

Rural entrepreneurship and development of rural areas

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Abstract

Rural prosperity will not come to a reality unless we promote entrepreneurship among rural masses. With the advent of new economic policies such as privatization, liberalization and globalization, the rural economy has been shattered with large-scale production and wide-distribution practices. Added to this, prevailing drought conditions over several successive years have further intensified the plight of the farmers. However, rural markets have been undergoing a dramatic change with the influx of many a new product and service into rural areas, giving rise to consumerism. In this scenario, the best solution for rural empowerment could be nothing but creation of entrepreneurial culture among rural masses. This initiative would not only create self-employment and employment opportunities among rural masses but also arrest rural migration to urban areas.

Keywords: entrepreneurial, rural area, privatization and liberalization

Introduction

The words entrepreneur, intrapreneur and entrepreneurship have acquired special significance in the context of economic growth in rapidly changing socio-economic and socio-cultural climates. Particularly in industry both in developed and developing countries.

One of the qualities of entrepreneurship is the ability to discover and investment opportunity and to organize an enterprise, there by contributing to real economic growth. It involves taking of risks and making the necessary investments under conditions of uncertainty and involving, planning and taking decisions so as to increase production in agriculture, business, industry etc.

Entrepreneurship development is probably one of the most elusive, complicated and perplexing issues in the promotion and growth of small enterprises. Recently a number of development agencies have been involved.

Scope of Study

The study should be focused to the entrepreneurial orientation to rural development accepts entrepreneurship as the central force of economic growth and development.

Introduction of Rural Entrepreneurship and Rural Areas

Rural entrepreneurship embraces different kinds of village and small industries. The cottage industries are an important component of rural entrepreneurship. By the term, 'rural entrepreneurship' is meant an industry appropriate for the rural areas. The concept here has a special demographic undertone. The rural entrepreneurship serves the requirements of rural people as well as other markets.

Benefits of Rural Entrepreneurship

- Rural entrepreneurship provides additional employment opportunities, raise production and improve economic conditions in rural areas.
- They are labour-intensive in terms of providing additional employment to men and women. They ensure

decentralisation of economic power and elimination of monopolistic exploitation.

- Decentralised production through network of well-knit rural industries obviates the necessity of complicated managerial and competitive marketing techniques, thus reducing the costs on account of overheads.
- Rural entrepreneurship leads to the development of rural areas thereby lessening the disproportionate growth in large cities, reducing the growth of slums, social tensions, exploitation and environmental pollution.
- Rural entrepreneurship will strive to build up village republics and human resources development.
- Rural entrepreneurship provides ample scope for the promotion of artistic achievement and creativity that has been suppressed in rural areas.

Policies for rural areas

- Sound national economic policy with respect to agriculture, including recognition of the vital contribution of entrepreneurship to rural economic development.
- Policies and special programmes for the development and channeling of entrepreneurial talent.
- Entrepreneurial thinking about rural development, not only by farmers but also by everyone and every rural development organization.
- Institutions supporting the development of rural entrepreneurship as well as strategic development alliances.
- To bring about mobilization of capital and entrepreneurial skills in vast areas of the country, especially in rural areas which other-wise would be lying unused.
- To provide assistance to larger number of entrepreneurs, artisans and craftsmen in getting employment, income and reasonable standard of living.
- To make available foreign market for the products of rural area industries by taking measures to make them export-oriented.
- To remove disparities in regional industrial development in areas where such services do not exist or are thoroughly

inadequate so that small-scale industries may develop there, providing employment and income to people in the areas.

Impact of Entrepreneurship and small Business

In a developing economy, it is the small business that constitutes the backbone of its economic structure. Its development creates vast employment opportunities for the people, effects decentralisation of industries by the creation of industrial estates and makes possible a redistribution of economic power and income.

Till independence, only cottage industries, village industries, rural industries or agro-based industries were considered to be small business. The National Planning Committee, set up in 1938 under the Chairmanship of Pandit Jawaharlal Nehru, constituted a panel to study this problem. With the dawn of the planned era in the country, the Government has been following a policy of promotion as well as protection of the small business sector; the protection would be gradually reduced as and when promotional activities begin to produce results.

