

RURAL ENTREPRENEURSHIP SITUATION IN INDIA

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ABSTRACT

Entrepreneurship plays a significant role in the economic development of a country. They act as a boost engine to the development of a nation. The rural entrepreneurs are facing major problems in India. So there should be proper rural industrial policies to the development of rural entrepreneurship. The government must focus on rural development, awareness programs, proper industrial education and training etc. Government should conduct proper activities and should motivate rural youth to take entrepreneurship as their career option. The 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 encasing the possibilities and prospects of the same to be an able and successful entrepreneur.

Keywords: Rural Entrepreneurship, Problems, Challenges & Suggestions etc.

INTRODUCTION

Rural entrepreneurship is key element to the economic growth and 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 the people, contributing to the development of agriculture by reducing disguised unemployment, reducing poverty, migration, economic disparity, unemployment. Government should go for appraisal of rural entrepreneurship development schemes and programmes in order to uplift rural areas. The Entrepreneurial Development is not a recent concept that has suddenly caught the attention of the government of our nation. It has been there since the Vedic age and has continued to influence the culture and economy of our country down the ages. Today it is considered to be an important tool of development, industrialization and a solution to the perennial problem of unemployment. In the present paper an attempt has been made to study the major challenges and problems of Entrepreneurship in India and the current scenario of entrepreneurship in the development of a nation. The data used in the study are mainly from the secondary source.

OBJECTIVES OF THE STUDY

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

RESEARCH METHODOLOGY

The present paper is based on secondary source of data. The secondary data is also collected from various reference books, national international research journals, Magazine, annual reports, newspaper& internet websites which are related to utilized in this articles.

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 where in 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.

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 result 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.

TYPES OF RURAL ENTREPRENEURSHIP

The rural entrepreneurship can be classified in four categories as follows:

1. **Individual Entrepreneurship:** The enterprise with single ownership is known as Individual Entrepreneurship. Under this type the profit or risk is borne by a single person.
2. **Group Entrepreneurship:** It mainly covers partnership, private limited company and public limited company.
3. **Cluster Formation Entrepreneurship:** It covers NGOs, VOs, CBOs, SHGs and even networking of these groups. These also cover formal and non-formal association of a group of individuals on the basis of caste, occupation, income, etc.
4. **Cooperative Entrepreneurship:** It is an autonomous association of persons united voluntarily for a common objective. Rural entrepreneurship has wide opportunity to evolve from rural industry. In other words rural industry is the mother of rural entrepreneurship. Agro based industry, forest-based industry, and mineral based industry, textile industry and engineering services are some of the rural industries which give birth to the rural entrepreneurship. Rural entrepreneurs can avail the opportunity created by the rural industries in the rural area. Rural entrepreneurship is the strategy of the Government to reduce poverty and unemployment which is promoted by financing the Micro, Small and Medium enterprise. Rural entrepreneurship not only benefits the entrepreneur but also the society as a whole in terms of employment generation, income generation, and social enrichment.

ROLE OF RURAL ENTREPRENEURSHIP IN ECONOMIC DEVELOPMENT

1. **Regional growth:** By taking advantage of benefits given by government, generating the employments, increasing the income of the rural people etc., rural entrepreneurship will help in balanced regional growth.
2. **Job creations and job providing:** Rural entrepreneurship provides employment opportunities to the village people. It will provide employment opportunities in the field of agriculture, manufacturing, service etc.
3. **Self-Reliance:** Rural entrepreneurship will lead to produce alternative products against foreign products. It will create self-reliance upon the consumers.
4. **Improves the standard of living:** Entrepreneurial activities by the people create employment, increase income of the people and purchasing power of the people. These acts lead in better standard of living of the village people.

5. **Increase per capita income:** Rural entrepreneurship create many job opportunities which results in improvement in per capita income and family income. Increase in per capita and family income improves purchasing power of the people which give scope to development of rural markets.

PROBLEMS OF RURAL ENTREPRENEURSHIP

Rural entrepreneurship is not free from problems and obstacles. The main basic problem of village industries is arranging the finance, lack of technical skills, inadequate training facilities in the field of entrepreneurship, no proper information regarding new opportunities, new markets and potential risks etc. There is problem of getting encouragement from family members and from society because of lack of knowledge regarding rural entrepreneurship. Some of the general problems of rural entrepreneurship are listed below.

1. **Problem of marketing:** After producing the product and services by rural industries, it is always observed the marketing problems. It mainly includes problems in promotion and distribution of rural products. Many a time consumers show less interest toward local products in comparison of branded products even though the rural products are good in quality.
2. **Financial Problems:** the main problem of rural industries is to arrange finance for their business. Many village entrepreneurs do not know the facilities given by the government. Because of this, rural entrepreneurs take financial help from private financial institutions, loan from non-bankers etc., by paying higher interest.
3. **Problem of finding raw materials:** the main problems of rural industries are arranging quality raw materials for their business. Because of lack of information regarding procuring raw material village industries get low quality raw material in a higher cost.
4. **Poor infrastructural facilities:** rural infrastructural facilities are very poor in majority of areas. Poor transport facilities, poor communication, lack of warehouse and storage facilities, poor power facilities etc., make the rural entrepreneurship as a difficult task.
5. **Heavy competition:** Village industries face heavy competition from big business ventures and urban entrepreneurs. These problems are faced by rural entrepreneurs because of lack of approaching ability in the market towards their products. Branding and promotional activities taken by large organization will not give much scope to rural products.
6. **Human recourse problems:** there are human recourse problems in rural areas. It includes low skill level of employees, negative attitude towards entrepreneurship, lack of technical knowledge, low level of learning abilities etc. these problems will affect rural industries in a drastic way.
7. **Technological problems:** there is a drastic gap between education system and market realities in India. Education available to the people lags very much from the job industries. So Technical knowledge is one of the major challenges in rural areas
8. **Family Problems:** convincing family members towards entrepreneurship is a big challenge in rural areas. Because of poor information, interest towards salaried jobs, negative attitude towards entrepreneurship will create more problems to convince the family members.
9. **Policy problems:** The changing policies of the government on licensing, marketing, legal formalities, quality measurements etc. towards entrepreneurship will create major problems to the rural people.
10. **Unskilled workers:** Rural people lacks new skills because of their low level of education, low exposure, lack of training etc. so most of the rural entrepreneurs will not get proper skilled employees to their works.

