

# Prospective of Rural Entrepreneurship to Fulfill the Gap of employment in Current Scenario

Dr. Suyog A. Amrutrao

Director, Department of Management Science, Dr. Babasaheb Ambedkar Marathwada University, Sub-Campus, Osmanabad. Maharashtra (India)

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### \*Corresponding Author

Email: suyogmba[at]yahoo.com

## ABSTRACT

*"India Lives in Its Villages."- Mahatma Gandhi, father of the nation, rightly used to say that India resides in its villages. The saying of Father of the Nation proves itself when we go for census study of India, period wise. Percentage of rural and urban population can be taken from the census studies of India . Though declining, but still major part of the population stays in the rural part of India. According to the Census study of 1901 89.20% of the total population was from rural India. According to the census survey of 1951, 82.70% and according to the survey of 2011, 68.84% of the total population is residing in rural geography of the country. This shows the power of man force available in the country, basically in rural geography. Majority of this rural population depend on either agriculture sector or the supportive and allied agriculture sector in the country. Though such huge population is the part of rural community of the country still the unemployment rate for rural is 6.9% as on 20th Feb, 2019 . Rural Entrepreneurship is one of the area by which country can get good employment opportunity. GST and Demonetization has brought slow down of market. This study to find the perspective of rural area for employment.*

## 1. Introduction

One of the major indicators of economic growth is the GDP of that particular country or sector. Although such a huge part of the country resides in the rural area, the contribution of rural area, especially agriculture and allied industry, in country's economy is not as good as it was in 50s. This declining contribution trend seems to be adverse in human development also. According to a report<sup>1</sup> the contribution of Agriculture and Allied Industry in 1951 was 51.88%. It is really a good figure as compared to the contribution of present day. A sharp decline has been noticed in this contribution till 2014. In the year 2014 the contribution of the sector in Indian Economy reduced to the severe level of 13.94% of the total GDP. This declining trend has been more severe since 2014 also.

These figures and facts show the need of taking more positive steps to increase the contribution of rural Agriculture and Allied Industry in the overall economy. As previously said, where more than half of the population resides in rural area so the development of the country will not be achieved unless and until this huge mass of the population is developed. Henderson (2006)<sup>2</sup> in his research investigated the role of entrepreneurs from rural area and its impact of national economy in form of GDP. The researcher with above stated research has outlined that entrepreneurship and employment growth are positively related, let it be in the rural or urban area. The countries which are having more entrepreneurs, they have higher rate of employment generation. One of the major issues related to

1 Agriculture & Allied Activities Sector of GDP. (2014). *Investment Insights*. <https://www.idfcmf.com/gamechangers/agriculture-allied-activities-sector-of-gdp>.

2 Henderson, J. (2006). *Understanding Rural Entrepreneurs at the County Level: Data Challenges*. Presented at Center for Economic Studies, Census Bureau. <http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.170.118&rep=rep1&type=pdf>

rural area is migration of its workforce to urban area. This increasing flow of workforce can also be seen from the data of Census as above stated. The percentage of population is decreasing on constant gap. Bala (2017)<sup>3</sup> has done a research on the issue of migration from rural to urban area. According to his study one of the reason for this workforce drain employment in urban area or less employment opportunities of employment in rural area.

It can be seen from the above study that to resolve all these issues related rural area, the entrepreneurship at rural level should be enhanced and developed.

## 2. Objectives of the Study

- ✓ To study present scenario of rural entrepreneurship in India.
- ✓ To Study various Problems before Rural Entrepreneurship in India.
- ✓ To find prospective strategies for Indian Rural Entrepreneurship.

## 3. Research Methodology

The study is conducted with the manner of disrobing the current situation of rural entrepreneurship, its challenges and its solutions. Hence, descriptive type of research design is used for the study. The intention behind completing this study is to describe the present situation of rural entrepreneurship. The data for the study is being collected with the help of secondary data sources which are available in the said study area. Various previous research papers, thesis, news articles, website blogs are used as the data sources. Wherever

3 Bala, A. (2017). *Migration in India: Causes and consequences*. *International Journal of Advanced Educational Research*, Volume 2; Issue 4; July 2017; Page No. 54-56. ISSN: 2455-6157.

necessary, the government reports are also considered for the said paper.

#### 4. Rural Entrepreneurship at a Glance

Various Efforts has been made in multiple dimensions to define entrepreneurship. According to Schumpeter (1965)<sup>4</sup> entrepreneurs are the innovators who, by innovation, explore new market opportunities for the business. Through this definition the author focuses on the major function of entrepreneurship, innovation. Hisrich (1990)<sup>5</sup> give some of the characteristics to define the concept of entrepreneur. According to him entrepreneurs are those who think creatively and take initiative, has the ability to transform social and economic agents to practical resources and accept the risk hidden in the opportunity. These are some of the characteristics by which the author had defined the concept of entrepreneur.

