

## **Rural Entrepreneurship: Innovation as Strategic Tool**

**Dr Anjani Kumar**

### **ABSTRACT**

The Rural Population earns their livelihood from agriculture and income from other miscellaneous services to community. The incomes of rural people are very low except the land lords. The urban population on the other hand earns more income due to the entrepreneurial spirit. The Entrepreneurship Development is lacking in the midst of rural population. Whatever the measures are taken by the Government; unless people take the benefits; the government efforts only would lie on paper. People need to be innovative in developing their production and service activities. The quality of service rendered all need to be more appropriate and more economical and acceptable to society. This would lead to reduction of poverty and uneven distribution of income in the country. In this context a paper was prepared using Innovation as a strategic tool for development of Entrepreneurship. Innovation can be used as a strategic tool for development of Rural Entrepreneurship. Since most of the Indian populations reside in rural villages, entrepreneurship awareness has to be created among them. The multidimensional aspects of Rural Entrepreneurship are studied with the help of small sample size. The findings and suggestions were given at the end of the paper. It was also found that a small innovation in the rural area would definitely catch up the most of the population and that would lead to improvement of Quality of life of many people in the country.

### **INTRODUCTION**

#### **Innovation and Quality of life:**

The art of inventing or introducing something new in the production system or in any functional areas of management could be called as innovation. To tackle the problems of rural population innovative technology is needed. This business imitative is an essential attitude for a progressive

entrepreneur who wants to succeed in his entrepreneurial career. Invention aims at transferring thoughts into ideas. Innovation is using the ideas to the end user and chanelising the creative idea into an useful product to society. It is nothing but application of invention and commercializing the ideas. Invention is a scientific fact and innovation is an economic fact. An Entrepreneur is sum of invention and innovation. Gramophone is an invention and i-pod and i-phone are all innovations. Hence the people like different products and old products go out of market. Therefore, innovation helps to bring in new products to increase the standard living.

Azimpremji says people who produce innovative technologies to customers; they will definitely succeed. TCS Ramadorai and Bill gates opine that entrepreneurs are people who do things differently and by sheer perseverance they build the enterprise to a greater height.

In each and every activity an entrepreneur is faced with problems of mobilizing the resources effectively to produce good quality output. In order to get good reputation and to achieve profits, innovative technology is to be adopted. If the products are new and services are good; the customers also would get good satisfaction leading to improved quality of life on customers.

### **Objectives of the Study:**

Rural Entrepreneurs are very few and they are facing lot of problems and the objective of the study is to use of innovative technologies in rural entrepreneurship and its appropriateness.

### **Sampling framework:**

Samples were selected from Allahabad district of Uttar Pradesh state. In this analysis the samples selected on the basis of non-probability sampling method the principles of convenient sampling are chosen for the analysis.

**Research Design:**

The analysis is designed as an empirical one based on survey method. The entrepreneurship being a social subject, the aspects of social survey method is applied in this analysis. The primary data was obtained with the help of structured questionnaire. The respondents being educated were co-operative in providing information that was necessary for the purpose of analysis. With the help of five entrepreneurs the data was collected with the help of telephonic interview; since the sample were too busy. Secondary data was prepared from various articles collected from different journals in the fields of entrepreneurship, different journals, text books on entrepreneurship and other websites dealing with specific areas of entrepreneurship

**Promotion of Rural Entrepreneurship**

The promotion of rural entrepreneurship is vital in the context of generating gainful employment and minimizing the widening of disparities between rural and urban population. For reducing poverty and to overcome low productivity in the farm sector rural entrepreneurship is necessary. The local politicians, the village administrators and the senior persons in rural villages who want things to improve only can implement the innovative rural development programs on target groups. Voluntary efforts are getting due recognition and new thrust has been given in policy support of Government. Government also has programmes like IRDP, JAWAHAR, ROZJAR, and YOAJANA & PMRY etc., which are recommended by the local senior people in rural village.

**Need for Development of Industrial Facilities**

Many engineering industries are getting low productivity because of very few ancillary units in rural areas and it is to be developed and there is no opportunity for them to sub contract part of the work. The testing and inspection facilities are inadequate and the decision makers are not fully qualified. So, the first step is to strengthen the grass root level organization to respond suitably to the emerging needs of rural entrepreneur by providing better social and economic

inputs, training and motivational campaigns. Market information and latest development in Technology should also be disseminated to rural entrepreneurs.

