



Rural Entrepreneurship- A Catalyst for Growth and Development

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ABSTRACT

"The future of India lies in its villages"- Mahatma Gandhi.

Almost half of the population in India lives in rural regions and mostly in a state of poverty. Such inequalities in human development have been one of the primary reasons for unrest.

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. Entrepreneurship is now regarded as a strategic development intervention that could accelerate the rural development process by institutions and individuals promoting rural development. Entrepreneurship stands as a vehicle to improve the quality of life for individuals, families and communities and to sustain a healthy economy and environment.

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.

Economic Development essentially means the process of upward change whereby the real per capita income of the country increases over a period of time. Entrepreneurship plays a vital role in economic development. Entrepreneurs serve as a catalyst in the process of industrialization and economic growth. The entrepreneur is the key to the creation of new enterprises that energizes the economy and rejuvenates the established enterprises that make up the economic structure

KEYWORDS : Rural Entrepreneurship, Rural Development, Balanced Regional Development, Challenges, Problems

INTRODUCTION

Rural Development is a complex problem which can be tackled by the social, political and economic institutions. 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. Since the green revolution there has been tremendous increase in the opportunities for the development of rural entrepreneurship. The industrial development is based on the entrepreneurial competencies of the people. One of the most important solutions for sustainable rural advancement is the promotion of rural development. Today, entrepreneurship has emerged as a strategy in development, growth and prosperity of rural societies. It has replaced all other factors, resources and facilities of a community applied in promoting rural development. Today, India ranks second worldwide in farm output. Agriculture and allied sectors like forestry and fisheries accounted for 13.7% of the GDP (gross domestic product) in 2013, about 50% of the workforce. The economic contribution of agriculture to India's GDP is steadily declining with the country's broad-based economic growth. Still, agriculture is demographically the broadest economic sector and plays a significant role in the overall socio-economic fabric of India. Entrepreneurship is now regarded as a strategic development intervention that could accelerate the rural development process by institutions and individuals promoting rural development. Entrepreneurship stands as a vehicle to improve the quality of life for individuals, families and communities and to sustain a healthy economy and environment.

OBJECTIVE OF THE STUDY

- The objective of the study can be cited as follows
- A study on the rural development scenario at Kasaragod district and the various programmes initiated by the government to enhance the same in the District
- To study the role of entrepreneurship in Economic Development
- To suggest the key factors influencing the mobility of entrepreneurs to enhance Entrepreneurial Development

METHODOLOGY

The data required for the present study are collected from secondary sources. The secondary data are collected from various published sources such as i.e. magazines, newspapers, journals, books, and various other publications. Moreover, some important information is also collected from relevant websites. The present study is descriptive in nature.

ADMINISTRATIVE SET UP

The district headquarters is located at Vidyanagar. The Revenue Sub Division is co-terminus with the revenue district. There are two Taluks in the district, viz, Hosdurg and Kasaragod. There are 82 Village Offices; both the Taluks having 41 Villages each. There is the system of Group Villages where two or more Villages function under one Village Officer. There are three Municipalities: Kasaragod, Kanhangad and Nileshwaram and 38 Grama Panchayats. The intermediate tier of the Panchayat Raj consists of six Block Panchayats.

Unit	No.
Revenue Divisions	1
Taluks	2
Villages	82
Municipalities	3
Block Panchayaths	6
Grama Panchayaths	38

PATTERN OF DISPOSITION OF AGRICULTURE IN THE DISTRICT

Agriculture forms the mainstay of the population of the district. The soil in the three natural divisions generally fall under three types. In the highland region it is laterite. In the midland, the soil is a red ferruginous loam of laterite origin with an admixture of clay and sand. The coastal strip is sandy. Diversity of crops and heterogeneity in cultivation are the key notes of agriculture here.

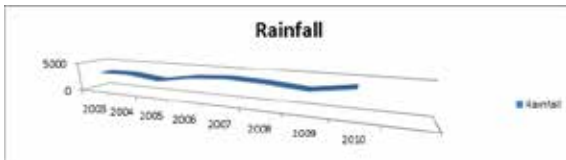
The eastern tract comprises of forests and hilly areas. The forests comprise of a variety of timber with teak and other plantations. The hilly areas are mostly cleared and put to private cultivation; the important crops being rubber, cashew and ginger. In the skeletal plateau areas, cashew trees are cultivated, while in some patches, arecanut, pepper and cocoa are grown. In the coastal tract, paddy, coconut, arecanut, cashew, tobacco, vegetable and tapioca are cultivated.

