

## Problems & Prospects in promoting Rural Entrepreneurship

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### INTRODUCTION

Today, India is considered to be the next world's superpower nation by 2050 with its growing economy as well as huge intellectual manpower. The question at this point of time is that to realize the dream, are we ready to take everyone & every part of our nation along the growth path or are we talking about few fortunate people with good education & few parts of the country, where everything is made for embracing the globalization. Approximately 65% to 70% of the Indian geography is constituted by villages where, till today people depend on agriculture as a major economic activity to lead their basic livelihood contributing major share in the growing economy. India is witnessing many shifts in the economic developments. Pre-independence agriculture was the main driver to the nation's economy. Post-independence, that is during 1950's onwards, because of five-year plans; emphasis was laid on making India an industrialized nation by encouraging & developing manufacturing sector. 1991 saw the most turnaround phase of Indian economy, as it was open for global activities. India has been able to place herself in the international map because of IT & ITES boom & today service sector including banking & insurance is contributing major share to the economy. The current employment scenario demands highly educated youth who are willing to shift to urban areas where usually industries are located.

The rural poor & uneducated youth are migrating to urban & semi urban areas for getting employment in low wage & low skill jobs, such as in construction. The agriculture is getting hampered due to unavailability of labour as well as indefinite monsoon. So there is no definite pattern for economic development. Rural India is still waiting to get attention for development, be it is basic education, health, and infrastructure as well as employment opportunities.

Does the new economic growth pattern include rural development? Does it provide opportunity for rural people to carry out economic activity? If so, what type of activity does it demand to sustain their lives? Can Rural Entrepreneurship solve the problem? Who has to take responsibility to uplift rural economy? The paper discusses about what are/may be the problems & prospects of promoting Rural Entrepreneurship to help rural India to participate in the economic activities to sustain itself in the global environment. Authors' little effort to analyse the current situation with respect to Rural Entrepreneurship & ways & means to promote the same taking some live examples from different parts of the country by referring to some related websites, magazines & books authored by eminent writers, may not fully represent the title of this paper.

### DEFINING RURAL ENTREPRENEURSHIP:

Many academicians & economists have defined entrepreneurship & those definitions can be generalized as set of activities that lead to start & manage successfully, an independent business of any nature by an enterprising individual to create wealth for him/her-self & for the society at large.

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So, taking the essence from the above definition, Rural Entrepreneurship can be redefined as any business or economic activity carried out successfully by any enterprising individual or group of individuals from any rural part of the nation to create wealth for him/herself & for the society at large, using available resources, mostly from rural area.

### IMPORTANCE OF RURAL ENTREPRENEURSHIP:

The latest Economic Census of India 2005 reports that rural India witnesses a higher rate of employment generation in recent years compared to urban India<sup>^</sup>. This is because rural India accounts for 61.3% of the country's industrial units as compared to 38.7% in India's urban areas. The total number of people working in these enterprises is around 98.97 million out of which, rural India accounts for 51% of total employment & 49% for urban area.

Though the above figures give relief that employment generation in rural India is satisfactory, but this is not enough if we consider the employable population of entire country. It is very important to know how many out of them are educated to the industry's requirement, is Indian education system has reached every nook & corner of the country, & whether present industries are sufficient to accommodate all employable youth from rural India. The obvious answer would be no if we go by simple common sense.

