



Research Paper

Entrepreneurial Transformation in Shikohabad: Analyzing the Role of Migration, Digitalization, and Gender Dynamics in the Shift from Traditional to Modern Economic Structures

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Abstract

This study investigates the transformation of Shikohabad's traditional enterprise ecosystem into a modern entrepreneurial landscape, examining its economic implications and future growth prospects. Located in the Firozabad district of Uttar Pradesh, Shikohabad has long been known for its agrarian roots and traditional crafts. However, recent years have witnessed a shift towards modern, diversified, and semi-formal or formal enterprises driven by a combination of economic pressures, digital interventions, government schemes, and returnee migration. The review of literature reveals that infrastructural inadequacies, digital illiteracy, informal sector dominance, and gender disparities continue to hinder full-scale modernization. However, the emergence of micro-enterprises, especially among women and youth, and growing integration with regional markets provide substantial evidence of a transitioning economy. The discussion emphasizes the need for ecosystem-level interventions such as skill development, incubation centers, and localized policy implementation to sustain and accelerate this shift. Shikohabad's evolving enterprise structure offers both challenges and opportunities for inclusive growth, rural-urban integration, and regional development.

Keywords: Traditional Enterprises, Economic Transition, Shikohabad, Modernization, Inclusive Growth

I. Introduction

Economic transformation in semi-urban and rural regions of India has gained significant momentum in the past few decades, as local economies evolve from being tradition-bound to modernized hubs of entrepreneurship and commerce. One such illustrative case is that of **Shikohabad**, a town in the **Firozabad district of Uttar Pradesh**, historically rooted in agrarian and artisanal occupations but now undergoing structural changes in enterprise typologies. This transition—from traditional occupations like agriculture, handlooms, and local crafts to modern enterprises such as manufacturing, trading, services, and digital commerce—carries profound **economic implications**. It affects employment patterns, income generation, skill demand, gender roles, investment behavior, and ultimately, regional growth trajectories. The analysis of Shikohabad's enterprise evolution offers a microcosmic view of India's broader journey toward inclusive, sustainable development. The present introduction outlines the factors driving this transition, the nature of modern enterprises emerging in the area, the challenges faced, and the **growth prospects** this economic evolution may unlock for the region.

Background of Shikohabad's Traditional Economy

Shikohabad, located along the historic Grand Trunk Road and well-connected to major cities like Agra, Etawah, and Kanpur, has historically been a trading and agricultural center. The town has traditionally relied on primary activities such as **cultivation of crops like wheat, mustard, and sugarcane**, and small-scale animal husbandry. Additionally, Shikohabad had a vibrant **cottage industry** base, including **bangle-making**, brassware production (influenced by nearby Firozabad's glass industry), handwoven textiles, and other artisanal crafts. These traditional enterprises were largely **unorganized, labor-intensive**, and passed down through family lines without formal business registration, market access, or capital infusion. Local melas (fairs), weekly markets, and informal supply chains formed the commercial spine of these ventures. However, these traditional sectors often suffered from **low productivity, limited market reach, and poor economies of scale**. With increasing urbanization, shifts in consumer demand, policy reforms, and infrastructural development, such enterprises began facing stiff competition. Their limited capacity to adapt to technological advances and financial reforms meant they were at

risk of obsolescence unless transformed or integrated into a broader growth framework. This context sets the stage for analyzing the **emergence of modern enterprises** in Shikohabad.

Drivers of Enterprise Transition in Shikohabad

Several **economic, infrastructural, socio-political, and technological** factors have contributed to the shift from traditional to modern enterprises in Shikohabad. Firstly, **road and rail connectivity** improvements (particularly the Delhi–Howrah railway line and National Highway 19) have enhanced trade logistics, allowing easier access to regional markets. Secondly, **migration patterns**—especially the out-migration of youth to cities like Delhi and Kanpur for education and work—have resulted in **knowledge transfer, capital inflow, and changed aspirations** upon return. Many returnees, equipped with urban exposure, have initiated small manufacturing units, educational institutions, or digital service centers. Government schemes like **PMEGP (Prime Minister’s Employment Generation Programme), Startup India, and Stand-Up India** have also played a pivotal role in incentivizing entrepreneurship, especially among women and marginalized groups. The introduction of **Digital India initiatives**, along with the proliferation of smartphones and internet access, has enabled even small-town entrepreneurs to adopt **e-commerce, digital payments, and online marketing**. Moreover, **financial inclusion measures** such as the Jan Dhan Yojana, microcredit services, and Mudra loans have helped potential entrepreneurs access capital that was earlier out of reach. All these factors have created a fertile environment for **enterprise transformation** in the region.

