Preparedness Of Tripura For Entrepreneurial Activities : An Appraisal With Regard To Entrepreneurial Framework Conditions

*** Subrata Debnath**

INTRODUCTION

Human development and the development of mankind in whatsoever form are basically caused by the sprit of enterprise or entrepreneurship in general. The association between the attributes of entrepreneurship and economic development is much closer. In fact, the relationship between entrepreneurship and economic development is similar to the relationship between the cause and effect. As such, there is no denying the fact that it is the entrepreneur who is the prime mover of economic development of any country on the one hand, and turns the challenges into opportunities for creating new sources of income and employment opportunity, on the other hand. Virtually, the number, diversity in numbers and quality of entrepreneurs as a whole speak about the level of socio- economic development of a country in general or of any of its regions in particular. The entrepreneurship development scenario in the north - eastern region of India as a whole is still very much gloomy. Despite being endowed with huge natural resources as well as potential human resources and consistent efforts of the Government for development of entrepreneurs, the desired numbers of enterprises are not coming up over the years. In Tripura, both the Central Government and the State Government through various promotional agencies are trying to promote entrepreneurial activities by conducting Entrepreneurship Development Programmes (EDPs) on a regular basis. However, statistics reveal that the success rate of such EDPs are not at all encouraging. In a study on EDPs in north - eastern states, it has been observed that the success rate of EDPs in Tripura is only 13.2% (Table 1); which is lowest among the north - eastern states (Baruah, Sarma, and Mali, 1996).

Table 1: State - Wise Number of Achievers In Relation To Respondents And Total Trainees

STATE	Total of Trainees	Respondents		Total Respondents	Achievers		Total No. Of Achievers	Percentage of Col. 8	
		Contacted Via Mail	Contacted Via Investigator		From Mail Survey	From Investigator Survey		To Col. 2	To Col. 5
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
Arunachal Pradesh	598	159	285	444	43	59	102	17.1	23
Assam	1807	531	708	1239	165	213	378	20.9	30.5
Manipur	693	35	286	321	20	101	121	17.5	37.7
Meghalaya	653	246	340	586	104	69	173	26.5	29.5
Mizoram	350	48	217	265	4	41	45	12.9	17
Nagaland	694	33	263	296	11	31	42	6.1	14.2
Tripura	580	45	517	562	19	55	74	12.8	13.2
North East	**5375**	**1097**	**2616**	**3713**	**366**	**569**	**935**	**17.4**	**25.2**

Source: D.D. Mali and G. Dutta (2000), "Promoting New Entrepreneurs". Indian Institute of Entrepreneurship, Guwahati, India, p. 22

In Tripura, usually three types of Entrepreneurship Development Programmes are being organized by the government and non-government promotional institutions viz. General Entrepreneurship Development Programmes (GEDPs), Rural Entrepreneurship Development Programmes (REDPs), and Women Entrepreneurship Development

* *Manager,* Tripura State Electricity Corporation Limited, Bidyut Bhavan, Banamalipur, Agartala, Tripura.
E-mail: dnsubrata2006@gmail.com

Programmes (WEDPs). By and large, there are six promotional institutions which are operating in Tripura to conduct EDPs on a regular basis, of which, two are central government affiliated institutions namely, Indian Institute of Entrepreneurship (IIE) and Micro, Small and Medium Enterprises Development Institute (MSME-DI) [formerly, Small Industries Service Institute (SISI)]; two are state government affiliated institutions, viz. Swavalamban Training Institute (STI) and Entrepreneurship Development Institute of Tripura (EDIT), and the remaining two are non-government institutions explicitly, North Eastern Industrial Consultants Limited (NECON) and N. B. Institute for Rural Technology (NBIRT). In another recent study on success rate of EDPs in Tripura, considering all the three types of EDPs i.e. GEDPs, REDPs and WEDPs, it was observed that only 18.89 % of the participants of Entrepreneurship Development Programmes succeeded in establishing their own enterprise. In case of Male candidates, this success rate was 21.67%, and in case of Female candidates, this success rate was only 13.33% (Table 2).

