

A STUDY ON SOCIO-ECONOMIC BACKGROUND OF ENTREPRENEURS IN SMALL SCALE INDUSTRIES IN INDIA — A CASE STUDY OF ASSAM

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Abstract:

The small scale industrial (SSI) sectors have been considered as a powerful instrument for achieving “Accelerated Industrial Growth” and creating “Productivity Employment Opportunities” in an economy. This sector also plays two important roles as producers of consumer goods and absorbers of surplus labour, thereby addressing the agents that help in mitigating regional imbalances, facilitate mobilization of local resources and skills, which might have otherwise remained unutilized. In recent years, the SSI sector has emerged as a dynamic and vibrant sector of the Indian economy, displaying its phenomenal growth in the varied fields of production, employment and dispersed development, in general and exports in particular. An attempt has been made to highlight the socio-economic background and status of entrepreneurs in small scale industries of Assam. The present study is based on both primary and secondary data. Primary data has been collected by conducting a survey among 200 sample entrepreneurs in small industrial units of Assam. While collecting data, the researchers visited District Industrial Centre (DIC) in Assam. Secondary data has been collected from books, journals, annual reports of SIDO, NISSET, Guwahati and District Industrial Centre Jorhat.

Key Words: Gender, Industry Wise Classification, Age of The Entrepreneurs, Social Class, Educational Level of The Entrepreneurs, Location of The Units Etc.

Introduction:

The small scale industrial (SSI) sectors have been considered as a powerful instrument for achieving “Accelerated Industrial Growth” and creating “Productivity Employment Opportunities” in an economy. This sector also plays two important roles as producers of consumer goods and absorbers of surplus labour, thereby addressing the agents that help in mitigating regional imbalances, facilitate mobilization of local resources and skills, which might have otherwise remained unutilized. In recent years, the SSI sector has emerged as a dynamic and vibrant sector of the Indian economy, displaying its phenomenal growth in the varied fields of production, employment and dispersed development, in general and exports in particular.

Objective of the Study:

This study is carried out to analyze the socio-economic background and status of entrepreneurs in small scale industries in Jorhat District of Assam.

Methodology:

The present study is based on both primary and secondary data. Primary data has been collected by conducting a survey among 200 sample entrepreneurs in small industrial units in Jorhat district of Assam. While collecting data, the researchers visited District Industrial Centre (DIC) of Jorhat District in Assam. Secondary data has been collected from books, journals, annual reports of SIDO, NISSET, Guwahati and District Industrial Centre Jorhat.

Sampling Plan:

A sample of 200 small scale industrial units was selected among 2000 registered units with district industries centre. In the selection of the sample units, a stage stratified simple random sampling technique was adopted. In the first step, the industries were grouped under 06 categories on the basis of nature of the product. In the second step, 10% of the units were selected from the universe (2000). While selecting the sample units, the industrial undertakings engaged in manufacturing with investment of more than Rs 50lakhs and less than Rs 5 crores are classified as small scale enterprises.

Gender:

With the passage of time and with increase in literacy level, women entrepreneurs are also establishing industries besides male entrepreneurs.

Table 1.1

gender	No of Entrepreneurs	% to Total
Male	175	87.5
female	25	12.5
Total	200	100.00

Field Study

Table 1.1 shows that out of 200 entrepreneurs, 25 entrepreneurs representing 12.5% happened to be women entrepreneurs. As per 1991 census, only 4.5 % of the total self employed entrepreneurs in the country were women. In this connection, it may be stated that the rate of women entrepreneurship in Jorhat district is relatively higher than the national average.

