

Rural Development in India through Entrepreneurship: An Overview of the Problems and Challenges

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Abstract

In the era of globalization, entrepreneurship development in the rural context is a challenge. According to 2011 Census 68.84 percent people are living in rural areas of India. People in rural areas suffer with unemployment, poor infrastructure facilities which may be solved with the development of the rural entrepreneurs. "Rural Entrepreneurship can be defined as entrepreneurship emerging at village level which can take place in a variety of fields of endeavor such as business, industry, agriculture and acts as a potent factor for economic development". But, these rural entrepreneurs are suffering with various problems like fear of risk, lack of finance, illiteracy, and competition from the urban entrepreneurs. Rural entrepreneurs increase the standard of living and purchasing power of the people by offering employment opportunity to the people in villages. This paper is an attempt to understand the problems and challenges for rural entrepreneurship in the context of rural development in India and possible suggestions to overcome the problems.

Key Words: *Rural entrepreneurs, Issues and Challenges, Rural Development*

Introduction

The Make in India Strategy adopted by the Prime Minister Shri Narendra Modi aims to facilitate investment, foster innovation, entrepreneurship, enhance skill development in the country. Mahatma Gandhi has rightly pointed out that "India lives in villages". Villages comprise the core of Indian society and represent

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the real India. Rural entrepreneurs are those who carry out entrepreneurial activities by establishing industrial and business units in the rural sector of the economy. In other words, establishing industrial and business units in the rural areas refers to rural entrepreneurship. Entrepreneurship can play an important role in rural development. Agriculture continues to be the back bone of rural society. 70 per cent of holdings are held by small and marginal farmers resulting in overcrowding on the agricultural land and diminishing farm produce. This results in migration of farm worker in large numbers to the urban areas. Land being limited and unable to absorb the labour force in agriculture, there is a need to develop rural industries to solve rural unemployment and rural migration to cities. Growth and development of rural economy is an essential pre-condition to the development of the country as a whole. The gap between rural urban disparities should be lessened. The standard of living of the rural people should be increased. Entrepreneurship in rural sector provides an answer to the above problems.

Indian rural sector is no longer primitive and isolated. Therefore, if entrepreneurs encouraged in rural and tribal areas looms large to solve the problems of poverty, unemployment, and economic disparity, poor utilization of rural capacity, low level of standard of living and backwardness of Indian economy. Rural industrialization is viewed as an effective means of accelerating the process of rural development. Government of India has been continuously assigning increasing importance and support for the promotion and growth of rural entrepreneurship. According to latest definition of Government of India, "Any industry located in rural area, village or town with a population of 20,000 and below and an investment of Rs. 3 crores in plant and machinery is classified as a village industry." Rural entrepreneurship is a new field in the area of entrepreneurship research. It has become one of the supportive factors for rural economic development and agribusiness. In this backdrop, the present paper addresses the problems and challenges for development of entrepreneurship in the context of rural India.

Objectives of the Study

- To study scope of rural entrepreneurship and rural Industries.
- To know basic principles of entrepreneur applied to the rural development.
- To know characteristics of rural entrepreneurship.
- To know the types rural entrepreneurs.
- To know the types of Rural Industries.
- To know investment – wise classification of rural industries (MSME).
- To know Government Schemes for rural entrepreneurship in India.
- To study the role of rural entrepreneurs in economic development.
- To study effects of Globalization on Rural Entrepreneurship
- To study the problems and challenges faced by the rural entrepreneurs.
- To study Policy Implications for Development of Rural Entrepreneurship.
- To provide suggestions for development of rural entrepreneurship.

Methodology

The present study is based on secondary data. The data is collected from books, journals and websites.

