

Rural Entrepreneurship in India – General Outlook

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Entrepreneurship can be seen as an inventive and imaginative retort to the globe and a capacity to perceive, start and endeavor an economic prospect. A business visionary is a pioneer who presents something new in an economy. Entrepreneur is doing things that are by and large not done in the standard course of business. To do the things in a better and new way is the motive of an entrepreneur. The businessman who is working in a routine manner cannot be an entrepreneur. Business enterprise the way toward making esteem through giving an extraordinary mix of assets alludes to the utilization of an opportunity, which requires an entrepreneurial demonstration and an entrepreneurial operator. Entrepreneurial activity to conceptualize and execute a thought, procedure of item serve or another business has inferred.

Entrepreneurship plays a vital role in the development of rural areas. Entrepreneurial orientation in rustic areas is based on motivating local entrepreneurial endowment and successive growth of home-grown companies. The development and growth of rural areas help in generating self employment, resulting in spreading industrial and economic activities on larger scales and makes maximum utilization of the local labour as well as locally available raw materials. Now-a-days Rural Entrepreneurship has become the big opportunity for those people who have shifted to urban areas from rural or semi-urban areas. The study has been carried out to understand the major challenges and opportunities in rural areas that an entrepreneur can face. The paper also emphasizes on the major problems confronted by rural entrepreneur in areas like products marketing, budgetary conveniences and other essential luxuries i.e. accessibility of power, water supply, transport offices and required vitality and so on.

Keywords: Entrepreneur, Rural development, rural entrepreneurship, constraints, challenges, Opportunities.

1. INTRODUCTION

“India lives in villages and its true spirits lives in rural areas”- Mahatma Gandhi. The economy of India is basically an agrarian economy. Around 3/4th of India’s population is residing in rural areas. Approx. 75% of the people depend on agriculture and other allied activities for their livelihood. The farming activity is itself a very good example of entrepreneurship because it consists of labour, land, finance, technology, process, risk, marketing, and inputs etc. which are the components of a business or enterprise. Our farmers are investing labour, money and other inputs for getting output means harvest. It has been said sometimes that rural people have

less risk taking capacity as compared to urban people, which is not right. Itself agriculture is a high risk activity in which low return might be there and every year farmers are taking risks for increasing their agriculture production. If proper training will be provided to the farmers they can become good entrepreneurs. In rural areas, there are several advantages in field of animal husbandry and agro-products related industries.

The word Entrepreneurship originated from the French word “**Entreprendre**” and German word “**Unternehmen**” which means to “**Undertake**”. As per Schumpeter, enterprise is developing new groupings and entrepreneur is those individual whose responsibility is to flourish it out. Entrepreneur is a man who embraces and works another endeavor, and expects some responsibility for the innate

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dangers. Being good to go or being a business person is about going out on a limb and going up against difficulties.

Business enterprise rising in rural areas is called rural entrepreneurship. Establishing commercial ventures in provincial regions alludes to country business. Rural Entrepreneurship is synonymous of rural industrialization. Rural entrepreneurship is turning out to be progressively vital since it involves various advantages in development of an area. Rural entrepreneurs are the individuals who complete entrepreneurial exercises by building up mechanical and specialty units in the rural part of the economy. At the end of the day, building up business units and industries in the rural regions alludes to country business. In basic words, rural entrepreneurship infers business rising in rural regions.

Rural Entrepreneurship can be defined as Entrepreneurship rising at village level which can occur in an assortment of fields of Endeavor, for example, agriculture, business, industry, horticulture and goes about as a powerful component for financial advancement”.

As per KVIC (Khadi and Village Industry Commission), “Rural industries or village industries implies any industry situated in rural territories, populace of which does not surpass 10,000 or such other figure which creates any products or renders any administrations with or without utilization of force and in which the altered capital venture per leader of an artisan or a individual does not surpass a thousand rupees”.

Government of India has given the customized definition of rural industries. As per GOI “Any industry situated in local region, town or village with a populace of 20,000 and beneath and a venture of Rs. 3 crores in plant and apparatus is named a village industry.”

1) Need for Rural Entrepreneurship in India

As India is a nation of villages and approx. 75% of the rural people are earning

their livelihood from agriculture. Area being restricted can't ingest the work power in agribusiness. Hence, there is a need to create rural commercial enterprises to understand country unemployment and rustic movement to urban areas. Development and improvement of regional economy is a crucial pre-condition to advancement of the country in general. The break between country urban variations ought to be decreased.

