

**Rural Entrepreneurship: A seed of Rural Prosperity**

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**Concept**

Rural Entrepreneurship is a phenomenon which takes place in an undeveloped area. Rural Entrepreneurship works as a tool for the development in the area in which it takes place. The area in which it takes place is very small, but its scope is very wide. With the help of rural entrepreneurship we can ensure the sustainable rural development which is very essential for the socio-economic development of the India. In the current era of globalization at one side corporate are expanding their organization in worldwide, at the same time they are also moving towards the villages to grab the huge opportunities of rural areas. So, Rural Entrepreneurship is a path of rural people which brings them out of poverty and unawareness.

**Meaning**

It's very easy to understand the meaning of rural development, but a little bit difficult to adopt is as it requires a very high level of motivation, a lots of scarifies, and a very creative & innovative mindset.

Rural entrepreneurship is simply a process in which an individual or a group of individuals put their effort with their limited resources for earning his/her livelihood by providing some values/utility to the people residing in a rural area. It means a series of activities which generate the income for those who are performing a specific activity in the rural area for the fulfillment of needs and wants of rural people. Hence rural entrepreneurship is the act of an entrepreneur which fulfills the demand of rural market and provides employment opportunity to the people. Rural entrepreneur is a best way to improve the economic condition of rural people. Rural entrepreneurship also ensures optimum utilization of natural and rural resources. It may be in form of manufacturing of goods, buying & selling of goods or in form of delivery of services.

Rural Entrepreneurship may be in the following structure –

1. Individual Entrepreneurship
2. Group Entrepreneurship

Rural Entrepreneurship helps to create an economic zone in rural area for betterment and upliftment. By adopting rural entrepreneurship a rural person can improve his/her social and economical condition with the contribution in the development of nation.

**Objectives of Rural Entrepreneurship**

“In view of the meagerness of capital resources there is no possibility, in short run for creating much employment through the factory industries. Now consider the household or cottage industries. They require very little capital. About six or seven hundred rupees would get an artisan family started. With any given investment,

employment possibilities would be ten or fifteen or even twenty times greater in comparison with corresponding factory industries.”

### **P.C.Mahalanobis**

Insufficient resources and enormous potential in the rural area is the main reason for the emergence of rural entrepreneurship with an objective of sustainable rural development. Rural Entrepreneurship has the following objectives-

#### **1. To Earn Livelihoods**

In the rural areas there is lack of employment for the people due to unavailability of market and industry. The absence of earning opportunities in the rural area intends to rural people for starting a business in order to earn their livelihood. So earning livelihood is the first and basic objective of rural entrepreneurship.

#### **2. To Make Profit**

Making profit and maximizing it is another important objective of rural entrepreneurship. As the financial requirement of rural people increases, for fulfill the requirements a person starts an enterprise.

#### **3. To Serve the Society**

To provide the goods and services to the society at a standard rate is also an objective of the rural entrepreneurship. This objective is being fulfilled by providing quality product at a reasonable price to the society.

#### **4. Rural Development**

Rural development through optimum utilization of rural resources is also a key objective of rural entrepreneurship. With the help of rural entrepreneurship we can ensure rural development.

#### **5. Rural Market development**

Creating and developing rural market is also an aim of rural entrepreneurship. Rural Entrepreneurship results in development of market in the rural area which is very important for the both i.e. rural entrepreneurs and rural society.

#### **6. Improvement of Standard of Living**

By providing employment, developing new market and quality product at reasonable prices, rural entrepreneurship improves the standard of living of the people who lived in rural area.

#### **7. Social Development**

Rural Entrepreneurship also aims to get social recognition in the society. Rural Entrepreneurship gives identification to the people who get involves in the rural entrepreneurship.

#### **8. Utilization of Natural & Rural Resources**

With the help of rural entrepreneurship we can ensure optimum utilization of natural & rural resources. Since, rural entrepreneurship takes place in the rural area and hence it's very easy to utilize rural resources in the normal course of business.

#### 9. Employment Generation

Through the establishment of a business unit in the rural area, employment can be generated for the rural peoples and hence rural migration can be stopped which is essential for the rural entrepreneurship development.

