

PROJECT REPORT ON

A BRIEF STUDY ON CHALLENGES TO

ENTREPRENEURSHIP DEVELOPMENT IN

KOHIMA

*Project report submitted to Nagaland University in partial fulfilment
for the award of the degree of Bachelor of Commerce*

SHONIU P



Department of Commerce

KOHIMA COLLEGE

Kohima 797001

Kohima

DEPARTMENT OF COMMERCE
KOHIMA COLLEGE
KOHIMA-797001
NAGALAND

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DECLARATION

I declare that the project report entitled “A BRIEF STUDY ON CHALLENGES TO ENTREPRENEURSHIP DEVELOPMENT IN KOHIMA ” submitted by me for the award of the degree of Bachelor of Commerce of Nagaland University is my own work. The project report has not been submitted for any other degree of this University or any other university.

SHONIU P

CERTIFICATE

We recommend that this project report be placed before the examiners for evaluation.

AKONO PHIRA
H.O.D., Department of Commerce

NGIPLON RACHEL CHOHWANGLIM
Supervisor

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In the present world of competition there is a race of existence in which those are having will to come forward succeed. Project is like a bridge between theoretical and practical working. With this willing I joined this particular project.

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CHAPTER 1

1.1 INTRODUCTION

The potential resources of the state have to be organized or an organization in order to have an effective way of industrial or state development.

Entrepreneur play a vital role in the state depending upon the various aspects of the personality of the entrepreneur. An entrepreneur should maintain a balance between the environment and the society and also should be ready to accept any challenges faced on his way. Entrepreneur has emerged as the best strategy to empower historically disadvantaged sections of the population. They must take up the task to exploit the natural resources of the state and tap into all potential areas. The evolving entrepreneurial scenario has necessitated a qualitative study into the present situation. Hence this study has been done for the entire town of Kohima in general to analysis the different socio economic characters of the entrepreneurs and their enterprises. The entrepreneurial method's capability to increase human potentiality by creating novel solutions for unmet needs through innovation is salient to social enterprise executive and theorists. Social enterprises only exist to meet the unmet, often very basic, needs of beneficiary segments, but are often limited in goal achievement due to significant budgetary constraints. Effectuation in a social enterprise context can best be understand using a thought experiment.

1.2 DEFINITION

An entrepreneur is an individual who creates a new business, bearing most of the risk and enjoy most of the rewards. The entrepreneur is commonly seen as an innovator, a source of new ideas services and business or procedures. The process of setting up a business is known as entrepreneurship. Entrepreneurs plays a key role in any economy, using the skills and initiative necessary to anticipate needs and bringing good new ideas to market. Entrepreneurship that proves to be successful in taking on the risk of creating a start-up is rewarded with profits, fame, and continued growth opportunities.

1.3 **Review of literature**

In the present day society, plays a very important role in determining the growth and development of the region. They must take up the challenge and task to meet the requirements of the customer.

Entrepreneurship has become one of the most dynamic forces in the economy. The successful entrepreneurship tends to be a visionary, competent, independent, action-oriented, passionate, confident and virtuous person who uses reason to focus on reality in the efforts to attain the goals.

Hence, the entrepreneurs face many challenges while starting their business. It includes financial related problems, government related problems, production and labour related problems. Research also suggested that the primary source of findings for entrepreneurs has been through family loans, personal savings and credit cards. While interacting with local entrepreneurs in Kohima it was revealed that majority of them faced financial and infrastructure problems.

The study concluded that the small business entrepreneurs should collaborate with each other and sort out the various problems faced by them. The emphasis should be on improving entrepreneurial skills and on learning the skill as an ongoing process rather than traditional learning. Individual, social and environmental factors all have direct bearing to entrepreneurial process, its motivation, innovation, continuity and expansion.

