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Development of rural entrepreneurship and industrialization in India

Deepika Tiwari and SK Sharma

Abstract

Rural India is the root of Developing India. More than 50% of people are dependent on agriculture. Rural development is the sole of India's economic growth, but nowadays people are moving from rural to urban area because at the time of seasonal under employment, they don't have enough work to survive their livings. To solve these problems, Government has been focused in establishing rural industries since many years to provide employment to rural people. So, this paper highlights the different kinds of rural industries which have been developed over the years, the marketing mix of rural industries. This paper also examines the problems faced by rural industries and the schemes which promote the rural industries.

Keywords: rural entrepreneurship, industrialization, India

Introduction

Rural industrialization in India

People have some basic needs without which one cannot think to survive in the world. These basic needs include food, shelter and clothes. But, along with these basic needs, some basic necessities are also required including basic literacy, health, property, nutritious food, income to survive day to day life. For acquisitions of these things, any country requires a good economic growth, for good economic growth, it requires a development. And the root cause for uplifting the development, resides in the rural areas. Therefore, rural development is the sole of India's economic growth.

Over the years, India has successfully developed a place in the world in all the fields especially in science, agriculture and technology. India has crossed the phase of green revolution, yellow revolution, blue revolution, white revolution. India is the largest producer of milk, fruits, tea in the world. By establishing such industries, we can raise the standard of living, income and employment. But on the other side, it is evident from the fact that in 1991, nearly 74 per cent of India's population lived in villages and two-third of the population are engaged in agriculture and allied activities. Today, the scenario has been changed; rural people are now shifting to urban areas to find an employment to fulfill their basic needs.

The population in rural areas is growing faster so that it cannot depend upon land only. They are seeking for other occupation. 20 per cent of the rural population is solely depending upon agricultural labor. Nearly, 75 per cent of the incomes generated from agriculture. If the rainfall is adequate, weather conditions are good, income is good, but if the conditions are not favorable then there is a need of some service sector which helps the rural people to come out from the condition.

So, to minimize these things, rural industries can play a significant role to control the poverty in rural areas as well as to fulfill their necessities.

India has surely developed in other fields like science, communication, technology but rural industries are yet to be prevalent in India. Rural industries are those industries which are small scaled and which provide employment to rural people with the use of resources that are easily available in rural areas and also improve or enhance the skills of rural people. Rural industries came into existence prominently after third five year plan. After that it was the main focus for rural development. Rural industries play a significant role in the development of rural population. By establishing such industries, we can raise the standard of living, income and employment. According to Mahatma Gandhi, "I would say that if the village perishes, India would perish too. It will be no more India. The revival of village life is possible only when it is no more exploited".

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We need to realize that rural development is an urgent need of India and rural industries can play a vital role in achieving the development.

Objectives

1. To know about the categories of rural eEnterprise
2. To analyze the marketing mix in rural market
3. To know about the challenges faced by the rural people while developing entrepreneurship

Research methodology

Descriptive Study
Secondary data

Categories of rural industry

There are three types of rural industries which are mentioned as below:

1. Micro Enterprises
2. Small Enterprises
3. Medium Enterprises

Table 1: The MSME can be defined on the basis of investment in industry, plant and machinery-

| Type | Manufacturing (investment in plant and machinery) | Service (investment in equipment) |
|-------------------|---|-----------------------------------|
| Micro Enterprise | Up to Rs. 25 lakhs | Up to 10 lakhs |
| Small Enterprise | < Rs 25 lakhs- Rs 5 crores | < Rs 10 lakhs- Rs 2 crores |
| Medium Enterprise | < Rs 5 crores- Rs 10 crores | < Rs. 2 crores- Rs 5 crores |

The industries popular in rural areas are:

1. Papad making
2. Handicrafts
3. Food Processing industry
4. Coir Industry
5. Handlooms
6. Khadi Industries

Papad making business

Papad is generally consumed in all over India. In rural areas due to demand of consumers; *papad* making is increasing as a small scale business. As, it consists a very less amount of investment, women are doing this business at home in their free time. Women tap the *papad* companies and start their business. This is a very lucrative business nowadays in rural areas.

Handicrafts business

Handicrafts hold the country's cultural heritage, also a small scale industry. Women who are skilled in aesthetic skills are indulged in this business. Many famous companies are giving design to rural women and they craft on the designs with their artistic skills. Even women who are gifted or skilled with these qualities they open their owned handicraft business. It includes:

- ✓ Embroidery
- ✓ Knitting
- ✓ Patch work
- ✓ Rug making
- ✓ Weaving
- ✓ Canvas work
- ✓ Quilting
- ✓ Needle work etc.

Food processing industry

Food processing is the largest growing sector in India and this sector has its roots in villages. Villages are agri based and they provide vegetables, fruits, whatever required in food processing. In villages, this sector is very popular as women are coming up in making jams, jellies, pickles, *badi*, *papad*, *khova*, cheese etc. There are many success stories which proves that women are gained success in this sector

The food processing industry consists:

- ✓ Jam Making
- ✓ Jelly Making
- ✓ Pickle making
- ✓ Cheese Making
- ✓ *Khova* Making

- ✓ *Badi* making etc.

Coir industry

In India, Coir making industry is largely growing in Kerala. Kerala provides 60 per cent of coir in world's share. It is the home industry of coir. Coir industry provides a plenty of employment in rural areas. It is a natural fiber extracted from coconut husk. Rural women with the use of coir make different types of products like:

- ✓ Floor mats
- ✓ Door mats
- ✓ Mattresses
- ✓ Ropes etc.

