Rural Entrepreneurship in India: With Reference to Indian Economy

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Abstract: India is moulded by more than 70% of villages in terms of economy, as the growth and development of our country is more dependent on development of rural economy. So, to get more scope now days, rural entrepreneurship is a major opportunity for the people who necessarily migrate from rural areas or semi-urban areas to urban areas. It is also a fact on the contrary, that the majority of rural entrepreneurs are facing many problems and they are lagging behind because of financial problems, scarcity of resources, lack of education, lack of confidence for taking risks involved in opportunities, insufficient technical and conceptual ability to develop the business ideas into practicability, particularly to set up industries in rural areas. Rural entrepreneurs are not just entrepreneurs; they are also leaders, motivators, dreamers and learners as well as decision makers. In fact these qualities are displayed in their works. Undoubtedly it looks attractive, more fascinating but in reality there are so many issues in case of rural entrepreneurship. After resolving these issues we have to create more opportunities to them, these are the challenges before all of us in the country. Against this background the paper is designed with the main objective of to investigate the problems and challenges associated with rural entrepreneurship in India and to offer suitable suggestions. The paper is descriptive in nature and based on secondary sources of information. The paper suggests that there is need to resolve the problems and most importantly to motivate rural entrepreneurs to take risks involved in business idea. We have to take in positive perceptive and take it as challenge to motivate ourselves. This is the right spirit and right time to take challenges as Rural Entrepreneurs and Rural Entrepreneurship in this developing country.

Keywords: Rural Entrepreneurship, Rural Entrepreneurs, Rural Economy, Challenges and Issues.

I. INTRODUCTION

Economic development essentially means the process of upward change whereby the real per capita income of a country increases over a period of time. Particularly in India economic development moreover depends on rural economy. Rural entrepreneurial gives more light on development. So, entrepreneurs serve for process of industrialization and economic growth. According to Joseph Schumpeter the rate of economic progress of a nation depends upon its rate of innovation which in turn depends upon the distribution of entrepreneurial talent in the population. Entrepreneurs initiate and sustain the process of economic development in different ways like capital formation, improvement of per capita income, generation of employment, improvement of standard of living and economic independency etc. The entrepreneurs are the key to the creation of new opportunities that energy the economy. For that we have to motivate more for rural entrepreneurs so they can change the economic structure of our country.

Objectives of the study

The specific objectives of the study are

- To know the major benefits from rural entrepreneurship
- To analyze problems faced by rural entrepreneurs to develop their enterprise in rural area
- To suggest the remedies measures to solve the problems faced by rural entrepreneurs
- To analyze the major challenges faced by rural entrepreneurship in India
- To analyze some of the managerial problems faced by rural entrepreneurs
- To suggest some of the major remedies for such problems

II. METHODOLOGY

The research paper is conceptual as well as descriptive in nature. In order to develop basic insight regarding the concept, the researcher has referred books, journals, magnizes, reports and newspapers in addition to visits to various websites. This research paper is supported by case studies mainly highlighting the optimistic picture of rural entrepreneurship in India.

III. CONCEPT OF ENTREPRENEUR

The word “entrepreneur” is derived from a French root “entreprendre” meaning “to undertake”. The term entrepreneur introduced into economic theory by Cantillon (1755) but say (1803) first accorded the entrepreneur prominence. Basically an entrepreneur is a person responsible for setting up a business or an
enterprise. He should have the capacity to initiative in all perspective business like, innovative skill, risk taking capacity, passion for work and looks for the high achievements.

**Concept of Rural Entrepreneurship**

It is an innovation in terms of doing business in a different form like in agriculture field, industries or in service sector which depends upon the risk taking capacity of the entrepreneurs. That is the main problem in India and rural entrepreneurs are not ready to take risk for doing any kind of business. Entrepreneurship involves decision making, innovation, and implementation, forecasting of the future, independency and success first and this is how entrepreneurship developed. It is an outcome of socio-economic, psychological, technological and legal factors. It involves the fusion of capital, technology and human talent. For instance we have seen unemployment or underemployment in rural population. So, if we motivate the rural entrepreneurs to take up new challenges to start any kind of enterprise, so they can be self employed and they are able create employment. At present what is needed to create a situation where in the migration from rural areas to urban areas comes down. Migration is not undesirable but should be minimum as far as employment is concerned.

