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SOCIO-ECONOMIC CONDITIONS OF ENTREPRENEURS IN WEST BENGAL: A CASE STUDY

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Abstract:

Most economists agree that entrepreneurship is essential to the vitality of any economy, developed or developing. Entrepreneurs create new businesses, generating jobs for themselves and those they employ. In many cases, entrepreneurial activity increases competition and, with technological or operational changes, it can increase productivity as well. This paper attempts to provide an insight about the entrepreneurial activities in some selected villages of Burdwan district in west Bengal. This work tries to enlighten the economic wellbeing of entrepreneurs and for the same; some grouping is also done for a clearer portrayal. This study also has attempted to consider the general living conditions, demographic characteristics, and health status of the entrepreneurs. Extending the study to a wider arena this paper tries to compare the conditions of the entrepreneurs with that of the non-entrepreneurs. Further this is an attempt to forecast about future entrepreneurial activities in these areas and to judge whether enterprises have indeed improved the standard of living of these people.

1. Introduction:

The world around us is in eternal flux. It is ever changing as old order changes yielding place to new. In order to sustain in the world it is necessary to reshape and remodel yourself at each and every point of time. The activity that leads to this reshape and remodeling is coined by Prof. Schumpeter, under the term "*Entrepreneurship*". In the words of the Schumpeter entrepreneurs are "*creative destructors*." They create new ideas, techniques and ways of doing things. In the process, they change the world and change themselves. In fact they are very harbingers of modern economic growth. Entrepreneurial activity is an essential ingredient of a dynamic modern economy. Moreover, this definition of entrepreneurship is totally different from what we see in an under developing country like India. Here enterprises are rarely the most dynamic or even at the frontier of change. Most of such activities are controlled by large joint stock corporations – often as a routine activity. By enterprises, here, we mean small scale tiny units producing and operating at a very low level. They neither have a sufficient capital nor the intellectual capability that Gruneci noted as an essential ingredient of such activity. Their act is mainly that of a survivor. In fact Chayanov's concept of peasant farm is here more relevant than what is contemporary Schumpeter termed as entrepreneur. Moreover, Schumpeter himself lamented at such a situation in his work. In India, Burdwan is known to all as the rice bowl of West Bengal, yet not only agriculture but also enterprises thrive in these regions. As enterprise may be either an individual or a joint socio-economic venture where source of income is not the only criterion but rendering social service is also an objective. However, the picture is not that simple as it seems. Here object poverty, hunger, despondence make the situation gloomier. Bread earners find it difficult to meet both ends meet. Wide spread illiteracy, lack of employment opportunities have somewhere forced people over here to take up entrepreneurial activities as a source of livelihood.

2. Materials and Methods:

Source of Data: Primary survey based on field enquiry conducted to collect data. Primary data are those which are collected for a specific purpose directly from the field of enquiry and hence are original in nature. These data are published by the authorities who themselves are responsible for their collection. Primary data also mention method of collections and any approximation made, these increase efficiency of data used.

Type of Enquiry: It has been a long tradition of social science to concentrate on Village Level Survey (VLS). For our study we have selected four villages, two from Raina block and the remaining two from Bhatar block. It is within these villages that we have surveyed the enterprise activities. There is a contrast between the two Raina villages and two Bhatar villages. In the Raina villages the main entrepreneurial activity is handmade textile. In Bhatar block, on the other hand, the main entrepreneurial activities are mainly handicrafts, fishery, and poultry farm.

Selection of Location: The locations were selected after a pilot survey conducted by us, under the guidance of our teachers. We surveyed the villages of Bolpur, Belsor, Sillakote, Oregram in the blocks of Raina-I and Bhatar in the district of Burdwan.

Sample Size: A total of 458 households were surveyed out of which there were only 47 entrepreneurial households and considered for this study.

