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RURAL ENTREPRENEURSHIP IN INDIA

I.SATHYA

Assistant Professors of Commerce (CA)
 S.B.K. College, Aruppukottai

Abstract

The word entrepreneur originates from the French word, entrepreneur, which means “to undertake”. In a business context, it means to start a business. The Merriam-Webster Dictionary presents the definition of an entrepreneur as one who organizes, manages, and assumes the risk of a business or enterprise. Rural entrepreneurship is now a days a major opportunity for the people who 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 due to non-availability of primary amenities in rural areas like India. Financial problems, Lack of education, insufficient technical and conceptual ability at present it is too difficult for the rural entrepreneurs to establish industries in rural areas. Certainly the economic development of our country largely depends on the development of rural areas and also the standard of living in its rural mass. The paper also makes an attempt to find out the challenges and problems for the potentiality of rural entrepreneurship. It also tries to focus on the major problems faced by entrepreneurs especially in the field of marketing of products, other primary amenities like water supply, availability of electricity, transport facilities, required energy and financial amenities. In the light of this research paper focuses on the major challenges and problems available in the Indian market by en-cashing the possibilities and prospects of the same to be an able and successful entrepreneur.

Keywords: Rural entrepreneurs, Innovator, economic development, conceptual ability.

Introduction

India is a country of villages. About three-fourth of India's population are living in rural areas out of which 75% of the labour force is still earning its livelihood from agriculture and its allied activities. Land being limited is unable to absorb the labour force in agriculture. Therefore, there is a need to develop rural industries to solve rural unemployment and rural migration to cities. Growth and

development of rural economy is an essential pre-condition to development of the nation as a whole. The gap between rural urban disparities should be lessened. The standard of living of the rural people should be increased. Entrepreneurship in rural sector provides an answer to the above problems. Indian rural sector is no longer primitive and isolated. Therefore, entrepreneurship in the rural and tribal areas looms large to solve the problems of

poverty, unemployment and backwardness of Indian economy. Rural industrialization is viewed as an effective means of accelerating the process of rural development. Government of India has been continuously assigning increasing importance and support for the promotion and growth of rural entrepreneurship.

Today rural entrepreneurship has emerged as a dynamic concept. In general parlance rural entrepreneurship is defined as “entrepreneurship emerging at village level which can take place in a variety of fields of Endeavour such as industry, business, agriculture and act as a potent factor for overall economic development. Compared to earlier days development of rural areas have been linked to entrepreneurship.

Defining entrepreneurship is not an easy task. Entrepreneurship means primarily innovation to some, to others it means risk taking? To others a market stabilizing force and to some others it means starting, managing a owning a small business. An entrepreneur is a person who either creates new combination of production factors such as new products, new methods of production, new markets, finds new sources of supply and new products and new organizational forms or as a person who is necessarily willing to take risks or a person who by exploiting market opportunities, eliminates disequilibrium between aggregate demand and aggregate supply or as one who owns and operates a business.

What is Rural Entrepreneurship?

In simple terms “entrepreneurship” is the act of being an entrepreneur, which can be defined as “one who undertakes innovations, finance and business acumen in an effort to transform innovations into economic goods”. The problem is essentially lopsided development which is a development of one area at the cost of development of some other place, with concomitant associated problems of underdevelopment. For instance, we have seen underemployment or unemployment

in the villages that has led to major influx of rural population to the cities. At present what is needed is to create a situation wherein the migration from rural areas to urban areas comes down. Migration per se is not always undesirable but it should be minimum as far as employment is concerned. Indeed the situation should be such that people should find it worthwhile to shift themselves from towns and cities to rural areas because of realization of better amenities and opportunities there.

Major objectives of study:

1. To analyze the roles of rural entrepreneurs in economic development
2. To know the major benefits from rural entrepreneurship
3. To study the problems in rural entrepreneurship
4. To suggest some remedial measures to solve the problems faced by rural entrepreneurs
5. To study the major challenges faced by rural entrepreneurship in India

Research methodology

The study used both primary and secondary data sources. The primary data include data collected from various entrepreneurs. Secondary data was collected from internet and online database.

Rural Entrepreneurship in India:

Who should necessarily be capable of making use of the government schemes and policies for the betterment of rural people? Some individuals who happen to be NGO’s and local leaders and also who are committed to the cause of the rural people have certainly been the catalytic agents for development. Though their efforts need to be recognized and lauded, yet much more needs to be done to reverse the direction of movement of people i.e., to attract people to rural areas which means not only stopping the outflow of rural people but also attracting them back from towns and cities where they had migrated. This can be made possible only when young people consider rural areas as

places of opportunities. Despite all the inadequacies and in competencies in rural areas one should assess their strengths and also build upon them to make rural areas places of opportunities. But due to various complications they change their minds and join the bandwagon of job seekers. Enabling the public to think positively, creatively and engaging them purposefully in entrepreneurship activities is most important for the development of rural areas. Young people with such perspective and also with the help of rightly channelized efforts would certainly usher in an era of rural entrepreneurship.

