

# ***A STUDY ON RURAL ENTREPRENEURSHIP IN INDIA CHALLENGES AND REMEDIES***

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## **I. ENTREPRENEURSHIP**

Entrepreneurship is the process of Designing, launching and running a new business, which is often initially a small business. The people who create these businesses are called entrepreneurs. It has been described as the “capacity and willingness to develop, organize and manage a business venture along with any of its in order to make a profit.

### **Concept of Rural Entrepreneurship**

Rural Entrepreneurship is emerging at village level which can take place in a variety of fields of endeavor such as business, industry, agriculture, and acts as a potent factor for economic development. The fundamental role of Rural Entrepreneurship is to provide employment opportunities and consequently, applying a check on migration. Industries in rural areas are mostly micro or tiny in structure and quick yielding. In other words, their gestation period is much less as compared to large scale industries. Rural industries are also labor intensive and provide substantial employment opportunities to rural folks of all age groups. Few examples of such type of industries are Food Processing industry, Poultry industry, cottage and handicrafts industry, etc. This also helps in balanced regional growth and promotion of artistic activities. Our cuisine is mouth watering, scenic beauty is breathtaking, folk dances are simply enchanting, and there is a wide array of places of tourist attraction. These are just a few of the reasons why Government has termed us as

Incredible India. Nearly two-thirds of our fellow brothers and sisters live in the villages where our roots are contained. There is the wealth of craft, performing art, vivid lifestyle and cultural diversity contained in our rural India. Thus, rural entrepreneurship will further help bridge this gap between the rural and urban areas and the development of urban areas won't happen at the cost of our rural areas.

### **Challenges faced by rural entrepreneurship in India**

Rural enterprise faces an overabundance of problems, usually called teething troubles when he sets up his enterprise. Below are some of the problems which are usually faced by rural entrepreneurs in India.

#### **Financial problems**

##### **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 disappoints the rural entrepreneurs. Lack of finance available to rural entrepreneurs is one of the biggest problems which rural entrepreneurs are bearing nowadays especially due to global recession.

Lack of Infrastructural Facilities: The growth of Rural Entrepreneurship is not very healthy inspire of efforts made by government due to lack of proper and adequate infrastructural facilities

Risk Element: Rural Entrepreneurship has less bearing capacity due to lack of financial resources and external support

### **Marketing problems**

#### **Competition**

Rural entrepreneurship faces severe competition from large sized organizations and urban entrepreneurs. They incur high input cost of production due to high input cost. Major problems faced by marketers are the problem of standardization and competition from large –scale units. They face the problem in fixing the standards and sticking to them. Competition from large scale units also creates difficulty for the survival of new ventures.

#### **Middlemen**

The rural entrepreneurs are heavily dependent on middlemen for marketing of their products who pocket large amount of profit. Storage facilities and means of transport are some of the problems facing in rural areas.

### **Management problems**

Lack of knowledge in Information and technology:

Information technology is not very common in rural areas. Entrepreneurs rely on internal linkages that encourage the flow of goods, services, information and ideas. The intensity of family and personal relationships in rural communities can sometime be helpful but they may also present obstacles to effective business relationships. Business deals may receive less than rigorous objectivity and intercommunity rivalries may reduce the scope for regional cooperation. Decision making process and lines of authority are mostly blurred by local politics in rural areas.

#### **Legal Formalities**

Rural entrepreneurs find it extremely difficult in complying with various legal

formalities in obtaining licenses due to illiteracy and ignorance.

### **Procurement of Raw materials**

Procurement of raw materials is really a tough task for rural entrepreneur. They may end up with poor quality raw materials, may also face the problem of storage and warehousing.

### **Lack of Technical Knowledge**

Rural entrepreneurs suffer a severe problem of lack of technical knowledge. Lack of training facilities and extension services create a hurdle for the development of rural entrepreneurship.

### **Poor Quality of Products**

Another important problem is growth of rural entrepreneurship is the inferior quality of products produced due to lack of availability of standard tools and equipment and poor quality of raw materials.

### **Human resources problems**

#### **Low skill workers**

Entrepreneurs of rural areas are unable to find workers with high skills due to high turnover. In this case they have to be provided with job training and are generally a serious problem for entrepreneur as they are mostly illiterate and they have to be taught in local languages for better understanding. The industries in rural areas are not only established just to take advantage of cheap labour but also to bring an integrated rural development. So rural entrepreneurs should not look at rural area as their market, they should also perceive the challenges existing in urban areas. Rural entrepreneurs are generally less innovative in nature and have options to choose. This is the reason that most of the people are migrating to urban areas.

### **Negative Attitude**

The environment in the family, society and support system is not conducive to encourage

rural people to take up entrepreneurship as a career. It may be due to lack of awareness and knowledge of entrepreneurial opportunities. The young and well educated mostly tend to leave. As per circumstances, rural people by force may be more self sufficient than their urban counterparts, but the culture of entrepreneurship tends to be weak. Continuous motivation is needed in case of rural employee who is sometime difficult for an entrepreneur to

### **Remedies**

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 start the business venture, the following measures may be adopted.

### **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.

### **Concessional rates**

The rural entrepreneurs should be provided finance at concessional rates of interest and on easy repayment basis. The cumbersome formalities should be avoided in sanctioning the loans to rural entrepreneurs.

### **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.

### **Offering training facilities**

Training is essential for the development of entrepreneurs. 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 under Prime Minister's RozgarYojna. (PMRY) Programmed FICCI, (NGOs) Lions Clubs, Rotary Clubs and voluntary organizations can also arrange such training programmes for rural entrepreneurs to provide them stimulation counseling and assistance .For rural entrepreneurs, individual based EDI' approach is highly relevant where the motivation and familiarization processes coupled with promise of bank credit and support by way of escort services could persuade rural youth with certain basic skills of- hands on technology to start small enterprises.

### **Setting up marketing co-operatives**

Proper encouragement and assistance should be provided to rural entrepreneurs for setting up marketing co-operatives. These co-operatives shall help in getting the inputs at reasonable rate and they are helpful in selling their products at remuneration prices. Hence, middlemen can be avoided and rural entrepreneurs derive the benefits of enterprise. Common production-cum-marketing centres should be set up with modern infrastructural facilities. Thus, proper education, comprehensive training, setting up of separate financial institutions, development of marketing co-operatives to a large extent help to flourish the rural entrepreneurs in India. Further, both government and non-government agencies should play an important role.

## **II. SUGGESTIONS**

- Govt. should provide separate financial fund of rural entrepreneur.
- We should provide special infrastructure facilities whatever they deed.
- Govt. should arrange special training programmes of rural entrepreneurship
- Govt. should felicitate top ranker rural's entrepreneur.

- Rural entrepreneur should more competitive and efficient in the local & international market. 6. Use should invite successful rural entrepreneurs from other states of country.

### III. CONCLUSION

Rural Entrepreneur plays a vital role in the economic development of India, particularly in the rural economy. It helps in generating employment opportunities in the rural areas with low capital, raising the real income of the people, contributing to the development of agriculture by reducing disguised unemployment, reducing poverty and migration. 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.

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