

## **DETERMINANTS OF MICRO-ENTERPRISE DEVELOPMENT IN NORTH-EASTERN REGION OF INDIA: EVIDENCES FROM IMPHAL WEST DISTRICT OF MANIPUR**

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### **ABSTRACT**

*Sustainable development and income generation is one of the fundamental activities of any society. Human capital with other resources like raw material, money and machineries, if multiplied in the proportionate ratio, can result in development. The problems associated with regional imbalance, social tension and youth unrest are due to educated youth not being engaged in productive work. The only viable option to mitigate this problem is to change the attitude of people from "wage employment opportunities" to "self-employment career". The North-Eastern Region (NER) of India is famous for its unique culture, handicrafts, natural beauty and plenty of natural resources. The State of Manipur in particular and other States in this region in general, are facing the problems of unemployment, social unrest, law and order, lack of infrastructure, uncertainty, poor industrial establishments, etc. Because of these factors, the NER of India is lagging behind the other parts of the country in terms of development. In order to transform this region into an economically developed one, micro-entrepreneurial activities can be considered as an accelerator. If such activities have been performed in an efficient and effective way, the aforesaid problems can be mitigated or even solved to a certain extent. The present paper is an attempt to examine the determinants of micro-enterprise development in NER of India with special reference to Imphal West district of Manipur.*

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## Introduction

Being a State in the North-Eastern Region (NER) of India, Manipur is bounded on the east by Myanmar (Burma), on the north by Nagaland, on the west by the Assam and on the south by Mizoram and Myanmar. The population of Manipur as of 2011 census has been estimated at 25,70,390. The sex ratio in the State was 992 females per 1,000 males which was higher than the national average of 940 (Census, 2011). The State of Manipur has nine districts. The Imphal West district falls in the category of Manipur valley region. It is a tiny plain area at the centre of Manipur surrounded by plains of other districts. The district is surrounded by Senapati district on the north, on the east by Imphal East and Thoubal districts, on the south by Thoubal and Bishnupur districts, and on the west by Senapati and Bishnupur districts, respectively (Government of Manipur-GoM, 2014).

The Micro, Small and Medium Enterprises (MSME) sector is considered as a highly vibrant and productive sector of the Indian economy. The sector claims that its contribution is nearly 8 per cent of the country's Gross Domestic Product (GDP), 45 per cent of manufacturing output, and 40 per cent of exports (MSME, 2014). It provides large employment opportunities to the population at comparatively lower cost of capital and provides positive change to our country's economy. Micro-enterprises are said to add value to the country's economy by creating jobs, enhancing income,

strengthening purchasing power, lowering costs and adding business convenience (Munoz, 2010). Some of the important development aspects of micro-enterprises include saving habits, formation of capital, employment generation, utilisation of resources, etc.

The universally accepted standard definition of micro-enterprises cannot be drawn because; the criteria for classifying enterprises differ from one country to another. In some countries, there are certain standards, which classify the units as micro, small or medium enterprises depending on the number of employees working in the unit. In some other countries, annual turnover of the company determines the size of an enterprise (Raihan, 2003). Considering the Indian scenario, Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 has defined micro-enterprises in India. The extract of the definition is as under:

- **In case of enterprises engaged in manufacturing and production of goods,** micro-enterprises are those enterprises where the investment in plant and machineries does not exceed ₹ 25 lakh.
- **In case of enterprises engaged in providing or rendering services,** micro-enterprises are those enterprises where the investment in equipment does not exceed from ₹ 10 lakh.

The above definition of micro-enterprise has been adopted for the present study.

