



Problems and Prospects of Rural Entrepreneurship with Special Reference to Assam

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Abstract

Growth of entrepreneurship plays essential role in economic growth of low-income or developing economies by driving the structural transformation from a traditional economy to a modern economy, creating new enterprises, absorbing surplus labour from the agriculture sector and by raising productivity and employment in both the modern and traditional sectors. Empirics suggest that the vast majority of entrepreneurs in developing countries are involved in micro and small enterprises. In the North East India, the Government of Assam in early 1970 carried out a small experiment on Entrepreneurship development. From the past few years, the Government and various other different institutions exist to facilitate the development of entrepreneurs in the region in setting up of Small and Medium enterprise which provide assistance in various ways like finance, technical, marketing, training. North East Council (NEC) set up in the year 1972 carried out the significant role of entrepreneurship in this region. It made a study on the entrepreneurial and managerial needs of the region through SIET institute. Apart from NEC, now there exist other institution and organization which works or function for the promotion of Entrepreneurs. Assam has a lot to catch up 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 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 start-ups and social entrepreneurship. Under the above perspective, this paper aims to find out the obstacles in entrepreneurship development in Assam and provide suggestions for remedial measures.

Keywords: *Enterprises, Entrepreneurship, Economic Development, Marketing, Village Industries.*

Introduction:

Rural entrepreneurship is nothing but the entrepreneurship which is emerging in rural areas leading to rural industrialization. The development of cottage and village industries through rural entrepreneurship offer solution to multifaceted problems of Indian economy. There exist a lot of potential in rural India which needs to be tapped and utilized for the development of rural economy which are otherwise go waste and can be achieved by promoting rural entrepreneurship. 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 endeavour 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. Unlike in case of number of units and employment, the MSE sector has improved quite considerably in terms of real gross value added and fixed capital. The real gross value added of the overall MSE sector has recorded an annual growth of 4.1 percent during 2014-15 to 2020-21, 9.05 percent during 2020-21 to 2021-24 and 6.33 percent during 2014-15 to 2021-24, whereas the growth of fixed capital of the sector recorded at 1.45 percent, 12.39 percent and 6.29 percent respectively during the same periods. During the early 2000s, entrepreneurship in Assam was predominantly focused on traditional sectors like agriculture, handloom, handicrafts and small-scale manufacturing. The government introduced various small business support programs under schemes like the Prime Minister's Rozgar Yojana (PMRY) and the Self-Employment Scheme for Educated Unemployed Youth (SEEUY). However, limited access to finance, lack of infrastructure, and inadequate mentorship opportunities restricted significant entrepreneurial growth. The period from 2010 to 2015 saw a greater focus on Micro, Small, and Medium Enterprises (MSMEs) through schemes like the Credit Guarantee Fund Scheme for Micro and Small Enterprises (CGTMSE) and the Cluster Development Program (CDP). Additionally, institutions like the Indian Institute of Entrepreneurship (IIE) in Guwahati played a crucial role in offering skill development training and entrepreneurship awareness programs. The government also promoted entrepreneurship in rural areas through the National Rural Livelihood Mission (NRLM). A major shift occurred during this period with the launch of Assam Start-up – The Nest in 2019 under the Start-up India initiative. This incubation center provided mentorship, co working space, financial support, and market access to start-ups. The North East Industrial Development Scheme (NEIDS), launched in 2017, offered financial incentives to businesses in the region, further encouraging industrial growth. Additionally, the state government collaborated with financial institutions to offer easier credit access through schemes

like PMEGP and Mudra Yojana. From 2021 to 2025, Assam has seen a rise in digital start-ups, agri-tech solutions, and eco-tourism enterprises. The growth of digital infrastructure and increased internet penetration have enabled entrepreneurs to explore e-commerce and fintech platforms. The government also introduced the Atmanirbhar Assam Abhiyan to promote self-reliance and support micro-entrepreneurs. Furthermore, Assam has hosted numerous start-up events and innovation summits to foster a culture of innovation and collaboration. In recent years, the state has witnessed the emergence of successful startups across various sectors, including sustainable products, logistics, and education technology. Collaborative efforts from educational institutions, industry associations, and financial bodies have contributed to making Assam a vibrant entrepreneurial hub. Looking ahead, sustained investment in infrastructure, skill development, and market linkages will further accelerate entrepreneurship development in the region.

