

Prospects for Entrepreneurs in North-East India: A Case Study

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Introduction

The emergence of local entrepreneurship in different sectors of North East India is expected to bring economic development in a significant way. In order to give opportunities to the rise of enterprises, there are some non-governmental organizations involved in providing institutional support to aspiring entrepreneurs. They help young entrepreneurs by imparting training and extending credit.

Entrepreneurship has become a decisive aspect of change in the region, empowering individuals to seek new opportunities. Efforts have to be made to exploit the natural resources of the different states and tap into other potential areas. The states have to plan intelligently and strategize their efforts, concentrating on areas of strength and available resources. This emerging entrepreneurial scenario demands the need for a qualitative study on the involvement of different contributors towards entrepreneurship development in the region. A case study of the role of Entrepreneurs Associates of Nagaland has been done and presented for the paper.

Act East Policy and Prospects for Entrepreneurs in North-East India

India's Act East Policy focusses on the extended neighbourhood in the Asia-Pacific region. The policy which was originally conceived as an economic initiative has gained political, strategic and cultural dimensions including establishment of institutional mechanisms for dialogue and cooperation.

India has upgraded its relations to strategic partnership with Indonesia, Vietnam, Malaysia, Japan, Republic of Korea, Singapore and Association of South East Asian Nations (ASEAN); and forged close ties with all countries in the Asia-Pacific region. Further, apart from ASEAN, ASEAN Regional Forum (ARF) and East Asia Summit (EAS). India has been actively engaged in regional forum such as Bay of Bengal Initiative for Multi-Sectoral

Technical and Economic Cooperation (BIMSTEC), Asia Cooperation Dialogue (ACD), Mekong Ganga Cooperation (MGC) and India- ASEAN Cooperation in our domestic agenda on infrastructure, manufacturing, trade, skills, urban renewal, smart cities, Make in India and other initiatives. Connectivity projects, cooperation in space, science and technology and people to people exchanges could become a springboard for regional integration and prosperity.

The objective of “Act East Policy” is to promote economic cooperation, cultural ties and develop strategic relationship with countries in the Asia Pacific region through continuous engagement at bilateral, regional and multi-lateral levels thereby providing enhanced connectivity to the states of North Eastern region and the ASEAN region. North east India has more proximity with ASEAN countries than with the rest of India; such as Myanmar, Bangladesh, Bhutan, Nepal and China. With the inclusion of Myanmar in 1997 as a full time member of ASEAN, it has become very necessary for India to utilize the benefits of ASEAN and develop land route connectivity with the South East Asia.

The Following May Be Considered as Possible Developments in the Entrepreneurial Scene Having Good Prospects for Entrepreneurs

- **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.
- **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.
- **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. But, for all these there is need to develop a package of practices and post-harvest technologies so that their quick dispatch to the markets will be ensured.

- **Small Scale and Cottage Industries:** The sale of vegetables, seasonal fruits, other home-made products and handlooms and handicraft items are small income generating ventures which can be expanded into small scale and cottage industries. These industries are labour-intensive and would provide huge employment opportunities.
- **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.
- **Handloom and Handicrafts:** The Handloom and Handicraft development also have scope in the region. The beauty of cane and bamboo works and traditional shawl and garments show great demand at the national and international level.

To venture into all these areas require enterprising people. One primary problem that entrepreneurs face 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 the region is found to be low because of other aspects such as lack of market familiarity, lack of viable concept, lack of technical and managerial skills, lack of business technical know-how, etc. However, these are all removable kind of barriers. Education, which encompasses different dimensions of entrepreneurship, is the best means of developing man's resourcefulness.

Objectives of the Study

- To study the role of private agencies in providing assistance to potential entrepreneurs in North East India.
- To evaluate the role of EA in promoting international trade in South East Asia.
- To identify the prospects for entrepreneurs in North East India with the effective implementation of India's Act East Policy.

Methodology of the Study

1. **Nature of Data:** The study is based on primary and secondary data. Primary data has been collected through personal interviews and questionnaires. Discussions with entrepreneurs and other stakeholders have been conducted. The secondary data has been collected from the handbooks, annual reports, evaluative reports, guidelines and documents of various Government Departments/agencies.