Loganathan (1988)<sup>6</sup> defined the rural entrepreneurship as an economic activity in area of village. He also added that it requires planning the activities of an enterprise, promoting and maintain that enterprise which is basically from rural area. In this way, the author defined and segregated the concept of entrepreneurship and rural entrepreneurship. Supriya and Govindappa (2016)<sup>7</sup>, also, in the research paper defined the concept of entrepreneur. According to them the rural entrepreneur is the person or group who stays in the rural area and produces goods and services with the use of local resources. In this way the researchers have conceptualized rural entrepreneur. In the same article they have also given various types of rural entrepreneurs. The rural entrepreneurs are divided in to agriculture entrepreneur, artisan entrepreneur, merchant and trading groups and tribal entrepreneurs. Agricultural entrepreneurs are the individuals who undertake the farming as their primary occupation. Artisan Entrepreneurs are the skilled persons who reside in villages and support and help the agriculture and related activities. These entrepreneurs have acquired technical skills and utilize these skills to make business. These include carpenters, blacksmith, weavers, potters, etc. Tribal entrepreneurs are the class of people which prominently found in the tribal villages or areas. Merchant and trading groups are the part of that community which is basically involved in business activity. They also play the role of intermediaries between farmers and customers. In this way the rural entrepreneur and its form has been described by the authors.

Kaur And Gill (2015)<sup>8</sup>, by giving the reference of definition given by Khadi and Village Industry Commission and Government of India, define rural entrepreneurship in their

4 Schumpeter J. A.(1965).*Economic Theory and Entrepreneurial History*. In: Aitken HG (ed) *Explorations in enterprise*. Harvard University Press, Cambridge, MA

5 Hisrich,R.D.(1990) *Entrepreneurship/Intrapreneurship*. *Am Psychol* 45(2), 209-222

6 Loganathan. 19 88." *Rural Entrepreneurship: Behavioural Approach*," *Khadi Gramodyog*, Vol.XXXIV (4 ) January,P.1 8 4 .

7 Supriya, R & Govindappa, G.T. (2016). *Development of Rural Entrepreneurship*. *MJBR-MITS International Journal of Business Research*, Vol. 3 , Issue 1. January-June 2016

8 Kaur, M. & Gill, J.S. (2015). A Review of "Rural Entrepreneur Challenges in India". *International Journal Of Business Management*, ISSN NO. 2349-3402 VOL. 2(2),2015. Pg No. 1778. Available at [www.ijbm.co.in](http://www.ijbm.co.in)

research article. According to this definition rural or village industry means any industry located in rural geography of the country and which is producing any goods or services either by using electricity or without electricity. The population of such area should not exceed 10,000 according to this definition. It has also explained the maximum fixed capital as it should not exceed 1000 Rs. Per artisan or per worker head. Further this definition was modified as any industry located in rural area, it may be village or town, not exceeding the population of 20,000. Also it has been cleared that the industry should have the fixed investment below 3 Crores in the name of plant and machinery. In such way rural or village industry can be called to any industry which fulfills above said requirements.

#### 5. Present Condition of Rural Entrepreneurship in India

Chavda and Patel (2013)<sup>9</sup> in a research paper stated the contemporary situation of rural entrepreneurship. Rural entrepreneurship is being called as a good opportunity for the youth who are migrating from rural or semi urban areas of the country. On the other hand the fact is also stated by the researcher that rural entrepreneurship is facing a lot of problems in form of scarcity of amenities, scarcity of entrepreneurial education, scarcity of financial resources and so on.

#### 6. Challenges

- Low Profitability
- Emigration
- Capital Intensiveness
- Marketing Infrastructure
- Processing Units
- Traditional Methods

#### 7. Discussion

A number of researchers and academic personnel have been studying in the field of rural entrepreneurship. Due to its economic importance, the field is being regularly analyzed and studied. As said earlier, majority of the population of India resides in rural area hence it becomes necessity that the field should be studied for knowing various issues, problems and also opportunities hidden which can develop this area in economic perspective.

#### 8. Strategies for Development

- Local resources need to promote with employability
- Training on various aspect should arrange at village it self
- BPO and Back office services can be started in rural area
- Processing unit of agricultural product need to promote
- Quality of life is next gen brand going to out from rural region
- Promotion and infrastructural support to local entrepreneur.

9 Chavda, K. and Patel, B. (2013) *Problems Faced By Rural Entrepreneurs and Remedies to Solve It*, *Journal of Business and Management*, ISSN 2278-487X, Vol. 3, Issue 1, July-August.4

- Agricultural Tourism can be developed as major source for supplementary income.
- Avoid migration from rural region and engage these resources by giving them work.
- Promoting rural brands in market.
- Registration of rural idea on government portal and giving them recognition.

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