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ENTREPRENEURSHIP AND RURAL DEVELOPMENT: A case study of Borhat under Sapekhati development block, Sivasagar

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Abstract:

Entrepreneurship is one of the four types of economic resources used in production. It is defined to be the coordinating resources in production process. Entrepreneurship means functions of creating new, organizing, coordinating and undertaking risk for the enterprise. According to Higgins, "Entrepreneurship means the function of seeking investment and production opportunity, organizing an enterprise to undertake a new production process, raising capital, hiring labour, arranging the supply of raw materials, finding site, introducing a new technique and commodities, discovering new sources of raw materials and selecting the managers of day to day operations of the enterprise."

KEYWORDS:

Entrepreneurship, Development, Economic, Organizing.

INTRODUCTION

In the words of A.H. Cole, "Entrepreneurship is the purposeful activity of an individual or a group of associated individuals, undertaken to initiate, maintain or organize a profit oriented business unit for the production or distribution of goods and services.

The most appropriate definition of entrepreneurship that would fit into the Indian context, describes entrepreneurship as, "A force that mobilizes other resources to meet unmet market demand," "the ability to create and build something from practically nothing", the process of creating value of pulling together a unique package of resources to exploit an opportunity."

The spirit of enterprise makes an entrepreneur and entrepreneurship is a creative and innovative response to the environment. It is a composite skill that is a mixture of many qualities and traits such as imagination, risk taking, ability to harness factors of production. It is an organizational culture that deals with the new business, opportunities and creation of new set up, looks for ways and means to capitalize on new activities and controlling the related matters. Thus entrepreneurship development is conducive to the growth of the economy. More the entrepreneurial activities, better the development. Hence it is considered as the life blood of any economy. Entrepreneurial activities originate from the individual but environment and organization play an important role in developing its activities.

Rural development is related to various dimensions of rural life, as - the growth of agriculture and allied activities, rural industrialization, education, health, public works, poverty alleviation and rural employment generation Programme on the one hand and on the other the development of women and children and the weaker section of that particular area. In a broad sense, it may be defined as a process of developing and utilizing natural and human resources, technologies, infrastructure facilities, institution and organization, government policies and programmes to encourage and speed up economic growth in rural areas, to provide job and to improve the quality of life towards self sustenance. According to the

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World Bank, “Rural development is a strategy designed to improve the economic and social life of a specific group of people – the rural poor. It involves extending the benefits of development to the poorest amongst the population as well as the management of various resources like forest finance, irrigation in such a way which encourages continuous upliftment of the rural poor.” Hence from the very beginning of the planning system in our country, rural development has given greater importance.

Establishing industrial and business units in rural areas is considered as rural entrepreneurship which leads to rural industrialization and rural economic growth. India has its 70% population in rural sector and hence development of rural sector is of paramount importance for development of the economy.

Development of entrepreneurship and rural development are co-related to each other. That is the rural development programmes of the government provide opportunities to the rural poor people so that their social and economic standard can be improved. The government has implemented various programmes like SGSY, IRDP, TRYSEM, TWC, SITRD, MWS, JRY to create demand driven village infrastructures and to generate supplementary employment for unemployed poor in the rural areas. Availing these opportunities rural youth can easily get not only self employment but also create employment opportunities to others. Thus the growth of rural entrepreneurship facilitates self employment, results in wider dispersal of industrial and economic activities and ensures maximum utilization of local resources, both labour and material.

OBJECTIVES

This study has three objectives

- (a) To draw an entrepreneurial profile of Borhat.
- (b) To analyze the problems encountered by the entrepreneurs of the area.
- (c) To explore the prospects of further development of entrepreneurs of Borhat.

METHODOLOGY

The present study is carried out by stratified random sampling method in entire Borhat area of Sapekhati development block, Sivasagar selecting 50.00 per cent entrepreneurs, relating to different types of activities such as industry, allied to agriculture, business and service. The data for the study was collected through a structured schedule and personal interview. The reference period is 2009 – 2010.