Need for Rural Entrepreneurship:

It is needless to emphasize on the importance of building rural entrepreneurship. However, it offers certain advantages to the nation like-

- Rural industries are considered to be labour intensive and thus, provide a vast scope for employment generation in rural areas.
- It protects and promotes the art and creativity of village artisans and thereby encourages innovation.
- It leads to income generation to the rural poor to uplift their standard of living.
- It checks in reducing disparities income between urban and rural areas.
- It put check on rural and urban migration that is a burning problem these days.
- Another important aspect of rural industries is dispersal of economic activities in rural areas and promotes balanced regional development.

- It ensures utilization of local resources which otherwise remain unutilized.

Benefits from Rural Entrepreneurship:

- *Provide employment opportunities:* Rural entrepreneurship is labor intensive and provides a clear solution to the growing problem of unemployment. Development of industrial units in rural areas through rural entrepreneurship has high potential for employment generation and income creation.
- *Check on migration of rural population:* Rural entrepreneurship can fill the big gap and disparities in income rural and urban people. Rural entrepreneurship will bring in or develop infrastructural facilities like power, roads, bridges etc. It can help to check the migration of people from rural to urban areas in search of jobs. Rural entrepreneurship will also increase the literacy rate of rural population. Their education and self-employment will prosper the community, thus increasing their standard of living.
- *Balanced regional growth:* Rural entrepreneurship can dispel the concentration of industrial units in urban areas and promote regional development in a balanced way.
- *Promotion of creative activities:* The age-old rich heritage of rural India is preserved by protecting and promoting art and handicrafts through rural entrepreneurship
- *Check on social evils:* The growth of rural entrepreneurship can reduce the social evils like poverty, growth of slums, pollution in cities etc. Rural entrepreneurship can awaken the rural youth and expose them to various avenues to adopt entrepreneurship and promote it as a career.

Literature Reviewed:

Duarah M (2023) studied that KVIC is a Statutory body formed in April 1957, by the Government of India under the Khadi and Village Industries Commission Act, 1956 under the banner of the Ministry of Micro, Small and Medium Enterprises (MSMEs) which aims to strengthen the rural economy of India by promoting and developing khadi and village industries and thereby creating

employment opportunities in rural areas. KVIC plans, promotes, facilitates, organizes, and assists in the establishment and development of khadi and village industries in rural areas and coordinates other agencies engaged in rural development if necessary. Ilahi S (2019) reveals that rural entrepreneurship plays a pivotal role in distribution of income & wealth at grassroots level in the developing countries like India. It contemplates the status of rural entrepreneurship, schemes for the development of rural entrepreneurship, government efforts to revive traditional industries after demonetization and problems of rural entrepreneurship. Mani A (2019) argued that in the process of industrialization, emphasis is given to large, small and micro enterprises. In developing countries, micro and small enterprises are important in the context of employment opportunities, equitable distribution of national income, balanced regional growth and development of rural and semi-urban areas. However, the rural manufacturing units face more problems. Islam B (2022) found that 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 . Development of rural areas, have been linked to entrepreneurship more than ever before. Entrepreneurship stands as a vehicle to improve the quality of life for individual, families and communities and to sustain a healthy economy and environment. Paul. A (2018) explains that the Tea industry of Assam is one of the heritage industries. The tea industry is directly linked with the socio-economic life of the people of Assam as it is highly labour intensive and requires a lesser amount of capital. The small tea cultivation in Assam has developed an employment avenue for the uneducated youth who have to follow land which can be converted into small tea gardens. Daimari P. & Singh M. S. (2022) found that Entrepreneurship is considered a vital venture for economic growth and generates economic growth, jobs, and wealth. It is adopted by people from different parts of the world irrespective of the difference in culture, race, ethnicity, religion and caste. Das P. & Mili M. (2021) explained that entrepreneurship development is one of the most effective solutions to the economic and social cultural development in disadvantaged areas. Entrepreneurship is also identified as an important requirement

