



RURAL ENTREPRENEURSHIP IN INDIA: AN OVERVIEW

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ABSTRACT

An entrepreneur is a one who not only plan and organizes the ventures but also often takes risks in while doing so. Entrepreneurs are ambitious to achieve success in their undertaking along with the potentials of a leader, resource allocator, manager, innovator, risk taker, decision maker, etc. and most significant is to enact all of these qualities into the venture. There are some entrepreneurs in India who are now called synonymous of 'Success'. They envisage the bigger picture but started their businesses as a very small or small unit. Entrepreneurs set the example of turning their ideas into reality. The story behind to achieve the dreams into reality is to set enormous goals for themselves and stay devoted to achieving them regardless of the obstacles, with the determination towards attaining the ultimate goal. It looks like fascinating, attractive, and motivating after listening stories of the entrepreneurs, but triumph is not easy. India is the country of villages. Majority of the population in India lives in villages. People in rural areas suffer with unemployment, poverty, poor infrastructure facilities, etc. 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. Rural entrepreneurship is now-a-days a major opportunity for the people who migrates from semi-urban areas or rural areas to Urban areas. Rural entrepreneurship can be considered one of the solutions to reduce poverty, migration, unemployment, and to develop rural areas. Rural entrepreneurs may increase the standard of living and purchasing power of the rural people and bottom of pyramid by offering employment opportunity to the people in villages. This paper makes an attempt to find out the various problems and challenges for the potentiality of rural entrepreneurship. It focuses on the major problems faced by rural entrepreneurs.



KEYWORDS: *Entrepreneurship, Opportunities, Rural Entrepreneurship, Bottom of the Pyramid.*

INTRODUCTION

India is the country of villages; majority of the country's population is living in rural areas. People in rural areas suffer with poverty, poor infrastructure facilities, unemployment, which may be solved with the development of the rural entrepreneurs. As Organization for Economic Co-operation and Development report 2005, rural areas are affected by major challenges like reduced employment opportunities in primary industries and an aging population as a result of migration of young population to urban areas in search of employment opportunities. This also will discourage the migration of rural people to urban areas and reduce the congestion in cities. Development of a nation depends on its growth in various sectors, in every sector there is a need for entrepreneurs who are resourceful and passionate to succeed and who are the pioneers on the frontline. "Entrepreneurship" is

the term derived from the French word “entreprendre” and the German word “unternehmen”, where both means to “undertake”. Peter Drucker defined ‘entrepreneurship’ as “entrepreneurship is not a state of being nor is it characterized by making plans that are not acted upon. It begins with action, creation of new organization and it may or may not become self- sustaining and in fact, it may never earn significant revenues. But, when individuals create a new organization, then they have entered into the entrepreneurship paradigm”.

CHALLENGES IN RURAL ENTREPRENEURSHIP

According to S. Jayadatta (2017), Rural entrepreneurship is an important opportunity to develop, but the major contrary is rural entrepreneurs are facing the challenges such as lack of basic amenities in the rural villages particularly in developing nations. He specified the major problems are financial issues, conceptual ability, lack of education and the living standards of rural mass. This paper found the challenges and problems of rural entrepreneurs to improve their potentiality and the problems especially in the field of marketing of products, basic amenities such as electricity, water supply, and transport facility financial amenities. Finally, the found the challenges and problems in the Indian market by en- cashing the possibilities and prospects of the same to become a successful entrepreneur.

RURAL ENTREPRENEURSHIP

The word “Entrepreneurship” is derived from French word “Entreprendre” which means to undertake. As per P.P. Drucker, “Entrepreneur is one who always searches for change responds to it and exploits it as an opportunity”. As per E.E. Hagen, “An entrepreneur is an economic man who tries to maximize his profit by innovations”. Entrepreneurship is the activity of an entrepreneur who starts a new venture by taking risk and initiative, creates useful asset for providing value to the customers.