Handlooms

The handloom industry is the second largest industry after agriculture sector in India. It provides employment to around 65 lakhs people. 34.43 per cent women are getting employed from handloom industry. It is a growing sector in villages

Khadi industry

It is a very old sector in villages from pre independence era. 20.71 lakhs people are engaged in *khadi* industry. "The cloth is woven from cotton, silk or wool and is spun into yarn on a spinning wheel called *charkha*."(Wikipedia)

Table 2: Employment in rural industries

| Sector | Employment in Percentage (women) |
|--------------------------|----------------------------------|
| Papad Making Business | 9.2 |
| Handicraft Industry | 20.87 |
| Food Processing Industry | 13 |
| Coir industry | 12 |
| Handlooms | 15 |
| Khadi Industry | 14 |
| Others | 15.93 |

Marketing mix in rural industries

There are many problems which small sector industries are facing in marketing their product due to lack of promotional activities, branding, image etc. So there is a need to manage the marketing in rural industries

There are four main things on which an entrepreneur usually focuses i e.

- ✓ Product
- ✓ Price
- ✓ Place
- ✓ Promotion

According to Prof. Borden, marketing mix usually considers the following points:

- 1) A list of the important elements or ingredients that make up the marketing programmes
- 2) A list of the forces that bear on the marketing operation of a firm and to which the marketing manager must adjust in his search for a mix programme that can be successful

Methods of marketing

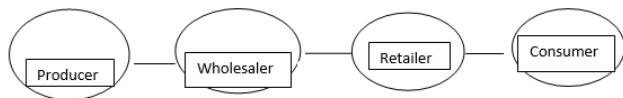
1. **Zero level channel-** When the product is distributed directly from producer to consumer, is called zero level channel. There is no intermediaries between producer and consumer



2. **One level channel-** The product is not distributed directly to consumer. The product first sent to retailer from producer then to consumer



3. **Two level channel-** The product is first sent from producer to wholesaler then from wholesaler to retailer and in the last to consumer



Selection of distribution channel

While selecting a perfect distribution channel, there are many factors that have to be kept in mind. These factors are following:

1. The existing channels should be studied by entrepreneur, especially which are used by competitors
2. Identify the suitable channel that suited with their products
3. Forecasting the demand of a product
4. Keep in mind the available financial resources
5. Analyze the costing and profits of each distribution channel
6. At last select the suitable distribution channel

Challenges faced by rural industries

1. **Infrastructure facilities are poor-** Most of the villages are suffering from poor roads, electricity, poor transport facility etc. These things hampers the growth of Rural Industries as this causes the demand supply gap
2. **Poor technical knowledge-** Rural industries which are owned by rural people are suffering from this kind of problem due to lack of training facilities. They are unable to work on latest technologies. They are unaware about so many machines that can simplify their work

3. **Financial Problem-** Rural people don't get any support to avail the loan in setting up of new industry. There are many schemes for providing loan to rural people but if they go, they find different kind of difficulties in getting loan. Sometimes availing loan is so long process that some people give up to set up their enterprises
4. **Marketing problems-** In rural areas, there are so many intermediaries that develop problems in marketing. Even Rural people don't know how to promote their products. They are facing problem in 4ps of marketing i.e. Product, Price, Place and Promotion

Schemes for promoting rural industries

Government has launched so many schemes to promote Rural Industries. The main schemes are given below:

1. **Prime minister's employment generation programme (PMEGP)** - It is a subsidy scheme which generates employment in rural areas and also give subsidies to open a micro enterprise through (KVIC) State *Khadi* and Village Industries Board (KVIB) and District Industries Centre (DIC). People of rural areas can get 25% of subsidy but people of urban areas can avail 15% of subsidy
2. **Scheme of fund for regeneration of traditional industries (SFURTI)** - This scheme is made to promote and develop the traditional industries. It was launched in 2005-06. It makes traditional industries more productive and competitive. It promotes the traditional artisans to set up new micro enterprises of their cultural heritage
3. **A Scheme for promoting innovation, rural industry and entrepreneurship-** It was launched in 2015. This scheme promotes rural development and entrepreneurship through Rural Livelihood Business Incubator (LBI), Technology Business Incubator (TBI) and Fund for start-up creation.
4. **Market promotion development assistance (MPDA)-** It is a unified scheme by merging different schemes of different Heads implemented in the eleventh plan namely Market Development Assistance, Publicity Marketing and Market Promotion
5. **Skill upgradation & mahila coir yojana-** This scheme is implemented for attracting more entrepreneurs to start coir processing units.

Under the "Mahila Coir Yojana Scheme" the scheme provides training to rural women in spinning of coir yarn / various coir processing activities.

Conclusion

Rural Industries is an urgent need of India and it can play a vital role in achieving the development of rural people and rural areas. Now women are coming forward in many sectors of entrepreneurship like *Papad* making, handicrafts, handlooms, weaving etc. The growth of these sectors is growing faster day by day. These industries play a significant role in total industrial production of India. But rural people are facing problems in marketing of their products due to lack of knowledge, lack of technical know ho and many other reasons. The Govt. should provide proper training in rural areas regarding development of rural people. The loan process to start up a new business should be avail to rural entrepreneurs in lesser time. Rural Industries can play a significant role to control the poverty in rural areas as well as to fulfill their necessities.

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