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Rural Entrepreneurship

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I. INTRODUCTION

Seventy-Five percent of the total population of India belongs to rural areas or villages. Indian economy is highly dependent on the rural economy where agriculture and allied activities are the major sources of income. It has been seen that entrepreneurship is a good solution to solve unemployment, and migration and to promote economic and social development in rural areas. Rural entrepreneurship brings harnesses innovation and invention, producing low-cost manufacturing goods, promoting exports, and providing employment for a hundred million peasants contributing to 'Sustainable Economic Development'. 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 non-farm products and services instigating the growth of employment opportunities. Rural Entrepreneurship proves to be very significant in India. As the rural industries are labor-intensive, they tend to have a **high possibility of generating employment**, which acts as a corrective measure to a number of problems causing due to unemployment stemming in rural areas. Rural industries have a comparatively high potential of generating income, which **reduces the disparities amidst income** earned by people living in urban and rural areas. Rural entrepreneurship **stimulates the dissemination of economic activities** in the village areas, which ultimately results in balanced regional development. It does not just **protect but also promotes the art, culture, and creativity**, i.e. the varied heritage of that particular region. When industries are set up in rural areas, it **advances economic development** which reduces migration of the villagers to urban areas. Curtails unequal growth in urban areas, **decreases the development of slums**, environmental pollution etc.

II. CHALLENGES IN RURAL ENTREPRENEURSHIP

As we know that the development of entrepreneurship in rural areas is not as easy as in urban areas. As there are a number of problems which needs to be catered. Some of them are listed as under:

- Paucity of Funds
- Lack of technical know-how
- Lack of training and development
- Non-availability of skilled labours
- Risk Element
- Legal Formalities
- Lack of technical knowledge

- Lack of Quality Control
- Lack of communication and market insights
- Lack of storage and transportation facilities
- Old and obsolete technology, machinery and equipment
- Lack of promotional strategy
- Lack of infrastructural facilities
- Poor quality standards

Besides the above challenges, one major problem encountered at the time of entrepreneurship development in rural areas is the **lack of knowledge and awareness in people** with regard to the significance of developing industries in the rural areas. Moreover, the rural population does not show much interest in choosing an entrepreneur, as their career.

The rural population generally goes for employment due to a fixed and regular income, limited working hours, no investment and less degree of responsibility. This is due to the status given to salaried people by society than to the self-employed ones.

III. DEVELOPMENT OF RURAL ENTREPRENEURSHIP

Setting up an industry in rural areas so as to develop entrepreneurship is not an easy task. Indeed it encompasses a series of activities. These are certain measures recommended for the development of entrepreneurship in rural areas.

Availability of Raw Material: For the establishment of any industry, the availability of adequate raw materials is a must. Nevertheless, the non-availability of raw materials along with their expensiveness has weakened the growth of such industries. Over the years, it has been observed that rural industries that have a heavy raw material base produced in the rural areas themselves, often sustain in the long run. Hence the rural entrepreneurs should be ensured of the proper supply of raw materials.

Creation of Finance cells: To start and operate an industry smoothly and uninterruptedly in rural areas, finance acts as a fuel. Availability of funds at the time of need, at a reasonable rate of interest, is the major requirement, which must be fulfilled. For this purpose banks and financial institutions can be opened, which can remove the hindrances caused due to the lack of finance.

Production cum Marketing centres: Production cum marketing centres need to be established with state-of-the-art technology and advanced infrastructural facilities in the areas where the rate of production and growth is high. It encourages export business as well as bring together the buyers and sellers, and eliminates intermediaries.

Development of Entrepreneurial Attitude: If the entrepreneurs lack aptitude and competency, it will make the industrial unit sick. So, the entrepreneurial attitude and competencies need to be developed among the would-be entrepreneurs by way of training programs such as the EDP – Entrepreneurship Development Programme.

Entrepreneurial Education: To impart entrepreneurial skills, attitude and acumen in the youth, entrepreneurial education should be given in schools, colleges and universities. This will shape and direct the young minds to work or make their career in that field.

Awareness: Basically, the non-availability of the facilities is not a big problem, rather the big problem is the non-awareness of the facilities available for the development of rural entrepreneurship. So, the steps must be taken to make the people aware of the facilities and support provided to the entrepreneurs, to assist them in establishing industries in rural areas.

Institutional Training: Facilities should be made to provide institutional training to direct the entrepreneurs in the products and trades so that the resources of the region can be utilized in the best possible manner.

Of the above-given measures, setting up of marketing cooperatives is an effective way which will provide complete assistance, guidance, direction and encouragement to the rural entrepreneurs for establishing the business. These will help the rural entrepreneurs to get the desired inputs at a reasonable price, as well as they can sell their output at competitive prices.

IV. TYPES OF RURAL ENTREPRENEURSHIP

Agro-Based Enterprises: As the name suggests, these enterprises indulge in the direct selling or processing of agriculture products, for example, sugar, dairy products, fruit juice, spices, oils from oilseeds, jaggery etc.

Forest-Based Industries: Industries dealing in the supply of wood or wood products, the coir industry, beedi industry, honey making, bamboo products, etc. are covered under the forest-based industry.

Mineral-Based Industries: The cement industry, stone crushing, wall coating powders, etc. are included in the mineral-based industry.

Textile Industry: Industry in which weaving, spinning, tie and dye, coloring and bleaching of textile are carried out is covered under this category.

Handicrafts: Craft or artistic items made of wood, bamboo, glass, jute, soil, etc. are called as handicrafts. Moreover, traditional decorative items, toys, antiques etc. are also covered here.

Engineering Services: It may include tools and equipment used in agriculture such as tractors, pumps, pipes and fittings, repairs, etc.

