

IMPACT OF SMALL AND COTTAGE INDUSTRIES IN RUSTIC DEVELOPMENT: A CASE STUDY IN RAJSHAHI REGION OF BANGLADESH

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ABSTRACT

The study revealed that multipurpose, generation, showcasing, thrift, and investment funds small and cottage businesses exist in Rajshahi, Bangladesh. These small and cottage firms source their back from month to month levy, demands and fines, and others. The small and cottage firms have enormously contributed to rural improvement in Rajshahi Zone by the arrangement of cash to small-holder ranchers, preparing, promoting, and gather administration. Be that as it may, there exist certain issues standing up to the agrarian small and cottage firms from their anticipated parts and they incorporate lacking staff or faculty, moo wage, and destitute government intercessions. Based on the discoveries, the analysts concluded that the agrarian small and cottage firms in Rajshahi, Bangladesh have contributed to rustic and rural advancement in spite of the recognized limitations.

Keywords: Agricultural small and cottage firms, ranch funding, cluster subtleties, bucolic expansion and capital formation.

INTRODUCTION

Agricultural small and cottage firms in the view of (Mohammed Ziaul Haider 2006) can be seen as small and cottage Industries whose members are agricultural producers or are involved in related activities. They can be single or multiple purpose small and cottage firms, agricultural input supply small and cottage firms, marketing small and cottage firms, agricultural credit small and cottage firms, machinery small and cottage firms, land acquisition small and cottage firms, livestock producers small and cottage firms, fishermen small and cottage Industries, oil mill small and cottage firms, rice mill small and cottage firms, etc.

LITERATURE REVIEW

(Tauringana n.d.) stated that these small and cottage Industries stake various organizational forms as small and cottage industries business enterprises, producers small and cottage firms, auxiliary or service small and cottage firms. Empirical evidence has shown that informal small and cottage Industries date back to the origin of man himself. (Ahmad 2006) He agreed that modern small and cottage Industries first found a home in Britain, though the movement was occurring almost simultaneously in various European countries. (Georgiadis 2011) Observed that workers in Britain cried out to Government to redress their sufferings and got no help, they turned to humanitarians and social reformers. Robert Owen and Dr. Williams King of the Briton cottage Movement were pioneer leaders of small and cottage firms. In France, the same suffering workers as a result of the evil of the industrial revolution led to the formulation of socialist societies. Charles Fourier, Philips Buzuchez and Louis Blanc, were the pioneer Small and cottage Industries trained in France. Development is one of the main goals that all farming communities try to achieve in order to improve their living standards. (Nischay Arora 2020) Agricultural small and cottage have played an important role in rural development through development of agriculture. Agricultural small and cottage Industries are considered to be the most important organization that pay attention and try to support rural development in general and agricultural development especially through the activities and services achieved for the sake of farmers (Rastog 2018)

PROBLEM STATEMENT

Agricultural small and cottage Industries are considered as one of the important economic and social organization in rural communities. They play very important roles in agricultural development by providing the farmers with production input, such as fertilizers, seeds, other chemical substances, etc. They also provide farmers with the necessary knowledge and skills. These are about the agricultural new methods that aim at increasing the agricultural production, and therefore, promoting the rural societies. Small and cottage Industries globally, play major role in the rural society. They play major role in the agricultural food industries in various sectors and local setting of Bangladeshi rural Communities.

Despite these advantages, the problem identified is that contributions of Agricultural small and cottage firms in Rajshahi, Bangladesh have not been document and hence this study.

Study Purpose

The aim of the study is to find out the contributions of Agricultural small and cottage Industries to rural development in Rajshahi, Bangladesh.

OBJECTIVES OF THE STUDIES

The broad objective of the study is to evaluate the contribution of agricultural small and cottage firms to rural development in Rajshahi, Bangladesh while the specific objectives are to

1. Determine the social economic characteristics of agricultural small and cottage Industries members.
2. Examine the various types of existing small and cottage firms in the study area.
3. Find out their sources of fund and input used in agriculture.
4. Determine their contributions to agricultural development in Rajshahi.
5. Examine their problems relating to improvement of agriculture in the study area

JUSTIFICATION OF THE STUDY

The extension strategy which is entrepreneur centered is capable of developing agriculture by farmers themselves with their own resources and assistance of other stakeholders. Community based organization are the small and cottage unions whose members are the target beneficiaries in the communities have significant roles to play in rural and agricultural development. (SabinaAlkire 2015) They participate in decision making process, identification of farmer's needs, input service delivery, farmers' education, financing, contracting, warehousing, processing, packaging and advertising of farm products among others. (Timothy Besley 2000) Stated that farmers' small and cottage unions such as credit, thrift and consumer based, group farm, produce, buyer and marketing associations have written bye- laws that regulate their activities as unions. Its main focus is the socio- economic and political development of the town.

