



Challenges of entrepreneurship in north-eastern states: An analysis

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Abstract

Entrepreneurship has traditionally been viewed as the backbone of a country's economic growth. It is commonly known that a region's degree of entrepreneurial activity directly affects the region's economic growth to a considerable extent. Capable entrepreneurs are taking advantage of the opportunities presented by the changing environment in the era of liberalization, privatization, and globalization as well as the ongoing information technology revolution. Yet, a sizable portion of the populace often falls behind in utilizing these chances, especially in rural and industrially underdeveloped areas. But up until this point, North-East India has consistently been overlooked in terms of its economy, prospects for expansion, human resource development, and, most importantly, its ability to advance. Despite the region's abundance in natural resources, flora, and fauna, it has been plagued for years by conflicts, natural and man-made disasters, militarizations, and other tragedies. Due to a lack of basic services and investments, the area has witnessed a huge exodus of residents to neighboring areas. States like Assam, Manipur, and Nagaland have experienced ethnic conflict for decades, and this ongoing bloodshed has been a significant barrier to their citizens' ability to launch business endeavours. Even if change is occurring more slowly now, it is for the better because of the abundance of forums and business endeavours springing up in the North East. This essay has attempted to focus on this issue effectively and to discuss how to fix things up in a way that will support North Eastern Indian entrepreneurs.

Keywords: economic development, entrepreneurship, employment opportunities

Introduction

Designing, developing, and managing a new firm—often a small one at first—is the process of entrepreneurship. It has been defined as having the ability and willingness to create, plan, and run a business initiative while accepting all of its risks in the hopes of turning a profit. Entrepreneurship is defined as the deliberate actions performed by a person or a group of related people in order to start, sustain, and increase profit through the production or distribution of goods and services for the economy. Yet, India's North-East has consistently been disregarded for the past ten years in terms of economic development, human resource growth, and most importantly, self-confidence. Despite the region's abundance in natural resources, flora, and fauna, it has been plagued by conflicts, natural and man-made disasters, militarism, and other tragedies for years on end. Due to a lack of basic services and investments, the area has witnessed a huge exodus of residents to neighbouring areas. States like Assam, Manipur, and Nagaland have been plagued by ethnic violence for decades. For the inhabitants of this country, the ongoing bloodshed has been a significant barrier to starting business enterprises. The scenario has altered just now. But entrepreneurship development is not satisfactory. People of this region especially Assam is unable to involve as an entrepreneur for their coming future. As a result, it has seen that slower growth of economic development of this region.

Significance of the study

The economic health of a region can be improved by concentrating on a variety of factors. Yet in order to advance the state of the economy, entrepreneurship is a component that must be stimulated. The nation's issues with unemployment are lessened via entrepreneurship. Many job

seekers are happy with the employment opportunities that are presented to them. When entrepreneurs are inspired, there will be more employment opportunities in the country, more people will be employed in the positions they provide, and many innovative ideas can be put into practise to enhance society in a variety of ways. When compared to the markets of other nations, entrepreneurs assist the countries' export competitiveness rise. Entrepreneurs therefore have responsibilities both within their organisations and within society. Entrepreneurs must make decisions that are beneficial to both their organisations and society as a whole.

Review of Literature

The following literatures were reviewed in the present study. Aside from enthusiasm, innovation, and pro-activism, Sanchez (2011) contends that the tendency to take risks is the most crucial trait of an entrepreneur. In her book "Dhanda," Bondre (2012) ^[2] outlined the characteristics and innovative behaviour of Gujarat in India. She claimed that Gujaratis are naturally business-minded, incredibly self-reliant, and entrepreneurial. The entrepreneurial characteristic, according to Ali *et al.* (2011), consists of entrepreneurial orientation and achievement, internal focus of control, self-efficacy of an entrepreneur, and entrepreneurs (managers) of different age groups. They concluded that there is no significant difference in these characteristics, with the exception of entrepreneurs' higher propensity for taking risks and self-efficacy. Rao (1986) ^[3] argues that a variety of factors, including age, caste/social community, regional origin, the source of the initial idea and the reasons for selecting a specific business, level of formal education, experience, and one's own and one's parents' economic status, all contributed to the success of aspiring entrepreneurs. Bhattacharjee (2015) conducted research on

