

Economic Development of Small-Scale Business in Madhya Pradesh, India

(Special Reference to Rewa Division)

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Abstract

The study determined the managers rating on the influence of economic condition and economic policies all aspects of economic development on the development of small scale business in Rewa division. To maximum achieve the purpose of this study two research question and some corresponding null hypotheses were posed and formulated respectively. Survey research design was used for the study. The population use was 400 entrepreneurs in the registered small scale business in Rewa division. A total sample 200 respondent were selected for the study using purposive and stratified random sampling techniques. A questionnaire titled entrepreneurs rating of economic development of small scale business questionnaire was the instrument used to collect data. The questionnaire congaing 20 items and was validated by 5 experts, two from business education unit and two from measurement and evaluation in the department of education foundation guidance and counseling. All the experts were from the university of Awdhesh Pratap Singh Rewa. Data generated were analyzed using different statistical techniques. The research questions were answered using mean and slandered deviation. The entire hypothesis is tested at 0.8 level of significance using one way analysis of variance statistics. The result of the analysis showed among other that economic condition and economic policies greatly influence the development of small scale business in Rewa division. Based on the finding the recommendations made included that both the state and central government should endeavor to create an enabling environment that would be conducive for business organization to proper without engaging in deceitful practice.

Key Words : Entrepreneurs , Managers , Economic Environment , Economic conditions , Economic policies and small scale business

Introduction:

Business across the globe have-been classified as small, medium and large business. Small scale business have been defined variously thus they mean different thing to different people and have different characteristics in different part of Madhya

Pradesh specially Rewa division, hence there is no specific and generally accepted definition of small scale business. However there are some common criteria used in describing it all over the Madhya Pradesh. Those criteria used in describing small scale business can be described thus the number of employees- it is a small business because

small number of people are employed often 100 employees , annual business turnover – because initial capital is low then annual turnover will also be low. The sales volume and financial strength are minimum. Area of operations for most small firms, the area of operation is local. The employees live in the community in which the business is located. The managers are usually independent and they often responsible only to themselves or to the entrepreneurs actually participate in all aspect of the management making the management of the enterprise to be personalized. Small scale business play important role in a country such as provision of employment goods and services. Creation of better standard of living , as well as contributing to the growth of gross domestic product of the nation among other . The economic environment is economic conditions, economic policies and economic system of the country. Non economic environment include social, political, legal technological, demographic and natural environment. This study however concentrated on two economic environments as follows: economic condition and economic policies.

The foreign investment policy aims at moderating the inflow of foreign investment in various sectors for speeding up industrial development. The export-import policy is to increase exports and bridge the gap between exportation and importation. Through the policies the government publicizes various duties. This become necessary since with increased access to rapid communication the world population is made more aware of what business is doing. Thus the different state including Rewa division is mapping out

several strategies to encourage the development of small scale business. Accordingly most of the law and regulatory measures are basically meant to advance business development and growth.

The government of Rewa division in many way using demonstrated actions, beneficial investment policies, institutions capacity building favorable economic and fiscal policies have encouraged and supported the growth, and development of small scale business. They are protective business law and direct financial incentive to promote. The research report of Rewa division in Madhya Pradesh is very useful to business organization. The most noticeable of Rewa division is the raw materials and research development. The Rewa division provides direct financial assistance to small business origination through the establishment of specific financial and non financial institutions.

The Rewa division micro credit department gives assistance, some of which are assistance given by finance department and community banks. They provide funds of micro credit schemes to small and medium scale business, rural woman credit schemes. In the Rewa division, business firms follow strictly to the policy framework and also respond to changes in the government.

Research Problem

Small scale businesses are instrument of growth and development in most developed and developing countries. Unfortunately, the Rewa division of their growth and development in Rewa division in general appears to be very low despite the need for this type of business in the Madhya

Pradesh state. Local level in Rewa division and even non government agencies make efforts through policies to support entrepreneurship development but still small scale business liquidate regularly enhancing the unemployment status in the Rewa division . The Rewa division government in its bid to promote the development of small scale business promulgates several decrees in favor of the small scale business. In the face of all these decrees how effectively small scale business survives. Grow and attain profit maximization is still a thing of concern Hence the need to examine the influence of economic environment particularly as it relates to economic condition and economic policies to the development of small scale business in Rewa division area.

