

A STUDY ON RURAL ENTREPRENEURSHIP AND ITS CHALLENGES

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ABSTRACT - Rural areas are ultimately marked by abject poverty and backwardness. In such a situation, rural industrialization through rural entrepreneurship is viewed as an effective means of accelerating the process of rural development. Entrepreneurship precedes industrialization. Hence there is a need for rural entrepreneurship. Prior to independence, small industry occupied almost insignificant place in the national economy. The Government sincerely took interest in the development of rural / village industries since independence. Rural entrepreneurship fosters economic development in rural areas. This paper highlights the various problems faced by the rural entrepreneur and also suggests measures as to how to develop rural entrepreneurship.

Key Words: Rural industrialization, Rural entrepreneurship, Rural development, Economic development

I. INTRODUCTION

As Women forming about half of the India's population makes a case for developing women entrepreneurship in India. Three - fourth of India's population are living in rural areas. The rural – urban dichotomy reveal wide disparities in various respects. The division of economic activities between rural and urban areas is one of them. Rural areas specialize more or less exclusively agriculture but most of the major industries are located in urban area. Such a situation suffers from two major shortcomings. First, as agriculture by itself has a tendency to develop at a slower pace than industry. Second, since industry generally produces higher level of output per worker as compare to agriculture, there is a wider gap in income levels between those engaged in the two sectors. Third, the relationship between traditional agriculture and modern industry generally has a dependency structure which puts the rural sector at a greater disadvantage. These factors increase the disparities between rural and urban income levels. As a result of this rural areas are ultimately marked by poverty and backwardness. In such a scenario, rural industrialization through rural entrepreneurship is considered as an effective means of accelerating rural development process. Entrepreneurship precedes industrialization. Hence there is need for rural entrepreneurship.

II. REVIEW OF LITERATURE

A.Selvarani (2021) in her research paper pointed out that the majority of rural entrepreneurs are facing challenges due to lack of primary infrastructures in rural areas. In her study she found out that financial problems, lack of

education, insufficient technical and conceptual ability are the reasons for the rural entrepreneurs to incept industries in rural areas. Dilip Ch. Das (2014) characterized the problems of rural entrepreneurship under four major headings namely financial problems, marketing problems, management problems and human resource problems. Siddharth Kumar Bansal (2022) done a thorough analysis on the problems faced by rural entrepreneurs. The study identified the factors namely difficulty in receiving grants from government, lack of family support, infrastructural facilities, and marketing issues. Richard Royan Sequeira (2020) quoted that convincing family members to start business in rural areas pose a major challenge.

Sathya (2019) stated that risk bearing capacity of rural entrepreneurs is less due to lack of financial soundness and external support.

OBJECTIVES OF THE STUDY

The main objectives of the study are given below:

- To understand the need for rural entrepreneurship
- To identify the problems in rural entrepreneurship
- To determine the strategies to promote rural entrepreneurship
- To know rural entrepreneurship programmes

III. RESEARCH METHODOLOGY

The study is fully based on the secondary data which is collected from books, journals, magazines, and websites.

NEED FOR RURAL ENTREPRENEURSHIP

The need for rural entrepreneurs for promoting industrialization in rural areas is confined to the following:

- Rural industries in general are labour intensive and generating wide employment opportunities. Thus it eradicates the widespread problems of disguised unemployment or under employment prevailing in the rural territory.
- By generating employment, these industries provide high potential for income generation in the rural areas. It helps in reducing disparities in income between rural and urban areas.
- Rural entrepreneurship promotes balanced regional development in the country by encouraging dispersal of economic activities in the rural areas.
- Rural industries also enable to protect and promote the art and creativity and thereby maintain the rich age-old heritage of our country.
- Developing industries in the rural areas also helps to build up village republics.
- Rural industrialization accelerates economic development in rural areas. This curbs rural – urban migration on one hand and also tends to reduce the disproportionate growth in the cities, reduces growth of slums, and social tensions.
- In general, rural industries are environment friendly leads to economic development without destructions.

