

AN ANALYSIS OF THE MARKETING ASPECTS OF RURAL MICRO ENTERPRISES OF ASSAM

Santanu Mohan Deka¹

Dr. Alaka Sarma²

Dr. Kanak Haloi³

¹Research Scholar, University of Science & Technology, Meghalaya

²Professor, University of Science & Technology, Meghalaya

³Professor (Retd.), NIRD&PR, NERC, Guwahati, Assam

Abstract: Micro, Small and Medium Enterprises (MSMEs) Sector though have been recognised for immense contribution towards production, employment generation, and exports in India, facing numerous challenges including in the marketing front. The current study is an attempt to explore the different aspects of marketing practises followed amongst the rural micro enterprise sector in four districts of Assam identified based on stratified sampling method covering 80 micro enterprises in the manufacturing sector. The findings of the study reveals that rural micro enterprises in Assam have limited access to national and international markets. The entrepreneurs in the sector also facing several challenges in the marketing front like lack of production of market oriented product, difficulty to compete with branded products and cheap alternatives, packaging and branding problems etc.

Key Word: Micro Enterprise, Marketing

I. INTRODUCTION

Micro, Small and Medium enterprise sector is well recognized for its contribution in generating employment, utilization of local resources and balanced regional development across the globe. In India also, the sector is contributing significantly to the Gross Domestic product (GDP), manufacturing output, optimum utilization of local resources and export from the country. However, the MSME sector in Assam is lagging behind in terms of parameters like number of working enterprises, percentage share of registered enterprises, investment, employment, access to market and export. In today's competitive market environment, access to market is often has a bearing on productivity and growth of enterprise. Existing literature reveals that micro and small enterprises are lacking in aspects like in the marketing orientation and strategies. Lekhanya and Mason (2013) while studying the use of marketing strategies adopted by rural micro, small and medium enterprises in South Africa found that marketing knowledge and expertise is lacking among the rural micro, small and medium enterprises and the use of marketing strategies is also limited. Sharma *et al* (2012) while studying rural women micro enterprises found that market awareness is still a major constrain for entrepreneurship development and suggested for policy initiatives for facilitating in market access for rural micro enterprises. Bankson *et al* (2017) found that rural micro enterprises survive in a competitive subsistence market place with constant engagement through social networks, relationships with customers and staff. Ali, A & Hussain, F. (2004) view that the MSME's are not adopting innovative channels of marketing and their advertisement and sales promotion strategies are comparatively weaker compared to the multinational companies. The ineffective advertisement strategy and poor marketing channels lead to very poor selling by the MSMEs. Pradeep, P. and Krishnan, C. (2013) state that along with financial obstacles and capacity utilisation, marketing strategies are the other major hurdles in MSME growth. Aruna, N (2015) while studying the problems of small entrepreneurs in Visakhapatnam finds that availability of quality raw material at a reasonable cost along with access to market are the major problems that the micro and small enterprises have to contend with. The study also reveals that problems are aggravated by inadequacy of funds, which makes it difficult for the MSMEs to procure quality raw materials in bulk and also to participate in fairs & exhibitions. However, there is a dearth of literature regarding the status of marketing activities regarding the rural micro enterprises for the state of Assam. Also, the relative laggardness of micro enterprises in Assam necessitates investigations in the market related aspects of the rural micro enterprises in the state. Therefore, the present study is carried out understand the status and problems of the micro enterprise sector.

II. OBJECTIVES

The present study is conducted with the following objectives:

- a) To explore the status of marketing activities of the rural micro enterprise sectors in State of Assam.

- b) To have an insight into the marketing related challenges of the micro enterprise sectors.

III. METHODOLOGY

The present study is based on primary data. Primary data is collected at micro enterprise level from 80 samples micro enterprises selected through a three staged random sampling procedure.

