



Role of Entrepreneurship in the Economic Development of North-Eastern States

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Abstract

Entrepreneurship has been considered the backbone of economic development of a country. It has been well-established that the level of economic growth of a region, to a large extent, depends on the level of entrepreneurial activities in the region. In the era of liberalization, privatization, and globalization along with ongoing Information Technology revolution, capable entrepreneurs are making use of the opportunities emerging from the evolving scenario. However, a large segment of the population, particularly in the industrially backward region/rural areas generally lags behind in taking advantage of these opportunities. But North – East India has always neglected for decades till now; in terms of their economy, prospect for growth, development of its people and above all the confidence to grow. For years together the region has been a witness to catastrophes of conflicts, natural and manmade calamities, militarizations and despite the fact that the region is rich in natural sources, flora and fauna. The region has seen mass migration of people to other regions due to lack of basic amenities and investments. Suffering from ethnic violence for decades have been states like Assam, Manipur, Nagaland and this sustained violence has been a major hindrance till date for its people to begin entrepreneur ventures. Although progressing at a slower speed, things are however changing today for better with a lot of forums and entrepreneurial ventures erupting from North East. This paper has tried to aptly focus on this aspect and how to dynamically bring in changes to nurture the India's North-Eastern entrepreneurs.

Key words: Entrepreneurship, economic development, employment opportunities, development programs,

I. Introduction:

Entrepreneurship is the process of designing, launching, and running a new business which is often initially a small business. It has been described as the capacity and willingness to develop, organize and manage a business venture along with any of its risk in order to make a profit. Entrepreneurship is the purposeful activities of an individuals or a group of associated individuals undertaken to initiate, maintain and aggrandize profit by production or distribution of economic goods and services. But India's North-East has always been neglected for decade till now; in terms of their economy prospect for growth, development of its people and above all the confidence to grow. For years together the region has been a witness to catastrophes of conflicts, natural and manmade calamities and militarization and despite the fact that the region is rich in natural sources, flora and fauna. The region has seen mass migration of people to other regions due to lack of basic amenities and investments. Suffering from ethnic violence for decades have been states like- Assam, Manipur, and Nagaland. This sustained violence has been a major hindrance till date for its people to begin entrepreneur ventures. At present, situation has changed. 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:

There are many aspects that have to be concentrated to improve the economic condition of a region. But entrepreneurship is a part of it which has to be provoked to take the economic condition to the next level. Entrepreneurship reduces the unemployment problems in the country. Many job seekers get satisfied in their job opportunities given



to them. When the entrepreneurs are motivated there will more job opportunities in the nation and many people will be engaged in the jobs provided by them and much creative idea can be implemented to improve the society in various aspects. Entrepreneurs help the nations export competitiveness higher when compared to the other nations market. Hence, entrepreneurs have the responsibility in the organization and also in the society. Entrepreneur has to take decision not only in favor of his organization but also to the society.

II. Review of Literature:

The following literatures were reviewed in the present study

Sanchezⁱ (2011) suggests that the most important behavior of entrepreneur is their propensity to take risk apart from their passion, innovativeness, and pro-activism. Bondre (2012)ⁱⁱ explained in her book “Dhanda” about enterprising behavior and traits of Gujarat in India. She presented that Gujaratis worldwide are naturally business minded, highly self sustaining and have entrepreneurial spirits. Ali et alⁱⁱⁱ (2011) explained the entrepreneurial characteristic comprises of entrepreneurial orientation and achievement, internal focus of control, self-efficiency of an entrepreneur and entrepreneurs (managers) of a different age-groups and reported that there is no significance difference in their characteristic except risk-taking propensity is higher in entrepreneurs and self-efficacy in higher in entrepreneurs. Rao^{iv}(1986) argue that the various factors acted to success of aspirant entrepreneurs viz. age, caste/social community, regional origin, source of initial idea and reasons for choosing particulars business, level of formal education, experience and their own and parental economic status. Bhattacharjee^v (2015) studied about scope for development of rural tourism in Hailakandi district of Assam and stated that rural tourism includes a range of activities, services and amenities provided by farmers and rural people to attract tourists to their area in order to generate extra income for their business. This type of tourism enhances the revenue of the government of a country as well as the earnings of the rural community. Researcher on the basis of his evaluation found potentiality of rural tourism in the area, further; he identified issues in the promotion of rural tourism in the area along with possible measures of overcoming such challenges. Chowdhury^{vi} (2013) studied about tourism and economic development of Assam and mentioned that tourism can stimulate economic growth at local and national levels and promote the growth of

agriculture, industry and service sectors. Besides the development of micro, small and medium sized enterprises, development of tourism in the region can spread the development of remote rural areas that may not be benefiting from other types of economic development. Bordoloi and Kalita^{vii} (2012) in the paper rural tourism: an important sector underpinning growth and development of rural Assam studied about the potential of rural tourism in Assam along with its possible impacts. In order to do so researcher highlighted various constraints in the promotion of rural tourism of the region. Mili^{viii} (2012) in her paper, rural tourism development in the Tipam Phakey village of Naharkatia in Dibrugarh district of Assam, tried to highlight the potentialities of rural tourism and its various challenges along with its impact upon the socioeconomic conditions of the villagers. According to the researcher rural tourism as supplemental income can contribute to the well-being of the rural inhabitants, reduced out migration and promotes the development of the rural areas.

