



A Study of Barriers in Growth of Tribal Entrepreneurship in India

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A study of barriers in growth of tribal entrepreneurship in India Raj Kamal Roy* Abstract
Entrepreneurs create jobs, pay taxes, create demand for product which turn creates jobs
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Sustainable economy is directly related to number of potential entrepreneurs' country is
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ABSTRACT

Entrepreneurs create jobs, pay taxes, create demand for product which turn creates jobs for other businesses, introduce new technology in the market and stimulate the economy by instilling confidence in people. These are the common reason why entrepreneurship is important for any country. Sustainable economy is directly related to number of potential entrepreneurs' country is producing in certain period of time. The research uses the secondary data approach. The result of the study shows to explore all the opportunities as available for enterprises of agriculture along with other factors that lead to the development of entrepreneurship in the tribes, the factors that restrict the process, coordination and other links between agencies and other stakeholders. A multidimensional procedure of the orientation of the development of entrepreneurship has been entailed in the process.

KEYWORDS

Entrepreneurial development, Growth barriers, Tribal entrepreneurship.

INTRODUCTION

In a developing country like India there is a lot of scope of developing entrepreneurship and promote the younger generation for the development of new businesses for self-sustenance. Entrepreneurship can be helpful for eradicating poverty and proper use of natural resources that can, in turn, make the country economically strong. This is the era of open market and privatization. Hence, the role of the Government is changing from a job provider to facilitator. Obviously, the concept like the reservations or quota for the backward classes has

been losing significance. The target of the Government should be to motivate the younger generation to take entrepreneurial activities and create jobs for the mass.

Tribal people or “Adivasis” have a large population base in India that is not less than 10 crores. These tribal groups are mostly confined in the remote and forest areas of the central, southern, and northern part of the country. These people are dependent on natural resources for their livelihood.

Tribal groups in India always possessing a close relationship with nature and they have sustainable practices of livelihood which they learn from nature itself. They have unique ways of worshipping nature that modern people do not practice. Moreover, they are given full right to live in communities in the places where their ancestors had settled centuries ago. Overall, tribal way of life is different and distinct.

However, the standard of tribal life is very poor. Lack of access to basic amenities and long neglect of the authority have kept these population generations behind the standard of modern life. Problems like poverty, malnutrition, low literacy, and many such things hitting hard to this population in India.

According to the census of India 2011, 59 percent of the tribal population in the country is literate whereas the national average is almost 75 percent. A large tribal population in the north-eastern part of the country, Madhya Pradesh, Orissa, Andhra Pradesh, Rajasthan, Jharkhand, and Chhattisgarh are still illiterate.

Government policies are mostly focused on the skills development for employability. But it is equally important to train the youths to be capable entrepreneurs. For which they should be trained to manage natural resources in their own places and create job opportunities for others. This concept is more relevant in tribal areas that are full of natural resources which mostly remain underutilized.

Forest always occupies a pivotal position in the livelihood and sustainability of tribal people. Various forest dwellers in India, especially people belonging to scheduled tribe group; Minor Forest Produce (MFP) has high social and economic values. Over the centuries, tribal people are sustaining on MFP. This is also an essential part of their economic and cultural life.

Several states have nationalized certain MFP items such as mahua flowers (*Madhuca longifolia*), tendu/bidi leaves (*Diospyros melanoxylon*) and sal seeds (*Shorea robusta*). These different produce accounts for the 50% of overall forest revenue that Government earns every year. The states take constructive initiatives to market the products across the country. Several private bodies, cooperatives, and NGOs have also come forward to make the matter easy. The bidi leaves are plucked from tendu trees. Tendu trees of different categories are widely available in Madhya Pradesh, Jharkhand, Orissa, Bihar, Chhattisgarh and several other states of southern India. Bidi, called poor people’s cigarettes are sold in huge quantities across India. In fact, about 550 billion bidis are sold every year. More or less, 10 million people are engaged in this job. There is an apex body called All India Bidi Industry Federation that takes care of the labourers of this industry. Both states and central Governments have also taken different steps to protect the interests of the labourers of this sector. Gathering tendu leaves require thousands of labourers.

World Bank reports that MFP economy is fragile but it supports almost 275 million people in rural Indian including various 54 million tribal people. It is really ironical that the poorest people of the country are residing amidst rich natural resources.

However, Forest Rights Act, 2006 (FRA) and the Panchayat (Extension to the Scheduled Areas) Act (PESA), 1996 have made state and central business of MFP illegal. The PESA act 1996, asks for panchayat empowerment in this regard. The law makes it mandatory to create facilities and endow panchayat with necessary infrastructure and funds to act like an independent institution so that they

can manage MFP efficiently for the welfare of the tribal and rural communities. The FRA 2006, on the other hand, gives full right to the tribal people to collect MFP within their areas and dispose them accordingly either within the community areas or outside as feasible. Both FRA 2006 and PESA 1996 are important for the scheduled area governance. They should be read together while planning for something related to MFP.

