

Problems and Prospects of Rural Entrepreneurship in India: A case study of Kollegal Taluk, Chamarajanagara District, Karnataka

Deepa S.R.

Assistant Professor of Commerce, Sri Mahadeshwara Government First Grade College, Kollegal – 571440, Chamarajanagara District, Karnataka

Abstract - Present day Rural Entrepreneurship is a major prospect for the people who essentially migrate from rural areas or semi-urban areas to urban areas. It is also a fact on the contrary that the majority of rural entrepreneurs are facing many challenges due to non-availability of primary amenities in rural areas especially in developing countries like India. Monetary problems, Lack of Education, insufficient technical and conceptual ability at present it is too difficult for the rural entrepreneurs to establish industries in rural areas. Undoubtedly the economic development of our country largely depends on the development of rural areas and also the standard of living in its rural mass. For the economic development of a country and of regions within the country rural entrepreneur is certainly one of the most important inputs. Today entrepreneurs are also driven to achieve success in their business along with the qualities inherited by them of a dreamer, leader, manager, innovator, continues learner, and decision maker and most important is implement all these qualities into the work. Certainly, entrepreneurs set the example of turning their dream into reality. Further noticeably the story behind to achieve the dreams into reality is to set massive goals for themselves and also stay committed to achieving them regardless of the obstacles they get in the way wish the unmatched passion and the ambition towards achieving the goal. Undoubtedly it looks attractive, charming, and motivating after listening the stories of the entrepreneurs, but for sure success is not as easy as it looks always. There is definitely some obstacle which we call challenges to overcome by looking forward the prospects to be a successful entrepreneur. The paper also makes an attempt to find out the challenges and problems for the potentiality of rural entrepreneurship. It also tries to focus on the major problems faced by entrepreneurs especially in the field of marketing of products, other primary amenities like water supply, availability of electricity, transport facilities, required energy and financial amenities. In the light of this research paper focuses on the major

challenges and problems available in the Indian market by cashing the likelihoods and prospects of the same to be able and successful entrepreneur.

Index Terms - Marketing, Rural Entrepreneurs, Economic Development, availability, products.

INTRODUCTION

Entrepreneurship has along past, and the word “Entrepreneur” originated in the middle of the 17th or 18th centuries. The term Entrepreneurship describes individual economic sources in the late 19th century. According to Renzulli (2000) quoted that women entrepreneur’s participation in the global market is more compared to men now a days. In the recent year’s rural entrepreneurship has appeared as a vigorous concept. In general parlance rural entrepreneurship is defined as entrepreneurship emerging at village level which can take place in variety of fields of endeavor 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. Defining entrepreneurship is not a casual task. Entrepreneurship means primary innovation to some, to others it means risk taking. To others a market stabilizing forces and to some others, it means staring managing and owing 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 news 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 imbalance between cumulative demand and

comprehensive supply or as one who owns and operates a business.

WHAT IS RURAL ENTREPRENEURSHIP?

In simple terms entrepreneurship is the act of being a businessperson, which can be defined as “one who undertakes innovations, funding and business intelligence in an effort to transform innovations into economic goods”. Rural industrialization nurtures economic development in rural areas. This halts the migration from rural to urban areas, on the one hand, and lessens the inconsistent growth in the cities, reduces growth of slums, social tension and atmospheric pollution on the other.

RURAL ENTREPRENEURSHIP IN INDIA

In India as per the census of 2011, out of the 121.2 million population in India, the size of the rural population is 833.1million which is about 68.84 per cent of the total population. The economic development of India largely depends on the progress of rural areas and the improvement of the standard of living of rural masses. Rural entrepreneurship can significantly contribute to national economy by enhancing the pace of rural development. It recognizes opportunities in the rural areas and accelerate a unique blend of resources either inside or outside of agriculture. According to Government of India the development of rural industry by providing jobs to rural unemployed helps in reducing disparities in income between rural and urban areas.

Basic principles of Rural Entrepreneur

1. Finest and full utilization of local resource in an entrepreneurial venture by rural population.
2. Healthier distribution of the farm produce results in rural prosperity.
3. To reduce discrimination of the rural population.
4. To activate entrepreneur to provide basic manpower, money, materials, management, machinery and market to rural population.

