



# **DIPLOMA IN RURAL DEVELOPMENT**

## **DRD-04**

### **Rural Development Institutions & Entrepreneurship**

Block

# **5**

## **RURAL INDUSTRIALISATION AND ENTREPRENEURSHIP**

---

**Unit – 1**

**Rural Industrialisation**

---

**Unit – 2**

**Rural Entrepreneurship**

---

**Unit – 3**

**Women Entrepreneurship**

---



## EXPERT COMMITTEE

**Sri Jagadananda (Chairman)**

Ex-State Information Commissioner, Odisha  
Mentor and co – founder, CYSD  
Bhubaneswar, Odisha

**Dr. Sruti Mohapatra (Member)**

Chief Executive,  
State Disability Information and Resource Centre  
Bhubaneswar, Odisha

**Dr. Dharmabrata Mohapatra (Member)**

Head, PG Dept. of Rural Development,  
Ravenshaw University, Cuttack, Odisha

**Dr. M.G.Bage (Member)**

Associate Professor, Dept. of Rural Development,  
Utkal University, Bhubaneswar, Odisha

**Ms. Dipti Ray (Member)**

Assistant Professor, Dept. of Rural Management,  
NISWASS, Bhubaneswar, Odisha

**Dr. Rabindra Garada (Special Invitee)**

Associate Professor, Dept. of Rural Development,  
Utkal University, Bhubaneswar, Odisha

**Sri S T Rehman (Convenor)**

Academic Consultant (Rural Development),  
Odisha State Open University,  
Sambalpur, Odisha

## DIPLOMA IN RURAL DEVELOPMENT

### Course Writer:

#### UNIT-1

**Ms.Subrata S Satapathy**  
Ind.Res. Consultant, Utkal University

#### UNIT-2 and 3

**Dr.Goutam Mohanty**  
Former Asso. Dean  
AMITY Business School

### Course Editor:

**Dr.Bhabesh Ch. Das**  
Asst.Prof., OUAT

**Dr.Susant Ku.Moharana**  
Academic Consultant  
Odisha State Open University



---

## Unit - 1

### Rural Industrialization

---

#### Learning Objectives:

After completion of this unit, you should be able to:

- *Explain the concept of Industrialization in rural India*
- *Explain the problem of slow growth of Rural industries in India*
- *Provide the solutions for addressing the negative impact of industrialization in rural India*

#### Structure:

- 1.1 Introduction
- 1.2 Industrialization: Conceptual analysis
- 1.3 Historical Evidence on the Growth of Rural Industries in Different Regions of India
- 1.4 Important Policies and Programmes of the State
- 1.5 Probable Explanations for the Slow Growth of Rural Industries
- 1.6 Impacts of Industrialization in Rural India – Positive and Negative
- 1.7 Gandhian Approach to Rural Industrialization
- 1.8 Strategies for Improving Rural Industrialization
- 1.9 Let Us Sum Up
- 1.10 Key Words
- 1.11 References

---

#### 1.1 Introduction:

---

The industrialization acts as stimuli to economic growth by means of increased production, income, employment through which both economic and social welfare can be met with, but in underdeveloped countries industrialization alone does not help to achieve momentum on account of lack of various factors, for instance, capital, skilled labours, and infrastructural bottle necks, etc. In this situation, the development of small scale and tiny units in the economy is an option to promote



production and income as these units have shorter gestation period. Besides, through the development of small scale industrial units, the burning problems of the underdeveloped countries like unemployment and poverty can be diluted as these units are labour intensive in nature. India is a developing country. The country is facing the acute problems like unemployment, shortage of capital and other economic and social overheads. If this is the case then large and medium scale units cannot be attracted. In this situation only small investment can be promoted for industrial activities. The primary objective of developing small industries in the economy is to extend work opportunities, so as to raise both per capital income and standard of living, thus to bring out a balanced and integrated development.

Village and cottage industries have a popular role in the Indian economy due to scarcity of physical capital, unemployment and under employment, regional imbalances and disparities, inequalities in the distribution of income and wealth, unutilisation or under utilisation of rural resources. The government has accorded utmost importance for the growth of these industries through five year plans and industrial policies because of their high employment intensity. Since employment is a means to achieve growth with social justice, a number of programmes and schemes have been designed and implemented for their development since the dawn of the planning era. It will help in the redistribution of income and wealth. Improving the quality of life for rural people is an enormous and challenging problem. Solutions to this problem are to be found within the rural areas.

In essence, it comes down to generating employment, increasing income, harnessing and utilising the primary and secondary resources that the rural areas are endowed with. Diversification of manpower is required from already saturated agricultural sector to industry and secondary sectors. It has been recognised that in the long run agriculture and other land based activities, even with a high rate of growth, will not be able to provide employment to all the rural workers at adequate levels of income. Over one fifth of the rural workers are engaged in non agricultural activities. This proportion has shown a remarkable increase in recent years. Policies are needed to be evolved to further strengthen this trend. The development of small business especially in rural segments is of a viable remedy. Tiny units have been found to constitute that segment of small scale industries



that is most prone to sickness or least likely to be viable. At present, rural small scale and cottage industries comprise of handicrafts and artisan enterprises. The handicraft industry is cottage or small scale industry. Its products are artistic in nature and require individual skills and craftsmanship in the manufacturing process. The handicraft industry is a labour intensive industry, its products are of higher value added ones articles, whereas the village industry produces articles of daily use

---

## 1.2 Industrialization: Conceptual analysis

---

Industrialization is the period of social and economic change that transforms a human group from an agrarian society into an industrial one, involving the extensive re-organisation of an economy for the purpose of manufacturing.

As industrial workers' incomes rise, markets for consumer goods and services of all kinds tend to expand and provide a further stimulus to industrial investment and economic growth.

The first transformation to an industrial economy from an agricultural one, known as the Industrial Revolution, took place from the mid-18th to early 19th century in certain areas in Europe and North America; starting in Great Britain, followed by Belgium, Germany, and France. Characteristics of this early industrialization were technological progress, a shift from rural work to industrial labor, financial investments in new industrial structure, and early developments in class consciousness and theories related to this. Later commentators have called this the First Industrial Revolution. The "Second Industrial Revolution" labels the later changes that came about in the mid-19th century after the refinement of the steam engine, the invention of the internal combustion engine, the harnessing of electricity and the construction of canals, railways and electric-power lines. The invention of the assembly line gave this phase a boost. Coal mines, steelworks, and textile factories replaced homes as the place of work.

By the end of the 20th century, East Asia had become one of the most recently industrialised regions of the world. The BRICS states (Brazil, Russia, India, China and South Africa) are undergoing the process of industrialization. There is considerable literature on the factors facilitating industrial modernisation and enterprise development.



---

### **1.3 Historical Evidence on the Growth of Rural Industries in Different Regions of India:**

---

In the ancient village society of India artisanal industries had been organised on the basis of castes and the artisans primarily belonged to 'sudra', the lowest 'varna', and sometimes 'vaishya' castes. Important among the artisans were carpenters, potters, weavers, iron smiths, gold smiths and bell and brass metal workers who used to provide the villagers with their daily necessities. Their products were also sold in village fairs and festivals, some of which became famous and attracted both the manufacturers and customers from faraway place. However, the major development of the crafts took place in the urban areas.

There were evidence showing a developed cloth industry manufacturing various kinds of silk and cotton cloth in different parts of Bengal as well as India in ancient times, and whose popularity spread across country much before the Christian era. There was also existence of a number of other important industries in various parts of Bengal. Historians analysed the conditions and growth of the handicraft industries in the medieval and early British period. They observed that among the manufactured articles which were exported, the muslins of Dacca, the silks of Murshidabad, the ivory carving of Sylhet and the filigree work of Cuttack commanded the admiration of ancient Persians, Grecians and Romans.

During the seventeenth and eighteenth centuries there were four great industrial regions in India specialising in the manufacture of cotton goods for exports. These



were Punjab, Gujarat, the Coromandel Coast and Bengal. Chief articles exported from Surat to Europe were 'calicoes', locally named as 'Baftas'. These goods were produced with special excellence at Broach, Navsari and Baroda. These were sold in some cases in raw form, and in some other cases bleached or dyed. The cities of Ahmedabad and Agra were famous centres where calicoes from all parts of India were brought for dyeing with indigo which in turn was manufactured in Sarlamj and Biana. There were other varieties of cotton cloth viz, 'Chintz', 'Guinee cloth', etc exported from Surat. Cotton yarn was also exported from Surat by the English and Dutch East India Companies. This indicates substantial development of cotton textiles in Surat and its neighbouring regions during the period.

---

### **1.4 Important Policies and Programmes of the State:**

---

The Industrial Policy Resolution of 1956 added some new dimensions to the existing policies in line with the Mahalanobis model. In this policy resolution while the proposal was made for the establishment of some basic and heavy industries, the role of cottage and VSI in economic development was also emphasised. It was stated in the Resolution that "it is essential to ... speed up industrialisation and in particular, to develop heavy industries and machine making industries, to expand public sector. The State will progressively assume a predominant and direct responsibility for setting up new industrial undertakings. The Government of India would stress the role of cottage and village and small scale industries in the development of the national economy. In relation to some of the problems that need urgent solutions, they offer some distinct advantages.

They provide immediate large scale employment; they offer a method of ensuring a more equitable distribution of national income and they facilitate an effective mobilisation of resources of capital and skill which might otherwise remain unutilised. Some of the problems that unplanned urbanisation tends to create will be avoided by the establishment of small centres of industrial production all over the country. The Second Plan gave immediate attention to the development of rural industries."The need to promote, modernise and recognise these industries is paramount. The problem is one of devising the effective policies as well as of making suitable organisational arrangements. Progressive up gradation of technology without reducing employment, provision of training facilities for



artisans and the supply of credit to petty producers were given special emphasis. Furthermore, efforts were made to promote cooperation. The Second Plan also stressed on the promotion of the SSI as ancillaries to large scale units. Small producers were made eligible for tax concession and subsidies. To provide marketing facilities to them, steps were taken to provide assistance in conducting exhibitions and setting up show rooms in cities and tourist spots. Improved spinning wheels (Ambar Charkha) were introduced by KVIB. Intensive marketing schedule and area schedule were also adopted for KVI. Small Industries Service Institute (SISI) was set up to assist the VSI with technical advice, procurement of raw materials and marketing research. National Small Industries Corporation (NSIC) with its branches in the States had undertaken the task of supplying machinery and equipment to small producers. The corporation assisted them in procuring orders from the Government and also provided them with financial, marketing and technical facilities.

The Recommendations of the Karve Committee and the schemes adopted in this Plan primarily indicated a shift in the emphasis from the Gandhian cottage industries to the modern small scale capitalist industries. In the Third Five Year Plan (1961-66), a programme of intensive development of the VSI was launched through selected project areas, called Rural Industries Project. Operational areas of the projects were made equal to the average size of the district so as to avoid the drawbacks of the Pilot Projects. KVIC launched 'Gram Ekais' for Integrated Rural Development. During the Annual Plans (1966-67, 1967-68 and 1968-89) the question of regional imbalances had become paramount. The need of discouraging the growth of industries in the metropolitan areas and of promoting industries in the backward areas was felt. This led to the formation of special location specific schemes of incentives for setting up units. During the Fourth Plan as well as the Third - and the Annual Plans, the policy of industrial dispersion was centred on the concept of industrial estates which were located in the suburbs and small towns. The Government would build up work sheds at suitable locations having the necessary infrastructure, like, electricity, transport, water, postal and tele-communication and other facilities, and the sheds would be leased out to the prospective entrepreneurs at cheap rates to establish manufacturing units.



The Fifth Plan placed special emphasis on the growth of tiny sector and extended the number of reserved items for VSI sector. It further, attempted to shift the focal point of development for cottage and SSI from big cities to district head quarters and stressed the need for providing servicing facilities and vocational training to the producers in both artisan and modern industries. Similarly, Integrated Rural Development Programme (IRDP) launched in 1978 to integrate various ongoing programmes, was intensified in this plan. IRDP attempted to provide self-employment in agriculture, animal husbandry, manufacturing, trading, etc. through raising asset endowment of the rural poor. On the average 600 poor households would benefit in each block under this programme. One-sixth of them would benefit through village and cottage industries employment and another one-sixth through service sector employment. Decentralisation therefore would extend from district level to the block level. The Seventh Plan continued with almost all the programmes of the previous plan. It strengthened the Backward Area Development Programme through special incentives scheme to disperse modern small and medium scale industries in the rural areas.