The rights given to tribal people as per FRA 2006 include the collection and sell of MFP that include bamboo and tendu leaves. Both these products have high economic values. Before this act, these natural resources were under the direct control of the forest department. But it is seen that the tribal people are not aware of their rights as discussed above. The forest department seems apathetic in educating local tribes in this matter. This is because of the fact that the department earns huge revenue every year by selling natural produce.

The MFP economy is not attractive for the gatherers. They have limited bargaining power. They have a poor understanding of the market and there is a chain of middlemen who are actually squeezing the major income. Thus, the financial return of the people involved in NTFP collection and processing is too low which is not sufficient to lead a decent life.

Tribal people are not aware of the tidbits of the market, they don't understand the signals, and they are mostly indebted to buyers. For all these reasons, they are forced to sell the produce at lower prices. Thus, these drawbacks heavily affect the livelihoods of the communities. A market becomes efficient when gatherers feel gainful and marketing cost is low. In case of MFPs gatherers receive petty amounts and lions share goes to intermediaries and in meeting marketing expenses.

The amount that the tribal people get from the forest department is just a small fraction of the actual MFP sales proceeds. The PESA 1996 have endowed the "Gram Sabha" with the ownership rights over various minor forest produce. Moreover, FRA 2006 endows tribal people the right or ownership of the natural produce the gather.

The involvement of the forest department is now directed to training and development of tribal people in making them more efficient and knowledgeable. Moreover, it is the responsibility of the forest department and other Government agencies to utilize the funds allocated for the marketing of natural produce to make the tribal collectors of MFPs the real gainers. These funds are available as per the tribal sub-plan and Special Central Assistance (SCA), and grants available as directed by the constitution of India (Article 275(1)).

Since the forest dwellers are now the owners of the MFPs and they are also given the power to manage the related trades, they must be given the whole revenue earned from selling the produce. The forest department has no legal right to retain any part of the revenue. Income obtained from the sells should be shared by the tribal people through Self-Help Groups and Federations. These groups and federations need to take the responsibility of training and development of these gatherers and traders.

Collection of MFP can be a well-planned process for transforming the lifestyle of tribal people. Moreover, they can be organized strategically by providing the required infrastructure for a sustainable management process. They should be given adequate knowledge in this matter for adequate value realization and future market predictions. Thus, there is a need for reviewing the existing policy of skill development with an aim to empower the tribal communities and enhancing their managerial skills.

Objective of the study

Studying the growth of entrepreneurship amidst the tribal community in India and seek the issues and challenges as faced by the entrepreneurs of tribal communities.

Review of literature

Both economic development and entrepreneurship is found to be correlated. Our country's economic development relies on the extent of industrialization and dynamic entrepreneur supply. The statement: "Entrepreneurship" drives its name from a French word "enterprendre" that means Undertaking or to undertake. It owns the capacity to draft something from merely nothing. Also, entrepreneurship is the product of an economic act that takes risk; create a new thing, and organize (Brush et al, 2009). Predominantly, entrepreneurship is an activity creative (Cinnamon and Rich, 2002). Associated with creativity and innovation, entrepreneurship is also referred to as an economic act that takes risks and is adaptable. Realistically, it is that force which propels a nation to develop economically.

One that possesses qualities of entrepreneurship is known as the entrepreneur. Also, a person who has the capacity to take risks is an entrepreneur (Richard Cantillon, 1755). An agent that adds changes is an entrepreneur. Summing up, entrepreneur is a risk taker, an innovator, an organizer and one that assembles resources. Development of an entrepreneur is one that drives changes and grows upwards.

The caste of ward originates from the word caste in Portuguese and is deemed as breed or a race. British Government has issued in 1936 that segregates people into various castes. Indians consider caste being a jati, gotra or varna. Scheduled castes are the ones falling in the category of Indian Government scheduled caste order as stated in August, 1950. Article 366, clause 24 & Clause 25 speak about the SC/ST as present in the social structure and have lesser share of trade, commerce and Industry.

