different activities/ industries.
4. Development of infrastructure facilities- Development of transportation, communication, and power sector should be emphasized. Foreign investors can be invited to invest in promoting new power projects in the state. Power supply should also be improved during the business hour so as to facilitate the small entrepreneurs to be productive. Hence, the government will have to identify new power project since the existing capacity is not sufficient for the state.

5. Flow of credit- Small entrepreneurs are the pillars of growth for the local economy. Ensuring easy flow of credit to them would encourage more entrepreneurs to undertake entrepreneurial career. With a variety of funding options available, it is important for the entrepreneur to understand the pros and cons of each funding methodology, estimate the amount of funds required and evolve a strategy to approach and secure the required funds. At the same time, entrepreneurs need to be made aware of the difference between loan and subsidy for efficient management of funds.
6. Micro and small units are more prone to financial difficulties than large enterprises. Often absence of timely support at crucial junctures during the operating life cycle of MSMEs leads to their sickness. Therefore banks need to be sensitive in providing continuous support to viable MSMEs during phases of temporary financial difficulties. They need to put in place a strong oversight mechanism over the field level functionaries for ensuring compliance with the lending policies.
7. Financial institutions need to develop policies to have periodical inspection of assisted units. They should insist on entrepreneurs to maintain account books for the business. This would help them to identify probable sick units and give timely assistance.
8. Large-scale ignorance about banking products and practices along with lack of awareness about the unfolding economic environment was a serious problem for MSME entrepreneurs. Therefore, borrowers need to develop awareness about the changing economic dynamics and its impact on their businesses. Efforts should be made to be updated with the latest regulatory guidelines, schemes offered by banks and also by the Government. At the same time, government should also make wide publicity of the schemes/ programmes.
9. Collaborations between Education, Innovation and Entrepreneurship should be identified and encouraged. Education would mean including modern vocational education training/ skill development while innovation

would mean converting ideas into wealth and employment. It is needed to bring together academicians, entrepreneurs and researchers to collaborate on concepts that could potentially drive economic growth and encourage more people to become entrepreneurs. Growing the pool of skilled people is a key priority for economic development of a state. This entirely depends upon access to quality education. The key challenges in higher education relate to ensuring access, inclusiveness and excellence. In Vocational Education and Training (VET) there is need to completely change and modernize current institutions and practices.

10. Nagaland had a literacy rate of 79.6% which was higher than the national literacy rate. This indicated that the state produced a good number of educated manpower. On the other hand, with the unfavorable infrastructure, there is better scope for service-based enterprises which have lower dependence on infrastructure.
11. Efforts are needed to make markets more organized. Availability of cheap transport facilities, proper packing materials or packaging skills, and suitable advertisement policy would improve the present market situation. A well-established market channel would boost export of local products outside the state.
12. Industrial clusters with good facilities should be encouraged as they provide substantial benefits in terms of technology absorption, efficiency enhancement and growth by providing shared access to amenities like testing centres, utilities, roads, security, training to workers and marketing assistance. Collaborating with Small and Medium Enterprises (MSE) association in these clusters can prove mutually beneficial for banks as well as for the smaller firm.
13. With the aid of technology, there can be a paradigm shift in the approach in lending to MSMEs. MSMEs can adopt technology for scaling up their business, achieving operational efficiencies and thereby cutting costs. Data analytics can help the bigger MSMEs to better appreciate customer behavior and fine-tune their products, processes and services accordingly.

MSMEs can take advantage of the opportunities afforded by e-commerce to access new and distant markets.

14. A credit rating can make a unit's access to financial services more efficient as it provides transparency, helps overcome perceived uncertainty in lending decisions and thereby reduces time and transaction costs. It is an assessment of the credit worthiness of a borrower in general terms or with respect to a particular debt or financial obligation. Credit ratings for borrowers are based on substantial due diligence conducted by the rating agencies. Enterprises can use ratings to enhance their credibility with other counterparties too, such as technology providers, suppliers and customers. Some important Credit rating Agencies in India are Credit Rating Information Services of India Limited, Investment Information and Credit Rating Agency and Credit Analysis and Research Ltd.

Conclusion

There is a need to gradually and simultaneously instill new work culture and entrepreneurial spirit in the people. The Government of India has also started several flagship programmes to encourage entrepreneurship culture. Conducive environment for entrepreneurship can become more effective if more educational institutes start nurturing the thoughts within students that they should become job creators rather than job seekers.

