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I SEMINAR REPORT ON
“PROSPECTS AND CHALLENGES OF RURAL ENTREPRENEURSHIP IN
INDIA”



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Introduction

The farming activity is itself an example of entrepreneurship as it has all elements of an enterprise i.e. land, labour, process, technology, inputs, finance, risk, marketing etc. Our farmers invest money, labour and inputs to get the final output i.e. harvest. However, the income level of the farmers/rural people is much lower than the urban people. It is said that risk taking capacity of rural people is lower than the urban people, which is not correct. Agriculture itself is a high risk low return activity and farmers are taking risk year after year to increase the agriculture production. The farmers can prove to be better entrepreneurs if proper training is provided. Several advantages are there in rural areas specially in respect of agro-products and animal husbandry related industries. Since the farming is seasonal activity, the farmers can start and run small and micro enterprises. In the present scenario, the rural areas are source of raw materials and the urban areas are acting as processing centres. This reminds us the typical set up during industrial revolution when colonies were source of raw materials and European Nations were processing and selling back the same to undeveloped nations. Prosperity will not come to rural areas unless the value addition takes place at the rural areas itself. The absence of entrepreneurship in rural areas is main cause of poverty in rural areas. The farmers are at loss whether, it is bumper crop or famine. Establishment of micro or household industries in rural areas can break the cycle of poverty. This will not only bring prosperity but also provide employment to youth and landless people.

Who should be capable of making use of the government policies and schemes for the betterment of rural people? Some individuals who happen to be local leaders and NGOs and who are committed to the cause of the rural people have been catalytic agents for development. Though their efforts need to be recognized yet much more needs to be done to reverse the direction of movement of people, i.e. to attract people in the rural areas. It means not only stopping the outflow of rural people but also attracting them back from the towns and cities where they had migrated. This is possible when young people consider rural areas as places of opportunities. Despite all the inadequacies in rural areas one should assess their strengths and build on them to make rural areas places of opportunities. This is much to do with the way one sees the reality of the rural areas. The way a survivor or job seeker would see things would certainly be different from those who would like to do something worthwhile and are ready to go through a difficult path to achieve their goals. It isn't that there is a dearth of people with such a mind-set. But with time they change their minds and join the bandwagon of job seekers due to various compilations. Enabling them to think positively, creatively and Entrepreneurship purposefully is most of the development of rural areas. Young people with such perspective and with the help of rightly channelized efforts would usher in an era of rural entrepreneurship. With this background the present seminar has been conceptualized with the following objectives:

1. To know the importance / need for the Rural Entrepreneurship in India
2. To understand the Prospects, Challenges and Schemes for Rural Entrepreneurship
3. To review the research studies and success stories of Rural Entrepreneurs

Meaning of Rural Entrepreneurship

Rural entrepreneurs are those who carry out entrepreneurial activities by establishing industrial and business units in the rural sector of the economy. In other words, establishing industrial and business units in the rural areas refers to rural entrepreneurship. In simple words, rural entrepreneurship implies entrepreneurship emerging in rural areas. Or, say, rural entrepreneurship implies rural industrialisation. Thus, we can say, entrepreneurship precedes industrialization. It means which ensures value addition to rural resources in rural areas engaging largely rural human resources.

It is the ability of communities “to turn grass into gold” it is a behavioral trait that requires an individual to be able to see and exploit potential business opportunities in his or her surroundings.

Definition according to KVIC (Khadi and Village Industry Commission)

“Village industries or Rural industry means any industry located in rural areas, 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”.

The modified definition of rural industries has been given by Government of India in order to enlarge its scope. According to Government of India, "Any industry located in rural area, village or town with a population of 20,000 and below and an investment of Rs. 3 crores in plant and machinery is classified as a village industry."

The basic principles of entrepreneur which applied the rural development are:

- Optimum utilization of local resources in an entrepreneurial venture by rural population - Better distributions of the farm produce results in the rural prosperity.
- Entrepreneurial occupation rural population to reduce discrimination and providing alternative occupations as against the rural migration.
- To activate such system to provide basic '6 m'- manpower, money , material, machinery, management and market to the rural population.

Role of rural entrepreneurs in economic development

The entrepreneurs with their ability to scan, identify and analyse opportunities in the environment transform them into business proposition through creation of major economic entities there by channelizing the resources from less productive to more productive use create wealth. Through effective and efficient utilization of natural and national resources, they act as catalysts for economic development and also agents of social change and transformation. According to Joseph Schumpeter, the rate of progress of any nation depends upon its rate of innovation which in turn also depends on the 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 and consequences in some sense are right. A catalyst is certainly needed which results in entrepreneurial activity to a much considerable extent. The diversity of activities that which

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:

1. Formation of capital: Entrepreneurs as such by placing profitable business proposition do attract investment to ensure private participation in the industrialization process. The otherwise idle savings are also channelized for investment in business ventures in turn provides return. Again the savings are invested giving a multiplier effect to the process of capital formation.

2. Generally Job creators and job providers and not the job seekers: With the globalization process the government jobs are shrinking thus leaving many unemployed. In these circumstances, the entrepreneurs and their enterprises are the only source and hope of direct and indirect employment generation. Employment is generated directly by the requirement of the large enterprises and also indirectly by ancilliariation and consequential developmental activities.

3. Balanced regional development: Entrepreneurs always look for opportunities in the working environment. They capitalize on the opportunities of governmental concessions, facilities and subsidies to set up their enterprises in undeveloped areas. Classic example is setting up of steel plant at Tata Nagar, Reliance Petrochemicals at Jamnagar (Gujarat) which have resulted in the development of Good Township and peripheral regional development. Thus entrepreneurs reduce disparities and imbalances in development among regions where they operate.

4. Improvement in the standard of living: Entrepreneurial initiatives taken by entrepreneurs through employment generation leads to increase in income and also purchasing power which is spent on consumption expenditure. Certainly increased demand for goods and services boost up industrial activity. Large scale production with technological advancements will result in economies of scale and low cost of production. Modern concept of marketing involves creating demand and then filling it. New innovation oriented and varying quality products at most competitive prices make common man's life smoother, comfortable and easier which are also contributions of entrepreneurial initiative.

5. National Self- reliance: Entrepreneurs are certainly 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 wide possibility of exporting the goods and services to earn foreign exchange for the country. Hence, the export promotion and import substitution ensure economic independence and the country becomes self-reliance.

6. Increase in per capita income: Entrepreneurs convert the latent and idle resources like labour, land and capital into goods and services resulting in increase in the national income and in turn wealth of a nation. The increase in national income is thus an indication of increase in net national product and per capita income of the country.

