

Rural Development Through Entrepreneurship in India: Socio-Economic Development

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Abstract:

Most Indians live in rural areas. The city is the backbone of the country. The rural or rural industries play an important role in the national economy, especially in the development of rural areas. Home-based businesses are important not only as a means of creating jobs in low-income rural areas and raising real-life incomes, but also in your contribution to agricultural and urban development. Rural businesses can be regarded as one of the solutions to poverty reduction, migration, economic inequality, unemployment and development in rural areas and back regions.

Keywords: Performance, Problems, Rural Industries, Rural Entrepreneurs, Rural Development.

Introduction:

“India lives in its villages”- Mahatma Gandhi. The majority of the population in India lives in villages. The economic development of our country largely depends on the progress of rural areas and the standard of living of rural masses. Village or rural industries play an important role in the national economy, particularly in the rural development. Rural entrepreneurship is based on stimulating local entrepreneurial talent and the subsequent growth of indigenous enterprises.

It recognizes opportunity in the rural areas and accelerates a unique blend of resources either inside or outside of agriculture. Rural entrepreneurship brings an economic value to the rural sector by creating new methods of production, new markets, new products and generate employment opportunities thereby ensuring continuous rural development. Rural entrepreneur is one of the most important inputs in the economic development of a country and of regions within the country.

Rural entrepreneurs are those who carry out entrepreneurial activities by establishing Industrial and business units in the rural sector of the economy. Establishing industrial and business units in the rural areas refers to rural entrepreneurship. Rural entrepreneurship can be considered one of the solutions to reduce poverty, migration, economic disparity, unemployment and develop rural areas and backward regions.

Objectives of the study

To know the various types of rural entrepreneurship.

To analyse the performance of rural industries.

To know the importance of rural entrepreneurship.

To study the problems of rural entrepreneurship.

Methodology

The present study is based only on secondary data. The data were collected from books, journals, website and annual reports. 4. Types of Rural entrepreneurship Rural industry or village industry can be broadly classified into the following categories: 4.1 Agro Based Enterprises This category includes direct sale or processing of agro products such as jiggery, pickles, sugar industries, oil processing from oil seeds, dairy products, fruit juice, spices etc. 4.2 Forest Based Industries These industries include wood products, coir industry, beedi making, honey making, bamboo products, etc. 4.3 Mineral Based Industry These include stone crushing, cement industries, wall coating powders etc.

Significance of Rural entrepreneurship The importance of rural entrepreneurship is briefly highlighted as follows:

6.1 Provides employment opportunities Rural entrepreneurship is labour intensive and creates largescale employment opportunities for the rural people. Rural entrepreneurship provides a clear solution to the growing problem of large-scale unemployment and underemployment of rural India.

Check on migration of rural population Rural population moves towards urban for various reasons like income generation, searching good job, utilize various facilities etc. Rural entrepreneurship will bring in or develop infrastructural facilities like roads, power, bridges etc. It reduces the gaps and disparities in income between rural and urban areas. Rural entrepreneurship can avoid the migration of people from rural to urban areas in search of jobs. 6.3 Balanced regional development Rural entrepreneurship controls the concentration of industry in urban areas and thereby promotes balanced regional development in the economy.

Problems of Rural entrepreneurship

Developing entrepreneurship especially rural entrepreneurship is not so easy. It is constrained by several problems. Some of the problems faced by rural entrepreneurs are as follows: 7.1 Lack of finance Finance is the lifeblood of the business. Most of the rural entrepreneurs are mainly struggling to raise the finance for their businesses.

Non availability of adequate collateral security often mars the chances of rural youth in obtaining adequate funds in time to set up their own venture. Due to this, the entrepreneurs are forced to take credit from village money lenders who charge exorbitant rates of interest. 7.2 Lack of knowledge There is a distinct lack of adequate knowledge of entrepreneurial opportunities among the rural youth.

The educated and trained youths mostly leave for urban destinations in search of jobs. 7.3 Lack of technical know-how On account of the faulty education system rural youth lack managerial, professional, technical know-how which is an impediment in developing the spirit of enterprise, consequently not many people come forward to establish self-employment units. 7.4 Absence of enterprising skill Most of the rural people in India lack risk bearing ability. Reluctant to involve oneself in business, inclination towards wage employment, lack of creative thinking are few reasons which have restricted the growth of self-employment in rural area. 7.5 Lack of infrastructural facilities Rural areas are characterized by poor infrastructural facilities viz, roads, water, market, electricity, street lighting, road transport, storage and communication etc. which hamper the smooth movement of various industrial activities.

The study has conducted with an objective to map the key components and the roles of various actors and agencies influencing the incubation process employ the case study to understand the process and role of entrepreneurship in terms of infrastructure, financial, networking, management in India.

Response rate:

Table 4.1 presents the number of questionnaires that were administered was 140. Out of these 100 were properly filled, returned and found suitable for analysis.

This represented an overall response rate of 71.5% asserted that return rates of above 50% are acceptable to analyze and publish, 60% is good, 70% is very good while above 80% is excellent.

Table 1: Response Rate

Response rate	Frequency	Percentage
Response	100	71.5%
Non response	40	28.5%
Total	140	100%

Source: Compiled from Field survey data

Gender of Respondents:

The study aimed to establish the gender of the respondents who participated in the study. As presented in Figure 4.1 majority (80.9%) of the respondents was male, and 19.1 % were female. self-employment has increased in recent years, significant differences still exist in the levels of new firm creation across genders, and the number of women involved in starting a business is significantly and systematically lower than that of men. This finding implies that there is still gender imbalance in enterprise formation in India.