Area for further Research Study

1. Impact of Infrastructural facilities on entrepreneurship development with special reference to Nagaland.
2. A critical study on the management of small scale enterprises in Nagaland.
3. Khadi and Village Industries in Nagaland: A study of its progress, prospect and impact on economic development.
4. Entrepreneurship Development Programmes: A study on its achievements and impact in promoting socio-economic development of Nagaland.

APPENDICES

Annexure - I

Questionnaire (For Government Department/ Institution)

1. Name of the Department/ Institution: _____
2. How do you formulate policy?
 - a) Prepared by Special/ Separate Committee ☐
 - b) With advice from outside experts ☐
 - c) Any other (please specify) _____
3. What modality / mechanism is used to formulate policy?
 - a) Through experience ☐
 - b) Considered opinion ☐
 - c) Facts and knowledge ☐
 - d) Suggestion from different class of people ☐
 - e) Any other (please specify) _____
4. In formulating policies, do you conduct the following?
 - a) Periodic meetings ☐
 - b) Informal discussions ☐
 - c) Field studies to note effects, weaknesses and priorities of the plan ☐
 - d) Any other (please specify) _____
5. What are the problems faced by you in framing as well as in formulating the policy?
 - a) Financial ☐
 - b) Socio-political ☐
 - c) Lack of efficient persons ☐
 - d) Economic/ infrastructural ☐
 - e) Official procedure/ formalities ☐
 - f) Any other (please specify) _____
6. State the Agencies/Departments implementing the policy.
 - a) Directorate of Industries ☐
 - b) District Industries Centre ☐
 - c) Village Development Block ☐
 - d) Nagaland Industries Development Corporation ☐
 - e) Any other (please specify) _____
7. State the modality of monitoring the policy implementation.
 - a) Measurement of performance against targets ☐
 - b) Comparison of budget and revised budget ☐
 - c) Any other (please specify) _____
8. Do you have a special monitoring cell? Yes / No
9. Do you go for spot investigations? Yes/ No

10. If yes, how frequently?

- a) Weekly ☐
- b) Monthly ☐
- c) Yearly ☐
- d) Any other (please specify) _____

11. Do you review the policy? Yes/ No

12. If yes, who are the officials / experts involved in the review process?

- a) State level officials ☐
- b) District level officials ☐
- c) Village level ☐
- d) Experts from outside ☐
- e) Academicians ☐

13. What are the steps adopted to review the policy?

- a) Study the previous policy ☐
- b) Analyze the factors ☐
- c) Search alternative solutions ☐
- d) Select the best plan ☐
- e) Communicate ☐

14. Do you conduct/ are involved in conducting Entrepreneurship Development Programmes (EDPs)? Yes/ No

15. If yes, what is your involvement?

- a) Assist in selecting trainees ☐
- b) Plan and organize the training programmes ☐
- c) Sponsor/ funds training programmes ☐
- d) Any other (please specify) _____

16. Who funds the training programmes?

- a) Self-sponsored ☐
- b) State Government ☐
- c) Assistance from Central Government ☐
- d) Private individuals / organisations ☐
- e) Any other (please specify) _____

17. Are you giving any financial assistance/ help to trainees to set up their enterprises?
Yes/No

18. If yes, what is the nature of assistance?

- a) Loans ☐
- b) Grants ☐
- c) Subsidies ☐
- d) Any other (please specify) _____

19. What is the level of assistance?

- a) Below 20% ☐
- b) 20%-40% ☐
- c) 40%-60% ☐
- d) 60%-80% ☐
- e) Above 80% ☐

20. What is the recovery rate for loans / other financial assistance?

- a) Below 20% ☐
- b) 20%-40% ☐
- c) 40%-60% ☐
- d) 60%-80% ☐
- e) Above 80% ☐

21. Mention other facilities provided by your organization / institution to the trainees to take up an enterprise.

- a) Technical help ☐
- b) Establishing links for availing loans ☐
- c) Infrastructure ☐
- d) Marketing ☐
- e) Any other (please specify) _____