Rural India if given proper attention can really leaves no unemployed in the country. Rural Entrepreneurship helps to uplift the rural economy, increase employability that in turn helps in eradicating poverty to sustain livelihood of rural population. Rural India is rich in one or the other resources like natural resources, human resources, traditional knowledge, art, crafts & heritage, food habits etc., that can be cashable & can be converted in to economic activity. For example traditional weaving of Ilkal, Karnataka has been branded in terms of Ilkal Saaris, Some people of Sawarna village in Nashik, Maharashtra have learnt to produce & market Nigudi Oil & Trifala Churna as traditional products to boost incomes. Similarly many villagers nearby places of Mysooru, Karnataka are using their traditional toy making, into big domestic as well as export business. Anand & many small villages in the state of Gujarat have witnessed the success of cooperative movement which led to White revolution in the entire nation is a great example to prove that rural resources if mobilized in a proper direction can change the face of rural economy. This is just a small illustration to show how available resources, art or traditional knowledge can be converted into entrepreneurship activity to generate profit as well as employment, which may demand more skill than education from an uneducated artisan from rural area. Rural Entrepreneurship will not just happen overnight, it demands careful planning & contribution of great visionaries like Dr. Kurien Vargheese to dream big about rural India. Honourable President of our nation, Dr. A.P. J Abdul Kalam in his vision 2020 has emphasised on rural development in all aspects including health, education, employment as well as infrastructure to bring rural economy into mainstream economy & to make India a superpower country.

### PROBLEMS OF RURAL ENTREPRENEURSHIP DEVELOPMENT:

The path of Rural Entrepreneurship is not a easy maze to pass. It calls for proper generation of business ideas, resources & the people with commitment & persistence to come forward to shoulder the responsibilities. The support systems in terms of Government policies, rules & regulations, various development schemes, financial assistance & marketing infrastructure & support need to be implemented & executed to encourage any such entrepreneurial projects. Most important factor is that, rural entrepreneurship requires financial services to reach the rural part of our country. Central Government & State Governments have come up with various schemes such as PMRY, SJGSRY to encourage rural entrepreneurship. But because of various difficulties, implementation of those schemes has not proved to

be 100%. The Government cannot be solely responsible for the situation. Private participation from various industries, social sectors like education etc, in the projects has not been up to the expected level to support implementation of various developmental schemes.

One more contributing factor to the problems of rural entrepreneurship is urbanization. Unfortunately the urbanization has engulfed all type of resources like land, forests, water and even human resources for its development deserting rural places. People from rural parts are migrating towards urban & semi urban places in search of employment. Earlier agriculture was the main source of income followed by some allied businesses for rural people. But unpredictable, uncertain & indefinite monsoons as well as extreme natural calamities made people to vacate their places for their livelihood. In such condition, the traditional knowledge, art could not hold them back as their skill could not fetch them basic living. But leading life in urban India also is no better for those less educated (or uneducated), unskilled, semiskilled (for new industries) rural youth. Such people have to work for low wage, less skilled laborious work.

Present problems of rural entrepreneurship development come from various factors such as; economic factors as most of the rural population fall into poverty line or below poverty line & in such condition they cannot dare or dream to invest in entrepreneurial activities as it is sustaining livelihood itself is a difficult task for them. They mostly depend on hard labour, low (minimum) daily wages.

Even if some people engage in producing, manufacturing certain goods, because of marketing problem they may have to drop the activity. The reasons why their products don't get proper market may be quality of the produce, location disadvantage, poor transport facility, competition from MNCs for similar produce etc.

Most important factor which contribute for the failure of rural entrepreneurship can even be the level of education, lack awareness about market demands, changing trends, and lack of awareness about latest technology (Technical know how) to produce quality goods.

More over, finance is a great hurdle for people to venture into even a tiniest business like pottery or tailoring or starting any small pan shops. Even to convert the traditional handicrafts or any artwork in to commercial goods, people need to produce them in mass. For that financial assistance is required to procure raw materials as well as to market it.

One more factor may be the social factors such as attitude towards education among rural people, gender inequalities, biases etc, might have acted as hurdles to rural entrepreneurship. For example if we consider the rural women population in India it is 35.98 crores out of which only 11.14 crores are in the workforce or in any economic activities & literacy rate of female population in India is 54.28% & of males is 75.96% out of total literacy level of 65% as per India census 2001 provisional figures. This shows that there is a huge resource that comprises of women power remains unutilized.

