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## **Rural entrepreneurship in India: Drawback - A Meta analysis review**

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### **Abstract**

Rural entrepreneurship has an important role to play in the development of Indian economy. Taking into account the fact that nearly 70 percent of the Indian population calls rural India its home, adequate funding and support can provide a thriving entrepreneur atmosphere in these communities. So far as it is known that rural India as compared to the mainstream population is economically poor, younger, more isolated geographically, isolated from the main markets, culturally imbedded in tradition, less dynamic economically and experiencing depopulation. On the contrary it is also a fact that the majority of rural entrepreneurs is facing many problems due to not availability of primary amenities in rural areas of developing country like India. Lack of education, financial problems, insufficient technical and conceptual ability it is too difficult for the rural entrepreneurs to establish industries in the rural areas. The present study makes an attempt to find out the drawback for the potentiality of Rural Entrepreneurship. The main focus of drawback especially, marketing products, financial amenities.

**Keywords:** Rural Entrepreneurship, India, Drawback the potentiality of Rural Entrepreneurship.

### **Introduction**

Entrepreneurship in the rural All forms of entrepreneurship as well as production in general has a spatial dimension. As such, any entrepreneurial activity is situated in one or more locations in space. Traditional economic theory states that production and entrepreneurship, ceteris paribus, will tend to gravitate to those locations that provide the strongest economic incentives, be they land prices, labour costs, specialized labour skills or infrastructure-based transaction costs. Such incentives or characteristics are quantifiable and may serve to attract the kind of capital and production that emphasizes economic incentives. Hence, the competitiveness literature has emphasized the need for regions and localities to make themselves attractive to outside investments and global flows of capital, labour and people. Entrepreneurship in the rural, as it is defined here, refers to those types of activities that engage with their spatial location as a space for profit. Location in the given rural area is thus driven by advantages for the business or the entrepreneur, and the desired outcomes of the venture are unrelated to the overall well-being and development of the rural area. Entrepreneurship in the rural therefore has only limited engagement with the locality as a meaningful location, hence is weakly embedded in place. As a consequence, entrepreneurship in the rural would mainly operate on global markets in terms of sourcing and selling. No special prevalence or emphasis is given to utilizing place-based or localized resources other than for purely economic or practical reasons, for example by using cheap local land or labour. Finally, entrepreneurship in the rural targets markets which are economically most profitable, regardless of the extent to which these markets are local. This does not mean that the entrepreneurial activities do not have positive spill-over effects on the rural place but that this is not explicitly sought by the entrepreneur.

Entrepreneurship development, being one of the important means to the rural development, is also studied with special reference to the rural entrepreneurship development. The concept of vendor development as projected by Kirloskar Brothers Limited, Karad and its contributions to the rural entrepreneurship development.

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## Conception of under-development

### Definition of Rural Entrepreneurship

In simple words, we can say that rural entrepreneurship is any endeavor to organize any business activity in rural area. It is defined as entrepreneurship emerging in rural areas, which has capability to drive various attempts in primary, secondary and tertiary sectors and acts as a potent factor for economic development."

Rural entrepreneurship is that entrepreneurship that initiates in rural areas brings value addition to rural resources engaging largely human resources of that particular area.

Thus, it is concluded that rural entrepreneurship must emerge in rural area, by any person whether from rural or urban area, employing most of the material and people from rural area, providing the benefits and development to that particular area, ultimately leading to economic development of the country.

In order to have a better understanding of the concept of underdevelopment, let us refer to the definition given by Eugene C. Staley\* as. "A country characterized,

- by mass poverty which is chronic and not the result of some temporary misfortune,
- Obsolete methods of production and social organization, which means that the poverty is not entirely due to the poor natural resources and hence presumably be lessened by methods already proved successful in other countries."

There is also another definition given by Prof. Jacob Viner which says that an underdeveloped country is a country which has good potential prospects for using more capital or more labour or more available natural resources or all of these, to support its present population on a higher level of living or if its per capita income level is already fairly high, to support a large population on a not lower level of living." From the above definitions following observations can be made:

- An underdeveloped economy is characterized by "Mass Poverty".
- The underdeveloped economy uses obsolete methods of production and social organization.
- These economies have good potential prospects for using more capital, labour and other natural resources.
- The underdeveloped economies are characterized by mass poverty not because of the scarcity of factors of production such as capital, labour and natural resources but because of the use of out dated methods of production and social organization.
- Rural entrepreneurship
- Rural entrepreneurship, as it is defined here, engages with its location not primarily as
- a space for profit but with "place" as a location of meaningfulness and social life.
- It is well known that many entrepreneurs are less concerned with monetary incentives
- and profit being more concerned with the pursuit of personal, societal, or cultural
- aspirations. Sometimes entrepreneurs even compromise financial development of their
- ventures for the achievement of non-monetary aspirations (Achtenhagen et al., 2010;
- Davidsson, 1989; Leitch et al., 2010; Lewis, 2008). Rural entrepreneurship thus is