Purpose of the research

This was to find out the perception of managers on the influence of economic environment to the development of small scale business in Rewa division. Specifically the research is to find out:

1. The influence of economic condition on the development of small scale business.
2. The influence of economic policies on the development of small scale business.

Research Questions

These research questions were answered in the research:

1. To what extent does economic condition influence the development of small scale business in Rewa division.
2. To what extent do economic policies influences the development of small scale business in Rewa division.

Research of Hypotheses

These two hypotheses formulated for the research were tested at .08 level of significance:

1. There is no significance in the mean rating of managers who sell spare part, provisions and skilled workers on the workers on the extent economic conditions influence the development of small scale business.
2. The mean rating of managers who sell spare parts, provisions and skilled workers do not differ significantly on the extent economic policies influence the development of small scale business.

Methods of Research

Survey Research design was used for the research. The research was carried out in Rewa division. The population of the research was 400 comprising entrepreneurs and managers of the registered small scale business in Rewa division. There were 200 spare parts dealers, 201 provision sellers and 150 registered skilled workers in Rewa Division. The sampling technique adopted for this research was the purposive sampling technique and the simple random. Purposive sampling technique was used to determine the choosing of 85 managers from each of spare part dealers, provision sellers and skilled workers. After this, the simple random sampling technique through balloting without replacement was used to choose these 200 respondents. The instrument used to collect data was a questionnaire constructed by the researcher.

Each item on the questionnaire required the respondents to express their opinions under category of Very Greatly

(VG) Greatly (G) Poorly (P) and Very Poorly (VP). The instrument was validated by three expert, two from business education unit one from measurement and evaluation in the department of educational foundation, guidance and counseling all from the university of Awdhesh Pratap Singh Rewa. The reliability of the instrument was ascertained using test retested method of the reliability coefficient obtained was 0.96 using Patanjali product correlation analyses.

Weighted mean score were used to answer the research questions. Codes score assigned to each item thus: Very Great (VG) 5.39-6.24 Great (G) 3.67-4.89 Poorly (P) 3.49-4.26 and Very poorly (VP) 0.75-1.83.

Research Question 1

To what extent does Economic Condition influence the development of small scale business in Rewa division:

Table 1: Respondent Mean rating on the extent Economic Condition influence the Development of small scale business in Rewa division

Economic condition	X	Sd	Remark
1. Gross Domestic Product	4.39	.652	Greatly
2. Availability of capital	4.43	.719	Greatly
3. Markets for goods and services	4.51	.612	Greatly
4. Per capita income	4.67	.7.21	Greatly
5. Foreign exchange reserve	4.46	.771	Greatly
6. Growth of foreign trade	4.32	.778	Greatly
7. Strength of capital market	4.08	.672	Greatly
Cluster Mean	4.72	.676	Greatly

The result in table 1 shows the respondent mean rating on the extent Economic condition influence the development go small scale business. The result revealed that all the items were rated as greatly affected the development of small scale business .All the standard deviation value were not up to 1.00.

Research Question 2

To what extent do Economic policies influence the development of small scale business in Rewa division. The result of the computation is shown in Table 2:

Table 2: Respondents Mean rating on the extent economic policies influence the development of small scale business in Rewa division

Economic policies	X	SD	Remark
8. Industrial policies	4.29	.620	Greatly
9. Fiscal policies	4.65	.672	Greatly
10. Monetary policies	4.21	.663	Greatly
11. Foreign investment policies	4.35	.671	Greatly
12. Export-import policy	4.19	.629	Greatly
13. Income tax act	4.27	.667	Greatly
14. Rewa Division Enterpriser Promotion act	4.39	.679	Greatly
15. Patent right and design act			
16. Custom Duties	4.40	.682	Greatly
17. Industrial promotion acts	4.13	.643	Greatly
	4.09	.611	Greatly
Cluster Mean	4.61	.672	Greatly

The data in Table two shown that the respondents mean rating regarding the extent economic policies influence the development of small scale business, that all the ten item and the cluster mean had values rated in the range of greatly.

