



Prospects and Challenges of Rural Entrepreneurship Development in NER-A Study

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Abstract

Entrepreneurs are driven to achieve success in their business along with the qualities of a Leader, Manager, Dreamer, Innovator, risk taker, continues learner, decision maker & most important is to implement all these qualities into the work. There are a lot of examples of the entrepreneurs in North East India who are now called synonymous of 'Success'. They saw the bigger picture but wisely started their business as a very small unit. Entrepreneurs set the example of turning their dream into reality. And the story behind to achieve the dreams into reality is to set massive goals for themselves and stay committed to achieving them regardless of the obstacles they get in the way, with the ambition and the unmatched passion towards achieving the goal. It looks fascinating, attractive and motivating after listening stories of the entrepreneurs, but success is not as easy as it looks always. There are some obstacles which we call the challenges to overcome by looking forward the prospects to be a successful entrepreneur. This research paper focuses on the challenges available in the Indian market by en-cashing the possibilities and prospects of the same to be a successful entrepreneur.

Key words: *Entrepreneurial issues, prospects of entrepreneurship, success of entrepreneurs, economic development etc.*

Introduction: Rural entrepreneurship has emerged as a dynamic concept. It is generally defined as 'entrepreneurship emerging at village level which can take place in a variety of fields of Endeavour such as business, industry, agriculture and acts as a potent factor for economic development.' Development of rural areas, have been linked to entrepreneurship more than ever before. Entrepreneurship is now regarded as a strategic development intervention that could accelerate the rural development process by institutions and individuals promoting rural development. Entrepreneurship stands as a vehicle to improve the quality of life for individuals, families and communities and to sustain a healthy economy and environment. The majority of the rural population depends, directly and indirectly, on agriculture, fishery, animal husbandry or rural wage labour associated with plantations and ranches, along with ancillary activities linked to rural townships. Rural entrepreneurship development strategies aim at diversifying rural economic activities, which include the development of non-farm economic activities and facilitating the transition of informal activities into the formal growth sector.

Objective of Study:

- To study the problems faced in growth of rural entrepreneurs in NER.
- To find out the remedies to solve the problems of rural entrepreneurs.
- To provide suggestions for development of rural entrepreneurship in NER.

Methodology: The data required for the present study are collected both from primary and secondary sources. Primary data have been collected through personal interview method. The Secondary data are collected from various published sources such i.e. magazines, newspapers, journals, books, and various other publications. Moreover, some important information is also collect from relevant websites. The present study is descriptive in nature.

Importance of the study: Rural entrepreneurship implies entrepreneurship emerging in rural areas. In other words establishing industries in rural areas refers to rural entrepreneurship. This means rural entrepreneurship is synonymous with rural industrialization. Many examples of successful rural

entrepreneurship can already be found in literature. Diversification into non-agricultural uses of available resources such as catering for tourists, blacksmithing, carpentry, spinning, etc. as well as diversification into activities other than those solely related to agricultural usage, for example, the use of resources other than land such as water, woodlands, buildings, available skills and local features, all fit into rural entrepreneurship. A turnaround is possible in the above trend if employment opportunities are made available in rural areas along with basic amenities of life. The real solution to India's economic problem is not mass production but production by masses as was suggested by Mahatma Gandhi.

Roles of Rural Entrepreneurs in Economic Development: The entrepreneurs with their ability to scan, analyze and identify opportunities in the environment transform them into business proposition through creation of economic entities. They by channelizing the resources from less productive to move productive use create wealth. Through efficient and effective utilization of national resources, they act as catalysts for economic development and agents of social transformation and change. According to Joseph Schumpeter, the rate of economic progress of a nation depends upon its rate of innovation which in turn depends on rate of increase in the entrepreneurial talent in the population. According to Meir and Baldwin, development does not occur spontaneously as a natural consequence when economic conditions in some sense are right. A catalyst is needed which results in entrepreneurial activity to a considerable extent. The diversity of activities that characterizes rich countries can be attributed to the supply of entrepreneurs. They play a vital role for the economic development of a country in the following ways.

