

THE STUDY OF RURAL ENTREPRENEURSHIP DEVELOPMENT AND GOVERNMENT EFFORTS, POLICIES, AND SCHEMES IN INDIA

Jitendra K. Mahajan

Associate Professor

C.P. & Berar College, Nagpur, Maharashtra

Abstract:

The story of Indian development is directly linked with rural entrepreneurship development. The farming community is now quite aware of the value of their resources and their usefulness. Similarly, agro-based industries are emerging in rural areas giving a powerful basis for rural entrepreneurship. Diversity in non-agricultural uses of available resources, such as blacksmithing, tourists, spinning, carpentry, etc., as well as diversification in activities other than activities related only to agricultural use, for example, resources other than lands such as water use, woodlands, buildings, available skills, and local characteristics, all fit into rural entrepreneurship. These resources are entrepreneurial combinations, for example- tourism, sports and recreation facilities, professional and technical training, retail and wholesale, industrial applications (engineering, crafts), servicing (consulting), value-added (meat, milk, products from wood), etc. and the possibility of off-farm work. Equally entrepreneurial are new uses of land that enable a decrease in the intensity of agricultural production, for example, organic production.

Dynamic rural entrepreneurs can also be found. They are expanding their activities and markets and they are looking for new markets for their products and services in rural areas. Now, the agricultural community is also keen to convert its land for industrial purposes. This type of entrepreneurial enterprise is an example of direct entrepreneurship, not an example of agri-diversification. This is an example of how looking at and seizing the opportunity are important elements of entrepreneurial success. The rural areas are quite popular. These include trade, food processing, handicrafts, and production of basic consumer articles, catering, running tourist establishments, and bed and breakfast arrangements. As the Indian economy is becoming more and more globalized and competition is accelerating at an unprecedented pace, affecting not only industry but any economic activity including agriculture, it is unsurprising that rural entrepreneurship as a force of economic change is attaining its importance

The purpose of this research is to study the recent rural entrepreneurship development in Indian, to know the benefits of government efforts, policies, and schemes for rural entrepreneurship development in India, and to know the importance of rural entrepreneurship in economic development. This topic is important in this context.

Keywords: Rural Entrepreneurship Development, Government Efforts, Policies and Schemes.

Data Collection Method Used for Research:

Data for the research paper has collected from secondary sources like newspapers, books, magazines, reports, and websites.

The Objective of Research:

- 1) To study the recent rural entrepreneurship development in Indian.
- 2) To know the benefits of government efforts, policies, and schemes for rural entrepreneurship development in India.
- 3) To know the importance of rural entrepreneurship in economic development.
- 4) Suggesting for the development of rural entrepreneurship based on the findings from research.

Introduction:

Rural entrepreneurship refers to the initiative and activities of entrepreneurs related to setting up industrial and business units in rural areas. Rural entrepreneurship can be a panacea for the problems of poverty, migration, economic inequality, unemployment, and underdevelopment associated with rural areas and backward areas.

The rural entrepreneur can be considered as an important catalyst for the economic development of the country and to bring it to rural areas within the country. Rural entrepreneurs are the class of entrepreneurs who undertake entrepreneurial activities by establishing industrial and business units in the rural sector of the economy.

Rural entrepreneurship focuses on finding and encouraging rural entrepreneurial talents and thus promotes the development of indigenous enterprises.

Rural entrepreneurship increases the economic value of rural areas by introducing new methods of production, new markets, and new products. Apart from this, it also creates employment opportunities in rural areas and thus ensures rural development.

According to the 2011 census in India, out of 121.2 million population in India, the size of the rural population is 833.1 million which is about 68.84 percent of the total population. India's economic development depends to a large extent on the progress of rural areas and improvement in the standard of living of the rural masses. Rural entrepreneurship can contribute significantly to the national economy by increasing the pace of rural development.

It recognizes the opportunity in rural areas and intensifies a unique mix of resources inside or outside agriculture.

According to the Khadi and Village Industries Commission (KVIC), "Rural industry or rural industry means any industry located in a rural area having a population not exceeding 10,000 or such other figures, which produces or uses any goods. Produces any service with or without it. Power and in which the capital investment towards an artisan or laborer does not exceed one thousand rupees".

The Government of India has recently revised the definition of Village Industry as any industry located in a rural area, village, or town with a population of 20,000 and below the investment of Rs. With this broad definition of crores of village industries in 3 plants and machines, a total of 41 new village industries have been added to the category of village industries.

All village industries are classified into the following seven categories. These include mineral-based industries, forest-based industries, agro-based industries, engineering and non-traditional industries, textile industries (including khadi), and service industries.

