CHAPTER-1

INTRODUCTION

This chapter discusses the theoretical framework of the subject of study and related issues under consideration. The major contents of this chapter includes conceptual overview and history of entrepreneurship, conceptualization of rural entrepreneurship, rural entrepreneurship development in the context of traditional and alternative paradigms of entrepreneurship development and current scenario of rural entrepreneurship development in India and more specifically in case of the state of Haryana.

1.1 Introduction

Economic development of any region is believed to be the outcome of purposeful human economic activities and the recognition of entrepreneurial role, since the days of industrial revolution, has assumed prime importance. For accelerating economic growth in the developing countries, the entrepreneurial role has taken basic seat in research and in action (Rajbir Singh, 2001). Entrepreneurship is recognized as a prerequisite for sound and sustained economic development, especially the rural economy of a country. (Anand Bansal, 2012) Many studies on entrepreneurship have substantiated the fact that entrepreneurship has a vital economic perspective in terms of productivity, growth, employment generation and innovation (C. Mirjam van Praag Peter H. Versloot, 2008). Entrepreneurship on small scale is the only solution to the problems of unemployment and proper utilization of both human and non-human resources and improving the living condition of the poor masses (Prabha Sigh, 2009). In rural Indian economy tiny and micro enterprises, creates huge employment opportunities; produces necessary goods and services to cater to the local requirements and contributes significantly to the development and growth of the nation. It helps inculcate growth with equity viz; both women and men alike; mobilize savings and internal financial resources for entrepreneurial activities. In fact creation of micro enterprises is considered as an effective tool for sustainable livelihood, poverty alleviation and employment generation.

The present Study has been an attempt to understand, evaluate and document the following two dimensions of the rural entrepreneurship development Programs/initiatives/interventions in the study area-
• Performance evaluation (in terms of financial, operational) of the select Development Institutions/Agencies with respect to such REDPs

• Performance evaluation (in terms of Physical & Financial performance and Socio-economic Impact evaluation) of the select development programs/Schemes of each of such Development Institutions/Agencies

The overall objectives of the study is to examine and evaluate the performance of various government schemes, programs and institutional support in achieving the target of fostering rural entrepreneurship and promote, support and sustain rural entrepreneurs & micro and small village enterprises (MSVEs) in the state of Haryana.

1.2 Theoretical analysis of Rural Entrepreneurship

Throughout the theoretical history of entrepreneurship, scholars from multiple disciplines in the social sciences have grappled with a diverse set of interpretations and definitions to conceptualize this abstract idea. Over time, "some writers have identified entrepreneurship with the function of uncertainty-bearing, others with the coordination of productive resources, others with the introduction of innovation, and still others with the provision of capital" (Hoselitz, 1952). Even though certain themes continually resurface throughout the history of entrepreneurship theory, presently there is no single definition of entrepreneurship that is accepted by all economists or that is applicable in every economy. Much of the theoretical consideration relates to the argument that entrepreneurship is the practice of starting new organizations or revitalizing mature organizations, particularly new businesses generally in response to identified opportunities (Sourav Ghosh, 2012). Entrepreneurship or the self employment is commonly believed to provide an important avenue for individuals to advance up the income ladder. For some people, it may provide a better route than paid employment, while for others, who may be disadvantaged when pursuing paid employment; it may provide the only route.

1.2.1 Entrepreneurship: Concept and Nature

Entrepreneurism has emerged as an important economic development strategy for rural India. Entrepreneurship means different things to different people (T. Petrin, A. Gannon, 1997). It is a complex phenomenon, as it can be viewed from economic, psychological, sociological cultural and integrative perspectives. These different view points lead to varying definitions of entrepreneurship. Defining entrepreneurship is not
an easy task. There are almost as many definitions of entrepreneurship as there are scholar books on the subjects (Stevenson Howard H., Jarillo J. C., 1990). The number of definitions of entrepreneur and entrepreneurship that have been produced over the years in the literature is daunting. Gartner (1988) lists thirty-two different definitions for the purpose of showing that many (and often vague) definitions of the entrepreneur have been used and that there are few studies that employ the same definition. To choose the definition of entrepreneurship most appropriate for the area context of present study, it is important to bear in mind the entrepreneurial skills that will be needed to improve the quality of life for rural individuals, families and communities and to sustain a healthy economy and environment. Barnett (1993) after studying more than 70 viewpoints of scholars on entrepreneurs and entrepreneurship concluded that, it is not easy to come up with a consensus definition from the literature.

The definition of entrepreneurship has been debated among scholars, educators, researchers, and policy makers since the concept was first established in the early 1700’s. The term “entrepreneurship” comes from the French verb “entreprendre” and the German word “unternehmen”, both means to “undertake” (Anantha Raj A. Arokiasamy, 2011) Entrepreneurship has been considered as the propensity of mind to take calculated risk with confidence to achieve predetermined business objectives (Evans, David S., and Linda S. Leighton, 1989). There are many views and opinions on the concept of entrepreneurship. A review of some prevailing definitions of the concept of entrepreneurship are listed below-