**Rural Entrepreneurship in India**

In India rural entrepreneurial face major issues in comparison with developed countries. The question arise is here who should necessarily involve in resolving these issues here. The answer is the one who is capable of making use of government schemes and policies for the betterment of rural people. Some individuals like, NGO’s local leaders and societal community who are interested to contribute for development of nation, they take initiatives and committed to the cause of rural people have certainly been catalytic agents for development. Though their efforts need to be recognized and louder enough, that people should realize the efforts that they are putting for rural people. They should need to be done reserve direction in case of movement of people from rural areas to urban areas who have migrated that they have to stop first. This can be possible only when young people, especially the student community has to involve in a development of economy and consider the rural areas as a place of opportunities. Despite of all inadequacies and incompetence in rural areas one should access their strength and build upon them to make rural areas places of opportunities. Rural people who are shifting into the town and cities to find the jobs, they can make use the facilities provided by government and start up with some small businesses. So instead of job seeker they can become job makers. To do this not only the government is responsible, but we as a common people also involve creating awareness programme and guide them properly they are capable doing it. This is much more to do with the way one sees the reality of the rural areas. The way a thinking as a job seeker or survivor is different from becoming a job maker, we are not enough confident to take risk involved in opportunities. Just we realize that we are not ready to take risk and go through difficult task, but when we think in a reserve way instead of job seeker, if I can become a job maker it require courage, that can be develop with the support public is able to do that, creating positivity among them, encouraging the young talent, motivating them and engaging them purposefully in entrepreneurship activities is most for the development of rural areas. Young people with such perceptive and also with the help of rightly channeled efforts would certainly usher in an era of rural entrepreneurship.

Some of the basic principles of entrepreneurs which can be applied to rural development are:-

- Optimum and better utilization of local resources in an entrepreneurial venture by rural mass – better distributions of the farm produce results in rural prosperity
- Entrepreneurial occupation opportunities for rural population to reduce discrimination and also providing alternative occupations as against the rural migration.
- To activate such system as to provide basic ‘6M’ – Manpower, money, materials, management, machinery and market to rural population.

**Rural Entrepreneurship and Development of Villages**

Rural entrepreneurship gives the scope to the development of rural areas. Rural development should be progressive in nature and has wide range to cope up. Rural development is depends on rural entrepreneurship can already found in literature. In rural areas apart from agriculture and related with agriculture process other than this people has to concentrate for development of their houses, education, health, healthy atmosphere, transportation and communication etc. if they develop this basic necessities, so people are able to develop their societal and economic status. These things can be helpful to develop rural entrepreneurship. Under rural development, people who are living in villages they have to involve to develop themselves then only rural development is possible and it takes positive path for rural entrepreneurship.

In brief it’s nothing but better utilization of their resources like agriculture and human resource. Even they can make the diversification into agricultural to non-agricultural uses available resources such as spinning, tailoring, catering for tourists, carpentry etc. as well as diversification into agricultural activities other than those solely related with agricultural usage like providing water supply, woodland etc. and specially nowadays more demand in case of organic farming so in that they make new innovation and they can divert from their basic job into some other job like marketing the organic products, make sure that they can go for exporting so they can create new opportunities for rural entrepreneurship.
So, rural entrepreneurs can take this opportunities and they make the combination of resources are for example tourism, sport and recreation facilities, professional and technical training, retailing and wholesaling, industrial applications(engineering crafts), servicing (consultancy), value added (products from meat, milk wood etc.) and the possibility of off-form work. Equally entrepreneurial are new uses of land resources that which unable a reduction in the intensity of agricultural production, for example organic production.

Some of the major opportunities in rural entrepreneurship:-
- Rural prosperity it depends upon the better utilization of their own form, they can distribute in a better way so they can increase more productivity
- Entrepreneurial can help rural youth to become a self employed instead of searching for job it resulting in reduction of disguised employment opportunities and alternative occupation for rural youth
- For optimum and maximum utilization of farm produce formation of big co-operatives like Amul
- Optimum utilization of local resources in entrepreneurial venture by rural youth.

Role of Women in Development of Entrepreneurship

In her lifetime, a woman performs a variety of duties as a mother, wife, daughter-in-law and a daughter. Every man’s life is shaped by a woman. She works not only in the house but also outside as a farmer, worker, employee, officer, businesswoman and lawmaker at an equal level with men. Hence her role is decisive in the development of the country, especially rural development.

‘Women Self-Help Groups’ have been created in all villages in the rural sector. These have been playing a very significant role in organizing poor rural women and making them financially independent. Members of these groups can avail of loans easily and engage in productive activities. These type of initiative taken by Government motivating the women to take up self employment and its leads development of woman entrepreneurship.