2. **Area of Study:** The study has been conducted for the entire North Eastern Region with a case study on the state of Nagaland. Nagaland has been selected since the scholar belongs to the state and little study has been done on the state under entrepreneurship.
3. **Sampling Design and Size:** A multistage purposive sampling procedure has been adopted for the investigation. The total population for the selection of respondents for survey is entrepreneurs from the state of Nagaland. The sample population included rural as well as urban areas with a sample size of 100 respondents each from the urban areas and 100 respondents from rural areas.
4. **Statistical Tools and Techniques:** The data collected have been scored, tabulated and analyzed. Frequencies and percentages have been used to interpret the socio-economic characters, success rate, income and employment generation. To examine the impact of trainings and other incentives, Trend Analysis has been used indicating the number of trainees registered and the success rate of the trainings.

Socio-Economic Scenario in Nagaland

Nagaland became a full-fledged state on 1st December 1963. With a geographical area of 16,579 sq.kms. and a population of 19,78,502 persons, the state still lies in the much underdeveloped stage of economic development with 82.8% rural population and only 17.2% urban population. Moreover the standard of living is very low compared with 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 educated state's economic performance is very low. Nagaland is a land-locked state having international boundary with Myanmar in the east, national border with Arunachal Pradesh in the north, Manipur in the south and Assam in the west.

In the absence of large scale industries and with increasing unemployment problem, the state primarily depends on self-employment. With less private participation, the state of Nagaland needs informal sector to provide gainful employment opportunities to the people of the state. Agriculture is the main occupation of the people. However, due to advancement of education among the younger generation there is evidence of heavy migration from the rural to urban areas. This, in turn, is creating more unemployment problems in urban areas.

Entrepreneurs Associates: A Case Study

Entrepreneurs Associates (EA) is a Non-Governmental Organization in Nagaland that has taken the entrepreneurship status forward. It is a private initiative functioning for development of entrepreneurs; however, at times it also works in collaboration with the government or other leading organizations. It was launched as a micro-credit system in the year 2000.

EA was launched with the definite purpose of helping unemployed youth to establish their own businesses and be self-reliant. It aims 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. To develop 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.

1. Organizational Structure

EA is still evolving as a Social Enterprise. The Governing Board has eight members with one Chairman and holds office for a term of three years. All policy matters are decided and passed from the Governing Board. The Board meets once in every three months. The Management Team has six members and looks after the overall management activities of the organization. The members are made up of the Heads of each project/department. The daily routine of the office is undertaken by around thirty employees. Some are employed on a regular basis while others are employed for particular projects only. There is one Team Leader in Manipur too.

2. Major Dimensions of Activities

- (a) **Finance:** EA gives loans through Non-Banking Financial Companies (NBFCs) and through credit linkage schemes with banks. So far, EA has supported 9,495 entrepreneurs financially in different districts of Nagaland and Manipur.

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

Table 1: Number of Entrepreneurs Supported by EA Till 2016

Out of the total entrepreneurs supported, 2831 entrepreneurs were successful in setting up their enterprises. The rate of success, calculated as number of entrepreneurs who were able to start and run their enterprises through the financial support of EA, is 29.16 percent.

- (b) **Training:** EA has been giving trainings since 2003. However, it was only by 2007 that it had given trainings on a regular basis. In many cases, financial support is given to trainees to start/ upgrade their enterprises. Continuous mentoring is also provided to all the trainees. EA provides different types of Intensive training to entrepreneurs such as Basic Entrepreneurial Skills Training (BEST), Business Growth Training (BGT) and Affirmative Customer Experience (ACE). 617 trainees have been trained under BEST, while 218 and 50 have been trained under BGT and ACE respectively.

State	Intensive Training			Workshops/ Motivation trainings	
	Basic Entrepreneurial Skills Training	Business Growth Training	Affirmative Customer Experience	Youth	Farmers
Nagaland	617	180	30	20,000	12,000
Manipur	-	38	20	800	300
Total	617	218	50	20,800	12,300

Source: EA Report

Table 2: Number and Types of Training Under EA Since 2006-2016

(c) **Employment Generation:** Over the years, EA has 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 total number of employment generated through EA till October 2016 is 12,985. Kohima has the highest figure at 6,212 with 1573 being self-employed, 1005 employed under Micro Enterprises, 1780 under Medium Enterprises and 1854 under big Enterprises.

District Name	State	Self-Employed (1-2)	Micro Enterprises (3-5 Persons)	Medium Enterprises (6-15)	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

Table 3: Number of employment generated through financial support

3. Sponsored Trainings and Programmes

There are some few organizations providing grants to EA for undertaking various projects. Since 2014, the trainings of EA have been given under the name ‘Wave’. These trainings are usually for a period of 45 days.