Objectives:

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

1. To determine interrelation between entrepreneurship and economic development,
2. To examine the opportunities for entrepreneurship development in NER, and
3. To analyze various entrepreneurial schemes for economic up- gradation of entrepreneurship in NER

III. Methodology:

This study is both descriptive and analytical in nature. The study is primarily based on secondary data. A number of sources were examined to obtain the required information. These are books, journals of reputed institutes promoting entrepreneurship like IIE, research papers, newspaper articles, and websites of the various institutes promoting entrepreneurship in NER. Researcher's personal observation and experience along with first-hand knowledge of the relevant field helps in drawing meaningful conclusions.

Analysis and Interpretation:

Entrepreneurship and Economic Development:

Entrepreneur plays a vital role in economic development. It serves as the catalyst in the process of industrialization and economic growth of North-East India. For a state like Assam with slower economic growth in comparison to the rest of the country, entrepreneurship development is the key to



help alleviate the unemployment problem and to increase the competitiveness and growth of business and industries in the state of Assam. However, for entrepreneurship development, enabling eco-system needs to be in place and this found to be lacking in Assam. It has been seen that the Assamese society is not known to be very risk taking which is very essential for entrepreneurship. The fear and failure is very high and the lack of family support for any short of entrepreneurial initiative adds to woes of an aspiring entrepreneur.

The first and foremost key entrepreneurship development in Assam is to create awareness on entrepreneurship and bring about a change in the mindset of the people. Entrepreneurship is not just about building or starting a business but also about imbibing some characteristic traits like innovative thinking, risk taking, leadership qualities, determination, focus etc. Therefore, it is very essential to develop a mindset towards entrepreneurship from a very tender age at primary and secondary education level for both students and teachers alike. Hence, the Government needs to ensure that entrepreneurship forms an intrinsic part of the curriculum at school and college level. This can go a long way in sowing the seeds of entrepreneurship in the minds of the young boys and girls in Assam. Having entrepreneurship awareness camps from time to time at different educational institutes of the state is also important. Overall, there are various drawbacks for entrepreneurship development in Assam state. There is a lot of demand and scope for traditional items (handloom, handicrafts) of Assam. Sadly, these incredibly skilled people are often amongst the poorest of the poor because they are trapped in inefficient market and exploitive supply chains without access to capital, no design inputs and markets. As a result, they are unable to implement properly of their activity. Therefore, more efforts are still required to promote and develop entrepreneurship in this region to bring it at par with the level of development of the rest of North-East India.

Employment Opportunity for Entrepreneurship:

Entrepreneurship is the process of starting a business or other organization. The entrepreneurship develops a business models, acquires the human and other required resources and is fully responsible for its success or failure. Potential opportunities in North East for entrepreneurship are promising and as diverse as

their own traditions and culture. Right from a variety of natural products available in abundance like – the fruits, vegetables, spices, dairy products, tea, coffee, bamboo, wool, and various flora etc. It is also rich in handicrafts, handlooms, ceramic products, bamboo and cane furniture, bags, leather articles, jute products, natural dried leaves and grass items; forest and mineral based products, power and many more, so one can see opportunities for entrepreneurship right in the basic necessities of life like – food, shelter, and clothing to more comforts and luxurious items as well.

The entrepreneurs in the north east are blessed with the finest quality of all these mentioned above and can cater their business to not only within India but also can do exports as well. Usually, people of north-eastern region states of location as a disadvantages, should be seen as a golden advantage by the entrepreneurs as 98 percent the borders of north east shared with the neighboring countries like- Myanmar, Bangladesh, China and Burma, which if it is banked upon; will result in direct entry points into international trade not only for north east alone but will open vivid business opportunities for the rest of India as well. The north eastern states can be called as starting points to go towards the South East Asian market and therefore, can act as a focal point for all those who wish to enter the South East Asian market for trade. This hints a booming opportunity for entrepreneurs wanting to enter into business areas such as trade, tourism, logistic provides freight forwarding facilities etc.

The name of Assam is derived from the term “Asom” which is Sanskrit, refers to unequal or unrivalled. The uneven topography of the land, full of hills, plains and rivers might Therefore, have contributed to her name. The Mongolian Ahom dynasty which had ruled Assam for more than six hundred years might also be the cause for her name. Assam offers opportunities for entrepreneurs in tea, organic products, muga silk, castor oil, bamboo and cane furniture, ginger, fruits and juice, jute, home furnishing, handicrafts etc. Entrepreneurs are almost in all these areas with many of the women entrepreneurs also sowing good performance in the weaving and handloom sectors and run their business as NGOs or as SHGs (Self-Help Groups). Assam has a tradition of a strong women workforce in this area like handicrafts, handlooms and artifacts which is run and managed as well as dominated by them. It has 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	Bamunimaidum	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.

