

## CHAPTER 5

### PROBLEMS OF MSMEs IN NAGALAND

In the previous chapter, we discussed in detail about the policy initiatives of the State Governments of the eight NE States. In this chapter, a sincere attempt has been made to present the problems that the MSME sector in Nagaland faces based on primary data collected by the researcher. It is divided into six main sections. The first and second section presents the profile of the enterprise and the respondents, respectively. The subsequent sections deal with the problems faced by the MSMEs, categorised into financial, marketing, production and labour problems. The data for the study was collected from 600 respondents from Kohima, Dimapur and Phek districts. The responses were entered in SPSS where statistical techniques such as a mean, percentage, t-test and ANOVA were used to carry out the analysis.

#### 5.1 Profile of Enterprise

The profile of the MSME units is shown with regard to type, form, nature of activity and year of establishment. Tables 5.1, 5.2, 5.2, 5.3 and 5.4 depicts the data.

**Table 5.1: Type of Enterprise**

Sl. No.	Type of Enterprise	Number	%
1	Micro	522	87
2	Small	75	12.5
3	Medium	3	0.5
<b>Total</b>		<b>600</b>	<b>100</b>

Source: Primary data

Table 5.1 shows that out of the total 600 units, micro enterprises dominate the sector, occupying 87 percent of the total share. 75 units (12.5%) belong to small enterprise category and only a measly 3 units, forming 0.5 percent of the total share, are medium enterprises.

**Table 5.2: Form of Enterprise**

Sl. No.	Form of Enterprise	Micro		Small		Medium		Total	
		No.	%	No.	%	No.	%	No.	%
1	Proprietorship	502	83.7	68	11.3	2	0.2	<b>573</b>	<b>95.3</b>
2	Partnership	15	2.5	7	1.2	1	0.3	<b>22</b>	<b>3.8</b>
3	Others (SHGs)	5	0.8	0	0	0	0	<b>5</b>	<b>0.8</b>
<b>Total</b>		<b>522</b>	<b>87</b>	<b>75</b>	<b>12.5</b>	<b>3</b>	<b>0.5</b>	<b>600</b>	<b>100</b>

Source: Primary data

Table 5.2 shows that the maximum number of respondents, i.e., 95.3 percent, are sole proprietors of their units. Out of this, 83.7 percent belong to the micro enterprise category, 11.3 percent to the small enterprise and 0.2 percent to medium enterprise. A total of 3.8 percent of the units are in partnership form of enterprise out of which, 2.5 percent falls under the micro enterprise, 1.2 percent belongs to the small enterprise and 0.3 percent to the medium enterprise category. In case of SHGs, the total share of 0.8 percent comes wholly under the micro enterprise category.

**Table 5.3: Nature of Activity**

Sl. No.	Nature of Activity	Micro		Small		Medium		Total	
		No.	%	No.	%	No.	%	No.	%
1	Manufacturing	460	76.7	48	8	3	0.5	<b>511</b>	<b>85.2</b>
2	Services	62	10.3	27	4.5	0	0	<b>89</b>	<b>14.8</b>
<b>Total</b>		<b>522</b>	<b>87</b>	<b>75</b>	<b>12.5</b>	<b>3</b>	<b>0.5</b>	<b>600</b>	<b>100</b>

Source: Primary data

In Table 5.3, we see that manufacturing enterprise respondents comprise the bigger share, i.e., 85.2 percent. Out of this, 76.7 percent falls under the micro enterprise category, 8 percent under small and 0.5 percent under medium enterprises. 14.4 percent are in the service activity, out of which 10.3 percent belongs to the micro enterprises and 4.5 percent to small enterprises.

**Table 5.4: Year of Establishment**

Sl. No.	Years	Micro		Small		Medium		Total	
		No.	%	No.	%	No.	%	No.	%
1	1970-79	0	0	2	0.3	0	0	<b>2</b>	<b>0.3</b>
2	1980-89	6	1	2	0.3	0	0	<b>8</b>	<b>1.3</b>
3	1990-99	16	2.7	7	1.2	0	0	<b>23</b>	<b>3.8</b>
4	2000-09	374	62.3	48	8	3	0.5	<b>425</b>	<b>70.8</b>
5	2010-12	126	21	16	2.7	0	0	<b>142</b>	<b>23.7</b>
<b>Total</b>		<b>522</b>	<b>87</b>	<b>75</b>	<b>12.5</b>	<b>3</b>	<b>0.5</b>	<b>600</b>	<b>100</b>

Source: Primary data

From Table 5.4, we can see that a maximum of 70.8 percent of the enterprises have been started during the period 2000-09, out of which 62.3 percent are micro enterprises, 8 percent are small enterprises and 0.5 percent, medium enterprise. It is also interesting to note that this period has the highest concentration of small and medium enterprises. One reason for this can be the passing of the MSMED Act, 2006 wherein policies were framed to safeguard and promote the sector.

**Table 5.5: Ownership of Building**

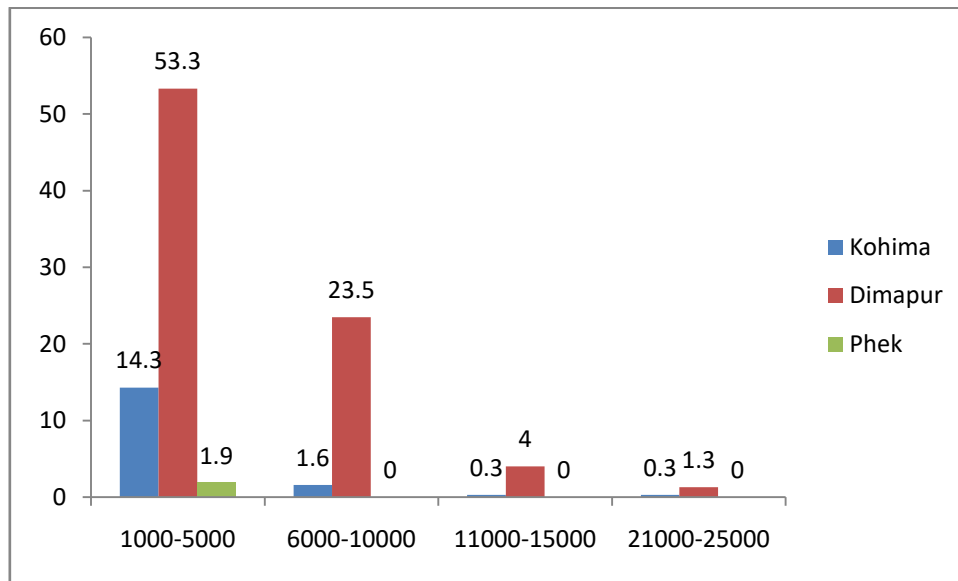
Sl. No.	Ownership of Building	Micro		Small		Medium		Total	
		No.	%	No.	%	No.	%	No.	%
1	Self-owned	213	35.5	12	2.0	0	0	<b>225</b>	<b>37.5</b>
2	Rented	309	51.5	63	10.5	3	0.5	<b>375</b>	<b>62.5</b>
<b>Total</b>		<b>522</b>	<b>87</b>	<b>75</b>	<b>12.5</b>	<b>3</b>	<b>0.5</b>	<b>600</b>	<b>100</b>

Source: Primary data

Table 5.5 shows the ownership of building. Majority of the respondents, 62.5 percent, carried their business in rented space while 37.5 percent of respondents owned the building or area they worked from. The bifurcation of self-owned and rented building in case of micro enterprises is 35.5 percent and 51.5 percent. In case of small enterprises, 2 percent owned the building and 10.5 percent rented it. In case of medium enterprises, all three units, 0.5 percent, were rented.

The respondents, who paid rent, were also asked to mention the amount. 69.4 percent paid rent in the range Rs.1000-5000, 25.1 percent paid rent in the range Rs.6000-10,000, 4 percent in the range Rs.11,000-15,000 and only 1.6 percent in the range Rs.21,000-25,000. The diagrammatic representation of the payment of rent, district-wise, is shown in Figure 5.1:

**Figure 5.1: District-wise Amount of Rent Paid**

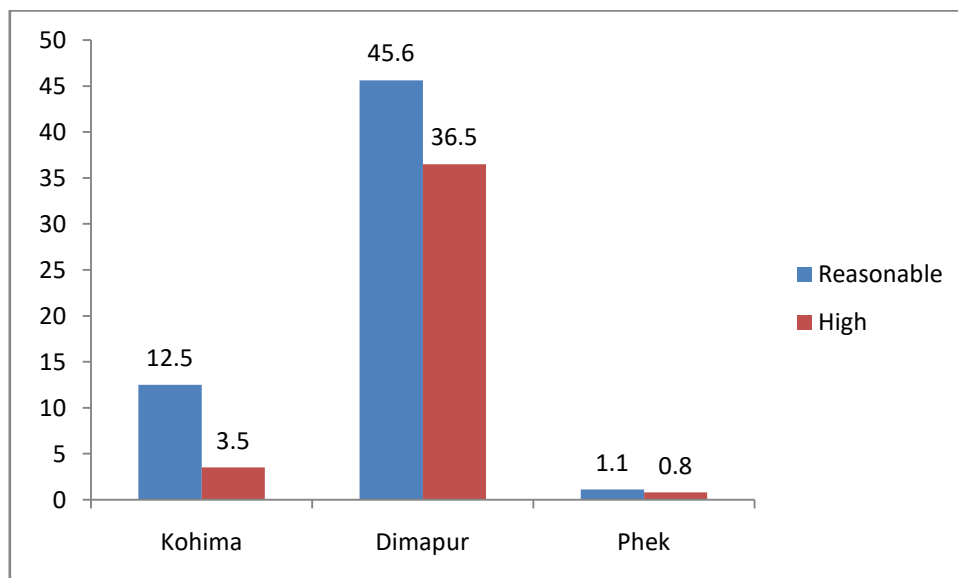


Source: Primary data

In Figure 5.1, it can be seen that majority of the enterprises paying rent in the range Rs.1000-5000 is from Dimapur district, 53.3 percent, followed by Kohima, 14.3 percent and Phek, 1.9 percent. We can also observe that there were no enterprises in Phek district that paid rent above Rs.1000-5000. Dimapur has the major percentage of enterprises under the remaining three ranges as well. Percentage of enterprises belonging to the range Rs. 11,000-15,000 and Rs. 21,000-25,000 are however low.

The respondents were also asked if they considered the rent amount to be high or reasonable,

**Figure 5.2: Is the Rent Paid considered High or Reasonable?**



Source: Primary data

In Figure 5.2, we can see that majority of the respondents consider the rent amount reasonable, 12.5 percent in Kohima, 45.6 percent in Dimapur and 1.1 percent in Phek. This maybe because the major rent amount lies in the range Rs.1000-5000. Dimapur has the highest percentage of respondents who consider the rent amount high, 36.5 percent and Phek has the lowest percentage, 0.8 percent.

**Table 5.6: Form of Maintaining Enterprise Account**

Sl. No.	Form	Micro		Small		Medium		Total	
		No.	%	No.	%	No.	%	No.	%
1	Manual	508	84.7	67	11.2	1	1	<b>576</b>	<b>96</b>
2	Computer	6	1	2	0.3	-	-	<b>8</b>	<b>1.3</b>
3	Both	8	1.3	6	1	2	0.3	<b>16</b>	<b>2.7</b>
<b>Total</b>		<b>522</b>	<b>87</b>	<b>75</b>	<b>12.5</b>	<b>3</b>	<b>0.5</b>	<b>600</b>	<b>100</b>

Source: Primary data

Table 5.6 shows the manner in which the respondents maintain their books of account. 96 percent answered that they entered the daily records manually, while a very small percentage of units said that the accounts were entered in a computer, 1.3 percent and 2.7 percent said that they maintained their books of accounts both manually as well as entry into the computer.

Respondents were also asked for information regarding purchase of assets by the enterprises for their business purpose. 48.7 percent of the enterprises purchased some kind of assets. The type of asset purchased and the number of enterprises is shown in Table 5.7.

**Table 5.7: Type of Asset Purchased**

Sl. No.	Type of Asset	Type of Enterprise			Total No.
		Micro	Small	Medium	
		No.	No.	No.	
1	Building	2	-	-	<b>2</b>
2	Vehicle	70	18	1	<b>89</b>
3	Machine	217	48	3	<b>228</b>
4	Others (Chairs & Furniture)	10	2	1	<b>13</b>

Source: Primary data

Table 5.7 shows that out of a total sample of 600 enterprises, 2 enterprises purchased asset in the form of building, 89 purchased vehicles, 228 purchased machines and 13 enterprises purchased assets in the form of chairs and furniture for their business. On being asked the

source of funding for the purchase, 68.2 percent said that they assets had been purchased using own business funds; 27 percent said that they used own business funds as well as borrowings from family and friends; 3.1 percent said that they used own business and bank loan; 1 percent had used own fund and private loan; and 0.7 percent relied wholly on borrowings from family.

## 5.2 Profile of the Respondents

The profile of the respondents is presented with regard to their gender, age, marital status, educational qualification, experience and reason for starting their own enterprise.

