



Exploring Challenges and Opportunities of Rural Entrepreneurs engaged in Service Sector Enterprises



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1. Introduction

There is no denying of the fact the development of entrepreneurship has emerged as a national movement due to its strengths to solve the twin problems of unemployment and poverty.

The micro enterprise Sector is acknowledged as an important factor in the endeavour to help countries escape poverty and as a vital part of economic growth. (Wolfen Son, 2007). It has long been acknowledged that micro companies play a vital role in emerging nations as engines that help those nations accomplish their growth goals. (Fisseha, 2007).

Micro, Small and medium Enterprises are small businesses owned by individuals or enterprises, spread across villages, towns, and cities. In USA, it is called Small Business, in UK and Malayasia, they are known as Small Firms, in Asian countries, they are called SMEs and in India, it is formally known as Micro Small and Medium Enterprises (MSME). MSME sector contributes 17% of GDP as compared to 85% in Taiwan, 60% in China and 50% in Singapore. (FICCI & Nathan Associates, Nurturing Entrepreneurship in India, August 2014).

According to Make in India (n.d), Micro, Small and Medium Enterprises (MSME) contribute about 45% of the total manufacturing output, 40% of the total exports, and 8% of the country's GDP. They are also the second-largest employment generator after agriculture, providing employment to nearly 50 million people.

As of March 31, 2022, India has more than 63 million MSMEs, out of which about 94 per cent are micro-enterprises. According to official data released on April 30, 2022, the country's 6.33 crore MSMEs employ about 12 crore workers.

In accordance with the Micro, Small, and Medium Enterprises Development (MSMED) Act in 2006, the enterprises are classified into two divisions.

Manufacturing enterprises – engaged in the manufacturing or production of goods in any industry

Service enterprises – engaged in providing or rendering services

The whole action research is contextualised within the entrepreneurial journey of rural youth who have taken skill training in self-employment skills from STEP Academy, Aajeevika Bureau, Udaipur.

Aajeevika Bureau

Aajeevika Bureau (AB) is a specialized public service initiative working for the well-being and advancement of rural migrant workers and youth. AB started work in 2004-05 in the high out-migration areas of south Rajasthan and in-migration areas of Gujarat, offering a range of services to migrant youth and their families. Aajeevika has been recognized for establishing that migration as a valid livelihood strategy pursued by millions of rural households in India, in need for a systematic policy response. AB is an important regional and national voice for extending social protection, welfare and skill development to migrant youth – through its innovative solutions and services for migrant communities; research and knowledge building work.

STEP Academy

Identifying skill up-gradation, confidence building and expansion of livelihood opportunities as one of the critical areas for the empowerment of migrant communities, Aajeevika set up the Skill Training, Employability and Placement (STEP) Academy. Since its inception in 2005, STEP has emerged as a dedicated space for youth from low-income, tribal, migrant families who cannot, on their own, access vocational skills. Through STEP Academy, Aajeevika has had an enabling impact on the lives of 26000-plus unskilled rural youth. STEP Academy provides skill training on the basis of demands from rural youths. STEP Academy provides training in new skilled trades which help under-privileged youths in securing decent livelihoods and become self-dependent. Trainees after taking training in self-employment skills tend to set up their own enterprises in their local areas. At present, 70% of total such trainees have been working in the same trade they took their training in. However, it was also seen that, after sometime, these enterprises fail to grow and generate very less income through these enterprises.

2. Research Concern

In spite of creating enabling environment by the government to promote the growth of micro enterprises and the fact that financial institutions like banks are making micro finances available to micro enterprises, micro enterprises in India haven't made any significant contribution to the economic growth and development of the country. (DATA FROM NATIONAL SKILL POLICY). In line with this observation According to the Ninth Plan, the major problems faced in developing entrepreneurship in rural areas are (i) Inadequate flow of credit, (ii) Use of obsolete technology, machinery, and equipment, (iii) Poor quality standards, and (iv) Inadequate infrastructural facilities. In order to unravel the cause of failure of these micro enterprises, this study was to seek information concerning challenges and opportunities faced by rural entrepreneurs in growing after a certain period after taking skill training and develop sustainable model to influence the performance of micro enterprises.

3. Research Problem

The core problem identified for this study is:

Rural Entrepreneurs, after a period of setting up their enterprises, fail to grow.

4. Research Objective and Research Questions

The major objective through this research is to develop a sustainable model for rural service based micro enterprises to help them grow.

This action research attempts to find answers to following questions:

- a) What is the socio- economic condition of rural entrepreneurs who establish their own enterprises after taking skill training?
- b) What are the motivational factors for youths to take up entrepreneurship?
- c) What are the challenges faced by rural entrepreneurs who have taken skill training in any service?

