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**Website-** [www.aarf.asia](http://www.aarf.asia), **Email :** [editor@aarf.asia](mailto:editor@aarf.asia) , [editoraarf@gmail.com](mailto:editoraarf@gmail.com)

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## **Challenges and Opportunities in Rural Entrepreneurship in India**

**Dr. Kishor Ghormade**

Taywade College  
Koradi, Dist. Nagpur

### **Abstract :**

Rural entrepreneurship has an important role to play in the development of Indian economy. Taking into account the statistic that nearly 70 % of the Indian population calls rural India it's home, passable funding and support can provide a thriving entrepreneur atmosphere in these communities. People knows that rural India as compared to the mainstream population is economically poor, younger, more isolated geographically, isolated from the main markets, culturally imbedded in tradition, less dynamic economically and experiencing depopulation. Rural population perform various activities alongwith the farming. This paper focuses on the challenges and opportunities in rural entrepreneurship in India.

Keywords : rural, entrepreneurship, farming

### **Introduction :**

Rural Entrepreneurship plays a key role in the economic development of the India. Around 70 % of the Indian population lives in rural area. The adequate funding and support can provide a prosperous entrepreneur atmosphere in these areas. As compared to the urban India; majority population is frugally poor, younger and sheltered geographically, secluded from the main markets, racially imbedded in tradition, less dynamic economically and experiencing depopulation. It is observed that, most of the government policies for entrepreneurship development are taken into consideration for the urban population.

Rural entrepreneurship is defined in broader sense "as the enthusiastic willingness of a villager to organize his or her economics activity, whatever it may be (a business, a job, an

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investment etc) with the help of appropriate technology and practices conceived for a sustainable living.”

The most over looked feature of the rural India, that can be exploited, is the process of depopulation. Many of the young enthusiastic people diverted towards the cities in order to fulfill their desire to become successful. Since, the rural India not able to provide the growth opportunity for these young entrepreneurs to succeed, most of them end up in finding ordinary and management jobs. Keeping in mind the resources that a responsible world country has and the type of rural resources that countries like India boost, if the government can offer an incentive for these young people to stay in their communities and help them in setting up entrepreneur projects from their own family possessed businesses, such a program can bring about an unmatched success in rural communities.

### **Need for Rural Entrepreneurship**

After over six decades of independence and industrialization in our country, still large part of population remains under poverty line. Agriculture continues to be the backbone of rural society. As per this study, 70% of holdings are held by small and marginal farmers resulting in overcrowding on the agricultural land and diminishing farm produce. This results in relocation of farm worker in large numbers to the urban areas. In both the cases the population remains below poverty line. Agricultural work force has a share of seventy per cent in the total work force of the country. Cultivators who own farmland come to about 68% of this work force while agricultural labor accounts for the remaining thirty 2%. These cultivators are increasing in numbers over the years but the large increase was among the agricultural labor, which went up from 20% of the rural work force to thirty 2%. One also needs to keep in mind that there is a continuous growth of population. Thus, the policy for rural entrepreneurship development has to tackle, the problems by providing other occupation option to the rural youths. “Youths in the rural areas have little options”, this is what they are given to trust. This is the reason that many of them either work at farm or migrate to city. The need is to divert to the other option to the rural youth. Entrepreneurship could be the best option. If planted and nurtured in the minds of rural women and youth, It could result is revolutionizing the Indian economy. It should be highlighted that the projects undertaken by these entrepreneurs should not be constrained by its location in rural areas. It should enjoy all the advantages of the location. So what is remarkable about a villager simply

organizing his or her economics activity? In this context, it is remarkable that the majority of this vital workforce, because it is unorganized, goes without social security, job training, market data, insurance, health care, easy access to credit, efficient processes for production, marketing, accounting etc... The list is endless .While the government and a large number of NGOs are trying to address the various needs of the unorganized sector, any contribution, however small it is, made by anyone is a breath of fresh air for the people in this sector. Diversification into non- agricultural uses of available resources such as catering for tourists, blacksmithing, carpentry, spinning, hand crafts and toys etc. As well as divergence into activities other than those solely related to agricultural usage, for example, the use of resources other than land such as water, woodlands, buildings, available skills and local features, all fit into rural entrepreneurship. The entrepreneurial mixtures of these resources are, for example: tourism, sport and recreation facilities, professional and technical training, retailing and wholesaling, industrial application (engineering, crafts), servicing (consultancy), value added (products from meat, milk, wood etc,) and the possibility of off-farm work. Similarly entrepreneurial are new uses of land that enable a reduction in the intensity of agricultural production , for example, organic production, dynamic rural entrepreneurs can also be found. They are growing their activities and markets and they find new markets for their products and services beyond the local boundaries.