The living standard of the rural individuals ought to be expanded. Enterprise in rural part gives a response to the above issues. Indian rustic segment is no more primitive and separated. In this way, enterprise in the provincial and tribal territories poses a potential threat to take care of the issues of neediness, unemployment and backwardness of Indian economy. Rustic industrialization is seen as a viable method for quickening the procedure of provincial advancement. Government of India has been ceaselessly allotting expanding significance and backing for the advancement and development of rural entrepreneurship.

To encourage the rural development in the country, there is a need of creating rural entrepreneurship. This can be acceptable by following points:

- Rural industrialization encourages monetary improvement in rural regions.
- With the small investment of capital cottage industries and small industries can be begun.
- It helps in lessening inconsistencies in wage amongst rural and urban ranges.
- Rural businesses likewise prompt advancement without demolition.
- Rural venture make occupations in the rustic ranges of developing nations.
- Rural commercial enterprises being work escalated serve as an antidote to the far reaching issues of unemployment in rural areas.

- Rural businesses likewise save the old rich legacy of the nation by securing and advancing craftsmanship and innovativeness.
- Obliging the neighborhood request accordingly maintaining a strategic distance from exchange cost.
- The rural commercial enterprises can exploit neighborhood assets nearby raw material, expertise and experience.
- Rural entrepreneurship will help in reducing the unemployment from the nation.
- Will help to moderate down urban relocation.
- Rural businesses can create the best sort of items where skilled work of particular nature is required.
- Particular segments of huge commercial ventures can be made at a less cost in little units in provincial zones by method for subcontract framework.
- Take care of demand emerging from neighborhood utilization needs.
- The part of provincial commercial ventures is of vital significance in our nation due to aforementioned favorable circumstances.

2) Kinds of Rural Entrepreneurship or Rural Industries

All the rural industries go under the following general classifications:

- *Polymer and chemical based industry:* The examples of such industries are manufacture of hair oil, hair conditioner, bindi, agarbatti, aloe vera gel, ball pen ink, Detergent powder and detergent cakes, cleansing lotion and face creams, floor polish etc.
- *Mineral based industry:* such as cement industries, manufacturing of red oxide, wall coating powders, iron and steel manufacturing, manufacturing of heavy machineries, railway coaches, building materials etc.

- *Agro-based industry:* Industries which use raw materials from animal and plant based products such as vegetable oil, dairy items, cotton textile, pickles, leather products, jiggery production, sugar industries, spices etc.
- *Textile industry:* such as bleaching, weaving, coloring, spinning and so on.
- *Forest based industry:* These industries uses forest produce as their raw materials like manufacturing of paper, furniture, pharmaceuticals, bamboo products, leave plates, honey, wooden products, basket weaving, etc.
- *Engineering based industry:* such as pump set, agricultural equipments, tractors, harvesters etc.

3) Present Scenario of Rural Entrepreneurship in India

In spite of falling products costs and an indeterminate worldwide financial situation, recent study has demonstrated that 82% of all respondents world wide and 75.8% respondents from India have reported an ability to begin another business in their existing economic environment. Under changing economic situation, entrepreneurship has created importance globally. Financial structure is exceptionally alterable and greatly focused because of the quick formation of new firms and the way out of old stagnant and declining firms. In India there are abundant prospects in small businesses, such opportunities will change India in the coming future. The extent of business improvement in our nation is colossal.

The reports arranged by Planning Commission to produce livelihood prospects for 10 crores individuals throughout the following ten years have emphatically prescribed independent work as an exit plan for building unemployed youth.

The changing worldwide environment brings up issues about the capacity of customary, little scale organizations in country ranges to share the potential advantages offered by the evolving environment. The quick (however declining) populace development, combined with significantly speedier urbanization, makes expanding requests. In India, urban populaces when all is said in done develop about twice as quick as the general aggregate, and by 2020 they may surpass the measure of country populaces. Such a noteworthy demographic pattern challenges the limits of some conventional little scale organizations to adapt to the expanding demands.

4) Review of Literature:

The accessible significant written books are quickly outlined as under:

Piore and Sable (1984), in their book, *“The Second Industrial Divide”*, gave an approach structure to little business improvement which expresses that development of economy will be more effective when it happens inside a political setting, where nearby groups effectively bolster little scale endeavors.

Petrin (1994) in another article inferred that development of rural areas is presently connected to entrepreneurship to a greater extent. It goes about as a vehicle to enhance the personal satisfaction for people, families and groups keeping in mind the end goal to manage a sound economy and environment.

