Rural Entrepreneurship in India: Challenges and problems

*Mohd wahid*  *Abdurahuf*  *Satya pal*
TMIMT, TMU.  TMIMT, TMU.  TMIMT, TMU.

Abstract

Rural development is more than ever before connected to entrepreneurship. Institutions and individuals promoting rural development now see entrepreneurship as a strategic development intervention that could increase the rural development process.

This paper makes an attempt to find out the Problems and Challenges for the importance of Rural Entrepreneurship. It also focuses on the major problems faced by rural entrepreneurs mainly in the fields of Marketing of products, financial facilities and other primary facilities, i.e. availability of electricity, water supply, transport facilities and required energy etc.

Rural entrepreneurship that are beginning to deliver on the expected benefits of inclusive economic growth that helps in improving standard of living in rural areas in general and at the bottom of the pyramid in particular. The majority of rural entrepreneurs is facing many problems due to not availability of primary facilities in rural areas of developing country like India. Lack of education, financial problems, insufficient technical and conceptual ability it is too difficult for the rural entrepreneurs to establish industries in the rural areas.

Keywords: Rural Entrepreneurship, Problems, Development, challenges.

INTRODUCTION

Concept of Rural Entrepreneurship

India is a country of villages. About three-fourth of India's population are living in rural areas out of which 75% of the labor force is still earning its livelihood from agriculture and its allied activities. Land being limited is unable to absorb the labor 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.
Meaning:

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. Or, say, rural entrepreneurship implies rural industrialization. Thus, we can say, entrepreneurship precedes industrialization.

Definition:

Rural industries and business organizations in rural areas generally associated with agriculture and allied activities to agriculture. According to KVIC (Khadi and Village Industry Commission), "village industries or Rural industry means any industry located in rural areas, population of which does not exceed 10,000 or such other figure which produces any goods or renders any services with or without use of power and in which the fixed capital investment per head of an artisan or a worker does not exceed a thousand rupees".

The modified definition of rural industries has been given by 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 crores in plant and machinery is classified as a village industry."

Rural Entrepreneurship in India:

Who should be capable of making use of the government policies and schemes for the betterment of rural people? Some individuals who happen to be local leaders and NGOs and who are committed to the cause of the rural people have been catalytic agents for development. Though their efforts need to be recognized yet much more needs to be done to reverse the direction of movement of people, i.e. to attract people in the rural areas. It means not only stopping the outflow of rural people but also attracting them back from the towns and cities where they had migrated. This is possible when young people consider rural areas as places of opportunities. Despite all the inadequacies in rural areas one should assess their strengths and build on them to make rural areas places of opportunities. This is much to do with the way one sees the reality of the rural areas. The way a survivor or job seeker would see things would certainly be different from those who would like to do something worthwhile and are ready to go through a difficult path to achieve their goals. It isn't that there is a dearth of people with such a mindset. But with time they change their minds and join the bandwagon of job seekers due to various compilations.

Literature Review

According to kriti chavda and Brijesh patel (2013,), Rural entrepreneurship is now a days a major opportunity for the people who migrate from rural areas or semi - urban areas to Urban areas. On the contrary it is also a fact that the majority of rural entrepreneurs is facing many problems due to not availability of primary amenities in rural areas of developing country like India. Lack of education, financial problems, insufficient technical and conceptual ability it is too difficult for the rural entrepreneurs to establish industries in the rural areas. This paper makes an attempt to find out the Problems and Challenges for the potentiality of Rural Entrepreneurship. It also focuses on the major problems faced by rural entrepreneurs especially in
the fields of Marketing of products, financial amenities and other primary amenities, i.e. availability of electricity, water supply, transport facilities and required energy etc.