Self-Helping Groups (SHG) :It is a small, self-organized group of impoverished individuals who are preferably from similar socioeconomic backgrounds. They gather together to solve their common difficulties through self-help and mutual assistance. The SHG encourages its members to save tiny amounts of money; these savings are deposited at a bank .SHG significantly become responsible for the generation of self-employment and entrepreneurship by raising the level of income and standard of living among the rural people and weaker sections. In this context, one of most achieved objectives of rural entrepreneurship is the formation of Self Help Groups. Indian labour consists of many people mostly women who belong to the **rural population**. Due to the shortage of resources, opportunities, and social constraints, they're unable to elevate their living conditions. Self-help groups are the way to pave a far better opportunity for ladies and expand their success horizons. Self-help groups are informal groups that come together to beat their common problems and improve their standard of living. The members of such groups belong to identical social and economic backgrounds. SHGs are self-governed and controlled groups where the members voluntarily come up with the quantity they will conveniently save out of their earnings. It acts as the mutually agreed contribution to the common fund and is employed to supply loans to the members. SHGs have emerged as an efficient tool in elevating people from below the **poverty level** and improving their living conditions and social station by promoting self-employment.

V. BENEFITS OF SELF-HELP GROUP/IMPORTANCE OF SELF-HELP GROUP

- Self-help groups help in **women's empowerment** by making them independent financially and intellectually.
- It has a serious role to play in combating social evils like gambling, alcoholism, the white plague, and more. It instills better habits within the members and leads them to be responsible and become better individuals.
- It helps in elevating the utilization opportunities in **rural India** and for the **agricultural** and concrete amongst poor people. It supports micro-level entrepreneurship which reduces the dependence on one source of income and widens income horizons for the members.

- On being a member of SHGs, quick access is provided to government policies and schemes. The schemes are meant for the marginalized and backward section of the society from which most of the members belong.
- It helps in improving the quality of living by providing employment opportunities through micro-finance entrepreneurship. It improves the living standard, Health Care, birth control and literacy rates of the weaker sections of the society.
- It helps within the financial discipline because the members are encouraged to open savings bank accounts which a brief marginalized Savings and improvement in living conditions by spending on **education**, health, and much more.
- It increases the active participation within the democracy of the members and all other aspects of the government The weekend marginalized section of the society would be included within the government which might pave way for better roles and policies for his or her **development** and betterment.

VI. SHGs TRANSFORMING THE FACE OF RURAL ENTREPRENEURSHIP IN INDIA'S VILLAGE

"When a destitute mother starts earning an income, her dreams of success invariably center around her children. A woman's second priority is the household. She wants to buy utensils, build a stronger roof, or find a bed for herself and her family. A man has an entirely different set of priorities. When a destitute father earns extra income, he focuses more attention on himself. Thus money entering a household through a woman brings more benefits to the family as a whole." – Nobel Laureate Muhammad Yunus, Founder – Grameen Bank

Women in rural India have always been given a secondary status and undermined on her capabilities to excel and be relevant in today's time – be it at home or in society. Despite development, rural women still remain marginalized (even living in families) and can never break free from this cycle without proper guidance and help. In a study, it was found that they lack four basic things which are essential to becoming independent: *Knowledge, Finance, Power, and Opportunity*. Self-help groups fulfill the four criteria cited – thereby making women financially stable and empowered. The DBSSs in rural communities are using this tool to empower women at both household and personal levels.

Take for example Pinki Makhhal from Khanberi village in Tahkurpukur Mahestola district in West Bengal who is running a successful poultry business in the village. Timid by nature, today she is a strong and vibrant lady who is helping other women in the village as well. But her situation was not always the same. At the early age of 19, she got married to Gopal Makhhal of the same village. Post-marriage, she started working as a daily wage agricultural labour on a pay of Rs. 150 per day. While her male counterparts received Rs. 200 for the same kind of labour. The total household income was around Rs. 6000 then. While on a visit, the DBSS Kolkata held a meeting in her village on the benefits of SHG. Following that, Pinki along with 11 more women formed an SHG and named it "Alo" which means light in English. Through 'Alo' she received poultry chicken from the government and training on how to rear the chickens and keep it healthy. In 2013, she took a loan of Rs. 10,000/- from the bank through her SHG which she used to repair her house. In 2014 again she took another loan of Rs. 40,000/- from her SHG to start a pisciculture business and presently owns a pond and does fish farming. Her fish business has given her good returns which she re-invested in her business. She also felt that her husband too should have a permanent job and helped him to get driving lessons to become a driver. Initially her husband used to drive a vehicle called as "Chota Hathi" (small tempo) owned by someone else. Thus, Pinki realized that this is not giving much yield to her and her husband so with the loan of Rs 75, 000 plus adding her savings of Rs 30,000 Pinki and her husband purchased their own second-hand ChotaHathi. Within a span of two years Pinki repaid all the loans and with the profit and her savings Pinki finally bought a new matador. Now Pinki and her husband earn around Rs 22,000 a month. Pinki has built a pucca (permanent) house with a concrete roof. She is now leading a happy and dignified life.

Government of India has been continuously assigning increasing importance and support for the promotion of rural entrepreneurship. Schemes like Sansad Adarsh Gram Yojna, Heritage Development and Augmentation Yojna (HRIDAY) and National Rural Livelihood Mission these are the Schemes that have been appreciated a lot for Rural Entrepreneurship.

To conclude rural entrepreneurship plays an important role for economic development in developing countries such as India where it is still underdeveloped. To bring a change the institutions needs to focus on Vocational Training, innovation and Entrepreneurship.

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