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RESEARCH ARTICLE

EMERGENCE OF SMALL ENTREPRENEURS AND RURAL INDUSTRIALISATION.

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Abstract

Entrepreneurs play an important role in economic and industrial development. It is the entrepreneurs who rather than working as an employee, founds and runs a small business, assuming all the risks and rewards of the venture. There are new entrepreneurs gradually emerging in Assam but there has been no sociological study. The aim of this article is to study the entrepreneurship and small business in Assam. The paper discusses the challenges faced by rural handloom entrepreneurs of an important weaving centre of Assam which is Sualkuchi. The entrepreneurs here face various problems in day to day work. Every flourishing business has its own kinds of problems. Some of the major problems faced by rural entrepreneurs in this part of the region are such as; paucity of funds, infrastructural problems, marketing problems, management problems and so on. It further discusses the opportunities present for these rural entrepreneurs in marketing their handloom products and also attempts to explore social and cultural context of entrepreneurial development in Sualkuchi. Rural industries promote entrepreneurial development in the rural sector. Rural industrialisation hence fosters economic development of rural areas and this curbs rural urban migration on one hand and also reduces disproportionate growth of towns and cities, social tensions, environmental pollution etc. on the other. Rural youths need to be motivated to take up entrepreneurship as a career, with training and sustaining support systems providing all necessary assistance.

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Introduction:-

Entrepreneurs play a pivotal role in any process of industrialisation. They play an important role in economic and industrial development. The entrepreneurs are the innovators, source of new ideas, services and business. It is the entrepreneurs who rather than working as an employee, founds and runs a small business, assuming all the risks and rewards of the venture. As defined by J Schumpeter "Entrepreneurs are the vehicle to move an economy forward from static equilibrium, based on the combinatorial capabilities results in recognition of entrepreneurial individuals" (Schumpeter, 1911). There are new entrepreneurs gradually emerging in Assam but there has been no sociological study. Entrepreneurship is the process of identifying and developing economic and social opportunities through the efforts of individuals and organisations, which can result in starting and building new businesses, either as independent enterprises or within incumbent organisations.

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Role of rural entrepreneurs in economic development:-

Schumpeter, 1934 visualised the entrepreneur as the key figure in economic development because of his role in introducing innovations. According to Joseph Schumpeter, the rate of economic progress of a nation depends upon its rate of innovation which in turn depends on rate of increase in the entrepreneurial talent in the population. Parson and Smelser, 1956 described entrepreneurship as one of the two necessary conditions for economic development, the other being the increased output of capital. Entrepreneurs promote capital formation as they employ their own as well as borrowed resources for setting up their enterprises. Such type of entrepreneurial activities leads to value addition and creation of wealth, which is very essential for the industrial and economic development of the country. They help provide large scale employment to the unemployed which is a chronic problem of undeveloped nations. Both large and small scale job opportunities are created for others. In this way entrepreneur play an effective role in reducing the problem of unemployment in the country which in turn clears the path towards economic development of the nation. Entrepreneurs generate jobs both directly and indirectly. The growth of industries and business in these areas lead to a large number of benefits such as road transport, health, education etc. Entrepreneurs help remove regional disparities through setting up of industries in less developed and backward areas. Entrepreneurs play a key role in increasing the standard of living of the people by adopting latest innovation in the production of wide variety of goods and services. Entrepreneurs emerging in rural areas are generally termed as rural entrepreneurs. These types of entrepreneurs give much emphasis on establishment of industrial units in rural areas. There is a growing need for rural entrepreneurs because industrial units undertaken by rural entrepreneurs are providing much employment to men than machines.

“Like entrepreneur, rural entrepreneurship also conjures different meanings to different people. Rural entrepreneurship is the creation of a new organisation that introduces a new product, serves or creates new market or utilizes a new technology in a rural area” (Khanka: 2009).