Table 2 : Institution- Wise And Gender- Wise Performance of EDPs In Developing Successful Entrepreneurs In Tripura

Sl. No.	Name of the Institution	Male			Female			Total		
		Successful	Unsuccessful	Total	Successful	Unsuccessful	Total	Successful	Unsuccessful	Total
1	2	3	4	5	6	7	8	3 + 6	4 + 7	5 + 8
1.	STI	09 (22.50)	31 (77.50)	40 (100)	03 (15.00)	17 (85.00)	20 (100)	12 (20.00)	48 (80.00)	60 (100)
2.	EDIT	07 (17.50)	33 (82.50)	40 (100)	02 (10.00)	18 (90.00)	20 (100)	09 (15.00)	51 (85.00)	60 (100)
3.	MSME-DI	12 (30.00)	28 (70.00)	40 (100)	03 (15.00)	17 (85.00)	20 (100)	15 (25.00)	45 (75.00)	60 (100)
4.	IIE	08 (20.00)	32 (80.00)	40 (100)	02 (10.00)	18 (90.00)	20 (100)	10 (16.67)	50 (83.33)	60 (100)
5.	NECON	10 (25.00)	30 (75.00)	40 (100)	04 (20.00)	16 (80.00)	20 (100)	14 (23.33)	46 (76.67)	60 (100)
6.	NBIRT	06 (15.00)	34 (85.00)	40 (100)	02 (10.00)	18 (90.00)	20 (100)	08 (13.33)	52 (86.67)	60 (100)
	Total	52 (21.67)	188 (78.33)	240 (100)	16 (13.33)	104 (86.67)	120 (100)	68 (18.89)	292 (81.11)	360 (100)

Source: S. Debnath (2009), "Study of the Motivational Efficiency of Entrepreneurship Development Programmes in Tripura," Thesis, Tripura University.

N.B: Figures in parentheses denote percentages to the total

With a view to encouraging the potential entrepreneurs of Tripura, both the Central and State Government provide certain incentives under the provision of North East Industrial and Investment Promotion Policy (NEIIPP), 2007 and Tripura Industrial Investment Promotion Incentives Scheme, 2007 respectively. However, these incentives are not applicable to certain categories of industries, businesses and services, which are barred and come under the Negative List of Industries & Commerce. These are :

1) Cinema and Cinema Halls.

2) Brickbats, Stone Chips and any other products or sub-products arising out of bricks (excluding fly ash bricks, sand lime bricks, refractory bricks), or stones and burnt earthen tiles.

3) Large and Medium Scale enterprises, generating employment for less than 20 persons on the pay roll.

4) Distribution of Electricity.

5) Saw Mills.

6)Non-manufacturing activities like tailoring services, activities of STD/ ISD booths, teleprinter/ fax services, advertising, all types of photographic labs, packaging activities, photocopying, radiological labs, crèches, motion picture production (including documentary), laundry, dry cleaning, beauty parlours.

7) Enterprises manufacturing essential commodities being sold through the public distribution system.

8) All goods falling under Chapter 24 of the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986) which pertains to tobacco and manufactured tobacco substitutes.

9)Pan Masala, as covered under Chapter 21 of the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986).

10) Plastic carry bags of less than 20 microns as specified by the Ministry of Environment and Forests vide Notification No. S.O.705(E) dated 02.09.1999 and S.O.698 (E) dated 17.6.2003.

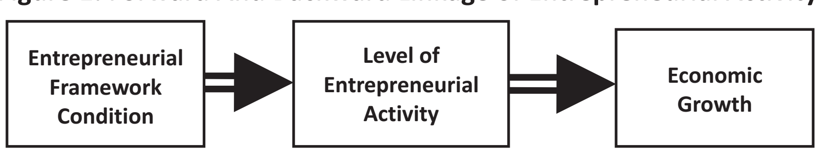
11) Goods falling under Chapter 27 of the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986) produced by petroleum oil or gas refineries.