7. Planned Production: Entrepreneurs are considered and best judged as economic agents since they unite all means of production. All the major factors of production i.e., land, labour,

capital and enterprise are all brought together to get the desired production. This will help to make use all the factors of production with perseverance, proper judgement and knowledge of the world of business. The least combination of factors is possible avoiding unnecessary wastage of resources.

8. Equitable distribution of economic power: The modern world is dominated by economic power. Also economic power is the natural outcome of business and industrial 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 the dispersal of economic power into the hands of many effective and efficient managers of new enterprises. Hence setting up of large number of enterprises certainly helps in awakening the evil effects of monopolies. Thus, the entrepreneurs are key to the creation of new enterprises that energise the economy and also rejuvenate the established enterprises that which make up the economic structure.

Major benefits from rural entrepreneurship

Some of the major benefits of rural entrepreneurship can be described below as follows:

1. Provide employment opportunities: Rural entrepreneurship as such is mainly labor intensive and certainly provides a clear solution to the growing problem of unemployment. Mainly the development of industrial units in rural areas through rural entrepreneurship has high potential for income creation and employment generation.

2. Balanced regional growth: Rural entrepreneurship can dispel the concentration of major industrial units in urban areas and also promote regional development in a balanced way

3. Check on migration of rural population: Rural entrepreneurship can fill the lacunae and big gap and also disparities in income for rural and urban people. Rural entrepreneurship will bring in or develop infrastructural facilities like roads, power, bridges etc. It can help to check the migration of people from rural to semi urban and urban areas in search of jobs.

4. Promotion of artistic activities in rural areas: The age-old rich heritage of rural India is preserved by promoting and protecting handicrafts and arts through rural entrepreneurship

5. Check on social evils existing in society: The growth of rural entrepreneurship can reduce social evils like growth of slums, poverty, pollution in cities etc

6. Awaken the rural youth: Rural entrepreneurship can awaken the rural youth and also expose them to various avenues to adopt entrepreneurship and promote it as a career

7. Improved standard of living: Rural entrepreneurship will also increase the literacy rate of rural population. Their education and self-employment will also prosper the community, thus increasing their standard of living.

The need for and growth of rural industries has become essential in a country like India because of the following reasons:

1. Rural industries generate large-scale employment opportunities in the rural sector as most of the rural industries are labour intensive.
2. Rural industries are capable of checking rural urban migration by developing more and more rural industries.
3. Rural industries/entrepreneurship help to improve the per capital income of rural people thereby reduces the gaps and disparities in income of rural and urban people.
4. Rural entrepreneurship controls concentration of industry in cities and thereby promotes balanced regional growth in the economy.
5. Rural entrepreneurship facilitates the development of roads, street lighting, drinking water etc. in the rural sector due to their accessibility to the main market.
6. Rural entrepreneurship can reduce poverty, growth of slums, pollution in cities and ignorance of inhabitants
7. Rural entrepreneurship creates an avenue for rural educated youth to promote it as a career

Types of Rural Entrepreneurship

1. **Individual Entrepreneurship** - It is basically single ownership of the enterprise. In this, entrepreneur who is the only (100%) owner. The entrepreneur bears full responsibility for each and every activity and is alone the strategic thinker and decision maker and makes the unit viable as well as profitable. There is hardly any difference between personal assets and business assets. The entrepreneur has "unlimited liability under the law". This type of entrepreneurship is quite prevalent in rural areas where an entrepreneur has limited resources.
2. **Group Entrepreneurship** - It is classified into mainly three types such as i) Partnership ii) Private Limited Company and iii) Public Limited Company.

i) Partnership: In this case there is no individual ownership of the unit. There is another partner with you who works with you and also bears the responsibility and shares profit. Like proprietorship, the liability is "Joint and Several". For partnership type of entrepreneurship, mutual trust is a must. Besides both the partners in partnership must understand their respective responsibilities and complement each other for common objectives and goal. The characteristics of partnership are

- a) Association of two or more persons (maximum 20)
- b) Contractual relation
- c) Lawful business
- d) Sharing of profit,
- e) Agency relationship,
- f) Unlimited liability
- g) Non-transferability of interest

The requirements of ideal partnership are good faith, common approach, written agreement, registration, adequate capital, skills and stability. Partnership is governed by Indian Partnership Act, 1932. The merits of partnership are ease of formation, large resources, combined abilities and judgment, flexibility, quick decisions, cautious operations, survival capacity, better human-public relations, improved chances of growth and protection of minority interest. The demerits could be lack of harmony, divided authority, instability of business, lack of public confidence, risk of implied authority, unlimited liability, non-transferability of interest and social losses.

ii. Private Limited Company: In this case the shareholders are the owners. There must be a minimum of 2 (two) shareholders. The Indian law allows maximum of 50 (fifty) shareholders. The liability is limited in this case. As such if the company goes bankrupt then no one has to part with one's other personal assets to meet the obligation of the creditors. Being a private limited company, one can raise far less money than a public limited company. But there is better control as the number of shareholders is few besides they may be your kith and kin. Many provisions of Company Law are not applicable to private limited companies. There is much less paperwork too. Companies are governed by Companies Act, 1956.

iii. Public Limited Company: In this case the shareholders are also the owners. There must be minimum 7 (seven) shareholders. There might be millions of shareholders as there is no such upper limit. Being a public limited company it can raise more money from the public by issuing equity shares, debentures, etc. to meet various expenses of the company. All provisions of the Company Law are applicable here. It is more of a professional organisation and is fully governed by the Companies Act, 1956. It is to be noted that merit of forming a company are many such as large financial resources, limited liability, continuity, transferability of shares, benefits of large scale operations, professional management, public confidence, scope of expansion and growth, social benefits, tax benefits, etc.

3. **Cluster Formation Entrepreneurship** – It is primarily a formal and non-formal group of people to achieve a common objective. It basically covers Non-Governmental Organisations (NGOs), Voluntary Organisation (VOs), Self-Help Groups (SHGs), Community Based Organisations (CBOs) and networking of all these.
4. **Cooperative Entrepreneurship** - According to ILO, a cooperative organisation is 'an association of persons usually of limited means, who have voluntarily joined together to achieve a common economic end, through formation of a democratically controlled business organisation making equitable contributions to the capital required and accepting a fair share of risks and benefits of the undertaking. According to International Cooperative Alliance (ICA) "A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically controlled enterprise".

Investment – wise classification of Rural Industries (MSME)

On 1st June 2020, the Union Cabinet headed by Prime Minister Narendra Modi officially revised the MSME definition. The recent changes in the definition of micro, small, and medium-sized enterprises made as a part of the Atma nirbhar Bharat Abhiyaan relief package were approved. The investment and turnover figures were changed to larger values, thereby resulting in a larger number of medium-sized enterprises.