The organised and unorganised micro-enterprises are widely spreading across the country, and a diverse range of products and services are provided by these micro-enterprises to meet the needs of the local and national markets. The Ministry of Micro, Small and Medium Enterprises, Government of India, initiated a number of programmes to assist the operation of enterprises in our country. National Institute for Entrepreneurship and Small Business Development (NIESBUD), Noida, National Institute for Micro, Small and Medium Enterprises (NI-MSME), Hyderabad, Indian Institute of Entrepreneurship (IIE), Guwahati and Office of the Development Commissioner, MSME are the institutions developed by the ministry for development of enterprises in India. Even though the Central and State governments are trying hard for enterprise development, micro-enterprises in India are under tremendous strain in terms of competition on cost and quality front in the fast changing business and technological environment. Moreover, these units are facing the problem of non-availability of credit and delay on the part of the banks in sanctioning and disbursing the same. Fear of failure, lack of knowledge to manage an enterprise, non-availability of raw materials, problems of marketing, law and order problem, etc., are also inseparable from the micro-entrepreneurial activities.

### **Literature Review**

Hamid (1989) revealed that small enterprises can play an important role in the development of hill areas. In his study in Jammu and Kashmir, it is found that the State is not ideal for developing large scale industries and as such the only remedy lies in the establishment of Micro and Small Enterprises (MSEs), which are most suited to the socio-economic condition of the State.

As a result of a study on the performance of SSIs in greater Guwahati area conducted by IIE, Guwahati (2001), it is found that a large number of SSI units (30 per cent) in the study area did not avail of any financial assistance from banks or any other financial institutions. State Bank of India (SBI) is the major financial institution to the small sector followed by United Bank of India (UBI) and Assam Financial Corporation. Prasain & Singh (2006) conducted a study on entrepreneurial motivation in SSIs in Manipur. The study found that entrepreneurs covered by their study had mainly the ambition of gaining independent living or self-employment, making money, gaining social prestige and fulfilling the desires of himself and his family. The study concluded that State owned agencies, nationalised banks, and more particularly the self-employment schemes initiated by the Central government are stimulating agents of entrepreneurship. Lokhande (2006) has also expressed that entrepreneurial qualities and skills are essential for industrial development as well

as eradication of poverty by means of creating self-employment and employment to others. The Central and the State governments are trying their best for promotion of entrepreneurship among the economically backward castes, particularly scheduled castes and scheduled tribes through policy measures and institutional network. Mali (2006) has strategically expressed his views that the government has several roles to play for the growth of entrepreneurship. These include the development of infrastructural facilities, provide policy support, adopt promotional measures and also help in creation of entrepreneurship-friendly environment. Khanka (2009) opined that creation of infrastructural facilities involves huge funds which the small entrepreneurs cannot afford. In view of this, various Central and State government institutions have come forward to help small entrepreneurs by providing them various kinds of support and facilities. Availability of institutional support makes the economic environment more conducive to business or industry.

Lee & Tai (2010) expressed that in Central Asian countries such as Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan, and Turkmenistan, entrepreneurship and small business development are essential in the economic transformation from a centrally planned economy to a market-oriented economy.

Desai (2011) has articulated his views that the scale and scope of operations of

entrepreneurs' demands revolve around the importance of institutional assistance at various levels. In fact, the success of entrepreneurship depends solely on the well-established institutional set-up. The study classified the institutions fostering entrepreneurial development into Promotional, Financial, Technical, Marketing, Training, and others. Sikidar (2011) has highlighted that entrepreneurship is a skill inherent in human beings, in more or less the same degree, to be ignited by education, training for the purpose of transferring it into an economic activity. He considered entrepreneurship as an urge coming from within, devoted in initiating, promoting, nurturing and maintaining economic activities for the production and distribution of goods & services and of wealth. Considering the importance of factors that influence the growth and development of enterprises, Sinha & Sen (2011) tried to identify the key socio-cultural and organisational factors that affect the performance of the micro-enterprises in the State of Jharkhand. The sample for the study comprises 41 micro-enterprises in Dhanbad district of Jharkhand State. Multiple Regression Analysis was used to analyse the influence of the key factors on the performance of the micro-enterprises. The study concludes that only three factors, viz., age of the enterprise, human capital inputs, and management capability influence the performance of micro-enterprises. Stressing the need of training for enterprise development, Singh (2012) conducted a

study on entrepreneurship in NER of India. The study mainly emphasised on entrepreneurship development training programmes conducted by Development Institutes, MSME in the region. The study has concluded that the number of programmes for enterprise development should be increased. These programmes are to be conducted through need-based, and also distributed to all the districts of the region to meet the demand of the existing and prospective entrepreneurs.