Scope of Rural Entrepreneurship and Rural Industries

Micro and small scale enterprises have existed in rural India since ages in the form of traditional skills. Recently, rural entrepreneurship has emerged as a dynamic concept. There is lot of scope for rural entrepreneurship in SMEs (Small and Medium Enterprises) sector economy which plays a vital role in providing employment and income for the poor and unemployed in rural areas. As the population grows there will be pressure on land and the growth in the agricultural production cannot absorb the ever increasing rural labor force in

agricultural employment. This leaves the rural non-farm sector in the form of rural SMEs to absorb those released from agriculture but not absorbed in the urban industries. Contributing more than 52 percent of the GDP and making available more than 75 percent of all labor force in India the rural sector is best poised for a rapid expansion in the small and medium industry arena. The scope of rural industries is considered basically a question of properly utilizing the unexploited natural and human resources and tapping vast material existing in the countryside. The features of rural industrialization are low investment of capital, labour intensity and use of simple technology by employing local human and material resources. Thus, a judicious mix of local manpower with the local resource is necessary to bring about a viable development in these areas.

Basic principles of entrepreneur applied to the rural development are

- Optimum utilization of local resources in an entrepreneurial venture by rural population - Better distributions of the farm produce results in the rural prosperity.
- Entrepreneurial occupation rural population to reduce discrimination and providing alternative occupations as against the rural migration.
- To activate such system to provide manpower, money, material, machinery, management and market to the rural population.

Characteristics of Rural Entrepreneurship

The characteristics of rural entrepreneur are: Risk taking ability, Self-confidence, Decision making ability, Knowledge of growing technology, Economic motivation, Market orientation, firm condition of experience. Ability of co-ordination related activities, Achievement, Motivation, etc. indicators are behaviour of entrepreneurial activities.

Types of Rural Entrepreneurship

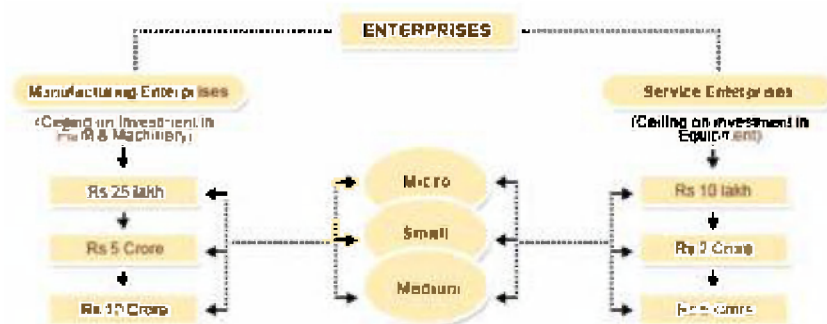
- 1) Individual Entrepreneurship
- 2) Group Entrepreneurship

- 3) Cluster Formation Entrepreneurship
- 4) Cooperative Entrepreneurship

Types of Rural Industries: All the village industries come under the following broad categories:

- 1) **Agro Based Industries:** Sugar industries, Jaggery, Oil processing from oil seeds, Pickles, Fruit juice, Spices, Dairy products etc.
- 2) **Forest Based Industries:** Wood products, Bamboo products, Honey, Coir industry, Making eating plates from leaves.
- 3) **Mineral based industry:** Stone crushing, Cement industries, Red oxide making, Wall coating powders etc.
- 4) **Textile Industry:** Spinning, Weaving, Colouring and Bleaching.
- 5) **Engineering and Services:** Tractors and Pump set repairs etc. Small and medium sized industries to produce agricultural machinery, equipment for usage in rural areas etc.
- 6) **Handicrafts:** These include making of wooden or bamboo handicrafts that are local to that area, traditional decorative products, toys and all other forms of handicrafts typical to the region.
- 7) **Services:** There are a wide range of services including mobile repair, agriculture machinery servicing, etc which are being undertaken under this category.

Investment – wise classification of Rural Industries (MSME): Almost all rural industries fall under the preview of Micro, Small, and Medium Enterprises. The classification of MSME is as follows:



Source: Micro, Small and Medium Enterprises Development Act, 2006

Government Schemes for Rural Entrepreneurship in India:

- 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
- Marketing Assistance Scheme
- Provision of Urban Amenities to Rural Areas (PURA)

Role of Rural Entrepreneurs in Economic Development:

According to Joseph Schumpeter, the rate of economic progress of a nation depends upon its rate of innovation which in turn depends on rate of increase in the entrepreneurial talent in the population. According to Meir and Baldwin, development does not occur spontaneously as a natural consequence when economic conditions in some sense are right. A catalyst is needed which results in entrepreneurial activity to a considerable extent. The diversity of activities that characterizes rich countries can be attributed to the supply of entrepreneurs. They channelize the resources from less productive to more productive to create wealth. Through efficient and effective utilization of national resources, they act as catalysts for economic development and agents of social transformation and change. They play a vital role for the economic development of a country in the following ways.

