

## RURAL ENTREPRENEURSHIP – IMPORTANCE AND CHALLENGES

**Author's Name:** Dr. V. Mohana Sundari

**Affiliation:** Assistant Professor, Department of Management Studies, SRMIST, Vadapalani, Tamil Nadu, India

**E-Mail:** [mohanasv@srmist.edu.in](mailto:mohanasv@srmist.edu.in)

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### *Abstract*

*Rural entrepreneurship is defined as entrepreneurship that begins in rural areas and adds value to rural resources by primarily utilizing local human resources. The majority of the Indian population lives in rural areas, and their primary source of income is agriculture and agricultural-related activities. In light of this, rural entrepreneurship is a critical contributor to the country's economic development. In many cases, rural entrepreneurs are considered necessity-driven because they face numerous barriers and obstacles to growth. The primary goal of this research is to comprehend the meaning, significance, and challenges of rural entrepreneurship.*

**Keywords:** Entrepreneurship, rural, significance, challenges.

### INTRODUCTION

India is a rural country. Approximately three-fourths of India's population lives in rural areas, with agriculture and related activities providing a living for 75 percent of the labor force. Because of the scarcity of land, agriculture cannot absorb the labor force. As a result, rural industries must be developed in order to address rural unemployment and rural migration to cities. The growth and development of the rural economy is a necessary precondition for the overall development of the country. The disparities between rural and urban areas should be narrowed.

The rural people's standard of living should be raised. Entrepreneurship in the rural sector provides a solution to the aforementioned issues. The rural sector in India is no longer primitive and isolated. As a result, entrepreneurship in rural and tribal areas looms large as a solution to the Indian economy's problems of poverty, unemployment, and backwardness. Rural industrialization is regarded as an effective means of hastening the rural development process. The Government of India has consistently prioritized and supported the promotion and growth of rural entrepreneurship.

### MEANING

Rural industries and business organizations in rural areas are generally associated with agriculture and agriculture-related activities. The KVIC (Khadi and Village Industry Commission) defines village industries 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 a thousand rupees."

Entrepreneurship's Importance in Developing Countries Entrepreneurship has been a major research topic in the management field for the last 20 years. Furthermore, much emphasis has been placed on rural entrepreneurship, which is regarded as the backbone of the rural economic sector in developing countries such as India and South Africa. Rural entrepreneurship can be defined as any form of entrepreneurship that occurs in areas with large open spaces and small

population settlements in comparison to the national context (Korsgaard et al., 2015). Rural entrepreneurship not only generates income for locals but also contributes to a higher standard of living.

Despite technological advancements, many problems are arising in rural areas. For starters, there is a scarcity of basic resources such as skilled labor, infrastructure, and expanded market opportunities. If these aspects could be improved, the potential for these rural entrepreneurs to develop, flourish, and realize capital output within these rural economic markets could be increased. As a result, there are numerous untapped opportunities for rural entrepreneurs (Saxena, 2012). A further stumbling block to the previously mentioned barriers is the entrepreneurs' lack of confidence in making the right decisions and having the right risk-taking attitude (Hookoomsing & Essco, 2003; Dvorsky et al.,)

Furthermore, these businesses and industries serve as the primary driving force in closing the economic gap between rich and poor people. Rural entrepreneurship could be a viable solution to this problem, as these rural entrepreneurs could eventually set up factories, workshops, and industries in rural areas, providing much needed job opportunities and economic growth. Rural entrepreneurship acts as a catalyst for rural development by creating jobs and income in specific areas. Furthermore, it has the potential to raise the living standards of people in rural areas (Ngorara & Mago, 2018). Entrepreneurship can also be used to grow a business.

#### **IMPORTANCE OF RURAL ENTREPRENEUR**

Rural entrepreneurs are critical to the country's overall economic development. The growth and development of rural industries promotes self-employment, results in a more dispersed distribution of economic and industrial activities, and aids in the most efficient use of locally available raw materials and labor. The following are some of the critical roles that rural industries play in improving the socioeconomic conditions of rural people in particular and the country as a whole.

**Proper use of local resources:** Rural industries aid in the proper use of local resources such as raw materials and labor for productive purposes, thereby increasing productivity. They can also mobilize rural savings, resulting in an increase in rural funds.

**Employment generation:** Rural industries generate a large number of job opportunities for rural residents. Rural industrialization can effectively address rural India's fundamental problem of widespread unemployment and underemployment.