**Table 5.8: Gender of the Respondents**

Sl. No.	Gender	Micro		Small		Medium		Total	
		No.	%	No.	%	No.	%	No.	%
1	Male	370	61.7	61	10.2	3	0.5	<b>434</b>	<b>72.3</b>
2	Female	152	25.3	14	2.3	0	0	<b>166</b>	<b>27.7</b>
<b>Total</b>		<b>522</b>	<b>87</b>	<b>75</b>	<b>12.5</b>	<b>3</b>	<b>0.5</b>	<b>600</b>	<b>100</b>

Source: Primary data

From Table 5.8, we observe that a maximum of 72.3 percent of the respondents are male. Out of this, 61.7 percent belongs to micro enterprises, 10.2 percent to small and 0.5 percent to medium enterprises. Female respondents form 27.7 percent of the total sample size, out of which 25.3 percent belongs to the micro enterprise category and 2.3 percent to small enterprises.

**Table 5.9: Age of the Respondents**

Sl. No.	Age	Micro		Small		Medium		Total	
		No.	%	No.	%	No.	%	No.	%
1	21-30	52	8.7	8	1.3	0	0	<b>60</b>	<b>10</b>
2	31-40	222	37	30	5	2	0.3	<b>252</b>	<b>42</b>
3	41-50	186	31	25	4.2	0	0	<b>211</b>	<b>35.2</b>
4	51-60	50	8.3	8	1.3	1	0.2	<b>59</b>	<b>9.8</b>
5	61-70	12	2	4	0.7	0	0	<b>16</b>	<b>2.5</b>
<b>Total</b>		<b>522</b>	<b>87</b>	<b>75</b>	<b>12.5</b>	<b>3</b>	<b>0.5</b>	<b>600</b>	<b>100</b>

Source: Primary data

From Table 5.9, we can observe that a majority of the respondents belongs to the age group 31-40 years, i.e., 42 percent. Under this category, 37 percent belongs to the micro enterprise, 5 percent to small enterprise and 0.3 percent to medium. It can be further observed that 35.2 percent belong to the age group 41-50 years, out of which 31 percent belongs to the micro enterprise and 4.2 percent to the small enterprise.

**Table 5.10: Marital Status of the Respondents**

Sl. No.	Gender	Micro		Small		Medium		Total	
		No.	%	No.	%	No.	%	No.	%
1	Married	413	68.8	68	11.3	2	0.3	<b>483</b>	<b>80.5</b>
2	Unmarried	109	18.2	7	1.2	1	0.2	<b>117</b>	<b>19.5</b>
<b>Total</b>		<b>522</b>	<b>87</b>	<b>75</b>	<b>12.5</b>	<b>3</b>	<b>0.5</b>	<b>600</b>	<b>100</b>

Source: Primary data

In table 5.10, the data shows that out of the total 600 respondents, majority of them are married, 80.5 percent and the unmarried respondents form 19.5 percent of the total.

**Table 5.11: Educational Status of the Respondents**

Sl. No.	Education	Micro		Small		Medium		Total	
		No.	%	No.	%	No.	%	No.	%
1	None	13	2.2	0	0	0	0	<b>13</b>	<b>2.2</b>
2	Upto HSLC	177	29.5	25	4.2	1	0.2	<b>203</b>	<b>33.8</b>
3	HSSLC	199	33.2	22	3.7	0	0	<b>221</b>	<b>36.8</b>
4	Graduate	127	21.2	24	4	1	0.2	<b>152</b>	<b>25.3</b>
5	PG & above	6	1	4	0.7	1	0.2	<b>11</b>	<b>1.8</b>
<b>Total</b>		<b>522</b>	<b>87</b>	<b>75</b>	<b>12.5</b>	<b>3</b>	<b>0.5</b>	<b>600</b>	<b>100</b>

Source: Primary data

In Table 5.11, its can be observed that except for 2.2 percent of respondents who have said that they have no educational qualification, the remaining respondents have answered positively. Majority of them, forming 36.8 percent of the respondents have studied till HSSLC. 33.8 percent have had some education unto HSLC. It is encouraging to see that a good percentage of the sample size forming 25.3 percent belongs to the graduate category. 1.8 percent belongs to the Post graduation and above category.

**Table 5.12: Work Experience**

Sl. No.	Experience	Micro		Small		Medium		Total	
		No.	%	No.	%	No.	%	No.	%
1	Yes	287	47.8	52	8.7	3	0.5	<b>342</b>	<b>57</b>
2	No	235	39.2	23	3.8	0	0	<b>258</b>	<b>43</b>
<b>Total</b>		<b>522</b>	<b>87</b>	<b>75</b>	<b>12.5</b>	<b>3</b>	<b>0.5</b>	<b>600</b>	<b>100</b>

Source: Primary data

With regard to work experience, in Table 5.12, we see that maximum number of respondents, 57 percent have said yes to the question if they had any work experience before starting their enterprise. 43 percent of have had no prior work experience. It should also be mentioned that when asked if the work experience was in the same sector, out of 342 respondents who said

yes to having prior work experience, 34.2 percent said that they had worked in the same sector. 65.8 percent however said that their prior work experience was in a different area. In addition all the 600 respondents were also asked if they considered prior work experience as important, out of which the maximum number had a neutral view to it, forming 56.8 percent. 39.5 percent of the respondents however felt that it is important while 22 percent said that it is not important.

The respondents were also asked what motivated them to start their own enterprises. Based on the response received, the variables have been ranked accordingly in the following table 5.13.

**Table 5.13: Reason for Starting Enterprise**

<b>Sl. No</b>	<b>Variable</b>	<b>Rank</b>
1	Livelihood	<b>I</b>
2	Desire to earn more money	<b>II</b>
3	Need to be independent	<b>III</b>
4	Not getting a suitable job	<b>IV</b>
5	Interest in the field	<b>V</b>
6	Subsidiary income	<b>VI</b>
7	Fulfil own ambition	<b>VII</b>
8	Upliftment of economy	<b>VIII</b>
9	Prior experience in same sector	<b>X</b>
10	Family tradition	<b>XI</b>

Source: Primary data

### **5.3 Financial Problems of MSMEs:**

Finance is the bloodline of every business and as per the review of literature, it can be said that lack of capital is one of the major problem faced by the MSME sector everywhere. In order to understand this issue in context to Nagaland, this section will present data related to finance and the problems encountered by the enterprises in the State. For any business to begin requires funds and so, in order to identify the main source used by the respondents to start their business, they were asked to rank the source of finance that they had used. Table 5.13 presents the data for the same.



**Table 5.14 Source of Start-up Capital**

Source of finance	Rank1	Rank2	Rank3
Own fund	62.2%	27.5%	0.3%
Borrowing from family and friends	29.8%	31.8%	0.8%
Bank loan	4.5%	3.2%	2%
Others	3.2%	0.8%	-

Source: Primary data

From the above Table 5.14, it is clearly seen that for a majority of the respondents, 62.2 percent, self funding has been ranked first as the main source of fund. This is followed by borrowings from family and friends, 29.8 percent. Usage of bank loans and other sources shows low percentage in all the ranking categories.

**Table 5.15: Difficulty in Raising Capital**

Sl. No.	Response	Micro		Small		Medium		Total	
		No.	%	No.	%	No.	%	No.	%
1	Very difficult	57	9.5	4	0.7	1	0.2	<b>62</b>	<b>10.3</b>
2	Difficult	257	42.8	41	6.8	1	0.2	<b>299</b>	<b>49.8</b>
3	Can't say	151	25.2	21	3.5	1	0.2	<b>173</b>	<b>28.8</b>
4	Easy	57	9.5	9	1.5	0	-	<b>66</b>	<b>11</b>
<b>Total</b>		<b>522</b>	<b>87</b>	<b>75</b>	<b>12.5</b>	<b>3</b>	<b>0.5</b>	<b>600</b>	<b>100</b>

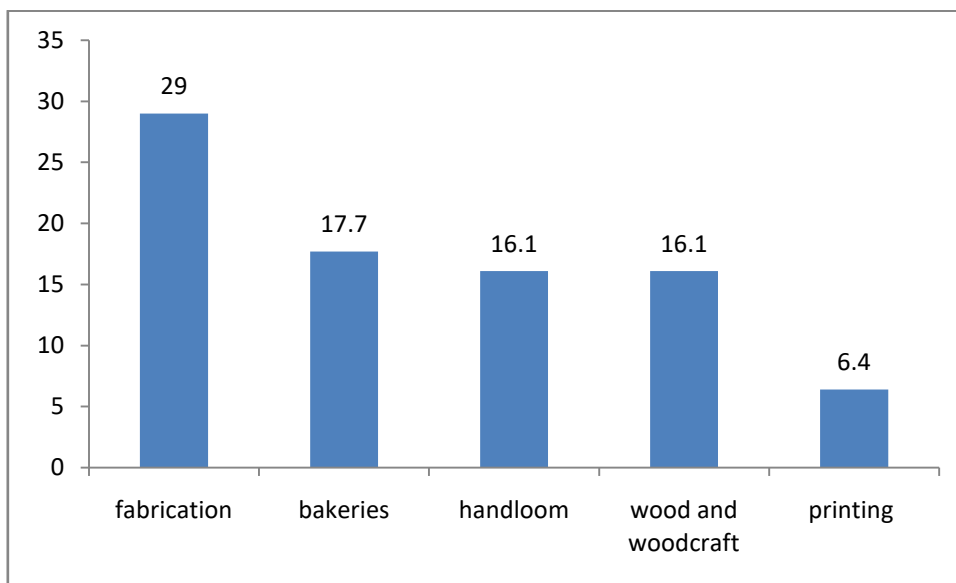
Source: Primary data

The respondents were also asked as to how difficult it was to raise the capital, the responses to which are shown in Table 5.15. Maximum number of them, 49.8 percent found it difficult to raise the capital, while 28.8 percent answered that they can't say, 11 percent said that it was easy and 10.3 percent answered that it was very difficult. Most of the respondents answered that they found it difficult to raise the capital because their own saving was less or almost negligent and therefore, had to borrow. There were also those who said that due to unstable job with low wages, it was difficult to save making it necessary to borrow. Those who borrowed from family and friends also mentioned that usually one had to borrow from two or more individuals as the lenders themselves could not afford to provide the whole amount.

For those respondents who answered 'very difficult' to the query 'how difficult it was to raise the capital, majority of them, 29 percent, belonged to units involved with fabrication products, 17.7 percent were bakeries, handloom units and units dealings with wood and woodcrafts formed 16.1 percent each and printing units formed 6.4 percent. In the case of

respondents who chose ‘difficult’, once again, units involved with fabrication of products were the majority, 22.7 percent, followed by wood and woodcraft units, 18.1 percent, stone crushers formed 15.7 percent of the respondents, handloom units formed 12.7 percent and bakeries formed 5.4 percent. In the case of units that responded that it was ‘easy’, fabrications units formed 50 percent of the respondents, 9.1 percent were bakery units, cement craft units and floriculture units each had 7.6 percent with handloom units, wood and woodcraft units, tyre rethreading units forming 6.1 percent each. The diagrammatic representations are shown in Figures 5.3, 5.4 and 5.5.

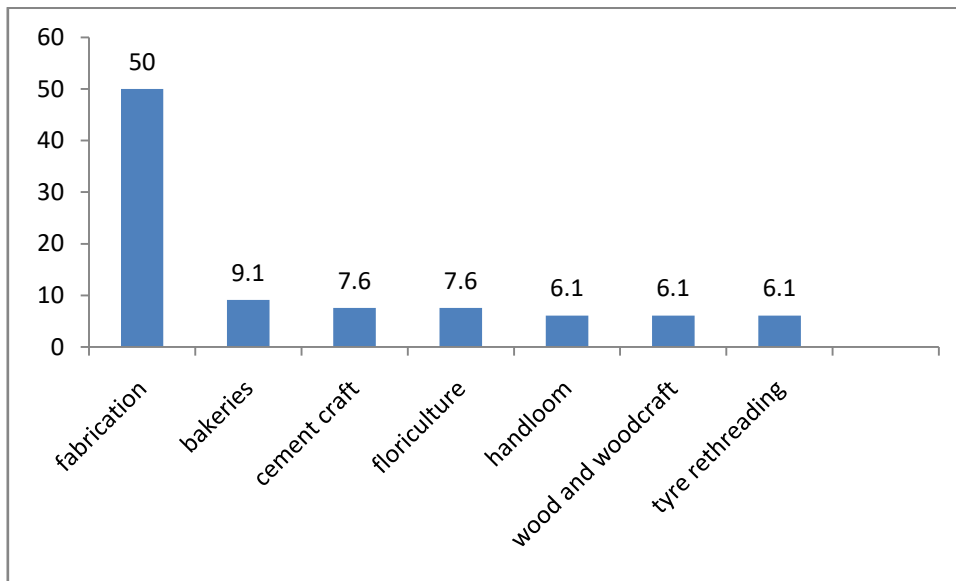
**Figure 5.3: Percentage of Respondents who answered “Very Difficult”**