The Rural entrepreneurs want to earn more income, but most of them are not aware of innovative ways of selling their ideas and services to customers in a productive way. Most of them are lethargic and their beliefs are to earn minimum return or want to minimize losses. Their attitude towards innovation is negligible. Telephonic interview was conducted with 10 entrepreneurs and they were of the view that if they are motivated to start new production methods and if they are financially supported with suitable training they would be able to increase the production and achieve large scale economy in production. Many in rural areas are having depleted hopes of surviving and much less thinking towards innovative strategies for bringing hope and sustainability. The rural entrepreneurs are isolated and they are not aware of the latest happenings around the world and a network of entrepreneurs needs to be done to share the success stories of each of them in their pursuit with other rural village enterprising people. Hence Rural Entrepreneurship Awareness Camp becomes more essential.

### **Importance of Branding:**

In Branding a personal message about the product and the company's intention to give good product of world class quality is communicated to the customers. The consumers also expect the same. Branding is more than a slogan and people can easily recognize the same.

### **Identifying Rural Entrepreneurs:**

The young group of talented people in the local community need to be selected, Identify the strength and weakness of small businessman and a chance need to be given for selling their Business Plan. Then they have to be trained to become entrepreneurs. Especially the young generation of engineering entrepreneurs who have specialized in different branches of engineering would be ideal people who can be asked to expand the production capacity of the existing manufacturing units with the help of high-tech machineries. The young generation of entrepreneurs must do the savings from the earlier stages and inform to his communities about

his intention to start enterprise. Innovators club could be started in rural villages to support the youth who are interested in pursuing a business carrier.

### **Need for Rural Entrepreneurship Campaign:**

People are united in the rural areas to attend to various family functions, but on the industrial management side, they lack the managerial skills and hence Management Training is to be imparted to create awareness of innovative sprit among the entrepreneurs. For this purpose, Government is conducting frequent camps in rural areas and select entrepreneurs to train on

innovative technologies found else where in the world. Innovations can be learnt and practiced to a larger extent which would give lot of scope for improvement in small scale industry thereby giving more employment opportunities for young people who could not get gainful employment in MNC's. Innovations are created by individual and not by Government. The individual must take initiative in developing new product and services after the scanning the environment and it becomes more important since employment in MNC's are getting saturated.

About 75% of populations who live in villages have to utilize the village resources and they are abundantly available and people are not utilizing it effectively due to mass ill- literacy. For example the Wind- energy can be fully exploited for rural electrification. The risk aversion people can be transformed into risk taking innovative entrepreneur by proper training and can be allowed to modernize the agricultural production. The inputs and innovative methods of cultivation can be adopted; this will dynamite the rural economy and lead to improved quality of life. Hence promoting good farm management techniques, better use of drip-irrigation, use of better manures from the local sources by using latest technology and promoting agro-base industries, cottage, and small scale industries would serve the purpose of rural entrepreneurship development.

### **Role of Government in Development of Rural Entrepreneurship:**

The different between rural and urban entrepreneur is only a matter of degree rather than the content. Many successful entrepreneurs are prospering in the cities who are hailing from rural

areas. It is essential to have a balanced regional development of the country and to avoid the concentration of industry in one place. Rural areas must try for better utilization of human resources to improve the rural economy. Government has moral responsibility in designing, promoting, innovating rural entrepreneurial development Programme for the up- liftment of the rural economy on which the urban economy is build upon.

### **Implementing Innovative Technologies in Rural Village:**

To built rural entrepreneurship certain past experience and other observations need to be taken into account. The rural entrepreneur represent complex heterogeneous group and any innovative technology found must be publicly announced to give reassurance to rural entrepreneur. Once the community is exposed to the entrepreneurial ventures and reached the level of acceptance on the attitude towards innovation; the rural entrepreneur builds activities on individual basis or on a group basis. In case of individual approach the entrepreneur may come from relatively better of categories such as business community, prosperous farmers, and technocrat'swho where already running some business in rural areas.

In case of group approach, the entrepreneurs may be artisans, small and marginal farmers, women, people trained in technical schools, tribal and specialized communities. All the approaches need to be on a group basis according to the product specialization, project specialization, or in the service area specialization. For product area specialization, every effort is to be taken to import innovative production technologies and similarly in project implementation new ways of completing the project is to be taught. In case of area approach wherever the facilities are not available they have to identified and efforts to be made to improve the same.