The rural entrepreneurship also calls for cooperative spirit among the rural people to sustain their economic activities. Collective efforts & cooperation are lacking. In many parts of the country (except for some successful cooperatives) cooperative movement has not been much successful. For example most of the cooperative sugar factories in Karnataka are struggling to sustain as they failed to remain cooperative to their stakeholders.

All the above problems discussed may add to difficulties in promoting the rural entrepreneurship development activity. But if one looks at the prospects with rural entrepreneurship carefully, it can attract public as well as private participation because of its market potential in the global environment where literally anything can be bought & sold to make profit which is the most attractive part for any enterprise.

## PROSPECTS WITH RURAL ENTREPRENEURSHIP:

There are many case studies from different parts of the country, which illustrate the success of rural entrepreneurship. Now women empowerment is also the most important factor to encourage rural entrepreneurship. Few years back rural development was considered to be Government or NGO's responsibility or say the lookout. But the scenario has changed as some social entrepreneurs, industrialists & many such private institutions are coming up with great solutions to utilize the rural resources to solve the social issues such as spread education, facilitate training for poor & increase employment opportunities & encourage entrepreneurship. Some of them are as follows:

### CASE 1:

One of the eminent industrialists from Belgaum, namely Shri Gopal Jinagouda has started Gopal Jinagoda Rural Education Center & identified widows from Shindili village near Belgaum. The tailoring training was provided to them & sewing machines were given to stitch the uniforms for different industries. The trained women get the contract from industries & run the business in a shed provided for them in their village. The widows thus have become independent & earn Rs 120/- per day as compared to their previous daily wage of Rs. 40/-.

The case proves that if unorganized man (women) power is brought under one roof it can create wonders to generate profit. Such small initiatives lead to solve big problems like poverty, employment generation etc.

### CASE 2:

Until recently, the nomadic Dhanghar community from Vidarbha region used to weave traditional blankets for personal use only. Now they are being trained by an organization ELGAR, working with tribal and unorganized labour in the area has helped members of this community come together and develop their traditional craft into a commercially viable art providing them the market support. Income from the different items apart from blankets varies. A family can earn as much as Rs.3000/- to Rs.4000/- per month depending on the orders. The organization is trying to get handloom status to this nomadic art as at present KVIC has not granted that status.

The case obviously an eye opener for Government, NGO's & other voluntary agencies to search for traditional & ancient crafts, preserve them to make commercially viable art that even has export potential.

### Case 3:

The Bharati Vikas Manch, the institution in Bihar's Barheta village, has been instrumental in teaching poor village women the famous Mithila painting. The skill has helped to fight poverty in many backward villages. A social activist, painter & a teacher in BVM encouraged his pupil to develop their own marketing channels instead of hanging on to the institution. Earlier entire earnings went to the women painters. Now he has developed a system where artists get 55%, institution get 15% & the rest is utilized for promotional & other expenses. The painting as an art has been evolved as a perfect business model.

### CASE 4:

This successful case is from Geemarahalli in Mysooru district in Karnataka. In the year 2004, because of unique collaborative effort between the women of Thriveni (SHG), JSS Krishi Vigyan Kendra located in Suttur, Karnataka and infraSys, a private company, which invests in rural India, a successful project

was launched to make flower-growing activity as a rural business enterprise. After 13 months after the project was launched, Thriveni's flower women had become independent business entrepreneurs with an annual net income ranging from Rs.8, 000/- to Rs.13, 000/- & if calculated collectively considering all 15 women the sum goes up to Rs.90, 000/- to Rs.1, 95,000/- annually. Since Thriveni is SHG the profit is shared as per the group norms & credit can be availed on agreed interest rate for any purpose, which falls under group's norms. Not only those, the Thriveni women have become the inspiration for another women folk to take up similar project to empower themselves & contribute towards rural economy.

