

Challenges Faced by Rural Entrepreneurs

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ABSTRACT

Rural means "relating to or characteristic of the country or the people who live there." The majority of the population lives in villages. 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. Rural entrepreneurship not only concentrates on generating employment opportunity it also make sure manufacturing the goods and services at low cost with the help of reducing the miscellaneous expenses and also with the help of low capital investment.

Rural entrepreneurship can be considered as one of the best way to reduce the poverty, migration of people from rural to urban, economic differences, un-employment and to develop backward people. Rural people also face some of the problems like lack of education, skill labor, technical knowledge, finance to start up and transportation

Keywords : Rural Entrepreneurship, Rural Industry, Opportunity To New Start Up, Problems, Challenges, Amenities And Constraints.

I. INTRODUCTION

CONCEPT OF RURAL ENTREPRENEURSHIP

Entrepreneurship is not an easy task. It is something which is related to innovative thinking to come up with new ideas, products or services. Basically entrepreneurship is process of taking risk overall and managing the resources more effectively and efficiently. Entrepreneurship is a person who sounds goods information and has managerial and technical knowledge to use the available resources and manufacture the goods or service at proper time for proper customers.

WHAT IS RURAL ENTREPRENEURSHIP?

It is an activity carried by entrepreneur in rural areas or villages by establishing the industries and business units to make use of local available resources like raw materials, semi-skilled labor, less cost of land and transportation.

Entrepreneurship is an emerging field that has gained more importance in recent trends and since from many years. However, people have lack of consensus on entrepreneurship. The majority of the population in India still leaves in villages. The entrepreneurship has been regarded as important factors in social and economic change since from 1960's. This phenomenon appeared in society in early 1930's. The concept of entrepreneurship was more confined towards large scale industries and small-scale industries, but later on they also focused on rural entrepreneurship to stop and reduce the migration from rural to urban

The economic condition and growth of development of country largely depends upon the progress of rural areas and standard of living of rural people. The rural industries play a very important role in building economy particularly in development of villages by reducing un-employment and other things. Rural entrepreneurship is completely based on encouraging local entrepreneur's skills and talents by motivating and providing basic and necessary information to increase the production capacity and to use the resources for maximum extent. Rural entrepreneurship can be increased and developed by recognizing the best and talented entrepreneurs who continuously come up with unique and innovative things that is inside and outside agriculture. This brings a value for economic condition by creating new method of production, new market, and new products and generates employment opportunity by ensuring continuous rural development. Rural entrepreneur are the one who carry the business or establish the activity in rural areas or villages by using the local available resources. These are the people who carry out different activities in villages and concentrate on producing goods or services that are inside or outside of agriculture. This can be considered as the best way to solve the problems in villages like migration, un-employment, deaths, loss and other sort of things.

According to KVIC (Khadi and village industry commission), Rural industry or village industry means any business located in rural areas, the population of which does not exceed 10,000 or such figure which produces any kind of goods or services with or without use of power or fixed capital investment. As per new government regulations of KVIC 20,000 population in village and below investment of 3 cores in plant and machinery

OBJECTIVES OF RURAL ENTREPRENEURSHIP

1. To know the problems faced by rural entrepreneurship.
2. To know the various types of rural entrepreneurship.
3. To analyses the performance of rural industry.
4. To know the importance of rural entrepreneurship.
5. To study various strategies carried out by successful rural entrepreneurs in India.

METHODOLOGY

Research Type – Exploratory Research Sources of Data – Secondary Sources Method of study – Qualitative Method

REVIEW OF LITERATURE

Berglund (2015) says this scientific rigor in entrepreneurship studies suspends

the “liveliness” of entrepreneurship. We consider this liveliness a very critical concept in our argument about rurality and rural entrepreneurship. In this paper, attention is paid to the (rural) entrepreneurship as an ongoing process which has dialectical interactions with its context.

Kyro (2014), they highlighted the few factors like cultural and traditional those factors influence the rural entrepreneurship. They mentioned that most of the people in rural areas are engaged in the traditional occupation which is based on agriculture (land). Then slowly they diversified these business or activity from agriculture to other activity. Before their occupation was limited for cottage, small scale and household industries.

Petrin (2012) this article helps to understand the quality of life of rural villages people and helps to improve the quality of life of individual, families and communities in order to create healthy economic and environment condition.