For a long period of time agriculture has been the main source of livelihood for most of the people residing in the villages of Assam. This paper meant to cover individuals who chose a different path for themselves by turning to entrepreneurs. They live in their homes and manage their small scale enterprises earning their livelihood and providing employment to weavers from the same. Involvement in entrepreneurial activities would ensure effective utilisation of labours, generation of income and quality of life. Here Handloom is the most popular form of business taken up by the people and this has made the people self sufficient and they are no longer in need of moving to cities looking for employment.

Need for rural industrialisation:-

Rural industries promote entrepreneurial development in the rural sector. Rural industrialisation hence fosters economic development of rural areas and this curbs rural urban migration on one hand and also reduces disproportionate growth of towns and cities, social tensions, environmental pollution etc. on the other. Rural youths need to be motivated to take up entrepreneurship as a career, with training and sustaining support systems providing all necessary assistance. The term rural development means overall development of rural areas, to improve the quality of life of rural people. It includes the development of agriculture and allied activities, village and cottage industries, socioeconomic infrastructure, community services and facilities and the human resources in rural areas. It is a multidimensional concept. This term may be used as a phenomenon, as a strategy and as a discipline. There is a close interaction between entrepreneurship and rural industrialisation. When there will be entrepreneurs, then only rural industrialisation will take place. There will be encouragement for young and promising entrepreneurs through rural industrialisation. Rural industrialisation and rural entrepreneurship are interdependent and indeed are the two faces of the same coin.

“Handloom is one of the labour intensive industries and capital employed in this industry is low. More significantly it is true that these industries are run by the weaker section of the society. They are able to operate in a productive and profitable way if some measures are taken from the part of central and state government. Handloom industrialisation can remove lop-sided economic development and bring desirable balance and diversification in economic development” (Chowdhury, 2012). It may be used as a powerful tool in the context of rural industrialisation of our country. None can deny its many-folded solving ability. Besides the basic arguments like output, employment and export, there are so many arguments that will go in favour of such units. It helps to create a capable women labour force and maintain a skilled worked force in the area by providing skills that would help to upgrade the existing business like Eri, Pat and Muga silk and to start a modern business venture.

Methodology and Objectives:-

For the study the areas under the East, Madhya and West Sualkuchi Gaon Panchayats are selected and data are collected from these areas.

The respondents for the present study are the handloom master weavers/entrepreneurs. Primary data of 50 respondents of master weavers/entrepreneurs were interviewed. The respondents were selected using purposive sampling and were administered with interview schedule. In terms of the nature of activities there are three classes of entrepreneurs. The first class mainly consisted of weavers who owned a few handlooms. They operate these looms either by themselves or through wage weavers. The second class mostly had broker stockists or dealers in yarns or finished products who confined to local market only. And the third class mostly comprised of employer entrepreneurs who dealt mainly with outside customers.

The aim of this article is to study the entrepreneurship and small business in Assam. The paper discusses the challenges faced by rural handloom entrepreneurs of an important weaving centre of Assam which is Sualkuchi. The entrepreneurs here face various problems in day to day work.

The workings of master weavers in Sualkuchi:-

In the rural economy handloom weaving sector plays a very important role in generating employment and livelihood for the mass. It is basically a traditional, unorganised, decentralised sector which operated in rural areas since ages by weavers and rural people. There is a need to protect this traditional sector which is not only a cultural heritage for India but also a backbone of rural economy. At the centre of market transactions are the entrepreneurs or master weavers in the handloom sectors. There are two facts about master weavers that make an interesting subject of research- First; they are able to sell products in the same markets where the cooperatives are unable to sell without subsidies. Second fact, which the government has now begun to acknowledge, is that 75% of all the weavers in the country work under master weavers (GOI, 1996).

Establishing a factory/weaving house:-

Compared to the knowledge of the working of a master weaver, the knowledge of how master weavers come into existence is limited. This section describes the working of master weaver starting from how they establish their firms, what are the various start-up processes. This section also details out their operations with a focus on production and marketing.

Generally master weavers establish firm by mostly inheriting the family firm. Some establish firm after working for a cooperative, NGO or a master weaver for a while set up their own firms with financial support from family or elsewhere as shown in table 1 below. Other than those who are part of the weaving community, it is not easy for persons from any other caste to set up master weaver firms.