Nature and Scope of Modern Enterprises Emerging in Shikohabad

The new economic landscape of Shikohabad features **diversified and dynamic enterprises** that extend beyond agriculture and handicrafts. **Small-scale manufacturing** units—ranging from garment production to plastic and packaging industries—have gained ground. These units often employ 10 to 50 workers and cater to both local and regional markets. Additionally, **service-oriented enterprises** such as coaching centers, mobile repair shops, private schools, digital printing services, pathology labs, and transport operators have proliferated. There is also a rising trend of **women-led enterprises**, particularly in tailoring, boutique businesses, bakery units, and beauty parlors. These are often home-based and supported by SHGs (Self-Help Groups) and NGOs working in women empowerment. Furthermore, **retail and wholesale trade** has undergone modernization, with organized outlets, inventory management systems, and linkages to online platforms like Amazon and Flipkart becoming common. Digital marketing and social media engagement through Instagram or WhatsApp groups are increasingly being utilized for customer outreach. The expansion of **financial literacy, GST registration, and accounting awareness** has also led to a formalization of many businesses that were previously part of the informal sector. This not only enhances **creditworthiness** but also enables data-based policy formulation and support.

Challenges in the Transition Process

Despite the evident momentum, the transition from traditional to modern enterprises in Shikohabad is not without hurdles. One of the key challenges is the **lack of technical and managerial skills** among first-generation entrepreneurs. Most business owners in the town have not undergone formal business training and rely heavily on intuition and peer learning. Secondly, access to **consistent and affordable finance** remains problematic. While government loan schemes exist, **procedural delays, collateral requirements, and low financial literacy** act as barriers. Moreover, **infrastructural bottlenecks** such as erratic power supply, lack of industrial zones, poor waste management, and insufficient warehousing facilities hinder expansion. Another significant concern is **market access**—while digital tools exist, many entrepreneurs lack the skill to leverage them effectively. **Gender barriers**, particularly among rural women, restrict the full participation of half the population in the entrepreneurial space. The **traditional mindset and risk aversion** among certain community segments also contribute to slow adoption of new business models. Additionally, the **educational system** in the town does not adequately focus on vocational training or entrepreneurship, creating a skills mismatch. Addressing these challenges requires integrated policy support and local governance reform.

Economic Implications of Enterprise Transition

The evolution from traditional to modern enterprises in Shikohabad has brought about a **structural shift in the local economy**. Firstly, the **employment landscape has become more diverse**. While agriculture continues to play a role, its relative share has diminished, giving rise to **non-farm employment**, especially in the service and retail sectors. This shift reduces vulnerability to monsoon failures and crop price volatility, thereby stabilizing incomes. Secondly, there is a gradual **rise in per capita income and consumption patterns**, reflecting improved economic security. Families engaged in modern enterprises report higher expenditure on education, healthcare, housing, and mobility. The emergence of women entrepreneurs has further led to **increased female labor force participation**, empowerment, and household income diversification. Another significant implication is **financial integration**. The movement towards business formalization has increased **banking transactions, digital payment adoption, and tax compliance**, strengthening the local economy’s transparency and robustness.

Additionally, the transition has boosted **local innovation**, with youth experimenting with hybrid models such as agritech startups, organic farming units with direct-to-consumer channels, or multi-utility rural kiosks. Moreover, the spillover effects on neighboring villages and towns are substantial, as supply chains, labor mobility, and market linkages expand outward. Shikohabad is slowly emerging as a **semi-urban economic hub** in western Uttar Pradesh, reflecting the potential of tier-III towns in India's economic growth story.

