



RURAL ENTREPRENEURSHIP IN INDIA: CHALLENGES AND PROBLEMS

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ABSTRACT

Rural entrepreneurship is now a days a major opportunity for the people who migrate from rural areas or semi-urban areas to Urban areas. On the contrary it is also a fact that the majority of rural entrepreneurs are facing many problems due to not availability of primary amenities in rural areas of developing country like India. Lack of education, financial problems, insufficient technical and conceptual ability it is too difficult for the rural entrepreneurs to establish industries in the rural areas. This paper makes an attempt to find out the Problems and Challenges for the potentiality of Rural Entrepreneurship. It also focuses on the major problems faced by rural entrepreneurs especially in the fields of Marketing of products, financial amenities and other primary amenities, i.e. availability of electricity, water supply, transport facilities and required energy etc.

KEYWORDS : Rural Entrepreneurship, challenges, Problems, constraints,

Introduction

Defining entrepreneurship is not an easy task. To some, entrepreneurship means primarily innovation, to others it means risk-taking? To others a market stabilizing force and to others still it means starting, owning and managing a small business. An entrepreneur is a person who either creates new combinations of production factors such as new methods of production, new products, new markets, finds new sources of supply and new organizational forms or as a person who is willing to take risks or a person who by exploiting market opportunities, eliminates disequilibrium between aggregate supply and aggregate demand or as one who owns and operates a business. The problem is essentially lopsided development which is a development of one area at the cost of development of some other place, with concomitant associated problems of underdevelopment. For instance, we have seen unemployment or underemployment in the villages that has led to influx of rural population to the cities.

Rural Entrepreneurship in India

Who should be capable of making use of the government policies and schemes for the betterment of rural people? Some individuals who happen to be local leaders and NGOs and who are committed to the cause of the rural people have been catalytic agents for development. Though their efforts need to be recognized yet much more needs to be done to reverse the direction of movement of people, i.e. to attract people in the rural areas. It means not only stopping the outflow of rural people but also attracting them back from the towns and cities where they had migrated. This is possible when young people consider rural areas as places of opportunities. Despite all the inadequacies in rural areas one should assess their strengths and build on them to make rural areas places of opportunities. This is much to do with the way one sees the reality of the rural areas.

The basic principles of entrepreneur which applied the rural development are:

- Optimum utilization of local resources in an entrepreneurial venture by rural population - Better distributions of the farm produce results in the rural prosperity.
- Entrepreneurial occupation rural population to reduce discrimination and providing alternative occupations as against the rural migration.
- To activate such system to provide basic '6 m'- manpower, money, material, machinery, management and market to the rural population.

Effect of Globalization on Rural Entrepreneurship

Since globalization is a macro-concept and rural entrepreneurship is a micro-concept, occurring in a very limited area, it is very difficult to establish causal linkages, or to quantify the specific effects of globalization on rural entrepreneurship. However, it is possible to

identify a range of different channels through which various aspects of globalization can be expected to change the welfare of rural entrepreneurship in India.

A. Productivity and efficiency effect

Globalization is often said to result in higher productivity, due to the access to global markets, abilities to specialize, and to take advantages of economies of scale and scope. Exposure to the global competition can result in high levels of productivity and efficiency. However, it is less crucial for large economies like India. Again, the potential gains to rural entrepreneur are also large, because globalization enhances countries' abilities to exploit comparative advantages arising from differing natural and ecological conditions.

B. Economic growth effect

As already noted, the argument in favour of globalization is the positive link between globalization and rural entrepreneurship in India. Because the potential benefits include improved access to foreign technology and managerial expertise. There have been varied views concerning the connection between trade openness and rural entrepreneurship growth, and this has given rise to a large body of empirical literature, suggesting a positive relationship between trade openness and rural entrepreneurship growth.

C. Technological effect

Transfer of technology is one of the prominent features of globalization and one of the major reasons for predicting improved growth. Many formerly small rural entrepreneurs saw major improvements in their businesses, but the improvements were in a very limited area and to a very limited number of entrepreneurs.