These community based associations according to (KobinaAnnim 2010) rely on cooperation from members and donations from well-wishers to execute their rural development program. In terms of functions, voluntary organizations in a community are expected to contribute their own quota, be it moral, financial, physical, to the social, progress and economic advancement of the community in particular and state in general.

This is based on the belief that there is no government however benevolent, paternalistic or well-meaning which can boast of the capacity to provide all the multifarious needs of all its citizens. This premise applied to both developed and less developed countries of the world. This may be due to their peculiar shortage of almost everything one can think of, financial resources, capital, skilled manpower, technical known how, to mention a few. It is therefore, obvious that one of the surest and quickest ways to enhance sustainable agricultural and rural development lies in the active participation and commitment of small cottage firms.

Research Questions

To guide the researchers, the following research questions were formulated:

1. What are the socio-economic characteristics of agricultural small and cottage firms' members?
2. What are the various types of small and cottage industries existing in the study area?
3. What are the sources of fund and farm inputs?
4. Are the small and cottage Industries contributing to agricultural development in Rajshahi area?
5. Are there problems constraining the agricultural small and cottage Industries in rural development in Rajshahi area?

RESEARCH METHODOLOGY

Descriptive research Design was adopted by the researchers because it is cost effective and less time consuming. A small sample size is used to extrapolate for a larger population. The result obtained is acceptable. (T.M. de Jong 2002) Rajshahi city area of Rajshahi state is the study area. It has a population of 924,033 people based on the world population review 2021 (World Population review 2021). The people are mostly farmers and some few engage in stone crushing to supplement their farm income. Rajshahi is known for its inhabitants engage in various farmers groups and associations.

The study population comprised of the 80 registered agricultural small and cottage firms at the Rajshahi BSIC office at Rajshahi Division. Structured questionnaire was used to collect primary data from the agricultural small and cottage firm's respondents to justify the objective and research questions. The questionnaire items were taken to two statics experts in test validation/ evaluation. They made corrections and suggestions which were effected before the researchers used the questionnaire items. The test re-test method was used where 2 small and cottage Industries at Rajshahi division were randomly given the test instrument at 2 week interval and the mean of the test score was obtained to serve as a standard score. The mean of 0.6 which is 60% was high and therefore used. Descriptive statistics was used to present and analyze the data via tables and percentages.

RESULT AND DISCUSSION

Research questions one was: What are the agricultural small and cottage firms' socio-economic characteristics?

Table 1: Socio-economic characteristics of agricultural small and cottage firm's member

S/No	Characteristics	Frequency	Percentage
1	Age 18-25yrs	20	20
2	26-35	25	25
3	36-45	25	25
4	46-55	30	30
5.Education	0-2 yrs	30	30
6	3-6yrs	40	40
7	7-10yrs	25	25
8	10-15yrs	05	05
.Marital Status			
9.	Married	65	65
10	Not married	35	35
11	widow	10	10
12	widower	05	05
Annual Income	N less:10,000	13	13
14	11,000-30000	30	30
15	31,000-50,000	28	28
16	51,000-70,000	16	16
17	71,000-100,000	13	13
18 Farm size	01-2katha	25	25
19	2.5katha	30	30
20	4.5-kha	20	20
21	6.5-8kathha	10	10
22	8.5-10katha	11	11
23	10.5-above	04	04

Source: field data (2021)

Results on the socio-economic characteristics of the small and cottage farmers showed that 20 percent of them are within the age range of 18-25 years, 25 percent each are within the age range of 26-35 years and 36-45years respectively. However, 30 percent of the respondents are within age range of 46-55years

This implies that about 70 percent of the small and cottage firms' members are youthful and 30 percent are above 46- 55 years. The youths are greatly involved in small and cottage Industries and they are contributing greatly to the agricultural and rural development in Rajshahi, Bangladesh

Educational status as in table 1 shows that 95 percent of the respondents spent 10 years and below in schooling which implies that they obtained JSC Certificate while only five percent had above 10 years schooling. The implication is that small and cottage Industries members are low in literacy level and these have serious implications for adoption level of agricultural innovations and thus have serious policy implications for increased agricultural extension education and farmer's education which need to be highly intensified.