Classification	Turnover
Micro Enterprise	Up to Rs. 5 Crores
Small Enterprise	Rs. 5 Crores to Rs. 75 Crores
Medium Enterprise	Rs. 75 Crores to Rs. 250 Crores

Until recently, the classification of MSMEs was done on the basis of the investment put in the business. It was calculated as a sum total of the money invested in the plant, machinery and equipment.

	Manufacturing sector	Service sector
Micro	Up to Rs. 25 lakhs	Up to Rs. 10 lakhs
Small	Rs. 25 lakhs – 5 crores	Up to Rs. 10 lakhs – 2 crores
Medium	Rs. 5 crores – 10 crores	Rs. 2 crores – 5 crores

Major Challenges faced by rural entrepreneurship in India

Some of the major challenges faced by rural entrepreneurship in India can be described below as follows:

1. Family challenges: Convincing to opt for business over job is certainly not an easy task for an individual. The first thing compared is- will you make more money in the business of your choice or will you work as a successor of family business. This is certainly a stage where it becomes almost impossible to convince that you can generate more cash with your passion than doing what your dad is doing.

2. Social challenges: Even tough family challenges are always at the top because as it matters the most but at times social challenges also are very important. Let us consider an example wherein say you and your friend graduated at the same time. You opted for entrepreneurship and your friend opts for a job. After few years he now has a flat, car and what not because he could easily get those with a bank loan but you still have nothing to show off and this is where the challenge comes in

3. Technological challenges: Indian education system certainly lags too much from the job industry as a whole but then it lags even much more when it comes to online entrepreneurship. What technology would be ideal and how to use that technology effectively and efficiently is the question which needs to be answered by entrepreneur

4. Financial challenges: This necessarily refers to difficulty in borrowing fund. For online entrepreneurs financial challenges are a lot different in India. When you are starting as an entrepreneur you don't opt for venture funding but definitely try to go to funding for small to medium business people. Many nontechnical business people don't understand the online business models as a whole and so getting an initial business funding from them becomes very much challenging. Other option what entrepreneurs can think of is a loan but bank loan as such is not at all an option in India for new online entrepreneurs.

5. Policy challenges: Now and then there are not of changes in the policies implemented by the government. Problems of TRIMS and TRIPS to pose policy challenges. Major problems of availing raw materials, problems of raising equity capital, Problems of obsolescence of

indigenous and outdated technology, increased pollutions, ecological imbalance, exploitation of small and poor countries etc.

Government Schemes for Rural Entrepreneurship in India

Rural entrepreneurship is a **ray of hope** for all rural human beings by this they will get the opportunities to become something in their life or at their place specially, and they will be able to find their exact potential to do something for their family too. So GoI implemented many of the schemes.

1.Rajiv Gandhi Udyami Mitra Yojana (RGUMY) - The objective of Rajiv Gandhi Udyami Mitra Yojana (RGUMY) is to provide handholding support and assistance to the potential first generation entrepreneurs, who have already successfully completed EDP/SDP/ESDP or vocational training from ITIs, through the selected lead agencies i.e. 'Udyami Mitras', in the establishment and management of the new enterprise, in dealing with various procedural and legal hurdles and in completion of various formalities required for setting up and running of the enterprise.

Registration of Beneficiaries with Udyami Mitras

The Udyami Mitras enrol potential entrepreneurs for providing them handholding support. Only those beneficiaries who have completed or undergoing Entrepreneurship Development Training Programme (EDP)/ Skill Development Training Programme (ESDP)/ Vocation Training Programmes (VT) for a minimum of two weeks are eligible for the enrolment. The applicants are required to submit their enrolment applications under the scheme with their contribution to the respective Udyami Mitra.

The Udyami Mitra uploads the required details of the beneficiaries such as name, age, category particulars of the EDP/ ESDP/ SDP undergone by the applicant along with certificate number, duration and name of the institution. The expenses needed for web hosting and creation of IT infrastructure required for the scheme would be refunded to NIC from the plan funds allocated for the system. Once the application is uploaded successfully, an acknowledgement certificate with a unique registration number would be generated for the applicant. Once an enterprise has been successfully set up, the Udyami Mitras would monitor and follow up the working of the enterprise minimum of six months and offers help in overcoming various managerial, financial and operational problems.

Rates of Financial Assistance

- To set up service enterprises, the Udaymi Mitras would be provided handholding charges at the price of Rs. 4000 for each trainee, including a Central grant of Rs. 3000 under the RGUMY and contribution of Rs. 1000 by the beneficiaries.
- To set up micro manufacturing enterprises, having an investment up to Rs. 25,00,000, the handholding charges would be Rs. 6000 including Rs. 1000 to be contributed by the beneficiary.
- For beneficiaries from a particular category, a contribution of Rs. 1000 shall be provided as a grant under RGUMY.
- For small manufacturing enterprises with an investment of more than Rs. 25,00,000, in addition to Government agent and entrepreneur's contribution, the entrepreneur has to make an additional contribution towards handholding charges at the rate of 0.1 per cent of the project cost more than Rs. 25,00,000 subjected to a ceiling of Rs. 10,000.

Monitoring and Evaluation

The progress of the scheme will be reviewed and monitored regularly by the Ministry of Micro, Small and Medium Enterprises and by the Commissioner/ Director of Industries of the concerned States/ UTs. The consolidated information and progress report compiled by the above returns will be placed before the Screening Committee/ Ministry for review and analysis. The scheme would also be evaluated by an independent agency to assess its success/ impact and to ascertain constraints/ shortcomings.

2. Product Development, Design Intervention and Packaging (PRODIP)

There is a pressing need for product development and design interventions in the Khadi and Village Industries (KVI) Sector. With increasing competition to the traditional KVI products from alternate materials, organized industries and imported goods, attention to product quality and design issues has become a most essential requirement to strengthen this sector. A well designed quality product would mean and include consistency in quality of the product which is functional, user friendly, consumer-sensitive, aesthetically satisfying and also, as far as possible, eco-friendly.

Proper 'design' is required not only for products (output) but also has to be an integral part of inputs that is in production processes, tools etc. In as much as the pillar of the KVI sector is the artisan, KVI lays great emphasis on this area, that is in improving hand tools and small machines and improving the quality of work environment and the productivity of artisans. The role of visual design and brand-identity for sales outlets is also important. There is need for common logos, shop and layout design, proper labelling and packaging of KVIC products. In the last few years, KVIC had/has initiated a number of design related projects, more of a pilot nature.

- (a) 'Khubsoorat' Khadi an effort to sell designer Khadi products.
- (b) Developing packaging for 'Sarvodaya' brand KVI products through National Institute of Packaging, Mumbai.
- (c) Involving nationally reputed star textile designers in designing khadi wear for display and sale in selected Delhi outlets.
- (d) Associating with National Institute of Design, Ahmedabad (NID) under UNDP project for design intervention in khadi production, processes and garments in nine institutions of Maharashtra and Gujarat.

