CHAPTER 1

INTRODUCTION AND DESIGN OF THE STUDY

1.1 INTRODUCTION

After centuries of colonial rule, we started to think as a Nation. We had made up our minds that India needs the goodness of both capitalism and socialism. Hence, we adopted a middle path called mixed economy. It was a partnership of private and government enterprises. Government concentrated on the basic infrastructure, core industries and the others were left to the private sector. The father of the nation, Mahatma Gandhi said that “India lives in villages”. Following the vision of Ramarajya, first five year plan was dedicated to agriculture. From there onwards, we have not looked back. However, the pace of development was so slow up to 1980, that the Westerners termed it as the “Hindu rate of growth”.

The decade after 1980 saw a change in the policy approach. The change continued and further accelerated in 1990s and thereafter. We realized that globalization is a universal reality. The economy was opened up. It is a known reality that countries with higher skill levels and education have become favored destination for multinational corporations and foreign investments. Our achievements in Green Revolution and White Revolution were highly appreciated and today we are almost a net exporter of food grains. More and more foreign investment started flowing in. The growth rate was impressive and could look for a double digit GDP growth, in the decade to come. The capital market showed an impressive growth. India became the favored destination for investment and human capital. Indian corporates are
spreading their wings abroad. Every one among ten people uses cell phones. We have cheaper phone connectivity, broadband, faster trains, express highways. No doubt, independent India is growing at a faster rate second to China.

The role of entrepreneurs (particularly in rural area) in the economic development of India perhaps cannot be overemphasized. The magnitude of unemployment and underemployment have been nightmarish for India’s policy-makers and administrators.

Given the nature and trends of economic development, both agricultural and industrial, on the one hand and the unemployment problem on the other, one can easily gauge the vast gap and therefore the need for the development of entrepreneurship for self-employment in rural areas. With the growth and diversification of the economy new avenues of self-employment are available for potential entrepreneurs. But, it is one thing to have potentialities, and quite another to be critically aware of the potentialities and realize them into actual practices.

Planners are fully aware of the problems of rural India and to solve them various special rural employment programmes have been launched both by the central and state governments. It is also being realized that agriculture alone cannot provide full employment opportunities to the unemployed and underemployed. One, therefore, has to plan for employment opportunities outside agriculture, preferably for viable self-employed entrepreneurial activities.

The experience of developing countries suggests that natural resources, capital, manpower, available technologies and infrastructural facilities cannot guarantee entrepreneurial development if people lack motivation to adapt that role. The obvious questions therefore are: are the rural people motivated to adopt entrepreneur role? What are the constraints the entrepreneur faces? What kind of transformation they have attained? All these questions and similar are the basic concerns of the research reported here.
It is within this scheme of analysis the motivational patterns of the rural entrepreneurs and the constraints for their entrepreneurial performances are examined in this study. It is difficult to generalize the phenomenon of rural entrepreneurship in India because of the vastness of the country and the variations in conditions and situation. The focus is to analyze rural entrepreneurship in a particular rural environmental setting to understand the process in a more comprehensive and methodical manner. To the extent the study is carried out in a particular rural setting, it remains to be a case study in which attempts were made to generalize and validate certain hypotheses. To the extent similar situations and settings are obtained elsewhere, the generalizations derived from this study may be found useful.

The subject for the present study was chosen from the rural area of Karnataka state. The decision to choose Karnataka state was concurrent. The researcher observed a few number of studies carried out on off-farm entrepreneurial business activities which seemed to him more numerous and varied in Karnataka. This fact itself prompted him to take up this research study. The selection of village in Karnataka itself brought in a discriminating variable in the design of this study because of the influence of entrepreneurial culture. The question, however, still remains about the specificity of the ethos of culture influencing rural entrepreneurship. This study attempts to highlight such specificity.

The present study is not a representative one of Indian rural scene. Nor the selected taluks are representative ones of Karnataka state. This research study examines the entrepreneurial response of a rural people towards a particular kind of developmental and environmental stimuli or opportunities

1.2 STATEMENT OF THE PROBLEM

"India lives in its villages" - Mahatma Gandhi. Literally, from the social, economic and political perspectives the statement is valid even today.
Around 68.84 per cent of the India's population is living in rural areas. People in rural areas should have the same quality of life as is enjoyed by people living in sub urban and urban areas. Further there are cascading effects of poverty, unemployment, poor and inadequate infrastructure in rural areas on urban centres causing slums and consequential social and economic tensions manifesting in economic deprivation and urban poverty. Hence Rural Development which is concerned with economic growth and social justice, improvement in the living standard of the rural people by providing adequate and quality social services and minimum basic needs become essential.