In our study area of the Sivasagar district, at the reference period, 22.00 entrepreneurs are found in the register of District Industry and Commerce Centre. Out of 22.00 entrepreneurs in our sample area, 50.00 percent of which are 11.00 have been taken for the study.

Basically entrepreneurship implies earning money for living. But the reason for earning livelihood only through entrepreneurial activities is not the same for all. It may differ from one to another. In our study the respondents have stated the reasons for undertaking economic activities as shown in the following table.

Table 1. Aims of undertaking entrepreneurship

Sl. No.	Aims of entrepreneurs	No. of entrepreneurs	Per cent
01	To become financially independent	3.00	27.27
02	Prospects of earning more money	2.00	18.18
03	No better alternative to earn	3.00	27.27
04	Make use of technical skill	1.00	9.09
05	Family inherited business	1.00	9.09
06	Success stories of other entrepreneur	1.00	9.09

Source: compiled from field report

Table.2. entrepreneurial population on the basis of Age and activities.

Activities	21-30 yrs	31-40 yrs	41-50 yrs	51-60 yrs	total
Industry	0.00	0.00	1.00	0.00	1.00
Business	1.00	2.00	1.00	1.00	5.00
Allied to agriculture	0.00	1.00	1.00	0.00	2.00
Service	1.00	2.00	0.00	0.00	3.00
-	2.00	5.00	3.00	1.00	11.00

Source: compiled from field report

Table 3. entrepreneurial population on the basis of sex

Sl. No	Sex	Nos. of entrepreneurs	Per cent
01	Male	7.00	63.63
02	Female	4.00	36.36
Total	-	11.00	100.00

Source: compiled from field report

Table 4. Caste wise distribution of entrepreneurs

Sl. No.	Category	Nos. of entrepreneurs	Per cent
01	OBC	4.00	36.36
02	General	1.00	9.09
03	SC	1.00	9.09
04	ST	3.00	27.27
05	Minority	2.00	100.00

Source: compiled from field report

Table 5. Marital status of entrepreneurs

Sl. No.	Marital status	Nos. of entrepreneurs	Per cent
01	Married	8.00	72.72
02	Unmarried	3.00	27.27
Total	-	11.00	100.00

Source: compiled from field report

Table 6. Distribution of entrepreneurs on the basis of educational background

Sl. No	Educational qualification	Nos. of entrepreneurs	Per cent
01	Up to HSLC	3.00	27.27
02	Up to HSSLC	5.00	45.45
03	Degree / Diploma	3.00	27.27
04	Post- graduate	0.00	100.00

Source: compiled from field report

The researcher has found one Stone crusher unit, two grocery units, one rice mill, one furniture house, one bakery unit, one piggery and one poultry farm, one beauty par lour ,one Pandal house and one transport operator in the study area.

The entrepreneurs of rural area in general, relate to activities like rice mill, knitting & embroidery, handlooms, handicrafts, wooden furniture, village bakery, steel fabrication, food processing unit, grocery, stationery & gift items, cycle mart, paper agency cum book house, dairy, fisheries, poultry, piggery, bee keeping, beauty par lour, transport operator, cycle repairing, Pandal house etc.. These activities can provide not only subsidiary employment to good number of people in rural areas but also employment skilled, semi skilled and unskilled labour. The main advantage of small scale industries is that they provide large scale employment at relatively smaller capital cost. But rural industries are handicapped with innumerable difficulties. The industries face certain problems in rural areas not as urban areas. Therefore, when compared to large scale urban industries, the problems of rural industries are found different types and more in numbers.

Problems encountered by rural industries in our study area are analyzed here under

Poor Infrastructure

Facilities like electricity, roads, transport system, communication, banking facility and markets are not only inadequate, but also underdeveloped in the rural areas of the district. These facilities or the infrastructure is the very base on the wheel of progress of entrepreneurship moves. It is now widely recognized that in the absence of adequate infrastructure, no economic activity can develop as it hampers movement and entrepreneurial activities.

