

RURAL ENTREPRENEURSHIP IN INDIA

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Abstract:

India is the country of villages. The majority of the population are living in rural areas in India. People in rural areas suffer with unemployment, poor infrastructure facilities which may be solved with the development of the rural entrepreneurs. Rural entrepreneurs refer to those who carry out the business in rural areas with the utilization of local resources. But this rural entrepreneurs are suffering from various problems like fear of risk, lack of finance, illiteracy, and competition from the urban entrepreneurs. Rural entrepreneurs increase the standard of living and purchasing power of the people by offering employment opportunity to the people in the villages. This paper studies the rural entrepreneurs and problems faced by them and possible recommendations to overcome the problems.

KEYWORDS:

Entrepreneurs, Rural Entrepreneurs, Rural Area, Rural Enterprises .

INTRODUCTION

Rural entrepreneurs play a vital role in the development of the economy. The village is the backbone of the country. Nowadays entrepreneurs involved in many activities to increase the status of their living and also their standard of living. Rural entrepreneurs are those who carry out entrepreneurial activities by establishing industrial and business units in the rural sector of the economy. In other words, establishing industrial and business units in the rural areas refers to rural entrepreneurship. In simple words, rural entrepreneurship implies entrepreneurship emerging in rural areas. Rural industries and business organizations in rural areas generally associated with agriculture and its allied activities. According to KVIC (Khadi and Village Industry Commission), "Village industry or Rural industry means any industry located in rural areas, the population of which does not exceed 10,000 or such other figure which produces any goods or renders any service with or without the use of power and in which the fixed capital investment per head of an artisan or a worker does not exceed thousand rupees". The modified definition of rural industries has been given by the Government of India in order to enlarge its scope. According to Government of India, "Any industry located in rural area, village or town with a population of 20,000 and below and an investment of Rs. 3 cores in plant and machinery is classified as a village industry."

RURAL ENTREPRENEURSHIP AND DEVELOPMENT OF VILLAGES

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

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woodlands, buildings, available skills and local features, all fit into rural entrepreneurship. The entrepreneurial combinations of these resources are tourism, sports 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 that enable a reduction in the intensity of agricultural production, for example, organic production. Better distribution of farm produce results in the rural prosperity. Entrepreneurial occupation of rural youth, resulting in reduction of disguised employment and alternative occupations for them. Formations of big cooperatives like Amul for optimum utilization of farm produce. Optimum utilization of local resource in entrepreneurial venture by rural youth. Indian agriculture is characterized by low productivity, exposure for the vagaries of nature like drought, flood, other natural disasters and weaknesses like a mismatch between agriculture and cash crops, inadequate infrastructure to provide for value addition, wide disparities in public-private partnership in agricultural development.

Land being limited is unable to absorb the entire labour force throughout the year leading to large scale unemployment and underemployment. Rural people, in search of jobs, often migrate to urban centers, creating unwanted slums and live in unhygienic conditions of living. A turnaround is possible in the above trend if employment opportunities are made available in rural areas along with basic amenities of life. The real solution to India's economic problem is not mass production, but production by masses as was suggested by Mahatma Gandhi. Rural industrialization through the development of rural entrepreneur seems to be the answer to poverty, unemployment and back-wardness of Indian economy.

Government of India in its successive five year plans have assigned increased importance and support for the promotion and development of rural entrepreneurship. Rural entrepreneurship is a process which introduces new things in the economy. Rural entrepreneurship is the attempt to create value through recognition of business opportunity, the management of risk-taking appropriate to the opportunity, and through the communicative and management skills to mobilize human, financial and material resources necessary to bring a project to fruition in rural areas. The role of entrepreneurship was recognized in India much earlier than other countries. After independence, with the advent of planning and even after the completion of First Plan, a new enthusiasm was on the scene. Young men instead of going for higher studies in law or literature turned to Science and Technology. The number of applications for industrial licenses to set-up new projects shot-up and there was a keen competition among intending entrepreneurs.

Balanced development is the need of the hour and it is possible only when rural areas will flourish. Growth of rural entrepreneurship may lead to a reduction in poverty, the growth of slums, pollution in cities and ignorance of the inhabitants. It helps in improving the standard of living and literacy rate of rural people. Rural industries include traditional sector and modern sector. The former consists of khadi and village industries, handloom, sericulture, handicraft and coir while the later include power looms and small scale industries.

