

RURAL ENTREPRENEURSHIP- A STEP TOWARDS RURAL DEVELOPMENT

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Abstract:

Entrepreneurship can play an important role in rural development. The entrepreneurial orientation to rural development accepts entrepreneurship as the central force of economic growth and development, without it other factors of development will be wasted or frittered away. However, the acceptance of entrepreneurship as a central development force by itself will not lead to rural development and the advancement of rural enterprises. What is needed in addition is an environment enabling entrepreneurship in rural areas. The existence of such an environment largely depends on policies promoting rural entrepreneurship. Rural entrepreneurship can be defined as entrepreneurship emerging at village level which can take place in a variety of fields of endeavour such as business, industry, agriculture and acts as a potent factor for economic development. A rural entrepreneur is one who is prepared to reside in the rural area and contribute to the creation of local wealth. Rural entrepreneurship would be instrumental in changing the face of rural areas by solving the problems of unemployment, poverty, economic disparity, poor utilization of rural capacity, low level of standard of living. This paper aims at highlighting the optimistic role of rural entrepreneurship in revitalizing the rural economy of Assam.

Key words: Entrepreneurship, rural entrepreneurship, rural development, rural industrialization.

Introduction :

'India lives in her villages'- this axiom is still true today despite the service sector budding in the urban and semi urban areas. But there is a large area of darkness in the rural hinterland. About 720 million people live in 6 lakh villages in rural India. Of the total workforce, 60% of workers are engaged in agriculture. The contribution of agriculture to GDP is merely 20%. Therefore, for the strength of the country there is a necessity to develop the villages. For development of rural economy, India needs the foundation of industrialization in the rural area; it's ensuring the utilization of existing resources and the exploring of various hidden potentialities. India's North- East region is poised for a major economic leap along with the rest of the country. The development of rural entrepreneurship is considered to be a panacea for harnessing vast untapped human resources in this region. Rural progress must ultimately depend on

industrialization. It can be said that growth in rural India can only be supported by the growth of rural entrepreneurship, which alone has the unique capacity of creating jobs through the successful emergence of small and micro ventures.

Rural entrepreneurship/ Rural entrepreneurs : Rural entrepreneurship can be defined as the activity taken up by the individuals in the countryside that supports either manufacturing products or adoption of new technologies for an economic benefit. It brings value addition to rural resources engaging largely human resources of rural area. In simple words, rural entrepreneurship implies entrepreneurship emerging in rural areas. Or, say, rural entrepreneurship implies rural industrialisation. Thus, we can say, entrepreneurship precedes industrialization. Rural entrepreneurs represent a complex heterogeneous social structure and can be broadly classified as farm entrepreneurs, artisan entrepreneurs, merchant and trading entrepreneurs,

tribal entrepreneurs and general entrepreneurs. Rural entrepreneurship concentrates on identifying rural entrepreneurial talents, promoting indigenous enterprises by augmenting village economy value through employment generation for the rural people.

Village industry :

Village Industry' means any industry located in a rural area that produces any goods or renders any service with or without the use of power in which the fixed capital investment per head of an artisan or a worker does not exceed Rs.1.00 Lakh in plain areas and Rs.1.50 Lakhs in hilly areas or such other sum maybe by notification in the official gazette, be specified from time to time by the Central Government.

Objectives of the study :

The main objective of the study is to analyse the role of rural entrepreneurship in rural development

Sub objectives:

- * To analyse the performance of rural industries.
- * To study the significance of rural entrepreneurship.
- * To study the challenges and opportunities of rural entrepreneurship.

Methodology :

The present study is based only on secondary data. The data were collected from books, journals, website and annual reports.

PERFORMANCE OF RURAL ENTREPRENEURSHIP :

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

Table - 1.1
Production & Sale of Village Industries Products

YEAR	PRODUCTION (Rs. In crores)	GROWTH RATE (In percentage)	SALES (Rs. In crores)	GROWTH RATE (In percentage)
2011-12	21135.1	-----	25829.3	-----
2012-13	23262.31	10.06	26818.13	3.82
2013-14	25298	8.75	30073.16	12.13
2014-15	26689.4	5.50	31965.5	6.29
2015-16	33424.6	25.23	40384.6	26.33
2016-17	41110.3	22.99	49991.6	23.78
2017-18	46454.8	13.00	56672.2	13.36
2018-19	56255.2	21.09	71113.7	25.48
2019-20	65343.1	16.15	84664.3	19.05
2020-21	76582.4	17.20	101307	19.65

Source: Compiled from various issues of MSME Annual reports

The above table reveals the performance of village or rural industries in respect of production and sales. Village Industries have shown growth over the previous year. Production and Sales have grown consistently from total production worth Rs. 21135.1 Crores in

2011-12, the number stood at Rs. 76582.4 Crores in 2020 - 21. Similarly, sales of goods produced by Village Industries have shown growth from Rs. 25829.3 Crores in 2011-12 to Rs. 101307 Crores in 2020 - 21. Annual growth rate also increased remarkably from 10.06%

to 17.20% in production and from 3.82% to 19.65% in sales of Village Industries.

