

# Rural Enterprenurship-As An Economic Force For Rural Development



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## Abstract

Nearly 70% of the total population lives in rural areas where agriculture and allied activities are the main stay of their lives. The economic development of our country depends largely on the development of rural areas. Rural development is more than ever before linked to entrepreneurship. Institutions and individuals promoting rural development now see entrepreneurship as a strategic development intervention that could accelerate the rural development process. The entrepreneurial orientation to rural development accepts entrepreneurship as the central force of economic growth and development, without it other factors of development will be wasted or frittered away. However, the acceptance of entrepreneurship as a central development force will only lead to rural development and the advancement of rural enterprises.

**Keywords:** Rural enterpreneuship, Chalanges, Risk taking, Rural community & Capital Management, technology, skilled labour, agricultural extension services.

## Introduction

The economic development of our country depends largely on the development of rural areas. Due to Land being limited is unable to absorb labour in agriculture to a great extent. The need of the hour is to identify such ways and means through which additional employment is found in usual areas and labour absorption is made possible. Entrepreneurship is an answer to this grave problem and it can play an important role in controlling rural unemployment. institutions and individuals seem to agree on the urgent need to promote rural enterprises: development agencies see rural entrepreneurship as an enormous employment potential; politicians see it as the key strategy to prevent rural unrest; farmers see it as an instrument for improving farm earnings; and women see it as an employment possibility near their homes which provides autonomy, independence and a reduced need for social support. To all these groups, however, entrepreneurship stands as a vehicle to improve the quality of life for individuals, families and communities and to sustain a healthy economy and environment.

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.

## Objective of the Study

Objectives of Proposed study are as follows:-

1. To study the reasons why to Promote entrepreneurship as a force of Rural development.
2. To study the problems faced in growth of rural entrepreneurs
3. To find out the remedies to solve the problems of rural entrepreneurs.
4. To deals with what policies are required to enhance Rural entrepreneurship.
5. To provide suggestions for development of rural entrepreneurship.

## Review of Literature

A chronological description of Literature and findings of authorities are being enlisted as follows:-

“Entrepreneurship development” by S.G. Bhanshali, author discuss about entrepreneurship, How can it be developed in Modern technological context. How Ruler entrepreneurship can be enhanced for Rural development.

“Rural women Empowerment in India”, by Ram Naresh discussed about women empowerment in villages. How women contribute towards rural development. He thoroughly discussed the problems, challenges faced by women.

"Problems faced by Rural entrepreneur and Remedies to solve it" by Sandeep Saxena, He discussed about the problem in rural areas faced by Rural entrepreneur for example financial problem, Technical Problem etc.

"Role of Rural entrepreneurship in rural development" by Kalpna Nandanwar. She in her article thoroughly focussed on the importance of rural entrepreneur towards economic development of rural areas.

#### **Methodology**

The data required for the present study are collected from secondary sources. The Secondary data are collected from various published sources such i.e. magazines, newspapers, journals, books, and various other publications. Moreover, some important information is also collected from relevant websites. The methodology is of such nature as may lead to Logical and systematic body of Proposed Problem and may able to be conclusive. The present study is descriptive in nature.

#### **Rural Entrepreneurship**

##### **What is Rural Entrepreneurship**

Defining entrepreneurship is not an easy task. There are almost as many definitions of entrepreneurship as there are scholar books on the subjects (Byrd W.A., 1987, p. 3). To some, entrepreneurship means primarily innovation, to others it means risk-taking? most appropriate for the rural area context, it is important to bear in mind the entrepreneurial skills that will be needed to improve the quality of life for individuals, families and communities and to sustain a healthy economy and environment. It is important to stress that rural entrepreneurship in its substance does not differ from entrepreneurship in urban areas. Entrepreneurship in rural areas is finding a unique blend of resources, either inside or outside of agriculture. This can be achieved by 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.

Rural Entrepreneurship implies entrepreneurship emerging in rural area or rural industrialization. Industrialization can not originate or sustain without entrepreneurship, whether rural or urban. Thus, we can say, entrepreneurship precedes industrialization. Rural entrepreneurship is the only solution to rural poverty and backwardness. Rural industrialization through the development or rural entrepreneurship seems to be the answer to poverty, unemployment and backwardness of Indian economy.