The prime goal of rural development is to improve the quality of life of the rural people by alleviating poverty through the instrument of self-employment and wage employment programmes, by providing community infrastructure facilities such as drinking water, electricity, road connectivity, health facilities, rural housing and education and promoting decentralization of powers to strengthen the Panchayat raj institutions.

The opening up of the economy so far has been merely restricted to large organized sector, rather than being more widespread. It is only now that we are realizing that freeing the small and medium entrepreneurs from government controls may bring immediate benefits to a large number of dispersed and unorganized business activities, and boost employment. The studies on Rural Entrepreneurship offer many important new insights into the internal workings of a prime sector of the economy and raise a few more questions requiring further investigation. The research is carried with the notion that the entrepreneurial activity leads to the transformation of the rural. With this background, the present research was undertaken to assess the association between Entrepreneurial activity and Rural Development. In addition to this it is also aimed at identifying the motivational factors for rural entrepreneurs, challenges faced by them and future possible entrepreneurial opportunities. The title of the research is “Rural Entrepreneurship
Development for Rural Transformation” with special reference to select villages of Karnataka State has been selected for analysis.

1.3 OBJECTIVES OF THE PRESENT RESEARCH

1. To explore the Demographic characteristics among Rural Entrepreneurs

2. To understand the variables that affect the annual income of an entrepreneur

3. To identify the predominant motivating factors that influence the individuals to become entrepreneurs

4. To know the various challenges encountered in the rural entrepreneurship

5. To know the preferences of Rural Entrepreneurs in the expansion of their business

6. To know the role of Rural Entrepreneurship in Rural Transformation.

7. To develop a framework of relationship between Motivational factors and Challenges for transformation of Entrepreneurs.

1.4 PROFILE OF THE STUDY AREA

Karnataka State, one of India's southern states has historically been known for being home to some of the most powerful dynasties and empires of ancient and medieval India. Karnataka state consists of 30 districts, 176 Taluks and 27397 villages. These districts of Karnataka are broadly categorized under 4 revenue division namely, Bangalore, Mysore, Belgaum and Gulbarga divisions for the purpose of administrative requirement (Figure 1.1).
Karnataka having 30 districts (Figure 1.2) retains ninth rank with a population of 6,10,95,297 accounts for 5.05 per cent of Country’s population of 1,21,05,69,573 in 2011. Of the 6,10,95,297 persons enumerated in the state, 50.68 per cent are Males and 49.32 are Females. 61.33 per cent of people reside in the rural areas and 38.67 per cent in urban areas. The sex ratio for rural population has increased from 977 in 2001 to 979 in 2011. For the urban population, the sex ratio has registered increase of 21 points. The
state is witnessing constant increase in the effective literacy rate over the past decade from 66.64 per cent to 75.36 per cent. While male literacy rate has increased from 76.10 per cent to 82.47 per cent, the Female literacy rate has increased from 56.87 per cent to 68.08 per cent. The number of cultivators in state has decreased from 6883856 in 2001 to 6580649 in 2011. The proportion of cultivators to total workers has decreased by -4.40 per cent and the decrease in the proportion in male cultivators is nominal at -1.64 per cent, whereas the decrease in the proportion of female Cultivators is high at -10.93 per cent.

Figure 1.2 Karnataka District Map
1.4.1  Bangalore Division

In Bangalore Division, there are nine districts namely Bangalore, Bangalore Rural, Chikballapur, Chitradurga, Davangere, Kolar, Ramanagara, Shivamogga and Tumkur Districts. Among nine districts, Davangere district is selected by using random sampling.

1.4.1.1  Davangere district

A unique district located in the central part of Karnataka, it is alternatively called the Oxford of Karnataka. This is because there are institutions of repute ranging from primary to post graduate level. The district is surrounded by five districts namely Haveri and Shivamogga on the west, Bellary on the north, Chitradurga on the east and Chikamagaluru on the south.

The population of the district according to 2011 Census is 19,45,497 comprising 9,86,400 males and 9,59,097 females. 67.67 per cent of the population lives in rural and 32.33 per cent in urban areas. The rural population is dispersed amongst 800 inhabited villages belonging to six taluks.