**Figure 5.4: Percentage of Respondents who answered “Difficult”**

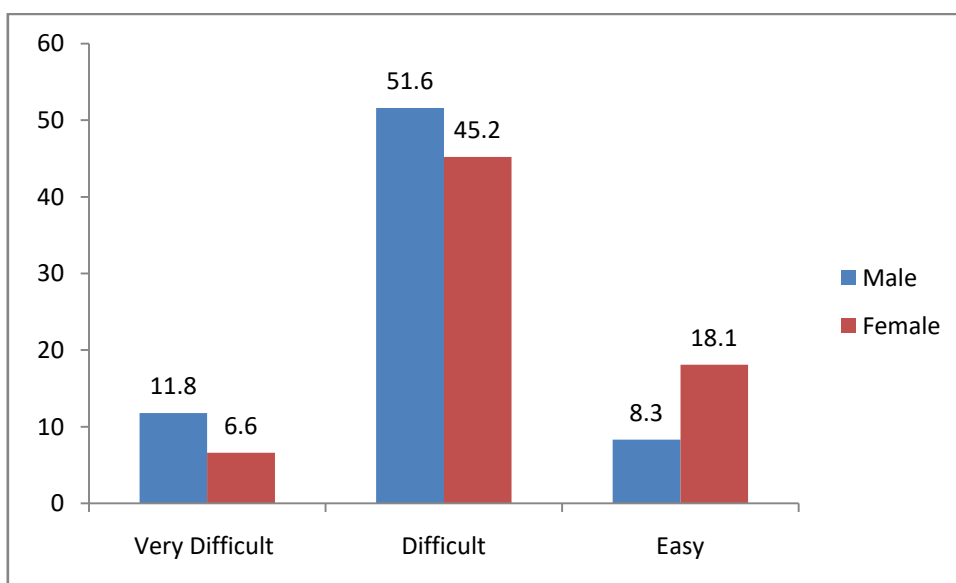


**Figure 5.5: Percentage of Respondents who answered “Easy”**



Cross tabulation was carried out to compare the response of the genders to the query on how difficult it was to raise the capital. Out of the total of 434 males, 51.6 percent said it was “difficult”, 28.3 percent responded “can’t say”, 11.8 percent responded that it was “very difficult”, and 8.3 percent answered that it was “easy”. In the case of female respondents which numbered 166, majority of them, i.e., 45.2 percent responded that it was difficult, 30.1 percent answered “can’t say”, 18.1 percent said that it was easy and 6.6 percent said that it was “very difficult”. This is shown in Figure 5.46

**Figure 5.6: Genders Response towards Difficulty in Raising Capital**



In Figure 5.6, it is interesting to see that the percentage of females who responded that it was easy to raise their capital is greater than that of males. One of the reasons for this is probably because the out of the total 600 respondents, 72.3 percent were male respondents and the remaining 27.7 percent were female respondents. Also, even though both genders, under this head of response had to borrow from family and friends and also applied for bank loans, most of them had their own funds and their families were also well-off. Therefore, according to them they did not face much difficulty as compared to the other category of respondents.

Respondents were also asked if they had approached banks for loans for their enterprise to which 23.5 percent answered yes and 75.2 percent said no. Out of this total 23.5 percent who responded yes, 80.1 percent were male and the remaining 19.9 percent were females. Respondents who answered yes were further asked if the bank had provided the total loan amount applied for, to which 41.1 percent answered that they had received the total amount. Out of this, 68.4 percent who answered yes were male and 33.3 percent were female. 57.4 percent said that they had not received the total amount applied for and 1.4 percent answered that their application was still in process. The data for respondents who approached banks for loans for their enterprise is presented in Table 5.16.

**Table 5.16: Did the Bank Provide Total Loan Amount**

Gender	Yes	No	In Process	Total
Male	39	72	2	113 (80.1%)
Female	19	9	-	28 (19.9%)
Total	58 (41.1%)	81 (57.4%)	2 (1.4%)	141 (100%)

Source: Primary data

The respondents were also asked their opinion on whether banks in Nagaland were willing to provide loans to business owners like them. 32.8 percent answered that banks were willing to provide loans, while 19 percent felt that banks were not willing. The remaining 47.2 percent answered “can’t say”. When asked the reason for their answer, 36.6 percent provided no reason. 31.7 percent answered that they had never tried because they either did not feel the need to or were reluctant because repayment would be difficult. 18.15 percent gave the reason that banks would provide loans only to those who were financially stable, have assets to offer as collateral to the banks and also an important reason, had good connection with the

bankers. Other reasons included banks procedure for obtaining loans as long with not clear instructions, need for a guarantor, being discouraged by the response of friends who had applied earlier but whose applications got rejected.

Table 5.17 shows the variables that were used to study the financial constraints faced. All the variables were measured on a five point likert scale, wherein 1 stood for strongly disagree and 5 for strongly agree. Out of the thirteen variables, for four variables, the maximum scale is 4: banks willing to provide loans, difficulty in raising capital, government employees in charge of subsidies and subsidies provided to genuine entrepreneurs. When we look at the mean and standard deviation values, it indicates that the responses generated lies near the mean value. Also when we look at the means of variables number 5 to 13, we find that the responses have a leaning towards the negative value.

**Table 5.17: Descriptive Statistics for Financial Problems (descending means)**

Sl. No.	Variables	Minimum	Maximum	Mean	Std. Deviation
1	Fund for daily use available	1	5	3.55	.791
2	Bank interest charge reasonable	1	5	3.32	.628
3	Customers pay dues on time	1	5	3.17	.998
4	Banks willing to provide loan to entrepreneurs	1	4	3.11	.753
5	Banks disburse loans on time	1	5	2.85	.664
6	Banks procedure for loans not long and complex	1	5	2.75	.686
7	Books of account maintained in professional manner	1	5	2.53	.744
8	Maintain cash reserve for emergency situations	1	5	2.41	.956
9	Difficulty in raising capital	1	4	2.41	.818
10	Funds for purchase of assets for enterprise is available	1	5	2.36	.764
11	Govt. Employees in charge of subsidy schemes are honest and sincere	1	4	2.32	.753
12	Govt. Subsidies are provided to genuine entrepreneurs	1	4	2.31	.744
13	No demands from informal groups	1	5	2.16	.893

Source: Primary data

Thus, we can say that with regard to financial problems, demands from informal groups, subsidies not being provided to genuine entrepreneurs, dishonest government employees, unavailability of funds for purchase of assets, difficulty in raising capital and maintenance of cash for emergency situations are considered the major problems by the enterprise respondents.



**Figure 5.7: Responses Regarding Financial Problems**

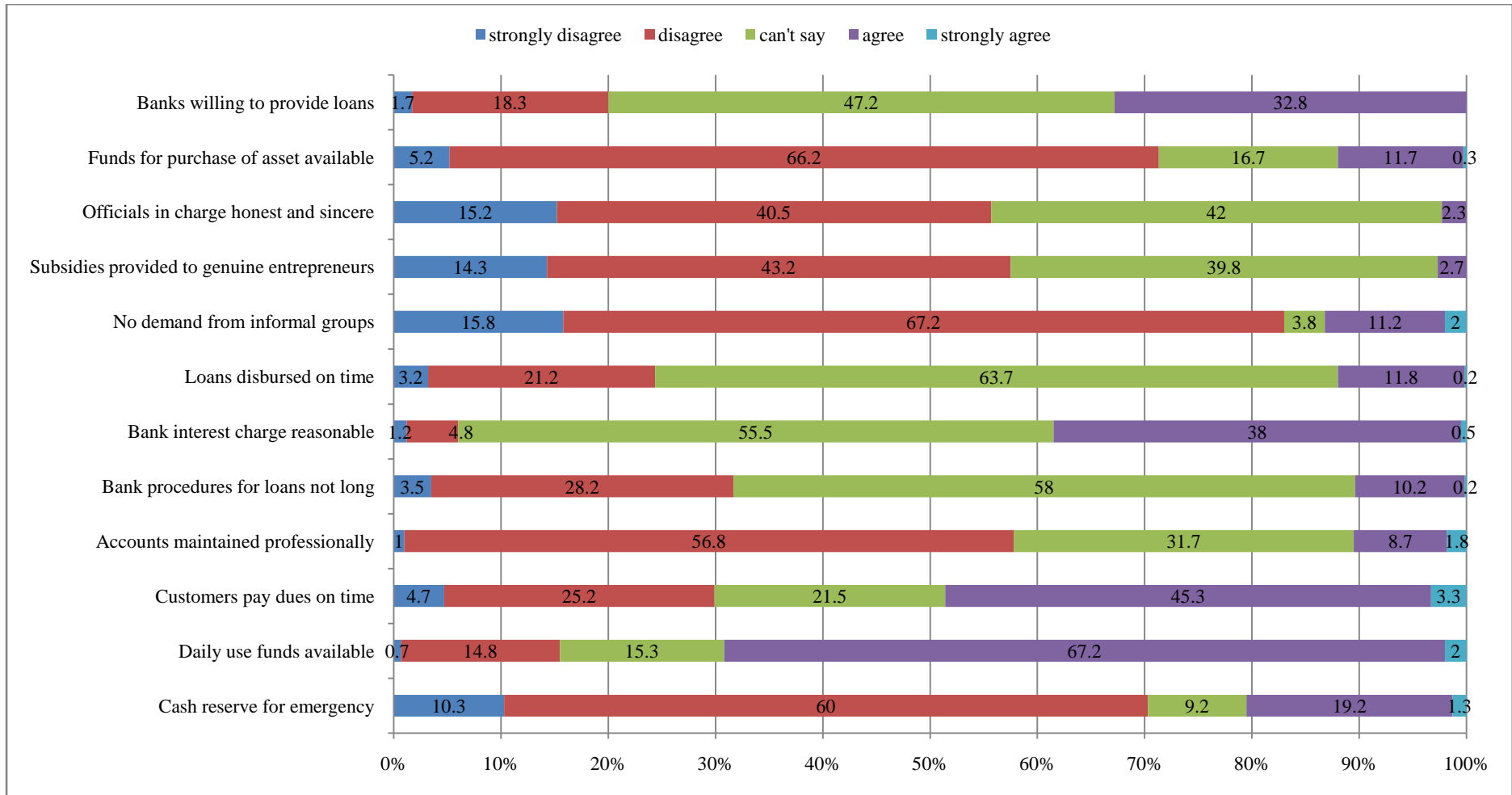


Figure 5.7 is the diagrammatic representation of the financial problems faced by the MSME units. Three variables, namely, no demand from informal groups, 83 percent, funds for purchase of assets available, 71.4 percent and cash reserve for emergency, 70.3 percent have the highest percentage of respondents who answered negatively. Accounts maintained professionally, 57.8 percent, subsidies provided to genuine entrepreneurs, 57.5 percent and officials in charge of subsidies are honest and sincere, 55.7 percent also show higher percentage of negative response. However, we can see that with regard to bank interest charges are reasonable, customers pay dues in time and funds for daily use available, respondents have a more positive opinion.

### 5.3.1 Financial Problems and Gender

Independent sample t-test was carried out to see if there is any significant difference between the means of the opinion regarding various financial problems between male and female enterprise respondents is explained. For doing this, the following generic null hypothesis is tested for all the twelve variables mentioned in Table 5.18:

$$H_0: \mu_M = \mu_F$$

Here,  $\mu_M$  = Mean of opinion of the specific variable among male respondents;

$\mu_F$  = Mean of opinion of the specific variable among female respondents.

**Table 5.18: Independent t-test for Responses Regarding Financial Problems between the Genders**

Sl. No	Problems	Group	Mean <i>Min-1</i> <i>Max-5</i>	t-test <i>p-value</i>
1	Cash reserve for emergency situation	Male	2.36	.034*
		Female	2.55	
2	Funds for daily use is always available	Male	3.51	.056**
		Female	3.64	
3	Customers pay their dues on time	Male	3.04	.000*
		Female	3.52	
4	Books of account maintained in a professional manner	Male	2.59	.007*
		Female	2.40	
5	Bank loan procedures not long and complex	Male	2.72	.037*
		Female	2.84	
6	Bank interest charges are reasonable	Male	3.33	.287
		Female	3.28	
7	Banks disburse loans in time	Male	2.85	.946



		Female	2.85	
8	No demands from informal groups	Male	2.11	.021*
		Female	2.31	
9	Govt. Subsidies provided to genuine entrepreneurs	Male	2.20	.000*
		Female	2.58	
10	Govt. Employees in-charge of subsidies are honest and sincere	Male	2.21	.000*
		Female	2.60	
11	Funds for purchase of assets available	Male	2.38	.277
		Female	2.31	
12	Banks in Nagaland willing to provide loans to entrepreneurs	Male	3.11	.948
		Female	3.11	
<p>*The <math>H_0</math> is rejected at <math>\alpha = .05</math>  **The <math>H_0</math> is rejected at <math>\alpha = .10</math></p>				

Source: Primary data

Note: Male = 434, Females = 166

Table 5.18 shows the result of the independent sample t-test. Data shows that out of the twelve problems identified, significant differences were found for eight problems. When we compare the means between the two groups, we can observe that enterprises owned by female respondents have a greater likelihood of maintaining cash reserve for emergency situations as well as possess funds for daily use in comparison to enterprises owned by male respondents. Also, enterprises owned by female respondents were found to face lesser problems with regard to payment of dues by customers. However, with regard to maintenance of books of accounts, male respondents are more likely to maintain the books professionally than their female counterparts. Male respondents consider loan procedures to be more lengthy and complex than females and also felt more strongly that subsidies are not being provided to genuine entrepreneurs. Compared to the female respondents, male respondents also feel that government employees in charge of subsidies are not as honest and sincere as they are supposed to be.

### 5.3.2 Financial Problems and Type of Enterprise

One-way ANOVA was carried out to see if there is any significant difference in the means of the opinion regarding financial problems across micro, small and medium enterprise respondents. For doing this, the following generic null hypothesis is tested for all the twelve variables mentioned in Table 5.19:

$$H_0: \mu_{\text{Micro}} = \mu_{\text{Small}} = \mu_{\text{Medium}}$$

Here,  $\mu_{\text{Micro}}$  = Mean of opinion of the specific variable among micro enterprise respondents;

$\mu_{\text{Small}}$  = Mean of opinion of the specific variable among small enterprise respondents;

$M_{\text{Medium}}$  = Mean of opinion of the specific variable among medium enterprise respondents.

