

Problems of Rural Entrepreneurship in India

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Abstract: Rural entrepreneurship is a process of creating new ventures by bearing its risks. It is an essence of economic development rural entrepreneurship refers to the entrepreneurship rising at village level which can occur in a verity of areas like agriculture, industry as well as service sectors. But in indie majority village people are facing many obstacles because of lack of education, lack of technical and conceptual knowledge etc. This study has been carried out to understand the major problems of rural entrepreneurship in general.

Keywords: Entrepreneur, Problems, Rural entrepreneurship.

1. Introduction

A. What is entrepreneurship?

Entrepreneurship is an exclusive concept. It is a concept of much more debate and discussion. If a person starts his own business unit by taking initial risks is called as entrepreneurship and the person who starts the business is called as an entrepreneur. According to Joseph a Schumpeter (1939), "Entrepreneurship is based on purposeful and systematic innovation. It includes not only the independent business but also company director and managers who actually carry out innovative functions."

So entrepreneurship means an act taken by a person to start his own venture. It is an exclusive process of finding the opportunities by considering various aspects like his strengths, future problems, potential of growth, and sustainable development.

2. Rural Entrepreneurship

Today rural entrepreneurship has been taken greater significance. It also conjures different meaning to different people. Rural entrepreneurship means starting our own ventures at rural areas or village areas. Rural entrepreneurship can be started in agriculture manufacturing, service, retail and various other fields. It gives much scope to innovations of new ideas, exploring new opportunities, finding new markets in rural areas. Having understood the meaning of rural entrepreneurship and rural industry, we have to see the significance of rural entrepreneurship in India.

1) Village industries are labor intensive. These are having great potentials to generate employment opportunities. So rural entrepreneurship reduces the problems of unemployment, under employment and disguised unemployment in village areas.

- 2) Rural industries increase the total per capita income of the people. It also results in increment in family income of the people as more people can engage as employees in the business.
- 3) By starting the entrepreneurship in the field of agriculture, manufacturing, service in rural areas, rural entrepreneurship may decrease regional imbalance and may promote regional growth in the country.
- 4) Rural industries will also increase in movement of labour, capital, new technology etc. towards rural areas which results in overall growth of the villages.
- 5) Village industries are also helpful to promote art and creativity of rural people and also it is helpful to promote the age old rich heritage of the country.
- 6) Majority rural industries are environment friendly so there will be no obstacles from other people who are living in the same village.
- 7) Rural industries also boost in improvement in infrastructural aspects like road, power, water supply, transfer of technologies etc. which leads to improvement in standard of living of the village people.

3. Role of Rural Entrepreneurship in Economic Development

- 1) *Job creations and job providing:* Rural entrepreneurship provides employment opportunities to the village people. It will provide employment opportunities in the field of agriculture, manufacturing, service etc.
- 2) *Regional growth:* By taking advantage of benefits given by government, generating the employments, increasing the income of the rural people etc., rural entrepreneurship will help in balanced regional growth.
- 3) *Self-Reliance:* Rural entrepreneurship will lead to produce alternative products against foreign products. It will create self-reliance upon the consumers.
- 4) *Improves the standard of living:* Entrepreneurial activities by the people create employment, increase income of the people and purchasing power of the people. These acts lead in better standard of living of the village people.
- 5) *Increase per capita income:* Rural entrepreneurship create many job opportunities which results in improvement in per capita income and family income. Increase in per capita and family income improves purchasing power of the people which give scope to development of rural markets.

4. Problems of Rural Entrepreneurship

Rural entrepreneurship is not free from problems and obstacles. The main basic problem of village industries is arranging the finance, lack of technical skills, inadequate training facilities in the field of entrepreneurship, no proper information regarding new opportunities, new markets and potential risks etc. There is problem of getting encouragement from family members and from society because of lack of knowledge regarding rural entrepreneurship. Some of the general problems of rural entrepreneurship are listed below.

A. Problem of finding the raw materials

The main problems of rural industries are arranging quality raw materials for their business. Because of lack of information regarding procuring raw material village industries get low quality raw material in a higher cost.

B. Financial Problems

The main problem of rural industries is to arrange finance for their business. Many village entrepreneurs do not know the facilities given by the government. Because of this, rural entrepreneurs take financial help from private financial institutions, loan from non-bankers etc., by paying higher interest.

C. Problem of marketing

After producing the product and services by rural industries, it is always observed the marketing problems. It mainly includes problems in promotion and distribution of rural products. Many a time consumers show less interest toward local products in comparison of branded products even though the rural products are good in quality.

D. Poor infrastructural facilities

Rural infrastructural facilities are very poor in majority of areas. Poor transport facilities, poor communication, lack of warehouse and storage facilities, poor power facilities etc., make the rural entrepreneurship as a difficult task.

E. Human recourse problems

There are human recourse problems in rural areas. It includes low skill level of employees, negative attitude towards entrepreneurship, lack of technical knowledge, low level of learning abilities etc. these problems will affect rural industries in a drastic way.

F. Heavy competition

Village industries face heavy competition from big business ventures and urban entrepreneurs. These problems are faced by rural entrepreneurs because of lack of approaching ability in the market towards their products. Branding and promotional activities taken by large organization will not give much scope

to rural products.

G. Other Problems

1) Family Problems

convincing family members towards entrepreneurship is a big challenge in rural areas. Because of poor information, interest towards salaried jobs, negative attitude towards entrepreneurship will create more problems to convince the family members.

2) Technological problems

There is a drastic gap between education system and market realities in India. Education available to the people lags very much from the job industries. So Technical knowledge is one of the major challenges in rural areas.

3) Policy problems:

The changing policies of the government on licensing, marketing, legal formalities, quality measurements etc. towards entrepreneurship will create major problems to the rural people.

4) Unskilled workers

Rural people lacks new skills because of their low level of education, low exposure, lack of training etc. so most of the rural entrepreneurs will not get proper skilled employees to their works.

5. Conclusion

Rural entrepreneurship is key element to the economic growth. They act as a boost engine to the development of a nation. The rural entrepreneurs are facing major problems in India. So there should be proper rural industrial policies to the development of rural entrepreneurship. The government must focus on rural development, awareness programs, proper industrial education and training etc. Government should conduct proper activities and should motivate rural youth to take entrepreneurship as their career option.

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