The marital status showed that 65 percent of the small and cottage firms' members are married and only 35 percent single. The implication is that marriage is an Institution that has increased the responsibilities of those who are involved. Thus, with their low literacy level and high marriage rate, the members are highly responsible and contribute to the social, rural and agricultural development in Rajshahi, Bangladesh. The group dynamics and synergy help them in articulation and pioneering farmer's group meetings and taking good decisions to assist them in the various farm operations. These resulted into high production and group members' income.

Annual income levels are also shown with 30 percent of them obtaining a mean income of N15,500.00 annually; 28 percent others have a mean annual income of N40,500.00 and 16 percent have a mean annual income of N60,500.00 while 13 percent of them have above N80,500.00 annually. This implies that greater percentage (28%) of annual income of N40, 500.00 were earned by the respondents and about 29 percent of the agricultural small and cottage firms have annual income of above N60, 500.00 and 13 percent obtained below N10, 000.00 annually. However, the income generated by the small and cottage Industries members have played vital role in rural and agricultural development since all the small and cottage Industries societies are fully engaged in agricultural activities.

The farm size holding was also analyzed and the results showed that 25% of the small and cottage union members had farm size of 1-2 kathas and 30 percent of them own 2.5-4 kathas. Another 20 percent own 4.5-6 kathas and 10 percent possess 6.5-8 kathas of farms. About 11 percent own more than 8.5 kathas and 4 percent own above 10.5 kathas. The holdings are encouraging showing that of the 50 percent membership that engage in production activities, have a very high involvement in agricultural production that results in increased food production and income to farmers' small and cottages entrepreneurs and to the Rajshahi area in Bangladesh. Empirical evidence has shown that farm size is negatively related to farm output which implies that the size of farm holdings influence output. That is the smaller the size of farm, the smaller the output and invariably the farm income. The mean farm size of members engaged in production was 5.525 kathas. Thus by no means and therefore, encourage rural and agricultural development in Rajshahi, Bangladesh. The above results on socio-economic characteristics have justified research question one of this study on socio-economic variables of agricultural small and cottage firm's members in the study area.

Research Question Two: What are the existing types of agricultural small and cottage Industries in Rajshahi?

Table 2: Types of agricultural small and cottage Industries in Rajshahi area

S/NO	TYPES	FREQUENCY	PERCENTAGE
1	Multi-purpose	30	30
2	Production	20	20
3	Thrift and Saving	40	40
4	Marketing	10	10
Total.		100	100

Research question two results were presented in table 2. Data result showed that there exist agricultural small and cottage Industries which include multipurpose small and cottage Industries with 30%. Production small and cottage Industries was 20 percent and thrift –savings small and cottage Industries accounted for about 40 percent while 10 percent of them are involved in marketing.

The result showed that more of the agricultural small and cottage Industries engaged in savings and thrifts which help in harnessing fund and making it available or as loans to farmers. Thus by increasing farm production, farmers' income, and their standards of living. These savings and thrift small and cottage Industries could also be said to have contributed to about 40 percent of the development in rural and agricultural sector of the study area. The multipurpose small and cottage firms also accounted for growth

and development of agricultural sector with about 30 percent positive contribution. This type of agricultural small and cottage firms serve all the sectors-namely: financing storage, processing, production, marketing, thrift and savings with overall education of small and cottage farmers. small and cottage Industries as multipurpose is sometimes serving as engine of growth following its numerous contributions to growth and development of the rural communities because individual resources are pulled together and therefore making a huge sum of fund that can used and or invested.

The findings agreed with that agricultural small and cottage Industries are considered to be the most important organizations that pay attention and try to support rural development in general and agricultural development especially through the activities and services achieved for the sake of farmers.

This implies that small and cottage Industries act like government agents for rural development. About 20 percent of them are: pure production or primary production. The production activities are into crops livestock, processing, mining and quarrying enterprises in the study area are generating streams of incomes, employment while reducing poverty.

Research question Three: What are the sources of fund to agricultural small and cottage firms in Rajshahi?

Table 3: Sources of fund to agricultural small and cottage Industries in Rajshahi area

S/NO	SOURCES	FREQUENCY	PERCENTAGE
1	Monthly dues	38	38
2	Registration.	10	10
3	Sales.	20	20
4	Service charge	10	10
5	Rent charges Fines	05	05
6		20	20
7	Levies	23	23
8	Capital Shares	20	20

The third research question was on the sources of funds for the agricultural small and cottage firms. The sources are presented in table three with the highest coming from monthly dues (38 %), followed by levies (23%), sales (20%) and fines (20%) respectively. Other sources of fund include Registration (10%), service charge (10%), Rentals (5%) and capital invested (share stock, 2%).

