

ENTREPRENEURSHIP THE BACKBONE OF RURAL DEVELOPMENT- A CASE STUDY OF RANCHI DISTRICT

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ABSTRACT

Sustainable development revolves on completing the Millennium Development Goals. Maintaining a healthy economy, society, and environment all depend on rural areas that are developing sustainably. Since the majority of the world's poor live in rural areas, this is a vital step towards ending poverty.

Those who have moved from rural or semi-urban regions to urban centres now have a great chance to start businesses in rural areas. The purpose of this research was to identify the most significant difficulties and potential gains for a rural entrepreneur. The report also highlights the significant challenges faced by rural entrepreneurs in areas like product promotion, budgetary comforts, and the availability of water supply, electricity, transportation offices, and requisite vitality, etc.

Keywords:- Rural entrepreneurship, growth, challenges, prospects, rural people, programmes

INTRODUCTION

In India, most people have always lived in rural areas. Entrepreneurship in rural areas is often seen as crucial to a country's progress, and this is particularly true for a populous nation like India. Underdeveloped areas may benefit from rural entrepreneurship because it creates jobs and discourages youth from leaving the countryside, increases production in the manufacturing sector, promotes infrastructural development, raises living standards, and eradicates poverty.

Though the concept of entrepreneurship as a driving force of social and economic change didn't emerge in the mainstream until the 1960s, it had already made its debut in the economics world by the 1930s. Over the last decade, researchers have focused on small and medium-sized enterprises while studying entrepreneurship. Artisans and farmers, who are driving forces in rural development, have recently felt the effects of this trend.

Entrepreneurship in rural areas does not water down the definition of entrepreneurs in general. If you don't fit the mould society has cast for you, but you're still interested in striking out on your own, you could be an entrepreneur.

THE KEY TO RURAL DEVELOPMENT LIES WITH RURAL ENTREPRENEURSHIP.

Although the concept of entrepreneurship first arose in economics in the early 1930s, it has only been recognised as a significant driver of societal and economic change since 1960. Over the last decade, researchers have focused on small and medium-sized enterprises while studying entrepreneurship. Artisans and farmers, who are driving forces in rural development, have recently felt the effects of this trend. Entrepreneurship in rural areas is not a watering down of the term. An entrepreneur is someone who, rather than accepting the prescribed social position assigned to them, looks for other ways to make a name for themselves in the world. The social reference point of a rural entrepreneur becomes functionally relevant in the context of his deviant quest. Startups springing up in America's rural communities are emblematic of the rural industrialisation that the phrase "rural entrepreneurship" describes. Employment creation, income production, rural development, village republic construction, and the reduction of rural-to-urban migration are all examples of how this strategy may help the countryside [6]. Risk-takers, investors, capital providers, markets, technologies, and intermediaries all play important roles in the non-market activities that make up the rural entrepreneurial economy. These are categorised as follows:

Khadi and Village Industries Commission (KVIC) defined rural entrepreneurship as, "Village industry or rural industry means any industry located in rural areas, the population of which does not exceed 10,000 or such other figure which produces any goods or renders any services with or without the use of power and in which the fixed capital investment per head of an artisan or a worker does not exceed thousand rupees". The definition of village industry has been recently modified by the Government of India so as to enlarge its scope. Government of India defined rural entrepreneurship as, "Any industry located in rural areas, village or town with a population of 20,000 and below and an investment of 3 crores in plant and machinery is classified as a village industry".

RURAL ENTREPRENEURS IN INDIA: THEIR ROLE AND IMPORTANCE

The term "entrepreneurial ecosystem" refers to the intersection of markets, people, and technology, where new business prospects might flourish. The ecosystem model also recognises the transient nature of possibilities and the fact that shifting environmental factors may both foster and stifle the development of value chains. The obstacles and issues experienced by rural entrepreneurs in developing nations like India are examined in light of the aforementioned, which must be solved if self-employment is to take root and flourish in these areas.

There is a larger likelihood of a knowledge gap existing in rural areas, which might hinder the creation of new initiatives, however the extent to which this occurs depends on the specific sorts of businesses and the circumstances under which they are formed. Those businesses started by people who moved there specifically to take advantage of the area's natural resources may face difficulties due to their founders' inability to fully

appreciate the region's unique geography and culture, while indigenous startups may struggle due to their founders' unfamiliarity with the region's consumer base.

In terms of (b), money is essential to running a business. Without marketable security and credit, most rural enterprises can't get external funding. In addition, the time required to complete the application process for the credit facility sometimes leads rural businesses to become disenchanted. It's true that the government offers subsidies in rural regions, but they're ineffective because of the large cost of financing needed to implement them. While initiatives like as the Composite Loan Scheme, the Tiny Unit Scheme, the Scheme for Technical Businesses, etc. have been launched, they have fallen short of what rural entrepreneurs had hoped for. Loans are the major source of funding for rural entrepreneurs, which has shown to be a significant barrier to the growth of rural entrepreneurship due to the difficulty of raising money via equity due to a lack of financial expertise and a small financial corpus.