Beneficiaries:-

- a. Departmental Projects-** Funding for a project could be on the application of a KVIC Department or KVIB. This would be then called a KVIC Departmental project or KVIB project.
- b. Public Institution Project-** A Govt. agency, quasi-government agency, research institutions, recognized University or an affiliated college, that is public institutions, which receives funds fully or partly from Central or State Governments, can also apply under this scheme.

- c. **KVIC Institutions Project-** Funding for a project could also be on the application of
- (a) Directly aided or Board aided Khadi Institutions.
 - (b) Directly listed V.I. institutions of KVIC/KVIB.

REGP Beneficiaries Project: Institutions or Individuals who have availed bank finance under the margin money scheme of KVIC can also apply under this scheme. Preference would be given to major institution and to first time projects. All institutions will get opportunities to submit project.

Financing Pattern:-

- Institutions- Assistance is limited to Rs.2 lakh or 75% of the project cost whichever is lower in case of KVI institutions
- Individual- Assistance is limited to Rs.1 lakh or 75% of the project cost, whichever is lower in case of individual
- There is no limit placed on the project cost but assistance from KVIC cannot exceed above limit per project.

Operational Arrangements:-

i. **Nodal Agency-** National institute of design (NID), Ahmedabad is working as a nodal agency and giving hand holding support to the scheme.

ii. **Local resource institutions-** Local resource institutions (LRI's) have been identified through the country which provide design services and take up design projects (wherever possible) and also be part of the local Empowered Committee to sanction the project.

3. Khadi Karigar Janashree Bima Yojana for Khadi Artisans

In order to provide insurance cover to Khadi artisans, a scheme of group insurance in the name of Khadi Karigar Janshree Bima Yojana (JBY) was launched. This scheme was formulated by KVIC in association with the Life Insurance Corporation of India (LIC).

Who can apply

Khadi Karigar (spinners and weavers) aged between 18 - 59 years. Khadi Karigar should be below or marginally above the poverty line.

How to apply

Nominee of the deceased Khadi Karigar to submit original death certificate to Pension Group Schemes Department of LIC of India through the Khadi Institution under which the deceased was a member.

4. ASPIRE (A Scheme for Promotion of Innovation, Rural Industries and Entrepreneurship)

How to Apply

Application can be sent to Aspire Scheme Steering Committee of Ministry of MSME. Scheme Steering Committee will be responsible for overall policy, coordination, and management support. The Council will be chaired by Secretary, Ministry of MSME

Under this scheme two components are their i.e Livelihood Business Incubators and Technology Business Incubators

i. Livelihood Business Incubators: The main objective of LBIs is to create jobs at the local level and reduce unemployment by creating a favourable ecosystem for entrepreneurial development in the country.

The main focus area under LBI is to take up those commercial activities that are need-based and help create enterprises in the rural areas of the country. The LBI programme will be implemented through the National Small Industries Corporation (NSIC), Khadi and Village Industries Commission (KVIC), or Coir Board or any other institution/agency of the Central or State government. These organisations will promote entrepreneurship and skill development and pursue live demo projects.

According to government guidelines on ASPIRE, such centres will see a one-time grant of 100 percent of cost of plant and machinery (other than the land and infrastructure, or an amount up to Rs 100 lakh, whichever is less) provided by the government.

Private partner institutions and entities can also set up livelihood incubation centres under PPP mode with the aforesaid institutions, namely, NSIC, KVIC or Coir Board, or any other institution/agency of Government of India/State government. In these cases, a one-time grant of 50 percent of cost of plant and machinery (other than the land and infrastructure, or Rs 50 lakh, whichever is less) will be provided.

A total number of 150 such centres are being targeted to be set up under this component, with an estimated financial outgo of Rs 135 crore.

ii. Technology Business Incubators: The Ministry of MSME under ASPIRE supports existing incubation centres, currently operating under different ministries and departments of the Government of India or institutions including national/regional level institutions of GoI/State governments to set up centres dedicated to incubation and enterprise creation in the area of agro-based industries.

The ministry supports Technology Business Incubators primarily in and around academic and technical institutions to tap potential technology ideas and innovations for enterprise creation by effectively utilising expertise and existing infrastructure already available with the incubators.

The ministry also assists in setting up new incubation centres by eligible private institutions, including industry associations, along with the page seven academic institutions, R&D laboratories, universities, government entities, and technology parks. A one-time grant of 50 percent of cost of plant and machinery (excluding the land and infrastructure or an amount up to Rs 30 lakh, whichever is less) is provided for supporting 20 existing incubation centres under different ministries or departments or government-funded institutions to set up centres dedicated to incubation and enterprise creation in the agro-based industry. Further, a one-time grant of 50 percent of cost of plant and machinery (excluding the land and infrastructure, or an amount up to Rs 100 lakh, whichever is less) is provided for setting up of

new incubation centres by eligible agencies dedicated to incubation and enterprise creation in the agro-based industry.

Under ASPIRE, investment by AIF is made only in companies that are rural and agro-focused, and not in companies that are exclusively information technology enterprises.

This start up promotion targets those knowledge initiatives that need support and nurturing to succeed in developing technology and business enterprises in the areas of innovation, entrepreneurship, forward and backward linkages, etc in agro-based industry verticals.

Factors responsible for limited growth of Rural Entrepreneurship

- Subsidy and target oriented programmes encouraged people to somehow avail the subsidy and the enterprise could not sustain for long.
- Technology developed at faster rate and the rural people could not get the benefits.
- The electronic media diverted the attention of youth from enterprise to wage employment or jobs for easy life, it also promoted migration.
- The limited infrastructure expenditure was concentrated to urban areas as private investment was not allowed.
- The image of rural enterprise was limited to “khadi cloth”, “achar –murabba” or “kachhi ghani oil”, which resulted in rural areas becoming source of raw materials only.
- Lack of Marketing information

Training/skill development

Every entrepreneur should undergo specialized training before entering into a venture specially manufacturing, service or high tech agriculture. Specific skills development institutes are conducting training for youth, such as;

1. Central Institute for Medicinal and Aromatic Plants (CIMAP)

Technology and Business Development (TBD) division at CSIR-CIMAP has the prime objective of linking the medicinal and aromatic plants (MAPs) science with society. The major activities of the department includes conducting awareness and dissemination campaigns on cultivation and processing of MAPs, consultancy , technical service and technology licensing for the development of MAPs based entrepreneurship, demonstration of MAPs cultivation, study of the economics of MAPs cultivation and impact study of adoption of improved varieties and agro-technologies of MAPs.