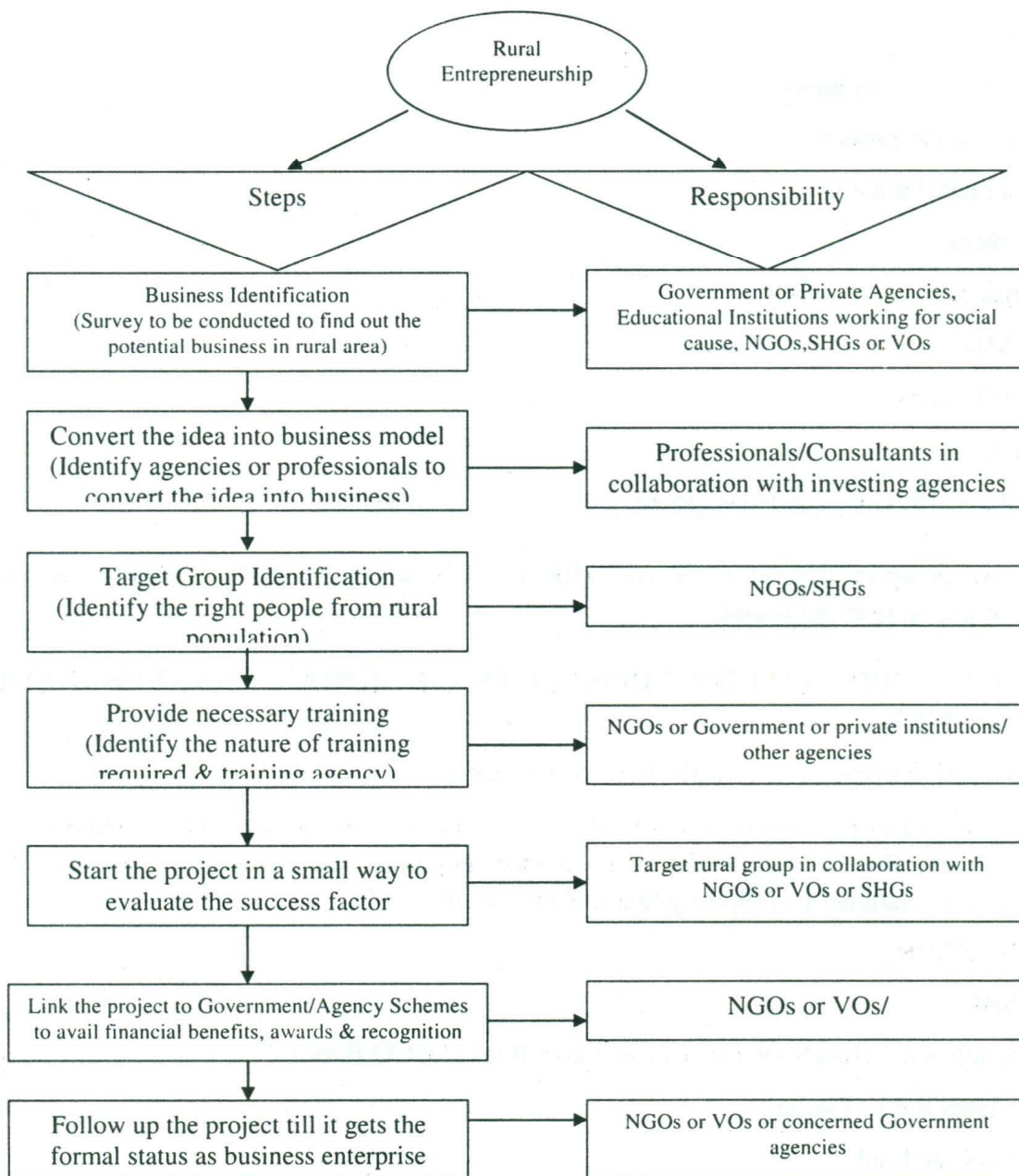
Apart from the above case studies there are many number of success stories from rural part of India, which may not have come in the limelight. All four case studies are illustrative examples to believe in the prospects with rural entrepreneurship development.

The case studies quoted above highlight few steps, which are very much essential for developing rural entrepreneurship.