**Table 5.19: ANOVA for Response Regarding Financial Problems across the Type of Enterprise**

Sl. No	Problems	Mean			F-Value	ANOVA p-value
		Micro	Small	Medium		
1	Cash reserve for emergency situation	2.40	2.48	3.00	.809	.446
2	Funds for daily use available	3.53	3.64	4.33	2.092	.124
3	Customers pay dues in time	3.16	3.28	4.00	1.546	.214
4	Books of accounts maintained in professional manner	2.48	2.89	3.33	12.372	.000*
5	Bank loan procedures not long and complex	2.75	2.77	2.67	.059	.943
6	Bank interest charges reasonable	3.32	3.29	3.33	.068	.934
7	Banks disburse loans on time	2.84	2.89	2.67	.314	.731
8	No demands from informal groups	2.19	1.97	1.67	2.470	.085**
9	Govt. Subsidies provided to genuine entrepreneurs	2.32	2.20	2.33	.908	.404
10	Govt. Employees in charge of subsidies honest and sincere	2.33	2.23	2.67	.896	.409
11	Funds for purchase of assets available	2.34	2.49	2.33	1.331	.265
12	Banks in Nagaland willing to provide loans to entrepreneurs	3.08	3.35	3.33	4.237	.014*
<p>*The <math>H_0</math> is rejected at <math>\alpha = .05</math>  **The <math>H_0</math> is rejected at <math>\alpha = .10</math></p>						

Source: Primary data

Note: Micro=522; Small=75; Medium=3

Table 5.19 shows the results of the test. Out of the twelve problems identified, significant differences were found for three problems. When we observe the data in Table 5.19, we can see that with regard to maintenance of books of accounts, medium enterprise respondents maintain it in a more professional manner than compared to micro and small enterprise respondents. In case of demands from informal groups, while data shows that all three categories are affected, medium and small enterprise respondents perceive these problems to be more severe as compared to micro enterprises. With regard to opinion about banks willingness to provide loans to entrepreneurs, small and medium enterprise respondents have a more positive opinion as compared to micro enterprises. Post hoc analysis using Games-

Howell test showed that the difference is more pronounced between micro and small enterprises with regard to books of accounts and bank's willingness to provide loans.

### 5.3.3 Financial Problems and Educational Qualification

One-way ANOVA was also carried out to find if there is any significant difference in the mean opinion regarding financial problems across the various educational groups. For doing this, the following generic null hypothesis is tested for all the twelve variables mentioned in Table 5.20:

$$H_0: \mu_{\text{None}} = \mu_{\text{HSLC}} = \mu_{\text{HSSLC}} = \mu_{\text{UG}} = \mu_{\text{PG\&Above}}$$

Here,  $\mu_{\text{None}}$  = Mean of opinion of the specific variable among respondents with no education;

$\mu_{\text{HS}}$  = Mean of opinion of the specific variable among respondents who studied upto HS;

$\mu_{\text{HSS}}$  = Mean of opinion of the specific variable among respondents who studied upto HSS;

$\mu_{\text{UG}}$  = Mean of opinion of the specific variable among respondents who are UG;

$\mu_{\text{PG\&Above}}$  = Mean of opinion of the specific variable among respondents who are PG & above.

**Table 5.20: ANOVA for Responses Regarding Financial Problems across Educational Groups**

Sl. No	Problems	Mean					F-Value	ANOVA p-value
		None	HS	HSS	UG	PG & above		
1	Cash reserve for emergency situation	2.92	2.28	2.26	2.64	4.09	15.398	.000*
2	Funds for daily use available	3.46	3.49	3.60	3.55	3.82	.869	.482
3	Customers pay dues on time	3.38	3.13	3.16	3.18	4.00	2.160	.072**
4	Books of account maintained in a professional manner	2.46	2.40	2.39	2.83	3.91	21.681	.000*
5	Bank loan procedures not long and complex	3.00	2.73	2.76	2.73	2.91	.660	.620
6	Bank interest charges reasonable	3.00	3.12	3.42	3.49	3.00	11.246	.000*
7	Banks disburse loans on time	3.00	2.84	2.78	2.90	3.36	2.718	.029*
8	No demands from informal groups	2.31	2.17	2.14	2.16	2.27	.156	.960
9	Govt. Subsidies provided to genuine entrepreneurs	2.85	2.40	2.24	2.22	2.45	3.683	.006*
10	Govt. Employees in-charge of subsidies are sincere and	2.54	2.41	2.25	2.24	2.55	2.206	.067**

	honest							
11	Funds for purchase of assets is available	2.00	2.17	2.38	2.62	2.27	8.739	.000*
12	Banks willing to provide loans to entrepreneurs	3.00	2.89	3.18	3.33	3.00	8.486	.000*
<b>*The H<sub>0</sub> is rejected at <math>\alpha = .05</math></b> <b>**The H<sub>0</sub> is rejected at <math>\alpha = .10</math></b>								

Source: Primary data

Note: None=13; High School=203; Higher Secondary School=221; Under Graduate=152; PG & above=11

Table 5.20 presents the results of the test. Significant differences were found for nine problems. Data in Table 5.20 shows that respondents who are post graduates and above maintains cash reserve for emergencies, normally deal with customers who pay their dues on time and such enterprises also maintain their books of accounts professionally. This category of respondents is also more positive in their opinion about disbursement of loans by banks. On the other hand, respondents who have studied till HSS and HS are the least likely to maintain cash reserves, normally deals with customers who do not pay their dues on time and also their books of accounts are not maintained properly. They also have the most negative opinion regarding disbursement of loans. Surprisingly, respondents with no education are more likely to maintain cash reserve and also keep their books of accounts more professionally in comparison to HS and HSS respondents.

We can also see from Table 5.20 that respondents who belong to the category of under graduates and HSS strongly feel that subsidies are not provided to genuine entrepreneurs because the officials handling such duties are dishonest and not sincere. Respondents with no education struggle the most with the problem of inadequate funds for purchase of assets, followed by HS. While respondents belonging to UG considers this less of a problem in comparison to the other four groups. Respondents belonging to HS category also feel that banks in Nagaland are not willing to provide loans to entrepreneurs while undergraduate enterprises owners have the most positive opinion regarding banks willingness to provide loans.

#### **5.4 Production Problems of MSMEs in Nagaland**

Majority of the enterprises of the study deals with fabricated products forming 33.2 percent of the total, followed by enterprises dealing with wood products 16.8 percent. 11.8 percent of the enterprises are involved deals with handloom products while 10.8 percent are in the stone

crushing business. 6.7 percent are involved in the food sector such as bakeries and pickle units, 3.7 percent in floriculture units, 3.7 percent in tyre rethreading services, 2 percent printing units, 1.8 percent deals with electronic products, 1.7 percent tailoring units, 1.3 percent workshops, 1.3 percent beauty parlours. The remaining share is spread amongst, cement craft units, stationery units, engineering houses, tent houses, rice mill etc. Majority of the respondents said that the raw-materials or products that they needed to run their business could be found in Nagaland with only a few saying that they had to purchase from outside Nagaland and even few more answering abroad.

Most of the enterprises require some sort of machines or equipments to carry out their work. Respondents were therefore asked if their enterprise used any machines/ equipment and if the answer was positive, they were further asked if it was sufficient for the present need. Tables 5.21 and 5.22 shows the responses garnered.

**Table 5.21: Use of Machine/ Equipment**

<b>Response</b>	<b>Micro</b>	<b>Small</b>	<b>Medium</b>	<b>Total</b>
<b>Yes</b>	409 (68.2)	71 (11.8)	3 (0.5)	<b>483</b> <b>(80.5)</b>
<b>No</b>	113 (18.8)	4 (0.7)	0	<b>117</b> <b>(19.5)</b>
<b>Total</b>	522	75	3	<b>600</b> <b>(100)</b>

Source: Primary data

Note: Data in brackets show the percentage share

In Table 5.21, we see that 80.5 percent of the respondents answered that they use machines and equipments while 19.5 percent answered in negative. All three medium enterprises answered yes and in the case of small enterprises, except for four units, the remaining units said yes. Majority of the respondents in the micro sector also said that they used some kind of machines and equipments.

**Table 5.22: If Yes, is it sufficient?**

<b>Response</b>	<b>Micro</b>	<b>Small</b>	<b>Medium</b>	<b>Total</b>
<b>Not at all sufficient</b>	8	0	0	<b>8</b> <b>(1.7)</b>
<b>Not sufficient</b>	172	31	1	<b>206</b> <b>(42.7)</b>
<b>Can't say</b>	14	2	0	<b>16</b> <b>(3.3)</b>
<b>Sufficient</b>	209	38	2	<b>249</b> <b>(51.6)</b>
<b>Definitely sufficient</b>	4	0	0	<b>4</b> <b>(0.8)</b>
<b>Total</b>	<b>409</b>	<b>71</b>	<b>3</b>	<b>483</b>

				(100)
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Source: Primary data

Note: Data in brackets show the percentage share

In Table 5.22, respondents who answered yes were further questioned as to whether the machines/equipments were sufficient for the present needs out of which majority, 51.6 percent, responded that it was sufficient. 42.7 percent responded that it was not sufficient, 3.3 percent answered “can’t say”, 1.7 percent said that it was not at all sufficient and only 0.8 percent whole heartedly agreed to it being totally sufficient.

On further being asked if there were any factor stopping them from purchasing the machine/equipment, 89.5 percent respondents answered yes and 10.5 percent said no. Lack of finance was the biggest constraint that most of the units mentioned, followed by unavailability of machine in the State, space constraint and also lack of time since they would have to go to travel outside Nagaland to purchase the machine/equipment.

On being asked the source of power that they needed to run their enterprise, for the majority of the respondents, electricity is the main source of power, followed by oil, firewood, LPG/CNG and coal.

Table 5.23 shows the variables used to study the problems of production. The responses were measured on a 5-point likert scale. Variables number 1 and 4 shows that the minimum response is 2, which stands for ‘somewhat disagree’. For variables 6, 9 and 12, the maximum value is 4, which stands for ‘somewhat agree’. When we compare the standard deviation values with the mean values, it is indicative that the responses generated lies close to the mean value. Also when we look at the mean values of the variables, only variables number 10 to 12 show a leaning towards negative response.

**Table 5.23 :Descriptive Statistics for Production Problems(descending means)**

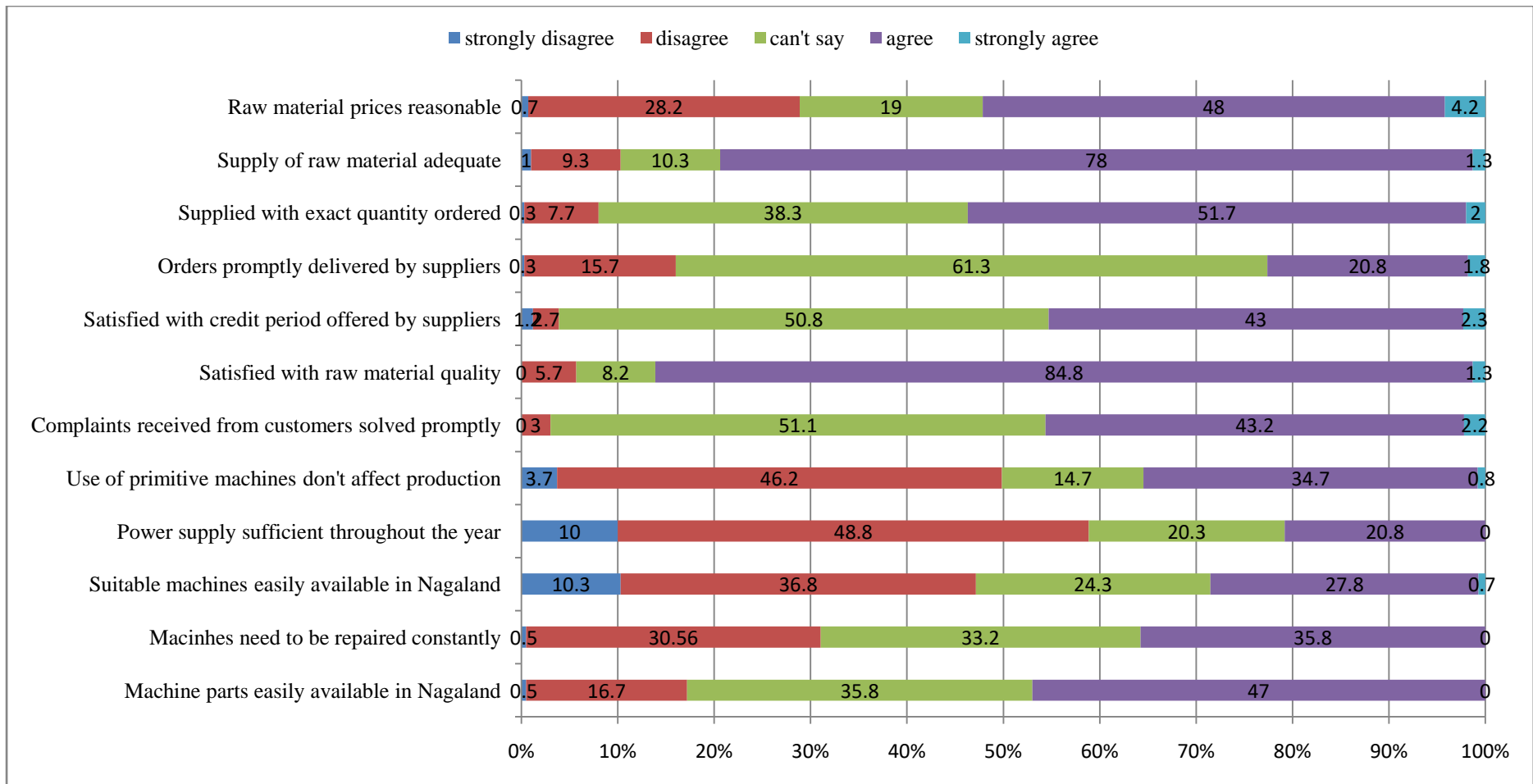
Sl. No.	Variables	Minimum	Maximum	Mean	Std. Deviation
1	Satisfied with raw material quality	2	5	3.82	.538
2	Raw material supply adequate	1	5	3.69	.701
3	Supplied with exact quantity when ordered	1	5	3.47	.681
4	Complaints from customers solved promptly	2	5	3.44	.592
5	Satisfied with credit period given by supplier	1	5	3.43	.644
6	Machine parts easily available in Nagaland	1	4	3.29	.756
7	Raw material price reasonable	1	5	3.27	.940