##### **Importance of Rural Entrepreneurship in India**

The development of rural entrepreneurs is a complex problem which can be tackled by the social, political and economic institutions. The sooner they are established the better it would be for the entrepreneurial development in the rural sector and the economic growth of the country.

##### **Attract Investment from outside**

Entrepreneurial, orientation to rural development, contrary to development based on bringing in human capital and investment from

outside, is based on stimulating local entrepreneurial talent and subsequent growth of indigenous companies. This in turn would create jobs and add economic value to a region and community and at the same time keep scarce resources within the community.

##### **Provide Employment Opportunities**

Unemployment has been one of the major problems of developing nations and India being no exception to it, has been suffering from unemployment for quite long now. 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. Not only industrial units but small and medium scale enterprises can also contribute a lot in dealing with the challenge of unemployment.

##### **Check on Migration of Rural Population**

Rural entrepreneurship can fill the big gap and disparities in income of rural and urban people. Rural entrepreneurship will bring in or develop infrastructural facilities like power, roads, bridges etc. in rural areas. It can help to check the migration of people from rural to urban areas in search of jobs and thus reducing the population density in urban areas and ultimately helping to achieve the aim of overall growth of the nation.

##### **Large Impact on Rural Community**

To some degree, however, the economic goals of an entrepreneur and the social goals of rural development are more strongly interlinked than in urban areas. For this reason entrepreneurship in rural areas is usually community based, has strong extended family linkages and a relatively large impact on a rural community.

5. Balanced regional growth: Rural entrepreneurship can dispel the concentration of industrial units in urban areas and promote regional development in a balanced way. As with the establishment of large industrial units in rural areas, subsidiary industries will also come-up in nearby rural areas thus developing the infrastructural facilities in the area.

##### **Economically Independent**

Entrepreneurs are the corner stones of national self-reliance. Rural entrepreneur will help to manufacture indigenous substitutes to imported products which reduce the dependence on foreign countries. There is a possibility of exporting goods and services to earn foreign exchange for the country. Hence, the import substitution and export promotion ensure economic independence and the country becomes self-reliance.

##### **Force to Economic Change**

Although agriculture today still provides income to rural communities, rural development is increasingly linked to enterprise development. Since national economies are more and more globalized and competition is intensifying at an unprecedented pace, affecting not only industry but any economic activity including agriculture, it is not surprising that rural entrepreneurship is gaining in its importance as a force of economic change that must take place if

many rural communities are to survive. However, entrepreneurship demands an enabling environment in order to flourish.

#### **Promotion of Artistic Activities**

The age-old rich heritage of rural India is preserved by protecting and promoting art and handicrafts through rural entrepreneurship. With the promotion of rural entrepreneurship the heritage can be protected and shared with the whole world with the help of technology.

#### **Check on Social Evils**

The growth of rural entrepreneurship can reduce the social evils like poverty, growth of slums, pollution in cities etc. Poverty will come down as the number of dependants on single farm land, which has been increasing with the increase in number of family members, will reduce and ultimately improve the family's total income. Growing of slums in cities will reduce as migration rate will come down with improvement of infrastructural and employment opportunities in rural areas and thus pollution level will also come down with scattered industrial growth.

#### **Capital Formation**

Entrepreneurs by placing profitable business proposition attract investment to ensure private participation in the industrialization process. The otherwise idle savings of rural population will be 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.

#### **Create Awareness among Rural Community**

Rural entrepreneurship can awaken the rural youth and expose them to various avenues to adopt entrepreneurship and promote it as a career contributing to overall growth of the nation.

#### **Improved Standard of Living**

Rural entrepreneurship will also increase the literacy rate of rural population. Their education and self-employment will prosper the community, thus increasing their standard of living.

#### **Challenges of Rural Entrepreneurship**

Entrepreneurs are playing very important role in the development of economy. They face various problems in day to day work. Every flourishing business has its own kind of problems. These problems intensify further in rural regions due to geographic distance, isolation and in the view of above the challenges and problems faced by the rural entrepreneurship in developing countries such as that of India have to be overcome for successful implementation of self employment.

