

## CHALLENGES FACED BY RURAL ENTREPRENEURS

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### ABSTRACT

*Every human being satisfies their needs by consuming the products. Factors of production help to produce the product. Entrepreneurship is the process of forming a company/organization by organizing the three factors of production in an efficient way to provide an innovative and creative product to the market. Rural entrepreneurship helps a country/region to have balanced regional development and also it helps to utilize the resources in a better way to improve the rural economy. The aim is to study challenges faced by the rural entrepreneurs in Kannur district. Data is collected from 40 respondents through the convenience sampling method. The study reveals that the major challenges faced by the rural entrepreneurs are competition from urban market, lack of family support, market-related issue, lack of transportation facilities and resources.*

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**Keywords:** *Rural Entrepreneurship, Challenges, Innovative and Creative Product, Rural Entrepreneurs.*

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### Introduction

Every human being satisfies their needs by consuming the products. Factors of production help to produce the product. Entrepreneurship is the process of forming a company/organization by organizing the three factors of production in an efficient way to provide an innovative and creative product to the market. Rural entrepreneurship helps a country/region to have balanced regional development, it moulds the rural youth to undertake national self-reliance and also helps to utilize the resources in a better way to improve the rural economy. There are various types of rural entrepreneurs such as agro-based, forest-based, engineering, mineral, textile, and handicraft. Thus it is essential to create employment, improve the standard of living and promote overall prosperity among rural people.

The famous quote of Mahatma Gandhi is “The future of India lives in its villages “

### Review of Literature

(Saxena, 2012) conducted a study on problems faced by rural entrepreneurs and their role in the economic development of a country. The researcher has identified the major problems like lack of finance, marketing problems, management skills, and skilled workers with a positive attitude. It suggested that banks should provide loans to rural entrepreneurs by opening new cells, cooperatives for marketing their products and provide training programmes, thereby the entrepreneurship development in rural areas can be achieved.

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(Jebadurai, 2013) studied an overview of rural entrepreneurs in India regarding the benefits of rural entrepreneurship. The researcher points out the benefits of rural entrepreneurship like utilization local resources, idle capital and provide employment to rural people. Even though many benefits exists ,the rural entrepreneurs are suffering from problems too like low purchasing power of rural consumers, involvement of middlemen, severe competition from large scale business, lack of technical skills and financial shortage etc..

(Sumathy & Velmurugan, 2019) examined Skill Sets for Rural Entrepreneurs Sustainability in Central District of Tamilnadu and reveals that, communication, listening, entrepreneurial, technical, business and group skills are important skills required by rural entrepreneurs to achieve sustainability. These skills are observed on the basis of factor analysis.

(Kumari, & Kumar, n d) in their study observed that capital formation, employment generation, improvement in standard of living and balanced regional development are the role of rural entrepreneurs. The researchers also identified the opportunities of entrepreneurs that is promotion of artistic activities ,check on migration of rural people, and social evils in the societies etc. Lack of financial resources, marketing, managerial, and lack of efficient human resources are the major issues of rural entrepreneurs in Economic development in India.

### **Definitions**

“Rural entrepreneurship can be defined as entrepreneurship emerging at village level which can take place in a variety of fields of Endeavour such as business, industry, agriculture, and acts as a potent factor for economic development.”

Rural Entrepreneurship defines the entrepreneurship whose origin lies in the rural areas whereas has a lot of potentials to undertake various business, industry, agriculture and play a significant role in the economic growth of the nation.

Rural entrepreneurs are those entrepreneurs who start and carry on industries in the rural areas

### **Statement of the Problem**

Rural entrepreneurs play an important role in economic development as it helps to attain balanced regional development of a country. Apart from these it channelizes local resources, promotes creative heritage, removes income disparities, reduces slums, and migrates rural people to urban areas. In spite of these roles, the rural entrepreneurs are suffering from lots of problems. So the present study is an attempt to identify the challenges of rural entrepreneurs with special reference to Kannur district.

### **Significance of the Study**

In India, more than 65 percentages of people live in villages. There exist a huge population, slums, and poverty in rural areas. To eradicate these, bring prosperity and rural development a concept rural entrepreneurship play a vital role. The rural entrepreneur helps to awaken youth and expose them to various opportunities for improving their standard of living. The government provides assistance in order to promote entrepreneurship among village people. So to enhance rural entrepreneurship in Kannur district, it is important to identify the challenges faced by the rural entrepreneurs.