8	Orders promptly delivered by suppliers	1	5	3.08	.686
9	Machines need to be repaired constantly	1	4	3.04	.827
10	Use of primitive machines/equipments do not affect production	1	5	2.83	.980
11	Suitable machines easily available in Nagaland	1	5	2.71	1.005
12	Power supply sufficient throughout the year	1	4	2.52	.932

Source: Primary data

Thus, we can say that from Table 5.23, insufficient power supply, unavailability of suitable machines in the State and use of primitive machines are considered to be the major problems related to production. A diagrammatic representation of the responses of the enterprises owners regarding production problems can be seen in Figure 5.8.

**Figure 5.8: Responses Regarding Production Problems**





### 5.4.1 Production Problems and Gender:

Independent sample t-test was carried out to see if there is any significant difference between the means of the opinion regarding various production problems between male and female enterprise owners is explained. For doing this, the following generic null hypothesis is tested for all the twelve variables mentioned in Table 5.24:

$$H_0: \mu_M = \mu_F$$

Here,  $\mu_M$  = Mean of opinion of the specific variable among male respondents;

$\mu_F$  = Mean of opinion of the specific variable among female respondents

**Table 5.24: Independent t-test for Responses Regarding Production Problems between the Genders**

Sl. No	Problems	Group	Mean Min-1 Max-5	t-test p-value
1	Raw material price reasonable	Male	3.27	.966
		Female	3.27	
2	Supply of raw materials adequate	Male	3.64	.000*
		Female	3.83	
3	Supplied with exact quantity ordered	Male	3.49	.425
		Female	3.44	
4	Orders promptly delivered by suppliers	Male	3.06	.177
		Female	3.13	
5	Satisfied with credit period offered by suppliers	Male	3.47	.003*
		Female	3.32	
6	Satisfied with quality of raw materials	Male	3.77	.000*
		Female	3.94	
7	Complaints from customers solved promptly	Male	3.47	.035*
		Female	3.37	
8	Primitive machines/equipments don't affect production/service	Male	2.66	.000*
		Female	3.26	
9	Power supply sufficient throughout the year	Male	2.35	.000*
		Female	2.96	
10	Suitable machines/equipments easily available in Nagaland	Male	2.59	.000*
		Female	3.04	
11	Machines need not be repaired constantly	Male	2.90	.003*
		Female	3.10	
12	Machine parts easily available in Nagaland	Male	3.30	.623
		Female	3.27	
<b>*The <math>H_0</math> is rejected at <math>\alpha = .05</math></b>				

Source: Primary data

Note: Male = 434, Females = 166

Table 5.24 presents the results of the test. Out of the twelve problems identified, significant differences were found for eight problems. When we compare the means between the two groups, we can observe that enterprises owned by female respondents are more satisfied with the quantity and quality of raw materials available but less satisfied with the credit period offered by the suppliers. With regard to handling of customers complains, male respondents are more positive about being able to handle such complains. However, they are more emphatic about the negative effects of problems such use of primitive machines/equipments, unavailability of machines/equipments in the State, need for regular repairs and inadequate power supply, on the functioning of the enterprise.

#### 5.4.2 Production Problems and Type of Enterprise:

One-way ANOVA was carried out to see if there is any significant difference in the means of the opinion regarding production problems across micro, small and medium enterprises. For doing this, the following generic null hypothesis is tested for all the twelve variables mentioned in Table 5.25:

$$H_0: \mu_{\text{Micro}} = \mu_{\text{Small}} = \mu_{\text{Medium}}$$

Here,  $\mu_{\text{Micro}}$  = Mean of opinion of the specific variable among micro enterprise respondents;

$M_{\text{Small}}$  = Mean of opinion of the specific variable among small enterprise respondents;

$M_{\text{Medium}}$  = Mean of opinion of the specific variable among medium enterprise respondents.

**Table 5.25: ANOVA for Response Regarding Production Problems across the Type of Enterprise**

Sl. No	Problems	Mean			F-Value	ANOVA p-value
		Micro	Small	Medium		
1	Raw material price is reasonable	3.29	3.16	2.33	2.117	.121
2	Supply of raw material is adequate	3.68	3.80	3.33	1.372	.254
3	Supplied with exact quantity ordered	3.46	3.56	3.33	.747	.474
4	Orders promptly delivered by suppliers	3.46	3.56	3.33	1.493	.226
5	Satisfied with credit period offered by suppliers	3.41	3.56	3.00	2.450	.087**
6	Satisfied with quality of raw materials	3.80	3.93	3.33	4.145	.016*
7	Complaints received from customers solved promptly	3.41	3.67	3.67	6.390	.002*
8	Use of primitive	2.86	2.57	2.67	2.907	.055**

	machine/equipment does not affect work					
9	Power supply sufficient all year round	2.55	2.31	2.33	2.340	.097**
10	Machines need to be repaired constantly	3.00	3.33	3.33	5.608	.004*
11	Suitable machine/equipment easily available in Nagaland	2.71	2.71	3.33	.570	.566
12	Machine parts easily available in Nagaland	3.25	3.56	3.33	5.427	.005*
<p>*The <math>H_0</math> is rejected at <math>\alpha = .05</math>  **The <math>H_0</math> is rejected at <math>\alpha = .10</math></p>						

Source: Primary data

Note: Note: Micro=522; Small=75; Medium=3

Table 5.25 presents the results of the test. Out of the twelve problems identified, significant differences were found for seven problems. When we observe the data in Table 5.24, we can see that with regard to credit period and quality of raw materials, medium enterprise respondents are least satisfied as compared to micro and small enterprise respondents. Micro enterprise respondents are less able to handle complaints from customers. This category of respondents also faces more problems regarding repairs of machines/equipments in addition to finding it difficult to avail the machine parts in the State. Use of primitive machines/equipments and inadequate power supply is found to affect small enterprise respondents more than it affects micro and medium enterprises. However, in general, use of primitive machines and inadequate power supply are considered major problems with regard to production. Post hoc analysis using Bonferroni test showed that the difference is most significant between micro and small enterprise respondents with regard to handling complaints from customers. The significant difference is lesser between micro and medium enterprise respondents as well as between small and medium enterprise respondents.

### 5.4.3 Production Problems and Educational Qualification

One-way ANOVA was also carried out to find if there is any significant difference in the means of the opinion regarding production problems across the various educational groups. For doing this, the following generic null hypothesis is tested for all the twelve variables mentioned in Table 5.26:

$$H_0: \mu_{\text{None}} = \mu_{\text{HSLC}} = \mu_{\text{HSSLC}} = \mu_{\text{UG}} = \mu_{\text{PG\&Above}}$$

Here,  $\mu_{\text{None}}$  = Mean of opinion of the specific variable among respondents with no education;

$\mu_{HS}$  = Mean of opinion of the specific variable among respondents who studied upto HS;

$\mu_{HSS}$  = Mean of opinion of the specific variable among respondents who studied upto HSS;

$\mu_{UG}$  = Mean of opinion of the specific variable among respondents who are UG;

$\mu_{PG\&Above}$  = Mean of opinion of the specific variable among respondents who are PG & above.

**Table 5.26: One-way ANOVA for Response Regarding Production Problems across Educational Groups**

Sl. No	Problems	Mean					F-Value	ANOVA p-value
		None	HS	HSS	UG	PG & above		
1	Raw material price is reasonable	3.69	3.26	3.27	3.28	2.82	1.305	.267
2	Supply of raw material is adequate	3.38	3.63	3.71	3.78	3.64	1.664	.157
3	Supplied with exact quantity ordered	3.85	3.49	3.43	3.46	3.73	1.644	.162
4	Orders promptly delivered by suppliers	3.15	3.08	3.00	3.15	3.91	5.460	.000*
5	Satisfied with credit period offered by suppliers	3.38	3.31	3.47	3.55	3.18	3.638	.006*
6	Satisfied with quality of raw materials	4.00	3.83	3.79	3.82	4.00	.834	.504
7	Complaints received from customers solved promptly	3.23	3.33	3.39	3.66	3.73	8.875	.000*
8	Use of primitive machine/equipment does not affect work	3.69	2.89	2.81	2.66	3.36	4.830	.001*
9	Power supply sufficient all year round	3.23	2.71	2.42	2.34	2.64	6.439	.000*
10	Machines need to be repaired constantly	3.38	3.01	3.14	2.95	2.55	2.332	.055**
11	Suitable machine/equipment easily available in Nagaland	2.62	2.89	2.62	2.64	2.82	3.023	.071**
12	Machine parts easily available in Nagaland	3.08	3.29	3.29	3.34	3.29	.397	.811
<p>*The <math>H_0</math> is rejected at <math>\alpha = .05</math>  **The <math>H_0</math> is rejected at <math>\alpha = .10</math></p>								

Source: Primary data

Table 5.26 presents the results of the test. Data shows that significant differences were found in the case for seven problems. We can see that with regard to delivery of orders, respondents belonging to HSS and HS are least satisfied whereas respondents belonging to PG & above are the most satisfied. However, respondents belonging to PG& above are the least satisfied with the credit period offered by their suppliers while UG respondents are the most satisfied. PG & above respondents consider themselves to be most capable of solving customers complaints while owners with no education consider themselves to be least capable. The problem of primitive machines and inadequate power supply affects respondents under UG category the most and no education category the least. Unavailability of suitable machines and machine parts is also most problematic for no education category and HSS respondents.

### 5.5 Marketing Problems of MSMEs

Under this head, respondents were first asked as to how they marketed their products, to which 81 percent answered that they sold it directly to their customers, 1.2 percent said that they used a middle man and 17.8 percent said that they sold it directly as well as with the help of a middleman. They were also asked if they had advertised their enterprise to make it known to customers, to which majority of them 77.5 percent said that they had used no such techniques for advertisements, while a few said that the only manner of advertisement used was references by friends, family members and old customers. Only 3 percent said that they had advertised their enterprises in newspapers.

Respondents were also asked if they offered credit to their customers. Table 5.27 shows the data with regard to it. We can see that most of the units, 75.7 percent, give credit to their customers. 24.3 percent said that they do not offer credit to their customers.

**Table 5.27: Is Credit given to Customers**

<b>Response</b>	<b>Micro</b>	<b>Small</b>	<b>Medium</b>	<b>Total</b>
<b>Yes</b>	387 (64.5)	66 (11)	1 (0.2)	<b>454</b> <b>(75.7)</b>
<b>No</b>	135 (22.5)	9 (1.5)	2 (0.3)	<b>146</b> <b>(24.3)</b>
<b>Total</b>	<b>522</b>	<b>75</b>	<b>3</b>	<b>600</b> <b>(100)</b>

Source: Primary data

Note: Data in brackets show the percentage share

The units who answered positive were further asked the credit period that they gave to their customers. 52.6 percent respondents said that the credit period ranged from 1 week to 1 month, 47.4 percent said that the credit period ranged from 1 week to 1 year and sometimes upto two years. When asked as to whether this affected the working of their enterprise, 57.4 percent said that it did have a minor affect, 21 percent admitted to that it had a moderate affect on the working of the enterprise, 18.9 percent said that it had no affect while 1.6 percent said that it affected them majorly.

Table 5.28 represents the variables that were used to study the problems of marketing. The responses were measured with the help of a 5-point likert scale. We can see that for variables no 1 to 3, 5 and 7,8, the minimum value of response is 2. When we compare the standard deviation values with the mean values, it indicates that the responses lies close to the mean value. When we look at the mean values, only two variables, number 11 and 12 have a leaning towards negative response.

