



## ORIGINAL RESEARCH PAPER

## Management

### RURAL ENTREPRENEURSHIP

**KEY WORDS:** Rural, Entrepreneurship, education, Schemes

**Dr.S.Vidhya**

Associate Professor, Department of Management, P.K.R.Arts College for Women, Gobi.

#### ABSTRACT

Entrepreneurship is seen as strategic development interference that accelerates rural development process. Rural areas have great difficulties to attract new businesses. On the other hand, there is a desperate need to create jobs. Schemes supporting Rural Entrepreneurs from Government. There are different types of rural Industries available. With the help of the government offering schemes we can develop the industries in rural areas. Rural people have the ability to turn grass into gold, so if the proper support like education and training is available for them they can definitely raise in both financial and education status like urban people.

#### INTRODUCTION

As Quoted by Mahatma Gandhi "The Heart of India lives in its Villages if the heart is strong and healthy the whole body will naturally be so". Also as said by Dr. Abdul J Kalam – developed India would be network of prosperous villages empowered with various connectivity's both physical and virtual.

India is the second largest populated country in world with 1.3 billion population .65% of our population is under age of 35 and 50% of population age is under 25. The average age of India today is between 26 to 28 years while the average age of most of the economically forward countries is about 40 years. According to the prediction of ILO it has worked out numbers saying that we will have 160 million people between the age group of 20 to 24 by 2020 while China the largest populated country will have only 94 million at the same point in time. India is a young productive and dynamic population but do we have the advantage of the situation? We have world's largest skilled resources available in India. As a country there is strong need to equip these young populations in order to enable them to take advantage of the opportunity available and transforming our economy into world's best.

70% of the workforce resides in rural India. Rural India is land of abandoned home run entrepreneurs. We can find many skilled and young entrepreneurs working in various fields like agriculture, handicrafts etc. they form the backbone of our economy. Cottage industry is a way of life for most of the rural people. Most of our villages unlike people in urban India where they work through the organized businesses to earn a living, rural people in India earn their living through self-employment. Cottage industry is given huge economic independence for most of our villages.

#### What is Rural Entrepreneurship?

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. Or, say, rural entrepreneurship implies rural industrialisation. Thus, we can say that entrepreneurship precedes industrialization.

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."

#### Types of Rural Industries:

All the village industries come under the following broad categories:

**Agro Based Industries:** like sugar industries, jaggery, oil processing from oil seeds, pickles, fruit juice, spices, dairy products etc.

**Forest Based Industries:** like wood products, bamboo products, honey, coir industry, making eating plates from leaves.

**Mineral based industry:** like stone crushing, cement industries, red oxide making, wall coating powders etc.

**Textile Industry:** like spinning, weaving, colouring, bleaching.

**Engineering and Services:** like agriculture equipment's, tractors and pump sets repairs etc.

**Polymer and Chemical based Industry:** like cottage Match, Leather, Non edible and soap

#### Importance of rural entrepreneurship:

Development of a country is depending on both rural and urban areas. Both of them are two different sides of the same coin of economic development (Saxena, 2012). Nowadays, rural development and entrepreneurship are connected more than ever before. Entrepreneurship is seen as strategic development interference that accelerates rural development process. There seems to be a general agreement on the importance of entrepreneurship (Smallbone, 2009; Saxena, 2012). Besides, there seems to be a general agreement on the importance of locating businesses in rural areas; the interest of having firms locate in a specific area is a pervasive consideration in economic development. Rural areas have great difficulties to attract new businesses. On the other hand, there is a desperate need to create jobs (Falcone & Wilson, 2006). Importance of rural development has been questioned in the Government Communication on sustainable development (2012). Larsson et al. (2003) also sees a solution to unemployment problem in rural development and location of small businesses. The author thinks that the different factors will determine success of small businesses here such as: potential markets, less competition, available workforce, capital structure and infrastructure.

There are various kinds of cottage industries. One can find various types of entrepreneurs in Villages. For example individual entrepreneurs where individuals do businesses

like agarbatti making tailoring group entrepreneurs where group of people come together and work in a small workplace like toy making agriculture spices, cluster entrepreneurship where a skill is developed depending on a specific geographic or area. Example shivakashi toys from channapatna, silk from kanchi and largest of all this our co-operative societies where a group of people come together make an organization for doing a specific job the best example are Bank cooperatives, milk cooperatives. What these kind of entrepreneurs do to our economy they add value to vital resources they create huge employment opportunities they help us in retaining our artisanal skills and most important they give us a reach of most remote and rustic area in country.

