MAJOR PERSPECTIVES OF RURAL ENTREPRENEURSHIP IN INDIA

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ABSTRACT

Today, Indian economy is much highly dependent on rural economy as 72.2% of the total population lives in the rural areas where agriculture and allied activities are the major sources of income. True entrepreneurs are passionate, resourceful and are driven to succeed and improve. They are surely pioneers and are comfortable fighting on the frontline. Certainly, the great entrepreneurs are ready to be laughed at and criticised in the beginning because they can see their path and are also too busy working towards their dream and passion. In general, an entrepreneur is a businessperson who not only organises and conceives ventures but also frequently takes risks in doing so. Not all entrepreneurs are created equal and not all independent business people are true entrepreneurs. Rural entrepreneurship is starting of enterprises in the rural areas. Entrepreneurship certainly is a wise answer to solve the migration, unemployment and also to promote social and economic development in the rural areas. Strengthening of the rural villages will improve the rural economy and will also encourage the preservation of natural resources. There exists a wide gap between rural and urban areas today in terms of infrastructure, financial access and market, etc. To reduce the disparities, revitalizing the rural economy is very much important and it can be achieved by establishing entrepreneurial ventures in the rural areas. Especially rising rural income will have a multiplier effect by raising the demand for farm and non-farm services and products instigating the growth of employment opportunities. Government of India has been continuously assigning and striving for increasing the importance and support for the growth and promotion of rural entrepreneurship. Some of the major obstacles for growth of rural entrepreneurship are risk aversion, less technical knowhow, lack of skilled labour, lack of communication facilities, limited access to essential services, etc. This paper provides an insight into the present scenario of rural entrepreneurship, meaning, qualities required for an entrepreneur, challenges and opportunities faced by entrepreneurs, entrepreneurship as a career and institutions promoting rural entrepreneurship and their role in fostering and developing rural enterprises.

KEYWORDS

Entrepreneurship, Challenges, Opportunities, Unemployment, Entrepreneurial Ventures.


INTRODUCTION

The economic development of a nation certainly depends on its industrial development. The industrial development is highly based on the entrepreneurial competencies of the people. Hence, the need of the hour is the concept of building entrepreneurship promotion. The term “entrepreneurship” comes from the French verb “entreprendre” and also German word “unternehmen” both means to undertake. Hofer and Bygrave in 1989 defined the entrepreneurial process as the one which involves all the activities, functions and activities associated with perceiving of opportunities as well as creation of organisations to pursue them. In simple words, entrepreneurship is the act of being an entrepreneur, which can be defined as “one who undertakes finance, innovations and business acumen in an effort to necessarily transform innovations into economic goods”. Peter Drucker has proposed that ‘entrepreneurship’ is a practice. What this certainly means is that entrepreneurship is not a state of being nor is it characterized by making the plans that are not acted upon. Entrepreneurship certainly begins with action and also creation of new organisation. These organisations in the long run may or may not become self-sustaining and in fact, may never earn significant revenues.

But, when individuals create a new organization, they have necessarily entered the entrepreneurship paradigm. According to 2011 census the total number of villages was 6, 38, 588 and nearly half of the rural population of India is residing in 1, 15, 080 villages with a population of more than 2,000 but less than 10,000. During 2001-11 the growth rate of rural population has declined substantially to just 1.2 percent from 1.7 percent per year during 1991-2001. The slow growth rate in rural areas was mainly attributed to decline in rural fertility areas, rural to urban migration and also reclassification of villages as urban units (IRD Report, 2003).

Review of Literature

Rural regions in particular face major issues in comparison to other regions (Brown and Schafft, 2011) which are more serious in the mountain and peripheral regions (Lopes-i-gelats et al. 2009). There are also exists dissimilarity between people and jobs in rural areas. As per OECD reports of 2005, rural areas are affected by major challenges like aging population as a result of migration of young population to urban areas in search of employment opportunities and reduced employment opportunities in primary industries. There exists a wide gap between rural and urban areas in terms of market and financial access, infrastructure etc. Development of rural areas will be the only solution to solve some of the issues discussed above. Strengthening of the rural villages will encourage the preservation of natural resources and also will help in improving the rural economy. This will minimize the congestion in cities and will reduce the migration of rural people to urban areas. Rural regions of developing economies serve as a strong hold for wealth creation.
To investigate the development in rural areas it is essential to know the problems in rural villages. Revitalizing the rural economy can be achieved by establishing entrepreneurial ventures in rural areas. Entrepreneurial activities will surely inculeate economic development in rural areas. Rising rural incomes will certainly have a multiplier effect by raising the demand for farm and non-farm sector products and services instigating growth of employment opportunities.

