

Rural Entrepreneurship, Innovation and Economic Growth

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Abstract : To manage agricultural sector and non-enclave projects in rural areas, rural entrepreneurs need to apply entirely different management and administrative concepts. Otherwise we shall be only creating Islands of apparent prosperity in the ocean of rural poverty. Rural entrepreneurship is the answer to removal of rural poverty in India. Therefore, there should be more stress on integrated rural development programs. The problem is that more 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, the training and sustaining support system providing all necessary assistance.

Introduction : The early work of Schumpeter (1911) established conceptually the “entrepreneur as innovator” as a key figure in driving economic development. The innovative activity of entrepreneurs feeds a creative “destruction process” (Schumpeter,1942) by causing constant disturbances to an economic system in equilibrium, creating opportunities for economic rent. In adjusting to equilibrium, other innovations are sun-off and more entrepreneurs enter the economic system. In this way, Schumpeter’s theory predicts that an increase in the number of entrepreneurs leads to an increase in economic growth.

The attraction of innovation as a determinant to growth in empirical research is its straightforward measurement. Researchers may use either input measures such as R&D expenditures (Mansfield, 1972) or focus on technological progress and innovation. These studies have established that the level of technological innovation contribute significantly to economic performance, particularly at the firm and industry level.

Objective of the study :

1. To study the dynamic perspective of rural entrepreneurship
2. To study the challenges & opportunities of rural entrepreneurship
3. To provide suggestions for the development of rural entrepreneur

Research Methodology :

The research paper is the conceptual in nature, thus the researcher has made use of secondary data. The researcher has referred books journal, magazines and newspapers and various websites

Economic development, Innovation and Rural Entrepreneurship :

‘Entrepreneur’ as a word was in use in the French language long before its emergence as a functional concept. In the early sixteenth century it was extended to cover those engaged in

construction and fortification. Only towards the eighteenth century one finds it being applied to economic activities.

Mahatma Gandhi call for 'Swadeshi' was designed to mobilize rural support for the struggle for India's political independence, to protect and preserve Indian rural handicrafts and cottage industries and the undermine the market for machine made consumer goods.

The Gandhian ideology was not only economic but also social and political.

A Rural Entrepreneur is an individual who usually who usually has a lot of choices while exercising various options to choose from the areas of operations. Generally, an enterprise can be set up in any of the three sector of economy viz, primary (agriculture), secondary (industry) or tertiary (service) sector.

A Rural Entrepreneur has triple option to choose from to set up an enterprise. The choice thus starts from:

- 1- Manufacturing unit
- 2- Trading and
- 3- Service enterprise

The rural population constitutes a major segment in India. The livelihood strategies of this vast segment depend primarily on agriculture and allied activities. It is now recognized that in peasant economies typically characterized by population pressures, an ever declining land-man ratio, small and fragmented holdings and inability to adapt to modern techniques due to illiteracy and ignorance, agriculture alone cannot provide the ultimate solution to rural unemployment and under employment. In the context of this reality, it becomes a primary necessity for institutions and agencies involved in rural development in general and poverty alleviation in particular to undergo a paradigm shift. The burgeoning problem of population and under-employment can be tackled through institutionalizing the process and concept of rural entrepreneurship. Entrepreneurship is the channel through which the rural poor, especially the most marginalized and vulnerable sections of the community such as rural women, youth and the landless, can diversify their incomes, create a new sources of economic growth and generate additional employment (including self-employment) in the rural areas. It is recognized that this sector is important both in generating productive employment and alleviating poverty in rural areas as agriculture and urban areas cannot absorb the increasing workforce.

The need for and growth of rural entrepreneurship development has become essential in a country like India because rural industries generate large-scale employment opportunities in the rural sector as most of developing more and more rural industries. 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.

A conclusion is that linkages and rural employment creation strategies should aim towards mobilizing the variety of local natural and cultural resources and there cannot be one policy package for the entire rural sector. Sub-sectorial policies in different regions are needed. Technology and skill development, infrastructure, development of markets and institution, credit availability are needed to promote rural entrepreneurship. A two pronged strategy-one for unskilled and the other for educated unemployed has to be developed in the different regions of the country.

RURAL ENTREPRENEURSHIP : Agricultural work force has a share of 70 per cent in the total work force of the country. Cultivators who own farmland come to about 68 per cent of this work force while agricultural labor accounts for the remaining 32 per cent. These cultivators are increasing in number over the years but the large increase was among the agricultural labor which went up from 20 per cent of the rural work force to 32 per cent. One also needs to keep in mind that there is a continuous growth of population. Thus, the policy for rural development has to tackle the problems by providing other occupation options to the rural youths.

Entrepreneurship could take off the excess of labor from the farms that causes disguised employment. Disguised Employment means that there might be groups of people working on the farmland and calling themselves employed.

Rural entrepreneurship is seen as the largest force in the development of the rural areas. In fact, many of the developing countries in the world have used the concept of rural entrepreneurship as a very successful method of deterring rural unrest.

The rural entrepreneurial project is the availability of cheap labor that can reduce the cost of production. It is also well known that the less technical projects have a chance of success in rural communities because of the closely knit together communities that can carry out the communication much better than the workforce in the cities.

Many companies have established training centers in order to educate the rural workforce on technical matters. Historically, governments have eliminated many of the requirements for the rural entrepreneurs who want to set up an industry in their regional areas.