Entrepreneurship is basically an activity that helps in sensing the opportunities, resourcing “innovation” and realizing the ‘pay off’ through the action performed by him or her. The entrepreneur is one who drives the process of economic growth and mediates the inputs and outputs of the economic system (Vosle, 1994). Rural entrepreneurship can be regarded as an attempt to create the management for risk-taking appropriate to opportunity, as well as to mobilize human, material and financial resources in order to fulfil the project in rural areas (Saxena, 2012). Rural entrepreneurs discover new venture opportunities, not because they have some unusual perceptive ability but because they make conscious investments in riskreducing current specific information (D. Joel Edwinraj).an entrepreneur may be described as a person who has the ability to explore the environment, identify opportunities for improvement, mobilise resources and implement actions to capitalize on those opportunities. Entrepreneurs have a well-defined sense of opportunities. Rural entrepreneur is someone who stays in the rural area and contributes to the establishment of rural wealth. Rural entrepreneurs refer to those who perform the business activities in rural areas with the exploitation of local resources. Rural entrepreneurs expand the purchasing power and Standard of living of the people by offering employment opportunity to the people in rural areas.

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:

- To analyze the roles of rural entrepreneurs in economic development
- To know the major benefits from rural entrepreneurship
- To study the problems in rural entrepreneurship
- To suggest some remedial measures to solve the problems faced by rural entrepreneurs
- 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 NGOs 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 incompetencies 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:

- Better distribution of farm produce which results in rural prosperity
- Entrepreneurial occupation for rural youth resulting in reduction of disguised employment opportunities and alternative occupations for rural youth
- For optimum and maximum utilization of farm produce formation of big co- operatives like Amul
- 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 powerloom and small scale industries.

TYPES OF RURAL ENTREPRENEURSHIP

The various types of enterprises in the rural areas can be broadly categorized under the following categories:

- **Agro Based Enterprises:** These comprise direct sale or processing of agro-based products such as pickles, sugar industries, oil processing, fruit juice, dairy products, spices, etc.
- **Forest Based Industries:** Such industries comprise wooden products, honey making, coir industry, eating plates from leaves, bamboo products, etc.
- **Textile Industry:** These comprise spinning, weaving, bleaching, and colouring.
- **Services:** There is a wide range of services including mobile phone repair, agriculture related machinery servicing, etc. are comes under this category

REVIEW OF LITERATURE

Rural entrepreneurship has been encouraged to reduce pressure on agriculture, curb emigration of rural people, disperse large scale industrialization, reduce investment cost and generate employment in mass scale for skilled and unskilled persons of the community and reduce regional disparity (Ganesh Bhat. S). Petrin (1992), in a study observed that to speed up economic development in rural areas, it is important to build up the critical mass of first generation entrepreneurs. Lyson (1995) specified the prospects of small-enterprise framework as a possible rural development strategy for the economically disadvantaged communities. As risk takers, entrepreneurs bring about new products and services, and indeed, add colours to a society. (Zimmer and Scarborough, 2005) Thomas and Henley (2006), that one of the most crucial components of local economic development strategy is rural entrepreneurship. Petrin (1994) in another article concluded that rural development is now being largely linked to entrepreneurship. It acts as a vehicle to improve the quality of life for individuals, families and communities in order to sustain a healthy economy and environment. Duarte & Diniz (2011) It is found that entrepreneurial actions promote economic and social conditions which benefit

the individual as well as the entire village. Saxena (2012) Institutions and individuals promoting rural development now see entrepreneurship as a strategic development intervention that could stimulate the rural development process. Sharma, Swati, Vyas, and Divya (2011) indicated that various social, economic, political and ecological problems in rural areas in developing countries like India create challenges in employment, decreasing agricultural production and increasing food shortage. This has resulted a huge impact on the domestic production, employment etc. To a certain extent, these problems can be solved by developing entrepreneurship in rural India

A Rural Entrepreneur is Subjected to the Following Types of Risks

- **Technical Risks:** The risk of not knowing enough about the technical process, materials, etc. and so the risk of not being able to overcome the technical problems.
- **Economic Risks:** The risks of market fluctuations and changes in relation to availability of raw materials and market for finished product, etc.
- **Social Risks:** Risks inherent in the development of new relationship inside and outside the village.
- **Environmental Risks:** Risk arising from environmental changes requires dealing with unfamiliar people, cultures, systems, etc.