1.4.2  Belgaum Division

In Belgaum Division, there are seven districts namely Bagalkot, Belgaum, Bijapur, Dharwad, Gadag and Haveri and Karwar / Uttara Kannada Districts. Among seven districts, Belgaum District is selected.

1.4.2.1  Belgaum district

Belgaum (earlier known as "Venugrama" or the "Bamboo Village") is one of the oldest, strong, prominent and well cultured and a historical place nestling high in the Western Ghats. The old town area with cotton and silk weavers stands gloriously besides the modern, bustling, tree-lined British Cantonment. It lies in the zone of cultural transition between Karnataka,
Maharashtra and Goa. Belgaum has now become one of the important districts in the state of Karnataka. Belgaum is now marching with a tag of fast growing, redeveloping district with a population of approximately over 47,79,661. 74.66 per cent of the population lives in rural and 25.34 per cent lives in urban areas. The rural population dispersed in 1263 inhabited villages. Belgaum district has fourteen taluks.

1.4.3 Mysore Division

In Mysore Division, there are eight districts namely Chamarajanagar, Chikmagalur, Dakshina Kannada, Hassan, Kodagu, Mandya, Udupi and Mysore districts. Among eight districts, Kodagu District is selected.

1.4.3.1 Kodagu district

Kodagu is well known in the world for coffee and its "brave warriors". The District is predominantly a forest land. Kodagu is a rural region with most of the economy based on agriculture, plantations and forestry. It is one of the most prosperous parts of Karnataka. Coffee processing is a major economic contributor. Most of the people are engaged in coffee plantation work, which is the backbone of this economy. The major industries are coffee curing industries, spices, honey and wax products. In recent years tourism has begun to play a role in the economy. Eco-tourism has gained momentum.

The total population in the district is over 5,54,519. 85.40 per cent of the population lives in rural and remaining 14.6 per cent lives in urban areas. Kodagu district has three taluks with 291 villages.

1.4.4 Gulbarga Division

In Gulbarga Division, there are six districts namely Bellary, Bidar, Gulbarga, Koppal, Raichur, and Yadgir Districts. Among six districts, Bellary District is selected.
1.4.4.1 Bellary district

Bellary district takes its name from the word Balari which refers to goddess Durugamma as this goddess had manifested herself in the town. Some of the events in the great epic Ramayana are related to this historical place. It is said that Rama while searching for Sita met Sugreeva and Hanuman at a place which is very near to Hampi, the celebrated capital of Vijayanagara kingdom. As per 2011 census the population of the district stood at 24,52,595. The rural population constitutes 62.48 per cent and remaining 37.52 per cent lives in urban areas. Bellary has eight taluks with 522 villages.

1.5 HYPOTHESES OF THE STUDY

Various hypotheses formulated in the present research is presented in the Table below:

Table 1.1 Hypotheses

<table>
<thead>
<tr>
<th>No.</th>
<th>Hypothesis 1</th>
<th>Hypothesis 2</th>
<th>Hypothesis 3</th>
<th>Hypothesis 4</th>
<th>Hypothesis 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>H0: The Choice of Business Activity and education level of entrepreneurs are independent</td>
<td>H1: The Choice of Business Activity and education level of entrepreneurs are not independent</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>H0: Educational level and initial investment made by entrepreneurs are independent</td>
<td>H1: Educational level and initial investment made by entrepreneurs are not independent</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>H0: Initial investment and annual Business income are independent</td>
<td>H1: Initial investment and annual Business income are not independent</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>H0: Initial investment and employment generated by entrepreneurs are independent</td>
<td>H1: Initial investment and employment generated by entrepreneurs are not independent</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>H0: There is no association between Business opportunities and the execution</td>
<td>H1: There is an association between Business opportunities and the execution</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>H0: There is no significant association between category of enterprise and employment generated</td>
<td>H1: There is a significant association between category of enterprise and employment generated</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Table 1.1 Hypotheses (Continued)