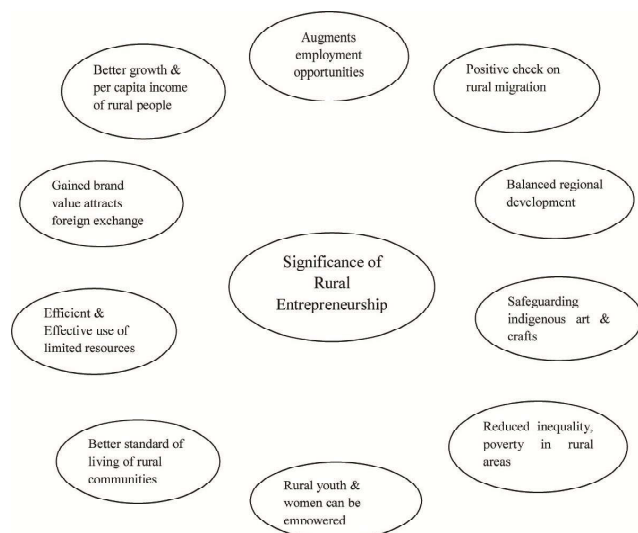
Table-2
Employment under Village Industries

Year	Employment (Artisans in Lakh)	Growth Rate. (In Percentage)
2011-12	108.65	-
2012-13	114.05	4.97
2013-14	119.4	4.69
2014-15	123.19	3.17
2015-16	126.76	2.89
2016-17	131.84	4.00
2017-18	135.71	2.93
2018-19	142.03	4.65
2019-20	147.76	4.03
2020-21	154.12	4.30

Source: Compiled from various issues of MSME Annual reports

The above table reveals the performance of village or rural industries in respect of employment. Village Industries Employment has grown from years, from 108.65 Lakhs Artisans in 2011 - 12 to 154.12 Lakhs Artisans in 2020 - 21. But which regards to the employment, the annual growth rate is declining from 4.97% in 2012-13 to 4.30% in 2020-21.

Significance of rural entrepreneurship :



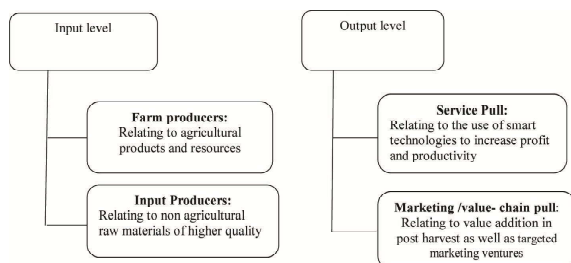
Rural entrepreneurship is synonymous of rural industrialization. The development and growth of it helps in generating self-employment, spreading industrial and economic activities and utilizing local labour as well as locally available raw materials. In India, rural industries have been promoted since establishment of khadi and village industry Commission(KVIC) during 1956-57 with social objectives of providing employment in rural areas, economic objectives of providing saleable articles and wider objectives of creating self-reliance amongst people and building up a strong rural community spirit. Entrepreneurial activities have enhanced in the rural areas over a period of time; however it is less as compared to urban areas. Moreover, it is dominated with manufacturing activities and micro level enterprises.

Challenges and opportunities of Rural Entrepreneurship For a rural entrepreneur, a number of risks are associated like technical risks, (relating to technical methods, techniques and materials etc,) economic risks (relating to market risks, price fluctuations and social risks (relating to environmental, cultural and belief system). A number of challenges stand in the path of rural entrepreneurs viz., financial challenges, social challenges, lack/low level of education, lack of experience and expertise, limited purchasing power, threats from urban entrepreneurs, opaque market entries, technological challenges, existence of middlemen, lack of logistic and infrastructure support, involvement of risk element, shortage of raw materials, lack of security, etc.

However, besides challenges, there do exist some of the opportunities for the rural entrepreneurs:

- * Low establishment cost involved
- * Availability of raw materials
- * Competitive advantage exists
- * Low cost of production compared to the urban enterprises
- * Optimum utilization of products
- * Government policies and subsidies are slowly diverted in to this
- * Support and inspiration to native people through employment generated
- * Reduced promotional costs
- * Existing customer base for the produce
- * Ethical and goodwill building is smooth for rural enterprise in comparison to a foreign enterprise in rural setting.