TRAITS OF RURAL ENTREPRENEURS

The traits of an entrepreneur are Risk taking ability, Self-confidence, Decision making ability, Knowledge of growing technology, Economic motivation, Market orientation, firm condition of experience. Ability of co-ordination related activities, Achievement, Motivation, etc. are the indicators of entrepreneurial behaviour.

TYPES OF RURAL ENTREPRENEURSHIP

The various types of enterprises currently witnessing a boom in the rural areas can be broadly classified under the following categories:

Agro Based Enterprises: These include direct sale or processing of agro products such as jaggery, sugar industries, pickles, oil processing fruit juice, dairy products, spices, etc.

Forest Based Industries: Such industries include wood products, beedi making, coir industry, bamboo products, honey making, eating plates from leaves, etc.

Mineral based Industry: Such industries include cement industries, stone crushing, wall coating powders etc.

Textile Industry: These include weaving, spinning, colouring and, bleaching.

Handicrafts: Such industries include making of wooden or bamboo handicrafts that are local to that area, traditional decorative products or toys and all other forms of handicrafts typical of the region.

Engineering: Small and medium sized industries to produce agricultural machinery, equipment for usage in rural areas etc.

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Services: There is a wide range of services including mobile repair, agriculture machinery servicing, etc. are being undertaken under this category.

SIGNIFICANCE OF RURAL ENTREPRENEURSHIP

Utilize the idle capital

Rural entrepreneurs raise their finance from various resources and these resources are effectively used without idle. To utilize the local resources, rural entrepreneurs are mainly depends on the local resources for the production activities by doing this idle resource can be effectively used. To utilize this local resources, rural entrepreneurs are avoided to pollute the environment and avoid the carbon footprint. They are really adopted green marketing in their business activities. Employment opportunities in rural enterprises are labour intensive and it provides a clear solution to the growing problem of unemployment. Development of industrial units in rural areas through rural entrepreneurship has high potential for employment generation and income creation.

Avoid the migration of rural population

Rural population move towards urban for various reasons like income generation, utilize various facilities searching good job etc., Rural entrepreneurship will bring in or develop infrastructural facilities like power, roads, bridges etc. It can avoid the migration of people from rural to urban areas in search of jobs.

Balanced regional growth

Rural entrepreneurship can prevent the growing of industry in the urban side by way of starting industry in the rural side lead to balanced growth.

Promotion of artistic activities

The age-old rich heritage of rural India is preserved by protecting and promoting art and handicrafts through rural entrepreneurship.

Check on social evils

The growth of rural entrepreneurship can reduce the social evils like poverty, the growth of slums, pollution in cities etc.

Encourage the Rural youth

Rural entrepreneurship can encourage the rural youth and expose them to various avenues to adopt entrepreneurship and promote it as a career.

Standard of living

Rural entrepreneurship will also increase the literacy rate of rural population. Their education and self-employment will prosper the community, thus increasing their standard of living. Equitable distribution of income, rural entrepreneurs lead to equitable distribution of income to rural people.

Rural entrepreneurs play a vital role in the overall economic development of the country. The growth and development of rural industries facilitate self employment, results in wider dispersal of economic and industrial activities and helps in the maximum utilization of locally available resources.

Proper utilisation of local resources:

Rural industries help in the proper utilisation of local resources like raw materials and labour for productive purposes and thus increase productivity. They can also mobilise rural savings which help in increase of rural funds.

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Employment generation:

Rural industries create large-scale employment opportunities for the rural people. The basic problem of large-scale unemployment and underemployment of rural India can be effectively tackled through rural industrialisation.

Fosters economic development:

Rural industrialization fosters the economic development of rural areas. This curbs rural, urban migration on the one hand and also reduces the disproportionate growth of towns and cities, the growth of slums, social tensions and environmental pollutions etc. on the other.

Earnings of foreign exchange:

Rural industries play an important role in increasing the foreign exchange earnings of the country through exports of their produces.

Entrepreneurial development:

Rural industries promote entrepreneurial development in the rural sector. It encourages young and promising entrepreneurs to develop and carry out entrepreneurial activities in the rural sector which ultimately facilitate the development of the rural areas.