PROBLEMS IN RURAL ENTREPRENEURSHIP

- While the Government needs to be commended for providing a plethora of incentives, benefits, subsidies, training and motivation to entrepreneurs to start business ventures in rural areas, entrepreneurs still hesitate to venture into business due to paucity of other factors namely infrastructural facilities like hospitals, good roads, entertainment, power supply, access to means of transport etc. Hence it is the need of the hour to create basic support facilities in rural areas to woo entrepreneurs towards rural India.
- Most of the rural industries are primarily catering to the local market. Due to the narrow mindset of rural entrepreneurs rural industries are not scalable beyond a certain limit. Entrepreneur can do business at large scale with the advance development of infrastructure facilities. The perceived inability to scale up business beyond certain geography is indeed psychological from the point of view of rural entrepreneurs.
- The major challenge faced by rural entrepreneurs is to attract much needed skilled labour. Rural labour is primarily skilled in agriculture and its allied activities. But industrial enterprises require electrician, plumber, welder, fitter, lathe workers, accountant, analyst, chemist etc. These skilled labourers are scarce in rural areas. It necessitates the rural industries to hire skilled labourers at higher wages from urban areas. Another challenge is retention of these skilled labourers for a long run.
- Rural entrepreneurs face acute financial crunch while establishing industries namely undue delay in disbursement of loan, inadequate loan, demand of higher margin money, demand of securities etc. These factors forced the rural entrepreneurs to seek financial aid from rural money lenders at exorbitant interest rate.
- Rural entrepreneurs are experiencing too many difficulties while marketing their products in the different phases of promotion, distribution. So they are not in a position to compete on par with their urban counterparts effectively and efficiently. Moreover the exploitation of middlemen over rural entrepreneurs act as a major hindrance. Furthermore inadequate communication network, illiteracy, inability to do market intelligence, poor infrastructure and transport connectivity adding negative impact on the development of rural industries.
- Rural industries are labour intensive in nature. They cannot afford sophisticated technology in the production process. It has an adverse impact on the quality of goods produced by rural industries. Further productivity suffers very badly in rural industries due to antiquated labour intensive work.
- Information and communication technology development is still in the nascent stage in the majority of the rural areas even though IT is penetrated into the nook and corner of our country. Hence they lack information avenues.
- The tremendous challenge confront by the rural entrepreneurs is procuring and storing rawmaterials. Most of the rural industries are small in size and limited scale of operation. They are not able to buy large quantity and stock in anticipation of huge potential demand. Hence rural entrepreneurs are driven to buy rawmaterials very much essential for their ventures at a higher price in small quantities in more frequencies and thereby incurring higher purchase cost which ultimately affect their profit margin.
- In order to become eligible for various benefits namely loan, subsidies, and concessions from Government and other agencies, rural industries need to comply with various legal formalities. Lack of adequate legal knowledge on the part of the rural entrepreneurs puts them into hardships while availing benefits and sops unveiled by the state and central government.

HOW TO DEVELOP RURAL ENTREPRENEURSHIP?

Establishing an industry and thereby developing entrepreneurship is not a one man activity and it cannot be achieved over night. In this context, the following measures are suggested for developing entrepreneurship in the rural areas in the country:

