



Challenges, Problems, Opportunities and Skills for Successful Rural Entrepreneurship in India

MR. RAMESH CHANDRAHASA

BE in (E&C), MBA, (Ph.D), ASSISTANT PROFESSOR, GLOBAL BUSINESS SCHOOL HUBLI KARNATAKA STATE

ABSTRACT

Entrepreneurship is the process of designing, launching and running a new business, i.e. a start-up company offering a product, process or service. It has been defined as the capacity and willingness to develop, organize and manage a business venture along with any of its risks in order to make a profit. Enterprise and entrepreneurship are the drivers of economic growth in india's rural areas. With the ongoing challenges facing traditional rural sectors, the future success of the rural economy is inextricably linked to the capacity of rural entrepreneurs to innovate, and to identify new business opportunities that create jobs and income in rural areas. A rural entrepreneur is 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 Challenges and skills for the potentiality of Rural Entrepreneurship and prospects of the same to be a successful entrepreneur.

KEYWORDS

Entrepreneurial issues, Problems, prospects of entrepreneurship, success of entrepreneurs, economic development, Rural etc

Introduction

The important role of entrepreneurship as a driver of economic growth and diversification has long been recognised at india. Entrepreneurship is also a key component of the india 2020 strategy for smart, sustainable and inclusive growth. Entrepreneurship is an emerging research field that has gained importance in the recent years. India is the country of villages. Majority of the population are living in rural areas in India. People in rural areas suffer with unemployment, poor infrastructure facilities which may be solved with the development of the rural entrepreneurs. Rural entrepreneurs refer to those who carry out the business in rural areas with the utilization of local resources. But this rural entrepreneur is suffering with various problems like fear of risk, lack of finance, illiteracy, and competition from the urban entrepreneurs. Rural entrepreneurs increase the standard of living and purchasing power of the people by offering employment opportunity to the people in villages. Rural entrepreneurs are those who carry out entrepreneurial activities by establishing industrial and business units in the rural sector of the economy. In other words, establishing industrial and business units in the rural areas refers to rural entrepreneurship. In simple words, rural entrepreneurship implies entrepreneurship emerging in rural areas. Rural industries and business organisations in rural areas generally associated with agriculture and allied activities to agriculture. 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.

Objective of the Study

To understand the significance of rural entrepreneurs in india.

To study the problems faced in growth of rural entrepreneurs in india.

To study the effort faced by rural entrepreneurs and recommendations to solve the problem.

Methodology

The present study is descriptive in nature

The data required for the present study are collected from secondary sources. The Secondary data are collected from various published sources such i.e. magazines, newspapers, journals, books, and various other publications.

Rural Entrepreneurship in India

"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". The entrepreneurs with their ability to scan, analyze and identify opportunities in the environment transform them into business proposition through creation of economic entities. They by channelizing the resources from less productive to move productive use create wealth. Through efficient and effective utilization of national resources, they act as catalysts for economic development and agents of social transformation and change. According to Joseph Schumpeter, the rate of economic progress of a nation depends upon its rate of innovation which is turn depends on rate of increase in the entrepreneurial talent in the population.

Rural market understand

People in rural India are spending more than those in urban areas, according to a study by Accenture, a multinational management consulting, technology services and oil company. Rural markets are becoming attractive for a number of reasons. Since 2000, per capita Gross Domestic Product has grown faster in India's rural areas than in its urban centres: 6.2 per cent CAGR (compounded annual growth rate) versus 4.7 per cent. Rural incomes are growing, and consumers are buying discretionary goods and lifestyle products, including mobile phones, television sets and two-wheelers.

Between 2009 and 2012, spending in rural India reached \$69 billion, significantly higher than the \$55 billion spent by the urban population³. The rush to rural markets is not a recent phenomenon and companies have been testing these markets for some time.