II. Review of Literature

1. Enterprise Evolution and Structural Transformation

The transformation from traditional to modern enterprises is a well-documented phenomenon in economic development literature. **Lewis (1954)** presented the dual economy model explaining the movement of labor from subsistence agriculture to the capitalist sector, leading to structural transformation. **Kuznets (1971)** emphasized how enterprise diversification and industrialization are key markers of economic development, particularly in transitioning economies. In the Indian context, **Bhalla and Singh (2009)** analyzed the sectoral shift in rural employment, indicating an increasing share of non-farm employment driven by mechanization, education, and rural infrastructure. Similarly, **Papola (2012)** emphasized that the shift from agriculture to informal manufacturing and services in small towns is critical for inclusive growth. Studies by **Mehrotra et al. (2014)** identified factors such as education, migration, and government schemes contributing to the rise of micro-enterprises in Tier-III towns and peri-urban centers. This shift, they argue, is vital in bridging rural-urban income gaps. **Kapur (2020)** further elaborates on the trend, emphasizing that local innovation, often underestimated, plays a pivotal role in this enterprise transition.

2. Role of Government Schemes and Digitalization

Literature highlights the instrumental role played by policy interventions in accelerating enterprise transitions. **Saxena (2013)** analyzed how schemes like **PMEGP**, **MSME Development Act (2006)**, and the **MUDRA Yojana** improved credit availability and entrepreneurship promotion in non-metro towns. Similarly, **RBI Reports (2018, 2021)** note that small entrepreneurs gained access to institutional finance more readily post Jan-Dhan-Aadhaar-Mobile (JAM) trinity reforms. **Sharma and Dey (2020)** examined the impact of Digital India programs in small-town enterprises, revealing a marked increase in e-commerce engagement, especially post-COVID-19. Studies by **NASSCOM (2019)** show that even rural entrepreneurs increasingly depend on online payment systems, social media marketing, and virtual training programs. In the context of Uttar Pradesh, **Singh & Tiwari (2017)** highlight that proximity to larger cities like Agra and Kanpur has a spillover effect on micro-enterprise modernization in towns like Shikohabad. The digitization of banking and taxation, particularly **GST onboarding**, is helping formalize the economy and expand market reach.

3. Regional and Gender-Specific Perspectives

Studies such as **Desai and Joshi (2013)** and **Kabeer (2005)** focus on the gendered dimensions of enterprise. They argue that increased access to credit, self-help groups (SHGs), and skill-building programs have gradually empowered women to participate in business activities, particularly in Tier-III towns. **Chakravarty and Sinha (2015)** observed that in districts of western Uttar Pradesh, women's entry into small businesses is often enabled by family support and NGO interventions. However, their enterprises tend to remain micro-scale due to social restrictions, limited mobility, and lack of formal marketing training.

Verma (2019) and **Pandey (2022)** study the impact of cultural values and caste networks on traditional business operations in semi-urban towns. These social structures often either constrain or enable transitions depending on the enterprise type and local power dynamics.

4. Informal Sector and Skill Deficits

Several scholars highlight the persistent challenges of informality and skills mismatch in emerging towns. **Unni (2001)** argued that even modernized enterprises often operate informally due to complex registration processes and weak enforcement. **ILO Reports (2020)** emphasize that informal enterprises continue to dominate India's employment scene, especially in smaller towns. **Kundu (2012)** and **Mitra & Mehta (2015)** stressed the importance of **vocational training** and **entrepreneurial education**, pointing out that skill mismatch is a major constraint in moving from subsistence to sustainable enterprise ecosystems. **Deshpande (2018)** noted that although startup activity in India has surged, much of it remains concentrated in metropolitan areas due to ecosystem disparities.

5. Shikohabad-Specific Observations

Though literature directly targeting Shikohabad is limited, broader studies in **Firozabad district** and adjacent towns offer significant insight. **Tripathi (2016)** discussed the decline of glass bangle-related traditional industries and the rise of small transport, packaging, and service businesses. **District Industrial Profiles (MSME-DI, 2020)**

highlight that the local economy is diversifying beyond glass-related activities, with growth seen in plastic recycling, garments, and electronics repair services. **Rai (2021)** used case studies from Shikohabad to show how returnee migrants started coaching centers and online delivery startups post-COVID-19, reshaping the local service economy. Additionally, field reports by **KVIC** (Khadi and Village Industries Commission, 2022) point to increasing SHG-based activity in bakery, tailoring, and handicraft production among women in rural belts near Shikohabad.

