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## Challenges and Opportunities For Rural Entrepreneurship

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### **Abstract**

Entrepreneurship is an area that has attained importance in today's era. Entrepreneurship is a key component of India's 2020 strategy for sustainable, smart, and inclusive growth as 75 percent of the population residing in villages is still involved in agriculture and allied activities. Government alone can't generate employment opportunities for villagers. Thus, individuals are welcomed and promoted to undertake the entrepreneurial task in rural areas. Rural entrepreneurship not only generates employment opportunities but also puts a check on the migration of youth towards urban areas. Through efficient and effective utilization of national resources, rural entrepreneurs act as catalysts for economic development and agents of social transformation and change. Enormous opportunities are available in rural industrialisation, if a person is passionate about being an entrepreneur. Though challenges like family, finance, poor infrastructure, mall culture are there in the path of rural entrepreneurship self-motivation and feel of personal achievement can make every dream a possible thing.

Keywords: Entrepreneurs, Infrastructure, Development, Challenges, Opportunities

### **1. INTRODUCTION**

India is popularly known as the country of villages. 72.2 percent of the Indian population is residing in the rural region, out of which 75 percent population is involved in agriculture and allied activities. The land is limited, due to which it is unable to absorb a huge workforce in agriculture. Small & cottage industries and industrial units are very meager in number. Not only this, rural areas are suffering from challenges like poor infrastructure, underemployment, unemployment, poverty, lack of employment opportunities, lack of financial and market access, and migration of young population towards urban region (Aggarwal, 2013). Therefore, there is an urgent requirement to develop entrepreneurial activities in rural areas. In simpler terms, the establishment of industrial units by rural entrepreneurs can resolve the aforesaid challenges by catering the rural needs for instance creating employment opportunities (Choudhary,2011), generating different sources of income, developing village republics, developing rural areas, curbing rural-urban migration and powerful component of financial advancement (Beneworth, 2004).

Entrepreneurship blossoming in the rural region of the country is known as rural entrepreneurship. An individual who establishes the industrial and business units in rural areas procures local resources and largely employs local human resources is termed a rural entrepreneur (Chandrasah, 2016). Rural entrepreneur stays in villages and manages (plan, promote and maintain) an enterprise suited to the specific rural area. He possesses the capability to take on primary, secondary, and tertiary sectors activities and thus contribute to economic development (Jain and Chiranjeev, 2012). He manages raw materials, equipment, tools, manpower, capital and undertakes risk for his entrepreneurial activity. The rural entrepreneur can also arrange factors of production from urban areas and sell his product/services in both rural market and urban market (Sharma and Vyas, 2011). A plethora of studies show examples of successful rural industrialisation in India. Diversification from agriculture to non-agricultural activities like catering for tourists, artisans, carpentry, blacksmithing, spinning, etc., by utilizing resources other than land such as buildings, water, woodlands and, local features are all examples of rural entrepreneurship. Sectors such as The entrepreneurial combinations of these resources are for example sports, recreation and entertainment, tourism, professional, vocational and technical training, wholesaling and retailing, servicing, industrial applications, and value-added (products from meat, milk, wood, etc) are groomed by rural entrepreneurs by using local resources (Patil and Patil, 2016; Sathya, 2019).

Few principles of entrepreneurship that can lead to the development of rural areas are:

- Optimum utilization of rural/local resources in entrepreneurial activity - Proper distributions of income lead to rural prosperity.
- Entrepreneurs provide alternative employment opportunities, thereby reducing discrimination and moderating down rural migration.
- Developing a system that provides 6 M- Manpower, Machine, Material, Money, Management, and Market to the rural people (Sathya, 2019; Vedanthadesikan and Pathmanathan, 2016).

## **2. CLASSIFICATION OF RURAL ENTREPRENEURS**

Rural entrepreneurs represent a complex heterogeneous social structure with wide variability. It can be taken place in the industry, business, retail, finance, agriculture, horticulture, artisans. But broadly they can be classified into 4 types namely agriculture, artisans, merchant and trading, and tribal entrepreneurs (Singh 1982):

- a) Agricultural entrepreneurs: Individuals who are involved in agricultural activities are called agricultural entrepreneurs. In simpler words, the main occupation of agricultural entrepreneurs in agriculture.
- b) Artisan Entrepreneurs: Skilful individuals working in rural areas/ villages are called artisan entrepreneurs. This community acquires skills through education and formal training. Carpenters, weavers, blacksmiths, potters are the common example of artisans.
- c) Merchant and Trading Groups: This class of entrepreneurs is involved in industrial, business, or commercial activities. They run small shops like Kirana, micro and small units, commission business, procuring raw material from villages and sell it in urban markets at a good margin (Supriya and Govindappa- paper 5).
- d) Tribal Entrepreneurs: Tribal entrepreneurs are graduates, belonging to the tribal community. They utilise the forest produce and resources for their own needs and to cater to the needs of other members of the tribal community on a semi-commercial or commercial basis (Khakhalary, 2017).