Rural Entrepreneurship in fluctuating Environment

The changing global environment raises many questions about the ability of outdated, small scale business to rural areas to share the potential benefits which is offered by the inconsistent environment. The

speedy population growth, which is coupled with even faster urbanization, creates increasing demands. In India semi urban and urban population in generation grow about twice as fast as the overall total population and by 2030 they may exceed the size of rural population. Such a major demographic trend challenges the capacities of some traditional small-scale business to cope up with the increasing demands and supply.

Rural Entrepreneurship leads to Growth of Villages

Rural Entrepreneurship undoubtedly implies entrepreneurship emerging in rural areas. In other words, establishing the industry in rural areas is referred to as rural entrepreneurship. This means that rural entrepreneurship is indistinguishable with rural industrialization. Modification into non-agricultural uses of available resources such as blacksmithing, catering for tourists, carpenter, spinning etc. as well as modification into activities other than those solely related to agricultural usage like use of resources other than land such as water, woodlands, buildings, local features and available skills all fit into rural entrepreneurs. The entrepreneurial mixtures of these resources are for example tourism, sport and recreation facilities, professional and technical training, retailing and whole selling industrial applications, servicing value added products like meat, milk, wood etc. and the possibility of off-farm work. Equally entrepreneurial area new uses of land resources that which enable a reduction in the intensity of agricultural production, for example organic production.

Principal opportunities in rural entrepreneurship are

1. Better allocating of farm produce which results in rural prosperity.
2. Entrepreneurial occupation for rural youth resulting in reduction of disguised employment opportunities.
3. It provides alternative occupations for rural youth.
4. It provides optimum and maximum utilization of farm produce formation of big cooperative like Aroyka farms in Andhra Pradesh.
5. Finest utilization of local resources in entrepreneurial venture by rural youth.

Significance of Rural Entrepreneurship

Rural entrepreneurship is basically labour intensive. It provides employment prospects for the rural mass. Hence Rural Entrepreneurship has the potential of erasing rural unemployment. Rural Entrepreneurship can significantly contribute towards promotion of balanced regional development. The social problems like poverty, inequality, caste distinctive can be reduced by rural entrepreneurship. Rural entrepreneurship can improve the standard of living in rural areas. Increasing opportunities for the growth and prosperities for growth and prosperity can uplift the rural communities. Rural entrepreneurship can play a significant role in increasing the foreign exchange earnings of the country if their products are recognized and demanded abroad.

OBJECTIVES OF THE STUDY

1. To analyze the roles of rural entrepreneurs in economic development.
2. To know the major benefits from rural entrepreneurship.
3. To study the major challenges faced by rural entrepreneurship in India.
4. To understand the management problems of rural entrepreneurs.
5. To suggest some of the major remedies to solve problems in rural entrepreneurship.

RESEARCH METHODOLOGY OF THE STUDY

The research paper is based on both Primary and Secondary Data. Primary data is collected after visiting the markets of Kollegal Rural Town of Chamarajanagara District, Karnataka. Interview Schedule method is used to elicit information from the Entrepreneur who were involved in various small businesses like grocery shops, wood repair shop, engineering works, cement and brick business, wholesale vegetable and fruits enterprises etc. In order to compact the study 50 Entrepreneurs were selected on the basis of Random Sampling Method. Secondary data collected from the Commerce and Management Books, Journals, Magazines published.

RURAL ENTREPRENEURS IN ECONOMIC DEVELOPMENT

According to Joseph Schumpeter, the rate of progress of any nation depends upon its rate of innovation which in turn also depends on the rate of increase in the entrepreneurial talent in the population. Rural entrepreneurs play a vital role for the economic development of a country in the following ways:

- a. With the globalization recession and pandemic effects, the government jobs are decrease thus leaving many unemployed. In these circumstances, the entrepreneurs and their enterprises are the only source and hope of direct and indirect employment generation.
- b. Entrepreneurs always look for opportunities in the working environment. They make the most of on the opportunities of government concessions, facilities, and subsidies to set up their enterprises in underdeveloped areas.
- c. Entrepreneurial initiatives taken by entrepreneurs through employment generation leads to increase in income and also purchasing power which is spent on consumption expenditure. This certainly increased demand for goods and services boosts up industrial activity.
- d. Entrepreneurs are considered and best judged as economic agents since they unite all means of production. All the major factors of production i.e, land, labour, capital, and enterprise are all brought together to get the desired production.