1. **Identifying the right business opportunity:** Private participation be it is from industry, various educational institutions, visionary individuals or business houses may prove helpful to generate business idea out of the opportunity as infraSys did in case 4.
2. **Prepare rural people's mind to take proactive role:** Social organizations like NGOs & other voluntary organizations can help rural people in convincing people to help execute the project designed by identifying right group of people.
3. **Support the business evolved:** There is a need to support the business initially & train people to run the enterprise independently after certain period.
4. **Linking the rural entrepreneurship to developmental plans of Government:** Entrepreneurship projects have to be linked with plans & schemes formulated by Government & other agencies to get the financial assistance through proper channel, be it is through credit agencies or through NGO's & SHGs.

The above steps lead to a model (Fig 1), which would help to initiate the development of rural entrepreneurship as follows. The model is cyclical, as development activities should be carried out on continual basis taking different stakeholders from the society. Rural entrepreneurship must be considered as social responsibility to be executed as a social obligation by all stakeholders who are enjoying the resources for their benefit, to make India a strong economy in days to come.

(Figure 1)  
**Rural Entrepreneurship Model**



**PROSPECTIVE SECTOR WISE OPPORTUNITIES FOR RURAL ENTREPRENEURSHIP:**

The above model if followed, the opportunities can be explored in almost all sectors of economy be it is agriculture & allied activities, manufacturing or service. The most important factor to remember is that cooperative & collaborative model works better than individual project in a very small way. The following areas can definitely be of some hope to develop rural entrepreneurship.

1. Food Processing
2. Leather products
3. Horticulture

4. Floriculture
5. Sericulture
6. Dairy
7. Handloom/Power loom
8. Ready made garments
9. Data Entry/Printing
10. Handicrafts
11. Repair Service Centers
12. Oil Mills
13. Jute Products
14. Pottery
15. Traditional Paintings and many more

All the above prospects depend on the availability of the basic raw materials & other resources required to start with entrepreneurial venture.

#### BACK UP SUPPORT FOR PROSPECTS OF RURAL ENTREPRENEURSHIP DEVELOPMENT:

##### 1. Financial Support through micro finance:

More than subsidies poor need access to credit. Absence of formal employment makes their credit worthiness vulnerable. So, the various micro-finance options are made available in our country through SHG linkage programmes by following financial institutions.

- NABARD
- SBI
- Sindhanur Urban Souharda Co-operative Bank (SUCO Bank)
- United Bank of India
- Sydicate Bank

##### 2. Various Government Schemes:

Government of India has announced various schemes under different five-year plans. In 2000-2001 almost Rs. 10,000 crore was spent on rural development schemes. The following are some of the schemes started by Government:

- Self-Help Group Scheme under Swarnajayanti Gram Swarajgar Yojana
- Employment Guarantee Scheme
- Pradhan Mantri Rojgar Yojana
- CAPART Scheme (Yuva Jyoti)

- Urban Haat Scheme
- NCVT Scheme etc

### 3. NGOs support in India:

There are 16450 registered NGOs in our country out of which 6541 are exclusively working for rural development & related activities as per data as n June 2005 provided in planning commission website.

### 4. Public Private Partnership Model:

The recent discussion in the area of any developmental activities is Public Private Partnership model. This model can really solve the problem of managing development plans in a professional way as this involves investment flowing from private organizations which are mainly focused on returns on any investment made.

### CONCLUSION:

In reality writing on the subjects like rural entrepreneurship may not be a difficult task, but executing is. The development & promotion of rural entrepreneurship requires an ounce of performance, which is worth pounds of promises made through various schemes & speeches. India needs bunch of social entrepreneurs to take up the responsibility to create a required field for rural entrepreneurship by providing basic education, health, & infrastructure in rural areas. The Government should encourage private partnership in the developmental schemes to benefit society at large. The problems need to be solved by adopting cooperative way of starting rural enterprises.

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