PERSPECTIVES OF RURAL ENTREPRENEURSHIP IN INDIA
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Abstract
Indian economy is highly dependent on rural economy as 72.2% of the total population lives in rural areas where agriculture and allied activities are the major sources of income. Rural entrepreneurship is starting of enterprises in rural areas. Entrepreneurship is a wise answer to solve the unemployment, migration and to promote economic and social development in rural areas. The strengthening of the rural villages will encourage the preservation of natural resources and improve the rural economy. There exists a wide gap between rural and urban areas in terms of infrastructure, market and financial access etc. To reduce the disparities, revitalizing the rural economy can be achieved by establishing entrepreneurial ventures in rural areas. Rising rural incomes will have a multiplier effect by raising the demand for farm and non-farm products and services instigating growth of employment opportunities. Government of India has been continuously assigning increasing importance and support for the promotion and growth of rural entrepreneurship. The obstacles for growth of rural entrepreneurship are literacy, risk aversion, lack of skilled labor, less technical knowhow, limited access to essential services, lack of communication facilities etc. This paper provides an insight into the present scenario of rural entrepreneurship, advantages, opportunities, challenges faced by the entrepreneur and institutions promoting rural entrepreneurship and their role in developing and fostering rural enterprises.

Introduction
Indian economy is highly dependent on rural economy as 68.84 per cent of the total population lives in rural areas where agriculture and allied activities are the major sources of income. According to census 2011, the total number of villages was 6,38,588 and nearly half of the rural population of India is residing in 115,080 villages with population more than 2,000 but less than 10,000. The growth rate of rural population has declined substantially to just 1.2 per cent during
2001–11 from 1.7 per cent per year during 1991–2001. The slow growth rate in rural was mainly attributed to decline in rural fertility rates, rural to urban migration and reclassification of villages as urban units (IRD report, 2013).

**Discussion**

Rural regions face major issues in comparison to other regions (Brown & Schafft, 2011), which are more serious in the peripheral or mountain regions (Lópes-i-Gelats et al., 2009). There exists dissimilarity between jobs and people in rural areas. As per OECD report 2005, rural areas are affected by major challenges like reduced employment opportunities in primary industries and an aging population as a result of migration of young population to urban areas in search of employment opportunities. There exists a wide gap between rural and urban areas in terms of infrastructure, market and financial access etc. The development of rural areas will be the only solution to solve some of the issues discussed above. The strengthening of the rural villages will encourage the preservation of natural resources and also helps in improving the rural economy. This will reduce the migration of rural people to urban areas and minimize the congestion in cities. The rural regions of developing economies serve as the strong fold for wealth creation. It is essential to know the problems in rural villages to instigate the development in rural areas. The revitalizing of the rural economy can be achieved by establishing entrepreneurial ventures in rural areas. Entrepreneurial activities will insinuate economic development in rural areas. Rising rural incomes will have a multiplier effect by raising the demand for farm and non-farm products and services instigating growth of employment opportunities. Rural industrialization is viewed as an effective means of accelerating the process of rural development. Moreover, it is found that entrepreneurial actions promote economic and social conditions which benefit the individual as well as the entire village (Duarte & Diniz 2011). Rural entrepreneurship implies entrepreneurship emerging in rural areas or establishing industries in rural areas. According to Pertin (1997), Rural Entrepreneurship is more likely to furnish in those rural areas where the two approaches of rural development, the bottom up and top down, complement each other. A rural entrepreneur is the one, who prefers to stay in the rural area and contribute to the
creation of local wealth. However, the economic goals of an entrepreneur and the social goals of rural development are more strongly under linked in urban areas (Pertin and Gannon, 1997). For this reason entrepreneurship in rural areas is usually community based and strong extended family linkages and relatively large impact on rural community. Rural development is a key element of strategies to reduce poverty and create income and employment opportunities (UNIDO, 2003).

The need for rural entrepreneurship is highly envisaged as majority of Indian population lives in rural areas and also there exists great disparities in income of rural and urban people. Key indicators from the 66th round of the NSS' quinquennial survey said the per capita expenditure level of the urban population was on average about 88 per cent higher than that of the rural population, based on the measure of modified mixed reference period (MMRP).