Sub-Grouping: The entire data is sub-divided into entrepreneurial and non-entrepreneurial categories. In the former category, we have made an intra-entrepreneurial comparison by sub dividing the entrepreneurs further into four categories, namely –

- ✓ Produces and sells to market
- ✓ Produces but does not sell to the market
- ✓ Does not produce but sells to the market
- ✓ Rich entrepreneurs

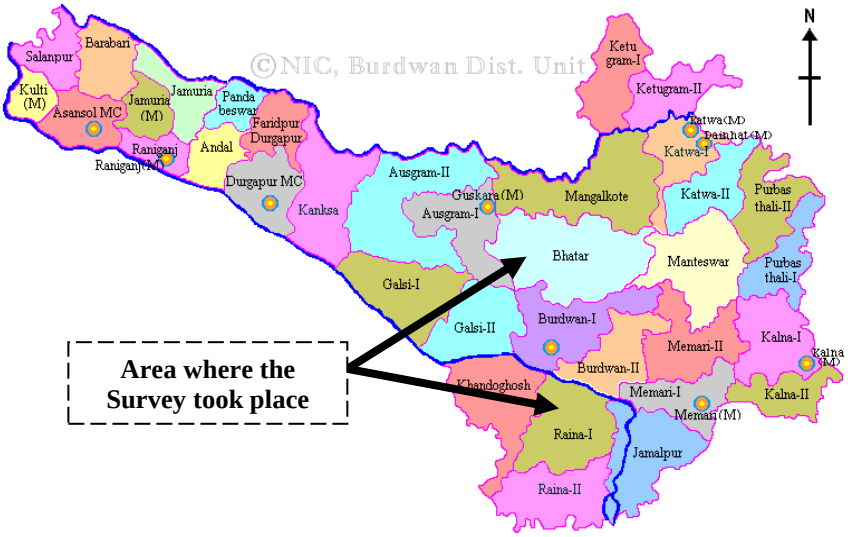

Figure 1: Focusing Geographical Area of Study

Interview Questionnaire: The interview questionnaire was so designed that we can obtain detailed data on the demographic characteristics, health, asset, employment and entrepreneurial activities of the subjects under study.

Data Merging, Corrections and Representations: Data entry, followed by merging of sheets and tabulations was done. In the meanwhile corrections of inconsistencies and finally representation of data in tabular form was conducted.

Objective: Objective of conducting this study are based on the following Research inquiries

- ✓ Identifying various types of entrepreneurs in the area.
- ✓ Identifying whether entrepreneurial activities lead to a better life style or not
- ✓ Comparing and contrast the entrepreneurial households from others.
- ✓ Comparing and contrast among the various types of entrepreneurs.
- ✓ Unrevealing the operation of the enterprise using some theoretical structure.
- ✓ Identifying the problems and prospects of the entrepreneurs and suggestions for their improvement.

3. Results and Discussion:

Effects on Inter- Enterprise Comparisons of Three Groups: Inter- Enterprise Comparisons of Three Groups is conducted in case of Literacy Rate, Accessibility of different Facilities to exhibit whether entrepreneurs live a better life or not. Literacy rate is found to be highest for entrepreneurs (80.56) while non-entrepreneurs have a more than 13% lower value.

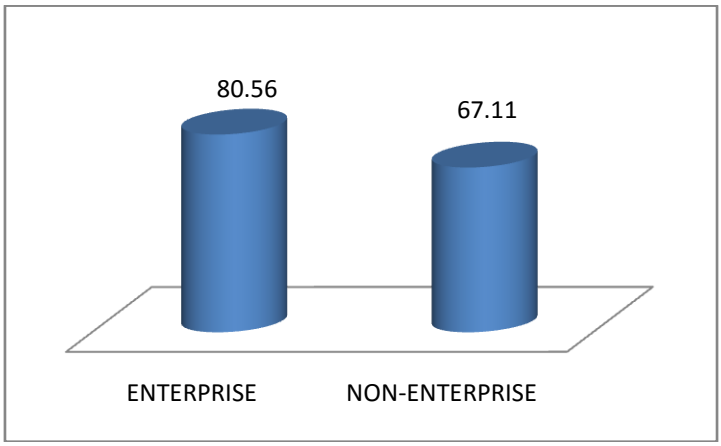

Figure 2: Comparing Literacy Rate of Household

Also Male Literacy and Female Literacy of entrepreneurs are higher than that of non-entrepreneurs.

