

**RESEARCH ARTICLE :**

# Entrepreneurship in rural community: A catalyst for rural development

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**SUMMARY :** The majority of the population in India lives in villages. People in rural areas are suffering with unemployment, poor infrastructure facilities which may be solved with the development of rural entrepreneurs. Entrepreneurship is important to rural communities not only for the number of jobs they create but also for the impact they have on local communities. Rural entrepreneur is one of the most important inputs in the economic development of the country. They carry out entrepreneurial activities by establishing industrial and business units in the rural sector of the economy. Rural entrepreneurship can be considered one of the solutions to reduce poverty, migration, economic disparity, unemployment and develop rural areas and backward regions. It is considered as a means of generating employment opportunities in rural areas with low capital cost and rising the real income of the people and it also contributes to the development of agriculture and urban industries. Ever since the inception of planning for economic development in India, great emphasis has been laid on the development of the small scale industries. The small scale industries have been expected to play a crucial role in the industrial development of the country. Indeed the growth of the industries in this sector has been a dominated feature in the development of the economy. So in this context, the paper includes the importance of rural entrepreneurship, the various types of rural entrepreneurships like agro based enterprises, forest based enterprises, mineral based enterprises, textile industry, handicrafts and so on. But there are many problems in developing a rural enterprise because rural entrepreneurs are facing many problems like non availability of primary amenities in rural area, lack of education, financial problems, and insufficient technical and conceptual ability. So this paper also attempts to find out the problems and the recommendations to solve the problems.

**KEY WORDS :**

Rural

entrepreneurship,

Small scale industries,

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## **BACKGROUND AND OBJECTIVES**

Rural entrepreneurship has emerged as a dynamic concept. It is generally defined as, entrepreneurship emerging at village level

which can take place in a variety of fields of Endeavour such as business, industry, agriculture and acts as a potent factor for economic development. Development of rural areas, have been linked to entrepreneurship

more than ever before. Entrepreneurship is now regarded as a strategic development intervention that could accelerate the rural development process by institutions and individuals promoting rural development. Entrepreneurship stands as a vehicle to improve the quality of life for individuals, families and communities and to sustain a healthy economy and environment. The majority of the rural population depends, directly and indirectly, on agriculture, fishery, animal husbandry or rural wage labour associated with plantations and ranches, along with ancillary activities linked to rural townships. 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. Rural Development 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. Since the green revolution there has been tremendous increase in the opportunities for the development of rural entrepreneurship. The industrial development is based on the entrepreneurial competencies of the people. One of the most important solutions for sustainable rural advancement is the promotion of rural development. Today, entrepreneurship has emerged as a strategy in development, growth and prosperity of rural societies. It has replaced all other factors, resources and facilities of a community applied in promoting rural development. Today, India ranks second worldwide in farm output. Agriculture and allied sectors like forestry and fisheries accounted for 13.7% of the GDP (gross domestic product) in 2016, about 50% of the work force. The economic contribution of agriculture to India's GDP is steadily declining with the country's broad-based economic growth. Still, agriculture is demographically the broadest economic sector and plays a significant role in the overall socio-economic fabric of India. Entrepreneurship is now regarded as a strategic development intervention that could accelerate the rural development process by institutions and individuals promoting rural development. Entrepreneurship stands as a vehicle to improve the quality of life for individuals, families and communities and to sustain a healthy economy and environment.

### **Need for rural entrepreneurship :**

Development of the society is directly related with the income generation capacity of its members. With agriculture as the key income generation activity the entrepreneurship based on farm and home can directly affect the income of a major chunk of our population. The growth of modernization processes such as industrialization; globalization; urbanization and migration further encourage it. Entrepreneurship on small scale is the only solution to the problems of unemployment and proper utilization of both human and non-human resources and improving the living conditions of the poor masses. The need for and growth of rural industries has become essential in a country like India because of the following reasons:

- Rural industries generate large-scale employment opportunities in the rural sector as most of the rural industries are labour intensive.
- Rural industries are capable of checking rural urban migration by developing more and more rural industries.
- Rural industries/entrepreneurship help to improve the per capital income of rural people thereby reduces the gaps and disparities in income of rural and urban people.
- Rural entrepreneurship controls concentration of industry in cities and thereby promotes balanced regional growth in the economy.
- Rural entrepreneurship facilitates the development of roads, street lighting, drinking water etc. in the rural sector due to their accessibility to the main market.
- Rural entrepreneurship can reduce poverty, growth of slums, pollution in cities and ignorance of inhabitants

### **Objectives of the study :**

- To know the various types of Rural Entrepreneurship
- To study the importance of Rural Entrepreneurship
- To find out various problems in rural entrepreneurship and the suggestions to improve them.

## **RESOURCES AND METHODS**

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 collect from relevant websites. The present study is descriptive in nature.

## **OBSERVATIONS AND ANALYSIS**

The results obtained from the present study as well as discussions have been summarized under following heads :

### **Objective 1 :**

*To know the various types of rural entrepreneurship:*

Types of rural entrepreneurship :

Rural industry or village industry can be broadly classified into the following categories :

Agro based enterprises :

This includes direct sale or processing of agro products.

Forest based industries :

These industries include products which are based upon forests like wood products, honey making, bamboo products, etc.

Mineral based industry :

These include stone crushing, cement industries, wall coating, powders etc

Textile industry :

These include clothing related products like weaving etc.

Handicrafts :

These include making of traditional wooden products.

Engineering and services :

These include agricultural equipments, tractors and pump sets, repairs etc.

### **Objective 2 :**

*To study the importance of rural entrepreneurship :*

Entrepreneurship has a very much importance in economic development. Entrepreneurs are helpful in the process of industrialization and economic growth. Rural

Entrepreneurship has following importance:

*Formation of capital :*

Entrepreneurs invest their savings in public industries, so the economic growth of overall India increases and it generates the capital formation

*Employment generation :*

Entrepreneurs generate employment through self employment and by setting up large and small scale business

*Regional development :*

Entrepreneurs help in removing the poverty by creating many opportunities, so it is helpful in the development of regions.

*Economic independence :*

Entrepreneurship is essential for national economic development.

Industrialisation helps in importing and exporting goods and services.

*Promotion of artistic activities :*

The heritage of Rural India is protected and promoted by rural entrepreneurship.

### **Objective 3 :**

*To find out various problems in rural entrepreneurship and the suggestions to improve them:*

Entrepreneurs are playing very important role in the development of economy. They face various problems in day to day work. Every business has its own kind of problems. Some of the major problems faced by rural entrepreneurs are as under.

*Financial problems :*

- Scarcity of funds: Most of the rural entrepreneurs are not getting enough financial support.
- Lack of infrastructural facilities: The growth of rural entrepreneurs is inhibited due to scarcity of infrastructural facility.

*Marketing problems :*

- Competition: Rural entrepreneurs face severe competition from large sized organisations. New venture are not getting enough facilities

- Middlemen: Rural entrepreneurs are mostly depending on middleman for the marketing of their goods. They causes various problems

#### *Management problems :*

- Lake of Knowledge of information technology: Information technology is not very common in rural areas.
- Legal formalities: Rural Entrepreneurs find very difficulty in gaining license due to lack of legal knowledge
- 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 due to lack of training facilities and extension services

#### *Suggestions to rectify the problems :*

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 of interest:*

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

entrepreneurships. 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 by Government of India regarding skill development of the existing entrepreneurs so that rural entrepreneurs can generate income and employment opportunities in rural area specially area like NE region.

#### *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. 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.

#### **Conclusion :**

Rural industries play an important role in the national economy, particularly in the rural economy. Every entrepreneur has a spatial horizon depending upon his resources, experience and information gathering capacity. The above factors play a decisive role and other factors like education, language, culture etc. are considered as contributing factors. The entrepreneur is the key to the creation of new enterprises that energize the economy and rejuvenate the established enterprises that make up the economic structure. Therefore, Rural Entrepreneurship is important not only as a means of generating employment opportunities in the rural areas with low capital cost and raising the real income of the people, but also its contribution to the development of agriculture and urban industries.

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