Prasain et al. (2013) highlighted that starting an enterprise requires various resources including finance. The small businesses need to have all these resources in their own hands. Here lies the need for District Industrial Centres (DICs) as one of the institutional supports of MSMEs. The study also stated that the Central as well as the State governments should not only provide the needed support but also ensure that the schemes, subsidy, and any other assistance received are utilised to the fullest extent in the region. Entrepreneurs and beneficiaries of any of the government schemes are found to be reluctant to attend training programmes conducted by support institutions. The lead banks often rejected many of the applications submitted by DICs to sanction loan due to lack of credit worthiness of the beneficiaries. Singh & Bohra (2013) studied the financing pattern of small businesses in NER of India with special reference to Guwahati city. The study found that small businesses have a

significant role to play in the socio-economic upliftment. To run a small business successfully, finance is the most important input among all the available resources. There are different sources by which the business can arrange finance but at the same time there are many problems associated with the arrangement of finance too. Jena (2013) opined that micro-credit has emerged as a visible credit channel to the poor as conventional credit channels are constrained by the requirement of collateral and high transaction cost. Not only do micro-enterprises generate the highest employment, they also go a long way in checking rural-urban migration by providing villagers and people living in isolated areas with a sustainable source of employment.

### **Research Gap**

It is evident that various factors affect the growth of micro-enterprises in NER of India. These micro-enterprises suffer from law and order problems, technological obsolescence, lack of training, inadequacy and non-availability of raw materials, marketing problems, unawareness of market situation, poor or no credit facilities, shortage of skilled labour and power supplies, etc. Furthermore, the existing literature reveals that a number of studies have been conducted on the various developmental aspects of MSMEs. A large number of researchers have carried out their studies on various aspects of financing, training, growth and development of micro-enterprises at

national and international levels. But, there is still a gap on the studies of the determinants of micro-enterprise development in Imphal West district of Manipur. Considering this gap, the paper has attempted to study the various determinants of micro-enterprise development in the region selected for the study.

### **Methodology**

The study region selected is Imphal West district of Manipur in North-Eastern India.

Having observed the issues relating to the development of micro-enterprises, the study frames the following objectives:

1. To evaluate the determinants of development of micro-enterprises,
2. To pinpoint the challenges faced by micro-enterprises, and
3. To portray the development of the micro-entrepreneurs after launching the micro-enterprise.

The population of the study consists of the registered existing micro-enterprises in the district. The detailed list of micro-enterprises is available from the office of the DIC, Lamphelpat, Imphal West district, Manipur. As on 19th April, 2015, there were 5080 MSMEs in Imphal West district, Manipur (GoM, 2015). Considering the existing definition of micro-enterprises by MSME Development Act, 2006, and applying convenient random sampling method, 70

micro-enterprises were considered as the sample size of the study. The criterion for selection of the sample is based on the operation of the registered micro-enterprises for at least the last three years as on 31st March, 2015. Micro-enterprises are hereafter referred to as enterprises in this article. Micro refers to investment in plant and machineries up to ₹ 25 lakh.

The determinants of micro-enterprise development are enormous. They may also differ from one business environment to another, and from one nature of business to another. Review of literature given above evidences the various factors which are influencing the growth and development of an enterprise. In order to fulfil the objectives of the study, the following variables are taken into consideration:

- i. Personal profile of the owner
- ii. Profile of the enterprise
- iii. Entrepreneurial finance
- iv. Training and courses attended
- v. Factors for motivation, and
- vi. Strength and opportunities of the enterprise.

The list of registered micro-enterprises was collected from DIC, Lamphelpat, Imphal West district, Manipur. Schedule method of collecting primary data from the owners and managers of the sampled micro-enterprises was adopted. In addition to that, secondary data were also

collected from annual reports, books, journals, periodicals, official websites, etc. Therefore, the study is based on both primary and secondary data.

After the data were collected with the help of above methods, these were properly tabulated and presented. Precautions were taken to make every Table clear and concise. The collected data were analysed in a number of closely related operations according to the nature of responses. Different numbers of responses were grouped into a number of categories, and analysis was made on the number falling into the groups.

