



## **Problems & Drawbacks of Rural Entrepreneurships In Economic Development in Indian scenario**

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### **Abstract:**

Rural Entrepreneurship is now a day's a major opportunity for the people who migrate from rural areas or semi-urban areas to urban areas. On the contrary it is also a fact that the majority of rural entrepreneurs are facing many problems due to not availability of primary amenities in rural areas of developing country like India. Lack of education, financial problems, and insufficient technical and conceptual ability is too difficult for the rural entrepreneurs to establish industries in the rural areas. This paper makes an attempt to find out the problems and drawbacks for the potentiality of rural Entrepreneurship. It also focuses on the major problems faced by the rural entrepreneurs especially in the field of marketing of products, financial amenities and other primary amenities. i.e availability of electricity, water supply, transport facilities and required energy etc. Development of rural parts of the country has to be taken as serious concern if overall progress is required.

**Keywords:** Rural, entrepreneurship, problems, drawbacks.

### **Introduction:**

An entrepreneur is a person who either creates new combinations of production factors such as new methods of production, new products, new markets, finds new sources supply and new organizational forms or as a person who is willing to take risks or a person who by exploiting market opportunities, eliminates disequilibrium between aggregate supply and aggregate demand or as one who owns and operates a business. We have seen unemployment or underemployment in the villages that has led to influx of rural population to the cities. What is needed is to create a situation so that the migration from rural areas to urban areas comes down. Though Government have tried out various schemes for generating incomes in the rural areas such as government initiatives have not stopped people from moving out of



villages to cities. This is because such government initiatives are not on their own capable of enabling people to earn adequately. There has to be some committed enterprising individual or a group of people. If a nation has to progress than the rural entrepreneurs has to flourish otherwise the maximum portion of development will be in stake.

### **Literature Review :**

Parwez & Shekar (2019).stated that Grassroots innovation is an important instrument to solve such problems in these regions, where appropriate solution is not developed by the government instrument or private agencies (market) in general with various forms of value creation.

According to Saxena (2012) 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.

### **Objective of the study:**

- ✓ To study the role of Rural Entrepreneurs in Economic Development of India.
- ✓ To evaluate the problems faced by the Rural Entrepreneurs in India.
- ✓ To find out the solutions to solve the problems of Rural Entrepreneurs.

### **Role of Rural Entrepreneurs in Economic Development:**

The vital role played by Rural Entrepreneurs for the economic development are as follows :

- **Formation of Capital :** Entrepreneurs by placing profitable business propositions attract investment to ensure private participation in the industrialization process. The otherwise idle savings are channelized for investment in business venture which in turn provides return.
- **Balanced Regional Development:** The Entrepreneurs always look for opportunities in the environment. They capitalize on the opportunities of governmental concessions, subsidies and facilities to set up their enterprises in underdeveloped areas. Therefore Entrepreneurs reduce the imbalances and disparities in development among regions.



- **General Employment:** This is the real charm of being an Entrepreneur. They are not the job seekers but the job creators and job providers. With the globalization process the government jobs are shrinking leaving many unemployed. In this circumstances, the Entrepreneurs and their enterprises are the only hope and source of direct and indirect employment generation.
- **Improvement in Standard of Living:** Entrepreneurial initiative through employment generations leads to increase in income and purchasing power which is spent on consumption expenditure. Increased demand for goods and services boost up industrial activity. Large scale production will result in economies of scale and low cost of production. Modern concept of marketing involves creating a demand and then filling it. New Innovative and varying quality products at most competitive prices making common man's life smoother, easier and comfortable are the contribution of entrepreneurial initiative.
- **Increase in per capita Income:** Entrepreneurs convert the latent and idle resources like land, labour and capital into goods and services resulting I increase in the national income and wealth o f a nation. The increase in national income is the indication of increase in net national product and per capita income to the country.
- **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. 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 judgments, perseverance and knowledge of the world of business.
- **Equitable Distribution of Economic Power :** The modern world is dominated by economic power. Economic power is the natural outcome of industrial and business activity. Industrial development may lead to concentration of economic power in few hands which results in the growth of monopolies. The increasing number of



entrepreneurs helps in dispersal of economic power into the hands of many efficient managers of new enterprises.

