

Rural Entrepreneurship in Assam: Prospects and Challenges

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Abstract: *Entrepreneurship are driven to achieve success in their business along with the quality of leader, manager, innovator, risk taker, continues learner, decision maker and most important is to implement all these qualities into the work . This paper tries to focus on the study of prospect and challenges faced by rural entrepreneurship for development in Assam. Rural entrepreneurship has emerged as a dynamic concept. It is generally define as “entrepreneurship emerging at village level which can take place in a variety of field endeavor such as business, industry, agriculture and acts as a potent factor foe economic development”. Development of rural areas, have been linked to entrepreneurship more than ever before. Entrepreneurship is now regarded as a strategic development intervention that could accelerate the rural development process by institution and individual promoting rural development. Entrepreneurship stands as a vehicle to improve the quality of life for individual, families and communities and to sustain a healthy economy and environment. The majority of rural population depends, directly or indirectly on agriculture, fishery, animal husbandry or rural wages labor associated with plantations and ranches, along with ancillary activities linked to rural township.*

Keywords: *Entrepreneurship, economic development, environment, Assam.*

1. Introduction

Entrepreneurship is the process of designing, launching, and running a new business which is often initially a small business. It has been described as the “capacity and willingness to develop, organize and manage a business venture along with any of its risks in order to make a profit”. Rural entrepreneurship can be defined as entrepreneurship emerging at village level which can take place in a variety of endeavor such as business, industry, agriculture and acts as a potent factor for economic development (Das, 2014). The current global scenario reflects the impact of entrepreneurship on the world economy. India is a country has seen a huge boost in the society towards entrepreneurship development in the last decade (Nandanwar, 2011). Even the present government push towards entrepreneurship development has given rise to a sea of entrepreneurial opportunities that only needs to be identified and grabbed. According to the recent World Bank report, India has significantly improved its global ranking in ease of doing business in 2017. This is indicative of the entrepreneurial mindset that is being stirred in the society and the assistance towards it from the government.

However, if we look at the supportive business environment in the across the Indian states, the Assam ranks far lower compared to the forerunning business states like Gujarat, Maharashtra, Andhra Pradesh, Bihar, Uttar Pradesh, Uttrakhand etc. Assam has a lot to catch up on in the field of entrepreneurship. As per the India entrepreneurship report 2015, only 22% of respondents in Assam felt that the business environment in the state has improved significantly. Today, India is witnessing the emergence of the new age entrepreneurs in segments like Start Ups and social

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enterprise. Start Ups in various sectors like food, health, education, tourism etc. have been flooding the markets. But in Assam, the impact of such new breed of business is yet to be felt. Except for a few handfuls of young entrepreneurs who are trying to build a foothold in the Start Ups segment, there is hardly any entrepreneurial activity in startups and social entrepreneurship. Under the above perspective, this paper aims to find out the obstacles in entrepreneurship development in Assam, and provide the suggestions for remedial measures.

2. Importance of Rural Entrepreneurship

The fundamental role of entrepreneurship is to provide employment opportunities and consequently, applying a check on migration. Industries in rural areas are mostly micro or tiny in structure and quick yielding. In other words their gestation period is much less as compared to large scale industries. Rural industries are also labor intensive and provide substantial employment opportunities to rural masses. Few examples, of such types of industries are food processing industry, poultry industry, cottage and handicraft industry etc. This also helps in balance regional growth and promotion of artistic activities. Thus rural entrepreneurship will further help to bridge the gap between the rural and urban areas.

3. Role of Rural Entrepreneurship in Economic Development of Assam

The entrepreneurs with their ability to analyzed and identify opportunities and channelized the resources from less productive to more productive use to create wealth. Through efficient and effective utilization of resources, they act as catalysts for economic development and agents of social transformation and changes. Prominent Economist Joseph Schumpeter stated in his economic development theory that, “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”. Entrepreneurship plays a vital role in economic development of a country in the following ways:

- (i) **Capital Formation:** Rural entrepreneurs by placing profitable business proposition attract investment to ensure private participation in the industrialization process. It helps to channelized rural saving to the various venture for profitable investment which provide return. Again saving is invested giving a multiplier effect to the process of capital formation.
- (ii) **Helps Balanced Regional Development:** The entrepreneurs always look for opportunities in the environment. They capitalize on the opportunities of governmental concession, subsidies and facilities to setup their enterprises in under developed areas. The setting up of Brahmaputra Cracker and Polymer Limited(BCPL) industry in Lepetkata of Dibrugrah have resulted in the development of good township and peripheral regional development. Thus entrepreneurs reduce the imbalance and disparities in development among region.
- (iii) **Creation of Employment:** Entrepreneurs are not the job seeker but they are the job creator and provider. With the globalisation process the government jobs are very limited so rural entrepreneurs provides a large number of job to the manual labor through directly or indirectly.
- (iv) **Improvement of Standard of Living:** Entrepreneurs create employment generation which

leads to increase in income and purchasing power which is spent on consumption expenditure. Increase demand for goods and services boots up industrial activity. Large scale of production will result in economics of scale and low cost of production. New innovative and varying quality products at most competitive prices making common man's life smoother, easier and comfortable.