However, development of entrepreneurs on a large scale is the only option before the Government to cope with the unemployment problem as a result of enduring population explosion in India. Because of the history of India, and its multi-cultural composition, it seems impossible to have a Family Planning policy like that of China in the near future. It is likely that India's population will continue to grow, which will consequently worsen the employment situation in the country. Over the past two decades, massive corporate downsizing has led governments around the world to increasingly acknowledge entrepreneurs as a key contributor to new job creation and economic growth. India is not an exception. These events have led the leaders of our country to openly encourage its citizens to embrace entrepreneurship as a career by choice. If new ventures are to be considered as the engines of growth in an economy, it is ,therefore, incumbent on policy makers to understand the key factors that encourage or impede the creation of start-ups. According to the 2002 Global Entrepreneurship Monitor (GEM), an international comparative research project that aims to benchmark the level of entrepreneurial activities across countries, India ranked 2nd out of the 37 nations on the level of entrepreneurial propensity (GEM Report, 2002). A salient feature of 2002's GEM India research findings was that while India emerged as the second most entrepreneurially active nation among the 37 participating nations with a Total Entrepreneurial Activity (TEA) index of 17.9%, it was heartening to note that entrepreneurial activity levels in the country have been consistently on the rise from 8.9% in 2000 through 11.6% in 2001 to 17.9% in 2002. It seems that the Indian economy has entered a vibrant phase, and it is the responsibility of all concerned to help it in maintaining the momentum. At this juncture, one has to be take into account the real ground conditions in terms of the prevailing entrepreneurial friendly environment of different states of India, particularly the backward states like Tripura. This is for the simple reason that all the states of India must perform to attain the synergy of growth. Against this backdrop, the present paper is an attempt to assess the entrepreneurial preparedness of Tripura in the background of Entrepreneurial Framework Condition (EFC) utilized by the GEM project in the Indian or global context. For the purpose of comparison and assessment of EFC for Tripura, this paper has taken the help of the evaluation study titled *"A Critical Study of The Effectiveness of Entrepreneurship Development Programmes In The North - East"* conducted by the Indian Institute of Entrepreneurship, Guwahati.

ENTREPRENEURIAL FRAMEWORK CONDITION (EFC) MODEL

The focal hypothesis of the GEM research project is that the level of entrepreneurial activity in a country has a backward linkage to the quality of the entrepreneurial framework conditions in the country and a forward linkage to the country's economic growth. A simplified version of the GEM Conceptual Model is as shown in the Figure 1. The major area of concern in this regard is what the GEM research calls the "Entrepreneurial Framework Conditions" in India. As such, many changes are needed in the social, political, economic and physical infrastructure in the country in order to make serious efforts in stimulating entrepreneurship among the youths and thereby, stimulating the overall economic growth in the country.

