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ROLE OF SMALL BUSINESS AND ENTREPRENEURSHIP IN ECONOMIC DEVELOPMENT: A STUDY IN TINSUKIA TOWN OF ASSAM.

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Abstract:

Small business and entrepreneurship have significant contribution in converting developing country in to developed countries. Small businesses are the essential constituents in the development of economy and generating employment opportunities within country. The objective of the study was to examine the role of small businesses positively contribute to the economic development of the area under study. The study also analyzes the problems faced by small business entrepreneurs in the study area. 80 small businesses are taken as sample for the study. Judgmental sample technique is considered for collecting the information from the sample respondents. The study tried to investigate and analyzed role of small business in the area under study. The finding of the study revealed that small business and entrepreneurship plays a significant role in economic development in our society by providing not only self employment for the owners but also provide employment opportunity for others. The study also examined some major problems faced by small business owners in the study area.

Keywords: Small Business, Economic development, Entrepreneurship, Tinsukia town.

INTRODUCTION

We use the term 'enterprise' and 'business' interchangeably. But there is a difference between the two. An enterprise is usually a venture that reflects an initiative or high risk taking ability of the entrepreneur. It implies something bigger and far-reaching than a simple occupation. Business is a type of occupation that reflects the fact that the owner is his own boss. Entrepreneurs are known to invent and develop things. On the other hand, small business owners set up their businesses with the main motive of earning profits. Entrepreneurs often want to change and develop things. Small business owners, on the other hand, are content as long as they are successful. They will rarely try to do more.

Government of India defines small businesses in the government website for business, business.gov.in, as "a small scale business is a business set up in which the financial commitment towards infrastructure such as building & equipment, whether made as an owner or on rental or purchase basis, does not surpass Rs. 1 crore." But, as per Ministry of Micro, Small and Medium Enterprises, any service sector unit with an investment in equipment of not more than Rs. 2 crores is classified as a small business. In the manufacturing sector, any unit with an investment in plant and machinery of less than Rs. 5 crores is classified as a small business. Although there is a little difference between the two, in broad sense we can use the two terms in same sense.

In India, Sole Proprietorships are the most common types of business. It is simply an unincorporated business owned and ran by one person. Small business is defined as a privately owned corporation, partnership, or sole proprietorship that has fewer employees and less annual revenue than a corporation or regular-sized business. Small businesses are independently owned organization that require less capital and fewer workforces and less or no machinery. In other words a small business can be defined as, a small scale level involves less capital investment, less number of labour and fewer machines or no machines to operate. Small businesses are either services or retail operations like grocery stores, medical stores, bakeries and small manufacturing units etc.

Role of small business in economic development

The economic development of the country significantly depends on the development of regional economies, which is largely based on the sector of small and medium-sized enterprises. Small businesses create job opportunities and drive the country's economic growth in smaller geographic areas. Small businesses are also responsible for a significant portion of the production generated in the region. Small business plays a significant role in the development of the society as well as nation. They play a significant role in national economy by providing various goods and services, creating job opportunities, developing regional economies and communities, helping the competition in the market and offering innovation. Small businesses contribute to local economies by bringing growth and innovation to the community. Small businesses are the second largest employment provider after agriculture, in the Indian economy. Small business provides immense opportunities in the rural and semi-urban areas. Small business not only provides self employment among educated and professional class of people but also provide employment opportunity for others. They are mostly labour intensive and provide a lot of employment opportunity than big industries. The primary nature of small businesses is more involvement of physical work rather than intellectual work. Small business help stimulate economic growth by providing employment opportunities to people who may not be employable by large corporations. Small business provides employment opportunities to the farmers who remain idle during a part of the year.

More over small business helps in achieving balance regional development of the economy. Small businesses are spread throughout the nation especially in rural and backward areas and lead to development and raise the standard of living of the people in those areas. Small businesses are able to adjust according to changing environment conditions due to their flexibility in nature.