A few of the owners of micro-enterprises were reluctant to furnish true and fair information needed for the study.

Therefore, the authenticity of the findings of the study is limited to the accuracy of the primary data collected from the sample respondents. In addition to the above, most of the sample micro-enterprise units do not keep proper books of accounts.

### **Determinants of Micro-enterprise Development - An Analysis**

The various variables for the study are analysed as under:

**Personal Profile of the Owner:** Regarding this variable, age, gender, religion, ownership, and qualification are taken as sub-variables of the study. Table 1 shows the details:

**Table 1: Personal Profile of the Enterprise Owner**

Year Range	No. of Owners	After		Gender		Religion		Ownership		Qualification	
		Category	No. of Owners	Category	No. of Owners	Category	No. of Owners	Category	No. of Owners	Category	No. of Owners
18-28	08	Male	57	Christian	01	Local	68	Illiterate	01		
29-39	28	Female	13	Hindu	64	Non-Local	02	Literate but below X	08		
40-50	16			Muslims	00			X-Passed	16		
Above 50	18			others	05			XII-Passed	18		
								Graduate	24		
								Post-Graduate	03		
Total	70					70	70		70		

The age of the enterprise owners ranges from 18 to 80 years. Those between 29-50 years number 44 out of 70 (63 per cent), between 29-39 years 28 (40 per cent), and the rest account for 37 per cent. Out of the 70 micro-enterprises, 57 (81.4 per cent) are owned by males and the other 13 (18.6 per cent) by females. Most of them are Hindu by religion representing 64 in numbers (91.4 per cent) and followed by 1 Christian and the remaining 6 belong to other religions. A small fraction i. e., 2.86 per cent of the enterprises are owned by the people from outside the State, and the remaining 97.14 per cent are owned by the local people. The number of graduate entrepreneurs is more than that of those with other qualifications of the enterprise owners (38.6 per cent

including 3 post-graduates), followed by class-XII passed, class-X passed, literates (below class-X), post-graduates, and illiterates, respectively.

**Profile of the enterprise:** Out of the 70 sample enterprises of the present study, 67 entrepreneurs are of First Generation Category and the rest, i. e., 3 are of Second Generation Entrepreneurs. Variety of enterprises were taken up for the study so that the analysis can cover the maximum facets of micro-enterprises in the study area. The nature and type of micro-enterprises and the factors which create difficulties to run micro-enterprises are listed here in Tables 2 and 3.

**Table 2: Nature and Type of the Micro-enterprises**

Nature and Type	No. of Micro-enterprises
Agricultural and Allied (especially poultry)	06
Stationery shop	04
Beauty parlour	01
Grocery shop	10
Electronics shop (TV, VCD, Radio, etc.)	02
Sales and services of computers	04
Mobile sales and services	02
Photostat and binding	03
Medical and allied	04

(Contd...)

**Table 2 (Contd...)**

Nature and Type	No. of Micro-enterprises
Tailoring & embroidery	03
Tea stall and restaurant	04
Two wheelers sales	01
Two and four wheeler workshop	04
Spare parts shop (two and four wheelers)	02
Book stores	02
Soldering, cement & iron sales	04
Iron & steel furnitures, sofa, almirah sales	04
Tuition centre	01
Printing press	02
Others	07
Total	70

**Table 3: Factors Which Make Difficulties to Run Micro-enterprises**

Factors Which Make Difficulties to Run Micro-enterprises	*No. of Micro-enterprises	Percentage out of 70 micro-enterprises
Non-availability of raw materials/trading items	15	21.43
Not getting a good number of customers	24	34.29
Not finding a suitable location for the business	12	17.14
Frequent closure of the business unit due to law and order problems	47	67.14
Problems on technical know-how	12	17.14
Non-availability of suitable staff/workers	11	15.71

(Contd...)