#### 10. Capital Formation

Capital formation is one more challenging objective of rural entrepreneurship. Rural entrepreneurship provides opportunities to the rural people for capital formation and improves their financial condition.

### **Outcome of Rural Entrepreneurship**

No. of benefits can be reaped with the starting of rural entrepreneurship, which will accelerate social and economical development in India. The following output may be achieved from the rural entrepreneurship-

#### 1. Self Dependence

Rural Entrepreneurship builds self dependency in the rural area and the people of rural background gets source of income and they don't have to dependent on urban area.

#### 2. Economic Reliance

Rural entrepreneurship has a vital role in the economic reliance of the rural people. By adopting entrepreneurship rural people are becoming financially strong and they are contributing in the economic growth of the country.

#### 3. Innovation

Since rural areas has huge amount of natural resources and these resources are being used in producing no. of innovative product and services. Hence rural entrepreneurship is giving birth to the numerous business ideas which has a very good impact on the rural economy.

#### 4. Poverty Reduction

No. of Below Poverty Level (BPL) family is decreasing in the rural area as people are establishing their own establishment and earning income from business. Rural entrepreneurship has played a vital role in the poverty elevation in the rural areas.

#### 5. Development of Rural Economic Zone (REZ)

As the result of rural entrepreneurship a large no. of rural economic zone has been developed in the rural area and is very effective for the economic movement in the rural area.

### **Challenges of Rural Entrepreneurship**

Unfortunately the path of rural entrepreneurship is very difficult and it is full of uncertainties due to which an entrepreneur has to face infinite obstacle during the establishment and running it. Due to the complexities and uncertainties involved in the business, people of rural areas do not wish to take risk and it's a very big

reason for slowly development of rural entrepreneurship. The various challenges in the way of rural entrepreneurship are the following –

**1. Absence/Lack of supply chain**

The success of any business unit depends upon its supply chain. In absence of a proper supply chain the operating cost of enterprises becomes very high and profitability becomes very low. So absence and lack of supply change is the basic challenge in the way of rural entrepreneurship.

**2. Market Unavailability**

In the rural area there is absence of proper market place so that for rural entrepreneurs it's very difficult to market and sale their product and services. There is lack of market place and customer in the rural area. Due to this reason entrepreneurship is very challenging task in the rural areas.

**3. Lack of Infrastructure**

The infrastructure of rural area is much developed and hence there is lack of amenities required for the establishing and running a business. Hence infrastructural backwardness is also a big challenge in front of rural entrepreneurs.

**4. Lack of skilled labours**

In the rural areas labors do not have necessary skills for performing business activities and there is lack of education amongst the labours. Due to the lack of skilled labours the cost of production gets increased as the result of wastage and improper handling of materials.

**5. High Establishment Cost**

The establishment cost of an enterprise in rural area is very expensive due to lack of infrastructure and resources in rural areas. It is not an easy task to establish a business unit in the rural area.

**6. Risk of Failure**

Risk of failure is the biggest problem in front of rural entrepreneurs. Generally peoples do not get motivated to stars a business in rural area as it involves very high degree of risk of failure.

**Schemes for Rural Entrepreneurship**

"Desire is the key to motivation, but it's the determination and commitment to an unrelenting pursuit of your goal - a commitment to excellence - that will enable you to attain the success you seek." --**Mario Andretti**

In order to motivate and support the people so that they can take initiative for the establishment of entrepreneurship a no. of scheme is running. Some of the schemes for supporting rural entrepreneurs and promoting rural entrepreneurship are the following –

**1. Setup of Co-operative Societies**

Co-operative societies are providing financial supports and facility to its member for starting and running a business in the rural area. A Co-operative society provides

finance and also gives guidelines for the setup of business. It also develops the feel of co-operation amongst the member of the society so that they work with more confidence and enthusiasm for the betterment of each other.

## 2. Setup of NABARD

NABARD is working very actively for the development of rural entrepreneurship. As an effort to institutionalize the Entrepreneurship and Skill Development initiatives, NABARD provides support to specialized institutions viz., RUDSETI/RUDSETI type of Institutions & RSETIs which provide entrepreneurship development and training to rural youth/women on various skills which can generate better livelihood options. Assistance is provided to these institutions which comply with the criteria stipulated by NABARD such as post training placement of above 80%.