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>7 H0:</td>
<td>There is no significant association between age of business and employment generated.</td>
</tr>
<tr>
<td></td>
<td>H1: There is a significant association between age of business and employment generated.</td>
</tr>
<tr>
<td>8 H0:</td>
<td>Ages of business and loans availed for business are independent.</td>
</tr>
<tr>
<td></td>
<td>H1: Ages of business and loans availed for business are not independent.</td>
</tr>
<tr>
<td>9 H0:</td>
<td>Age of an entrepreneur and nature of business are independent.</td>
</tr>
<tr>
<td></td>
<td>H1: Age of an entrepreneur and nature of business are not independent.</td>
</tr>
<tr>
<td>10 H0:</td>
<td>There is no association between Land Owned by the entrepreneur and choice of business activity.</td>
</tr>
<tr>
<td></td>
<td>H1: There is an association between Land Owned by the entrepreneur and choice of business activity.</td>
</tr>
<tr>
<td>11 H0:</td>
<td>There is no significant association between initial investment made on business and agriculture land owned by rural entrepreneur.</td>
</tr>
<tr>
<td></td>
<td>H1: There is a significant association between initial investment made on business and agriculture land owned by rural entrepreneur.</td>
</tr>
<tr>
<td>12 H0:</td>
<td>There is no association between agricultural land owned and investment source for Business activity.</td>
</tr>
<tr>
<td></td>
<td>H1: There is an association between agricultural land owned and investment source for Business activity.</td>
</tr>
<tr>
<td>13 H0:</td>
<td>Business income and agricultural income are independent.</td>
</tr>
<tr>
<td></td>
<td>H1: Business income and agricultural income are not independent.</td>
</tr>
<tr>
<td>14 H0:</td>
<td>Job experience and business activity are independent.</td>
</tr>
<tr>
<td></td>
<td>H1: Job experience and business activity are not independent.</td>
</tr>
<tr>
<td>15 H0:</td>
<td>Initial investment and investment to existing business are independent.</td>
</tr>
<tr>
<td></td>
<td>H1: Initial investment and investment to existing business are not independent.</td>
</tr>
<tr>
<td>16 H0:</td>
<td>There is no significant association between present investment and employment generated.</td>
</tr>
<tr>
<td></td>
<td>H1: There is a significant association between present investment and employment generated.</td>
</tr>
<tr>
<td>17 H0:</td>
<td>Order of birth and choice of business activity are independent.</td>
</tr>
<tr>
<td></td>
<td>H1: Order of birth and choice of business activity are not independent.</td>
</tr>
<tr>
<td>18 H0:</td>
<td>There is no significance difference between average initial investment and present investment.</td>
</tr>
<tr>
<td></td>
<td>H1: There is a significance difference between average initial investment and present investment.</td>
</tr>
</tbody>
</table>

Note: Hypothesis No. 2, 9, 14, 17 is related to objective No. 1
Hypothesis No. 8, 10, 11, 12 and 15 are related to objective No. 2
Hypothesis No. 3 and 13 are related to objective No. 3
Hypothesis No. 5 is related to objective No. 4
Hypothesis No. 1 is related to objective No. 5
Hypothesis No. 4, 6, 7 and 16 are related to objective No. 6
1.6 RESEARCH METHODOLOGY

The study had to be descriptive against the backdrop of the fact that the researcher had no control over the scheme of the prevalent and evolving dynamics of the research environment. In this sense, the research effort has made a sincere attempt to measure and report the most relevant factors in an unbiased manner. The researcher has opted Descriptive Research method. Here the description of the state of affairs as it exists at present is presented. The researcher has no control over the variables; researcher can only report what has happened or what is happening. Researcher can discover the variable and he cannot have control over it in Descriptive Research. The researcher has used opinion survey with field visits to select villages of Karnataka State to collect data.

1.6.1 Sample Design and Size

In the selection of sample respondents, cluster sampling method is used. Sample refers to the number of data to be gathered for the study from the given population. Since the study covers the select villages in Karnataka state, the sample size is calculated. To calculate the sample size ‘n’ for a population, the following Equation (1.1) is used.

\[ n = \frac{z^2(pq)}{E^2} \]  

\[ p = \frac{30}{50} \]

\[ q = 0.4 \]

\[ n = \frac{1.96^2(0.6*0.4)}{0.05^2} \]

\[ n = 386.79 \]

\[ n = 400 \]
whereas $\sigma$ - Standard Deviation, $z$- Confidence Interval and e-error

Based on the literature review, the standard deviation $\sigma$ value was calculated as $\sigma=0.50$ with 95 per cent of confidence level the value of $z$ is 1.960 and with standard error of 0.05 the sample size is calculated. The calculated sample size was 384, which was collected from the select villages in Karnataka State. But the researcher has supplied the questionnaire to 416 samples and 16 samples found to be not responded to the expectation of the researcher. Finally 400 samples were selected for this study.

