

Entrepreneurship as a Catalyst for Rural Development: An Overview

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Abstract: *Entrepreneurship contributes to the economic development because it involves generation of employment opportunities and also improves the standard of living of people. Entrepreneurs are considered as a backbone for the economic development of a nation. It serves as a powerful catalyst in driving economic growth, creation of jobs and also social progress in the economy. Entrepreneurial activities drives innovation, promotes capital formation and achieves balanced regional development. It also induces backward and forward linkages which stimulate the process of economic development in the country. Majority of the population in India reside in villages. The economic growth of the country predominantly depends on the development of rural areas. Rural entrepreneurship stimulates the entrepreneurial motive and helps to carry out economic activities which leads to rural development. There are various schemes and initiatives implemented by the government to boost entrepreneurship in rural areas. Start-Up Village Entrepreneurship Programme is one such program which is designed to support the entrepreneurs in rural areas to set up their own local enterprises which enables in strengthening their entrepreneurial motives. The basic objective of this paper is to study the role of entrepreneurship in boosting rural development. The study is based on secondary data collected from books, journals, websites and reports. The paper also examines the importance of entrepreneurship development programmes in contributing to the socio-economic development in the economy. Thus, paper also attempts to find out the problems and the recommendations to solve the problems.*

Keywords: Rural Entrepreneurship, Rural Development, Economic Growth, Start-Up Village Entrepreneurship Programme

1. Introduction

Majority of the population in India resides in villages and derives their livelihood directly or indirectly through agriculture. According to the Census 2011, out of 1210.2 million population in India, the size of the rural population is 833.1 million which about 68.84 percent of the total population is. The economic progress of the country majorly depends on developing the rural areas. According to Tenth Five Year Plan, "Rural development is central to economic development of the country." It is also important to develop the rural industries as it plays a very significant role in rural development. In such situation, rural industrialization through rural entrepreneurship is viewed as an effective means of accelerating the process of rural development. Entrepreneurship needs industrialization. Hence, there is need for rural entrepreneurship. Rural Entrepreneurship is the only solution to eradicate poverty, generate employment opportunities and improve the standard of living of people, reduce rural-urban migration and boost the socio-economic conditions of the rural population. It can significantly contribute to the economy by enhancing the pace of rural development.

What is Rural Entrepreneurship?

According to the Khadi and Village Industries Commission (KVIC), "village industry or rural industry means any industry located in rural area, population of which does not exceed 10,000 or such other figure which produces any goods or renders any services with or without use of power and in which the fixed capital investment per head of an artisan or a worker does not exceed a thousand rupees."

Rural entrepreneurship refers to the development of a new enterprise which pioneers new products and services, creates a new market for its offerings or uses advanced technology, in the rural area. In simple terms, the

entrepreneurship which springs up in non-urban areas is termed as rural entrepreneurship.

Rural entrepreneurship in India

The development of rural entrepreneurs in India acts as a tool to solve various economic, political and social institutions. Rural entrepreneurs play a significant role in the overall economic upliftment of the country. The growth of rural entrepreneurship stimulates the growth of rural industries which facilitates optimum utilization of resources and generates employment opportunities in the economy. Providing occupational opportunities to the rural population reduces social inequality and discrimination and also provides alternative occupations which resists rural-urban migration.

2. Brief Review of Literature

Rural development is the main thrust area of every government of our country. Rural entrepreneurship is a catalyst for rural development. Without rural development it is impossible to dream of Indian development. (Mishra & Dhal, 2017) Economic policy of a country should also enable entrepreneurs to provide magical touch to an organization irrespective of public, private or joint sector in achieving innovativeness, speed, flexibility and also strong sense of self determination. (Prasad & Naveena, 2012) Rural entrepreneurship is not only important as a means of generating employment opportunities in the rural areas with low capital cost and raising the real income of the people, but also its contribution to the development of agriculture and urban industries. Rural entrepreneurship can be considered one of the solutions to reduce poverty, migration, economic disparity, unemployment and develop rural areas and backward regions. (Kushalakshi & Raghurama, 2014) Businesses are the sole source of employment for rural youngsters. If the rural entrepreneurs succeed in their endeavor, the influx of refugees from farms to cities will be

halted to the greatest extent possible. Loans with low interest and simple repayment should be made available to rural businesses. Subsidies may be granted from time to time to make rural entrepreneur products more affordable and competitive. (Kumar & K, 2022) Young rural people with an ability to think positively and creatively and with the help of rightly channelized efforts would usher in an era of rural entrepreneurship. (Patel & Chavda, 2013)

Objectives of the study

- 1) To understand the need for rural entrepreneurship.
- 2) To know the importance of rural entrepreneurship.
- 3) To study the problems and challenges faced by rural entrepreneurs.
- 4) To suggest strategies how to develop rural entrepreneurship in rural areas.

