

ROLE OF ENTREPRENEUR IN SOCIO ECONOMIC DEVELOPMENT IN INDIA

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ABSTRACT

Entrepreneurship has been considered the backbone of socio economic development of Country. It has been well established that the level of economic growth of a region to a large extent, depends on the level of entrepreneurial activity in the region. This paper focuses and provides an insight into the meaning, history, qualities required for an entrepreneur, opportunities and challenges faced by them in the development of rural and at last with a discussion on role and benefits of entrepreneurship in rural development.

KEYWORDS: *Entrepreneurship, Rural Development, Challenges, Qualities, Benefits.*

Introduction

Entrepreneurship can play an important role in rural development. "Entrepreneur means who creates a product on his own account, whoever undertakes on his own an industrial/trading enterprise in which work men are employed". If entrepreneurship really encouraged in total area it would, of course, be instrumental in changing the face of rural areas by solving the problems of unemployment, poverty, economic disparity, poor utilization of rural capacity, low level of standard of living. Majority of the population still lives in rural India and large chunk of population in urban areas still live through the learning of a village life. For the strength of the country there is a necessity to develop the villages. Development of a country is a choice loaded on its people, whether urban or rural. It is individuals who shape up a society and decide its performance.

There are several reasons for the increasing interest in entrepreneurship in rural regions and communities. First and foremost, the traditional approaches of recruitment and retention are just not working for most places, and leaders are looking for viable alternatives. Second, there is a growing body of evidence from the Global Entrepreneurship Monitor, prepared annually by Babson College and the London School of Economics on the critical role that entrepreneurs and small business play in driving local and national economies. Third, the structure of rural economies is essentially composed of small enterprises, which are responsible for most of the job growth and the innovation, and in any event, small businesses represent an appropriate scale of activity for most rural economies. Four principal components of a successful entrepreneurship development strategy are:

- There has to be a community culture of support for entrepreneurs,
- The strategy has to be entrepreneur-focused,
- A systems orientation has to be central to the strategy,
- Make available funding for innovative financing models.

Review of Past Studies

The available relevant literatures are briefly summarized as follows: Piore and Sable (1984), in their book, "The Second Industrial Divide", provided a policy framework for small business development which states that economic development will be more successful if it takes place within a political will be more successful if it takes place within a political context, where local communities actively support small-scale enterprises.

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- **Petrin (1992)**, in a study observed that to accelerate economic development in rural areas, it is important to build up the critical mass of first generation entrepreneurs.
- **Kebble et al. (1992)**, in their research work found that SMEs in rural areas in the UK have better performance than that of their urban counterparts in terms of employment growth.
- **Pertrim (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.
- **Storey (1994)** in his study found that policy measures can influence the level of entrepreneurship. Lyson (1995) indicated the prospects of small-enterprise framework as a possible rural development strategy for the economically disadvantaged communities.
- **Vaessen and Keeble (1995)** revealed that the external environment in the more remote rural areas presents challenges for SMEs, which they need to adapt to if they are to survive and grow.
- **Smallbone and North (1997)** revealed that firms with highest level of innovative behaviour were growing in terms of sales and employment, although the relationship between innovation and growth is an inter-dependent and mutually reinforcing one, rather than a simple cause and effect relationship. Lu Rongsen (1998) in a study in the area of western Sichuan highlighted the important factors that were responsible for rapid development of enterprises.
- **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. Mehta, (2011), in his study indicated that many Indian companies to tap the untapped rural market in India. The study will be helpful for the various agencies to formulate plans and policies in order to boost the rural entrepreneurship in India. This may help to make the Indian rural market as a critical force in the global economy. From the review of literature as mentioned above, we found few studies in the context of rural development in India. Hence, the present study is just another attempt to contribute to the literature.

Objective of Study

- To find out the role of rural entrepreneur in overall development.
- To analyse the problems faced in the growth of rural entrepreneurs in India.
- To find out the remedies to solve the problems of rural entrepreneurs.
- To study dynamic perspective of rural entrepreneurship.
- To suggest practical suggestions for development of rural entrepreneurs.

Role of Rural Entrepreneur

The entrepreneurs with their ability to scan, analyse and identify opportunities in the environment transform them into business proposition through creation of economic entities. A catalyst is needed which results in entrepreneurial activity to a considerable extent. The diversity of activities that characterizes rich countries can be vital role for the overall development of a country in the following ways.

- **Formation of Capital**

Entrepreneurs by placing profitable business proposition attract investment to ensure private participation in the industrialization process. The otherwise idle savings are channelized for investment in business ventures which in turn provides return. Again the savings are invested giving a multiplier effect to the process of capital formation.

- **Generate Employment**

This is the real charm of being an entrepreneur. They are not the job seekers but job creators and job providers. With the globalization process the government jobs are shrinking leaving many unemployed. In the circumstances, the entrepreneurs and their enterprises are the only hope and source of direct and indirect employment generation. Employment is generated directly by the requirement of the large enterprises and indirectly by ancilliariation and consequential development activities.

- **Increase in per Capita Income**

Entrepreneurs convert the latent and idle resources like land, labour and capital into goods and services resulting in increase in the national income and wealth of nation. The increase in national income is the indication of increase in net national production and per capita income of the country.

- **National Self-reliance**

Entrepreneurs are the corner stores of national self-reliance. They help to manufacture indigenous substitutes to imported products which reduce the dependence on foreign countries. There is also a possibility of exporting goods and services to earn foreign exchange for the country. Hence, the import substitution and export promotion ensure economic independence and the country become self-reliance.