#### **Technological Challenge**

One of the major problems which are faced by young entrepreneurs in rural areas is of non-availability of latest technology. The challenges of agricultural growth in developing countries mostly include the lack of access to technology and infrastructure. The impediments for the development of an enterprise is lack of infrastructural facilities e.g. roads; power; internet etc., lack of coordination, disadvantage of geographic location for market access which results in high transportation cost etc.

#### **Challenge Regarding Awareness**

Having proper knowledge and zeal for getting more and more knowledge is one of the major qualities of a successful entrepreneur. To start a new enterprise you need to have knowledge about the market, local environment, and feasibility in the area etc. and whenever sufficient knowledge is not lacking the chances of failure increases. The possibility of existence of knowledge gap is higher in rural regions which may slow down the emergence of new ventures.

#### **Finance Challenges**

Finance is considered as lifeblood of an enterprise. Most of the rural entrepreneurs fail to get external funds due to absence of tangible security and credit in the market. Besides this, the procedure to avail the loan facility is too time-consuming that its delay often disappoints the rural entrepreneurs. Subsidies are also being provided by the government in rural areas but due to the high cost of finance, these subsidies are not giving fruitful results. Raising funds through equity is little bit difficult for rural entrepreneurs because of lack of financial knowledge and also their financial corpus is also low, so loans are the primary source of finance for them which proved to be a great obstacle in developing rural entrepreneurship. The Government has taken various initiatives to provide easy finance to the rural entrepreneurs but they are unable to meet the expectation of rural entrepreneurs.

#### **Challenges Regarding Family Environment**

It is difficult for an entrepreneur to search for workers who are skilled enough and agree to work in rural regions. If the workers are not skilled enough, the entrepreneur has to provide job training which is a serious problem as they are mostly uneducated and they have to be taught in local language which they easily understand. Also the family environment, society and support system is not conducive to encourage rural people to take entrepreneurship as a career which is mostly due to lack of awareness and knowledge of entrepreneurial opportunities. In western UP Gur Making is family business in villages is strong example of Rural Entrepreneurship at family level.

#### **Managerial Challenges**

Due to lower literacy rate of the people residing in rural areas they are not much familiar with the information technology and mostly rely on internal linkages that encourage the flow of goods, services, information and ideas. However the intensity of family and personal relationships can be helpful but they may also present obstacles for the effective business relationships as the local politics of the area may sometimes create hurdles during making important decisions and thus create hindrance in growth of an enterprise.

#### **Challenges with Regard to Marketing**

The new ventures have to come up with new advertisement strategies so as can be easily understood by the rural people. The printed media have limited scope in the rural context. The traditionally bounded nature, cultural backwardness and cultural barriers add to the difficulty of

communication where people in rural areas mostly communicate in their local dialects and English and Hindi are not understood by many people. The rural entrepreneurs experience marketing problems and the major problem is standardization and competition from the large scale units. These large scale units also create difficulty for the survival of new ventures as they have limited financial resources and are bounded for spending limited finance on sales promotion. Also, the rural entrepreneurs are heavily dependent on middlemen for marketing of their products who demand large pocket for profit.

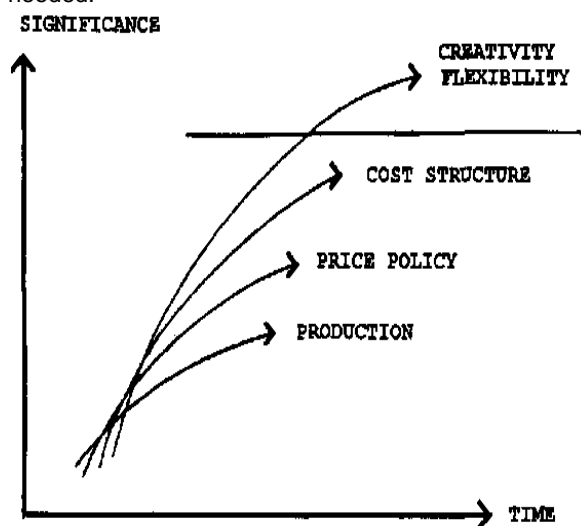
**Remedies to Solve the Problems of Rural Entrepreneurs**

**Institutional Support**

Behind each of the success stories of rural entrepreneurship there is usually some sort of institutional support. Besides individual or group entrepreneurial initiative the enabling environment supporting these initiatives is of utmost importance.

