

A STUDY ON PROBLEMS AND PROSPECTS OF RURAL ENTREPRENEURS IN MALNAD REGION

RUDRAMUNI P B¹ and NIHARIKA BYRAPLY YATHIRAJU²

¹Assistant Professor, Department of Commerce and Management, PES Institute of Advanced Management Studies, Shivamogga.

²Niharika Byraply Yathiraju, Student, PES Institute of Advanced Management Studies, Shivamogga.

ABSTRACT

Entrepreneurship is the process of establishing new enterprise, by assuming various risks which are related to entrepreneurship for the purpose of making profit. Entrepreneurship accelerates the Indian economy growth. Rural entrepreneurship refers to establishing enterprise in village areas with a view to creating employment opportunities in villages. Entrepreneurship provides employment opportunities in village areas hence entrepreneurship can be used as a tool of poverty eradication. This paper aims to identify various problems faced by rural entrepreneurs and opportunities available to the rural entrepreneurs in Malnad regions. Primary and Secondary data were used in this research. The primary data collected from selected villages of Malnad Regions.

Keywords: Entrepreneurship, Rural Entrepreneurs, Economy, Rural Entrepreneurship.

INTRODUCTION

India is known as land of tradition and villages oriented country. Nearly 70 % (as per 2011 census of India) of the Indian population lives in villages. Now a day's most of the village peoples are migrated to cities because of unemployment problem that's why they were in below poverty line but the concept of rural entrepreneurship provides them alternative employment opportunities and helps in eradicating poverty. Rural entrepreneurship is considered as an important tool in eradicating poverty and unemployment. Now a day's rural entrepreneurship plays vital role in reducing the migration of the people from rural to urban and semi urban areas.

Government has moral responsibility in designing, innovating rural entrepreneurial development program for the upliftment of rural economy. "India lives in village and its true

spirit lives in rural areas” (Mahatma Gandhi). Rural industries plays dominant role in the rural development. Rural entrepreneurship identifies the opportunities available in rural area and accelerates those opportunities. Rural entrepreneurship is one of the important input factors in the economic development of the nation and regions within the nation.

STATEMENT OF THE PROBLEM

Rural entrepreneurship plays vital role in the economic development of the nation. Now a day with the growth of micro small medium enterprises (MSME), many rural people start their business and running their enterprises. As there exist a need to strengthen the rural entrepreneurs more difficulties faced by rural entrepreneurs include low level of purchasing power of rural consumer so sales volume is insufficient, lack of education, lack of finance to start business, heavy competition from large-scale industry, of technical know-how, non-availability of skilled labors, exploitation by middlemen, growth of mall culture, lack of power supply, lack of managerial skills, lack of infrastructure facility, financial statements are difficult to be maintained by rural entrepreneurs.

OBJECTIVES OF THE STUDY

1. To identify the various problems faced by Rural Entrepreneurs in Malnad Region.
2. To know the importance of Rural entrepreneurship.
3. To analyze the various government schemes available to Rural entrepreneurs.

RESEARCH METHODOLOGY

Research Design

This study is both explorative and descriptive in nature. It is exploratory in sense that, earlier few studies preferably evaluating the performance of rural entrepreneurship but this study is also descriptive in nature because the researcher has made an attempt to describe the current situation of rural entrepreneurship in malnad region.

Sources of Data:

The task of data collection starts after problems have been identified. While deciding about the method of data collection to be used for the study there are two types of data collection method available such as primary data and secondary data.

1. Primary data

Primary data means firsthand information. It refers to collection of data direct from its source of origin. There are several ways of collecting primary data that are as follows

- Observation method
- Questionnaire method
- Interview method

This study collects the data by using questionnaire method.

2. Secondary data

Secondary data is second hand information because here researcher collect data from the agency or someone who are already collected the data and processed it. This study collects the data through published one like journals, articles, newspaper, books, websites, and periodicals.

REVIEW OF LITERATURE

1. **Jayadatta (2017)** took study on “major challenges and problems of rural entrepreneurship in India” with the objective of analyses the role of rural entrepreneurs in economic development. This study identifies that economic development of our country largely depends on the development of rural areas. In addition to that this study identifies the benefits available from rural entrepreneurship like providing employment opportunities, reduces migration of rural population and it improves the standard of living of rural people. In order to

solve the problems of rural entrepreneur's author suggest the government to create separate financial cell and providing concessional rate of interest as well as government should offer training facilities to the entrepreneurs. The author informed that rural entrepreneurship plays vital role in converting developing nation into developed nation hence the government has to provide assistance to rural entrepreneurs.

