Prospects and Challenges of Rural Entrepreneurship in India
Objectives

1. To know the importance / need for the Rural Entrepreneurship in India
2. To understand the prospects, challenges and schemes for rural entrepreneurship
3. To review the research studies and success stories of rural entrepreneurs
Flow of presentation

- Introduction
- Concept of Rural Entrepreneurship
- Basic principles for Rural Development
- Role of rural entrepreneurs in economic development
- Major benefits from Rural Entrepreneurship
- Need for Rural Entrepreneurship
- Types of Rural Entrepreneurship
- Challenges faced by Rural Entrepreneurship in India
- Government Schemes for Rural Entrepreneurship in India
- Training/skill development Institutes
- Types of Rural Industries
- Success stories
Meaning of Rural Entrepreneurship

Rural Entrepreneurship means which ensures value addition to rural resources in rural areas engaging largely rural human resources.

It is the ability of communities “to turn grass into gold” it is a behavioral trait that requires an individual to be able to see and exploit potential business opportunities in his or her surroundings.
“Village industries or Rural industry means any industry located in rural areas, population of which does not exceed 10,000 or such other figure which produces any goods or renders any services with or without use of power and in which the fixed capital investment per head of an artisan or a worker does not exceed a thousand rupees".
The basic principles of entrepreneur which applied the rural development are

- Optimum utilization of local resources
- As against the rural migration.
- '6 m'- manpower, money, material, machinery, management and market
Role of rural entrepreneurs in economic development

- Formation of capital
- Job creators and job providers and not the job seekers
- Balanced regional development
- Improvement in the standard of living
- National Self-reliance
- Increase in per capita income
- Planned Production
- Equitable distribution of economic power
Major benefits from rural entrepreneurship

- Provide employment opportunities
- Balanced regional growth
- Check on migration of rural population
- Promotion of artistic activities in rural areas
- Check on social evils existing in society
- Awaken the rural youth
- Improved standard of living
Need for Rural Entrepreneurship

- Generate large-scale employment opportunities in the rural sector as most of the rural industries are labor intensive.
- Are capable of checking rural urban migration by developing more and more rural industries.
- Help to improve the per capital income of rural people thereby reduces the gaps and disparities in income of rural and urban people.
- Controls concentration of industry in cities and thereby promotes balanced regional growth in the economy.
- Facilitates the development of roads, street lighting, drinking water etc. in the rural sector due to their accessibility to the main market.
- Can reduce poverty, growth of slums, pollution in cities and ignorance of inhabitants.
Types of Rural Entrepreneurship

- **Individual Entrepreneurship** - It is basically single ownership of the enterprise.
- **Group Entrepreneurship** - Partnership, Private limited company and Public limited company.
- **Cluster Formation Entrepreneurship** - NGOs, VOs, CBOs, SHGs and even networking of these groups.
- **Cooperative Entrepreneurship** - It is an autonomous association of persons united voluntarily for a common objective.
Challenges faced by Rural Entrepreneurship in India

- Family Challenges
- Social Challenges
- Technological Challenges
- Financial Challenges
- Policy Challenges
Government Schemes for Rural Entrepreneurship in India

- Rajiv Gandhi Udyami Mitra Yojana (RGUMY)
- Product Development, Design Intervention and Packaging (PRODIP)
- Khadi Karigar Janashree Bima Yojana for Khadi Artisans
- ASPIRE (A Scheme for Promotion of Innovation, Rural Industries and Entrepreneurship)
Rajiv Gandhi Udyami Mitra Yojana (RGUMY)

- Handholding assistance and support to the potential entrepreneurs who have completed or pursuing EDP/ SDP/ ESDP/ (VT)
- Provide information, guidance, support and assistance to entrepreneurs and other existing entrepreneurs through ‘Udyami Helpline’.

RGUMY bene
Product Development, Design Intervention and Packaging (PRODIP)

- Projects relating to improvements of raw material, products, process, tool improvement, packaging, retail outlet improvement, layout design etc can be taken under this scheme.
- Preference is given to schemes which have a multiplier effect rather than which go to support only a particular institution.
Ex- Khubsoorat Khadi
Khadi Karigar Janashree Bima Yojana for Khadi Artisans

- Provide insurance cover to Khadi artisans
- Formulated by KVIC in association with the LIC

**Nature of Assistance**

- For death due to: (1) Natural causes – Rs.20,000
  
  (2) Accident – Rs.50,000.