- (v) **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 of foreign countries. There are also possibilities 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.
- (vi) **Planned Production:** Entrepreneurs are considered as economic agents since they united all means of production. All the factors of production like land, labor, 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 business. The least combination of factors is possible avoiding unnecessary wastage of resources.

4. Potentialities of Rural Entrepreneurship

- (i) **Provide Employment Opportunities:** Rural entrepreneurship is labor intensive and provides a clear solution to the growing problems of unemployment. Development of industrial units in rural areas through rural entrepreneurship has high potential for employment generation and income creation.
- (ii) **Check on Migration of Rural Population:** Rural entrepreneurship can fill the big gap and disparities in income of rural and urban people. Rural entrepreneurship will bring infrastructure facilities like power, road, bridge, etc. It can help to check the migration of people from rural to urban areas in search of jobs.
- (iii) **Balanced Regional Development:** Rural entrepreneurship can dispel the concentration of industrial units in urban areas and promote regional development in a balanced way.
- (iv) **Check on Social Evils:** The growth of rural entrepreneurship can reduce the social evils like poverty, growth of slums, pollution in cities etc.
- (v) **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.

5. Challenges of Rural Entrepreneurship in Assam

Entrepreneurs are playing very important role in the development of economy. But in Assam, rural entrepreneurship is not developed like Gujarat and Maharashtra, there is some government industry was setup by central and state government but private participation is very limited. The government of Assam encourages private entities to invest in Assam through various programs like 'Advantage Assam'. But existing industries face various problems in day to day work. Some of the major problems faced by rural entrepreneurs in Assam are as under:

- (i) **Access to Finance:** Arranging finance is a key issue here. Number of projects financed by banks is very few compared to developed states. Financial institutions do not play an aggressive role which is evident from the fact that most of these institutions do not fund for new projects. Scheme like Angel Fund promoted by the govt. are not reaching the right target group and hence no convincing results are observed.
- (ii) **Delays:** Be it registration, bank loan application or any other government formalities, processes are extremely slow. Planning becomes very difficult under such circumstances. Easier registration process for setting up of business is a very important component for new entrepreneurs. Now with the single window act in place, simplified registration process is expected to augment entrepreneurial activities in the state.
- (iii) **Power Failure:** This factor known to all which makes our producers costlier and lower production rate, but there is hardly any step being implemented to overcome these challenges.
- (iv) **Lack of Skilled Resources:** This is a serious problem, especially for IT companies in the state. Since the brain drain is excessively high, lack of well qualified resources is very much felt. This proves to be a stumbling block for tech & IT start ups to come up.
- (v) **Lack of Big Industries:** The recent surge in start ups in India is dominated by the service sector. Most of the startups (especially the tech start up) formed in the last few years cater to the big organizations. Lack of such organization in the region makes it difficult for new service companies to sustain.
- (vi) **Marketing Problems:** Rural entrepreneurs in Assam face severe competition from large sized organizations and urban entrepreneurs. They incur high cost of production due to high input cost. Competition from large scale units also creates difficulty for the survival of new entrepreneurs because they have limited financial resources and hence they cannot afford to spend on sale promotion or advertisement. The product of them is not having any brand name under which they sell their product, so they face difficulties in marketing.

6. Remedial Measures to Solve the Problems Faced by the Rural Entrepreneurs

Different organization like IFCI, ICICI, SIDBI, NABARD etc. are trying to sort these problems. Marketing problems are related with distribution channels, pricing, product promotion etc. (Saxena, 2012). In order to make the rural entrepreneurs to start the business venture, the following measures may be adopted:

- (i) The financial institutions and banks which provide finances to entrepreneurs must create a special finance cells for providing easy finance to rural entrepreneurs.
- (ii) Modernization of Rural Industrial sector and up gradation of rural skills.
- (iii) Specific action to link the production centers to market in the urban areas.
- (iv) Training in government schemes.
- (v) Training institution needs to be strengthened.
- (vi) The govt. should provide special infrastructure facilities whatever they need.

7. Conclusions

For a state like Assam rural entrepreneur is a key figure in economic growth. Rural entrepreneurship is the answer to removal of rural poverty, unemployment in the state. Therefore, there should be more stress on integrated rural development programs. The problem is that most of the rural youth do not aware about entrepreneurship as the career option. Therefore, the rural youth need to be motivated to take up entrepreneurship as a career, with training and sustaining support systems providing all necessary assistance. There should be efficient regulated market and government should also lend its helping hand in this context. Grading and standardization should be promoted and promotional activities should be enhanced. NGO's should be provided full support by government.

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