



ENTREPRENEURSHIP PROSPECTS AND HURDLES IN RUSTIC AREAS OF SELECTED DISTRICTS OF KARNATAKA

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Abstract

Rural entrepreneurship creates self-employment opportunities, develops rural places through industrialization and thereby provides opportunity for maximum utilization of labour and raw materials. The contribution of rural entrepreneurs is very significant in the economic development of the country. Most of the rural entrepreneurs are facing difficulties due to lack of facilities and requirement for establishment and running of enterprises. In this paper an attempt is made to identify the problems of rural entrepreneurs of Udupi, Shomga and Dharwad district by taking into consideration reasons behind it. Rural entrepreneurship avoids migration to urban areas by providing scope for unemployed rural people to establish their own enterprises. On the opposing side, it is similarly a circumstance that the majority of rural entrepreneurs is fronting numerous difficulties due to non-availability of most important facilities for establishment of enterprises in rural areas of developing country like India. This paper makes an effort to discover the difficulties and encounters for the capabilities of Rural Entrepreneurship. The goal of this study is to find the issues concerning entrepreneurship in rural places of Udupi, Shimoga and Dharwad district of Karnataka. The present study is centered on primary and secondary data. The primary data were composed from 240 entrepreneurs from six villages of Udupi, Shimoga and Dharwad district using random sampling method. The secondary data is mainly assembled from websites, government reports, published and unpublished works on the related topics. Results of this study disclose that absence of awareness about entrepreneurship, low ability to bear risk, negligence by financial institutions, lack of self-confidence, lack of professional education, mobility constraints and lack of interaction with successful entrepreneurs are major problems of rural entrepreneurship in Udupi district.

Keywords: Rural Entrepreneurship, Challenges, Professional, Awareness, Self-employment.

Introduction

Entrepreneurship provides noble opportunity for rural unemployed people by providing scope for establishment of enterprises and thereby creates self-employment opportunities and prevents migration to urban areas. More than 73% population of India are in villages and in the world India is having second place. Urban areas are nowadays congested due to migration of rural people. Even though there is an opportunity for rural entrepreneurship and self-employment opportunities, people are migrating due to various social, economic, political and ecological problems. It is possible to avoid these problems through providing amenities for formation of enterprises in rural areas by government and NGOS and through entrepreneurship development programs. Various problems are faced by rural entrepreneurs in running their business. Most of rural entrepreneurs are facing several problems due to lack of basic amenities in rural areas like, lack of learning and training, monetary problems, marketing steepchases, Management and human resource problems, inadequate technical and conceptual ability etc. dishearten rural entrepreneurs to establish industries in the rural areas. The present study focuses on the major problems of rural entrepreneurs with specific reference to selected villages of Udupi, Shimoga and Dharwad district of Karnataka state.

Review of literature

Kumbhar ² (2013) in his study on “Some Critical Issues of Women Entrepreneurship in Rural India” aimed to discuss the issues regarding women entrepreneurship in rural India. His paper is based on secondary data and some observations. For the identification of these issues the author has reviewed different research articles and reports. Findings of this study reveal that Vijay absence of definite agenda of life, absence of balance between family and career, obligations of women, poor degree of financial freedom for women, absence of direct ownership of the property, the paradox of entrepreneurial skill & finance in economically rich and poor women, no awareness about capacities, low ability to bear risk, problems of work with male workers, negligence by financial institutions, lack of self-confidence, lack of professional education, mobility constraints and lack of interaction with successful entrepreneurs are major problems of women entrepreneurship development in India. He had suggested that there is need of continuous attempt to inspire, encourage, motivate and co-operate with women entrepreneurs. Awareness programmes should be conducted on a mass scale with the intention of creating awareness among women about the various areas of conducting business.

Brijesh Patel and Kirit Chavda ¹ (2013), in their study “Rural Entrepreneurship in India: Challenge and Problems” have set the objective of studying the challenges and problems faced by rural entrepreneurs in India. Their sources of information are from websites, journals and books. They have found that the majority of rural entrepreneurs is facing many problems due to non-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. They have suggested that those problems must be avoided with the initiative of government, NGOs and financial institutions through training, financial assistance and development of self-confidence to face challenges.

D. Joel Jebadurai ³ (2013), in his study “An Overview of Problems of Rural Entrepreneurs in India” has set the objective to study the problems faced by rural entrepreneurs and recommendations to solve the problem. He had collected data from websites and government reports. His findings were in rural areas majority of the people are not ready to invest in the business. So this condition should be changed by the government and focus more on rural entrepreneurs’ in order to be a developed nation among the countries.