Decentralized Industrial Development, Better Distribution of Wealth and Investment: Rural entrepreneurship play imperative role in the economic expansion of the country and results in decentralized industrial development, better distribution of wealth and investment.

Reduction of Poverty and Unemployment: Rural entrepreneurship

is labour intensive and creates large scale employment opportunities for the rural people. Rural entrepreneurship provides a solution to the growing problem of large-scale unemployment and underemployment of rural India. Through entrepreneurship development programme, unemployed people can opt for self-employment. In this respect, several programmes like National Rural Employment Programme (NREP), Integrated Rural Development Programme (IRDP), etc. are in operation in India to help the potential entrepreneurs.

Check on migration of rural population: Rural population moves towards urban for various reasons like income generation, searching good job, utilize various facilities etc. Rural entrepreneurship will bring in or develop infrastructural facilities like roads, power, bridges etc. It reduces the gaps and disparities in income between rural and urban areas. Rural entrepreneurship can avoid the migration of people from rural to urban areas in search of jobs.

Formation of Capital: Entrepreneurs by placing profitable business proposition attract investment to ensure private participation in the industrialization process. The otherwise idle savings are channelized for investment in business ventures which in turn provides return. Again the savings are invested giving a multiplier effect to the process of capital formation.

Balanced regional development: Rural entrepreneurship controls the concentration of industry in urban areas by setting small scale units in remote areas, successful entrepreneurship development programmes can help in achieving balanced regional development.

Promotion of artistic activities: Rural industries also help protect and promote the art and handicrafts, i.e. the age-old rich heritage of the country.

Check on social evils: The growth of rural entrepreneurship reduces the social evils like poverty, social tensions, atmospheric pollution, the growth of slums and ignorance of inhabitants etc.

Awaken the rural youth: Rural entrepreneurship encourages young and promising entrepreneurs to develop and carry out entrepreneurial activities in the rural sector.

Improves standard of living: Rural entrepreneurship will also increase the literacy rate of rural people. Their education and self-employment will prosper the community, thus improving their standard of living.

Proper utilization of local resources: Rural industries help in the maximum utilization of local resources like raw materials and labour for productive purposes and thus increase productivity. Efficient and effective use of limited resources by the entrepreneurs leads to overall economic development of an area.

Improvement in per capita income: Rural entrepreneurship generates more output, employment and wealth by exploiting new opportunities, thereby helping to improve the per capita income of rural people.

General Employment: This is the real charm of being an entrepreneur. They are not the job seekers but job creators and job providers. With the globalization process the government jobs are shrinking leaving many unemployed. In the circumstances, the entrepreneurs and their enterprises are the only hope and source of direct and indirect employment generation. Employment is generated directly by the requirement of the large enterprises and indirectly by ancilliariation and consequential development activities.

National Self-reliance: Entrepreneurs are the corner stores of national self-reliance. They help to manufacture indigenous substitutes to imported products which reduce the dependence on foreign countries. There is also a possibility of exporting goods and services to earn foreign exchange for the country. Hence, the import substitution and export promotion ensure economic independence and the country becomes self-reliance.

Planned Production: Entrepreneurs are considered as economic agents since they unite all means of production. All the factors of production i.e., land, labour, Capital and enterprise are brought together to get the desired production. This will help to make use all the factors of production with proper judgment, perseverance and knowledge of the world of business. The least combination of factors

is possible avoiding unnecessary wastages of resources.

Promote prosperity: Improvements in local productivity can promote prosperity.

Earnings of foreign exchange: Rural entrepreneurship plays significant role in increasing the foreign exchange earnings of the country through export of their produce.

Effects of Globalization on Rural Entrepreneurship: It is very difficult to establish causal linkages, or to quantify the specific effects of globalization on rural entrepreneurship. However, it is possible to broadly identify some advantages and disadvantages of globalization on rural entrepreneurship in India.