Figure 1: Forward And Backward Linkage of Entrepreneurial Activity



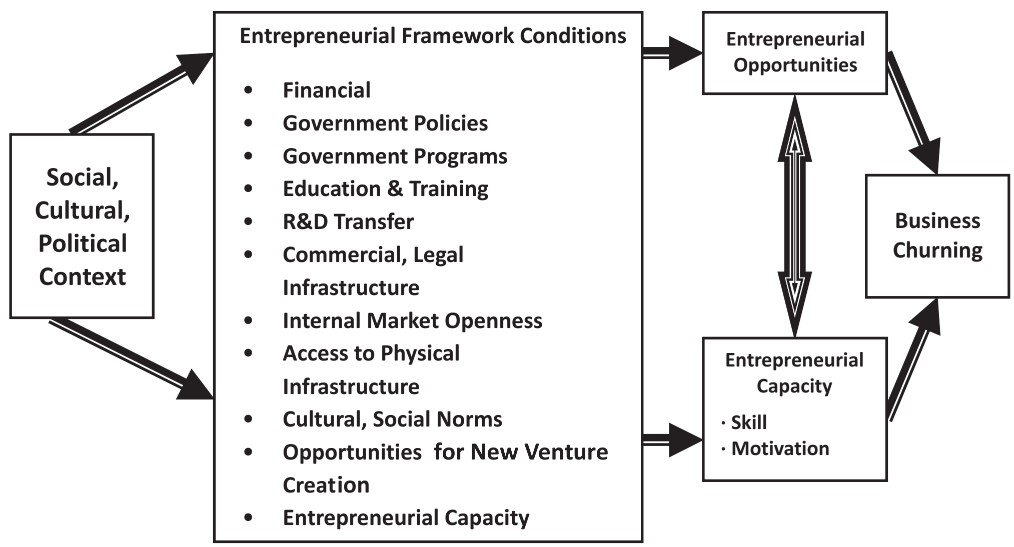
The causal relationships implied in the model are at two levels:

(1) The supportiveness of the entrepreneurial framework conditions influence the level of entrepreneurial activity, and;

(2) The level of entrepreneurial activity influences economic growth. At the level of individual states, the GEM research model provides a framework that can be used to ascertain the supportiveness of the state's environment towards entrepreneurship and the level of entrepreneurial activity in the state. In order to assess the supportiveness of entrepreneurial framework conditions in the state of Tripura, it is necessary to characterize all the 11 components of EFC in the state specific condition.

The 11 components of the EFC are:
1) Financial Support to New Firms
2) Government Policy on New Firms
3) Government Programs for New Firms
4) Supportiveness of the Educational System
5) Research and Development Transfer
6) Commercial, Legal and Professional Infrastructure
7) Market Openness and Ease of Entry
8) Adequacy of Physical Infrastructure
9) Appropriateness of Social and Cultural Norms
10) Opportunities for New Venture Creation
11) Entrepreneurial Capacity

Figure 2: The EFC Model And Its 11 Frameworks



EDP EFFECTIVENESS STUDY

To satisfy the twin objectives of growth of small enterprises and employment generation, massive 212 entrepreneurship development training programmes (popularly known as EDP training) were organized during April 1990-March 1996 in the north-eastern region of India with the financial support from the Government of India through various financial and promotional agencies. These training programmes aimed at motivating and developing the prospective entrepreneurs of the region into actual entrepreneurs in the small-scale sector through training intervention and follow-up supports in the proven path of the famous Kakinada experiment of David C. Mcclelland (1966). The EDP trainings (each of 6 – 8 weeks duration) were organized in seven states of the north- eastern region of India by four reputed entrepreneurship development organizations of the country, where 5375 participants participated. The major objectives of these EDPs were to :
(i) Improve the achievement motivation and other entrepreneurial qualities among participants.
(ii) Create awareness about the facilities and support system available for enterprise launching.
(iii) Offer special incentives for setting up enterprises in the north eastern region.
(iv) Help the participants to identify projects and formulate a business plan.
(v) Impart industry knowledge and management skills.

(vi) Help the participants in developing linkage with banks and financial institutions.

(vii) Provide counseling support to the participants in launching their own enterprises in the post training period.

In short, these 212 EDPs had the common objective of developing the participants of the trainings into entrepreneurs within a reasonable period of time. Attempt was made by the Indian Institute of Entrepreneurship (IIE) in the year 2000 to ascertain the state wise effectiveness of the 212 EDPs and the results were published in the form of a study report. Analysis were first made to determine how many of the trainees actually became successful in launching the enterprises i.e. termed as *doers*, how many of them were in the pipeline i.e. *dreamers* and how many of them could not start enterprises and dropped the idea of enterprise launching altogether i.e. *duds*. It was revealed that out of the 2616 respondents who were contacted personally, 569 (21.75%) became the doers, 541 (20.68%) were the dreamers, and a large number of trainees, i.e. 1506 (57.57%) remained as duds. Out of total 212 EDPs organized in the seven north-eastern states, a total of 22 EDPs were organized in the state of Tripura, where 580 participants participated. The study found that amongst the seven states, Tripura had the lowest success rate with 13.2% "doers" only. The reasons were analyzed also as to why such a large number of participants remained "dreamers" or "duds".