### **Objectives**

- To study the challenges of rural entrepreneurs in Kannur district
- To analyze various dimensions in challenges of rural entrepreneurs in Kannur district

### **Methodology**

The study is based on descriptive cum analytical. Both primary and secondary data have been used .40 rural entrepreneurs have been selected using the convenience sampling technique. Primary data is collected through a questionnaire using a five-point Likert scale i.e. strongly agree, agree, neutral, disagree, strongly disagree and data is analyzed with the help of simple arithmetic mean value, ANOVA. Secondary data is collected from published sources, journals, and websites.

### **Scope of the Study**

The study on challenges of rural entrepreneurship states an overview on development of the rural areas through rural entrepreneurship. The factors considered for the challenges were identified from the 40 respondents, which helps the development of the rural area in Kannur district.

## Data Analysis

**Table 1: Challenges of Rural Entrepreneurs**

Factor	Mean score	Rank
Competition from Urban Markets	3.525	1
Lack of family support	3.35	2
Marketing Issues	3.2	4
Difficulty in availing Govt. Grants	3.225	3
Lack of Entrepreneurship Skill	2.775	7
Lack of Training	2.725	8
Lack of Transportation	3.125	6
Lack of Availability of Resources	3.175	5

Source: Primary data

From the above table, it reveals that the major challenges faced by the rural entrepreneurs are competition from urban markets, Lack of Family support, Difficulty in availing Govt. Grants, Marketing issue, shortage of resources, Lack of Transportation, Lack of Entrepreneurship Skill, and Lack of Training.

### Competition from Urban Markets

This factor is a prime challenge faced by rural entrepreneurs as the mean score is 3.525. Recently people prefer to purchase goods from supermarkets and hypermarkets as they can meet their varied needs from one place. Large organizations invest more in the latest technology, mass production, attractive package, and advertisement. While rural entrepreneurs are conducting the business with local resources and limited capital, hence it is unable to afford the new technology for making the product innovative due to which they are not able to compete with urban markets.

### Lack of Family Support

An entrepreneur having a supportive family will be much successful. The family factors which affect entrepreneurship is a relationship, different roles, belief, culture, type of family, and family income. People born in a business family will have the talent to function in the business as they are learning it from childhood. Usually, entrepreneurs are always engaged with their work so they can't spend sufficient time interacting with family and maintaining the family relationship. Likewise, the profitability of a business is uncertain as it involves an element of risk and uncertainty. Due to these reasons, entrepreneurs have to face the challenge of lacking family support. The Mean value of this factor is 3.35 which is the major challenge faced by rural entrepreneurs.

### Difficulty in Availing Govt. Grants

Rural entrepreneurs are running businesses with limited capital, they seek assistance from the government. The government provides grants under different schemes like Venture capital, Single Point Registration, High-risk high reward, and Extra Mural Research Funding, etc. Even though these schemes are beneficial to the entrepreneurs, they are unaware of these schemes or not getting them on apt time. For the survival of the business in the society, customers' demands should be fully filled as and when they are required and it will be feasible if there is a smooth flow of production which in turn depends on funds. So, delay in availing grants, excess formalities or conditions and procedure will hinder the production which becomes a challenge to the rural entrepreneurs. Difficulty in availing grants means score value is 3.225 which is also a challenge.

### Marketing Issues

Rural entrepreneurs are facing marketing issues like lack of information about the market, exploitation of intermediaries, tough competition from large-scale businesses, and lack of selling outlets. As customers' tastes, preferences, and fashion various day by day, rural entrepreneurs find difficulty in analyzing the current market trends which result in loss of markets and customers. The mean value of the factor, marketing issues is 3.2 which is one of the challenges to the rural entrepreneurs.

### Shortage of Resources

The rural entrepreneurs depend upon local resources for their production, which is scarce and limited. Resources consist of raw materials, human and financial. Most of the rural entrepreneurship is on agro-based, handicrafts, artistic and traditional nature, but the young people are interested to work in IT & technical field, so the rural entrepreneurs fail to get the talented labours as their business is mostly on labour intensive. Rural entrepreneurs are performing business with their limited owned funds so an alternative solution is availing borrowed fund from banks, other private finance and grants from government. Exorbitant interest rate is charged for borrowed fund. The mean value of Lack of availability of resources is 3.175.