the potential for rural tourism development in Assam's Hailakandi district and concluded that rural tourism encompasses a variety of activities, services, and amenities that farmers and rural residents offer to draw tourists to their area and increase revenue for their businesses. This kind of tourism boosts both the profits of the rural community and the government of a nation. On the basis of his analysis, the researcher discovered the area's potential for rural tourism. He also noted problems with the promotion of this type of travel as well as potential solutions.

Chowdhury (2013)^[5] conducted research on Assam's tourist industry and economic development, and he noted that tourism may boost both regional and national economic growth as well as the expansion of the agricultural, industrial, and service sectors. Together with the growth of micro, small, and medium-sized businesses, tourism development in the area has the potential to expand economic development to isolated rural communities that could not otherwise benefit from it. In their article, "Rural tourism: a key sector underpinning growth and development of rural Assam," Bordoloi and Kalita^[6] examined the potential for and potential effects of rural tourism in Assam. The researcher emphasised different barriers to the promotion of rural tourism in the area in order to achieve this. In her article on the development of rural tourism in the Naharkatia Tipam Phahey village in the Dibrugarh district of Assam, Mili (2012)^[7] attempted to highlight the potential of rural tourism, as well as its various difficulties and the effects it has on the socioeconomic circumstances of the villagers. The researcher found that using rural tourism as a secondary source of income might improve the lives of rural residents, prevent outmigration, and encourage rural area development.

Objectives

Based on the above literature the following objectives were attempted to test

- To analyze the present scenario of growth of entrepreneurship in NER
- To examine the challenges faced by entrepreneurs of NER

Methodology

The character of this study is both descriptive and analytical. The study's primary sources of data are secondary sources. The necessary information was gathered by looking through a variety of sources. They include books, periodicals published by reputable organisations that support entrepreneurship, such as IIE, research papers, news items, and websites of the many organisations in NER. Drawing insightful findings is aided by the researcher's firsthand knowledge of the pertinent field, personal observation, and experience.

Analysis and interpretation

Economic development and role of entrepreneurship

Entrepreneurship is essential to the growth of the economy. It acts as a stimulus for North-East India's industrialization and economic expansion. The development of entrepreneurship is essential for a state like Assam, which has slower economic growth than the rest of the nation, to help address the unemployment issue and boost the competitiveness and development of the state's businesses and industries. Yet, Assam was found to lack the enabling

eco-system necessary for the development of entrepreneurship. The Assamese society isn't well recognised for taking risks, which is crucial for entrepreneurship, as has been observed. An aspirant entrepreneur faces many challenges, including a high risk of failure and a lack of family support for any business endeavour.

The most important aspect of developing entrepreneurship in Assam is changing people's perceptions about it and raising awareness of it. Entrepreneurship involves more than just creating or launching a firm; it also entails acquiring certain personality attributes including creative thinking, risk-taking, leadership abilities, tenacity, and focus, among others. Hence, it is crucial for both students and instructors in elementary and secondary education to start developing an attitude towards entrepreneurship at a young age. Thus, the government must make sure that entrepreneurship is a core component of both high school and college curricula. This can do a lot to plant the seeds of entrepreneurship in the brains of Assamese young people, both boys and girls. It's also crucial to periodically hold entrepreneurial awareness camps at various state educational institutions. Generally, there are a number of challenges to the growth of entrepreneurship in the state of Assam. Traditional Assamese goods (handloom, handicrafts) are in high demand and have a lot of potential. Regrettably, because they are ensnared in exploitative supply chains and inefficient markets without access to money or design inputs or markets, these highly trained individuals frequently rank among the poorest of the poor. As a result, they are unable to carry out their activity effectively. In order to bring this area up to pace with the rest of North-East India in terms of development, more work still needs to be done to promote and develop entrepreneurship there.

