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ROLE OF ENTREPRENEURSHIP IN RURAL DEVELOPMENT – AN ANALYSIS

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ABSTRACT----------
The communities form the foundation of the country. 70% of the workers and two thirds of the population in India live in rural areas. Rural entrepreneurs' growth has the potential to alleviate rural residents' problems with unemployment and inadequate infrastructure. One way to lessen poverty, migration, economic inequity, unemployment, and to enhance rural communities and underdeveloped regions is through rural entrepreneurship. Rural business owners are crucial to the national economy, especially for rural development. The lack of basic facilities in rural areas, a lack of education, financial difficulties, and insufficient technical and conceptual skills are only a few of the issues that rural entrepreneurs face, making it difficult to develop a rural firm. In this study, an effort has been made to look at how rural industries have performed in India over the course of ten years, from 2011–12 to 2020–21, in terms of products, sales, and employment. Therefore, this essay also makes an effort to identify issues and offer suggestions for how to resolve them.

KEY WORDS: *Entrepreneurs, Tribal entrepreneurs, Village Industries, Rural Population----------*

1. INTRODUCTION

India is mostly a rural nation, with two thirds of the population and 70% of the workers living there. 46% of the nation's income is generated in the rural economy. By 2050, more than half of India's population is expected to live in rural areas, despite the country's growing urbanisation. Our nation's economic growth is heavily reliant on how well rural areas are doing and how well the rural masses are doing. Village or rural industries are crucial to the country's economy, especially for rural development. Rural entrepreneurship is built on fostering native talent for entrepreneurship and the ensuing expansion of indigenous businesses. It sees opportunities in rural areas and expedites a distinctive combination of resources from both within and outside of agriculture. By developing new means of production, new markets, and new goods, rural entrepreneurship adds economic value to the rural sector and creates job possibilities, assuring continued rural development.

Rural entrepreneurship is becoming a vibrant idea. It is commonly understood to be the emergence of entrepreneurship at the village level in a range of sectors of endeavour, including business, industry, and agriculture, and it is a powerful driver of economic growth. One way to lessen poverty, migration, economic inequity, unemployment, and to enhance rural communities and underdeveloped regions is through rural entrepreneurship.

"Village industry or rural industry" is defined by the Khadi and Village Industries Commission (KVIC) as "any industry located in rural areas, the population of which does not exceed 10,000 or such other figure, which produces any goods or renders any services with or without the use of power and in which the fixed capital investment per head of an artisan or a worker does not exceed thousand rupees." The Government of India has changed the concept of village industry to broaden its use. The Government of India defines a village industry as "any industry located in rural areas, village or town with a population of 20,000 and below and an investment of 3 crores in equipment and machinery."

2. OBJECTIVES OF THE STUDY

The following are the objectives of the current study:
• To understand the various forms of rural entrepreneurship.
• To evaluate rural industries' performance.

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• To be aware of rural entrepreneurship's significance.
• To research the difficulties faced by rural entrepreneurs.

3. RESEARCH METHODOLOGY

The current study is analytical in nature and is based on secondary data. Tools from statistics and mathematics are employed, such as simple growth rates and percentages. The Ministry of Micro, Small, and Medium Enterprises' Annual Reports, Udyog Bhavan, New Delhi, are the information's sources. Percentages and the simple growth rate are computed to examine the improvements made by rural industries in production, sales, and employment. (GR in this study represents the simple growth rate. GR = Yt - Y0 / Y0 x 100 (where Yt denotes the parameter's value in the current year and Y0 denotes the parameter's value in the previous year).

4. REVIEW OF LITERATURE

Understanding the significance, context, and current state of the topic chosen for the research is aided by reviewing the pertinent literature. Reviewing current and pertinent literature on the issue is therefore essential. Numerous studies have been done on the part of entrepreneurship in rural development. Here, an effort is made to present an overview of the numerous features and problems of this topic through the review of the literature that has already been published. Below is a discussion of a few of the key studies that were picked for examination.

Keeble et al. (1992), According to their research, SMEs in rural areas of the UK do better in terms of job growth than their counterparts in metropolitan areas.

Petrin (1994) Another article came to the conclusion that entrepreneurship is now strongly associated with rural development. It serves as a means of enhancing the standard of living for people, families, and communities in order to maintain a strong economy and environment.

Storey (1994), In his research, discovered that the amount of entrepreneurship is influenced by governmental decisions.

Lyson (1995) suggested the potential of a small-enterprise framework as a potential rural development strategy for the communities that were economically underprivileged.

Vaessen and Keeble (1995), shows SMEs in more remote rural locations face hurdles from their external environment that they must overcome in order to thrive.

Sherief (2005) made an effort to comprehend the factors that influence rural entrepreneurship and the conditions that support its growth. The study came to the conclusion that encouraging entrepreneurship is essential to accelerating economic growth in rural areas.

Ramalingam and Gayatri (2009), indicated that entrepreneurship development might leverage innovation as a strategic instrument. According to the study's findings, tiny innovations in rural areas will undoubtedly catch up with the rest of the population, improving the quality of life for many citizens of the nation.

