



## **Entrepreneurship challenges and opportunities: Indian scenario**

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### **Abstract**

The majority of the population in India lives in villages. The village is the back bone of the country. Village or rural industries play an important role in the national economy, particularly in the rural development. Rural entrepreneurship is not only important as a means of generating employment opportunities in the rural areas with low capital cost and raising the real income of the people, but also its contribution to the development of agriculture and urban industries. Rural entrepreneurship can be considered one of the solutions to reduce poverty, migration, economic disparity, unemployment and develop rural areas and backward regions. It is also a fact on the contrary that the majority of rural entrepreneurs are facing many problems due to non-availability of primary amenities in rural areas especially in developing countries like India. Financial 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. Today entrepreneurs are also driven to achieve success in their business along with the qualities inherited by them of a dreamer, leader, manager, innovator, continuous learner, and decision maker and most important is to implement all these qualities into the work. Certainly entrepreneurs set the example of turning their dream into reality. More importantly 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 with the unmatched passion and the ambition towards achieving the goal. 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.

**Keywords:** rural entrepreneur, innovator, challenges, opportunities, entrepreneurship, economic development, amenities

### **Introduction**

The majority of the population in India lives in villages. The economic development of our country largely depends on the progress of rural areas and the standard of living of rural masses. Village or rural industries play an important role in the national economy, particularly in the rural development. Rural entrepreneurship is based on stimulating local entrepreneurial talent and the subsequent growth of indigenous enterprises. It recognizes opportunity in the rural areas and accelerates a unique blend of resources either inside or outside of agriculture. Rural entrepreneurship brings an economic value to the rural sector by creating new methods of production, new markets, new products and generate employment opportunities thereby ensuring continuous rural development Rural entrepreneur is one of the most important inputs in the economic development of a country and of regions within the country. Rural entrepreneurs are those who carry out entrepreneurial activities by establishing Industrial and business units in the rural sector of the economy. Establishing industrial and business units in the rural areas refers to rural entrepreneurship. Rural entrepreneurship can be considered one of the solutions to reduce poverty, migration, economic disparity, unemployment and develop rural areas and backward regions.

### **What is rural entrepreneurship?**

Rural entrepreneurship have different meanings to different

people. It can be simply defined as entrepreneurship emerging in rural areas is rural entrepreneurship. In other words rural entrepreneurship refers to establishment of industrial units in the rural areas. Rural Industries are generally associated with agriculture. According to the Khadi and village Industries Commission (KVIC), "village industry or rural industries means industries located in rural area whose population does not exceed 10000 or any such figure that provides goods or renders any services with or without use of power and in which the fixed capital of an artisan or a worker does not exceed a thousand rupees."

This definition of village industry has been recently modified by the government so as to enlarge its scope. Therefore any industry which is located in rural area, village or town having a population of 20000 and below and an investment of Rs. 3 crores is termed as village industry.

### **Rural entrepreneurship in India**

India is a country of villages. About three - fourth of India's population are living in rural areas out of which 75% of the labour force is still earning its livelihood from agriculture and its allied activities. Land being limited is unable to absorb the labour force in agriculture. Therefore, there is a need to develop rural industries to solve rural unemployment and rural migration to cities. Growth and development of rural economy is an essential pre-condition to development of the nation as a whole. The gap between rural urban disparities should be

lessened. The standard of living of the rural people should be increased. Entrepreneurship in rural sector provides an answer to the above problems. Indian rural sector is no longer primitive and isolated. Therefore, entrepreneurship in the rural and tribal areas looms large to solve the problems of poverty, unemployment and backwardness of Indian economy. Rural industrialisation 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 entrepreneur

### **Rural entrepreneurship in changing environment**

The changing global environment raises questions about the ability of traditional, small-scale businesses in rural areas to share the potential benefits offered by the changing environment. The rapid (though declining) population growth, coupled with even faster urbanization, creates increasing demands. In India, urban populations in general grow about twice as fast as the overall total, and by 2020 they may exceed the size of rural populations. Such a major demographic trend challenges the capacities of some traditional small-scale businesses to cope with the increasing demands.

### **Major objectives of 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 problems in rural entrepreneurship.
4. To suggest some remedial measures to solve the problems faced by rural entrepreneurs.
5. To analyze the effect of globalization on rural entrepreneurship.
6. To study the major challenges faced by rural entrepreneurship in India.
7. To analyze some of the major management problems for rural entrepreneurs.
8. To suggest some of the major remedies to solve problems in rural entrepreneurship.

### **Role of rural entrepreneurs in economic development**

Role of Entrepreneurs in economic development of a country are discussed under the following heading.

#### **1. Employment Opportunities**

Entrepreneurs employ labour for managing their business activities and provide employment opportunities to a large number of people. They remove unemployment problem.