CHALLENGES OF RURAL ENTREPRENEURS

Lack of finance

Finance is the lifeblood of the business. Rural entrepreneurs are mainly struggling to raise the finance for their businesses. They are mainly depending on parents and relatives, popularized persons in the particular area for finance. They are not aware of the entrepreneurial supporting institutions like SIDCO (Small Industrial Development Corporation), SIDBI (Small Scale Industrial Development Bank of India), DIC (District Industrial Center), IDBI (Industrial Development Bank of India), IFCI (Industrial Finance Corporation of India), ICICI (Industrial Credit and Investment Corporation of India), etc., These financial institutions are providing financing to entrepreneurs to start up a new venture and also modernize the existing businesses, but the rules and regulations of these institutions are not easy to avail their finance for the businesses. Poor infrastructure facilities include transport facilities, communication facilities etc. Transport facilities include bus, train etc., It is useful for the entrepreneurs to reach the produced goods from one place to another, but these facilities are very poor in the rural area comparing with cities. Communication facilities include the telephone; fax, internet facilities. Due to lack of these facilities entrepreneurs cannot cover more area in their business places.

Low quality products

Nowadays, the consumers are more sensitive to the quality of the products, that is why big companies follow the TQM (Total Quality Management) practices in their production units. Rural entrepreneurs cannot produce quality products due to lack of standardized equipments and poor quality of raw materials.

Non availability of skilled labours

In rural areas, skilled labours cannot be found easily by the entrepreneurs. Labour turnover also high in the rural areas. Highly skilled personnel prefer to work in developed cities due to high salary than rural areas.

Fear to invest in the business

As the rural entrepreneurs have low risk bearing ability, they restrict to invest in their businesses in rural areas.

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Political and structural problems

Before establishing the business entrepreneurs clear the complicated government regulations related to their businesses in licensing and pollution clearance certificates. Due to the low educational level of rural entrepreneurs they cannot do these processes.

Poor knowledge in the technical skills

If the business is productive nature, the entrepreneurs need some specific technical skills to operate the activities, but rural entrepreneurs are poor on these skills.

Poor knowledge in the account maintenance

Rural entrepreneurs are poor knowledge in the operation of various business transactions and maintenance of records relating to it. It is happening due to their illiteracy.

Non availability of raw materials

In rural areas raw materials of the businesses have mainly depended on agriculture. If in any year, due to short fall in raining, the business operations also stopped and also they don't have proper storage and warehousing facilities.

Purchasing power of rural people

The purchasing power of the rural consumers are low compared to the city consumers. Purchasing power derived from the disposable income of the consumers. This disposable income is high to the urban consumers.

Competition

Rural entrepreneurs are facing tough competition from the large scale organizations and urban entrepreneurs. Rural entrepreneurs cannot compete with the urban entrepreneurs due to lack of standardization and branding of the products.

Middleman

Rural entrepreneurs, mainly depend on middlemen for marketing their products. But they are betrayed by offering low prices to their goods. GOVERNMENT SCHEMES FOR RURAL ENTREPRENEURSHIP IN INDIA

The Ministry of Micro, Small and Medium industries initiated various schemes to promote rural entrepreneurs in India. The schemes are

Entrepreneurship Development Institution Scheme
Rajiv Gandhi Udyami Mitra Yojana (RGUMY)
Performance and Credit Rating Scheme (Implemented through NSIC)
Product Development, Design Intervention and Packaging (PRODIP)
Khadi Karigar Janashree Bima Yojana for Khadi Artisans
Marketing Assistance Scheme

RECOMMENDATIONS TO SOLVE THE PROBLEMS

Educate the Rural Entrepreneurs

The government offered various schemes and opportunity to the rural entrepreneurs. Due to their illiteracy, they are not aware of the schemes and opportunities offered by the government to them. So they are to be educated by way of conducting workshops and seminars relating to start businesses.

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Offer finance with low rate of interest

Financial institutions like ICICI, SIDBI, IDBI, IFCI, and SFC should provide finance to rural entrepreneurs with low rate of interest and limited collateral security with liberal terms and conditions.

Government action

Government may take steps to make infrastructure facilities, warehousing facilities and assistance to marketing program, and offer assistance to export the goods of rural entrepreneurs to foreign countries.

CONCLUSION

The rural entrepreneurs' role is necessary to eradicate the poverty in the backward rural areas. In rural areas the majority of the people are not ready to invest in their businesses and also unable to develop their business performances. So this condition should be changed by the government and focus more on rural entrepreneurs.

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