The various kinds of agricultural small and cottage Industries put their members into formidable groups that are eager to grow by participating regularly in meetings and paying their dues and levies as when appropriate without any hitch. This shows effective mobilization of individual funds that are harnessed together for group usage and advantages. The harnessed funds or resources would have otherwise been left wasting and unutilized.

This also applies to leadership development principles for members especially youths who follow the democratic process of doing things. They also imbibe the spirit of group and team work which help reduce the chauvinistic individualism that stunts growth and development. The group dynamics and synergy involved in agricultural small and cottage Industries also engender group collateral in seeking and obtaining financial helps from micro-finance Institutions example: BRAC. This breaks the vicious cycle of poverty and injects new flow of cash into farm enterprises with this new status of agricultural small and cottage firms; they break the impending obstacles of access to farm financing. For instance, observed that low level of income and savings among small-holder farmers in Bangladesh impose limitations on the availability of adequate equity capital for financing small holder agriculture. They further argued that the remoteness of microfinance institutes to small-holder farmers in critical need of credit and the cumbersome lending procedures further affects their accessibility to credit.

For this hits small holder farmers most as they are being discriminated against by the financial system on the grounds that they are generally risky and unviable, and that transaction costs for smaller holder loans are higher than those for large loans. (Prakash 2019) This approach of group or team spirit inculcates the good habits of book-keeping or accounting records which strengthens farm records that individuals do not normally keep. The good habit of record keeping goes a long way in addressing the short falls associated with farmers' illiteracy and lack of ability to record farms operations vis-a-vis income flows and expansion.

This allow for better analysis of profit and loss accounts of each agricultural Small and cottage Industries at the end of each farming season and or end of the year .

The applications of the union acts i.e. code of conducts also instill obedience to rules and regulations as lateness to union functions attracts a fine. This served as 20 percent of income to the Small and cottage firms. It implies that laxity on the part of members is rather turned into income generation and general levies with 23 percent respectively. The results agreed with the opinion of (Reduction 2015)

Research Question 4:

Are there contributions of agricultural small and cottage firms to rural and agricultural development in Rajshahi?

Table 4: The contributions of agricultural small and cottage firms to rural and Agriculture Development

S/NO	CONTRIBUTION	FREQ	PERCENTAGE
1	Educating farmers	10	10
2	Provision cheap farm credits / loan	18	18
3	Assisting farmer members to get fertilizes	10	10
4	Group processing	16	16
5	Sourcing of market	05	05
6	Storage and packaging	08	08
7	Hire and purchase of machine	07	07
8	Linking members to micro finance	06	06
9	Small and cottage firms easily have access to BSIC	05	05
10	Training and retaining of farmers	12	12
11	Provide at low rate agro-chemical	15	15
12	Easily accessible to obtain innovation	14	14
13	Land acquisition for use by members	03	03
14	Networking to increase profit by sales	02	02
15	Dividends share increase income	09	09
16	Provision of seeds/ seedlings to farmers	12	12
17	Management of fish ponds	04	04
18	Provision of mini-slaughter house	05	05
19	Mobilization of small and cottage firms for agricultural development	20	20
20	Encouraging savings for members	13	13

Research question four sought to find out the contributions of small and cottage firms in rural and agricultural development in the Study area.

Data results in Table 4 showed various contributions of the various Small and cottage Industries in Rajshahi area to rural and agricultural development.

One of the major contributions is the mobilization of small and cottage firms' members for agricultural Development. The result shows that the highest percentage of 20 percent was on agriculture development especially in primary food production, marketing, processing, storage, thrift and saving which help farmers who are the majority of the people living in Rajshahi State.

The second most important contribution is the provision of cheap farm credit or loan with 18 percent of cheap farm credits or loan with 18 percent. It means that the funds pulled together are available for those who are in need of cash. The case are given to these members without any form of interest and the mode of processing the farm credit is very easy and straight forward as the repayment is done during and after the harvest of crops, livestock and sales with ease and without any collaterals.