It is hard to be successful as entrepreneur and it is still very harder to become a successful rural entrepreneur. Every Rural entrepreneur must try the new ideas and test for its outcome with little investment and if it is successful; entrepreneur can go ahead in implementation of innovative technologies to a larger extent.

Entrepreneurs can plot the necessary steps from idea to actualization. Successful entrepreneurs learn to overcome mistakes and manage the risk. Innovations should inspire belief, enjoyment and dedication. Ideas can come from brainstorming, by talking with co-workers from diverse fields, Individual curiosity, market research and current company projects and technology are to be seen constantly from various secondary data and suitable directions are to be given to team members with full freedom to give new ideas and respect members in the team to listen to colleagues and make final decision on the use of innovative technology.

### **Improvement of Credit Facilities for development of Rural Entrepreneurship:**

Provision of essential infra-structural facilities like land, power, raw materials and finance at concessional rates to entrepreneurs by Government agencies, and financial institutions will be of immense use for promoting innovative spirit in rural areas. Monitoring rural development programs by providing right information at right time and providing timely credit with sufficient amount of finance and continuous motivation of bankers, panchayat union leaders, and voluntary service organization will build the rural entrepreneurship.

Poor and uneducated people are literally scared to approach banks resulting in a poor loan repayment culture and market distortion led to a decline in the provision of financial service to rural areas. Commercial lending institutions focus on large-scale farmers and ignore small-scale farmers because of transaction costs, collateral and risks involved agricultural credit. Rural people tend to be very mobile between rural and urban areas which could easily facilitate debt evasion. The loan officers are not ready to travel to remote villages and often do not "speak the same language" of the poor farmers. Credit history information of rural entrepreneur is not available and not operative in rural branches because of the high transaction cost and this has to be developed. Recently the self help group scheme of micro-finance has taken a new shape and found to be more successful and the key point is to deliver the finance based on bottom up approach as opposed to top down approach.

Participative approach showed itself to be highly effective in developing the rural financial market. The project needs to be adequately researched by conducting feasibility studies and

eventually training needs to be planned before the actual implementation. The potential beneficiaries are often not aware of their potential capability and generally not used to speak out and dedicate time to discussions with credit officials thus leading to sanction of low credit amount than that is required by the entrepreneur.

**Findings:**

1. The major samples of the total rural entrepreneurs were found to be in the age group of 40-45 and they are found well qualified. They have selected entrepreneurial career because they didn't get employment. They strongly suggest that the impact of innovation is great and it helped them to rise in their business career.
2. The entrepreneurs said that they have almost all the latest facilities like internet, mobile etc., to know the pulse of customers and they are confident of making immediate corrections if there is any change required in the product.
3. In the analysis it was found that the young entrepreneurs are very active. They are ready to face the challenges and are willing to work hard but they are insisting on the profits. For this purpose they are ready to apply all the innovative techniques.
4. In the survey it was found that they are having positive attitude about the long term future of their business and of the economy.
5. Around 70% of entrepreneurs believe that they can promote innovation and improve the quality of life for their customers.
6. All latest technology around the globe is to be disseminated to all the rural areas by Government through Toll Free Number.
7. Appointment of SSI Ombudsman and having a one stop centre for needs of rural entrepreneurs need to be established. State Government must invest in more development of the rural

Entrepreneurship by making the required facilities for the Rural Entrepreneurs.

**Bibliography:**

Benkin Chandra, V.Vaidya, "Entrepreneurship Development" – Transforming Rural Scenario, Kurushethra, Dec.2003, Vol.52, No.2

CapoorJ. Structural Reforms in Agricultural & Rural Development Banks, Issues & Prospects, Reserve bank of India Bulletin L 111(10) ; 1185-1190, 1999

Chaskin, Robert. 2001, Building Community Capacity: A Definitional framework and case studies from a comprehensive community Initiative & Urban affairs Review 36: 291-323

CSG Krishnamacharyulu&C.Ramakrishnan (2003) , Rural Marketing , Pearson Education

MilindNandurikar, Intrapreneurship, India Info line, 19<sup>th</sup> Dec.2005

MonalisaBandyopadhyay, " Motivation through Intrapreneurship, India info line, 19<sup>th</sup> Dec.2005

PradeepKashyap (2005) , Rural Marketing , Biztantra. & [www.indiainfoline.com](http://www.indiainfoline.com)

**DrAnjani Kumar, Associate Professor and Director,**

**K.R.S. College of Management,**

**U.P., India**