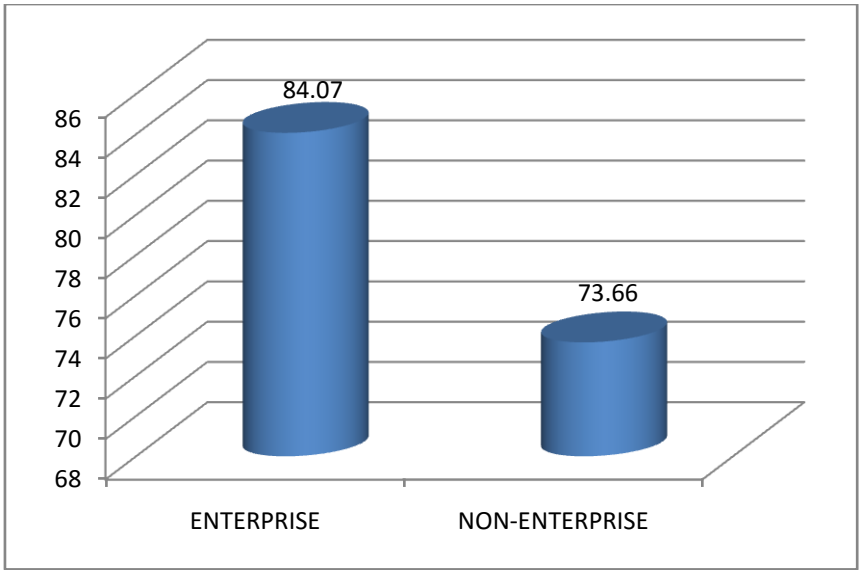

Figure 3: Comparing Male Literacy Rate

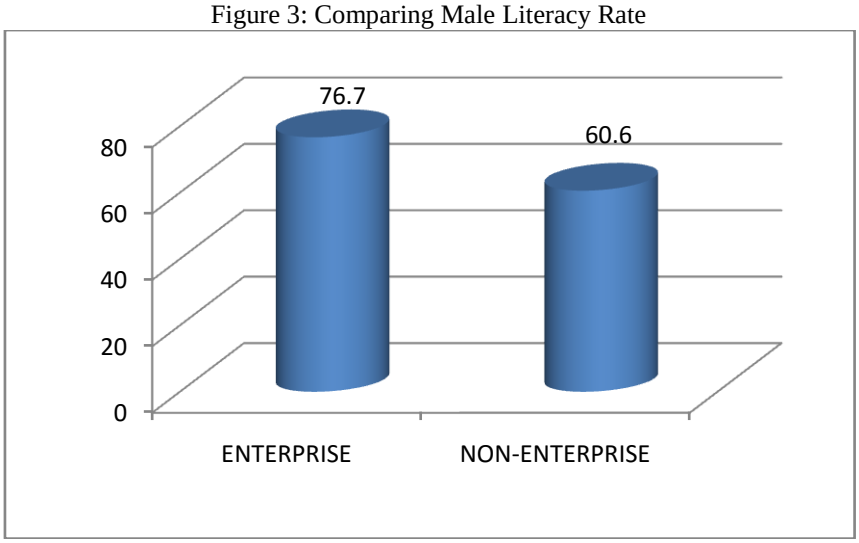

Figure 4: Comparing Female Literacy Rate

This reflects that entrepreneurs are conscious than the non-entrepreneurs.

More number of entrepreneurs dwells in pacca houses than non- entrepreneurs.

Table 1: Comparing Dwelling Condition of Entrepreneurs

House Type	Kachcha	Pacca	Semi Pacca
Enterprise	55.32	27.66	17.02
Non-Enterprise	63.26	18.49	18.25
All Household	62.66	19.43	17.9

More entrepreneurs use pacca toilets than the non- entrepreneurs.

Table 2: Comparing Sanitation Facilities of Entrepreneurs

Toilet Type	Kachcha	Pacca	Semi Pacca	No Faciity
Enterprise	27.66	31.91	6.38	34.04
Non-Enterprise	14.6	22.38	9.49	53.53
All Household	15.94	23.36	9.17	51.53

61.7% of entrepreneurs use electricity as a source of light whereas only 50.61% non- entrepreneurs can use it. These clearly indicate that entrepreneurs have the economic ability to live in better places, with better facilities.

Govt. infrastructural facilities being equally provided to all, the use of tube-wells and Panchayet taps are almost an equally common practice both in case of entrepreneurs and non- entrepreneurs. However, we note that use of wells and ponds as source of drinking water is almost negligible.