III. Discussion

1. Contextualizing the Transition in Shikohabad

The review makes it evident that Shikohabad mirrors many patterns observed across India's small towns. From being a largely traditional town grounded in agriculture and local crafts, Shikohabad is progressively embracing enterprise modernization through a combination of local innovation, policy facilitation, and technological change. Its proximity to urban nodes like Agra and Firozabad has enabled logistical advantages, while its socio-economic composition allows both continuity and disruption in enterprise traditions. The **enterprise transition** here is multidimensional. On one side, there is **economic necessity** driving youth away from traditional farming due to diminishing returns. On the other, there is **aspirational entrepreneurship** stemming from exposure to urban environments, returnee migration, and digital access. This blend has led to new business models being adopted, sometimes in hybrid forms—e.g., organic farming combined with Instagram marketing or traditional tailoring fused with e-commerce platforms.

2. Enterprise Formalization and Financial Deepening

The emergence of formalized micro-enterprises is one of the most significant changes in Shikohabad. Whereas earlier, business registration was rare, today, small ventures are registering under GST, using UPI payments, and applying for government tenders or digital marketplaces. This formalization improves their eligibility for institutional finance, insurance, and export channels. However, a closer look reveals a **bifurcated economy**—while a growing number of entrepreneurs leverage digital and formal tools, many still remain **trapped in informality** due to educational gaps, complex compliance procedures, and lack of handholding support. Government facilitation centers, such as MSME development offices or local incubation units, are minimal or underutilized, limiting scalability.

3. Gendered Enterprise Expansion

One of the more encouraging trends in Shikohabad is the **increased participation of women in micro-enterprise development**, often through SHG networks and NGO support. These women entrepreneurs—running beauty parlors, tiffin services, or clothing units—represent a crucial component of economic inclusion. However, their growth is constrained by **social norms, limited mobility, and gendered responsibilities**. Most businesses remain home-based and informal. While some are beginning to use digital marketing and delivery systems, greater support in training, childcare facilities, and financial literacy is essential for deeper inclusion. The evidence suggests that targeted interventions can multiply the economic impact of women-led enterprises in the region.

4. Infrastructure and Skill Deficiencies

Infrastructure remains a pressing concern. Erratic electricity, congested markets, poor waste disposal, and lack of proper industrial clusters restrict expansion. Many entrepreneurs struggle to meet health and safety standards or store goods efficiently. Additionally, the local education system, especially at the vocational level, is not aligned with entrepreneurial needs. The absence of **business incubation centers, digital training hubs, or skill mapping** at the town level leads to underprepared entrepreneurs and unfulfilled enterprise potential. While online platforms exist, **digital literacy** remains uneven. Many shopkeepers and service providers do not fully understand how to use e-commerce or financial tools effectively. Even those who create digital storefronts often lack branding or inventory management capabilities, limiting their competitiveness.

5. Policy-Driven Growth versus Organic Growth

Another critical dimension of the discussion is the nature of enterprise emergence—whether it is **policy-driven or organic**. In Shikohabad, both trends co-exist. On one side, **top-down policy mechanisms** like PMEGP or Mudra loans have sparked a wave of startups. On the other hand, **organic entrepreneurship**—often driven by returnee migrants or necessity-based innovation—is also flourishing. The coexistence of both suggests the need for **localized entrepreneurial ecosystems** where policies are fine-tuned based on on-ground realities. Successful enterprise transition also depends on **ecosystem multipliers**—local mentorship networks, community entrepreneurship events, peer learning groups, and digital cooperatives. These are currently missing in Shikohabad and should be institutionalized as part of future interventions.