- d) What are the opportunities available for rural entrepreneurs who have taken technical skill training but not any kind of enterprise development training?

5. Methodology

The concern was not only to understand the challenges and opportunities of the rural entrepreneurs but also to develop solutions to enhance and influence the entrepreneurial ability amongst rural communities. Several studies have proved the skilling intervention done by STEP Academy to be impactful for rural youths on the threshold of migration to learn skills which enables them to become self-employed. However, there was a lack of proven action strategies done on enhancing the entrepreneurial capabilities amongst the communities to manage, operate and scale up their enterprises.

5.1. Research Design

The research design followed is quantitative and qualitative action research. An action research is an approach in which the organisation and its subject (trainees who have set up their enterprises after getting skill training) collaborate analysing a concern or problem and in the development of appropriate people centred solutions.

5.2. Rationale for selection of Action Research as the methodology

Action research helps create knowledge based on enquiries conducted within specific and practical contexts and the purpose of it is to learn through action. Understanding and change takes place hand in hand during action research. One of the major reasons for choosing this methodology was the component of problem solving. Action Research is a process which involves people with similar interests coming together to not only examine key issues affecting them and develop explanations for it but also to develop plans to address these key issues.

5.3. Field Setting

The study area was the operational areas of STEP Academy located in southern part of Rajasthan including districts of Udaipur, Dungarpur and Banswara where trainees are running their enterprises in local areas.

5.4. Sample Size

Out of 20000 plus youths trained in multiple trades from STEP Academy, Aajeevika Bureau, more than 8700 youths have learnt self-employment skills. Convenient sampling method was used to collect data from this pool of 8700 trainees. In-depth Interview form was filled from 150 participants and focused group discussions at multiple locations were conducted with groups with a FGD checklist.

5.5. Data Collection tools

Various methods such as questionnaire, Focussed Group Discussions, field visits, personal in-depth interviews and observation were used for collecting data. Action research is a continuous process which involves planning, observing, acting, reflecting and then repeating the process. Tools for data collection were google forms, interview guide and focus group checklist and

participatory activities to understand existing knowledge on multiple aspects of entrepreneurship.

5.6.Data Analysis Process

The excel sheet extracted from google forms were used to analyse quantitative data using charts and diagrams. Transcriptions were made from the focused group discussions along with observation from the research setting. The focused group discussions were conducted in regional language which was translated into English Different codes were captured which depicts their day to day struggles and situation in operating their enterprises. Those codes were then clubbed to find broader themes and sub themes and linkages were mapped in order to draw key findings which justifies the broader objectives.

6. Key Findings

6.1.Profiling of the Entrepreneur and Enterprises

It becomes necessary for the study to understand the socio-economic condition of the rural entrepreneurs who establish their enterprise after taking skill training in service sector from STEP Academy, Aajeevika Bureau in their villages or nearby local areas. Some points have emerged from our study, which are as follows –

In Profile of the Entrepreneur, we try to understand the age, gender, class and monthly income of the entrepreneurs.

Age: The graph indicates that a majority of the respondents, accounting for 65%, fall within the age range of 18 to 25 years. Another 31% of the respondents are between 26 and 35 years old, while a mere 3.3% of the respondents are aged 36 and above, representing those who have established their own enterprises. This data suggests that young individuals are actively involved in initiating their entrepreneurial ventures.

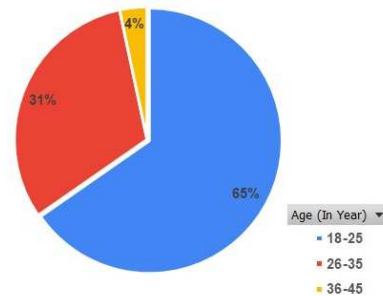


Figure 1: Age of Entrepreneur

Social Category: Regarding the classification based on class and caste, a significant proportion of the respondents, 83.3%, belong to tribal communities, followed by 7.3% from the general category. A smaller percentage of participants come from Other Backward Classes (OBC) at 4.7%, and Scheduled Castes (SC) at 4%. The focus of the STEP Academy primarily targets youth from rural areas who belong to Scheduled Tribes (ST), as they are among the most marginalized groups. Consequently, it is not surprising to observe a predominance of ST community participants in this study.

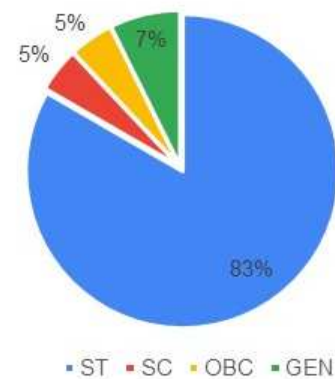


Chart 1: Social Composition

Gender: The breakdown by gender reveals that males constitute a substantial majority of the respondents, comprising 96% of the total, while females account for only 4%. This indicates that women continue to face challenges as entrepreneurs, particularly in specific skill domains.

