

## 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 business 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.

### 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.

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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 fulfill 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 risk reducing 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.

### **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.

### **Objectives of the Study**

- To study the problems faced in growth of rural entrepreneurs in India.
- To find out the remedies to figure out the problems of rural entrepreneurs.
- To provide suggestions for development of rural entrepreneurship.

### **Importance of Rural Entrepreneurship in India**

Entrepreneurship can play a crucial role in rural development. If entrepreneurship encouraged in rural areas, it would stimulate in changing the face of rural areas by solving the problems of poverty, unemployment, economic disparity, low level of standard of living. Rural entrepreneurs play an indispensable part in the overall economic development of the country. The amplification and

enlargement of rural industries facilitate self-employment, helps in the maximum utilization of locally available raw materials and labour. Importance of rural entrepreneurship is as under:

- **Resources Utilization:** Rural industries foster the appropriate utilization of local resources like raw materials and labour for productive purposes and thus enhance productivity. They can also mobilize rural savings which help in enhancing of rural funds.
- **Employment Generation:** Rural industries create large-scale employment openings for the rural people. The basic issue of large-scale unemployment and under employment of rural areas can be efficiently solved through rural industrialization.
- **Avoid the Migration of Rural Population:** Lack of employment opportunities, poverty, etc., has forced the rural people to head towards urban areas for livelihood. It creates rural-urban imbalance. Under these situations, rural entrepreneurship can provide employment, and it will discourage rural people to migrate from rural areas in search of jobs.
- **Artistic Activities Promotion:** The rich heritage of rural India is conserved by protecting and promoting handicrafts and art through rural entrepreneurship.
- **Check on Social Evils:** The growth of rural entrepreneurship can diminish the social evils like poverty, the growth of slums, pollution in cities etc.
- **Encourage the Rural youth:** Rural entrepreneurship can promote the rural youth and expose them to several paths to adopt entrepreneurship and promote it as a career.
- **Stimulate Economic Development:** Rural industrialization can stimulate economic development of rural areas. This will curb rural urban migration, and also abate unsymmetrical growth of cities, increase of slums, social tensions, social issues, and environmental pollutions etc.
- **Foreign Exchange Earnings:** Rural industries play a prominent role enlargement of foreign exchange earnings of the country by export of their offerings.
- **Entrepreneurial Development:** Rural industries encourage entrepreneurial development in the rural areas. It persuades entrepreneurs to improve and carry out entrepreneurial activities in the rural areas which eventually facilitate the enhancement of the rural areas.
- **Standard of Living:** Rural entrepreneurship will also improve the literacy rate of rural population. Their education and self-employment will flourish the community and hence, will develop their standard of living.

#### **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 venturous 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.

#### **Remedial Measures to Solve the Problems Faced by the Rural Entrepreneurs**

Different organization like IFCI, SIDBI, NABARD, RRBs etc. are operating on problems of entrepreneurs. In order to make the rural entrepreneurs to start the business venture, the following measures may be adopted:

- Creation of Finance Cells: The financial institutions and banks which provide finances to entrepreneurs must create special cells for providing easy finance to rural entrepreneurs. Central government has come up with MUDRA bank in 2015 to financially assist entrepreneurs.
- Concessional rates of interest to Rural entrepreneurs
- Proper supply of raw materials
- Offering training facilities to Rural entrepreneurs
- Setting up marketing co-operatives
- educate/ provide training to the rural entrepreneurs

#### **The Various Schemes to Promote Rural Entrepreneurs in India are:**

- Entrepreneurship Development Institution Scheme
- Rajiv Gandhi Udyami MitraYojana (RGUMY)

- Provision of Urban Amenities to Rural Areas (PURA)
- Khadi Karigar Janashree BimaYojana for Khadi Artisans
- Performance and Credit Rating Scheme (through NSIC)
- Swarnajayanti Gram Swarozgar Yojana
- National Program for Rural Industrialization (NPRI)
- Prime Minister Employment Generation Programme (PMEGP)
- Rejuvenation, Modernisation and Technology Upgradation of Coir Industry (REMOT)
- Deendayal Antyodaya Yojana - NRLM
- Product Development, Design Intervention and Packaging (PRODIP)
- Marketing Assistance Scheme

### Conclusion

Rural entrepreneurs are a crucial figure in economic growth of a developing country like India. Rural entrepreneurship is the answer to removal of rural unemployment, poverty, migration. Rural entrepreneurship is important as a means of generating employment opportunities in the rural areas with low capital cost and raising the real income of the people. In absence of rural industrialization, it would not easy to answer the problem of unemployment in rural areas. Rural entrepreneurship can be considered one of the solutions to migration, reduce poverty, economic disparity, unemployment, and develop rural areas and backward regions of our country. There should be more focus on integrated rural development programs. The entrepreneurial training and assistance should be given to existing rural entrepreneurs also. Rural entrepreneurship has capability to deliver basic '6 m'- manpower, money, material, machinery, management and market to the rural population.

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