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ACCELERATING INDIA'S RURAL ECONOMY THROUGH START-UPS AND ENTREPRENEURSHIP DEVELOPMENT

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Abstract: India is one among the world's biggest markets, not only in urban arena but even the rural economy is emerging rapidly. Nearly 46% of India's national income is constituted by rural economy. Hence, the government of India is hugely supporting the rural development by encouraging youth and women to start their own businesses and become entrepreneurs instead of searching for a job in others establishments. For the same, government is determined to uplift the Rural India, by identifying untapped potentials and providing awareness of different schemes and offering other supporting initiatives including capacity building and financial assistance. The present paper highlights the Start-up and entrepreneurial initiatives in India, their crucial role in augmenting rural economy leading to rural development. This paper even provides the information about the progress of start-up initiatives taken for rural development in India.

Index Terms - Rural Economy, Untapped Potentials, Entrepreneurship, Start-ups, Government Initiatives.

I. INTRODUCTION

As the most populous country in the world, India's 70% workforce comprises of rural population. India's rural economy contributes 46% towards national income and 25-30% of GDP. It is also estimated that India would remain predominantly rural till 2050. This constitutes India's rural economy as the key to the nation's inclusive development. The overall development of the country should achieve an equitable and inclusive development in all spheres. The observable facts in this perspective denote the crucial role of development of rural economy. Rural development is a dynamic process and predominantly includes agricultural growth, infrastructural development, guaranteed income generation, public health and education etc.

Hence, it becomes crucial to have an action plan for the social and economic upliftment of rural areas aiming at the improvement of the quality of life and economic well-being among people residing in rural areas. This action plan fundamentally includes providing facilities for education and health, ensuring food security, generating productive and guaranteed employment and achieving social justice.

It is said that guaranteed education, health and employment for all the individuals irrespective of gender, caste and religion along with improved infrastructure can achieve social justice. The government employment, private employment and self-employment are the three facets of employment that increase income opportunities, alleviate poverty and ensure food security.

II. SIGNIFICANCE OF ENTREPRENEURIAL DEVELOPMENT IN ACCELERATING INDIA'S RURAL ECONOMY

It is observed that the transition across rural economic activities through 1970s to 2020s from agricultural activities to non-farm sector's productive activities has been the key source for development of rural economy. The non-farm activities included the manufacturing, construction and services and have contributed significantly to National Domestic product (NDP) during pre-reforms period. Amazingly, more than half of the value added to the Indian manufacturing sector is contributed by rural productivity. But surprisingly, this couldn't generate significant and equitable employment opportunities across rural India. According to NITI AYOOG (2017), though the manufacturing sector output contributed by rural economy between 2004-05 and 2011-12 was 58%, the employment generated was only 25%, the reason being emphasizing more on capital than labour.

Since the technological advancements in the fields of agriculture, manufacturing and construction couldn't reach the rural arena, the disadvantages caused by manual activities such as irregular job opportunities, insufficient income, lack of skills, lack of technical training and increasing occupational ill health couldn't be surpassed and hence, the activities in these sectors were not preferred by individuals and the rural labour force started leaving these sectors.

Also, the recent unplanned migration of rural population to urban areas in search of better income opportunities is causing outburst in urban areas in terms of wages, health and hygiene leading to huge social disparities. At the same time, the resources available in rural areas remained untapped. This situation has created a need for thinking of a new approach in terms of designing more income generation activities in rural areas for a sustainable rebalance. It is realized that mere setting up of industries and improving industrial infrastructure is not sufficient for increasing employment creation but effective human resource development programmes are required for pooling societal resources and for realizing equality in opportunity.

At this juncture, establishing labour intensive micro, small and medium enterprises in diverse sectors seem to be the appropriate strategic move for creating more income generation activities in agriculture and allied sectors and transform rural India into a productive habitat. In addition, taking initiatives for creating awareness and entrepreneurial motivation, conducting entrepreneurial development programmes and offering financial assistance and marketing opportunities may result in structural transformation in rural economy.

Entrepreneurship is a driving factor for many countries as it is creating wealth, employment and economic growth. India is no exemption as the entrepreneurial activities accelerated the transformation in urban Indian economy, started in early 2000s. This moment has fuelled in the country by the economy growth, venture capital access increase, incubators advent and vast talent reservoir. The main purpose of rural entrepreneurship development is to achieve improved standard of living and balanced regional growth.

Till recently, the entrepreneurial promotion in rural India was apparent to be "Self-employment" kind of an activity and majoritily scaled up into nano and mini sizes, where in the entrepreneurial ecosystem also has not materialized. This condition did not really raise employment opportunities.

With this context, the present paper attempts to study how the Indian rural economy is being accelerated by the initiatives towards establishing start-ups and entrepreneurship development.