Table 3: Comparing Source of Drinking Water of Entrepreneurs

Source of Drinking Water	Panchayet Tap	Tubewell	Well	Pond
Enterprise	19.15	80.85	0	0
Non-Enterprise	15.33	82.97	0.24	1.46
All Household	15.72	82.75	0.22	1.31

Effects on Intra – Enterprise Comparisons of Four Sub-groups of Enterprise: For simplification of this study, sub-groups of Enterprises are categorized in four groups as stated earlier. Now they are classified as follows for easy identification:

- ✓ Produces and sells to market can be consider as Group A for this study
- ✓ Produces but does not sell to the market can be consider as Group B for this study
- ✓ Does not produce but sells to the market can be consider as Group C for this study
- ✓ Rich entrepreneurs can be consider as Group D for this study
- ✓ All entrepreneurs can be considered as Group E for this study

Effects on Demographic Characteristics of Entrepreneurs: The highest value APL population is found for those entrepreneurs who "don't produce but sells to market" leaving apart the rich entrepreneurs, 100% of whom are belonging to the APL population.

Table 4: Showing Economic Status of Entrepreneurs

Categories	Percentage of People in Each Economic Status	
	APL	BPL
Don't Produce But Sells To Market	78.43	21.57
Produces & Sells To Market	63.08	36.92
Produces & Sells To Others	52.94	47.06
Rich Entrepreneur	100	0
Enterprise	63.31	36.69

Family size of the rich entrepreneurs is much higher than the average indicating that the rich entrepreneurs do not think about issues like population problem, etc., they can afford higher family size and they let the family size increase. However, this also shows that in rural Indian joint family system prevail till today.

Table 5: Showing Family Size of Entrepreneurs

Categories	Family Size
Don't Produce But Sells To Market	5.1
Produces & Sells To Market	5.42
Produces & Sells To Others	5.17
Rich Entrepreneur	6.5
Enterprise	5.28

Gender ratio is quite low for all groups of the entrepreneurs except for them who produces and sells to the market. Here it is calculated by the following formula:

$$Gender\ Ratio = \frac{Total\ number\ \ of\ Females}{Total\ number\ \ of\ Males} * 1000$$

Table 6: Showing Gender Ratio of Entrepreneurs

Groups	Gender Ratio
Don't Produce But Sells To Market	880
Produces & Sells To Market	1000
Produces & Sells To Others	927.27
Rich Entrepreneur	625
Enterprise	911.5

Literacy rate is highest (93.62%) among the group of entrepreneurs who does not produce and sells to the market, compared to a grand total of 80.56%, This is possible due to their better economic positions which allows them to get educated.

Table 7: Showing Literacy Rate of Entrepreneurs

Groups	Literacy Rate
Don't Produce But Sells To Market	93.62
Produces & Sells To Market	76.00
Produces & Sells To Others	75.47
Rich Entrepreneur	92.31
Enterprise	80.56

Male literacy of the entrepreneurs are about 12% higher than the female literacy rate indicating thus strong anti-female biasness in case of education also.

Table 8: Showing Literacy Rate among Male and Female

Groups	Male Literacy Rate	Female Literacy Rate
Don't Produce But Sells To Market	96.00	90.91
Produces & Sells To Market	84.00	68.00
Produces & Sells To Others	78.18	72.55
Rich Entrepreneur	87.50	100.00

Enterprise	84.07	76.70

Gender gap adjusted Literacy Rate* is considered to be a modified measure to calculate Literacy Rate as it takes into account the gender gap in literacy. The formula basically comes from the statistical concept of Weighted Harmonic Mean. Harmonic Mean is advantageous when we need to give greater weight to smaller observations and lesser weight to higher observations. Gender Gap = Male Literacy Rate – Female Literacy Rate. It is calculated by the following formula:

$$GGALR = \frac{1}{\left(\frac{1}{Male\ \ Literacy\ \ rate} * \frac{Male\ \ Population}{Total\ \ Population}\right) + \left(\frac{1}{Female\ \ Literacy\ \ rate} * \frac{Female\ \ Population}{Total\ \ Population}\right)}$$

*Source – Human Development Report, 2000.