3. Research Methodology

The present study is based on secondary data sources. The related data is collected from books, journals articles, government publications, websites, published and unpublished sources.

Need for Rural Entrepreneurship

The need for developing rural entrepreneurship is to promote the development of rural areas in the country. Rural entrepreneurship is the prime way to promote rural industries which encourages generation of employment opportunities. Rural industries being labour intensive serves as a high potential to eradicate the widespread problems of disguised unemployment in rural areas. Developing rural industries will help in providing jobs to the rural unemployed and reduces the disparities in income levels between rural and urban areas. They also uplift dispersal of economic activities which promotes balanced regional development in the economy. It also serves as an effective mean to protect and promote rich heritage of the country through art and creativity. Rural industrialization acts as a catalyst for economic development in rural areas and also limits rural-urban migration. It provides the best solution to tackle the problems of poverty and unemployment stalking the rural areas in the country.

Types of Rural Entrepreneurship

Rural industries are generally classified into six categories:

- 1) Agro based industries: This category of rural industries engage in buying and selling of agricultural products. It includes direct sale and processing of agro products such as sugar, dairy products, oil, spices, jiggery, etc.
- 2) Forest based industries: Forest provides with different kinds of products which can be used as raw materials in the process of production by certain industries. These industries include supplying wood or wood products, coir industry, bamboo products, beedi making, honey making, paper products, etc.
- 3) Mineral based industries: This type of industry use minerals and metals as raw materials which include limestone, silica, alumina, cement industry, stone crushing, etc.
- 4) Textile industry: Industries which include weaving, spinning, coloring and bleaching of textile. Silk, wool, jute, etc. are few examples.

- 5) Handicrafts: These include making of craft or artistic items and traditional decorative products form wood, bamboo, glass, jute, soil, etc.
- 6) Engineering and services: These include tools and equipment used in agriculture such as tractors, pumps, pipes, fittings, repairs, etc.

Importance of Rural Entrepreneurship

Rural entrepreneurship can be considered as a solution to eradicate poverty, reduce unemployment, rural-urban migration and development of rural areas.

- Generation of employment opportunities: A large number of employment opportunities can be generated because of rural entrepreneurship for the people living in these areas. The major problem seen in today's scenario is disguised unemployment and underemployment. This type of entrepreneurship enables rural population to avail new opportunities and can effectively solve the problem.
- Proper utilization of resources: All the resources and raw materials required for industries and businesses area available in the remote areas and the process of rural entrepreneurship is associated with proper and complete utilization of materials to maximize its level of profit. This will directly or indirectly improve the socio economic conditions of the rural population.
- Bridge the gaps: There is a huge gap between the rural and urban areas in terms of quality education and generation of employment opportunities. Rural entrepreneurship helps to fill up this gap by providing development opportunities for people in rural areas.
- Balanced regional development: Setting up new industries and businesses in underdeveloped and backward regions lead to economic development of these areas. It also contributes to infrastructural improvements like better transportation, electricity, water supply and other public and private services. This also helps in equitable distribution of economic power.
- Promotion of artistic activities: Promoting and protecting arts and handicrafts through rural entrepreneurship helps in preserving the old-age artistic heritage. It aids in conserving the tradition and culture of the nation.
- Improves standard of living: Entrepreneurial activities initiate better job opportunities which enables people to earn their livelihood and increase their purchasing power. This enables them to be financially independent and thereby their standard and quality of living.
- Fosters economic development: Rural development is central to economic development of the country. It keeps control over the migration of people from rural to urban areas and increases the level of growth in both the regions. Entrepreneurs play a significant role in fostering economic development in a country.