III. REVIEW OF LITERATURE

Rural entrepreneurship is being encouraged to supplement agricultural activities, utilize local resources, to restrain migration to urban arena, encourage small and medium scale industrialization, reduce investment burden, and create employment for the local communities. Following are some observations made by different researchers:

Petrin (1992), found in a study that it is very significant to motivate first generation entrepreneurs to achieve economic development in rural areas. The author in another writing (1994), observed that most aspects of rural development are highly relied on entrepreneurial activities only and this enables

improvement in the quality of life of individuals, families and communities and adds to the sustainable economic development.

Saxena (2012) opined that institutions and individuals involved in the promotion of rural development look at entrepreneurship as a strategic development intervention. It is observed that entrepreneurial activities stimulate the rural development process.

Kofanov and Zozul'ov (2018) identified important success factors of start-ups as criteria determination for their evaluation process. It was found that there are three key elements influencing the start-up success viz., the external environmental factors, start-up activity and an internal start-up environment. The researchers also opined that the marketing strategy development and action plans might increase the start-ups survival rate.

Singh, V. P., & Om Gupta, H. (2018) emphasized the current status in sustainable economic growth by rural entrepreneurship of India. This study also focused on the forthcoming set-up and government initiatives like Stree Shakthi, Udyogini and many other schemes for making women entrepreneurs more engaging and also the strategies are identified to make them strong.

Barber, Harris and Jones (2021) highlighted that localizing the entrepreneurship in the rural areas and its implementation may provide multiple avenues. It was expressed that the rural area networks can make the entrepreneurship as a substance for regional revolution which include capital resources accessibility, developmental aspect related space, encouragement and societal chances that build a more interrelated entrepreneurial community.

Venugopal, P. (2022) identified global effects on the rural entrepreneurship development are like productivity & efficiency, technological, distribution, growth of economic, transformational and lastly, insecurity effects. It is also found in the study that challenges faced by the rural entrepreneurship are social, family, financial, technology and policy.

Narayan M., Vadera, M., & Vadera, M. L. (2022), worked on rural entrepreneurs and have focused on the issues faced by them like shortage of knowledge, finance, technical know-how, market information, skilled labour, quality products and many more. This study clearly mentioned about the different organisations acting as helping hands to their encouragement and various schemes taken up by the government.

IV. OBJECTIVE OF THE STUDY

The present study has the following objectives:

1. To understand the significance of start-up initiatives and entrepreneurship development in the upliftment of India's rural economy.
2. To know the status of rural entrepreneurship in India.
3. To know the initiatives taken by the government for rural entrepreneurship development.
4. To observe the progress of rural entrepreneurship and start-ups in India.

V. RESEARCH METHODOLOGY

The present study is conceptual in nature and is purely based on secondary data. The sources for collection of secondary data included articles published in daily newspapers, research journals, magazines, reports and documents published by National Institutions.

VI. THE STATUS OF RURAL ENTREPRENEURSHIP DEVELOPMENT IN INDIA

Rural entrepreneurship ensures value addition to rural resources and acts as catalyst for macroeconomic growth. An Equitable growth focuses on capital formation, employment creation, increased per capita income, fair and equal distribution of wealth and sustained growth. Thus, the appropriate approach could be "*Production by Masses*" instead of "*Mass Production*". Accordingly, there are four basic forms of rural entrepreneurship, viz., Individual entrepreneurship, Group entrepreneurship, cluster formation entrepreneurship and cooperative entrepreneurship.

Individual entrepreneurship is in a way self-employment. *Group entrepreneurship* is a result of partnerships, public and private limited companies. *Cluster entrepreneurship* includes the entrepreneurial activities by Self Help Groups (SHGs), Community Based Organizations (CBOs), Non-Governmental Organizations (NGOs), Voluntary Organizations (VOs) and other networking groups. *Cooperative Entrepreneurship* is performed by cooperatives that are formed by some independent associations working for their common interests within jointly owned ventures.

The rural enterprises can broadly be categorized under four classes that include *agro based enterprises, forest Based Industries, textile industry and services*. Various rural industries comprising of the six different sectors are shown in the Table No. 1.