22. What types of follow-up reports are used in monitoring the performance of trainees after training?

- a) Income and Expenditure Statement ☐
- b) Profit & Loss Account ☐
- c) Balance Sheet ☐
- d) Budgeting Report ☐
- e) Any other (please specify) _____
- f) No reports are maintained ☐

23. How frequently do you conduct EDPs?

- a) Monthly ☐
- b) Quarterly ☐
- c) Annually ☐
- d) Any other (please specify) _____

24. What is the success of EDP trainings, according to you?

- a) Below 20% ☐
- b) 20% - 40% ☐
- c) 40% - 60% ☐
- d) 60% - 80% ☐
- e) Above 80% ☐

25. Do you maintain feedback from trainees? Yes/ No

26. Do you conduct market survey and research? Yes/ No

27. If yes, state the problem in conducting market survey:

- a) Social ☐
- b) Technical ☐
- c) Lack of finance ☐
- d) Lack of experts in the field ☐
- e) Any other (please specify) _____

28. Do you provide marketing facilities? Yes/ No

29. What subsidies do you provide to enterprises?

- a) Power subsidy ☐
- b) Transport subsidy ☐
- c) Raw materials ☐
- d) Any other (please specify) _____

30. Are you giving any financial assistance/ help to trainees to avail any such assistance?
Yes/ No

31. What type of report do you insist periodically for monitoring?

- a) Income and Expenditure Statement ☐
- b) Profit & Loss Account ☐
- c) Balance Sheet ☐
- d) Budgeting Report ☐
- e) Any other (please specify) _____

32. When did you start training entrepreneurs? _____

33. Total number of entrepreneurs trained by you till date: _____

Annexure- II

Questionnaire (For NGOs)

1. Name of the NGO/ Institution: _____
2. When was it set up? _____
3. With what objectives was the NGO established? _____

4. Do you conduct/ are involved in conducting Entrepreneurship Development Programmes (EDPs)? Yes/ No
5. If yes, what is your involvement?
 - a) Assist in selecting trainees
 - b) Plan and organize the training programmes
 - c) Sponsor/ funds training programmes
 - d) Any other, please specify _____
6. When did you start conducting EDPs? _____
7. Total number of entrepreneurs trained per EDP:
 - a) Below 10
 - b) 10-20
 - c) 20-30
 - d) 30-40
 - e) Above 40
8. How many trainees have been able to set up their enterprise? _____
9. How many trainees were not able to set up their enterprise? _____
10. Who funds the training programmes?
 - a) Self-sponsored
 - b) State Government
 - c) Private individuals / organisations from within the State
 - d) Private individuals / organisations from outside the State
 - e) Assistance from Central Government
 - f) Any other (please specify) _____
11. Are you giving any financial assistance/ help to trainees to set up their enterprises?
Yes/ No
12. If yes, what is the nature of assistance?
 - a) Loans
 - b) Grants
 - c) Subsidies
 - d) Any other (please specify) _____
13. What is the level of assistance?
 - a) Below 20%
 - b) 20%-40%

- c) 40%-60% ☐
- d) 60%-80% ☐
- e) Above 80% ☐
14. What is the rate of recovery of loans?
- a) Below 20% ☐
- b) 20%-40% ☐
- c) 40%-60% ☐
- d) 60%-80% ☐
- e) Above 80% ☐
15. Mention other facilities provided by your organization / institution to the trainees to take up an enterprise.
- a) Technical help ☐
- b) Establishing links for availing loans ☐
- c) Infrastructure ☐
- d) Marketing ☐
- e) Any other (please specify) _____
16. What type of reports are used in monitoring the performance of trainees who have been financed/ assisted by you to start their own business?
- a) Income and Expenditure Statement ☐
- b) Profit & Loss Account ☐
- c) Balance Sheet ☐
- d) Budgeting Report ☐
- e) Any other (please specify) _____
- f) No reports are maintained ☐
17. How frequently do you conduct EDPs?
- a) Monthly ☐
- b) Quarterly ☐
- c) Annually ☐
- d) Any other (please specify) _____
18. What are the areas covered for EDPs?
- a) Technical Management ☐
- b) Financial Management ☐
- c) Personnel Management ☐
- d) Marketing Management ☐
- e) Any other (please specify) _____
19. How far are EDPs effective in helping trainees establish and run a profitable business/ enterprise?
- a) Above 80% ☐
- b) 60%-80% ☐
- c) 40%-60% ☐

d) 20%-40%

e) Less than 20%

20. Do you conduct market survey and research? Yes/ No

21. If yes, state the problems found by you during the survey:

a) Social

b) Technical

c) Lack of finance

d) Lack of experts in the field

e) Others (please specify)