**Table 3 (Contd...)**

Factors Which Make Difficulties to Run Micro-enterprises	*No. of Micro-enterprises	Percentage out of 70 micro-enterprises
Unable to collect bills receivables in time	10	14.29
Lack of knowledge in book keeping and accountancy	23	32.86
Problems to deal with legal & government procedures	11	15.71
Difficulties to get finance	36	51.43

\*Each micro-enterprise has one or multiple factors of difficulties to run their business.

The product range of enterprises covered in the study and registered with DIC is using (Table 2) wide-spread over manufacturing, service, sales, and agriculture and allied activities; manufacturing enterprises number 2 (printing press), service and sales enterprises are 62 (88.6 per cent). They cover stationery shop, beauty parlour, grocery shop, electronics shop (TV, VCD, radio etc.), sales and services of computers, mobile sales and services, photostat and binding, medical and allied, tailoring and embroidery, tea stall and restaurant, two wheelers sales, two and four wheeler workshop, spare parts shop, book stores, soldering, cement and iron sales, iron & steel furniture, sofa and almirah sales, tuition centre and others. There are six enterprises engaged in agriculture and allied activities including poultry. The sample covers largely sales and service enterprises and business activity. Manufacturing is represented by printing press. Variety of micro-enterprises were falling under the sample of the present study. These enterprises are facing a lot of difficulties to run their business (Table 3). The major difficulties for the micro-enterprises are

frequent closure of the business unit due to law and order problems (67.14 per cent) which is followed by difficulties to get finance (51.43 per cent), not getting a good number of customers (34.29 per cent), lack of knowledge in Book Keeping and Accountancy (32.86 per cent), non-availability of raw materials/trading items (21.43 per cent), not finding a suitable location for the business, and problems of technical know-how (17.14 per cent each), non-availability of suitable staff/workers and problems to deal with legal and government procedures (15.71 per cent) and unable to collect bills receivables in time (14.29 per cent), respectively. Maximum number of enterprises are facing multiple difficulties to run their business.

**Entrepreneurial Finance:** From the above paragraphs, it is observed that one of the most common factors, which makes knotty to run micro-enterprises is the difficulty to get credit from banks and other relevant institutions. Total investment in the enterprise and also total investment in plant and machineries only of the 70 enterprises are shown in Tables 4 and 5.

**Table 4 : Total Investment in the Enterprise**

Total Investment in the Enterprise (₹ in lakh)	No. of Micro-enterprises
Less than 1	25
1-3	20
3-5	08
5-10	05
10 to less than 25	05
Above 25 lakhs	07
Not disclosed	00
Total	70

**Table 5: Total Investment in Plant and Machineries Only**

Total Investment in Plant and Machineries Only (₹ in lakh)	No. of Micro-enterprises
Less than 1	41
1-3	19
3-5	04
5-10	03
10 to less than 25	03
Total	70

Total investment of 25 enterprises (35.71 per cent) out of 70 was less than ₹ 1 lakh (Table 4). Twenty enterprises (28.57 per cent) invested in between ₹1 lakh to 3 lakh, followed by 8 enterprises between ₹ 3 lakh to ₹ 5 lakh, 5 enterprises between ₹ 5 lakh to ₹ 10 lakh, another 5 between ₹ 10 lakh but less than ₹ 25 lakh and the remaining 7 enterprises invested above ₹25 lakh,

respectively. The number of micro-enterprises which invested less than ₹ 5 lakh is much higher than the rest of the other categories (76 per cent).

Regarding investment in plant and machineries only (Table 5), 41 enterprises out of 70 (58.6 per cent) have invested below ₹ 1 lakh, 19 enterprises (27.1 per cent)

between ₹ 1 lakh to 3 lakh, 4 enterprises between ₹ 3 lakh and ₹ 5 lakh, 3 enterprises between ₹ 5 lakh to ₹ 10 lakh and another 3 enterprises invested ₹ 10 lakh and more but less than ₹ 25 lakh, respectively.

The different sources of finance of sampled micro-enterprises of the study are shown in Table 6.