2. **Ravindra et.al (2010)** conducted research on "Rural entrepreneurship in India" this study is all about numerous problems faced by the rural entrepreneurs at the time of starting their business and as well as running their business. This study identifies that rural entrepreneurs plays dominant role in the economic development of a country by generating employment opportunities, improves the standard of living of rural peoples by providing regular income to them. It increases per capita income. In addition to this, this paper reveals the various opportunities for rural entrepreneurs and also suggests the government to provide separate financial fund, infrastructural facility and also arrange special training programs to them.
3. **Vedanthadesikan and Pathmanathan (2007)** made research on "Rural entrepreneurship an Indian scenario" This study says that sustainable rural development plays very important role in economic development of the country and it can be achieved through rural entrepreneurship. It is essential for eradication of poverty in rural. This study tells that only 20% or less than 20% of government schemes benefits reaches poor people hence the development of rural people itself was less. Hence rural people should be capable for making the use of government scheme, it can be achieved only when young rural people considers rural are the places of opportunities. Despite all the inadequacies in rural one should assess their strengths and build on them to make rural are places of opportunities. The rural development by evolved post independent India in positive direction. India being developing country with 75% of rural population and 6 to 7% GDP has paved way for

a better entrepreneur development scenario. This has been achieved by effective government policies.

PROBLEMS FACED BY RURAL ENTREPRENEURS

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.

1. Lack of finance Finance is the lifeblood of the business. Most of the rural entrepreneurs are mainly facing difficulty in raising the finance for their businesses. Non availability of adequate collateral security often mars the chances of rural youth in obtaining adequate funds in time to set up their own venture. Due to this, the entrepreneurs are forced to take credit from village money lenders who charge exorbitant rates of interest.

2. Lack of knowledge There is a distinct lack of adequate knowledge of entrepreneurial opportunities among the rural youth. The educated and trained youths mostly leave for urban destinations in search of jobs.

3. Lack of technical know-how On account of the faulty education system rural youth lack managerial, professional, technical know-how which is an impediment in developing the spirit of enterprise, consequently not many people come forward to establish self-employment units.

4. Absence of enterprising skill Most of the rural people in India lack risk bearing ability. Reluctant to involve oneself in business, inclination towards wage employment, and lack of creative thinking are few reasons which have restricted the growth of self-employment in rural area.

5. Lack of infrastructural facilities Rural areas are characterized by poor infrastructural facilities viz, roads, water, market, electricity, street lighting, road transport, storage and communication etc. which hamper the smooth movement of various industrial activities.

6. Non availability of skilled labours In rural areas, it is very difficult to find out skilled labours because highly skilled personnel prefer to work in big cities due to high salary than rural areas.

7. Low quality products Nowadays, the consumers are more sensitive about the quality of the products. But, rural entrepreneurs cannot produce quality products due to poor quality of raw materials, lack of well installed equipment's and lack of standardized tools.

8. Fear to invest in the business Rural entrepreneurs have low risk bearing capacity due to lack of financial resources and external support. So, they restrict to invest in their businesses in rural areas.

9. Stiff Competitions Rural entrepreneurs facing tough competition because of the process of liberalization, privatization and globalization many multinational companies entered into Indian market. Rural entrepreneurs facing tough competition from the multinational companies (MNC'S)

10. Middlemen The middlemen bridge the gap between the rural entrepreneurs and the ultimate consumers. They provide a distribution network through which goods flow to the market. However, middlemen are exploiting the rural entrepreneurs, as major portion of the profit is shared.

11. Legal formalities Rural people are generally less educated because they don't have sufficient financial resources to get higher education that's why while establishing their business they face difficulty in legal formalities.

12. Lack of power supply This is the 21st century though some villages don't have proper supply of power but to run their enterprises requires 24 hours power supply.

13. Growth of Mall culture Products produced to satisfy the consumer but today's consumer turn their face towards the mall culture and rural products have less demand

14. Poor Knowledge in Maintaining of books of accounts. Rural entrepreneurs have poor knowledge in keeping books of accounts related with their transactions due to their illiteracy.

15. lack of managerial skill The entrepreneur must have the skill to manage the men and other factors of production and able to harvest to the best of his organization but rural entrepreneurs do not have managerial skills.

IMPORTANCE OF RURAL ENTREPRENEURSHIP

1. 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.

2. Promotion of artistic activities: The age-old rich heritage of rural India is preserved by protecting and promoting art and handicrafts through rural entrepreneurship.

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

4. 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.

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

6. 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.

7. Improved standards 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.

8. Proper utilization of local resources Rural industries help in the maximum utilization of local resources like raw materials and labor for productive purposes and thus increase productivity. Efficient and effective use of limited resources by the entrepreneurs leads to overall economic development of an area

9. Earnings of foreign exchange Rural entrepreneurship plays significant role in increasing the foreign exchange earnings of the country through export of their produce.

10. Improvement in per capita income Rural entrepreneurship generates more output, employment and wealth by exploiting new opportunities, thereby helping to improve the per capita income of rural people.

11. Produces goods of consumers' choice Rural industries including cottage and village industries produce goods of individual consumers' taste and preferences, jewelry, sarees, artistic products are produced to cater to the needs of different consumer according to their taste, preferences and design.

GOVERNMENT SCHEMES FOR RURAL ENTREPRENEURSHIP IN INDIA

India has a rich history of rural entrepreneurship in traditional industries such as coir, khadi, bamboo, cane, and more. Government bodies such as the MSME Ministry have been running various schemes to support and grow these industries. These schemes range from providing collateral-free credit and access to incubation centers to better equipment and employment opportunities for entrepreneurs in various corners of India. Rural India poses a huge entrepreneurial potential, which is still remain unexplored. Lack of awareness about government policies and schemes is a major hurdle in the growth of rural entrepreneurs. Here are some schemes that can be of great help to rural businessmen.