"Entrepreneurship is the process of acquiring, assembling, and deploying resources in the pursuit of perceived opportunities for long-term gain." (Bowman & Upton, 1991 "Entrepreneurship is the discovery of new combinations of resources under uncertain situations that generate entrepreneurial rent as reward for risk taking" (Rumelt, 1987). Entrepreneurship is recognized as a primary engine of economic growth. Without it other factors of development will be wasted or frittered away. Entrepreneurship stimulates economic growth through the knowledge spill over and increased competition of the entrepreneurs (Carree & Thurik, 2005). Schumpeter's Definition revealed that entrepreneur in an advanced economy is an individual who introduce something new in the economy- a method of production not yet tested by experience in the branch of manufacturing, a product with which consumers are not yet familiar, a new source of raw material or of new markets and the like. Richard Cantillon asserted that “A person who
pays certain price for a product to resell it at an uncertain price thereby making decision about obtaining and using resources while assuming the risk of enterprise” An Integrated Definition explains the concept as, “Entrepreneurship is a dynamic process of vision, change, and creation. It requires an application of energy and passion towards the creation and implementation of new ideas and creative solutions. Essential ingredients include the willingness to take calculated risks- in terms of time, equity, or career; the ability to formulate an effective venture team; the creative skill to marshall needed resources; the fundamental skills of building a solid business plan; and, finally, the vision to recognize opportunity where others see chaos, contradiction, and confusion.”

The most appropriate definition of entrepreneurship that would fit into the rural development context, argued here, is the broader one, the one which defines entrepreneurship as: "a force that mobilizes other resources to meet unmet market demand", "the ability to create and build something from practically nothing", "the process of creating value by pulling together a unique package of resources to exploit an opportunity". Scholars call people who turn ideas into realities assuming risk and reward as “Entrepreneurs”. For the purposes of this study and keeping in mind its key role in creating value to the rural development, researcher defines Entrepreneurship as ‘Entrepreneurship is the professional application of knowledge, skills and competencies and/or of monetizing a new idea, by an individual or a set of people or communities in the rural areas by launching an micro and small village enterprise de novo or diversifying from an existing one (distinct from seeking self employment as in a profession or trade), thus to pursue growth and rural socio-economic development while generating wealth, employment and social good’.

1.2.2 Rural Entrepreneurship: An 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 (Ahirrao J., Chaugule S., 2010).

Government has moral responsibility in designing, promoting, innovating rural entrepreneurial development Programme for the upliftment 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 (Ahirrao J., Chaugule S., 2010).

The concept of rural entrepreneurship does not dilute the definition of entrepreneurs in general. An entrepreneur is an individual who fails to conform to the traditional structured role given to him in society and finds an exit to venture on his own. In this context of his deviant pursuit, the societal frame of reference of a rural entrepreneur (Baharum S. A., 2004) assumes operational significance. Like entrepreneurship, rural entrepreneurship also conjures different meanings to different people. Without going into semantics, rural entrepreneurship can simply be defined as entrepreneurship in rural areas. In other words, establishing industrial units in the rural areas refers to rural entrepreneurship.

Rural entrepreneurship is, fundamentally, about using a market-driven business model to address key socio-economic issues (David L. Barkley, 2006) pertaining to the rural economy under consideration. It is an emerging field with diverse and shifting interpretations. Entrepreneurship emerging in rural areas is called rural entrepreneurship (Ramalingam C., Gayatri G., 2009). Rural entrepreneurship symbolizes rural industrialization. Rural industrialization provides the best solution to (Ahirrao J., Chaugule S., 2010) tackle with the twin problems of unemployment and poverty stalking the rural areas in the country. That is why the government of India has been assigning increasing importance to the development of rural industrialization or entrepreneurship in her subsequent five year plans.

The focus of rural entrepreneurship is, therefore, very clear. Firstly, it can produce self employment opportunities, to the millions and thus, reduce unemployment; secondly, it can augment employment avenues for others in backward areas and bring in balanced regional development to alleviate poverty. This perspective has viewed and elaborated rural entrepreneurship as rural industrialization consisting mainly of agro-based industries, Khadi and village industries and cottage industries. Industries coming under the purview of Khadi and village industries commission (KVIC), Govt. of India
organization, are treated as rural industries. According to a report of development commissioner, small scale industries (DC-SSI), the basic objectives of fostering rural entrepreneurship through rural industries projects are expeditious growth of micro and small scale industries and creation of opportunities for fuller and additional employment in rural areas so as to improve the earnings of the artisans and rural entrepreneurs.

Rural Entrepreneurship attempts to cater the rural need for Employment generation (Awogben A. C., Iwuamadi K. C., 2010), Income generation, rural development, build up village republics and stopping rural-urban migration (Abraham D. T., Kalamkar S. S., 2011). In accordance with the literature, a rural entrepreneurial economy, as in any other economy, is nothing more than an ecosystem of risk takers, capital providers, markets, technology, and intermediaries that facilitate non-market transactions.

1.2.3 The Rural Entrepreneur

Although no single definition of entrepreneur exists and no one profile can represent today's entrepreneur, research is providing an increasingly sharper focus on the subject. Entrepreneur is a person who assumes risk and control of commercial enterprise. The dictionary meaning is a "bold undertaking where there is an element of risk, whether the enterprise is on small scale or large scale, whether it is carried on by an individual as proprietary concern or takes any other form of business organization, such as partnership, corporate sector in private or public ltd. enterprise and also it is established by male or female entrepreneur"(Friday O. Okpara, 2007).

Entrepreneurs have been described as people who have the ability to see and evaluate business opportunities, gather the necessary resources to take advantage of them and initiate appropriate action to ensure success. Meredith et al (1991). He is a risk-taker, a man, or woman who bears uncertainty, strikes out on his or her own, and through natural wit, devotion to duty and singleness of purpose, somehow creates a business and industrial activity where none existed before. Bird (1992) sees entrepreneurs as mercurial, that is, prone to insights, brainstorms, deceptions, ingeniousness and resourcefulness. They are cunning, opportunistic, creative, and unsentimental.