## **3. KINDS OF RURAL ENTREPRENEURSHIP OR RURAL INDUSTRIES**

Rural industrialisation plays a vital role in the advancement of the Indian economy. From small-scale industries to large ventures, all are part of rural industrialisation (Mehta, 2011). But for a better understanding of rural industries, a general classification is made:

- **Agro-based industry:** Industries that procure raw materials from plant-based products and animals are classified as the agro-based industry. For example, dairy items, leather products, ayurvedic medicine, apparel, vegetable oil, cotton textile, wool, silk, jaggery production, sugar industries, spices, pickles, etc.
- **Forest-based industry:** Forest-based industries use forest produce as their raw materials such as paper production, furniture, and furnishings, jute bags, pharmaceuticals, leave plates, wooden products, bamboo products, basket weaving, honey, home decoration items, etc.
- **Polymer and chemical-based industry:** Industries that produce chemical-based products like detergent cakes, detergent powder, cleansing lotion, aloe vera gel, face creams, floor polish, hair conditioner, hair oil, bindi, ball pen ink, agarbatti, etc. are classified as polymer and chemical industry.
- **Textile industry:** This industry is concerned with the design, production and distribution of yarn, cloth and clothing. It primarily includes spinning, bleaching, coloring, weaving, and so on.
- **Mineral-based industry:** Mineral-based industries are categorised as heavy industries which use minerals as their basic raw material. The iron and Steel industry is considered the key industry of this sector. Further, it includes the manufacturing of red oxide, cement industries, building materials, wall coating powders, railway coaches, etc.
- **Engineering-based industry:** This industry is the largest amongst all industrial units in India. This industry is devoted to the production of engines, machine tools, pump sets, agricultural equipment, tractors, harvesters, etc (Bhushan, 2018).

#### **4. OBJECTIVES OF THE STUDY**

- To understand the importance of rural entrepreneurship in India.
- To identify the opportunities present in rural entrepreneurship in India
- To study the problems in the development of rural entrepreneurship in India
- To conduct SWOT analysis of rural entrepreneurship in the context of Indian scenario

#### **5. RESEARCH METHODOLOGY**

The study is descriptive in nature. The present study is based upon the secondary sources of data, which was collected through the literature, books, research papers, websites, research articles, blogs by various entrepreneurs, and various other publications. The main objective of this paper is to bring out the understanding of the present scenario of rural entrepreneurship, opportunities, and challenges in Rural entrepreneurship.

#### **6. IMPORTANCE OF RURAL ENTREPRENEURSHIP IN INDIA**

Rural entrepreneurship undertakes entrepreneurial exercises by establishing mechanical and speciality units in the villages and rural areas. Rural entrepreneurial activities contribute to economic growth and development by rising rural income. Other significant points of rural entrepreneurship are discussed below:

- Improves monetary supply in rural areas
- Reduces wage inconsistencies amongst urban and rural ranges
- The standard of living of the rural and tribal community will be increased

- Encouragement to small and cottage industries
- Save the old craftsmanship of incredible India
- Prompt advancement of rural villages without demolition
- Help in bringing down urban relocation
- Fulfillment of demand arising from the neighborhood area
- Work as an antidote to the issues of underemployment, unemployment, and poverty in rural areas
- Creation of goods and services where skills of particular nature are required
- Commercial ventures (particular segment) can be produced at a lower cost in provincial areas of the village (Bhushan, 2018).