Importance of Rural Entrepreneurship

Entrepreneurship plays vital role in development of economy, development of entrepreneurship is the substitute for the unemployment through this they are self employed or they are able to create employment opportunity to others. So they have to get more focus on entrepreneurship. The importance of rural entrepreneurship is briefly highlighted as follows:
  - Instead of Job Seeker they can become job maker or job provider: with the globalization process the government jobs are shrinking thus leaving many unemployed. In these circumstances, the entrepreneurs and their enterprises are the only source and hope of direct and indirect employment generation. Employment is generated directly by the requirement of the large enterprises and also indirectly by ancilliariation and consequential developmental activities.
  - Capital formation: entrepreneurs can mobilize the one of the important resource i.e. capital. Investment of public savings in industry results in productive utilization of natural resources. Rate of capital formation increases which is essential for rapid economic growth.
  - Improvement in per capita income: net national product and per capita income these are the important yardstick to measure the economic growth of the country. So, entrepreneurs can make utilize the national and natural resources like land, labour and capital into wealth creation in the form of goods and services.
  - Balanced regional development: Entrepreneurs can reduce the disparities and imbalances in development among regions where they operate, through setting small scale units in remote areas. Entrepreneurship development programmes can help to set up the enterprises in regional areas.
  - Improvement of standard of living: Entrepreneurs can help the common people to provide the job opportunities as well as essential commodities which they are producing in their regional areas and this can be help to improve the standard of living for common man.
  - Economic independence: Entrepreneurship is essential for national self-reliance. Industrialists help to manufacture indigenous substitutes of hitherto imported products thereby reducing dependence on foreign countries.
  - Equitable distribution of economic power: The globalised world dominated by economic power. Thus, entrepreneurs are main creator of enterprises that can help to develop industrialization it may lead to economic power the increasing number of entrepreneurs helps in the dispersal of economic power into the many hands of many effective and efficient managers of new enterprises. Hence setting up of large number of enterprises certainly helps in awakening the evil effects of monopolies.

Benefits from Rural Entrepreneurship
  - Reduction of poverty and unemployment: there are so many entrepreneurship development programmes like Rural Entrepreneurship Development Programme supported by NABARD, Provision of Urban Amenities to Rural Areas (PURA) and National Rural Employment Programme has been provided by the government to develop entrepreneurship skill and to reduce unemployment among the youth. So, through this entrepreneurship development programmes unemployed people can opt for self employment.
Check on migration of rural population: Rural entrepreneurship can fill the big gap and disparities in income of rural and urban people. Rural entrepreneurship develop infrastructural facilities like roads, power, bridges etc. it can help to check the migration of people from rural to semi urban and urban areas in search of jobs.

Balanced regional growth: rural entrepreneurship can drive out the concentration of industrial units in urban areas and promote regional development in a balanced way.

Awaken the rural youth: Rural entrepreneurship can awaken rural youth to develop and carry out entrepreneurial activities in the rural areas.

Increasing the foreign exchange earnings through exports: through start up programmes supported by government of India, Make in India and through Niraynt Bhandu with support of this organization rural entrepreneurs are working for better improvement of quality products as well as financial assistance provided by them. So, they can increase the foreign exchange earnings through exports.

Problems Faced by the Rural Entrepreneurs
Entrepreneurs are playing important role in the development of economy. They face various problems in day to day work. Some of the major problems faced by the rural entrepreneurs are classified as under:

| I. FINANCIAL PROBLEMS          | A. Lack of Funds  
|                                | B. Risk bearing capacity  
|                                | C. Poor infrastructure facilities  |
| II. MARKETING PROBLEMS         | A. Limited scale and scope of local market opportunities  
|                                | B. Lack of market information due to poor communication facility  
|                                | C. Competition  
|                                | D. Middleman  
|                                | E. Low quality products  |
| III. MANAGEMENT PROBLEMS       | A. Lack of IT knowledge and technical skill  
|                                | B. Non availability of skilled labour  
|                                | C. Legal formalities  
|                                | D. Procurement of raw material  
|                                | E. Lack of training facilities and extension services  
|                                | F. Poor quality of products  |
| IV. HUMAN RESOURCE PROBLEMS    | A. Low skill level of workers  
|                                | B. Negative attitude  |
| V. OTHER PROBLEMS              | A. Political and structural problems  
|                                | B. Poor knowledge in the maintenance of accounts  
|                                | C. Low purchasing power  
|                                | D. Adverse social, cultural and industrial environment  |

IV. MEASURES TO SOLVE THE PROBLEMS
To make rural entrepreneurship in a better way, government has to play very important role and time to time they need to provide assistance to resolve the problems faced by the rural entrepreneurs. There are different organizations like IFCI, NABARD, SIDBI, ICICI etc. providing financial assistance but to rural entrepreneurs are facing problems in different operational activities of their businesses like marketing, production etc. following measures may be adopted:

- Creation of finance cell: the banks and financial institutions which provide finances to entrepreneurs must create special cells for providing easy finance to rural entrepreneurs
- Concessional rate of interest: on easy repayment basis and at concessional rates should get the finance to the rural entrepreneurs. The lengthy and it should not feel rural entrepreneurs i.e. difficult to get through it the loan process what financial institutions are sanctioning for them.
- Proper supply of Raw Material: there should not be scarcity of raw material; they should get proper supply of raw materials on a priority basis. A subsidy may also be offered to make the products manufactured by rural entrepreneurs cost competitive and reasonable.
- Offering training facilities: Training is essentials for the development of entrepreneurship. It enables the rural entrepreneurs to undertake the venture successfully as it imparts required skills to run the enterprise. Presently the economically weaker entrepreneurs of the society are offered such training facility under Prime Minister’s Rozgar Yojana (PMRY), (NGO’s) LEAD, Lions clubs, rotary clubs, and voluntary organizations can also arrange such training programmes for rural entrepreneurs to provide them stimulation counseling and assistance for rural entrepreneurs, individual based EDI’ approach is highly relevant where the motivation and familiarization processes coupled with promises
of bank credit and support by way of escort services could persuade rural youth with certain basic skills of hands on technology to start small enterprises.

