

Micro-Finance for Rural Entrepreneurship Development & Rural Industrialization

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Introduction

The difference 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 built upon. 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 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.

Rural Industrialization

The industrial unit organized in the rural areas is known as rural industries. Khadi and village industries, handlooms, handicrafts, sericulture, Coir, agro-based units, service industries, rural workshops, metal-based industries, dairy and related activities, etc are the various examples of rural industries. The scale of operation, the level of technology, the types of raw materials to be used and the size of investment mainly determine whether the venture would fall within the definition of rural industries. Essentially the investment needed should be small; the technology to be applied should be simple and within the reach of the villager and it should be capable of yielding reasonably quick returns. Further, the raw materials to be utilized should be available locally and the goods produced should generally be opening popular use in the rural areas. Some agro-based manufacturing processes operating even on a bigger scale can successfully be managed by the rural entrepreneur. The fruits and vegetable processing industry is a good example of this type. House wives in rural areas have been drying up vegetables, preparing pickles, jams, sauces etc., in rich varieties for family use during lean periods. These skills, though slightly dormant and in disuse, are still in existence, all over the countryside. In addition, some rural industrial units providing various services like tailoring, laundry, blacksmith, carpentry, goldsmith etc. have been in existence since almost the dawn of civilization. Mining and quarrying on a modest scale has been going on in the rural areas for centuries. Lime

manufacturing, stone crushing and pulverizing, sand collecting, washing and grading of blocks, slabs and chips making, brick and tile manufacturing of glassware, bangles and beads constitute some of these activities. Rural industries, services and enterprises constitute the non-farm sector. The appropriate strategy for the developing countries to follow now should be the expansion of rural industries, services etc.

These would not only diversify the rural economy, but also help in the further development of agriculture. These would provide inputs to agriculture as well as process large varieties of agricultural produce. Rural industries, services etc. will open out new opportunities for gainful employment, particularly to the under-employed during lean periods, when there are no agricultural operations. Rural Industrialization is important for creating employment opportunities, raising rural incomes and strengthening agriculture-industry linkages. Thus far, it has been pursued by a multiplicity of government agencies. However, the impact of these programs at the grass roots level has remained modest. We must integrate the efforts of the various government agencies and ensure active community participation. However, it is necessary to set up at least 100 rural clusters every year to give a boost to rural industrialization. This is being done for the benefit of rural artisans and unemployed youth. In the long run, it will definitely reduce rural urban disparities. The setting up of rural industrial units is primarily the concern of private entrepreneurs. How Central Government has formulated many schemes for the development and promotion of such units throughout the country.

Microfinance

Micro-Finance is changing the lives of the rural people, re-energizing the poor community; particularly the most oppressed, suppressed and neglected community of the rural society. The access to credit as well as extending other financial products and services to these people of low income group below poverty line includes women, small marginal farmers, artisans, tenant's agricultural labourers and share croppers. Present global financial crisis is not likely to impact small and micro enterprises and hence it is better for banks to focus on micro-finance. Rural Poor are the most disadvantaged in terms of access to credit through formal sources. Lack of access to the credit has always been a major hindrance in promoting micro-enterprises. In India, the need for micro-finance is higher as the demand for credit to start microenterprises by the poor people could not be met by the institutional initiatives of rural finance up to large scale. In many developing countries micro-enterprise in its various forms are the major sources of livelihood in rural as well as urban areas. It contributes to a large proportion of employment generation in developing as well as developed countries.

Need of Micro-Finance for Rural Industrialization and Rural Entrepreneurship Development

The strategy for poverty reduction accelerate the rapid economic growth with a focus on microfinance, access to basic minimum services for improving the quality of life of poorest of

poor; and direct state intervention in the form of targeted antipoverty programmes. Rural development is primarily concerned with addressing the needs of the rural poor in the matter of sustainable economic activities. Alleviation of rural poverty can be achieved by identifying income-generating activities with focus on micro finance as the basic input for socio-economic development. Role of micro finance in eradication of poverty was stressed by the United Nations in its Economic and Social Council meet. Micro credit emphasizes building capacity of a micro entrepreneur, employment generation, trust building and help to the ‘micro entrepreneur’ at initiation and during difficult times. Micro credits are enough forever, the innovative and hardworking micro entrepreneurs to start small business such as making handicraft items. From the income of these small businesses the borrowers of micro credit can enjoy better life, food, shelter, health care and education for their families and above all these small earnings will provide a hope for better future. In rural areas the micro entrepreneurs continue to produce the traditional designs for local markets produce a large variety of essential products such as milk, food products, village crafts and homemade snack foods. Many are engaged in retail trading of groceries and textiles. These enterprises represent a substantial supply resource for semi urban and urban markets. Micro credit is emerging as a powerful instrument for poverty alleviation in the new economy. It is a powerful instrument and has improved access of rural poor. In order to enhance rural artisan’s access to credit for consumption and production, the establishment of new and strengthening of existing micro-credit mechanisms and micro-finance institution will be undertaken so that the outreach of credit is enhanced. The Micro- Credit revolution has providing them increased self-employment opportunities and making them credit worthy. There is now mounting hope that micro finance can be a large scale poverty alleviation tool which can uplift the standard of living of the rural poor. The success of the Micro-Credit programme would change the future of rural India.

Conclusions

In the above discussion it is clear that microfinance has an important role to play in rural industrialization and development of entrepreneurship among the rural people. Both micro-finance as well as micro-enterprise has the common objective of poverty alleviation and creation of employment opportunities for the rural poor and therefore there is a need for both of them to come together and act for the larger objective of poverty alleviation. Rural industrial development is a self-reliant development strategy but it need to be supported by enabling environment and proper infrastructure support. For creation of enabling environment there is need for government and non-government entities to work together. Then only these enterprises can grow and contribute efficiently towards the larger objective of poverty alleviation.

References

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