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37



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Two Day International Conference

On

**"Business Management, Information System and Social Sciences :**

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Organized by

Chandrabai-Shantappa Shendure College, Hupari in Collaboration with Shivaji University  
Commerce and Management Teacher's Association, Kolhapur and BVDU's Institute of  
Management and Entrepreneurship Development, Pune

On 4<sup>th</sup> and 5<sup>th</sup> December, 2015



SR. NO.	TITLE OF PAPER	AUTHOR	PAGE NO.
1.	THE STUDY AND ANALYSIS OF INVESTORS' EXPECTATIONS FROM COMMODITY TRADING IN KOTHRUD AREA, PUNE	Mrs. Ranpreet Kaur	1
2.	WOULD SMART CITIES BE A GAME CHANGER FOR INDIAN ECONOMY?	Dr. Shivaji Bornade	7
3.	MARKETING MANAGEMENT OF RURAL AREA IN INDIA	Hossein Esmail Khorsand	12
4.	THE IMPACT OF HUMAN RESOURCE MANAGEMENT AND PRODUCTIVITY ON CORPORATE PERFORMANCE OF BUSINESS	Behzad Pagheh	16
5.	THE STUDY OF THE RELATIONSHIP BETWEEN RELATIONSHIP MARKETING AND CUSTOMER LOYALTY ON BANKING SECTOR	Ms. Hamideh Pagheh	20
6.	THE IMPACT OF SERVICE QUALITY ON CUSTOMER SATISFACTION IN ELECTRONIC BANKING	Baharak Aghamohammadi	24
7.	ACTIVATING THE ROLE OF ACCOUNTING INFORMATION AND ELECTRONIC COMMERCE SYSTEM AND ITS IMPACT ON CREATING THE NUMBER OF ATTRACTING CUSTOMERS FOR THE YEAR 2020	Hayder Abbas Abed	27
8.	STUDY OF COMPONENTS OF INTELLECTUAL CAPITAL AND INTELLECTUAL PROPERTY : A LITERATURE REVIEW	Soheyla Ashtari Mahini	30
9.	A STUDY OF CONSUMER AWARENESS REGARDING TO THE CONSUMER PROTECTION ACT - 1986 IN SATARA CITY	Prof P.J.Sutar, Mr. S.P.Jadhav	35
10.	A STUDY OF DRY FISH MARKETS IN MUMBAI CITY	Dr. Anilkumar Krishnrao Wavare, Prof. Sanjay Vitthal Dhonde	39
11.	A STUDY OF AGRICULTURAL IRRIGATION MANAGEMENT WITH SPECIAL REFERENCE TO MAHARASHTRA STATE	Dr.Kundlik Vithoba Kokare	44
12.	E-BANKING & PROBLEM OF PHISHING IN BANKING SECTOR	Prof. Rani Gorakhnath Kirdat	47
13.	AGRICULTURAL MARKETING TRENDS IN INDIA	Prof. Sahane B.G	52
14.	ANTI-PLAGIARISM STRATEGY AND DETECTION TOOLS	Prof. Ms.S.V.Chavan, Prof.Dr.R.A.Rathi, Prof.Ms.S.V.Naik	57
15.	A STUDY OF CUSTOMER SATISFACTION IN BANK OF MAHARASHTRA"	Mr. Arage Laxman Tavanappa	61