P. Madhan Mohan Gandhi and S. Mohan ⁴ (2014) in their study “Rural Entrepreneurship in India” have studied the rural entrepreneurs’ problems with the aim of providing possible recommendations to overcome the problems. They have collected information from secondary sources such as Rural Policy Research Institute (RUPRI), websites and Journal papers. They identified and suggested that government may take steps to make infrastructure facilities, warehousing facilities and assistance to marketing program, and offer assistance to export the goods of rural entrepreneurs to foreign countries.

Dr.P.Venkateswarlu and Dr.P.S.Ravindra ⁵ (2015) in their study on “An Empirical Study on Problem and Prospects of Rural Entrepreneurs with Special Reference to Visakhapatnam District” have set the objective to examine the problems of rural enterprises related to technological, institutional and financial problems in Visakhapatnam District and to give appropriate prospects to overcome the problems of rural enterprises in Visakhapatnam District. The primary data has been collected mainly from extensive field survey of the sample units. To obtain primary information, personal interview has been conducted through well designed questionnaires especially prepared in view of the objectives of the study. The secondary data is mainly congregated from published and unpublished works on the related topics. Census reports, economic surveys, journals, newspapers were major source for secondary information. Moreover, web resources also an important source of secondary information. The sample selected for the study was a total of 242 respondents. Convenient sampling method is employed. Statistical analyses were performed by using Percentage method, Weighted Mean, Standard Deviation and Z score test analysis. SPSS version 17 was used to analyses the data. The problem being that most of the rural youth do not think of entrepreneurship as a career option. Therefore, the rural youth need to be motivated to take up entrepreneurship as a career, with training and sustaining support systems providing all necessary assistance. There should be an efficient regulated market and government should also lend its helping hand in this context. Grading and standardization should be promoted and promotional activities should be enhanced. NGO’s should be provided full support by government for promoting rural entrepreneurship.

Research Problem

There is slow growth of entrepreneurship in rural areas of Udupi, Shimoga and Dharwad district. Very limited number of people have involved in entrepreneurship. Instead of showing interest towards entrepreneurship, the jobless people are migrating to urban areas for serving in hotels or elsewhere for lower salary. The agricultural entrepreneurs have reduced the scale of entrepreneurship. Most of them end up in finding ordinary and management jobs. There are some jobless people who have got entrepreneurship training are also not showing interest towards entrepreneurship. There are lot of instances of closure of existing enterprises. The problem here is failure to know the reasons behind it. The research problem here is to find out the reasons behind limited interest towards entrepreneurship.

Research Gap

Survey of the existing literature indicates that so far no specific study has been carried on to examine the problems and prospects of rural industrial entrepreneurs in Udupi, Shimoga and Dharwad District. The existing literature on rural entrepreneurship is limited. Besides earlier investigations have not examined the awareness and perceptions of rural industrial entrepreneurs on entrepreneurship. The current study is an effort in this track and therefore, targeted to find the problems and prospects of rural entrepreneurs in Udupi, Shimoga and Dharwad District. Few research works have observed how rural entrepreneurs undertake their activities in other states or countries. Some studies are done with respect to role of NGOs in entrepreneurship development but no studies are done related to reasons behind the migration of jobless people or trained people who are not showing interest towards entrepreneurship and the closure of existing enterprises and inefficiency in running.

Significance of study

The current research work will aid the planners and the decision makers who are involved in the development of rural entrepreneurship to appraise the prevailing policies and to make appropriate recommendations to alter the provisions of the Act which governs rural entrepreneurship since this study provides a picture of rural entrepreneurs’ problems, This study purposes at contributing to the understanding of the entrepreneurship process, activities, and experiences of rural



entrepreneurs in rural areas. The contribution this study will add knowledge in the field of entrepreneurship and inform policy makers, prospective and existing entrepreneurs and other stakeholders of entrepreneurship from government and non-governmental organizations and thereby provides an opportunity for solving entrepreneurial problems.

Objectives of Study

1. To identify the problems encountered by rural enterprises in Udupi, Shimoga and Dharwad district and to suggest measures for solving them.
2. To analyse the opportunities available and its accessibility to rural enterprises in Udupi, Shimoga and Dharwad District.