The department played significant role in the popularization of improved varieties of major medicinal and aromatic plants such as mints, lemongrass, citronella, palmarosa, vetiver, geranium, Artemisia annua, Withania somnifera etc. , herbal based formulations for mosquito repellence, skin care and disinfection, improved distillation units and process for isolation of artemisinin besides dissemination of cultivation technologies of economically viable medicinal and aromatic plants resulting into improvement of socio-economic status of thousands of farmers of the country.

This Training Programme would be useful for existing and new farmers, entrepreneurs, distillers, exporters/importers, perfumers, corporate houses for farming/contract farming and their processing with value addition.

Objectives:

1. To enhance practical knowledge on improved cultivation techniques, varieties of economically important medicinal and aromatic crops like basil, ashwagandha, kalmegh, senna, geranium, lemongrass, palmarosa, vetiver, rosemary, patchouli etc.
2. To demonstrate the improved distillation and primary processing technologies and various methods, nursery raising techniques, proper storage and its utilization of Medicinal and Aromatic Plants in various industries etc.

2. RUDSET I(Rural Development and Self Employment Training Institute)

Main objective of RUDSETI is to mitigate the problem of unemployment and poverty amongst the rural youth. Empowerment is through training, self-employment, entrepreneurship development and job creation.

The broad objectives of the National Academy of RUDSETI are:

- To work as a National Level Resource Organization for RUDSETIs and RSETIs and other similar type of Institutes.
- To conduct research and development work in the field of Entrepreneurship Development.
- To design and conduct training programmes and undertake projects in the field of Enterprise Promotion, Rural Development, Technology Transfer and imparting Human Resource Development (HRD) concepts.
- To act as advisory for policy makers relating to Enterprise Promotion and Rural Development (for Government /NGOs / Other Organizations / Financial Institutions / Corporate Entities / Central Secretariat, RUDSETI).
- To take up any other activities connected with Rural Development and Entrepreneurship development and prepare people at large to undertake self-employment ventures.
- To Provide Consultancy and Counselling Services in the field of Entrepreneurship Development and Rural Development.
- Any other activity aimed at Development of Entrepreneurship, Rural Development and serving the society at large.

2. Krishi Vigyan Kendra (KVK)

Mandate of KVK is Training, technology assessment, refinement and demonstration of technologies / products.

Objectives of KVK

- Krishi Vigyan Kendra performs its activities as per the mandate suggested by ICAR, New Delhi. Objectives of the KVK are as follows:
- To organize on and off campus training programmes for farmers, rural women, youth, and officers of the Department of Agriculture to make them aware about the latest technologies in agriculture.

- To organize short and long term vocational training courses on vegetable, floriculture, beekeeping, dairying, mushroom, organic farming and protective cultivation etc. for rural youth for self-employment.
- To arrange front-line demonstrations and on-farm trials at farmer's fields on improved technologies and refinement of existing technology so as to suit the need of the farmer.

Activities of KVK

- On-farm testing to identify the location specificity of agricultural technologies under various farming systems;
- Front-line demonstrations to establish production potentials of technologies on the farmers' fields;
- Training of farmers to update their knowledge and skills in modern agricultural technologies;
- Training of extension personnel to orient them in the frontier areas of technology development; and
- Work as resource and knowledge centre of agricultural technology for supporting initiatives of public, private and voluntary sector for improving the agricultural economy of the district.

3. National Botanical Research Institute (NBRI)

Main vision of this institute is development of a cadre of employable skilled human resource in plant sciences for plant resource utilization and to provide quality human resource at various levels and types of skills in the field of agriculture, horticulture, floriculture, aroma and herbal drugs and plant biotechnology sectors of Indian industry.

Objectives:

- Developing employment oriented skill programmes in the core competency areas of CSIR-NBRI
- Creating a pool of skilled human resource for catering the manpower needs of plant based industries and promoting their inter-linkages
- Aligning the skill programmes with CSIR Integrated Skill Initiative, National Skill Development Council and Sectoral Councils to meet the national objectives
- Developing market/industry driven courses with emphasis on hands-on practical learning
- Ensuring transparent selection and evaluation processes for achieving societal inclusiveness

4. Central Food Technological Research Institute (CFTRI)

CSIR-CFTRI is in the process of launching Skill Development Programmes (SDP) such as baking technology, food safety and analysis and in Industrial machinery for food processing industries, with an objective to train more and more young individuals and

entrepreneurs who may eke out a living in this ever expanding, everlasting industry, viz., food industry. In tune with the National Mission of transforming India as the skill capital of the world, the institute has been organising many such programmes in food sector. Keeping in line with the National Skill Development Council (NSDC) norms of skilling and training the youth of the country over a longer duration to give holistic knowledge in a specific area of food science that is more industry oriented so as to give better employment and self-sustaining opportunities. CSIR-CFTRI conducts a 10 month course on Flour Milling at its International School of Milling Technology (ISMT). This school is one of its kind in the world and the course attracts many students from India and abroad every session. CSIR-CFTRI takes pride in saying that most of the mills in India and some countries abroad are run by the alumni of this school. On an average the Institute conducts 30-35 Short term courses annually for the benefit of Entrepreneurs and FPOs

The course will be helpful to those who are interested in working in small and medium sector units across the country. i.e Processing and Value Addition to Fruits and Vegetables, Operation and Maintenance of select Food Processing Machineries, Post-Harvest Technologies for Fruits & Vegetables, etc

5. The National Institute of Rural Development (NIRD)

The Rural Technology Park of National Institute of Rural Development and Panchayati Raj, Hyderabad has been established with a view to uplifting the rural people in all aspects of life such as capacity building, rural employment generation and livelihood etc. It is established in an area of 65 acres of land with a scope to envisage for transfer of technology through live demonstrations. The development of RTP has been divided into various categories to cater to the needs of the rural people.

Objectives

- Live demonstration/dissemination of cost-effective, local resource based and environment friendly technologies of different sectors of Rural Development
- Provide functional exposure to replicable models to meet location-specific, season-specific and social contextual needs
- Promote participative-cum-partnership collaboration between frontline / forward demonstration teams, other official and NGO institutions of NIRDPR
- Facilitate transfer of technologies to users and help improve the operational skills to produce high quality products
- Link users and institutions (PRIs, NGOs, CBOs) with technology developer / suppliers

RTP-NIRDPR- is a place, where a variety of models of rural technologies are showcased with practical demonstration, in other words Training cum Production Centre. RTP spread across 65 acres in NIRDPR. RTP is an instrument in disseminating appropriate and affordable rural technologies to villages through dynamic approach. RTP is run on Partnership basis with the active participation of individual entrepreneurs, NGOs and government agencies. The guiding principles of RTP include use of local resources, cost-effectiveness, eco-friendly and blending tradition with modern technologies. Rural Housing,

Renewable energy and natural resource management and Skill development & Promotion of entrepreneurship.