#### **2. Balanced Regional Development**

Government promotes decentralized development of industries as most of the incentives are granted for establishing industries in backward and rural areas. Thus, the entrepreneurs to avail the benefits establish industries in backward and rural areas. They remove regional disparities and bring balanced regional development. They also help to reduce the problems of congestion, slums, sanitation and pollution in cities by providing employment and income to people living in rural areas. They help in improving the standard of living of the people residing in suburban and rural areas.

#### **3. Mobilization of Local Resources**

Entrepreneurs help to mobilize and utilize local resources like small savings and talents of relatives and friends, which might otherwise remain idle and unutilized. Thus they help in effective utilization of resources.

#### **4. Optimization of Capital**

Entrepreneurs aim to get quick return on investment. They act as a stabilizing force by providing high output capital ratio as well as high employment capital ratio.

#### **5. Promotion of Exports**

Entrepreneurs reduce the pressure on the country's balance of payments by exporting their goods they earn valuable foreign exchange through exports.

#### **6. Consumer Demands**

Entrepreneurs produce a wide range of products required by consumers. They meet the demand of the consumers without creating a shortage for goods.

#### **7. Social Advantage**

Entrepreneurs help in the development of the society by providing employment to people and paves for independent living they encourage democracy and self-governance. They are adept in distributing national income in more efficient and equitable manner among the various participants of the society.

#### **8. Increase per capita income**

Entrepreneurs help to increase the per capita income of the country in various ways and facilitate development of backward areas and weaker sections of the society.

#### **9. Capital formation**

A country can attain economic development only when there is more amount of investment and production. Entrepreneurs help in channelizing their savings and savings of the public to productive resources by establishing enterprises. They promote capital formation by channelizing the savings of public to productive resources.

#### **10. Growth of capital market**

Entrepreneur's raises money for running their business through Trading of shares and debentures by the public with the help of financial services sector leads to capital market growth.

#### **11. Growth of infrastructure**

The infrastructure development of any country determines the economic development of a country, Entrepreneurs by establishing their enterprises in rural and backward areas influence the government to develop the infrastructure of those areas.

#### **12. Development of Trader**

Entrepreneurs play an important role in the promotion of domestic trade and foreign trade. They avail assistance from various financial institutions in the form of cash credit, trade credit, overdraft, short term loans, secured loans and

unsecured loans and lead to the development of the trade in the country.

### **13. Economic Integration**

Entrepreneur reduces the concentration of power in a few hands by creating employment opportunities and through equitable distribution of income. Entrepreneurs promote economic integration in the country by adopting certain economic policies and laws framed by the government. They help in removing the disparity between the rich and the poor by adopting the rules and regulation framed by the government for the effective functioning of business in the country.

### **14. Inflow of Foreign Capital**

Entrepreneurs help to attract funds from individuals and institutions residing in foreign countries for their businesses.

### **Problems in rural entrepreneurship**

#### **Lack of finance**

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.

#### **Poor infrastructure facilities**

Infrastructure facilities include transport facilities, communication facilities etc. Transport facilities includes bus, train etc., It is useful for the entrepreneur to reach the produced goods 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 and structural 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.

### **Poor knowledge in the 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.

### **Poor knowledge in the 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.

### **Non availability of raw materials**

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

### Recommendations to solve the problems

Different organizations like IFCI, SIDBI, ICICI, NABARD etc are trying to sort the major problems faced.

By rural entrepreneurs. Marketing problems are mainly related with pricing, distribution channels, product.

Promotion etc. In order to make the rural entrepreneurs to state the business venture, following measures.

#### May be adopted:

- a. **Creation of finance cells:** Banks and financial institutions which provide finances to entrepreneurs must Create special cells for providing easy finance to rural entrepreneurs.
- b. **Concessional rates of Interest:** On easy repayment basis and at concessional rates of interest the rural Entrepreneurs should be provided finances. The cumbersome formalities should necessarily be avoided in sanctioning the loans to rural entrepreneurs.
- c. **Offering training facilities:** Training is essential for the overall development of entrepreneurship. It also enables the rural entrepreneurs to undertake the venture successfully as it certainly imparts required skills to run the enterprise. At present the economically weaker entrepreneurs of the society are necessarily offered such training facility by government of India regarding skill development of the existing entrepreneurs so that rural entrepreneurs can indeed generate income as well as employment opportunities in rural area especially in north east and south India region.
- d. **Power supply of raw materials:** Rural entrepreneurs should be surely ensured of proper supply of scarce Raw materials on a priority basis. Subsidy may also be offered at times to make the products manufactured By rural entrepreneurs reasonable and cost competitive.
- e. **Setting up marketing co-operatives:** Proper assistance and encouragement should be provided to rural Entrepreneurs for setting up marketing co-operatives. These co-operatives shall help in getting various In puts at reasonable rate and they are helpful in selling their products at remuneration prices. Thus Comprehensive training, proper education, setting up of separate financial Institutions, development of marketing co-operatives to a large extent help to flourish the rural Entrepreneurs in India.

### Conclusion

Rural entrepreneurs' role is necessary to eradicate the poverty in the backward rural areas.

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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