

PROBLEMS AND PROSPECTS OF THE RURAL ENTREPRENEURS IN INDIA

A. MANI, Associate Professor
Department of Management Studies
VMKV Engineering College
Salem, Tamil Nadu

Dr. G. MURUGESAN, Professor
Department of Management Studies
VMKV Engineering College
Salem, Tamil Nadu

Abstract

The most important factor for the economic development of a country is its industrialization. In the process of industrialization, emphasis is given to large scale industries, medium sale industries, small scale industries and micro enterprises. In developing countries, micro and small enterprises are important in the context of employment opportunities, equitable distribution of national income, balanced regional growth and development of rural and semi-urban areas. However, the rural manufacturing units face more problems. With this background, the researchers have made a novel attempt to study the problems and prospects of rural entrepreneurs in Salem district. Effective implementation of the suggestions could lead to the growth of the rural entrepreneurs eventually result in creation of employment as well as poverty reduction.

Key words: Rural entrepreneurs, micro and small industries, industrialization, rural development, industrial growth, etc.

1. Introduction

The issues of rural entrepreneurship are increasingly significant in the developing countries, as a result of a great number of programs whose goal is to encourage the sustainable rural development. However, these issues are also current in other countries in which the rural development is connected to entrepreneurship more than ever. Several factors influence this, such as the traditional economic activities which are based upon the routine agricultural production and the activities based upon the usage of natural resources which have the goal of obtaining competitiveness. After over 7 decades of independence and industrialization in our country, still large part of population remains under poverty line. 70 per cent of land holdings are held by small and marginal farmers resulting in overcrowding on the agricultural land and diminishing farm produce. This results in migration of farm workers in large numbers to the urban areas. If entrepreneurship really encouraged in rural 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, and low level of standard of living. Development of a country is a choice loaded on its people, whether urban or rural. Institutions and individuals promoting rural development now see entrepreneurship as a strategic development intervention that could accelerate the rural development process.

2. Importance of rural entrepreneurs

Today, entrepreneurship as a strategy in development, growth and prosperity of human societies has converted to a replacement through which all factors, resources and facilities of a community spontaneously and with exposure in an evolutionary process has been prepared in order to achieve high social ideals for being the origin of positive socio-economic impacts. Rural entrepreneurship can be considered as one of the solutions to reduce poverty, migration and develop employment in rural environments. Through efficient and effective utilization of national resources, they act as catalysts for economic development and agents of social transformation and change. Entrepreneurs by placing profitable business proposition attract investment to ensure private participation in the industrialization process. 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. With the globalization process, the government jobs are shrinking leaving many unemployed.

Entrepreneurial initiatives through employment generation lead to increase in income and purchasing power which is spent on consumption expenditure. Large scale production will result in economies of scale and low cost of production. 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. 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 a nation. The increase in national income is the indication of increase in net national product and per capita income of the country. 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.



3. Statement of the problem

Entrepreneurs need to challenge out all problems confronting them for their success, survival and growth. Both the governments' schemes specifically focus on empowerment of, by way of providing subsidies and concessions for the development of entrepreneurs. Success of India entrepreneurs' is to closely associate with the development of adequate entrepreneurial skills. Empowerment through entrepreneurship can be fully achieved only if entrepreneurs develop the basic entrepreneurial skills for their success, survival and growth.

4. Objectives of the study

The study has the following objectives:

1. To find out the factors influencing the rural entrepreneurs to start-up business with in Salem district.
2. To examine the problems of the rural entrepreneurs in Salem district.
3. To study the impact of rural entrepreneurs on the socio-economic conditions of Salem District.
4. To recommend appropriate measures for the prospects of rural entrepreneurs in Salem district.

5. Hypotheses

H₀₁: There is no noteworthy relationship among the acceptance levels of the business owners belonging to different demographic profiles towards problems of the rural entrepreneurs in Salem district. H₀₂: There is no noteworthy relationship among the acceptance levels of the rural entrepreneurs belonging to different enterprise characteristics towards problems they face in Salem district.