Rural entrepreneurship is the work of a rural entrepreneur. A Rural entrepreneur is someone who recognizes a business or self employment opportunity in the rural or village context and uses entrepreneurial principles to organize, create, and manage a
venture assuming risk and rewards (Patricia La Caille John, 1993). Successful entrepreneurship is hard work carried out in an unpredictable environment. It requires a blend of calculation and luck laced with the ever present possibility of failure. 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 (Prabjot K., Belwal M., 2011). The entrepreneurial combinations of these resources are, for example: tourism, sport and recreation facilities, professional and technical training, retailing and wholesaling, industrial applications (engineering, crafts), servicing (consultancy), value added (products from meat, milk, wood, etc.) and the possibility of off-farm work. Equally entrepreneurial, are new uses of land that enable a reduction in the intensity of agricultural production, for example, organic production.

1.2.4 Concept of Rural Enterprises

Rural enterprises are defined differently in different countries. The present study uses the term Micro and small village Enterprises (MSVEs) broadly to include any enterprise that involves relatively few individuals or employees engaged in activities in the rural context.

Micro and small village Enterprises (MSVEs) is a comprehensive term that the researcher has used in a common parlance to refer to the economic or business activities carried on in relatively small establishment in the rural context. The concept of smallness is with reference to the scale of operations. This definition of rural enterprises may differ from one country to another. MSVE conceptualizes to include every type of human economic activities which broadly tends to fall under the category of Commercial, Service and Industrial activities. A rural enterprise comes in all types and tends to cover rural traders and merchants, service provider and rural industries, Street venders, carpenters, machine shop operators, Seamstresses and peasant farmers etc.

The different empirical studies and observations made researcher to conceptualize the prevailing trends of form and nature of rural industries as Micro and Small Village Enterprises (MSVEs). MSVEs can be classified into small, tiny, Cottage and Household Industries, Handloom and Textiles, Khadi and Village Industries,
Handicrafts Development and Sericulture. MSVEs includes producers of goods, agro and related products, micro/Tiny/cottage level manufacturing enterprises, Trading enterprise and service providing enterprise covering artisans, skilled craftsmen and Technicians in the areas identified as Villages, small towns which are socio-economically poor, areas rural in nature, industrially backward or less developed or areas purely having purely agricultural or farming pattern of occupation. MSVEs focus on cottage industry/household industry/Tiny industry/Rural Traders etc.

1.3 Entrepreneurism in India

Entrepreneurship is a typical global phenomenon attracting millions of economists, Politicians and social workers (J. P. Kumar, A. Abirami, 2012). In developed countries, entrepreneurship has gained attention in the last century. But in developing countries like India, it has been gained original consideration only in recent decades (Embran, Krishnan M K, 2010). In these countries, entrepreneurship development is considered as the way to promote self-employment- the panacea not only for chronic unemployment among the educated youth but also to sustain economic development and to augment the competitiveness of industries in the eve of globalization and liberalization (Khare R. J., 2011).

India has been predominantly an agriculture-based country and it was the only source of livelihood in ancient time (Nazeerudin, 2012). During prehistoric time when there was no currency system the India economy system followed barter system for trading i.e. the excess of agricultural produce were exchanged against other items. The Economy in India is wholly agriculture based and it is of tremendous importance because it has vital supply and demand links with the other Indian industries (Lohana S. R., Musale R. S., 2011). Agriculture is the main stay of the Indian economy, as it constitutes the backbone of rural India which inhabitants more than 70% of total Indian population. Further, Rural Economy in India has been playing an important role towards the overall economic growth and social growth of India (Vaidyanathan S., Sundar V., 2011).

India is the fifth largest economy in the world (ranking above France, Italy, the United Kingdom, and Russia) and has the third largest GDP in the entire continent of Asia. It is also the second largest among emerging nations. The liberalization of the economy in the 1990s has paved the way for a huge number of people to become entrepreneurs.
Entrepreneurship has been ‘embedded in the Indian genius and is a part of its tradition. The entrepreneurial spirit is an ongoing characteristic of India’s history, particularly visible in a number of communities engaged primarily in trading. Traditionally, the Entrepreneurship of such communities is facilitated principally by the successful use of informal ‘entrepreneurial ecosystems and interdependent business networks. Further, there is also a rich tradition within the Indian Diasporas, spanning the past several hundred years, whose spirit of enterprise is legion (Biswas T., Sengupta P.P., 2008)

1.3.1 Rural Entrepreneurship in India

Rural entrepreneurship is acknowledged as an important component that contributes to the economic development of a country. Rural development is often defined as development that benefits rural populations and is able to uplift on a long term and sustainable basis of the population's standards of living and well-being. It is commonly accepted, that rural areas are associated with poverty and agriculture-based economic activities. Recently however, an enduring claim that entrepreneurial activity promotes economic growth and development has attracted the attention of governments especially in developing countries to embark on various programs and strategies aimed at developing rural areas and increasing rural economic activity through entrepreneurial development.

Rural development is more than ever before linked to entrepreneurship. The entrepreneurial orientation to rural development accepts entrepreneurship as the central force of economic growth and development, without it other factors of development will be wasted or frittered away. However, the acceptance of entrepreneurship as a central development force by itself will not lead to rural development and the advancement of rural enterprises. What is needed in addition is an environment enabling entrepreneurship in rural areas. The existence of such an environment largely depends on policies promoting rural entrepreneurship.