Table No. 1. Sector-wise spread of Rural Industries in India

Agro-Based and Forest Based Industry	Textile Industry	Mineral Based Industry	Wellness & Cosmetics Industry	Hand Made Paper, Leather and Plastic Industry	Rural Engineering and New Technology Industry	Service Industry
Village Oil	Spinning & Weaving	Hand Made Pottery	Wellness & Cosmetics including Soap & Oil	Hand Made Paper, and Paper Products	Bio-Gas, Non-Conventional Energy, Bio-Manure, Vermi-compost	Small Business
Aromatic Oil	Bleaching & Colouring	Glazed & Ceramic Pottery	Aromatic Oils & Fragrances	Paper Conversion	Carpentry & Black smithy	Maintenance and Servicing of Electrical & Electronic Goods and other machinery.
Honey & Beekeeping		Pottery as Home Décor	Cosmetic and Beauty Products	Leather	Agricultural Implements & Tools	Farm Aggregators (Pre & Post Farming)
Palm Gur, Sugar and other Palm Products		Pottery for Food Industry	Hair Oil and Shampoos, Toiletries Industry	Plastics	Electric & Electronic Products	
Fruit & Vegetable Processing including Juices		Stone Cutting & Polishing	Bathing Soap Industry	Natural Fibre other than Coir	Dry Dairy; Household Metal Utensils & Articles Manufacturing	
Pulses & Cereals Processing		Ceramic Tiles	Incense Stick Industry			

Spices & Condiments Processing		Granite Cutting & Polishing				
Gur & Khandsari		Stone Carvings & Sculptures, etc.				
Collection of Minor Forest Produce		Brass Metal and other Metal Crafts				
Bamboo, Cane & Reed						
Organic Dyeing						
Medicinal Plant Collection & Processing						
Pickles						
Dairy Products						

(Source: Consolidated from various research reports on rural industries)

Though there are enormous advantages of encouraging industries and businesses in rural areas, rural entrepreneurs encounter many obstacles caused by lack of financial assistance, lack of skills, professional expertise and experience, lack of entrepreneurial motivation, poor infrastructural amenities and limited technological up-gradation, lack of marketing knowledge, inconsistent market linkages, logistical challenges etc. More than these, the rural entrepreneurs face gender biases and other social risks that is showing up during formation of new relationships within and outside their local arena. This forms an impediment for the scaling up of and sustainability of rural enterprises.

VII. GOVERNMENT INITIATIVES FOR RURAL START-UPS AND ENTREPRENEURSHIP DEVELOPMENT

Looking ahead, the *Government of India* under the *Ministry of Rural development* and the *Ministry of Skill Development and Entrepreneurship (MSDE)*, has come up with many programmes and schemes through some statutory bodies for Entrepreneurship development in rural areas. Moreover, nurturing Start-up firms in rural India needed more sophisticated and unique strategy. *Small Industries Development Bank of India (SIDBI)*, *National bank for Agriculture and Rural Development (NABARD)* and *Regional Rural Bank (RRB)* addresses the financial concerns *MUDRA Bank* came up to offer assistance to start-ups. *Khadi & Village Industries Commission (KVIC)*, *National Small Industries Corporation Ltd. (NSIC)*, *Mahatma Gandhi Institute for Rural Industrialization (MGIRI)*, *National Council for Vocational Education and Training (NCVET)*, *National Institute for Entrepreneurship and Small Business Development (NIESBUD)*, *Indian Institute of Entrepreneurship (IIE)* were the statutory bodies and other attached offices established to promote rural enterprises. These institutions carry out entrepreneurship-cum-skill training initiatives, offer consultation and counseling, take up technical exchanges and engage in research and development. Some act as training-and-incubation centers, procurement and supply raw materials as per the requirements. The Ministry of MSME also provides assistance to training institutions viz., NIMSME, KVIC and NSIC etc.

The schemes and programmes designed include *A Scheme for Promotion of Innovation, Rural Industries, and Entrepreneurship (ASPIRE)*, *Scheme of Fund for Regeneration of Traditional Industries (SFURTI)*, *Start-up Village Entrepreneurship Programme (SVEP)*, *Cadre of Community Resource Persons-*

Enterprise Promotion (CRPEP), Provision of Urban Amenities to Rural Areas (PURA), Janshree Bima Yojana (JBY), Start-up India Seed Fund Scheme (SISFS), Deen Dayal Antyodaya Yojana - National Livelihoods Mission (DAYNRLM), Government e-Marketplace (GeM), Pradhan Mantri-YUVA and Market Promotion and Development Assistance Scheme (MPDA), Credit Guarantee Scheme for Start-ups (CGSS), Atal Innovation Mission (AIM), Market Access Promotion Scheme (MAPS) etc., under Skill India Mission.

The services offered through the above schemes include providing self-certification, compliance relaxations, guidance from experienced industries and attract the investors; establishing the marketing cooperatives, common facility centers, building business acumen through capacity training and facilitating provisions of financial assistance to the early phase ventures like mobile apps, clean-tech, education and many more; enabling provision for loans with less interests and longer repayment time period; offering support in development of proto-types, market research and capacity building. *Tinkering Labs and Atal Incubation centres* across India were also established. Support is also provided for financial assistance to attend the trade fairs and exhibitions, guiding entrepreneurs to have a connection with that of international buyers and increase their exporting businesses.