22. What are the goals set by your NGO for the future with regard to entrepreneurial development in the state?

Annexure-III

Questionnaire (For Banks/ Financial Institutions)

1. Name of the Bank/ Financial Institution: _____
2. Date of establishment in the State: _____
3. What is your involvement towards entrepreneurial development in Nagaland?
 - a) Assist in selecting trainees ☐
 - b) Plan and organize the training programmes ☐
 - c) Sponsor/ funds training programmes ☐
 - d) Any other (please specify) _____
4. In what way are you providing financial assistance to local entrepreneurs/ enterprises?
 - a) Loans ☐
 - b) Grants ☐
 - c) Subsidies ☐
 - d) Trainings/ EDPs ☐
 - e) Any other (please specify) _____
5. For set up and sustained growth of enterprises, how is credit made available to entrepreneurs?
 - a) Centrally sponsored Schemes (please specify) _____
 - b) Special schemes for NE region (please specify) _____
 - c) State sponsored schemes (please specify) _____
 - d) Any other (please specify) _____
6. What is the amount of loans sanctioned and disbursed by your institution for entrepreneurs for the period 1st April 2002-31st March 2016? _____
7. How many entrepreneurs/ enterprises have been beneficiaries of loans from your institution for the period 1st April 2002-31st March 2016? _____
8. What is the method followed by your institution prior to granting of loans to entrepreneurs?
 - a) Field survey/ inspection ☐
 - b) Project report ☐
 - c) Feasibility assessment ☐
 - d) Any other (please specify) _____
9. What is the amount of loan granted by your institution to an entrepreneur/ enterprise?
 - e) Minimum amount _____

- f) Maximum amount _____
10. What is the monitoring mechanism followed by your institution with regard to loans given to entrepreneurs?
- a) Submission of financial statement ☐
- b) Project inspection and appraisal ☐
- c) Loan utilization statement ☐
- d) Any other (please specify) _____
11. What are the types of loans granted to entrepreneurs/ enterprises?
- a) Short-term (below 2 years) ☐
- b) Medium-term (2-5 years) ☐
- c) Long-term (above 5 years) ☐
- d) All of the above ☐
12. What is the recovery rate of loans to entrepreneurs/ enterprises?
- a) Below 20% ☐
- b) 20%-40% ☐
- c) 40%-60% ☐
- d) 60%-80% ☐
- e) Above 80% ☐
13. In the past years, have you faced poor recovery of loans from entrepreneurs? Yes/ No
If yes, what is the reason?
- a) Deficiencies in recovery system ☐
- b) Non-enforcement of personal guarantees ☐
- c) Any other (please specify) _____
14. Suggest any step that your institution is taking up / would like to take up for better recovery of loans from entrepreneurs.

15. Do you go for spot investigations? Yes/ No
If yes, how frequently?
- a) Weekly ☐
- b) Monthly ☐
- c) Yearly ☐
- d) Any other (please specify) _____
16. Do you conduct market survey and research? Yes/ No
If yes, state the problem in conducting market survey:
- a) Social ☐
- b) Technical ☐
- c) Lack of finance ☐
- d) Lack of experts in the field ☐
- e) Any other (please specify) _____

Annexure-IV

Questionnaire (For sample Entrepreneurs)**Part-I: Profile of Respondents**

1. Name: _____
2. Age: _____
3. Category:

General	<input type="checkbox"/>	ST	<input type="checkbox"/>
SC	<input type="checkbox"/>	OBC	<input type="checkbox"/>
4. Educational Level:

Below Matric	<input type="checkbox"/>	Graduate	<input type="checkbox"/>	B.E.	<input type="checkbox"/>
HSLC	<input type="checkbox"/>	Post Graduate	<input type="checkbox"/>	I.T.I. Dip.	<input type="checkbox"/>
HSSLC	<input type="checkbox"/>	Others	_____		
5. Marital Status:

Married	<input type="checkbox"/>
Unmarried	<input type="checkbox"/>
6. Gender:

