



RURAL ENTREPRENEURS OF ECONOMIC DEVELOPMENT IN INDIA

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Abstract

Rural entrepreneurship is now a day's a major opportunity for the people who migrate from rural areas or semi - urban areas to urban areas. It is also a fact on the contrary that the majority of rural entrepreneurs are facing many problems due to non-availability of primary amenities in rural areas like India. Financial problems, Lack of education, insufficient technical and conceptual ability at present it is too difficult for the rural entrepreneurs to establish industries in rural areas. Certainly the economic development of our country largely depends on the development of rural areas and also the standard of living in its rural mass. The paper also makes an attempt to find out the challenges and problems for the potentiality of rural entrepreneurship. It also tries to focus on the major problems faced by entrepreneurs especially in the field of marketing of products, other primary amenities like water supply, availability of electricity, transport facilities, required energy and financial amenities. Rural entrepreneurship however is the best answer for removal of rural poverty in India. Hence government should stress and emphasize more on integrated rural development programs. Also majority of the rural youths do not think of entrepreneurship as a career option. Hence organizations and government should come with training and sustaining support systems providing all necessary assistance so that rural youth can be motivated to take up entrepreneurship as a career.

Keywords: Rural Entrepreneurs, Economic Development, Conceptual ability.

Introduction

India is a country of villages. About three-fourth of India's population are living in rural areas out of which 75% of the labour force is still earning its livelihood from agriculture and its allied activities. Land being limited is unable to absorb the labour 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. Today rural entrepreneurship has emerged as a dynamic concept. In general parlance rural entrepreneurship is defined as "entrepreneurship emerging at village level which can take place in a variety of fields of Endeavour such as industry, business, agriculture and act as a potent factor for overall economic development. Compared to earlier days development of rural areas have been linked to entrepreneurship.

Entrepreneurship has a long history and has been defined in different ways. The term "entrepreneur" originated in France as early as the 17th and 18th centuries. As back as 19th century the word entrepreneurship was described as the venturesome individuals who stimulated economic progress by finding new and better ways of doing things. In the 20th century, the concept of entrepreneurship was further refined

and described entrepreneurs as innovators who drive change in the economy by serving new markets or creating new ways of doing things. The function of entrepreneurs is to reform or revolutionize the pattern of production in many ways: by exploiting an invention or, more generally, an untried technological possibility for producing a new commodity or producing an old one in a new way, by opening up a new source of supply of materials or a new outlet for products, by reorganizing an industry and so on.

In recent years the entrepreneurship has gained wide popularity on the whole globe. The rate of becoming entrepreneurs in women is more compared to men, rural entrepreneurship is one of the foundations of rural economic development. Rural entrepreneurship has emerged as a dynamic concept. It is generally defined as 'entrepreneurship emerging at village level which can take place in a variety of fields of Endeavour such as business, industry, agriculture and acts as a potent factor for economic development'. Development of rural areas, have been linked to entrepreneurship more than ever before. Entrepreneurship is now regarded as a strategic development intervention that could accelerate the rural development process by institutions and individuals promoting rural development. Entrepreneurship stands as a vehicle to improve the quality of life for individuals, families and communities and to sustain a healthy economy and environment. The majority of the rural population depends, directly and indirectly, on agriculture, fishery, animal husbandry or rural wage labour associated with plantations and ranches, along with ancillary activities linked to rural townships. Rural entrepreneurship development strategies aim at diversifying rural economic activities, which include the development of non-farm economic activities and facilitating the transition of informal activities into the formal growth sector. Indian agriculture is known for its multi functionalities of providing employment, livelihood, food, nutritional and ecological securities.

Rural entrepreneurship generally can be defined as creation of a new organization that introduces a new product, serves or creates a new market, or utilizes a new technology in a rural environment. 570 Million People engaged in Agriculture, 54% of total land is cultivable as against 15% in the world, All 15 major climates of the world, snow bound Himalayas to hot humid southern peninsula; Thar Desert to heavy rain areas all exist in India. In the live stock sector, India has 18% of cattle, 59% of buffalo, 19% of goats and 6% of sheep population of the world. In terms of the real value added, the Indian agriculture sector ranks third, after China and the United States. The share of agriculture in the total value added to the economy, at around 25 per cent, is still quite high. This implies that agriculture is likely to remain a priority, both for policy makers as well as businesses. Primary sector of our economy is Agriculture. It has backward and forward linkages with secondary & tertiary sector. Secondary sector involved in production, manufacturing, fabrication, construction etc. to facilitate operations of other two sectors.

Rural Entrepreneurship in India: Who should necessarily be capable of making use of the government schemes and policies for the betterment of rural people? Some individuals who happen to be NGO's and local leaders and also who are committed to the cause of the rural people have certainly been the catalytic agents for development. Though their efforts need to be recognized and lauded, yet much more needs to be done to reverse the direction of movement of people i.e., to attract people to rural areas which means not only stopping the outflow of rural people but also attracting them back from towns and cities where they had migrated.