**Table 5.28: Descriptive Statistics for Marketing Problems (descending means)**

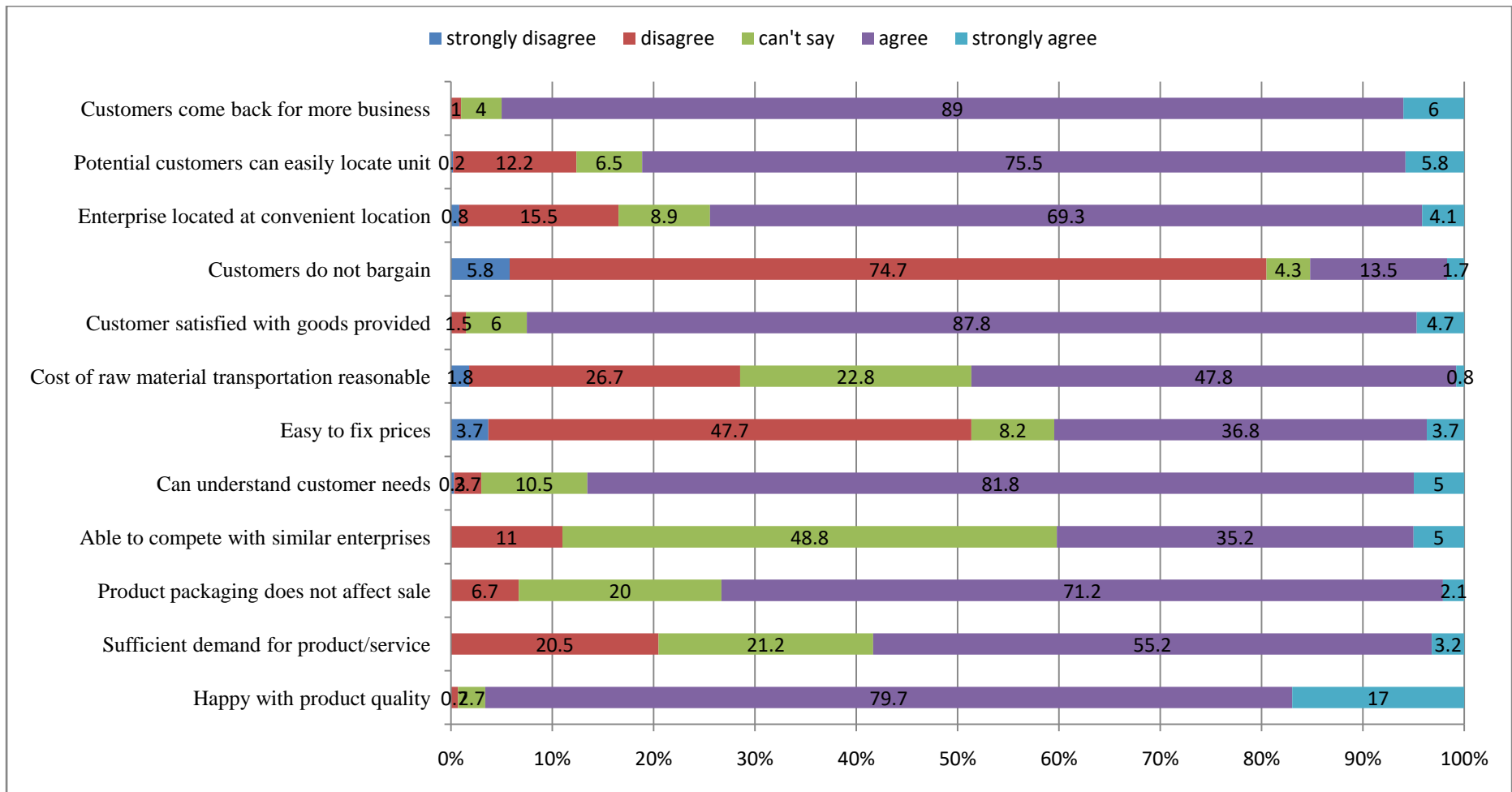
Sl. No.	Variables	Minimum	Maximum	Mean	Std. Deviation
1	Happy with product quality	2	5	4.13	.455
2	Customers come back for more business	2	5	4.00	.374
3	Customers satisfied with goods/service provided	2	5	3.96	.406
4	Can understand customer's need	1	5	3.89	.516
5	Potential customers can locate unit easily	1	5	3.75	.746
6	Product packaging does not affect sales	2	5	3.69	.626
7	Enterprise located in convenient location	1	5	3.62	.825
8	Sufficient demand for product/service	2	5	3.41	.846
9	Able to compete with similar enterprises	2	5	3.34	.739
10	Cost of transportation of raw material reasonable	1	5	3.19	.903
11	Easy to fix price of product/service	1	5	2.89	1.062
12	Customers do not bargain	1	5	2.30	.837

Source: Primary data

Thus from table 5.28 we can say that with regard to marketing problems, bargaining by customers and difficulty in fixing the prices of the product/ service is considered to be the major problem for the enterprise owners.

In Figure 5.9, we see that with regard to marketing problems, except for customers bargaining and difficulty in fixing the prices of goods or services, the respondents answered positively for the rest of the problems.

**Figure 5.9: Responses Regarding Marketing Problems**





### 5.5.1 Marketing Problems and Gender:

Independent sample t-test was carried out to see if there is any significant difference between the means of the opinion regarding marketing problems between male and female enterprise owners is explained. For doing this, the following generic null hypothesis is tested for all the twelve variables mentioned in Table 5.29:

$$H_0: \mu_M = \mu_F$$

Here,  $\mu_M$  = Mean of opinion of the specific variable among male respondents;

$\mu_F$  = Mean of opinion of the specific variable among female respondents.

**Table 5.29: Independent t-test for Responses Regarding Marketing Problems between the Genders**

Sl. No	Problems	Group	Mean Min-1 Max-5	t-test p-value
1	Happy with product quality	Male	4.14	.473
		Female	4.11	
2	Sufficient demand for product/service	Male	3.34	.001*
		Female	3.58	
3	Product packaging does not affect sale	Male	3.69	.915
		Female	3.69	
4	Able to compete with similar enterprises	Male	3.36	.407
		Female	3.30	
5	Can understand customer needs	Male	3.88	.786
		Female	3.90	
6	Easy to fix product/service price	Male	2.90	.866
		Female	2.88	
7	Cost of transportation of raw materials reasonable	Male	3.05	.000*
		Female	3.56	
8	Customers do not bargain	Male	2.29	.558
		Female	2.34	
9	Customers satisfied with product/service	Male	3.96	.590
		Female	3.94	
10	Enterprises located at convenient place	Male	3.62	.710
		Female	3.60	
11	Potential customers can locate the enterprise	Male	3.73	.342
		Female	3.80	
12	Customers come back for more business	Male	4.01	.419
		Female	3.98	
<b>*The <math>H_0</math> is rejected at <math>\alpha = .05</math></b>				

Source: Primary data

Note: Male = 434, Females = 166

Table 5.29 presents the results of the test. Out of the twelve problems identified, significant differences were found for only two problems. When we compare the means between the two groups, we can see that the male respondents feel that there is lesser demand for their goods/services as compared to the response of the female respondents. They also consider the transportation cost of raw materials to be higher while female respondents, on the other hand, consider the cost to be reasonable.

### 5.5.2 Marketing Problems and Type of Enterprise:

One-way ANOVA was carried out to see if there is any significant difference in the means of the opinion regarding marketing problems across micro, small and medium enterprises. For doing this, the following generic null hypothesis is tested for all the twelve variables mentioned in Table 5.30:

$$H_0: \mu_{\text{Micro}} = \mu_{\text{Small}} = \mu_{\text{Medium}}$$

Here,  $\mu_{\text{Micro}}$  = Mean of opinion of the specific variable among micro enterprise respondents;

$M_{\text{Small}}$  = Mean of opinion of the specific variable among small enterprise respondents;

$M_{\text{Medium}}$  = Mean of opinion of the specific variable among medium enterprise respondents.

**Table 5.30: ANOVA for Response Regarding Marketing Problems across the Type of Enterprise**

Sl. No	Problems	Mean			F-Value	ANOVA <i>p</i> -value
		Micro	Small	Medium		
1	Happy with product or service quality	4.11	4.23	4.67	4.192	.016*
2	Sufficient demand for product/service	3.39	3.53	4.67	4.378	.013*
3	Product packaging does not affect sales	3.69	3.67	4.00	.417	.659
4	Able to compete with similar enterprises	3.32	3.41	4.67	5.409	.005*
5	Can understand customer needs	3.87	3.97	4.33	2.357	.096**
6	Easy to fix prices of product/service	2.92	2.67	3.67	2.675	.070**
7	Cost of transportation of raw material is reasonable	3.19	3.24	2.67	.618	.539
8	Customers satisfied with goods/service provided	3.95	4.00	4.33	1.832	.161
9	Customers do not bargain	2.30	2.29	3.67	2.796	.018*
10	Enterprise located at convenient location	3.58	3.87	4.33	5.262	.005*

11	Potential customers can locate the enterprise	3.71	3.97	4.33	5.002	.007*
12	Customers come back for more business	3.99	4.03	4.67	5.123	.006*
<b>*The H<sub>0</sub> is rejected at <math>\alpha = .05</math></b> <b>**The H<sub>0</sub> is rejected at <math>\alpha = .10</math></b>						

Source: Primary data

Note: Micro=522; Small=75; Medium=3

Table 5.30 presents the results of the test. Out of the twelve problems identified, significant differences were found for nine problems. When we observe the data in Table 5.29, we can see that medium enterprise respondents are most satisfied with the quality of product/service they provide as well as the demand. This category of respondents also feel that they are more able to compete with similar enterprises, have a better understanding of customer's needs and find it easier to fix prices of their products/ services which ensures less bargaining by customers. Medium enterprise respondents are most satisfied with the enterprise location as well as loyalty of customers.

In comparison, micro enterprise respondents are less happy with their product/ service which may be the reason why they have lesser demands for their products/services. They feel that they are less able to compete with similar enterprises in comparison to small and medium enterprises. They find it more difficult to fix prices of their products/services and understand customer's needs which may be the reason why customers of this category of enterprises bargain more. Also, in terms of location and return of customers for more business, micro enterprise respondents are the least satisfied group. Post hoc analysis using Bonferroni test showed that the significance is higher between micro and medium enterprises respondents as well as small and medium enterprise respondents in the case of being able to compete with similar enterprises. In the case of enterprise location and potential customers being able to locate the unit, the significance was found to be more pronounced between micro and small enterprise respondents.

### 5.5.3 Marketing Problems and Educational Qualification

One-way ANOVA was also used to test the significant difference in the means of the opinion regarding problems of marketing across the various educational groups. For doing this, the following generic null hypothesis is tested for all the twelve variables mentioned in Table 5.31:

$$H_0: \mu_{\text{None}} = \mu_{\text{HSLC}} = \mu_{\text{HSSLC}} = \mu_{\text{UG}} = \mu_{\text{PG\&Above}}$$

Here,  $\mu_{\text{None}}$  = Mean of opinion of the specific variable among respondents with no education;

$\mu_{\text{HSLC}}$  = Mean of opinion of the specific variable among respondents who studied upto HS;

$\mu_{\text{HSSLC}}$  = Mean of opinion of the specific variable among respondents who studied upto HSS;

$\mu_{\text{UG}}$  = Mean of opinion of the specific variable among respondents who are UG;

$\mu_{\text{PG\&Above}}$  = Mean of opinion of the specific variable among respondents who are PG & above.

**Table 5.31: One-way ANOVA for Response Regarding Marketing Problems across Educational Groups**

Sl. No	Problems	Mean					F-Value	ANOVA p-value
		None	HS	HSS	UG	PG & above		
1	Happy with product or service quality	4.00	4.09	4.04	4.27	5.00	18.659	.000
2	Sufficient demand for product/ service	2.85	3.33	3.40	3.53	4.09	4.594	.001
3	Product packaging does not affect sales	3.15	3.74	3.70	3.64	3.64	3.036	.017
4	Able to compete with similar enterprises	3.31	3.28	3.25	3.51	4.09	6.149	.000
5	Can understand customer needs	3.54	3.93	3.80	3.97	4.27	6.301	.000
6	Easy to fix prices of product/service	2.62	2.95	2.76	2.96	3.91	4.045	.003
7	Cost of transportation of raw material is reasonable	4.00	3.28	3.14	3.06	3.55	4.566	.001
8	Customers satisfied with goods/service provided	4.00	3.93	3.90	4.03	4.45	6.619	.000
9	Customers do not bargain	2.00	2.28	2.24	2.36	3.73	9.366	.000
10	Enterprise located at convenient location	2.62	3.70	3.55	3.65	4.09	6.992	.000
11	Potential customers can locate the enterprise	3.23	3.86	3.61	3.82	4.09	5.690	.000
12	Customers come back for more business	4.00	4.01	3.96	4.02	4.18	1.352	.249
<b>The <math>H_0</math> is rejected at <math>\alpha = .05</math></b>								

Source: Primary data

The result of the test is shown in table 5.31. Significant differences were found for eleven problems. Data shows that respondents belonging to PG & above are the most satisfied category in comparison to the other four. This category of respondents is the happiest with the quality of their product/service, demand, competition, location and is also able to satisfy their customers. On the other hand, respondents with no education are the least happy with their product/ service, find it most difficult to fix the prices and are also least satisfied with their enterprise location. Packaging affects this category the most which may be one of the reasons why the demand for their product/service is lesser compared to the other groups. Also customers of this category bargain a lot. With regard to cost of transportation, UG category respondents considers it the most problematic and no education category the least.