- For permanent disability (loss of two eyes or two limbs) – Rs.50,000.

- For partial disability (loss of one eye or one limb) – Rs.25,000.

- Scholarship of Rs.300 per quarter for children of Khadi Karigar, studying in 9th to 12th standard,
ASPIRE (A Scheme for Promotion of Innovation, Rural Industries and Entrepreneurship)

- Value addition to agriculture and forest produce
- For the Automation of agricultural practices and related activities
- For the Recycling of agricultural pre/post-harvest wastages, off farm but farm linked, animal husbandry etc.

Components of ASPIRE
- Livelihood Business Incubators (LBI)
- Technology Business Incubators (TBI)
Factors responsible for limited growth

- **Subsidy and target oriented programmes** encouraged people to somehow avail the subsidy and the enterprise could not sustain for long.

- **Technology developed at faster rate** and the rural people could not get the benefits.

- The electronic media diverted the **attention of youth from enterprise to wage employment or jobs for easy life**, it also promoted migration.

- **The limited infrastructure expenditure** was concentrated to urban areas as private investment was not allowed.

- The image of rural enterprise was limited to “khadi cloth”, “achar –murabba” or “kachhi ghani oil”, which resulted in rural areas becoming source of raw materials only.

- **Marketing issues**
HOW TO MOVE FORWARD
GATHERING INFORMATION

1. Similar enterprise in area and its viability.
2. Availability of raw materials (nearby/source)
3. Technology or know how
4. Availability of labour and skilled persons
5. Marketing channels
6. Related government policies/promotional scheme
7. Prospective buyers and demand pattern etc.
As and when a person decides to start an enterprise, he has choice to take up any of the following:

1. Manufacturing or processing
2. Trading, Retail sales, Distribution etc.
3. Service sector
4. Contracting
5. Combination of above activities
Sources of finance

1. Commercial Banks
2. Agriculture and Rural Development Banks
3. Regional Rural Banks
4. SIDC of various states
5. Cooperative Banks
6. Non Banking Finance Companies
Traditional and developed markets
Every entrepreneur should undergo specialized training before entering into a venture specially manufacturing, service or high tech agriculture. Specific skills development institutes are conducting training for youth, such as:

1. CIMAP
2. NBRI for floriculture
3. CFTRI
4. NIRD
# NBRI for floriculture

## Training Programme

### Short-Term Training Programme

<table>
<thead>
<tr>
<th>Title of the training</th>
<th>Duration (Days)</th>
<th>Fee (Rs.)/Trainee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonsai Technique</td>
<td>Three days</td>
<td>3,000 + GST</td>
</tr>
<tr>
<td>Techniques of Vertical Gardening, Roof Gardening and Container Gardening</td>
<td>Three days</td>
<td>3,000 + GST</td>
</tr>
<tr>
<td>Management of House Plants and Interior Plantscaping</td>
<td>Three days</td>
<td>3,000 + GST</td>
</tr>
<tr>
<td>Technique for Dehydration of Flowers and preparation of artifact</td>
<td>Three days</td>
<td>3,000 + GST</td>
</tr>
<tr>
<td>Training on all round maintenance of the ornamental gardens for Gardeners</td>
<td>Fifteen days</td>
<td>15,000 + GST</td>
</tr>
<tr>
<td>Preparation of Bouquet and Flower Arrangement (for house wives / Gardeners/ hobbyists)</td>
<td>Three days</td>
<td>3,000 + GST</td>
</tr>
</tbody>
</table>
Conti....

- Developing employment oriented skill programmes in the core competency areas of CSIR-NBRI
- Creating a pool of skilled human resource for catering the manpower needs of plant based industries and promoting their inter-linkages.
- Aligning the skill programmes with CSIR Integrated Skill Initiative, National Skill Development Council and Sectoral Councils to meet the national objectives.
- Developing market/industry driven courses with emphasis on hands-on practical learning.
- Ensuring transparent selection and evaluation processes for achieving societal inclusiveness.

NBRI FORM
**CFTRI for food processing**

CSIR-CFTRI is in the process of launching Skill Development Programmes (SDP) such as baking technology, food safety and analysis and in Industrial machinery for food processing industries, with an objective to train more and more young individuals and entrepreneurs.

