

RURAL ENTREPRENEURSHIP – PROBLEMS AND REMEDIES

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ABSTRACT:

India lives in its villages, nearly 73 % of the total population live in rural areas where agriculture and allied activities are the main stay of their lives. The economic development of our country largely depends on the development of rural areas and the standard of living of its rural mass. Rural entrepreneur is one of the most important inputs in the economic development of a country and of regions within the country. Rural entrepreneur uses the scarce resources in the most efficient manner thereby increasing profits and decreasing costs. Due to lack of education, majority of rural people are unaware of technological development, marketing etc. Shortage of finance and raw materials are main problems face by rural entrepreneurs. Most of the rural entrepreneurs face peculiar problems like illiteracy, fear of risk, lack of training and experience, limited purchasing power and competition from urban entrepreneurs. Promotion of rural entrepreneurship is a key to develop rural areas and backward towns. This paper focuses on the identification of various problems associated with rural entrepreneurship. Suitable cures have also been discussed to overcome these problems.

INTRODUCTION

After over 7 decades of Independence and Industrialization in our country, still large part of population remains under poverty line. Agriculture continues to be the back bone of rural society. As per this study, 75 per cent of holdings are held by small and marginal farmers resulting in overcrowding on the agricultural land and diminishing farm produce. This also results in migration of farm worker in large numbers to the urban areas. In both the cases the population remains under poverty line. Entrepreneurship can play an important role in rural development. “Entrepreneur means one who creates a product on his own account, who ever undertakes on his

own an industrial/trading enterprise in which work men are employed”. If entrepreneurs really encouraged in rural area it would, of course, be instrumental in changing the face of rural areas by solving the problems of unemployment, poverty, economic disparity, poor utilization of rural capacity, low level of standard of living. Majority of the population still lives in rural India and the large chunk of population in urban areas still live through the learning of a village life. For the strength of the country there is a necessity to develop the villages. Development of a country is a choice loaded on its people, whether urban or rural. It is individuals who shape up a society and decide its progress and performance. Urban and rural are two sides of the same coin of economic development. While the urban sector has witnessed phenomenal growth and development, fuelled by the post independence era of industrialization, the rural sector saw little corporate growth.

Rural development is more than ever before linked to entrepreneurship. Institutions and individuals promoting rural development now see entrepreneurship as a strategic development intervention that could accelerate the rural development process. Furthermore, institutions and individuals seem to agree on urgent need to promote rural enterprises.

PROBLEMS IN RURAL ENTREPRENEURSHIP

Entrepreneurs are playing very important role in the development of economy. They face various problems in day to day work. As the thorns are part of roses, similarly every flourishing business has its own kind of problems. Some of the major problems faced by rural entrepreneurs are as under.

1. FINANCIAL PROBLEMS: -

A. PAUCITY OF FUNDS

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.

Lack of finance available to rural entrepreneurs is one of the biggest problems which rural entrepreneur is bearing now days especially due to global recession. Major difficulties faced by rural entrepreneurs include low level of purchasing power of rural consumer so sales volume is insufficient, lack of finance to start business, reduced profits due to competition, pricing of goods and services, Financial statements are difficult to be maintained by rural entrepreneur, stringent tax laws, lack of guarantees for raising up of loans, difficulty in raising capital through equity, dependence on small money lenders for loans for which they charge discriminating

interest rates and huge rent and property cost.

Major sources of finance in rural areas are loans from regional rural banks or from private money lenders but their rate of interest are usually very high. Government has various institutions for this purpose but the results are not up to the level expected.

B. LACK OF INFRASTRUCTURAL FACILITIES

The growth of rural entrepreneurs is not very healthy in spite of efforts made by government due to lack of proper and adequate infrastructural facilities.

C. RISK ELEMENT

Rural entrepreneurs have less risk bearing capacity due to lack of financial resources and external support.