for sound and healthy economic development of a particular region. Rural development is a strategy designed to improve the economic and social life of the rural poor. Rural entrepreneurship can be considered one of the solutions to reduce poverty, migration, economic disparity, unemployment and to develop rural areas and backward regions. Deepa S.R (2021) in her study found that in present day Rural Entrepreneurship is a major prospect for the people who essentially migrate from rural areas or semi-urban areas to urban areas. It is also a fact on the contrary that the majority of rural entrepreneurs are facing many challenges due to non-availability of primary amenities in rural areas especially in developing countries like India. Undoubtedly the economic development of our country largely depends on the development of rural areas and also the standard of living in its rural mass. For the economic development of a country and of regions within the country rural entrepreneur is certainly one of the most important inputs. Venkateswarlu.P. & Ravindra.P.S. (2015) found that rural entrepreneurs play a vital role in the overall economic development of the country. The growth and development of rural entrepreneurship facilitate self-employment, results in wider dispersal of economic and industrial activities and helps in the maximum utilization of locally available raw materials and labour. Deepa S.R. (2021) explained that rural Entrepreneurship is a major prospect for the people who essentially migrate from rural areas or semi-urban areas to urban areas. It is also a fact on the contrary that the majority of rural entrepreneurs are facing many challenges due to non-availability of primary amenities in rural areas especially in developing countries like India. Undoubtedly the economic development of our country largely depends on the development of rural areas and also the standard of living in its rural mass. Das.M. (2023) found that entrepreneurship has been considered the backbone of economic development of a country. It has been well-established that the level of economic growth of a region, to a large extent, depends on the level of entrepreneurial activities in the region. In the era of liberalization, privatization, and globalization along with ongoing Information Technology revolution, capable entrepreneurs are making use of the opportunities emerging from the evolving scenario. Sequeira.R. R (2020) states that rural entrepreneurship is a process of creating new ventures by bearing

its risks. It is an essence of economic development rural entrepreneurship refers to the entrepreneurship rising at village level which can occur in a variety of areas like agriculture, industry as well as service sectors. But in India majority village people are facing many obstacles because of lack of education, lack of technical and conceptual knowledge etc. Bhushan P. (2018) explained that entrepreneurship can be seen as an inventive and imaginative retort to the globe and a capacity to perceive, start and endeavour an economic prospect. A business visionary is a pioneer who presents something new in an economy. Entrepreneur is doing things that are by and large not done in the standard course of business. To do the things in a better and new way is the motive of an entrepreneur. The businessman who is working in a routine manner cannot be an entrepreneur. Das D.C. (2014) found that entrepreneurs are driven to achieve success in their business along with the qualities of a Leader, Manager, Dreamer, Innovator, risk taker, continuous learner, decision maker & most important is to implement all these qualities into the work. Harish N. (2017) found that rural entrepreneurship is now a days a major opportunity for the people who migrate from rural areas or semi-urban areas to Urban areas. On the contrary it is also a fact that the majority of rural entrepreneurs are facing many problems due to not availability of primary amenities in rural areas of developing country like India. Patel A.A & Panchasara D.S (2019) argued that Rural entrepreneurship was a neglected domain throughout the past, but with the unfold of education and awareness among the agricultural enterprisers the image has been changed and thus the agricultural enterpriser has emerged as today's most haunting and sacred entrepreneurs. Prasad B.V& Naveena L (2021) in his study reveals that India is a nation of village Rural entrepreneurship is given good contribution and major opportunity and to develop for the people with necessarily migrate from rural areas or semi-urban areas to urban areas. It is also a fact on the contrary that the majority of rural entrepreneurs are facing many problems due to non-availability of primary amenities in rural areas especially in developing countries like India. Certainly, the economic development of our country largely depends on the development of rural areas and also the standard of living in its rural mass. For the economic development of a country and of regions within the country rural entrepreneur is surely one of the most important