Entrepreneurs are always on the lookout for opportunities. They encourage effective resource mobilization of capital, growth in the size of the workforce and growth in the productivity, bring in new products and services and develops markets for growth of the economy. In this way, they help increasing gross national product as well as per capita income of the people in a country which is a sign of economic growth. .

OBJECTIVE OF THE STUDY

The objective of this study is to present results of the small businesses positively contribute to the economic development of the area under study, which is measured with the income generated by enterprises located there, and the number of employees employed. The study also analyzes the problems faced by small business entrepreneurs in the study area.

METHODOLOGY OF THE STUDY

The study is based on both primary and secondary data collected from respondents. The study area is the Tinsukia town of Assam. Tinsukia is an industrial town of Assam. It is situated 480 kilometers north-east of Guwahati, the capital city of Assam and 84 kilometers away from the border with Arunachal Pradesh. Therefore, Tinsukia is one of the important town for both the state. From Tinsukia town, number of producers and whole sellers supply goods to retailers within the district and border districts of Arunachal Pradesh.

The target population for the study is small business entrepreneurs of the town. The primary data collection is based on judgmental sampling method. Judgmental sampling is used to get the sample in order to include different types of small businesses found in the area under study. Therefore, it includes retailers, wholesalers and small producers engaged in production and sell different types of goods. Total 80 small businesses are selected as sample for the study. The primary data collected from the owners of the business (entrepreneurs) through personal visit to the

enterprises of the selected respondents. The respondents are interviewed by using unstructured interview schedule. The secondary information has been collected from books, articles published in different journals and websites.

The primary data so collected at the field level are tabulated and analyzed using simple statistical technique and descriptive narration. Finally all these are followed by the necessary interpretation and discussion so as to achieve the desired goal.

ANALYSIS AND DISCUSSION

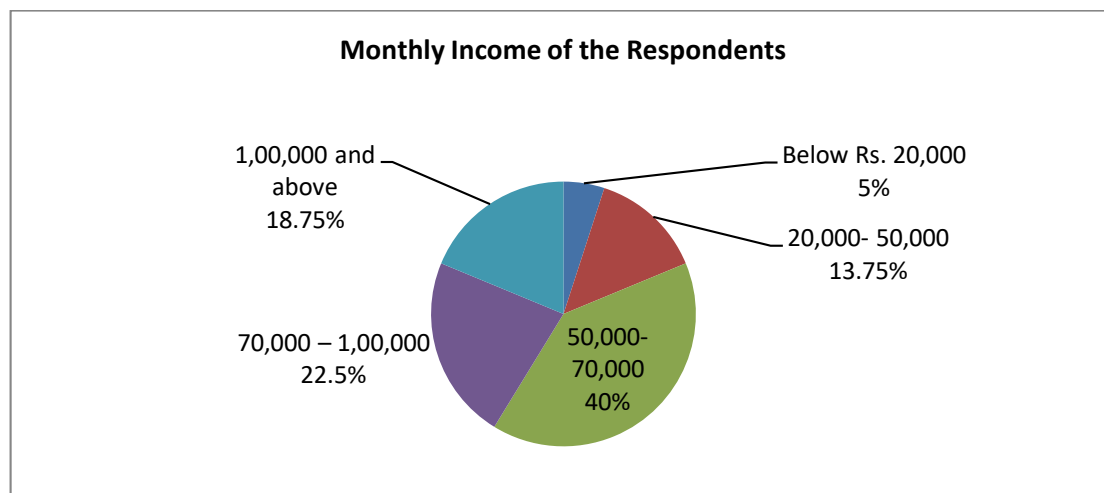
Monthly income:

Income or profitability of a business depends on number of factors such as, their size of business, capital investment, volume of sales etc. In this study monthly income of the respondents refers the surplus retained with them after payment of all the expenses including wages and salaries of workers. Income of the entrepreneurs (owners) is an indicator of the financial support that the respondents provide to their family. Following Table shows the monthly average income of selected business entrepreneurs.

