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OPPORTUNITIES AND CHALENGES OF RURAL ENTREPRENUERSHIP IN INDIA

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Abstract:
Rural Entrepreneurship has been emerged as a dynamic concept. 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 still earning their livelihood from agriculture and 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. This paper makes an attempt to study the role and importance of rural entrepreneurs in economic development and the opportunities for rural entrepreneurs in India. It also focus on the major challenges of rural entrepreneurship in India, the remedial measures to solve the problems faced by rural entrepreneurs and to provide suitable suggestions for the development of rural entrepreneurship in India.
Keywords: Entrepreneurship, employment generation, remedial measures, finance, development

1. INTRODUCTION

Rural Entrepreneurship has been emerged as a dynamic concept. 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 still earning their livelihood from agriculture and allied activities. Rural Entrepreneurship is now considered as a vehicle to improve the quality of life for individuals, families and communities and to sustain healthy economy and environment. Entrepreneurship in rural areas looms large to solve the problems of poverty, unemployment and backwardness of Indian Economy. Rural Entrepreneurship is viewed as an effective means of accelerating the process of rural development.

OBJECTIVES OF THE STUDY:

1. To study the role and importance of rural entrepreneurs in economic development.

2. To analyze the opportunities for rural entrepreneurs in India.

3. To discuss the major challenges of rural entrepreneurship in India.

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4. To study the remedial measures to solve the problems faced by rural entrepreneurs.

5. To provide suitable suggestions for the development of rural entrepreneurship in India.

2. METHODOLOGY

The present study is in descriptive native nature. The data has been collected from secondary sources. The relevant information has been collected from various articles, books, magazines, journals etc.

WHAT IS RURAL ENTREPRENUERSHIP?

Rural Entrepreneurship and business organizations in rural areas are generally associated with agriculture and allied activities. Establishing industrial and business units in the rural areas refers to rural entrepreneurship. The modified definition of rural industries has been given by Government of India in order to enlarge its scope. According to Government of India, "Any industry located in rural areas, village or town with a population of 20000 and below and an investment of 3 crores in plant and machinery is classified as a village industry.

TYPES OF RURAL INDUSTRIES:

All the village industries come under the following broad categories:

1. Agro-based industries

2. Forest based industries.

3. Mineral based industries.

4. Textile based industries.

5. Engineering and services.

WHY RURAL ENTREPRENEURSHIP IS NEEDED?

The need for rural entrepreneurship has become essential in a country like India because of the following reasons:

1. Rural industries generate large scale employment opportunities in the rural sector.

2. Rural industries are capable of checking rural urban migration.

3. Rural industries help to improve the per capita income of rural people.

4. Rural entrepreneurship facilitates the development of roads, street lighting, drinking water etc. in the rural sector.

5. Rural entrepreneurship can reduce poverty, growth of slums, pollution etc.

6. Rural entrepreneurship promotes regional growth in the economy.

7. Rural entrepreneurship creates an avenue for rural educated youth to promote it as a career.

3. OPPORTUNITIES OF RURAL ENTREPRENUERSHIP

The opportunities available for rural entrepreneurs are discussed below:

1. Support and motivation to local people: Rural entrepreneurs have a lot of local support from rural people. Rural people always encourage and give the motivation to entrepreneurs.

2. Competitive advantages/availability of labour: majority of the rural people are depending on the agriculture. The agriculture work is not available throughout the year. That's the reason why rural entrepreneurs have competitive advantage in easily acquiring unskilled labour.

3. Government policies and subsidies: The government of India is continuously monitoring and introducing the new policies for encouraging the rural entrepreneurship. This polices are very flexible, innovative, liberalized and giving continuous support to rural entrepreneurs.

4. Availability of raw materials: Most of the times rural entrepreneurs are depending upon the form based products as raw materials which are available throughout the year.

5. Optimum utilization of produces: Optimum utilization of farm produces is only possible through the rural entrepreneurship. Most of the rural entrepreneurs depend upon the farm produces as raw materials.

6. Employment generation for rural youth: Rural entrepreneurs are providing hundred percent jobs for rural youth.

7. Promotion cost: there is no promotion cost for rural entrepreneurs in fact competition is less. There is no need for advertising and other promotional activities for their products.

4. IMPORTANCE OF RURAL ENTREPRENEURSHIP IN INDIA:

The importance of rural entrepreneurship is briefly highlighted as follows:

1. Employment generation: Rural entrepreneurship is labour intensive and creates large scale employment opportunities for the rural people.

2. Check on migration of rural population: Rural entrepreneurship will develop infrastructure facilities like roads, power, bridges etc. It reduces the gaps and disparities in income between rural and urban areas. It can avoid the migration of people from rural to urban areas.

3. Balanced regional development: Rural entrepreneurship controls the concentration of industry in urban areas and thereby promotes balanced regional development.

4. Promotion of artistic activities; Rural industries also help to promotion the art and handicrafts.

5. Check on social evils: The growth of rural entrepreneurship reduces the social evils like poverty, social tensions, atmospheric pollution, the growth of slums etc.

6. Awaken the rural youth: Rural entrepreneurship encourages young and promising entrepreneurs to develop and carry out entrepreneurial activities in the rural areas.

