

Role And Challenges of Rural Entrepreneurship in Kerala

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Abstract— Rural entrepreneurship is one of the newest areas of research in the entrepreneurship field. Now a days a major opportunity for the people who migrate from rural area to urban area. The strengthening of the rural villages will encourage the preservation of natural resources and improve the rural economy. There exists a wide gap between rural and urban areas in terms of infrastructure, market and financial access etc.. To reduces the disparities, revitalizing the rural economy can be achieved by establishing entrepreneurial ventures in rural areas. On the contrary it is also a fact that the majority of rural entrepreneurs are facing many problems due to not availability of primary amenities in rural areas of developing country. Lack of education, financial problems, risk aversion, lack of skilled labour, less technical knowhow, limited access to essential services etc..., because of these difficulties it is too difficult for the rural entrepreneurs to establish industries in the rural areas. To help rural entrepreneurs or unemployed youth, government implemented various programs. This paper attempts to focuses on the role of a rural entrepreneur, challenges faced by them in several fields. It also highlights the training and development programs implemented by the government.

Keywords— Rural Entrepreneurship, Role of a Rural Entrepreneur, Challenges

INTRODUCTION

Entrepreneurs are the driving forces behind any economy. They create large corporations out of backyard enterprises. They were innovators, inventors, and adventurers. Entrepreneurship is a social phenomenon and it is not inherent within a person, rather it exists in the interaction between people. Entrepreneurship is more than the starting of business. It is the process of changing ideas into commercial opportunities and creating value. Rural entrepreneurship is that entrepreneurship which ensures value addition to rural resources in rural areas engaging largely rural human resources. In the present scenario, the rural areas are source of raw materials and the urban areas are acting as processing centers. This reminds us the typical set up during industrial revolution when colonies were source of raw materials and European Nations were processing and selling back the same to undeveloped nations.

Rising rural incomes will have a multiplier effect by raising the demand for farm and non-farm products and services instigating growth of employment opportunities. Moreover, it is found that entrepreneurial actions promote economic and social conditions which benefit the individual as well as the entire village.

According to Pertin (1997), Rural Entrepreneurship is more likely to furnish in those rural areas where the two approaches of rural development, the bottom up and top down, complement each other. A rural entrepreneur is the one, who prefers to stay in the rural area and contribute to the creation of local wealth. However, the economic goals of an entrepreneur and the social

goals of rural development are more strongly under linked in urban areas (Pertin and Gannon, 1997) Governments have tried out various schemes for generating incomes in the rural areas such as government initiatives have not stopped people from moving out of villages to cities. This is because such government initiatives are not on their own capable of enabling people to earn adequately and ameliorate their conditions. There has to be some committed enterprising individual or a group of people.

RURAL ENTREPRENEURSHIP IN KERALA

Kerala, a 100% literate state, has the highest rate of educated unemployed in the country with over 40 lakh unemployed youth on the live register of Employment Exchanges. This comprises about 20 lakh graduates and otherwise technically qualified. Kerala has attained worldwide acclaim for its achievements in the social sector, particularly in the health and education system. But Kerala is industrially backward. Kerala has a high per capita rate of consumption, but it imports a major share of its requirements including food. The educated and technically qualified youth are migrating for want of jobs and sufficient employment opportunities. Keralites are reluctant to invest in economically productive activities even though there is a surfeit of techno-economic talent. The factors contributing to this state of affairs may range from labour market rigidities to the absence of a favorable investment climate and has to lead to a generation of entrepreneurship been lost. One of the main important reasons is lack of an entrepreneurial

class. People took no interest in the entrepreneurial activities, they think white collar job is safer than the entrepreneurship.

Another handicap in the entrepreneurial development in the state is that adequate funds are not being channelized into entrepreneurial activities. . The absence of entrepreneurship in rural areas is main cause of poverty in rural areas. Despite all the inadequacies in rural areas one should assess their strengths and build on them to make rural areas places of opportunities.

The basic principles of entrepreneur which applied the rural development are:

- Optimum utilization of local resources in an entrepreneurial venture by rural population - Better distributions of the farm produce results in the rural prosperity.
- Entrepreneurial occupation rural population to reduce discrimination and providing alternative occupations as against the rural migration.
- To activate such system to provide basic '6 m'- manpower, money , material, machinery, management and market to the rural population

At present numerous promotional agencies are enthusiastically involved in administering and implementing the programs of entrepreneurship development in their respective areas.