These tribes have been considered as the backward classes since long (D'Cruz, 2003). It is desirable that attention is provided to improve their mobility in occupation, which is a shift from traditional means to modern form of occupation. This requires the entrepreneurs to work towards uplifting the under privileged section of the society. Taking view of the above situation, Government is seen creating a conducive environment and establishment of plenty of institutes as SISI (Small Industries Service Institute), SIET (Small Industries Extension and Training Institute), EDII (Entrepreneurship Development Institute of India), NISBUD (National Institute for Entrepreneurship and small Business Development), DICs (District Industries Centers), and the KVIBs (Khadi and Village Industries Boards) work towards training as well as development of entrepreneurs. Additionally, plenty of promotional and financial institutions have been made by the Government to train entrepreneurs with the importance being given to the ones belonging to scheduled castes and tribes. But, the share they hold in trade and commerce is comparatively low owing to their poverty and the desire to be a job employee.

Entrepreneurs that are part of the backward classes have a poor profile technically and is seen crippling as they carry forward a business (Greene et al., 2001). Owing to their poor background and a poorer financial status, they fail to attract a high-class profile. Additionally, they lack bank finance access since they do not have significant property. Higher rate of illiteracy, social discrimination, and inherent poverty are few of the hindrances in the path of SC/ST entrepreneurship. Additionally, research scholar found that MPBDC renders financial aid under the programs of 20-point economy that help raise the status of beneficiary (Moore, 2003).

Entrepreneurs of SC/ST fail to provide security among the backwards (Habib et al., 2005). Victimized by negligence and years of exploitation turned them oppressed and poor. Another crucial factor for change is education and owns a straight link to entrepreneurship development.

Literary review is an important part of the study. Along with knowledge up gradation and the understanding of an area selected, variables could be identified that associate with the study. So, to relate with the current study objectives, there is an attempt undertaken for the review of the studies and further present them as following:

- (i) Introduction to Concept
- (ii) Socio-Psychological Factors
- (iii) Facilitators & Inhibitors
- (iv) Entrepreneurial Development

(i) Introduction to the concept

Richard Cantillon was the one responsible for coining the term Entrepreneurs back in 18th century. It meant someone who could bring both material and labour at a specific price and then resell it on a different price. As the word is now thriving for a long time, it incorporates material aspects, financial along with HR in all. The one who undertook the need of an agent in the process of entrepreneur the first time was Rajani (2008). According to him, entrepreneur is one that has innovative and creative abilities and adds something new to the entire economy. And the thing that segregates Entrepreneur from the non-entrepreneur is the extensive capabilities of the former. Also, an entrepreneur is someone who can initiate and also establish an important activity or an enterprise (Cinnamon and Rich, 2002). As the world witnesses range of entrepreneurs, it becomes evident that they are formed and not born. D'Cruz (2003) considers entrepreneurs to be the people that organize a business act and has the capability to enhance the productivity. Additionally, he is the one who takes risk and attain motivation. These entrepreneurs are rated successfully and have progressed economically such as the occupation of agriculture seeks the son to undertake the same and call for growth of the Indian agricultural domain. Habib et al. (2005) suggest that the success of any farm Industry relies on the decision to take it as a career added with financial status of farm. Further, Rajani (2008) suggests that the idea of entrepreneur and also entrepreneurship has leadership qualities, vision, hard work, and innovation and profit maximization ideas. A definition by Shelka et al. (2002) states that entrepreneur is one who has the capability to undertake risk and build his own venture to seek rewards. They draft ideas, set up plans and put them to action in order to attain the goal.

(ii) Socio-psychological Factors

Moore (2003) saw that around 35% entrepreneur fall under the age category of 31-39 and 23% account for dual categories as 20 to 29 and 40 to 49. Ones that are beyond 49 account for 17%. Further, Christopher saw that young entrepreneur have higher educational background, and significant experience. Yet there was no participation in entrepreneurs social psychologically. Cohoon et al. (2010) drafted a direct connection between competence and education of entrepreneur. It was seen that on an average entrepreneur are of the age 33 and married. Another study by Rajani (2008) saw that tribal's of Rajasthan are entrepreneurs of age 25-35 and account for 64%. 13.20% account for entrepreneurs of age 45-55. People of age more than 55 own the least share as 5.6%. Brush et al (2009) saw that undertaking risks are negatively associated at a significance level of 0.01 and with age as ($r = -0.6443$). He further saw that positive relation with risk seem as educational level of ($r = 0.4774$). Negative related with age and positive relation with education and area of land are ($r=0.64$), ($r=0.4813$) and ($r=0.4681$) respectively. Cinnamon and Rich (2002) suggested that around 50% entrepreneurs are illiterates and others have primary education. D'Cruz (2003) saw that entrepreneurs are predominantly the ones named as scheduled and backward castes.

(iii) Facilitators and Inhibitors

Sharma (1990), suggest that lack of finance being drawback that leads to failure of entrepreneur in all domains. Three stages account for such an issue:

- Initial stage.
- Operational stage.
- Diversification and expansion stage.

