

Rural Micro Agri-linked Businesses : A new Venture for Entrepreneurship Development

M. Kanwat¹, Suresh Kumar², P.M. Chargoitra³ and B.P. Mishra⁴

1, 2, & 3 ICAR RC NEH Region, AP Centre, Basar, Arunachal Pradesh- 791101, 4. SMS (Ext.), KVK, Khawzawl, Mizoram

Corresponding author E-mail:kanwat_manish1980@yahoo.co.in

ABSTRACT

Rural micro agriculture linked businesses though encountered perennial problems of research crunch, offers immense growth, employment co-efficient & implication for distribution in agrarian economy of district Upper Subansiri, Arunachal Pradesh. Their emergence is the result of un-remunerative and seasonal character of agriculture, marginalization of small farmers, eviction of tenants and a number of policy measures initiated by the government for promoting self-employment. The paper examines the significance of background and key motivational factors in sustaining rural micro entrepreneurship using chi-square tests of significance and factor analysis. The study suggests adoption of an integrated & multidisciplinary development approach by including training, institutional, financial support as a composite package coupled with improved technology in agriculture to create 'income and output' effect which in turn would increase raw material and demand for rurally produced goods.

Keywords: Rural micro agriculture linked businesses; Agrarian economy;

In the starting of 21st century all the developing countries has been worried about, how they will cope up the situation of unemployment and stressed on the development of micro enterprises to fulfill the objectives of poverty reduction, employment generation, empowerment of women and broadening the base of the private sector by widening the pool of entrepreneurship (*Asian Development Bank 1997 and Draft National Policy for Rural Industrialisation 2000*). These micro enterprises employing up to ten people are active in trade, production and service sectors. In almost all the developing economies, considerable enthusiasm and faith is being placed with this Sector for a variety of reasons: sustainable use of local resource endowments (*Nkya, 2003*), minimizing labour exodus from rural areas, which is the breeding ground for urban slums and a host of socio-economic problems (*Jaitly, 1997*), bridging rural urban economic gap, delivering higher employment and output gains for every unit of capital invested; spin offs for agricultural development as well industry agriculture linkage promotes rural income distribution. In India, several self employment measures have been initiated because growth initiative through percolation of trickle down effect and vertically administered welfare measures have failed to generate additional employment opportunities in agriculture. Technological advancement in agriculture in land scarce countries as well as in high growth and agriculturally potential regions is unlikely to employ the entire labour force at reasonable levels of

productivity and income. The performances of rural businesses in general and micro businesses in particular all over the world have not been spectacular e.g. (a) Cheap credit on fixed capital investment and sales tax exemption etc., for goods produced in rural areas, exemption from entry tax, etc., marketing assistance through small industry corporations exclusively established-rural crafts centers to create rural infrastructural facility. (b) Exclusive credit schemes like composite loan scheme for farmers, women, physically handicapped etc., these may combine fixed and working capital and production and consumption loan, agriculture and farm processing etc., for example in silk industry - supply of mulberry cuttings to small farmers establishment of rearing centers, cocoon markets, technical service centers, testing centers, training schools and silk exchange to create net work for cocoon selling (*Soundarpandian, 1999*). The constraints of rural micro businesses varied ranging from wastage of resources due to poor managerial skills; lack of information regarding inputs, markets and low cost technologies and high costs on transfer; perceived threat from modern industries and international goods; lack of confidence among the rural entrepreneur and perceived inferiority of goods and services produced by them; rural areas not very well connected by road net works and are reliant on middlemen to lack of plenty assets for collateral, high interest rates and short repayment periods. Hence, the present endeavor designed to the significance and

entrepreneurship motivating factor in the development of rural micro businesses, the present study has been carried in Upper Subansiri district, Arunachal Pradesh. The study was designed to fulfill following objectives:

1. To study the significance of background factors in establishing Rural Micro agriculture Linked businesses (RMALB) distinct from micro non-agriculture linked businesses.
2. To define entrepreneurial motivation factors among the owner's of Rural Micro Agriculture Linked businesses (RMALB).

METHODOLOGY

The present study was conducted in Upper Subansiri district of Arunachal Pradesh. Out of 405 villages, 5 villages were selected purposively in which highest number of rural micro business were found. The selected villages are also agriculture prosper villages namely, Digabk, Belo, Lenyi, Lida and Kuporijo. A total of 225 Small Micro Agril. Linked Business were identified and arranged alphabetically according to the owner's name, thereafter first unit was randomly chosen using lottery system, and subsequently every third unit was selected to be included in the sample size. The 120 businesses forming 40 percent of the population was further grouped into 8 heads namely, Knitting Unit (38), Mushroom growing & selling (29), Post Harvest unit (21), Fruit Traders (11) Vegetable traders (10), Sericulture silk worm rearing and spinning (6) and Apiary (5). A questionnaire after pre-testing on 30 RMALB and thereafter editing by amending, recording errors and deleting queries that were obviously erroneous was filled through structured participatory interviews at the site residence of micro unit holders. Secondary information was collected from banks, District agriculture information centre, books, reports, and electronic and non-electronic sources. The use of multiple sources of information was intended to increase 'construct validity' of the case study design in terms of seeking convergent lines of inquiry. The 24 statements covering motivation factors emanating from the review of literature and entrepreneurial self-assessment scale (*Technonent Asia, 1981*) designed on 5 point Likert scale with choice ranging from 1 (of no importance) to 5 (of utmost importance) were put to the respondents. Using a conservative component loading of 0.50 as a cut off for significance, five components /factors were given descriptive labels. Factor labeled in order are as 'Personnel development', 'Reward achievement', 'Social approval & recognition', 'Independence' and

'Team ability' & together accounting 85 percent of the total variance (Table 2). The reliability coefficient values being well above the minimum acceptable values of 0.5, suggested by *Nunnally (1978)* for scale, making the data reliable and fit for further analysis.

