

# Small Business Development and Rural Industrialization in Maunath Bhanjan District of Eastern Uttar Pradesh

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## ABSTRACT

*Entrepreneurs have a critical role in the growth of the economy and industry. Entrepreneurs are those who, rather than working as an employee, start and run a small business, taking on all of the risks and benefits. In Eastern Uttar Pradesh, new entrepreneurs are increasingly developing, although no sociological study has been conducted. The purpose of this essay is to investigate Eastern Uttar Pradesh's entrepreneurship and small company. The article examines the obstacles faced by rural handloom entrepreneurs in Maunath Bhanjan district, an important weaving centre in Eastern Uttar Pradesh. In their daily business, the entrepreneurs here face a variety of issues. Every successful firm has its own set of issues. Lack of cash, infrastructural issues, marketing issues, and management issues are just a few of the key issues that rural entrepreneurs in this portion of the region confront. It goes on to address the marketing prospects for these rural entrepreneurs' handloom items, as well as the social and cultural environment of entrepreneurial development in Maunath Bhanjan district.*

*Entrepreneurial development in the rural sector is aided by rural industries. Rural industrialisation thus promotes rural economic development, which, on the one hand, minimises rural urban migration and, on the other, reduces disproportionate growth of towns and cities, social conflicts, pollution, and so on. Rural youngsters must be encouraged to choose entrepreneurship as a career path, with all essential training and support mechanisms in place.*

**Keywords:** *Industrialisation, Entrepreneurship, Development, Handloom*

## INTRODUCTION

In any industrialisation process, entrepreneurs play a critical role. They play a vital part in the development of the economy and industry. Entrepreneurs are the creators of new ideas, products, and businesses. Entrepreneurs are those who, rather than working as an employee, start and run a small business, taking on all of the risks and benefits. "Entrepreneurs are the vehicle to propel an economy forward from static equilibrium, based on combinatorial capacities that results in acknowledgment of entrepreneurial individuals,"

according to J Schumpeter (Schumpeter, 1911). In Eastern Uttar Pradesh, new entrepreneurs are increasingly developing, although no sociological study has been conducted. Entrepreneurship is the process of recognizing and developing economic and social opportunities via the efforts of individuals and organisations, which can lead to the establishment of new businesses, either as stand-alone entities or within existing organisations.

## ROLE OF RURAL ENTREPRENEURS IN ECONOMIC DEVELOPMENT

Because of his role in introducing innovations, Schumpeter (1934) saw the entrepreneur as an important figure in economic progress. According to Joseph Schumpeter, a country's rate of economic advancement is determined by its rate of innovation, which is determined by the population's rate of increase in entrepreneurial talent. Entrepreneurship, according to Parson and Smelser (1956), is one of two required criteria for economic progress, the other being increasing capital output. Entrepreneurs boost capital development by using both their own and borrowed resources to start their businesses. Such entrepreneurial actions result in value addition and wealth generation, which is critical for the country's industrial and economic development. They assist in providing large-scale employment to the unemployed, which is a persistent problem in developing countries. Others are provided with both large and small-scale career opportunities. In this way, entrepreneurs contribute significantly to the reduction of unemployment in the country, paving the way for the country's economic progress. Both directly and indirectly, entrepreneurs create jobs. The development of industry and businesses in these locations has resulted in a slew of advantages, including improved road transportation, health, and education. Entrepreneurs contribute to the reduction of regional inequities by establishing industries in less developed and backward areas. Entrepreneurs play a critical role in raising people's living standards by embracing cutting-edge technology in the production of a wide range of goods and services. Rural entrepreneurs are entrepreneurs who start businesses in rural locations. These types of businesspeople place a high value on the creation of industrial units in rural areas. Rural entrepreneurs are in higher demand than machines because industrial units run by rural entrepreneurs employ more men than machines.

"Like the term entrepreneur, rural entrepreneurship has diverse connotations for different people. Rural entrepreneurship is defined as "the formation of a new organisation in a rural area that provides a new product, services or creates a new market, or employs a new technology" (Khanka: 2009).