### **Opportunities of Rural Entrepreneurship:**

- Support & Motivation to local people: Rural entrepreneurs have too much support from the Rural people. Rural village people encourage and give the motivation to the entrepreneurs.
- Low establishment cost : When compared to the urban areas, rural entrepreneurs' business establishment cost is quite low. There is no need to build or facilities huge infrastructure and buildings.
- Competitive advantages / Availability of labour : In India 70% of the people are living in the rural area. Majority of the rural people are depends on the agriculture. The agriculture work is not available throughout the year. That is the reason why rural entrepreneurs have the modest advantage in easily acquiring unskilled and semiskilled labor.

- Government policies and subsidies: The government of India is regularly monitoring and introducing the new policies for encouraging the rural entrepreneurship. These policies are very supple, innovative, liberalized and giving continues support to rural entrepreneurs. On the same time government has also announced huge subsidies forpromoting the rural entrepreneurship.
- Availability of raw materials. Most of the times the rural entrepreneurs are dependent upon the farm based products as raw materials, which are available through-out the year. These raw materials are available in the rural area that is the reason there is less or no transportation cost and flotation cost.
- Cost of production: Rural entrepreneurs cost of production is minimal when compared to the urban industries. The factors of production are available with low cost; automatically the production cost is also low.Because of this rural entrepreneurs can sell their products and services in cheaper rate.
- Optimum utilization of produces: Optimum utilization of farm produces is only possible because of the rural entrepreneurship only.Majority of the rural entrepreneurs depend upon the farm produces as raw materials.
- Employment generation for rural youth: Rural entrepreneurs are offering100% jobs for rural youth. If the rural entrepreneurs are following in this activity the migration of the people to urban from rural will be immediately stopped to a maximum extent.
- Promotion cost: There is no promotion cost for rural entrepreneurs; in fact the competition is low. Predominantly there is no need for advertising and other promotional activities for their products.
- Potential customer: In this 21<sup>st</sup> century rural villagers are economically sturdy and also heavily populated. This heavy population can be transformed as potential customers.That is the reason all the MNC's are focusing towards the rural villages for their potentiality.
- Building the goodwill: Rural entrepreneurs have a more scope building the goodwill. Most of the rural entrepreneurs have ethical values and also these people do not work for pure profits.

### **Challengers of Rural Entrepreneurship :**

- Rural entrepreneurship has its own drawbacks. Policies such as keeping of land in protection when there is already an over production and pricing income are two of the

utmost threads to rural entrepreneurship. Due to the remote access and inaccessibility of knowledgeable labor, commercial markets and managerial staff are hindered due to the remote locations.

- In order to improve the problems of rural entrepreneurship, under the government supported resources for these projects and select only the very best ideas that directly benefit not only the community but also can contend on a global scale. It is also vital for the success of the rural communities that the development of every rural project remain in the hand of the local agencies which in return cooperate with the government to oversee the important factor that can help develop the rural areas.
- Distribution and logistics : Infrastructure may be a challenge in rural India. Moreover, the absence of an efficient distribution network prevents penetration of products/services into rural India.
- Payment collection: The majority of the rural population is still don't have bank account. Non-cash collection becomes rather unlikely. Cash collection; on the other hand, are untidy and difficult to monitor.
- Pricing: it is easier to collect in bigger amounts as every instance of collection and carrying of cash has associated cost. Disposable income, though , isn't always high since the bulk of rural India is agriculture and income cycle in agricultural are very unpredictable and not as predictable as in the case of us salaried individuals.
- Scaling across geographies : India is a land of many cultures and tradition , the contrast become that much blunter in the case of rural India. Setting up operation on pan-India level present different types of sprints in different states ranging from political juggling to downright local factors. Any model where scalability includes scaling on-ground operations is bound to run into myriad issues as we move from one state to the next. Add to that the more differences in consumer tastes and behaviour across geographiesthen in the relatively more cosmopolitan urban population.
- Developing inorganic scale : Developing artificial scale through partnerships typically results in larger overheads in the rural context. Finding the right partner with reach and existence in villages in difficult to start with. Further, there are very few players who are strong on these counts across multiple typically requires partnerships resulting in higher partner management overheads.