**Prevents rural exodus:** Due to a lack of employment opportunities, high population pressure, and poverty, rural residents were forced to relocate to cities in search of a better life. It causes a rural-urban imbalance. In these circumstances, rural industries contribute to the reduction of income disparities between rural and urban residents and serve as a potential source of gainful employment. This prevents rural residents from migrating to cities.

**Encourages rural economic development:** Rural industrialization encourages rural economic development. On the one hand, this reduces rural-urban migration; on the other, it reduces disproportionate growth of towns and cities, the growth of slums, social tensions, and environmental pollution, among other things.

**Producers of consumer-selected goods:** Rural industries, including village and cottage industries, produce goods of individual consumer preference and taste. Jewellery, sarees, and artistic products are produced to meet the needs of various consumers based on their taste, design, and preference.

Entrepreneurial development: Rural industries promote rural entrepreneurial development. It encourages young and promising entrepreneurs to develop and carry out entrepreneurial activities in the rural sector, thereby facilitating rural development.

### NEED FOR RURAL ENTREPRENEURSHIP

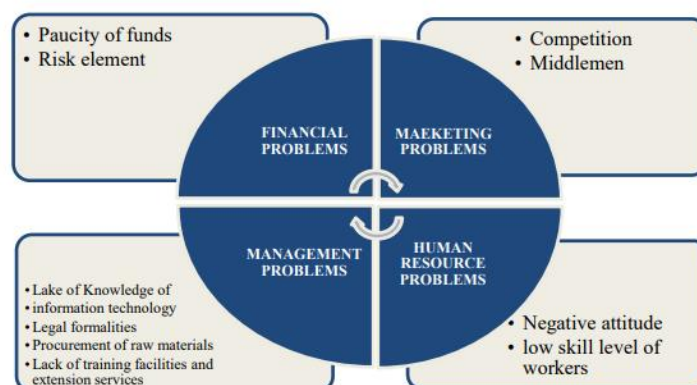
The need for and growth of rural industries has become essential in a country like India because of the following reasons:

1. Rural industries generate a large number of job opportunities in the rural sector because the majority of rural industries are labor intensive.
2. By developing more rural industries, rural industries can help to reduce rural-urban migration.
3. Rural industries and entrepreneurship help to increase rural people's per capita income, thereby closing the income gap between rural and urban people.
4. Rural entrepreneurship regulates the concentration of industry in cities, promoting balanced regional growth in the economy.
5. Due to their accessibility, rural entrepreneurship facilitates the development of roads, street lighting, drinking water, and other infrastructure in the rural sector.

### BARRIERS AND CHALLENGES OF RURAL ENTREPRENEURSHIP

According to Swanepoel et al. (2010), economic activity has decreased in both India and Hungary as a result of an increase in unemployment and a decrease in total early stage entrepreneurial activity (TEA). According to the 2009 GEM report (Bosma & Levie, 2009), this decreasing trend is primarily due to the challenges that entrepreneurs face. According to Timm (2011), some of the major challenges are poor education, a lack of financial assistance, a lack of funds, a negative attitude, and socioeconomic problems.

Access to financial resources is the most important factor in the success of these small-scale businesses (Naudé, 2008). Entrepreneurs are constrained by two schools of thought. The first is the psychological belief that they will face stiff competition and failure despite their best efforts. Another psychological factor is the entrepreneurs' attitude, which leads to a need for optimism and achievement (Taormina & Lao, 2007). Another challenge that these rural entrepreneurs face is related to their cultural background and thought process. The success of an entrepreneur can be influenced by cultural factors such as societal trust in his abilities and innovative thinking. A supportive society boosts the potency.



Source: Jayadatta (2017)

## CONCLUSION

Many studies and policies have emphasized the importance of entrepreneurship, and in rural areas, promoting it may be even more important. Rural areas, particularly those focused on agriculture, are frequently regarded as the backbone of an economy, as countries with successful and productive agricultural sectors contribute significantly to economic growth. Unfortunately, many rural areas lack resources to support new and developing entrepreneurs, which leads to a negative perception of rural entrepreneurship in many cases.

As India faces significant challenges in the areas of entrepreneurial education, government regulation, and the implementation and commercialization of research and development into new knowledge and technologies, one of the main recommendations resulting from this study could be the development and implementation of better and more effective entrepreneurial training programs, particularly with a focus on rural areas.

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