**Table 6: Sources of Finance**

S.No.	Sources of Finance	*No. of Micro-enterprises	Percentage of Micro-enterprises
1	Loan from Commercial Banks	04	5.71
2	Own Source	53	75.71
3	Loan from Cooperative Banks	03	4.29
4	Borrowing from Local Moneylenders	10	14.29
5	Loan from Regional Rural Bank	01	1.43
6	Loan from Local Private Banks	02	2.86

\*Some micro-enterprises have multiple sources of finance.

Table 6 highlights that the major source of finance to run micro-enterprises is the entrepreneur's own source (75.71 per cent). Moneylenders offered loan to the tune of 14.29 per cent of the enterprises. The Commercial Banks and Cooperative Banks have offered loan up to 5.71 and 4.29 per cent of the enterprises, respectively. Local private banks have also occupied their place by offering loan to 2.86 per cent of the enterprises. The Rural Bank in the State has offered loan only for 1.43 per cent of the total sampled enterprises.

As reported by the enterprise owners regarding the difficulties faced by them

before and after availing of loan from banks, it may be revealed that 42 micro-enterprises, i.e., 60 per cent faced problem(s), and the rest 40 per cent faced no problems. Out of the 70 enterprises, 32 (46 per cent) micro-enterprises faced the problem of more time taken by banks in processing the loan applications. It is followed by problems like lack of awareness (28 enterprises), cannot provide guarantor (20), hidden cost (19), high processing fee (16), high interest rate (15), burden of legal and administrative matters (11) and sanctioned amount is less than the project cost (1), respectively. The above mentioned 60 per cent of the enterprises faced one or multiple problems.

**Training and Courses Attended by the Enterprise Owners/Managers:** In the present study, out of the 70 sampled enterprises, 9 micro-enterprise owners have attended training/short-term programme relating to enterprise development and small business management. Another 58 never attended such programmes, and the remaining 3 did not disclose the details on this matter. As responded, 7 enterprises were benefited from such training, and 2

enterprises were not benefited. 37 micro-enterprises are ready to join training in enterprise development.

**Factors for motivation:** Motivation is also one of the important factors to make a micro-enterprise successful. The number of micro-enterprises under the present study motivated by various factors of motivation is shown here in Table 7.

**Table 7: Factors for Motivation**

S.No.	Factors for Motivation	* No. of Micro-enterprise Owners
1	Motivated by the success of others	24
2	Need for achievement	28
3	Want to take risk	19
4	Belief in the line of your business/self-efficacy	45
5	Want to be independent and financial freedom	48
6	Motivated by government schemes and plans	03
7	Motivated by family members	15
8	Situational motivation like need of money, monetary burden, etc.	38
9	Motivated by egoistic passion	04
10	Motivated by available capital and technology	10
11	Motivated due to participation of training	06

\*The micro-enterprise owners were motivated by one or more factors of motivation.

The main motivating factor to the micro-enterprise owners is they want to be independent and take the benefit of financial freedom (68.6 per cent). It is followed by

belief in the line of their business & self-efficacy (64.3 per cent) and situational motivation like need of money, monetary burden, etc. (54.3 per cent). There are

evidences of motivation by the factors like need for achievement (40 per cent), the success of others (34.3 per cent), willingness to take risk, motivation by family members, motivation by available capital and technology, motivation due to participation of training, motivated by egoistic passion and motivation by government schemes and plans, respectively.

**Strength and Opportunities of the Enterprise:** The success of any enterprise lies on the strength and opportunities of the same. Therefore, this variable is also considered to measure the entrepreneurial strength and opportunities of the study. Various elements underlining this concern are presented in Table 8.

**Table 8: Strength and Opportunities of Enterprise**

S.No.	Strength and Opportunities	*No. of Micro-enterprises
1	Location of the enterprise is an advantage	56
2	Adequate raw materials are available	21
3	Availability of good number of customers	45
4	The staff/employees are efficient and productive	22
5	Easy availability of capital	14
6	Products /services are highly demanding	38
7	Enjoys the monopoly status	10
8	Already occupies the major percentage of market share	12

\*Each micro-enterprise has one or multiple strength and opportunities.

