

CHAPTER 6

CONCLUSION

Inferences and interpretations drawn based on the analysis of secondary and primary data are summarised in this chapter. The chapter has been divided into two sections. In the first section, main findings of the study are recapitulated. The overall conclusion and policy implications based on the findings of the study are outlined in the second section.

6.1. Recapitulation of Principal Findings

There is significant contribution of the micro, small and medium enterprise (MSME) sector in the Indian economy. It is playing a crucial role in terms of contributing to the gross domestic product (GDP), manufacturing output, employment and export of the country. However, compared to its performance at the national level, the MSME sector in Assam is lagging behind. According to the 4th MSME Census, the enterprises in the MSME sector in Assam accounts for a mere 1.12 per cent of the total enterprises of the country. Similarly, the percentage of employment in the micro enterprise sector in Assam is 1.76 percent of the all India total. The registered MSMEs have generated 2.11 lakh employment while the unregistered MSMEs have generated 4.48 lakh employment. The participation of women in micro enterprise sector in Assam is not encouraging. In fact, only 9.61 per cent of the enterprises are owned by women in the State which is less than the national level figure of 10.69 per cent. Similarly, the incidence of sickness of the MSME sector in Assam at 35.1 per cent is higher than the national statistics of 29.81 per cent.

The prime focus of interest of the present study has been to investigate the role of socio-economic and strategic factors in the growth of rural micro enterprises in Assam. The study reveals that the socio-economic factors do not have significant influence on the growth of rural micro enterprises. As against, the strategic factors have been found to have significant influence on the growth of rural micro enterprises in the State. Therefore the strategic orientation towards product diversification in the State can aid the growth of the rural micro enterprise sector. In the light of the focus provided on the rural manufacturing sector in recent policy initiatives, along with creating conducive environment for micro enterprise growth, there should be sufficient emphasis on strategic approaches like market oriented product and design diversification strategy in order to achieve sustainable growth of the rural micro enterprise sector in the State.

Yet another important aspect related to the growth of the micro enterprises is the relationship between performance efficiency and growth of the micro enterprises. The findings of the study reveal that by improving production performance efficiency in terms of manpower, time and cost, enhancement in the growth of rural micro enterprises can be achieved. Therefore, efforts towards enhancing manpower, time and cost efficiency can help in achieving improved growth and performance of the rural micro enterprises.

Another important finding based on value chain analysis in the study is that a major portion of the production cost in the rural micro enterprises is owing to human resources and raw material inputs while the spending on technology and market promotion activities is limited. However, the steps towards infusing technology and promoting market linkages, and enhancing product design and development can help in improving competitiveness of the micro enterprise sector.

The specific challenge faced by the different micro enterprise sector is one of the major objectives of the study. It is observed that access to finance is the

biggest problem faced by the micro enterprises followed by production, raw materials, marketing, technology, product development and energy supply related problems.

In case of the cane and bamboo sector, as viewed by the entrepreneurs, lack of access to institutional credit, high cost of raw material and lack of skilled manpower are the major challenges. While in the case of the food processing sector, lack of knowledge in quality management and preservation techniques, lack of ability to compete with the established brands and problem of licensing are the major hurdles faced. The micro enterprises in the carpentry sector face challenges of erratic power supply, accessing of institutional credit and retaining of workforce. The handloom sector again faces major challenges in accessing raw material, product design and diversification and outdated looms and accessories.

So far as exploration of the status of growth of rural micro enterprises is concerned, majority of the micro enterprises have been from the low growth category with only three per cent of them falling in the high growth category. This shows the laggard growth status of the rural micro enterprises in the State. A similar trend is observed in the status of performance efficiency too.

Among the motivational factors, urges for higher income and better future have motivated the entrepreneurs to start their own venture. Unemployment and job dissatisfaction also have pushed a significant number of the proprietors to come up with their own enterprise.

Local and intra state markets are still the major markets for the rural micro enterprises of the State with a minimum access to national and no access to international markets. Further, marketing through hawkers/ agents is the major marketing channel of the micro enterprises with minimum presence of the institutional buyers.

Self finance is still the major source of finance across rural micro enterprises in Assam. While the role of institutional finance as a source of investment is found to be a mere 15 per cent.

The micro enterprise sector is generating significant employment especially for the skilled and semi-skilled manpower. However, the average monthly production and income of the sector is not encouraging.

6.2. Conclusion and Policy Implication

Some of the findings of the study bear important policy implications. It is evident from the empirical results of the study that different categories of manufacturing activities come across challenges of different priorities. In order to address these challenges, sector specific intervention frameworks are needed targeting the exact problems of the sector rather than prescribing generic explication. Further, in addition to creating conducive and enabling environment, any policy initiative for augmenting the micro enterprise sector can categorically focus on the sector specific requirements of the entrepreneurs. In fact, it is observed that hardly any thoughtful emphasis has been given on addressing the high priority challenges of the entrepreneurs of the State such as problems related to raw materials and production. Again, despite having multiple policy measures, the problem of access to institutional credit is still the biggest challenge for the entrepreneurs. Thus, along with framing sector specific strategies, there is a need to relook into the effectiveness and delivery mechanism of the existing support system and if need be, necessary restructuring should be carried out to make the system entrepreneur friendly. It would act as a motivating factor for the entrepreneurs, who can then devote more time, energy and resources in ensuring growth, innovation and competitiveness of their product line.

In order to enhance the laggard growth of the rural micro enterprises in Assam in the line of the findings of the study, emphasis may be given on strategic

orientation in the form of product and design diversification. This can help the micro enterprises in achieving competitiveness and adaptability in a dynamic market environment. Therefore, strategic orientation in the form of market oriented product diversification can be an integral component of policy initiatives for micro enterprise promotion in rural areas in order to enhance sustainability and competitiveness of the rural manufacturing sector along with reducing the high degree of micro enterprise sickness in the State. Policy towards focused skill development initiative, and product and design development initiatives can help in improving the growth of the sector.

As the role of institutional marketing initiatives is found lacking in Assam, enterprise specific institutional market promotion measures can help in promotion of demand pull price discovery and export. Further, institutional finance still being a far cry for the micro enterprises, creating an environment of easy access to institutional capital can aid the growth of the micro enterprise sector in the State.

Further, as the study reveals the importance of enhancing performance efficiency for accelerated growth of the micro enterprises, focused measures for enhancing performance of the micro enterprises in terms of manpower, time and cost efficiency as a policy measure can lead to enhanced growth of the micro enterprises.