These days rural entrepreneurship in India is seen as the largest force in the development of the rural areas. Infect, many of the developing countries in the world have use the concept of rural entrepreneurship as a very successful method of deterring rural unrest. The greatest asset that the rural areas have in not the natural resource but it is the vast uncultivated land. Due to the ever growing population of the world and the
expansion of the metropolitan areas, government’s reliance on the rural land has significantly increased. These lands are used in the development of industry and establishing manufacturing base. Many countries have used these lands to establish recreational and educational facilities. This is one of the primary reasons that most new institutions of higher education in India too, are opening in suburbs and small towns.

Abraham D. T., Kalamkar S. S. (2011) stated that in India, initiatives like the IRDP and the SGSY were undertaken to reach the poor in the rural areas aimed at increasing income through self-employment. Many of these programs, gave thrust to promoting group entrepreneurship as group approach was considered to be more suitable and therefore to be promoted.

1.3.3 Rural Entrepreneurship in Haryana

The structural composition of state economy has witnessed significant changes since the formation of Haryana State. Agriculture sector still continues to occupy a significant position in state economy, although, the share of this sector in the gross state domestic product is continuously declining. Primarily an agrarian state, now, Haryana is throbbing with industrial activity. The state has taken a number of initiatives for developing industrial infrastructure to achieve consistent economic growth. HSIIDC is the state's premier industrial promotion agency. It is responsible for providing reliable and efficient facilities for entrepreneurs investing in the state.

The Directorate of Rural Development (DRD) plays a major role in the socio-economic growth of the state by implementing various schemes for the upliftment of the rural people. The department has the responsibility to implement special centrally sponsored rural development schemes. At the district level, the schemes are coordinated and implemented by the district rural development agencies with the help of block agencies and other line departments. The Panchayati raj institutions are also fully involved in planning, execution, monitoring of schemes at the field level.

Besides, the state govt. has established Rural Development and Self Employment Training Institutes (RSETIs) in five districts. These institutes are being managed by the public sector banks for training rural Below Poverty Line (BPL) youths for self employment. District Mahendergarh and Sirsa are covered under the 100 percent centrally assisted scheme, namely Backward Regions Grant Fund (BRGF) from the year
2007-08. The objective of the scheme is to fill up the critical infrastructural gaps in various sectors identified by the local bodies.

To alleviate the poverty and for the generation of employment opportunities in the state, a good number of state govt. agencies, financial and development institutions are involved responsible for implementing various schemes both state and centrally sponsored rural development schemes regarding employment generation as Self Help Groups (SHG’s) National Rural Employment Guarantee Programme ,Prime Minister Rojgar Yojna, Rural Employment Generation Programme (REGP),Prime Minister Employment Guarantee Programme (PMEGP) etc. for generation of employment opportunities through establishment of micro enterprises in rural as well as urban areas.

Besides, a good number of agencies like DRDAs, DICs, HKVIB, NABARD, and RRBs etc. have implemented various schemes like Swarnjayanti Gram Swarozgar Yojana (SGSY), SHG-Bank linkage program, PMRY & REGP (now PMEGP), Member of Parliament Local Area Development Scheme (MPLADS), and HSIIDC Udyog Kunj Scheme etc. Institute of Rural Research and Development in Haryana is currently targeting sustainable development in rural Haryana. The goal of the Foundation in India is to improve the overall well-being of villagers through grassroots activities and by promoting "self employment" to the youth of rural Haryana.

1.4 The Entrepreneurship Development Perspectives

There are two distinctive schools of thoughts pertaining to entrepreneurship development around the economies in the world. The first relates to a traditional paradigm of education and training for developing first generation entrepreneurs. The second school of thought advocates not only developing and enabling potential entrepreneurs but providing start-up support (through an eco-system of policy, facilities, credit & finance, Technical, managerial and strategic support framework) also (Gorman, G., Hanlon, D. & King, W., 1997).

A traditional paradigm in entrepreneurship development assumes that the process of entrepreneurship development is associated with entrepreneurship development programs (EDPs) conducted mainly for the purpose of identifying and developing potential entrepreneurs (Chandrasekhar K.S., 2006). These EDPs are devised for grooming entrepreneurs through entrepreneurial training to develop and strengthen the entrepreneurial quality (Kroon J., Klerk S. D., Dippenaar A., 2006) and competencies of
the potential entrepreneurs willing and ready to build their own business or enterprise creation. The basic features of such EDPs are identification and careful selection of potential entrepreneurs for training, developing entrepreneurial capabilities of the trainees (Kumar S. A., 2008), equipping the trainees with basic managerial understanding and ensuring a viable industrial project for each identified potential entrepreneur (J.S. Saini J. S., Bhatia B. S., 1996).

It is primarily meant for developing first generation entrepreneurs. Entrepreneurial development is a process in which persons are injected with motivational drives of achievement (Shah P., Mehta B., 2012) and in right to tackle uncertain and risky situations especially in business undertakings. The process of entrepreneurial development focuses on training, education, reorientation and creation of conductive and healthy environment for the growth of enterprises (Kao, J.J. and Stevenson, H.H., 1985).