Advantages

1) **Economies of Scale and Scope:** Due to the access to global markets, abilities to specialize, and to take advantages of economies of scale and scope.

2) **Exposure to the global competition** can result in high levels of productivity and efficiency.

3) **Improved access** to foreign technology and managerial expertise.

4) **Accelerates economic growth:** There are different opinions concerning the connection between trade openness and rural entrepreneurship growth. Edwards (1998) concludes that greater openness accelerates economic growth. In contrast, Helleiner (1986) suggested that a certain level of national development is necessary before the objective of export-led growth can be realized.

5) **Effect of globalization on rural enterprises** depends upon the changes in GDP and changes in income distribution. The evidence suggests that the rural entrepreneur overall are substantially included as beneficiaries from economic growth. However, the extent of inclusion varies internationally.

6) **Transfer of technology** is one of the prominent features of globalization and one of the major reasons for predicting improved growth. Many formerly small rural entrepreneurs saw major improvements in their businesses, but the improvements were in a very limited area and to a very limited number of entrepreneurs.

Disadvantages

- 1) **Endangered the existence of rural entrepreneurs and survival of rural industries:** Due to liberalization, privatization and globalization cheaper and better quality goods were available than the local goods. They started challenging the rural industries. Further, with the introduction of Special Economic Zones (SEZs), the MNCs were facilitated with areas with liberal economic and trade laws, concessions to enhance foreign investments and promote exports. This endangered the existence of rural entrepreneurs and survival of rural industries.
- 2) **Lack of access to the technologies and market information.**
- 3) **They rarely has access to credit and the other financial services necessary to compete in the modern world.**
- 4) **They face high transportation and input costs that further reduce their ability to compete.**
- 5) **Many rural entrepreneurs, especially women rural entrepreneurs are hampered from benefiting from the changes arising from globalization.** They have less access than men to education and training, less time to devote to productive activities, less command over important resources such as land, credit and capital.
- 6) **Insecurity:** Globalization is linked to increased specialization, but this, for all its advantages, increases risks for rural entrepreneurs by pushing them to 'play all their cards'. These factors are further compounded by the transformational and insecurity effect due to volatile environment like natural disasters, inflation, market conditions and other shocks.
- 7) **Global slowdown:** Greater financial interdependence amongst national economies, resulting from globalization, has the effect of transferring or spreading shocks from one nation to another. This can be seen from the financial crisis in 2008, which affected the world, leading to a global slowdown. Many of these shocks coming from the rest of the world hit the urban sector hardest. Still, there are a number of channels through which the effect is transferred to the rural enterprises.

8) **Discrimination:** Government of India has discriminated against agriculture and those enterprises that depend upon it. This 'discrimination' has affected rural entrepreneurs who depended on agriculture and allied sectors.

9) **Outsource:** MNCs outsource the manufacturing to the Indians. Thus, it leads to more labour absorption from the rural industries and affecting their growth.

Problems faced by the Rural Entrepreneurs

Entrepreneurs are playing very important role in the development of an economy. They face various problems in day to day work. Some of the major problems faced by rural entrepreneurs are classified as under

I Financial Problems

II Marketing Problems

III Management Problems

IV Human Resource Problems

V Other Problems

I Financial Problems

a) **Lack of funds:** Finance is the back bone for any business. Most of the rural entrepreneurs fail to get external funds due to absence of tangible security and credit in the market. The procedure to avail the loan facility is too time-consuming that its delay often disappoints the rural entrepreneurs. They are mainly depending on parents and relatives, popularized person in the particular area for finance. They are not aware of the entrepreneurial supporting financial institution like SIDCO (Small Industrial Development Corporation), SIDBI (Small Scale Industrial Development Bank of India), DIC(District Industrial Center), IDBI(Industrial Development Bank of India), IFCI(Industrial Finance Corporation of India), ICICI (Industrial Credit and Investment Corporation of India) ,etc., These financial institutions are providing finance to entrepreneurs to startup new venture and also modernize the existing business but this institutions rules are regulations are not easy to avail the finance for the business.

b) Risk bearing Capacity: Generally, rural entrepreneurs have low risk bearing ability due to lack of financial resources and external support. They expect regular income and restrict themselves to invest in their business.

c) Poor infrastructure facilities: Due to lack of proper and adequate infrastructural facilities, the growth of rural entrepreneurs is not very healthy. Infrastructure facilities like transport (bus, train etc.), communication (telephone; fax, internet facilities etc.), power supply are very poor in the rural areas compare with the cities. They are very much useful for the entrepreneurs to successfully run their business.