6. Research design

This study is empirical in nature based on survey method. The vital part of the study, the primary data was collected from 110 business owners. Questionnaire method was employed to collect primary data. The data so collected was entered in to a master table and was charted to attain at beneficial conclusion. The secondary data were collected from journals, reports and books. In order to find out the attitudinal differences of employees, chi-square test, analysis of one-way variance, co-efficient of variation, and percentage analyses have been employed.

7. Analysis and interpretations

TABLE 1
Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Unattractive market	110	1	5	1.51	.775
Power cut	110	1	5	2.04	1.285
Lack of financial assistance	110	1	5	1.58	.806
Male administration	110	1	5	2.18	1.396
Incentives for achievement	110	1	5	2.13	1.271
Dependence of raw materials	110	1	5	2.44	1.378
Safety at work place	110	1	5	2.28	1.349
Under utilisation resources	110	1	5	2.05	1.305
decision-making	110	1	5	1.47	.646
Inadequate working capital	110	1	5	2.28	1.355
Valid N (listwise)	110				

TABLE 2
Association between Gender and Entrepreneurs' Attitude

		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
Gender	Male	23	20	6	8	9	66
	Female	18	12	8	3	3	43
Total		41	32	14	11	12	110

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means					
		F	Sig.	T	DF	Sig. (2tailed)	Mean Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Gender	Equal variances assumed	2.115	.150	.712	71	.479	.088	-.159	.336
	Equal variances not assumed			.722	69.708	.473		-.156	.333

** Significant level 5%

The calculated F value (2.115) is less than the table value at 5 per cent level of significance. The above test proves that there is no significant relationship between gender and entrepreneurs' attitude.

TABLE 3

Relationship between Age and Entrepreneurs' Attitude

		Entrepreneurs' Attitude					Total
		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	
Age	<=25	15	7	7	2	4	35
	26-30	12	11	1	5	2	31
	31-40	7	9	3	0	4	23
	41-50	5	2	2	2	2	13
	>50	2	3	1	2	0	8
Total		41	32	14	11	12	110

		Sum of Squares	DF	Mean Square	F	Sig.
Age	Between groups	3.259	4	.815	.517	.724
	Within groups	165.613	105	1.577		
	Total	168.873	109			

From the above table it is inferred that age is not a criteria to decide how much a entrepreneurs' attitude.

TABLE 4

Association between Education and Entrepreneurs' Attitude

		Entrepreneurs' Attitude					Total
		1	2	3	4	5	
Education	<=10	15	12	5	4	5	41
	11-12	12	13	6	2	2	35
	UG	6	1	1	2	2	12
	PG	3	0	1	2	2	8
	>PG	5	6	1	1	1	14
Total		41	32	14	11	12	110

		Sum of Squares	DF	Mean Square	F	Sig.
Education	Between groups	1.075	4	.269	.140	.967
	Within groups	202.279	105	1.926		
	Total	203.355	109			

Educational qualification is not a criterion to decide how much a entrepreneurs attitude.

TABLE 5
Association between Marital Status and Entrepreneurs' Attitude

		Entrepreneurs' Attitude					Total
		1	2	3	4	5	
Marital Status	Yes	23	22	6	10	8	69
	No	18	10	8	1	4	41
Total		41	32	14	11	12	110

Group Statistics

	Marital Status	N	Mean	Std. Deviation	Std. Error Mean
Entrepreneurs' attitude	Yes	69	2.39	1.385	.167
	No	41	2.10	1.281	.200

Independent Samples Test

Levene's Test for Equality of Variances				t-test for Equality of Means					
		F	Sig.	t	df	Sig. (2tailed)	Mean Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Entrepreneur s attitude	Equal variances assumed	1.304	.256	1.106	108	.271	.294	-.233	.820
	Equal variances not assumed			1.128	89.487	.262	.294	-.224	.811

** Significant level 5%

The calculated F value (2.115) is less than table value at 5 per cent level of significance. The above test proves that there is no significant relationship between marital status and entrepreneurs' attitude.