inputs. Ditalak M (2024) studied the journey of entrepreneurship is filled with various hurdles, and the challenges can be quite formidable. Entrepreneurs encounter unique obstacles that can put even the most experienced business person to the test. Recognizing these challenges is essential for anyone looking to successfully navigate the entrepreneurial landscape. Choudhury K & Easwaran K (2019) found that farmers in the Lower Brahmaputra Valley have more potential in the farming sector but self-motivation is highly required. Most of them were less educated and from the family background of farming. Murugesan G.(2019) found that the most important factor for the economic development of a country is its industrialization. In the process of industrialization, emphasis is given to large scale industries, medium sale industries, small scale industries and micro enterprises. In developing countries, micro and small enterprises are important in the context of employment opportunities, equitable distribution of national income, balanced regional growth and development of rural and semi-urban areas. However, the rural manufacturing units face more problems. Bhushan P. (2018) explained that entrepreneur is doing things that are by and large not done in the standard course of business. To do the things in a better and new way is the motive of an entrepreneur. The businessman who is working in a routine manner cannot be an entrepreneur. Business enterprise the way toward making esteem through giving an extraordinary mix of assets alludes to the utilization of an opportunity, which requires an entrepreneurial demonstration and an entrepreneurial operator. Entrepreneurial activity to conceptualize and execute a thought, procedure of item serves or another business has inferred. Entrepreneurship plays a vital role in the development of rural areas.

Objectives

The objective of the paper is to study empirically the Problems and Prospects of Rural Entrepreneurship. The specific objectives of the study are -

- To study the needs of Rural Entrepreneurship.
- To study the extent of Rural Entrepreneurship development.
- To identify the problems faced by Rural Entrepreneurship and their remedies.

Methodology:

The research methodology for this study will involve a combination of quantitative and qualitative approaches. The quantitative approach will involve the analysis of secondary data sources such as government reports, industry statistics and academic literature. The qualitative approach will involve the collection of primary data through surveys and interviews with industry experts, government officials and Banks.

Importance of the Study

Rural entrepreneurship implies entrepreneurship emerging in rural areas. In other words establishing industries in rural areas refers to rural entrepreneurship. This means rural entrepreneurship is synonymous with rural industrialization. Many examples of successful rural entrepreneurship can already be found in literature. Diversification into non-agricultural uses of available resources such as catering for tourists, blacksmithing, carpentry, spinning, etc. as well as diversification into activities other than those solely related to agricultural usage, for example, the use of resources other than land such as water, woodlands, buildings, available skills and local features, all fit into rural entrepreneurship. A turnaround is possible in the above trend if employment opportunities are made available in rural areas along with basic amenities of life. The entrepreneurs with their ability to scan, analyze and identify opportunities in the environment transform them into business proposition through creation of economic entities. They by channelizing the resources from less productive to more productive use create wealth. Through efficient and effective utilization of national resources, they act as catalysts for economic development and agents of social transformation and change. According to Joseph Schumpeter, 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. According to Meir and Baldwin, development does not occur spontaneously as a natural consequence when economic conditions in some sense are right. A catalyst is needed which results in entrepreneurial activity to a considerable extent. The diversity of activities that characterizes rich countries can be attributed to the supply of entrepreneurs.

They play a vital role for the economic development of a country in the following ways:

- **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 still 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.
- **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.
- **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.
- **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.

- **Equitable Distribution Economic Power:** The modern world is dominated by economic power. Economic power is the natural outcome of industrial and business activity. Industrial development may lead to concentration of economic power in few hands which results in the growth of monopolies. The increasing number of entrepreneurs helps in dispersal of economic power into the hands of many efficient managers of new enterprises. Hence setting up of a large number of enterprises helps in weakening the evil effects of monopolies. Thus, the entrepreneurs are key to the creation of new enterprises that energise the economy and rejuvenate the established enterprises that make up the economic structure.