## 5.6: Labour Problems of MSMEs

Human resource is an integral part of any business enterprise and the availability of a skilled and well trained pool of labour is also necessary for the success of an enterprise. In order to understand the constraints faced with regard to labour, this section will deal with the issue. The first table 5.32 shows the number of employees at the beginning of the venture and has been categorised into permanent and temporary which has been further sub-divided into skilled and unskilled for both categories.

**Table 5.32: No. of Employees in the Beginning**

No. of Employee	Permanent employees		Temporary employees	
	Skill	Unskill	Skill	Unskill
<b>None</b>	126 (21)	341 (56.8)	532 (88.7)	511 (85.2)
<b>1-5</b>	461 (76.8)	231 (38.5)	66 (11)	61 (10.2)
<b>6-10</b>	12 (2)	23 (3.8)	2 (0.3)	23 (3.8)
<b>11-15</b>	1 (0.2)	5 (0.8)	--	5 (0.8)
<b>Total</b>	600	600	600	600

Source: Primary data

Note: Figures in brackets indicate the percentage share

From the above Table 5.32, when it comes to permanent unskilled employees and temporary skilled and unskilled employees, majority of the enterprise respondents did not have any at the beginning of the venture. 76.8 percent of the enterprises had permanent skilled employees in the range 1 to 5 at the beginning of the venture, 38.5 percent had permanent unskilled

employees in the same range. Only 2 percent employed permanent skilled employees in the range 6 to 10, and 3.8 percent unskilled in the same range. The percentage of units falling under the range 11 to 15 employees is just 0.2 percent and 0.8 percent for skilled and unskilled, respectively.

From the same Table 5.32, with regard to temporary employees, 11 percent of the enterprise respondents employed skilled labour in the range 1 to 5 and 10.2 percent unskilled in the same range. 0.3 percent skilled and 3.8 percent unskilled comes under the 11 to 15 employees range. Only 0.8 percent of enterprises employed in the range 11 to 15 unskilled labour.

Table 5.33 shows the number of employees currently employed by the enterprise respondents, which has also been categorised into permanent and temporary employees and further broken down into skilled and unskilled employees for both categories.

**Table 5.33: Current No. of Employees**

No. of Employee	Permanent employees		Temporary employees	
	Skill	Unskill	Skill	Unskill
<b>None</b>	107 (17.8)	317 (52.8)	496 (82.7)	505 (84.2)
<b>1-5</b>	405 (67.5)	243 (40.5)	104 (17.3)	56 (9.3)
<b>6-10</b>	76 (12.7)	29 (4.3)	-	29 (4.8)
<b>11-15</b>	6 (1)	8 (1.3)	-	8 (1.3)
<b>16-20</b>	1 (0.2)	1 (0.2)	-	2 (0.3)
<b>21-25</b>	3 (0.5)	-	-	-
<b>26-30</b>	2 (0.3)	-	-	-
<b>31-35</b>	-	2 (0.3)	-	-
<b>Total</b>	600	600	600	600

Source: Primary data

Note: Figures in brackets indicate the percentage share

Table 5.33 shows that with regard to permanent employees, under skilled labour, 67.5 percent of enterprise respondents employ around 1 to 5 numbers of labour while under the same category, unskilled labour percentage comes to 40.5 percent. 12.7 percent of enterprises

employ around 6 to 10 number of skilled labour while 4.3 percent employs unskilled labour in the bandwidth. The percentage of enterprises employing skilled as well as unskilled labour of more than 11 employees is very low. The table also shows that 17.8 percent and 52.8 percent of enterprises employ no skilled or unskilled labour, respectively.

From the same Table 5.33, with regard to temporary employees, majority of the enterprise respondents do not have any skilled or unskilled labour, 82.7 percent and 84.2 percent respectively. 17.3 percent and 9.3 percent of enterprises employed around 1 to 5 number of skilled and unskilled labour. 4.8 percent employed around 6 to 10 unskilled labour while the percentage share of enterprises employing labour above 11 is very low.

A comparison of Table 5.32 with Table 5.33 shows that there has been a slight decrease in the percentage of enterprises that did not employ any labour across all categories. The data also shows that there has been an increase in the percentage of units providing employment in the range 6 to 10 and 11 to 15 employees. Also we can see that in table 5.32, at the beginning of the venture, the highest number of employees fall under the range 11 to 15 which is raised to 26 to 30 employees in the table 5.33 which shows the current number.

The respondents were also asked the number of Naga employees working in their enterprise. Majority of the enterprise, forming 56.7 percent said that none of their employees were Nagas. Enterprises having around 1 to 5 Naga employees comprised 32.7 percent. 9.2 percent said that they had around 6 to 10 Nagas working in their enterprises. The percentage of enterprises employing more than 10 and upto 25 Naga employees formed only 1.4 percent.

Table 5.34 presents the descriptive statistics with the minimum and maximum values, mean and standard deviation. The responses were rated with the help of a 5-point likert scale. We can see that for variable number 1, 3 and 7, the minimum value is 2 while for variable 9, maximum value is 4. A comparison of the mean and standard deviation values shows that the responses are lies close to the mean value. When we look at the mean values, out of the nine variables, only two variables have a strong leaning towards negative response, namely problem in finding employees and difficulty in finding skilled labour.

**Table 5.34: Descriptive Statistics for Labour Problems (descending means)**

<b>Sl. No.</b>	<b>Variables</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Mean</b>	<b>Std. Deviation</b>
1	Employees are hardworking and sincere	2	5	3.86	.451
2	Employees are trained and skilled	1	5	3.46	.623
3	Employees are willing to work overtime when need arise	2	5	3.46	.758
4	Unskilled labour easily available	1	5	3.36	.857
5	Employees rarely absent	1	5	3.34	.820
6	Retaining labour not a problem	1	5	3.34	.835
7	Health problems of labour rarely arises	2	5	3.07	.625
8	No problem in finding employees	1	5	2.37	1.067
9	Skilled labour easily available	1	4	1.96	.811

Source: Primary data

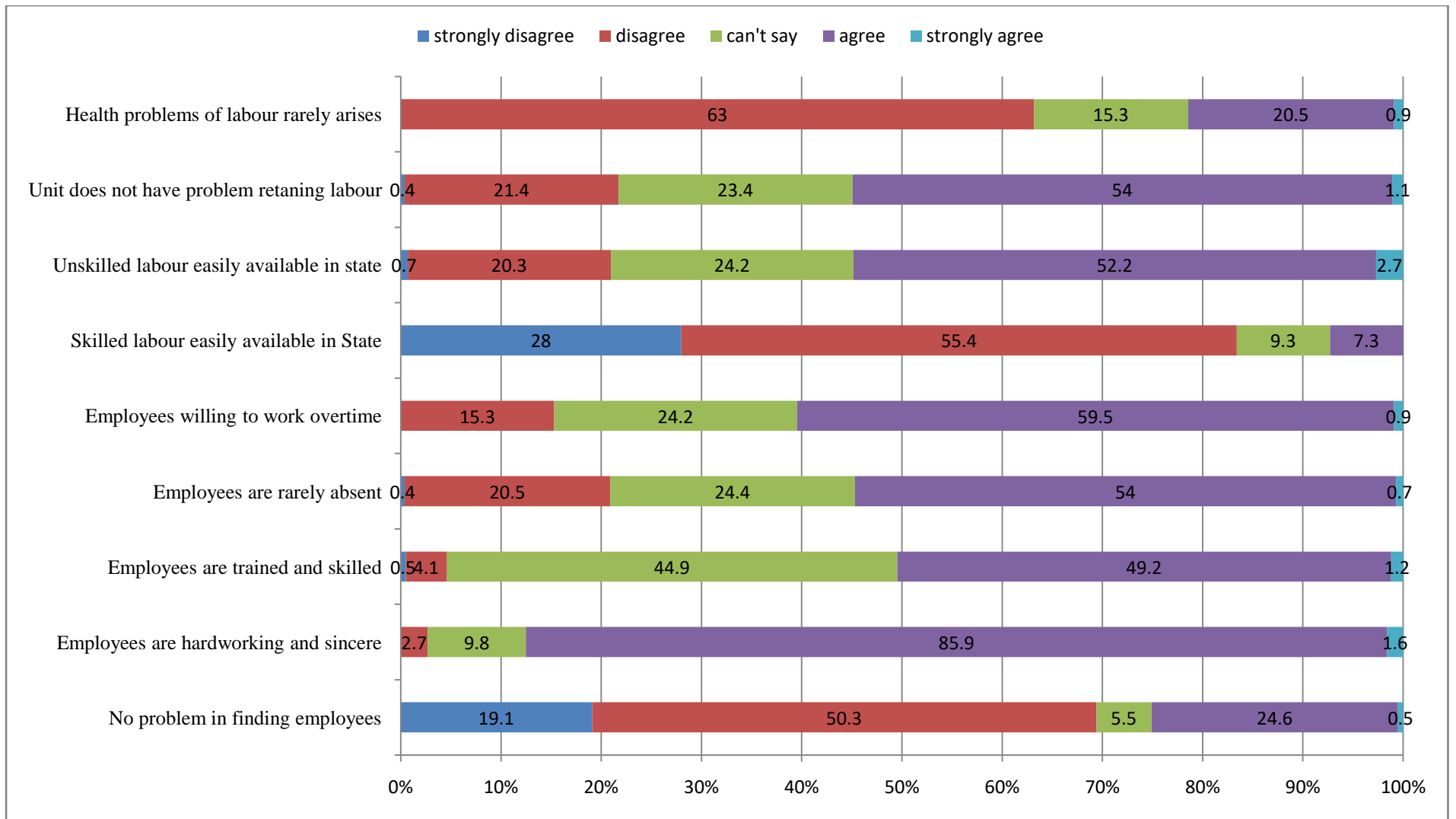
Note: N=560units

Thus, with the help of the data in Table 5.34, we can say that unavailability of skill labour, difficulty in finding labour at the start of business are considered the two major problems from enterprises in the State.

In Figure 5.10, we can see the diagrammatic representation of the responses of the enterprise owners regarding the various labour problems.



**Figure 5.10: Response Regarding Labour Problems**



### 5.6.1 Labour Problems and Gender:

Independent sample t-test was carried out to see if there is any significant difference between the means of the opinion regarding labour problems between male and female enterprise owners, is explained. For doing this, the following generic null hypothesis is tested for all the twelve variables mentioned in Table 5.35:

$$H_0: \mu_M = \mu_F$$

Here,  $\mu_M$  = Mean of opinion of the specific variable among male respondents;

$\mu_F$  = Mean of opinion of the specific variable among female respondents.

**Table 5.35: Independent t-test for Responses Regarding Labour Problems between the Genders**

Sl. No	Problems	Group	Mean Min-1 Max-5	t-test p-value
1	No problem in finding employees at start of business	Male	2.22	.000*
		Female	2.79	
2	Employees are hardworking and sincere	Male	3.84	.049*
		Female	3.93	
3	Employees are trained and skilled	Male	3.45	.362
		Female	3.51	
4	Employees rarely absent from work	Male	3.33	.417
		Female	3.39	
5	Employees are willing to work overtime when need arises	Male	3.47	.647
		Female	3.44	
6	Skilled labour easily available in Nagaland	Male	1.84	.000*
		Female	2.27	
7	Unskilled labour easily available in Nagaland	Male	3.36	.890
		Female	3.37	
8	No problem retaining labour	Male	3.23	.000*
		Female	3.63	
9	Health problems of labour rarely arises	Male	3.03	.029*
		Female	3.16	
<b>*The <math>H_0</math> is rejected at <math>\alpha = .05</math></b>				

Source: Primary data

Note: Male = 434, Females = 166

Table 5.35 presents the results of the test. Out of the nine problems identified, significant differences were found for five problems. When we compare the means of the two groups, we can observe that female respondents consider their employees to be more sincere and hardworking than the male respondents. Also, enterprises owned by female respondents face lesser problems with regard to labour retention as well as labour health problems. On the

other hand, male respondents face more problems in finding employees at the start of business and they are more critical about the availability of skill labour in Nagaland.

### 5.6.2 Labour Problems and Type of Enterprise:

One-way ANOVA was carried out to see if there is any significant difference in the means of the opinion regarding labour problems across micro, small and medium enterprises. For doing this, the following generic null hypothesis is tested for all the twelve variables mentioned in Table 5.36:

$$H_0: \mu_{\text{Micro}} = \mu_{\text{Small}} = \mu_{\text{Medium}}$$

Here,  $\mu_{\text{Micro}}$  = Mean of opinion of the specific variable among micro enterprise respondents;

$M_{\text{Small}}$  = Mean of opinion of the specific variable among small enterprise respondents;

$M_{\text{Medium}}$  = Mean of opinion of the specific variable among medium enterprise respondents.