The injection of cash into financing small holders farm operations is an area critical to agricultural development that the small and cottage Industries have been very active, otherwise the sourcing of farm credits from formal financial Institutions are hectic and time consuming. At times it's too complex for the understanding of the illiterate small holder farmers. Group processing of farm products ranked third in the contributions of agricultural small and cottage Industries in the study area to rural and agricultural development with 16 percent. These activities reduce the level of spoilage of farm produce and also increase their products, enhance the shelf lines of products and make it easier to handle by packaging and marketing networking in easier and achievable manners. This is based on group synergy and dynamics because

advertising cost is reduced as market will exist for products at point of processing that encourage larger volumes of processing agricultural products because markets and demands so created act as motivation to agro- industrial enterprises. It has a multiplier effect in the study area because of other associated jobs creation opportunities to the youths in the study area.

The 4th is low cost of agrochemicals provided by the small and cottage firms to farmers with 15% and followed by access to innovation with 14%. This showed that 15% of the agrochemicals used were provided by the small and cottage Industries just as innovation to agriculture technology was another important contribution to agricultural development by small and cottage industries in Rajshahi area. The small and cottage Industries also contributed to savings with 13 percent response and provision of input of seeds and seedlings was 12 percent. This was also the position of training and retraining of farmers. Assisting farmers to obtain fertilizer and farmers' production obtained 10 percent each. The small and cottage Industries dividends had 9% of their contributions to rural and agricultural development in Rajshahi area. Storage and linkage of small and cottage farmers to micro-financial Institutions forms another vital intervention of the co-operatives societies in Rural and Agricultural development in Rajshahi, Bangladesh

In general terms the agricultural small and cottage firms have contributed to rural and agricultural development in Rajshahi area in the following: Easy access to government agencies for assistance, Hire and purchase of machines, management of fish ponds, marketing outlets, had acquisition and networking of financing and marketing which have increased members financial strengthen out .The various small and cottage firms studied in Rajshahi area have immensely contributed to the socio-economic and agricultural development. This arose from the fact that majority of the Rajshahi area inhabitants are practicing farmers. The group formation has also engineered farmers to utilize idle funds by borrowing at low interest or no interest rate. This makes cash available to the members and which they repay at the end of farming season or at harvest and sales with ease.

Research question 5: what are the existing problems relating to small and cottage firms in Agricultural development in Rajshahi?

Table 5: The existing problems relating to small and cottage Industries in Agricultural development in Rajshahi

S/NO	PROBLEMS	FREQUENCY	PERCENTAGE
1	Poor quality Harvest	15	15
2	Lack of qualified Personnel	20	20
3	Low income earning of farmers	22	22
4	Stalls and stores inadequacy	10	10
5	low government intervention subsidy	12	12
6		11	11
7	Pest and disease control	10	10
8	Total	100	100

The fifth research question sought to, find out the problems current hindering the contributions of the small and cottage Industries to the contributions of the small and cottage industries to the growth and development of agriculture in the study area. About seven major problems were identified and presented in **table 5**.

Results showed that one critical problem facing the small and cottage firms in Rajshahi are troubled by the low income of her members which was stored 22 percent to rank first, followed by lack of qualified personnel with 20percent to rank second. The third in ranking was poor quality of harvest which had 15 percent torank second. The third in ranking was poor quality of harvest which had 15 percent.

Others were low government intervention with problems tangled at 10 percent each and include pests and disease control, and inadequate stall/stores.

These problems are not uncommon but the way forward is by providing solution to the shooting problems. The intervention of non-governmental organization and the three tiers of government is providing financial assistance to the existing small and cottage firms. Assistance should also come in from kinds on training and re-training of their personnel to ensure to ensure effective cottage management support also come in form of provision of low cost housing and stalls to assist the agricultural small and cottage Industries

It implies that with added support and assistance to above mentioned problems would be suppressed by the small and cottage firms in Rajshahi area of Bangladesh. This is because these Small and cottage Industries have great potentials that need to be harnessed by all and sundry. The various contributions of the small and cottage firms in the Study area (Rajshahi area) showed that the organization is veritable instrument for agricultural development in Rajshahi area of Bangladesh and the world over.

FINDINGS

The data results showed that, various types of small and cottage industries exist in Rajshahi. The small and cottage industries despite some financial and personnel shortage have contributed greatly to agricultural development in Rajshahi, Bangladesh. Access to farm inputs, credit and processing machines and group management of assets help in the agricultural development because majority of Rajshahi populace are rural farmers. The findings implicated poor government intervention in financing co-operatives in the study area.

CONCLUSION

The study concluded that agricultural small and cottage industries were efficacious in agricultural and rural development in the study area and recommended that government at the three levels and all stake holders should endeavor to assist small and cottage industries because of their multiplier effects on poverty reduction, food security, and job and wealth creation.

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