Opportunities in Indian Rural market

* More than 750 million people * Estimated annual size of the rural market⁴

Rural Segment Quickly Catching Up

• The Fast Moving Consumer Goods (FMCG) sector in rural

and semi-urban India is estimated to cross US\$ 20 billion by 2018 and US\$ 100 billion by 2025

- The rural FMCG market expanded at a CAGR of 13.2 per cent to US\$ 100 billion during 2009–15x
- In rural markets, durables like refrigerators as well as consumer electronic goods are likely to witness growing demand in the coming years as the government plans to invest significantly in rural electrification⁵

Rural FMCG market (US\$ billion)



Source: AC Nielsen, TechSci Research, Dabur Reports
Note: E - Estimate

FMCG	Rs. 70,000 Crore
Durables	Rs. 5,500 Crore
Agricultural-Inputs (including tractors)	Rs. 48,000 Crore
2 / 4 Wheelers	Rs. 8,400 Crore

- * In financial year 2001-02, LIC sold more than 50% of its policies in rural market.
- * 42 million rural households (HHs) are availing banking services in comparison to 27 million urban HHs.
- * Investment in formal savings instruments is 6.6 million HHs in rural and 6.7 million HHs in urban.
- * In last 50 years, 45% villages have been connected by road.
- * More than 90% villages are electrified, though only 44% rural homes have electric connections.
- * Government is providing subsidies to the villagers to use other source of energy like Solar System and is now being used in large amount.
- * Number of "pucca" houses increasing day by day.
- * Rural literacy level improved from 36% to 59%.
- * Percentage of BPL families declined from 46% to 25%.
- * Out of two million BSNL mobile connections, 50% are in small towns / villages.
- * 41 million Kisan Credit Cards have been issued (against 22 million credit-plus-debit cards in urban), with cumulative credit of Rs. 977 billion resulting in tremendous liquidity.

Problems of Rural Entrepreneurship in India

Entrepreneurs are playing very important role in the development of economy. They face various problems in day to day work.

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.

Competition:

Rural entrepreneurs face severe competition from large sized organizations and urban entrepreneurs. They incur high cost of production due to high input cost.

Middlemen:

Middlemen exploit rural entrepreneurs. The rural entrepreneurs are heavily dependent on middlemen for marketing of their products who pocket large amount of profit.

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 entrepreneur. They may end up with poor quality raw materials, may also face the problem of storage and warehousing.

Risk element:

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

Lack of technical knowledge:

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

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.

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.

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.

Challenges for Rural Entrepreneurs

- Biggest Challenges in rural is Power Failure
- Poor in Education
- Financial Barriers
- **Reaching rural customers:**
- Skilled human Resources Problem
- Technological Challenges
- **Retaining rural customers**
- **Acquiring rural customers**
- The sales skills required
- Lack in Infrastructure

Opportunities for Rural Entrepreneurs

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

Skills Required for Rural Entrepreneurs

Skills are central to improve employability and livelihood opportunities, reduce poverty, enhance productivity, and promote environmentally sustainable development. Coordinated efforts are needed to develop an integrated approach that improves access to relevant, good quality education and training to all rural women and men.

- Understanding the pulse of Rural people
- Language
- Convincing Rural Customer
- Using Technology
- Educating about Product
- Marketing strategy for rural people
- Taking Govt benefits for rural development
- Designing product according to rural market
- Educating rural men and women as resource
- Building Network

Conclusion

Rural entrepreneurship plays an important role for economic development in developing countries such as that of India. Rural entrepreneurship helps in developing the backward regions and thereby removing poverty. Government should go for appraisal of rural entrepreneurship development schemes and programmes in order to uplift rural areas and thereby increasing economic development. Rural entrepreneur is a key figure in economic progress of India. Rural entrepreneurship is the way of converting developing country into developed nation. Rural entrepreneurship is the answer to removal of rural poverty in India. Therefore, there should be more stress on integrated rural development programs. The problem is that most of the rural youth do not think of entrepreneurship as the career option. Therefore, the rural youth need to be motivated to take up entrepreneurship as a career, with training and sustaining support systems providing all necessary assistance.

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