This gives the highest value in case of those entrepreneurs who "don't produce but sells to market" (93.55) which is about 13% higher than the all enterprise figure.

Table 8: Showing Adjusted Literacy Rate

Groups	Gender Gap Adjusted Literacy Rate
Don't Produce But Sells To Market	93.55
Produces & Sells To Market	75.16
Produces & Sells To Others	75.37
Rich Entrepreneur	91.92
Enterprise	80.39

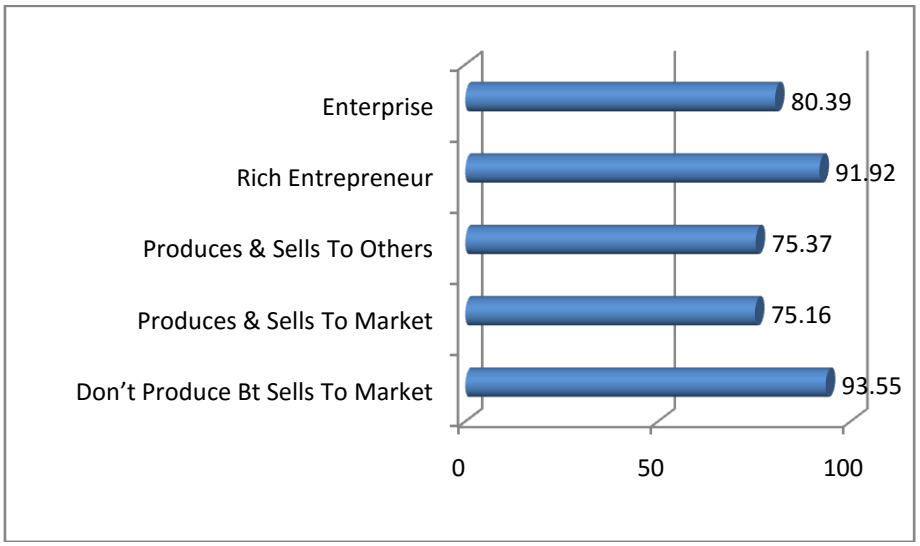

Figure 5: Showing Adjusted Literacy Rate

Health Conditions: All 'Rich Entrepreneurs' dwell inpacca houses while 66.67% of entrepreneurs who 'Produces and Sells to Market' dwell in kaccha houses

Table 9: Showing Health Conditions of Entrepreneurs

Groups	House Type		
	Kachcha	Pacca	Semi Pacca
Don't Produce But Sells To Market	30	50	20
Produces & Sells To Market	66.67	25	8.33
Produces & Sells To Others	65.22	13.04	21.74
Rich Entrepreneur	0	100	0
Enterprise	55.32	27.66	17.02

Again in case of toilet facilities the entrepreneurs who don't produce but sells to market have more pacca toilets. Being economically strongest these entrepreneurs can afford to spend on improving their living conditions and sanitation facilities.

Table 10: Showing Sanitation Facilities of Entrepreneurs in Percentage

Groups	Toilet Type			
	Kachcha	Pacca	Semi Pacca	No Facility
Don't Produce But Sells To Market	20	70	0	10
Produces & Sells To Market	25	25	0	50
Produces & Sells To Others	34.78	13.04	13.04	39.13
Rich Entrepreneur	0	100	0	0
Enterprise	27.66	31.91	6.38	34.04

The same group of entrepreneurs again excels in use of electricity leaving apart the rich entrepreneurs, due to the aforesaid reason.

Table 11: Showing Electricity Accessibility of Entrepreneurs in Percentage

Groups	Source of Light	
	Kerosene	Electricity
Don't Produce But Sells To Market	30	70
Produces & Sells To Market	50	50
Produces & Sells To Others	39.13	60.87
Rich Entrepreneur	0	100
Enterprise	38.3	61.7

Rich entrepreneurs can use tube-wells and do not depend on Panchayet tap for drinking water facilities. 82.61% of the group that produces and sells to the market use tube-wells. There is negligible use of wells and ponds as source of drinking of water.

