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Exploring The Role Of Rural Women's Micro And Small Enterprises: A Study In Srikakulam District

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Abstract

Women Entrepreneurship plays multiple roles in the economy. MSMEs Entrepreneurship does not only act as one of the livelihood opportunities in the economy but also provides employment opportunities to others. This could act as a catalyst for income generation as it improves the productivity level in the economy. Improvement in the productivity level improves the level of per capita income in the economy. A higher level of per capita income improves the standard of living of the population. Hence, entrepreneurship could be a significant contributor in the growth and development of the economy. This study presents several issues pertaining to traditional and modern enterprises on women entrepreneurs in Srikakulam district of Andhra Pradesh. In this regard information was extracted on several aspects like nature of product, type of ownership, year of establishment, motivational factors, number of skilled and unskilled workers, etc. The study clearly shows that, among the modern enterprises plastic products take the major share by 92.3 per cent whereas paper products are accounted for mere 7.7 per cent. This brings out that both in micro and small enterprises there is clear cut distinction of products in the study area. The ownership by partners is found at 18 per cent both in traditional and modern micro enterprises whereas the corresponding figures are 33 per cent and 38 per cent respectively in traditional and modern small enterprises. A chronological picture of establishment of enterprises in various categories from 2017 to 2024. The data reveals that there are two growth spurts in establishment of enterprises. The perceptions of entrepreneurs on the availability of raw materials reported as high at 80 and 67 per cent in traditional and modern enterprises while 80 and 67 per cent of them expressed the demand for their products is medium in the study area.

Keywords: Modern, Traditional, Entrepreneurial Motivation, Entrepreneurship, Market Conditions, MSMEs, Manufacturing.

Introduction

Entrepreneurship was first defined by the Irish Economist Richard Cantillon. Entrepreneurship is the act of being an entrepreneur. An entrepreneur is the one who undertakes innovations, finance and business acumen in an effort to transform innovations into economic goods. Entrepreneurship is a process of creating value by bringing together a unique package of resources to gainfully exploit an opportunity which requires the existence of economic opportunity, sympathetic cultural forces, supportive government action and strong personal values and traits. It plays an important role in the development of an economy. The level of economic growth of a region depends on the entrepreneurial activities undertaken in the particular region. Jean Baptiste defined entrepreneur in 19th century as the one who undertakes an enterprise, especially a contractor, acting as an intermediary between labour and capital.

Micro, Small and Medium Enterprises (MSMEs) have been globally considered as an engine of economic growth and key instruments for promoting equitable development. The labour intensity of this sector is much higher than that of large enterprises as it constitutes more than 90% of total enterprises in most of the economies and are credited with generating the highest rate of employment growth and account for a major share of industrial production and exports. With its agility and dynamism, this sector has shown admirable innovativeness and adaptability to survive the recent economic downturn and recession. The MSMEs in India is highly heterogeneous in terms of the size of the enterprises, variety of products and services and levels of technology. This sector caters to the needs of small entrepreneurs with lower capital and thus renders enormous service to the rural and backward classes who are empowered to contribute to the overall national growth. In recent years, the MSMEs play an important role in the overall industrial economy of the country and has consistently registered higher growth rate compared to the overall industrial sector.

After 14 years since the MSME Development Act came into existence in 2006, a revision in MSME definition was announced in the Atmanirbhar Bharat package on 13th May, 2020. As per this announcement, the definition of Micro manufacturing and services units was increased to Rs. 1 crore of investment and Rs. 5 crore of turnover. The limit of small unit was increased to Rs. 10 crore of investment and Rs 50 crore of turnover. Similarly, the limit of medium unit was increased to Rs. 20 crore of investment and Rs. 100 crore of turnover. The Government of India on 01.06.2020 decided for further upward revision of the MSME definition. For medium enterprises, now it will be Rs. 50 crore of investment and Rs. 250 crore of turnover.

Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. MSMEs not only play crucial role in providing large employment opportunities at comparatively lower capital cost than large industries but also help in industrialization of rural & backward areas, thereby, reducing regional imbalances, assuring more equitable distribution of national income and wealth. MSMEs are complementary to large industries as ancillary units and this sector contributes enormously to the socio-economic development of the country.