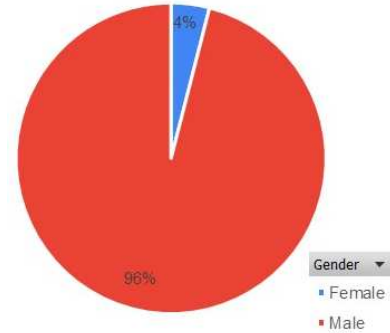


Chart 2: Gender

Experience: Among the total respondents, 63.3% are first-generation entrepreneurs, meaning they are starting their businesses without prior family experience. Additionally, 36.6% of the respondents had some familial exposure to business activities, where someone in their family had experience. Specifically, among ST respondents, 64% were first-generation entrepreneurs, with slightly lower percentages in the SC category at 57% and the general category at 55%. Furthermore, it was observed that approximately 53% of the respondents, after receiving training, expressed a preference for working with existing enterprise owners to practice their newly acquired skills while gaining knowledge about setting up and operating a service-based enterprise.

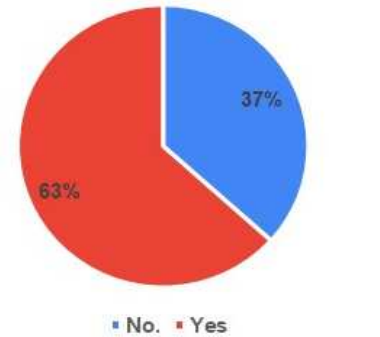


Chart 3: Enterprise Experience

Monthly Income: Regarding average monthly income, 42% of the entrepreneurs reported earning between Rs. 10,000 and Rs. 20,000. Another 38.7% mentioned earning less than Rs. 10,000, indicating lower income levels. Additionally, 16.7% fell within the income bracket of '₹ 20,000- ₹ 35,000', while only 2.7% reported earnings above Rs. 35,000.

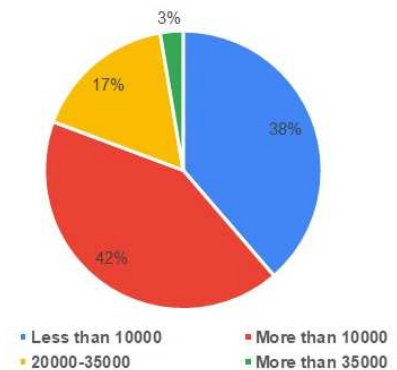


Chart 4: Monthly Income

Enterprise Profile

This section presents various characteristics of selected rural enterprises, including the age of the enterprise, type of activity, nature of business, type of ownership, structure, and origin. It provides an overview of the enterprises' key features and gives insights into their overall composition.

Type of Enterprise: The table provided below emphasizes the breakdown of different types of businesses. As per the analysis, two-wheeler garages accounted for 36% of the enterprises. Tailoring shops constituted 26% of the total, while mobile shops engaged in mobile trading and repair services made up 15%. Motor winding shops represented 14% of the businesses, while a small portion of 3% were E-Mitra Kiosks. This further demonstrates the service

demand within rural regions. As owning two-wheelers is crucial for villagers, the wear and tear they experience is noticeable due to the condition of the roads in those areas. Consequently, establishing two-wheeler repair garages fulfills this demand and presents a viable business opportunity in rural communities. Moreover, in certain rural areas, the tradition of having clothes tailored remains unchanged, creating a need for local tailors. Additional common services required in rural areas include mobile phone repairs, motor winding, house wiring, and E-Mitras.

Enterprise Identity: Examining the identity of the enterprise and its significance to the owner is crucial. In this study, enterprise identity refers to the name given to the enterprise, which helps locals identify and recognize it. Naming the enterprise fosters a sense of belonging for the entrepreneur and has proven to be meaningful. Interestingly, 41% of the study respondents have not yet named their business and lack any signage representing their enterprise's details.

Enterprise setup after skill training: Skill training plays a vital role in equipping youths with the necessary skills to kick-start their entrepreneurial journey. However, young entrepreneurs also prefer to learn and practice their skills under established entrepreneurs to gain insights into customer dealings and market establishment. This study reveals that it took approximately 18-24 months for the youths to set up their enterprises after receiving skill training from STEP Academy. However, the lockdown during the pandemic significantly reduced this gap. With limited livelihood opportunities due to the migration of casual labor jobs, rural youths were compelled to start their own businesses. Around 56% of the entrepreneurs began their business in 2022, with 38% of them having received training in the same year. The income range for this group falls between Rs. 10,000 and Rs. 20,000. In 2021, 32% of entrepreneurs started their business, including 21% of youth who received training that year and earned between Rs. 10,000 and Rs. 30,000. Similarly, 17% of trainees started their business in 2020, 21% in 2019, and 8% in 2018.