For accelerating the process of rural development, rural industrialization is viewed as an effective means. Moreover, it is also found that entrepreneurial actions promote social and economic conditions which benefit the individual as well as the entire village (Duarte & Diniz 2011). Rural entrepreneurship implies establishing industries in rural areas and entrepreneurship emerging in rural areas. According to Pertin (1997), rural entrepreneurship is more likely to furnish in those rural areas where the two approaches of rural development, the bottom up as well as the top down, complement each other. Certainly a rural entrepreneur is one who prefers and wishes to stay in the rural area and also contribute to the creation of local wealth and resources. However, the social goals of rural development and the economic goals of an entrepreneur are more strongly under-linked in urban areas (Pertin & Gunnan, 1997). For this reason, entrepreneurship in the rural areas is usually community based and strong extended family linkages and have a relatively large impact on rural community. To reduce poverty and create income and employment opportunities, rural development is a key element and a strategy (UNIDO, 2003).

Today, the need for rural entrepreneurship is highly envisaged as majority of the Indian population live in rural areas and also there exists great disparities in major income of rural and urban people. Key indicators from the 66th round of the NSS quinquennial survey have said that the per capita expenditure level of the urban population was on average about 88 percent higher than that of the rural population, based on the measure of modified mixed reference period (MMRP). Various studies have shown and stated that rural entrepreneurship plays an important role in provision of employment opportunities which surely helps in reducing the migration of people towards the urban areas in search of the livelihood where there is provision of employment opportunities. Surely, a rural entrepreneur tries to utilize the locally available resources in an efficient and effective manner.

Chakraborty and Barman (2014) conducted a study on rural entrepreneurs in Sonitpur district of Assam and also reported that rural entrepreneurs were primarily motivated by the need for self-employment, need for independence for starting the enterprises, eagerness to make money. Studies have also shown that training on rural entrepreneurship, artisan skills and rural innovation have not only improved the productivity and proficiency of the local farmers and artisans, but also have a significant social and environmental impact by developing eco-friendly appropriate solution to local problems. Individuals and institutions promoting rural development now see entrepreneurship as a strategic development intervention that which could accelerate the rural development process (Saxena, 2012).

But the growth of rural entrepreneurship has been affected by various obstacles. Banerjee (2011) pointed the challenges faced by rural entrepreneurs are government policies (Taxes, licensing and tariff). Desai (2007) has highlighted that poor infrastructural facilities in rural segments has been one of the factors which is holding back rural industrialisation in India. According to Srinivasan and Sundar (2009), managerial inadequacies are one of the major reasons for the failures in decentralised industrial sector. A critical prerequisite for nurturing entrepreneurship is the creation of a favourable business environment. Key parameters of a conducive business environment include smooth flow of information, ease of filing taxes, ease of starting a business and obtaining various clearances and permits, an efficient legal system, enabling legislations and regulations, world-class infrastructure facilities and absence of corruption (National Knowledge Commission, 2008). Government of India has been continuously assigning increasing support and importance for the growth and promotion of rural entrepreneurship.

For promoting entrepreneurship, Government of India operates various schemes through the ministry of Micro, Small and Medium Industries, Small Industries Development Corporation, National Small Industries Corporation Ltd, Village Industries Corporation, financial institutions such as SIDBI, NABARD, etc. and also with the state governments through District Industries Centre, etc. and also through institutions such as Entrepreneurship Development Institutes, etc. Rural entrepreneurial ventures and activities mostly come under the banner of micro, small scale and medium industries.