Ganly, Kate and Mair, Johanna (2009), said that one approach to conceive the role of social entrepreneurs in social change processes is to see them as institutional entrepreneurs, or as entrepreneurial actors who propose and push through alternative ideas of social, political, or cultural order. Through work on community development in eastern India, the study addresses the problems of institutionalised inequality and social exclusion.

Sharma, Swati, Vyas and Divya (2011), showed that a number of social, economic, political, and ecological issues in rural areas of developing nations like India pose difficulties for employment, reduce agricultural output, and worsen food shortages. The impact on domestic output, employment, etc. has been significant as a result. These issues can be partially resolved by encouraging entrepreneurship in rural India.

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Mehta, (2011), According to his analysis, numerous Indian enterprises, including multinational corporations, have begun to establish business plans to access India's underserved rural market.
The report would be useful in helping the different organisations create plans and policies to encourage rural entrepreneurship in India. This could contribute to the Indian rural market being a significant force in the world economy. Few studies in the context of rural development in India were found in the literature review we stated above. So, the current study is only another attempt to add to the body of knowledge.

5. TYPES OF RURAL ENTREPRENEURSHIP

The rural entrepreneurship can be classified as follows:

5.1 Agricultural Entrepreneurs

Agricultural entrepreneurs are people who work primarily in agriculture. In reality, physiocratic economists in the latter part of the 18th century referred to agricultural growers as entrepreneurs. Agro-based businesses: These businesses engage in the direct selling or processing of agricultural products like jiggery, pickles, sugar production, oil extraction from oil seeds, dairy goods, fruit juice, and spices.

5.2 Artisan Entrepreneurs

Artists are professionals who live and work in rural areas. They play a significant role in the village. More than 100 crafts are practised by artisans in villages, according to the Reverse Bank of India. These businesspeople receive professional training while affiliated with their kinship group, which helps them develop their talents. They include important professions including carpentry, blacksmithing, the textile industry, handicrafts, engineering, and services, as well as weavers and potters.

5.3 Business and Trading Organizations

A small portion of the rural community is active in business. They operate petty businesses, engage in commission-based business, purchase farm products in the village, and then resell them for a profit in metropolitan areas. This class was thought to be historically exploitative.

5.4 Tribal Entrepreneurs

The tribal settlements are where you'll mostly find entrepreneurs from other tribes. They received their name since the tribal community is where they originally came from. They might be thought of as a class all by themselves. They traditionally didn't work and relied on forest products for their subsistence. Therefore, any profession they pursue is regarded as entrepreneurial.

6. PERFORMANCE OF RURAL ENTREPRENEURSHIP

The performance of the rural industries in respect of production, sales and employment is shown in the following table:

Table – 6.1
Production & Sale of Village Industries Products

YEAR	PRODUCTION (Rs. In crores)	GROWTH RATE (In percentage)	SALES (Rs. In crores)	GROWTH RATE (In percentage)
2011-12	21135.1	-	25829.3	-
2012-13	23262.3	10.06	26818.13	3.82
2013-14	25298	8.75	30073.16	12.13
2014-15	26689.4	5.50	31965.5	6.29
2015-16	33424.6	25.23	40384.6	26.33
2016-17	41110.3	22.99	49991.6	23.78
2017-18	46454.8	13.00	56672.2	13.36
2018-19	56255.2	21.09	71113.7	25.48
2019-20	65343.1	16.15	84664.3	19.05
2020-21	76582.4	17.20	101307	19.65

Source: Compiled from various issues of MSME annual reports.

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The performance of rural or village industry in terms of production and sales is shown in the above table. Village Industries have increased since last year. Production and sales increased steadily, with the total production amount rising from Rs. 21135.1 crores in 2011–12 to Rs. 76582.4 crores in 2020–21. Similar rise was seen in Village Industries' sales, which increased from Rs. 25829.3 crores in 2011–12 to Rs. 101307 crores in 2020–21. Village Industries' annual growth rate in sales climbed dramatically from 3.82% to 19.65% and in production from 10.06% to 17.20%.

Table- 6.2
Employment under Village Industries

YEAR	EMPLOYMENT (Artisan in Lakh)	GROWTH RATE (In percentage)
2011-12	108.65	-
2012-13	114.05	4.97
2013-14	119.4	4.69
2014-15	123.19	3.17
2015-16	126.76	2.89
2016-17	131.84	4.00
2017-18	135.71	2.93
2018-19	142.03	4.65
2019-20	147.76	4.03
2020-21	154.12	4.30

Source: Compiled from various issues of MSME annual reports.

The employment performance of rural or village industry is shown in the above table. The number of people employed in village industries has increased throughout the years, rising from 108.65 lakh artisans in 2011–12 to 154.12 lakh artisans in 2020–21. However, the annual growth rate for employment is decreasing, going from 4.97% in 2012–13 to 4.30% in 2020–21.

7. IMPORTANCE OF RURAL ENTREPRENEURSHIP

The importance of rural entrepreneurship is briefly highlighted as follows:

7.1 Offers opportunities for work

Rural entrepreneurship is labour-intensive and offers a significant number of rural residents employment options. The growing issue of widespread unemployment and underemployment in rural India is clearly addressed by rural entrepreneurship.