7. Improves standard of living: Rural entrepreneurship will increase the literacy rate of rural people. Their education and self employment will prosper the community, thus improving their standard of living.

8. Proper utilization of local resources: Rural industries help in maximum utilization of local resources like raw materials and labour for productive purposes and thus increase productivity.

9. Earnings of foreign exchange: Rural entrepreneurship plays significant role in increasing the foreign earnings of the country through export of their produce.

10. Improvement in per capita income: Rural entrepreneurship generates more output, employment and wealth by exploiting new opportunities, thereby helping to improve the per capita income of rural people.

CHALLENGES OF RURAL ENTREPRENEURSHIP IN INDIA:

1. Lack of adequate finance: Adequate financial facilities are not available for rural entrepreneurs. Normally they depend upon local money lenders who charge very high rate of interest.

2. Lack of infrastructure facilities: Infrastructure facilities comprising of water, transportation and communication, power and energy, science and technology etc. are not sufficiently available to rural entrepreneurs. This will lead to increase in the cost of production as well as the cost of products.

3. Non availability of inputs: Rural entrepreneurs face the problems of non availability of inputs or irregular supply of such inputs or low quality of inputs. More over these inputs are available at high prices

4. Marketing problem: The rural entrepreneurs depend upon money lenders and middlemen for marketing their products. Due to lack of funds, these entrepreneurs are unable to spend huge amount on the development of marketing facilities.

5. Competition from large industries: Rural entrepreneurs face the problem of competition from large scale industries. They are unable to compete with large scale units as their size is small and products are not cost effective.

6. Lack of skilled manpower: Skilled workers are reluctant to work in rural areas. Enterprises may not be able to pay wages and other facilities demanded by the skilled workers.

7. Lack of managerial skills: Lack of proper commitment and managerial skills is another problem faced by rural entrepreneurs. Modern business requires vision, knowledge and skill aptitude.

8. Absolute technology: Rural entrepreneurs use absolute technology in their units as they are unable to use latest technology due to lack of funds.

9. Lack of technical knowledge: Rural entrepreneurs to a major extent suffer a severe problem of lack of technical knowledge. Lack of training facilities and other extensive services create a hurdle for the development of rural entrepreneurship.

10. Poor quality products: Another important problem of Rural entrepreneurship is the inferior quality of products due to lack of availability of standard tools and other equipments as well as poor quality of raw materials.

11. Negative attitude: Sometimes environment in the family, society and support system is not much conductive to encourage rural people to take up entrepreneurial activities. It may be due to lack of awareness and knowledge of entrepreneurial opportunities.

12. Legal formalities: Rural entrepreneurs find difficulty in complying with various legal formalities and in obtaining licenses for establishing industrial units in rural areas.

REMEDIAL MEASURES TO SOLVE THE PROBLEMS OF RURAL ENTREPRENEURS:

The following measures are needed to be suggested for developing rural entrepreneurship in India.

1. Provision for adequate infrastructural facilities: The government should make adequate provision for developing infrastructural facilities in the rural sector for proper movement and marketing of rural industrial products.

2. Provision for credit facilities: As finance is considered as lubricant for setting up and running an industry, banks and financial institutions must come forward to provide credit to rural industries.

3. Creation of strong raw material base: Rural industries face tough problem in procuring and storing of raw materials. Therefore, an urgent policy is called for to strengthen raw material base in the rural sector on priority basis.

4. Common production cum marketing centre: Marketing is another area where rural industries are very weak. In order to solve the problem of marketing, Common production cum marketing centre need to be set up and developed with modern infrastructure facilities.

5. Provision for entrepreneurial training: There is a need to develop entrepreneurial aptitude and competencies among the prospective entrepreneurs through training, Rural industries need extra training in packing, labeling and marketing areas.

6. Awareness programmes: There is a need to disseminate about various facilities through vocational training, Entrepreneurship Training Programmes, screening of audio visual programmes etc.

7. Creation of finance cells: the financial institutions and banks which provide finance to entrepreneurs must create special cells for providing easy finance to rural entrepreneurs.

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

9. Improvement in methods and techniques of production: The rural industries should be encouraged to replace their outdated technology with an up-to-date technology and facilities and incentives should be provided wherever required.

10. Insurance coverage: Insurance coverage must be extended to new and existing rural industries.

11. Trade fairs and exhibitions: Lot of trade fairs and exhibitions must be organized by the government to encourage the sale of products produced by rural enterprises.

12. Industrial estates: Many industrial estates must be established by the government for developing and helping rural entrepreneurs.

13. The **licensing procedure** must be simple and at ease.

14. Fair **incentives** and **subsidies** must be given to rural industries.

5. CONCLUSION

Rural entrepreneurship is a key element for the economic development of the country. Rural entrepreneurship is very essential for the removal of rural poverty and unemployment, balanced regional development, check on rural migration etc. rural entrepreneurs face lot of problems like lack of financial facilities, infrastructure facilities, marketing facilities, absolute technology, acute completion etc. In order to solve the problem of rural entrepreneurs, there should be more stress on integrated rural development programs. Therefore rural entrepreneurs need to be motivated to take up entrepreneurship as a career, with training and sustaining support systems providing all necessary assistance.

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