D. Distributional Effect

It is not possible to gauge the overall effect of globalization on the level of inequality; the effect on women entrepreneur in rural area is less ambiguous. Many rural women entrepreneurs are hampered from benefiting from the changes arising from globalization. They have less access than men to education and training, less time to devote to productive activities, less command over important resources such as land, credit and capital. Income developing countries, the sexual division of labor precludes women from income derived from cash crops.

E. Transformational and insecurity effect

Rural entrepreneurship is not always directly related to income. It can also refer to an intense level of insecurity. Many times those who have managed to improve their position are pressed back down again by natural disasters, inflation and other shocks.

Challenges faced by Rural Entrepreneurship in India

A. Opportunities

- Free entry into world trade.

- Improved risk taking ability.
- Governments of nations withdrawn some restrictions
- Technology and inventions spread into the world.
- Encouragement to innovations and inventions.
- Promotion of healthy completions among nations
- Consideration increase in government assistance for international trade.
- The establishment of other national and international institutes to support business among the nations of the world.

B. Challenges for Rural Entrepreneurs

- Growth of Mall Culture
- Poor Assistance
- Power Failure
- Lack of Technical know how
- Capacity Utilization
- Infrastructure Sickness

C. Opportunities for Rural Entrepreneurs

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

Problem of Rural Entrepreneurship

Entrepreneurs are playing very important role in the development of economy. They face various problems in day to day work. As the thorns are part of roses, similarly every flourishing business has its own kind of problems. Some of the major problems faced by rural entrepreneurs are as under.

A. Financial Problems

• Paucity of Funds

Most of the rural entrepreneurs fail to get external funds due to absence of tangible security and credit in the market. The procedure to avail the loan facility is too time-consuming that its delay often disappoints the rural entrepreneurs. Lack of finance available to rural entrepreneurs is one of the biggest problems which rural entrepreneur is born now days especially due to global recession.

• Lack of Infrastructural Facilities

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.

• Risk Element

Rural entrepreneurs have less risk bearing capacity due to lack of financial resources and external support.

• Competition

Rural entrepreneurs face severe completion of large sized organizations and urban entrepreneurs. They incur the 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. They face the problem in fixing the standards and sticking to them. 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.

• Middlemen

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 mean of transport are other marketing problems in rural areas. In most of the villages, farmers store the produce in open space, in bags or

earthier vessels etc. So these indigenous methods of storage are not capable of protecting the produce from dampness, weevils etc. The agricultural goods are not standardized and graded.

C. Management Problems

• Lake of Knowledge of I.T

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 family and personal relationships in rural communities can sometimes be helpful but they may also present obstacles to effective business relationships. Business deals may receive less than rigorous objectivity and intercommunity rivalries may reduce the scope for regional cooperation. Decision making process and lines of authority are mostly blurred by local politics in rural areas.

• Legal formalities

Rural entrepreneurs find it extremely difficult in complying with various legal formalities in obtaining licenses due to illiteracy and ignorance.

• Procurement of Raw Materials

Procurement of raw materials is really a tough task for rural entrepreneurs. They may end up with poor quality raw materials, may also face the problem of storage and warehousing.

• Lack of Technical Knowledge

Rural entrepreneurs suffer a severe problem of lack of technical knowledge. Lack of training facilities and extensive services create a hurdle for the development of rural entrepreneurship.

• Poor Quality of Products

Another important problem is growth of rural entrepreneurship is the inferior quality of products produced due to lack of availability of standard tools and equipment and poor quality of raw materials.

D. Human Resources Problems

• Low Skill Level of Workers

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 the entrepreneur as they are mostly uneducated and they have to be taught in the local language which they understand easily. The industries in rural areas are not only established just to take advantage of cheap labor but also to bring about an integrated rural development.

• Negative Attitude

The environment in the family, 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. The young and well educated mostly tend to leave. As per circumstances, rural people by force may be more self-sufficient than their urban counterparts, but the culture of entrepreneurship tends to be weak. Continuous motivation is needed in case of rural employee who is sometime difficult for an entrepreneur to Problems in Rural Entrepreneurship Entrepreneurs are playing very important role in the development of economy.

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