

“Challenges and Opportunities of Rural Entrepreneurship in India”

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Abstract:

Entrepreneurship is a wise answer to solve the unemployment, migration and to promote economic and social development in rural areas. Indian economy is highly dependent on rural economy as 72.2 % of the total population lives in rural areas where agriculture and allied activities are the major sources of income. Rural entrepreneurship is starting of enterprises in rural areas. The strengthening of the rural villages will encourage the preservation of natural resources and improve the rural economy. There exists a wide gap between rural and urban areas in terms of infrastructure, market and financial access etc. To reduce the disparities, revitalizing the rural economy can be achieved by establishing entrepreneurial ventures in rural areas. Rising rural incomes will have a multiplier effect by raising the demand for farm and nonfarm products and services instigating growth of employment opportunities. Indian Government has been continuously assigning increasing support and importance for the promotion and growth of rural entrepreneurship. The obstacles for growth of rural entrepreneurship are literacy, risk aversion, lack of skilled labor, less technical knowhow, limited access to essential services, lack of communication facilities etc. This paper provides an insight into the present scenario of rural entrepreneurship, advantages, opportunities, challenges and problems faced by the entrepreneur and institutions promoting rural entrepreneurship and their role in developing and fostering rural enterprises. Attempts have been made in this paper to discuss the key issues related to

entrepreneurship and its challenges, problems and opportunities in India. It will also discuss the role of government in developing the rural developing

Keywords- Rural Entrepreneurship, Challenges, Opportunities

Introduction:

Most of the businesses in rural India are family owned thus providing a firm entrepreneurial base which can be exploited by the establishment of the rural entrepreneur centers. According to a recent study by the Rural Policy, rural areas who just need support to specify their thirst for the welfare of the public. These are the social entrepreneurs working in non-profit enterprises such as social justice organization, micro enterprises and business association. Many of the young enthusiastic people turn towards the cities in order to fulfill their desire to become successful. The rural India cannot provide the growth prospect for these young entrepreneurs to be successful. It results that the most of them end up in finding ordinary and management jobs. The government can introduce such a programme which can provide an incentive for these young people and help them in setting up entrepreneur projects.

Objective of the study:

- 1) To study the concept and features of Rural Entrepreneurship in Indian scenario.
- 2) To study the necessity of Rural Entrepreneurship in Indian scenario.
- 3) To point out challenges and opportunities of Rural Entrepreneurship in India
- 4) To provide necessary recommendation for enhancing Rural Entrepreneurship in India

Research Methodology:

The present research is Descriptive Research. For the purpose of the study, data have been collected through secondary sources such as reference books, journals, articles published on internet websites etc.

Concept of Rural Entrepreneurship:

An entrepreneur is a person who either creates new combinations of production factors such as new methods of production, new products, new markets, finds new sources of supply and new organizational forms or as a person who is willing to take risks or a person who by exploiting market opportunities, eliminates disequilibrium between aggregate supply and aggregate demand or as one who owns and operates a business. India is a country of villages. More than three-fourth of India's population are living in rural areas. Among this population about 75% of the labor force is still earning its bread and butter from agriculture and its allied activities. Land factor which is limited, it is also unable to absorb the labor force in agriculture. Thus, there is a need to develop rural industries to solve rural unemployment and rural migration to cities. An essential pre-condition to development of the nation as a whole is Growth and development of rural economy. The basic object of this is to lessen the gap between rural urban disparities. In broader sense, rural entrepreneurship is defined "as the enthusiastic willingness of a villager to organize his or her economics activity, whatever it may be (a business, a job, an investment etc) with the help of appropriate technology and practices conceived for a sustainable living."