1.6.2 Reliability Test

The reliability of the enquiry schedule and the individual items in it were tested with the help of Cronbach’s alpha. Examination of Cronbach’s alpha provides information about the reliability of any given set of measures. Cronbach’s alpha reliability coefficient normally ranges between 0 and 1. However, there is actually no lower limit to the coefficient. The closer Cronbach’s alpha coefficient is 1.0 the greater the internal consistency of the items in the scale. Based upon the formula

\[ \alpha_s = \frac{k \bar{r}}{1+(k-1)\bar{r}} \]  

(1.2)

where $k$ is the number of items considered and $r$ is the mean of the inter-item correlations; the size of alpha is determined by both the number of items in the scale and the mean inter-item correlations. George and Mallery (2003) provide the following rules of thumb: “_ > .9 – Excellent, _ > .8 – Good, _ > .7 – Acceptable, _ > .6 – Questionable, _ > .5 – Poor, and _ < .5 – Unacceptable” (p. 231). While increasing the value of alpha is partially dependent upon the number of items in the scale, it should be noted that this has diminishing returns. It should also be noted that an alpha of .8 is probably
a reasonable one. It should also be noted that while a high value for Cronbach’s alpha indicates good internal consistency of the items in the scale, it does not mean that the scale is unidimensional. Factor analysis is a method to determine the dimensionality of a scale which is used in the later part of the study. Cronbach’s alpha value in this research is greater than 0.70 and hence the study is reliable for analysis.

1.6.3 Data Collection Methods

The present study is based on both primary data and secondary data, in order to serve the purpose of the study and to achieve the research objectives. The specific sources of data for research study are as specified here:

1.6.3.1 Primary data

To achieve the stated objectives, the design of this study needs to be interdisciplinary, both conceptually as well as methodologically. The primary data are drawn from the sample that were collected by personally interviewing each of the 400 rural entrepreneurs. Primary data is gathered from using pre-tested structured questionnaire. Summated rating scale has been employed to understand the responses to various questions. One of the parameters by which the rural entrepreneur was chosen to be depicted is age of the business. The rural entrepreneurs are chosen with minimum criteria that at least they should be of one year of existence in business.

1.6.3.2 Secondary data

The secondary data that supports the present research study shall be gathered from various published and unpublished studies like:

- Around seventy research articles published in various national and international journals and periodicals.
• Reports compiled and published by Ministry of Rural Development, National Institute of Rural Development, Entrepreneurship Development Institute, NABARD etc.

• Reports of World Bank on Rural Development.

1.6.4 Sampling Framework

In view of the regional diversity involved in the respondents, cluster sampling method had to be adopted. For revenue and administration purposes, Karnataka has further been divided 4 revenue divisions namely Bangalore Division, Belgaum Division, Mysore Division and Gulbarga Division. These divisions are referred as revenue divisions of Karnataka State. For all social research studies, these revenue divisions are used by the Government.

In each Division, one District has been selected based on simple random sampling as shown in the Figure 1.3. The researcher found no solid reasons to go for other than random sampling. It gives an equal chance for each district to be selected. The district names are written on chits and are put in a container. After thorough mixing, one chit is drawn from the container. This process is repeated for all the divisions.

Davangere District in Bangalore Division, Kodagu District in Mysore Division, Bellary District in Gulbarga Division, Belgaum District in Belgaum Division is selected using random sampling method.

In each District, two Taluks are selected based on random sampling. The lottery method was used to select taluks. The names of the taluk were written on chits and are put in a container. After thorough mixing, two chits are drawn from the container. This process is repeated for all the four (4) districts.

• In Davangere District, Jagalur and Channageri taluks were selected
• In Belgaum District, Bail Hongal and Saundatti taluks were selected

• In Kodagu District, Madikeri and Somwarpet taluks were selected

• In Bellary District, Hosapet and Hoovinahadagali taluks were selected

In each taluk, 5 villages were selected using random sampling. For the purpose of study, villages with minimum 1000 voting population are selected with at least ten (10) respondents carrying out different economic activities in that village. All villages were arranged serially according to alphabetical serial. Out of the list five (5) villages were picked randomly for the study.

