



A STUDY ON DEVELOPMENT OF RURAL ENTREPRENEURS – WITH SPECIAL REFERENCE TO MADURAI DISTRICT

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ABSTRACT Our Indian country primarily depends on villages; nearly 75 % of the total population live in rural areas were agriculture and related activities are the major survival activities. The economic development of our country largely depends on the development of rural areas. The nation's development strongly depends on the development of rural side of our nation. Indian economy is dominated by agriculture by its share in national income, employment and export. Therefore, emphasis on agricultural development with higher priority is justified. Yet, the country cannot afford to neglect industries, because even the development of agriculture beyond a stage depends on industrialization for the technological changes in production.

KEYWORDS : Rural entrepreneur, development, motivation.

INTRODUCTION

In most developed countries economic development in general and industrial development in particular is based on development of heavy industries. However, it may not suit most of the developing countries where creation of employment receives top priority in development efforts. Generally, it is cheaper for them to import products of heavy industry from highly industrialized countries which can make them economically for a world market.

After over 6 decades of Independence and Industrialization in our country, still large part of population remains under poverty line. Agriculture continues to be the back bone of rural society. Entrepreneurship can play a significant role in rural development. "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/women 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 and more.

Rural entrepreneur uses the rare resources in the most efficient manner thereby increasing profits and decreasing costs. Due to lack of education, majority of rural people are unaware of technological development, marketing etc. Shortage of finance and raw materials are main problems faced by rural entrepreneurs. Most of the rural entrepreneurs face peculiar problems like illiteracy, fear of risk, lack of training and experience, limited purchasing power and competition from urban entrepreneurs. Promotion of rural entrepreneurship is a key to develop rural areas and backward towns.

RURAL ENTREPRENEUR

The Ministry of Agro and Rural Industries (ARI) implements two nation-wide employment generation programmes, namely, Rural Employment Generation Programme (REGP) and Prime Minister's Rozgar Yojana (PMRY). Both these programmes are credit-linked capital subsidy schemes which are implemented through commercial banks. While the REGP is implemented by the KVIC, the PMRY is implemented by the State Governments through the District Industries Centers (DICs). The main objectives of REGP are to generate employment in rural areas, develop entrepreneurial skills and aptitude among rural unemployed youth, achieve the goal of rural industrialization and facilitate participation of banks in the village industries sector so as to ensure higher credit flow to these industries.

Definition:

Rural industries and business organisations in rural areas generally associated with agriculture and allied activities to agriculture. According to KVIC (Khadi and Village Industry Commission), "village industries or Rural industry means any industry located in rural areas, population of which does not exceed 10,000 or such other figure which produces any goods or renders any services with or without use of power and in which the fixed capital investment per

head of an artisan or a worker does not exceed a thousand rupees".

The modified definition of rural industries has been given by Government of India in order to enlarge its scope. According to Government of India, "Any industry located in rural area, village or town with a population of 20,000 and below and an investment of Rs. 3 crores in plant and machinery is classified as a village industry."

OBJECTIVES OF THE STUDY

1. To study the core concept of rural entrepreneurship.
2. To examine the socio economic background of rural entrepreneur.
3. To identify the factors which affect the Development of Rural entrepreneur.
4. To give valuable suggestions to the rural entrepreneur based on the findings.

SCOPE OF THE STUDY

The study explores the development of the rural area and innovation done by rural entrepreneurs in Madurai district, from an academic point of view. The list of rural entrepreneurs has collected from District industries centre (DIC). So in this study I consider only entrepreneurs those who registered in Madurai DIC till the period of June, 2016.

RESEARCH METHODOLOGY OF THE STUDY

This study is based on primary data with the help of structured questionnaire. The secondary data, which are related to the study will be collected through official websites and related journals. Then the relevant secondary data like review of literature, concept of entrepreneur and rural entrepreneur are gathered from the journals, books, periodicals, dailies, magazines and published and unpublished Ph.D thesis and websites.

Data analysis

Collected data was analyzed to determine how the sample of the research responds to the items under investigation. Demographical analysis shows that out of 383 sample size, majority of the respondents are male (65%), almost 49.6% of respondents are fall in the age group of 25-35. 88% of respondents are related to service sector. The data clearly describes that maximum they got motivated by their parents (42%).