Factor Analysis of Entrepreneurship Development among Rural Women

Entrepreneurship in rural areas include widening the base of a farm business to include all the non-agricultural uses that available resources can be put to or through any major changes in land use or level of production other than those related solely to agriculture Women entrepreneurs may be defined as a women or a group of women who initiate, organize and run a business enterprise. Women owned business are highly increasing. Rural women's entrepreneurship can contribute to economic growth in developing countries and clearly represents an untapped potential. For many rural women, entrepreneurship is part of a broader livelihood strategy, often undertaken on a part-time basis, and where it is difficult to separate production and reproduction tasks, as well as market and non market work. With few employment choices, women often start businesses in highly saturated sectors, in the informal economy and in low-productivity and low return

activities, where they benefit from little or no social protection. It helps to generate employment for number of people within their own social system. This is more beneficial for women in rural areas as it enable them to add to the family income while taking care of their farm, home and livestock centered tasks. Rural women possess abundant resources to take up an enterprise. Hence she can effectively undertake both production and processing oriented enterprises. But to be a successful entrepreneur, women should process.

Roles 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. They by channelizing the resources from less productive to move productive use create wealth. Through efficient and effective utilization of national resources, they act as catalysts for economic development and agents of social transformation and change. According to Joseph Schumpeter, the rate of economic progress of a nation depends upon its rate of innovation which in turn depends on rate of increase in the entrepreneurial talent in the population. According to Meir and Baldwin, development does not occur spontaneously as a natural consequence when economic conditions in some sense are right. A catalyst is needed which results in entrepreneurial activity to a considerable extent. The diversity of activities that characterizes rich countries can be attributed to the supply of entrepreneurs. They play a vital role for the economic development of a country in the following ways.

1. 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.

2. 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 steel 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.

3. 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 ancilliarisation and consequential development activities.

4. 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.

5. Increase in per Capita Income: 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.

Benefits from Rural Entrepreneurship

1. **Provide employment opportunities:** Rural entrepreneurship is labor intensive and provides a clear solution to the growing problem of unemployment. Development of industrial units in rural areas through rural entrepreneurship has high potential for employment generation and income creation.

2. **Check on migration of rural population:** Rural entrepreneurship can fill the big gap and disparities in income rural and urban people. Rural entrepreneurship will bring in or develop infrastructural facilities like power, roads, bridges etc. It can help to check the migration of people from rural to urban areas in search of jobs.

3. **Balanced regional growth:** Rural entrepreneurship can dispel the concentration of industrial units in urban areas and promote regional development in a balanced way.
4. **Promotion of artistic activities:** The age-old rich heritage of rural India is preserved by protecting and promoting art and handicrafts through rural entrepreneurship.
5. **Check on social evils:** The growth of rural entrepreneurship can reduce the social evils like poverty, growth of slums, pollution in cities etc.

Objectives of the study

1. To know the major benefits from rural entrepreneurship
2. To study the problems in rural entrepreneurship
3. To suggest some remedial measures to solve the problems faced by rural entrepreneurs

Methodology

The present study based on secondary sources. Secondary data was collected from books, journals, articles, magazines, internet and online database.

Financial Problems

1. **Paucity of funds:** Most of the rural entrepreneurs fail to get external funds due to absence of tangible security and credit in the market. The procedure to avail the loan facility is too time-consuming that its delay often disappoints the rural entrepreneurs. Lack of finance available to rural entrepreneurs is one of the biggest problems which rural entrepreneur is bearing now days especially due to global recession.
2. **Lack of infrastructural facilities:** The growth of rural entrepreneurs is not very healthy in spite of efforts made by government due to lack of proper and adequate infrastructural facilities.
3. **Risk element:** Rural entrepreneurs have less risk bearing capacity due to lack of financial resources and external support.

Marketing Problems

1. Competition: Rural entrepreneurs face severe competition from large sized organizations and urban entrepreneurs. They incur high cost of production due to high input cost. Major problems faced by marketers are the problem of standardization and competition from large scale units. Competition from large scale units also creates difficulty for the survival of new ventures. New ventures have limited financial resources and hence cannot afford to spend more on sales. These units are not having any standard brand name under which they can sell their products. The literacy rate among the rural consumer is very low.

2. Middlemen: Middlemen exploit rural entrepreneurs. The rural entrepreneurs are heavily dependent on middlemen for marketing of their products who pocket large amount of profit. Storage facilities and poor means of transport are other marketing problems in rural areas. In most of the villages, farmers store the produce in open space, in bags or earthen vessels etc. So these indigenous methods of storage are not capable of protecting the produce from dampness, weevils etc. The agricultural goods are not standardized and graded.

Remedial measures to solve the Problems faced by the Rural Entrepreneurs

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 state the business venture, the following measures may be adopted:

1. **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.
2. **Concessional rates if interest:** 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. **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 cost competitive and reasonable.
4. **Offering training facilities:** Training is essential for the development of entrepreneurship. It enables the rural entrepreneurs to undertake the venture successfully as it imparts required skills to run the enterprise. Presently the economically weaker entrepreneurs of the society are offered such training facility by Government of India regarding skill development of the existing entrepreneurs so that rural entrepreneurs can generate income and employment opportunities in rural area specially area like NE region.

Suggestions

1. Govt. should provide separate financial fund of rural entrepreneur.
2. The concern department should provide special infrastructure facilities whatever they need.
3. Govt. should arrange special training programmes for rural entrepreneurship.
4. Govt. should felicitate top ranker rural's entrepreneur.
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 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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