<table>
<thead>
<tr>
<th>Name of the Programme</th>
<th>Prog. Details</th>
<th>Payment Details</th>
<th>Selected Candidates / Application Form</th>
<th>Contact</th>
<th>Duration</th>
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</thead>
<tbody>
<tr>
<td>Processing and Value Addition to Fruits and Vegetables</td>
<td>Brochure</td>
<td>SBI Collect</td>
<td>Application Form</td>
<td><a href="mailto:rcmumbai@cftri.res.in">rcmumbai@cftri.res.in</a></td>
<td>5 Days 16 - 20 Mar 2020</td>
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<tr>
<td>Operation and Maintenance of select Food Processing Machineries</td>
<td>Brochure</td>
<td>SBI Collect</td>
<td>Application Form</td>
<td><a href="mailto:hebbar@cftri.res.in">hebbar@cftri.res.in</a></td>
<td>2 Days 19 - 20 Feb 2020</td>
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<tr>
<td>Baking Technology</td>
<td>Brochure</td>
<td>SBI Collect</td>
<td>Application Form</td>
<td><a href="mailto:fmbct@cftri.res.in">fmbct@cftri.res.in</a></td>
<td>4 Weeks 20 Jan 2020 - 14 Feb 2020</td>
</tr>
<tr>
<td>Post Harvest Technologies for Fruits &amp; Vegetables</td>
<td>Brochure</td>
<td>SBI Collect</td>
<td>Application Form</td>
<td><a href="mailto:fvt@cftri.res.in">fvt@cftri.res.in</a></td>
<td>4 Weeks 04 - 29 Nov 2019</td>
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<tr>
<td>Microbial Food Safety and Fermentation</td>
<td>Brochure</td>
<td>SBI Collect</td>
<td>Candidates List</td>
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<td>Processing and Value addition to Fruit and Vegetable</td>
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<td>SBI Collect</td>
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</table>
NIRD, Hyderabad

- Technologies on hi-tech agriculture, fertilizers, fisheries, post–harvest technologies, mechanical works, leather technology, water conservation, natural dyes, solar heaters, cookers, bio-gas and food processing etc.

- **RTP** - With a view to uplifting the rural people in all aspects of life such as **capacity building, rural employment generation and livelihood** etc.
To build the capacity of rural entrepreneurs through training and skill promotion in various eco-friendly and employment intensive industries like Handmade papers, Natural Dyeing, Home based products, Honey processing, Neem processing, Cultivation of Medicinal & Aromatic plants, Food processing, Vermicomposting, fashion technology & garments making, pearls processing, Soybean foods, Herbal Cosmetics etc. These prototype units are housed in the Rural Technology Park and through them transfer of technologies to the rural areas are made to generate employment on a sustainable basis. Training programmes are conducted as a capacity building to the rural entrepreneurs.
<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Name of the training programme</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Training Course on Preparation of Neem, Vermi Compost and Vermi wash liquid</td>
<td>3 days</td>
</tr>
<tr>
<td>2</td>
<td>Training Course on Mushroom Cultivation and Mushroom Products</td>
<td>4 days</td>
</tr>
<tr>
<td>3</td>
<td>Training course on “Cost-Effective Rural Housing construction Technologies”</td>
<td>5 days</td>
</tr>
<tr>
<td>4</td>
<td>Training course on “Preparation of Different Soya Products”</td>
<td>4 days</td>
</tr>
<tr>
<td>5</td>
<td>Training Course on “ Food Processing by using Solar Energy”</td>
<td>3 days</td>
</tr>
<tr>
<td>6</td>
<td>Training Course on “Home Based Products”</td>
<td>4 days</td>
</tr>
<tr>
<td>7</td>
<td>Training Course On “Solar Lights Assembling, Maintenance and Management”</td>
<td>15 days</td>
</tr>
<tr>
<td>8</td>
<td>Training course on “Leaf plate making”</td>
<td>3 days</td>
</tr>
<tr>
<td>9</td>
<td>Training course on “ Conversion of Handmade Paper in to value added products Bags”</td>
<td>4 days</td>
</tr>
<tr>
<td>10</td>
<td>Training course on “Preparation Methods of Herbal beauty care Products”</td>
<td>4 days</td>
</tr>
<tr>
<td>11</td>
<td>Training Course on Product Development from Tribal Jewellery blended with Pearls and Fashion Jewellery</td>
<td>10 days</td>
</tr>
<tr>
<td>Sl. No</td>
<td>Name of the training programme</td>
<td>Duration</td>
</tr>
<tr>
<td>-------</td>
<td>---------------------------------------------------------------</td>
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</tr>
<tr>
<td>12</td>
<td>Training course on “Bee keeping for promotion of livelihood”</td>
<td>5 days</td>
</tr>
<tr>
<td>13</td>
<td>Training on Hands on training with Tube light Reglowing technology</td>
<td>3 days</td>
</tr>
<tr>
<td>14</td>
<td>Training course on “Natural Dye Process”</td>
<td>15 days</td>
</tr>
</tbody>
</table>
Opportunities for rural entrepreneur
Types of Rural Industries

1). Agro Based Industries: Sugar industries, Jaggery, Oil processing from oil seeds, Pickles, Fruit juice, Spices, Dairy products etc.