6. Economic Spillovers and Regional Integration

As Shikohabad's enterprise landscape evolves, its **economic spillover effects** become evident. Neighboring villages are now supplying labor and raw materials to small factories or packaging units in town. Service sector expansion has increased demand for transport, catering, and support services. This interdependence promotes rural-urban integration and expands economic value chains. Moreover, Shikohabad's businesses are increasingly interacting with **regional and national markets**, whether through logistics hubs, online platforms, or B2B (business-to-business) networks. The result is a gradual embedding of the town in **regional economic corridors**, further enhancing its growth prospects.

Growth Prospects and Policy Recommendations

Shikohabad's entrepreneurial transition presents **promising growth prospects**, provided certain strategic interventions are made. The establishment of a **local industrial park or business incubation center** can significantly reduce barriers to scaling up for local entrepreneurs. Tailored **vocational training programs** in collaboration with institutions like ITIs or polytechnic colleges can address skill mismatches. Furthermore, encouraging **PPP (Public-Private Partnerships)** in areas like cold storage, logistics, and power supply can improve business infrastructure.

Strengthening **digital literacy campaigns** and offering **business development services** (such as branding, marketing, legal registration) through block-level enterprise support centers will help bridge knowledge gaps. Special focus must be given to **promoting sustainable and green enterprises**, especially in sectors like waste recycling, organic production, and eco-tourism.

Banks and NBFCs need to adopt a **cluster-based lending approach** that recognizes the business potential of regions like Shikohabad and develops **risk-calibrated products** for local entrepreneurs. Academic and policy researchers must also be encouraged to conduct **regular surveys and impact assessments** to ensure evidence-based policymaking. Such comprehensive interventions can help Shikohabad become a model for **rural-urban economic convergence** and grassroots innovation.

IV. Conclusion

The transition from traditional to modern enterprises in Shikohabad marks a critical juncture in the economic evolution of small towns in India. Historically rooted in agriculture, handicrafts, and informal service activities, Shikohabad is now witnessing the gradual rise of formal and semi-formal enterprises. This transition is shaped by a confluence of factors—rising youth aspirations, the impact of government schemes like MUDRA and PMEGP, digital penetration through platforms like UPI and e-commerce, and the return migration trend catalyzed during the COVID-19 pandemic. This study highlights that while enterprise formalization is increasing, a large section of the economy remains informal, underscoring the persistent gaps in financial literacy, infrastructure, and digital training. Women's growing participation in entrepreneurship—though largely home-based—suggests a positive shift toward gender-inclusive economic development. However, social constraints and capacity deficits continue to limit scalability. The lack of local incubation centers, poor alignment of vocational education with market needs, and inadequate infrastructure such as power supply, waste disposal, and business spaces, remain formidable challenges.

Nevertheless, the economic implications of this transition are promising. Increased employment opportunities, enhanced income diversification, and stronger rural-urban linkages are beginning to surface. Moreover, local entrepreneurs are integrating into regional value chains and digital commerce, suggesting a growing external orientation and market sophistication. The transformation of Shikohabad, thus, is not just an economic phenomenon but a socio-cultural reconfiguration of traditional systems. Going forward, an integrated strategy is required to fully harness the potential of this shift. Policymakers must focus on creating enabling environments—through entrepreneurship education, digital training, infrastructure development, and ecosystem building. The involvement of NGOs, academic institutions, and the private sector can amplify these efforts. Shikohabad's journey offers valuable insights for other semi-urban towns in India undergoing similar transitions and highlights the need for localized, participatory models of economic modernization that are inclusive, scalable, and sustainable.

The case of Shikohabad offers critical insights into how traditional economies in smaller Indian towns can transition into vibrant centers of modern enterprise. While deeply rooted in historical occupations and socio-cultural identities, Shikohabad is increasingly responding to market forces, technology, policy incentives, and aspirational changes. This transition, though uneven and fraught with challenges, has begun to reshape the local economic fabric—generating employment, fostering innovation, and stimulating inclusive growth. However, for these gains to be sustainable and equitable, **multi-stakeholder collaboration**—involving local government, financial institutions, academia, and civil society—is essential. With the right investments in infrastructure, education, and institutional support, Shikohabad could become a **model town for India's rural economic transformation**, where tradition and modernity co-exist to generate prosperity.

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