1.4.1 The Paradigm of Rural entrepreneurship development

With a shift in the traditional paradigm, rural entrepreneurship development as an alternative paradigm involves developing capacity of rural people or communities to be entrepreneurial in their own rural context and providing start-up support (through an eco-system of policy, facilities, finance, Technical, managerial and strategic support framework). The strategy for RED is three pronged. RED is mainly concerned with the development of three constituent aspects of the concept of rural entrepreneurship namely development of rural entrepreneurs, development of rural enterprises and development of rural entrepreneurial eco-system. These aspects may also be defined as the developmental needs with respect to RED. The basic objective of rural entrepreneurship development demarcated by policy makers in our country envisaged the commitment to create socio-economic parity in the rural areas as against its counterparts. Rural Entrepreneurship Development aims at bringing about the dispersal of micro and small village industries (MSVEs) in rural areas with the advantage of optimum mobilization of local resources.

Entrepreneurial development is the practice of encouraging the creation and growth of start-up companies-represents another emerging set of innovative development practices. Rural Entrepreneurship Development (Kirve H., Kanitkar A., 1993) is a vital program for socio-economic development of rural areas. The objectives are to trigger economic development and generate employment by providing necessary factor inputs
and infrastructure for productive uses in agriculture and rural industries, and improving the quality of life of the rural people by entrepreneurial Empowerment. This also focuses on to help upgrade the skill, creativity & productivity of rural artisans and encourage value-addition and quality of their products.

The rationale for the Rural Entrepreneurship Development is rooted in a clear opportunity for building more prosperous, dynamic and sustainable economies in rural India through entrepreneurship development enabling the rural people to build micro and small industries on their own. Energizing rural entrepreneurs is one important place of this strategy for rapid rural industrialization and creating Rural Entrepreneurship Development eco-system that focus on supporting rural entrepreneurs and building entrepreneurial communities is another part of this strategy.

1.4.2 Scope of Rural entrepreneurship development

Rural industrialization driven rural entrepreneurship development for promoting Micro and Small Village Enterprises (MSVEs) is considered basically a question of properly linking the rich, but idle natural resources in the rural areas. It is a process of the involvement of industries in the development of an area and also participation by area factors and agents in the growth of industries best suited to that specific area. It implies a fusion among the resources of the rural area and people’s aspirations and the industrial activities.

The scope of RED revolves around building a system of support for entrepreneurs – through a focus on entrepreneurship education, technical assistance, and financial capital – and to create a culture of entrepreneurship and supportive policy that would sustain these efforts into the future. Rural Entrepreneurship Development (RED) Policies, efforts, programs and schemes focus on:-

- Identification and cultivation of potential entrepreneurs among different target groups such as Rural Poor, Women, Minorities, SCs, STs, OBCs etc and promotion of rural unemployed people (men & women) into gainful economic activities.

- Recognize and developing a climate conducive to the development of rural enterprises and entrepreneurs and Creating and fostering a support environment such that any resident with the motivation and capacity to become an entrepreneur can do so, regardless of location in rural hinterland.
Identification of area-specific viable manufacturing and service activities, developing the potential of setting up all types of industries in the rural areas and Promoting and Supporting Micro and Small Village Enterprises (MSVEs) for rural people to utilize their potential for self-employment and innovation.

Providing, developing and augmenting both production-oriented and welfare-oriented rural infrastructure, and physical facilities to facilitate setting up of new enterprises.

Identifying the educational and training & Development needs of the rural people, designing suitable program of entrepreneurial education and providing them with the skills, knowledge and tools needed to start their own venture, and establishing and sustaining a comprehensive and supportive institutional framework for providing Gainful economic and employment opportunities to utilize rural resources.

Fostering institutional network to provide necessary support and assistance pertaining to Credit and finance, Technical Know-how, input sources and procurement, information and Data need about govt. Policies, Market potential sand competition in the market, technological changes, opportunities and treats to their business etc.

Institutionalization of support agency network to deliver customized and comprehensive entrepreneurial solutions to suit the specific requirements of rural entrepreneurs and Extending candidate specific 'escort services' to entrepreneurs’ right from project identification, availing financial assistance and accessing markets.

Economic empowerment to rural people and empowering prospective rural entrepreneur through knowledge and expertise

Alleviation of Poverty and unemployment.

Keeping in view the aforesaid contents of rural entrepreneurship development for expeditious rural industrialization and present socio-economic contents of the state, the process of rural entrepreneurship development demands the following essential conditions in its perspectives: (i) Micro and Small Village Enterprises (MSVEs) built and managed by first generation rural entrepreneur should be based on the locally available raw material. (ii) Scope of marketing should be extended to urban, regional,
national and if possible up to foreign trade (iii) Appropriate and up-to-date technology adoption by Micro and Small Village Enterprises (MSVEs) to enhance viability and competitive strength.

1.5 Govt. Role in Developing Rural Entrepreneurship

Rural policy makers are turning to entrepreneurial development strategies to stimulate economic growth. In many respects, by making entrepreneurship a cornerstone of economic development, these new endeavors are forging a new policy frontier. However, the impacts of these activities are largely unknown. Going forward, the impacts must be monitored to ensure the benefits outweigh the costs.