Important points to be highlighted are:

- continuing emphasis on the up-gradation of technology of the artisan and small scale industries,
- gradual dispersion of the focal point of development from the city to the suburban, small towns, and backward/rural areas, in some cases through setting up industrial estates~ simultaneously, decentralisation of administrative organisations, particularly setting up of District Industries Corporation (DIC) and Small Industries Corporation (SIC) at district and regional level to assist the small entrepreneurs,
- organising training to the small entrepreneurs in new technology or entrepreneurship,
- setting up of Industrial Training Institutes (ITI), Polytechnics and Engineering Collages to generate skilled technicians, and
- arrangement of finance from commercial banks and financial institutes to the small entrepreneurs through DIC



---

## 1.5 Probable Explanations for the Slow Growth of Rural Industries:

---

- ***Inadequacy of Financial Assistance in the Plans:*** Financial assistance provided through Plans may be considered as one of the important indicators of the seriousness of the State in promoting this sector. In the First Plan the share of VSI in total Plan expenditure was 2.4% which increased to 4% during the Second Plan. In the subsequent Plans the share declined and reached 1.33% in the Fifth Plan. Thereafter it remained below the 2% level. The very low share of the VSI in Central allocation, as compared to the vast requirements, is indicative of the negligence of the Government.
- ***Ineffective Common Production Programmes and Assistance to Small Units:*** The main objective of these programmes was to protect small units from the competition of the large units. There are a number of instances, like in the powerloom sector, where the big industrialists set up small units and reaped the benefits (like tax rebate, assured supply of raw materials), offered by the State to small units. This further weakened the competitive power of the household enterprises vis-a-vis large. Even among the small entrepreneurs, the growth of powerlooms adversely affected the handloom weavers as both produced similar products. These programmes on several occasions became counterproductive in nature.
- ***Mismatch of Technology Upgradation, Training and Skill Formation:*** Repeated emphasis has been made on up-grading technology, training artisans and small entrepreneurs etc for the development of rural industries in various Plans. So far as technology generation or its up-gradation for small industries is concerned, the performance of the national/regional R&D institutes are not satisfactory; only a limited number of new or improved technologies, like, Jacquard loom, food (particularly fruit) processing machines, ceramics, leaf plate machines, Jute stick particle and straw boards-machines, etc, have been introduced. These technologies and

some imported ones were supplied to the entrepreneurs through NSIC and for that matter technical, financial and marketing assistance were provided by SISI through their decentralised bodies, namely, DICs which were supposed to provide single window clearance.



Problem of technology diffusion arose at two levels. Firstly, unlike what we have seen in China where new technology diffused through direct exchanges between the source and destination (the source organisation directly trained the workers of the user organisation while providing technology), in India, there existed a layer of bureaucracy in between these two types of organisations as mediator often obstructing the diffusion of the exact information regarding technology. This bureaucracy often lacked personnel of the required expertise for various types of technologies, and therefore, could not transfer the entire technology-package, including skills, and other information. In other words, this snapped the vertical technology linkages between the R&D institutes and entrepreneurs. Moreover, unlike in China where the mass scientific organisations kept the people informed about new technologies and thereby helped diffuse technologies, in India similar organisations do not exist; the information was provided by DICs or other organisations which rarely had contacts with the masses. Secondly, in India, industrial training was provided by the institutes like, ITI, polytechnics, engineering colleges, etc. which often have no direct contacts with the enterprises employing the technicians.

The activities of the three types of organisations; those who generate technology, those who use technology and those who train the workers in operating the technology, were not coordinated. The technicians (certificate holders) are eligible for bank loans under self-employment scheme, but they do not have the entrepreneurial ability. But the artisans who rarely find opportunity to study technical courses acquire their skills as apprenticeship in the family craft or other's craft. Unlike the certification of the skills of the students of the technical institutes, the skills of the artisans are not certified by any formal institutes. And therefore the latter skills are not bankable for the purpose of loans. In



general, new or improved technologies, both artisanal or modern small scale, are highly expensive and without financial assistance they could hardly be adopted by the poor artisans/ entrepreneurs. In Japan and China, large enterprises assisted substantially the small enterprises in finance, arranging raw materials, technology upgradation, marketing, training workers, etc, but such things are rarely observed in India, excepting in some industries like handloom in West-Bengal.

- ***Lack of Effective linkages with Other Sectors:*** Apart from the direct intervention by the State, there exist other factors which influence rural industries. Our observation in China indicates that the rural industries have forward and backward linkages with the agricultural sector. These industries also provide consumer goods as well as construction materials for housing to the rural people. Furthermore, they have vertical linkages with the urban factories in terms of technology transfer, manufacturing, assembling and marketing. In India, there have been a number of studies regarding rural industry-agriculture linkages. Studies have obtained a positive relation between the growth of agricultural production and that of non-farm employment in rural areas for some periods and no such relation for some other.

These studies have noted a strong relationship between the growth of rural industries and that of agricultural output and the rise in income levels, purchasing power and investible surplus. They have also traced backward and forward linkages between agriculture and rural industries (i.e., the rural industries supplying inputs to agriculture, and processing agricultural products), but the indirect effect (i.e., rising agricultural income led to rising demand for rural industries' products) seemed to be stronger.

They have also put forward a hypothesis that non-agricultural activities acted as a residual sector so that rural workers who were not absorbed in agriculture would spill-over into non-agricultural activities. A similar phenomenon that growing casualisation of labour raised the participation in non-farm activities, particularly in seasonal activities has also been noted. In case of West Bengal, it was observed both the phenomena -



agricultural growth-led diversification and the distressed-driven spill-over into non- / farm activities of a labour-force that was not finding adequate employment in agriculture - at varied extent in different districts and in different periods. It was then concluded that the aggregate magnitude of off-farm employment would depend on the combined effect of the agricultural 'pull factor' and 'push factor'. Finally, the interlinked relations between the rural/small industries with the urban factory industries are rarely observed.

---

## 1.6 Impacts of Industrialization in Rural India:

---

In India there exists a long tradition of artisanal industries. Considerable evidence exist which show their substantial development in the ancient times and their popularity abroad as the products were exported. In the medieval times, particularly during the Mughal period, both inland trade and exports of the manufactured goods flourished to a considerable extent. These manufactured goods were exported to different parts of Europe and Asia by the European East India Companies and others.

The most important industries were the manufacturing of cotton and silk goods which were produced in various parts of India. Production was primarily organised by the merchants through the putting-out system. Apart from these exported items, substantial amount of artisanal production was carried on by the artisans in the villages under customary exchange system called the *jajmani* system. The artisanal industries continued to grow till the early decades of the 19<sup>th</sup> century. Thereafter, with the establishment of the British rule these industries substantially declined in the face of competition from the British factory-made goods together with discriminatory colonial policies against these industries. It was since 1921, with the launching of nationalist movement that some of the artisanal industries, notably weaving and spinning received some protection and started reviving to an extent, particularly in the rural areas. After independence the State recognised their importance and made planned efforts to develop them in the villages and small towns. Several organisations like the Khadi and Village Industries Commission and Handloom Board were set up to promote these industries. However, the rural industries in India achieved a moderate growth after



independence. State policies to promote these industries are found to be often ineffective and sometimes counterproductive. Several contradictions are also noted in the policies, notably, in technology upgradation, diffusion, training workers and technicians, and the use of technology and skills. As such there is no effective coordination among the agencies involved in technology generation, training workers in the technology and using them. Further, demand for rural industries' products has not been growing fast enough due to slow growth in agriculture which in turn was primarily due to non-implementation of land reforms. The inherited power structure of a coalition of landlords, rich peasants and big capitalists effectively barred radical land reforms.

Furthermore, there is a conflict between the artisanal industries and the small scale industries - the growth of the latter substantially competed out the former. Moreover, a substantial part of the rural industries products was being substituted by urban factory made goods. This is not only true for consumer goods but also for agricultural tools and implement, fertilizers, and even processing some agricultural products. Lastly, as seen in Japan and China, the large enterprises helped the small enterprises through up-grading technology, providing raw materials or intermediate products, improved machinery, financial assistance, various information, and marketing products; such phenomena are occasionally seen among the enterprises in India, for instance, in some weaving clusters in West Bengal. The latter region has made significant progress in rural industrialisation. The region has also fulfilled certain preconditions, like implementation of land reforms and rural development measures attainment of a sizeable growth in agriculture. Moreover, the entrepreneurs also developed some flexibility in their organisational structure, like the Japanese-type symbiotic relations, though to a lesser extent, between artisans and the big enterprises promoting rural industries.

---

### **1.6.1 Positive Impact of Industrialization:**

---

- ***Low cost of production:*** The introduction of industries has led to the decrease in the cost of production of many essential items. The decrease in cost is the result of economy of large scale production. It allows to save time and labour. Industrial goods have become more affordable for common people.



- **Self-sufficient:** Before independence, we used to spend hundreds of millions of rupees over import of cloth only, as we had no heavy industries in the real sense of the term. With the advancement of textile industry in our country, we are able to manufacture clothes at a much lower cost. In this way, we made ourselves self-sufficient in providing our basic needs.
- **Employment:** Large industries need thousands of skilled and semi-skilled workers. It provides massive employment opportunity for a large chunk of people.
- **Improved Agriculture:** In the modern age efficient agricultural system is that, which is done with the help of machine and mechanical devices. For this purpose, we have to adopt the latest Industrial system.
- **Defense and security:** But we must keep pace with the march of time. We have to defend our country against foreign aggression. We must manufacture latest weapons, for it is most unwise to depend upon foreign aid for defense of one's country.

---

### 1.6.2 Negative Impact of Industrialization:

---

Mechanized, heavy and large-scale industries have negative impact which adversely affects the environment, society and economy of this country.

- **Decline of cottage industry:** Throughout, India has been proud of her rural cottage industries. The silk produced by the village-weavers had been a source of attraction all over the world. With the advent of heavy mechanical industries began the chapter of the decline of our village cottage industries.
- **Mass migration from rural areas:** Another attack is that with the creation of heavy mechanized industries in the urban areas, the rural population would start mass-migration into town and cities, thereby making the unemployment problem more acute and complex.
- **Depletion of natural resources:** Due to industrialization, there is constant depletion of natural resources. Many industries are powered by thermal power plants that consume coal. Since, large industries are spread over many acres of land, agricultural lands and forests are often cleared to make available the required land.



- **Pollution:** Large industries emit many harmful gases into the environment. The introduction of harmful chemicals into air leads to air-pollution. The noises that it produces leads to noise-pollution.
- **Increase of war-like situation:** Out of the degenerating effects of heavy industries is born contention. In developed nations, most of these Heavy industries are engaged in the production of war materials. With a lot of war weapons in hands, there has been an increase in war-like situation among countries.

---

## 1.7 Gandhian Approach to Rural Industrialization:

---

Gandhian approach has always said about the voluntary wants, the need for self-sufficient village communities and the issues relating to better balance between man and nature. Gandhi wanted to have an ideal society of his own imagination and his economic ideas are a part and parcel of his philosophical and sociological ideas. Gandhi was interested in the growth of human beings and more significantly the growth of the deprived and underprivileged group of people.

'Rural Industrialization' was never the term used by Gandhi. However, two basic components of Gandhian development, self-sufficient villages and decentralization of economic and political powers, gave a very important place to development of Khadi and Village Industries. According to a recent study the Khadi movement was not only a mass mobilization movement against anti-imperialist struggle, it was also a social movement of recognizing women's capacity as economically and politically active beings without whose support the goal of freedom or Swaraj would be unattainable and meaningless. In fact, Gandhi's well known concept of 'Living Wage for Spinners' originated in his realizing the danger of women being paid low wages even by constructive workers. The World of Appropriate Technology, in which it defined appropriate technology as characterized by "low investment cost per work-place, low capital investment per unit of output, Organizational simplicity, high adaptability to a particular social or cultural environment, sparing use of natural resources, low cost of final product or high potential for employment.



---

### **1.7.1. Review of Practice based Gandhian Ideology:**

---

There are three basic evidences of accepting Gandhian rural industrial approach in India. First, right from the industrial policy of 1948 till the New Small Enterprise Policy of 1991, we have placed Khadi and Village Industries as the prime instrument of promotion of rural employment and rural economy. As early as 1953 we established an exclusive institution of Khadi and Village Industries Board and later established a Khadi and Village Industries Commission in 1957. To assume responsibility for initiating, assisting and financing Khadi programmes on a much wider basis, make it a part of the whole development programme of the country and an essential constituent of a planned economy in the making. Such as below: The first Five Year plan had adopted a complete 'Gandhian' perspective in development of KVIC as it was decided to be developed 'with processing of local raw material for the local market with simple techniques (1951). As an appropriate method of protection a “Common Minimum Programme” was formulated, which was mainly related to reservation of production, restriction on capacity expansion and continuation of research. A multi-institutional approach was developed by establishing a separate institution like the KVIC Board, Handloom Board, Handicraft Board and Small Scale Industries Board for their development. The Second Five Year Plan gave a very strategic place to village industries to generate marketable surplus as consumer goods to support heavy industry development without inflation and also gave a task to liquidate unemployment as quickly as possible. The basic approach for the KVIC was worked out by the panel of economists appropriate to the development of these sectors. The production through the traditional charkha to provide relief to distressed persons should be separated from the economic problem for Khadi production as an employment generation activity.