In the first stage, four districts out of 33 districts in Assam have been selected based on household-enterprise ratio (HER) of registered MSMEs divided into four groups – (i) District with high household-enterprise ratio, (ii) District with moderately high household-enterprise ratio, (iii) District with moderately low household-enterprise ratio, and (iv) District with low household-enterprise ratio. One district from each category is selected to constitute the sample districts as outlined below:

HER Categories	Sample District
High	Kamrup (Rural)
Moderately high	Sibsagar
Moderately low	Cachar
Low	Barpeta

In the second stage, the four most dominating sectors from among the MSMEs in the State in terms of number of registered units are identified for drawing 20 sample micro enterprises by categories from each district. Thus, four sectors in terms of numerical presence have been identified which are listed below:

Sectors	Sample Micro Enterprises
Engineering and Non-conventional Energy	Carpentry
Textile	Weaving
Agro Based and Food	Food Processing
Forest Based	Cane and Bamboo Works

In the third stage, five sample units from each identified dominating sector have been drawn randomly for primary data collection. Thus, data has been collected from a total of 80 sample units from across the four sample districts.

A structured interview schedule has been prepared at the micro enterprise level to elicit the primary data. A database has been developed using IT tools in Microsoft MS Access for the purpose of data entry, storage and retrieval in the required format.

IV. FINDINGS

The findings of the study is presented in two sections-

A. Marketing across Micro enterprise Sectors

The status of marketing activities of the rural micro enterprises has been explored in terms of (i) present market access, (ii) marketing channels, (iii) exhibition participation, and (iv) receiving customer feedback. An analysis of market access reveals that a majority of the micro enterprises (52.5 per cent) have access to nearby local markets only while 31.25 per cent market their products within the state of Assam. A mere 16.25 per cent of the micro enterprises have access to national markets whereas none of them have access to the export market. Across sectors, it is observed that the cane and bamboo and handloom sectors respectively have somewhat a higher exposure to the national market than the carpentry and food processing sectors.

Table 1: Present Market access of Rural Micro enterprises across Categories

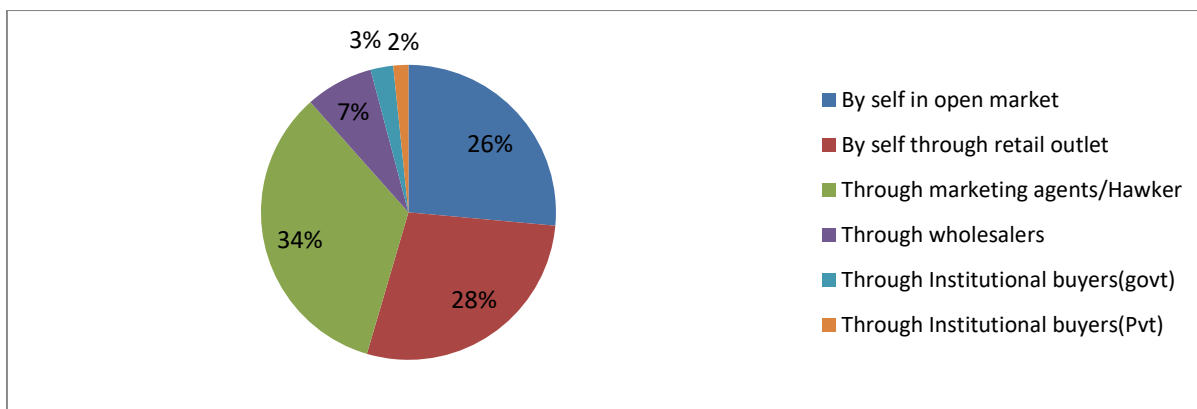
Sl. No.	Present Market	Cane & Bamboo	Carpentry	Food Processing	Handloom	Total	Percentage
1	Local	9	14	11	8	42	52.5