NABARD had supported conduct of 28045 Rural Entrepreneurship Development Programmes with a financial assistance of ₹ 101.35 Crore imparting training to 7.16 lacs unemployed rural youth.

## 3. Setup of Regional Rural Bank

Government has made the way of rural entrepreneurship very easy with the setup of Regional Rural Banks (RRBs) in the rural area. Rural people can get fund very easily and on nominal rate of interest for the starting their own business without facing much more complexities. As on 31<sup>st</sup> March 2013, 196 Regional Rural Banks are running and serving the rural areas by providing financial support and facilities.

## 4. Establishment of SIDBI

Small Industries Development Bank of India (SIDBI), set up on April 2, 1990 under an Act of Indian Parliament, is the Principal Financial Institution for the Promotion, Financing and Development of the Micro, Small and Medium Enterprise (MSME) sector and for Co-ordination of the functions of the institutions engaged in similar activities. It is providing fixed capital as well as working capital for the entrepreneurship development.

## 5. Approval to SHGs

Self Help Groups are playing vital role in the entrepreneurship. Self Help Groups are mainly promoting women entrepreneurship. Self Help Groups are promoting women empowerment by providing financial and emotional support to rural women.

## 6. Other Schemes/ Initiative

Apart from the above tools there are a large no. of tools which are very helpful for a person who wish to become an entrepreneur in the rural area. Some of the policies and programmes for development of rural entrepreneurship are the following –

I. The Union Cabinet approved the proposal for setting up of the Bharat Rural Livelihood Foundation (BRLF) as an independent charitable society under the Societies Registration Act, 1860 to facilitate and upscale civil society action in partnership with Government for transforming livelihoods and lives of rural households, with an emphasis on women, particularly in the Central Indian Tribal Region. It will provide financial grants to Civil Society Organizations (CSOs) to meet their human resource and institutional costs for up scaling of proven interventions;

invest in institutional strengthening of smaller CSOs and capacity building of professional resources working at the grassroots.

**II. Aajeevika - National Rural Livelihoods Mission (NRLM)** was launched by the Ministry of Rural Development (MoRD), Government of India in June 2011. Aided in part through investment support by the World Bank, the Mission aims at creating efficient and effective institutional platforms of the rural poor enabling them to increase household income through sustainable livelihood enhancements and improved access to financial services. NRLM has set out with an agenda to cover 7 Crore rural poor households, across 600 districts, 6000 blocks, 2.5 Lacs Gram Panchayats and 6 lakh villages in the country through self-managed Self Help Groups (SHGs) and federated institutions and support them for livelihoods collectives in a period of 8-10 years. In addition, the poor would be facilitated to achieve increased access to their rights, entitlements and public services, diversified risk and better social indicators of empowerment. NRLM believes in harnessing the innate capabilities of the poor and complements them with capacities (information, knowledge, skills, tools, finance and collectivization) to participate in the growing economy of the country.

**III. DRDA (District Rural Development Agency)** : Many Schemes of the Central and State Governments are introduced from time to time. Several schemes are available providing support to different components of Rural Development. Schemes are also periodically modified to reflect the experience over the years. The task of DRDA has been to identify the needs of the rural population and reach the appropriate schemes where they are needed. In implementing the schemes, the role of the DRDA has been Technical, Managerial and Financial. Thus DRDA is not only a body to disburse the funds for the schemes but also provide appropriate Managerial and Technical support.

**Etc.**

Suggestion for Rural Entrepreneurship Development

It is very big challenge for an entrepreneur to establish a business and reap its benefit in the challenging environment of rural area. But, by making a vibrant plan and policy we can ensure the development of rural entrepreneurship.

Some of the suggestions for rural entrepreneurship development are the following-

1. Physical Connectivity
2. Digital Connectivity
3. Banking Connectivity
4. Electrical Connectivity
5. Infrastructural Development
6. Training & Motivation
7. Marketing Connectivity

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