Anil Aggarwal (2013), Enterprises in rural environments are operating in an arena of extreme and rapid change. However, despite the recognition that entrepreneurship is one of the primary facets through which rural economic development can be achieved, empirical research on rural entrepreneurship is relatively sparse and this concept remains largely unknown. Appreciating the need for and relevance of understanding conceptual paradigm of rural entrepreneurship, Rural Entrepreneurs and the role plays by the selected Developmental institutions in the creation of Micro and small village enterprises has been proved very much significant. Rural entrepreneurship is currently at the focus of much theoretical, practical and political interest. This paper examines and evaluate the performance of select government sponsored self employment generating programs for rural people as well as the performance of developmental institutions (like NABARD, KVIC & HKVIB, HSIIDC, HFC, SIDO, DICs and DRDA) and their role in developing and fostering rural enterprises in the state of Haryana. The appraisal of these entrepreneurship development Institutions in Haryana will certainly provide a comprehensive picture of various institutional set up to promote the growth of entrepreneurship in rural areas as well as the programs and activities that help promoting potential entrepreneurs specially in rural areas and foster rural entrepreneurship.

Dr. Kalpana P. Nandanwar (2011), Rural entrepreneurship should not only set up enterprises in rural areas but should be also using rural produce as raw material and employing rural people in their production processes. Rural entrepreneurship is, in essence, that entrepreneurship which ensures value addition to rural resources in rural areas engaging largely rural human resources. In other words, this means that finished products are produced in rural areas out of resources obtained in rural areas by largely rural people.

Sandeep Saxena (2012), India lives in its villages, nearly 73 % of the total population live in rural areas where agriculture and allied activities are the mainstay of their lives. The economic development of our country largely depends on the development of rural areas and the standard of living of its rural mass. Rural entrepreneur is one of the most important inputs in the economic development of a country and of regions within the country. Rural entrepreneur uses the scarce resources in the most efficient manner thereby increasing profits and decreasing costs. Due to lack of education, majority of rural people are unaware of technological development, marketing etc. Shortage of finance and raw materials are main problems face by rural entrepreneurs. Most of the rural entrepreneurs face peculiar problems like illiteracy, fear of risk, lack of training and experience, limited purchasing power and competition from urban entrepreneurs. Promotion of rural entrepreneurship is a key to develop rural areas and backward towns. This paper focuses on the identification of various problems associated with rural entrepreneurship. Suitable cures have also been discussed to overcome these problems.

Prashpiscean (2010), The rural population constitutes a major segment in India. The livelihood strategies of this vast segment depend primarily on agriculture and allied activities. Growth in this agriculture sector has shown a declining trend during the last one decade. This has made a huge impact on the domestic production, employment, etc. These problems can be tackled, to a certain extent, by developing entrepreneurship in Rural India. This dissertation is concerned with the distinctive challenges and opportunities of developing entrepreneurship in rural locations, and also provides the necessary suggestions that can be used in this context.

Yu, Li; Artz, Georgeanne (2009), This paper investigates entrepreneurship of migrants and their location choice in attempt to draw connections between migration and economic development, especially the role of business formation in rural
development. Rural entrepreneurship is firstly attempted to be better understood from perspectives of individual people’s migration, human capital, social capital and family background. The study uses a recent survey on alumni of Iowa State University. We find that social capital and social networks established in one’s home region are shown to be a strong factor in location choice of entrepreneurs. Entrepreneurs from rural origins tend to choose to start their businesses in rural areas in general and half of entrepreneurs migrate back to their home in particular to take local comparative advantages. Rural entrepreneurs are also more likely to obtain financial support from family members, friends and local banks to start a business.

Sophia Sathopoulou (2004), The present work provides an integrated view of rural entrepreneurship and sets the agenda for future research in the area. Rurality defines a territorially specific entrepreneurial milieu with distinct physical, social and economic characteristics. Location, natural resources and the landscape, social capital, rural governance, business and social networks, as well as information and communication technologies, exert dynamic and complex influences on entrepreneurial activity in rural areas. Rurality is viewed as a dynamic entrepreneurial resource that shapes both opportunities and constraints. Rural entrepreneurship is depicted as a three-stage sequential process highly influenced by specific territorial characteristics. The proposed research agenda addresses issues related to theoretical studies concerning entrepreneurial processes in rural areas and more applied issues concerning the formulation of integrated and competent policies support entrepreneurship in such areas.