In each village, 10 entrepreneurs are selected using purposive sampling, who possess at least one year of existence in that business.

The data on the above mentioned variables are drawn from the sample, are selected purposively considering following factors while making the choice:

• The entrepreneurs in rural area should be engaged in the enterprise like fertilizer, renting farm equipment, seeds, dairy activities, grocery, general store, Garments shop, garage, chemist, shoe store, electronic goods, commission agents, sanitary goods, tailor, utensil store, parlor, goldsmith, blacksmith, carpenter, cycle repair, photographer, sweet shop, electric shop, tent house, flour mill, PCO, tea shop, stationary shop, hotel and other similar business activities.

• The enterprise should have been in operating condition for the last one year. Respondents are selected in such a way that diversified business activities are covered.
Four Districts, Eight Taluks and forty Villages were selected using Simple Random Sampling Method

Figure 1.3 Hierarchy of Sampling Area
The sample size under each category of respondents and how they have been drawn from sampling frame is portrayed in the following table

**Table 1.2 Sampling Framework**

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Category</th>
<th>Sample Size</th>
<th>Sampling technique used</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Districts</td>
<td>04</td>
<td>Random sampling</td>
</tr>
<tr>
<td>2</td>
<td>Taluks</td>
<td>08</td>
<td>Random sampling</td>
</tr>
<tr>
<td>3</td>
<td>Villages</td>
<td>40</td>
<td>Random sampling</td>
</tr>
<tr>
<td>4</td>
<td>Rural Entrepreneurs</td>
<td>400</td>
<td>Purposive sampling</td>
</tr>
</tbody>
</table>

**1.6.5 Pilot Study**

Before undertaking a study of the selected villages, it was decided to take up a pilot study in order to finalize the instrument of data collection. Accordingly, random samples of fifty rural entrepreneurs were identified in a village and only thirty entrepreneurs were able to respond other than the ones actually sampled for this study. After collection of data, the responses for each of the question items were properly scrutinized in order to find out whether the questions were properly understood by the respondents or not. In cases where there was wide variation in the responses received from the respondents, such questions were reframed in order to remove any ambiguity in the questions. Care was also taken to see that the questions were well-focused. The data obtained from the pilot study were analyzed to see whether they were relevant to the problem at hand and the objectives of this study. After due completion of the pilot study the major instrument of data collection, namely, the questionnaire, was revised appropriately.
1.6.6 Instrument of Data Collection

As stated above, the principal instrument of data collection was the structured questionnaire. The questionnaire was essentially a structured one with close-ended questions. The questionnaire was framed in the local language, namely, Kannada. This was done in order to facilitate better communication with the respondents and also to maintain certain uniformity in administering the questionnaire. Summated rating scale has been employed to understand the responses to various questions.

The questionnaire for rural entrepreneur consists of two broad heads:

i. Part – A: Information about the background about the respondents and their family. Focusing mainly on demographic contents like age, gender, caste and educational level and sociological dimensions like family background, previous business experience, occupational mobility, linkage with agriculture and family structure.

ii. Part – B: Information about economic-cum-managerial dimensions includes conditions prevailing at the inception of the business like business experience, initial capital investment, present worth of business, extent of financial aid received, source of finance, aspects related to working of business, employment generation in the enterprise and measures of business success like age of business, Annual income and Asset owned. Psychological dimensions like Motivational pattern and Constraints faced by the entrepreneur were included. Also, information like occupation details of entrepreneur’s parents, work orientation, motivational factors,
challenges faced by entrepreneurs and transformation aimed by entrepreneur and future business opportunities villages were gathered.

Apart from this, researcher also made an attempt to collect information of each village using structured questionnaire specifically designed to collect data on village.

1.6.6.1 Interview

The questionnaire was personally administered by the researcher in an interview situation. The researcher was able to establish good rapport with the respondents and, towards achieving this, the researcher, before commencing the interview, explained the purpose of the investigation to the respondents. The respondents were also assured that complete anonymity would be maintained and that the information collected from them would not be divulged to any other person. There were no cases of respondents refusing to respond. Wherever necessary, the field data collected by the researcher were cross-checked once again by meeting the respondent.

