

PROBLEMS IN RURAL ENTREPRENEURSHIP IN INDIA

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Abstract

Today rural entrepreneurship has emerged as a dynamic concept. Rural entrepreneurship is based on stimulating local entrepreneurial talent and the subsequent growth of indigenous enterprises. In rural areas majority of the people not ready to invest in the business and also not ready to fix that entrepreneur is also their career. So this condition should be changed by the government and focus more on rural entrepreneurs for to be a developed nation among the countries. Study tries to focus on the major problems faced by entrepreneurs especially in the field of financial amenities, infrastructure problem, and skilled labor problem etc. along with the Government schemes for rural entrepreneurship in India.

Keywords: rural entrepreneurship, problems of rural entrepreneurship

Introduction

Rural industrialization is viewed as an effective means of accelerating the process of rural development. Government of India has been continuously assigning increasing importance and support for the promotion and growth of rural entrepreneurship. Today rural entrepreneurship has emerged as a dynamic concept. In general parlance rural entrepreneurship is defined as “entrepreneurship emerging at village level which can take place in a variety of fields of Endeavour such as industry, business, agriculture and act as a potent factor for overall economic development. Compared to earlier days development of rural areas have been linked to entrepreneurship. Entrepreneurship means primarily innovation to some, to others it means risk taking? To others a market stabilizing force and to some others it means starting, managing a owning a small business. An entrepreneur is a person who either creates new combination of production factors such as new products, new methods of production, new markets, finds new sources of supply and new products and new organizational forms or as a person who is necessarily willing to take risks or a person who by exploiting market opportunities, eliminates disequilibrium between aggregate demand and aggregate supply or as one who owns and operates a business.

What is Rural Entrepreneurship?

In simple terms “entrepreneurship” is the act of being an entrepreneur, which can be defined as “one who undertakes innovations, finance and business acumen in an effort to transform innovations into economic goods”. The problem is essentially lopsided development which is a development of one area at the cost of development of some other place, with concomitant associated problems of underdevelopment. For instance, we have seen underemployment or unemployment in the villages that has led to major influx of rural population to the cities.

Objectives of the study

- To study the problems in rural entrepreneurship
- To study the Government schemes for rural entrepreneurship in India

Rural Entrepreneurship in India

The person should necessarily be capable of making use of the government schemes and policies for the betterment of rural people? Some individuals who happen to be NGO’s and local leaders and also who are committed to the cause of the rural people have certainly been the catalytic agents for development. Though their efforts need to be recognized and lauded, yet much more needs to be done to reverse the direction of movement of people i.e., to attract people to rural areas which means not only stopping the outflow of rural people but also attracting them back from towns and cities where they had migrated. This can be made possible only when young people consider rural areas as places of opportunities. Despite all the inadequacies and incompetencies in rural areas one should assess their strengths and also build upon them to make rural areas places of opportunities. This is much more to do with the way one sees the reality of the rural areas. The way a job seeker or survivor would see things would certainly be different from those who would like to do something worthwhile and are also ready to go through a difficult path to achieve their destined goals. It isn’t that there is a dearth of people with such a mindset. But due to various complications they change their minds and join the bandwagon of job seekers. Enabling the public to think positively, creatively and engaging them purposefully in entrepreneurship activities is most important for the development of rural areas. Young people with such perspective and also with the help of rightly channelized efforts would certainly usher in an era of rural entrepreneurship.

