



“CHALLENGES OF RURAL ENTREPRENEURSHIP IN INDIA”

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Abstract

Entrepreneurship is one of the major economic driving factors of the fast growing economics. Entrepreneurship is a process through which an unemployed individual become an employer through active participation in the economic activities of production and distribution. Present study emphasized on the challenges exposed by the entrepreneurs in rural economy of India, where majority of population in living. The study found that, lack of poor awareness on business, technical knowledge, poor management skills, and marketing skills, inadequate infrastructure facilities, poor financial support and low risk bearing capabilities are major challenges exposed by the rural entrepreneurs in India. Thus, study suggests the policy makers for consideration of these factors in policy making towards promotion of rural entrepreneurs' development schemes in India.

Introduction

Entrepreneurship can be defined as a process of designing, launching and running a new business, in simple words, Start-up Company offering an innovative product, process or service. It can also be defined ability to take risk and develop, organize and manage a business venture with a aim of making a profit. In rural economy of India enterprise and entrepreneurship are two major drivers in employment creation and effective utilization of local resources. The presence of challenges in traditional rural sectors rising the question of future success of the rural economy matching the capacity of rural entrepreneurs with innovation, recognizing the new business opportunities which creates employment, rise income level and better the living standards at rural people. Kishore Choudhary(2011). Entrepreneurship is concerned with the innovation in business To others a market stabilizing force and to others still it means starting, owning and managing a small business. An entrepreneur is a person who creates new combinations of production factors such as new products, new production and supply methods, new markets, and forms new organizations. The entrepreneur is also ready to take risk and business and exploiting market opportunities, eliminates disequilibrium between aggregate supply and aggregate demand. The success of entrepreneurs is not bet of roses he/she has to face many obstacles in developing business at every stage of its cycle and reach to peak level Sharma, S. and Vyas, D. (2011),.

Rural Entrepreneurship in India

In India, earlier days rural entrepreneurship development is very challenging tasks due to various problems and it is limited only in the hands of local leaders. There was difficulty in accessing government policies and schemes and financial assistance due to illiteracy, local leader dominance, caste problems etc. The majority of the rural resources were in the hands of local leaders and for others it is very difficult to use them. However, after independence and particularly after economic reforms the scenario changed. Now rural literacy was improves significantly, banks are providing huge financial assistance to the rural people irrespective of their caste and local leaders support. The facilities in rural areas were also improved a lot such as road, power, water etc. All these endeavors promoted rural entrepreneurship as back bone of the country and entrepreneurs are can be turned from unemployed to job providers through their own capability Chandrasahasa (2016)..



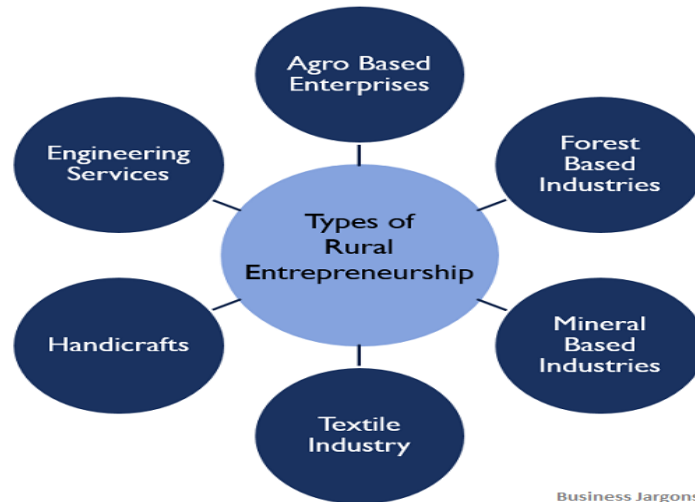
Classification of Rural Entrepreneurs

Rural entrepreneurship has complex heterogeneous social structure with wide variability, it engaged in different economic activities such as agriculture, industry, business, retail, finance, horticulture and artisans. But broadly they can be classified into 4 types namely agriculture, artisans, merchant and trading, and tribal entrepreneurs (Singh 1982):

- a) Agricultural entrepreneurs: The entrepreneurs who engaged in agricultural activities and have agriculture as major occupation known as agricultural entrepreneurs.
- b) Artisan Entrepreneurs: Skilful individuals working in rural areas/ villages are called artisan entrepreneurs. These entrepreneurs are engaged in the activities of carpenters, weavers, blacksmiths, potters are the common example of artisans.
- c) Merchant and Trading Groups: The individuals engaged in the rural economic activities of industrial, business, or commercial activities are called as merchant and trading group entrepreneurs. They run small shops like Kirana kottu, micro and small units, commission business, procuring raw material from villages and sell it in urban markets at a good margin
- d) Tribal Entrepreneurs: Tribal entrepreneurs are those who utilize the forest resources for their own needs and earn money by cater to the needs of other members of the tribal community on a semi-commercial or commercial basis

Types of Rural Entrepreneurship or Rural Industries

Rural industrialization plays significant role in the economic advancement of the nation. From small scale industries to large ventures, all are part of rural industrialization (Mehta, 2011). But for a better understanding of rural industries, a general classification is made:



Business Jargons

- Agro-based industry: This Industries engaged in the activities of procure raw materials from plant-based products and animals. These industries comprises of dairy items, leather products, ayurvedic medicine, apparel, vegetable oil, cotton textile, wool, silk, jaggery production, sugar industries, spices, pickles, etc.
- Forest-based industry: These industries engaged in the activities of for collection of raw materials from forest such as paper production, furniture, and furnishings, honey, wooden products, jute bags, pharmaceuticals, leave plates, bamboo products, basket weaving and home decoration items etc.