Ghosh Bishwanath (2012)Khanka S S (2011) and Sarwade (2010) they found that entrepreneurs started their activity as a part time business in small villages while they was main business in large villages or semi urban areas. The fathers of the most of the rural owners they was engaged in the same line of the activity. Majority of the rural business people purchase their materials once in a month. The major problem of those people is credit sale of the products because the demand characteristics for a product are closely connected with agriculture income.

Ashokan (2010), B C Mitchell (2008), Jayanta Kr Gopal (2010), Prabha Devi (2010) they stated that rurality defines a specific business activity which include physical, social and economic characteristics, location, natural resources and the landscape, social capital, rural governance, business and social networks, as well as information and communication technologies and complex influence on those activity in rural villages.

Sherief (2011).Sukhjeet Kaur, Saini and Gill (2012) tried to explain the understanding the factors that determine of rural entrepreneur and the environment conducive to its development. Their study concluded that to increase economic development in rural villages and it is very important to promote the rural entrepreneurship.

Choudhary K (2009), Anjali Ghosh (2011), Dr. Kalpana (2011) and VenkateshBabu (2012) they shared their opinion that rural owners should not only set up their business activity in rural areas but they should also be using the rural produce such as raw materials and employing rural people in their production process. Rural entrepreneurship is essence to make sure that they add value addition to rural resources in rural areas by engaging the rural people and other resources.

Satya Patil (2013)says that the owners should not only set up their business activity in rural areas but also they should be doing favor for rural people but motivating to start the business activity by making use of those available goods and services. It helps in reducing the migrating of people from rural to urban.

THE PROBLEMS FACED BY RURAL ENTREPRENEURSHIP

• Financial Problem

- a. Scarcity of fund – The rural village people face problem because they don't have proper back bone facility for covering liability and they don't get advice from any government and private banks to avail loan to start up business
 - b. Lack of credit facility – Due to non availability of asset they wont get proper credit facility either by bank or either by others to sell their products into markets.
 - c. Loan facility by government and private banks – Due to lack of assets rural village people step back ward to avail loan from banks
- Lack of infrastructure facilities – People are not highly qualified to implement high infrastructure in their business activity and also they will not be having complete information on those infrastructure

• Marketing problems

- a. Middlemen – This is one of the major problem where all the entrepreneurs face when they need to sell or introduce their new product to market. There are so many middlemen who will be waiting for as gatekeeper
- b. Market – is a place where buyer and seller meet together to exchange the goods and services. Here there will be number of competitors and where all the marketing mix should be implemented

• Management Problems

- a. Lack of information – due to illiterate the rural people will not be having enough information about the rules, regulation, norms and terms and condition.
- b. Legal formalities – the government has number of formalities and where the people face quite irritated and also frustrated with those formalities
- c. Procurement of raw materials – lack of knowledge to procure raw materials and also to cross check the quality for raw materials
- d. Lack of technical knowledge - due to illiterate the rural people will not be having enough information about the new and advanced technologies.
- e. Poor quality of products – due to less investment the people always face the problem in quality of products when they are selling in the market.

• Human Resources problems

- a. Low skill level of worker – When the people are illiterate the entrepreneur cannot expect the labors to be highly skilled and educated
- b. Negative attitude

THE VARIOUS TYPES OF RURAL ENTREPRENEURSHIP

There are various types Rural Entrepreneurship such as;

- ✓ Agro based enterprises - This enterprise includes the direct sale or processing of agro product such as pickles, sugar, oil, papads, jiggery, seeds, fruits juice, spices and dairy products.

- ✓ Forest based industries - These industries include woods products, coir industries, beedi making, honey making, bamboo products and bricks etc
- ✓ Mineral based industry - This industry includes crushing of stones, cement industry, wall coating and powders etc.
- ✓ Textile industry - These includes weaving, coloring, spinning and bleaching
- ✓ Handicrafts - These includes making of wooden or bamboo handicrafts that are local to that area, traditional decorative products, toys and all other forms of handicrafts typically which is more produced in that particular region.