The Micro; Small and Medium Enterprises Development (MSMED) Act was notified in 2006 to address policy issues affecting MSMEs as well as the coverage and investment ceiling of the sector. The Act seeks to facilitate the development of these enterprises as also enhance their competitiveness. It provides the first-ever legal framework for recognition of the concept of "enterprise" which comprises both manufacturing and service entities. It defines medium enterprises for the first time and seeks to integrate the three tiers of these enterprises, namely, micro, small and medium. The Act also provides for a statutory consultative mechanism at the national level with balanced representation of all sections of stakeholders, particularly the three classes of enterprises; and with a wide range of advisory functions. Establishment of specific funds for the promotion, development and enhancing competitiveness of these enterprises, notification of schemes/programmes for this purpose, progressive credit policies and practices, preference in Government procurements to products and services of the micro and small enterprises, more effective mechanisms for

mitigating the problems of delayed payments to micro and small enterprises and assurance of a scheme for easing the closure of business by these enterprises are some of the other features of the Act.

Objectives

The main objective of the study is to compare the women entrepreneurs in micro and small enterprises in Srikakulam district of Andhra Pradesh.

- ✓ To analyse the nature of product and ownership of women enterprises in Srikakulam district.
- ✓ To examine the Perception of Market Conditions of women enterprises in the study area.

Methodology

The study has chosen one of the North Coastal districts of Andhra Pradesh which also is one of the most backward districts, viz., Srikakulam. The study covered women enterprises in three divisions of Srikakulam district in order to study the differential impact and management practices of these entrepreneurs. With regard to the collection of primary data the following methodology has been adopted. All the women entrepreneurs in MSME sector in Srikakulam district were not covered due to the spread of enterprises and the time constraint. All the micro and small enterprises are divided into two groups, namely, traditional and modern enterprises. Primary data were collected from these two groups of enterprises using a structured schedule. Traditional enterprises group consists of agro and cashew units, while modern enterprises group includes paper and plastics manufacturing units. From traditional enterprises 55 micro enterprises and 43 small enterprises and from modern enterprises group 17 and 13 micro and small units respectively are selected for the purpose of intensive study. The reference date is 31st March 2024 and all the information relates to the financial year of 2023-24.

Review of Literature

Apart from being able to create jobs, MSMEs also contribute to domestic and foreign trade (exports). The existence of MSMEs is also recognized as one of the actors who are able to survive the economic recession in Indonesia (Putra et al., 2024). This business sector is mostly occupied by small and medium business actors who come from home businesses because it is easy to manage, and the amount of capital spent to set up this business is not too large (Sari R, 2023). The results of a single track model study show; a positive and significant increase in business competitiveness is influenced by factors; economic institutions, employment opportunities, economic growth, human capital and social capital. Meanwhile, social networking factors have a negative and significant effect on business competitiveness (P. Eko Prasetyo, 2020). He explained different policy changes by the Government of India relating to SSIs. In recent years, the government has been following the policy of reservation as it believes that this will help the SSIs units to upgrade their technology and improve the quality for their products (Raj Kumar Agarwal, 2017). The study clearly mentioned that women entrepreneurs are having innovative thinking and foresightedness but still proper planning and execution is required at all the levels. A majority of women entrepreneurs from middle class families have low technical education but have desire to become entrepreneurs (Deepti Pachauri, 2012). The study identified the dominant factors in the leadership qualities of women entrepreneurs and classified their impact on their success. The findings of this study revealed that the social and cultural barrier is the most formidable block for the development of women entrepreneurs (Ganapathi.R and S. Sannasi, 2008).

Nature of Products

Table 1 presents a picture of the nature of products that micro and small enterprises in the study area produces. Among the micro enterprises traditional enterprises are overwhelmingly producing agro and food based products (65.5%) and horticulture based i.e., cashew products (34.5%). An exact antithesis of this is found in modern enterprises where production of plastic and related products occupies 70.6 per cent and the remaining 29.4 per cent is occupied by paper products. A similar pattern is found in small enterprises where traditional enterprises have covered agro and food based products by 79.1 per cent and cashew by 20.9 per cent. In the modern enterprises plastic products take the major share by 92.3 per cent while paper products are minor at 7.7 per cent. This clearly brings out both in micro and small enterprises there is clear cut distinction of products in the study area. The data projects a clear cut picture of distinction where almost all the traditional enterprises are agro and horticulture based while modern enterprises are plastic and paper products.