2). Forest Based Industries: Wood products, Bamboo products, Honey, Coir industry, Preparing plates from leaves.

3). Textile Industry: Spinning, Weaving, Colouring and Bleaching.

4). Engineering and Services: Mobile repair, agriculture machinery servicing, Tractors and Pump set repairs etc. Small and medium sized industries to produce agricultural machinery, equipment for usage in rural areas etc.

5). Handicrafts: Making of wooden or bamboo handicrafts that are local to that area, traditional decorative products, toys and all other forms of handicrafts typical to the region.
Farm based enterprise

• **Organic farming.**
• The certified organic products have good export potential.
• All inputs are available in rural areas, if number of farmers take up this activity, trading is another option for entrepreneurs.

• **Floriculture:** Good demand exist in urban areas. If the village is located near to urban areas, cost of transportation will be low.
High tech agriculture: Production of exotic vegetables, off-season vegetables, mushrooms etc

Medicinal plants: Demand for cultivated medicinal plants is increasing due to reduced availability of medicinal plants from forest.

Ayurvedic drug: Manufacturers are also entering into contracts with farmers for supply of medicinal plants.

Aromatic plants: Demand for natural perfumes is increasing due to health issues related to chemical products. This has open gate for commercial production of aromatic plants.

Commercial forestry: Waste lands not fit for agriculture can be used for commercial forestry. Plants like eucalyptus, poplar, bamboo etc can be raised. Paper mills, matchstick manufactures and furniture makers are buying these items. The bamboo tree can be utilized for more than 30 products.
Medicinal plants and spices
(Contd..)

• **Biofuels**: Raw oil can be extracted in rural areas for further refining into bio diesel.

• **Seed production**: Good quality certified seeds are in great demand and marketing is very easy.
Food processing & agro waste based business

• The value addition is considerable and the market is open and expanding..
• Millions of tons of agro waste is burnt every year.
• Simple option is to convert the waste into briquettes which can be burnt in place of coal/wood in various rural/urban industries.
• Several other products such as rice bran oil, Gum from tamarind seeds etc. can be extracted at commercial scale.
• There are several other products like hand made paper, board, packing paper and corrugated paper boards etc. which can be made in rural areas.
Farm nutrition/ Pesticide products

- Presently our farmers are over dependent on chemical fertilizers for farming operations.
- The farmers can produce several organic fertilizers like compost, vermi-compost, neem based and other herbal pesticides etc on commercial scale for own use and sale in urban/ rural areas.
Animal husbandry based enterprise

- Dairy is the most popular and organised rural enterprise, the scale can start from 2-3 animals to hundreds of animals.
- Processing and distribution of milk is related business.
- The next popular enterprise is poultry.
- In addition to the sale of eggs and poultry birds, the poultry feed industry is also a viable enterprise.
In addition to the produce from living animals, certain rural industries are based on the residue of dead animals like bones and hide etc.

The commercial rearing of various animals like pigs, sheep, goats and rabbits for wool and meat is also a popular enterprise in rural areas where grass is easily available.

Misuse of hormones, chemicals and unethical rearing practices are major concerns for this sector.
Traditional handicrafts

- India is famous for traditional crafts based on skills and local materials.
- There is huge export market for crafts and traditional products.
- Those interested in trading can buy the products from small manufactures and sell it in urban markets.
- The cooperatives or self help groups of producers can also take up trading activity.
Handloom/Power loom/Khadi

- This sector is providing employment to lakhs of rural people presently, but only traders from urban areas are benefited from sale of the items produced by rural people.
- If the cooperatives or self help groups of weavers can take up this activity, the benefit will go to rural people.
- Similarly the rural entrepreneurs can also take up this activity by value addition like ready made garments.
- Huge export potential exist in EU for the hand woven, vegetable dye products without quota restrictions.