Various studies have posited that the rural entrepreneurship plays an important role in provision of employment opportunities which helps in reducing the migration of people towards urban areas in search of livelihood were provision of employment opportunities. A rural entrepreneur tries to utilize the locally available resources in an effective manner. Chakmraborty and Barman (2014) conducted a study in the Sonitpur district of Assam and reported that rural entrepreneurs were primarily motivated by the need for self employment, eagerness to make money, need for independence for starting the enterprises. Studies have shown that training on rural entrepreneurship, rural innovation and artisan skills not only improved the productivity and efficiency of local farmers and artisans, but also have significant environmental and social impact by developing eco friendly appropriate solution to local problems.

Institutions and individuals promoting rural development now see entrepreneurship as a strategic development intervention that could accelerate the rural development process (Saxena, 2012). But the growth of rural entrepreneurship is affected by various obstacles and Banerjee (2011) pointed the challenges faced by rural entrepreneurs are Government policies (Licensing, taxes and tariff), Management (In many small firms same individual is responsible for...
production and management), Finance, Information (Lack of information on prices, technology etc.), Technology, Marketing (Large firms can afford transport, storage facility, advertising and product development efforts which an individual, more often cannot and access to credit (Mostly forced to rely on personal savings, borrowing from friends, relatives and money lenders). Desai (2007) has highlighted that poor infrastructural facilities in rural segments has been one of the factors holding back rural industrialization in India. According to Sundar and Srinivasa (2009) managerial inadequacies are one of the reasons for the failures in decentralized industrial sector. Larson & Shaw (2001) observed that the challenges of agricultural growth in developing countries include the lack of access to technology and infrastructure (institutional, physical, financial, skilled human resources). So, it could be seen that rural entrepreneurship is hindered by access to finance, technology, information and marketing. The development of rural entrepreneurs is a complex problem which can be tackled by the social, political and economic institutions.

A critical prerequisite for nurturing Entrepreneurship is the creation of a favorable business environment. The key parameters of a conducive business environment include the smooth flow of information, ease of starting a business and obtaining various clearances and permits, ease of filing taxes, an efficient legal system, enabling legislations and regulations, absence of corruption and world class infrastructure facilities (National Knowledge Commission, 2008). Government of India has been continuously assigning increasing importance and support for the promotion and growth of rural entrepreneurship. The GoI operates various schemes for promoting entrepreneurship through the Ministry of Micro Small and Medium industries, National Small Industries Corporation Ltd, Small Industries development corporation, Khadi and Village Industries Corporation, Financial institutions such as NABARD, SIDBI etc and also with the state governments through District Industries centre etc and institutions such as Entrepreneurship development institutes etc.

Rural entrepreneurial ventures mostly come under the banner of Ministry of Micro Small and Medium industries. The schemes operated by MSME are Entrepreneurship Development
Institution Scheme, Rajiv Gandhi Udyami Mitra Yojana (RGUMY), Performance and Credit Rating Scheme (Implemented through NSIC), Product Development, Design Intervention and Packaging (PRODIP), Khadi Karigar Janashree Bima Yojana for Khadi Artisans and Marketing Assistance Scheme.

National Bank for Agriculture and Rural Development (NABARD) was set up with the mandate to achieve rural prosperity through credit and related activities. Recognizing the importance of the Rural Non-farm Sector (RNFS) in the faster economic development of rural areas, NABARD had taken a number of initiatives, both with refinance support and promotional assistance, for development of this sector. Rural Entrepreneurship Development Programme (REDP) is a major promotional initiative, which aims at developing enterprise and creating employment opportunities in rural areas.

**Conclusion**

To conclude Rural entrepreneurship plays an important role for economic development in developing countries such as India where it is still underdeveloped. To bring a change the institutions needs to focus on synergies between Education (including modern vocational education training/skill development), Innovation (converting ideas into wealth and employment) and Entrepreneurship should be encouraged.

**References**


