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# The Rural Entrepreneurship: Key issues, opportunities with reference to Marate Milk Products, Mala

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### ABSTRACT

“Innovation is the specific instrument of entrepreneurship, the act that endows resources with a new capacity to create wealth” – Peter.F.Drucker. “Youth’s in the rural areas have little option”, this is what they are given to believe and it makes them to work either at farm or migrate to urban land. It is well known fact that best option available to them is rural entrepreneurship. Rural entrepreneurship can be defined as entrepreneurship emerging in rural area or establishing industrial units in the rural areas. This contributes for employment generation, reduces disparities in income between rural and urban income, promote regional development, protect art and creativity and helps to achieve economic development in rural area. Rural entrepreneur is a answer to solve migration, unemployment, promote social and economic inclusion. The strengthening rural area will encourage prevention of natural resources and improve the rural economies. Rural entrepreneurship will have income multiplier effect by creating demand for farm and nonfarm product and services, and by creating job opportunities. Indian economy largely dependent on rural economy as 68.84% of population lives in rural area. There’re about 6,38,558 villages. Due to large number of people lives in rural area, there is wide scope for selling varieties of product. Thanks to growing economy, people in rural area have witnessed increased income, which is positive sign for his product portfolio. This paper also benchmarks the case study of Marate Milk Products Mala, which offers differentiation as a strategy to compete successfully in rural market of coastal district of Karnataka.

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### Introduction

#### Concept of Rural Entrepreneurship

Defining entrepreneurship is not an easy task. To some, entrepreneurship means primarily innovation, to others it means risk-taking? To others a market stabilizing force and to others still it means starting, owning and managing a small business. An entrepreneur is a person who either creates new combinations of production factors such as new methods of production, new products, new markets, finds new sources of supply and new organizational forms or as a person who is willing to take risks or a person who by exploiting market opportunities, eliminates disequilibrium between aggregate supply and aggregate demand or as one who owns and operates a business.

#### What is Rural Entrepreneurship?

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. In other words, migration from rural areas should not only get checked but overpopulated towns and cities should also get decongested. If it is so, ways can always be found out. One is by forcibly stopping villagers from settling in the slums of towns and cities, making use of all powers to clear the slums so the villagers are forced to go back. But such practices have not achieved the desired results in the past. Apart from causing suffering to the poor people and adding to the expenditure of the Government, social tensions and economic hardships created by the government officials and their staff in every demolition of slums is not desirable from a sane government. Moreover, when a slum is demolished people do not move out of urban localities. They only relocate to a nearby place because they are entrenched in the economy of the town or city. Though governments have tried out various schemes for generating incomes in the rural areas such as government initiatives have not stopped people from moving out of villages to cities. This is because such government initiatives are not on their own capable of enabling people to earn adequately and ameliorate their conditions. There has to be some committed enterprising individual or a group of people.

#### Rural Entrepreneurship in India:

Who should be capable of making use of the government policies and schemes for the betterment of rural people? 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 compilations. 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.

### **Objectives**

The main objective of the study is to analyze present existence of rural entrepreneurship as main source of earning and redefine it in the angle, the bunch of opportunities. In order to meet this main objective the following specific objectives have been framed:

1. To know the various opportunities in the field of rural entrepreneurship.
2. It's also our objective to understand the major problems and challenges of rural entrepreneur to start the enterprise.
3. Focus on success strategy to be implemented in rural entrepreneurship, supported with field work based case work.
4. To highlight on present scenario of rural entrepreneurship.

### **Methodology**

#### **a. Source Data**

Present paper based on both primary and secondary sources of data. To have in depth practical knowledge on rural entrepreneurship, a case study based field work done on Marathe Milk Products, Mala. Developing countries like India got greater opportunities for self-employment in this area. To know this in right edge even information gathered from reputed journals, books and browsed net.

#### **b. Tools of Analysis**

Case study based present paper mainly depends upon personal interpretation of authors from the observation which found during the field work. Authors here made an attempt to suggest for overall development of rural entrepreneurship.

### **Scope of the study**

This is the right time to redefine the real meaning of rural entrepreneurship in broad angle. Rural development is possible through self dependence. In this paper broad view exhibits the possible exposures for rural entrepreneurship development in rural area. This attempt can be used by researchers, postgraduate students and individuals for academic purpose and also opportunities could be found for modified further studies.

### **Limitations of the study**

Any experiment is not beyond limitation. Even this practical study also suffers from technical limitations they are.

1. Indian rural entrepreneurship is vast concept covered with its own full pledged branches; it cannot be justified only in refer of single area.

2. In this paper sample has been drawn from field study of only one entrepreneur, which could be subjective.

3. For interpretation none of the statistical techniques utilized in the case study and final summarization based on views of authors and entrepreneur.

### **Case Study of Marathe Milk Products, Mala**

In this paper authors have tried to give brief insight into the successful story of an entrepreneur who has came up from interior rural background.

Agriculture cannot be a profit model; Indian farmers are fighting with the monsoon. Monsoon is uneven. Life is miserable, if one depends on agriculture these are the common beliefs of Indian agriculturists. It is because of this belief that people think agri-business is bundle of risks. It is just a myth. Here is a story of Marathe Milk Products of Mala, a place near to Bajagoli of Karkala Taluk, an agri entrepreneur made an entry to producing milk and milk related products.