Some of the basic principles of entrepreneur which can be applied to rural development are:

- Optimum and full utilization of local resources in an entrepreneurial venture by rural population –Better– distributions of the farm produce results in rural prosperity
- Entrepreneurial occupation opportunities for rural population to reduce discrimination and also providing– alternative occupations as against the rural migration
- To activate such system as to provide basic “6M”- Manpower, money, materials, management, machinery– and market to rural population

Problems in rural entrepreneurship

Financial problem

Finance is the lifeblood of the business. Rural entrepreneurs are mainly struggle with raise the finance for the business. They are mainly depending on parents and relatives, popularized person in the particular area for finance. They are not aware of the entrepreneurial supporting financial institution like SIDCO(Small Industrial Development Corporation), SIDBI(Small Scale Industrial Development Bank of India), DIC (District Industrial Center), IDBI (Industrial Development Bank of India), IFCI (Industrial Finance Corporation of India), ICICI (Industrial Credit and Investment Corporation of India), etc., These financial institutions are providing finance to entrepreneurs to start up new venture and also modernize the existing business but this institutions rules are regulations are not easy to avail the finance for the business.

Infrastructure problem

Infrastructure facilities include transport facilities, communication facilities etc. Transport facilities includes bus, train etc., It is useful for the entrepreneur to reach the produced gods from one place to another but this facilities are very poor in the rural area compare with cities. Communication facilities include the telephone; fax, internet facilities lack of this facilities entrepreneur cannot cover more area in their business places.

Low quality products

In today consumer are more sensitive with the quality of the products, then only big companies follow the TQM (Total Quality Management) practices in their production unit. Rural entrepreneur cannot produce quality products due to lack of standardized equipments and poor quality of raw materials.

Non availability of skilled

Labours In rural areas skilled labours cannot find easily by the entrepreneurs. Labour turnover also high in the rural areas. Highly skilled personnel also willing to work in developed cities due to high salary than rural areas.

Fear to invest in the business

Rural entrepreneurs are low risk bearing ability, expect regular income restrict to invest in the business.

Political problems

Before establish the business entrepreneurs clear the government complicated regulation related with business license and pollution and also clearance certificates. Due to the low educational level of rural entrepreneur they cannot do this process.

No technical skills

If the business is production nature the entrepreneur need some specific technical skills to operate that activities but rural entrepreneur are poor on this skills.

Account maintenance

Rural entrepreneurs are poor knowledge in the operation of various business transactions and maintenance of records related with it. It is happened due to their illiteracy.

Raw materials problem

In rural areas raw materials of the business mainly depend on agriculture. If any years there is no raining conditions prevails the business operations also stopped and also they don't have proper storage and warehousing facilities.

Purchasing power of rural people

Purchasing powers of the rural consumers are low compare with the city consumers. Purchasing power derived from the disposable income of the consumers. This disposable income is high to the urban consumers.

Competition

Rural entrepreneurs are facing tough competition from the large scale organization and urban entrepreneurs. Rural entrepreneurs cannot compete with the urban entrepreneurs due to lack of standardization and branding and quality of the products.

Middleman

Rural entrepreneurs are mainly depends on middleman for marketing their products. But they are cheating the entrepreneurs with low price to their goods.

Government schemes for rural entrepreneurship in India

SME the Ministry of Micro Small and Medium industries initiated various schemes to promote rural entrepreneurs in India. The schemes are

- Entrepreneurship Development Institution Scheme
- Rajiv Gandhi Udyami Mitra Yojana (RGUMY)
- Performance and Credit Rating Scheme (Implemented through NSIC)
- Product Development, Design Intervention and Packaging (PRODIP)
- Khadi Karigar Janashree Bima Yojana for Khadi Artisans
- Marketing Assistance Scheme

Conclusion

Rural entrepreneurs play a vital role in converting developing country into developed nation. Rural entrepreneurship however is the best answer for removal of rural poverty in India. Hence government should stress and emphasize more on integrated rural development programs. Study also tried to focus on the major problems faced by entrepreneurs especially in the field of financial amenities, infrastructure problem, and skilled labor problem etc. along with the Government schemes for rural entrepreneurship in India. In rural areas majority of the people not ready to invest in the business and also not ready to fix that entrepreneur is also their career. So this condition should be changed by the government and focus more on rural entrepreneurs for to be a developed nation among the countries.

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