Sl No	Name of the crop	Area in Hectares				
		2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
1	Paddy*	6030	5323	5164	4991	4394
2	Coconut	58088	58236	57057	52266	54224
3	Areca nut	17622	14910	15060	14927	15256
4	Cashew	18068	14518	11667	9487	8205
5	Rubber	25374	26620	28230	29380	30624
6	Pepper	6672	6657	6660	5407	4764
7	Banana	789	778	685	401	475
8	Tapioca	576	503	452	245	389
9	Vegetables	1835	1522	1245	1445	1162

*Area inclusive of autumn, winter and summer seasons.
(Source: Agricultural statistics: Kasaragod)

The average maximum and minimum temperatures are 370 C and 170 C respectively. The district receives an annual average rainfall of 3350 mm. Wind speed is high during the period from March to June and low during September to December. The period from June to August experiences two-thirds of the total rain fall.

(Source: Dept. of Economics and Statistics)



(Source: Dept. of Economics and Statistics)

DEMOGRAPHIC PARTICULARS

Particulars	Kasaragod	Kerala
Total Population 2011(census provisional)	1307375	33406061
Male	628613	16027412
Female	678762	17378649
Total Rural population	798328	17471135
Male	387716	8408054
Female	410612	9063081
Total Urban Population	509047	15934926
Male	240897	7619358
Female	268150	8315568
Total Household Population	273410	7853754
Total Household Population(Rural)	169240	4149641
Total Household Population(Urban)	10470	3704113
Percentage share of Population to Total Population of Kerala 2001 Rural	4.15	100
100 Percentage share of Population to Total Population of Kerala 2001 Urban	2.81	100
Percentage share of Population to Total Population of Kerala 2011 Rural	4.57	100
Percentage share of Population to Total Population of Kerala 2011 Urban	3.17	100
Sex Ratio(No.of Females per 1000 Males) 2001	1047	1058
Sex Ratio(No.of Females per 1000 males) 2001-Rural	1042	1059

Sex Ratio(No.of Females per 1000 males) 2001-Urban	1070	1058
Sex Ratio(No.of Females per 1000 Males) 2011	1079	1084
Sex Ratio(No.of Females per 1000 males) 2011-Rural	1059	1077
Sex Ratio(No.of Females per 1000 males) 2011-Urban	1111	1091
Child Population (0-6Years)-2011	155807	3472955
Child Population (0-6Years)-2011Rural	91832	1823664
Child Population (0-6Years)-2011 Urban	63975	1649291

(Source: Department of Economics and Statistics, Kerala)

BLOCK WISE DETAILS OF S.S.I. UNITS

Sl. No.	Name of Blocks/ Municipalities/ Corporations	Units Run By			Total No. of units
		Women Industries Programme		Others	
		Under social welfare	Under Rural Development & IRDP		
1	Kanhangad	29	57	1344	1430
2	Kasaragod	55	100	1772	1926
3	Nileswaram	57	64	1246	1367
4	Manjeswaram	26	36	1428	1491
	Block Total	168	257	5788	6214
5	Kanhangad Municipality	10	25	680	715
6	Kasaragod Municipality	19	30	790	839
	Municipality Total	29	55	1471	1554
	District Total	197	312	7259	7768

(Source: Department of Economics and Statistics, Kerala)

RURAL DEVELOPMENT PROGRAMMES INITIATED BY THE GOVERNMENT

Government has appointed Dr.P.Prabakaran, former Chief Secretary, Government of Kerala to study the development potential of Kasaragod district and to submit development perspective plan for the Kasaragod district. As such a package of `11123.07 crore was suggested in the report for the development of Kasargod. Considering the importance of the backwardness of the district as well as based on the report, a package in the 12th Five Year Plan has been proposed and as a first phase of the project, an amount of `2500 lakhs has been budgeted during 2013-14 as a new scheme. During 2014-15, an enhanced amount of `7500 lakh is provided for the scheme. The district administration should priorities projects for consideration under the package. The committee headed by the District Collector and District Officers of the concerned department as members and District Planning officer as convener may identify schemes/projects on priority basis to be implemented in the district.