The main objectives of the development of small business are: to create vast employment opportunities for the people; to effect decentralization of industries by creating industrial estate; to effect a redistribution of economic power as well as income; and to raise the standard of living of people. These objectives mainly follow the principles of the ideal goal of a welfare state. The objectives in theory aim at developing the country on the basis of the principles of social justice and social welfare.

Rural Economy

The rural economy is an important part of several decades of state policy aimed at the rural population. Policies related to rural development is focused on moving away from agriculture and food production, as well as basic functions of rural areas. In Serbian rural areas the GDP per capita is a quarter lower than the national average and indicates the residual development. The share of agriculture in GDP in rural areas is about 30% which is significantly higher than in other emerging market countries. The explanation lies in resources for agricultural production, what Serbia has. Agricultural productivity is below the European average and that is the reason for the unfavorable living standards. (Ministry of Agriculture, Forestry and Water Management, 2009th pp.12). Families in Serbian rural areas have small development potential and they are the majority of the total population. Serbian rural areas has 1.365 million households, accounting for 54% of total households. Farm size to 3 ha is 328 thousand or 56% of the total number of households in rural areas. Rural areas in Serbia until the early nineties were characterized by a strong trend of emigration due to agrarian exodus. At the same time there has been a rapid growth and development of other economy sectors. Outflow of population from rural areas continued, mainly in mountainous areas with less fertile soil. Approximately 1/3 of the active population is employed in Faculty of Business Economics and Entrepreneurship 63 agriculture. The employment rate in agriculture is among the highest in the European Union. Rural areas in Serbia are defined according to the criteria of the OECD, as well as those municipalities with a population density below 150 inhabitants per square kilometer. According to this definition, 130 municipalities is seen as a rural municipality of 165.

Households in rural areas are exposed to economic risk due to rising competition, reduced employment opportunities, the devastation of rural areas and the lack of institutional support. Sensitivity of rural households has been recognized by the European rural development as a particular problem for new members. Assistance programs aided the transformation of these households in a market-oriented farms. (Bogdanov, 2007a. pp.32). Household's responsibility for their position transfer to the state. However, the household did not do enough to improve their position. The main restrictions on the use of state support lie in the lack of information, difficult access to counseling services and low levels of personal initiative. The main purpose of the rural economy development is reviving rural areas, support sustainability and improving the socio-economic structure. Investment in the rural economy are intended for the improvement of services, infrastructure and the environment. Infrastructure development can help to reduce regional disparities, increasing the opportunities for the development of entrepreneurship and the creation of conditions for economic development. Investments are related to the supply of water, energy, waste management and access to information and communication technologies. Priority investments are related to entrepreneurship development, micro and small enterprises, crafts and rural tourism in order to improve the rural economy. Attractiveness of rural areas depends on the promotion of sustainable development and employment opportunities. The taken measures should contribute to improving the competitiveness of rural areas, increase the income of the rural population and create new employment opportunities.

Conclusion

To conclude it can be said that rural entrepreneurship is important not only as a means of generating employment opportunities in the rural areas with low capital cost and raising the retail income of the people, but because it contributes to the development of agriculture income and rural industries. With rural entrepreneurship it would be considerably more difficult to solve the problem unemployment and widespread under employment. Rural entrepreneurship promotes rural industries. The development of rural industries increase the level of income in rural areas, and tends to break down the old self-sufficiency of the family and to lessen its cohesiveness creating opportunities for youth, women and the able bodied as well in changing the pattern of leisure life and work. Rural entrepreneurship should be looked upon not merely as way of containing the rural workers and stopping them from migrating to urban areas by providing them some kind of remunerative employment in the villages, but s a dynamic element in the process of raising productivity of income levels of the workers in rural areas.

Suggestions

Based on the findings and conclusions, the following suggestions are put forth, which may help to successfully rural entrepreneurship may be briefly stated as follows:-

- The rural entrepreneurship should be based on locally available resources.
- There should be rural-urban, local-national and wherever possible, even foreign trade, linkage. The concept of 'village republics' is no longer valid.
- There should be comprehensive planning, especially with

regard to the availability of the ready markets.

- There should be organization with separate sections for each product or group of products which are produced in the rural industrial sector.

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