1.4 **OBJECTIVE OF THE STUDY**

- a) To study the current challenges faced by the entrepreneurs in Kohima
- b) To analyse the problems faced by the entrepreneurs in the town(case study)

1.4.1. Challenges of entrepreneurs in Kohima:

Kohima is industrially backward even though it's rich in resources. The entrepreneurs in Kohima mainly face the following challenges –

- a) **Water:**with the increasing population in Kohima there is a rise in the scarcity of water. In order to set up an enterprise one needs to have sufficient water for the proper maintenance of the enterprise and to be more hygiene as well. One may be able to find a land where he/she can set up an enterprise but the non-availability of water stops them setting up an enterprise.
- b) **Finance:** Finance is also one the main challenge, as in a business finance act as the blood or oxygen. Though there are many financial institutions available, they cannot take loans because of some reason or the other like rate of interest is quite high which effects the viability of the business or enterprise and sometimes loans may not be sanctioned in time which cause the delay of the work.
- c) **Payment of tax:**A tax is paid by the entrepreneurs to the government and different unions, which makes double payment of tax. In Kohima, taxes are paid to different organizations and also the insurgent groups of naga. Payment of double taxes affects the viability of the profit of the enterprise.
- d) **Transportation:** The network of transportation and communication is very inadequate as Kohima don't have any connection with railways and airways. They mostly face transportation problem because there is no adequate transporting facilities, where they have to take risk in importing or exporting the product. With the inadequacy of transporting facilities, it restrains the entrepreneurial initiative.
- e) **Raw materials:** The availability of raw materials depends on the type of enterprise. For some like coffee shop it's quite easy to get the raw materials because they do self cultivation and for some like hardware store, they have to import from other districts or states which becomes more difficult for them to get raw materials on the required time at a reasonable rates or cost.
- f) **Competition:**The fresh entrepreneurs have to compete with the other existing enterprise. This competition arises due to the low level of demand of similar goods. Competition from other entrepreneurs dealing with similar products also affects the local demands as it reduces the potential customers.

- g) Power supply: Availability of adequate and regular supply of power is essential for the smooth functioning of enterprise. Power supply in the town is inadequate for an enterprise where it needs more power supply as it is not stable and is of low quality and sometimes power supply tends to be cut off because of rain or wind as Kohima is a pluvial place.
- h) Manpower: All enterprises need skilled and appropriate manpower for the uninterrupted production. It is impossible to find the appropriate employee for the specific work. Manpower is the pillar of every productive activity. However, units belonging to food products, furniture, ferrous and non-ferrous category face the problem of non-availability of skilled workers.

1.4.2. Analysis of problems faced by entrepreneurs (case study) :

Majority of the entrepreneurs under the survey were running small enterprises with only few employees, mostly from relatives. In our Naga society, it was found that the approval and support of the family is very essential in pursuing any career. Peer pressure, opinions of extended clan members, and traditional values are other problems faced by an entrepreneur personally and in the society at large. The study has identified the challenges which are faced by entrepreneurs in starting their enterprise and in sustaining them.

The study reveals that majority of entrepreneurs had financial worries at one time or the other. It was the single foremost problem faced by new entrepreneurs and old entrepreneurs alike. Even with the presence of banking and financial institutions which can advance loans, the actual number of entrepreneurs who have benefited from them was very low. The reason for this was because financial institutions, in the past, had advanced loans to many entrepreneurs, who have availed of the schemes and facilities for the money grant only and failed to set up their enterprises. The prevalence of such cases had made the financial institutions wary of other genuine entrepreneurs and subsequently, many deserving persons had to suffer.

Power problem was low because most of the units under the study were in the service sector and power requirement was very minimal. Only a few production units such as stone quarries or cold storage units needed more power supply.

In an enterprise, the entrepreneur needs manpower for the productive activity of the enterprise. As entrepreneurs find difficulty in finding an appropriate employee for the specific job, they trained the unskilled labour to work for a particular job or work which was very challenging for the entrepreneur.

In the urban areas, non-availability of land is another major problem. Many entrepreneurs are unable to obtain good site for setting up their enterprise enterprises besides the available location of rent quite high, which usually involves advance payment. An enterprise in a good location is important as it determines the earnings of entrepreneurs.

All the problems are dynamic issues and needs to be periodically monitored. The new entrepreneurs also have to deal with the challenges faced relating to finance, poor infrastructure etc.

The study found that proper market channels are yet to be established for many of the local products. The present scenario is one where the entrepreneurs are just able to meet the needs of the local area since the production and volume of the enterprises are in small scale only. To expand further, they need more space. Marketing problem is not so severe under the present situation for most small scale units but those wanting to go for expansion of their products are facing this problem.