- conceptualized as entrepreneurial activity that engages with its spatial context and is
- embedded in its spatial context through resource use. Based on the definition
- of entrepreneurship as a function, rural entrepreneurship involves new combinations of
- place-based or localized rural resources that create value not solely for the entrepreneur
- but also for the rural place. In contrast to entrepreneurship in the rural, this type cannot
- be "uprooted" and located elsewhere without losing all or part of its key value
- proposition due to its intimate engagement with place (Müller and Korsgaard, 2014).
- Rural places offer certain "location-specific advantages" in the form of the material,
- social and cultural amenities (Müller, 2013; Harvey, 2010). Such location-specific
- advantages may result from the particular aesthetic landscape (shaped or untouched
- by human activity) or heritage-scape (Mitchell, 2013), which is the social, cultural and
- historical elements that have accumulated over time through the people who live
- and work in these places (Williams et al., 2004). These natural and social, cultural and
- heritage amenities can be used as unique resources in entrepreneurial activities (Müller, 2013; Stathopoulou et al., 2004). These are unique because they are place-specific and no
- place is made up of the same mix of resources, thus offering distinctive opportunities
- for entrepreneurship. According to Johnstone and Lionais (2004), community business

### Review of literature

There are various studies and surveys, which indicate, continuous engagements in the area of rural entrepreneurship. The brief discussion of some of them is as follows: Ghosh, Anjali (2011) <sup>[1]</sup>, concluded that merely the setting up enterprises in rural areas is not enough but employing the people and resources of that area is also essential in order to develop rural entrepreneurship. Basically, the benefits derived from the entrepreneurial activity should reach the different stakeholders of rural areas.

S. Pratibha (2012) <sup>[5]</sup> examined the different dimension of SHG Bank Linkage Program and its impact on rural people. The Study revealed that the prime aim of movement of SHG Bank linkage is to elevate the status of rural poor specially women economically and socially by fulfilling their financial needs. SHG Bank linkage enabled the SHGs in the study area to increase their operations with more financing and access to more credit products.

Jyoti kumar and Lalhunthara (2012) <sup>[6]</sup>, in their study on socio-economic background of Micro entrepreneurs in Aizawl district, Mizoram found that Education, experience, age and family play an important role in shaping the entrepreneurial ambition of the aspirant. It was found that nearly one-fourth of entrepreneurs were females. Their study also reveals that entrepreneurs were engaged in different lines of business activities ranging from tailoring to

food processing, involving complex technologies and different skills sets.

Chakraborty and Barman (2014) [2] found in their research of Sonitpur district in Assam that rural entrepreneurs were primarily motivated by the need for eagerness to make money and self employment. They also confirmed that training of different stakeholders not only improved the productivity and efficiency of local farmers and artisans, but also have potential social and environmental effects by developing eco-friendly solution to local problems.

### India crises an un-developed economy

India is an underdeveloped economy. Indian economy is plagued with the problem of mass poverty. Eradication of poverty has been the objective of the Five Year Plans that

India have adopted for economic development, but still we find that there are about 40% people who are below poverty line. Moreover, the chronic problem of poverty is aggravated by the rising population.

In India; we use obsolete methods of production and social organization. Take agriculture, for example. We find that the majority of farmers plough their lands with the help of bullocks and ploughs.

Indian economy has good potential for using capital, labour and other natural resources which are adequately available In India. However, these potential are not properly utilised due to the traditional methods of production and social organisation that are used In India.

All the above points go to prove the underdeveloped nature of the Indian economy.

### Economic Development in India

**Table 1:** Annual Growth Rate of Gross Domestic Products (GDP adjusted to price changes) per capita

GDP	2013-14	2014-15	2015-16	2016-17
Estimated at Current Prices	11.5	9.6	9.0	9.5
Estimated at Constant (2011-12) Prices	5.0	6.1	6.8	5.8

Source: Annual & Quarterly estimate NAD, MoSPI

**Table 2:** Annual Estimates of GDP at Current Prices 2011-12 Series (Rupees in Crore)

ITEM	2013-14	2014-15	2015-16	2016-17
Gross Value Added(GVA) at basic prices from			2nd Revised Estimate	1st Revised Estimate
1. Agriculture, forestry & fishing	1926372	2093612	2225368	2484005
2. Mining & quarrying	295794	308476	301230	332947
3. Manufacturing	1713452	1878369	2116119	2329220
4. Electricity, gas, water supply & other utility services	260155	282258	336978	363482
5. Construction	921470	979086	992298	1028463
6. Trade, hotels, transport, communication and services related to broadcasting	1874467	2107597	2303249	2521813
7. Financial , real estate & proof services	2069508	2363347	2631284	2857322
8. Public Administration, defense and other services	1301935	1491536	1660120	1924339
9. GVA at basic prices	10363153	11504279	12566646	13841591