Rural Entrepreneurship Development in India:

Rural industrialization was of no importance before India's independence. The reason is not difficult to find. The British government encouraged imports and discouraged the development of indigenous industries. Indian art and culture were in the hands of the British government during this period. It was only after independence that rural industries began to gain importance. It found expression in major policy announcements on development in India. For example, the first Industrial Policy of Independent India, the Industrial Policy Resolution of 1948, emphasized the use of local resources and the achievement of local self-sufficiency in relation to certain essential "consumer goods" as the most appropriate characteristics of cottage and small scale industries. . Since then, I have not looked back. Emphasizing the creation of employment, equitable distribution of income, and effective mobilization of capital and skills, the Industrial Policy Resolution, 1956 stated that the characteristics of cottage, village, and small industries are compatible with the achievement of these objectives.

The major policy of the Third Five-Year Plan was to provide employment through the development of the village and small-scale industries and to increase the supply of consumer goods and some productive goods. To achieve balanced regional development, village and rural industries including subsidiary units of large-scale units were developed. The introduction of a backward area development program including industrial development was a new dimension associated with rural industrialization during the Fourth Five Year Plan.

The Fifth Five Year Plan gave importance to the industrial development of backward/rural areas in the country. With this in mind, District Industries Centers (DICs) were set up in the Fifth Five-Year Plan to provide all the necessary guidance and assistance under one roof. The seventh and eighth plans changed their gears for rural industrialization, giving importance to the role of institutions in marketing, credit, technology, etc., many projects covering a wide variety of rural industries, food processing, pottery, leather goods. Readymade garments etc. were taken by Khadi and Village Industries Commission (KVIC) to promote rural industrialization.

The ninth plan envisages the following development strategies for the village and small-scale industries in the country. Including provision of incentives and support to small-scale industries, facilitating factoring services and concessional bills to solve

financial problems of small-scale industries, raising investment limit from Rs. 3 crores to broad-based small-sector (current investment limit 1 Crore rupees), promotion and up gradation of technology in the small sector, and special attention to the sericulture sector in the small scale industries. In India, largely rural entrepreneurs fall into the categories of farm entrepreneurs, artisan entrepreneurs, traders, and business groups, tribal entrepreneurs and general entrepreneurs, etc.

Farm entrepreneurs are those primary occupations and the main source of livelihood is farming. Individuals who do not have land or other agricultural resources, but are willing to undertake a venture in the village, which will support agriculture, may be considered agricultural entrepreneurs. Artisan entrepreneurs represent skilled people from rural society. Such skills are acquired either through vocational training with their kinship group or for example through inheritance, blacksmiths, carpentry, etc. Merchants and trading groups it consists mainly of business communities in rural areas that make up a small segment of the rural population. It shares large trades in the community. These people are traditionally considered as exploitative classes and play the role of middlemen in the business to search for any occupation in rural areas.

The tribal entrepreneurs are mainly in tribal villages and can be considered as an entrepreneurial class in themselves. The source of their origin is the tribal community. Their entrepreneurship however can inspire them to pursue any business in rural areas. Some examples of this category of general entrepreneurs are high school drop-outs, educated-unemployed, landless laborers, wage earners, and Scheduled Castes, etc.

Rural entrepreneurs can start their ventures in any category classified as a rural industry. Forest-based industries including honey making, bidi making, bamboo products, cane products, wood products, coir industries, etc. Agro-based industries include the processing and sale of agricultural products such as pickles, jaggery, juice, fruit jam, dairy products, and products made from rice, oil processing from oilseeds. Mineral-based industries include stone crushing, cement industry, construction of sculptures, decorative items made of marble and granite. The textile industry includes weaving, spinning, and dyeing cloth. The industry is included within its ambitious Khadi, Tussar silk, Mag silk. Handicraft-based enterprises include decorative and household products made of cane, bamboo, and wood available in the region. Engineering industries include making and repairing agricultural equipment, tools and parts of equipment, machinery parts, etc.

Importance of rural entrepreneurship:

The Indian situation is such that there is a great need to create employment opportunities. Resource utilization has to be optimized at its core. There are about 100.5 million households in rural India as compared to 34 million in cities. The population between rural and urban areas is 521.4 million and 162.3 million respectively. About 36 percent of the rural households own less than 50 percent of the capital and about 33 percent have one to five acres of land. Agriculture and agro-based activities are the main sources of employment in Indian villages, where the services sector is weak with only 6.62 percent of households as compared to 26.23 percent in urban areas. The business sector presents a

grim picture with only 4.35 percent of households in rural areas, compared to 16.55 percent in urban areas.

It only shows how much regional change and labor participation rate have to be improved to result in entrepreneurial mobility in rural areas. Apart from this, the unemployment situation in modern areas in rural areas is serious. It is widely believed that today there is more than 100 million population without work. Most of them are directly or indirectly from rural areas.