Necessity of Rural Entrepreneurship in Indian Scenario:

After over six decades of independence and industrialization in our country, still large part of population remains under poverty line. Agriculture continues to be the backbone of rural society. As per this study, seventy percent of holdings are held by small and marginal farmers resulting in overcrowding on the agricultural land and diminishing farm produce. This also results in migration of farm worker in large numbers to the urban areas. In both the cases the population remains under poverty line. Agricultural work force has a share of seventy per cent in

the total work force of the country. Cultivators who own farmland come to about sixty-eight percent of this work force while agricultural labor accounts for the remaining thirty two percent. These cultivators are increasing in numbers over the years but the large increase was among the agricultural labor, which went up from twenty percent of the rural work force to thirty two percent. One also needs to keep in mind that there is a continuous growth of population. Thus it can be said that, the policy for rural entrepreneurship development has to tackle, the problems by providing other occupation option to the rural youths. "Youths in the rural areas have little options", this is what they are given to believe. This is the reason that many of them either work at farm or migrate to urban land. The need is to plant other option in the minds of rural youth. Entrepreneurship could be the best option. If planted and nurtured in the minds of rural women and youth, It could result is revolutionizing the Indian economy. It should be emphasized that the projects undertaken by these entrepreneurs should not be constrained by its location in rural areas. It should enjoy all the advantages of the location. So what is remarkable about a villager simply organizing his or her economics activity? In this context, it is remarkable that the majority of this vital workforce, because it is unorganized, goes without social security, job training, market data, insurance, health care, easy access to credit, efficient processes for production, marketing, accounting etc... The list is endless .While the government and a large number of NGOs are trying to address the various needs of the unorganized sector, any contribution, however small it is, made by anyone is a breath of fresh air for the people in this sector.

Challengers of Rural Entrepreneurship:

Rural entrepreneurship has its own drawbacks. Policies such as keeping of land in protection when there is already an over production and pricing income are two of the greatest threads to rural entrepreneurship. Due to the remote access and unavailability of knowledgeable labor, commercial markets and managerial staff are hindered due to the remote locations. It is vital for the success of the rural communities that the development of each rural project remain

in the hand of the local agencies which in return cooperate with the government to oversee the leading factor that can help develop the rural areas.

1) Pricing:

It is easier to collect in larger amounts as every instance of collection and carrying of cash has associated cost. Disposable income, through, isn't always high since the bulk of rural India is agriculture and income cycle in agricultural are very erratic and not as predictable as in the case of us salaried individuals

2) Developing inorganic scale:

Finding the right partner with reach and presence in villages is very difficult to start with. More importantly, there are very few players who are strong on these counts across multiple typically requires partnerships resulting in higher partner management overheads.

3) Distribution and logistics :

Infrastructure contains to be a challenge in rural India. In addition to that, the scarcity of an efficient distribution network prevents penetration of products or services into rural India.

4) Payment collection:

The majority of the rural population is still unbanked. Clearly, non-cash collection becomes rather unlikely. Cash collection; on the other hand, are messy and difficult to monitor.

5) Scaling across geographies :

India is a land of many cultures and tradition, the contrast become that much starker in the case of rural India. Setting up operation on pan-India level represent different types of hurdles in different states ranging from political juggling to downright local factors. Any model where scalability involves scaling on-ground operations is bound to run into myriad issues as we move from one state to the next. Add to that the greater differences in consumer tastes and behavior across geographies then in the relatively more cosmopolitan urban population.

6) Social and cultural challenges:

One of the reasons for the failure of the kiosk model in Kuppam (HP's i.e. community) was the lack of usage by women which was largely due to their discomfort in going to kiosks run by men.

7) **Poor self- image of rural youth & inadequate motivation :**

Strong motivation is the '*mahamantra*' for success of any activity. Especially, the rural young generation is suffering with poor self-image. This is killing the talents of the rural youth.

8) **Infrastructure sickness:**

The rural India is still suffering with lack of infrastructure facilities. But at the same time, government is not concentrating on creating the rural infrastructure. This is the pitiable situation of rural India.

9) **Cultural values:**

In comparing to the urban people, the rural people have been committed to strong cultural values. In this globalizes world the most traditional people are also fatly adopting the foreign cultures and traditions. In fact the rural people don't easy to change the cultural values.