### Lack of Transportation

Transportation helps in movement of goods and services from the production center to distribution center, ensures access according to customers' demand, and acts as a link between producers and customers. Like every business, the existence of rural entrepreneurship strictly based on customer satisfaction which rely on the availability of products and services in time which in turn depends on transportation facility. Transportation helps in a major role in the procurement of raw materials from different scattered places and supply of goods at customer's location. Transportation challenge factor include logistics, lack of road maintenance, hike in fuel prices, and vehicle services. Lack of transportation facilities means score value is 3.125 which in turn is a challenge to the rural entrepreneur.

### Lack of Entrepreneurship Skill

An entrepreneur must be a multi-talented person as he has to perform various roles. Rural entrepreneurs should possess different skills such as technical, information technology, communication, leadership, decision making, and problem-solving. The success of effective and efficient utilization of all resources mainly depends on the managerial skill of an entrepreneur. Lack of managerial skill will lead to poor management and ultimately affect the overall functioning of the business. The mean value of managerial skill is 2.775. It indicates an opportunity to rural entrepreneurs as their business is mainly traditionally based.

### Lack of Training

Lack of proper training is another important problem of rural entrepreneurs. Poor performance, low productivity, lack of specialization, enhancing expenses, wastage, breakdown of machinery, difficulty in the adoption of the latest technology, labour turnover, and dissatisfaction are the major drawbacks due to lack of proper business training. lack of proper training, mean score is 2.725 which is also a challenge.

An entrepreneur should possess competitive skills in various aspects of an organization. He has to plan various patterns of activities for attaining the objective of an organization. Every businessman wishes to maximize the strength of his business by taking a strategic plan of action. The competency of a person is depending on some factors, which include age, qualification and year of experience, etc. Hence it is important to analyze the significant difference between entrepreneurship skill and age, educational qualification, and year of experience of rural entrepreneurs. For that, a statistical tool ANOVA is used to test the hypothesis.

**H<sub>0</sub>:** There is no significant difference between Age, Educational qualification, and year of experience of rural entrepreneurs with respect to their entrepreneurship skills.

**H<sub>1</sub>:** There is a significant difference between age, educational qualification, and year of experience of rural entrepreneurs with respect to their entrepreneurship skills.

**Table 2: Analysis of Entrepreneurship Skill Based on Demographic Variables**

Factor	Category	Mean	F value	Sig Value
Entrepreneurship Skill	AGE		40.275	0.000
	Below25	1.00		
	25 TO 35	1.57		
	35 TO 45	2.92		
	45 TO 55	4.50		
	ABOVE 55	5.00		
	Educational Qualification		142.913	.000
	SSLC&Below	1.60		
	PLUS TWO	3.63		
	DEGREE/DIPLOMA	4.13		
	PG& Other Professional Qualification	5.00		
	Year of Experience		49.267	.000
	UP to 5 Years	1.40		
	5 to 10 Years	3.07		
	10 to 15 Years	4.45		
More than 15 Years	5.00			

(Source: Primary Data) SPSS Output

The ANOVA table shows the mean square, F value, and significant value. As the significance value is less than 0.05, the null hypothesis is rejected with regard to entrepreneurship skills. Hence there is a significant difference between Age, Educational qualification, and experience of rural entrepreneurs with respect to their entrepreneurship skills,

### Suggestions

Rural peoples are not much aware of entrepreneurial opportunities available in front of them. They do not have adequate knowledge about various financial and technical support provided by the government and other organizations. From this study, the researchers suggest that the Government, DIC, NGOs, and Educational Institutions can take a few steps to overcome some challenges of rural entrepreneurs. Government must provide more financial assistance and also ensure that the entrepreneurs are getting the financial assistance on time, provide facilities to market their product at a reasonable rate. The District Industries Centers can provide frequent training programmes, offer scholarships and awards for innovative ideas, and can conduct entrepreneurs meet. To develop entrepreneurial talent among youth Various NGOs and Educational Institutions should conduct various fests, exhibitions- cum sale, craft mela, invited talks, seminars, and workshops and meet the entrepreneur's programmes, etc., and make them employers rather than employees.

Rural entrepreneurship helps in the industrial development through which a nation can be developed. Before commencing an entrepreneurship, people should have awareness about the non availability and problems or challenges which act as hurdles in the way of journey. The study reveals that the major challenges faced by the rural entrepreneurs are competition from urban market followed by other factors like lack of family support, difficulty on availing grants, marketing issue, shortage of resources, lack of transportation, lack of entrepreneurship skill, and training. Thus, rural entrepreneurship development can be achieved through concentrating these various challenges which helps to enhance the standard of living, literacy of rate. It also found that there is a significant difference between age, educational qualification, and experience of rural entrepreneurs with respect to their entrepreneurship skills,

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