Problems and Challenges of Rural Entrepreneurship: Entrepreneurs unquestionably play very important role in the progress of economy thus contributing to overall Gross Domestic Product of the nation. They face various problems in day-to-day life and work. Everyone aware of the fact that managing business is of walking on double edged sword, flourishing business has its own kind of problems. Some of the major problems faced by rural entrepreneurs are as under:

1. Financial Problems: Due to absence of noticeable security and credit in the market most of the rural entrepreneurs fail to get external funds. Out of 50 entrepreneurs 46 respondents consisting 92% per cent are of the opinion that the procedure to avail the loan facility from the banks is too time consuming and its delay often disappoints the rural entrepreneurs. Lack of finance available to rural entrepreneurs is by far one of the biggest problems faced by rural entrepreneurs now a days

especially due to global slump. Some Nationalized banks have not ventured out to serve rural customers because banks are expensive to be reached at the same time cumbersome process are creating huge hurdles for them. Poor people are often excluded from traditional financial market as they often have insufficient established forms of collateral or physical assets to offer.

2. Marketing Problems:

- a. Competition: Rural entrepreneurs face still and severe competition from large sized organization and urban entrepreneurs. They incur high cost of production due to high input cost. Nearly 76% per cent i.e., 38 respondents opined that problem of regulation and competition from large scale units are some of the major problems faced by marketers. Entrepreneurs are lamenting the fact fixing the standards and then adhering to it.
 - b. Middlemen: Middlemen exploit rural entrepreneurs. Majority of the entrepreneur respondents in the study points out that they are heavily dependent on middlemen for marketing of their products who unnecessarily troubles them and pocket large amount of profit as commission. Out of 50 respondents 34 of them consisting 68% per cent replied that middle men are the trouble makers in their business. Poor means of transportation facilities and storage amenities are also other marketing problems in rural areas. In most of the villages, farmers store the produce in open space, in earthen vessels, in bags etc. So these indigenous and traditional methods of storage are not capable of protecting the produce from dampness etc. Pathetic fact is that the agricultural goods are not standardized and graded.
3. Lack of Knowledge of Information Technology: Information Technology as such is not very common in rural areas. Due to the lockdown and other inhospitable conditions entrepreneurs rely on the IT facilities. Poor internet facilities and lack of technological knowledge hampering the business of entrepreneurs. 38 of the respondents who were consisting of 76% per cent expressed their inability perform with IT knowledge and technical knowhow.

4. Absence of Technical Knowledge: Rural Entrepreneurs to a major extent suffer a severe problem of lack of technical knowledge. Lack of training facilities required to run a small business and other extensive service create a hurdle for the development of rural entrepreneurship. Out of 50 respondents 25 of them consisting 50% per cent said they did not have any formal training to run any sort of small or large business.
5. Low level skill workers: Most of the entrepreneurs working in rural areas are unable to find workers with high skills. In this case dropout rate of the workers are also high. They have to be provided with on the job training and their training should be imparted in local language which they can understand easily.
6. Procurement of Raw Material: One of the tough tasks for rural entrepreneur is procurement of raw materials. 75% per cent of the respondents who are consisting of 36 respondents discouraged that they may end up with poor quality raw materials and also might face the problem of warehousing and storage.
7. Problem of Traditional Families: Traditional and tough families never allow the young generation to go for new sort of business or ventures. Out of 50 respondents 45 respondents i.e., 90% per cent of them aired their view that traditional families' close doors for the women entrepreneurs to do business as they claim it is hurting their family customs, sentiments, and traditions.
8. Policy Challenges: Majority of the respondents who are consisting of 80% per cent of them claim that government policies towards new entrepreneurs are not conducive for the environment. Rural entrepreneurs are not getting considerable amount of subsidy from the government or free bees from the concerned institutions. This irking the young entrepreneurs who are working

SUGGESTIONS TO SOLVE THE PROBLEMS OF RURAL ENTREPRENEURSHIP

1. Creation of finance cells: Special finance cells must be created by financial institutions and banks to provide easy finance to the young rural entrepreneurs. At the same time the process to

obtain the loan or financial assistance must be simplified.