REMEDIES TO SOLVE THE PROBLEM OF ENTREPRENEURS

- i. To develop the rural area as a whole in terms of culture, society, economy, technology and health.
- ii. To develop and empower human resource of rural area in terms of their psychology, skill, knowledge, attitude and other abilities.
- iii. Proper encouragement and assistance should be provided to rural entrepreneurs for setting up marketing co-operatives. These co-operatives shall help in getting the inputs at reasonable rate and they are helpful in selling their products at remuneration prices
- iv. Training is essential for the development of entrepreneurs. It enables the rural entrepreneurs to undertake the venture successfully as it imparts required skills to run the enterprise.
- v. To improve health and education condition of the rural people.

- vi. To develop rural industries through the development of handicrafts, small scaled industries, village industries, rural crafts, cottage industries and other related economic operations in the rural sector. Microfinance and Subsidies can be facilitators for enhancing Rural Development
- vii. To develop agriculture, animal husbandry and other agricultural related areas
- viii. Rural entrepreneurs should be ensured of proper supply of scarce raw materials on priority basis. A subsidy may also be offered to make the products manufactured by rural entrepreneurs cost competitive and reasonable.
- ix. The rural entrepreneurs should be provided finance at concessional rates of interest and on easy repayment basils.
- x. To improve rural marketing facility. Marketing problems relates to the distribution channels, pricing, product promotion etc.

CHALLENGES FACED BY RURAL ENTREPRENEURSHIP IN INDIA

1. **Technological Challenges:** Indian education system lags too much from the Job industry as a whole but then it lags even more when it comes to online entrepreneurship. What technology would be ideal and how to use that technology effectively?
2. **Policy Challenges:** Now and then there are lots of changes in the policies to change in the government. Problems of TRIPS and TRIMS. Problems of raising equity capital, Problems of availing raw-materials, Problems of obsolescence of indigenous technology Increased pollutions Ecological imbalanced. Exploitation of small and poor countries etc.
3. **Social Challenges:** Family challenges are always at the top because that is what matter the most but at times social challenges also are very important. Let us say you and your friend graduated at the same time. You opted for entrepreneurship and your friend opted for a job. He now has a flat, car and what not because he could easily get those with a bank loan but you still have nothing to show off and this is where the challenge comes.
4. **Family Challenges:** Convincing to opt for business over job is easy is not an easy task for an individual. The first thing compared is will you make more money in the business of your choice or as a successor of family business. This is where it becomes almost impossible to convince that you can generate more cash with your passion than doing what your Dad is doing.
5. **Financial Challenges:** (Difficulty in borrowing fund): Financial challenges are a lot different in India especially for online entrepreneurs. When you are starting out as an entrepreneur you don't opt for venture funding but try to go to funding for small to medium business people. Many such non-technical business people don't understand the online business models as a whole and so getting an initial business funding from them becomes challenging. The other option you can think of is a loan but bank loan is not at all an option in India for new online entrepreneurs.

SUGGESTIONS

In the light of the above problems, the following suggestions can be put forth to develop the rural entrepreneurs:

1. Separate financial assistance for rural entrepreneurs should be provided by the Government.
2. Rural entrepreneurs should be provided adequate and timely financial assistance from all the financial institutions and banks.
3. Special training programmed for rural entrepreneurs should be arranged by the Government to improve their knowledge and skill.
4. The rural educated youth should come forward in the field of entrepreneurship.
5. Modernization of their technology is very much essential. Sufficient finance must be given to modernize their outdated technology, tools and implements in order to enable them to compete with the large scale industries.
6. Rural entrepreneurs must be provided with adequate infrastructural facilities.
7. Industrial sheds can be constructed in the rural areas to accommodate rural entrepreneurs and can be provided with all facilities in this shed.
8. Rural entrepreneurs have to improve the quality of their products in order to compete with similar other units and also with the large scale industries.
9. Industrial co-operatives can be set up on the same lines of Primary agricultural co-operatives in rural areas in order to provide marketing support for the products of rural entrepreneurs, to supply raw materials to the rural industries and to free them from the exploitation of middlemen.

CONCLUSION

Rural industries play an important role in the national economy, particularly in the rural economy. Rural entrepreneurship is important not only as a means of generating employment opportunities in the rural areas with low capital cost and raising the real income of the people, but also its contribution to the development of agriculture and urban industries. Without rural industrialization, it would not be easy to solve the problem of unemployment in rural areas. Rural entrepreneurship can be considered one of the solutions to reduce poverty, migration, economic disparity, unemployment and develop rural areas and backward regions. This paper discusses entrepreneur and entrepreneurship by employing different models and theories. The discussion above indicates that characteristics of entrepreneurs, challenges & problems, role of entrepreneurs, opportunity identification, and resources are basic elements to start an entrepreneurial business.

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