## **7. RURAL ENTREPRENEURSHIP OPPORTUNITIES IN INDIA**

Rural entrepreneurship plays a vital role in the development of the Indian economy. A lot of opportunities exist in rural entrepreneurship:

- Motivation and sustainability: Rural entrepreneurs motivate and provide sustainability to the rural masses. Local people support and encourage the development of rural entrepreneurship in their region (Chakraborty and Barman, 2014).
- Labour availability: 70 percent of India's population is living in rural areas/villages. Lion's share of this population is employed in agriculture and allied activities. Agriculture and allied activities are not accessible consistently. The availability of semiskilled and incompetent workers is one of the driving forces behind entrepreneurs establishing the plant in rural towns/villages (Nandanwar, 2011).
- Raw materials availability: Farm-based items such as raw materials are easily accessible to rural entrepreneurs. Negligible/low transportation and buoyancy expenses motivate rural entrepreneurs to establish plants in rural towns/villages (Santhi and Kumar, 2011).
- Low foundation cost: The foundation cost of a business venture is quite less in rural villages (in comparison to urban zone). There is no compulsion of building or developing offices/frameworks/structures in rural entrepreneurship (Amrutrao, 2019).
- Production cost: The cost of factors of production in the rural area is relatively low when contrasted with metro and mini-metro cities. Rural entrepreneurs have an upper hand in the easy procurement of factors of production. Effortless accessibility decreases the production cost, the benefits of which are ultimately delivered to the customer.
- Cost of promotional activities: Rural industrialisation is slowly picking pace in India. Only a handful of industrial units are operating in rural villages and towns. In other words, competition in rural areas is less so for rural entrepreneurs there will not be any major cost incurred for promotional activities (Sharma et al., 2013).
- Subsidies and policies: Indian government had introduced several subsidies and policies for the better establishment and management of rural entrepreneurship. The government has announced subsidies that impetus the growth of industrialisation in rural areas. Not only this, the government had launched promotional policies which are quite innovative, flexible, and provide continuous support to rural entrepreneurs (Illahi, 2018; Santhi and Kumar, 2011)).
- The huge number of potential customers: Villages in India are densely populated. The purchasing power of villagers has increased over the years. This huge population is the potential customer base for industrial units. This is one of the most prominent reasons behind the shifting of MNC's in the rural area (Bhushan, 2018; Santhi and Kumar, 2011).

## **8. CHALLENGES FACED BY RURAL ENTREPRENEURSHIP IN INDIA**

Though enormous opportunities are present in rural entrepreneurship in India several challenges are being faced by rural entrepreneurs:

- **Family Challenges:** People in villages have a positive mindset towards job over employment. It's a matter of great concern for rural people whether they will be able to earn profit by owning and running rural industrial units. Parents won't show enthusiasm when their children opt for entrepreneurship instead of family-run profession/work. Even a person is passionate about starting a venture, negative comments (from family members) won't allow him to pursue his passion (Bhushan, 2018; Patel and Chavda, 2013; Vedanthadesikan and Pathmanathan, 2016).
- **Financial Challenges:** Getting business finance in the rural area is a big challenge for aspiring entrepreneurs. The challenge becomes multi-fold if visionaries are looking forward to running online businesses in rural areas. Venture funding is not very accessible for small and medium rural entrepreneurs and getting initial business funding from them becomes a herculean task (Bhushan, 2018; Jayadatta, 2017; Vedanthadesikan and Pathmanathan, 2016; Patel and Chavda, 2013).
- **Social Difficulties:** Social challenges mount tremendous pressure on new entrepreneurs. These challenges, at times, won't allow the aspiring entrepreneurs to fly high. Comparison with successful friends, siblings, colleagues, relatives on the ground of their income and social status creates tremendous pressure on new and small entrepreneurs and this is where the social challenge begins (Bhushan, 2018; Sundar and Srinivasan, 2009; Vedanthadesikan and Pathmanathan, 2016).
- **Policy Challenges:** There are a lot of changes taking place in a business environment (due to changes in government policies). Due to the implementation of GST (Goods and Services Tax), TRIPS (Trade-related Aspects of intellectual property rights), and TRIMS (Trade Related Investment Measures) there are heaps of changes to be introduced in strategies of rural industrialisation and hence acts as a challenge (Bhushan, 2018; Vedanthadesikan and Pathmanathan, 2016; Patel and Chavda, 2013).
- **Mall Culture:** Because of globalisation and western culture, Indian shoppers are highly influenced by shopping malls and shop-in-shop. Service quality delivered by shopping malls is unmatched. Shopping malls empower shoppers hence their footfalls increase in comparison to customary shops (Saxena, 2012).
- **Poor infrastructure and power failure:** These are the prominent challenges confronted by aspiring rural entrepreneurs. India is a developing nation, not a developed nation (Sundar and Srinivasan, 2009). Huge investments have to be made in infrastructure, power supply, water facilities, buildings, roads, bridges, etc, to accelerate the growth of rural industrialisation (Saxena, 2012; Sharma et al., 2013).
- **Poor mental self-view:** Self-confidence/self-belief is the mantra for success in any field of life. But in a nation like India where social traditions are still very strong, youth does not hold a positive self-view. One of the characteristics of an entrepreneur is self-believer, which is missing in the talent of rural entrepreneurs (Bhushan, 2018; Kaur and Gill, 2015).
- **Technological Challenges:** Rural people in India are not technologically sound. The adoption rate of new technology/innovation in urban India is higher than in rural India. Though the Indian government had started the campaign of Digital India, still it is far away from the approach of