Tested Hypotheses of the result

Table 3: summary of result of ANOVA on the extent economic condition influence the development of small scale business in Rewa division

Source of variance	Sume of square	df	Mean square	F-cal	F-crit	Remark
Between groups	8.053	1.5	5.654	.786	4.06	Not significant
Within Group	1122.790	197	10.213			
Total	1130.843	198.5				

The result displayed in Table 3 shows ANOVA statistical result on the extent

Hypotheses I

There is no significant difference in the mean rating of managers who sell spare parts, provision and skilled workers on the extent economic condition influence the development of small scale business in Rewa division .

Economic condition influences the development of small scale business in Rewa division in Rewa division. The result showed F-calculated .786 while F-critical 4.06 1.5 and 198.5 degree of freedom and 0.9 level of significance. Since the calculated F-value was less than the F-critical value the null hypotheses was not rejected.

Hypotheses II

There is no significance difference in the mean rating of managers who sell spare parts provision and skilled workers on the extent economic policies influence the development of small scale business in Rewa division. The computation is shown in Table 4.

Table 4: Summary of (ANOVA) result on the extent, economic policies influence the development of small scale business in Rewa division

Source of variance	Some of square	df	Mean square	F-cal	F-crit	Remark
Between Group	6.782	1	3.722	1.322	4.32	Not significance
Within Group	528.667	219	3.972			
Total	535.449	220				

The result in table 4 shown that the calculated F value was 1.322 while the F-critical was 4.32 at 1 and 220 degree of freedom and 0.87 level of significance. Since the calculated F-value was less than the critical F-value the null hypotheses was not rejected.

Finding and conclusion

The result of the research question answered show that economic condition greatly influence the development of small scale business in Rewa division . The dynamic and rapidly changing environment in which most organizations compete had made business environment such as economic condition to have significant impact on the business survival and performance. Observed that environmental changes continuously exert new pressures on industries development and performance. To

respond to this change, some industries within the apparel industry have formulated and implemented strategies to restructure the way goods are manufactured and sent to the final consumers. The impact are environmental factor are business survival and growth is found to have an increase stronger interrelationship which require more business strategies. The result of the first hypotheses is show that there is no significant difference in the mean rating of managers who sell spare part provisions and skilled workers on the extent economic condition affect the development of small scale business in Rewa division . This clearly show that the respondent use for the research , irrespective of the type of business they are doing do not vary in their opinion on the extent economic condition influence the development of small scale business in Rewa division.

Regarding the extent economic policies affect the development of small scale business in Rewa division. The result of the research question revealed that the respondent use for the research of the opinion that economic policies affect the development of small scale business in Rewa division greatly. The result of second hypothesis tested showed that the respondent used for the research, irrespective of the type of business they are dealing on do not vary in their opinion that economic condition greatly influence the development of small scale business in Rewa division at Madhaya Pradesh.

The finding of the research paper is supported by the observation; these include adhering to the interest rate, taxation changes, economic growth, inflation and exchange rate. The explained that a higher interest rate may adversely affect investment because it cost more to borrow while a strong currently may make exporting and importing more challenging because more it

may increase the price in term of foreign currency.

Recommendations

The following recommendation was made based on the finding from the research paper:

1. Both the stat and central government should Endeavour to create the enabling environment that would be conducive for business organization to proper in, without engaging in deceitful practices.
2. The managers of small scale business should constantly examine the environments in order to understand the major trend of events and make positive decisions that would not endanger of their organization and the environment.
3. The financial institutions should be strengthened so as to make loans available to these business organizations as this would help make funds available for their smooth operations.

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