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	DUDA	(+) 57
Wave 3	2015	Mokokchung	14	SRTT	(+) 21
Wave 4	2015	Pfutsero	25	SRTT	(+) 79
Wave 5	2016	Kohima	11	SRTT	(-) 56
Wave 6	2016	Kohima	21	SRTT	(+) 91
Wave 7	2016	Kohima	15	SRTT	(-) 33

Source: EA Report

Table 4: Sponsored Trainings from Different Sources for the Period 2014-16

The Directorate of Underdeveloped Areas (DUDA), Government of Nagaland, has 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 till Wave 7. The sponsored trainings were given to a total of 104 trainees held in different districts of the State. The number of trainees has shown a fluctuating trend i.e., it increased till Wave 4, decreased by in Wave 5, increased again in Wave 6 and finally decreased in Wave 7.

4. Credit Linkage

In 2006, EA helped to mobilize over Rs. 2.5 crores with ICICI Bank to disburse micro-credit to its members. EA has also collaborated with Axis Bank since 2008 for credit linkage. Sona Finance, Ganpati Stock Ltd. SBI, Vijaya Bank and other Local Corporate Houses are other organizations providing credit through EA linkage. Most of these collaborations are still going on.

5. Look East Policy/Cross Border Trade

EA believes that 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. Two specific goals of the organization in the next two years are building the pork industry and widening the international 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 maximum entrepreneurs (i.e. 26 under wave trainings) financially assisted by EA are in the retail garment sector. Besides, it has also financed saw mills, restaurants, meat processing unit and waste management firm, which are still continuing profitably. Among the few e-commerce businesses EA has financed, Precious Me Love is a successful one. EA has also helped an entrepreneur from Manipur to set up his company in China. Further, it has been trying to help few Nagas in Myanmar.

An Analysis of the Role of EA

The case study reflects that structural association and group of people have been found to promote entrepreneurship. A vital link to economic decision-making process, the business associations have made their members' visions and priorities a part of their economic agenda. EA undertakes a wide variety of activities encompassing credit, business skill training, technical and technology training, employment creation, marketing services, legal assistance, psychological counseling and some social welfare trade programs.

An analysis of the various EDPs and training programmes under the study reveals that 60%-80% of the trainees were able to establish and run a profitable enterprise. It has been found that new entrepreneurs usually struggle after the third year of running business. Usually if an entrepreneur has been running the enterprise for five years, then he/she is considered successful.

EA gives financial assistance to trainees as loans with interest to set up their enterprises. Loans are given upto 60% or more of the start-up capital. To monitor the performance and repayment of the loans, EA insists on the maintenance of cash book. EA has also established links with Axis Bank, NEDFi, SIDBI and Vijaya Bank to provide short-term and medium-term loans to entrepreneurs through their office. EA has assisted in self-employment of many beauty parlours, hair-cutting saloons, tea stalls, grocery shops, garment shops and carpenters.

EA builds a support system for the new entrepreneurs involving 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. EA also conducts Mentoring Programmes. They do business mentoring by helping entrepreneurs develop knowledge, skills and confidence through one-to-one advice, encouragement and knowledge transfer.

Findings of the Study

1. Entrepreneurs Associates (EA) has supported 9,495 entrepreneurs in different districts of Nagaland and Manipur during the period under study. Out of these, 2831 entrepreneurs (29.16%) were successful in setting up their enterprises.
2. The total number of employment generated through EA till October 2016 has been 12,985 with Kohima having the highest figure among the districts at 6,212. Kohima district alone accounts for almost half of the total employment generated in the state.
3. The total number of persons trained by EA from 2005 till October 2016 is 885.617 trainees have been trained under BEST, while 218 and 50 have been trained under BGT and ACE respectively. In many cases, financial support has been given to start/upgrade their enterprises.

4. The study concludes that NGOs are involved in building a supportive environment to enhance the success of the youth and help tribal communities see the benefit of business entrepreneurs. They work to create employment and income-generating opportunities to rebuild the local economy.

Suggestions of the Study

Industrialization in North Eastern States should be based on indigenous resource potential and skill of local human resources. Further, an eco-friendly and sustainable industrialization would be appropriate for the north eastern states. The use of local skills and capacity might increase the existing potential to a considerable extent. Even specialized products of the region are expected to find their way to the international market. Therefore proper emphasis on specialized products would be required.

Training the youth for entrepreneurship in the emerging fields of industrial, commercial and service sector is very important for broadening the area of self-employment. This would also bring a great breakthrough in entrepreneurial development in the region. With relatively low barriers to entry and the influx of many persons seeking a way to survive, entrepreneurship has become very popular.

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