---

### **1.7.2. Gandhian View of Self-Sufficient Village Economy:**

---

Gandhi holds the view of the maximization of social welfare and for this he gives prime importance to the welfare of the individuals by reducing inequalities in income and wealth. Gandhi is in favour of the self-sufficient village economy where the villages will be the independent economic units. India lives in villages.



Naturally the development of the country depends on the development of villages. All the goods and services necessary for the village members should be grown within the village. Agricultural sector alone cannot solve the problem of rural poverty and unemployment. That's why Gandhi gives stress on the growth of the rural industries like khadi, handlooms, sericulture and handicrafts. He opines that large-scale industries make people lazy and help concentration of wealth in the hands of few. Therefore there is no problem of production and market. Large scale production creates conflicts between labour and capital. On the contrary, rural industries are based on family labour and required less amount of capital. The raw materials are also collected from local markets and the goods thus produced are sold in the local markets. Gandhi is not in favour of large-scale industries in the sense that these industries are not related to a vast population living in rural areas. Thus industrialization, according to Gandhi, does not help the growth of the personality; contrarily it helps only the material progress of a few.

---

## **1.8 Strategies for Improving Rural Industrialization:**

---

### ***1.8.1 Formulation of Rural Industrial Policy:***

Rural Industrialisation means encouraging location of large and small scale units away from urban areas or planned shifting of units from urban areas to rural areas. But it is not likely that the existing urban industrial structure can be disturbed. Therefore under rural industrialisation concept, the state should encourage industrialisation in rural areas on a massive scale. It is immaterial whether it is small, village industries or large scale industries. A comprehensive policy should be so evolved that industries are encouraged in rural areas hereafter. A vast reservoir of rural resources should be harnessed. Govt. should create full fledged infrastructural facilities in rural areas before initiating efforts in this direction. Rural industrialization aims at all-round development of an area as well as people living in such areas. This can be realized only through systematic adoption of improved technology. There should be a harmony among primary sector, secondary sector and tertiary sector in rural industrialization. The focus of rural industrialization should be alleviation of rural poverty by creating wide employment opportunities in rural sphere.

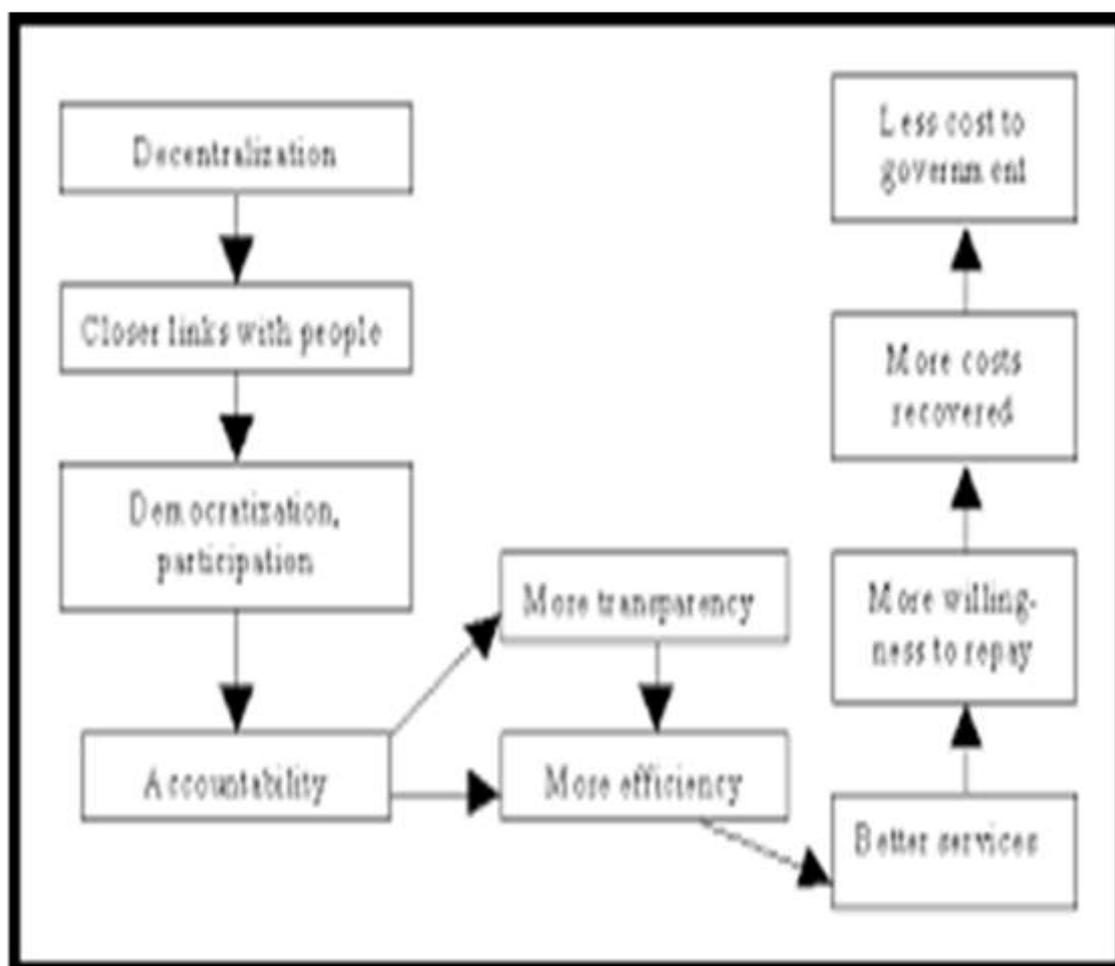


At present, there is no policy directive on rural industrialization. A number of Government sponsored programmes like Khadi and village industries, hand loom, sericulture, coir, IRDP, DPAP, PMRY, DRIP, DAAP, Artisan employment guarantee programme are in vogue. These programmes have different set of objectives, pattern of organization, and system of assistance. The focus of these schemes is either to develop industries or to develop target group but not to promote rural industrialization. Lack of coordination among the various poverty alleviation programmes contributed least to the fight against poverty and unemployment in rural horizon.

There is no coordination among these programmes. This has affected concerted action in the implementation of rural industrialization programme. In other words, Central Govt plays a leading role in certain programmes and State Govt act as an implementing agency of Central Govt. In certain schemes, State Govt. plays a leading role while institutional financing agencies dominate in some states. Therefore, confusion arises as to who is accountable to whom. Too many schemes, too many agencies, high leakage of financial assistance and role ambiguity made little impact on abject rural poverty and growing rural unemployment. A clear cut policy for rural industrialization is to be evolved which should address the likely pitfalls in the road to rural industrialisation.

### ***1.8.2 Reversal of the Trend - Towards Decentralization:***

Rural industrialization is indubitably a noble idea. While the economic development has gone so far towards capital intensive industrialization, centralization and high degree of unplanned urbanization, very exercise of evolving policies and undertaking efforts towards decentralization and rural industrialization seem to be irrelevant in today's context of liberalization. In other words, open economy presupposes non-invention of Govt. while successful rural industrialization warrants state intervention. Therefore, the issue is how to reconcile these two diametrically opposite view points.



### ***1.8.3 Multiplicity of Technologies and Reservation of Industries:***

Existence of plurality of technologies in every field is threatening rural industrialization. For example, we have hands spinning, as well as power-spinning and hand loom and power loom, weaving. This diversity is found in food processing, building materials, leather goods, soap making, carpentry, blacksmith, paper making, food preservation and processing and so on. Large units that use state-of-the art technology produce goods on a mass scale. This sector is producing goods of necessity to meet the demands of growing population and for satisfying the urge to improve standard of living and quality of life while small scale industries not only produces but also provide employment to a significantly large number of people and create purchasing power in the economy. Small scale units in Cuddalore districts proved to be a boon to rural and village artisans in Cuddalore district and it has created 8978 jobs in 1428 units and contributed rupees 10,282 crores worth export during 2005 and 2006. This shows the potential of rural and village industries in fighting poverty and unemployment. There is no question of accepting one and rejecting the other. Both have to be supported and



conditions are to be created for their sustained development. While small scale industries as well as large scale industries engage in the production of similar items, a conflict arises as to which industry needs to be supported. The large scale industries contribute to massive production, decrease employment opportunity due to automation and finally lead to unplanned urbanization, ecological and environmental degradation while rural industrialisation generates more employment opportunities for the rural masses and brings all its attendant advantages to the rural scenario. So far as India is concerned, rural industrialization cannot be ignored as something irrelevant in today's context. Thus choice of technology is crucial issue. The following approach is recommended for deciding as to which industry is to be encouraged where. Large scale industries which use state-of-art technologies may be encouraged in certain productive activities that call for sophisticated technology, eg. construction, infrastructure industries, shipbuilding, railways, power sector telecom and the like. Rural industries that use local technology may be encouraged in certain areas where human skill plays a predominant role. Eg. handicrafts, coir, embroidery, carpentry, blacksmith, pottery, etc.

Ancillary type of industries may be encouraged in certain sectors like automobiles, healthcare, electronics, drugs, chemicals, etc. Both small as well as large scale industries may be allowed in certain areas where both can co exist. The areas of production are to be clearly demarcated in term of demand feasibility employment generation, production capacity. This exercise would solve the twin problems of employment generation as well as larger production. Reservation of certain areas exclusively for SSIs would be effective if areas are properly identified. On reserving the areas exclusively for SSIs, certain issues such as quality standards, production capacities, price subsidy and so on, need to be addressed in a clear-cut terms.

#### ***1.8.4 Nature of Employment:***

As for nature of employment, it is to be decided as to the type of employment suited for promoting rural industrialization. There are several patterns of generating employment in rural areas. They include self-employment, wage employment in industrial units, wage cum self employment and establishment of rural industrial estates. Each of the above method has its own merits and



drawback. Therefore the pattern of employment generation is to be decided after weighing the relevant factors dominant in each pattern of employment generation.

### ***1.8.5 Organizational Difficulties:***

Rural population being highly scattered and unorganized, organizing and institutionalizing the activities of rural population and proving work on a regular basis are really challenging task. Either work is to be provided by the units to them to be done at their residence or industries are to be started in the rural areas in order to bring them into an organized entity. Some of the efforts undertaken by the Govt. in the past have not made any perceivable impact on the employment generation in rural India. Industrial co-operatives were started with the mission of rural industrialization for different crafts in pursuance of the recommendation of Karve committee 1955. These societies mobilized the scattered rural skill to a certain extent. But it failed in its re-mission. As these societies could not ensure regular employment and provide fair wages, members were withdrawing from the societies. As a result most of the societies remain currently defunct. Another experiment done was formation of multipurpose block level co-operatives by Govt. of Maharashtra. These societies ended up becoming mere credit societies. Mere provision of credit could not promote rural industrialization. Third experiment was formation of institutions under societies Registration Act 1860. This type of institution was started by Khadi. This entity is currently thriving due to Govt. patronage. Management and workers assume significance in these institutions.

Since the societies cannot afford to pay good pay scales, it cannot get a team of talented, experienced and capable administrative staff. Therefore, it suffers on administrative front. Paying higher pay scale would result in increasing the final cost of the product and the consequently, the State would have to come forward to support them. Besides there is a need to evolve a separate labour code for unorganized rural labour since the present labour laws are oriented towards organized sector. Studies have suggested evolution of labour code for unorganized rural workers for improving the living standard of working masses in rural areas. In this background, it is suggested that the unorganized rural work force may be converted into organized force through self - help group. These groups may be financed either directly by banks and institutions or through voluntary agencies or through NGOs. The State has to put in place a marketing structure for marketing

the product of self help group on a massive scale. Thus organization of unorganised work force through self help group mechanism appears to be a viable solution.