The schemes operated by MSME are Rajiv Gandhi Udyami Mitra Yojana (RGUMY), Entrepreneurship Development Institution scheme, Product Development, Performance and Credit Rating Scheme, Design Intervention and Packaging, Khadi Karigar Janashree Bima Yojana for Khadi artisans and Marketing Assistance Scheme. With the mandate to achieve rural prosperity through credit and related activities, National Bank for Agriculture and Rural Development (NABARD) was set up in 1982. Recognizing the importance of the rural non-farm sector (RNFS) in the faster economic development of the rural areas, NABARD has taken a number of initiatives, both with promotional assistance and refinace support, for development of this sector. Rural entrepreneurship development programme (REDP) is a major promotional initiative which necessarily aims at developing enterprise and also creating employment opportunities in rural areas.

**OBJECTIVES OF THE STUDY**

1. To know the qualities of a successful entrepreneur.
2. To study India specific entrepreneurship challenges.
3. To know the major problems, challenges, opportunities and need for creating Indian entrepreneurs.

**Qualities of a Successful Entrepreneur**

Being an entrepreneur is not just starting a business, it is all about having attitude as well as the drive to succeed in business. Today, all successful entrepreneurs have a similar way of thinking and also possess several key personal qualities which make them so successful in business. Successful entrepreneurs like the ambitious Richard Branson, Jeff Bezos, Michael Dell had an inner drive to succeed and grow their business rather than having a Harvard business degree or a technical knowledge in a particular field. More than anything else, entrepreneurship is a mindset.
Some of the Major Qualities that which make an Entrepreneur Successful are as follows

- **Dreamer:** An entrepreneur dreams of a big idea of how something can be better and different.
- **Inner drive and intent to succeed:** Entrepreneurs are always driven to expand and succeed their business. They necessarily see the bigger picture in front of them and often are very ambitious. Entrepreneurs do set massive goals for themselves and also stay committed to achieving them regardless of the obstacles that get in the way.
- **Innovator:** All entrepreneurs have a passionate desire to do things better and also to improve and enhance their products and service. They are constantly looking for the ways to improve and succeed. They are innovative, creative and resourceful.
- **Ability to Organise:** An entrepreneur should be able to organise various factors effectively. He has to understand all the aspects related to business.
- **Passionate:** An entrepreneur should be expressive so the idea creates resonance and energy with others.
- **Risk Taker:** An entrepreneur pursues the dream without all the resources lined up at the start and also distributes the risk over the network of capabilities. In short, he should be ready to bear uncertainties and risks.
- **Decision Making:** One has to certainly take right decision at a right time by showing his promptness. Quick decisions are expected but hasty decisions shouldn’t be taken. Delay in decisions may also increase the cost of project and also reduce the profits.
- **Continuous Learner and Openness to Change:** An entrepreneur should have a constantly exploring and evolving nature to do best practice. If something is not working for him, he should simply change. Entrepreneurs should know the importance of keeping on top of their industry and the only way to being number one is to evolve and change with the times. They are up to date with the latest technology and should be always ready to change if they see a new opportunity arise.
- **Negotiation Skills:** Businessmen regularly come into contact with various persons like the consumers, government officials, workers, etc., so should be in a position to communicate tactfully.
- **Strong Belief in Themselves:** Successful entrepreneurs have a healthy opinion of themselves and often possess an assertive and strong personality.