Sectors of Rural Entrepreneurial opportunities



Initiatives for promotion of Rural Entrepreneurship

The Government has implemented numerous schemes to support and develop rural industries, and to provide credit and financial assistance, skill development training, technological and quality up gradation, infrastructure development and marketing assistance. The government has initiated new schemes for rural entrepreneurship development besides the old ones. Such major schemes and initiatives by Ministry of MSME, GoI are listed below:

1. Scheme for credit & financial assistance to the rural enterprises:
 - a. Prime Minister's Employment Generation Programme(PMEGP)
 - b. Credit Linked Capital subsidy Scheme(CLCSS)
 - c. Credit Guarantee Trust Fund for MSEs(CGTMSEs)
 - d. Interest Subvention scheme for incremental Credit to MSEs
2. Scheme for Skill Development and Training:
 - a. A scheme for promotion of Innovation, Rural Industry & Entrepreneurship (ASPIRE)
 - b. Entrepreneurship and skill Development Programmes(ESDP)
 - c. Gramodyog Vikas Yojana(GVV)
3. Schemes for Infrastructure Development:
 - a. Scheme of Fund for Regeneration of Traditional Industries(SFURTI)
 - b. Scheme for Micro and small Enterprise Cluster Development Programme (MSE- CDP)
4. Scheme for Marketing Assistance:
 - a. Scheme for providing financial assistance to Khadi institutions under MPDA

5. Scheme for Technology Upgradation and Competitiveness:

a. Financial Support to MSMEs in ZED certification

6. Other Schemes for the MSMEs across the country:

- a. The National schedule caste and scheduled Tribe Hub.
- b. Scheme for promotion of MSMEs in N.E Region and Sikkim.
- c. Building Awareness on Intellectual Property Rights(IPR) for MSMEs

Objectives of entrepreneurship in Rural Development

- * To reduce disparities in income between rural and urban areas
- * To promote balanced regional development
- * To preserve the age-old rich heritage of the country
- * To control migration of population from rural to urban area and thus helps in checking haphazard growth of cities and slums
- * To help in reducing social tension and pollution

Rural Development through Rural Entrepreneurship : To achieve rural development through rural entrepreneurship 'The support infrastructure' given by Bill Bolton & John Thompson should be implemented given below.

The support infrastructure

	People	Ideas	The Enterprise				
Sector	Education and Training	Research and Development	Property	Finance	Supply	Business support	Community development
Facility	School, College, University, Training Facility, Entrepreneurial school	Industry, University, Garage	Business Incubator, Innovation centre, Science Technology Business parks	Seed and venture capital	Sub contractors, Labour pool	Government Agencies, Clubs and Associations, Consultants And business advices	Housing, Schools, Hospitals, Recreation, Transport, Tele communications
Activity	Courses of programmes	Technology transfer	Premises and support	Equity & Loans	Staff & Suppliers	Training advice and networking	Amenity provision

Source: Entrepreneurs by Bill Bolton & John Thompson

Conclusion:

India's villages can be developed by encouraging entrepreneurship in rural areas. The government of India is adopting various measures to increase self-employment so that employment can be raised as well as utilization of local resources can be done to optimum. Understanding the basic characteristics of

rural areas and the inherent nature of rural entrepreneurs can go a long way in framing proper policies for promoting and developing rural entrepreneurship which will act as a catalyst for rural development. In short, the nucleus of growth of entrepreneurship in rural areas will answer a number of ill faiths and taboos on the path of rural growth by eradicating rural poverty, increasing employment opportunities, raising the per capita income level and improving rural livelihoods.

Suggestions : The following suggestions can be put forward for the protection and enhancement of demand potentiality leading to fertile ground for entrepreneurship. Entrepreneurship would be conducive for rural capacity utilization and development and solving rural problems like, unemployment, poverty, low level standard of living etc.

Formulation of a registered trade union, under the guidance of appropriate Government, at village level- The role of such a trade union should be to protect and promote the interest of labours in the village. It will lead to enhance their bargaining power, thereby more earnings. Labour concessions will be instrumental in changing the face of rural areas.

Formation of village development council, under the guidance of appropriate Government, at the village level. This council should lead in forming and propagating about negative impacts of drain of rural demand, rural resources to urban area. Such a village development council will be forum where issues relating development will be discussed and opinions will be floated among the people for course of action.

Formation of Rural entrepreneurship Development Bank of India, on the line of Industrial Development bank of India, is essential to promote entrepreneurship in the rural areas. Its role would be to make available finance, knowledge, technical expertise, managerial advice, help in marketing, string etc. it has to take case from beginning to end. Even its role would be to come up with plans.

There is need to promote urban culture in rural area in respect of consumption, entertainment, education, spending, standard of living rationality, etc. to promote economic activities. Rural-Urban interaction, T.V, Radio, Mobile, Road etc, are promoting urban culture in rural areas.

State Government must invest in more for

development of rural entrepreneurship.

All latest technology of the globe is to be disseminated to all rural areas by Government through Toll free number.

Appointment of MSMEs ombudsman and having one stop centre for needs of rural entrepreneurs to be established.

There is necessary to promote education and skill necessary for entrepreneurship.

Rural areas must try for better utilization of human resources to improve the rural economy.

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