RESULTS AND DISCUSSION

Background factors and rural entrepreneurship The significance of background factors though relevant for comparing two rural entrepreneurs operationally different but belonged to the same setting, ascertained through 't' test reveals four variables on which two groups showed no difference (Table 1). Family's occupation, educational background, deprivation / affluence during childhood and micro planning for setting business 1.09, -1.06, -1.15 and -1.07 respectively have profound impact both on RMALB & rural micro non agri linked businesses. Chi-square test results further authenticate association between previous successful start up, support from family members, resources to sell goods at competitive prices & location advantage and performance among RMALB and dissociation between inherited success and support from financial institution.

Table 1. Significance of socio-economic dimensions between agriculture linked and non-agriculture rural business.

S. No	Description of socio-economic variables	Mean score of micro agri. businesses	Mean score of micro non agri. businesses	't' Values
1	Family's occupation	4.0	2.45	1.09NS
2	Previous successful start up	3.49	1.56	1.75**
3	Educational level	2.43	3.49	-1.06NS
4	Deprivation/affluence during childhood	2.03	4.23	-1.15NS
5	Inherited success	5.29	3.25	1.70**
6	Support from family members	4.82	2.93	1.47**
7	Support from financial institution	3.00	4.29	-1.29**
8	Micro planning for Setting businesses	2.00	5.50	-1.07NS
9	Resources to sell goods at competitive prices	2.09	4.80	-1.51**
10	Location advantage	4.58	2.30	1.75**

Note: NS=Not significant, ** Significant at 0.01 level

Motivational factors sustaining rural micro entrepreneurship : As evident from the Table 2, the first factor that explained 30.5 percent of the variance,

loaded highest on personal development; the second factor that explained 21.9 percent of variance, loaded on 'Reward-achievement' factors. The third, fourth and fifth factors with variance of 15.2, 9.8 & 7.6 were loaded on 'Social approval & recognition', 'Independence', and 'Team ability' respectively.

The product of RMALB possibly be fully exempted or attract minimum sales tax to make their production cost –effective and competitive. A common complex in every block should be established by the District Industries Centre for marketing products produced by RMALB. Programmes relating to skill formation, technology development, research activities, and training should be communicated to the rural masses by way of printing the brochures in local languages and Community Entrepreneurship Programme. Close monitoring and prompt redressal of constraints will prevent rural micro businesses from being close and sick. To relieve women from the vicious circle of indebtedness, exploitation and social disability and mobilizing towards setting Rural micro agri. linked businesses, relaxation in the age limit from the existing 35 to 40 years, periodic awareness programme by development agencies and voluntary agencies with women trainer in the remote areas Reddy and Upper Dugi, motivating by way of stipend, transport, childcare and good hygienic condition would assist in the development of women entrepreneurs. Site and service programme for SMALB in areas where there is sufficient agglomeration must be initiated and support to cooperative institutions for the purchase of raw material and sale of finished products must be encouraged. The success of these businesses presupposes progressive agriculture and consistent increase in investment. Within agriculture, activities other than traditional crop productivity like watershed based farming system development, horticulture, Agro-forestry, floriculture, Livestock production based activities and sericulture etc. should be promoted. Thus changes in laws, regulations and procedures are needed to make rural micro agriculture linked businesses more aggressive and innovative. Nevertheless certain SMALB with growth potentials and entrepreneurs from diverse sections of the society remain untouched which could be incorporated in future studies.

Table 2. Entrepreneurial motivation factors among the owner's of rural micro

S. No.	Agriculture linked businesses (RMALB)	Factor	Variance
1	Motivational factors & statements Factor-I Personal Development (a) I very hard try to improve on my past performance (b) I want to know how I am progressing as I complete the task (c) Desire to have earning	Factor 0.745 0.657 0.532	Variance 30.5
2	Factor-II Reward-Achievement Factors (a) I enjoy competition & winning. (b) Freedom to adopt my own approach to work (c) I enjoy satisfaction on completing a difficult task	0.731 0.556 0.529	21.9
3	Factor-III Social Approval & cognition (a) I want to be liked by others. (b) I enjoy influencing other people to get my way. (c) Welfare of the community I live in.	0.629 0.513 0.510	15.2
4	Factor-IV Independence (a) Confront people who do things I disagree with (b) I work to gain more control over the events around me	0.624 0.583	9.8
5	Factor-V Team ability (a) I tend to build close relationship with co-Workers.	0.553	7.6

CONCLUSION

The findings of the study by providing insight into the determinants of early entrepreneurial behavior, motivation and efficacy make a significant contribution towards entrepreneurship. The key identified factors highlight the need to address them while planning programmes & schemes for rural micro entrepreneurship. The selection process of RMAL entrepreneurs for institutional funding needs transparency based on sound theoretical background and including the chairman of NGO and Sarpanch of the concerned village in the selection committee along with the other official members.

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