Entrepreneurship and creation of employment opportunities

The process of founding a firm or other organisation is called entrepreneurship. The entrepreneur creates a business plan, gathers the necessary personnel and other resources, and is solely accountable for the venture's success or failure. Entrepreneurial prospects in the North East are bright and as varied as their unique customs and cultures. Starting with a wide range of naturally occurring goods that are readily available, such as fruits, vegetables, spices, dairy products, tea, coffee, bamboo, wool, and many types of flora.

It is also abundant in handicrafts, handlooms, ceramic products, bamboo and cane furniture, bags, leather items, jute products, natural dried leaves and grass items, forest and mineral based products, power, and many other things. As a result, one can see opportunities for entrepreneurship starting with the most basic necessities of life, such as food, shelter, and clothing, and progressing to more opulent and comfortable items as well.

The north-eastern entrepreneurs are blessed with the best qualities of all those described above, and they are able to expand their businesses not only within India but also internationally. 98 percent of the north-eastern region's borders are shared with neighbouring nations like Myanmar, Bangladesh, China, and Burma, which if capitalised upon will result in direct entry points into international trade not only for the north-eastern region alone but will open vivid business opportunities for the rest of India as well. While people from the region typically view their geographic

location as a disadvantage, entrepreneurs should see it as a golden opportunity.

The north-eastern states can be thought of as entry points into the South-East Asian market and can therefore serve as a focal point for all traders looking to join the region. This suggests a rising possibility for business owners looking to venture into industries like trade, tourism, logistical providers of facilities for freight forwarding, etc.

The word "Asom," which means unequal or unequalled in Sanskrit, is where the name Assam originates. Consequently, the name of the woman could have been influenced by the land's varied landscape, which was full of hills, plains, and rivers. She may have gotten her name from the Mongolian Ahom dynasty, which ruled Assam for more than 600 years. Entrepreneurship opportunities exist in Assam in a variety of industries, including tea, organic goods, muga silk, castor oil, bamboo and cane furniture, ginger, fruits and juice, jute, home furnishings, and handicrafts. Entrepreneurs are nearly everywhere in these fields, with many women entrepreneurs excelling in the weaving and handloom industries and operating their businesses as NGOs or SHGs (Self-Help Groups). Assam has a history of having a significant female workforce in industries including handicrafts, handlooms, and antiquities, all of which are handled and dominated by women. It has been seen that Assam has well employment opportunity for entrepreneurship.

Table 1: Industrial estate of Assam

| SL No | Name of Industrial Estate | Total No. Shed Allotted | No. of unit |
|--------------------|---------------------------|-------------------------|-------------|
| 1 | Bamunimaikum | 62 | 77 |
| 2 | Tinsukia | 47 | 56 |
| 3 | Badarpur | 27 | 14 |
| 4 | Nalbari | 24 | 24 |
| 5 | Sivasagar | 24 | 24 |
| 6 | Nagaon | 28 | 14 |
| 7 | Bongaigaon | 36 | 37 |
| 8 | Lahowal | 11 | 11 |
| 9 | Jorhat | 29 | 35 |
| 10 | Bihpuria | 3 | 2 |
| 11 | Bokajan | 2 | 2 |
| 12 | Mini I/E Kalaphar | 43 | 44 |
| 13 | Dhekiajuli | 6 | 6 |
| 14 | Demaw | - | - |
| 15 | Howli | 2 | 2 |
| Total no. of units | | | 348 |

Source: Report of All India Census of Small Scale Industrial Units of Assam. Fromm 2014- 2015. Government of India page 176-177.

In Assam, there are fifteen industrial estates, with Bamunimaikum having the most industrial units. Tinsukia, which has 56 units, is next. There are 348 units in the entire Assam industrial estate. In addition to these, Assam has three other industrial areas: the Kalaphar Industrial Area, the Dhubri Industrial Area, and the Rani Industrial Area. Rani is the largest of these three industrial zones, with a total of 72 units. It makes up more than half of all industrial area units. In these three industrial zones, there are 88 units.