Table – 1
Monthly Income of the Respondents

Sl. No.	Monthly income	No. of Respondents	Percentage
1	Below Rs. 20,000	4	5%
2	20,000- 50,000	11	13.75%
3	50,000- 70,000	32	40%
4	70,000 – 1,00,000	18	22.5%
5	1,00,000 and above	15	18.75%
	Total	80	100%

Source: Sample Survey



The Table-1 shows that majority of respondents' (40%) have monthly income in between Rs. 50,000 to Rs.70,000 followed by respondents who have monthly income of Rs 70,000 -- Rs, 1, 00,000 constitute 22.5%. Respondents who have monthly income Rs. 1, 00,000 or above constitute 18.75% and respondents in the income bracket between Rs. 20,000 to Rs. 50,000 constitute 13.755. Only 5% respondents' monthly income is below Rs. 20,000.

Number of workers employed:

Small business promotes not only self employment but also create employment opportunities for others. The recruitment of workers generally depends on size of business, scale of production and nature of product. The Table -2 depicts the number of employment opportunities provided by the respondents in their business.

Table: 2
Number of workers employed in the business

Sl. No.	No. of workers	No. of Respondents	Percentage
1	zero	5	6.25%
2	1 to 5	23	28.75%
3	6 to 10	32	40%
4	11 to 20	11	13.75%
5	21 and above	9	11.25%
	Total	80	100%

Source: Sample Survey

The Table-2 shows that out of 80 respondents, 75 respondents have employed workers in their business. The number of respondents who provide additional employment 6 to 10 persons constitute 40%, followed by 28.75% respondents who provide employment opportunity 1 to 5 persons. 13.75% respondents provide additional employment 11 to 20 persons and 11.25% respondent provides employment opportunity for 21 or more persons.

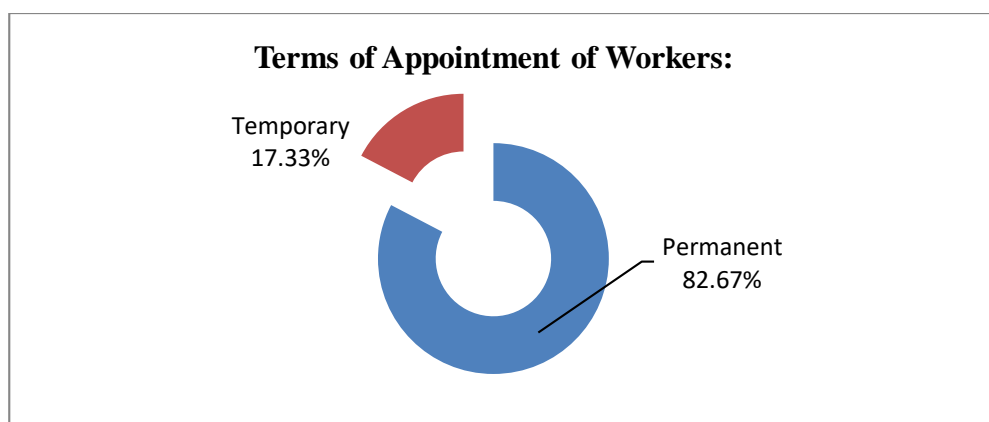
Terms of employment of workers:

The terms of appointment of workers employed is confined to permanent and temporary workers. In this study workers those who have worked regularly and more than one year is considered as permanent workers and who have casually employed and less than one year is considered as temporary workers. Following Table shows the terms of workers employed in the business.

Table- 3
Terms of Appointment of Workers in the Business.

Sl. No	Terms of employment	Number of Respondents	Percentage
1	Permanent	62	82.67%
2	Temporary	13	17.33%
	Total	75	100%

Source: Sample Survey



The Table-3 shows that out of 80 respondents 75 respondents provide additional employment opportunity. The Table also shows 75 respondents who have provided employment opportunity, majority of them i.e. 62 (82.67%) have employed permanent workers in their business and only 13 (17.33%) respondents have employed workers temporary basis in their business. It is observed that majority of entrepreneurs are employed permanent workers.