### ***1.8.6 Technology Gap:***

While organized industry is fast upgrading its technology, there is no technology up gradation in rural industries. Around 60 per cent of artisans are still carrying on their traditional occupation in a primitive way. National Research and technical institutes have done little for the village industries. Infact there is more urgent need for R & D in rural industrial sector. Otherwise, it is likely to be irrelevant and obsolete. The fact that still large number of artisans carry on the work in most antiquated methods highlight the failure of transfer of technology. This discourages new persons entering into this occupation cutting across the caste barrier. Therefore mechanical and engineering talents have to develop suitable technology which would be modern and efficient and which would absorb greater number of people in work. Planning commission ought to earmark adequate funds for promoting research endeavours in rural industrialization. A mechanism ought to be put in place to fund directly the research endeavours directed towards technical up-gradation of rural and village industries.

### ***1.8.7 Promoting Managerial and Entrepreneurial Skills in Rural Entrepreneurs:***

Managerial inadequacies are one of the reasons for the failures in decentralized industrial sector. There is a need to equip village artisans and their institutions with new except of entrepreneurship and managerial skills. Proper training is to be arranged for village artisans to develop their managerial and entrepreneurship skills. Banks and development institutions should conduct entrepreneurship courses for students from the rural colleges and for the rural artisans. They need to be enlightened on various skills of management. In other words these groups need to be enlightened on rudiments of entrepreneurship and management of the units. Studies emphasized the role of higher educational institutions functioning in rural areas in spreading entrepreneurial awareness through establishment of entrepreneurial cell.



### ***1.8. 8. New Definition for Small and Village Industries:***

Several attempts have been made to define village industry. Khadi Village Industries Commission proposed a definition in terms of per capita investment. Still identity crisis persists. The definition given for tiny industry during 1979 could not suit for institutional village industries since the total investments in such units were more but per capita investment were less. A clear definition for village industry is to be evolved in the context of globalisation. The factors such as per capital investment, eco-friendliness, degree of manual effort involved in making the product, non-conventional energy used, ability to provide work at residence, value-addition, conversion of waste into wealth, level of energy required, high nutrition, purity, flavour, suitability to Indian context, women participation, absence of child labour, etc. may be some of factors which should be considered on defining 'village and small scale industries'. Since these industries enjoy a lot of financial and fiscal privileges, a clear definition is warranted so that privileges go directly to deserving ones.

### ***1.8.9. Role Clarity:***

The Central Govt. took up certain industries like coir, sericulture, handloom, Khadi and handicrafts as central schemes, the implementation of which was left to State Govt. In other words, Central Govt. provided funds, fiscal concession and policy support to these industries. The State had to take care of implementation and to ensure infrastructure support like water, electricity, road work shed and communication to units located in rural areas. The State Govt. being passive partners did not evince any interest in promoting these centrally sponsored schemes. It is suggested that the Union Govt. should take up both funding as well as implementation of the projects for centrally sponsored schemes. Similar should be case for state sponsored schemes. Further the role of various facilitating agencies like banks voluntary organization, KVI board, Govt. Departments Central and State Govt. development organizations should be clearly spelt out in no unambiguous terms in promoting the rural industrialisation.

### ***1.8. 10 Credit Gap:***

It is observed that most of the rural industries are starved of financial resources. Studies proved the apathy of commercial banks towards rural credits ever since our country followed globalization path. He further stated that the loan waiver is the price paid by the Govt for the neglect of the rural sectors. The public sector



outlays are hardly one per cent and institutional credit is negligible. Therefore, it is necessary to continue to provide concessional credit to encourage rural industrialisation. As suggested earlier, Govt. has to redefine small scale and village industries for concessional financing and other privileges from financing agencies.

### ***1.8.11 Marketing Infrastructure:***

Rural industrialization would be a total fiasco if sound rural marketing infrastructure is not at place. As long as rural products do not enter the normal supply chain, their products cannot enjoy a good market. Some sort of network should be created for marketing the products of village industries. Where Govt. departments buy their requirements from the rural marketing mechanism, half of the marketing problems of rural industries would be solved. At present, rural bazaars have been set up at District Head Quarters for marketing the output of self-help group entities. Besides, Govt. may set up some sort of permanent marketing structure at each district which may collect rural products from various units and supply to final consumers through various fair price shops, consumer co-operative societies. Efforts should be made to have a permanent retail stall in local markets and pilgrim centres and participate at festival gathering to market rural products.

Govt. may think of establishing rural departmental stores or rural malls in districts. The rural products may be branded by the Govt. and certified for its quality and franchises may be given for marketing the products of rural enterprises like the KVI organizations do. It may offer credit facilities to salaried class against the post dated cheques or through pay deduction. It may accept credit cards and debit cards to boost sales from stable income segment. Govt. has to propagate and publicize the products of rural industries in their own media like AIR and DD and News channels.





- Village and cottage industries have a popular role in the Indian economy due to scarcity of physical capital, unemployment and under employment, regional imbalances and disparities, inequalities in the distribution of income and wealth, unutilisation or underutilisation of rural resources.
- In essence, it comes down to generating employment, increasing income, harnessing and utilising the primary and secondary resources that the rural areas are endowed with. Diversification of manpower is required from already saturated agricultural sector to industry and secondary sectors.
- In India there exists a long tradition of artisanal industries. Considerable evidence exist which show their substantial development in the ancient times and their popularity abroad as the products were exported. In the medieval times, particularly during the Mughal period, both inland trade and exports of the manufactured goods flourished to a considerable extent.
- The Industrial Policy Resolution of 1956 added some new dimensions to the existing policies in line with the Mahalanobis model. In this policy resolution while the proposal was made for the establishment of some basic and heavy industries, the role of cottage and VSI in economic development was also emphasised.

---

### 1.10 Keywords:

---

- **Industrialization:** Industrialization is the period of social and economic change that transforms a human group from an agrarian society into an industrial one, involving the extensive re-organisation of an economy for the purpose of manufacturing
- **Cottage industry** is a small-scale industry, where the creation of products and services is home-based, rather than factory-based. While products and services created by cottage industries are often unique and distinctive, given the fact that they are usually not mass-produced, producers in this sector often face numerous disadvantages when trying to compete with much larger factory-based companies.
- **Migration** is the movement by people from one place to another with the intentions of settling, permanently in the new location. The movement is often over long distances and from one country to another, but internal



migration is also possible; indeed, this is the dominant form globally. Migration may be individuals, family units or in large groups.

- **Natural resources** are resources that exist without actions of humankind. This includes all valued characteristics such as magnetic, gravitational, and electrical properties and forces. On earth it includes: sunlight, atmosphere, water, land (includes all minerals) along with all vegetation and animal life that naturally subsists upon or within the heretofore identified characteristics and substances.
- **Decentralization** is the process of redistributing or dispersing functions, powers, people or things away from a central location or authority. While centralization, especially in the governmental sphere, is widely studied and practiced, there is no common definition or understanding of decentralization. The meaning of decentralization may vary in part because of the different ways it is applied.

---

## 1.11 References:

---

Abraham, Vinod (2009): "Employment Growth in Rural India: Distress Driven", Economic and Political Weekly, Vol. 44, No.16

Ahmad, Mumtaz Uddin (2006): "Rural Development and Poverty-Alleviation through Promotion of Rural Non-Farm Activities in the Asia-Pacific Region: Review of Evidence, Patterns and Issues", Asia-Pacific Journal of Rural Development, Vol. 16, No. 1

Basant, Rakesh (1994): "Economic Diversification of Rural Areas", Economic and Political Weekly, Vol.29, No. 39

Basant, Rakesh and B.L.Kumar (1989): "Rural Non-Agricultural Activities in India: A Review of Available Evidence", Social Scientist, Vol. 17, No. 1-2

Bhalla, G.S. and Peter Hazell (2003): "Rural Employment and Poverty: Strategies to Eliminate Rural Poverty within a Generation", Economic and Political Weekly, Vol. 38, No. 33

Chadha, G.K. (2002): "Rural Non-Farm Employment in India: What does Recent Experience Teach Us?", The Indian Journal of Labour Economics, Vol. 45, No. 4.



Dev, Mahendra S. (1990): "Non-Agricultural Employment in Rural India: Evidence at a Disaggregated Level", Economic and Political Weekly, Vol. 26, No. 28.

Fisher, Thomas, Vijay Mahajan and Ashok Singha (1997): The Forgotten Sector: Non-farm Employment and Enterprises in Rural India, London: Intermediate Technology Publications

Gill, L. S. (2005): "Deceleration of Industrial Growth and Rural Industrialization Strategy for Indian Punjab", Journal of Punjab Studies, Vol. 12, No. 2

**Learning Objectives:**

After completion of the unit, you should be able to:

- *Explain the definition, meaning, and concept of rural entrepreneurship.*
- *Understand the rural entrepreneurship practices in India.*
- *Describe the effect of globalization on rural industry.*
- *Understand the implications and challenges faced by rural entrepreneurship in India.*
- *Know the issues and problems of rural entrepreneurship.*

**Structure:**

- 2.1 Introduction
- 2.2 Definition
- 2.3 Rural Entrepreneurship in India
- 2.4 Rural Industry
- 2.5 Globalization in Rural Industry
- 2.6 Challenges faced by Rural Entrepreneurship in India
- 2.7 Problems of Rural Entrepreneurship
- 2.8 Role of Rural Entrepreneurs in Economic Development
- 2.9 Let Us Sum Up
- 2.10 Key Words
- 2.11 References

---

**2.1 Introduction**

---

The entrepreneurial orientation to rural development accepts entrepreneurship as the central force of economic growth and development, without it other factors of development will be wasted or frittered away. However, the acceptance of entrepreneurship as a central development force by itself will not lead to rural development and the advancement of rural enterprises. What is needed in addition is an environment enabling entrepreneurship in rural areas. The existence of such an environment largely depends on policies promoting rural entrepreneurship. The

effectiveness of such policies in turn depends on a conceptual framework about entrepreneurship, i.e., what it is and where it comes from.



Rural development is more than ever before linked to entrepreneurship. Institutions and individuals promoting rural development now see entrepreneurship as a strategic development intervention that could accelerate the rural development process. Furthermore, institutions and individuals seem to agree on the urgent need to promote rural enterprises: development agencies see rural entrepreneurship as an enormous employment potential; politicians see it as the key strategy to prevent rural unrest; farmers see it as an instrument for improving farm earnings; and women see it as an employment possibility near their homes which provides autonomy, independence and a reduced need for social support. To all these groups, however, entrepreneurship stands as a vehicle to improve the quality of life for individuals, families and communities and to sustain a healthy economy and environment.

---

## 2.2 Definition

---

**Entrepreneurship** emerging in **rural** areas is called **rural entrepreneurship**. Establishing industries in **rural** areas refers to **rural entrepreneurship**. **Rural entrepreneurship** is synonymous of **rural** industrialization.

### **According to the KVIC:-**

Rural industry means any industry located in rural areas, 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 and in which the fixed capital investment per head of an artisan or a 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.'

The problem is essentially lopsided development which is a development of one area at the cost of development of some other place, with concomitant associated problems of underdevelopment. For instance, we have seen unemployment or



underemployment in the villages that has led to influx of rural population to the cities. What is needed is to create a situation so that the migration from rural areas to urban areas comes down. Migration per se is not always undesirable but it should be the minimum as far as employment is concerned. Rather the situation should be such that people should find it worthwhile to shift themselves from towns and cities to rural areas because of realization of better opportunities there.

---

## 2.3 Rural Entrepreneurship in India

---

Since national economies are more and more globalized and competition is intensifying at an unprecedented pace, affecting not only industry but any economic activity including agriculture, it is not surprising that rural entrepreneurship is gaining in its importance as a force of economic change that must take place if many rural communities are to survive. However, entrepreneurship demands an enabling environment in order to flourish. Some individuals who happen to be local leaders and NGOs and who are committed to the cause of the rural people have been catalytic agents for development. Though their efforts need to be recognized yet much more needs to be done to reverse the direction of movement of people, i.e. to attract people in the rural areas. It means not only stopping the outflow of rural people but also attracting them back from the towns and cities where they had migrated. This is possible when young people consider rural areas as places of opportunities.

Despite all the inadequacies in rural areas one should assess their strengths and build on them to make rural areas places of opportunities. This is much to do with the way one sees the reality of the rural areas. The way a survivor or job seeker would see things would certainly be different from those who would like to do something worthwhile and are ready to go through a difficult path to achieve their goals. It isn't that there is a dearth of people with such a mindset. But with time they change their minds and join the bandwagon of job seekers due to various complications. Enabling them to think positively, creatively and Entrepreneurship purposefully is most of the development of rural areas. Young people with such perspective and with the help of rightly channelized efforts would usher in an era of rural entrepreneurship.

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.