Problems Faced of Rural Entrepreneur

Rural entrepreneurs have no idea, how to synchronise their potential skills with what the markets want. They lack to add value to their products by method of finishing, packing and advertising, etc. There are plenty of artisan-focused skills in profitable activities. Rural entrepreneurs have to confront with a number of limitations and complications in various fields such as technological innovations, governmental procedures and rules & regulations, logistic problems, insufficiency and Scantiness of funds, market communications, etc. Developing entrepreneurship particularly rural entrepreneurship is not so easy. It is bound by several problems. Some of the problems faced by rural entrepreneurs are as follows:

- **Scantiness of Knowledge:** There is no doubt about lack of adequate Skill/ knowledge of entrepreneurial opportunities among the rural youth. The educated and trained youths mostly relinquish village and head towards urban destinations in search of jobs.
- **Scantiness of Finance:** Finance is the most crucial portion of the business. Most of the rural entrepreneurs are mainly scuffling to raise the finance for their businesses. Due to non-availability of finance, the entrepreneurs are compelled to take credit from money lenders, who charge overpriced rates of interest.
- **Paucity of Enterprising Skill:** Most of the rural individuals lack risk bearing ability. Reluctances to include oneself in business, inclination towards wage employment, and lack of innovative and creative thinking are few reasons which have restricted the growth of self-employment in rural sectors.
- **Scantiness of Technical Know-How:** Rural people have adequacy of managerial, technical, professional, know-how which is ahindrance in developing the spirit of enterprise, subsequently not many people come further to establish self-employment units.
- **Paucity of Infrastructural Facilities:** Rural areas are characterized by poor infrastructural facilities such as roads transport, market, electricity, water, street lighting, storage of communication etc. which hinder the smooth and fluent movement of several industrial activities.
- **Adverse Socio-cultural and Industrial Environment:** Caste systems, Social evils, religious superstitions, fatalism, etc., restrict the advancement of venturesome spirit. Inadequacy of skill and expertise in laborers, their propensity to migrate to cities and consumer's tradition to purchase goods produced by MNCs, Big companies, etc., create many complications for new entrepreneurs.
- **Paucity of Market Information:** The absence of proper and efficient communication and ingress to the proper and right information makes it intricate for rural entrepreneurs to understand market trends, scenario, and policies followed by the government on industrialization.

- **Inadequacy of Skilled Laborers:** Skilled labours cannot be found easily in the rural areas by the entrepreneurs. Highly skilled personnel wish to work in cities due to more salary as compared to rural areas.
- **Inferior Quality Products:** Rural entrepreneurs cannot produce quality products because of poor quality of raw materials and Inadequacy of standardized tools, machinery or equipment. Presently, the consumers are more sensitive towards quality of the products.
- **Fear to Invest in the Venture:** Rural entrepreneurs have low risk taking ability due to financial constraints and external support. Therefore, they restrict to invest in their businesses in rural areas.
- **Marketing Problems** are allied with distribution channels, pricing, product promotion etc. **Competition:** Rural entrepreneurs scuffle arduous competition from MNCs, Big organizations and urban entrepreneurs. New ventures have to arise with new advertisement strategies which the rural people can easily understand. The literacy rate among the rural consumer is low. Printed media have cramped extent in the rural context. **Middleman:** Rural entrepreneurs mainly depend on middlemen for marketing their products or offering. But, middleman betrayed them by offering low prices to their goods.

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:

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

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

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

- **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.
- **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.

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

- **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.
- **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.
- **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.
- **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.

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

- **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.
- **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:

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