Source: Annual & Quarterly estimate NAD, MoSPI

**Table 3:** Annual Estimates Of GDP at Constant Prices 2011-12 Series (Rupees in crore)

ITEM Gross Value Added at basic prices from	2013-14	2014-15	2015-16 2nd Revised Estimate	2016-17 1st Revised Estimate
1. Agriculture, forestry & fishing	1609198	1605715	1615216	1716746
2. Mining & quarrying	263107	288685	328453	371066
3. Manufacturing	1560709	1683938	1898790	2048711
4. Electricity, gas, water supply & other utility services	199601	214047	224198	244934
5. Construction	800771	835229	866440	878110
6. Trade, hotels, transport, communication and services related to broadcasting	1652062	1807689	1993627	2137102
7. Financial , real estate & proof services	1867407	2073714	2299913	2437857
8. Public Administration, defense and other services	1110794	1203115	1276710	1413103
9. GVA at basic prices	9063649	9712133	10503348	11247629

Source: Annual & Quarterly estimate NAD, MoSPI

**Table 4:** Progress made under Financial Inclusion Plans – as on 31st March (Scheduled Commercial Banks including RRBs)

Sr. No.	Particulars	2009 - 2010	2015 - 2016	2016 - 2017
1.	Banking Outlets in Rural locations – Branches	33378	51830	50860
2.	Banking Outlets in Rural locations – Branchless mode	34316	534477	547233
3.	Banking Outlets in Rural locations -Tota	67694	586307	598093
4.	Urban Locations covered through Business Correspondents	447	102552	102865
5.	Basic Savings bank deposit accounts-Through branches (No. in million)	60	238	254
6.	Basic Savings bank deposit accounts-Through branches (Amt. in ₹ billion)	44	474	691
7.	Basic Savings bank deposit accounts-Through Business Correspondents (No. in million)	13	231	280
8.	Basic Savings bank deposit accounts-Through Business Correspondents' (Amt. in ₹ billion)	11	164	285
9.	Basic Savings bank deposit accounts-Total (No. in million)	73	469	533

10.	Basic Savings bank deposit accounts Total (Amt. in ₹ billion)	55	638	977
11.	Overdraft(OD) facility availed in Basic Savings bank deposit accountss (No. in million)	0.2	9	9
12.	Overdraft(OD) facility availed in Basic Savings bank deposit accountss (Amt. in ₹ billion)	0.1	29	17
13.	Total Kisan Credit Cards (No. in million)	24	47	46
14.	Total Kisan Credit Cards (Amt. in ₹ billion)	1240	5131	5805
15.	Total General Credit Cards (No. in million)	1	11	13
16.	Total General Credit Cards (Amt. in ₹ billion)	35	1493	2117
17.	ICT-A/Cs- BCs - Total number of transactions (in million)*	27	827	1159
18.	ICT-A/Cs- BCs - Total amount of transactions(in ₹ billion)*	7	1687	2652

**Source:** RBI Note: Absolute change could be slightly different as numbers have been rounded off to million/ billion. ICT-A/Cs-BC: Information and Communications Technology- Accounts- Business Correspondents

### Rural development plays: A crucial role in Economic Development

#### Rural Crises

- i) Even after 40 years of India's independence, we find that the coexistence of rural areas along-with the industrially advanced urban areas.
- ii) During the five year plans, the Planning Commission has been keeping the rural development as their objective. However, what has been actually achieved is not enough. There is still a great scope for development of rural areas.
- iii) Even today we find that the people living in rural areas do not get their basic necessities of life such as food, clothing and shelter.
- iv) Rural population is increasing. It is facing the problem of unemployment and underemployment. This is leading towards greater degree of poverty.
- v) Majority of the people living in rural areas are below poverty line. They are illiterate, uneducated and superstitious. They are living in such an environment which lacks proper sanitary facilities. The condition of roads is bad.
- vi) There are some rural areas which are cut from the main cities during periods of rains and floods. These places are not linked with the highways or main roads that pass from near the village.
- vii) The people living in these rural areas largely depend on agriculture. There are no adequate irrigation facilities available to the farmers. Therefore they have to depend on rains which are quite uncertain. They may reap good harvest if the rainfall is adequate and lose their crops if there is a drought or too much rain.
- viii) The people who are dependent on agriculture for earning their livelihood are uncertain about their jobs. There is a sense of insecurity in them and they are at the mercy of the landlords during lean periods. They have to borrow money to meet their needs during the period when the working people of the family are unemployed. They fall a prey to money lenders who exploit them. The wages they get are very low. They cannot buy adequate food. They get low calories of food which affect their efficiency in work.
- ix) Due to low wage rates the rural people are unable to get education. At many places there are no schools for providing primary education.
- x) In the old days the rural India was not only an agricultural India but also a place for small village industries where potters, carpenters, blacksmiths, rope makers were not only self employed but also providing employment to the people living nearby. Now, we see that the number of such skilled people is decreasing at a rapid rate. e.g. due to the availability of plastic pots at

cheaper rates, potters is becoming obsolete. Majority of the unemployed people are migrating to urban areas.

- xi) The government of India has adopted a policy of rural industrialisation as a tool for rural development. However, on this front also we find that the industrialists have not taken the projects in the same spirit of rural development. They bring skilled labourers from cities to their industries in rural areas. This has kept the rural areas in the same condition as it was earlier. The establishments of industries have not made major changes in the lifestyle of the people in the rural areas. Moreover, there are many rural areas where electricity has not, reached. The areas where it is available are lacking the infrastructural facilities.

Therefore, industrialists are reluctant to start their business units at such places.

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