Present Status of Industrial Development in Assam and its Future Prospects:

The present state of Industrial development in Assam is not up to the mark. In spite of having rich potential for the development of different types of resources based industries, the state could not achieve much diversification in its industrial base, leading to restriction of its industrial activities mostly in village and cottage industries in rural areas. Moreover, the investment environment in the state is considered to be insecure considering the growing problem of insurgency, prevailing in the entire region. The state is facing the problem of huge capital flight and exodus of business firms. In spite of various constraints the prospect of the development of rural industries in Assam is brightened under the ongoing process of economic reforms like industrial policy, trade policy etc. with the sole objective to bring a new element of dynamism. Assam being an industrially backward state, having a huge potential for rural development, can be able to make much headway in the path of industrialization under the current process of economic reforms. It can be finally observed that the future prospects of industries, especially rural industries, is quite bright provided an investment friendly climate is create in the state.

- **Agricultural Development:** For an underdeveloped state like Assam with its low level of income, it is a necessary condition for the development of its economy that there is an appreciable increase in the domestic agricultural output. During the process of rural development, it is essential to maintain a continuous growth in the supplies of agricultural commodities in a large scale to support the growing demand for food-grains and raw materials from the large and increasing population, and also to meet the relatively high income elasticity of demand for agricultural products. Assam have to use the limited incomes for purchasing machines and other advanced tools for agricultural development, and cannot spare for buying or importing foodstuffs from other regions. Therefore, it is important to raise the agricultural production and productivity to promote and sustain rural development of the state. Adoption of modern technology or method is known as modernization of agriculture or transfer of technology in agriculture, which, Assam is progressing at a slow pace. There are certain major problems and its causes responsible for the slow pace of agriculture in Assam.

Village and Rural Industries Under Khadi & Village Industries Board (KVIB) in Assam:

Khadi and Village Industries Commission (KVIC) is a Statutory body formed in April 1957 by the Government of India under the Khadi and Village Industries Commission Act, 1956 under the banner of the Ministry of Micro, Small and Medium Enterprises (MSMEs) which aims to strengthen the rural economy of India by promoting and developing khadi and village industries and thereby creating employment opportunities in rural areas. KVIC plays an active role in generating sustainable non-farm employment opportunities in rural areas at a low per capita investment. It helps to generate employment/self-employment opportunities in rural areas and undertakes different activities like skill development, transfers of technology, research, and development, marketing, etc. KVIC plans, promotes, facilitates, organizes, and assists in the establishment and development of khadi and village industries in rural areas and coordinates other

agencies engaged in rural development if necessary. The head office of KVIC is in Mumbai its six zonal offices are in New Delhi, Bhopal, Bengaluru, Kolkata, Mumbai, and Guwahati. KVIC has offices in 28 states to implement its various programs of rural development.

'Khadi' means any cloth woven on handloom from cotton, silk or wool which is spun into yarn on a spinning wheel or from a mixture of any two or all of such yarn. It is a versatile fabric; cool in summer and warm in winter and is widely accepted in the fashion circles. Khadi is being promoted in Assam by Assam Khadi & Village Industries Board (AKVIB), Govt. of Assam. Khadi or khaddar is handspun and hand-woven cloth mainly made out of cotton. The cloth is usually woven from cotton and may also include silk, or wool, which are all spun into yarn on a spinning wheel called a charkha. It is a versatile fabric, cool in summer and warm in winter. In order to improve the look, Khadi is sometimes starched to give it a stiffer feel. It is widely accepted in fashion circles. Khadi is being promoted in Assam by Assam Khadi & Village Industries Board, Govt. of Assam.

The khadi has been divided into 4 groups -

- Cotton Khadi
- Silk Khadi (Eri, Muga and Pat)
- Woolen Khadi
- Poly Khadi

The Assam Khadi & Village Industries Board has been implementing different khadi activities through its 10 nos. khadi production centers in the rural areas of the state:

- Rampur Khadi Production Centre (KPC), Kamrup District.
- Chaygaon KPC, Kamrup District.
- Sualkuchi KPC, Kamrup District.
- Hajo KPC, Kamrup District.
- Bamundi KPC, Kamrup District.
- BaihataChariali KPC, Kamrup District.
- Goreswar KPC, Kamrup District.

