



## Rural Entrepreneurship-One Key to Rural Revitalisation

### KEYWORDS

rural development, entrepreneurship, rural entrepreneurship

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**ABSTRACT** *This paper presents a role of rural entrepreneurship in rural development. Entrepreneurship can play an important role in rural development. The entrepreneurial orientation to rural development accepts entrepreneurship as the central force of economic growth and development, without it other factors of development will be wasted or frittered away. "Entrepreneur means one who creates a product on his own account, who ever undertakes on his own an industrial/trading enterprise in which work men are employed". If entrepreneurs really encouraged in rural area it would, of course, be instrumental in changing the face of rural areas by solving the problems of unemployment, poverty, economic disparity, poor utilization of rural capacity, low level of standard of living.*

### Introduction

'India lives in her villages'---- this axiom is still true today despite the service sector budding in the urban and semi urban areas. Majority of the population still lives in rural India and the large chunk of population in urban areas still live through the learning of a village life. For the strength of the country there is a necessity to develop the villages. Development of a country is a choice loaded on its people, whether urban or rural. It is individuals who shape up a society and decide its progress and performance. Urban and rural are two sides of the same coin of economic development. While the urban sector has witnessed phenomenal growth and development, fuelled by the post independence era of industrialization, the rural sector saw little corporate growth. Rural industrialization 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 because it contributes to the development of agriculture and urban industries. In the absence of rural industrialization, it would not be easy to solve the problem of unemployment in rural areas. The entrepreneurial orientation to rural development accepts entrepreneurship as the central force of economic growth and development, without it other factors of development will be wasted or frittered away. However, the acceptance of entrepreneurship as a central development force by itself will not lead to rural development and the advancement of rural enterprises. What is needed in addition is an environment enabling entrepreneurship in rural areas. The existence of such an environment largely depends on policies promoting rural entrepreneurship. The effectiveness of such policies in turn depends on a conceptual framework about entrepreneurship, i.e., what it is and where it comes from.

### Concept of Entrepreneurship

Entrepreneurship as a stabilizing force limits entrepreneurship to reading markets disequilibria, while entrepreneurship defined as owning and operating a business, denies the possibility of entrepreneurial behaviour by non-owners, employees and managers who have no equity stake in the business. Therefore, the most appropriate definition of entrepreneurship that would fit into the rural development context, argued here, is the broader one, the one which defines entrepreneurship as: "a force that mobilizes other resources to meet unmet market demand", "the ability to create and build something from practically nothing", "the process of creating value by pulling together a unique package of resources to exploit an opportunity".

### Concept of Rural entrepreneurship

Rural entrepreneurship can be defined as entrepreneurship

emerging at village level which can take place in a variety of fields of endeavour such as business, industry, agriculture and acts as a potent factor for economic development. In short, rural entrepreneurship implies rural industrialization consisting mainly of agro-based industries, Khadi and village industries and cottage industries

### Role of Entrepreneurship in Rural development

For rapid development, rural industrialization is must. But rural industrialization requires development of rural areas. According to the Government of India, any industry located in rural area, village or town with population of 20,000 or less and an investment of Rs. 3 crore in Plant and machinery is treated as rural industry.

### Rural or village industry is classified in to the following categories:

- Mineral based industry
- Forest based industry
- Agro based and food industry
- Polymer and chemical industry
- Engineering and non-conventional energy
- Textile industry
- Service industry

### Objectives of entrepreneurship in Rural Development

- To reduce disparities in income between rural and urban areas
- To promote balanced regional development
- To pressure the age-old rich heritage of the country
- To control migration of population from rural to urban area and thus helps in checking haphazard growth of cities and slums
- To help in reducing social tension and pollution

### Problems faced by entrepreneurs of rural areas

- **Lack of finance**-Modern entrepreneurship is a costly affair which needs abundant credit facilities. But in undeveloped countries, there is always scarcity of such credit facilities
- **Lack of technical know-how**-On account of faulty education system youth lack professional, managerial and technical knowledge which is an impediment in developing the spirit of enterprise, consequently not many people come forward to establish self-employment units.
- **Absence of Enterprising skill**- Most of the rural people in India lack risk bearing ability. Reluctance to involve oneself in business, inclination towards wage employment, lack of creative thinking are few reasons which have restricted the growth of self-employment in rural

area.