Table 1.2**Industry wise classification of Entrepreneurs on the basis of gender.**

Type of industry	Male	P.C	Female	P.C	Total
Chemical & chemical products	15	7.5	05	2.5	20
Building material	25	12.5	05	2.5	30
Rubber & plastic products	10	05	05	2.5	15
Food & food processing	75	37.5	15	7.5	90
Agro-based products	30	15	20	10	50
Paper & wood products	10	03	05	2.5	15
Total	145	72.5	55	27.5	200

Field Study

It is transparent from the table 1.2 that the researcher classified the male and female on the basis of the industry established. The industry wise classification of entrepreneurs on the basis of gender shows that women entrepreneurs established firms in only five categories out of six categories of industry classification. It is evident from the table 1.2 that women entrepreneurs have shown interest to establish agro-based industries, as 20 out of 55 women entrepreneurs representing 50 % in total women entrepreneurs established agro-based industries, followed by five chemical products, material buildings and rubber and plastic products each. In the male entrepreneur's category, 75 entrepreneurs representing 37.5% out of 145 male entrepreneurs established food and food processing industries followed by 30 agro-based industries (15%) of

male entrepreneurs. In total, male entrepreneurs were higher in food and food processing units, whereas female entrepreneurs were higher in agro-based industries.

Age:

Age of the entrepreneurs has its influence on the entrepreneur's ability, involvement in the profession, dedication towards the profession, decision making capacity of the entrepreneur and thereby, on the overall performance of the enterprise. In this context, an attempt is made to identify the age of entrepreneur at the time of the survey.

Table: 1.3
Age of the Entrepreneurs

Age(year)	No of Entrepreneurs	percentage to total
<20	Nil	Nil
21-30	28	14
31-40	32	16
41-50	100	50
51-60	30	15
>60	10	5
Total	200	100.00

Field Study.

An entrepreneur that crossed 20 years of age is taken as 21 years old and is correspondingly shown in the age group of 21-30 years and the same is followed in other age groups also.

Table 1.3 depicts that 100 entrepreneurs out of 200 entrepreneurs representing 50% were in the age group of 41-50 years. Nearly 30% of entrepreneurs i.e. 60 were below the age of 40 years. There were only 10 entrepreneurs 5% that were above 61 years. It is evident that 95% of entrepreneurs were in the age group of 31-60 years. It is evident from the table that majority of the entrepreneurs are in the age group of 31-50 years of age.

Social class:

Entrepreneurs belong to different caste communities such as General, OBC,MOBC, SC, ST and others. Table 1.4 reveals the classification of sample entrepreneurs on the basis of their caste and communities.

Table 1.4
SOCIAL CLASS

Social Class	No. of entrepreneurs	PC to total
General	40	20
OBC	50	25
MOBC	65	32.5
SC	15	7.5
ST	10	5
Others(Muslims)	20	10
Total	200	100.00

Field Study.

Table 1.4 gives a clear idea about the social class of the entrepreneurs. The highest number of entrepreneurs hail from MOBC class in Jorhat district, 32.5% (65 out of 200 are from MOBC) and are followed by 50 (representing 25%) from the OBC. The third place was occupied by General class entrepreneurs with 40 enterprises representing 20% of the total 200 respondents and the fourth place was occupied by others (Muslims) with 20

organizations 10% of the total 200 entrepreneurs. 25 entrepreneurs out of the total 200 entrepreneurs representing 15% are from reserved categories and other 175 respondents representing 85% are from the forward castes. It is evident from the above table that in Jorhat District, reserved category of entrepreneurs are also participating in economic development of the district.

Education:

Entrepreneurship is not the exclusive privilege of the educated. There are successful entrepreneurs who are not well educated. Entrepreneurs in small scale industries are not required, who have any specific educational qualification. Hence, their educational qualifications differ.

Table: 1.5
Educational Level of the Entrepreneurs

Educational	No of Entrepreneurs	PC to total
Illiterate	10	5
Up to HSLC/HS	90	45
Graduate	60	30
Post Graduate	10	5
Professional	05	2.5
Technical	25	12.5
Total	200	100.00

Field study.

Table 1.5 explains the educational level of entrepreneurs. 10 entrepreneurs representing 5% of total respondents are illiterate and 45% entrepreneurs had minimum formal education up to HSLC/HS. 35% (70 entrepreneurs) are having graduation as their minimum qualification. 15% of the entrepreneurs have professional education and technical education.

Location of the units:

For industrial development, the Government takes initiation to form industrial areas and industrial estates by providing the required amenities to the entrepreneurs. Industrial estates and industrial areas are developed with all infrastructural facilities required for establishing of industries.

Table: 1.6

Location of the Unit	No. of Entrepreneurs	PC to total
In the industrial Estate	45	22.5
In An industrial area	65	32.5
In Some Other approved place	90	45
Total	200	100.00

Field Study.