**National Agricultural Policies Regarding Price Cost & Production**

National agricultural policies such as price subsidies to guarantee minimum farm incomes and the keeping of land in production when over-production already exists are definitely counter-productive to entrepreneurship. The long run solution for sustainable agricultural development is only one, i.e. 'competitive agriculture. While prices can set the direction, entrepreneurs who will meet the challenge of increasingly demanding international markets and who will find profitable alternative uses of land, alternative business opportunities and so on are needed.



**Channelling of Entrepreneurial Talent**

Channelling of entrepreneurial talent, are needed. Policies to increase the supply of entrepreneurs, policies developing the market for other inputs into successful entrepreneurship, policies for increasing the effectiveness of entrepreneurs and policies for increasing demand for entrepreneurship can significantly speed up entrepreneurial activities at national, regional and community levels.

**Entrepreneurial Process**

Entrepreneurial process, capital, management, technology, buildings, communications and transportation infrastructure, distribution channels and skilled labour, tend to be easier to find in urban areas. Professional advice is also hard to come by. Consequently, entrepreneurial behaviour, the ability to spot unconventional market opportunities, is most lacking in those rural areas where it is most needed i.e., where the scarcity of 'these other inputs' is the highest.

**Agricultural Extension Services**

Agricultural extension services. However, to be able to act in this direction, they too must be entrepreneurially minded. They must see agricultural activities as one of many possible activities that contribute to rural development. They must seek new entrepreneurial uses of land and support local initiative in this respect. While tradition is important it is nevertheless dangerous to be over-occupied with the past, otherwise the rural community may turn into a nostalgia-driven society. Networking between different agencies involved in the promotion of rural development through entrepreneurship, by pooling together different sources and skills, by reaching a greater number of would be entrepreneurs and by assisting a greater number of local entrepreneurial initiatives, can have a much more positive effect on rural development than when each agency is working on its own.

**Suggestions for Development of Rural Entrepreneurship**

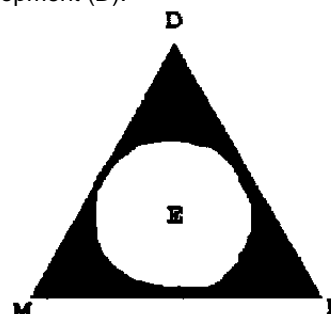
**Sound National Economic Policy**

Sound national economic policy with respect to agriculture, including recognition of the vital contribution of entrepreneurship to rural economic development;

**Development Model**

In creating the model for development and education, it is important to keep in mind the demands which the entrepreneurs will have to meet in the future. The following model considers these issues and at the same time, it is a model for the development of rural areas.

The Enterprise (E) is in the centre and includes the sectors Production (P), Marketing (M) and Development (D).



**Create Environment and Awareness**

Entrepreneurial thinking about rural development, not only by farmers but also by everyone and every rural development organization

**Seeking Leadership and Training**

In encouraging entrepreneurship in rural areas, seeking leadership with these characteristics is essential. While training can help people improve in some of these areas, we should not be naive about what adult training can or cannot accomplish.

**Educational Approach towards Rural Entrepreneurship**

A more long-range but perhaps more promising educational approach is to encourage development of these entrepreneurial characteristics in young people. Putting in place local opportunities, before young people seek 'better' possibilities in cities and towns, could change the future of some of these areas.

**Specialized Strategies for Rural Entrepreneurship**

Policies and special programmes for the development and channelling of entrepreneurial talent;

**Institutional Supports**

Institutions supporting the development of rural entrepreneurship as well as strategic development alliances.

**Conclusion**

No doubt Rural entrepreneurship plays an important role for economic development in developing countries such as that of India. It helps in developing the rural economic and thereby removing challenges faced by rural community. Government should go for appraisal of rural entrepreneurship development schemes and programmes from time to time in order to uplift rural areas and thereby increasing economic development. Government has been making lot of efforts for development of rural entrepreneurship. The youth needs to be made aware of government policies and programmes available for promotion of rural entrepreneurship. The rural development programs should combine infrastructure development, education and health services, investment in agriculture and the promotion of rural non-farm activities in which women and rural population can engage themselves.

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