SME rely on their personal funds to start business. They work with the resources as available to them. Also, a poor planning leads to lacking financial resources. Around 22 entrepreneurs were seen to fail due to poor planning and 25 entrepreneurs could not draft an efficient capital cycle. Also, the commercial banks failed to raise funds as and when required. Shelka (2002) saw that most of the respondents never received or maybe only a few times attained assistance from the Government and the other finance agencies financially. 10% succeeded to attain assistance financially.

Yadav (2000) explored the idea of entrepreneurship in the state of Punjab and said that entrepreneur look for various funds for their projects. It concludes that own savings or a different employed capital. 80% was seen to drive capital in varied section either from their parents or relatives or parents. Tapped different source of funds for financing their project in 72%. Further, Sharma (1990) did a survey based on current Moradabad Brassware Industry trends and reported that around 14.20% of entrepreneurs choose finances, and around 36.60% and 17.40% borrowed funds from the commercial banks along with other local money lenders, and total dealership account for 30.80%.

Yadav (2000) analyses factors which lead to entrepreneurship development in Bihar and reports that nearly 45 of 63 respondents face issues in long term finance. Another problem seems among working capital as a problem area. 63 of 52 respondents face severe financial issues based on working funds inadequacy. This was due to the commercial bank reluctance to provide funds. Another points that officials of bank need to cope with multiple issues with respect to regulations and rules. Brush et al. (2009) explored Orissa entrepreneurship development and saw that the rate of entrepreneurial growth is less owing to lack of infrastructure. Also, in availability of transport, raw material, power supply, and labor leads to failure of development of entrepreneur. Cinnamon and Rich (2002) stats that 64.06% of entrepreneurs lack technical support and 34.3% seek general support along with 32.81% seeking technical guidance, with 91.56% in San and 3.12% in managerial activities. While studying on Punjab entrepreneurs saw that entrepreneurs look for different distribution model to channelize the product and this differs from product to product. Another observation that 85% of entrepreneurs sell products beyond state boundaries apart from Ludhiana. Gupta saw that entrepreneurs face constraints as lacking know how in technical back while running enterprise in Nainital along with other districts of Udham Singh. Greene (2001) Reports suggest that 26.25% respondents face the credit lack and 33.75% of respondents do not use financial institution cooperation. Greene (2001) state that women section of society faced raw material erratic supply from the traders.

(iv) Entrepreneurial Development

Yadav (2000) states that the surviving firm's growth rate is higher than older firms. Also, the coefficient variant is more in young firms as compared to old ones. Sharma (1990) suggests that one with lesser income face less loss (below Rs.600 per month) even though 27.30% we're determined go drive profit later and around 72% starter gaining profit. Entrepreneurs overall performance suggests that Bhils of 69% were successful in driving their occupation. That background groups of agriculture and the Business account for 13.89% and 13.46% and has less success rate. 34% of group of business background and 25% of service and agricultural background account for less success and 40% of group of industry background and 25.00% service background group are linked to moderately high success. Further, Rajani (2008) saw respondents being satisfied with income ranging between Rs. 3000 to Rs. 9000 per month. Most of them (72.50 %) owned a monthly warming of Rs. 7000. Ranges of current income as compared to earlier of less than Rs. 3000 per month is now more than 92% being earned by respondents. Moore (2003) as he drafts the approach for development of rural entrepreneurship lays down an approach for development of entrepreneurship amidst the rural people taking into account various social organization and support facilities and institutions.

CONCLUSION & SUGGESTIONS

The idea of entrepreneurship is a multidisciplinary element they undertake psychological, economic, cultural and political characteristics. Framework of concepts highlights several approaches towards the growth of entrepreneurship. It could be states that analysis framework depends on entrepreneurship theories and would be separate for the developing and the developed nations. There does not exist any focus to either approve to disapprove, reject or accept the ideal as stated for the analysis. A strong belief that prevails is that none of the formulation is perfect. Each is a process of entrepreneurship and none has the capability to describe the same completely. Several factors embed to define entrepreneurship. So, it could be stated that the explanation and application of the entrepreneurship theory relies on the undertaken approach. So, the approach taken in integration appears to be more convincing and help analyze the entrepreneurship in tribal people. The motive needs, resource availability and support system, skills lead to development and establishment of business activities among the tribal.

The entire process of undertaking orientation of entrepreneurship in the entire population that are part of the agriculture and remaining unaware to consider it as a vocation to be part of activities that promote orientation. All such process needs to expand in terms of tribal population. Hence, a study to explore all the opportunities as available for enterprises of agriculture along with other factors that lead to the development of entrepreneurship in the tribes, the factors that restrict the process, coordination and other links between agencies and other stakeholders. A multidimensional procedure of the orientation of the development of entrepreneurship has been entailed in the process.

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