In Madhya Pradesh, beedi industry has an important place in unorganized industries. After agriculture sector, beedi industry has highest number of workers in Madhya Pradesh. Due to sufficient quantity of tendu leaves and cheap labour, Gujarat merchants were attracted to establish their firms in Madhya Pradesh. The industry is mainly spread in Sagar, Jabalpur, Sioni, Balaghat, Damoh, Gwalior, Guna, Bhopal, Indore, SatnaDewas, Tikamgarh and Chatarpur. Beedi Industry forms 1.2 per cent of total industrial institutions of Madhya Pradesh. The number of beedi workers in Madhya Pradesh in 1995 was 660,000 and in 2007 it crossed up to 10, 00,000. Madhya Pradesh is the largest producer of tendu leaves in India, producing more than 65 per cent of the country's tendu leaves.

State government's vision and strategy for investment :

Madhya Pradesh recognizes the need for faster economic development in the state. Its strategy for encouraging investment higher levels of economic development hinges on the following:

1. Economic development across all sectors – Thrust is being placed on an integrated approach to development spanning all four engines of growth – agriculture, industry, services and infrastructure.
2. Achieve balance in both economic and social spheres – It endeavors to combine high growth strategies with poverty reducing and equity enhancing policies. It seeks balanced development so that acute regional disparities are eliminated.

3. Focus on connectivity, via, physical connectivity, virtual connectivity and social connectivity – Access to infrastructure, information, resources, markets and suppliers, as well as opportunities are the key elements of the state's development initiative,
4. Focus on industries not only where it can leverage the abundant natural resources such as cement, minerals, agro-produce, textiles, but also others such as pharmaceutical, automobiles through aggressive policies and incentive.
5. Development of industrial infrastructure in the state – to provide quality infrastructure in the form of industrial growth centers, industry specific clusters, food parks and integrated infrastructure development centers.

A Study of Development of Education in Rural Areas :

Education play a very crucial role in our country in fostering economic growth, education service are very essential to rural promote development of human capital of rural areas specially in the case of women who are still lacking in education in rural areas. It is the necessity of the society and the country as a whole to educate the women because educated women can play a very important role in the development of the country.

It increases awareness towards better job opportunities, latest trends and techniques, better farming techniques.

Rural Entrepreneurship and Unemployment :

The major person with these entrepreneurs is that they look at the community only as a market. For example, a tractor manufacturing and marketing company looks at the rural India as a big market for his tractor/without thinking of this innovative usage in urban and semi-urban areas, like tractor being utilized for town planning and Municipal Corporation's jobs. The industries in rural areas should be wet up not just to take advantage of the cheap labour but also the bring about an integrated rural development. Similarly, rural entrepreneurs should not only at rural areas as their markets; they should also see the challenges existing in the urban markets. They may not be setting up only an industry they might be bringing about a revolution with their innovative ideas. They may not set up manufacturing units; they may set up a seed raising farm or carry out the trading for the benefit of millions. Based on our understanding of the need of rural industrial ventures, let us the other people if they have not any popularity. They get less price of their own product in the national market.

Development of Rural Entrepreneurship in India :

At the beginning of 20th century Mahatma Gandhi said, "The soul of India lives in its villages", and we are in the next century true. The more focus is given on the urban areas by the national and multinational companies.

There are large number of products and services in rural areas which can be taken by entrepreneurs to set up new small and micro enterprises. In fact, entrepreneurship can be prepared in any economic field. There are many sources on which rural entrepreneur may focus like in the fields of traditional arts & crafts, food industry and the like. Indian villages have huge hidden potential in the above mentioned fields. The industries in rural areas should be set up not just to take advantage of the cheap labor but also to bring about the integrated rural development.

Industries in rural areas, which are mostly small in structure, are quick yielding. The village and small scale industries should be set up with the following aims:

1. To motivate the rural population specially the rural youth towards entrepreneurship.
2. To increase the levels of earnings of artisans in rural areas.
3. To develop entrepreneurship in combination with improved methods of production through appropriate training and package of industries.

Entrepreneurship Challenges:

Self-confidence, Decision making ability, Knowledge of cumin growing to harvesting technology, Economic motivation, Market orientation, Risk factors, Soil and firm condition of experiences, Water resources, Water quality and volumes, need to cumin for all technical factors.

The entrepreneurs provide a magical touch to an organization, whether in public or private or joint sector, in achieving speed, flexibility, innovativeness, and a strong sense of self-determination. They bring a new vision to the forefront of economic growth.

The word entrepreneur originates for the French word, entrepreneur, which means “to undertake.” In the business context, it means to start a business. The Merriam-Webster dictionary presents the definition of an entrepreneur as one who organized, manages, and assumes the risks of a business or enterprise.

Traditional models of industrial development rely on policies to attract foreign direct investment (FDI) on the assumption that multinational corporations (MNCs) act as catalysts for localized capital accumulation. The record of such policies is mixed, in part because the costs of entry has often been underestimated, leading to the premature withdrawal of some firms. MNCs, for example, have not always appreciated the needs, tastes, customs and social mores of local consumers; although more recently, some firms such as Nokia have started deploying user Anthropologists? To understand the behaviors of local customers as they interact with their products.

Opportunities for Rural Entrepreneurs :

1. Crashed Scheme for Rural Development
2. Food for work program
3. National rural employment program
4. Regional rural development centers.
5. Entrepreneurship development institute of India]
6. Bank of technology

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