Lack of entrepreneurial zeal

Lack of entrepreneurial zeal among the people of sample rural area is a major cause of slow and tardy growth of entrepreneurship. They are not given adequate focus for education, training and development. Absence of knowledge about tremendous career prospects in entrepreneurship as a profession, lack of knowledge to set up and run an enterprise or industrial unit, ignorance about the various schemes of incentives and supports available and their channeling procedures, difficulty in getting raw materials, equipments, etc. on their own and identifying their sources of supply are some of the factors responsible for slow growth of entrepreneurship in the area. Most of the educated youths prefer job of any nature with any amount of monthly salary. Moreover parents too send their children to the educational institutions with the hope that their sons and daughters will complete their studies one day and join some jobs.

Lack of skilled labour

The rural entrepreneurs have to encounter the paucity of skilled labour and in case of limited available skilled workers and they have to pay higher wages. Many rural industries suffer due to lack of skilled labour. Most of the units located in the rural areas find it extremely difficult to get suitable labour. Skilled workers tend to turn to large scale ones, attracted by higher emoluments. Syal and Singh in their study (5) observed that "sufficient skilled persons are not available in the villages and there is no systematic approach to train rural youths in the latest technologies and techniques of production."

Financial problem

Necessary funds are not made available to the entrepreneurs from banks and financial institutions in the rural areas. Rural artisans and craftsmen are to poor too raising finance for setting up and running of

their businesses. So they depend on the support of family, friends, and relatives and on money lenders of the local area. As the money lenders charge high rates of interests, the cost of production of these entrepreneurs becomes very high. Thus for the absence of finance, these entrepreneurs cannot modernize their production process. Financial problems are difficulty to get the required loan and subsidy in time, time taken to process loan, tight repayment schedule, and poor financial management. In our study 8.00(72.72per cent) respondents find it difficult to get required capital.

Power problem

Power is considered as indispensable for any economic activities. Among all the sources of energy, electricity has the most versatile uses. But there is a large demand-supply gap of electric power in Assam. Frequent power failure is a regular feature in Assam. In this case, the rural areas of the state are the worst sufferer which in turn hampers the growth of economic, industrial and entrepreneurial activities more particularly in the rural areas. 7.00 (63.63 per cent) has stated about power problems.

Raw material shortage

Though the raw material is the basic requirements of an enterprise, yet the entrepreneurs have to face the scarcity of it. The industrial units operating in the rural area by bringing raw materials from outside the district or from other parts of the state mostly suffer from inadequate supply of raw materials. As they are facing the difficulty of getting regular supply of raw materials at a reasonable price, this stands on the way of smooth functioning of these industries. This retards the growth and expansion of entrepreneurial activities.

Problem of marketing

The entrepreneurs of rural areas have to encounter the problems of marketing due to lack of marketing information, marketing channel and transport cost. Due to the absence of proper marketing arrangements the entrepreneurs sometimes go for distress sales of their products and services at a poor price. S Perumal in his studies "Rural Entrepreneurship and Rural Employment" (0) observed that rural entrepreneurs are not able to reach market themselves and thus middlemen are making huge profits. Rural entrepreneurs do not know how to synchronize their skills with what the market want. They also suffer a competition from large scale units. Due to lack of shortage of capital and financial resources these units do not have adequate storage capacity and they often sale their products at lower price.

Time lag between sanction of loan and disbursement of loan to entrepreneurs

There is a considerable time lag between sanction of loan and disbursement of loan to entrepreneurs. It is also stated by the entrepreneurs that after disbursement of fixed capital, it takes 3 to 4 months to release the working capital resulting in the payment of interest before starting their enterprises. Entrepreneurs availing loans through Khadi and Village Industries Commission (KVIC) state that banks are charging interest on the total amount disbursed including margin money which is subsequently reimbursed by KVIC. As a result entrepreneurs have to bear additional interest on loan amount.