In contrast to the cyclical unemployment problem of developed economies, India is facing low employment. Most of the farming population is limited to a single crop dependent on the monsoon. The scene gets worse as there are no part-time productive activities near their locations. Due to overinvestment in some megacities, rural poverty has been shifted to urban slums due to the disturbed migration of largely unskilled poor villagers from far-flung areas to megacities. Migration is initiated by deprivation and not by increasing skills. Contrary to popular belief, 54 to 73 percent of rural migrants or displaced people end up in tertiary jobs such as domestic servants, hawkers, porters, laborers, construction workers, etc. The livelihood of high skilled artisans that have been in existence for centuries has been under threat due to a lack of organization and access to markets. The craze for modern commodities and modern market systems has put scarcely produced goods at a disadvantage. Neglect of adequate and appropriate primary rural industrialization has resulted in serious losses. While villages remain uninhabited and underdeveloped for substantial economic activity - cities are overcrowded and deserted and ineffective for the vast majority. The purchasing power of both villagers and urban people is reduced to such an extent that more than 90 percent of the families are constantly struggling for survival for food, shelter, health, children's education, etc. Infrastructure in urban areas at their borders is bursting.

Inspired by traditional informal activities, the industrial sector in rural areas has a low level of productivity. Technological intervention is slow-growing; The IT revolution has not brought significant dividends for the rural masses. School dropouts and literate sections seek white-collar jobs. Due to the lack of such opportunities, they are looking for new systems to change their plight. This trend is widely seen in youth. The level of education is even more disappointing. The above facts underscore the need to promote entrepreneurship, especially among semi-literate groups who are neither fit for jobs nor can remain outside the economic mainstream. They need to be motivated to perform an enterprising entrepreneur, to stimulate their latent entrepreneurial initiative so as not to break the social conscience. The target group in the Entrepreneurial Building approach is semi-literate youth and women. While highly educated potential entrepreneurs can access the support services of technical and consultancy organizations, entrepreneurship development institutes, and institutions like DIC, SFC, SIDO, SISI, IDBI, etc., the rural masses have to depend only on the grassroots. Level organizations those are rarely active.

As the economy cannot respond to the situation of rising unemployment and can especially deal with the problem of the unemployed, grassroots organizations need to be

strengthened to respond appropriately to the emerging needs of entrepreneurship in rural areas. Thus, the strategy of building entrepreneurship needs to be integrated with the development process. The only answer to increasing rural purchasing power is to create a vast level of economic activities related to production directly under the control of rural entrepreneurs and artisans. This is possible by setting up thousands of viable small industries spread across the country. With the potential to generate 100 to 300 times employment per unit of investment as compared to the large-scale sector, the village industry sector could complete the primary function for the economy while ensuring full employment in the country. Mahatma Gandhi understood this primary necessity of the Indian economy and therefore emphasized the important role of village industries as the essential link between the development of agriculture and the secondary economy.

Government Efforts, Policies, and Schemes for Rural Entrepreneurship Development in India:

India's economy is growing effectively. The country's GDP growth rate was 5.6% in 2012-13, which increased to 7.6% in 2015-16. With its large population, high investment and savings rate, and allocation of resources in the field of infrastructure, the country is ready to move ahead at a fast pace. But in the last decade, there has been a continuous gap between the rapid pace of economic growth and the remarkable efforts to reduce poverty and the inclusive, productive, and formal labor market. Investment in efficiency development will ensure that economic and employment growth will be more inclusive. This is particularly important in the context of India's demographic transition, which has generated a large section of youth in the working population.

More than eight out of every 10 people in India do informal labor or work in the informal sector and are deprived of employment rights, benefits, and social protection. More than half of the non-agricultural sector population is employed in the informal economy and employment growth is concentrated in low-productivity sectors, such as construction. Not enough excellent and productive jobs have been created. In addition, there is a persistent and significant disparity in the participation rate of men and women in the labor market.

Generating productive and formal employment depends on whether sufficient skilled manpower is available. But for this, it is necessary to continuously invest in efficiency development and to increase opportunities for excellent employment generation through entrepreneurship. To overcome the skills shortage and increase employability in India, such policies and strategies should be formulated that provide 'on the job' in labor-relevant education systems, career guidance, life skills, and techno-vocational education and training schemes, and formal and informal sectors. 'Focus on training.

The government has set up the Ministry of Skill Development and Entrepreneurship to generate employment and entrepreneurship and attract private investment. Steps are also being taken to attract foreign investment and increase manufacturing. The Ministry's Pradhan Mantri Kaushal Vikas Yojana is giving the youth the opportunity to train industry-

related skills and improve their employability. To enable the youth to compete in the labor market, the government has provided various types of efficiency programs such as the National Apprenticeship Training Scheme, Deen Dayal Upadhyaya Rural Skills Scheme, National Urban Livelihoods Mission, and National Rural Livelihoods Mission. The National Career Service of the Ministry of Labor and Employment aims to provide employment-matching services in a transparent and user-friendly manner.

