

## Rural Entrepreneurship - Scope And Challenges

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### Abstract

Rural entrepreneurship holds a lot of potential of inclusive development through generating employment at various sub sectors of rural economy where 70% of India populace live. The present paper is an attempt to know the scope and challenges in rural entrepreneurship in India and also to suggest ways to promote and sustain rural entrepreneurship. Besides agriculture production, there exists vast scope of developing farm related activities like multiple cropping, collective farming, information sharing, dairy and meat products, storage, cottage industries, rural finance, rural energy generation and development of agro food industries. But there are a lots of challenges for developing industries in the rural areas such as lack of awareness about the importance of developing industries in the rural area, lack of interest of the rural people towards assuming the career as an entrepreneur, .The study explains that the challenge is to motivate and involve rural people to take up these ventures .To make this possible there is a need of special drive to give knowledge and skill to rural artisans so that are confident and capable to start new projects, The district administration in collaboration with Gram Sabha should organize workshops and set up incubation centres and to impart training to rural people considering local conditions and demand. . The major dividend of rural entrepreneurship is that it will open avenues of earning for unskilled and semi skilled people in rural area and migration will reduce. The rural economy will become self reliant and dynamic. The government should make corporate houses and financial institutions understand that promoting entrepreneurship at the bottom of pyramid will form a virtuous circle. The government should realize that there is need to give incentives to corporate houses for promoting entrepreneurship as it will utilize latent potential and wealth.

**Keywords:-** Entrepreneurship, Energy, Motivate, collaboration, Workshop

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## **Introduction**

As India is one of the fastest growing economy with the second largest population in the world. India has 1.3 billion population, 65% of our population under 35 years and 50% is under 25. The average age of an Indian today is 26 to 28 and in other countries it is 40 years. India has the world's largest workforce which helps to prosper our economy, 70% of this workforce is in rural India because India is still an agrarian economy and a major population lives in villages. Thus to make this rural area develop the Indian government has taken steps to establish industries in the rural areas which helps to generate employment, reduce poverty and stop migration to the urban areas.

## **Concept of Entrepreneurship**

Entrepreneur is a person who identifies opportunity in a problem and is willing to find out the solution and create value; and entrepreneurship is a process of conceptualizing an idea, develop the action plan, organize the resources needed to manage the project and create the product/service of value to others.

Generally, entrepreneurship means starting and running a business and due to high risks involved in business many of the start-ups closed due to inadequate planning and understanding of market, insufficient funds to meet higher costs, bad business decisions or a combination of such factors. Such instances of failures in businesses holds back the youth who want to be entrepreneurs viewing risks associated with business.

For growing economy, it is important to change the mindset of citizens from job seeker to job creators as government alone is not suffice to generate employment for each and every individual and hence it becomes imperative for government to promote entrepreneurship through which small and medium business can grow to become big enterprises and create more jobs to boost the economy.

Since, 70% of the Indian population lives in rural and due to lack of opportunities in local region, migration of rural to urban is happening at good pace which led to development of limited regions and hence holistic development of nation is a challenge as rural India considered to be poor on socio-economic status, unemployable and uneducated youth, etc. The need of the hour is to promote rural entrepreneurship to mitigate the migration to urban India for employment and search of opportunities for better livelihood.

Rural Entrepreneurship can be defined as entrepreneurship developed at rural level and through this surrounding economy can be developed as it facilitates employment generation at local level and utilization of local resources. **Need of the study** Large part of population is still under poverty line and rural India majorly banks

on agriculture as a means of livelihood. With little capacity to absorb surplus labour and period of idleness after seasonal demand, the rural population starts migrating to urban areas in search of employment and such moves adversely affects socio-economic aspects of nation. Hence, rural industrialization can play an important role to curb the migration by providing jobs for local workforce and reduce pressure on urban and helps in promoting balanced regional growth for economy.

An attempt have been made in this paper to find out issues related to entrepreneurship, scope as well as challenges for entrepreneurship in rural India.

**Major objectives of study:**

1. To find out scope for rural entrepreneurs.
2. Major outcome through rural entrepreneurship.
3. To explore challenges of rural entrepreneurship in India.
4. To suggest corrective measures over issues faced by rural entrepreneurs.
5. Government schemes to promote and nurture rural entrepreneurship.