Table 1.6 analyses the location of the units. Nearly 55% of the units are established in industrial estates and industrial area and 45% are established in some other approved areas.

Line of activity:

Line of activity in this study is classified into five categories as manufacturing, processing, Trading, assembling and services. Manufacturing units include all type of industries in the study. Other than paper and paper products, remaining all types of industries are included in the processing sector. Trading includes only food and food processing

industries. Some of the engineering units include services and assembling units. The service sector includes not only engineering units but also agro-based industries. The researcher has made an attempt to explain the relation between line of activity and type of industry and the same is presented in the following table no 1.7.

Table 1.7

Line of business activity.	No. of entrepreneurs	PC to total
Manufacturing	130	65
Processing	45	22.5
Trading	12	6
Services	8	4
Assembling	5	2.5
Total	200	100.00

Field study.

Table 1.7 explains that 65% of total 200 entrepreneurs were established in manufacturing sector, whereas only 22.5% (45 units out of 200 firms) were established in the processing sector. Nearly 12.5 % of the total 200 units i.e. 25 units were non- manufacturing units.

Form of the organization:

Entrepreneurs who have self sufficiency in all aspects may be interested in establishing sole proprietary firms and some entrepreneurs start partnership firms or joint stock companies to motivate some other entrepreneurs to develop the business. So, the researcher made a study of the type of firms started by entrepreneurs.

Table: 1.8

Form of Organization	No. of Entrepreneurs	PC to Total
Sole proprietary	120	60
Partnership firm	60	30
Joint stock company.	20	10
total	200	100.00

Field Study.

It is observed from the table 1.8 that 60% of the total entrepreneurs are functioning as sole proprietary firms and 30% are functioning as partnership firms. Enterprises functioning as joint Company amount to 10%. This has been due to the fact that starting of joint stock companies requires a lot of legal formalities unlike sole trader's organizations.

Generation of the units:

A business may be started either afresh or by acquiring an existing one. It is interesting to know how entrepreneurs started their business. Table 1.9 reveals the classification of enterprises on the basis of mode of starting.

Table: 1.9
Generation of the Units.

Generation of units	No. of entrepreneurs	PC to Total
Inherited	24	12
First venture	150	75
Acquired from others	26	13
Total	200	100.00

Field Study.

It is inferred from Table 1.9 that 75% of enterprises were started afresh and those units inherited family amount to 12%. Enterprises acquired from others amount to 13%. Majority of the enterprises 150 units run by entrepreneurs in Jorhat District of Assam are newly started.

Findings:

- 1) Women entrepreneurs are less than 10% of the total entrepreneurs.
- 2) Nearly one-third of the entrepreneurs in Jorhat district are below 40 years of age.
- 3) Only 15% entrepreneurs are representing the reserved categories.
- 4) Majority of the entrepreneurs have studied only up to HSLC/HS level.
- 5) Nearly one-third of the enterprises are located within the industrial area.
- 6) More than three-fourths of the enterprises are manufacturing and processing units.
- 7) More than half of the enterprises belong to sole proprietary firms.
- 8) A majority of the enterprises run by the entrepreneurs are newly generated. This shows that a lot of initiation was there among the entrepreneurs.

Suggestions:

- 1) More attention should be focused on unemployed graduates.
- 2) Since the number of entrepreneurs from schedule caste, schedule tribe and backward class communities is very low, awareness is to be created among the schedule caste and schedule tribe people by providing special incentives to start a business.
- 3) Entrepreneurs should be encouraged to start their enterprises as joint stock companies rather than as sole trade and partnership firms to avail the advantages of large scale operation.
- 4) The government and other promotional agencies should take greater interest in marketing the products produced by small scale units.
- 5) Entrepreneurs must keep themselves updated by regularly attending training programmes, organized by SIDO (Small Industries Development Organization) and NISIT (National Institute for Small Industry Training).

Conclusion:

- There should be a curriculum change along with proper career guidance in educational institutions, which will shape the students to become capable entrepreneurs in future.
- The Government may appoint a special task force consisting of technically and professionally qualified people for continuous monitoring of the performance of small scale units.

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