- Social and cultural challenges: The cyber café model has not worked in various parts of rural India due to socio-cultural issues. One of the reasons for the failure of the kiosk model in some region was the lack of usage by women which was largely due to their uneasiness in going to kiosks run by men.
- Growth of Mall culture: Because of the globalization and modern economy encouraging the mall-culture rather than the traditional shops. Another side rural Indian people income is also increased, because of that these people also engrossed to mall culture.
- Poor Assistance & Power failure : These are most challenges faced by the rural people . India is not a developed country, it is still developing country . Furthermore India, don't have a sufficient power and electricity infrastructure facilities to satisfy the needs of their people. For filling the gap between the demand and unobtainability the government of India have been committed to power cut to rural areas.
- Lack of technical know How: Rural Indian people they don't have proper technical educational knowledge. Due to this, people don't know how to use latest technology. Majority of the rural entrepreneur's uses traditional and old technology.
- Infrastructure sickness: The rural India still facing with lack infrastructure facilities. But the same time government also not focuses for creating the rural infrastructure. This is the wretched situation of rural India.
- Poor self- image of rural youth & insufficient motivation : Strong motivation is the mantra for success of any activity. Predominantly the rural youth are suffering with poor self-image. This is killing the talents of the rural youth.
- Cultural values: In comparing to the urban people the rural people have been dedicated to strong cultural values. In this globalizes world the most traditional people are also fatly assuming the foreign cultures and traditions. In fact the rural people don't easy to change the cultural values.

### **Role of government in Development Of Rural Entrepreneurship:**

The difference between rural and entrepreneur and urban entrepreneur is only a matter of degree rather than the content. Numerous successful entrepreneurs are prospering in the cities who are hailing from rural areas. It is important to have a balanced regional development of the country and to avoid the concentration of industry in one place. Rural areas must try for

better use of human resources to improve the rural economy. Government has moral responsibility in designing, promoting, innovating rural entrepreneurial development programme for the empowerment of the rural economy on which the urban economy is built upon. Government should inspire the rural population and try to a bridge the gap between the extended and remote communities. But here, the government is not playing the role properly. Always, most of the times government has only concentrate on the urban industrialization and urban economy development. This is the right time the governments are altering their policy, and come forward with the more beneficial policies, schemes and subsidies for development of rural entrepreneurship as well as economy.

## **Conclusion**

In today also agriculture still providing income to rural communities, rural development is increasingly liked to enterprise development. Since national economy flatter more globalize and competition is intensifying at an unprecedented pace , affecting not only industry but any economic activity comprising agriculture , it is obvious that rural entrepreneurship is attaining in its importance as a force of economic change that must take place if many rural communities are to survive. Rural Entrepreneurship plays an imperative role for economic development in developing countries like India. It is evident from the study that rural entrepreneurs are regularly facing challenges including less rain, climate change, natural calamities, etc. Also they can able to face any challenges associated with setting up of business. Thus, the rural entrepreneurs need to be motivated to take up entrepreneurship as a profession, with training and sustaining support systems providing all necessary assistance.

To manage agricultural sector and non- enclave projects in rural areas; rural entrepreneurs need to apply completely different management and administrative concepts. Otherwise we shall be only creating island of seeming prosperity in the ocean of rural poverty. Rural entrepreneurship is the solution to removal of rural poverty in India. Therefore, there should be added stress on integrated rural development. Government should focus on the development of rural entrepreneurship by performing various activities and providing different facilities to the rural entrepreneurs.

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