- Bhanguripara KPC, Kamrup District.
- Barama KPC, Nalbari District.
- Bahjani KPC, Nalbari District

Problem of Rural Entrepreneurship in Assam

Assam is one of the industrially backward states of India. The pace of industrial development in Assam has been satisfactory in spite of being endowed with a high potential for development of resource based and demand-based industries in the state. The causes of this slow industrial growth in the state are many, among which the most important ones lack of power facilities, poor transport and communication facilities, shortage of technical personnel, dearth of entrepreneurial motivation, shyness in the flow of outside private investment and low level of central sector investment. The industrialization in Assam started more than a century ago (i.e., during the 19th century) with the establishment of tea plantation and oil industry in the upper Assam area. But unfortunately the state has failed to complete so many decades of planning and has remained lagging behind many states of the country in the sphere of industrial development. The village and cottage industries are the integral parts of the rural economy of Assam. These industries absorb quite a lot of rural people providing them with employment and income and thereby raise their standard of living, which help to bring about technical charges and balanced and integrated rural economy. These industries had to face a stiff competition from the machine-made foreign goods. Many of the village industries had to take path of extinction. Therefore, the first task of the first five-year plan of Assam was to provide a congenial atmosphere with good infrastructure for the development of village and cottage industries. The cottage industries have great importance in an agrarian economy like Assam. Rural agricultural families of the state are getting subsidiary occupation from these village industries. As these industries require minimum capital and ordinary tools and implements, thus rural families can run these industries. The cottage industries like Bell- Metal industry at Sarthebari, Silk Weaving industries at Sualkuchi etc. are in the way of rural development.

Rural entrepreneurship is not free from problems and obstacles. The main basic problem of village industries is arranging the finance, lack of technical skills, inadequate training facilities in the field of entrepreneurship, no proper information regarding new opportunities, new markets and potential risks etc. There is problem of getting encouragement from family members and from society because of lack of knowledge regarding rural entrepreneurship. 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: -

Problem of raw materials: The main problems of rural industries are arranging quality raw materials for their business. Because of lack of information regarding procuring raw material village industries get low quality raw material in a higher cost.

Problem of Finance: The main problem of rural industries is to arrange finance for their business. Many village entrepreneurs do not know the facilities given by the government. Because of this, rural entrepreneurs take financial help from private financial institutions, loan from non-bankers etc. by paying higher interest.

Problem of marketing: After producing the product and services by rural industries, it is always observed the marketing problems. It mainly includes problems in promotion and distribution of rural products. Many a time consumers show less interest toward local products in comparison of branded products even though the rural products are good in quality.

Problem of infrastructure: Rural infrastructural facilities are very poor in majority of the areas. Poor transport facilities, poor communication, lack of warehouse and storage facilities, poor power facilities etc make the rural entrepreneurship as a difficult task. *Problem of Human Recourse:* There are human recourse problems in rural areas. It includes low skill level of employees,

negative attitude towards entrepreneurship, lack of technical knowledge, low level of learning abilities etc. these problems will affect rural industries in a drastic way.

Heavy competition: Village industries face heavy competition from big business ventures and urban entrepreneurs. These problems are faced by rural entrepreneurs because of lack of approaching ability in the market towards their products. Branding and promotional activities taken by large organization will not give much scope to rural products.

Other Problems:

Family Problems: Convincing family members towards entrepreneurship is a big challenge in rural areas. Because of poor information, interest towards salaried jobs, negative attitude towards entrepreneurship will create more problems to convince the family members.

Technological problems: There is a drastic gap between education system and market realities in India. Education available to the people lags very much from the job industries. So technical knowledge is one of the major challenges in rural areas.

Policy problems: The changing policies of the government on licensing, marketing, legal formalities, quality measurements etc. towards entrepreneurship will create major problems to the rural people.