The growth and establishment of small scale industry in Assam is gradually taking place and the numbers industries increasing from year to year. The growth of various types of industries in Assam can be seen from the following.

Table 2: Growth of new enterprises in Assam

| SL No. | Types of Industries | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|----------------|---------------------|------|------|------|------|------|------|
| 1 | Agro- based | 294 | 303 | 328 | 327 | 317 | 311 |
| 2 | Forest based | 296 | 271 | 337 | 144 | 89 | 102 |
| 3 | Textile based | 850 | 317 | 645 | 626 | 671 | 827 |
| 4 | Chemical based | 79 | 108 | 52 | 44 | 64 | 54 |
| 5 | Engineering based | 305 | 617 | 379 | 536 | 529 | 686 |
| 6 | Electric based | 26 | 22 | 21 | 59 | 63 | 45 |
| 7 | Leather based | - | - | - | 14 | 15 | 17 |
| 8 | Mineral based | 103 | 132 | 105 | 111 | 111 | 140 |
| 9 | Rubber based | - | - | - | 16 | 18 | 19 |
| 10 | Miscellaneous | 854 | 584 | 400 | 184 | 256 | 18 |
| Yearly Total = | | 2807 | 2354 | 2267 | 2061 | 2061 | 2350 |

Source: Economic Survey of Assam 2013-2014, page, 62 and 2014-2015, page -71.

In the above table 2, various types of industries are classified into ten types according to the type of works. All type of works that are related to or based on agriculture are put under Agro-based type. The units which are based or depend on forest products and activities are term as forest based industrial unit. The units that are related to any textile activities are treated as textile based type. The works are based on production of all kinds of Rubber or Plastic items. All the units which are not included in the nine groups are created under this miscellaneous category. Under this category, the type of work is mix or no particular major item is produced but it is inclusive of some petty items.

This survey makes it quite evident that business numbers are rising annually. Although the growth rate varies from year to year, the state's entrepreneurial development is gaining momentum. The miscellaneous category experienced the largest increase in 2011, with a total growth of 584 businesses.

Entrepreneurship schemes and economic development

It has been observed that the government, whether state or federal, has launched and carried out a number of measures to encourage entrepreneurship in the north-eastern region. Efforts have been made to create an atmosphere that is more conducive to entrepreneurship and a thriving ecosystem so that local businesses can maximise their potential. A number of institutions in the north-eastern region, including the Indian Institute of Entrepreneurship (IIE) in Guwahati, three India Institutes of Information Technology (IIIT) in the region, the Institute of Hotel Management in Guwahati and Shillong, the Film and Television Institute in Jollang Rarkap (Jote), Arunachal Pradesh, and the National Institute of Design in Jorhat, Assam, have been established as institutional frameworks for entrepreneurship. These institutes provide opportunity for skilling and nurturing young creative talent and design aspirants from north eastern region and boost entrepreneurship. In Assam and Meghalaya, the MYUVA pilot is being implemented in selected Industrial Training Institutes (ITI), Polytechnics, Pradhan Mantri Kausal Kendra (PMKKs) centres and Jon Sikshan Sasthan (JSS). Under PMYUVA, 25 projects have been selected for the pilot project and entrepreneurship development in Assam and Meghalaya.

Entrepreneurs in north east region have also been benefited under various credit schemes. Under start up India scheme, 3,449 loan accounts of SC/ST women beneficiaries were sanctioned for Rs. 714.83 crore and under Pradhan Mantri Mudra Yojana, a total of 1,07,26,209 loan accounts were

sanctioned for Rs. 48,868 crore in the 8 (Eight) north east states. Under Prime Ministers Employment Generation program 24,455 units were set up and employment for 1,95,640 persons was generated from 2017-18 to 31-12-2020; under credit guarantee Trust Fund of Micro and Small Enterprise (CGTMSE), an amount of Rs 4684.55 crore was approved towards 98569 guarantees. An amount of Rs. 21.26 crore was settled for 83393 beneficiaries under interest sub-vention scheme for incremental credit to MSME since its inception in November 2018.