SR. NO.	TITLE OF PAPER	AUTHOR	PAGE NO.
69.	IMPACT OF GLOBALIZATION ON DIGITAL MARKETING	Prof. Salve N.B.	287
70.	WOMEN EMPOWERMENT AND EMPLOYABILITY	Prof.R.K.Diwakar	289
71.	SOCIO-ECONOMIC ANALYSIS OF WOMEN ENTREPRENEURSHIP	Dr. Mrs. Rathod Sunita S.	292
72.	THE NEW SCENARIO IN RETAILING MARKETING AND E- COMMERCE IN INDIA	Ravindra Dattatray Wagh	295
73.	THE ROLE OF RESEARCH IN LEAN, CLEAN AND GREEN MANAGEMENT OF STUDENTS' ATTITUDE AND PERCEPTION	A. M. Gurav	298
74.	A STUDY OF MANAGEMENT PRACTICES IN SELECT MICRO & SMALL ENTERPRISES IN GOA.	Dr. Narendra Y. Rajeshirke, Dr. Namdev M. Gawas, Ramesh Kumar	303
75.	A STUDY ON CUSTOMER SATISFACTION AND INTERNET BANKING SERVICE: A DESCRIPTIVE ANALYSIS	Professor G. M. Taru,	308
76.	A SYSTEMATIC STUDY OF CUSTOMERS' SATISFACTION TOWARDS MICROMAX MOBILE PHONE	Dilip.S.Chavan	311
77.	CHALLENGES FOR RETAIL ACCOUNTING	Dr. Nighot B.B.	315
78.	ROLE OF DISTRICT CENTRAL CO-OPERATIVE BANK IN AGRICULTURE DEVELOPMENT - A CASE STUDY OF SDCC BANK	Dr. Mukundrao J. Mane	319
79.	ROLE OF HIGHER EDUCATION IN WOMEN EMPOWERMENT	Dr. Madhuri P. Hebbalkar	326
80.	INVESTMENT IN RENEWABLE ENERGY-ROAD MAP TO THE ECONOMIC DEVELOPMENT OF INDIA	Prof. Mahesh S. Daddiamani.	328
81.	RURAL ENTREPRENEURSHIP : CHALLENGES, OPPORTUNITIES AND PROBLEMS	Dr. Mane Vijay Annaso	333
82.	RURAL MARKETING - THE WINNING EDGE	Prof. Miss. Jyotsna Borate	336
83.	A STUDY OF COMPANIES LISTED ON INDIAN STOCK MARKETS WITH SPECIAL REFERENCE TO DECISIONS OF RETAIL INVESTORS BASED ON BRAND NAME AND SIZE OF THE COMPANY.	Mr. Shrinivas S. Jagtap	340
84.	ENTREPRENEURSHIP	Prof. S. G. Shrouti	343
85.	RURAL ENTREPRENEURSHIP IN INDIA : PROBLEMS & PROSPECTS	Mrs. Shreya Vinay Patil	347



## RURAL ENTREPRENEURSHIP : CHALLENGES, OPPORTUNITIES AND PROBLEMS

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### Abstract

Rural entrepreneurship is now a days a major opportunity for the people who migrate from rural areas or semi - urban areas to Urban areas. On the contrary it is also a fact that the majority of rural entrepreneurs is facing many problems due to not availability of primary amenities in rural areas of developing country like India. Lack of education, financial problems, insufficient technical and conceptual ability it is too difficult for the rural entrepreneurs to establish industries in the rural areas. This paper makes an attempt to find out the Problems and Challenges for the potentiality of Rural Entrepreneurship. It also focuses on the major problems faced by rural entrepreneurs especially in the fields of Marketing of products, financial amenities and other primary amenities, i.e. availability of electricity, water supply, transport facilities and required energy etc.

**Keywords:** Rural Entrepreneurship, challenges, Problems

### Introduction:

Rural entrepreneurship has emerged as a dynamic concept. It is generally defined as, entrepreneurship emerging at village level which can take place in a variety of fields of Endeavour such as business, industry, agriculture and acts as a potent factor for economic development. Development of rural areas, have been linked to entrepreneurship more than ever before. Entrepreneurship is now regarded as a strategic development intervention that could accelerate the rural development process by institutions and individuals promoting rural development. Entrepreneurship stands as a vehicle to improve the quality of life for individuals, families and communities and to sustain a healthy economy and environment. The majority of the rural population depends, directly and indirectly, on agriculture, fishery, animal husband or rural wage labour associated with plantation sandranches, alongwith ancillary activities linked toruralt ownerships. Rural entrepreneurship development strategies aim at diversifying rural economic activities, which include the development of non-farm economic activities and facilitating the transition of informal activities into the formal growth sector.