Start-Up Village Entrepreneurship Programme

The Start-Up Village Entrepreneurship Programme is an initiative under the Deendayal Antyodaya Yojana – National Rural Livelihoods Mission (DAY-NRLM) of the Ministry of Rural Development. The main objective of SVEP is to generate employment opportunities in the villages and alleviate poverty by helping rural startups and enterprises. Their long term vision is to provide support and benefit for 1 crore rural enterprises and provide job opportunities to 2 crore of the rural population.

Start-Up Village Entrepreneurship Programme				
S. No	District	Taluka	Enterprise to be supported	Community Resource Persons
1	Mysuru	T Narsipur	2304	35
2	Koppal	Koppal	2300	40
3	Ramanagara	Ramanagara	2400	35
4	Bengaluru Rural	Devanahalli	2400	388

Source: Sanjeevini-KSRLPS

The above table shows that Sanjeevini – KSRLPS is implementing the program in four taluks of Karnataka – T Narsipur, Koppal, Ramanagara and Devanahalli. The main purpose of SVEP in Karnataka is to provide support and develop 10,000 rural enterprises in four taluks during a period of four years from 2022. This helps the rural population to come out of poverty and set up their own enterprises which enables to improve the living conditions of the weaker sections of the society. The programme also provides easy access to capital and financial benefit to the rural entrepreneurs through credit and marketing system. They can apply for loans from banks or Self-help groups and other financial institutions. This will stimulate growth in the economy and promote rural entrepreneurship in Karnataka.

4. Problems faced by Rural Entrepreneurs in Karnataka

Entrepreneurs play a significant role in promoting balanced regional development in the country and thereby contributing to overall development of the economy. Developing rural entrepreneurship is not easy. It is constrained with several problems. Some of the major problems faced by rural entrepreneurs are as follows:

- Financial constraints: Due to absence of proper credit facilities in the market, most of the rural entrepreneurs fail to get funds. The procedure of availing the loans is a time consuming process which often disappoints the entrepreneurs. Lack of finance is one of the major problems faced by rural entrepreneurs which creates difficulty in raising funds for businesses.
- Inadequate infrastructural facilities: Lack of proper and adequate infrastructural facilities curbs the growth of rural entrepreneurship. Rural entrepreneurs also face lack of storage and warehousing facilities which constraints the entrepreneurial activities.
- Lack of training and skills: Rural entrepreneurs suffer from a problem of lack of technical knowledge. Paucity of training and skill development create a hurdle for improving rural entrepreneurship and creates shortage of skillful labourers.
- Management problems: Rural people are unaware about the various opportunities available to them and find it extremely difficult to comply with legal formalities and other services.
- Competition: Rural entrepreneurs face severe competition from large scale industries and urban entrepreneurs. This creates difficulty for the survival of local ventures. They have very limited resources available to them and cannot afford to spend on marketing and promotional strategies.
- Negative attitude: The environment in the family and society around is not very supportive to encourage and

motivate the rural people to take entrepreneurship as their career. This is because of lack of knowledge of entrepreneurial opportunities and awareness. This tends to weaken the culture of rural entrepreneurship.

5. Suggestions

Rural entrepreneurship plays a significant role in contributing towards the gross domestic product of the nation. The government should provide the rural population with basic training facilities and skill development programmes to enable them to work efficiently. This also increases the productivity of the workers. Use of proper technology is very essential for the growth of the local enterprises to overcome the competition from the urban entrepreneurs. In order to have access to latest technology, rural entrepreneurs should be given with sufficient funds by the funding agencies. They should also be provided with sufficient infrastructural facilities to improve their business. To encourage rural entrepreneurship in the economy, credit facilities should be availed at easy repayment basis and concessional interest rates. Rural youth entrepreneurship should be promoted in the economy to overcome unemployment and raise the living standards.

6. Conclusion

Mahatma Gandhi once said that the real progress of India did not simply mean the growth and expansion of the urban centers but mainly the development of the villages. Rural entrepreneurship acts a catalyst for developing the rural areas and provides the best solution for generating employment opportunities both at the state and national level. It is through this poverty can be alleviated, bring balanced regional development, reduce unemployment and develop the backward areas of the nation. Rural entrepreneurship can be considered as the backbone of the country to solve the major problems in the rural areas.

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