II Marketing Problems

a) Limited scale and scope of local market opportunities.

b) Lack of market information due to poor communication facility: The absence of effective communication and access to the right information makes it difficult for rural entrepreneurs to understand market trends and policies followed by the government on industrialization.

c) Competition: Rural entrepreneurs are facing tough competition from the large scale organizations and urban entrepreneurs. Rural entrepreneurs cannot compete with the urban entrepreneurs due to lack of standardization and branding and quality of the products. The rural producers are not collective in their approach for marketing their products because they are too widely scattered and mostly uneducated.

d) Middleman: Middlemen exploit rural entrepreneurs. The rural entrepreneurs are heavily dependent on middlemen for marketing of their products who pocket large amount of profit. Storage facilities and poor means of transport are other marketing problems in rural areas. In most of the villages, farmers store the produce in open space, in bags or earthen vessels etc. So these indigenous methods of storage are not capable of protecting the produce from dampness, weevils etc. The agricultural goods are not standardized and graded.

e) Low quality products Today, consumers are more sensitive regarding the quality of the products. Only some big firms follow the

TQM (Total Quality Management) practices in their production. Rural entrepreneur may not produce quality products due to lack of standardized equipments and poor quality of raw materials.

III Management Problems

a) Lack of IT knowledge and Technical Skills: Information technology is not very common in rural areas. Due to low level of technical knowledge and skills, their performance may not be better. Entrepreneurs rely on internal linkages that encourage the flow of goods, services, information and ideas. The intensity of family and personal relationships in rural communities can sometime be helpful but they may also present obstacles to effective business relationships. Business deals may receive less than rigorous objectivity and intercommunity rivalries may reduce the scope for regional cooperation. Decision making process and lines of authority are mostly blurred by local politics in rural areas.

b) Non availability of skilled labours: In rural areas skilled labours may not be available easily to the entrepreneurs. Generally skilled personnel are willing to work in urban areas due to high salary and other amenities when compared to rural areas.

c) Legal Formalities: Rural entrepreneurs find it extremely difficult in complying with various legal formalities in obtaining licenses due to illiteracy and ignorance

d) Procurement of Raw materials: In rural areas raw materials of the business mainly depend on agriculture. If there are no rains, the business operations are affected. Thus, procurement of raw materials is really a tough task for rural entrepreneur. They may end up with poor quality raw materials, may also face the problem of storage and warehousing.

e) Lack of training facilities and extension services create a hurdle for the development of rural entrepreneurship.

f) Poor Quality of Products: Another important problem is growth of rural entrepreneurship is the inferior quality of products produced due to lack of availability of standard tools and equipment and poor quality of raw materials.

IV Human Resource Problems

a) Low Skill Level of Workers: Most of the entrepreneurs of rural areas are unable to find workers with high skills. Turnover rates are also high in this case. They have to be provided with on the job training and their training is generally a serious problem for entrepreneur as they are mostly uneducated and they have to be taught in local language which they understand easily.

b) Negative Attitude: The environment in the family, society and support system is not conducive to encourage rural people to take up entrepreneurship as a career. It may be due to lack of awareness and knowledge of entrepreneurial opportunities. The young and well educated mostly tend to leave. Continuous motivation is needed in case of rural employee which is sometime difficult for an entrepreneur to impart with.

V Other Problems

a) Political and structural problems: Before establishing the business, entrepreneurs clear the government complicated like business license, pollution and clearance etc. Due to low level of education rural entrepreneurs may not complete this process fastly.

b) Poor knowledge in the maintenance of accounts: Rural entrepreneurs are having poor knowledge in the operation of various business transactions and maintenance of accounts and records. This is because of their illiteracy.

c) Low Purchasing power: Purchasing power of the rural people is low compared to the urban.

d) Adverse social, cultural and industrial environment: Social evils, caste systems, fatalism, religious superstitions, particularly in the country side, do not allow development of adventurous spirit. Lack of skill and expertise in labourers, their tendency to migrate to cities and consumer's habit to buy goods produced by big companies create many problems for new entrepreneurs.