An Empowered Committee has been constituted with Chief Secretary as Chairman and Principal Secretary (Planning) as Co-ordinator to recommend and arrange to issue Administrative Sanction for the projects. An amount of `50 lakh is set apart for setting up a special project implementation unit in the district.

Coastal Area Development

1. Rural Infrastructure Development fund (Outlay `530.00 lakh)
The development of harbours and coastal infrastructure and other infrastructure included in the priority list of NABARD will be taken up under RIDF for which a separate provision of `530 lakh is set apart. In the case of new projects, detailed project reports have to be recommended by Government to NABARD for sanction.

2. Integrated Development of fishing village (Outlay ` 8197.00 lakh) The objective of the scheme is to develop the coastal region of the state in an integrated manner. In the State there are 222 Fishing villages are identified in 102 LSGIs. The acute problems faced in the coastal area are lack of housing, scarcity of safe drinking water, sanitation, energy (Electrification of houses) and the poor livelihood activities. During 2014-15 an amount of `81.97 crore is provided under the scheme Integrated Development of fishing villages. Out of this `24 crore for the development of 12 fishing villages @ `2 crore per village, `6 crore provided for construction of toilets and `31.97 crore for providing drinking water supply schemes in the coastal areas. The balance amount of `20 crore is provided for the construction cost for individual houses and flats along with land acquisition cost.

3. Backward Regions Grant Fund (BRGF) (Other Central Assistance) (Outlay ` 6163 lakhs) Backward Regions Grant Fund (BRGF) is designed to redress regional imbalances in development. The fund will provide financial resources for supplementing and converging existing developmental inflows in Palakkad and Wayanadu districts in Kerala. Panchayat Raj Institutions in all levels including municipalities will plan and implement their programmes after preparing district plan from the bottom upwards on a participatory basis.

Since the action plan for every year has to be approved by the High-power Committee headed by the Chief Secretary, Physical Target of the programme will be finalized based on the action plan. An amount of `6163 lakh is provided for the programme during 2014-15.

ROLE OF ENTREPRENEURSHIP IN ECONOMIC DEVELOPMENT

Economic Development essentially means the process of upward change whereby the real per capita income of the country increases over a period of time. Entrepreneurship plays a vital role in economic development. Entrepreneurs serve as a catalyst in the process of industrialization and economic growth. The entrepreneur is the key to the creation of new enterprises that energizes the economy and rejuvenates the established enterprises that make up the economic structure. Initiation and sustenance towards economic development can be well analyzed by the following ways

Capital Formation

Investment of public savings in industry results in productive utilization of natural resources. Therefore when the rate of capital formation increases, there is rapid economic growth.

Generation of Employment

Entrepreneurs generate employment both directly and indirectly. Directly, through self employment and indirectly by setting up large and small scale business it generates employment and promotes economic development.

Balanced Regional Development

Entrepreneurs in the public and private sectors help remove the disparities in economic development.

Economic Independence

Entrepreneurship is essential for national self reliance. Industrialists help to manufacture indigenous substitutes whereas the business man exports goods and services to earn foreign exchange. Such import substitution and export promotion helps to ensure the economic development of the country

Backward and forward linkages

An entrepreneur initiates change and setting up of an enterprise has several forward and backward linkages. They create enthusiasm and keeps the organization in momentum. Hence it is critical to the long term vitality of every economy.

Promotion of artistic activities

The age-old rich heritage of rural India is preserved by protecting and promoting art and handicrafts through rural entrepreneurship.

Check on social evils

The growth of rural entrepreneurship can reduce the social evils like poverty, growth of slums, pollution in cities etc.

Awaken the rural youth

Rural entrepreneurship can awaken the rural youth and expose them to various avenues to adopt entrepreneurship and promote it as a career.

ENTREPRENEURSHIP CHALLENGES

Family Challenges

To choose doing business over a job is easy but it is not an easy task for an individual. The first thing compared is – Will you make more money in business of your choice or as a successor of family business? This becomes almost impossible to convince that one can excel through transformation of ideas into reality.