- **Planned Production**

Entrepreneurs are considered as economic agents since they unite all means of production. All the factors of production i.e., land, labour, capital and enterprise are bought together to get the desired production. This will help to make use all the factors of production with proper judgement, perseverance and knowledge of the word of business. The least combination of factors is possible avoiding unnecessary wastage of resources.

Benefits from Rural Entrepreneurship

Rural entrepreneurship will bring in or develop infrastructural facilities like power, roads, bridges etc. It can help to check the migration of people from rural to urban areas in search of jobs. Rural entrepreneurship can dispel the concentration of industrial units in urban areas and promote regional development in a balanced way. The age-old rich heritage of rural India is preserved by protecting and promoting art and handicrafts through rural entrepreneurship. Their education and self-employment will prosper the community, thus increasing their standard of living. Efficient and effective use of limited resources by the entrepreneurs leads to overall economic development of an area.

Problems in Rural Entrepreneurship

Entrepreneurs are playing very important role in the overall development. They face various problems in day to day work. As the thorns are part of roses, similarly every flourishing business has its own kind of problems. Some of the major problems faced by rural entrepreneurs are as under:

- Limited scale and scope of local market opportunities.
- Compared to the urban context, there are fewer opportunities for firms to subcontract out locally.
- Limited access to financing, both for start-ups and expanding enterprises.
- Difficulties for women entrepreneurs to get access to support and financial services.
- Lack of expertise in the area of domestic and external marketing.
- Political and economic instability.
- Excessive regulations and formalities.
- Problems relating to acquisition of inputs.
- Little specialization and training.
- Lack of organization and integration to undertake associative projects.
- Lack of competitiveness of rural firms/
- Poor infrastructural facility and low skill base of many rural areas.
- Lack of knowledge and self-confidence of the rural people due to limited experience and lack of education.

Remedies to Solve These Problems

Different organization like IFCI, ICICI, SIDBI, NABARD etc. are trying to sort these problems. Marketing problems are related with distribution channels, pricing, product promotion etc. In order to make the rural entrepreneurs to start the business venture, the following measures may adopt:

- **Creating of Finance Cells**

The financial institutions and banks which provide finances to entrepreneurs must create special cells for providing easy finance to rural entrepreneurs.

- **Proper Supply of Raw Materials**

Rural entrepreneurs should be ensured of proper supply of scarce raw materials on priority basis. A subsidy may also be offered to make the products manufactured by rural entrepreneurs cost competitive and reasonable. Offering training facilities: training is essential for the development of entrepreneurship. It enables the rural entrepreneurs to undertake the venture successfully as it imparts required skills to run the enterprise.

Presently the economically weaker entrepreneurs of the society are offered such training facility under Prime Minister's Rozgar Yojna. (PMRY) Programmed FICCI, (NGOs) Lions Clubs, Rotary Clubs and voluntary organizations can also arrange such training programmes rural entrepreneurs to provide them stimulation counselling and assistance. For rural entrepreneurs, individual based EDI' approach is highly relevant where the motivation and familiarization processes coupled with promise of bank credit and support by way of escort services could persuade rural youth with certain basic skills of hands on technology to start small enterprises.

- **Setting up Marketing Co-operatives**

Proper encouragement and assistance should be provided to rural entrepreneurs for setting up marketing co-operatives. These co-operatives shall help in getting the inputs at reasonable rate and they are helpful in selling their products at remuneration prices. Hence, middlemen can be avoided and rural entrepreneurs derive the benefits of enterprise. Common production-cum-marketing centres should be set up with modern infrastructural facilities. Thus, proper education, comprehensive training, setting up of separate financial institutions, development of marketing co-operatives to a large extent help to flourish the rural entrepreneurs in India. Further, both government and non-government agencies should play an important role

Suggestions

- Government should provide separate financial fund of rural entrepreneur.
- We should provide special infrastructure facilities whatever they deed.
- Govt. should arrange special training programmes of rural entrepreneurship.
- Govt. should felicitate top ranker rural's entrepreneur.
- Rural entrepreneur should be more competitive and efficient in the local and international marker.
- Past experience and other observations should be considered to develop rural entrepreneurship.
- Market information of different products and innovative technology should be publicly announced in order to get its acceptance among the rural entrepreneurs.
- Essential infrastructure facilities like land, power, raw materials and finance should be provided to the rural entrepreneurs at concessional rates.
- Credit history information of the rural entrepreneurs has to be developed so as to enable them to get sufficient amount of loan from the banks at reasonable rate of interest.
- Strength and weakness of small businessman has to be identified and then they should be properly motivated to become entrepreneurs.
- Award should be given to those entrepreneurs who demonstrate extraordinary success.

Conclusion

In India, about 75% of the households live in villages. This is estimated to grow in the near future, which makes it a big market in the world. In recent times, more and more entrepreneurs are realizing the potential of rural market and have started focusing on it. Therefore, promotion of rural entrepreneurship is extremely important in the context of producing gainful employment and reducing the widening disparities between the rural and urban population. Rural entrepreneurship is necessary to minimize poverty and to overcome low productivity in the farm sector. To conclude, monitoring rural development programmes by supplying right information at the right time, providing timely and adequate credit and continuous motivation of bankers, panchayat union leaders and voluntary service organization will lead to the development of rural entrepreneurship.

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