Research Methodology

The present study is based on primary and secondary data. The primary data were collected from sample size of 240 entrepreneurs from six villages of Udupi, Shimoga and Dharwad district using random sampling method. The total population is 1200 of which 195 are from Trading units, 175 are from Manufacturing units, 190 are from processing units, 180 are from service units, 190 are from retail units, 195 are from agricultural sector, 40 are from construction industry and 35 are from miscellaneous industrial units . The primary data has been collected mainly from extensive field survey of the sample units. To obtain primary information, personal interview has been conducted through well designed questionnaires especially prepared in view of the objectives of the study. The secondary data is mainly assembled from websites, government reports, published and unpublished works on the related topics. Census reports, economic surveys, journals, newspapers were major source for secondary information.

Tools of Analysis

Statistical tools like classification, tabulation, and percentage were used to examine the various problems of rural entrepreneurs .The sample size was 240 respondents, comprise of 39 respondents from Trading units, 35 respondents from Manufacturing units, 38 respondents from Processing units, 36 respondents from Services units, 38 respondents from Retail units, 39 respondents from Agricultural sector, 8 respondents from Construction industry and 7 respondents from Miscellaneous industrial units and prospective entrepreneurs. In the beginning stage, survey applied for the individual interviews emphasised on biographical data of the respondents, such as gender, age group, line of business activity, marital status, level of education, monthly income and entrepreneurial experience. The succeeding investigation concentrated on problems and prospects of rural industrialists of Udupi district.

Scope of the Study

The study is restricted to six villages of Udupi, Shimoga and Dharwad district of Karnataka only. The present study has been undertaken on the problems and prospects of the rural entrepreneurship in selected villages only.

Analysis of various obstacles and opportunities

Below given data shows obstacles to entrepreneurship in selected villages of Udupi, Shimoga and Dharwad district and the opportunities available. The obstacles and opportunities are collected both from existing and prospective entrepreneurs through questionnaire and from secondary sources.

Financial problems and prospects

Table 1: Financial problems as barrier to entrepreneurship as per respondents

Percentage of entrepreneurs facing financial problems						
Fixed capital	Working capital	Documentary	Security	High rate of interest	Delay in sanction/ Negligence by bankers	Poor credit standing
82	52	76	63	82	59	78

Due to lack of collateral security in the names of entrepreneurs and non-availability of precise guarantee, banks and financial institutions vacillate in advancing loan facilities to entrepreneurs. The complex mortgage process and delay in sanctioning of loans deters many rural entrepreneurs from put forwarding their step for establishment of business and disappoints the rural entrepreneurs. Since small and medium entrepreneurs are not raising fund from capital market, they are entirely depending upon bank credit. On account of traditional mind set of small entrepreneurs, banks and financial institutions are not ready to provide credit to rural entrepreneurs. Even though the government has established various institutions for helping entrepreneurs, the outcomes are not up to the flat anticipated. IFCI, ICICI, SIDBI are selected national level lending institutions that are assisting out rural entrepreneurs. State level institutions such as SFC, SIDC offer help for establishment of new ventures, upgrading and development of existing ones but their terms and conditions are very severe to follow. New systems like composite credit scheme, small unit scheme and scheme for technical entrepreneurs are unable to meet the



expectation of rural entrepreneurs. For encouraging the rural entrepreneurs both the central and state governments have introduced various programs and schemes and announced subsidies. But rural entrepreneurs are not aware of this and government is also not that much keen in creating awareness to rural entrepreneurs. Most of the programs are not reaching entrepreneurs properly.

Table 2: Marketing Problems as Barrier to Entrepreneurship

Percentage of entrepreneurs facing Marketing problems						
Competition from substitute Products	Middlemen	Advertisement	Change of fashion/taste	Antipathy towards local products	Transportation	Storage
65	78	79	83	84	74	64

In order to carry on marketing and sales activities, rural entrepreneurs have to depend on office employees and intermediaries. Due to this intermediaries are getting major part of profits of entrepreneurs and are exploiting rural entrepreneurs. Big sized organizations and urban entrepreneurs are major competitors for rural entrepreneurs. Due to their small size and financial problems, adoption of appropriate sales promotion activities and pricing policies are difficult for rural entrepreneurs. Due to storage problem and lack of transport facilities, rural entrepreneurs are facing difficulties. Because of this agriculturalists stock the produce in open space, in bags or simpler containers etc. So these unscientific means of storage are not capable of caring the produce from humidity, weevils etc. For quick communication purpose, the requirement of internet or application of technology is also absent in some places.

Table 3: HR problems as barrier to entrepreneurship

Labour turnover	Lack of Skills	Absenteeism	Demand for High Wages	No training facility	Inability to pay good compensation and incentives
55	88	57	88	74	78

70% of the rural people are agriculturists and living in village. Since the agriculture work is not available throughout the year, rural entrepreneurs are easily getting unskilled and semiskilled labor. But they have the problem of getting skilled labour. Labour turnover is another big problem. Entrepreneurs are unable to provide training facilities to their employees.