Agriculture has historically been the primary source of income for the majority of Eastern Uttar Pradeshese villagers. Individuals who selected a different path for themselves by becoming entrepreneurs were the focus of this study. They live in their houses and operate their own businesses, which provide them with a source of income and work for weavers. Participation in entrepreneurial activities will enable efficient labour use, revenue generation, and improved quality of life. Handloom is the most popular form of business here, and it has enabled the people to become self-sufficient, eliminating the need for them to migrate to cities in search of work.

**Rural industrialization is required:** Entrepreneurial development in the rural sector is aided by rural industries. Rural industrialization thus promotes rural economic development, which, on the one hand, minimises rural urban migration and, on the other, reduces disproportionate growth of towns and cities, social conflicts, pollution, and so on. Rural youngsters must be encouraged to choose entrepreneurship as a career path, with all essential training and support mechanisms in place. The word "rural development" refers to the general development of rural areas in order to improve rural people's quality of life. Agriculture and related activities, village and cottage industries, socioeconomic infrastructure, community services and facilities, and human resources development in rural areas are all included. It is a multifaceted idea. This phrase might refer to a phenomenon, a tactic, or a discipline. Entrepreneurship and rural industrialization have a direct relationship. Only when there are entrepreneurs can rural industrialization take place. Rural industrialization will provide incentive to young and potential entrepreneurs. Rural industrialisation and rural entrepreneurship are inextricably linked and are, in fact, two sides of the same coin.

"Handloom is one of the most labor-intensive businesses, with low capital employed. Furthermore, it is true that these industries are operated by the poorer members of society. If some actions are adopted by the federal and state governments, they will be able to operate in a productive and profitable manner. Handloom industrialization can help to balance and diversify economic development by removing lopsided

economic development" (Chowdhury, 2012). It has the potential to be a significant weapon in the context of our country's rural industrialization. Nobody can refute its multi-faceted problem-solving abilities. There are other arguments in favour of such units, in addition to the traditional considerations of output, employment, and export. It contributes to the development of a capable female workforce and the maintenance of a skilled workforce in the area by offering skills that can be used to update existing businesses such as Eri, Pat, and Muga silk as well as launch a new business endeavour.

### METHODOLOGY AND OBJECTIVES

Locations under the East, Madhya, and West Maunath Bhanjan district Gaon Panchayats were chosen for the study, and data was collected from these areas.

Handloom master weavers/entrepreneurs are the respondents in this survey. A total of 50 master weavers/entrepreneurs were interviewed for primary data. Purposive sampling was used to choose the respondents, who were then given an interview schedule. There are three types of entrepreneurs based on the nature of their activity. Weavers with a few handlooms made up the majority of the first class. These looms are either operated by themselves or by wage weavers.

The second class generally consisted of broker stockists or yarn or finished product merchants who only dealt in the local market. Employer entrepreneurs who primarily dealt with outside consumers made up the third class.

The purpose of this essay is to investigate Eastern Uttar Pradesh's entrepreneurship and small company. The article examines the obstacles faced by rural handloom entrepreneurs in Maunath Bhanjan district, an important weaving centre in Eastern Uttar Pradesh. In their daily business, the entrepreneurs here face a variety of issues.

#### **In Maunath Bhanjan district, master weavers work as follows:**

Handloom weaving is a vital part of the rural economy, providing jobs and a source of income for the masses. It is essentially a traditional, unorganised, decentralised sector that has been run by weavers and rural people in

rural areas for centuries. This traditional industry, which is not only India's cultural legacy but also the backbone of the rural economy, must be protected. Entrepreneurs or master weavers in the handloom sectors are at the heart of market transactions. Master weavers have two characteristics that make them an intriguing research topic: first, they are able to sell their products in the same areas where cooperatives are unable to sell without subsidies. The government has only recently begun to accept the fact that 75 percent of all weavers in the country labour under master weavers (GOI, 1996).

#### **Creating a factory/weaving house entails the following steps:**

When compared to understanding how a master weaver works, understanding how master weavers come into being is restricted. This section explains how master weavers work, starting with how they form their businesses and the numerous start-up steps. This part also goes through their operations, emphasising production and marketing.