Mr. Govinda Marathe, in the year 1990, to protect his dairy farm, started Marathe Milk Products. In the initial, the work was handled by himself, along with the support of family members without machines and electrical power. Mr. Marathe used to visits the markets and introduce the products to the retailers especially shop keepers, but the response of these people was very poor. Firm could not taste the success due to the poor response. But the effort was continued, Mr. Marathe started visiting the customers and tried to convince them to taste the products, Peda, Burfi etc., which were very new to the market at that time, convincing the customers were bit challenging. Continuous restless effort made him get back into the real meaning of successful entrepreneur. The real entrepreneur will take the real challenges, it happened to Mr. Marathe also, there was a positive response from the customers, which motivated entrepreneur and later business started growing. In the late 90s the firm introduced latest machines for processing milk.

After mechanization Marathe focused on quality of the products. Today the firm is selling their products through retailers; they also take local orders for various products. Marathe enjoys credible retailers from Karkala, Mangalore, Coorg and even the enjoy few market areas in Chickmagalore also. The orders collected from the retailers and the customers are delivered on time.

Success of any company can be achieved through cost, differentiation and focus strategy. It is the differentiation strategy which the firm differentiates its products from its rivals. It is the belief of the firm that customers are ready to buy the products which offers the value addition.

Before introducing the products to the market, firm has to understand the need of customers, then produce the goods and delight the customers it is how the entrepreneur believes. Products should match to the expectations of the customers. Before introducing any products Marathe makes market research about its acceptability and feasibility. The entrepreneur is planning to enter into 'ready to eat' segment. The firm is finding prospects in introducing 'ready to eat chapathi' to market, they are focusing on bulk orders.

Success will not come just by pushing the products to the market but it is by pulling the customers towards the products. Value addition, varieties and vision are the success mantras of Marathe Milk Products.

### **Problems of Rural entrepreneurship**

SWOT analysis of rural entrepreneurship especially in relation with Marathe milk product has revealed some random problems from external factors which caused questionably on

the successful move. Interview made with Mr. Marate focused on following problems listed below.

#### **Shortage of Funds**

Finance is the life blood of any business. 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 bearing 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

#### **Poor Infrastructure Facilities**

There are various infrastructural issues like proper power supply, good roads which an entrepreneur can visit the market. Lack of internet connectivity, problems of telephone services in rainy seasons will affect the rural entrepreneur.

#### **Risk Element**

Rural entrepreneurs facing lot of risk from competitor, he also finds difficult to source the finance through external sources, he also borrow loans at higher rate of interest from money lenders which adds to the risks to the entrepreneur. Rural entrepreneurs have less risk bearing capacity due to lack of financial resources and external support.

#### **Competition**

Rural entrepreneurs face severe completion from large sized organizations and urban entrepreneurs. They incur 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.

#### **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 means 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.

#### **Legal Formalities**

Rural entrepreneurs find it extremely difficult in complying with various legal formalities in obtaining licenses due to illiteracy and ignorance. Tax laws also create lots of confusion among the minds of newly entering entrepreneurs.

#### **Procurement of Raw Materials**

Procurement of raw materials is really a tough task for rural entrepreneur. They may end up with poor quality raw materials, may also face the problem of storage and warehousing. Suppliers not motivate manufacturers with credit facilities.

#### **Low Skill Level of Workers**

Due to lack of training and educational facilities in the rural area entrepreneur has to depend on semiskilled or

unskilled workers. Due to this there is a production of substandard products.

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 entrepreneur as they are mostly uneducated and they have to be taught in local language which they understand easily.

#### **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.

#### **Lack of Quality consciousness**

Entrepreneur can win the customer by producing low cost product. Importance to the quality, value sometime is neglected by the entrepreneur. It is now, thanks to globalization and liberalization, rural people's income has improved; now rural people are quality concessions. They prefer value added products. Cost cannot be a solution.

#### **Opportunities for Rural Entrepreneurship**

Government's overall improvement strategy started to create special opportunities for entrepreneurship in rural area to greater extent. As a part of the study, in this attempt authors focused to have glance on opportunities, it could motivate young entrepreneur especially in rural area.

#### **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 ancillarization and consequential development activities.

#### **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.

#### **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.

#### **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.

#### **Suggestions**

Filling confidence in the mind of rural young generation is not an easy issue in respect with rural entrepreneurship initiatives. Changes have to be done from base level to cultivate the taste of leadership in traditional home sick based village minds.

a. Base level changes in this respect would be done by educational institutions through their skill development and extension programs by arranging in rural area to realize the importance of rural entrepreneurship.

b. Government can also motivate rural India to build the entrepreneur skill development by creating opportunities

direct and indirect ways like subsidies, tax concessions, interest free loans and special grants etc.

c. There should encourage environment need to be created in the minds family members of village people.

d. Advanced Marketing strategies would be utilized in rural marketing to capture large scale audience.

#### **Conclusion**

"The vast potential for entrepreneurship in rural India remains unexplored", there are huge opportunities for aspiring entrepreneurship in rural India and especially in way of application technology in agriculture, product processing and value added marketing etc. the rural agro-produce-based market is so huge that several corporate companies are coming out with plans to capture systematically. Young people should realize this and become entrepreneurs.

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