Challenges faced by Rural Entrepreneurs: Growth of Mall Culture, Poor Assistance, Power Failure, Lack of Technical knowhow, Capacity Utilization, Infrastructure Sickness.

Opportunities for Rural Entrepreneurs: Government Schemes for Rural Development, Regional Rural Development Centers, Entrepreneurship Development Institute of India, Banking Technology, Rural Innovation Funding (NABARD), Social Rural Entrepreneurship, Free entry into world trade, Improved risk taking ability, Governments of nations withdrawn some restrictions, Technology and inventions spread into the world, Encouragement to innovations and inventions, Promotion of healthy completions among nations, Consideration increase in government assistance for international trade, The establishment of other national and international institutes to support business among the nations of the world, Benefits of specialization, Social and cultural development.

Policy Implications for Development of Rural Entrepreneurship

The appropriate policy elements for development of rural enterprises are briefly stated as follows:

- Policies should be flexible to facilitate local circumstances.
- The nature of enterprises to be established in rural areas must be conducive to those areas in economic, social and environmental terms.
- Rural enterprise policy should cover all types of rural enterprise.
- There should be consistency and co-ordination with respect to the choice of rural enterprise locations.

Petrin (1994) advocates the following features for rural entrepreneurship development:

- (i) Sound national economic policy for agriculture, including recognition of the important contribution of entrepreneurship to rural economic development.
- (ii) Policies and special programmes for development and channeling of entrepreneurial talent.
- (iii) Entrepreneurial thinking about rural development by everyone.

Organization for Economic Co-operation and Development (OECD, 1999) advocates best practices in four broad areas related to SMEs

that are suitable for both agro industries and other rural enterprises. They are:

- (i) Efficient and unbiased financial markets.
- (ii) Appropriate business environment.
- (iii) Education, training and capability to compete.
- (iv) Access to information, networking and the global market place.

Future of Rural Entrepreneurship in India

India has been steadily growing as an economic power in the past two decades and has been able to create the bare necessary infrastructure required to sustain this rate of growth. The connectivity to remote areas has been improved to a great extent both in terms of physical accessibility by road and rail and virtual accessibility in terms of telecommunications and information technology. Combined with this there is a steady growth in the education among the rural population including professional qualifications among rural youth. This presents the ideal situation for enterprises to spring in the rural areas where the cost of operation, labor and availability of raw materials is substantially cheaper as compared to urban parts of the country.

Suggestions

Labour Intensive Techniques: As there is disguised unemployment in our agriculture sector, labour intensive techniques should be adopted in rural industrial units.

Educate the Rural Entrepreneurs: Government and NGOs offered various schemes and opportunity to the rural entrepreneurs. But, they are unaware of these schemes and opportunities due to their illiteracy. So they should to be educated by the conducting workshops and seminars related to their business.

Offer finance with low rate of interest: Financial institutions like ICICI, SIDBI, IDBI, IFCI, and SFC should provide finance to rural entrepreneurs with low rate of interest and limited collateral security with liberal terms and conditions.

Government Role: Government should take steps to provide infrastructure, warehousing facilities, offer assistance to marketing and to export the goods of rural entrepreneurs to foreign countries.

Exploitation of Village resources: For example, where ever there is scope for wind and solar energy, can be fully exploited for rural electrification.

Ancillary units: Several ancillary units should be established in rural areas which will lead to better productivity of many engineering industries.

Micro credit schemes: Provisions should be made for micro credit system like SHGs to the rural entrepreneurs who will boost up the economic development and employment generation of the rural poor.

Past experiences and other observations should be considered to develop rural entrepreneurship.

Market information of different products and **innovative technology** should be publicly announced by the government in order to get its acceptance among the rural entrepreneurs.

Infrastructure facilities like land, power, raw materials and finance should be provided to the rural entrepreneurs at concessional rates.