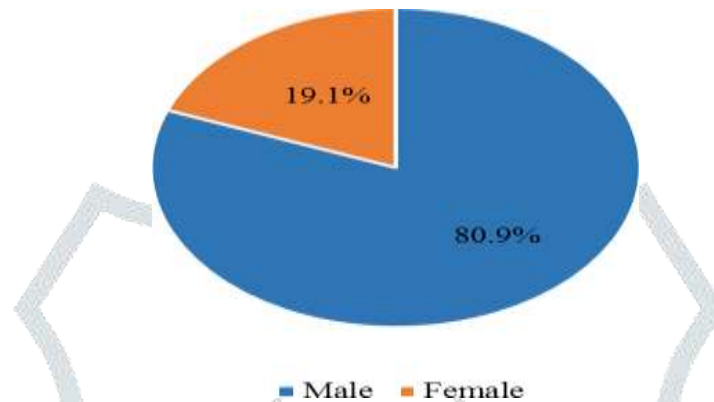


Figure 1 Gender of Respondents

Source: Compiled from Field survey data

Nature of Business:

Respondents were requested to give a classification of their enterprises. The descriptions were analyzed and categorized into four: Trade, manufacturing, service (ICT based) and service (Non ICT based). The result was that a majority (65%) were in the ICT based services category, a significant (23%) were in the non-ICT based services while trade and manufacturing had least presentation (6%) each.

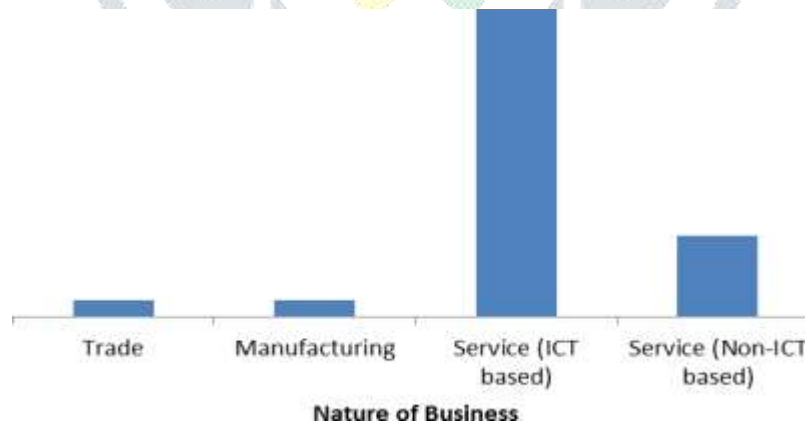


Figure 2: Nature of Business

Source: Compiled from Field survey data

Selection criteria for incubatees:

The respondents were given a range of statements aimed at assessing the incubatee's selection criteria for incubatees. They were requested to respond to the statements on a scale of 1-5, with 1 indicating strongly disagree, 2-Disagree, 3-Can't say, 4-Agree and 5 indicating strongly agree to the statement.

Table 2: Selection criteria for incubatees

STATEMENT	SD%	D%	Can't say%	A%	SA%
Novelty of Business Idea	2.1	21.3	2.1	34.0	40.4
Professional experience	2.1	12.8	6.4	31.9	46.8
Ability to execute	0.0	10.6	12.8	27.7	48.9
Feasibility study	0.0	2.1	17.0	21.3	59.6
Effective market plan	0.0	0.0	0.0	31.9	68.1
Technical and economic viability	0.0	0.0	0.0	31.9	68.1
access to superior technology	0.0	2.1	0.0	21.3	76.6
Leadership capabilities	0.0	0.0	6.4	25.5	68.1

Source: Compiled from Field survey data

The above results table 2 shows that a majority of the respondents (40.4%) felt that there was something substantially new that the Novelty of Business Idea regarding the products they offered to the market relative to what existed previously. A majority of respondents (46.8%) said that Professional experience of the incubate has considered for the success of the start-up. A majority of the respondents (59.6%) strongly agreed with the statement that the feasibility study determines its degree of business success innovativeness. Startups and small businesses are considered more innovative than larger matured businesses because of the less associated bureaucracy, despite their limited resources.

A majority 68% of the respondents also indicated they strongly believed in their abilities in terms of effective market plan leads to success of selected business. An appetite for risk and strong internal locus of control has been mentioned as desirable characteristics of entrepreneurs (Drucker, 2006). A majority 76.6% of respondents strongly agreed that the success of their businesses depends on having superior technology. This could be attributed to the fact that most of the respondents were in information communication and technology based businesses particularly software and mobile application development. A combined majority of 93.6% either agreed or strongly agreed that university based business incubators are effective tools for commercialization.

In the light of the above problems, the following suggestions can be put forth to develop the rural entrepreneurs: Separate financial assistance for rural entrepreneurs should be provided by the Government. Rural entrepreneurs should be provided adequate and timely financial assistance from all the financial institutions and banks. Special training programmes for rural entrepreneurs should be arranged by the Government to improve their knowledge and skill. The rural educated youth should come forward in the field of entrepreneurship. Modernisation of their technology is very much essential. Sufficient finance must be given to modernise their outdated technology, tools

and implements in order to enable them to compete with the large scale industries. Rural entrepreneurs must be provided with adequate• infrastructural facilities.

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