Social problem

Due to ignorance, illiteracy, prejudice attitude of the rural entrepreneurs of the industries are using outdated tools and old methods of production and thus they are not in a position to keep pace with other sectors of the economy. They fail to adopt newer and scientific methods of production and thus produce old designed traditional goods. This is no doubt a big problem of this type industry.

Inadequate training facilities

Absence of adequate training facilities to the rural entrepreneurs and industrial labours is another hurdle which these industries are encountered. Training enables the entrepreneur to develop managerial and entrepreneurial capabilities. Those entrepreneurs, who lack proper training, could not able to achieve the objectives of the industrial venture.

Lack of knowledge and information

Rural people do not have adequate information avenues. Most of them are not aware of various facilities and concessions provided by the government regarding rural development. The rural upbringing is such that by themselves they do not search better facilities related to their work. They are not trained and motivated to achieve more and more in their sphere of activities.

Prospects of rural entrepreneurship development

There are good prospects for the development of rural entrepreneurs in our sample area. Considering above mentioned various problems faced by rural entrepreneurs stressed must be given to solve them and on the use of locally available raw materials and existence of local demand. To take the full advantage of the government sponsored schemes like SGSY, PMEGP, the rural entrepreneurs need to emphasize on improving their competitive efficiency.

In our study area, the entrepreneurs troubled by various problems have become inoperative or work under low capacity utilization and the immediate effect of which is unemployment.

They with the help of departmental officials and experts are able to read the symptoms of such sickness and can take corrective actions and improve the health of their units. Government are extending various facilities directly and indirectly to help the entrepreneurs of rural area. Necessary financial, technical and marketing support is also given to them directly by the government or government sponsored specialized institutions for their growth and development. The successive central and state governments have been extending support to rural entrepreneurs. If the respondents of our study area, be able to avail these advantages and surely can be brought their units on a revamp mode, then this will be an area where growth potential in terms of employment will be quite high.

The study area is not only rich in case of forest resources like timber and bamboo, stone, sands etc. but also has immense potentially of horticultural produces as the soil of the area is quite fertile. Different spices of timber and bamboo are used in traditional industries like plywood manufacture, furniture making, basket weaving etc. respectively and thus there is ample scope for establishing forest based industries and units for the processing of the horticultural produces.

The study area can offer immense potential for the development of industries based on demand of local people. Such industries are washing soap, cold storage, steel fabrication, paper bags and envelopes, saline water and distilled water, ready made garments, surgical gauge and bandage, Muga spinning, and weaving, printing press, bakery, bakery dry cleaning etc.. Moreover there is a good prospect of rural entrepreneurship in respect of employment generating, income enhancing, and foreign exchange earning and entrepreneurship development in the area.

SUGGESTIONS

Since the rural entrepreneurs are very poor hence the commercial banks and other financial institution should come forward with various schemes of short term and long term credit for the cottage and small industries. Moreover, credit should be made available at cheaper rates. Government and other voluntary organization should conduct financial management training programmes for them. This will help in the expansion and diversification of there activities not only in the study area but also on the state.

Proper marketing arrangements should be developed in different parts of the state for the smooth sale of the product of there industries. This arrangement will save the workers and artisans from the clutches of middlemen. Government and voluntary organizations conduct elaborate marketing training to rural artisans and craftsmen's. Government should also establish shopping complex for marketing their product.

Necessary efforts should be made to train workers of these industries. Thus arrangements one to be made for setting up training institutes at different places of the state for the said purpose.

Proper agencies and scheme should be developed for shopping raw materials to small and cottage industries at convenient ones and rates. Attention of government should be drawn in supply of other inputs regularly at subsidized rates.

Government should strengthen the schemes of incentives and concessions to the rural entrepreneurs so that the viability and the entrepreneurial culture among rural people will be in increased which in turn will develop the rural area like Borhat.

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