



AN OVERVIEW OF PROBLEMS OF RURAL ENTREPRENEURS IN INDIA

D. Joel Jebadurai*

Abstract: *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. This paper study the problems faced by the entrepreneurs and possible recommendation to overcome the problems.*

Keywords: *Rural entrepreneurs, rural industries, Economy development in rural area.*

*M. Phil. (Research scholar), Dept. of management studies, Manonmaniam Sundaranar University, Tirunelveli, Tamilnadu



INTRODUCTION

Rural entrepreneurs are plays a vital role in the development of the economy. Village is the backbone of the country. Nowadays entrepreneur involved many activities to increase the status of their living and also their standard of living. 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. 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 cores in plant and machinery is classified as a village industry."

OBJECTIVES OF THE STUDY

To understand the status of rural entrepreneurs in India.

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

TRAITS OF RURAL ENTREPRENEURS

The traits of an entrepreneur are Risk taking ability, Self-confidence, Decision making ability, Knowledge of growing technology, Economic motivation, Market orientation, firm condition of experience. Ability of co-ordination related activities, Achievement, Motivation, etc. indicators are behaviour of entrepreneurial activities.

TYPES OF RURAL ENTREPRENEURSHIP

The various types of sectors and enterprises currently witnessing a boom in the rural areas can be broadly classified under the following categories:



- ✓ Agro Based Enterprises: These include direct sale or processing of agro products such as jaggery, sugar industries, pickles, oil processing from oil seeds, fruit juice, diary products, spices, etc.
- ✓ Forest Based Industries: Such industries include wood products, beedi making, coir industry, bamboo products, honey making, eating plates from leaves.
- ✓ Mineral based Industry: Such industries include cement industries, stone crushing, wall coating powders etc.
- ✓ Textile Industry: These include weaving, spinning, colouring, bleaching.
- ✓ Handicrafts: Such industries include making of wooden or bamboo handicrafts that are local to that area, traditional decorative products or toys and all other forms of handicrafts typical to the region.
- ✓ Engineering: Small and medium sized industries to produce agricultural machinery, equipment for usage in rural areas etc.
- ✓ Services: There are a wide range of services including mobile repair, agriculture machinery servicing, etc which are being undertaken under this category.

ADVANTAGES OF RURAL ENTREPRENEURSHIP

Utilize the idle capital

Rural entrepreneurs are raised finance from the various resources and these resources are effectively used without idle.

To utilize the local resources

Rural entrepreneurs are mainly depends on the local resources for the production activities by doing this idle resource can be effectively used. To utilize this local resources rural entrepreneur are avoid to pollute the environment and avoid the carbon foot print. They are really adopted green marketing in their business activities

Provide employment opportunities

Rural enterprises are labor intensive and it provides a clear solution to the growing problem of unemployment. Development of industrial units in rural areas through rural entrepreneurship has high potential for employment generation and income creation.

Avoid the migration of rural population

Rural population move towards urban for various reasons like income generation, utilise various facilities searching good job etc., Rural entrepreneurship will bring in or develop



infrastructural facilities like power, roads, bridges etc. It can avoid to the migration of people from rural to urban areas in search of jobs.

Balanced regional growth:

Rural entrepreneurship can prevent the growing of industry in urban side by the way of starting industry in rural side lead to balanced growth.

Promotion of artistic activities

The age-old rich heritage of rural India is preserved by protecting and promoting art and handicrafts through rural entrepreneurship.

Check on social evils

The growth of rural entrepreneurship can reduce the social evils like poverty, growth of slums, pollution in cities etc.

Encourage the Rural youth

Rural entrepreneurship can encourage the rural youth and expose them to various avenues to adopt entrepreneurship and promote it as a career.

Standard of living

Rural entrepreneurship will also increase the literacy rate of rural population. Their education and self-employment will prosper the community, thus increasing their standard of living.

Equitable distribution of income

Rural entrepreneurs lead to equitable distribution of income to rural people also.