Table 12: Showing Source of drinking Water of Entrepreneurs in Percentage

Groups	Source of Drinking Water	
	Panchayet Tap	Tube well
Don't Produce But Sells to Market	20	80
Produces & Sells to Market	25	75
Produces & Sells to Others	17.39	82.61
Rich Entrepreneur	0	100
Enterprise	19.15	80.85

Crude Birth Rate (CBR) yields the highest value of 9.8 in case of those entrepreneurs who do not produce but sell to market which is about double than the all enterprise value. It is calculated by the formula

$$Crude\ Birth\ Rate = \frac{Total\ Live\ Births}{Total\ population} * 100$$

Table 13: Showing CBR of Entrepreneurs

Groups	Crude Birth Rate
Don't Produce But Sells To Market	9.8
Produces & Sells To Market	4.62
Produces & Sells To Others	5.04
Rich Entrepreneur	0
Enterprise	5.65

As expected the group of entrepreneurs who do not produce but sells to the market have lesser use of health centers and more use of private doctors.Here represent the table and figure of availability of health centres in percentage terms.

Table 14: Showing Accessibility of Health Centres of Entrepreneurs in Percentage

Groups	Yes	No
Don't Produce But Sells To Market	60	40
Produces & Sells To Market	25	75
Produces & Sells To Others	43.48	56.52
Rich Entrepreneur	0	100
Enterprise	53.19	46.81

Here represent the table and figure of availability of private doctors in percentage terms.

Table 15: Showing Accessibility of Private Doctors of Entrepreneurs in Percentage

Groups	Yes	No
Don't Produce But Sells To Market	70	30
Produces & Sells To Market	50	50
Produces & Sells To Others	39.13	60.87
Rich Entrepreneur	50	50
Enterprise	48.94	51.06

These indicate that as far as health and demographic features are considered, those entrepreneurs who do not produce but sell to the market are better-off. One reason for this is their economic wellbeing due to which they can afford on better health and living conditions. They are economically better off because of their direct access to market.

A. Production Process and Efficiency: Under this section let us first judge the employment perceptual of the entrepreneurs – whether they are perennially employed or not. These entrepreneurs who "produce and sell to the market" are shows highest non-perennial employment while those who "don't Produce & sell to the others" shows highest Perennial employment indicating that those who "don't produce & sell to the others" can always sell one thing or the other to the market and have a steadier employment opportunity than other.

Table 16: Showing Perennial Involvement of Entrepreneurs

Groups	Perennial (%)	Non-perennial (%)
Produce & Sell To The Market	51.41	48.59
Produce & Sell To The Others	53.17	46.83
Don't Produce & Sell To Others	55.18	44.82
Rich Family	54.66	45.34
All Entrepreneurs	55.58	44.42

B. The Workers Participation Rate (WPR): The Workers Participation Rate is calculated by

$$WPR = \frac{Total\ Number\ of\ Working\ members}{Toatl\ number\ of\ Family\ Members}$$

The WPRs for all four sub-groups of entrepreneurs and entrepreneurs as whole are calculated below:

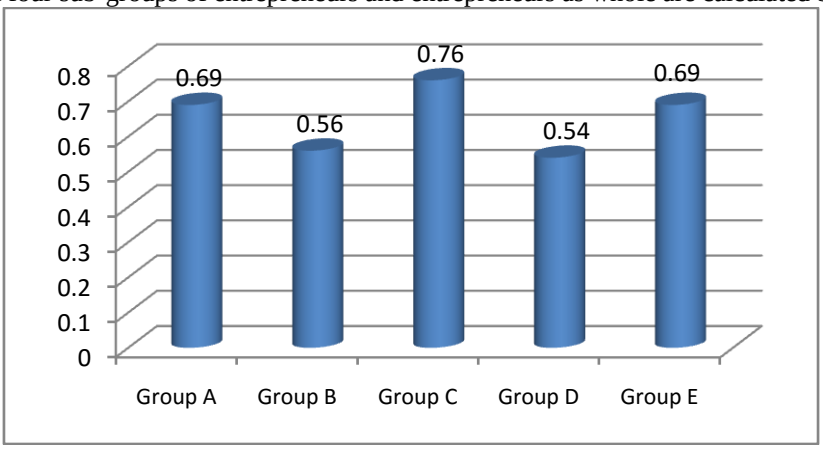

Figure 6: Showing Workers' Participation Rate of Entrepreneurs

WPR of those produces and sells to others is highest (0.76) while that of rich entrepreneurs is low (0.54). This is a distressed WPR. A high WPR indicates more employment and lesser dependence on a particular working member. WPR is high due to presence of poverty which forces them to find employment. This is a distressed WPR which represents that they are poverty ridden. Conventionally a high WPR is good as it shows a betterment of employment scenario. But in our case a high WPR simply indicates that to make the ends meet, people are forced to work at a low wage rate. The standard of living is also low due to this very reason. The notion of the degree of self-exploitation as mentioned by Chayanov, it is also obtained from our study.