### **Economic development through rural entrepreneurship:**

- ✓ **Provide employment opportunities:** rural entrepreneurship is labour incentive and provides a clear solution to the growing problems of unemployment. Development of industrial units in rural areas who has a high potential for employment generation and income creation.
- ✓ **Check on the migration of rural population:** rural entrepreneurship can fill the big gap and disparity in income of rural and urban people. rural entrepreneurship in or developed infrastructural facilities like power road bridges etc. it can help to check the Migration of people from rural to urban areas in search of jobs.
- ✓ **Balanced Regional growth:** rural Entrepreneurship and dispel the concentration of industrial units in urban areas and promote regional development in a balanced way.
- ✓ **Promotion of Artistic Activities:** the age-old rich heritage of rural India is preserved by protecting and promoting art and handicraft to rural entrepreneurship.
- ✓ **Check on Social Evils:** the growth of rural entrepreneurship the social evils like poverty, growth of slums, pollution etc.
- ✓ **Awaken the Rural Youth:** rural entrepreneurship the rural youth and exposed various avenues to adopt Entrepreneurship and promote it as a career.
- ✓ **Improve the Standard of Living:** rural entrepreneurship the literacy rate of the rural population. their education and self-employment will transfer the country by increasing their standard of living



### **Drawbacks faced by rural entrepreneurship in India:**

- ✓ **Family Drawbacks:** convincing to opt for business over a job is no easy task for an individual. The family makes a comparison in terms of financial aspects. this is where it becomes almost impossible to convince that you can generate more cash with your passion than doing what your senior family members are doing.
- ✓ **Social Drawbacks:** Family challenges are always at the top because that is what matters the most but at the same time social challenges are also very important social status like having a flat or house bank balance are also the challenges which are faced by individuals.
- ✓ **Technological Drawbacks:** Indian education system lacks too much from the job in the hole but then it lacks, even more, when it comes to online entrepreneurship what technology would be idle how to use that effectively matters.
- ✓ **Financial Drawbacks:** financial drawbacks are a lot different in Indian especially for e-business. When you are setting out an Enterprise financial challenges becomes a big concern.
- ✓ **Policy Drawbacks:** Now and then there is lots of changes in the policies to change in the government. Problems of TRIPS and TRIMS. Problems of raising equity capital, problems of availing raw-materials, problems of obsolescence of indigenous technology Increased pollutants Ecological imbalance. The exploitation of small and poor countries etc.

### **Measures to solve the Problems face by the Rural Entrepreneurs:**

Different organization like IFCI, ICICI, SIDBI, NABARD etc. are trying to sort these problems. Marketing problems are related with distribution channels, pricing, product promotion etc. In order to make the rural entrepreneurs to start the business venture, the following measures may be adopted.



- ✓ Creation of finance Cells: The financial institutions and banks which provide finances to entrepreneurs must create special cells for providing easy finance to rural entrepreneurs.
- ✓ Concessional rates of interest: The rural entrepreneurs should be provided finance at concessional rates of interest and on easy repayment basis.
- ✓ Proper supply of raw materials: Rural entrepreneurs should be ensured of proper supply of scarce raw materials on priority basis. A subsidy may also be offered to make the products manufactured by rural entrepreneurs cost competitive and reasonable.
- ✓ Offering training facilities : Training is essential for the development of entrepreneurs. It enables the rural entrepreneurs to undertake the venture successfully as it imparts required skills to run the enterprise. Presently the economically weaker entrepreneurs of the society are offered such training facility by Government of India regarding skill development of the existing entrepreneurs so that rural entrepreneurs can generate income and employment opportunities in rural area.
- ✓ Setting up Marketing Co-operatives : Proper encouragement and assistance should be provided to rural entrepreneurs for setting up marketing co-operatives. These co-operatives shall help in getting the inputs at reasonable rate and they are helpful in selling their products at remunerative prices. Thus, proper education, comprehensive training, setting up of separate financial institutions. Development of marketing co-operatives to a large extent helps to flourish entrepreneurs in India.

### **Suggestions to Face Drawbacks:**

The following general suggestions are as follows:

- ✓ Government can provide separate financial fund of rural entrepreneur.
- ✓ The concerned department should provide special infrastructure facilities wherever they need.
- ✓ Government should arrange special training program for rural entrepreneurship.
- ✓ Government should felicitate top ranked rural's entrepreneur.
- ✓ Rural entrepreneurship should be more competitive and efficient in the local and international market.
- ✓ We 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. 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 be promoted and promotional activities should be enhanced. NGO's should be provided full support by government. The problem is essentially lopsided development which is a development of one area at the cost of development of some other place, with associated problems of underdevelopment. Then by channelizing the resources from less productive to move productive use creates wealth. Through efficient and effective utilization of national resources, they act as catalysts for economic development and agents of social transformation and change.

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