Outputs

- Adoption of technologies
- Employment Generation
- Women Empowerment
- Enhancement of Economic Status
- Poverty Reduction
- Sustainable development

National Rural Building Centre



The National Building Centre in RTP brings together a range of cost-effective construction technologies with variety of materials, technologies and blends the old and new techniques of construction. The technologies depicted are suitable for disaster-prone locations viz., earthquake, cyclone, fire etc. These structures are erected utilising the locally available resources and skills of the people. The cost of construction will be in the range of 25% 40% less than that of the cost with conventional construction at that particular place. The variation of cost is depending on the soil typology and locally available resources. Over 40 technologies are depicted in the 15 structures in this centre. All these structures are eco-friendly and environment-friendly with green building concept.

Training programmes are conducted through this unit in the assembling of a Solar lantern, street lights and in the installation and management of the street lights and guiding/assisting in the establishment of solar lantern assembling units in the rural areas.

Rural Sanitation Park

Appropriate low cost-low water sanitation models (23 nos.) have been placed in the RTP with the focus on three areas viz. Low cost; low water usage; and solid and liquid waste disposal for gainful agricultural & for other activities.

Bio-Sanitation

Waterless Urinals Technology and Bio-Toilets

Water Harvesting Technologies

Established water harvesting structures by adopting the technologies such as construction of funds, tanks, field channels, contour trenching, staggered trenching, gully control structures etc., to harvest the rain water besides the showcasing of roof water harvesting.

Solar Energy

A solar house has been set up in Rural Technology Park to propagate and transfer the solar technologies like assembling of solar lanterns, home lighting systems and street lighting etc., to the rural areas. A number of villages have been electrified with solar home lighting system by the RTP in the most in-accessible areas of Andhra Pradesh, Odisha, Haryana, Bihar, Telangana and Chhattisgarh . In addition to the solar energy development, wind energy is also established in RTP as a part of the renewable energy development. A 5 KW solar power unit and 3.65 KW of wind power units have been set up and the power is being used for the office premises.

Biogas Plant

Biogas originates from bacteria in the process of bio-degradation of organic material under anaerobic (without air) conditions. In the absence of oxygen, anaerobic bacterial decompose organic matter and produce a gas mainly composed of methane (60%) and carbon dioxide called biogas. This gas can be compared to natural gas which is 99% methane. There are two kinds of biogas plants, KVIC model-1 unit and Balaji model-2. The innovative biogas technology was installed at RTP with the technical collaboration of Centre of Science for Villages (CSV), Wardha. The biogas models are being used for demonstration and production of bio-gas being used for electricity generation and cooking purpose.

Rural Technology Entrepreneurship

To build the capacity of rural entrepreneurs through training and skill promotion in various eco-friendly and employment intensive industries like Handmade papers, Natural Dyeing, Home based products, Honey processing, Neem processing, Cultivation of Medicinal & Aromatic plants, Food processing, Vermicomposting, fashion technology & garments making, pearls processing, Soybean foods, Herbal Cosmetics etc. These prototype units are housed in the Rural Technology Park and through them transfer of technologies to the rural areas are made to generate employment on a sustainable basis. Training programmes are conducted as a capacity building to the rural entrepreneurs.

Ex. RTP Skill Development Training Programmes

- Training Course on Preparation of Neem, Vermi Compost and Vermi wash liquid (3days)
- Training Course on Mushroom Cultivation and Mushroom Products (4days)

- Training Course on “Home Based Products” (4days)
- Training Course On “Solar Lights Assembling , Maintenance and Management” (15days)

Types of Rural Industries

1). Agro Based Industries:

- **High tech agriculture:** Production of exotic vegetables, off-season vegetables, mushrooms etc
- **Medicinal plants:** Demand for cultivated medicinal plants is increasing due to reduced availability of medicinal plants from forest.
- **Ayurvedic drug:** Manufacturers are also entering into contracts with farmers for supply of medicinal plants.
- **Aromatic plants:** Demand for natural perfumes is increasing due to health issues related to chemical products. This has open gate for commercial production of aromatic plants.
- **Bio fuels:** About 30 varieties of plants have been identified for production of bio fuels. Jatropha is one such variety. Raw oil can be extracted in rural areas for further refining into bio diesel.
- **Seed production:** Good quality certified seeds are in great demand and marketing is very easy.
- **Farm nutrition/ Pesticide products:** Presently our farmers are over dependent on chemical fertilizers for farming operations. The farmers can produce several organic fertilizers like compost, vermi-compost, neem based and other herbal pesticides etc on commercial scale for own use and sale in urban/ rural areas. The products are very low energy consuming and use raw materials which are otherwise waste.
- **Animal husbandry based enterprise:** Dairy is most popular and organised rural enterprise, the scale can start from 2-3 animals to hundreds of animals. Processing and distribution of milk is related business. It is expected that milk production in terms of money will cross the paddy very soon. The next popular enterprise is poultry. In addition to sale of eggs and the poultry birds, the poultry feed industry is also a viable enterprise.
- In addition to the produce from living animals, certain rural industries are based on the residue of dead animals like bones and hide etc. The commercial rearing of various animals like pigs, sheep, goats and rabbits for wool and meat is also a Sericulture/ apiculture

- Sericulture is very popular in certain pockets of India and is an old profession. The silk garments are very popular and the sericulture can be taken up on commercial scale as there is no problem in sale of raw as well as processed silk.
- Apiculture on commercial scale is gaining popularity not only for direct domestic sale but also for export. The honey bees also contribute towards pollination thereby increasing agriculture production. popular enterprise in rural areas where grass is easily available.

2). Forest Based Industries: Wood products, Bamboo products, Honey, Coir industry, preparing plates from leaves. Waste lands not fit for agriculture can be used for commercial forestry. Plants like eucalyptus, poplar, bamboo etc can be raised. Paper mills, matchstick manufactures and furniture makers are buying these items. The bamboo tree can be utilized for more than 30 products.

3). Engineering and Services: Mobile repair, agriculture machinery servicing, Tractors and Pump set repairs etc. Small and medium sized industries to produce agricultural machinery, equipment for usage in rural areas etc.

4). Handicrafts: Making of wooden or bamboo handicrafts that are local to that area, traditional decorative products, toys and all other forms of handicrafts typical to the region. India is famous for traditional crafts based on skills and local materials. There is huge export market for crafts and traditional products. Those interested in trading can buy the products from small manufactures and sell it in urban markets. The cooperatives or self-help groups of producers can also take up trading activity. This sector is providing employment to lakhs of rural people presently, but only traders from urban areas are benefited from sale of the items produced by rural people. If the cooperatives or self-help groups of weavers can take up this activity, the benefit will go to rural people. Similarly the rural entrepreneurs can also take up this activity by value addition like readymade garments. Huge export potential exist in EU for the hand woven, vegetable dye products without quota restrictions.