### Objective of Study:

- 1) To study benefits from rural entrepreneurship
- 2) To study the problems faced in growth of rural entrepreneurs
- 3) To provide suggestions for development of rural entrepreneurship

### Methodology of the Study

The data required for the present study are secondary source.

The Secondary data are collected from various published sources such i.e. magazines, newspapers, journals, books, and various other publications. Moreover, some important information is also collect from relevant websites. The present study is descriptive in nature.

### Benefits from Rural Entrepreneurship:

- **Provide employment opportunities:** Rural entrepreneurship is labor intensive and provides a clear solution to the growing problem of unemployment. Development of industrial units in rural areas through rural entrepreneurship has high potential for employment generation and income creation.
- **Check on migration of rural population:** Rural entrepreneurship can fill the big gap and disparities in income rural and urban people. Rural entrepreneurship will bring in or develop infrastructural facilities like power, roads, bridges etc. It can help to check the migration of people from rural to urban areas in search of jobs.
- **Balanced regional growth:** Rural entrepreneurship can dispel the concentration of industrial units in urban areas and promote regional development in a balanced way.
- **Promotion of artistic activities:** The age-old rich heritage of rural India is preserved by protecting and promoting art and handicrafts through rural entrepreneurship.
- **Check on social evils:** The growth of rural entrepreneurship can reduce the social evils like poverty, growth of slums, pollution in cities etc
- **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.

#### Challenges faced by Rural Entrepreneurship in India

**Family Challenges:** Convincing to opt for business over job is easy is not an easy task for an individual. The first thing compared is – Will you make more money in the business of your choice or as a successor of family business. This is where it becomes almost impossible to convince that you can generate more cash with your passion than doing what your Dad is doing.

**Social Challenges:** Family challenges are always at the top because that is what matter the most but at times social challenges also are very important. Let us say you and your friend graduated at the same time. You opted for entrepreneurship and your friend opted for a job. He now has a flat, car and what not because he could easily get those with a bank loan but you still have nothing to show off and this is where the challenge comes.

**Technological Challenges:** Indian education system lags too much from the Job industry as a whole but then it lags even more when it comes to online entrepreneurship. What technology would be ideal and how to use that technology effectively?

**Financial Challenges:** (Difficulty in borrowing fund): Financial challenges are a lot different in India especially for online entrepreneurs. When you are starting out as an entrepreneur you don't opt for venture funding but try to go to funding for small to medium business people. Many such non-technical business people don't understand the online business models as a whole and so getting an initial business funding from them becomes challenging. The other option you can think of is a loan but bank loan is not at all an option in India for new online entrepreneurs.

**Policy Challenges:** Now and then there is lots of changes in the policies to change in the government. Problems of TRIPS and TRIMS. Problems of raising equity capital, Problems of availing raw-materials, Problems of obsolescence of indigenous technology-Increased pollutions Ecological imbalanced. Exploitation of small and poor countries etc.

#### Opportunities

- ☑ Free entry into world trade.
- ☑ Improved risk taking ability.
- ☑ Governments of nations withdrawn some restrictions
- ☑ Technology and inventions spread into the world.
- ☑ Encouragement to innovations and inventions.
- ☑ Promotion of healthy completions among nations
- ☑ Consideration increase in government assistance for international trade.
- ☑ The establishment of other national and international institutes to support business among the nations of the world.
- ☑ Benefits of specialization
- ☑ Social and cultural development

- ☑ Crashed Scheme for Rural Development
- ☑ Food for Work Program
- ☑ National Rural Employment Program
- ☑ Regional Rural Development Centers
- ☑ Entrepreneurship Development Institute of India
- ☑ Bank of Technology

#### PROBLEM OF RURAL ENTREPRENEURSHIP

##### 1) Financial Problems:

- **Paucity of funds:** Most of the rural entrepreneurs fail to get external funds due to absence of tangible security and credit in the market. The procedure to avail the loan facility is too time-consuming that its delay often disappoints the rural entrepreneurs. Lack of finance available to rural entrepreneurs is one of the biggest problems which rural entrepreneur is bearing now days especially due to global recession.
- **Lack of infrastructural facilities:** The growth of rural entrepreneurs is not very healthy in spite of efforts made by government due to lack of proper and adequate infrastructural facilities.
- **Risk element:** Rural entrepreneurs have less risk bearing capacity due to lack of financial resources and external support