PROBLEMS OF RURAL ENTREPRENEURS

Lack of finance

Finance is the lifeblood of the business. Rural entrepreneurs are mainly struggle with raise the finance for the business. They are mainly depending on parents and relatives, popularized person in the particular area for finance. They are not aware of the entrepreneurial supporting financial institution like SIDCO(Small Industrial Development Corporation), SIDBI(Small Scale Industrial Development Bank of India),DIC(District Industrial Center),IDBI(Industrial Development Bank of India),IFCI(Industrial Finance Corporation of India), ICICI (Industrial Credit and Investment Corporation of India) ,etc., These financial institutions are providing finance to entrepreneurs to startup new venture and also



modernize the existing business but this institutions rules are regulations are not easy to avail the finance for the business.

Poor infrastructure facilities

Infrastructure facilities include transport facilities, communication facilities etc. Transport facilities includes bus, train etc., It is useful for the entrepreneur to reach the produced goods from one place to another but this facilities are very poor in the rural area compare with cities. Communication facilities include the telephone; fax, internet facilities lack of this facilities entrepreneur cannot cover more area in their business places.

Low quality products

In today consumer are more sensitive with the quality of the products, then only big companies follow the TQM (Total Quality Management) practices in their production unit. Rural entrepreneur cannot produce quality products due to lack of standardized equipments and poor quality of raw materials.

Non availability of skilled labours

In rural areas skilled labours cannot find easily by the entrepreneurs. Labour turnover also high in the rural areas. Highly skilled personnel also willing to work in developed cities due to high salary than rural areas.

Fear to invest in the business

Rural entrepreneurs are low risk bearing ability, expect regular income restrict to invest in the business.

Political and structural problems

Before establish the business entrepreneurs clear the government complicated regulation related with business license and pollution and also clearance certificates. Due to the low educational level of rural entrepreneur they cannot do this process.

Poor knowledge in the technical skills

If the business is production nature the entrepreneur need some specific technical skills to operate that activities but rural entrepreneur are poor on this skills.

Poor knowledge in the account maintenance

Rural entrepreneurs are poor knowledge in the operation of various business transactions and maintenance of records related with it. It is happened due to their illiteracy.



Non availability of raw materials

In rural areas raw materials of the business mainly depend on agriculture. If any years there is no raining conditions prevails the business operations also stopped and also they don't have proper storage and warehousing facilities.

Purchasing power of rural people

Purchasing powers of the rural consumers are low compare with the city consumers. Purchasing power derived from the disposable income of the consumers. This disposable income is high to the urban consumers.

Competition

Rural entrepreneurs are facing tough competition from the large scale organization and urban entrepreneurs. Rural entrepreneurs cannot compete with the urban entrepreneurs due to lack of standardization and branding and quality of the products.

Middleman

Rural entrepreneurs are mainly depends on middleman for marketing their products. But they are cheating the entrepreneurs with low price to their goods.

GOVERNMENT SCHEMES FOR RURAL ENTREPRENEURSHIP IN INDIA

SME the Ministry of Micro Small and Medium industries initiated various schemes to promote rural entrepreneurs in India. The schemes are

- Entrepreneurship Development Institution Scheme
- Rajiv Gandhi Udyami Mitra Yojana (RGUMY)
- Performance and Credit Rating Scheme (Implemented through NSIC)
- Product Development, Design Intervention and Packaging (PRODIP)
- Khadi Karigar Janashree Bima Yojana for Khadi Artisans
- Marketing Assistance Scheme

RECOMMENDATIONS TO SOLVE THE PROBLEMS

Educate the Rural Entrepreneurs

Government offered various schemes and opportunity to the rural entrepreneurs. Due to their illiteracy they are not aware of the schemes and opportunities offered by the government to them. So they are to be educated by the way of conduct workshop and seminar related with starting business.



Offer finance with low rate of interest

Financial institutions like ICICI, SIDBI, IDBI, IFCI, and SFC maybe provide finance to rural entrepreneurs with low rate of interest and limited collateral security with liberal terms and conditions.

Government action

Government may takes step to made infrastructure facilities, warehousing facilities and assistance to marketing program, and offer assistance to export the goods of rural entrepreneurs to foreign countries.

CONCLUSION

Rural entrepreneurs' role is necessary to eradicate the poverty in the backward rural areas. In rural areas majority of the people not ready to invest in the business and also not ready to fix that entrepreneur is also their career. So this condition should be changed by the government and focus more on rural entrepreneurs for to be a developed nation among the countries.

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