**Table 5.36: ANOVA for Response Regarding Labour Problems across the Type of Enterprise**

Sl. No	Problems	Mean			F-Value	ANOVA p-value
		Micro	Small	Medium		
1	No problem in finding employees	2.44	1.93	2.33	7.502	.001*
2	Employees are hardworking and sincere	3.86	3.92	4.00	.810	.446
3	Employees are trained and skilled	3.48	3.37	3.33	1.024	.360
4	Employees rarely absent from work	3.33	3.37	4.33	2.301	.101**
5	Employees willing to work overtime	3.49	3.23	3.67	4.228	.015*
6	Skilled labour easily found in Nagaland	2.01	1.67	1.67	5.929	.003*
7	Unskilled labour easily found in Nagaland	3.39	3.13	3.67	3.163	.043*
8	No problem in labour retention	3.35	3.28	3.00	.492	.612
9	Labour health problems rarely arise	3.08	3.03	3.00	.226	.798
<p>*The <math>H_0</math> is rejected at <math>\alpha = .05</math>  **The <math>H_0</math> is rejected at <math>\alpha = .10</math></p>						

Source: Primary data

Note: Micro=522; Small=75; Medium=3

Table 5.36 presents the results of the test. Out of the nine problems identified, significant differences were found for five problems. The data shows that with regard to ease in finding employees at the start of business, small enterprise respondents found it most difficult, followed by medium and micro enterprise respondents, respectively. The problem of availability of skill labour affects the whole sector but its effect is more pronounced for small and medium enterprise respondents. With regard to employee absenteeism, micro and small enterprise respondents had more problems as compared to medium enterprise respondents. The data also shows that employees of medium and micro enterprise respondents are more willing to work overtime than employees of small enterprise respondents and small enterprise respondents have more difficulty in finding unskilled labour. Post Hoc analysis using Bonferroni test showed, except in the case of employee absenteeism, the difference is more pronounced between micro and small enterprise respondents for the other four problems. The significant difference is lesser between micro and medium enterprise respondents as well as between small and medium enterprise respondents.

### 5.2.3 Labour Problems and Educational Qualification

One-way ANOVA was also carried out to find if there is any significant difference in the means of the opinions regarding labour problems across various educational groups. For doing this, the following generic null hypothesis is tested for all the twelve variables mentioned in Table 5.37:

$$H_0: \mu_{\text{None}} = \mu_{\text{HSLC}} = \mu_{\text{HSSLC}} = \mu_{\text{UG}} = \mu_{\text{PG\&Above}}$$

Here,  $\mu_{\text{None}}$  = Mean of opinion of the specific variable among respondents with no education;

$\mu_{\text{HSLC}}$  = Mean of opinion of the specific variable among respondents who studied upto HS;

$\mu_{\text{HSSLC}}$  = Mean of opinion of the specific variable among respondents who studied upto HSS;

$\mu_{\text{UG}}$  = Mean of opinion of the specific variable among respondents who are UG;

$\mu_{\text{PG\&Above}}$  = Mean of opinion of the specific variable among respondents who are PG & above.

**Table 5.37: One-way ANOVA for Response Regarding Labour Problems across Educational Groups**

Sl. No	Problems	Mean					F-Value	ANOVA <i>p</i> -value
		None	HS	HSS	UG	PG & above		
1	No problem in finding employees	2.15	2.47	2.30	2.38	2.36	.739	.566
2	Employees are hardworking and sincere	4.00	3.83	3.86	3.89	4.09	1.348	.251
3	Employees are trained and skilled	3.69	3.40	3.51	3.43	3.91	2.736	.028
4	Employees rarely absent from work	3.69	3.14	3.30	3.56	4.09	8.834	.000
5	Employees willing to work overtime	3.23	3.42	3.43	3.53	3.91	1.827	.122
6	Skilled labour easily found in Nagaland	1.77	2.06	2.00	1.79	2.18	2.861	.023
7	Unskilled labour easily found in Nagaland	2.46	3.42	3.30	3.47	3.09	5.028	.001
8	No problem in labour retention	3.85	3.15	3.36	3.49	3.45	4.947	.001
9	Labour health problems rarely arise	3.69	3.10	2.93	3.12	3.73	9.716	.000
<b>The H<sub>0</sub> is rejected at <math>\alpha = .05</math></b>								

Source: Primary data

Table 5.37 shows the result of the test. Significant differences were found in the case of six problems. The data shows that employees of PG & above category respondents are considered the most hardworking as well as skilled and HS, the least. Availability of skilled as well as unskilled labour is considered a major problem by respondents with no education in comparison to the other groups. The problem of labour retention affects respondents who have studied till HS the most and UG the least. Labour health problems affects HSS respondents the most and PG & above the least.

## 5.7 General Information

This section will deal with the additional information generated from the respondents. Table 5.38 shows the descriptive statistic data with regard to approximate monthly expenditure and sales of the enterprise. Here we can see that in case of minimum expenditure, the lowest value is Rs. 100 while the highest is Rs. 2,00,000, with the mean value being Rs. 41,500.51. In case of maximum expenditure, lowest value is ₹600 and highest is Rs. 6,50,000 with the

mean value being Rs. 83,785.33. The value of median and mode in both cases is lower than the mean value indicating the presence of larger number of lower values. However, the value of standard deviation in both cases is lower than the mean indicating that the average monthly minimum expenditure and average monthly maximum expenditure lies near the mean value.

From the same Table 5.38, when we look at the minimum sales row, we see that the lowest value is Rs. 200 and the highest is Rs. 5,00,000 with the mean value being Rs. 69,925.21. In case of maximum sales, the lowest value is Rs. 1,000 and Rs. 7,50,000 with the mean value being Rs. 1,51,934.17. The value of median and mode is again lower than the mean value indicating that there may be a larger number of lower amounts. When we compare the value of standard deviation with the mean value, in case of average monthly minimum sales, standard deviation has a higher value than mean indicating that the values in this case are distributed further away from the mean value. In case of maximum monthly average sales, the value of standard deviation is lower than the mean value indicating that the amount lies nearer to the mean value.

**Table 5.38: Approximate Monthly Expenditure and Sales (in Rupees)**

Variable	Mean	Median	Mode	Std. Deviation	Min	Max
<b>Min. Expenditure</b>	41500.51	30000	30000	36891.68	100	200000
<b>Max. Expenditure</b>	83785.33	50000	40000	82141.95	600	650000
<b>Min. Sales</b>	69925.21	50000	50000	81974.67	200	500000
<b>Max. Sales</b>	151934.17	100000	100000	139279.06	1000	750000

Source: Primary data

The respondents were also asked if they receive any kind of assistance from the Government in the form of subsidy to which 96 percent said no and 4 percent said yes. The data is shown in Table 5.39.

**Table 5.39: Assistance from Government**

Response	Micro	Small	Medium	Total
<b>Yes</b>	19 (3.2)	4 (0.7)	1 (0.2)	<b>24</b> <b>(4)</b>
<b>No</b>	503 (83.8)	71 (11.8)	2 (0.3)	<b>576</b> <b>(96)</b>
<b>Total</b>	522	75	3	<b>600</b> <b>(100)</b>

Source: Primary data

Note: Figures in brackets indicate the percentage share

Respondents who answered ‘yes’ were further asked if they had faced any problems while applying for the subsidy to which out of 24 respondents, 20 said that they had faced some problems such as long waiting period to receive the subsidy, unhelpful government officials as well as long procedure, had to spend around Rs. 30,000 before receiving the subsidy and amount received for 2 years but none for the remaining 3 years.

Respondents who answered that they were not receiving any subsidy were also asked if they had applied for any. Out of which 33.5 percent of them said that they had applied for some kind of benefit, while majority of the respondents, 66.5 percent, said that they had not. The response garnered is shown in table 5.40.

**Table 5.40: If No, Applied for any benefits?**

<b>Response</b>	<b>Micro</b>	<b>Small</b>	<b>Medium</b>	<b>Total</b>
<b>Yes</b>	161 (28.2)	30 (5.3)	0	<b>191</b> <b>(33.5)</b>
<b>No</b>	336 (58.9)	41 (7.2)	2 (0.4)	<b>379</b> <b>(66.5)</b>
<b>Total</b>	<b>497</b> <b>(87.2)</b>	<b>71</b> <b>(12.5)</b>	<b>2</b> <b>(0.4)</b>	<b>570</b> <b>(100)</b>

Source: Primary data

Note: Figures in brackets indicate the percentage share

The respondents were also asked if they were satisfied, in general, with the facilities/programmes offered by the Government for upcoming as well as already existing enterprises. Majority of the response, 52.7 percent fell into the ‘can’t say’ category, 27.3 percent answered that they were ‘dissatisfied’, 10.8 percent said that they were ‘very dissatisfied’, 8.3 percent answered that they were ‘satisfied’ and only 0.8 percent said that they were ‘very satisfied’. Table 5.41 shows the response received.

**Table 5.41: Satisfied with Government Facilities/ Programmes**

<b>Response</b>	<b>Micro</b>	<b>Small</b>	<b>Medium</b>	<b>Total</b>
<b>Very dissatisfied</b>	56 (9.3)	8 (1.3)	1 (0.2)	<b>65</b> <b>(10.8)</b>
<b>Dissatisfied</b>	124 (20.7)	39 (6.5)	1 (0.2)	<b>164</b> <b>(27.3)</b>
<b>Can’t say</b>	293 (48.8)	22 (3.7)	1 (0.2)	<b>316</b> <b>(52.7)</b>
<b>Satisfied</b>	44 (7.3)	6 (1)	0	<b>50</b> <b>(8.3)</b>
<b>Very satisfied</b>	5 (0.8)	0	0	<b>5</b> <b>(0.8)</b>
<b>Total</b>	<b>522</b>	<b>75</b>	<b>3</b>	<b>600</b>

Source: Primary data

Note: Figures in brackets indicate the percentage share

In Table 5.42 shows data regarding how the units would rate the financial stability of their enterprise. A 5-point likert scale was used where, 1 being very weak and 5 meant very stable. Majority of the units, comprising of 63.8 percent said that they considered the financial stability of their enterprise to be stable, 24.5 answered can't say, 10.7 percent said unstable, 0.7 percent said very weak and only 0.3 percent said that their financial stability is very stable.

**Table 5.42: Financial Stability of Enterprise**

<b>Response</b>	<b>Micro</b>	<b>Small</b>	<b>Medium</b>	<b>Total</b>
<b>Very weak</b>	4 (0.7%)	0	0	<b>4</b> <b>(0.7%)</b>
<b>Weak</b>	57 (9.5%)	7 (1.2%)	0	<b>64</b> <b>(10.7%)</b>
<b>Can't say</b>	134 (22.3%)	13 (2.2%)	0	<b>147</b> <b>(24.5%)</b>
<b>Stable</b>	326 (54.3%)	54 (9%)	3 (0.5%)	<b>383</b> <b>(63.8%)</b>
<b>Very stable</b>	1 (0.2%)	1 (0.2%)	0	<b>2</b> <b>(0.3%)</b>

Source: Primary data

Note: Figures in brackets indicate the percentage share

In Table 5.43, respondents were asked to rate the success of their units, wherein, 64 percent said that they considered their enterprise to be successful, 32.8 percent answered can't say, 2.5 percent said they considered it unsuccessful and 0.7 percent said very successful.

**Table 5.43: Rate of Success of Enterprise**

<b>Response</b>	<b>Micro</b>	<b>Small</b>	<b>Medium</b>	<b>Total</b>
<b>Unsuccessful</b>	15 (2.5%)	0	0	<b>15</b> <b>(2.5%)</b>
<b>Can't say</b>	185 (30.8%)	12 (2%)	0	<b>197</b> <b>(32.8%)</b>
<b>Successful</b>	319 (53.2%)	62 (10.3%)	3 (0.5%)	<b>384</b> <b>(64%)</b>
<b>Very successful</b>	3 (0.5%)	1 (0.2%)	0	<b>4</b> <b>(0.7%)</b>

Source: Primary data

Note: Figures in brackets indicate the percentage share

Table 5.44 contains the response generated to the query if respondents would consider quitting their businesses if they were offered a better job opportunity. Encouraging to say, majority of the respondents forming 84.2 percent said that they would not quit their



businesses. 10.8 percent said that they could not decide and that it would be based on what kind of job it was. 5 percent said that they would quit it if they found a better option.

**Table 5.44: Given a Better Job Opportunity will you Quit your Business**

<b>Response</b>	<b>Micro</b>	<b>Small</b>	<b>Medium</b>	<b>Total</b>
<b>Definitely no</b>	138	28	2	<b>168 (28%)</b>
<b>No</b>	291	45	1	<b>337 (56.2%)</b>
<b>Can't say</b>	63	2	0	<b>65 (10.8%)</b>
<b>Yes</b>	25	0	0	<b>25 (4.2%)</b>
<b>Definitely yes</b>	5	0	0	<b>5 (0.8%)</b>

Source: Primary data

Note: Figures in brackets indicate the percentage share

Lastly, the respondents were also asked if they had any plans for expansion of business. The results are shown in table 5.45, from which we can see that majority of the respondents, 68.1 percent, had the intention for business expansion while 31.9 percent said that they had no plans.

**Table 5.45: Business Expansion Plan**

<b>Response</b>	<b>Micro</b>	<b>Small</b>	<b>Medium</b>	<b>Total</b>
<b>Yes</b>	347 (58)	57 (9.5)	3 (0.5)	<b>407 (68.1)</b>
<b>No</b>	173 (28.9)	18 (12.5)	0	<b>191 (31.9)</b>

Source: Primary data

Note: Figures in brackets indicate the percentage share

## **5.8 Prospects of MSMEs in the State**

The findings in the above sections shows that despite livelihood being the major reason for most of the respondents for starting their venture (section 5.2), and problems hindering the enterprises (section 5.3 to section 5.6), majority of the respondents are optimistic about their enterprise (section 5.7). Most of them consider their enterprise to be a successful venture, opting to continue with it even if they are given a better job offer. Also maximum number of them have plans for further expansion of their business. This goes to show that MSMEs are not a temporary solution until better job prospects are found but a permanent solution for the growth and development of not only the individual but also the society as a whole.