### **Rural Entrepreneurship in changing Environment:**

The changing global environment raises questions about the ability of traditional, small-scale businesses in rural areas to share the potential benefits offered by the changing environment. The rapid (though declining) population growth, coupled with even faster urbanization, creates increasing demands. In India, urban populations in general grow about twice as fast as the overall total, and by 2020 they may exceed the size of rural populations. Such a major demographic trend challenges the capacities of some traditional small-scale businesses to cope with the increasing demands.

---

## **2.4 Rural Industry**

---

"Rural Industry" means any premises used for handling, treating, processing, packing or distributing primary products and includes the servicing in a workshop of plant and equipment used or intended for use for rural uses in the locality.

### **Highlights:**

- Rural industrialisation has been given prominence in the current decade and enterprises under SIDO, KVIC and PMRY have received more attention.
- Employment under KVIC has shown remarkable progress and it may exceed 100 lakh persons in the near future.
- The high economic growth, perhaps, caused spurt in the demand for cloth and more so for garments. However, the production of cloth declined in 2009-10 more so in Handloom sector and in decentralized sector. The silk industry has been witnessing phenomenal improvement.



- The numbers of rural enterprises have been increasing over time. Six states viz., West Bengal, Andhra Pradesh, Uttar Pradesh, Tamil Nadu, Maharashtra and Kerala account for about 58 per cent of the rural enterprises in the country and 57 per cent of the total employment in this sector.
- Percentage of agricultural enterprises in rural areas is higher in Gujarat, Andhra Pradesh, Kerala and Tamil Nadu.
- Share of female workers in rural enterprises is high in Andhra Pradesh, Gujarat, Karnataka, Kerala, Manipur, Mizoram, Nagaland, Sikkim and Tamil Nadu.
- Impressive growth rates of enterprises in rural areas of Haryana, Jammu & Kashmir, Kerala, Mizoram, Punjab, Tamil Nadu, Uttar Pradesh and Uttarakhand during 1998-2005 are observed. Very high growth of employment in rural enterprises is witnessed in Haryana, Jammu & Kashmir and Uttarakhand.

The Ministry of Agro and Rural Industries (MoARI) in India was established in September, 2001 with the aim to develop the Rural Industries in the Indian Economy. The main objectives of this initiative were to ameliorate the supply chain management, upgrade skills, introduce innovative technologies and expand markets of the entrepreneurs and artisans. A wide range of programs, schemes, projects and policies have been formulated to carry out various activities in the rural sector in India. Also, the Government of India has also ensured employment generation program in the rural regions under Rural Employment Generation Program (REGP) and the Prime Minister's Rozgar Yojana (PMRY) in association with of State Governments, Reserve Bank of India (RBI) and other banks.

**Some of the major sectors in rural economy of India have been listed below:**

### **Rubber Business in India-**

Rubber is one of the significant commercial crops in India. Rubber Industry in India has accounted for a production of 6.49 lakh tons for the year 2006. Places in India where rubber is cultivated include areas of southwest Konkan and Malabar Coast in Kerala and in some areas of Tamil Nadu.



### **Fisheries in Rural India-**

The fish production rate in India has witnessed a remarkable growth since 1995-96. The National Program of Developing Fish Seeds, Fish Farmers' Development Agencies and Brackish Water Fish Farmers' Development Agencies have been the major contributors to the growth in fisheries in rural India. A diversified range of fishing methods along with processed fish products have been introduced in the Indian rural market through an Integrated Fisheries Project.

### **Poultry Business in India-**

Poultry Business is one of the major contributors to the growing economy of rural and semi-urban India. India has witnessed a remarkable growth in the egg and poultry meat industry in the recent period. States of Andhra Pradesh, Karnataka, Kerala and Tamil Nadu contribute to around 45 percent of the total egg production in India whereas the eastern and central parts of India contribute to around 20 percent of the same. India is the seven largest poultry producer all over the world.

### **Tobacco Business in India-**

India is one of the most predominant producers as well as consumers of tobacco in India. It ranks third in terms of tobacco production around the world. Tobacco leaves are highly exported in the overseas countries which has accounted for a 99 percent increase in the revenue from exports.

### **Jute Business in India-**

Jute is one of the most prime products in terms of exporting to the overseas nations and it brings in maximum foreign exchange earnings. The delta of the river Ganges in West Bengal is perfect for jute cultivation. A wide range of gunny bags, shopping bags, handicrafts, carpets, and many more other items are made from Jute.



## **Horticulture Business in India-**

India has a diverse soil and climate which provides a promising opportunity for horticulture. Some of the crops cultivated in the horticultural sector comprise of fruits, vegetables, root and tuber crops, flowers, ornamental plants, medicinal and aromatic plants, spices, condiments, plantation crops and mushrooms.

## **Sericulture Business in India-**

Sericulture is one of the rural based agro industries in India. Silk production activity has accounted for a total income from export production of more than USD 600 million. Sericulture offers agro based, ecologically and economically sustainable activity for the poor, small and marginal farmers which also include women. 60 percent of the pre-cocoon and post-cocoon sector activities are carried out by women.

## **Tea Business in India-**

The tea business has been ruling Indian economy for the past 170 years. The chief areas of tea production in India include rural hills and backward areas of North eastern and southern states like Assam, West Bengal, Tamil Nadu and Kerala. India mainly manufactures tea variants such as CTC, Orthodox tea and green tea.

## **Rural Industries under Make in India**

The Government is implementing the following schemes for bringing the rural industries under the ambit of the 'Make in India' programme:

(i) **Prime Minister's Employment Generation Programme (PMEGP)** is a credit linked subsidy scheme, for setting up of new micro-enterprises and to generate employment opportunities in rural as well as urban areas of the country through Khadi & Village Industries Commission (KVIC), State Khadi & Village Industries Board (KVIB) and District Industries Centre (DIC). Since inception and up to January 2016, 3.50 lakh micro enterprises have been set up by utilizing margin money amounting to Rs.7004.40 crore and 29.82 lakh jobs have been created from these units.



(ii) **Scheme of Fund for Regeneration of Traditional Industries (SFURTI)** was launched in 2005-06 for making Traditional Industries more productive and competitive by organizing the Traditional Industries and artisans into clusters. 26 clusters have been granted final approval with a total project cost of Rs.72 crore benefiting around 25000 artisans.

(iii) **A Scheme for Promoting Innovation, Rural Industry and Entrepreneurship (ASPIRE)** was launched on 18.3.2015 to promote Innovation & Rural Entrepreneurship through rural Livelihood Business Incubator (LBI), Technology Business Incubator (TBI) and Fund of Funds for start-up creation in the agro-based industry. During the year 2015-16, 22 LBIs & 2 TBIs have been approved and two LBI Centres have been operationalized at Deoria (U.P.) and Rajkot (Gujarat).

Products of rural industries are already covered under extant laws & rules relating to trade & commerce including consumer protection. Stand Up India scheme is meant to provide composite loans between Rs. 10 lakh to Rs. 100 lakhs for setting up Greenfield enterprises in non-farm sector by SC/ST and women entrepreneurs.

### **Classification of Rural Industries**

Rural industries have been classified into the following six categories:-

1. Mineral-based industries.
2. Forest-based industries.
3. Agro-based industries.
4. Engineering and non-conventional industries.
5. Textile industry (including Khadi), and
6. Service industry.



---

## 2.5 Globalization in Rural Industry

---

Since globalization is a macro-concept and rural entrepreneurship is a micro-concept, occurring in a very limited area, it is very difficult to establish causal linkages, or to quantify the specific effects of globalization on rural entrepreneurship. However, it is possible to identify a range of different channels through which various aspects of globalization can be expected to change the welfare of rural entrepreneurship in India.

### 1) Productivity and efficiency effect

Globalization is often said to result in higher productivity, due to the access to global markets, abilities to specialize, and to take advantages of economies of scale and scope. Exposure to the global competition can result in high levels of productivity and efficiency. However, it is less crucial for large economies like India. Again, the potential gains to rural entrepreneur are also large, because globalization enhances countries' abilities to exploit comparative advantages arising from differing natural and ecological conditions. At the level of national policy, these arguments seem to favour globalization. Still, it is very easy to see how the rural entrepreneur could still lose out. In short, globalization presents real dangers to the rural entrepreneur, to set against the possible advantages for the wider economy.

### 2) Economic growth effect

The argument in favour of globalization is the positive link between globalization and rural entrepreneurship in India. Because the potential benefits include improved access to foreign technology and managerial expertise. Emergence of the WTO and the series of deliberations under the Uruguay round have changed the world economic order. Indian Government has shelved the earlier protectionist policies and opened up the economy to the world market. Undoubtedly, this has helped the Indian economy to recoup its strength with the flow of international capital and technology resulting in a robust economic position. The economy is moving steadily with more than 6 per cent DGP growth rate for the last two

decades or so. However, the new economic order has posed severe challenges to the agricultural and rural sectors of the economy.



Overall, it indicates that openness promotes faster growth. Still, the question remains as to what this might do for the rural enterprises, particularly as little FDI flows into agriculture, least of all small-scale agriculture. The effect of globalization on rural enterprises depends upon the changes in GDP and changes in income distribution. The evidence suggests that the rural entrepreneur overall are substantially included as beneficiaries from economic growth. However, the extent of inclusion varies from country to country.

### **3) Technological effect**

Transfer of technology is one of the prominent features of globalization and one of the major reasons for predicting improved growth. Many formerly small rural entrepreneurs saw major improvements in their businesses, but the improvements were in a very limited area and to a very limited number of entrepreneurs. The focus today is on the potentials and dangers of biotechnology. In principle, the benefits here too may be large. The benefits may be from raising productivity, reduced risks of drought and pests, as well as lower food prices. Biotechnology research has been more relevant to the problems of high-income countries. The benefits tend to be specific to particular environments, conditions or markets. As small number of multinational corporations is also carrying out much of the research. There has been a general focus upon the problems of rural entrepreneurs in rich countries, with little attention being paid to developing countries' like India's basic food crops and the problems of their small farmers.

### **4) Distributional Effect**

It is not possible to gauge the overall effect of globalization on the level of inequality; the effect on women entrepreneur in rural area is less ambiguous. Many rural women entrepreneurs are hampered from benefiting from the changes arising from globalization. They have less access than men to education and training, less time to devote to productive activities, less command over important resources such as land, credit and capital. Income developing countries, the sexual division of labor precludes women from income derived from cash crops. In

addition, they also have less incentive to respond to economic signals, since they are likely to have less control over any income.



## 5) Policy

Government of India has, in a sense, discriminated against agriculture and those enterprises that depend upon it. This ‘discrimination’ has typically taken the form of overvalued exchange rates, state trading monopolies for domestic and external marketing of agricultural commodities. Additionally, the revenues from commodity exports have been used for the growth of civil services and urban development, rather than reinvestment in agriculture.

---

## 2.6 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.

#### **A. 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

#### **B. Challenges for Rural Entrepreneurs**

- Growth of Mall Culture
- Poor Assistance
- Power Failure
- Lack of Technical know how
- Capacity Utilization
- Infrastructure Sickness

#### **C. Opportunities for Rural Entrepreneurs**

- 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
- Rural Innovation Funding
- Social Rural Entrepreneurship.

---

## 2.7 Problems of Rural Entrepreneurship

---

Entrepreneurs are playing very important role in the development of economy. They face various problems in day to day work. As the thorns are part of roses, similarly every flourishing business has its own kind of problems. Some of the major problems faced by rural entrepreneurs are as under:

### 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 born now days especially due to global recession. Major difficulties faced by rural entrepreneurs include low level of purchasing power of rural consumer so sales volume is insufficient, lack of finance to start business, reduced profits due to competition, pricing of goods and services, Financial statements are difficult to be maintained by rural entrepreneur, stringent tax laws, lack of guarantees for raising up of loans, difficulty in raising capital through equity, dependence on small money lenders for loans for which they charge discriminating interest rates and huge rent and property cost. These all problems create a difficulty in raising money through loans. Landlords in Punjab proved to be a major source of finance for rural entrepreneurs but the rates of land are reduced due to global recession so they also lack hard cash nowadays.

Some banks have not ventured out to serve rural customers because banks are expensive to be reached by rural customers and, once reached, are often too poor to afford bank products. Poor people often have insufficient established forms of



collateral (such as physical assets) to offer, so they are often excluded from traditional financial market. The government is providing subsidies to rural areas but due to the high cost of finance, these subsidies are not giving fruitful results. Major sources of finance in rural areas are loans from regional rural banks or from zamindars but their rate of interest is usually very high. The government has various institutions for this purpose but the results are not up to the level expected. Industrial Finance Corporation of India (IFCI), Industrial development bank of India, Industrial Credit and Investment Corporation of India (ICICI), Small Scale Industry development bank of India (SIDBI) are some of the national level (SFC) institutions that are helping out rural entrepreneurs. Some state level institutions are also working like a State Financial Corporation and State Industrial Development Corporation (SIDC). These institutions provide assistance for setting up of new ventures and side by side for modernization and expansion of existing ones but their terms and conditions are very strict to be handled.