##### 2) Marketing Problems:

- **Competition:** Rural entrepreneurs face severe competition from large sized organizations and urban entrepreneurs. They incur high cost of production due to high input-cost. Major problems faced by marketers are the problem of standardization and competition from large scale units. Competition from large scale units also creates difficulty for the survival of new ventures. New ventures have limited financial resources and hence cannot afford to spend more on sales promotion. These units are not having any standard brand name under which they can sell their products. The literacy rate among the rural consumer is very low.



**Middlemen:** Middlemen exploit rural entrepreneurs. The rural entrepreneurs are heavily dependent on middlemen for marketing their products who pocket large amount of profit. Storage facilities and poor means of transport are other marketing problems in rural areas. In most of the villages, farmers store the produce in open space, in bags or earthen vessels etc. So these indigenous methods of storage are not capable of protecting the produce from dampness, weevils etc. The agricultural goods are not standardized and graded.

### 3) Management Problems:

**Lack of Knowledge of information technology:** Information technology is not very common in rural areas. Entrepreneurs rely on internal linkages that encourage the flow of goods, services, information and ideas. The intensity of family and personal relationships in rural communities can sometime be helpful but they may also present obstacles to effective business relationships.

**Legal formalities:** Rural entrepreneurs find it extremely difficult in complying with various legal formalities in obtaining licenses due to illiteracy and ignorance.

**Procurement of raw materials:** Procurement of raw materials is really a tough task for rural entrepreneur. They may end up with poor quality raw materials, may also face the problem of storage and warehousing.

**Lack of technical knowledge:** Rural entrepreneurs suffer a severe problem of lack of technical knowledge. Lack of training facilities and extension services create a hurdle for the development of rural entrepreneurship.

**Poor quality of products:** Another important problem in growth of rural entrepreneurship is the inferior quality of products produced due to lack of availability of standard tools and equipment and poor quality of raw materials.

### 4) Human Resources Problems:

**Low skill level of workers:** Most of the entrepreneurs of rural areas are unable to find workers with high skills. Turnover rates are also high in this case. They have to be provided with on the job training and their training is generally a serious problem for entrepreneur as they are mostly uneducated and they have to be taught in local language which they understand easily. The industries in rural areas are not only established just to take advantage of cheap labour but also to bring about an integrated rural development. So rural entrepreneurs should not look at rural area as their market, they should also see the challenges existing in urban areas and be prepared for them. Rural entrepreneurs are generally less innovative in their thinking. Youths in rural areas have little options "this is what they are given to believe". This is the reason that many of them either work at farm or migrate to urban and.

**Negative attitude:** The environment in the family, society and support system is not conducive to encourage rural people to take up entrepreneurship as a career. It may be due to lack of awareness and knowledge of entrepreneurial opportunities. The young and well educated mostly tend to leave. As per circumstances, rural people by force may be more self sufficient than their urban counterparts, but the culture of entrepreneurship tends to be weak. Continuous motivation is needed in case of rural employee which is sometime difficult for an entrepreneur to impart with.

#### Suggestions:

- Govt. should provide separate financial fund of rural entrepreneur.
- The concerned department should provide special infrastructure facilities whatever they need.
- Govt. should arrange special training programmes for rural entrepreneurship. ➤ Govt. should felicitate top ranked rural entrepreneur.
- Rural entrepreneur should more competitive and efficient in the local & international market.

#### Conclusions:

Rural entrepreneur is a key figure in economic progress of India. Rural entrepreneurship is the way of converting developing country into developed nation. 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 most 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, with training and sustaining support systems providing all necessary assistance. There should be efficient regulated market and government should also lend its helping hand in this context. Grading and standardization should be promoted and promotional activities should be enhanced to attract rural entrepreneurs from other states of country.

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