Facilities provided to the workers:

The respondents were asked to describe the facilities provided to the workers in their enterprises. Most of the respondents stated that in addition to monthly salaries, they provide loading facilities, bus fare, midday meal and two or three times tea during working hours. Following Table shows the facilities provided by the respondents to their workers.

Table - 4
Facilities provided to the workers

Sl. No	Facilities provided	No. of Respondents	Percentage
1	Loading facility	33	44%
2	Bus fare	42	56%
3	Midday meal	52	69.33%
4	Tea	75	100%
	Uniform	11	14.67
Total Respondents = 75			

Source: Sample survey (Multiple answer considered)

The Table-4 shows that 75 respondents who provide employment opportunity also provide some facilities to their workers. 44% respondents stated that they provide loading facility to their workers who come from other towns or rural area away the Tinsukia town. 56% respondents give bus fair to their workers for up and down from home to work place. 69.33% respondents provide midday meal to their workers and 14.67% respondents provide uniform. Almost all the respondents provide tea to their workers.

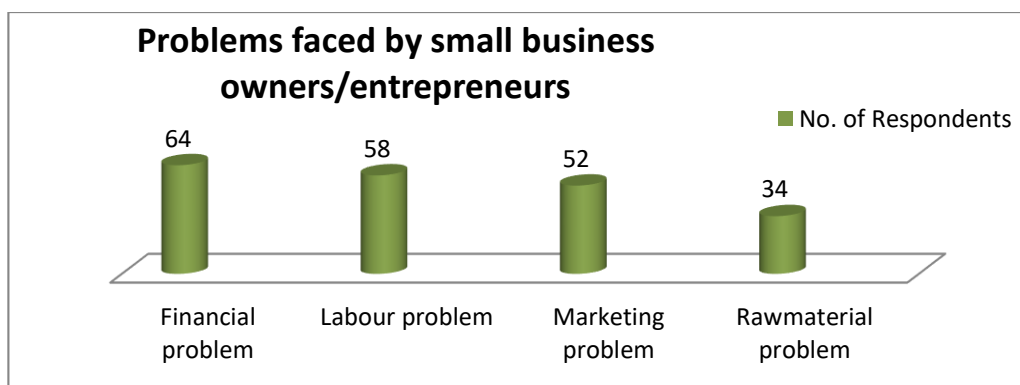
Problems of Small Business Owners/Entrepreneurs:

Small business owners/entrepreneurs face different type of problems in the path of their entrepreneurial growth. The respondents were asked the major problem they have faced in smooth running their businesses. The problems are categorized as financial problem, labour problem, marketing problem, raw-material problem etc. Following Table shows the distribution of some major problems faced by them.

Table- 5
Problems faced by small business owners/entrepreneurs

Sl. No	Major Problems	No. of Respondents	Percentage
1	Financial problem	64	80%
2	Labour problem	58	72.5%
3	Marketing problem	52	65%
4	Raw material problem	34	42.5%
Total Respondents =80			

Source: Sample survey (Multiple answer considered)



1. Financial problem

80% respondent stated finance is a major problem in small businesses. The main reasons for this issue is less availability of credit/loans not getting approved because of low credit worthiness and fail to provide adequate collateral security or guarantees. Therefore, they might have to borrow funds at a high-interest rate from money lenders. The respondents also stated that due to sudden outbreak of covid-19 which led to lockdown and downfall in the economy, they are forced to ask for money from money lenders at unreasonably high rate of interest.

2. Labour problem

72.5% respondent stated that recruiting talented and skilled employees is a major problem faced by small business units. Due to shortage of funds, they cannot afford high salaries to the employees. Therefore it is difficult for small businesses to get a good amount of talented and skilled labour in their locality. They have to recruit employees come from other towns or villages away from their town. For them, they have to provide some extra facilities such as loading facilities, bus fair etc. which can result in increase their expenditure. Moreover, a lot of training is needed for unskilled workers which can result in low productivity per employee and high rate of labour turnover although they are recruited at low remuneration.