2	Within the state	6	4	8	7	25	31.25
3	National	5	2	1	5	13	16.25
4	International	-	-	-	-	-	-
	Total	20	20	20	20	80	100

Source: Field Survey

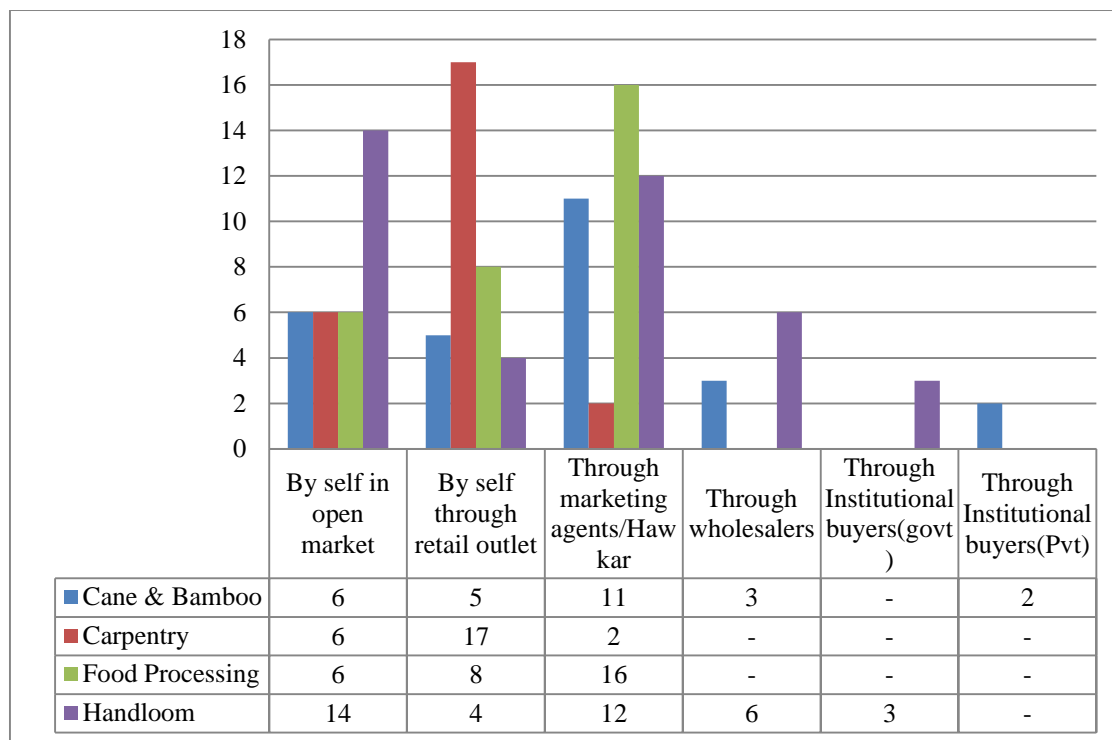
A look into the marketing channels reveals that majority of the micro enterprises market their products on their own in open markets and retail outlets. However, a significant section (34 per cent) also sell their products through marketing agents or hawkers. The role of government and private institutional buyers is limited as both accounts for only five per cent of the existing market channels.

Figure 1: Marketing Channels of Rural Micro enterprises of Assam



An analysis of the use of marketing channels across micro enterprise categories has been done here. It reveals that each of the four sectors of sample micro enterprises use multiple marketing channels to sell their products. The hawkers or marketing agents are found to be the largest marketing channels for the cane and bamboo, food processing and handloom sectors. For the carpentry sector, marketing through own retail outlet is the major marketing channel. A majority of the entrepreneurs in the handloom sector sell their products themselves in the open market. Only the handloom sector is found to have some access to the institutional buyers in the government.

Figure 2: Marketing Channels across Micro enterprise Categories



Source: Field Survey

Exhibition participation has been analysed in Table 4.20. It is observed that 63.75 per cent of the entrepreneurs have participated in exhibitions and fairs, while the rest 36.25 per cent are yet to participate in any such event. Across sectors, it is found that exhibition participation is highest in the handloom sector and is lowest in the carpentry sector.