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

- Optimum and full utilization of local resources in an entrepreneurial venture by rural population
- 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 Manpower, money, materials, management, machinery and market to rural population.

Rural Entrepreneurship and development of villages:

Rural entrepreneurship certainly implies entrepreneurship emerging in rural areas. In other words establishing the industry in rural areas is referred to as rural entrepreneurship. This means that rural entrepreneurship is synonymous with rural industrialization. Many such examples of successful rural entrepreneurship can already be found in literature. Diversification into non-agricultural uses of available resources such as blacksmithing, catering for tourists, carpentry, spinning etc as well as diversification into activities other than those solely related to agricultural usage like use of resources other than land such

as water, woodlands, buildings, local features and available skills all fit into rural entrepreneurship. The entrepreneurial combinations of these 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-farm work. Equally entrepreneurial are new uses of land resources that which enable a reduction in the intensity of agricultural production, for example, organic production. Some of the major opportunities in rural entrepreneurship are:

- A. Better distribution of farm produce which results in rural prosperity
- B. Entrepreneurial occupation for rural youth resulting in reduction of disguised employment opportunities and alternative occupations for rural youth
- C. For optimum and maximum utilization of farm produce formation of big co-operatives like Amul
- D. Optimum utilization of local resource in entrepreneurial venture by rural youth

On the contrary, Indian agriculture is characterized by low productivity, flood, and exposure for vagaries of nature like drought, other natural disasters and weaknesses like mismatch between agricultural and cash crops, inadequate infrastructure to provide for value addition, wide disparity which exists between private partnership in agricultural development. Land being limited is unable to absorb the entire labour force throughout the year leading to large scale underemployment and unemployment. Rural people, in search of jobs and better livelihood opportunities often migrate to urban centers creating unwanted slums and also live in unhygienic conditions of living. In the above mentioned trend if employment opportunities are made available in rural areas along with basic amenities of life. Peter Drucker had proposed that, "entrepreneurship" as such

is a practice. He says entrepreneurship is not a state of being not is it characterized by making plans that are not acted upon. Entrepreneurship certainly begins with action and creation of new organization. This organization in the long run may or may not become self-sustaining and in fact, may never earn significant revenues. But, when individuals create a new organization they have truly entered the entrepreneurship paradigm. Balanced and sustainable development is certainly the need of the hour and it can be made possible only when rural areas flourish. Growth of rural entrepreneurship may lead to reduction in poverty, pollution in cities, growth of slums and ignorance of inhabitants. It also helps in improving the literacy rate and improving standard of rural people. Rural industries include traditional sector and modern sector. Former consists of khadi and village industries, sericulture, handloom and coir industries while the latter includes power loom and small scale industries.

Problems in Rural Entrepreneurship

Entrepreneurs certainly play very important role in the development of economy thus contributing to overall Gross Domestic Product of the nation. They face various problems in day to day life and work. As thorns are part of roses, in the same way flourishing business has its own kind of problems. Some of the major problems faced by rural entrepreneurs are as under:

1. **Financial Problems:** Some of the major financial problems faced by rural entrepreneurs as follows:

a. **Paucity of funds:** Due to absence of tangible security and credit in the market most of the rural entrepreneurs fail to get external funds. Also the procedure to avail the loan facility from the banks is too time consuming that its delay often disappoints the rural entrepreneurs. Lack of finance available to rural entrepreneurs is by far one of the biggest problems faced by rural entrepreneurs nowadays especially due to global recession.

b. **Lack of Infrastructural facilities:** In spite of efforts made by government the growth of rural entrepreneurs is not very healthy due to lack of proper and adequate infrastructural facilities.

c. **Rise Element:** Rural Entrepreneurs have very less risk bearing capacity due to lack of financial resources and external support.

2. **Marketing Problems:** Some of the major marketing problems faced by rural entrepreneurs are as follows:

a. **Competition:** Rural entrepreneurs face stiff and severe competition from large sized organizations and urban entrepreneurs. They incur high cost of production due to high input cost. Problem of standardization and competition from large scale units are some of the major problems faced by marketers. New ventures have limited financial resources and hence cannot afford to spend more on sales promotion and advertising.

b. **Middlemen:** Middlemen exploit rural entrepreneurs. Rural entrepreneurs are heavily dependent on middlemen for marketing of their products who necessarily pocket large amount of profit. Poor means of transportation facilities and storage facilities are also other marketing problems in rural areas.