In India, the Government's policy and programmes have laid emphasis on poverty alleviation, generation of employment and income opportunities and provision of infrastructure and basic facilities to meet the needs of rural poor. Governments at the Centre as well at the State designed a number of schemes and programs for the support of entrepreneurs in general and for rural men/women entrepreneurs in particular. Government has identified several sectors in the rural areas and has accordingly formed various schemes to improve and enhance the socio-economic well being and quality of life in villages. RED in India has received much attention during the last few years. The Department of Rural Employment and Poverty Alleviation under the Ministry of Rural Development have initiated several schemes in which 30 to 40 per cent of the benefits are reserved for rural women below the poverty line. The underlying philosophy of these schemes is to encourage entrepreneurship and self-help among rural women. Several policies, programs, schemes, procedures and institutions have been formulated and setup to support development of entrepreneurship among the rural people in India (N.C. Saxena, 2007). Such developmental and promotional measures can be categorized as follows-

1. Policy framework supporting rural entrepreneurship and entrepreneurs.
2. Programs supporting rural entrepreneurship and entrepreneurs.
3. Institutional support to rural entrepreneurship and entrepreneurs.

1.5.1 Govt. Policies, Assistance and Programs

Rural entrepreneurship development program/sponsored schemes (Nitin Jain, 2006) has been perceived by the researchers as a supplementary measure and is undertaken within the broader context of rural development framework. These programs
aim primarily at not only providing the means of self-employment to the person concerned but at the same time providing direct and indirect employment opportunities to many others (Ashappa C., Hanamanthappa B. Sedamkar, 2011).

REDPs are envisioned as mechanism of socio-economic development of the rural India (Shiva Kant Singh, 2002). Such Programs creates entrepreneurs who are able to establish small and micro enterprises which require lower investment of funds and a few employees only (R. K. Khatkar, 1989). These programs aims at mitigating poverty, elimination of unemployment and thus providing gainful self-employment and promotion of micro and small village enterprises (MSVEs), balanced regional development, Utilization of local resources, in the rural areas and to check lopsided economic development.

The various government schemes offered which includes entrepreneurship development concept are Prime Minister’s Rojgar Yojna (PMRY), Swarnjayanti Gram Swarojgar Yojna (SGSY), and rural employment generation Program (REGP). Swarnjayanti Gram Swarojgar Yojana Scheme (SGSY), the amended and merged version of the erstwhile Development of Women and Children in Rural Areas (DWCRA), Integrated Rural Development program (IRDP) and Training of Rural Youth for Self Employment (TRYSEM), was launched in April 1999. It is a holistic credit-cum-subsidy program, covering all aspects of self-employment.

An overview (chapter-5) of the major conclusions drawn from the secondary Data analysis of the centrally and state sponsored rural industrialization and employment generation schemes and programs implemented in the state provide the perspective to identify the core issues related to performance of such program/sponsored schemes and their true impact on the socio-economic well being of the people in the rural context and fostering and nurturing rural entrepreneurship and micro and small village enterprises (MSVEs).

Keeping in view the documented objectives, a detailed study about Govt. policies, assistance and programs has been done in chapter five (5) entitled as “Role of Select Development Agencies and programs” and the impact evaluation of such programs in chapter six (6) entitled as Impact and growth Analysis.

1.5.2 Institutional Network and Support Agencies

A network of organizations is there in the state, which provides loan facilities as well as training, consultancy, and marketing services to the rural entrepreneurs. The
government has created institutional network to provide the infrastructural support to entrepreneurs (Arun Aggarwal & Nicolas Perrin, 2009). A number of institutions and government agencies (Vaidyanathan S., Sundar V., 2011) at different levels are involved in RED creating an entrepreneurial eco-system for removing various environmental and personal inhibiting factors or barriers to the growth of rural micro and small village enterprises (Kalpana Vaish, 1993). Entrepreneurship development institutions in context represent the Institutional Network and Support Mechanism for Rural Economic Development (Bharati V. Pathak, Pathak Bharati V., 2011). The government of India and the respective governments in the states have created, developed and sustained the institutional network of organized developmental institutions in the country supporting the development and sustenance of micro and small village enterprises and alleviating rural poverty (Rakesh Kumar Gupta, 1993). The various central and state sponsored institutions and autonomous agencies for support of SSI are SSI board, KVIC, SIDO, NSIC, NSTEDB, NPC, NISIET, IIE and EDI etc. The state government agencies are DI, DIC, SFC, SIDC, SIIC, SSIDC etc (Bhole, 2009).

State Government of Haryana provides special care for the development of infrastructure for the development of rural enterprises. The efforts of the state in this direction are supplemented by the Central scheme called "Integrated infrastructure development" (IID). National Programme for Rural industrialization (NPRID) is another Central Govt. Scheme to set up Industrial clusters in Rural and backward areas.

Keeping in view the documented objectives, a detailed study about development organizations and support agencies has been done in chapter four (4) entitled as “Institutional network and support agencies” and their developmental roles in chapter five (5) entitled as “Role of Select Development Agencies).

1.6 Performance Appraisal Perspectives

The Oxford English dictionary defines performance as the “accomplishment, execution, carrying out, and working out of anything ordered or undertaken”. Armstrong and Baron (2005) argue that performance is a matter not only of what people achieve, but how they achieve it. Bates and Holton (1995) suggest that performance is a multidimensional construct, the measurement of which depends on a variety of factors. Brumbach (1998) offers the most precise definition. “Performance means both behaviors and results. Behaviors are also outcomes in their own right and can be judged apart from results”.

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Similarly, Performance Appraisal is considered one of the most important human resource practices (Boswell and Boudreau 2002). The Oxford English Dictionary defines appraise as “estimate the value or quality of”. Linking this to performance, Bird (2003) suggest performance appraisal is the assessment of what we produce and how. The phrase performance appraisal, in the present context of study, refers to program evaluation. The process of evaluation provides with better means for learning from past experience, improving service delivery, planning and allocating resources and demonstrating results as part of accountability to key stakeholders.