Table 1: Respondents based on establishment of firms/weaving house

Sl No.	Category	Respondents	
		No.	%
1	Inherited looms	28	56
2	Fresh start-ups	22	44
	Total	50	100

Spheres of Operation:-

A master weaver usually manages his business from his home where he has a separate section for transacting business with his weavers, for storing raw material and for displaying finished products. If his business grows, he may explore the possibility of setting up a small shop in the village. Any master weaver has to engage in two separate spheres of operation – *Production* and *Marketing*. Finance and design of new products play an important role in both. The clients of the master weaver are the owners of textile stores in various urban and semi-urban areas and it is through them that the products reach their retail customers. The main raw material in the handloom industry is yarn. Coloured yarn in different hues is given to the weaver who prepares the warp and the weft which are then woven to form the required fabric. In addition to coloured yarn, the weaver may also use gold thread (Guna) to embellish the designs.

The Master Weaver firms, as a production and marketing channel have in many ways held the handloom industry for centuries, but there is little information on how they work. The lack of literature on master weavers could perhaps be because it is implicitly assumed by policy makers as well as researchers that master weavers being private entrepreneurs are bad for the industry while cooperatives being public institutions are good. If one were to go by the statistics of providing employment, the master weaver segment provides livelihoods to about 70-80% of the weavers. If the criticism against the master weavers is that they pay low wages to the weavers or that they are exploitative in nature, they must be commended for providing continuous employment to the weavers. If one were to view the handloom industry from a firm level, establishing a venture in handloom industry is fraught with risk. Firstly, master weavers need to raise capital and more often than not; they have to rely on informal financial systems that charge high interest rates. Secondly, they need to coordinate their production, which spreads across various locations, to ensure that the products are marketable. Third, they need to market their products to retail stores, which are again spread across various locations. Cash transactions are rare in handloom marketing. Store owners need to be provided with credit periods of 30 to 90 days depending on the season. An immediate difficulty with sales on credit is the recovery of it.

Finally, raw material needs to be purchased mostly on credit for about a period of a week to a fortnight which is much shorter than the sales cycles. Therefore, master weavers producing expensive fabric need to invest heavily in raw material upfront on the premise that the product will eventually be saleable and generate profits months later. It is not that the weavers do not know the difficulties in managing one's own business. They watch the operations of master weavers from close quarters and are aware of the undercurrents that the master weavers' experience, especially the financial jugglery required, to operate a handloom venture. When given a choice many weavers are likely to remain under a master weaver even at low wages than set up their own ventures. Informal conversations with weavers reveals their choice of work – they prefer to work under a master weaver because he is much likely to provide work all around the year which is more important than higher wages that cooperatives occasionally provide. It is these weavers who require some training in being more entrepreneurial.

Challenges in rural entrepreneurship:-

The paper discusses the challenges faced by rural handloom entrepreneurs of an important weaving centre of Assam which is Sualkuchi. The entrepreneurs here face various problems in day to day work. Every flourishing business has its own kinds of problems. Some of the major problems faced by rural entrepreneurs in this part of the region are such as; Financial problems, marketing problems, management problems and so on. It further discusses the opportunities present for these rural entrepreneurs in marketing their handloom products and also attempts to explore social and cultural context of entrepreneurial development in Sualkuchi. Social and cultural context of entrepreneurship development refers to the ideas, values and social environment, which can stimulate or limit rural entrepreneurship. Some of the major problems faced by rural entrepreneurs are as under:-

Financial problems:-

Lack of finance available to rural entrepreneurs is one of the biggest problems which rural entrepreneur is bearing nowadays especially due to global recession. Major difficulties faced by rural entrepreneurs include low level of purchasing power of rural consumer so sales volume is insufficient, lack of finance to start business, reduced profits due to competition, pricing of goods and services, dependence on small money lenders for loans for which they charge discriminating interest rates and huge rent and property cost. Government is providing subsidies to rural areas but due to high cost of finance, these subsidies are not giving fruitful results. Rural entrepreneurs have less risk bearing capacity due to lack of financial resources and external support.