Lack of access to technology and infrastructure is a major hindrance to agricultural development in underdeveloped nations. Lack of interest, lack of coordination, disadvantage of geographic position for market access resulting in high transportation costs, etc. have all been cited as potential roadblocks to a business's growth. Since there are no economies of scale or scope, it is difficult to amass wealth or come up with new ideas in such places.

Human Resources: (d) It's tough for a business owner to find qualified people who are willing to work in remote areas. If employees lack the necessary skills, the business owner must offer training, which presents a significant challenge given that most of the workforce is illiterate and will need to be instructed in the local language. Not only do rural residents lack the understanding and skills necessary to take advantage of entrepreneurial possibilities, but neither do their families, communities, nor support networks encourage them to do so as a career path.

e) Administration: People in rural regions have a lower literacy rate, therefore they depend on internal links to facilitate the free movement of commodities, services, information, and ideas since they are not as acquainted with modern information technology. While close personal and family ties may be supportive, they can also stand in the way of productive business connections when combined with the fact that local politics can often stand in the way of making crucial choices, stunting the development of a company.

The standardisation of goods and services and the increased rivalry from large-scale units are two of the biggest challenges facing rural business owners in the marketing arena. As a result of their limited financial resources and restrictions on spending that money on sales marketing, these big scale entities also make it hard for new companies to survive. If they want to reach customers in rural areas, they will need to develop fresh approaches to marketing and communication. The reach of newspapers and magazines is also reduced in a rural setting. People in

rural regions tend to speak only their native tongues, and those who do know English or Hindi are in the minority. This makes communication a challenge.

REVIEW OF LITERATURE

The following is a brief summary of some of the most influential books currently available: The approach structure to small company growth that Piore and Sable (1984) provided in their book "The Second Industrial Divide" states that economic growth will be more successful when it occurs inside a political environment, and so serves to effectively support small-scale effort.

Vaessen and Keeble (1995) showed that small and medium-sized enterprises (SMEs) face difficulties in the external environment in rural regions that need them to change and adapt.

Sherief, (2005) studied the factors that contribute to a thriving entrepreneurial scene in rural areas and sought to identify the conditions that foster growth. Research shows that encouraging entrepreneurship is key to quickening the pace of economic growth in rural communities.

Ramalingam and Gayatri (2009) stated that Entrepreneurship growth may be aided by embracing innovation as a strategic strategy. Small innovations in rural areas would eventually catch up with the rest of the nation, the research found, improving the standard of living for many individuals.

Mair et al. (2009) stated that For example, social entrepreneurs might be seen as institutional entrepreneurs, or innovative actors who establish and advance new models of social, political, or cultural order. Community development efforts in eastern India are the focus of this research project, which aims to address the problems of institutionalised inequality and social exclusion.

Sharma, Swati, Vyas and Divya (2011) indicated that Employment issues, falling agricultural productivity, and growing food shortages are only some of the difficulties posed by rural regions' social, economic, political, and ecological concerns in emerging nations like India. It has had a significant effect on domestic output, employment, etc. The growth of rural Indian entrepreneurship is one potential solution to these issues.

It is critical that ranchers have the ability to get access to, recognise the potential in, and make use of the available resources.

OBJECTIVES OF THE STUDY:

Research objectives are very important for any research. It provides the real motive of a research. As per this research is conducted, following objectives are observed:-

- To know the concept of rural entrepreneurship and their role in rural development in India.
- To analyse the performance of rural entrepreneurs.
- To analyse the performance of rural entrepreneurs in economic development.
- To study the major challenges faced by rural entrepreneurship in India.
- To suggest some remedial measures to solve the problems faced by rural entrepreneurs.

RESEARCH METHODOLOGY

This research draws on a variety of primary and secondary resources for its analysis. Thirty business owners in Ranchi District's rural areas provided the bulk of the study's main data. The secondary data was analysed using many methods. Mathematical and statistical methods are used, such as growth rates and percentages. The data comes from the annual reports published by the Ministry of Micro, Small, and Medium Enterprises and housed at Udyog Bhavan in New Delhi. Rural Industries' successes in terms of production, sales, and employment are analysed using percentages and the simple growth rate. (The term GR refers to the straight-line expansion rate utilised in this investigation. The annualised rate of change (or growth rate) is calculated by subtracting the value of a parameter in one year (Yt) from its value in the year before (Y0), multiplied by 100.

ANALYSIS AND INTERPRETATION

Table No. 1 Performance of Rural industries (Khadi & village)

Year	Total Production (₹ In crore)		Total Turnover (₹ In crore)		Cumulative Emploment (₹In Lakh person)	
	Khadi	Village	Khadi	Village	Khadi	Village
2010-2011	673.01	19198.85	917.26	24875.73	10.15	103.65
2012-2013	761.93	23262.31	1021.56	26818.13	10.71	114.05
2013-2014	811.08	25298.00	1081.04	30073.16	10.98	119.40
2014-2015	879.98	26689.39	1170.38	31965.52	11.06	123.19

Source: MSME Annual Report 2014-15, & 2015-16

From the above table it is obvious that the rural industry has two segments; one is Khadi and another is village industry. Total output of Khadi industry was Rs.673.01 crore in FY 2010-11 which rose at Rs. 879.98 by the end of FY 2014-2015. During the four years span it rose as much as 31%. In other words, it may be claimed that the yearly average growth rate was 12% roughly. Whereas, the growth rate of output of village industrial sector was discovered 56% throughout the same time. It indicates it was growing average @14.8% yearly.