EVALUATION OF EFC IN TRIPURA

As already stated, the EDP effectiveness study indicated the lowest success rate in terms of new enterprise germination for the state of Tripura. This section of the paper compares the study results against the broad framework of EFC.

1) Financial Support To New Firms: It is important to be entrepreneur friendly on three components of financial support: **(i)** Availability of debt funds for new/ growing firms, **(ii)** Venture Capitals as an important source of venture funds, and **(iii)** Public subsidies promoting entrepreneurship. The study found (Table 3) that the dreamers and duds mostly opined that lack of finance, be it equity or debt, as the major reason for not starting an enterprise even after undergoing training.

2) Government Policy On New Firms: A marked improvement is needed in the government policy on new firms as perceived by the dreamers and duds (Table 3). Most of the unsuccessful trainees in this dimension rated government support below than what they expected.

3) Government Programs For New Firms: The prospective entrepreneur desires that the Government provides one of the top services to them with the facility like incubators, land/ sheds with competent and supportive official manning the support department. However, the study reveals that the new entrepreneurs' expectations were not fulfilled in this respect.

4) Supportiveness of The Educational System: It has been well documented that the educational system that encourages self-reliance, provides information on market economy, gives attention to entrepreneurship, includes entrepreneurship contents in formal course curriculums is bound to germinate more entrepreneurs. Though the study has not highlighted the response of the unsuccessful trainees in this count, but this is beyond any doubt that educational curriculums of the state need to be more entrepreneurial to have entrepreneurship as a subject in the primary or secondary level of school education to psychologically mould the young minds to embrace entrepreneurship as a career by choice in the future, rather than searching for a job on completion of formal education.

5) Research And Development Transfer : As in the case of the GEM Study Report 2002, India, as a whole, is rated lower on this count. The report viewed that though the country has good R&D institutions, it may not necessarily mean that technology is being effectively transferred to enterprises and commercialized. The state of Tripura is not and will not be an exception to the general trend of the country. In fact, Tripura is far lacking in this regard in comparison to the national average.

6) Commercial, Legal And Professional Infrastructure: In general, one could say that Indian new ventures can get suppliers, sub-contractors and services (legal, accounting, banking, etc.) in adequate numbers at affordable prices. Adequacy of suppliers/ sub-contractors for new firms is also an indicator for faster new enterprise germination. The study indicated that a bulk chunk of the respondents reportedly mentioned lack of raw material and complexity of getting legal formalities observed as a major cause towards abandonment of the idea of enterprise set-up.

7) Market Openness And Ease of Entry: The GEM report considered India as a high barrier economy, implying that it is fairly difficult for new players to gain entry. The difficulties may arise out of naturally stagnant market conditions (absence of market dynamism), which limits the opportunities for new start-ups. It may also be due to the unfair practices and machinations of large and established players facilitated by the absence of rigorous laws and/ or their tardy implementation. These are the two aspects expected to prevail in the undeveloped economic condition of the state of Tripura.

8) Adequacy of Physical Infrastructure: New/ growing firms desire to get utility access in about a month so as to stabilize them in the phase of uncertainness. Qualities of physical infrastructure, cheap communication access in about a week are of utmost importance for a new enterprise. The study has indicated that most of the duds had experienced difficulty in getting adequate physical infrastructure while in the process of developing themselves as entrepreneurs.