5) Food processing: It is most preferred activity for rural entrepreneurs. The value addition is considerable and the market is open and expanding. We have already discussed this topic in detail. Millions of tons of agro waste is burnt every year. Simple option is to convert the waste into briquettes which can be burnt in place of coal/wood in various rural /urban industries. Several other products such as rice bran oil, Gum from tamarind seeds etc. can be extracted at commercial scale. There are several other products like handmade paper, board, packing paper and corrugated paper boards etc. which can be made in rural areas.

Suggestions to Develop Rural Entrepreneurship

Though the answer to the question how to develop entrepreneurship lies in the solutions of the problems faced in this regard, yet the following measures are suggested for developing entrepreneurship in the rural areas in the country:

1. Raw material is a must for any industry. However, the non-availability of raw materials accompanied by their prohibitive cost has weakened the viability of these industries. Past experience bears evidence that rural industries with employment potential cannot be sustained for long unless a strong raw material-base is created in rural areas itself. Therefore, an urgent policy is called for to strengthen the raw material base in rural areas.
2. Finance is considered as lubricant for setting up and running an industry. Funds, therefore, need to be made available on time at soft terms and conditions to those who really need it.
3. In order to solve the problem of marketing for rural industries, common production-cum-marketing centres need to be set up and developed with modern infrastructural facilities, particularly, in the areas having good production and growth potential.

This would help in promoting export business, on the one hand, and bringing the buyers and sellers in close interaction avoiding the middlemen in between them, on the other. Legislative measures have to be taken to make the government purchases compulsory from rural industries.

4. One peculiarity of rural entrepreneurs is that most of them join their entrepreneurial career not by choice but by chance. Lack of aptitude and competency on the part of such entrepreneurs makes the units sick.

Hence, there is a need to develop entrepreneurial attitude and competencies among the prospective entrepreneurs through the training interventions like Entrepreneurship Development Programmes (EDP), Women Entrepreneurship Development Programmes and TRYSEM. One effective way to inculcate the entrepreneurial acumen and attitude may be imparting entrepreneurial education in the schools, colleges, and universities. That younger minds are more susceptible to be moulded is well evidenced by the popularly known 'Kakinada Experiments' in Andhra Pradesh.

6. Sometimes the real problem in setting up industries is not the non-availability of facilities, but non-awareness of facilities whatever is available. The need is, therefore, to disseminate information about all what is available to provide to the entrepreneurs to facilitate them in setting up industries.
7. Proper provisions need to be made to impart the institutional training to orient the entrepreneurs in specific products and trades so that the local resources can be harnessed properly.
8. Our accumulated experience bears ample evidences to the fact that the non-governmental organizations, popularly known as NGOs, can prove instrumental in developing rural entrepreneurship in the country. The role of NGOs in developing entrepreneurship is, therefore, discussed separately.

Conclusion

Rural entrepreneurs are certainly act as a key figure in economic progress of India. They play a vital role in converting developing country into developed nation. In today's global market a country's economic policy environment must always be favourable for an organization to achieve efficiency. 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. Rural entrepreneurship however is the best answer for removal of rural poverty in India. Hence government should stress and emphasize more on integrated rural development programs. Also majority of the rural youths do not think of entrepreneurship as a career option. Hence organizations and government should come with training and sustaining support systems providing all necessary assistance so that rural youth can be motivated to take up entrepreneurship as a career. Besides there should also be efficient regulated markets and governments should also lend its helping hand in this context. Standardization and grading should be promoted and also promotional activities should be enhanced to encourage rural entrepreneurs. NGO's should also be provided full support by the government. In the present context study of entrepreneurship helps entrepreneurs not only to fulfil their personal needs but also help in economic contribution of new ventures. More than increasing the national income by creating new jobs, rural entrepreneurship also acts a force in economic growth by serving as a major bridge between innovation and marketplace. To conclude to bring change institutions need to focus on synergies between education, innovation and entrepreneurship.

Research studies

Study no – 1

The Problems and Prospects of Rural Entrepreneurship

BINITA NANDA (2020)

Major findings:

Table-1 Nature of Business Organization

N=288

NATURE	MANUFACTURING		SERVICE		TOTAL	
	Number	Percent	Number	Percent	Number	Percent
SOLE PROPRIETOR	170	87.18	83	89.25	253	87.85
PARTNERSHIP	25	12.82	10	10.75	35	12.15
TOTAL	195	100.00	93	100.00	288	100.00

The different forms of business organizations chosen by the respondents have been represented in Table-1. Sole proprietorship was preferred business organization in the said districts and 87.8 percent of the respondents opted for it, whereas partnership constituted 12.8 percent. The types of organizations set up for micro and small enterprises (MSE) were generally proprietary and few were partnership.

Problems faced by Rural Entrepreneurs

1. Financial problems

- Lack of infrastructural facilities
- Threat element
- Scarcity of funds

2. Marketing problems

- Cutthroat competition
- Middlemen

3. Management problems

- Legal formalities
- Procurement of raw materials
- Lack of technical knowledge
- Poor quality of products

4. Human resources problems

- Unskilled workers
- Pessimistic attitude

Success story-1

Sunita Nair was just 16 years old when she fell in love and got married in Kerala. Her husband held the reputable position of being a general manager at a small cement factory. Sunita was living her dream life until her entire world came crashing down. Her husband suddenly died in a car accident in 2015 and Sunita was left alone with two children to raise.



Since she was very young when she got married, she did not get a chance to finish her education. This led to a lack of employment opportunities for her after her husband's death. The family, which had recently lost its only earning member, was left in a deprived condition.

After struggling for several months to make ends meet, Sunita decided to take matters into her own hands. She started a business in creating areca leaf plates and bowls in Hubli, Karnataka. As she struggled to sustain herself in the market, she received a much needed helping hand in the form of Navodyami, a program started by Hubli-based Deshpande Foundation to support micro entrepreneurs.

Sunita learned crucial marketing skills, expanded her network, made more products, and scaled her business several folds. She hired two employees and bought a new machine.

After deducting all her expenditure, she manage to earn about Rs 30,000 per month," she says. Her products are now in demand and she does not have enough space to keep them.

She currently sells plates and bowls in three sizes. She is soon planning to rent a bigger place and start manufacturing glass items as well.



Success story-2

47-year-old Hemavathi Hiremath from Belgaum also carved a unique path as a successful entrepreneur in this male-dominated field. After her divorce, Hemavathi realised the importance of being financially independent.