Measures	Items	Frequency	percentage
gender	male	249	65%
	female	134	35%
age	below 25	66	17.2%
	25-35	190	49.6%
	35-45	18	4.7%
	45-55	84	21.9%
	above 55	25	6.5%
educational qualification	schooling	113	29.5%
	UG	106	27.7%
	PG	124	32.4%
	Diploma	40	10.4%

marital Status	married	204	53.3%
	unmarried	174	46.7%
family type	joint	113	29.5%
	nuclear	270	70.5%
family size	below 4	226	59%
	4 to 6	99	25.8%
	6 to 8	29	7.6%
	above 8	29	7.6%
experience	less than 2	80	20.9%
	2 to 4	88	23%
	4 to 6	51	13.3%
	6 to 8	73	19.1%
	above 8	91	23.8%
sector	manufacturing	46	12%
	service	337	88%
motivated by	parents	161	42%
	spouse	65	17%
	children	40	10.4%
	friends or relatives	62	16.2%
	others	55	14.4%

Source: Primary Data

Factors which affect the development of rural entrepreneur:

Factor analysis (FA) attempts to identify underlying variables, of factors, that explain the pattern -of correlations within a set of observed variables. Factor analysis is often used in data reduction to identify a small number of factors that explain most of the variance observed in a much larger number of manifest variables. Factor analysis can also be used to generate hypothesis regarding causal mechanisms or to screen variables for subsequent analysis. In short, Factor Analysis is a mechanism to group the similar variables as a factor.

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.788
Bartlett's Test of Sphericity	Approx. Chi-Square 2.769E3
	Df 55
	Sig. .000

Significance & Sampling Adequacy: KMO measure of sampling adequacy should be more than 0.6 and closer to 1. And the P Value (0.006) should be less than 0.05 (5% level of significance). Thus, The result shows that the sample size is not adequate but it is significant for further analysis.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.540	50.365	50.365	5.540	50.365	50.365
2	1.398	12.711	63.076	1.398	12.711	63.076
3	1.036	9.418	72.493	1.036	9.418	72.493
4	.774	7.032	79.525			
5	.675	6.138	85.664			
6	.456	4.146	89.810			
7	.382	3.471	93.281			
8	.283	2.570	95.850			
9	.207	1.882	97.733			
10	.142	1.290	99.022			
11	.108	.978	100.000			

Extraction Method: Principal Component

Total Variance of the Factors: The total variance explained of the factors should be more than 60%. Thus, the 3 factors explained 72.49 % variance between the factors of homogeneous variables.

Rotated Component Matrix^a

	Component		
	1	2	3
I try to keep myself up to date on information related to my business	.233	.863	-.004
I think training programme on new technologies are essential for business	.219	.053	.895

I work hard so that I can get more yield and economic returns	.757	.006	.090
I think I am not successful unless I makes maximum profit	.330	.523	.165
I like to plan in advance for my business	.229	.815	.080
I am always keen to maintain my social status	.685	.507	.169
I feel very happy when others appreciate my new practices which I am following	-.115	.728	.549
I will take loan to try out new practices/technology	.712	.367	.174
I try to learn as much as I can, from training programme	.559	.180	.696
Participation in training programme will help me to develop myself	.605	.400	.517
I have the motive to learn	.765	.221	.283

Naming of Factors:

- Factor 1 = Learning attitude
- Factor 2 = Self efficacy
- Factor 3 = Training

Regression analysis

Multiple Regression Model

DV = a + b1(IV1) + b2(IV2) + b3(IV3)

STR = Constant + b1 (Learning attitude) + b2 (Self efficacy) + b3 (Training)

The multiple regression model developed is found to be reliable and significant

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.999 ^a	.997	.997	.38143

Model Fitness: The regression model developed is fit because the R Square (0.997) is closer to 1 and the model may be generalized because the Adjusted R Square (0.997) is closer to R square.

ANOVA^b

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	21294.378	3	7098.126	4.879E4	.000a
Residual	55.141	379	.145		
Total	21349.520	382			

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	47.799	.019		2.452E3	.000
	LEARNING ATTITUDE	4.697	.020	.628	240.656	.000
	SELF EFFICACY	4.510	.020	.603	231.088	.000
	TRAINING	3.653	.020	.489	187.203	.000

Were

- DV = Development
- IV = 1. learning attitude
- 2. Self efficacy
- 3. Training

The model reveals that, the Rural entrepreneurship development is highly influenced by **learning attitude (4.697)** than other variables.

Findings and suggestions:

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.

The majority of the respondents are male and mostly they fall in the service sector. Through factor analysis I found three factors namely,

learning attitude, self efficacy and training. Learning attitude (4.697) influenced more than the other factors.

Conclusion:

Development of rural women entrepreneurs in particular, is an integral part of the economic development of India. So any prospective programme relating to human resources should include certain inbuilt specific scheme or plan to develop women entrepreneurship in rural areas.

The various schemes formulated by the Government for the Self Help Groups are implemented through different departments. It is seen that some of the departments have not been playing any role in this regard. It is suggested that the Government schemes should be distributed among all the development departments so that for many schemes are not concentrated with one department.

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