C. Efficiency Rate: Efficiency rate is obtained by dividing the present production by the maximum possible production and multiplying that by hundred. Here we consider the perceived efficiency. The efficiency is highest for the group of entrepreneurs who "produce & sell to others" while it is lowest for these who "don't produce & sell to the others."

Table 17: Showing Efficiency of Entrepreneurs

Group		Efficiency
Produce & Sell To The Market	Group A	59.76
Produce & Sell To The Others	Group B	66.42
Don't Prod & Sells To Others	Group C	57.59
Rich Families	Group D	58.85
All Entrepreneurs	Group E	59.45

The problem of efficiency measurement is less in the estimation of the optimum output. This is indeed a continuous issue. An innumerous procedure has been developed to tackle this problem. Member all these techniques use actual all renewable data and compare the farms with another form which is supposed to be superior than in while active in an almost similar condition. In our questionnaire these were however - about the entrepreneurs own assessment of optimum output. This may be turned as - evaluation of optimum output. Hence the efficiency is also selective efficiency.

D. C/W Ratio: Next we calculate the C/W Ratio which is the ratio of total consumers (c) to total workers (w).This shows the number of dependents on a working member and the higher the value the gloomier is the circumstance. The entrepreneurs who "don't produce & sell to others" yields the highest value is this case while these who "produce & sell to the market" shows even lower value than the "rich entrepreneurs" revealing that those who "produce & sell to the market" are the most financially independent category of entrepreneurs.

Table 18: Calculating C/W Ratio among Entrepreneurs

Groups	C	W	C/W
Produces & Sells To Market	89	35	254.29
Produces & Sells To Others	128	49	261.22

Don't Produces & Sell To Others	72	14	514.29
Rich Entrepreneurs	13	5	260
All Entrepreneurs	245	84	291.67

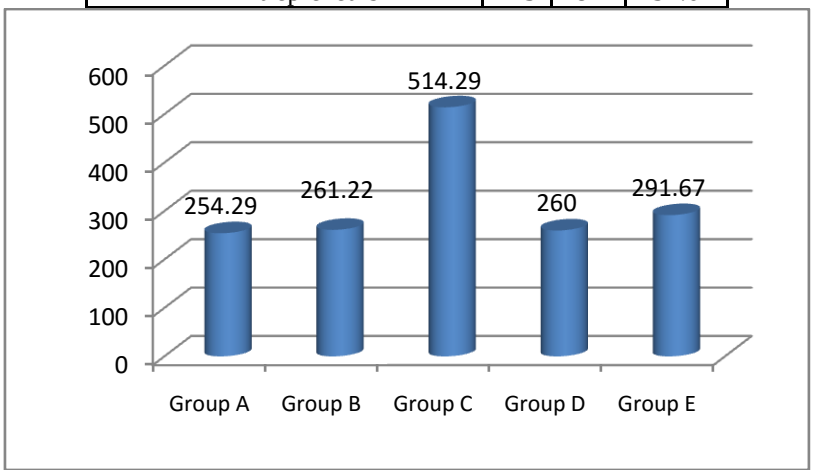

Figure 7: Showing C/W Ratio among Entrepreneurs

E. Average C/W Ratio: The Average C/W Ratio calculated as the ratio of average number of consumers to average numbers of workers shows similar results as the previous figure.