In most cases, master weavers start their own business by inheriting the family business. Some people start their own businesses after working for a cooperative, a non-governmental organisation, or a master weaver for a while, as illustrated in table 1 below. It is difficult for people from other castes to establish master weaver enterprises, save from those who are members of the weaving society.

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's company is normally run from his home, where he has a separate part for dealing with his weavers, keeping raw materials, and presenting finished items. If his business grows, he might consider opening a small shop in the hamlet. Any master weaver must be involved in two distinct areas of business: production and marketing. Both finance and the design of new products have a significant role. Owners of textile stores in various metropolitan and semi-urban areas are the master weaver's clientele, and it is via them that the items reach their retail customers. Yarn is the primary raw material used in the handloom business. The weaver receives coloured yarn in various colours, which is used to prepare the warp and weft, which are then weaved to make the desired cloth. The weaver may use gold thread (Guna) to adorn the motifs in addition to coloured yarn.

In many ways, Master Weaver enterprises have held the handloom industry for centuries as a manufacturing and marketing conduit, but little is known about how they operate. It's possible that the scarcity of literature on master weavers is due to the implicit assumption among policymakers and scholars that master weavers as private entrepreneurs are bad for the sector, but cooperatives as public institutions are helpful. According to employment figures, the master weaver segment employs roughly 70-80 percent of the weavers. If the master weavers are being chastised for paying poor wages to the weavers or for being exploitative, they should be applauded for giving ongoing work to the weavers. Establishing a business in the handloom industry is laden with risk, if one were to look at it from a firm level. To begin, master weavers must obtain funds, which they frequently do through informal financial networks that demand exorbitant interest rates. Second, they must coordinate their manufacturing, which is distributed across multiple sites, in order to ensure that the products are marketable. Third, they must sell their items to retail outlets, which are scattered throughout the country. In handloom marketing, cash transactions are uncommon. Credit periods of 30 to 90 days, depending on the season, must be offered to store owners. The recovery of credit is an immediate issue with credit sales.

Finally, raw materials must be obtained primarily on credit for a period of roughly a week to a fortnight, which is significantly shorter than sales cycles. As a result, master weavers who produce high-end cloth must invest considerably in raw materials up front on the assumption that the product will finally be sellable and profitable months later. It's not that weavers aren't aware of the challenges of running one's own business. They keep a careful eye on master weavers' activities and are aware of the undercurrents that they encounter, particularly the financial juggling required to run a handloom business. When given the option, many weavers would rather work for a master weaver, even if the pay is modest, than start their own business. Weavers prefer to work under a master weaver because he is more likely to supply work throughout the year, which is more significant than the greater income that cooperatives occasionally provide. These are the weavers who need to learn how to be more entrepreneurial.

Challenges in rural entrepreneurship:- The article examines the obstacles faced by rural handloom entrepreneurs, an important weaving centre in Eastern Uttar Pradesh. In their daily business, the entrepreneurs here face a variety of issues. Every successful firm has its own set of issues. Financial issues, marketing issues, managerial issues, and so on are some of the key issues that rural entrepreneurs in this portion of the region confront. It goes on to address the marketing prospects for these rural entrepreneurs' handloom items, as well as the social and cultural environment of entrepreneurial development. The concepts, beliefs, and social milieu that might stimulate or inhibit rural entrepreneurship are referred to as the social and cultural context of entrepreneurship development. The following are some of the primary issues that rural entrepreneurs face:

### FINANCIAL PROBLEMS

One of the most serious issues facing rural entrepreneurs today, especially in light of the global recession, is a lack of financial resources. The low purchasing power of rural consumers means that sales volume is insufficient; lack of capital to start a business; reduced profits due to competition; pricing of goods and services; reliance on

small money lenders for loans, which they charge discriminatory interest rates; and high rent and property costs are among the major challenges faced by rural entrepreneurs. The government provides subsidies to rural communities, however these subsidies are ineffective due to high financing costs. Due to a lack of financial means and external help, rural entrepreneurs have a lower risk tolerance.