ROLE AND IMPORTANCE OF RURAL ENTREPRENEURSHIP

Rural entrepreneurs play a vital role in the overall economic development of the country. The growth and development of rural industries facilitate self - employment, results in wider dispersal of economic and industrial activities and helps in the maximum utilization of locally available raw materials and labour.

- Employment generation

Rural industries create large-scale employment opportunities for the rural people. The basic problem of large-scale unemployment and underemployment of rural India can be effectively tackled through rural industrialization.

- Fosters economic development

Rural industrialization fosters economic development of rural areas. This curbs rural urban migration on the one hand and also reduces disproportionate growth of towns and cities, growth of slums, social tensions and environmental pollutions etc. on the other.

- Proper utilization of local resources

Rural industries help in the proper utilization of local resources like raw materials and labour for productive purposes and thus increase productivity. They can also mobilize rural savings which help in increase of rural funds.

- Balanced regional growth

Rural entrepreneurship can dispel the concentration of industrial units in urban areas and promote regional development in a balanced way. It helps in reducing concentration of economic power in few hands.

- Awaken the rural youth

Rural entrepreneurship can awaken the rural youth and expose them to various avenues to adopt entrepreneurship and promote it as a career.

- Improved standard of living:

Rural entrepreneurship will also increase the literacy rate of rural population. Their education and self-employment will prosper the community, thus increasing their standard of living.

- Earnings of foreign exchange:

Rural industries play an important role in increasing the foreign exchange earnings of the country through export of their produce.

- Prevents rural exodus

Lack of employment opportunities, heavy population pressure and poverty forced the rural people to move to urban areas for livelihood. It creates rural urban imbalance. Under these circumstances, rural industries help in reducing disparities in income between rural and urban people and acts as a potential source of gainful employment.

- Promotion of artistic activities

The age-old rich heritage of rural India is preserved by protecting and promoting art and handicrafts through rural entrepreneurship.

CHALLENGES OF RURAL ENTREPRENEURSHIP

- Pre-occupation with Redistribution

The Malayalee attitude towards wealth creation is strongly influenced by the left ideology. The feeling that wealth creation of any form is possible only through exploitation of surplus value seems to be ingrained in the sub-conscious mind of an average Keralite. Kerala society seems to approve of wealth creation and accumulation if only the surplus value is 'redistributable'.

- Preference for Secure Employment

The tendency of risk aversion/preference for secure employment is also the result of Kerala culture of giving high social respectability to those holding government employments irrespective of the salary and other entitlements. Irrespective of caste, class and religion, the role-model of an average Keralite has always been the government employee who enjoys both social respectability and security.

- Lack of Confidence to Innovate

Another major problem is the inability of Malayalee entrepreneurs to conceive of truly entrepreneurial business opportunities. If one closely Chapter III 57 observe the industrial scene of Kerala, it will be evident that there is overcrowding in some of the conventional low technology, low value added product

lines like cereal powders, curry powders, pickles etc. During the conceptual stage of business, the average Keralite has only a few product lines in his/her mind.

- **Child Rearing Practices**

It has been pointed out that child rearing practices have an important influence in shaping entrepreneurial personalities (McClelland, 1961). This arises from the Keralite perception of career and success in life. As already noted, the 'role model' of the average Keralite is an employee, preferably a government employee who wields enormous power and prestige, enjoys decent salary and perks and at the same time does not take any risk.

- **Poor Self-image of Entrepreneurs**

Entrepreneurs suffer from poor self-image in Kerala Society. The social status of entrepreneurs is far below than that of bureaucrats, academicians and literary and cultural personalities. The entrepreneurs gradually lose interest in the ventures they have built up over the years as there is nobody to succeed them. Though there is no study to support this proposition, cursory evidences suggest that this problem is increasingly being felt.