7.2 Reduces rural population emigration

For a variety of reasons, such as generating revenue, looking for a decent job, utilising services, etc., rural populations migrate to metropolitan areas. Infrastructure including roads, power plants, bridges, and other facilities will be built or introduced by rural entrepreneurship. It lessens the income gaps and differences between rural and urban communities. Rural entrepreneurship can stop rural residents from moving to urban regions in pursuit of employment.

7.3 Regional development that is balanced

Rural business ownership regulates the concentration of industry in urban regions and supports balanced regional economic development as a result.

7.4 Support for creative endeavours

Rural industries also contribute to the preservation and promotion of the nation's rich and illustrious artistic and handicraft traditions.

7.5 A remedy for social ills

Rural entrepreneurship is growing, which lessens social ills including poverty, social conflict, air pollution, the expansion of slums, and resident ignorance, among others.

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7.6 Motivates rural youngsters
Young and potential entrepreneurs are inspired to create and conduct entrepreneurial operations in the rural sector by rural entrepreneurship.

7.7 Enhances quality of life
Rural entrepreneurship will raise rural residents' literacy rates. Their self-employment and education will benefit the neighbourhood, raising everyone's level of living.

7.8 Effective use of local resources
Rural industries aid in the best possible use of regional resources, such as labour and raw materials, for productive purposes and so boost production. Overall economic development of a region is a result of entrepreneurs' efficient and productive utilisation of scarce resources.

7.9 Foreign exchange earnings
Through the export of their products, rural entrepreneurship significantly contributes to the country's increase in foreign exchange revenues.

7.10 n increase in per-capita income
By taking advantage of new opportunities, rural entrepreneurship increases output, employment, and wealth, helping to raise the per capita income of rural residents.

8. PROBLEMS OF RURAL ENTREPRENEURSHIP

The development of the economy is greatly aided by rural entrepreneurs. They deal with a variety of issues in their daily employment. Every type of challenge that a firm faces is unique. The following are some of the main issues that rural business owners deal with.

8.1 Money-Related Issues
8.1.1 Lack of funding: The majority of rural business owners receive insufficient financial help.
8.1.2 Insufficient infrastructure: The lack of adequate infrastructure hinders the development of rural entrepreneurs.

8.2 Marketing-Related Issues
8.2.1 Competition: Large organisations pose a serious threat to rural enterprises. There are not enough facilities for new businesses.

8.2.2 Middlemen: Most rural business owners rely on middlemen to market their products. They cause a variety of issues.

8.3 Management Issues
Information technology is not extremely prevalent in rural areas, according to 8.3.1 Lake of Knowledge. Due to their lack of legal expertise, rural entrepreneurs have an extremely tough time obtaining licences.

8.3.1 Procurement of Raw Materials
For rural business owners, obtaining raw materials is a difficult undertaking. They can receive subpar raw materials and run into storage and warehousing issues.

8.4 Lack of Technical Expertise
8.4.1 The dearth of training facilities and extension services severely affects rural entrepreneurs.

8.5 Insufficient infrastructure
8.5.1 Poor infrastructure, including roads, water, markets, electricity, street lighting, road transport, storage, and communication, is a defining characteristic of rural areas and impedes the efficient flow of various industrial processes.

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8.6 A lack of skilled labour is an issue

8.6.1 It is difficult for business owners to locate skilled labour in remote areas. Due to the higher salaries in big cities compared to rural areas, highly qualified workers prefer to work there.

9. SUGGESTIONS

In the light of the above problems, the following suggestions can be put forth to develop the rural entrepreneurs:

- The government should offer unique financial aid to rural business owners.
- All banks and financial institutions should offer timely and sufficient financial assistance to rural entrepreneurs.
- The government should set up specialized training programmes for rural entrepreneurs to advance their knowledge and abilities.
- The young people from rural areas who have received an education ought to venture into business.
- It is imperative that their technology be updated.
- In order for them to compete with the big industries, they need enough money to update their obsolete technology, tools, and implements.
- Adequate infrastructure needs to be made available to rural enterprises.
- Industrial sheds can be built in remote locations to house rural entrepreneurs and can be equipped with all amenities in this shed.
- In order to compete with other businesses that operate similarly and with large-scale enterprises, rural entrepreneurs must raise the quality of their goods.
- Industrial co-operatives can be established in rural regions along the same lines as primary agricultural co-ops in order to promote the marketing of the goods produced by rural entrepreneurs, to supply raw materials to the rural industries, and to free them from middlemen exploitation.

10. CONCLUSION

Particularly in the rural economy, rural industries play a significant role in the national economy. The entrepreneur is crucial to the development of fresh businesses that boost economic activity and revitalise long-standing businesses that support the economic system. Therefore, rural entrepreneurship is crucial for the growth of both agriculture and urban businesses, as well as for creating employment opportunities in rural areas with cheap start-up costs and increasing people's real income. It would be difficult to address the issue of rural unemployment without rural industrialization. One way to lessen poverty, migration, economic inequity, unemployment, and to enhance rural communities and underdeveloped regions is through rural entrepreneurship.

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