Table 1
Micro and Small Enterprises by Type of Product

Product	Micro				Small				Grand Total			
	Traditional		Modern		Traditional		Modern		Traditional		Modern	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Agro and Food Based	36	65.5	0	0.0	34	79.1	0	0.0	70	71.4	0	0.0
Cashew	19	34.5	0	0.0	9	20.9	0	0.0	28	28.6	0	0.0
Paper Products	0	0.0	5	29.4	0	0.0	1	7.7	0	0.0	6	20.0
Plastic Products	0	0.0	12	70.6	0	0.0	12	92.3	0	0.0	24	80.0
Total	55	100.0	17	100.0	43	100.0	13	100.0	98	100.0	30	100.0

Source: Field Survey

Ownership of Entrepreneurs

Entrepreneurship by nature is a single person's idea taking shape into a project. However, many times a single person's idea may not be sufficient to convert the ideas into products and so partnership is the most general outcome at both micro and small enterprises in the study area. Table 2 show the data on the types of ownership of enterprises. Sole proprietorship enterprises are found more in micro and small as well as traditional are modern enterprises. In traditional as well as modern micro enterprises sole proprietorship is found to an extent of 82 per cent each whereas among the small enterprises they are found at 67 and 62 per cent respectively. Partnership firms in the micro are found at 18 per cent both in traditional and modern micro enterprises but in traditional small enterprises units have 33 per cent and modern has 38 per cent of partnership. Across the study area, sole proprietorship is recorded at 75.5 per cent in traditional and 73.3 per cent in modern enterprises.

Table 2
Micro and Small Enterprises by Type of Ownership

Type of ownership	Micro				Small				Grand Total			
	Traditional		Modern		Traditional		Modern		Traditional		Modern	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Sole Proprietor	45	81.8	14	82.4	29	67.4	8	61.5	74	75.5	22	73.3
Partnership	10	18.2	3	17.6	14	32.6	5	38.5	24	24.5	8	26.7
Total	55	100.0	17	100.0	43	100.0	13	100.0	98	100.0	30	100.0

Source: As ex ante

Year of Establishment

Growth of establishment in any economy is never smooth. There are many economic factors which govern the establishment. One such factor is economic buoyancy. Another factor is government policies encouraging establishment of business units to propagate employment generation. Data in Table 3 presents a chronological picture of establishment of enterprises in various categories from 2017 to 2024. The data reveals that there are two growth spurts in establishment of enterprises. One is in 2018 with 16 units, another in 2022 with 11 units in traditional micro enterprises. In the modern micro category, there are no such spurts, however, in 2017 and 2020 five units each were established. In small traditional enterprises category only one spurt coinciding with traditional micro enterprises is found in 2022 with 10 established units. In the small modern enterprises, there are no such new establishments but year 2024 saw establishment of 5 units. On the whole, one cannot clearly say whether the establishment is a result of the factors mentioned above in the study area.

Table 3
Micro and Small Enterprises by Year of Establishment

Year	Micro				Small				Grand Total			
	Traditional		Modern		Traditional		Modern		Traditional		Modern	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
2017	0	0.0	5	29.4	4	9.3	0	0.0	4	4.1	5	16.7
2018	16	29.1	0	0.0	3	7.0	1	7.7	19	19.4	1	3.3
2019	6	10.9	0	0.0	1	2.3	2	15.4	7	7.1	2	6.7
2020	2	3.6	5	29.4	9	20.9	1	7.7	11	11.2	6	20.0
2021	5	9.1	2	11.8	5	11.6	0	0.0	10	10.2	2	6.7
2022	11	20.0	3	17.6	10	23.3	3	23.1	21	21.4	6	20.0
2023	7	12.7	1	5.9	5	11.6	1	7.7	12	12.2	2	6.7
2024	8	14.5	1	5.9	6	14.0	5	38.5	14	14.3	6	20.0
Total	55	100.0	17	100.0	43	100.0	13	100.0	98	100.0	30	100.0

Source: As ex ante

Enterprises – Market Conditions

Any enterprise needs nurturing market conditions and the data has been collected from the entrepreneurs about their perception and market conditions. Market conditions that are taken in the Table 4 are availability of raw-material, demand for the product, availability of skilled / workers / Government policies / support, previous experience of the entrepreneurs and success stories of predecessors. One of the most important market conditions is easy availability of raw-material. Most of the traditional and modern micro enterprises have higher dependency on availability of raw material to the extent 75 per cent and 65 per cent respectively. Coming to the demand for the product among micro enterprises both traditional and modern micro enterprises perceptions show that demand is only at medium level. In case of small enterprises it was at 33 and 23 per cent respectively. Among traditional and modern small enterprises it was felt there is high demand for their products while 54 and 46 per cent in the same pattern felt there's medium demand only. As per the perception of the entrepreneurs for the traditional units both in micro and small enterprises the availability of skilled labour is sufficiently large in local market however, in the modern micro enterprises there was no such locally available skilled workers are low. A fact expressed by almost 53 per cent entrepreneurs. Coming to the small enterprises where investment is larger than the micro units and the process of production requires some advanced skill, most of entrepreneurs i.e., 67 and 69 per cent respectively in traditional and modern enterprises felt availability of skilled labour is medium level.