The *MSDE, GOI* is also imparting vocational skills of youth through various schemes viz. *Pradhan Mantri Kaushal Vikas Yojana (PMKVY), Jan Sikhshan Sansthan (JSS), National Apprenticeship Promotion Scheme (NAPS) and Craftsman Training Scheme (CTS)* through Industrial Training Institutes (ITIs). *MSDE* is also implementing '*Economic Empowerment of Women Entrepreneurs and Start-ups by Women*' (*WEE*) supported by Deutsche and Germany. *Rural Self Employment Training Institutes (RSETIs)*, were established to extend training and capacity building programmes to rural poor and unemployed youth that may help them to commence self-employment activities. These institutes are promoted by banks.

Industrial Motivation Campaigns (IMCs) are conducted as two-day events aimed to motivate Self-employment or starting business, by providing information on available support and sanctions. *Entrepreneurship Awareness Programmes (EAPs)* are aimed to create awareness about the Entrepreneurship among the youth. *Entrepreneurship-cum-Skill Development Programme (E-SDP)* inculcates technical skills to the people residing in rural areas and *Management Development programmes (MDPs)* improve the decision making capacity of the entrepreneurs.

Telangana State Government also introduced a few schemes for Rural Entrepreneurship and Start-ups. They are as follows:

- "*Financial Assistance to Handloom & Textile Promotion*" supports investing in downstream activities, focusing on spinning and other allied activities of manufacturing within the state preview.
- "*Telangana Industrial Infrastructure Development Fund*" support by providing the grant to the new enterprises to develop their infrastructure facilities.
- "*Industrial Incentives*" are the provisions for industrial growth and promotion in the state.
- "*Telangana State Program for Rapid Incubation of Dalit Entrepreneurs (T-PRIDE)*" supports rural enterprises by providing various incentives or benefits to entrepreneurs of Telangana State.
- "*Telangana State Industrial Development and Entrepreneur Advancement (T-IDEA)*" supports by providing incentives in terms of reimbursement of stamp duty, rebate of land cost, subsidy on interest, quality and patent and so on.

VIII. PROGRESS OF ENTREPRENEURSHIP DEVELOPMENT AND START-UP INITIATIVES IN RURAL INDIA

Different institutions have observed and recorded the growth and development of rural entrepreneurship and start-up activities taken up by the Government of India for Rural Development. The progress achieved so far by the Ministry of Rural Development and the Ministry of Skill Development and Entrepreneurship is as follows:

Third party impact evaluations of the schemes implemented by the Government of India reveal that under JSS, the rural share of beneficiaries is 50.5% and 89.1% have increased their income levels.

National Resource Organizations (NROs) were set up to offer capacity building programmes and training s under SVEP in various states for non-farm livelihood activities. They also support block level programme managers to help beneficiaries in micro enterprise creation.

To improve women-led enterprises' frameworks in rural areas under WEE programme by the Ministry of SDE, for about 725 women entrepreneurs were supported both in incubation and acceleration support programmes.

591 RSETIs were promoted by banks **28.40 lakh youths were settled** through the State Rural Livelihoods Missions (SRLMs) **and under SVEP, a total of 1,97,168 enterprises across 23 States and Union Territories have been supported as of now. EDII has been the NRO for implementation of SVEP in Telangana State. Kudumbasree NRO is operating successfully in Kerala.**

For marketing the products produced by Women SHGs, GeM has created "SARAS Collection". SARAS trade fairs are being held at state and national levels, An e-commerce platform (viz., www.esaras.in) was launched and also collaborated with online marketing platforms such as Flipkart, Amazon, Patanjali, Meesho etc.

NABARD is promoting Micro Entrepreneurship Development Programmes (MEDPs), Livelihood & Enterprise Development Programme (LEDPs). It introduced Open Network for Digital Commerce (ONDC) for marketing of products on digital marketplaces. They also offer training and on-boarding support to SHGs, Joint Liability Group (JLGs), Producer Organizations (POs) and Micro-entrepreneurs.

IX. CONCLUSION

The increasing entrepreneurial activities in rural areas is adding to the improvement of standard of living and purchasing power of rural public by creating employment opportunities. With the incubation centers established, financial support through bank linkages, and other government initiatives there can be rapid growth and development of rural entrepreneurs and the start-ups influencing the nation's economy.

Given the significance for attaining a balanced regional development and economic growth of the nation, universities and other higher education institutions are setting up a Rural Entrepreneurship Development Cells and encourage students to take up rural entrepreneurship as the best career option and explore the untapped resources and potentials.

There should be economic policies framed in favour of rural development to convert a developing nation into a developed nation. Hence, government should focus more on education, innovation and entrepreneurship.

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