Program evaluation, as viewed by the researcher, is an objective assessment of an ongoing or recently completed project, program or policy, its design, implementation and results. Evaluation deals with questions of cause and effect. It is assessing or estimating the value, worth or impact of an intervention and is typically done on a periodic basis – perhaps annually or at the end of a phase of a project or program. An evaluation studies the outcome of a project (changes in income, housing quality, benefits distribution, cost-effectiveness, etc.) with the aim of informing the design of future projects. Evaluation looks at the relevance, effectiveness, efficiency and sustainability of an intervention. It will provide evidence of why targets and outcomes are or are not being achieved and address issues of causality. Evaluation Analyzes why intended results were or were not achieved, Assesses specific casual contributions of activities to results, Examines implementation process, Explores unintended results, Provides lessons, highlights significant accomplishments or program potential and offers recommendations for improvement.

Program Impact assessment is a particular aspect of evaluation, focusing on the ultimate benefits of an intervention. The impact evaluation assesses changes in the well-being of individuals, households, communities or firms that can be attributed to a particular project, program or policy. Impact Assessment is an aspect of evaluation that focuses on ultimate benefits. It sets out to assess what has happened as a result of the intervention and what may have happened without it. Where possible impact assessment tries to differentiate between changes that can be attributed to the program from other external factors that may have contributed as well as examining unintended changes alongside those intended. Impact assessment Seeks to capture and isolate the outcomes that are attributable (or caused by) the program, processes, reports and analysis, Provides an in-depth understanding of the various causal relationships and the mechanisms
through which they operate, May seek to synthesize, compare, contrast a range of interventions in a region, timeframe, sector or reform area.

Performance evaluation sets out an evaluation framework for obtaining, analyzing and appraising information about the relative worth of various developmental programs, sponsored schemes and the development organizations. In the present context of the study, this refers to the evaluation of the physical and financial performance of rural entrepreneurship development program/sponsored schemes and assessment of the impact of such interventions on the socio-economic well being of rural people. Such evaluation is intended to provide information for and answers basic questions about various program’s effectiveness, and evaluation data can be used to improve program focus area. Such evaluation study of government-backed development organizations and schemes are initiated to review the financial and physical progress, role of people and people’s organizations in planning, implementation and monitoring of schemes, level of achievement of objectives and the effectiveness of the administrative and implementing systems. The performance appraisal of evaluation study draws important and useful lessons to help designing future programs and policies.

The focus of the performance appraisal rural entrepreneurship development programs is measuring and evaluating the actual performance of the development institutions and sponsored schemes to judge their contribution in relative terms of the desired/planned outcomes. Its aim is to measure and judge the gap between the actual and the desired performance.

1.6.1 Scope of Performance Evaluation

The scope of this study is limited to a few selected institutions and further self-employsments program and entrepreneurship development schemes implemented by respective selected institutions fostering rural entrepreneurship in Haryana.

With respect to theoretical and factual evaluation in the light of documented objectives, the present study made an attempt to understand and document the following two dimensions of the rural entrepreneurship development Programs/initiatives/interventions in the study area-

- Performance evaluation (in terms of financial, operational) of the select Development Institutions/Agencies with respect to such REDPs
- Performance evaluation (in terms of Physical & Financial performance and Socio-economic Impact evaluation) of the select development programs/Schemes of each of such Development Institutions/Agencies.

A detailed discussion about the various aspects of the scope of the present study in chapter three entitled as “Research Methodology” tends to appreciate the relevance of above documented appraisal/evaluation considerations.

1.7 concepts and operational definitions

This section deals with concepts and operational definitions of terms which are much important for this study. Some of the terms used frequently in this study are defined for the purpose of clarity.

**Performance:**

The term performance in the context of present study has been defined as the “operationalisation, implementation, execution, accomplishment, and delivery of planned outcomes to the stakeholders of anything ordered or undertaken. The phrase performance, in the present context of study, refers to the operationalisation, implementation, execution, accomplishment of development programs and Govt. sponsored schemes, and delivery of planned outcomes to the beneficiaries of the programs and society at large in a manner the program has been conceptualized.

**Performance Appraisal:**

Bird (2003) suggest performance appraisal is the assessment of what we produce and how. The phrase performance appraisal, in the present context of study, refers to program evaluation. The process of evaluation is an objective assessment of an ongoing or recently completed project, program or policy, its design, implementation and results. Evaluation Analyzes why intended results were or were not achieved, Assesses specific casual contributions of activities to results, Examines implementation process, Explores unintended results, Provides lessons, highlights significant accomplishments or program potential and offers recommendations for improvement. The term evaluation answers the question “what has happened as a result of the intervention?”

**Impact:**

Impact is the effect as perceived in the development program aspects. Impact assessment Seeks to capture and isolate the outcomes that are attributable (or caused by)
the program, Will review all fore-going M&E activities, processes, reports and analysis, Provides an in-depth understanding of the various causal relationships and the mechanisms through which they operate, May seek to synthesize, compare, contrast a range of interventions in a region, timeframe, sector or reform area.

**Entrepreneurship:**

Entrepreneurship is the process of acquiring, assembling, and deploying resources in the pursuit of perceived opportunities for long-term gain. In the present context, the term Entrepreneurship refers to the process of new venture (An income generating activity) creation by acquiring, assembling, and deploying physical and human resources and relevant knowledge in the pursuit of perceived opportunities for long-term gain, assuming risk and rewards.