Khadi - Charkha to ready made
Suggestions

- Labour Intensive Techniques to be adopted
- Educate the Rural Entrepreneurs
- Offer finance with low rate of interest
- Government Role: To provide infrastructure, warehousing, marketing facilities and assist rural entrepreneurs to export their goods to foreign countries.
- Exploitation of Village resources like wind and solar energy for rural electrification.
- Establishment of Ancillary units to support big industries of urban.
- Providing Market Information
- SWOC Analysis: of small businessmen have to be identified and properly trained to motivate them to become entrepreneurs.
- Innovators club should be established in villages to support the large mass of youth who are interested in taking business as a career.
Marketing, Management skills should be improved by imparting training.

- Awards should be given to those entrepreneurs who demonstrate extraordinary success.
- Reserve Certain Goods of Production exclusively for SSIs and their intelligent outsourcing by the govt. to ensure maximum benefits.
- Entrepreneurship development cell should be established at all the villages level to provide guidance and counseling to motivate the rural entrepreneurs regarding the use of modern technology.
- Rural youth need to be motivated to take up entrepreneurship as a career.
- Rural entrepreneur should more competitive and efficient in the local and international market.
OPS (Opportunities, Problem identification & Solution) Approach should be adopted.

- NRIs and wealthy people of their respective villages should establish/assist rural industries.
- There should be efficient regulated market for the marketing of rural products.
- Grading, standardization should be promoted for the benefit of rural industries.
Research article
THE PROBLEMS AND PROSPECTS OF RURAL ENTREPRENEURSHIP

- Total sample size-288
- Area- Jagatsinghpur district of Orissa

by BINITA (2020)
# Table-1 Nature of Business Organization

N=288

<table>
<thead>
<tr>
<th>NATURE</th>
<th>MANUFACTURING</th>
<th>SERVICE</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percent</td>
<td>Number</td>
</tr>
<tr>
<td>SOLE PROPITOR</td>
<td>170</td>
<td>87.18</td>
<td>83</td>
</tr>
<tr>
<td>PARTNERSHIP</td>
<td>25</td>
<td>12.82</td>
<td>10</td>
</tr>
<tr>
<td>TOTAL</td>
<td>195</td>
<td>100.00</td>
<td>93</td>
</tr>
</tbody>
</table>
Success stories
Case 1

- Name: Mr. Rakesh Sindhagi
- Age: 28
- Place: Dharwad
- Start of Venture: 2016, February
- Nature of service: e-commerce
Detail information - Selling and delivery of agricultural organic products

- Online website - agrikart.co
- Covered more than 114 products
- Initial investment – 3 lakhs
- Income – 20,000 Rs per month
Case 2

- **Name**: Mr. Yamunappa H Ragi
- **Age**: 63
- **Place**: Dharwad
- **Start of Venture**: 2010
- **Nature of service**: Nursery
- **Detail information**: Selling of nursery plants
Yamunappa H Ragi

- Initial investment – 3 lakhs
- Income – 30,000 Rs per month
- Mainly onion seed production, mango, sapota, lemon, rose, papaya, jasmine...
Case 3

- **Name**: Channabasappa Pannanashetti
- **Age**: 31
- **Place**: Dharwad
- **Start of Venture**: 2013
- **Nature of service**: B & C agri solutions
Channabasappa Pannanashetti

Detail information-

- Initial investment – 40 lakhs
- Income – 25,00,000 Rs per annum
- Mainly Kick start, Vidi greenpath, Horiver sticky trap
- [https://www.koppert.in/horiver/](https://www.koppert.in/horiver/)
Case 4

- Name- Sunita Nair
- Name of the product- ‘Arogya Plates and Cups (Areca plates) from 2016 in Hubli
- She received a much needed helping hand in the form of Navodyami, a program started by Hubli-based Deshpande Foundation to support micro entrepreneurs.
- Monthly net income-30,000
Case 5

- Name- Hemavathi Hiremath
- Food processing business from 2007
  1st product- Gulab Jamun Mix
- She got associated with Navodyami and underwent a week-long training where she learned to market her products to a wider audience.
- (FSSAI) certificate.
- Brand name - ‘Anmol Food Products’.
- Monthly income—60,000
Anmol Food Products
In the case of Sandhya Metrani (46-year) who runs a small garment business, Navodyami made her interact with fellow entrepreneurs. This led to an exchange of expertise and Sandhya learned about more ways to sell her products. Earlier she was selling different dresses to her friends and family, but now she goes door to door to sell her garments.
CONCLUSION
Thank you