1.5 Research method

The nature of the data includes both primary and secondary data. Primary data is personal interviews with the proprietor or manager and employees of the enterprises. The secondary data has been collected from the review of past researches. Information has also been collected from handbooks and internet.

Chapter 2

2.1 Profile of entrepreneurs

In this section attempts has been made to study the perception of the entrepreneurs about the challenges faced by them and for the same purpose an interview was done with 15-20 proprietors in Kohima town.

The parameters taken for the study are given as follows:

- a) Types of entrepreneurs: It comprises of two types of entrepreneurs first generation entrepreneurs and second generation entrepreneurs. First generation entrepreneurs are those whose family occupation had been either agriculture or service. The entrepreneurs having business background has been considered as second generation entrepreneurs.
- b) Age of entrepreneurs: The age of entrepreneurs from the sample have been grouped into 4 categories viz., below 25 years, 25-35 years, 35-45 years and 45-55 years. The number of entrepreneurs is the highest in the age groups 25-35 years followed by 45-55 years and 35-45 years.
- c) Educational qualification: The educational background of the entrepreneurs has been categorized as below matric, HSLC pass, HSSLC pass, graduate, post graduate and others. The study has found the number of graduate's entrepreneurs is the highest followed by HSSLC pass respectively.
- d) Source of finance and investment : Besides the personal money invested by the entrepreneur, borrowing from friends and relatives, loans and advances from banks and other financial institutions, trade or supplier credit, and equity financing are the common source of finance.
- e) Employment generation: From the total 20 interviewed , the total employment was below 30. Most of the entrepreneurs interviewed are tiny and small scale units employing less than 5 employees each.
- f) Motivational factor: The most important Motivational factor for the entrepreneurs was to earn money followed by self independence, self motivation, to utilize own skills, motivation by family and influence of other successful entrepreneurs.

2.2 Research finding

There is a need to gradually and simultaneously instil the new work culture and entrepreneurial spirit in the people. A successful entrepreneurship environment is the function of a number of factors working together. Some Important factors towards entrepreneurial career are individual motivation, socio-cultural factors and business environment. Motivation is influenced by the need for independence, family background, market opportunity new idea and challenge.

- a) Most half of the entrepreneurs interviewed were self financed, while other major sources included banks and NGOs and state financial corporations or institutions.
- b) Almost all of the entrepreneurs considered skill shortages in recruitment to be a problem of average importance. More than a third of the entrepreneurs faced problems in accessing as well as retaining employees.
- c) Most of the entrepreneurs did not experience any difficulty while seeking statutory clearances and licenses. A major hurdle was in accessing reliable information on registration procedures, finance and other schemes.
- d) Most of the entrepreneurs claimed that the paucity of quality infrastructure, especially transportation and power was a critical barrier.
- e) Majority of entrepreneurs believed that education is a critical success factor. Education is a key trigger to evoke entrepreneurial inclinations.
- f) Most if the entrepreneurs who approached banks have received bank finance. Yet there is a widely held perception among entrepreneurs that it is very difficult to get bank loans at the start up stage while becoming comparatively easier at the growth stage.

Chapter 3

3.1. Conclusion

For entrepreneurship to develop, the individual's role is crucial. He or she has to take the decision to get self employed rather than scout for job. Such a person needs to possess intuition, vision, optimism, dynamism and determination. Decision has to be made on the type of activity to be undertaken or the identification of the proposed project, size of the project, location, and preparation of technical feasibility report, financial viability and arrangement of finance.

- a) Development of infrastructure facilities: Development of transportation and communication and power sector should be emphasised. Foreign investors can be invited to invest in promoting new power project and a private partnership model can be adopted.
- b) Government policy support: State Industrial Policy or Government Policy should provide active support for the promotion of new industries as well as for the expansion of the existing enterprise.
- c) Government assistance such as trainings, loans, subsidies and marketing support to entrepreneurs through different programmes and schemes needs to be honestly implemented so that the targeted groups are benefitted.
- d) The financial institutions should frame a more friendly financial policy especially for granting loans to entrepreneurs
- e) The government department should also rightly identify the genuine entrepreneurs while granting the various self employment development

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