Various schemes like composite loan scheme, tiny unit scheme, scheme for technical entrepreneurs etc. had started but they are unable to meet the expectation of rural entrepreneur. Raising funds through equity is little bit difficult for rural entrepreneurs because of lack of financial knowledge and also their financial corpus is also low, so loans are the primary source of finance for them which proved to be a great obstacle in developing rural entrepreneurship. Various policies of RBI regarding priority sector lending failed to achieve its objectives. Micro financing movements started in India worked well. Self-help groups from the basic constituent unit of micro finance movement in India. Self-help groups are a group of a few individuals who pool their savings into a fund from which they can borrow as and when necessary. Such a group is linked with banks but joining an existing SHG is often a costly affair for an aspiring villager as in order to maintain parity among the members, a new member has to join by depositing the total accumulated individual savings and interest of groups. So starting new SHG is an easy as compared to join existing one. NGO's also played important role in rural development. These NGO's are usually registered as societies and trust. They have less capital resources as they cannot raise equity capital.

### ***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.

### **Marketing Problems**

#### **• *Competition***

Rural entrepreneurs face severe completion of large sized organizations and urban entrepreneurs. They incur the 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. They face the problem in fixing the standards and sticking to them. 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. New ventures have to come up with new advertisement strategies which the rural people can easily understand. The literacy rate among the Problems Faced by Rural Entrepreneurs and Remedies to Solve It rural consumer is very low. Printed media have limited scope in the rural context. The traditionally bounded nature, cultural backwardness and cultural barriers add to the difficulty of communication. People in rural areas mostly communicate in their local dialects and English and Hindi are not understood by many people. It has been seen in the recent past that in spite of enough food stocks with government warehouses, people are dying of starvation. This indicates a problem with the public distribution system. The producers are not collective in their approach for marketing their products because they are too widely scattered and uneducated.

#### **• *Middlemen***

Middlemen exploit rural entrepreneurs. The rural entrepreneurs are heavily dependent on middlemen for marketing of their products who pocket large amount of profit. Storage facilities and poor mean 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.

## **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 sometimes be helpful but they may also present obstacles to effective business relationships. Business deals may receive less than rigorous objectivity and intercommunity rivalries may reduce the scope for regional cooperation. Decision making process and lines of authority are mostly blurred by local politics in rural areas.

### **• *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 entrepreneurs. 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 extensive services create a hurdle for the development of rural entrepreneurship.



- ***Poor Quality of Products***

Another important problem is 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.

## **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 the entrepreneur as they are mostly uneducated and they have to be taught in the local language which they understand easily. The industries in rural areas are not only established just to take advantage of cheap labor 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 as farm or migrate to urban land.

- ***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 Problems In Rural Entrepreneurship Entrepreneurs are playing very important role in the development of economy. They face various problems in day to day work. As the thorns are part of roses, similarly every flourishing business has its own kind of problems. Some of the major problems faced by rural entrepreneurs are as under.



---

## 2.8 Role of Rural Entrepreneurs in Economic Development:

---

The entrepreneurs with their ability to scan, analyze and identify opportunities in the environment transform them into business proposition through creation of economic entities. They by channelizing the resources from less productive to move productive use create wealth. Through efficient and effective utilization of national resources, they act as catalysts for economic development and agents of social transformation and change. According to Joseph Schumpeter, the rate of economic progress of a nation depends upon its rate of innovation which in turn depends on rate of increase in the entrepreneurial talent in the population. According to Meir and Baldwin, development does not occur spontaneously as a natural consequence when economic conditions in some sense are right. A catalyst is needed which results in entrepreneurial activity to a considerable extent. The diversity of activities that characterizes rich countries can be attributed to the supply of entrepreneurs. They play a vital role for the economic development of a country in the following ways.

**Formation of Capital:** Entrepreneurs by placing profitable business proposition attract investment to ensure private participation in the industrialization process. The otherwise idle savings are channelized for investment in business ventures which in turn provides return. Again the savings are invested giving a multiplier effect to the process of capital formation.

**Balanced Regional Development:** The entrepreneurs always look for opportunities in the environment. They capitalize on the opportunities of governmental concessions, subsidies and facilities to set up their enterprises in undeveloped areas. The setting up of steel plant at Tata Nagar, Reliance Petrochemicals at Jamnagar (Gujarat) have resulted in the development of Good Township and peripheral regional development. Thus entrepreneurs reduce the imbalances and disparities in development among regions.

**General Employment:** This is the real charm of being an entrepreneur. They are not the job-seekers but job creators and job providers. With the globalization process the government jobs are shrinking leaving many unemployed. In the



circumstances, the entrepreneurs and their enterprises are the only hope and source of direct and indirect employment generation. Employment is generated directly by the requirement of the large enterprises and indirectly by ancilliariation and consequential development activities.

**Improvement in Standard of Living:** Entrepreneurial initiative through employment— generation leads to increase in income and purchasing power which is spent on consumption expenditure. Increased demand for goods and services boost up industrial activity. Large scale production will result in economies of scale and low cost of production. Modern concept of marketing involves creating a demand and then filling it. New innovative and varying quality products at most competitive prices making common man's life smoother, easier and comfortable are the contribution of entrepreneurial initiative.

**Increase in per Capita Income:** Entrepreneurs convert the latent and idle resources like land, labour and capital into goods and services resulting in increase in the national income and wealth of a nation. The increase in national income is the indication of increase in net national product and per capita income of the country.

**National Self-reliance:** Entrepreneurs are the corner stores of national self-reliance. They help to manufacture indigenous substitutes to imported products which reduce the dependence on foreign countries. There is also a possibility of exporting goods and services to earn foreign exchange for the country. Hence, the import substitution and export promotion ensure economic independence and the country becomes self-reliance.

**Planned Production:** Entrepreneurs are considered as economic agents since they unite all means of production. All the factors of production i.e., land, labour, Capital and enterprise are brought together to get the desired production. This will help to make use all the factors of production with proper judgment, perseverance and knowledge of the world of business. The least combination of factors is possible avoiding unnecessary wastages of resources.

**Equitable Distribution Economic Power:** The modern world is dominated by economic power. Economic power is the natural outcome of industrial and business activity. Industrial development may lead to concentration of economic



power in few hands which results in the growth of monopolies. The increasing number of entrepreneurs helps in dispersal of economic power into the hands of many efficient managers of new enterprises. Hence setting up of a large number of enterprises helps in weakening the evil effects of monopolies. Thus, the entrepreneurs are key to the creation of new enterprises that energise the economy and rejuvenate the established enterprises that make up the economic structure.

### **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.



## Check Your Progress II

**Note:** a) Use the space provided for your answers.

b) Check your answers with the possible answers provided at the end of this unit.

1. What are the financial constraints faced by Rural Industries?

Ans.

2. What are the Legal Problems faced by Rural Industries?

Ans.

3. What are the major problems faced by Rural Industries?

Ans.



4. What are the different types of rural entrepreneurs?

Ans.

5. How does Negative Attitude can affect the Rural Entrepreneurship?

Ans.

---

## 2.9 Let Us Sum Up:

---



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 are 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. From the above analysis we can conclude that Rural entrepreneurship should not only set up enterprises in rural areas but should be also using rural produce as raw material and employing rural people in their production processes. Rural entrepreneurship is, in essence, that entrepreneurship which ensures value addition to rural resources in rural areas engaging largely rural human resources. In other words, this means that finished products are produced in rural areas out of resources obtained in rural areas by largely.

Thus the rural entrepreneurship is a vital for rural economic development. There are several reasons for the increasing interest in entrepreneurship especially in rural regions and communities. " The rural entrepreneurs play important role in driving local and national economies. The structure of rural economies is essentially composed of small enterprises, which are responsible for most of the job growth and the innovation. Moreover, small businesses represent an appropriate scale of activity for most rural economies. "Traditional approaches to recruitment and retention are just not working for most places, and states are looking for viable alternatives which mainly include entrepreneurship. Rural entrepreneurs have successfully diversified into or started new businesses in markets as diverse as agri-food, crafts, recycling, leisure and health.

---

## 2.10 Key Words:

---

Rural Entrepreneurship, Problems, Development, challenges. Agri-Business, Rural Industry



---

## 2.11 References:

---

- Saxena S. (2012), Problems Faced By Rural Entrepreneurs and Remedies to Solve It, Journal of Business and Management, ISSN 2278-487X, Vol. 3, Issue 1, July-August.4 2.
- Choudhary K. (2011), Effect of Globalization on Rural Entrepreneurship in India, Half Yearly Global Economic Research Journal, ISSN 2249- 4081, Vol. I, Issue, pp. 88-92 3.
- Ahir Rao J. (2013), Entrepreneurship and Rural Women in India, New Century, New Delhi.2.

---

## Unit - 3

### Women Entrepreneurship

---



#### Learning Objectives:

After completion of the unit, you should be able to:

- *Understand the Women Entrepreneurship in India.*
- *Describe the Problems and Prospects in Women Entrepreneurship*
- *Explain the definition, Meaning, Implications and Challenges faced by Women Entrepreneurship*

#### Structure:

- 3.1 Introduction
- 3.2 Definition
- 3.3 Women Entrepreneurship
- 3.4 Women Entrepreneurship in India
- 3.5 Challenges faced by Women Entrepreneurship in India
- 3.6 Problems and Prospects of Women Entrepreneurship in India
- 3.7 Let Us Sum Up
- 3.8 Key Words
- 3.9 References

---

### 3.1 Introduction

---

The educated Indian women have to go a long way to achieve equal rights and position because traditions are deep rooted in Indian society where the sociological set up has been a male dominated one. Despite all the social hurdles, Indian women stand tall from the rest of the crowd and are applauded for their achievements in their respective field. The transformation of social

fabric of the Indian society, in terms of increased educational status of women and varied aspirations for better living, necessitated a change in the life style of Indian women. She has competed with man and successfully stood up with him in every walk of life and business is no exception for this. These women leaders are

assertive, persuasive and willing to take risks. They managed to survive and succeed in this cut throat competition with their hard work, diligence and perseverance.



In India, women entrepreneurship is a recent topic which started only after the 1970s with the introduction of the Women's Decade (1975 to 1985) and which mostly picked up in the late 70s. This phenomenon was particularly visible only in the metropolitan and state capitals in India. It took a much longer time to percolate to the other cities and municipalities. Hence researches and publications in India in this new area are limited. The little that is available is the pioneering work done by certain organizations and institutions engaged in the promotion of entrepreneurship in the form of occasional studies leading to publication of an article now and then.

Entrepreneurial development is a complex phenomenon. Entrepreneurs play a key role in the economic development of a country. Entrepreneurship may be regarded as a powerful tool for economic development of a predominantly agricultural country like India. Since independence, small scale entrepreneurship programmes have contributed significantly to the economic growth. To create entrepreneurship among the students, younger generation, the small scale sector has to be made a vital part of our economy next only to agriculture. The human resource 42 in Small Scale industries are found to be more helpful in maintaining them on profitable employment opportunities. It may be pointed out that the ideal "Golden Age" of Mrs. Robinson has come only through entrepreneurship development.

The quest for economic independence and better social status and sometimes sheer need for the family's survival, force women into self-employment and entrepreneurship" (Pillai and Anna, 1990) In India, economic development has brought about changes in women's lives in many ways, because of advancement in medicine, availability and access to birth control devices, modern household appliances reducing the time and drudgery of house-hold work "But with the rising cost of living, the middle class family finds it very difficult today to manage with the husbands" income alone" (Roguradha Reddy 1986) At this critical position, self-employment is the safer way to generate income. In addition, self-employment also changes the position of women from being job-seekers to job givers.

---

## 3.2 Definition

---



“Women who innovate initiate or adopt business actively are called women entrepreneurs”. Women entrepreneurship is based on women participation in equity and employment of a business enterprise.”

Women entrepreneurship is the process where women organise all the factors of production, undertake risks, and provide employment to others. The definition of women entrepreneurship has never been differentiated on the basis of sex and hence could be extended to women entrepreneurs without any restrictions.

According to Medha Dubhashi Vinze, a woman entrepreneur is a person who is an enterprising individual with an eye for opportunities and an uncanny vision, commercial acumen, with tremendous perseverance and above all a person who is willing to take risks with the unknown because of the adventurous spirit she possesses<sup>5</sup>. Thus, a woman entrepreneur is one who starts business and manages it independently and tactfully, takes all the risks, faces the challenges boldly with an iron will to succeed.