Similarly, the total sales value of Khadi industry was attained at Rs.1170.38 crore at the end of FY 2014-2015 as compared to Rs,917.26 crore in FY 2010-11. During the four year period the total sales value was increased at rate of 56%. In comparison to Khadi the sales values of village industries was 62% only within the same time.

During the time, cumulative employment in khadi sector was obtained at 11.06 lakh individuals at the end of FY 2014-2015 in contrast with 10.15 Lakh persons in 2010-11. During the four years span khadi industry provided barely 90,000 new employment. During the same era village industrial sector was created 19.64 lakhs new employment.

Table No. 2 Production & Sale of Village Industries Products

Years	Production (₹ in crores)	Change in Growth (In percent)	Turnover (₹ In crores)	Change in Growth (In percentage)
2011-2012	21135.1	-	25829.3	-
2012-2013	23262.31	10.06	26818.13	3.82
2013-2014	25298	8.75	30073.16	12.13
2014-2015	26689.4	5.50	31965.5	6.29

Source: Compiled from various issues of MSME annual reports

Revenue and production for rural and hamlet enterprises are reported in the table above. The manufacturing industry in the town has increased throughout the last year. From a total output value of Rs. 21135.1 Crores in 2011-12 to Rs. 26689.4 Crores in 2014-2015, production and sales have grown year over year. The income produced by Village Industries has also grown, from Rs. 25829.3 Crores in 2011-12 to Rs. 31965.5 Crores in 2014-2015. Village Industries' revenues climbed by 3.82% per year, while its production expanded by 6.29%.

Table No. 3: Employment under Village Industries

Years	Employment Generation (in Lakh)	Change in Growth (In percentage)
2011-2012	108.65	-
2012-2013	114.05	4.97
2013-2014	119.4	4.69
2014-2015	123.19	3.17

Source: Compiled from various issues of MSME annual reports.

The following table displays the performance of village or rural industry in regard of employment. Village Industries Employment has expanded from years, from 108.65 Lakhs Artisans in 2011 – 12 to 123.19 Lakhs Artisans in 2014 – 2015. But in respects to the employment, the yearly growth rate is declining from 4.97% in 2012-13 to 3.97% in 2014-2015..

Table No. 4: Opinion on reasons towards starting a new business

Reasons	SA	A	N	DA	SD	Mean	Rank
Dissatisfied with previous job	6	1	12	05	06	3.2	V
Encourage by family members, friends to start a new business	08	09	04	05	04	4.62	IV
Doing new thing in Business	20	08	02	0	0	5.54	I
More career progress	13	13	04	0	0	5.2	II
Enough knowledge about company operations to start a new one	13	10	05	02	0	5.06	III

Sources: Primary Data

The reasons why individuals should develop new enterprises are stated above in the table (Table 3). (Table 3). The quality of the arguments was scored from 1 to 5 on a scale from 1 (least compelling) to 4 (most convincing) (most convincing). Assign a number from 1 to 5 to show your degree of agreement: (1 = strongly disagree, 5 = strongly agree). Based on the statistics provided above, it seems that the biggest incentive for embarking into company ownership is the desire to become self-employed or the desire to experiment with new items in the rural markets of the Ranchi District. After that, you'll be able to move forward in your organisation and acquire greater recognition. They also indicate a low degree of discontent with their old employment or occupation. This is hardly a strong motivator for individuals to create a firm and immediately begin hunting for new work. The reasons why individuals should develop new enterprises are stated above in the table (Table 3). (Table 3). The quality of the arguments was scored from 1 to 5 on a scale from 1 (least compelling) to 4 (most convincing) (most convincing). Assign a number from 1 to 5 to show your degree of agreement: (1 = strongly disagree, 5 = strongly agree). Based on the statistics provided above, it seems that the biggest incentive for embarking into company ownership is the desire to become self-employed or the desire to experiment with new items in the rural markets of the Ranchi District. After that, you'll be able to move forward in your organisation and acquire greater recognition. They also indicate a low degree of discontent with their old employment or occupation. This is hardly a strong motivator for individuals to create a firm and immediately begin hunting for new work.

CONCLUSION & SUGGESTIONS

Rural entrepreneurship plays a vital role for economic growth in developing nations such as that of India. Rural entrepreneurship aids in improving the backward areas and so eradicating poverty. Government should go for review of rural entrepreneurship development initiatives and programmes in order to improve rural regions and consequently improving economic growth. It may be claimed that the reason why rural entrepreneurship finds it difficult to take off is due to lack of connection among the variables important to the nurturing of capital accumulation, risk taking and innovation. The rural development initiatives should integrate infrastructure development, education and health services, investment in agriculture and the promotion of rural non-farm activities in which women and rural people may participate themselves.

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