

## Rural Entrepreneurship- Key Points

### **\*Meaning**

Rural entrepreneurship can simply be defined as entrepreneurship emerging in rural areas. In other words, establishing industrial units in the rural areas refers to rural entrepreneurship.

According to the Khadi and Village Industries Commission (KVIC), “village industry or rural industry means any industry located in rural area, 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 in which the fixed capital investment per head of an artisan or worker does not exceed a thousand rupees”. According to Government of India, “Any industry located in rural area, village or town with a population of 20,000 and below and an investment of Rs. 3 crores in plant and machinery is classified as a village industry”. All the village industries have been grouped into seven major categories as follows:

1. Mineral-based industry
2. Forest-based industry
3. Agro-based industry
4. Polymer and chemical-based industry
5. Engineering and non-conventional industry,
6. Textile industry including Khadi
7. Service industry

### **\*Need for Rural Entrepreneurship**

1. Rural industries being labour intensive have high potential in employment generation. Thus, they serve as an antidote to the widespread problems of disguised unemployment or under-employment.
2. By providing employment, these industries also have high potential for income generation in rural areas. This helps in reducing disparities in income in rural areas.
3. The rural industries encourage the dispersal of economic activities in the rural areas and thus promote balanced regional growth.
4. Development of rural industries also help build up the decentralized method of planning and development in rural areas.
5. Rural industries help to protect and promote the rich heritage of the country.

6. Rural industrialization curbs rural-urban migration. It also lessens the disproportionate growth in the cities, reduces slum dwellings and reduces other points of imbalance between rural and urban areas.
7. The rural industries being environment friendly lead to development without destruction.

### **\*Problems of rural entrepreneurship**

The problems of developing rural entrepreneurship are:

- Financial constraints
- Lack of technical know-how
- Lack of training and extension services
- Management problems
- Lack of quality control
- High cost of production due to high costs of inputs
- Lack of communication
- Lack of market information
- Poor quality of raw materials
- Lack of storage and warehousing facilities
- Obsolete and primitive technology
- Lack of promotional strategy
- Disinterest shown by rural population in entrepreneurship

**\*N.B.** Explanations and all theoretical disposition have been taken from the following references

### **References**

1. Khanka, S. S. (2010). *Entrepreneurial Development*. S. Chand Publishing, New Delhi