Analysis

On the basis of above literature review, we can analysis that Rural entrepreneurship is now a days a major opportunity for the people who migrate from rural areas or semi-urban areas to urban areas. On the contrary it is also a fact that the majority of rural entrepreneurs is facing many problems due to not availability of primary amenities in rural areas of developing country like India. Lack of education, financial problems, insufficient technical and conceptual ability it is too difficult for the rural entrepreneurs to establish industries in the rural areas. This paper makes an attempt to find out the Problems and Challenges for the potentiality of Rural Entrepreneurship. It also focuses on the major problems faced by rural entrepreneurs especially in the fields of Marketing of products, financial amenities and other primary amenities, i.e. availability of electricity, water supply, transport facilities and required energy etc.

Rural entrepreneurship should not only set up enterprises in rural areas but should be also using rural produce as raw material and employing rural people in their production processes. Rural entrepreneurship is, in essence, that entrepreneurship which ensures value addition to rural resources in rural areas engaging largely rural human resources. Enterprises in rural environments are operating in an arena of extreme and rapid change. However, despite the recognition that entrepreneurship is one of the primary facets through which rural economic development can be achieved, empirical research on rural entrepreneurship is relatively sparse and this concept remains largely unknown. Appreciating the need for and relevance of understanding conceptual paradigm of rural entrepreneurship, Rural Entrepreneurs and the role plays by the selected Developmental institutions in the creation of Micro and small village enterprises has been proved very much significant. Rural entrepreneurship is currently at the focus of much theoretical, practical and political interest.

Conclusion and Recommendation
From the above analysis we can conclude that Rural entrepreneurship should not only set up enterprises in rural areas but should be also using rural produce as raw material and employing rural people in their production processes. Rural entrepreneurship is, in essence, that entrepreneurship which ensures value addition to rural resources in rural areas engaging largely rural human resources. In other words, this means that finished products are produced in rural areas out of resources obtained in rural areas by largely.

Thus the rural entrepreneurship is a vital for rural economic development. There are several reasons for the increasing interest in entrepreneurship especially in rural regions and communities. “ The rural entrepreneurs play important role in driving local and national economies. The structure of rural economies is essentially composed of small enterprises, which are responsible for most of the job growth and the innovation. Moreover, small businesses represent an appropriate scale of activity for most rural economies. ” Traditional approaches to recruitment and retention are just not working for most places, and states are looking for viable alternatives which mainly include entrepreneurship. Rural entrepreneurs have successfully diversified into or started new businesses in markets as diverse as agri-food, crafts, recycling, leisure and health.

There are some recommendations which may enhance the worth of rural entrepreneurship in the future.

- Encourage skilled and professional people who have left in the rural community to come back in the main stream of the economic activities
- To develop region through startup new companies or organization attract
- To the area, laid-off skilled labor from nearby region and generate employment and provide job opportunities
- To promote specific types of businesses depends upon the rural environment From the financial point of view nurture a pool of potential growth enterprises through micro equity investments and foster greater access to capital for start-up firms
- To meet particular local employment needs
- To help develop flexible manufacturing networks of co-operatives, micro and other manufacturing businesses
- To develop and produce a particular product that none of the firms could manufacture alone
- To intensify training programmers to build the vocational skills for rural population
- To develop ways by which diversify product lines and markets and expand distribution channel
- To promote co-operation between small firms in the network, thus promoting their competitive efficiency;
- To provide different services in the areas of finance, marketing, research and development; and
- To Provide common services of daily matters in production and administration in order to reduce transaction costs.
- In encouraging entrepreneurship in rural entrepreneurship all above stated characteristics are essential and also needed training to the entrepreneurs.
- Start Small Branding work should come first Push through the discomfort
- To Curse of knowledge can be a barrier to development.
References