Unskilled workers: Rural people lacks new skills because of their low level of education, low exposure, lack of training etc. So most of the rural entrepreneurs do not get proper skilled employees to their works.

Lastly, the rural industries like village and cottage industries are facing increasing competition from the large scale organized industries. Due to high cost structure, poor quality and design, the village industries cannot stand in the competition with the organized industries.

Measures to Tackle the Problems

- *Improvement of Infrastructure:* One of the most critical steps is the development of basic infrastructure such as reliable power supply, better roads, rail connectivity, and communication

facilities. Without these, both large industries and rural cottage industries struggle to function efficiently. Special attention should be given to rural and semi-urban areas to support decentralized industrial growth.

- *Improvement of Power Supply:* Given that the lack of power facilities is a major bottleneck, the state needs to invest in renewable energy sources such as solar and small hydroelectric projects in rural areas. This would provide a consistent energy supply for both large and small-scale industries, especially in power-deficit regions.
- *Development of Human Resources:* Assam faces a shortage of technical and skilled personnel. To address this, vocational training centers, Industrial Training Institutes (ITIs), and skill development programs tailored to local needs (such as weaving, metalwork, and agro-processing) should be established and expanded across the state.
- *Promotion of Entrepreneurial Motivation:* There is a clear lack of entrepreneurial motivation among the local population. Entrepreneurship development programs (EDPs) should be conducted regularly, especially in schools, colleges, and rural communities. Incubation centers and start-up hubs can also nurture new ideas and innovations.
- *Attracting Private and Central Investment:* To counter the shyness in the flow of outside private investment and low central investment, Assam should offer investment incentives, such as tax holidays, easy land acquisition processes, and single-window clearances. The state should also actively market its resource potential and strategic location as a gateway to Southeast Asia.
- *Market Linkages and Branding:* Cottage industries like Bell Metal at Sarthebari and Silk Weaving at Sualkuchi need strong market linkages. This includes creating marketing cooperatives. Supporting participation in trade fairs. Building e-commerce platforms and brand identity.
- *Protection against Competition:* To revive and protect traditional industries from extinction due to competition from machine-made goods, the government can impose quality standards

and certification for authenticity. Offer tariff protections or subsidies. Promote the 'Make in Assam' brand as part of the larger 'Vocal for Local' mission.

- *Incorporated Rural Development policy:* The industrial policy must be linked with agricultural and rural development plans. Promoting agro-based industries like food processing, bamboo products, and handloom can create a balanced rural economy, ensuring sustainable livelihoods and reducing urban migration.
- *Promote Local Entrepreneurship & Local recourses:* Launch awareness and motivation programs to cultivate entrepreneurial mindset among the local youth and support them with training, mentorship and funding and also encourage the development of resource-based industries using Assam's rich natural resources like tea, oil, bamboo, and handloom.

Conclusion

India is a land of villages with a vast population. Majority of India's population is living in its vast rural areas. After almost six decade of political independence the pace of development is still slow more particularly for rural sector. In spite of many incentives and tax concessions to entrepreneurs for setting up factories in rural / backward areas, Industrial development in rural India is still a far cry. Thus, the concept of development of rural entrepreneurship assumes crucial importance for a developing country like India. Growth of entrepreneurship plays pivotal role in economic growth of low-income, developing economies by driving the structural transformation from a traditional economy to a modern economy, creating new enterprises, absorbing surplus labour from the agriculture sector, and by raising productivity and employment in both the modern and traditional sectors. Empirics suggest that the vast majority of entrepreneurs in developing countries are involved in micro and small enterprises. In the North East, the Government of Assam is early 1970 carried out an small experiment on Entrepreneurship development for the past few years, the Government and various other different institution exist to facilitate the development of entrepreneurs is the region is setting up of Small and Medium enterprise which provide

assistance in various ways like finance, technical, marketing, training. North East Council (NEC) set up in the year 1972 carried out the important role of entrepreneurship in this region. It made a study on the entrepreneurial and managerial needs of the region through SIET institute. Apart from NEC, now there exist other institution and organization which works or function for the promotion of Entrepreneurs.

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