The startup India initiatives aim at fostering entrepreneurship and promotion innovation by creating and enabling ecosystem. Under this scheme, 408 startups have been recognized in the north eastern region.

North East Development Finance Institution (NEDFI) has extended financial assistance to 6844 no. of projects with total sanctions and disbursement of Rs.5487.92 crore & Rs. 4222.64 crore respectively, facilitating capital formation of around Rs. 15922 crore during 1995 to 2020. The North East Venture Fund (NEVF), the first dedicated fund for north east has approved of investment worth Rs. 59.52 crore and 29 ventures across including healthcare, mobility, IT & ITes, Food Processing/Food Technology, Tourism, Agro-allied services and handicraft etc. Overall, Government has been launched various schemes for development of entrepreneurship in north eastern region.

Problems of entrepreneurship

The north-east region is undoubtedly one of the least developed industrially in the nation. Despite having abundant resources and a strong demand for industrial development, the north east has not industrialised at a pace that is sufficient. Thus, issues with the north-eastern region's industrial development are covered here.

Inadequate Funding

Insufficient funding renders entrepreneurship useless. Per capita income, saving behaviour, and the development of the financial system all influence capital accumulation. Yet regrettably, the north-eastern economy is struggling due to low per capita income and poor financial system savings. Hence, the NE region's entrepreneurs are unable to thrive because of the extremely weak capital formation process.

Issue of Industrialization

Entrepreneurial skills are necessary for proper industrial development. Those from the north east lack this skill. As a result, despite the enormous potential of its natural resources, the area is experiencing a slow rate of industrial development.

Inadequate Infrastructure

The north-eastern region does not have enough basic infrastructure. For instance, consider transportation, power, and communication. The region cannot grow different sectors based on its resources without a strong infrastructure foundation.

Lack of Market

For the selling of the goods generated by the industries, a suitable market has not yet established itself in the area. The Guwahati Tea Auction Center in Assam is the only market in the north-eastern region.

Lack of Credit Facilities

It is difficult to find credit facilities in the NE region. This is due to the fact that many areas in the region lack banking coverage. Banks do not provide financial assistance to cottage and small businesses.

Lack of central help

The issues in the NE have not received meaningful consideration from the national government. The industrial growth in the NE region has not received any support from the central sectors.

Findings and suggestion

- The North Eastern Council and the Government of Assam have both made efforts since the 1970s to revive entrepreneurial skills and develop the character of these aspiring businesspeople in the north east. In order to bring it up to par with the level of development of the rest of the country, much more work needs to be done to foster a favourable environment conducive to operating a large capacity of business operations.
- 2. Improving infrastructure, strengthening infrastructure requirements, and creating a stable environment would undoubtedly establish the groundwork for encouraging entrepreneurs from the north east to start their businesses in their home states rather than in migrating states. With the current Government's continued attention on the North East, it can be said that there is a hopeful attitude in the entrepreneurial community. The Prime Minister Modi's bold declaration that "India will flourish only if the North East develops" at the signing of the Naga Peace Accord Agreement served to fuel support for these initiatives. According to his words, it has significantly increased the entrepreneurs in the northeast's confidence.
- 3. It can be stated that efforts are required to ensure that the system and social environment foster an entrepreneurial atmosphere. Future business and service sectors will offer more opportunities for small business owners than the industry sector, in part owing to economic liberalisation and partially due to the advancement of information technology. It is important to place more emphasis on encouraging entrepreneurship in these fields.

Conclusion

Small business opportunities are aplenty in the north-eastern region, and these opportunities will change Assam in the near future. Governmental and social support are both necessary for such transformation to occur. It's crucial for the government to understand that small business owners want to keep working for themselves. While such individuals might not want financial assistance, they will require effective marketing and legal support in order to survive. Since self-employed individuals will make up a significant portion of the economic revival, it is necessary to design practical and affordable initiatives to meet their needs. The growth of entrepreneurship is essential for combating unemployment, poverty, and preparing people for globalisation in order to advance the economy of north-eastern India.

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