Male	<input type="checkbox"/>	Female	<input type="checkbox"/>
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7. Location of Business:

i) a) Village	<input type="checkbox"/>	ii) a) Kohima	<input type="checkbox"/>
b) Town	<input type="checkbox"/>	b) Dimapur	<input type="checkbox"/>
8. Family Occupation:

Agriculture	<input type="checkbox"/>
Industry	<input type="checkbox"/>
Business	<input type="checkbox"/>
Service	<input type="checkbox"/>
9. Status prior to EDP:

Unemployed	<input type="checkbox"/>	Self employed	<input type="checkbox"/>
Student	<input type="checkbox"/>	House wife	<input type="checkbox"/>
Casual worker	<input type="checkbox"/>	Family business	<input type="checkbox"/>
10. Contact No. (optional): _____

Part-II: Profile of Enterprises

1. Name of the enterprise : _____
2. Date of starting the Enterprise: _____
3. Type of Enterprise (activities in which engaged):

Wooden product furniture	<input type="checkbox"/>	Hotel	<input type="checkbox"/>
Printing Press	<input type="checkbox"/>	Bakery	<input type="checkbox"/>
Fabrication/ Welding	<input type="checkbox"/>	Dairy/ Milk Product	<input type="checkbox"/>
Electrical Machineries	<input type="checkbox"/>	Restaurant	<input type="checkbox"/>
Weaving	<input type="checkbox"/>	Vegetable Shop	<input type="checkbox"/>

Cane and/ Bamboo craft ☐ Grocery ☐
 Handicraft ☐ Hardware Shop ☐
 Photo Print ☐ Stationery ☐
 Stone Crusher ☐ Food processing ☐
 Others (please mention) _____

4. Volume/ Size of enterprise: _____
 Production (No. of units monthly/ yearly): _____
 Labour Cost (monthly): _____
 Investment (in Rs.): _____

5. Source of finance for starting the enterprise :

Sl. No.	Source of Fund	Amount
1	Commercial Banks	
2	Co-operative Banks	
3	Personal savings	
4	Disposal of personal property	
5	Friends and Relatives	
6	Money-lenders	
7	Others (please specify)	

6. In case of loan from bank, please furnish following details:

Sl. No.	Amount taken	Interest Rate	Subsidy amount (if any)	Month & year of taking loan	Amount returned with date	Month & year of total repayment

7. Details about employment generation:

Unpaid family workers : _____ Full time: _____ Part time: _____

Paid employees : _____ Full time: _____ Part time: _____

8. Problems encountered in starting the enterprise (Please tick the required column):

(VH= very high, H= high, M= Medium, L=low, VL= very low)

	VH	H	M	L	VL
a) Financial problems					
b) Government Policy					
c) Lack of Motivation					
d) Non-availability of land & shed					
e) Marketing problems					
f) Legal Formalities					
g) Power Problems					
h) Problems of raw material					
i) Social Problem					
j) Family Problem					

9. Have you undertaken any Entrepreneurship Development Training (EDP)? Yes/No

10. If yes, mention month and year of training: _____

11. Training Duration : _____

12. State the name of the organization/ Institution conducting the EDP:

13. What are the benefits you have derived from the training?

- a) Improvement in communication skills ☐
- b) Increased awareness about various government departments and their schemes ☐
- c) Availability of loans ☐
- d) Imbined more confidence to take up risks and opportunities in life ☐
- e) Developed capacity to plan viable project ☐
- f) Others (please mention): _____

14. Gap between training taken and starting the enterprise: _____

15. The quality of assistance received from support organisations is:

- Very helpful ☐
- Helpful ☐
- Satisfactory ☐
- Not good ☐

16. Monitoring and Follow-up by training organisation:

- Poor ☐
- Average ☐
- Good ☐
- Very Good ☐
- Excellent ☐

17. Do you think additional inputs are required in EDPs? Yes/ No

18. State the area of need for further training:

- Financial Management ☐
- Marketing Management ☐
- Technical Training ☐
- Personnel Management ☐

19. EDPs serve as the motivating factor. Yes/ No

20. EDPs serve as confidence builder. Yes/ No

21. State the degree of influence of EDP training in building confidence to start business.

- Very much ☐
- To some extent ☐
- Not at all ☐

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