With the increase in technology and infrastructure such as smart phones usage, internet accessibility in India; many social enterprises are helping farmers with latest technology such as;

- ✓ Agrostar: m-commerce, helping farmers acquiring agri-inputs at doorstep by just one missed call to 1800.
- ✓ Kisan Raja: Mobile motor based on GSM. This has made more convenience to farmers, as they can operate motor switch of farms from their homes.
- ✓ Ekgaon: aiming to reach 25 million households by 2020. They aim for “One village and One world network”.
- ✓ Digital Green: Training farmers, and has reached 150000 farmers among which 70% are womens. It has reached 7 – states in India and covered around 2000 villages.

Source: <http://www.iamwire.com/2017/01/10-agri-tech-social-enterprises-india/147502>

THE PERFORMANCE OF RURAL ENTREPRENURHSIP

The performance of the rural industries in respect of production, sales and employment is shown in the following table:

Table 1: performance of village or rural industries in terms of production and sales

Year	Production (Rs. In cores)	Sales (Rs. In cores)	Cumulative Employment (in lakh persons)
2014 - 2015	16753.62	21948.59	94.41
2015 - 2016	17508.00	23254.53	98.72
2016 - 2017	19198.8	24875.73	98.72
2017 - 2018	21135.06	25829.26	103.65
2018- 2019	17448.31	20320.73	111.04

Sources: Compiled from various issues of MSME annual reports

Table 2 – Number of enterprises, employment opportunity, production and growth of enterprises in rural villages

Year	Number of Enterprises (Lakh Nos.)			Empl. (Lakh Person)	Production (Rs. Crs.)	Growth	Share In
	Registered	Unregistered	Total		at Current prices	Rate (%)	GDP (%)
2014- 2015	15.91	93.58	109.49	263.49	314850	8.68	5.92
2015 - 2016	16.97	96.98	113.95	275.30	364547	9.64	5.79
2016 - 2017	17.53	101.06	118.59	287.55	429796	10.88	5.84
2017- 2018	18.71	104.71	123.42	299.85	497842	12.32	5.83
2018-2019	20.98	107.46	128.44	312.52	587196	12.65	5.94

Source –DCMSME.gov.in/sssiindia/statistics/performance

The above table clearly explains the performance of the rural entrepreneurship with the help of certain figures. Here it indicates that there are so many unregistered enterprises in India and they are running the business and various villages and various businesses. The employment opportunity has increased day by day when the entrepreneurs implement the new way of doing business and activity in rural areas. There is slowly change in rural entrepreneurs day by day due to so many changes in government rules and regulations, schemes and offers given by government and other private institutions. Day by day there is slight change in growth and also even production because of many changes in internal and external environment and it helps the people. This helps the people to use the quality products and services which is manufactured in low cost. The above table clearly indicates that the people are trying to stop the migration from rural to urban and they are focusing the rural areas to come with best strategy.

IMPORTANCE OF RURAL ENTREPRENURHSIP

Rural entrepreneurship plays vital role in developing and contributing to economic condition and growth by contributing certain factors. Here we have discussed few things which are most important, they are as follows.

- ✓ Proper utilization of local resources–To manufacture the goods or services the main factor is cost, so this factor is cheap and available in rural villages for the starting the business and making use of it in proper way to come up with good results.
- ✓ Employment generation – This helps the people to reduce the migration from rural to urban just for the sake of employment opportunity and if the entrepreneur starts the activity in rural areas or villages the people will be hired and they can reduce the poverty
- ✓ Prevents rural migration – When the rural area people gets an opportunity to work in their own place they stop travelling from one place to another place for the sake of job, and also it creates healthy environment in villages.

- ✓ Raises economic development – By making use of natural available resources and semi- skilled employees to produce goods and service automatically they give raise for economic development by producing cheap goods and services which can reach customers at low cost.
- ✓ Producer's goods of consumer's choice – with the help of cheap and low cost raw materials producers can concentrate on producing the goods based on consumer's choice to reach their satisfaction and increase their standard of living
- ✓ Entrepreneurial development- this will help in raising the business activity and also leads to increase in economic condition by contributing more to the GDP and NI.

SUCCESSFUL RURAL ENTREPRENEURS IN INDIA

There are many Incubators in India supporting the Rural Entrepreneurs in various manner;

1. Upaya Social Ventures:

This investment portfolio was started after identifying a major issue in India that is low income that is poverty. In India, approximately 250 million people still earn \$1.90 per day or more less than \$1.90 too. Hence they aimed in providing the opportunities to the poor in India by making them an entrepreneur.