There is fifteenth industrial estate in Assam out of which Bamunimaidum is the highest number of industrial unit. It is followed by Tinsukia which has 56 units. In all the industrial estate of Assam, there are 348 units. Besides these, there are three industrial areas in Assam they are-Kalaphar industrial area, Dhubri industrial area, Rani industrial area. Among these three industrial areas, Rani is the biggest and it has total number of 72

units. It consist more than half of the total unit in industrial area. There are 88 units in these three industrial areas.

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.

It is clear from this study that the number of enterprise is increasing from year to year. The growth rate is different from one year to another but the state is gaining momentum in entrepreneurial development each year. The highest growth is seen from miscellaneous category in the year 2011 with a total growth of 584 enterprises.

Entrepreneurship Schemes and Economic Development:

It has seen that the Government (state or Central) has initiated and implemented several initiatives to promote entrepreneurship in north east region. The schemes have been taken for improvement in enabling environment and vibrant ecosystem to enable entrepreneurs to tap the potential of the region. Government has been launched the institutional frame work for entrepreneurship is provided by several institutes in north east region like Indian Institute of Entrepreneurship (IIE) Guwahati; three India Institute of Information Technology (IIIT) in north eastern region, Institute of Hotel Management at Guwahati and Shillong, Film and Television Institute at Jollang Rarkap (Jote) Arunachal Pradesh, and National Institute of Design ((NID) Jorhat Assam. 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 starts up 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:

Definitely it can say that the north east region is one of the industrially backward regions in the country. In spite of being blessed with high potential resources based and demand based industrial development, the pace of industrialization in north east has not been satisfactory. Hence, problems of industrial development of north east region are discussed below.

1. **Low Capital Formation:** Without adequate capital, entrepreneurship is meaningless. Capital formation depends on per capita income, saving habits, and expansion of the financial system. But unfortunately, the north east economy is suffering from low per capita income, low saving of the financial system. Thus the capital formation process is very poor which hinders the growth of entrepreneurs in NE region.

2. **Lack of Industrialization:** Proper industrial development depends on the entrepreneur abilities. North eastern people do not possess this ability. As a result the region is suffering from slow industrial development in spite of huge potentialities of natural resources.

3. **Inadequate Infrastructure:** The basic infrastructural facilities are not sufficient in the north east region. As example- communication, road ways, power supply etc. Without a sound infrastructural base, the region cannot develop various industries on the basis of its resources.

4. **Lack of Market:** Proper market has not yet developed in the region for the marketing of products produced by the industries. There is only



one market in north east region which is called Guwahati tea auction center in Assam.

5. **Lack of Credit Facilities:** Credit facilities in the NE region are not easy. This is because there is no banking coverage in many parts of region. The banks are not offering financial helps to the small and cottage industries. Thus it is another factor for the low development of industries in this region.

6. **Lack of Central Help:** The central Government has not considered the problems of the NE as serious one. The central sectors have not provided any importance to the industrial development in NE region.

Findings and suggestion:

1. The efforts that began in 1970s; still continue today for reviving the skills of entrepreneurship and promote the nature these budding entrepreneurs of the north east initially by the Government of Assam and later on by the north eastern council. Much more needs to be done to spread a positive environment conducive to operate huge capacity of business operations to bring it at par with the level of development of the rest of the country.

2. Smoothing the logistics connectivity, boosting necessary infrastructure and building a robust environment will definitely set the initial stage for promoting the north east entrepreneurship to come and apply their business acumen in their own state, rather than starting it at a migrated state. It can say that there is a positive sentiment in the entrepreneurship community with the present Governments sustained focus on the north east. And steering enthusiasm in these, were the PM Modi's word at the Naga Peace Accord Deal, where he made a strong statement that "India will develop only if the North East develop". From his word, it has really gained the confidence of the north east entrepreneurs.

3. It can say that efforts are needed for certain of an entrepreneurial environment in the system and social environment. There will be more opportunity for small entrepreneurs in business and service sectors than in the industry sector in future partly because of economic liberalization and partly due to development of information technology. Greater emphasis should be laid on developing entrepreneurship in these sectors.

IV. Conclusion:

There are ample opportunities in small business in north eastern region and such opportunities will transform Assam in coming future. For such transformation to happen there needs to be support both at the Governmental and

social level. For the Government, it is important to realize that the goal of small business owners will be to remain self-employed. Such people may not need financial assistance but they will need proper marketing and legal assistance in order to sustain themselves. Practical and cost effective programs need to be developed to address their needs because self-employed people will represent an important segment in economic revitalization. Entrepreneurship development is the key factor to fight against unemployment, poverty and to prepare them for globalization in order to achieve economic progress of north east India.

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