- Raw materials are essential for any industry. However the non-availability of raw material and its escalating cost has weakened the viability of rural industries. Rural industries cannot be sustained for long run unless a strong raw material base is created in rural areas itself. Therefore, an urgent policy is called for to strengthen the raw material base in rural areas.
- Finance is considered as lubricant for establishing and running an industry successfully. Therefore fund needs to be made available on time at soft terms.
- Common production cum marketing center need to be established and developed with modern infrastructural facilities , particularly in those areas having good production and growth potential. This will help to promote export business and bringing buyers and sellers together and thereby avoiding the role of middlemen in between them. On the other hand, legislative measures need to be taken and thereby make the government purchases compulsory from rural industry.
- Most of the rural entrepreneurs join their entrepreneurial career not by choice but by chance. Lack of aptitude of rural entrepreneurs and there competency make the rural industries sick. Hence there is a strong need to develop entrepreneurial aptitude and competency through Entrepreneurship Development Programme (EDP) and Women Entrepreneurship Development Programme.
- One of the effective ways to inculcate the entrepreneurial acumen and attitude may be imparting entrepreneurial education in the schools, colleges and universities.
- In some cases the real problem in establishing industry is not the non-availability of facilities but unawareness of whatever facilities available. Therefore there is a need to disseminate information about the facilities available to the entrepreneurs to facilitate them in setting up industries.
- Proper provisions need to be made to impart the institutional training to orient the rural entrepreneurs in specific products and services so that the local resources can be harnessed properly.

- The NGOs (Non-Governmental Organisations) can prove instrumental in developing rural entrepreneurship in India.

RURAL ENTREPRENEURSHIP PROGRAMMES

- **Swarnajayanthi Gram Swarozgar Yojana (SGSY)**
SGSY was incepted with the primary objective of providing effective self-employment through self help group for rural families below the poverty line. The self help groups are motivated through training and capacity building programmes and thereby enabling them to start their own business by availing financial assistance.
- **Training of Rural Youth for Self Employment (TRYSEM)**
It was established in 1970 by the Government of India. In this programme, technical and entrepreneurial skills training is provided to selected rural youth. Once the training programme is completed, they were given subsidy and institutional credit under IRDP scheme for acquiring income generating assets and starting business ventures in rural areas according to their skill set.
- **Prime Minister Rozgar Yojana (PMRY)**
It was initiated in 1993 to help educated unemployed youth to start self employment ventures. This scheme requires the rural entrepreneurs to have a tie up with NGOs in its implementation as well as in the selection, training, and preparation of project report.
- **Rural Employment Generation Programme (REGP)**
Khadi Village Industries Commission launched Rural Employment Generation Programme in 1995. The primary objective of this programme is to generate employment in rural area by promoting entrepreneurship caliber.
- **National Programme for Rural Industrialisation (NPRI)**
The main function of NPRI is to create rural industrial estate to provide essential infrastructure and supporting services to the rural industries.
- **Micro and Small Enterprise Cluster Development Programme**
Government of India through Ministry of MSME initiated Cluster Development Approach to enhance productivity, competitiveness and capacity building of MSMEs and their contribution to the development of the country.
- **Prime Minister Employment Generation Scheme**
Under this scheme, the Government of India provides subsidies to entrepreneurs which varies from 15% to 35% with 5% to 10% of beneficiary's contribution and the balance is treated as term loan and working capital by the concerned bank.

- **Janashree Bima Yojana**
It is a group insurance scheme provided by LIC and KVIC to Khadi artisans.
- **Market Development Assistance**
In this scheme, besides providing incentives to customers, financial assistance is being offered to Khadi institutions to improve production process and outlets.
- **Rejuvenation Modernisation and Technology Upgradation of Coir Industries**
This is a credit link subsidy scheme for starting coir units with project cost plus one cycle of working capital of project cost.
- **Centrally Sponsored Scheme (CSS)**
This scheme is devised for the overall development of coir units. This programme is extending its support for modernization of export oriented coir units and thereby popularize the coir products across the globe and to facilitate the coir product manufacturer to take part in international trade fairs, exhibitions and seminars.

Trends in Management, IIP Series, Volume 3, Part 2, Chapter 1.

IV. CONCLUSION

Rural entrepreneurship symbolizes rural industrialization. Rural industrialization provides the best solution to tackle with twin problems of unemployment and poverty stalking the rural areas in the country. That is why Government of India is giving more importance to the development of rural entrepreneurship in the five – year plans. Solving the problems faced by rural industries is essential for promoting rural entrepreneurship. Developing entrepreneurship that too rural entrepreneurship is very important for enabling substantial and sustainable development of developing countries like India.

V. REFERENCE

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