Vaessen and Keeble (1995) uncovered that the outer environment in the more remote rustic zones presents challenges for SMEs, which they have to adjust to in if they are to develop and survive.

Gavian et al. (2002), in their study, have proposed that SMEs are customarily considered as well poised to react to the expanded demand by creating occupations.

Sherief, (2005) endeavored to comprehend the determinants of rural entrepreneurship and the environment helpful for its improvement. The study presumed that for accelerating economic development in rural regions, it is most essential to advance entrepreneurship.

Mehta, (2011), in his study showed that numerous Indian organizations including MNC began creating business systems to tap the undiscovered rural business sector in India. The study will be supportive for the different organizations to figure arrangements and approaches so as to help the rural entrepreneurship in India. This may make the Indian rural business sector as a basic power in the worldwide economy.

In horticulture, utilizing new entrepreneurial exercises is moderately simple since agriculturists for the most part have numerous valuable assets available to them, for example, land, structures, apparatus, work, systems, and so on. Access to great assets alone is, be that as it may, not a certification for achievement. Everything relies on upon the ranchers’ entrepreneurial capacities to get to, see the capability of, and utilize the assets accessible (**Alsos et al. 2011**).

Sharma, Swati, Vyas and Divya (2011) demonstrated that different social, financial, political and environmental issues in provincial regions in creating nations like India make challenges in livelihood, diminishing rural generation and expanding nourishment lack. This has come about a colossal effect on the residential generation, livelihood and so forth. To a specific degree, these issues can be understood by creating entrepreneurship in rural India.

5) Research Methodology

Data have been collected with the help of various secondary sources such as articles, journals, magazines, books, website etc. The main objective of this paper is to bring out the

understanding of the present scenario of rural entrepreneurship, Opportunities and Challenges in Rural entrepreneurship.

6) Contribution of Study

This work adds to various loops of research and useful use. This study is mainly focused on the need of rural entrepreneurship in India, major opportunities and major challenges of rural entrepreneurship. The improvement of rural business visionaries is a mind boggling issue which can be handled by the social, political and financial foundations. 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. This paper makes a contribution to existing provincial research by presenting a perspective on rural opportunities furthermore, challenges from the viewpoint of entrepreneur. This research paper would be of worth for those entrepreneurs who are thinking about working together in provincial regions, since it will tell them well in advance what troubles to expect, and in addition where to search for the opportunities and how to potentially exploit them.

7) Rural Entrepreneurship Opportunities

Rural entrepreneurship has a vital part to play in the advancement of Indian economy. About 70 percent of the Indian populace calls rural India it's home, satisfactory financing and assistance can give a flourishing entrepreneur climate in these groups. The following are some opportunities for rural entrepreneurship:

- **Motivation and support:** Rural Entrepreneurship will help in providing motivation and sustainability to the local or rural people. Rural entrepreneur gets lot of support from local people and rural people always give encouragement to the entrepreneurs.
- **Labour availability:** In India 70% of the general population is living in the town or village. Lion's share of the country individuals are relying upon the agribusiness. The agribusiness work is not accessible consistently. That is the motivation behind why rural entrepreneurs have the upper hand in effortlessly procuring incompetent and semiskilled work.
- **Raw materials availability:** Majority of the times the rural entrepreneurs are relying on the farm based items as raw materials, which are accessible consistently. These raw materials are accessible in the provincial range that is the reason there is no transportation expense and buoyancy cost.
- **Low foundation cost:** When contrasted with the urban zones, provincial business visionaries' business foundation expense is low. There is no compelling reason to develop or offices colossal framework and structures.
- **Ideal utilization of produces:** Optimum utilization of farm products is just feasible through only rural entrepreneurship. Many rural entrepreneurs have to depend on farm produces to get their raw materials.
- **Production cost:** Rural entrepreneurs' production cost is low when contrasted with the urban industries. The elements of production are accessible with ease; naturally the production cost is likewise low. Because of this rural entrepreneurs can offer their products and services at cheaper price.
- **Cost in promotional activities:** As the competition in rural areas is less so for rural entrepreneurs there will not be any major cost incurred for promotional activities.
- **Government subsidies and policies:** For encouragement of rural entrepreneurship, Govt. of India is constantly introducing and monitoring new subsidies and policies. These policies are very flexible, innovative, liberalized and giving continues support to rural entrepreneurs. At the same time government has also announced huge subsidies for promoting the rural entrepreneurship.