Credit Information of the rural entrepreneurs has to be developed so as to enable them to get sufficient amount of loan from the banks at reasonable rate of interest.

SWOT Analysis: Strengths, Weaknesses, Opportunities, and Threats of small businessmen have to be identified and properly trained to motivate them to become entrepreneurs.

Innovators club should be established in villages to support the large mass of youth who are interested in taking business as a career.

Marketing management skills should be improved among the rural entrepreneurs to face the problems of entrepreneurship.

Management training is to be imparted to create awareness of innovative spirit among the rural entrepreneurs.

Awards should be given to those entrepreneurs who demonstrate extraordinary success.

Entrepreneurship development cell should be established at all the villages level to provide guidance and counseling to motivate the rural entrepreneurs regarding the use of modern technology.

Separate financial fund for rural entrepreneurs should be provided by the Government. At the same time they should be provided with adequate and timely financial assistance from all the financial institutions and banks.

Special training programmes for rural entrepreneurs in particular and in general for rural population should be arranged by the Government to improve their knowledge and vocational skills.

Rural youth need to be motivated to take up entrepreneurship as a career, with training and sustaining support systems providing all necessary assistance.

Finance for Modernization: Sufficient finance must be given to modernize their outdated technology, tools and implements in order to enable them to compete with the large scale industries.

Rural entrepreneur should more competitive and efficient in the local & international market.

Successful rural entrepreneurs should show path for other rural entrepreneurs.

Several schemes and plans of government should be strongly executed at different levels for the encouragement of rural entrepreneurs.

Interest free consumption credit should be provided by the Government, Banks and other financial institutions to encourage buying the products produced by rural entrepreneurs.

Agriculture diversification by exploring the opportunities by farming completely a new range of grains, fruits or vegetables.

Establishing agro food processing units or related units like wine production, juice production and many others.

Non-farm product business establishment by promoting local rural artisan work.

OPS (Opportunities, Problem identification and Solution)

Approach: This approach helps an entrepreneur especially neo-rural entrepreneur to explore opportunities include the scanning of the environment to explore the possibilities to start the new venture or to support the already established business in more professional manner. Identifying the exact nature of the problem (External to the organization or internal to the organization? If problem of the business is related with government policy it is external and if it is internal it may be related with strategic issue or operational issue or related with functional issues to set up an industrial unit), after identification of the problem it is easier to utilize the opportunities available in the market to explore further.

Encouraging the skilled and professional people who have left in the rural community to come back in the main stream of the economic activities.

NRIs and wealthy people of their respective villages should establish/assist rural industries.

There should be efficient regulated market for the marketing of rural products.

Grading, standardization should be promoted and promotional activities should be enhanced for the benefit of rural industries.

To help to develop flexible manufacturing networks of co-operatives, micro and other manufacturing businesses.

To develop and produce a particular product that none of the firms could manufacture alone i.e., there should be link between them in the manufacture of that product.

To develop the ways and means by which diversify the product lines, markets and expand distribution channel.

To promote co-operation between small firms in the network, thus promoting their competitive efficiency.

To provide different services in the areas of finance, marketing, research and development.

To provide common services of daily matters in production and administration in order to reduce transaction costs.

Conclusion

Rural entrepreneurship plays a vital role in the economic development of India, particularly in the rural economy. It helps in generating employment opportunities in the rural areas with low capital, raising the real income of the people, contributing to the development of agriculture by reducing disguised unemployment, reducing poverty, migration, economic disparity, unemployment. Government should go for appraisal of rural entrepreneurship development schemes and programmes in order to uplift rural areas. Rural entrepreneurship finds it difficult to take off is due to lack of capital accumulation, risk taking and innovation. The rural development programs should combine infrastructure development, education, health services, investment in agriculture and the promotion of rural non-farm activities in which women and rural population can engage themselves. Rural entrepreneurship is the way of converting developing country into developed nation. Promotion of rural entrepreneurship is extremely important in the context of producing gainful employment and reducing the widening disparities between the rural and urban. Monitoring rural development programmes by supplying right information at the right time, providing timely and adequate credit and continuous motivation of bankers, panchayat union leaders and voluntary service organizations will lead to the development of rural entrepreneurship.

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