9) Appropriateness of Social And Cultural Norms: A parameter like culture is highly supportive of individual success achieved through own personal efforts. Culture emphasizes self-sufficiency, autonomy, and personal initiative; culture encourages entrepreneurial risk-taking, culture encourages creativity and innovativeness, culture emphasizes the responsibility that the individual has in managing his/ her own life over the years, proves to be a highly influential invisible factor for promoting entrepreneurship. In fact, experts on entrepreneurship have attributed the entrepreneurial success of some communities of our country like Sindhri, Marwari, etc. towards appropriateness of social and cultural norms of those communities. The study on entrepreneurial effectiveness has indicated that the dreamers and duds of Tripura lacked the support from their families in their endeavor to become entrepreneurs.

10) Opportunities For New Venture Creation: As the counties/ regions of the world are moving towards globalization, more business opportunities are created. It is ,therefore, perceived that people should see lots of good opportunities for the creation of new firms. If there are more good opportunities for the creation of new firms, then there are people who will be able to take advantage of them. In fact, for India and its states, there are more opportunities now since the liberalization of the economy started almost two decades back. This is particularly true for

Table 3 : Entrepreneurship Development Efforts In Tripura: Efforts And Results

Parameters	Results
Success rate of EDP training: Distribution of Doers, Dreamers & Duds	Doers (10.7%),
	Dreamers (11.0%), and
	Duds (78.3%)
Reasons for delay in setting up the enterprise after training (Dreamer's view*)	Problem of finance (100%)
* dreamers had, on an average, 3 reasons for delay	Lack of Motivation (52.6%)
	Government policy (38.1%)
	Legal formality (31.1%)
	Marketing problem (32.0%)
	Non availability of raw materials (26.4%)
	Non availability of land and shed (34.8%)
	Electricity problem (26.3%)
Reasons for delay in setting up the enterprise after training (Duds' view*)	Problem of finance (84.7%)
* duds had, on an average, 3 reasons for delay	Lack of Motivation (13.6%)
	Domestic problem (12.8%)
	Fear of Failure (4.0%)
	Lack of family support (13.8%)
	Non availability of raw materials (10.4%)
	Lack of entrepreneurial Skill (14.5%)
Source: Promoting New Entrepreneurs: Dutta and Mali, 2000	

a bordering state like Tripura in terms of cross border businesses with Bangladesh. It is now easy to get the information required to assess business opportunities. There are plenty of good opportunities to create truly high-growth firms. Good opportunities for new firms should have considerably increased in the past five years. However, on the contrary, the EDP study indicated that the trained entrepreneurs suffered a lot in identification of good business opportunities that have real growth potential. The type of enterprises that the doers selected also indicates that the trained entrepreneurs have not been able to think beyond some petty traditional enterprises.

11) Entrepreneurial Capacity: On entrepreneurial capacity, that is, on whether people in general have the knowledge, skills, experience and attitudes required for starting and managing a new business, the EDP study did not indicate favorable results. About 52.6 percent of the dreamers expressed that they did not feel motivated to start an enterprise, while about 13.6 percent of the duds felt lack of motivation as the reason for dropping the idea of developing an enterprise. Furthermore, a sizable number of duds also showed a lack of entrepreneurial skill as the reason for not becoming an entrepreneur.

CONCLUSION

The entire process of business development - right from conception of an idea to the establishment of a business enterprise - is a daunting task. Enterprise germination and taking it to the path of growth has never been an isolated event, but is the outcome of various macro and micro economic factors involved in the process. The EFC framework provides the understanding of a necessary condition needed to prevail for flourishing entrepreneurship. The Entrepreneurship Development Programme (EDP) made efforts on its own way to develop entrepreneurship in different states of the north - east. The low success rate in terms of promoting entrepreneurs may partly explain the phenomenon. That again indicates that given improved EFC conditions, the success rate of such a kind of EDP training will be optimum. In other words, improving the EFC conditions of the state/ region implies promoting entrepreneurship at a faster rate. With a view to promoting entrepreneurial activities in the state of Tripura, Entrepreneurial Framework Conditions need to be improved to a great extent and as such; the government, policy makers and all other stakeholders may concentrate on this issue to achieve a glorious future of the state.

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