- **Lack of Infrastructure**-On account of lack of infrastructural facilities viz, transport, water, electricity, market, storage and communication etc, entrepreneurs are shying away from establishing industries in villages. Industries which are already established are also facing similar problems.
- **Adverse, social, cultural and Industrial environment**-Caste systems, social evils, fatalism, religious superstitions, particularly in the countryside, do not allow development of adventurous spirit. Lack of skill and expertise in labourers, their tendency to migrate to big cities and consumer's habit to buy goods produced by big companies create many problems for new entrepreneurs.
- **Lack of awareness about quality control**-It is true that of awareness hinders rural entrepreneurship. There are

number of factors responsible for the lack of awareness among rural folk. Illiteracy, ignorance, lack of proper propaganda by agencies, corruption among government functionaries etc are some of the factors responsible for this problem.

- **Lack of market information due to poor communication facility**- The absence of effective communication and access to right information makes it difficult for rural entrepreneurs to understand market trends and policies followed by the government on industrialization.

**Rural Development through Rural Entrepreneurship**

To achieve rural development through rural entrepreneurship, "The support infrastructure" given by Bill Bolton & John Thompson should be implemented given below.

**The support infrastructure**

	People	Ideas	The Enterprise				
Sector	Education and Training	Research and Development	Property	Finance	Supply	Business support	Community development
Facility	School, College, University; Training Facility; Entrepreneur school	Industry, University Garage	Business Incubator; Innovation centre Science Technology Business parks	Seed and venture capital	Sub contractors; Labour pool	Government Agencies; Clubs and Associations, Consultants And business advices	Housing, Schools, Hospitals, Recreation, Transport, Tele communications
Activity	Courses of programmes	Technology transfer	Premises and support	Equity & Loans	Staff & Suppliers	Training advice and networking	Amenity provision

Source: Entrepreneurs by Bill Bolton & John Thompson

**Conclusion**

India's villages can be developed by encouraging entrepreneurship in rural areas. The government of India is adopting various measures to increase self-employment so that employment can be raised as well as utilization of local resources can be done to optimum. Understanding the basic characteristics of rural areas and the inherent nature of rural entrepreneurs can go a long way in framing proper policies for promoting and developing rural entrepreneurship which will act as a catalyst for rural development

**Suggestions**

The following suggestions can be put forwarded for the protection and enhancement of demand potentiality leading to fertile ground for entrepreneurship. Entrepreneurship would be conducive for rural capacity utilization and development and solving rural problems like, unemployment, poverty, low level standard of living etc.

- Formulation of a registered trade union, under the guidance of appropriate Government, at village level-The role of such a trade union should be to protect and promote the interest of labours in the village. It will lead to enhance their bargaining power, thereby more earnings. Labour concessions will be instrumental in changing the face of rural areas.
- Formation of village development council, under the guidance of appropriate Government, at the village level.

el. This council should lead in forming and propagating about negative impacts of drain of rural demand, rural resources to urban area. Such a village development council will be forum where issues relating development will be discussed and opinions will be floated among the people for course of action.

- Formation of Rural entrepreneurship Development Bank of India, on the line of Industrial Development bank of India, is essential to promote entrepreneurship in the rural areas. Its role would be to make available finance, knowledge, technical expertise, managerial advice, help in marketing, string etc. it has to take case from beginning to end. Even its role would be to come up with plans.
- There is need to promote urban culture in rural area in respect of consumption, entertainment, education, spending, standard of living, rationality, etc. to promote economic activities. Rural-Urban interaction, T.V, Radio, Mobile, Road etc, are promoting urban culture in rural areas.
- State Government must invest in more for development of rural entrepreneurship
- All latest technology of the globe is to be disseminated to all rural areas by Government through Toll free number
- Appointment of SSI ombudsman and having one stop centre for needs of rural entrepreneurs to be established.
- There is necessary to promote education and skill necessary for entrepreneurship
- Rural areas must try for better utilization of human resources to improve the rural economy

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