1. **Prime Minister Employment Generation Programme** Started in 2008, the scheme is a credit-linked subsidy programme which aims to generate self-employment opportunities through establishment of micro-enterprises in the non-farm sector by helping traditional artisans and unemployed youth. The scheme is implemented by Khadi and Village Industries Commission (KVIC) functioning as the nodal agency at the national level. At the State level, the scheme is implemented through State KVIC Directorates, State Khadi and Village Industries Boards (KVIBs), District Industries Centers (DICs) and banks. **Description:** The scheme provides subsidy for entrepreneurs. It has been implemented by Khadi and Village Industries Commission (KVIC) through identified banks, only for new projects. **Nature of assistance:** Subsidy varies from 15% to 35%, with 5% to 10% beneficiaries' contribution, and the balance through banks as term loan and working capital loan. **Who can apply:** Aspiring entrepreneurs, Self Help Groups (SHGs), etc. **From where to apply:** khadi and village industries commission (KVIC)
2. **Janashree Bhīma Yojana for Khadi Artisans** Description: It is a group insurance for khadi artisans formulated by KVIC with LIC Nature of assistance: Insurance cover to khadi artisans for natural death due to accident and loss of both eyes and both limbs, plus a scholarship up to 12th standard for two children Who can apply: Khadi spinners and weavers aged between 18 years and 59 years, and below and marginally above poverty line From where to apply: khadi and village industries commission (KVIC)
3. **Rejuvenation, Modernization and Technology Up gradation of Coir Industry (REMOT)** **Description:** The credit linked subsidy for setting up of coir units with project cost plus one cycle of working capital (up to 25% of the project cost and not to be considered for subsidy) **Nature of assistance:** 55% bank loan, 40% margin money (subsidy) as government grant, 5% beneficiary contribution. **Who can apply:** Individuals, SHGs, NGO, etc. **From where to apply:** Coir Board field offices through District Industries Centre (DIC).

4. **Centrally Sponsored Schemes (CSS) of Export Market Promotion** Description: The CSS is provided for the overall development of coir industry; to support modernization of export-oriented units to popularize coir products in global markets, and to participate in international fairs, seminars, etc. Nature of assistance: Up to Rs 2 lakh for participating in fairs and 25% of production cost with a ceiling of Rs 15,000 for publicity material Who can apply: Any coir MSME, any coir exporter MSME with Free-on-Board (FoB) turnover below Rs 2 crore and registered with Coir Board From where to apply: Coir Board field offices through DICs.
5. **Welfare Measures Scheme (Coir Workers)** Description: Accident insurance providing financial compensation for disabled/nominee. Nature of assistance: Accident death Rs 50,000; Permanent total disability: Rs 50,000; Permanent partial disability: Rs 25 000; Provision for finger cut: as applicable. Who can apply: Coir workers aged above 18 years. From where to apply: Coir Board offices.

FINDINGS OF THE STUDY

1. Rural entrepreneurs are facing Marketing Problems.
2. Riural entrepreneurs are facing raw material problems.
3. Rural entrepreneurs are facing finance problems.
4. Rural entrepreneurs are facing personal problems.
5. Rural entrepreneurs are facing technological problems.

SUGGESTIONS

1. Government should provide finance to rural entrepreneurs at concessional rate of interest and also on easy repayment basis.
2. Cumbersome formalities should be avoided in sanctioning loans to rural entrepreneurs.
3. Special finance cells must be created by banks and financial institutions to provide easy finance to rural entrepreneurs.

4. Government should arrange special training programs for rural entrepreneurs.
5. Entrepreneurship development cell should be established at the village level to provide guidance and counseling to motivate the Rural entrepreneurs regarding the use of modern technology.

CONCLUSION

Rural industries play an important role in the national economy, particularly in the rural economy. Rural entrepreneurship is important not only as a means of generating employment opportunities in the rural areas with low capital cost and raising the real income of the people, but also its contribution to the development of agriculture and urban industries. Without rural industrialization, it would not be easy to solve the problem of unemployment in rural areas. Rural entrepreneurship can be considered one of the solutions to reduce poverty, migration, economic disparity, unemployment and develop rural areas and backward regions.

REFERENCES

1. Jayadatta S “major challenges and problems of rural entrepreneurship in India” IOSR journal of business and management (IOSR_JBM) e_ISSN:2278-487X;p-ISSN:2319-7668.vol19,issue 9,ver.2.PP.
2. Ravindran “rural entrepreneurship in India globalization and its impacts”. Shanlax International journal of management Vol 1, No 4, April 2014 ISSN 2321-4643.
3. Vedanthadesikan and P Pathmanthan “Rural entrepreneurship an Indian scenario” International journal of humanities and social science studies (IJHSSS) ISSN: 2349-6959(online), ISSN: 2349-6711(print) vol 3, issue 3, issue 2, sept2016, page no 88-95 published by scholar publications, karimganj, India 788711.