common people. The problem gets multiplied when aspiring entrepreneurs want to start an online venture. They don't have information regarding the ideal technology and its effective usage (Bhushan, 2018; Vedanthadesikan and Pathmanathan, 2016; Patel and Chavda, 2013; Jebadurai, 2013).

Despite all the inadequacies and competencies in rural areas one should assess their strengths and also build upon them to make rural areas places of opportunities.

### 8. SWOT ANALYSIS OF RURAL ENTREPRENEURSHIP IN INDIA

A SWOT analysis of rural entrepreneurship has been conducted by the researchers after going through several research papers, articles, newspapers and blogs by entrepreneurs.

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> <li>• Preserve Indian heritage industries like handlooms, embroidery</li> <li>• Loyal customer base</li> <li>• Provides employment opportunities to rural people</li> <li>• Social and cultural development</li> <li>• Empower rural people by increasing their purchasing power</li> <li>• Strong ecosystem of financiers, suppliers, risk-takers, capital providers, intermediaries, markets, and technology</li> <li>• Low initial capital investment and business operation costs</li> </ul>	<ul style="list-style-type: none"> <li>• Existence of Knowledge Gap</li> <li>• Non-adoption of advanced technology</li> <li>• Language issues especially English</li> <li>• Unskilled manpower with low skill sets</li> <li>• The technical know-how of rural entrepreneurs</li> <li>• Poor mental self-view of entrepreneurs</li> <li>• Poor quality of goods and services</li> <li>• Low risk-taking capacity</li> </ul>
OPPORTUNITIES	THREATS

<ul style="list-style-type: none"> <li>• Free entry into the world trade</li> <li>• Competitive advantages / Availability of labour</li> <li>• Reduced restrictions by the government of other nations</li> <li>• Encouragement to innovations and inventions</li> <li>• Establishment of several national/international organizations to support rural entrepreneurs throughout the world</li> <li>• Promotion cost</li> <li>• Consideration increase in government assistance for international trade Promotion cost:</li> </ul>	<ul style="list-style-type: none"> <li>• Competition with global and established players, online retailers</li> <li>• Changes in Government Policies</li> <li>• The culture of many rural communities impedes entrepreneurial development</li> <li>• Absence of industry clusters</li> <li>• Shopping Mall Culture Migration of Entrepreneurs</li> <li>• Migration of Entrepreneurs Existing Social Structures</li> <li>• Existing Social Structures</li> </ul>
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## 9. CONCLUSION

People of rural India are heavily dependent on agriculture whereas Indian agriculture is dependent upon the monsoon. Flood, drought, and other natural disasters affect agricultural productivity. The challenge gets multi-fold due to the limited availability of land. In simple words, agriculture is not able to absorb the huge labour workforce, leading to underemployment and unemployment in rural areas. In search of employment, these people rehabilitate into urban areas.

The answer to these problems lies in the growth and promotion of rural entrepreneurship. Rural entrepreneurship involves an ecosystem of capital providers, suppliers, risk-takers, intermediaries, financiers, markets, and technology that facilitate smooth transactions. Rural entrepreneurs increase the standard of living and purchasing power of the people by offering employment opportunities to the people in villages. Employment generated by rural entrepreneurs will empower rural people, and they won't be forced to stay in unhygienic slums. Challenges like poverty, unwanted slums, pollution in cities, and congestion can be faced with the planned rural entrepreneurship. They by channelizing the resources from less productive to move productive use create wealth. Not only this, the vision of sustainable and balanced development can be fulfilled with the entrepreneurial activities in rural India.

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