Marketing Problem:-

Marketing sets consumption pattern and gives new direction and dimension to production process. Rural entrepreneurs face severe competition from large sized organizations and urban entrepreneurs. Major problems faced by marketers are the problem of standardization and competition from large scale units. They face the problem in fixing the standards and sticking to them. There are numerous marketing agencies for handloom fabrics at Sualkuchi. In the changing phase of today's trend, handloom products of Sualkuchi, being primarily traditional in nature meet a stiff competition from products of large-scale sectors and power looms. Competition from large scale units also creates difficulty for the survival of new ventures. New ventures have limited financial resources and hence cannot afford to spend more on sales promotion. These units are not having any standard brand name under which they can sell their products. The producers are not collective in their approach for marketing their products because they are too widely scattered and uneducated. . "Within the state, to make the stand of handloom products

more strong, development of marketing facilities has become an integral part. Otherwise any amount of aid given to the industry at the production level will amount to a waste of national resources” (Kulkarni; 1984).

Middlemen:-

Now-a-days many weavers who work independently, comes into an agreement for some predetermined period with the middlemen on wage basis. According to this contract the amount of yarn as required by the weaver will be supplied by the middleman and the weaver on completion of weaving the product will return it to him and get the wages. Middlemen exploit rural entrepreneurs. The rural entrepreneurs are heavily dependent on middlemen for marketing of their products who pocket large amount of profit. Storage facilities and poor means of transport are other marketing problems in rural areas.

Management Problems:-

Procurement of raw materials is really a tough task for rural entrepreneur. They may end up with poor quality raw materials. the prices of each Kg of Mulberry and Muga silk yarn, for instance, has gone up to Rs 4500 and Rs 14400 from Rs 900 to 2000 in 2017 and weavers are forced to pay this money, just because they have no alternative choice. Thus, within 10 years, the price per kilogram of yarn has increased to more than Rs 10000. The unusual sudden price rise in yarn brings untold misery to the industry in the area as production is against advance orders at a predetermined price. In the entire process it is the weaver’s earning which ultimately get squeezed. Rural entrepreneurs suffer a severe problem of lack of technical knowledge. Lack of training facilities and extension services create a hurdle for the development of rural entrepreneurship.

Human resource problem:-

Most of the entrepreneurs of rural areas are unable to find workers/weavers with high skills. Turnover rates are also high in this case. They have to be provided with on the job training and their training is generally a serious problem for entrepreneur as they are mostly uneducated and they have to be taught in local language which they understand easily. The industries in rural areas are not only established just to take advantage of cheap labour but also to bring about an integrated rural development. So rural entrepreneurs should not look at rural area as their market, they should also see the challenges existing in urban areas and be prepared for them. Rural entrepreneurs are generally less innovative in their thinking. This is the reason that many of them either work at farm or migrate to urban land. As per circumstances, rural people by force may be more self sufficient than their urban counterparts, but the culture of entrepreneurship tends to be weak. It may be due to lack of awareness and knowledge of entrepreneurial opportunities. The young and well educated mostly tend to leave.

Conclusion:-

Good Entrepreneur can create a strong economy. Entrepreneurship is an important feature of industrial growth and development of a nation. The spirit of entrepreneurship brings about enthusiasm, persistence and the ability to seek entrepreneurial opportunities that lead to success. A large number of educated and uneducated youths can get opportunities to engage them in this industry. The weaving industry can be considered one of the best to engage in native place, which gives the unemployed avenues for self-employment and wage employment. There are many examples of former wage weavers emerging now as master weavers; the employment generated by the looms at Sualkuchi proves the importance of traditional handlooms in the rural areas. A nation's ability to generate a steady stream of business opportunities can only come about when its people take to entrepreneurial activities. There are several factors that go into making a successful entrepreneur, and he or she need not necessarily possess a strong business and financial background. On the contrary, well-conceived and well directed training can always produce an outstanding entrepreneur. Therefore, in the recent times the state government as well as central government has taken various policies to improve the economic condition of the tribal community. But due to the lack of information and proper guidance they are not able to get the benefit.

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