2. Supply of Raw Materials: On priority basis rural entrepreneurs should be ensured of proper supply of scarce raw materials. Besides subsidy must also be offered to make the products manufactured by rural entrepreneurs which are reasonable and also competitive in terms of cost.
3. Offering high quality training facilities: Training is very much essential for the development of entrepreneurship. As proper training imparts required skills to run an enterprise it enables rural entrepreneurs to undertake their venture successfully. Economically weaker entrepreneurs of the society are presently offered such training facility under programmed NGS's, Prime Minister's Rogzhar Yogna i.e, PMRY, rotary clubs, lion clubs and various other voluntary organizations which can also arrange such training programs for rural entrepreneurs to provide from proper assistance and stimulation counselling. Rural youths must be encouraged with mandatory basic skills and hands on technology to start small enterprises in their region.
4. To provide loans of concessional rate of interest: Finance should be provided to rural entrepreneurs at concessional rates of interest and also on easy repayment basis. Also, cumbersome formalities should be avoided in sanctioning loans to rural entrepreneurs. Collateral security must be avoided.
5. Setting up marketing co-operatives: Cooperatives certainly can help in getting inputs at quite a reasonable rate and also turn out to be helpful in selling their products at remuneration prices. Rural Entrepreneurs can derive the benefits of enterprise by avoiding middlemen. Moreover, to boost rural entrepreneur's common production and marketing centers must be setup with sophisticated modern infrastructural facilities.

CONCLUSION

Rural entrepreneurs are certainly act as a key figure in economic progress of India. They play a vital role in transforming developing country into developed nation. In today's global market a country's economic policy environment must always be favorable for an

organization to achieve efficiency. Economic policy of a country should also enable entrepreneurs to provide magical touch to an organization to achieve efficiency. Economic policy of a country should also enable entrepreneurs to provide magical touch to an organization irrespective of public, private or joint sector in achieving innovativeness, speed, flexibility and also strong sense of self determination. 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. Also, majority of the rural youths do not think of entrepreneurship as a career option. Hence NGO's, local organizations and government should come with training and sustaining support system providing all necessary assistance so that rural youth can be motivated to take up entrepreneurship as a career. At the same time, there should be efficient regulated markets and government should also lend its helping hand in this context. Local leaders and philanthropist's must also provide much needed support to the needy and enthusiastic entrepreneurs. This definitely may lead to plug the loopholes of the economic development of the country.

REFERENCES

- [1] Ahirrao Jitendra, 2013, Entrepreneurship and Rural Women in India, New Century Press, New Delhi.
- [2] Banerjee, G.D, 2011, Rural Entrepreneurship Development Program in India – An Impact Assessment, National Bank for Agriculture and Rural Development, Retrieved <https://www.nabard.org/Rural%Entereprenersship%30Development.pdf>.
- [3] Chakraborty, D & Barman R, 2014, A Study on Impact of Motivational Factors on the Growth of Rural Entrepreneurs of Assam, IOSR Journal of Business and Management, Volume 16(3) 71- 80.
- [4] Desai, V, 2007, Small Scale Industries and Entrepreneurship, Himalaya Publishing House, Mumbai.
- [5] Diniz, F, 2011, The role of time and entrepreneurship in local development, Romanian Journal of regional science 5(1),54-69.
- [6] Kishore Choudary, 2011, Effect of Globalization on Rural Entrepreneurs in India, Half Yearly

Global Economic Research Journal, ISSN 2249, 4081, Vol I, Issue, pp. 88-92.

- [7] Pertin, T and Gannon, A 1997, Rural Development through Entrepreneurship, compiled and edited by Tea, REU Technical Series, 41, FAO Regional Office for Europe, FAO of the United Nations, Rome.
- [8] Santhi, N, and Rajesh Kumar, S, 2011, Entrepreneurship Challenges and Opportunities in India, Bonfiring International Journal of Industrial Engineering and Management Science, Vol. I, Special Issue, December.
- [9] Sundar, K & Srinivasan, T, 2009, Rural Industrialization Challenges and Proposition, Journal of Social Science, 20(I):23-29.
- [10] Zacharis, Andrew, L., William D, 2000, Global Entrepreneurship Monitor: National Entrepreneurship Assessment, United States, Executive Report.