Social Challenges

Risks are inherent in the development of new relationship inside and outside the village. The environment in the society and support system is not conducive to encourage rural people to take up entrepreneurship as a career. It may be due to lack of awareness and knowledge of entrepreneurial opportunities.

Technological Challenges

What technology would be ideal and how to use that technology effectively? Information technology is not very common in rural areas. Entrepreneurs rely on internal linkages that encourage the flow of goods, services, information and ideas. The intensity of relationships in rural communities can sometime be helpful but they may also present obstacles to effective business relationships.

Financial Challenges:

Financial challenges are a lot different in India for entrepreneurs. The risk of market fluctuations leads to a reduction in risk bearing capacity due to lack of financial resources and external support.

Management Challenges

Rural entrepreneurs find it extremely difficult in complying with various legal formalities in obtaining licenses due to illiteracy and ignorance. They suffer a severe problem of lack of technical knowledge, lack of training facilities and extension services creates a hurdle for the development of rural entrepreneurship. Also due to lack of availability of standard tools and equipment and poor quality of raw material, inferior products are produced which is a hindrance for growth and development.

Marketing Challenges

Rural entrepreneurs face severe competition from large sized organizations and urban entrepreneurs. They incur high cost of production due to high input cost. Major problems faced by marketers are the problem of standardization and competition from large scale units. Competition from large scale units also creates difficulty for the survival of new ventures. New ventures have limited financial resources and hence cannot afford to spend more on sales promotion. Also middlemen exploit rural entrepreneurs. The rural entrepreneurs are heavily dependent on middlemen for marketing of their products who pocket large amount of profit. Storage facilities and poor means of transport are other marketing problems in rural areas.

Human Resource Challenges

Most of the entrepreneurs of rural areas are unable to find workers with high skills. Turnover rates are also high in this case. They have to be provided with on the job training and their training is generally a serious problem for entrepreneur as they are mostly uneducated. The young and well educated mostly tend to leave. Continuous motivation is needed in case of rural employee which is sometime difficult for an entrepreneur to impart with.

Environmental Challenges

Risks arising from environmental changes also affect rural entrepreneurship to a large extent. The growth of rural entrepreneurs is not very healthy in spite of efforts made by government due to lack of proper and adequate infrastructural facilities.

REMEDIES TO SOLVE THE PROBLEM OF ENTREPRENEURS

- To develop the rural area as a whole in terms of culture, society, economy, technology and health.
- To develop and empower human resource of rural area in terms of their psychology, skill, knowledge, attitude and other abilities.
- Proper encouragement and assistance should be provided to rural entrepreneurs for setting up marketing co-operatives. These co-operatives shall help in getting the inputs at reasonable rate and they are helpful in selling their products at remuneration prices
- Training is essential for the development of entrepreneurship. It enables the rural entrepreneurs to undertake the venture successfully as it imparts required skills to run the enterprise.
- To improve health and education condition of the rural people.
- To develop rural industries through the development of handicrafts, small scaled industries, village industries, rural crafts, cottage industries and other related economic operations in the rural sector. Microfinance and Subsidies can be facilitators for enhancing Rural Development
- To develop agriculture, animal husbandry and other agricultural related areas
- Rural entrepreneurs should be ensured of proper supply of scarce raw materials on priority basis. A subsidy may also be offered to make the products manufactured by rural entrepreneurs cost competitive and reasonable.
- The rural entrepreneurs should be provided finance at concessional rates of interest and on easy repayment basils.
- To improve rural marketing facility. Marketing problems relates to the distribution channels, pricing, product promotion etc.

CONCLUSION

There are three stages of entrepreneurial mobility. In the initial stage entrepreneurs are tied to their usual places of working. With the gradual growth they are likely to become relatively mobile within a particular area. When the resources expand, experience and information flow increases. Every entrepreneur has a spatial horizon depending upon his resources, experience and information gathering capacity. The above factors play a decisive role and other factors like education, language, culture etc are considered as contributing factors. The entrepreneur is the key to the creation of new enterprises that energize the economy and rejuvenate the established enterprises that make up the economic structure. Therefore Rural Entrepreneurship is important not only 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

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