Across the study area, the perceptions of entrepreneurs on the availability of raw materials reported as high at 80 and 67 per cent in traditional and modern enterprises while 80 and 67 per cent of them expressed the demand for their products is medium. As far as the previous experience / training is concerned, only 43 per cent of the traditional entrepreneurs are in the medium level and 53 per cent of the modern enterprises are in the high level training. This clearly shows that higher importance is given to training in modern enterprises whereas in the traditional sector though training / experience is important but not at the same level as that of modern enterprises in the study area. Motivation for the entrepreneurs mostly germinates from the success stories of the previous entrepreneurs. However, the data show this is only at medium level across all categories of enterprises. The Government policies, support also shown as at medium level influencer for all the entrepreneurs in the study area.

Table 4

Perception of Market Conditions as Envisaged by Micro and Small Enterprises

Market Conditions	Micro				Small				Grand Total			
	Traditional		Modern		Traditional		Modern		Traditional		Modern	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Availability of Raw-materials												
High	41	74.5	11	64.7	37	86.0	9	69.2	78	79.6	20	66.7
Medium	14	25.5	6	35.3	6	14.0	4	30.8	20	20.4	10	33.3
Low	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Total	55	100.0	17	100.0	43	100.0	13	100.0	98	100.0	30	100.0
Demand for the Product												
High	0	0.0	0	0.0	14	32.6	3	23.1	14	14.3	3	10.0
Medium	55	100.0	17	100.0	23	53.5	6	46.2	78	79.6	23	76.7
Low	0	0.0	0	0.0	6	14.0	4	30.8	6	6.1	4	13.3
Total	55	100.0	17	100.0	43	100.0	13	100.0	98	100.0	30	100.0
Availability of Skilled Workers												
High	25	45.5	7	41.2	8	18.6	0	0.0	33	33.7	7	23.3
Medium	13	23.6	1	5.9	29	67.4	9	69.2	42	42.9	10	33.3
Low	17	30.9	9	52.9	6	14.0	4	30.8	23	23.5	13	43.3
Total	55	100.0	17	100.0	43	100.0	13	100.0	98	100.0	30	100.0
Previous Experience / Training												
High	25	45.5	7	41.2	15	34.9	9	69.2	40	40.8	16	53.3
Medium	28	50.9	8	47.1	14	32.6	4	30.8	42	42.9	12	40.0
Low	2	3.6	2	11.8	14	32.6	0	0.0	16	16.3	2	6.7
Total	55	100.0	17	100.0	43	100.0	13	100.0	98	100.0	30	100.0
Success Stories of Previous Entrepreneurs												
High	18	32.7	6	35.3	6	14.0	6	46.2	24	24.5	12	40.0
Medium	37	67.3	11	64.7	29	67.4	7	53.8	66	67.3	18	60.0
Low	0	0.0	0	0.0	8	18.6	0	0.0	8	8.2	0	0.0
Total	55	100.0	17	100.0	43	100.0	13	100.0	98	100.0	30	100.0
Government Policies/Support												
High	0	0.0	0	0.0	28	65.1	6	46.2	28	28.6	6	20.0
Medium	53	96.4	14	82.4	15	34.9	7	53.8	68	69.4	21	70.0
Low	2	3.6	3	17.6	0	0.0	0	0.0	2	2.0	3	10.0
Total	55	100.0	17	100.0	43	100.0	13	100.0	98	100.0	30	100.0

Source: As ex ante

Conclusion: The study clearly brings out the fact that the policies and programmes for promoting women entrepreneurship have not been fully grounded. This is more so among rural women. Women enterprises can be sustainable only when earning capacities of women improve substantially through non-farm activities. The MSMEs needs to improve its productivity and quality, reduce costs and innovate. Government policy should help MSMEs to increase their efficiency and competitiveness within a market driven economy. In order to prevent the major sickness in MSMEs, new approaches like the cluster approach or harnessing the power of industry association should be encouraged.

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