Hemavathi held a BSc degree in chemistry, but could not work as she had to look after her young son. Hemavathi then decided to start a food processing business from her own house in 2007. Her first product was ‘Gulab Jamun Mix’, a powder to prepare gulab jamuns (an Indian dessert) instantly. Gradually, she started getting some orders. The business was decent and she was soon able to break even.

However, there was still a long way to go for Hemavathi. She got associated with Navodyami and underwent a week-long training where she learned to market her products to a wider audience. She was then connected with potential buyers and got key ideas on how to expand her business. The programme also guided her to get the Food Safety and Standards Authority of India (FSSAI) certificate.

Today, she sells about eight products under the brand name of ‘Anmol Food Products’. She wants to expand to making more regional products. A small one room business now has clients from different cities. Hemavathi maintains proper accounts, which she never did earlier. This has given her a better understanding of revenue and expenditures. Her monthly turnover stands tall at Rs 60,000.



Anmol Food Product

Discussion

1.What is the difference between solo and partnership?

Sole proprietorships and partnerships are common business entities that are simple for owners to form and maintain. The main difference between the two is the number of owners. With a sole proprietorship, only one person is the sole owner. In a partnership, person will work with at least one co-owner. Owning a business with someone else invites additional concerns, such as handling conflicts among the owners and allocating responsibilities, profits, and losses.

2. What is the role of NABARD in rural development?

As an effort to institutionalize the Entrepreneurship and Skill Development initiatives, NABARD provides support to specialised institutions viz., RUDSETI/RUDSETI type of Institutions & RSETIs, which provide entrepreneurship development and training to rural youth/women on various skills, which can generate better livelihood options. Assistance is provided to these institutions, which comply with the criteria stipulated by NABARD.

3.What do you mean by Disguised Unemployment?

It is a kind of unemployment in which there are people who are visibly employed but are actually unemployed. This situation is also known as Hidden Unemployment. In such a situation more people are engaged in a work than required.

4.What is the role of RUDSETI?

RUDSET Institute, a pioneering Self Employment Training Institute functioning since 1982, has been conducting skill development and Entrepreneurship Development Training Programmes effectively. RUDSETI has developed a model of effective training, integrating the elements of motivation, skill and soft skill aspects in to the training curriculum and also post training facilitation.

5.What are the suggestions to overcome the challenges presently facing by the rural entrepreneurs?

- Educate the Rural Entrepreneurs
- Innovators club should be established in villages to support the large mass of youth who are interested in taking business as a career. .
- Marketing, Management skills should be improved by imparting training.
- Awards should be given to those entrepreneurs who demonstrate extraordinary success.
- Entrepreneurship development cell should be established at all the villages level to provide guidance and counseling to motivate the rural entrepreneurs regarding the use of modern technology.
- Rural youth need to be motivated to take up entrepreneurship as a career.

6.Is there any platform for direct marketing of agri products by farmers in Karnataka?

Yes, its there for example raitha santhe.



UNIVERSITY OF AGRICULTURAL SCIENCES, BANGALORE

DEPARTMENT OF AGRICULTURAL EXTENSION

CoA, UAS, GKVK, BENGALURU-65

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ID No : PALB 9032

Class : II Ph. D.

Date : 02/01/2021

Time : 09:30 AM

Venue: Dwarkinath Hall

I Seminar on

Prospects and Challenges of Rural Entrepreneurship in India

Synopsis

India is a country of villages. About 3/4th of India's population are living in rural areas out of which 75 per cent of the labour force is still earning its livelihood from agriculture and its allied activities. Land being limited is unable to absorb the labour force in agriculture. Therefore, there is a need to develop rural industries to solve rural unemployment and rural migration to cities. Growth and development of rural economy is an essential pre-condition to development of the nation as a whole. The standard of living of the rural people should be increased. Entrepreneurship in rural sector provides an answer to the above problems. Indian rural sector is no longer primitive and isolated. Therefore, entrepreneurship in the rural and tribal areas looms large to solve the problems of poverty, unemployment and backwardness of Indian economy. Rural industrialization is viewed as an effective means of accelerating the process of rural development. Government of India has been continuously assigning increasing importance and support for the promotion and growth of rural entrepreneurship. With this background, the present study is conceptualised with the following objectives:

1. To know the importance / need for the Rural Entrepreneurship in India
2. To understand the prospects, challenges and schemes for rural entrepreneurship
3. To review the research studies and success stories of rural entrepreneurs

Concept of Rural Entrepreneurship

Rural Entrepreneurship means which ensures value addition to rural resources in rural areas engaging largely rural human resources.

1. Prospects of Rural Entrepreneurship in economic development

Rural entrepreneurship is labour 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. Rural entrepreneurship can fill the big gap and disparities in income rural and urban people. It 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. It can dispel the concentration of industrial units in urban areas and promote regional development in a balanced way. The age-old rich heritage of rural India is preserved by protecting and promoting art and handicrafts through rural entrepreneurship can reduce.

Challenges faced by Rural Entrepreneurship in India

Due to lack of education, majority of rural people are unaware of technological development, marketing etc. Most of the rural entrepreneurs face unusual troubles like fear of

risk, lack of training, illiteracy, experience, limited purchasing power and competition from urban entrepreneurs. The main challenges facing by rural entrepreneurs are Family, Social, Technological, Financial and Policy Challenges

2. Government Schemes for Rural Entrepreneurship in India

India has a rich history of rural entrepreneurship in traditional industries such as coir, khadi, bamboo etc. Government bodies such as the MSME Ministry have been running various schemes to support and grow these industries. Among them some of the schemes are Rajiv Gandhi Udyami Mitra Yojana (RGUMY), Product Development, Design Intervention and Packaging (PRODIP), Khadi Karigar Janashree Bima Yojana for Khadi Artisans, Marketing Assistance Scheme and ASPIRE (A Scheme for Promotion of Innovation, Rural Industries and Entrepreneurship).

3. Review of the research studies:

As per published report of GoI 'Entrepreneurship in India, 2008', the Indian rural entrepreneurs were facing problems due to lesser flow of information, lack of training, presence of corruption, complex taxation procedures, non-transparent approval of business or license, lack of skilled labour force, scarcity of resources, backward geographical locations, lack of easy access to finance, socio-cultural barriers, competition in market, political inferences in business and lack of infrastructure.

Binita (2020) reported that 89.25 and 87.18 percent of the respondents opted for sole proprietorship in service and manufacturing sector respectively. The types of organizations set up for micro and small enterprises (MSE) were generally proprietary and few were partnership.

Conclusion: Rural entrepreneurship cannot be developed without significant training. Therefore, instead of just schemes (financial and developmental) as the carrot for entrepreneurship development an intensive training needs to be provided to the youth in rural India. What's required is to create a devoted team to take up rural entrepreneurship training as per integrated rural development program. 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.

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