3. **Management Problems:** Some of the major management problems are as follows:

a. **Lack of Knowledge of I.T:** Information technology as such is not very common in rural areas. Entrepreneurs rely on internal linkages that which encourage the flow of services, goods, ideas and information.

b. **Legal formalities:** In complying with various legal formalities and in obtaining licenses rural entrepreneurs find it extremely difficult due to ignorance and illiteracy. Also procurement of raw materials is really a tough task for many rural entrepreneurs. They may also end up with poor quality raw materials, which may also face the problem of storage and warehousing.

c. **Lack of technical knowledge:** Rural entrepreneurs to a major extent suffer a

severe problem of lack of technical knowledge. Lack of training facilities and other extensive services create a hurdle for the development of rural entrepreneurship.

d. **Poor quality products:** Another important problem is growth of rural entrepreneurship is the inferior quality of products produced due to lack of availability of standard tools and other equipments as well as poor quality of raw materials.

4. **Human resource Problems:** Some of the major human resource problems found in organization are as follows:

a. **Low skill level of workers:** Most of the entrepreneurs working in rural areas are unable to find workers with high skills. They have to be provided with on the job training and their training too generally is a serious problem for entrepreneur as they are mostly uneducated and the training should be imparted in local language which they can understand easily.

b. **Negative attitude:** Sometimes environment in the family, society and support system is not much conducive enough to encourage rural people to take up entrepreneurship as a career. It may be certainly due to lack of awareness and knowledge of entrepreneurial opportunities. Young and mostly well educated youths mostly tend to leave.

Remedial measures to solve the problems faced by rural entrepreneurs

Different organizations like IFCI, SIDBI, ICICI, NABARD etc are trying to sort the major problems faced by rural entrepreneurs. Marketing problems are mainly related with pricing, distribution channels, product promotion etc. In order to make the rural entrepreneurs to state the business venture, following measures may be adopted:

a. **Creation of finance cells:** Banks and financial institutions which provide finances to entrepreneurs must create special cells for providing easy finance to rural entrepreneurs

b. **Concessional rates of Interest:** On easy repayment basis and at concessional rates

of interest the rural entrepreneurs should be provided finances. The cumbersome formalities should necessarily be avoided in sanctioning the loans to rural entrepreneurs.

c. **Offering training facilities:** Training is essential for the overall development of entrepreneurs. It also enables the rural entrepreneurs to undertake the venture successfully as it certainly imparts required skills to run the enterprise. At present the economically weaker entrepreneurs of the society are necessarily offered such training facility by government of India regarding skill development of the existing entrepreneurs so that rural entrepreneurs can indeed generate income as well as employment opportunities in rural area.

d. **Power supply of raw materials:** Rural entrepreneurs should be surely ensured of proper supply of scarce raw materials on a priority basis. Subsidy may also be offered at times to make the products manufactured by rural entrepreneurs reasonable and cost competitive.

e. **Setting up marketing co-operatives:** Proper assistance and encouragement should be provided to rural entrepreneurs for setting up marketing co-operatives. These co-operatives shall help in getting various inputs at reasonable rate and they are helpful in selling their products at remuneration prices. 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.

Conclusion

Rural entrepreneurs are certainly act as a key figure in economic progress of India. They play a vital role in converting developing country into developed nation. In today's global market a country's economic policy environment must always be favourable for an organization to achieve efficiency. Economic policy of a country should also enable entrepreneurs to provide magical touch to an

organization irrespective of public, private or joint sector in achieving innovativeness, speed, flexibility and also strong sense of self determination. Rural entrepreneurship however is the best answer for removal of rural poverty in India. Hence government should stress and emphasize more on integrated rural development programs. Also majority of the rural youths do not think of entrepreneurship as a career option.

Hence organizations and government should come with training and sustaining support systems providing all necessary assistance so that rural youth can be motivated to take up entrepreneurship as a career. Besides there should also be efficient regulated markets and governments should also lend its helping hand in this context. Standardization and grading should be promoted and also promotional activities should be enhanced to encourage rural entrepreneurs. NGO's should also be provided full support by the government. In the present context study of entrepreneurship helps entrepreneurs not only to fulfill their personal needs but also help in economic contribution of new ventures. More than increasing the national income by creating new jobs, rural entrepreneurship also acts a force in economic growth by serving as a major bridge between innovation and marketplace. To conclude to bring change institutions need to focus on synergies between education, innovation and entrepreneurship.

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