Women entrepreneurship is an economic activity of those women who think of a business enterprise, initiate it, organise and combine the factors of production, operate the enterprise and undertake risks and handle economic uncertainty involved in running a business enterprise.

---

## 3.3 Women Entrepreneurship

---

Women entrepreneur may be defined as a woman or group of women who initiate, organize, and run a business enterprise. In terms of Schumpeterian concept of innovative entrepreneurs, women who innovate, imitate or adopt a business activity are called “women entrepreneurs”.

Kamal Singh who is a woman entrepreneur from Rajasthan, has defined woman entrepreneur as “a confident, innovative and creative woman capable of achieving self-economic independence individually or in collaboration, generates



employment opportunities for others through initiating, establishing and running the enterprise by keeping pace with her personal, family and social life.”

The Government of India has defined women entrepreneurs based on women participation in equity and employment of a business enterprise. Accordingly, the Government of India (GOI2006) has defined women entrepreneur as “an enterprise owned and controlled by a women having a minimum financial interest of 51 per cent of the capital and giving at least 51 per cent of the employment generated in the enterprise to women.” However, this definition is subject to criticism mainly on the condition of employing more than 50 per cent women workers in the enterprises owned and run by the women.

In nutshell, women entrepreneurs are those women who think of a business enterprise, initiate it, organize and combine the factors of production, operate the enterprise and undertake risks and handle economic uncertainty involved in running a business enterprise.

### **Functions of Women Entrepreneurs:**

As an entrepreneur, a woman entrepreneur has also to perform all the functions involved in establishing an enterprise. These include idea generation and screening, determination of objectives, project preparation, product analysis, and determination of forms of business organization, completion of promotional formalities, raising funds, procuring men, machine and materials, and operation of business.

### **Frederick Harbison (1956) has enumerated the following five functions of a woman entrepreneur:**

1. Exploration of the prospects of starting a new business enterprise.
2. Undertaking of risks and the handling of economic uncertainties involved in business.
3. Introduction of innovations or imitation of innovations.
4. Coordination, administration and control.

## 5. Supervision and leadership.

The fact remains that, like the definition of the term 'entrepreneur', different scholars have identified different sets of functions performed by an entrepreneur whether man or women.



**All these entrepreneurial functions can be classified broadly into three categories:**

(i) Risk-bearing

(ii) Organisation

(iii) Innovations

### **Evolution of Women Entrepreneurship**

Although women form a very large proportion of the self-employed group, their work is often not recognised as “work”. The prevailing ‘household strategy’ catalyses the devaluation of women’s productive activities as secondary and subordinate to men’s work. Women’s contributions vary according to the structure, needs, customs and attitudes of society. Women entered entrepreneurial activities because of poor economic conditions, high unemployment rates and divorce catapult. In Babylonia, about 200 B.C., women were permitted to engage in business and to work as scribes. By 14th century, in England and France, women were frequently accepted on a par with men as carpenters, saddlers, barbers, and tailors. Dressmaking and lace making guilds were competed more with men for some jobs, but were concentrated primarily in textile mills and clothing factories<sup>7</sup>. In 1950, women made up nearly 25 per cent of both industrial and service sectors of the developing countries. In 1980, it increased to 28 per cent and 31 per cent respectively. Meanwhile, in 1950, 53 per cent of females and 65 per cent of males of industrialised countries were in non-agricultural sectors. As a result of the economic crisis of the 1980s and the commercialisation and modernisation of the economy, women lost employment in agriculture and industries. This pushed women in urban areas to find out a suitable solution for generating income, which resulted in the emergence of self-employment, largely in micro- businesses in the informal sector.

## Importance of Women Entrepreneurship



Women perform an important role in building the real backbone of a nation's economy. There is considerable entrepreneurial talent among women. Many women's domestic skills such as people and time management and household budgeting are directly transferable in the business context. Women have the ability to balance different tasks and priorities and tend to find satisfaction and success in and from building relationships with customers and employees, in having control of their own destiny, and in doing something that they consider worthwhile. They have the potential and the will to establish and manage enterprises of their own. These qualities and strengths of women are to be tapped for productive channels. But simultaneous creation and development of small business among women is a difficult task. According to Brady Anderson J., "Even though women's contributions to business are one of the major engines of global economic growth, too often, women do not have access to basic business education, commercial credit and marketing opportunities. Maintenance of proper quantitative balance among various economic activities is one of the principal functions of the economic system, which should operate to give equal freedom of choice to men and women.

The process of economic development would be incomplete and lopsided, unless women are fully involved in it. The orientation of a society as a whole, regarding desirability that women should play an equal part in the country's development, is a very important precondition for the advancement not only of women, but the country as a whole. The highest national priority must be for the unleashing of woman power which is the single most important source of societal energy. Women entrepreneurs should be regarded as individuals who take up roles in which they would like to adjust their family and society, economic performance and personal requirements. "Emancipation of women is an essential prerequisite for economic development and social progress of the nations.

In the closing years of the 21st century, multi- skilled, productive and innovative women entrepreneurs are inextricable for achieving sustained economic growth. Globalisation of industrial production and economic interdependence has become the torch-bearers for all international cooperations. In the dynamic world which is experiencing the effects of globalisation, privatisation and liberalisation, women



entrepreneurs are likely to become an even more important part of the global quest for sustained economic growth and social development. The economic status of woman is now accepted as an indication of the society's stage of development. Women (especially rural women) are vital development agents who can play a significant role in the economic development of a nation, but they should have an equal access to productive resources, opportunities and public services. It has also been realised in the last few years that the widespread poverty and stunted economic growth can be overcome only by gainful and sustainable economic participation of women. National development will be sluggish, if the economic engine operates only at half power. Women in Enterprise Building has emerged as an agenda for many policy makers, researchers, and trainers and as well as for associations and organisations involved in women development. If women acquire skills, they can carve a niche for themselves in the outside world too. This is the reason why women entrepreneurship development has become a subject of great concern and serious discussion in recent times.

---

### **3.4 Women Entrepreneurship in India**

---

Women entrepreneurship in India represents a group of women who have broken away from the beaten track and are exploring new vistas of economic participation. Women in India entered business due to pull and push factors. Their task has been full of challenges. In spite of the family opposition, many women have proved themselves independent and successful entrepreneurs. The emergence of women entrepreneurs and women-owned firms and their significant contributions to the economy are visible in India and these businesses are ready for continued growth in the future. In India, women constitute half of the total population (495.74 million), but their participation in the economic activity is very low.

In India, women are relatively powerless with little or no control over resources and little decision making power. Women in the informal sector are found to be home-based workers, engaged in the petty manufacture of goods, either on piece rate basis or on own account, petty traders and petty shopkeepers or service specialists. Studies reveal that 89 per cent of India's women workers toil in the



informal sectors in sub-human conditions. Over 2/3 of the enterprises are self owned and have a fixed capital of less than Rs.50/- . Over 4/5 of the women workers in this sector earn less than Rs.500/-p.m. The income earned by women in this sector is said to be about ¼ of that of a woman in the organised sector”.

Nowadays women are well-educated with technical and professional qualifications. Many of them have medical, management and similar degrees and diplomas. Many entered their family business as equal partners. Women set up their own clinics or nursing homes, small boutiques, small manufacturing enterprises and entered garment exports. They have their own personal choices and the courage to undertake new ventures. However, many have to face family antipathy and do not get adequate support from their family.

### **Organisations’ Promoting Women Entrepreneurship in India**

- i. National Resource Centre for Women (NRCW)** An autonomous body set up under the National Commission for Women Act, 1990 to orient and sensitise policy planners towards women’s issues, facilitating leadership training and creating a national database in the field of women’s development.
- ii. Women’s India Trust (WIT)** WIT is a charitable organisation established in 1968 to develop skills of women and to earn a regular income by providing training and employment opportunities to the needy and unskilled women of all communities in and around Mumbai.
- iii. Women Development Corporation (WDC)** WDCs were set up in 1986 to create sustained income generating activities for women to provide better employment avenues for women so as to make them economically independent and self- reliant.
- iv. Development of Women and Children in Urban Area (DWCUA)** DWCUA was introduced in 1997 to organise the urban poor among women in socio-economic self-employment activity groups with the dual objective of providing self-employment opportunities and social strength to them.
- v. Association of Women Entrepreneurs of Karnataka (AWAKE)** AWAKE was constituted by a team of women entrepreneurs in Bangalore with a view to helping other women in different ways –to prepare project report, to



secure finance, to choose and use a product, to deal with bureaucratic hassles, to tackle labour problems, etc.

**vi. Working Women's Forum (WWF)** WWF was founded in Chennai for the development of poor working women to rescue petty traders from the clutches of middlemen and to make them confident entrepreneurs in their own right. The beneficiaries are fisher women, lace makers, beedi making women, landless women, labourers and agarbathi workers.

**vii. Association of Women Entrepreneurs of Small Scale Industries (AWESSI)** It was founded in Ambattur in Chennai in 1984 to promote, protect and encourage women entrepreneurs and their interests in South India to seek work and co-operate with the Central and State Government services and other Government agencies and to promote measures for the furtherance and protection of small-scale industries.

**viii. Women's Occupational Training Directorate:** It organises regular skill training courses at basic, advanced and post advanced levels. There are 10 Regional Vocational Training Institutes (RVTIs) in different parts of the country, besides a National Vocational Training Institute (NVTI) at NOIDA.

**ix. Aid The Weaker Trust (ATWT)** ATWT was constituted in Bangalore by a group of activists to impart training to women in printing. It is the only one in Asia. Its benefits are available to women all over Karnataka. It provides economic assistance and equips girls with expertise in various aspects of printing and building up self- confidence.

**x. Self- Employed Women's Association (SEWA)** SEWA is a trade union registered in 1972. It is an organisation of poor self- employed women workers. SEWA's main goals are to organise women workers to obtain full employment and self- reliance.

**xi. Women Entrepreneurship of Maharashtra (WIMA)** It was set up in 1985 with its head office in Pune to provide a forum for members and to help them sell their products. It also provides training to its members. It has established industrial estates in New Mumbai and Hadapsar.

**xii. Self- Help Group (SHG)** An association of women, constituted mainly for the purpose of uplifting the women belonging to the Below Poverty Line (BPL) categories to the Above Poverty Line (APL) category. The major activities of the group are income generation programmes, informal banking, credit, unions, health, nutritional programmes, etc.



**xiii. The National Resource Centre for Women (NRCW)** An autonomous body set up to orient and sensitize policy planners towards women's issues, facilitating leadership training and creating a national data base in the field of women's development.

**xiv. Women Development Cells (WDC)** In order to streamline gender development in banking and to have focused attention on coverage of women by banks, NABARD has been supporting setting up of Women Development Cells (WDCs) in Regional Rural Banks and Cooperative Banks.

---

### **3.5 Challenges and Obstacles faced by Women Entrepreneurship**

---

As the entrepreneurial process (the establishment of the firm and its possible growth) is assumed to be path dependent, initial financing and continued financing for growth become related issues.<sup>4</sup> Hence, the outcome of the entrepreneurial process is sensitive to the effect of a wide range of initial conditions, but also to the contingent events in altering these conditions over time. Therefore, it is not enough to review the general conditions that affect women's entrepreneurship, but it is also necessary to review how these different conditions actually translate into different barriers women might meet when being engaged in the entrepreneurial process.

Obstacles are divided into four different parts: general obstacles to women engaging in entrepreneurship (opportunity recognition and willingness to start firms); specific obstacles to start-ups (assembling necessary information, financial and human resources to start a firm); specific obstacles to managing a small firm; and specific obstacles to growing firms.

#### **General obstacles**

There is lack of role models in entrepreneurship. There exists a strong connection between the presence of role models and the emergence of entrepreneurs and women as they historically have not been present as entrepreneurs in general lack close role models. Role models are persons that by their attitudes, behaviours and actions establish the desirability and credibility of a choice (in this case becoming



an entrepreneur) for an individual. Furthermore, the influence of role models is gender related. That is, an individual will be more influenced by another individual of the same sex, as one's aspirations and choices tend to be more influenced by persons of the same sex. This is a result that has been replicated in different countries and employing different methods.

An example of the importance of role models is the well-known fact in entrepreneurship research that children of self-employed parents are over-represented among firm owners and those trying to start a business. There also seems to be some evidence suggesting that whereas occupational inheritance declines with economic development, it still persists at a high level among self-employed or entrepreneurs. We know that the success of the self-employed parent is of central importance to the child's perception of entrepreneurship as a career option. In particular, individuals who are children to parents perceived as being successful as entrepreneurs are more likely to choose entrepreneurship as a career than individuals who perceive their parents as being less successful or have parents who are not self-employed.

