

ROLE OF RURAL ENTREPRENEUR IN THE DEVELOPMENT OF INDIAN ECONOMY- A STUDY

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ABSTRACT

The views about personal capability to start a business differ from one person to another. The foundation of new businesses is a complex procedure. However, there is no doubt that new businesses are important for national and regional economic. In regional development entrepreneurship is the most fundamental feature. Various government programmes are created to develop the entrepreneurship in rural areas in order to create economic and employment growth. Rural entrepreneurs are those who carry out entrepreneurial activities by establishing industrial and business units in the rural sector of the economy. In other words, establishing industrial and business units in the rural areas refers to rural entrepreneurship. In simple words, rural entrepreneurship implies entrepreneurship emerging in rural areas. This paper presents a study on role of rural entrepreneur in the development of Indian economy.

KEYWORDS

Rural entrepreneur, Economic development, Backward regions, Indian economy

INTRODUCTION

Rural entrepreneurs are plays a crucial role in the development of the economy. Villages are the backbone of the country. Nowadays entrepreneurs involved in many activities to increase their standard of living. Rural entrepreneurs are those who carry out entrepreneurial activities by establishing industrial and business units in the rural sector of the economy. In other words, establishing industrial and business units in the rural areas refers to rural entrepreneurship. In simple words, rural entrepreneurship implies entrepreneurship emerging in rural areas. Rural industries and business organizations in rural areas generally associated with agriculture and allied activities to agriculture. According to KVIC (Khadi and Village Industry Commission), "village industries or Rural industry means any industry located in rural areas, population of which does not exceed 10000 or such other figure which produces any goods or renders any services with or without use of power and in which the fixed capital investment per head of an artisan or a worker does not exceed a thousand rupees". The modified definition of rural industries has been given by Government of India in order to enlarge its scope. According to Government of India, "Any industry located in rural area, village or town with a population of 20,000 below and an investment of Rs. 3 cores in plant and machinery is classified as a village industry."

OBJECTIVES OF THE STUDY

- To analyze the problems faced in growth of rural entrepreneurs in India.
- To find out the remedies to solve the problems of rural entrepreneurs.

Methodology

The present study is based only on secondary data. The data were collected from books, journals, website and annual reports.

Role of Rural Entrepreneurs in Economic Development

The entrepreneurs with their ability to scan, analyze and identify opportunities in the environment transform them into business proposition through creation of economic entities. Through efficient and effective utilization of national resources, they act as catalysts for economic development and agents of social transformation and change.

They play a vital role for the economic development of a country in the following ways-

Capital Formation

Entrepreneurs by placing profitable business proposition attract investment to ensure private participation in the industrialization process; idle savings is 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.

Balanced Regional Development

The entrepreneurs always look for opportunities in the environment. They capitalize on the opportunities of governmental concessions, subsidies and facilities to set up their enterprises in undeveloped areas. Thus entrepreneurs reduce the imbalances and disparities in development among regions.

Generate Employment

This is the real charm of being an entrepreneur. They are not the job seekers but job creators and job providers. In the circumstances, the entrepreneurs and their enterprises are the only hope and source of direct and indirect employment generation.

Improvement in Standard of Living

Entrepreneurial initiative through employment generation leads to increase in income and purchasing power which is spent on consumption expenditure. Increased demand for goods and services boost up industrial activity.

Large scale production will result in economies of scale and low cost of production. Modern concept of marketing involves creating a demand and then filling it.

New innovative and varying quality products at most competitive prices making common man's life smoother, easier and comfortable are the contribution of entrepreneurial initiative.

Increase in per Capita Income

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

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 becomes self-reliance.

Planned Production

Entrepreneurs are considered as economic agents since they arrange all means of production. All the factors of production i.e., land, labour, Capital and enterprise are brought together to get the desired production. This will

help to make use all the factors of production with proper judgment, perseverance and knowledge of the world of business. The least combination of factors is possible avoiding unnecessary wastages of resources.

Thus, the entrepreneurs are key to the creation of new enterprises that energizes the economy.

PROBLEMS OF RURAL ENTREPRENEURS

Lack of finance

Finance is the lifeblood of the business. Rural entrepreneurs are mainly dependent on parents and relatives or money lenders in the particular area for finance. They are not aware of the entrepreneurial supporting financial institution like SIDCO(Small Industrial Development Corporation), SIDBI(Small Scale Industrial Development Bank of India),DIC(District Industrial Center),IDBI(Industrial Development Bank of India),IFCI(Industrial Finance Corporation of India), ICICI (Industrial Credit and Investment Corporation of India) ,etc., These financial institutions are providing finance to entrepreneurs to startup new venture .

Poor infrastructure facilities

Infrastructure facilities include transport facilities, communication facilities etc. Transport facilities includes bus, train etc., It is useful for the entrepreneur to reach the produced goods from one place to another but this facilities are very poor in the rural area compare with cities. Communication facilities include the telephone; fax, internet facilities. Due to lack of these facilities entrepreneur cannot cover more area in their business places.

Low quality products

Today consumer are more sensitive with the quality of the products, rural entrepreneur cannot produce quality products due to lack of standardized equipments and poor quality of raw materials.

Non availability of skilled labours

In rural areas skilled labours cannot find easily by the entrepreneurs. Labour turnover also high in the rural areas. Highly skilled personnel also willing to work in developed cities due to high salary than rural areas.

Fear to invest in the business

Rural entrepreneurs have low risk bearing ability, regular income restrict them to invest in the business.

Political and structural problems

Before establishing the business, entrepreneurs faces the government complicated regulation related with business license and pollution and also clearance certificates. Due to the low educational level of rural entrepreneur they cannot do this process.

Poor knowledge in the technical skills

If the business is of production nature the entrepreneur need some specific technical skills to operate that activities but rural entrepreneur are poor on this ground.

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 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.

Concessional rates of interest

The rural entrepreneurs should be provided finance at concessional rates of interest and on easy repayment basis. The complicated formalities should be avoided in sanctioning the loans 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.

Offering training facilities

Training is essential for the development of entrepreneurs. It enables the rural entrepreneurs to undertake the venture successfully as it imparts required skills to run the enterprise.

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 remunerative prices.

Hence, middlemen can be avoided and rural entrepreneurs derive the benefits of enterprise. Common production-cum-marketing centers 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

1. Govt. should provide separate financial fund to rural entrepreneurs.
2. Special infrastructure facilities should be provided to them.
3. Govt. should arrange special training programmes of rural entrepreneurship.
4. Govt. should felicitate top ranker rural entrepreneurs.
5. Rural entrepreneur should more competitive and efficient in the local & international market.
6. We should invite successful rural entrepreneurs from other states of country.

CONCLUSION

Rural entrepreneurship plays an important role for economic development in developing countries like India. Rural entrepreneurship helps in developing the backward regions and thereby removing poverty. Government should go for appraisal of rural entrepreneur development programme in order to uplift rural areas and thereby increasing economic development. Without rural industrialization it would not be easy to solve the problems of unemployment in rural areas. Rural entrepreneurship can be considered one of the solutions to reduce poverty, migration, economic disparity, unemployment and to develop rural areas and backward regions.

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