Cottage industry is huge boon for Indian economy they are indispensable they contribute to 40% of our Indian economy. Indian handicraft industry is a 100 billion dollar industry and is growing at a rate of 20% every year compared to the worldwide growth rate where it is only a 12% it is actively employed more than 75 lakh and it is growing continuously. In spite of huge numbers villages still remain to be the weakest point of our society; Villages are integral part of our economy most of innovations and new businesses are focused on urban requirements.

What will happen if we have new innovations or new businesses focused tapping rural potentials there's been few organizations which have created an Impact to our economy through these Rural Entrepreneurship.

Entrepreneurs need to explore the areas which are not touched by anyone and impact to our economy and focus should be on scaling up from grass root to large scale and where everyone involved in it grows collectively.

The talent available under handicrafts and toys is abundant and these days there are many artisans who are acquiring these skills.

There are creating opportunity that can empower women because if you empower women it benefits her family in turn benefits entire community.

#### **Need for Rural Entrepreneurship:**

- Over 70% of Indian population lives in rural areas.
- Rural people are labour intensive.
- Great disparities in income of rural and urban people.
- Regional Development
- Rich in traditional art / handicrafts.
- Reduce poverty, growth of slums, Migration.
- Awaken the youth.
- Increase the literacy rate rural people.

#### **Challenges:**

Power cut and infrastructural issue is one of the biggest challenges we still face in India. Outrages like these disrupt scheduled production and extremely difficult to implement any new technologies as new technologies need power. In India still there are many areas today still inaccessible to modern career services treated fumigated quality wood from sustainable sources is a huge challenge artisans these days are seeking alternate job opportunities in small towns/cities like.

Artisans are not completing their work, lagging behind in implementing concepts like standardization of production or performance management. Limited them at one point of time we are unable to take any large orders. Replica or could find the toys of same at lower grade and lower materials in the local market.

Copyrights of design, control over designs is expose an extremely difficult task. Multinationals use marketing

strength through televisions, cartoons, advertisements and promote the products.

India has no valid option but to protect the interests of our villages. We may think they may be urban migration over a period of time but the reports say that there is for a very small percentile that would be maximum or 5% the 70% penetration may maximum reduce to 65% if we have to protect our future sustainability if there is no option other than making our villages economically and culturally viable while the new India is focused on the IT's startups the call centers Bollywood start consumer and customer glitz working towards better managed urban requirement. We should encourage rural entrepreneurship and making country's economy grow stronger. We have to work towards better managed rural ecosystem.

#### **Opportunities:**

- Free entry to the market
- Various schemes for rural development
- Regional rural development centers.
- Finance facility to the rural entrepreneurs
- Subsidies given to the rural people by government.
- Bank aids.

#### **Role of Government in Entrepreneurship:**

Entrepreneurship is a great tool for good governance. Governments around the world are facing shortage of resources funds and expertise to address the needs of citizen. Training is very very important for entrepreneurship but it is not enough we need to do more and also training is a very easy strategy to implement. A very common problem with policy implementation resulting to easy quick strategies.

#### **Example Kerala:-**

#### **Schemes supporting Rural Entrepreneurs from Government:**

##### **1. Prime Minister Employment Generation Programme:**

This scheme basically provides subsidy for entrepreneurs. It has been implemented by Khadi and Village Industries Commission (KVIC) through identified banks, only for new projects.

**Nature of assistance:** Subsidy varies from 15% to 35%, with 5% to 10% beneficiaries' contribution, and the balance through banks as term loan and working capital loan. Aspiring entrepreneurs, Self Help Groups (SHGs), etc. can apply

##### **2. Janashree Bima Yojana for Khadi Artisans**

It is a group insurance for khadi artisans formulated by KVIC with LIC.

**Nature of assistance:** Insurance cover to khadi artisans for natural death due to accident and loss of both eyes and both limbs, plus a scholarship up to 12th standard for two children. People who can apply are khadi spinners and weavers aged between 18 years and 59 years, and below and marginally above poverty line

##### **3. Market Development Assistance**

**Description:** Under this scheme, financial assistance are provided for khadi institutions to improve outlets and production processes besides giving incentive to customers

**Nature of assistance:** 20% of production cost for khadi cotton, woolen silk and poly vastra against the approved production target

**Who can apply:** Khadi institutions of A+, A, B and C categories

##### **4. Rejuvenation, Modernisation and Technology Upgradation of Coir Industry (REMOT)**

**Description:** The credit linked subsidy for setting up of coir units with project cost plus one cycle of working capital (up to 25% of the project cost and not to be considered for subsidy)

**Nature of assistance:** 55% bank loan, 40% margin money (subsidy) as government grant, 5% beneficiary contribution

**Who can apply:** Individuals, SHGs, NGO, etc.,

### 5. Centrally Sponsored Schemes (CSS) of Export Market Promotion

**Description:** The CSS is provided for the overall development of coir industry; to support modernisation of export-oriented units to popularise coir products in global markets, and to participate in international fairs, seminars, etc.