- **Formation of Capital:** Entrepreneurs by placing profitable business proposition attract investment to ensure private participation in the industrialization process. The otherwise idle savings are channelized for investment in business ventures which in turn provides return. Again the savings are invested giving a multiplier effect to the process of capital formation.
- **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 undeveloped areas. The setting up of steel plant at Tata nagar, Reliance Petrochemicals at Jamnagar (Gujarat) have resulted in the development of Good Township and peripheral regional development. Thus 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 job creators and job providers. With the globalization process the government jobs are shrinking leaving many unemployed. In the circumstances, the entrepreneurs and their enterprises are the only hope and source of direct and indirect employment generation. Employment is generated directly by the requirement of the large enterprises and indirectly by ancillary and consequential development activities.
- **Improvement in Standard of Living:** Entrepreneurial initiative through employment generation 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 in increase in the national income and wealth of a nation. The increase in national income is the indication of increase in net national product and per capita income of the country.
- **National Self-reliance:** Entrepreneurs are the corner stones 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. Hence, 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 judgment, perseverance and knowledge of the world of business. The least combination of factors is possible avoiding unnecessary wastages of resources.

- **Equitable Distribution 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. Hence setting up of a large number of enterprises helps in weakening the evil effects of monopolies. Thus, the entrepreneurs are key to the creation of new enterprises that energizes the economy and rejuvenate the established enterprises that make up the economic structure.

Benefits from Rural Entrepreneurship:

- **Provide employment opportunities:** Rural entrepreneurship is labor intensive and provides a clear solution to the growing problem of unemployment. Development of industrial units in rural areas through rural entrepreneurship has high potential for employment generation and income creation.
- **Check on migration of rural population:** Rural entrepreneurship can fill the big gap and disparities in income rural and urban people. Rural entrepreneurship will bring in or develop infrastructural facilities like power, roads, 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 can 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 handicrafts through rural entrepreneurship.
- **Check on social evils:** The growth of rural entrepreneurship can reduce the social evils like poverty, growth of slums, pollution in cities etc.
- **Awaken the rural youth:** Rural entrepreneurship can awaken the rural youth and expose them to various avenues to adopt entrepreneurship and promote it as a career.
- **Improved standard of living:** Rural entrepreneurship will also increase the literacy rate of rural population. Their education and self-employment will prosper the community, thus increasing their standard of living.

Challenges of 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.

Financial Problems:

- **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.
- **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.
- **Risk element:** Rural entrepreneurs have less risk bearing capacity due to lack of financial resources and external support.

Marketing Problems:

- **Competition:** Rural entrepreneurs face severe competition 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. The literacy rate among the rural consumer is very low.

- **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 earthen 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.

Management Problems:

- **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.
- **Legal formalities:** Rural entrepreneurs find it extremely difficult in complying with various legal formalities in obtaining licenses due to illiteracy and ignorance.
- **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.
- **Lack of technical knowledge:** Rural entrepreneurs suffer a severe problem of lack of technical knowledge. Lack of training facilities and extension services create a hurdle for the development of rural entrepreneurship.
- **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.

Human Resources Problems:

- **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.
- **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.

Remedial measures to solve the problems faced 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. The cumbersome formalities should be avoided in sanctioning the loans to rural entrepreneurs.

- **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 specially area like NE region.
- **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 remuneration prices. Thus, proper education, comprehensive training, setting up of separate financial institutions, development of marketing co-operatives to a large extent help to flourish the rural entrepreneurs in India.

Suggestions:

- Govt. should provide separate financial fund of rural entrepreneur.
- The concern department should provide special infrastructure facilities whatever they need.
- Govt. should arrange special training programmes for rural entrepreneurship.
- Govt. should felicitate top ranker rural's entrepreneur.
- Rural entrepreneur should more competitive and efficient in the local & 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. 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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