**Rural Entrepreneurship:**

It means establishing a Rural Enterprises i.e. a new business either commercial, industrial or service venture in the rural areas. Rural Entrepreneurship is the dynamic process of launching a micro and small village enterprise de novo or diversifying from an existing one [distinct from seeking self employment as in a profession or trade] by an individual or a set of people or communities in the rural areas, thus to pursue growth and rural socio-economic development and people wellbeing while generating wealth, generation of rural income, employment opportunities, social good and strengthening of purchasing power of the rural people..

**Rural entrepreneur:**

A Rural entrepreneur is someone who is prepared to stay in the rural area and contribute to the creation of local wealth by recognizing a business or self employment opportunity in the rural or village context and uses entrepreneurial principles to organize, create, and manage a venture assuming risk and rewards.

**Rural Enterprises:**

Rural Enterprises refers to business activities either commercial, industrial or service venture in the rural areas. The present study uses the term Micro and small village Enterprises [MSVEs] broadly to include any enterprise that involves relatively few individuals or employees engaged in activities in the rural context. Micro and small
village Enterprises [MSVEs] is a comprehensive term that the researcher has used in a common parlance to refer to the economic or business activities carried on in relatively small establishment in the rural context. The concept of smallness is with reference to the scale of operations. A rural enterprise comes in all types and tends to cover rural traders and merchants, service provider and rural industries, Street vendors, carpenters, machine shop operators, and peasant farmers etc.

Village industry:

According to the Khadi and village industries commission [KVIC], [M. Soundarapandian, 1999] “Village industry or rural industry means any industry located in rural areas, population of which does not exceed 10,000 or such other figure which produces any goods or renders any services with or without use of power and in which the fixed capital investment per head of an artisan or a worker does not exceed a thousand rupees”. The definition of village industry has been recently modified by the government so as to enlarge its scope. Accordingly, any industry located in rural areas, village or town with a population of 20,000 and below and an investment of Rs. 3 Crores in plant and machinery is classified as a village industry [M. Soundarapandian, 1999].

Micro and Small Village Enterprises [MSVEs]:

The review of a vast pool of empirical studies and observations made researcher to conceptualize the prevailing trends of form and nature of rural industries as Micro and Small Village Enterprises [MSVEs]. MSVEs can be classified into small, tiny, Cottage and Household Industries, Handloom and Textiles, Khadi and Village Industries, Handicrafts Development and Sericulture. MSVEs includes producers of goods, agro and related products, micro/Tiny/cottage level manufacturing enterprises, Trading enterprise and service providing enterprise covering artisans, skilled craftsman and Technicians in the areas identified as Villages, small towns which are socio-economically poor, areas rural in nature, industrially backward or less developed or areas purely having purely agricultural or farming pattern of occupation. MSVEs focus on cottage industry/household industry/Tiny industry/Rural Traders etc.

Rural Development:

Rural Development is a broad, inclusive term which takes in its ambit socio-economic and political development of the rural areas. It includes measures to strengthen
the democratic fabric of society through the Panchayati Raj Institutions as well as provide the vast rural multitude ‘voice and choice’ apart from measures to improve the rural infrastructure, improve income of rural households and delivery systems pertaining to education, health and safety net mechanisms. Poverty alleviation and socio-economic wellbeing of rural people and development of social and economic infrastructure are the key components of rural development.

**Entrepreneurship Development:**

This refers to the process of identifying, developing and grooming potential entrepreneurs through entrepreneurial training, developing entrepreneurial capabilities of the trainees, equipping the trainees with basic managerial understanding and ensuring a viable industrial project for each identified potential entrepreneur. The process of entrepreneurial development focuses on training, education, reorientation and creation of conductive and healthy environment for the growth of enterprises.

**Entrepreneurship Development Programs (EDPs):**

EDPs refers to the educational and training programs primarily meant for developing first generation entrepreneurs, conducted mainly for the purpose of identifying and developing potential entrepreneurs, strengthening the entrepreneurial qualities and competencies of the potential entrepreneurs willing and ready to build their own business or enterprise creation.

Rural entrepreneurship development: Rural entrepreneurship development as an alternative paradigm involves developing capacity of rural people or communities to be entrepreneurial in their own rural context and providing start-up support [through an eco-system of policy, facilities, finance, Technical, managerial and strategic support framework]. Rural entrepreneurship development is mainly concerned with the development of three constituent aspects of the concept of rural entrepreneurship namely development of rural entrepreneurs, development of rural enterprises and development of rural entrepreneurial eco-system.

**Rural Entrepreneurship Development Program (REDPs):**

REDPs in the context of present study, refers to ‘Government interventions'- both institutional and sponsored schemes. The Government's policy and programmes for the development of rural areas which includes the concept of entrepreneurship development,
Self-employment generation, development of khadi and village industries, rural industrialization and Poverty alleviation etc. has been envisioned by the researcher as a mechanism of socio-economic development of the rural areas and conceptualized as Rural Entrepreneurship Development Program (REDPs). Such Programs creates entrepreneurs who are able to establish small and micro enterprises which require lower investment of funds and a few employees only. These programs aims at mitigating poverty, elimination of unemployment and thus providing gainful self-employment and promotion of micro and small village enterprises [MSVEs], balanced regional development, Utilization of local resources, in the rural areas and to check lopsided economic development.

References:-


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