3. Marketing problem

65% respondent stated that marketing is a weak area for them. The reason is that they do not have popularity and goodwill in the market at start. They stated that competition with their neighboring enterprises is also another problem they have faced. Small business enterprises, who are engaged in production activities, generally face problems in marketing of their goods and services due to lack of any funds for advertising or sales promotion. Hence, they have to depend on middlemen who sometimes exploit them by paying low price and delayed payments.

4. Raw-materials problem

Raw-materials are required for those small business enterprises who are engaged in production or manufacturing activities. 42.5% respondent stated that their businesses are production/manufacturing type of enterprises and they need raw-materials. They have to face a lot of problems like non-availability of raw material, quality is not up to the mark and short supply of raw material. Getting good quality raw material is one of the biggest problems faced by them. For meeting requirements of raw materials, small scale businesses normally depend on local sources. They have to pay a high price to get good quality raw-materials. It will lead to increase in the cost of production which makes their functioning difficult.

DISCUSSION

The analyses of the collected information shows that majority (65 respondents) of respondents' monthly income is Rs. 50,000 and above, and only 15 respondents' monthly income is below Rs. 50,000. It is observed that income of selected respondents is satisfactory; although most of them stated that they suffered losses last year (2020) due to COVID 19 pandemic and lockdown.

The study shows that out of total (80) respondents selected, 75 respondents have employed workers to assist them in their business. The number of respondents who provide additional employment more than 5 persons constitute 65% (40%+13.75%+11.25) and only 28.75% respondents provide additional employment 5 or less than 5 persons. It is observed from the study that small businesses and enterprises play a significant role to solve unemployment problem in their locality by providing employment opportunity to the people who may not be employable by large corporations.

The study also shows that 62 (82.67%) respondents have employed workers in their business on permanent basis and only 13 (17.33%) respondents have employed workers temporary basis in their business. Therefore, it can be said that workers who are employed on permanent basis feel job security. The study also shows that most of the respondents provide some other facilities to their workers in addition to wages and salaries. It includes loading facilities, bus fair, midday meal, tea and uniform. Some of the respondents provide loading facilities to the workers who come from outside the Tinsukia town and rural area away from the Tinsukia town. Respondents who are unable to provide loading facilities have paid bus fair for up and down from home to work place. Some of them stated that they provide midday meal and almost all the respondents stated that they provide tea during working hours for refreshment. Most of the respondent also stated that they provided financial and other assistance to the workers during the period of lockdown due to outbreak of COVID-19 in 2020.

From the study it is observed that small business owners and entrepreneurs play a significant role in economic development in their locality. They provide immense opportunities in the rural and semi-urban areas. By providing various goods and services, creating job opportunities, small business and entrepreneurship develop regional economies and communities and contribute to local economies by bringing growth and innovation to the community. The study also shows that small business owners and entrepreneurs have faced many problems. Financial problem is the major problem faced by 80% respondent followed by labour problem and marketing faced by 72.5% and 65% respondents respectively. 42.5% respondent stated that they have faced raw-material problem. From the study it is observed that small business owners/entrepreneurs in the study area have faced more than one problem that creates obstruction in their business success.

CONCLUSION

The objectives of the study have brought out certain conclusions. The study shows that almost all the respondents' monthly income is at least Rs. 20,000 and majority of them able to earn more than Rs. 50,000. It indicates that they are able to provide financial support to their family. The study brought in to light that out of 80 respondents, 75 respondents have employed workers in their business. It indicates that they have generated employment opportunity in the society and help to reduce unemployment. Although, Small businesses, are not really going to change unemployment by a great deal, even a little helps to reduce unemployment. The findings of the study also signify that small businesses in the area under study are assortment of challenges to run and establish their businesses. For starting up a successful business, the entrepreneurs need training, empowerment of the minority groups, and most importantly capital. Therefore, to support the initiation of small businesses, the developing countries have to work hard to embark effective strategies that would help to meet the needs for economic growth of the country.

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