- **Potential customer:** Rural villagers are intensely populated and are financially strong in this 21st century. This substantial populace can be changed over as potential clients. That is the reason all the MNC's for their potentiality has moved or focusing in rural areas.
- **Goodwill Establishment:** There is a lot of scope for rural entrepreneurs to build the goodwill. The vast majority of the rural entrepreneurs have moral qualities furthermore these individuals don't work for immaculate benefits only.
- **Generation of employment for rural youngsters:** Rural entrepreneurs are giving 100% employment to rural youth. Provincial business people are giving hundred percent employments to country youth. If the provincial entrepreneurs are succeeding in this action the relocation of the general population to urban from rural will be instantly ceased to a most extreme degree.

Opportunities for Rural Entrepreneurs:

- Encouragement to advancements and developments.
- Free entrance into world trade
- Improvement in risk taking ability
- Technology and innovations spread into the world.
- Governments of countries pulled back a few confinements
- Consideration increment in government help for universal exchange.
- Promotion of solid completions among countries
- Cultural and social advancement
- Benefits of specialization.
- The foundation of other national and universal organizations to bolster business among the countries of the world.

- National Rural Employment Program
- Entrepreneurship Development Institute of India
- Food for Work Program
- Rural Innovation Funding
- Bank of Technology
- Social Rural Entrepreneurship
- Regional Rural Development Centers

8) Rural Entrepreneurship Challenges

Rural Entrepreneurship has its own particular downsides. Because of the remote access and inaccessibility of proficient worker, business markets and administrative staff are blocked because of the remote areas. Keeping in mind the end goal to mitigate the issues of rural entrepreneurship, under the legislature bolstered assets for these ventures and select just the absolute best thoughts that straightforwardly advantage the group as well as can contend on a worldwide scale. It is likewise crucial for the accomplishment of the rural groups that the improvement of each rural venture stay in the hand of the local organizations which consequently collaborate with the legislature to regulate the main variable that can build up the rural territories.

- **Family Challenges:** Persuading to select business over employment is simple is not a simple assignment for a person. The main thing thought about is – Will you profit in your preferred matter or as a successor of privately-owned company. This is the place it turns out to be verging on difficult to persuade that you can create more money with your enthusiasm than doing what your Father is doing.
- **Money related Challenges:** These difficulties are a considerable measure diverse in India particularly for online business visionaries. When you are beginning as a business

person you don't choose wander subsidizing however attempt to go to financing for little to medium businessmen. Numerous such non-specialized agents don't comprehend the online plans of action all in all thus getting an underlying business financing from them gets to be challenging.

- **Social Difficulties:** Social difficulties additionally are vital. Assume that you and your companion graduated in the meantime. You picked entrepreneurship and your companion decided on an occupation. He now has a car, own house and what not on the grounds that he could without much of a stretch get those with a bank loan yet regardless you have nothing to flaunt and this is the place the challenge begins.
- **Policy Challenges:** Every so often there are heaps of changes in the strategies to change in the legislature. Issues of TRIMS (Trade Related Investment Measures) & TRIPS (Trade related Aspects of intellectual property rights).

Other Challenges which are being faced by Rural Entrepreneurs:

- **Development of Mall Culture:** On account of the globalization and cutting edge economy empowering the shopping center culture instead of the customary shops.
- **Cultural & Social difficulties:** The digital bistro model has not worked in numerous parts of rural India due to socio-social issues.
- **Dispersion and logistics:** Framework contains to be a challenge in rural areas. In addition, the absence of an effective distribution system anticipates entrance of items/administrations into provincial India.
- **Power failure and Poor assistance:** These two are the significant difficulties confronted by the provincial individuals. India is not a created nation, it is as yet developing nation. Besides India, don't have an adequate force

and power base offices to fulfill the necessities of their kin.

- **Absence of technical knowledge:** Rural people don't know how to use latest technology.
- **Poor mental self view of rustic youth and lacking inspiration:** Solid inspiration is the maha-mantra for accomplishment of any action. Especially the country youth are enduring with poor mental self view. This is slaughtering the talents of youth of rural areas.

9) Findings/Conclusion

In India there are sufficient opportunities for small businesses. Such opportunities will change India in coming future. The extent of development of entrepreneurship in our nation is enormous. Business has increased more prominent criticalness at worldwide level under changing financial situation. Monetary structure is exceptionally progressive and to a great degree aggressive because of the fast formation of new firms and the way out of old stagnant and declining firms.