**INDIA SPECIFIC ENTREPRENEURSHIP CHALLENGES**

Some of the Specific Entrepreneurship Challenges Faced by Indians are as follows

- **Family Challenges:** Convincing to opt for business over the job is easy but it is not an easy task for an individual. The first and foremost thing compared is- Will you make more money in business of your choice or as a successor of family business. This is where it becomes almost very much impossible for an entrepreneur that he can generate more cash with his passion than doing what his dad is doing.
- **Social Challenges:** Family challenges are always at the top because that is what matters the most but to a certain extent at times social challenges are also very much important. For example, let us say you and your friend graduated at the same time. You opted for entrepreneurship and your friend opted for a job. Your friend now has a car, flat and what not because he could easily get those with a bank loan but you still have nothing to show off and this is where the challenge comes in.
- **Technological Challenges:** What technology would be ideal and how to use that technology effectively? Indian education system lags too much from the job industry as a whole but then it lags even more when it comes to online and rural entrepreneurship.
- **Financial Challenges:** The major challenge is difficulty in borrowing fund. Especially for online and rural entrepreneurs financial challenges are a lot different in India. When you are starting out as an entrepreneur you don’t necessarily opt for venture funding but try to go with funding from small to medium business people. Many such non-technical rural business people don’t understand the online business models as a whole and so getting an initial business funding from them becomes much more challenging. The other option which can be thought of is loan but bank loan is not at all an option in India for new online entrepreneurs.
- **Policy Challenges:** As and when there is a change in the government, now and then there are lot of changes in the policies as well. Problems of TRIPS and TRIMs also arise.
- Problems of raising the equity capital.
- Problems of availing the raw materials and local available resources.
- Problems of obsolescence of major indigenous technology and ideas.
- Ecological imbalance due to increased pollution.
- Exploitation of small and poor countries, etc.

**Major Opportunities Available for Entrepreneurs**

- Free entry into world trade without any restriction and barriers.
- Improved risk taking ability to face challenges.
- Government of nations have withdrawn some restrictions.
- Technology and major inventions spread into the world.
- Encouragement to inventions and innovations.
- Promotion of healthy competition among nations.
- Consideration of increase in government assistance for international trade.
- Establishment of other international and national institutes to support the business among nations of the world.
- Major benefits of specialization.
- Social and cultural development are important.

**Challenges for Rural Entrepreneurs**

- Recent growth of mall culture.
- Poor assistance and financial problems.
- Power failure for long hours.
- Lack of technical know-how.
- Capacity utilization and resource mobility.
- Infrastructure sickness and lack of motivation.
Opportunities for Rural Entrepreneurs

- Proper and crash scheme for rural development.
- Food for work programme and MNREGA National rural employment programme.
- Regional rural development centers.
- Entrepreneurship development institute of India.
- Technological banking.
- Innovative rural funding.
- Rural social entrepreneurship opportunities.

A Snapshot of need for Creating Indian Entrepreneurs

- A recent study conducted by McKinsey & Company. Nasscom report estimates that India needs at least 8000 new businesses to achieve its target of building a US$87 billion IT sector.
- In the next ten years from now, 110-130 million Indian citizens will be searching for jobs, including almost 80-100 million looking for their first jobs.
- Today’s knowledge-based economy is a fertile ground for entrepreneurs in India. It is rightly believed and felt that India has an extraordinary talent pool with virtually limitless potential to become entrepreneurs. Therefore, it is very much important to get committed to creating the right sort of environment to develop successful entrepreneurs.

In order to Achieve Successful Entrepreneurs India must focus on the following Areas

- Create the right and sustainable environment for success.
- Ensure that the entrepreneurs have access to the right skill.
- Enable networking and exchange.
- Government support is very vital. Both the central and the state governments should take more interest in promoting the growth of entrepreneurship in India.

CONCLUSION

To conclude, rural entrepreneurship certainly plays an important role for economic development in developing countries such as India where it is still underdeveloped. To bring a certain change, the institutions need to focus on synergies between educations (including modern vocational education training/skill development) innovation (converting the ideas into wealth and employment) and entrepreneurship should be encouraged. Most entrepreneurs simply got tired of working for others, some had a great idea which they wanted to commercialise, or woke up one day with an urgent desire to build wealth before they retired. So they took the big leap. For organisations to achieve efficiency in today’s global market, the country’s economic policy environment must be favourable. It should enable the entrepreneurs to provide a magical touch to an organisation, whether in public or private sector, joint sector, in achieving speed, flexibility, innovativeness and also a strong sense of self-determination. They also bring a new vision to the forefront of economic growth of a country. The study of entrepreneurship has much more relevance today, not only because it helps entrepreneurs better fulfil their personal needs but also because of the economic contribution of the new ventures. More than increasing national income by creating new jobs, entrepreneurship acts as a positive force in economic growth by serving for fast growth and also as a bridge between innovation and market place.

REFERENCES