2. MARKETING PROBLEMS

a. COMPETITION

Rural entrepreneurs face severe completion from large sized organizations and urban entrepreneurs. They incur high cost of production due to high input cost. Major problems faced by marketers are the problem of standardization and competition from large scale units. Competition from large scale units also creates difficulty for the survival of new ventures. New ventures have limited financial resources and hence cannot afford to spend more on sales promotion. These units are not having any standard brand name under which they can sell their products. New ventures have to come up with new advertisement strategies which the rural people can easily understand. The literacy rate among the rural consumer is very low. Printed media have limited scope in the rural context. The traditionally bounded nature, cultural backwardness and cultural barriers add to the difficulty of communication. The producers are not collective in their approach for marketing their products because they are to widely scattered and uneducated.

b. MIDDLEMEN

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 earthier 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.

3. MANAGEMENT PROBLEMS

a. LAKE OF KNOWLEDGE OF INFORMATION TECHNOLOGY

Information technology is not very common in rural areas. 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. LEGAL FORMALITIES

Rural entrepreneurs find it extremely difficult in complying with various legal formalities in obtaining licenses due to illiteracy and ignorance.

c. PROCUREMENT OF RAW MATERIALS

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.

d. LACK OF TECHNICAL KNOWLEDGE

Rural entrepreneurs suffer a severe problem of lack of technical knowledge. Lack of training facilities and extension services crate a hurdle for the development of rural entrepreneurship.

e. 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.

4. HUMAN RESOURCES 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. The industries in rural areas are not only established just to take advantage of cheap labour but also to bring about an integrated rural development. So rural entrepreneurs should not look at rural area as their market, they should also see the challenges existing in urban areas and be prepared for them. Rural entrepreneurs are generally less innovative in their thinking. Youths in rural areas have little options “this is what they are given to believe”. This is the reason that many of them either work at farm or migrate to urban land.

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. As per circumstances, rural people by force may be more self sufficient than their urban counterparts, but the culture of entrepreneurship tends to be weak. Continuous motivation is needed in case of rural employee which is sometime difficult for an entrepreneur to impart with.

REMEDIES FOR DEVELOPMENT OF RURAL ENTREPRENEURS IN INDIA

In India the growth of rural entrepreneurs is not satisfactory; the following measures are to be implemented for development of rural entrepreneurs:

- i. As raw materials constitute the basic ingredient of industry, there should be free and continuous supply of raw materials. Continuous supply of raw materials ensures continuous and smooth production process.
- ii. Rural entrepreneurs face inadequacy of capital which is regarded as the life blood of business unit. Provision for adequate capital will facilitate development of rural entrepreneurs.
- iii. One of the major problems of rural entrepreneurs is marketing of product. The problems of marketing can be solved by provision of common production cum marketing centres.
- iv. Most of rural entrepreneurs accept this professional career not according to their choice but by chance. This ensures lack of aptitude and competency. One can overcome these difficulties by encouraging rural entrepreneurs.

- v. Rural industries fail not due to non-availability of facilities but non-awareness of facilities. In the present days different non-government organizations (NGOs) are formed for developing awareness programmed on development of entrepreneurs. There are 3 different types of NGOs.

SUGGESTIONS

1. Govt. should provide separate financial fund of rural entrepreneur.
2. We should provide special infrastructure facilities whatever they deed.
3. Govt. should arrange special training programmes of rural entrepreneurship
4. Govt. should felicitate top ranker rural's entrepreneur.
5. Rural entrepreneur should more competitive and efficient in the local & international market.
6. Use should invite successful rural entrepreneurs from other states of country.

CONCLUSIONS

Rural entrepreneur is a key figure in economic progress of India. Rural entrepreneurship is the way of converting developing country into developed nation. Rural entrepreneurship is the answer to removal of rural poverty in India. Therefore, there should be more stress on integrated rural development programs. The problem is that most of the rural youth do not think of entrepreneurship as the career option. Therefore, the rural youth need to be motivated to take up entrepreneurship as a career, with training and sustaining support systems providing all necessary assistance. There should be efficient regulated market and government should also lend its helping hand in this context. Grading and standardization should be promoted and promotional activities should be enhanced. NGO's should be provided full support by government.

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