10) **Policy Challenges:**

Now and then there are lots of changes in the policies to change in the government. Problems of raising equity capital, Problems of availing raw-materials, Problems of obsolescence of indigenous technology Increased pollutions Ecological imbalanced, Exploitation of small and poor countries etc.

11) **Growth of Mall culture:**

Because of the globalization, modern economy encouraging is the mall culture rather than the traditional shops. Another side rural Indian people income is also increased, because of that these people also attracted to mall culture.

12) **Poor Assistance & Power failure :**

These two are the major challenges faced by the rural people. India is not a developed country, it is still developing country. Moreover India, don't have a sufficient power and

electricity infrastructure facilities to satisfy the needs of their people. For filling the gap between the demand and unavailability the government of India has been committed to power cut to rural areas.

13) Lack of technical know How:

Rural Indian people they don't have strong technical educational knowledge. That is the reasons these people don't know how to use latest technology still majority of the rural entrepreneur's traditional and old technology.

Opportunities for Rural Entrepreneurship in India:

In spite of the above problems and challenges following are various opportunities for Rural Entrepreneurship in India;

- 1) Benefits of specialization
- 2) Social and cultural development
- 3) Free entry into world trade
- 4) Improved risk taking ability
- 5) Governments of nations withdrawn some restrictions
- 6) Spread of Technology and inventions spread into the world.
- 7) Encouragement to innovations and inventions.
- 8) Promotion of healthy completions among nations
- 9) Consideration increase in government assistance for international trade
- 10) The establishment of other national and international institutes to support business among the nations of the world

Role of government in Development of Rural Entrepreneurship:

Many successful entrepreneurs are prospering in the cities who are hailing from rural areas. It is essential to have a balanced regional development of the country and to avoid the concentration of industry in one place. Responsibility of rural areas is to try for better utilization

of human resources as well as to improve the rural economy. Government has moral responsibility in designing, promoting, innovating rural entrepreneurial development programme for the upliftment of the rural economy on which the urban economy is build upon. Government should encourage the rural population and try to a bridge the gap between the extended and remote communities. But here, the government is not playing the role sincerely. Always, all the times government has only concentrate on the urban industrialization and urban economy development. This is the right time the governments are changing their policy, and come forward with the more beneficial policies, schemes and subsidies for development of rural entrepreneurship as well as economy.

Suggestion for enhancing the worth of Rural Entrepreneurship in India:

The above analysis clearly reveal that Rural entrepreneurship should not only set up enterprises in rural areas but should be also using rural produce as raw material and employing rural people in their production processes. The following are few recommendations which may enhance the worth of rural entrepreneurship in the future.

- 1) To develop region through startup new companies or organization attract
- 2) Encourage skilled and professional people who have left in the rural community to come back in the main stream of the economic activities
- 3) To the area, laid-off skilled labor from nearby region and generate employment and provide job opportunities
- 4) To meet particular local employment needs
- 5) To help develop flexible manufacturing networks of co-operatives, micro and other manufacturing businesses
- 6) To promote co-operation between small firms in the network, thus promoting their competitive efficiency
- 7) To develop and produce a particular product that none of the firms could manufacture alone

- 8) To intensify training programmers to build the vocational skills for rural population
- 9) Start Small Branding work should come first Push through the discomfort

Conclusion:

From the above critical study it can be concluded that, to accelerate economics development in rural areas, it is necessary to promote entrepreneurship. Entrepreneurial orientation in rural areas is based on stimulating local entrepreneurial talent and subsequent growth of indigenous companies in the country. This in turn would create jobs and add economics value to a region, and at the same time, it will keep scarce resources within the community. Rural entrepreneurship plays an important role for economic development in developing countries such as India where it is still underdeveloped. There are many problems and challenges in growth of Rural Entrepreneurship. However there are immense opportunities in current Indian scenario. To bring a change the institutions needs to focus on synergies between Educations including modern vocational education training skill development; Innovation and Entrepreneurship should be encouraged

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