TABLE 6
Association between Types of Business and Entrepreneurs' Attitude

		Entrepreneurs' Attitude					Total
		1	2	3	4	5	
Types of business	Agri business	17	14	7	0	4	42
	Financier	14	10	3	4	1	32
	Carpenter	3	3	2	2	3	13
	Mechanic shop owner	6	2	1	2	2	13
	Resort operator	1	3	1	3	2	10
Total		41	32	14	11	12	110

		Sum of Squares	DF	Mean Square	F	Sig.
Types of Business	Between Groups	20.727	4	5.182	3.207	.016
	Within Groups	169.646	105	1.616		
	Total	190.373	109			

The type of business is not a criterion to decide how much a entrepreneurs' attitude. Here P value came to be 0.016, which is less than 0.05

TABLE 7
Association between Income and Entrepreneurs' Attitude

		Entrepreneurs' Attitude					Total
		1	2	3	4	5	
Income	<=10000	13	9	2	3	4	31
	10001-15000	18	11	4	2	4	39
	15001-20000	4	5	3	3	1	16
	20001-25000	3	1	3	2	2	11
	>25000	3	6	2	1	1	13
Total		41	32	14	11	12	110

		Sum of Squares	DF	Mean Square	F	Sig.
Income	Between Groups	7.501	4	1.875	1.086	.367
	Within Groups	181.26 3	105	1.726		
	Total	188.76 4	109			

The type of business is not a criterion to decide how much entrepreneurs' attitude. Here P value came to be 0.367, which is less than 0.05

8. Findings

1. There is no significant relationship among the acceptance levels of the respondents belonging to different genders, educational status groups and years of experience towards problems of the rural entrepreneurs. There is a significant relationship among the acceptance levels of the respondents of different age groups towards problems of the rural entrepreneurs.
2. There is no significant relationship among the acceptance levels of the types of business and their purpose of starting entrepreneurial venture. There is no significant relationship among the acceptance levels of marital status and challenges and problem faced by entrepreneurs.
3. Male respondents, respondents in the age group 36-45 years, respondents belonging to H.Sc qualification and respondents having experience above 15 years have higher acceptance level towards problems of the rural entrepreneurs.
4. There is consistency among the acceptance levels of the male respondents, respondents in the age group 36-45 years, respondents who have degree qualification and respondents who have 11-15 years of experience towards problems of the rural entrepreneurship.
5. There is no significant relationship among the acceptance levels of the rural entrepreneurship to varied years of existence, amount of investments and annual sales groups towards problems of the rural entrepreneurship
6. There exists reliability in the acceptance level of the enterprises having existence 5 and 6 years, enterprises having an amount of investment Rs.1500001-2000000 and enterprises having annual sales Rs.300001-400000 towards problems of the rural entrepreneurship.
7. No noteworthy relationship is found among the acceptance levels of the respondents belonging to different genders, age groups, educational status groups and years of experience towards socioeconomic impact of the rural entrepreneurship Salem district.

8. Male respondents, respondents in the age group upto 35 years, respondents belonging to post graduation and above qualifications and respondents having business experience up to 5 years have higher acceptance level towards socio-economic impact of the rural entrepreneurship.
9. There is consistency among the acceptance levels of the female respondents, respondents in the age group above 55 years, respondents who have degree qualification and respondents who have business experience above 15 years towards socio-economic impact of the rural entrepreneurship.
10. Unattractive market, power cut, lack of financial assistance, inadequate subsidies and concessions, cumbersome formalities and maladministration and problems in marketing of products are the problems of the rural entrepreneurs ranging from 30 per cent to 45 per cent. Under capacity utilization, inadequate working capital and dependence on private parties for raw materials are the problems of rural entrepreneurs ranging from 46% to 62% in Salem district.

9. Suggestions

1. The financial institutions and banks which provide finances to entrepreneurs must create special cells for providing easy finance to rural entrepreneurs.
2. The rural entrepreneurs should be provided finance at concessional rates of interest and on easy repayment basils. The cumbersome formalities should be avoided in sanctioning the loans to rural entrepreneurs.
3. 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.
4. Training is vital for the improvement of entrepreneurships. It facilitates the rural entrepreneurs to commence the venture effectively as it imparts required skills to run the enterprise. Now days the economically weaker entrepreneurs of the society are organized such training facility under PMRY.
5. Government of India may leads step to create good infrastructure facilities, logistics arrangements and support to organize the marketing and training program, and offer support to export the goods of rural entrepreneurs to foreign countries.

10. Conclusion

In India, about 70 per cent 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 organizations will lead to the development of rural entrepreneurship.

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