The changing worldwide environment brings up issues about the capacity of customary, small scale organizations in country regions to share the potential advantages offered by the evolving environment. The quick (however declining) populace development, combined with considerably quicker urbanization, makes expanding requests. In India, urban populaces when all is said in done develop about twice as quick as the general aggregate, and by 2020 they may surpass the extent of rustic populaces. Such a noteworthy demographic pattern challenges the limits of some conventional small scale organizations to adapt to the expanding demands.

In spite of the fact that agriculture today still gives pay to provincial groups, country advancement is progressively jumped at the chance to big business improvement. Since

national economies are increasingly globalize and rivalry is strengthening at a remarkable pace, influencing industry as well as any financial action including agriculture, it is not astonishing that rural entrepreneurship is picking up in its significance as a power of monetary change that must happen if numerous rustic groups are to survive. It is very clear that rural entrepreneurship can't be created without proper training. In this way, rather than just plans (monetary and improvement) as the right for business enterprise advancement a serious training should be given to the adolescent in rustic India. Rural Entrepreneurship is the response to evacuation of country destitution in India. Along these lines, there ought to be more weight on integrated rural advancement.

As an end product, numerous developing nations have supported small ventures in the conviction that they utilize more work per unit of capital than substantial firms, use capital all the more beneficially and therefore consolidate plentiful work with rare capital all the more effectively. In any case, there are different definitions of small scale industry. It fluctuates from nation to nation. Indeed, even in India, the definition has moved from work to capital. However there exist four sorts of small scale enterprises, specifically, modern small scale ventures, cottage industry (modest segment), towns and ancillaries. Again there are handlooms, power looms, handicrafts, Khadi, and so forth small labor enterprises have been supported essentially to make livelihood in an economy with plenteous incompetent work. The modern small scale ventures, due to their practical substitutability and correspondingly attributes to extensive enterprises are rising as overwhelming player in the industrial improvement of the nation. Propels in Information technologies have made it feasible for small firms to access worldwide information and PC links over the globe. Technology exchange over the nations is certain to impact the small scale area in India, making them more cost and quality cognizant to withstand rivalry

10) Recommendations/ Suggestions

The following are the recommendations for boosting up the Rural Entrepreneurship:

- Raw material is an unquestionable requirement for any industry. Be that as it may, the non-accessibility of raw materials joined by their restrictive expense has debilitated the practicality of these enterprises. Past experience bears prove that rural industries with vocation potential cannot be maintained for long unless a solid raw material-base is made in provincial regions itself. Subsequently, an earnest strategy is called for to fortify the raw material base in rural territories.
- Modernization of Country Mechanical Division and Up gradation of Provincial Aptitudes.
- Particular activity to connect the generation focuses to showcase in the urban ranges.
- Legitimate arrangements should be made to bestow the institutional training to situate the business visionaries in particular items and exchanges so that the neighborhood assets can be tackled appropriately.
- Wipe out Middle Men in Marketing Business.
- At times the genuine issue in setting up businesses is not the non-accessibility of facilities, but rather non-familiarity with facilities whatever is accessible. The need is, consequently, to spread information about all what is accessible to give entrepreneurs to encourage them in setting up enterprises.
- Development of Enterprise, Administrative Aptitudes can be made conceivable through preparing Projects
- Training Institutions should be fortified.
- Exception from Excise & Sales Tax.
- Training in Government Plans.
- Normal Showcasing Complex ought to be created.

- Finance is considered as liniment for setting up and running an industry. Funds, accordingly, should be set aside a few minutes at delicate terms and conditions to the individuals who truly require it.
- Small scale Account Association ought to be set up.

The other suggestions that are offered which might be seen as difficulties for the advancement of rustic business enterprise are expressed as under:

- Marketing management abilities ought to be enhanced among the rural entrepreneurs to enhance their aptitudes and the issue of rustic unemployment.
- Recognitions should be given to those entrepreneurs who exhibit exceptional achievement.
- Weaknesses and strengths of small businessman must be distinguished and afterward they ought to be appropriately trained and persuaded to become a successful entrepreneur.
- Smaller scale credit plans have as of now been started in different projects, as SHGs. This will help up the monetary advancement and business era of the rustic poor.
- Resources in villages are copiously accessible. Henceforth, it ought to be used adequately. For instance, wind vitality can be completely exploited for electrification.
- Vital infrastructural facilities like power, land, finance and raw materials ought to be given to the provincial entrepreneurs at concessional rates.
- To make consciousness of imaginative soul among the rural entrepreneurs, management training is to be conferred.

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