Table 8 reveals that location of the enterprises is the main strength for the development of micro-enterprises. The other opportunities are availability of good number of customers, products /services are highly demanded, staff/employees are efficient and productive, adequate raw materials are available, easy availability of capital, already occupies the major percentage of market share, and enjoys the

monopoly status of the business, respectively.

**Post-enterprise Development of the Entrepreneur:** The development of the enterprise owner after launching the enterprise is the most important aspect to be followed up by the creditors, policy makers and government. The present study found that the micro-enterprise owners have experienced one or more development

variables. Table 9 indicates that 63 micro-enterprise owners (90 per cent) out of 70, easily maintain the family expenses because of their enterprise. It is followed by the developments like enhancing the education of children (65.71 per cent), creating assets

(42.86 per cent), repay the old debts (37.14 per cent), can make investment (37.14 per cent), can increase bank balance (28.57 per cent), donate to the society (8.57 per cent) and occupy good status in the society (1.43 per cent), respectively.

**Table 9: Post-Enterprise Development of the Entrepreneur**

S.No.	Development variables	*No. of Micro-enterprises	Percentage
	Easily maintains the family expenses	63	90.00
	Enhances the education of children	46	65.71
	Can create assets	30	42.86
	Can increase bank balance	20	28.57
	Can repay the old debts	26	37.14
	Can make investment	26	37.14
	Can donate to the society	06	8.57
	Occupy good status in the society	01	1.43

\*Each micro-enterprise owner has one or multiple development variables after launching the enterprise.

### **Findings and Recommendations**

Continuing the above discussion, it can be stated that the determinants for the growth of micro-enterprises in the study area are availability of timely and adequate finance, training and development programmes, motivation to the enterprise owners, etc. For sustainable development of micro-enterprises in the study area, the following recommendations are made.

Low cost credit is required for the effective and efficient functioning of any

business enterprise. Micro-enterprises need to be made aware about various sources of credit available at low interest rates. The main source of credit for the sampled micro-enterprises are own source of the owner. If more credit facilities are available, and the same is injected to micro-enterprises, their growth will be accelerated.

45 micro-enterprises out of 70 (64.3 per cent) are falling under the total investment below ₹ 3 lakh each. It can be increased with the intervention of banks and

the government so that the earning of the enterprises can be amplified.

It is evident that flow of credit from Commercial Banks, Cooperative Banks and Rural Banks is very nominal. These banks should take greater initiative for delivering credit for the development of micro-enterprises. High interest rate, processing fee and hidden cost are also the major constraints of credit to the borrowers. These costs of debt should be minimised, and made borrower-friendly. Financial awareness programmes are to be conducted in rural areas to enable enterprise owners become financially literate.

Out of the 70 sampled micro-enterprises, only nine owners have attended micro-enterprise development training programmes. The topics/areas of training needed for micro-enterprises include Marketing Management, General Management, Book-keeping & Accountancy, Financial Management, Human Resource Management, Project Report Preparation & Management and Legal Aspects of Business. Therefore, more training on these topics should be imparted to acquire knowledge in micro-enterprise management.

Entrepreneurial motivation is the inner driving force that causes or tends to cause change from desire to "try to achieve" the enterprise objectives. It is the drive of an

entrepreneur to maintain an entrepreneurial spirit in all actions and activities of the enterprise. In the present study, maximum enterprise owners are motivated by "want to be independent and take advantage of financial freedom". To increase the level of motivation, the training institutes should organise motivational campaign to the existing and prospective enterprise owners.

It is also observed that after launching the enterprise, the owner got benefit in one or the other development variables. But, frequent closure of enterprises due to law and order problem interferes with the growth of enterprises. It is the urgent need of the policy makers and government to overcome this problem through effective and efficient political dialogue. Delaying the same will hamper entrepreneurial growth in the State.

The Central and State governments introduced and implemented a number of enterprise development programmes for the growth of enterprises in India. However, the impact of these programmes in Manipur State is highly inadequate. A lot of effort has to be put in by promotional agencies and financial and consultancy organisations in Manipur State to bring about appropriate industrial and entrepreneurial climate for the congenial growth of Micro, Small and Medium Enterprises (MSMEs).

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