### **MARKETING PROBLEM**

Marketing establishes consumption patterns and gives the manufacturing process a new direction and dimension. Large organisations and metropolitan entrepreneurs compete fiercely with rural businesses. Standardization and competitiveness from large scale units are two major issues that marketers face. They are having difficulty establishing and adhering to standards. Maunath Bhanjan district has a plethora of handloom fabric marketing agencies. Maunath Bhanjan district handloom items, which are predominantly traditional in nature, face strong competition from products from large-scale sectors and power looms in today's shifting trend. The survival of fledgling companies is also hampered by competition from large-scale units. Because new businesses have limited resources, they cannot afford to spend more on sales advertising.

These businesses do not have a typical brand name under which to offer their wares. Because the producers are too dispersed and inexperienced, they do not take a collective strategy to selling their products. "Development of marketing facilities within the state has become a vital aspect of strengthening the position of handloom products." Otherwise, any production-level assistance given to the industry will be a waste of national resources" (Kulkarni; 1984).

### **MIDDLEMEN**

Many independent weavers nowadays get into salary agreements with middlemen for a set length of time. According to this contract, the middleman will supply the weaver with the amount of yarn he needs, and the weaver will return it to him after weaving the product and receive his wages. Rural entrepreneurs are exploited by middlemen. Rural entrepreneurs rely largely on middlemen to advertise their products, and these

middlemen benefit handsomely. Other marketing issues in remote locations include a lack of storage facilities and insufficient transportation.

### **MANAGEMENT PROBLEMS**

Obtaining raw materials is a difficult challenge for a rural entrepreneur. It's possible that they'll wind up with low- quality raw materials. For example, the price of a kilogramme of Mulberry and Muga silk yarn has increased from Rs 900 to Rs 14400 in 2017, and weavers are forced to pay this amount since they have no other option. As a result, the price per kilogramme of yarn has risen to more than Rs 10,000 in just ten years. The unusually rapid increase in yarn prices is wreaking havoc on the local sector, as manufacturing is based on advance orders at a predetermined price. The weaver's earnings are ultimately squeezed throughout the process. Lack of technical skills is a serious concern for rural entrepreneurs. Rural entrepreneurship development is hampered by a lack of training facilities and extension services.

### **HUMAN RESOURCE PROBLEM**

The majority of rural enterprises are unable to recruit skilled staff or weavers. In this instance, turnover is likewise high. They must be given on-the-job training, which is often a severe difficulty for entrepreneurs because they are mostly uneducated and must be taught in a local language that they can understand. Rural industries aren't just set up to take advantage of inexpensive labour; they're also set up to promote integrated rural development. As a result, rural entrepreneurs should not only consider the countryside as a market; they need also consider the obstacles that exist in metropolitan areas and be prepared to face them. Entrepreneurs in rural areas are less likely to think creatively. This is why many of them choose to work on farms or migrate to urban areas. Rural people may be forced to be more self-sufficient than their urban counterparts due to circumstances, yet entrepreneurship culture is often lacking. It could be a result of a lack of understanding and awareness of business potential. The young and well- educated are the ones who leave the most.

## CONCLUSION

A healthy economy may be built by good entrepreneurs. Entrepreneurship is a vital aspect of a country's industrial progress and development. Enthusiasm, persistence, and the capacity to search out business chances that lead to success are all characteristics of the entrepreneurial spirit. A big number of young people, both educated and unskilled, may be able to find work in this field. The weaving sector is one of the greatest to engage in in one's home country, as it provides unemployed people with opportunities for both self-employment and paid work. Many former wage weavers are now master weavers, and the employment provided by the looms at Maunath Bhanjan district demonstrates the relevance of traditional handlooms in rural communities. Only when a country's citizens engage in entrepreneurial activity can it generate a consistent stream of economic prospects. A successful entrepreneur is made up of numerous characteristics, and he or she does not necessarily need a good commercial and financial experience. On the other hand, well-designed and well-directed training can always result in a great entrepreneur. As a result, both the state and federal governments have implemented initiatives to enhance the tribal community's economic situation in recent years. However, they are unable to benefit due to a lack of information and sufficient supervision.

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