Table 4: Production problems as barrier to entrepreneurship

Raw materials	Technology	Power	Water	Labour strikes	Poor quality of products
76	82	91	56	58	43

Rural entrepreneurs are unable to use latest technology due to lack of technical educational knowledge. Because of this reason, rural entrepreneurs' are using outdated and ancient technology. Power cut is quite common in rural areas. Due to availability of factors of production at cheaper rates, rural entrepreneurs are able to reduce cost of production and can sell their goods and services with cheaper cost. But they have electricity problem.

Table 5: Other problems as barrier to entrepreneurship

Family responsibilities	Lack of professional education	Legal problems	Lack of self confidence	Lack of infrastructural facilities	Low risk-bearing capacity
56	91	76	71	78	78

Most of the rural entrepreneurs are from economically poor background and because of this they are hesitating to establish enterprises. In addition rural industrialists have no professional training. Infrastructure problem is an encounter in rural places of Udupi district. Due to illiteracy and no awareness, rural entrepreneurs are facing difficulties in complying with various legal formalities in obtaining licenses. Even though rural entrepreneurs' business establishment cost is very low, lack of infrastructure facilities discourages them to go ahead. Due to lack of training and consultancy, rural entrepreneurs are suffering from lack of self-confidence.

Findings

1. Rural entrepreneurs are not aware of the schemes and opportunities offered by the government and NGOs due to their illiteracy and limited awareness programs.
2. The complex mortgage process and delay in sanctioning of loans deters many rural entrepreneurs from put forwarding their step for establishment of business and disappoints them. There is no awareness on the part of entrepreneurs regarding various credit schemes.



3. Intermediaries are getting major part of profits of entrepreneurs and are exploiting rural entrepreneurs on account of inability of rural entrepreneurs in marketing their products.
4. Rural entrepreneurs are not getting skilled employees and they are unable to train them also.
5. Infrastructure problem is an encounter in rural places of Udupi, Shimoga and Dharwad districts.
6. Rural entrepreneurs are unable to use latest technology due to lack of technical educational knowledge. Because of this reason, rural entrepreneurs' are using outdated and ancient technology

Suggestions

1. It is better on the part of government to conduct workshops and seminars related to their business. SWOT analysis of business should be made and appropriately trained to inspire them to become entrepreneurs. In villages Innovators club should be established to encourage prospective entrepreneurs to establish businesses.
2. Loans should be provided by the financial institutions with lower rate of interest with liberal terms and conditions and limited security. Awareness on credit schemes should be provided to rural entrepreneurs to make them get the loan facilities at lower rate of interest.
3. It is better on the part of government to provide substructure, warehousing facilities, offer help to selling and to export the goods of rural entrepreneurs to foreign countries. Wind and solar energy can be completely browbeaten for rural electrification.
4. Information regarding various products and state-of-the-art know-how should be widely publicized by the government in order to make the entrepreneurs to incorporate the same.
5. Extraordinary successful entrepreneurs can be encouraged by offering awards. For counselling and motivating the entrepreneurs Entrepreneurship development cell should be established.
6. In order to modernize the outdated technology, sufficient financial facilities must be given and counselling is required regarding the application of technology in order to empower them to contest with the large scale industries.
7. Training must be given for production of new variety of grains, fruits or vegetables and establishing agro food processing units or connected units like wine production, juice production and various others. Rural artisans must be encouraged for producing non-farm product business establishments. The rarely available professional and skilled people must be encouraged to enter the main brook of the commercial undertakings.

Conclusion

The multi-layered glitches of rural businesspersons should be dealt with by organizing the hard work of the Government, secondary agencies and the rural entrepreneurs to scale new heights in future. The role of rural entrepreneurship is vital in creating employment openings in the rural areas with little capital, rising the actual revenue of the people, causal to the growth of agriculture by plummeting camouflaged unemployment situation, dipping poverty, immigration, financial inequality. For developing the rural areas government should go for assessment of rural entrepreneurship development systems and programs. There is slow growth of rural entrepreneurship due to absence of capital accretion, inability to bear risk and lack of invention. For making the rural people to engage in entrepreneurship, it is better to combine the rural development programs with substructure growth, schooling, hospital facilities, farming investment and the upgrade of rural non-farm activities so that rural people can involve themselves in entrepreneurship. But in Udupi district rural entrepreneurs have confronted restraints of monetary, promotion, manufacture, infrastructure and human resource. For solving all those problems government role is very essential in all areas of entrepreneurship requirement.

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