- **Lack of a Business Culture Built on Mutual Trust**

Kerala does not have such a business tradition, there is lack of trust on entrepreneurs and between entrepreneurs. This is a major hurdle in the way of Keralite entrepreneurs from joining hands quickly to exploit the emerging business opportunities. The fraudulent practices of several 'pseudo entrepreneurs' who launched schemes like 'Manchiam Plantation' or 'Goat Farm' or 'Finances' have further eroded the confidence of investors in Kerala

- **Unsympathetic and Unsupportive Bureaucracy**

The bureaucracy in Kerala views entrepreneurs as opportunists and manipulators. It has been pointed out that while the officials in other states try to interpret the various rules and regulations so as to help the entrepreneurs; in Kerala the interpretation invariably is to harm the entrepreneur. Minor violations and inadequacies are often used to harass and extort money from the entrepreneurs

- **Narrow Entrepreneurial Base**

The entrepreneurial base of Kerala is very narrow; there is high degree of domination of certain communities and castes. Communities are not evenly distributed across the state. It thus turns out that regions which are dominated by entrepreneurial communities and castes become more developed than regions which are dominated by less entrepreneurial communities.

TRAINING AND SUPPORT PROGRAMS AND INSTITUTIONS

- **Centre for Management Development (CMD)**

The centre for Management Development (CMD), Thiruvananthapuram. Established in 1979 under Act XII of "The Travancore Cochin Literary, Scientific and Charitable Societies Registration Act, 1955". The principal activities of the centre were entrepreneurship training for small businesses; management training for personnel working in industry, government and NGOs; Research studies; and advisory services for developing projects.

These activities spanned across six major areas viz., agribusiness; cooperatives and non-governmental organizations; corporate enterprises; development agencies; natural resources management; and small businesses.

- **Small Industries Service Institute (SISI)**

Small Industries Service Institute (SISI), Thrissur is a field level agency of Small Industries Development Organisation (SIDO) to take care of the needs of the small scale sector in the state of Kerala in the area of Techno-economic and managerial consultancy services. offering various consultancy services, this institute also offers various technical and management training programmes for the benefit of prospective/existing entrepreneurs.

- **Kerala Industrial and Technical Consultancy Organisation (KITCO)**

KITCO, a premier consultancy organization in the public sector established by IDBI, IFCI, ICICI, banks & Govt. of Kerala, made its mark in entrepreneurship and human resources development. KITCO has conducted more than 1200 training programmes such as EDP, Technology Clinic (TC), Technology Transfer (TT), Entrepreneurship Awareness programme (EAP) Management Development Programme (MDP), PMRY Training Programme and Skill Development Training. KITCO Data Bank is a store house of information for entrepreneurs, business community and other engaged in industrial promotion.

- **Entrepreneurship Development Cell, REC, Calicut:**

With an objective of identification of Potential entrepreneurs and provision of proper motivation and training, the Govt. of India has promoted different agencies to conduct EDP and also set up Entrepreneurship Development Cells (EDCs) in some selected educational institutions. The main objectives of the cell are: It create an entrepreneurship culture among the S & T students and graduates in this region, organise Entrepreneurship Awareness camps and EDPs, project the importance of Entrepreneurship in curriculum of the Engineering courses, conduct research work and survey for identifying entrepreneurial opportunities, guide the prospective entrepreneurs in obtaining their project approvals, bank loans and support facilities etc,

- **Training of Rural Youth for Self Employment (TRYSEM)**

Trysem was launched in 1979 as a separate national scheme for training rural youth for self employment. The compelling reasons for launching the programme being the huge backlog of unemployment and under employment among the rural youth. It provides rural youth (18-35 years) from families below the poverty line with training and technical skills to enable them to take up self-employment in agriculture, industry, services and business activities. Training is perceived not only in terms of provision of physical skills. But also change in attitude, enhancement of motivation and skills in human relations etc., are also ought to be imparted.

- **Prime Minister's Rozgar Yojana (PMRY)**

PMRY is being implemented since 1993. The Scheme is designed to create and provide sustainable self-employment opportunities to one million educated unemployed youth in the 7countryrime Minister. It relates to the setting up of the self employment ventures in all economically viable projects.

CONCLUSION

Entrepreneurship is essential for rapid and sustained economic growth and development. It creates the required Man power and skills necessary for accelerated growth, reduce unemployment and poverty

To conclude entrepreneur should be motivated by the Kerala Government by granting subsidy and training to them. In order to be a successful entrepreneur they have to follow the latest technology which help them to cope with the existing competitors.

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