- Setting up marketing co-operatives: Co-operatives can help the rural entrepreneurs to set up their marketing areas to sale their products at reasonable prices as well as it creates space for their business. Like Khadi industries have their own stores to sale the Khadi products only along with that they promote Gram Udyog also. These things can help the rural entrepreneurs to develop.

- Thus comprehensive training proper education, setting up of separate financial institutions, development of marketing co-operatives to a large extent help to flourish the rural entrepreneurs in India.

**Challenges and Policy Implications**

- **Family Challenges:** In India particularly in rural places still we have joint family system its good way enough to strengthen the family members but in contrary it’s very difficult to convey one of the decisions to them because everyone is having difference of opinion, misunderstandings, conflicts, jealousy, ego, and gender discrimination so these things affects an individual who want to go for any risk taking decision like starting any enterprise or doing something different from their family. So these factors affect somewhere while taking any bold decision.

- **Social Challenges:** the family challenges comes on top because its matter but other side social challenges also matters take simple examples of our own life which we experiences in day to day life i.e. if we have money, position, good image in the society people respects us. If we see other side i.e. when we make any losses in the business or we are not financial set up people will laugh at you nobody comes to help you when you are in financial crisis from whom we expect. So, these things demotivate to the rural entrepreneurs or anybody who is taking the risk.

- **Technological Challenges:** lack of technological knowhow in case of rural areas. They are not able to get the facilities it is one of the challenge in front of rural entrepreneurs.

- **Poor assistance in case of Finance (Financial Challenges):** on time if they dint get the financial assistance from different financial institutions then these people go with borrowing of fund in high rate. So, later on they are not able to repay, these one of the challenge they face.

- **Growth of mall culture:** one of the important challenge in front of rural entrepreneurs that starting more number of malls in semi-urban areas specially semi urban areas are nearer to village places due that those people were depends on the rural products like simple thing for vegetables, groceries any other agricultural products. But due to growth of mall culture people are diverting towards that culture so, it is one of the challenges to market their products.

**Policy Implications**

- Policies should be flexible to facilitate local circumstances
- The nature of enterprises to be established in rural areas must be conducive to those areas in economic, social and environmental terms
- Rural enterprise policy should cover all types of rural enterprise

**Suggestions**

- Entrepreneurship development cell should be established at all the villages level to provide guidance and counseling to motivate the rural entrepreneurs regarding the use of modern technology
- Government should provide separate financial fund for rural entrepreneurs
- Government should arrange special training programmes on rural entrepreneurship. So rural entrepreneurs should more competent and efficient in the local and international market.
- Awards should be given to those entrepreneurs who demonstrate extraordinary success. So, they can be role model to the rural youth. And most importantly from these small activities rural youth get motivated.
- There should be efficient regulated market for the marketing of rural products and need to provide proper market information to the rural entrepreneurs
- Reserve certain goods of production exclusively for SSI’s and their intelligent outsourcing by the government to ensure maximum benefits
- **SWOT Analysis:** Strengths, Weaknesses, Opportunities and Threats of small businessmen have to be identified and properly trained to motivate them to become entrepreneurs
- Innovators club should be established in villages to support the large mass of youth who are interested in taking business as a career.

**V. CONCLUSION**

Rural entrepreneurship plays a vital role in the economic development of India, particularly in the rural economy. It helps in generating employment opportunities in the rural areas with low capital, raising the real income of people, contributing to the development of agriculture by reducing disguised unemployment, reducing property, migration and economic disparity. Government should go for appraisal of rural entrepreneurship development schemes and programmes in order to uplift rural areas. The rural development
programme should combine infrastructure development, education, health services, investment in agriculture and the promotion of rural non-farm activities in which women and rural population can engage themselves. Rural entrepreneurship is the way of converting developing country into developed nation. Promotion of rural entrepreneurship is extremely important in the context of producing gainful employment and reducing the widening disparities between the rural and urban. Monitoring rural development programmes by supplying right information at the right time, providing timely and adequate credit and continuous motivation of bankers, panchayat union leaders and voluntary service organizations will lead to the development of rural entrepreneurship.

VI. REFERENCES


