

Roles and Challenges of rural Entrepreneurship in India

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Abstract: *Entrepreneurs are driven to achieve success in their business along with the qualities of a Leader, Manager, Dreamer, Innovator, risk taker, continues learner, decision maker & most important is to implement all these qualities into the work. There are a lot of examples of the entrepreneurs in North East India who are now called synonymous of 'Success'. They saw the bigger picture but wisely started their business as a very small unit. Entrepreneurs set the example of turning their dream into reality. And the story behind to achieve the dreams into reality is to set massive goals for themselves and stay committed to achieving them regardless of the obstacles they get in the way, with the ambition and the unmatched passion towards achieving the goal. Most of the rural entrepreneurs face peculiar problems like illiteracy, fear of risk, lack of training and experience, limited purchasing power and competition from urban entrepreneurs. Promotion of rural entrepreneurship is a key to develop rural areas and backward towns. This paper focuses on the identification of various problems associated with rural entrepreneurship. Suitable cures have also been discussed to overcome these problems.*

Key words: *Rural entrepreneurs, importance of rural enter preneurs, challenges, and suggestions.*

Introduction: 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. Or, say, rural entrepreneurship implies rural industrialization. Thus, we can say, entrepreneurship precedes industrialization. India is a country of villages. About three-fourth of India's population are living in rural areas out of which 75% of the labor force is still earning its livelihood from agriculture and its allied activities. Land being limited is unable to absorb the labor force in agriculture. Therefore, there is a need to develop rural industries to solve rural unemployment and rural migration to cities. Growth and development of rural economy is an essential pre-condition to development of the nation as a whole. The gap between rural urban disparities should be lessened.

The standard of living of the rural people should be increased. Entrepreneurship in rural sector provides an answer to the above problems. Indian rural sector is no longer primitive and isolated. Therefore, entrepreneurship in the rural and tribal areas looms large to solve the problems of poverty, unemployment and backwardness of Indian economy. Rural industrialization is viewed as an effective means of accelerating the process of rural development. Government of India has been continuously assigning increasing importance and support for the promotion and growth of rural entrepreneurship.

Objective of Study:

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

The basic principles of entrepreneur which applied the rural development are:

- Optimum utilization of local resources in an entrepreneurial venture by rural population - Better distributions of the farm produce results in the rural prosperity.
- Entrepreneurial occupation rural population to reduce discrimination and providing alternative occupations as against the rural migration.
- To activate such system to provide basic '6 m'- manpower, money, material, machinery, management and market to the rural population.

Importance of the study: Rural entrepreneurship implies entrepreneurship emerging in rural areas. In other words establishing industries in rural areas refers to rural entrepreneurship. This means rural entrepreneurship is synonymous with rural industrialization. Many examples of successful rural entrepreneurship can already be found in literature. Diversification into non-agricultural uses of available resources such as catering for tourists, blacksmithing, carpentry, spinning, etc. as well as diversification into activities other than those solely related to agricultural usage, for example, the use of resources other than land such as water, woodlands, buildings, available skills and local features, all fit into rural entrepreneurship. A turnaround is possible in the above trend if employment opportunities are made available in rural areas along with basis amenities of life. The real solution to India's economic problem is not mass production but production by masses as was suggested by Mahatma Gandhi.

Roles of entrepreneurs in economic development: The entrepreneurs have the ability to analyze and identify the opportunities through the creation of economic entities. They are the backbone of rural environment. They play following roles for the economic development of country.

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. **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. The setting up of still plant at Tata nagar, Reliance Petrochemicals at Jamnagar (Gujarat) have resulted in the development of Good Township and peripheral regional development. Thus entrepreneurs reduce the imbalances and disparities in development among regions.

General 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.

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 latent and idle resources like land, labor 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.

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 becomes self-reliance.

Equitable Distribution Economic Power: The modern world is dominated by economic power. Economic power is the natural outcome of industrial and business activity. Industrial development may lead to concentration of economic power in few hands which results in the growth of monopolies. The increasing number of entrepreneurs helps in dispersal of economic power into the hands of many efficient managers of new enterprises. Hence setting up of a large number of enterprises helps in weakening the evil effects of monopolies. Thus, the entrepreneurs are key to the creation of new enterprises that energizes the economy and rejuvenate the established enterprises that make up the economic structure.

Problems faced by rural entrepreneurs:

Rural entrepreneurship is constrained with several problems. The growth of rural entrepreneur is not very healthy due to the following factors:

Lack of infrastructural facilities:

Rural areas are characterized by poor infrastructural facilities in the field of roads, electricity, street lighting, road transport etc. which hampers the smooth movement of various industrial activities. This is a major problem faced by rural entrepreneurs.

Financial constraints:

Most of the rural entrepreneurs face financial crunch in setting up rural industries because of the non-supportive attitude of financial institutions and banks which work more on papers. The procedures and conditions to avail a loan is so time consuming that its delay often disappoints the entrepreneur. Due to this, the entrepreneurs are forced to take credit from village money lenders who charges exorbitant rate of interest.

Lack of technical know-how:

As rural industries are labor intensive, they cannot afford to introduce sophisticated techniques and methods of production which is very expensive. Lack of technical know-how, appropriate technology and training create immense problem in the growth of rural industries. Without this, productivity and increased profit is a distant dream.

Marketing problems:

Marketing of rural products has not been well developed. Promotion, distribution and implementation of customer feed-back is lacking. Rural industries cannot compete with their urban counterparts. Dealers exploit the rural industries in the traditional sector. Lack of proper communication facilities and marketing information adds to the problem to large extent.

Lack of adequate knowledge and information:

Though information technology has substantially developed in the modern world and has penetrated into the rural areas through internet, rural people hardly availed its benefits. Because, rural people do not have adequate information avenues. They are not knowledgeable, trained and motivated to achieve more and more in their own sphere.

Raw materials:

Rural industries face a tough task in procuring and storing raw materials. Since rural industries are small they procure raw materials from middlemen at higher prices. Lack of warehousing facilities in the rural sector also costs more towards storing of raw materials.

Legal problems:

Rural industries need compliance of various legal formalities in obtaining the government's approval and license for carrying out industrial activities. But rural entrepreneurs find it extremely difficult to comply with various legal formalities due to sometimes complex legal provisions or illiteracy and ignorance.

Besides the above problems, lack of awareness and knowledge about the importance of rural industries stand as a major problem before rural entrepreneurs. Added to this another problem crops up relates to the disinterest shown by rural people to assume rural entrepreneurship as career. The ninth plan has also sorted out the problems of rural industries as follows:

- Inadequate flow of credit
- Use of obsolete technology, machinery and equipment
- Poor quality standards
- Inadequate infrastructural facilities.

Suggestions:

- Government should arrange special training programs for rural entrepreneurship.
- Government should felicitate top ranker rural entrepreneur.
- Rural entrepreneur should more competitive and efficient in the local & international market.
- We should invite successful rural entrepreneurs from other states of country.
- The concern department should provide special infrastructure facilities whatever they need.

Conclusion:

Rural entrepreneur is a key figure in economic progress of India. Rural entrepreneurship is the way of converting developing country into developed nation. Rural entrepreneurship is the answer to removal of rural poverty in India. Therefore, there should be more stress on integrated rural development programs. The problem is that most of the rural youth do not think of entrepreneurship as the career option. Therefore, the rural youth need to be motivated to take up entrepreneurship as a career, with training and sustaining support systems providing all necessary assistance. There should be efficient regulated market and government should also lend its helping hand in this context. Grading and standardization should be promoted and promotional activities should be enhanced. NGO's should be provided full support by government.

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