- ✓ They guide the entrepreneurs with business plan and necessary network with investments.
- ✓ The investment companies ties up with this portfolio are Krishi star, parvata foods, Karmanthik, Saahas waste management, Maitri Livelihood services, Drishtee etc.
- ✓ This impacted the social metrics. Based on the samples selected on those who were employed, it was found that 78% of the people's daily income was increased. And 80% of these families are now not on extreme poverty level (\$1.90/day). This resulted in 400% increase in the daily expense for their basic need that is food.
- ✓ People who made success business with help of this incubator; Dwijen Das, Platemaker, Patla Village, Assam; Dimbeshwar, Craftsman and designer, Patla Village Assam; Rekha, Paper Maker, Mirze town, Assam.
- ✓ Source: <https://googleweblight.com/i?u=http://www.upayasv.org/&hl=enIN&tg=275&tk=j8 Z9-a-tK-r6fpOQ>

2. RTBi :

The mission of this incubator is to make the Rural population for leveraging ICT in India.

- ✓ The gap between the suppliers and the farmers is usually a major constraint in Rural.
- ✓ They concentrate on the sustainable livelihood by providing "Village on web" which is ICT that provides farmers more opportunities in trading as well as to reach clients easily.
- ✓ This is a platform for the Rural SHG and Procedures. The monthly income also increases sustainably to farmers.
- ✓ According to their reports in 2016, 56 incubations were received which focused on ideas and innovative of rural. Guidance for these incubators was provided in terms of networking.

Source: http://www.rtbi.in/assets/Uploads/annual%20reports/Annual_Report_2016_v1.pdf

<http://www.rtbi.in/index.php/innovation/livelihood>

3. Rice husk – Lighting up Rural

The Green power plants, Gaynesh Pandey came up with innovative way of producing electricity using rice husk in Tumkuha in Bihar.

- ✓ 120 villages in Bihar and 3 Villages in UP has adopted this green power plant and has become a self-sufficient power supply.
- ✓ They also set targets to reach different states like Tamil Nadu, West Bengal, Maharashtra and Uttar Pradesh to gain profits.
- ✓ They took initiatives to educate 200 children in Tumkuha village on Green power plant.
- ✓ Producer gas which is combustible gas is sent to gas engine; where the alternators are used to convert this gas into electricity.
- ✓ Production; 2kg Rice Husk = 1KW of electricity.

Source: <http://business.rediff.com/slide-show/2010/jul/06/slide-show-1-he-is-lighting-up-villages-with-rice-husk.htm#8>

FINDINGS

- ✓ There are various opportunities for Rural Entrepreneurs such for starting up own business or enterprise.
- ✓ The Infrastructure and facilities are increasing with respect to usage of smart phones as well as internet access. Google is setting up internet facilities in 400 railway stations – Free Wi Fi in India. The introducing of Jio sim targeted Rural and Digital India.

There are other Social Enterprises supporting farmers with Agri Technology using various Apps such as Agrostar, Kisan Raja, Ekgaon, Digital Green etc.

- ✓ Incubators are playing a major role in supporting entrepreneurs in various ways such as funding's, networking etc. such as Upaya Social Ventures.
- ✓ Rural Entrepreneurs are also come up with innovative ways of producing electricity using Green Power plant that has benefited many villages and has solves power problems in rural India.
- ✓ The Rural Entrepreneur also increases the Rural per capita Income as well as purchasing power.

CONCLUSION

Rural entrepreneurship can be considered as one of the best way to reduce the poverty, migration of people from rural to urban, economic differences, un-employment and to develop backward people. Rural people also face some of the problems like lack of education, skill labor, technical knowledge, finance to start up and transportation.

The Opportunities have increased in Rural India with support of Social Enterprises Apps that provides support for Rural in Educating, training, Agri – Inputs, Technology in Agriculture, Networking, and various other services. Along with government initiatives even other Incubators such as Upaya Social Ventures & RTBi have supported many entrepreneurs and still are supporting many to have their sustainable daily income. The Rural Entrepreneur also increases the rural per capita Income as well as purchasing power.

II. REFERENCES

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