**Importance of Rural Entrepreneurship In India:**

Rural entrepreneurship plays an important role in economic development of any country. It helps to generate employment for all levels in the remote area and motivate local population to involve in business generating process, tap local resources and collectively promote rural development. Rural entrepreneurship helps to reduce income disparities between rural and urban areas and prevent migration of rural people to urban areas. It provides platform to nurture indigenous items made by local artisans as handicraft manufacturers, cottage industries, handmade jewellery by doing marketing and exporting and earn foreign exchange for the nation. Employment for non-skilled and semi-skilled persons and utilization of latent human and non human resources available locally.

**Scope for rural Entrepreneurs:**

India is the land of diversity and known for its variety of resources available in abundance. Keeping in mind of rural resources the budding entrepreneurs have vast opportunities to start an enterprise and produce products and services at lower cost in compare to urban industries and contribute to strengthen the national economy. Gone are the days when potential and talented peoples have desire to become an entrepreneurs and start enterprises but due to limited access to information, funds, technology, connectivity and required inputs to start the business dreams did not take shape and turned into reality which discourage the persons. But now the things have changed a lot and government and other financial institutions have initiate to promote rural development and encouraging youth and entrepreneurs to start there enterprises

and create much needed employment opportunities as every year 12 million people join the workforce.

Rural entrepreneurs has a vast scope in agriculture and non-agriculture sectors and with latest trends and new technology rope in the sectors as modern farming techniques with high yielding variety of seeds, irrigation and increased use of fertilizers are encouraging the would be entrepreneurs as business risks has been mitigated with growing times and yields have been improved. Below are few areas to consider in agriculture and non-agriculture sector where scope is abundant and have been proven with great output and have promising careers

- **Multiple cropping** – Growing two or more crops on same piece of land in same season in a year. The yield is higher, input cost is lower as compared to single crop growing cost, sustained soil fertility and better returns.  
**Collective farming** – Sharing of land and resources to achieve greater economy of scale and increase crop yields.  
**Information sharing** – Set up of business centre for sharing of ideas, technology, resources available, government aids is an opportunity for field experts and technocrats to gather information and counsel the rural peoples for their betterment.  
**Storage/warehouses** – Land is available at low cost in rural and introduction of e-commerce largely required big warehouse for product storage and workforce too abundantly and economically available in rural for running these warehouses.  
**Cottage industries** – Abundant workforce available in rural for running labour intensive cottage industry and a big source to increase foreign exchange by way of exports as handicrafts have higher demand in foreign land.
- **Rural finance** – Owing to infrastructure gaps and non-availability of industries there is a dearth of financial institutions in rural and this is an opportunity for budding entrepreneurs for set-up to meet small loan demands from farmers.  
**Rural energy generation** – Electricity has not reached 45 million rural households, yet. Major thrust has been put up by government to develop this sector and is an opportunity for entrepreneurs to tap this area.  
**Development of agro food industries** – Need of the hour is to innovate and revolutionize entire food chain to achieve economies. Increase of crop yields, sustainable farming practices, improving market access have made this sector lucrative.

**Major outcome of rural entrepreneurship:** As known that industrialization is closely related to urbanization and development of industries in rural areas create scope for regional uplift and fosters economic development of rural areas. This brings the need to establish rural industries through promotion of rural entrepreneurship in order to maximize utilization of locally available raw materials and labour. Rural industries helps in proper **utilization of local resources** human and non-human and effectively tackled basic problem of unemployment in rural area. Rural industries have helped to **reduce rural-urban imbalance** by providing job opportunities at local level to non and semi skilled workforce and prevent migration of rural people to urban and also reduce disparities in income. Rural industries have **promote regional development** and reduces pressure from urban towns facing issues by rural migration as population increase, environmental pollution, etc.

- Rural industries helps in **earning of foreign exchange** through export of their products as hand-made products are in demand at global level.

**Challenges of Rural Entrepreneurship:**

- Lack of awareness about the importance of start-ups in the rural area. They don't know about the new technology and new opportunities which helps to create employment and economic development.
- Lack of interest of the rural people towards assuming the career as an entrepreneur. Rural people are afraid to start new business because of business failure.
- To motivate and involve rural people to take up these ventures because of conservative approach.
- Poor quality of raw material and lack of availability of standard tools and equipment they produced inferior quality of product.
- Lack of knowledge and skill to take up task. Rural people don't have technical knowledge so they can't use latest technology and going with traditional technology.
- To arrange finance and sale of products, they don't have proper knowledge of marketing and government schemes to finance their business.
- Power failure and insufficient infrastructure is the major challenge for rural people.