### **Obstacles specific to growing firms**

A specific problem of women entrepreneurs seems to be their inability to achieve growth especially sales growth. As discussed previously, lack of motivation might be a contributing factor. Basically, women because of having a greater day-to-day responsibility for the family have less time to invest in the development of their firms.

Another previously addressed issue is finance and as stated previously, the entrepreneurial process is somewhat dependent on initial conditions. In other words, as women often have a difficult time to assemble external resources, they start less ambitious firms that can be financed to a greater degree by their own available resources. This also has consequences for the future growth of the firm. Basically, firms with more resources at start-up have a higher probability to grow than firms with fewer resources. By resources is meant here societal position, human resources and financial resources. This initial endowment in the firm is therefore of great importance for firm survival and especially for firm growth.



Two explanations can be offered. The first is that the initial endowment gives the firm a better chance to get established and to survive the first turbulent years. This enables the firm to establish routines and competencies needed to then engage in growth. Here, the human capital and the social position are central to the process. The second explanation relies more on the effect of rapid penetration of the market due to financial resources. In this scenario, a new firm with a higher endowment (more financial resources) starts ahead of other similar new firms. Therefore it can more rapidly penetrate the market and attract more customers and financiers when needing to finance the expansion of the firm. This consequently leads to both higher survival rates and more rapid and substantial growth. The explanations are complementary, but point to the importance of how initial conditions related to the founders (human capital and the sex), the nature of the opportunity and which resources can be attracted early on. As we have seen, women are disadvantaged from the beginning, which makes it less probable for them to “catch up” with men-managed firms.

Despite that many women entrepreneurs face growth barriers, they are still able to achieve substantial firm growth. We have seen examples of that both in a number of developing economies surveyed by the ILO, as well as in more developed economies such as the United States. The ability of women entrepreneurs to achieve firm growth and attract venture capital has now become so important that it has become a topic for systematic research. Furthermore, this development has led to the creation of networks of women angel investors, to the creation of women’s venture capital, to training of women and minority venture capitalists, to women-owned businesses being certified and trained to become suppliers to Fortune 500 companies (Women’s Business Enterprise National Council, known as WBENC) and to the creation of the Women President’s Organization (WPO) for high-growth women CEOs. Thus women’s entrepreneurship is not only about micro enterprises as is often assumed.



---

### 3.6 Problems and Prospects of Women Entrepreneurship in India

---

Women Entrepreneurs may be defined as the women or a group of women who initiate, organize and operate a business enterprise. The Government of India has defined women entrepreneurs as —an enterprise owned and controlled by women having a minimum financial interest of 51 per cent of the capital and giving at least 51 per cent of the employment generated in the enterprise to women. Women entrepreneurs engaged in business due to push and pull factors which encourage women to have an independent occupation and stands on their own legs. A sense towards independent decision-making on their life and career is the motivational factor behind this urge. Saddled with household chores and domestic responsibilities women want to get independence. Under the influence of these factors the women entrepreneurs choose a profession as a challenge and as an urge to do something new. Such a situation is described as pull factors. While in push factors women engaged in business activities due to family compulsion and the responsibility is thrust upon them.

#### **REASONS FOR WOMEN BECOMING ENTREPRENEURS**

The glass ceilings are shattered and women are found indulged in every line of business. The entry of women into business in India is traced out as an extension of their kitchen activities, mainly 3P's, Pickle, Powder and Pappad. But with the spread of education and passage of time women started shifting from 3P's to modern 3E's i.e., Energy, Electronics and Engineering. Skill, knowledge and adaptability in business are the main reasons for women to emerge into business ventures. 'Women Entrepreneur' is a person who accepts challenging role to meet her personal needs and become economically independent. A strong desire to do something positive is an inbuilt quality of entrepreneurial women, who is capable of contributing values in both family and social life. With the advent of media, women are aware of their own traits, rights and also the work situations. The challenges and opportunities provided to the women of digital era are growing rapidly that the job seekers are turning into job creators. Many women start a business due to some traumatic event, such as divorce, discrimination due to



pregnancy or the corporate glass ceiling, the health of a family member, or economic reasons such as a layoff. But a new talent pool of women entrepreneurs is forming today, as more women opt to leave corporate world to chart their own destinies. They are flourishing as designers, interior decorators, exporters, publishers, garment manufacturers and still exploring new avenues of economic participation. The following flow chart shows the reasons for women becoming entrepreneurs.

## **REASONS FOR SLOW PROGRESS OF WOMEN ENTREPRENEURS IN INDIA**

The problems and constraints experienced by women entrepreneurs have resulted in restricting the expansion of women entrepreneurship. The major barriers encountered by women entrepreneurs are:

The greatest deterrent to women entrepreneurs is that they are women. A kind of patriarchal- male dominant social order is the building block to them in their way towards business success. Male members think it a big risk financing the ventures run by women

Women entrepreneurs have to face a stiff competition with the men entrepreneurs who easily involve in the promotion and development area and carry out easy marketing of their products with both the organized sector and their male counterparts. Such a competition ultimately results in the liquidation of women entrepreneurs.

Lack of self-confidence, will-power, strong mental outlook and optimistic attitude amongst women creates a fear from committing mistakes while doing their piece of work. The family members and the society are reluctant to stand beside their entrepreneurial growth.

Women in India lead a protected life. They are even less educated, economically not stable nor self-dependent which reduce their ability to bear risks and uncertainties involved in a business unit,



The old and outdated social outlook to stop women from entering in the field of entrepreneurship is one of the reasons for their failure. They are under a social pressure which restrains them to prosper and achieve success in the field of entrepreneurship

Unlike men, women mobility in India is highly limited due to many reasons. A single women asking for room is still looked with suspicion. Cumbersome exercise involved in starting with an enterprise coupled with officials humiliating attitude towards women compels them to give up their spirit of surviving in enterprise altogether.

Women's family obligations also bar them from becoming successful entrepreneurs in both developed and developing nations. The financial institutions discourage women entrepreneurs on the belief that they can at any time leave their business and become housewives again.

Indian women give more emphasis to family ties and relationships. Married women have to make a fine balance between business and family. The business success also depends on the support the family members extended to women in the business process and management.

Women's family and personal obligations are sometimes a great barrier for succeeding in business career. Only few women are able to manage both home and business efficiently, devoting enough time to perform all their responsibilities in priority.

The educational level and family background of husbands also influences women participation in the field of enterprise.

Absence of proper support, cooperation and back-up for women by their own family members and the outside world people force them to drop the idea of excelling in the enterprise field. They are always making many pessimistic feelings to be aroused in their minds and making them feel that family and not business is a place meant for them.



Many women take the training by attending the Entrepreneurial Development programme without an entrepreneurial bent of mind. Women who are imparted training by various institutes must be verified on account of aptitude through the tests, interviews, etc.

High production cost of some business operations adversely affects the development of women entrepreneurs. The installations of new machineries during expansion of the productive capacity and like similar factors discourage the women entrepreneurs from venturing into new areas.

Women controlled business are often small and it is not always easy for women to access the information they need regarding technology, training, innovative schemes, concessions, alternative markets, etc. Just a small percentage of women entrepreneurs avail the assistance of technology and they too remain confined to word processing software in the computer. They hardly make use of advanced software available like statistical software SAP, Accounting Package like TALLY, Animation software 3D MAX, internet, etc

Lack of awareness about the financial assistance in the form of incentives, loans, schemes etc. by the institutions in the financial sector. So the sincere efforts taken towards women entrepreneurs may not reach the entrepreneurs in rural and backward areas.

Achievement motivation of the women folk found less compared to male members. The low level of education and confidence leads to low level achievement and advancement motivation among women folk to engage in business operations and running a business concern.

Apart from the above problems there may occur other series of serious problems faced by women entrepreneurs as improper infrastructural facilities, high cost of production, attitude of people of society towards the women modern business outlook, low needs of enterprise. Women also tend to start business about ten years later than men, on average. Motherhood, lack of management experience, and traditional socialization has all been cited as reasons for delayed entry into entrepreneurial careers.



## STEPS TAKEN BY THE GOVERNMENT

At present, the Government of India has over 27 schemes for women operated by different departments and ministries. Some of these are:

- Integrated Rural Development Programme (IRDP)
- Khadi And Village Industries Commission (KVIC)
- Training of Rural Youth for Self-Employment (TRYSEM)
- Prime Minister's Rojgar Yojana (PMRY)
- Entrepreneurial Development programme (EDPs)
- Management Development programmes
- Women's Development Corporations (WDCs)
- Marketing of Non-Farm Products of Rural Women (MAHIMA)
- Assistance to Rural Women in Non-Farm Development (ARWIND)
- Trade Related Entrepreneurship Assistance and Development (TREAD)
- Working Women's Forum
- Indira Mahila Yojana
- Indira Mahila Kendra
- Mahila Samiti Yojana
- Mahila Vikas Nidhi
- Micro Credit Scheme
- Rashtriya Mahila Kosh
- SIDBI's Mahila Udyam Nidhi
- Mahila Vikas Nidhi
- SBI's Stree Shakti Scheme
- NGO's Credit Schemes
- Micro & Small Enterprises Cluster Development Programmes (MSE-CDP).
- National Banks for Agriculture and Rural Development's Schemes
- Rajiv Gandhi Mahila Vikas Pariyojana (RGMVP)
- Priyadarshini Project- A programme for 'Rural Women Empowerment and Livelihood in Mid Gangetic Plains'
- NABARD- KFW-SEWA Bank project
- Exhibitions for women, under promotional package for Micro & Small

enterprises approved by CCEA under marketing support.



The efforts of government and its different agencies are ably supplemented by NGOs that are playing an equally important role in facilitating women empowerment. Despite concerted efforts of governments and NGOs there are certain gaps. Of course we have come a long way in empowering women yet the future journey is difficult and demanding.

### Check Your Progress III

**Note:** a) Use the space provided for your answers.

b) Check your answers with the possible answers provided at the end of this unit.

1. What does it take to become a female leader?

Ans.

2. What do you think are the best ways to encourage and assist women to become leaders (e.g., education, mentoring)?

Ans.



3. What, in your opinion, are the top qualities of women leaders?

Ans.

4. What are the differences in male and female entrepreneurs?

Ans.

5. What are the essential qualities of an entrepreneur?

Ans.

6. What are the major challenges for an women entrepreneur?

Ans.



---

### 3.7 Let Us Sum Up:

---

Most studies of women entrepreneurs in India have studied women entrepreneurs their non-entrepreneur peers or VIS-a-vis male entrepreneurs. Many programmes have been implemented by the central / state governments to motivate people to take up self-employment. This researcher work aims to evaluate the government programmes for women's development especially on the disadvantaged women.

A few characters in the social status of women entrepreneurs are inevitable; such as Psychological dependency of the business women on their family members in decision making, to share family responsibility simultaneously along with their entrepreneurial responsibility.

The personality traits of the women in communicating with others

- Lack of interest and proper exposure to the things leading to run enterprises with names of women
- of proper training before entering into the business
- Interested in routine matters only and not involving in innovative ventures
- of marketing orientation in entrepreneurship
- Inability to distinguish entrepreneurial functions from other functions like management, production and speculation

Thus it is suggested that the requirements of women entrepreneurs are:

- i) to build up courage and self confidence
- ii) to fix priorities in family and business activities by allocating adequate time for both appropriately
- iii) must have urge to learn new things and to undergo training on various skills of entrepreneurship
- iv) Production orientation must be changed to real marketing orientation, to gain the maximum satisfaction of the maximum number of customers.
- v) involving in risk taking and taking effective decisions appropriately
- vi) preparedness to accept changes
- vii) elimination of unnecessary activities

- viii) build good relationship / working atmosphere for the employees within the organization



---

### 3.8 Key Words

---

Entrepreneurship, Women, Business, Gender

---

### 3.9 References

---

1. Surti, K. And Sarupriya, D. (1983) **“Psychological Factors Affecting Women Entrepreneurs: Some Findings,”** INDIAN JOURNAL OF SOCIAL WORK,(44 (3), 1983, 287-295
2. Singh, N.P., and Sengupta, R.(1985) **Potential Women Entrepreneurs: Theory Profile, Vision and Motivation : An Exploratory Study,** (Research Report Serial One, NIESBUD, New Delhi)
3. Singh, N.P., Sehgal,P, Tinani, M. And Sengupta, R. (1986) **Successful Women Entrepreneurs – Their Identity, Expectations and Problems:** An Exploratory Research Study, Research Report Serial Two, NIESBUD/MDI, Collaboration, (New Delhi)