1.6.7 Data Analysis

The data collected was codified based on the village and rural entrepreneurs. To condense the data, tabulation is done. Tables are constructed both in simple and complex form as well as frequency table. Data is represented using suitable charts to have visual appeal as well as to draw the inference regarding the distribution and relationship. Descriptive statistics are used for demographic variables. Results on categorical measurements are presented in number (%). Significance is assessed at 5 % level of significance. MS Excel and SPSS 18 version (PASW) were utilized extensively to draw various bi-variate frequency distributions involving two variables and
correlation coefficient between related variables. Hypotheses are tested by using variety of inferential statistics based on the nature of the test and data. Factor analysis is used to find out motivating factors, challenges faced by the rural entrepreneur and rural transformation. Regression analysis has been performed to predict the Annual Income of a rural entrepreneur. Multivariate regression analysis is done to find out the relative influence of the variables on Annual Income.

1.7 CHAPTER SCHEME

The present study has five chapters as presented below:

**Chapter 1:** The present introductory chapter, as is already obvious, deals with the introduction to the research, statement of the problem, objectives of the study, research methodology and limitations of the study. Also, takes up the description of the profile of the study area.

**Chapter 2:** This second chapter deals with review of related literature available in the scope of study area.

**Chapter 3:** This third chapter discusses the conceptual framework of rural development in India, operation definition of rural entrepreneurship and rural transformation. The aspects covered are investment and income pattern, self-employment, rural entrepreneurship and economic contribution, rural transformation and other demographic contributions to entrepreneurship.
Chapter 4: This chapter deals with data analysis and interpretation mainly focusing on research objectives.

Chapter 5: Final chapter includes summary of key findings, suggestions, and conclusion.

1.8 SCOPE OF THE STUDY

As has been discussed already, this study aims to deal with rural entrepreneurs and rural development. It is in this context, there is a greater possibility to come out with a logical inference and meaningful suggestions for policy for rural development. Besides, the inferences obtained from the study provide wider scope for establishing relationship across various identified research issues.

The scope of this study extends to analyze rural entrepreneurial activity as growth engine for rural development. Current environmental factors, available entrepreneurial capabilities, self-employment opportunities, available Government schemes, redefining rural non-farm employment opportunities are mainly focused in the study. This study limits itself to selected villages in Karnataka State. There may be a scope for developing growth models as an outcome of this research. Rural industries are not the focus of the study. Only business activities which are small and petty shops were considered in this study. Mainly, these business activities fall under the category of unorganized.

1.9 LIMITATIONS OF THE STUDY

- Since rural India is heterogeneous in nature, the results of the study cannot be uniformly applied to all the rural areas. This study is limited to select villages in Karnataka State and
generalization of the view points of the research need larger scope of study.

- Interests of the respondents may have impact on information which will be collected. Complete elimination of biased responses may not be possible. Possibility of the response distortion due to “Hawthorne effect” i.e., respondents giving more favorable responses because of the attention given by researcher cannot be ignored.

- Another limiting factor is the presence of multiple models and definitions of entrepreneurs, which makes the study difficult. There is no consensus over a single model which could be universally applied. Lack of previous research in rural entrepreneurship makes the study very challenging.

1.10 SCOPE FOR FURTHER STUDY

Future research can be conducted in this area to understand to what extent Rural Entrepreneurship plays a role in effective rural transformation.

This present study ignores the influence of Government policies on rural entrepreneurship. Further research can be conducted to understand what policies and programs are best for supporting the types of entrepreneurs that will contribute to sustainable, long-term growth. Micro level analysis of entrepreneurial activity and rural development may be studied further in terms of scope for ranking villages in terms of entrepreneurial activity and cultural influences. Other factors that affect a business’s ability to be competitive are likely to further enhance the effect of entrepreneurs. Further the study can be extended to understand the close proximity to urban areas and its positive association between the self-employment share, new business formations and the expansion of existing businesses and possible economic growth. We find
evidence that the self-employed contribute to net economic growth. Thus, even in remote rural regions, self-employment and the associated entrepreneurial capacity are positively linked to growth. Yet we find no statistical linkage between the number of small businesses and growth, suggesting that the type of business is more important than size.

Another advancement of the study could be to investigate the following

- If new business creation is due to individuals having no other options for work, or “necessity entrepreneurship,” it may have little relationship with economic growth.

- If, however, the region has high rates of “opportunity entrepreneurship,” then entrepreneurs should have a greater positive association with economic growth.