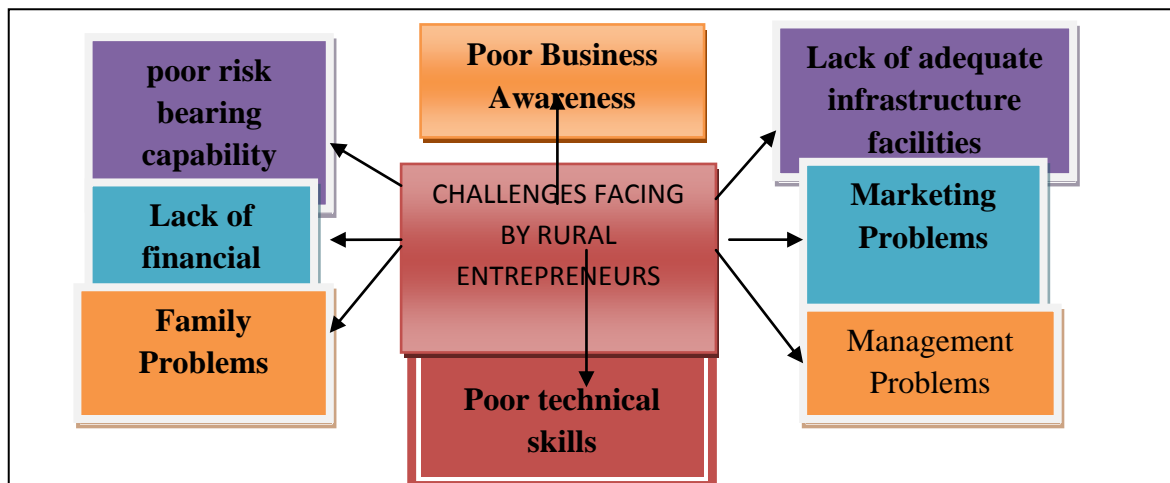
- Polymer and chemical-based industry: These industries engaged in the production of chemical-based products like detergent cakes, aloe vera gel, detergent powder, cleansing lotion, face creams, floor polish, bindi, hair conditioner, hair oil, ball pen ink, agarbatti, etc.
- Textile industry: This industry is engaged in the economic activities such as design, production and distribution of yarn, cloth and clothing. It primarily comprises of spinning, bleaching, coloring, weaving, and so on.
- Mineral-based industry: These types of industries are categorized as heavy industries which use minerals as their basic raw material such as iron and Steel industry. These are also considered the key industry of this sector. It comprises of the manufacturing of red oxide, cement industries, wall coating powders, building materials and railway coaches, etc.
- Engineering-based industry: These industries are the largest amongst all industrial units in India. This industry is devoted to the production of engines, machine tools, pump sets, agricultural equipment, tractors, harvesters, etc. Nandanwar Kalpana P. (2011),

Challenges Exposed By the Rural Entrepreneurs in India

Lack of Awareness on Business: The rural India, the majority of the population believed to be worked under someone instead of working independently. This is attributable to poor awareness about business management. Only few communities are confined to the entrepreneurial activities.

Lack of Financial Support: The challenge faced by the rural entrepreneurs is lack of adequate financial assistance availability and accessibility. The majority of the rural entrepreneurs they don't know how to access financial assistance from government, banks, non-banking financial companies, venture firms, this forced them to depend on their own funds, relatives and money lender which is increasing their cost of fund

Figure 2: Challenges Facing By the Rural Entrepreneurs in India



Lack of Adequate Management Skills: The rural entrepreneurs suffer from lack of adequate management skills such as planning of right business activities, procurement of adequate material,



personnel resource management etc. The effective management skills play significant role in the successful of every entrepreneur.

Lack of Technical Skills: The rural entrepreneurs skills technically very lower than entrepreneurs in urban and city areas. Therefore, poor technical skills enhance their efforts, cost of production, man power, marketing etc. Therefore, initiations should be taken towards improving the technical skills of entrepreneurs for getting success in running of enterprises.

Poor Risk Bearing Capabilities: In rural areas of majority of entrepreneurs are financially weak which indicates their low capability in bearing risk in personal life and business life. This is one of the pulling factors of rural entrepreneurship in India. Therefore, government is providing subsidies to rural entrepreneurs to reduce financial burden and increase their risk bearing capability.

Marketing Problems: The rural entrepreneurs suffer with problems of fixing of appropriate price to their products, selection of right promotional tools, packing of products, creation of brand, delivery of products etc. They need special training skills in marketing of their products. The marketing skills are key element in fetching the revenue to the firm.

Family Problems: In many rural areas, entrepreneurs are not getting proper co-operation in selection entrepreneurship and poor assistance in running enterprises. In many cases this factors degrading the entrepreneurs and forcing them to exit from the business at early stage. Desai V (2007)

Lack of Infrastructure Facilities: The India the infrastructure facilities in rural areas are inadequate and de-motivating them in carrying business activities. The infrastructure facilities comprises of roads, water, power, transport and other resources. In many rural areas market places are so far from the production units and causing huge time, efforts and cost.

Conclusion

Entrepreneurship is a process through which an unemployed individual become an employer through active participation in the economic activities of production and distribution. Present study emphasized on the challenges exposed by the entrepreneurs in rural economy of India, where majority of population in living. The study found that, lack of poor awareness on business, technical knowledge, poor management skills, and marketing skills, in adequate infrastructure facilities, poor financial support and low risk bearing capabilities are major challenges exposed by the rural entrepreneurs in India. Thus study suggests the policy makers for consideration of these factors in policy making towards promotion of rural entrepreneurs' development schemes in India.

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