**Suggestion to solve problems in rural entrepreneurship:**

Although government and financial institutions engaged in economic development has initiated several steps to solve problems faced by

entrepreneurs related to finance, marketing, infrastructure; following measures may be adopted to aid rural entrepreneurs in starting the business:

- Loans at concessional rate of interest should be given by the financial institutions to the borrowers and red tapism should be avoided.
- Finance centers should be setup by banks in the rural areas for the financial help to the rural entrepreneurs.
- Professional agencies for counseling and consultancy should be set up for discouraging middlemen and suggestions given by the experts to the rural entrepreneurs for purchasing and selling the product.
- Infrastructure facilities, offering high quality training facilities to improve the required skills, proper education, development of marketing co-operatives can help to prosper the rural entrepreneurs in India.
- Transport facilities should be provided for them by the government.
- Government should provide them standard tools and equipments for the better quality of their product.
- Supply of scarce raw materials should be provided to them as priority basis.
- Government support –both the central and state govt. should take more interest in promoting the growth of entrepreneurship.

**Some other suggestions for Entrepreneurship promotion:**

- Involving Gram Panchayats for promotion
- Training Sessions in panchayat -ghars for farmers
- Search for local untapped resources
- Search for products and services in demand
- Assurance for covering losses
- Selection of potential entrepreneurs
- Technical training as per aptitude
- To help in Preparing projects report

**Government schemes to promote rural entrepreneurship:**

To develop the rural entrepreneurs or small scale industries in rural area for employment generation, balance regional growth and promotion of export, the government of India has formed various policies and offered various programmes for growth and promotion of rural entrepreneurs at central level as well as state level. DeenDayalAntyodayaYojana (DDAY), Start-up Village Entrepreneurship Program, AjeevikaGrameen Express Yojana is implemented as a sub-scheme under the National Rural Livelihood Mission to promote start-up enterprises in rural areas

and to erase the problems of rural start-ups such as the missing knowledge of eco system and the missing financial ecosystem. National Rural Livelihood Mission seeks to provide the alternative source to livelihood to members by facilitating them to operate public transport services in backward rural areas. Rural India has a huge entrepreneurial potential, which is still remain unexplored. Lack of awareness about the government policies and schemes is a major hurdle in the growth of rural entrepreneurs.

Government has started so many schemes for the help of rural entrepreneurs, some of them are-

1. Prime Minister Employment Generation Programme
2. Janashree Bima Yojana For Khadi Artisans
3. Market Development Assistance
4. Rejuvenation, Modernisation and Technology Upgradation of Coir Industry (REMOT)
5. Centrally Sponsored Schemes (CSS) of Export Market Promotion
6. Skill Upgradation & Quality Improvement And 19 Mahila Coir Yojana
7. Entrepreneurship and skill Development Programme
8. Development of Production Infrastructure
9. Welfare Measures Scheme (Coir Workers)
10. Programme for Promotion of Village Industry Cluster - Rural Industry Service Centre (RISC) for Khadi And Village Industry.
11. Scheme of Surveys, Studies and Policy Research.

### **Conclusion**

Rapid advancement of technologies is intensifying the competition among the industries and increase in globalization creates pressure on nations to look for untapped resources, adopt new measures to remain competitive in order to have sustainable growth of the economy. Rural population in India comprises 70% of total population and government has recognized this rural India as one of the key development area which will play an important role in development of Indian economy. To accelerate economic development in rural areas it is necessary to encourage and develop rural entrepreneurship and has been identified as a force of economic change and to achieve this Indian government has taken several initiatives for rural development. However, to establish this rural development program government has to make extra efforts for providing environment, training, resources, finance, etc. to stimulate entrepreneurship which in turn will add economic value to the region and

foster overall development of national economy. Hence, rural entrepreneurs need to identify the opportunities and tap them with available assistance from government to contribute towards economic development. Rural entrepreneurship is the answer to removal of rural poverty in India.

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