Table 19: Calculating Average C/W Ratio among Entrepreneurs

Groups	Average (C)	Average(W)	Average(C/W)
Produce & Sell To Market	89	35	2.54
Produce & Sell To Others	128	49	2.61
Don't Produce & Sell To Others	72	14	5.14
Rich Family	13	5	2.6
All Entrepreneurs	245	84	2.92

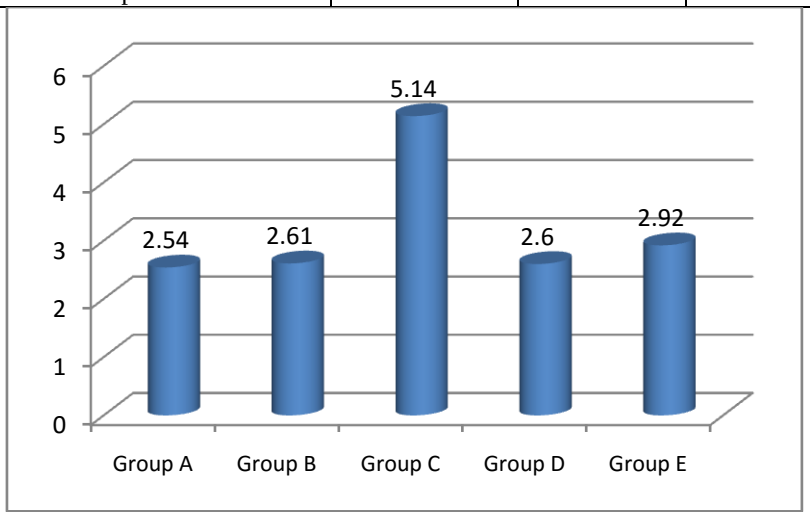

Figure 8: Showing Average C/W Ratio among Entrepreneurs

Here we can relate our finding with the Chayanov's Approach that in present farms "self-exploitation" exists and labor-consumer balance between satisfactions of family needs is not equilibrium.

F. Major Findings of the Study:

- ✓ The entrepreneurs and non-entrepreneurs are both poverty ridden people. However the entrepreneurs are a bit better-off in some aspects like, demographic characteristics, health conditions, greater accessibility of advanced amenities, etc.
- ✓ The entrepreneurs face serious resource constraints. The major predicament is unavailability of adequate marketing facilities.
- ✓ There are highly inadequate credit facilities. This gives rise to non-institutional source of credit from small money lenders. One of such source of credit is called "BANDHAN LOAN" which is commonly found in the area under study. It is provided to needy people, without taking any collateral, for undertaking income generating activities. The money lenders, however, charge an exorbitant rate of interest. Borrowers are covered under insurance and no penalty is charged in case of default.
- ✓ These people have poor health status in general.

- ✓ There is noticeable lack of infrastructural facilities in terms of schools, hospitals, transport and communication facilities and every other possible need that can be thought of.

4. Conclusion:

In the sample under study, people are marginally above subsistence level of existence with low income, lesser opportunities. Contrary to popular belief, entrepreneurship can be taught. Start-up incubators and accelerators have been guiding and mentoring promising young individuals who have innovative ideas but don't know how to create a business around it -- but there aren't enough in India. Hope being the food for a brighter future still remains implanted in the results and we can foresee a better condition in future. All said and done, entrepreneurs are a tough breed. They're known to make their way and take the road less travelled. They do what is necessary and find a way to succeed, despite the odds.

Policy Prescriptions:

- ✓ Development of educational institutions;
- ✓ Improving transportation and communication facilities;
- ✓ Increasing employment opportunities – by enhancing entrepreneurial activities, Self-Help Group and NREGS activities;
- ✓ Improving health facilities by establishment of new and reutilization of existing health centres and hospitals;
- ✓ Conducting general awareness programmes;
- ✓ Establishment of more Govt. banks in these areas;
- ✓ Common marketing platform created by the Govt.
- ✓ Creation of technical training institutions so as to give vocational education to make the youth employable;
- ✓ Provision of free health checkups and medicines including minor operations;
- ✓ Provision of electricity;
- ✓ Provision of more fair price shops in these areas.
- ✓ Huge public sector investment along with impetus to increase entrepreneurial activities can improve their conditions.

5. Acknowledgement:

At first I would thank the respondents who answered the questionnaires without their help it would not be possible to draw a conclusion. I sincerely thank all the Faculty members of the Economics Department of the University of Burdwan and my friends for their support and contribution as this one is my final year Project report which has been modified a bit for publication. I would also like to show appreciation to my colleagues for their continuous encouragement.

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