Various national schemes such as Make in India, Start-Up India, Stand Up India (SC, ST, and women borrowers in setting up greenfield ventures to promote the creation of more productive and high efficiency fully micro, small and medium scale enterprises Bank loan program to help) and Digital India has been started which accelerated the demand for jobs and creation of jobs. The Atal Innovation Mission strives to foster a culture of new experiments and entrepreneurship. For this, it gives a platform to generate and share new ideas and to provide guidance and cooperation to new ideas persons.

Conclusion:

The program of rural industrialization has attempted to carry on industrial and manufacturing activity in rural areas through a process of dispersal, as well as existing traditional units have been developed, creating an industrial environment in rural areas. The impact of this construction of development centers and the provision of infrastructural facilities in rural areas should be carefully planned. The establishment of nucleus plants in districts or potential block levels will promote as many ancillary, small, and cottage units as possible. The Interlink era will strive for integrated industrial development in the rural sector. The development of focal points in specific areas is considered to be imitable by providing a variety of complementary facilities along the lines of Punjab. This will prevent migration from villages and may enable the flow of skilled manpower to rural areas. Therefore, rural industrialization is an integral part of rural development.

Suggestions:

- 1) Organized efforts are necessary to ensure the success of village industries.
- 2) Successful models such as group entrepreneurship or self-help groups can become primary entrepreneurial systems.
- 3) Incentives for setting up of regional marketing enterprises for products of village industries sector only in the entire country and networking between such market enterprises through village industries federation across the country.
- 4) Village industry units should not be allowed to suffer due to the inability to create a brand for their products individually. As such, common national brands should be made available to all small village industries units at a fraction of the cost associated with their sales.
- 5) To emphasize rural industries, national policymakers should appreciate the importance of making it easier for village industries to make products of daily use.

References:

Books:

- 1) Sagar et al Mondal, Textbook On Rural Development Entrepreneurship And Communication Skills, Kalyani Publishers (January 1, 2012)
- 2) Misra & Puri, Indian Economy, Himalaya Publishing House, Mumbai, 2010.
- 3) Rudradutt and K.K. P. M. Sundaram, Indian Economy, S. Chand and Company, New Delhi (Hindi)
- 4) Debasish Biswas , Chanchal Dey, Entrepreneurship Development in India (Routledge Focus on Business and Management), Kindle Edition, Routledge; 1st edition (May 10, 2021)
- 5) S. S. Reddy , Agricultural Economics ,Oxford (1 January 2008)
- 6) Ramesh Singh, Indian Economy (For Civil Services Examination), McGraw Hill Education (India) Private Limited, Chennai 6th Edition
- 7) Annual Reports of Ministry of Micro, Small and Medium Enterprises, Government of India.

Newspaper: *Lokmat, Dainik Bhaskar, Navbhart, Times of India.*

Websites:

- <https://www.indiafilings.com/learn/rural-entrepreneurship-development-program/>
- <http://www.mgncre.org/R-entrepreneurship.html>
- https://www.researchgate.net/publication/304113361_Rural_Development_in_India_through_Entrepreneurship_An_Overview_of_the_Problems_and_Challenges
- <https://hindrise.org/rural-entrepreneurship>
- <https://www.yourarticlelibrary.com/entrepreneurship/how-to-develop-rural-entrepreneurship-8-suggestions/41103>
- <http://oaji.net/articles/2016/1115-1476774627.pdf>
- http://lib.unipune.ac.in:8080/jspui/bitstream/123456789/3379/10/10_chapter%204.pdf
- https://www.ripublication.com/gjmbs_spl/gjmbsv3n3spl_15.pdf
- [https://www.worldwidejournals.com/indian-journal-of-applied-research-\(IJAR\)/article/rural-entrepreneurship-challenges-and-opportunities-an-indian-context/Mzc=?is=1&b1=113&k=29](https://www.worldwidejournals.com/indian-journal-of-applied-research-(IJAR)/article/rural-entrepreneurship-challenges-and-opportunities-an-indian-context/Mzc=?is=1&b1=113&k=29)
- <https://www.preservearticles.com/business/remedial-measures-to-develop-rural-entrepreneurship/1801>
- <https://www.preservearticles.com/business/importance-of-rural-entrepreneurs/1799>
- <https://businessjargons.com/rural-entrepreneurship.html>
- <https://www.preservearticles.com/business/need-for-rural-entrepreneurship/1798>
- <https://www.investindia.gov.in/schemes-msmes-india>
- <https://yourstory.com/2011/01/brief-overview-of-indian-government-policies-aiding-rural-entrepreneurship/>