Table 2: Exhibition Participation Status of Rural Micro enterprises across Categories

Sectors	Exhibition participation (%)			Total
	Within state	Outside state	Not Participated	
Cane & bamboo	40	25	35	100
Carpentry	15	10	75	100
Food processing	60	15	25	100
Handloom	60	30	10	100
Overall	43.75	20	36.25	100

Source: Field Survey

B. Challenges Regarding Marketing across Rural Micro enterprises

The study explored the marketing related problems of the four-sample rural micro enterprise sector. Marketing related problems is viewed as a major problem by 75 per cent respondent in the food processing sector. In this sector, majority of the entrepreneurs viewed that they are facing strict competition from established brands and they are lacking in packaging and branding aspects as well as in publicity and advertisement that limiting their market reach. Similarly, in handloom sector, 60 per cent beneficiaries viewed marketing related problems affecting their performances.

Table 3: Exhibition Participation Status of Rural Micro enterprises across Categories

Micro enterprise Sector	Entrepreneur's response (in %)	Nature of problem
Cane and Bamboo	45	1. Competition from cheap alternatives 2. Lack of proper marketing knowledge 3. Lack of product diversification

Food Processing	75	1. Fail to compete with other branded products both in flavour and presentation 2. Inappropriate packaging and branding 3. Inadequate publicity
Carpentry	20	1.Competition from large units 2.Slackness in demand 3.Limited exposure facilities
Handloom	60	1.Conventional way of marketing 2.Competition from power loom products 3. Lack of production of market oriented product

Entrepreneurs in handloom sector feel that their traditional way of marketing is limiting their market reach. In addition, they are facing stiff competition from power loom products, which are cheaper than handloom products. The entrepreneurs belonging to cane and bamboo sector feel that lack of proper market orientation, lack of product diversification in accordance with the modern market requirements as well as competition from cheap alternatives are acting as major bottlenecks for the marketing of their products. However, for carpentry sector, the entrepreneurs viewed that marketing is not a major problem as only 20 per cent of the entrepreneurs are facing problems with marketing related activities.

V. DISCUSSION

It is found that the micro enterprises in Assam are selling their product mainly in the local **market**. More than half (52.5%) of their total produce is being sold in local or nearby market places. Only a small portion (16.25%) have national level exposure and experience. Not a single surveyed micro enterprise has exported its products outside the country. The linkage with national and export market abroad thus is big gap as well as of critical nature and invites serious attention for creation of provisions enabling support to the micro enterprises.

The analysis of **market channels** reveals that there is considerable dominance of hawkers or marketing agents (34%) in the marketing activities of the micro enterprise sector. The presence of government and private institutions is negligible although governments have established marketing agencies like NERAMAC (North Eastern Regional Agricultural Marketing Corporation) for food processing, North Eastern Handicrafts and Handloom Development Corporation (NEHHDC), Assam Apex Weavers & Artisans Co-operative Federation Ltd. (ARTFED) and The Tribal Cooperative Marketing Development Federation of India Limited (TRIFED) for handloom and handicraft sector. A greater delink of these agencies with the targeted micro enterprise sector thus persists. In addition, on market exposure account, it is found that around one third of the micro enterprises do not have experience of participating in exhibition and fair. The entrepreneurs having experience of participating in fairs outside state is only 20 per cent. These reflect the need for generating better market awareness among the micro enterprises of the state.

Marketing is one of the major problems of the rural micro enterprise sector in Assam. Here problem like lack of production of market oriented product, difficulty to compete with branded products and cheap alternatives, packaging and branding problems and dealing from institutional buyers are creating hindrance for the entrepreneurs. Therefore the microenterprise sector is unable to channelize their product directly to their targeted customers and still there is significant prevalence of hawkers and middle man in the entire marketing system in this sector

VI. CONCLUSION

Local and intra state markets are still the major markets for the rural micro enterprises of the state with a minimum access to national and with no access to international markets. Further, marketing through hawkers/ agents is the major marketing channel for the micro enterprises with minimum presence of the institutional buyers. Therefore, there is a need to facilitate marketing linkage for the micro enterprise sector with private as well as government supported institutional buyers. Further, strengthening the

microenterprise sector through capacity building in innovative marketing practises like digital marketing can improve their market reach. In addition, efforts for addressing the marketing related challenges through building favourable policy environment will lead to enhanced marketability and competitiveness of microenterprise products.

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