**Nature of assistance:** Up to Rs 2 lakhs for participating in fairs and 25% of production cost with a ceiling of Rs 15,000 for publicity material

**Who can apply:** Any coir MSME, any coir exporter MSME with Free-on-Board (FoB) turnover below Rs 2 crore and registered with Coir Board

### 6. Skill Upgradation & Quality Improvement And 19 Mahila Coir Yojana

**Description:** Skill training to develop coir industry, and the provision of spinning equipment to women to empower them

**Nature of assistance:** Two months of training with Rs 750 per month stipend, one-time subsidy of 75%, cost of motorised traditional rates, with a ceiling

**Who can apply:** Any coir MSME, any coir exporter MSME with FoB turnover below Rs 2 crore and registered with Coir Board

### 7. Development of Production Infrastructure

**Description:** Provides modern infrastructure for production units leading to improved productivity, quality and employment opportunities

**Nature of assistance:** 25% cost of equipment with a maximum ceiling of Rs 9 lakhs and up to Rs 2 lakhs for modernisation/renovation

**Who can apply:** New coir processing units registered with Coir Board

### 8. Welfare Measures Scheme (Coir Workers)

**Description:** Accident insurance providing financial compensation for disabled/nominee

**Nature of assistance:** Accident death: Rs 50,000; Permanent total disability: Rs 50,000; Permanent partial disability: Rs 25,000; Provision for finger cut: as applicable

**Who can apply:** Coir workers aged above 18 years

**From where to apply:** Coir Board offices

### 9. Programme for Promotion of Village Industry Cluster - Rural Industry Service Centre (RISC) for Khadi and Village Industry

**Description:** To provide infrastructure support and services for local units to upgrade production capacity and skills, and market promotion

**Nature of assistance:** Maximum of Rs 25 lakhs with 25% self-contribution, in three equal installments

**Who can apply:** Farmers, entrepreneurs, NGOs, SHGs, etc.

**What makes or Breaks?**

Makes – lot of schemes supporting  
Breaks - hindrances

### What Government needs to focus? – Education

#### Role of Education in Entrepreneurial Development:

Entrepreneurship education puts emphasis on imagination, creativity, and risk acceptance in business; on the contrary, traditional views put more emphasis on quantitative techniques than development of creative skills (Porter, 1994).

### Why teaching entrepreneurial skills in schools is Essential –

The education system should reform. It should encourage students to create jobs rather than promoting to get jobs in big companies. The young budding students should be thought of becoming Entrepreneurs rather than just focusing on them to become Doctor, Engineer or etc. in today's race. We should help them to take risks than scaring them. Encourage them during their failures.

Children should not only know the information is more they need to know about creativity to think out of the box.

As world's technology is updating frequently we can see the updates. We also need to update our Schooling system.

Teaching entrepreneurship creates engagement, joy, motivation, confidence and feelings of relevancy among students curiosity, creativity and Imagination should be incorporated in students.

Education is the backbone to the emancipation of rural women entrepreneurs, and opportunities for rural women are too few and far between to have much impact. Blau (2006:79) seems to make a similar point when he claims that it is ironic that there is a view that white women can impart skills to black women, that black rural women have no skills, and have nothing to bring to the table. Small scale rural business activities are increasing important for livelihood in developing countries, but require the development of new skills and relationships (Sizoo, 2007:13). Niemand (2003: 13) cites that skills development, micro and small scale enterprises (M.S.S.E) are the seedbeds for a broad development of the private sector and create a large number of self-employment and income opportunities, forming the foundation for the national economy and social development at the grass roots.

### Example for Rural Entrepreneurs:

A farmer, Mansukhbhai Patel invented a cotton stripping machine that has significantly cut the cost of cotton farming and revolutionized India's cotton industry. Patel who studied up to Class X, invented a cotton stripping machine in 1991. Patel's machine helps in removing cotton from semi opened and unopened shells of various cotton varieties. The machine has won a United States Patent.

### CONCLUSION

The ability of rural people communities to turn grass into gold. So the best reason to start an organization is to make meaning to create a product or service to make the rural areas and world better place.

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