Location of the enterprise: The chart reveals that entrepreneurs prefer to establish their enterprises on the main roads of their villages. Approximately 47.3% of the participants have set up their enterprises on the main road, while 22% operate in main market areas. Around 18.7% work from their homes, having established their setup there. Additionally, 11% of the respondents have set up their enterprises away from main roads or market areas.

Investment in the enterprise: Finances and investment are crucial considerations for rural youth starting an enterprise. While STEP-trained youths are motivated to start their enterprises with minimal investment based on their risk appetite, this study also examines the risk appetite of rural entrepreneurs through their investment levels. The data shows that the investment range varies across different trades. However, out of all the respondents, 49% of enterprises have investments below Rs. 25,000, 27% have invested between Rs. 26,000 and Rs. 50,000, 15% have invested between Rs. 51,000 and Rs. 1 lakh, and only 8% have invested more than Rs. 1 lakh.

Ownership of the Enterprise: The majority, 91%, of enterprise owners solely own their businesses, while approximately 9% have established their enterprises in partnership with others.

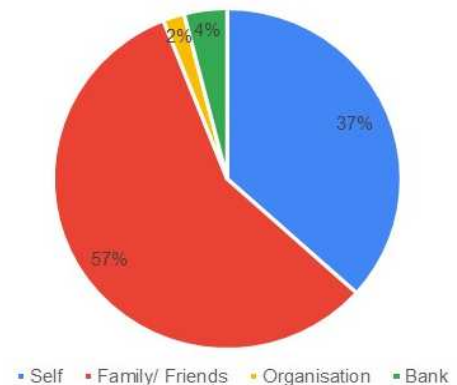


Chart 5: Investment Range

Formalization of rural enterprises: In recent years, the Central Government has emphasized the formalization of enterprises and workers through various policy initiatives. However, this study reveals that rural entrepreneurs lack knowledge about enterprise registration. Only a few

service providers, such as E-Mitras, have registered to obtain the SSO ID. During focus group discussions conducted across multiple locations, it was noted that some entrepreneurs refrain from obtaining formal registration certificates due to concerns about unnecessary taxes. Despite the benefits they could avail by formalizing their enterprises, almost all the respondents lack any kind of formal registration.

Diversification of Business: The limited market area and customer base in rural areas pose challenges for business growth. To increase income beyond a certain point, it becomes essential to diversify the business. This study finds that only 19% of the respondents have diversified their businesses and established other trading activities.

Record Keeping: Maintaining records is essential for effective business management. Proper record-keeping allows entrepreneurs to make informed decisions that impact their profits. In this study, only 17% of the enterprises have business records maintained in appropriate registers. The remaining 83% either lack written records or maintain them in draft notebooks. Among these respondents, 58% use notebooks for record-keeping.

In the section above, it is also important to do a cross variable study to determine the success of the rural enterprise which are generally affected by these factors. For instance, there is a strong relationship between investment range and income of the enterprise. Investment in the enterprise and income generated from it is directly proportional. Additionally, it was also found that, 18% of the entrepreneurs who have not diversified their business were earning more than 20 thousand rupees while this ratio was increased to 28% among entrepreneurs who have diversified their business. Similarly, relationship between location of the enterprise and income from the enterprise was also taken into consideration ($P=0.0009$). Entrepreneurs having their enterprise in main road/ market areas earn more than entrepreneurs who either operate their enterprise from home or interior areas. Notably, 100% of general and SC category entrepreneurs have their setups in either main roads or main markets, while this ratio decreases to 66% for ST entrepreneurs. This observation indicates the risk-taking ability of rural entrepreneurs based on their social background. Tribal entrepreneurs, with lower risk-taking capacity, tend to avoid the higher costs associated with operating in main market areas. These variables also indicate an emerging prominent theme of risk taking ability among entrepreneurs and its relationship between income generated. Entrepreneurs are risk takers. By investing more or by bearing high cost of setting up enterprise in main market area and diversifying the business, the entrepreneurs attempt to take risks and therefore are able to generate more income than entrepreneurs who can't. When considering the social composition and investment range, it was observed that 54% of tribal entrepreneurs and 57% of OBC entrepreneurs invested less than Rs. 25,000, while the percentages reduced to 18% for general category entrepreneurs and 14% for SC category entrepreneurs. Additionally, only 4% of tribal entrepreneurs invested more than Rs. 1 lakh in their business, compared to 27% of general category entrepreneurs. Entrepreneurs generally raise the required investment through personal savings or by taking loans/grants from family and friends, with only 4% of respondents having taken bank loans.

6.2.Factors Influencing Rural Youths' Entrepreneurship

Entrepreneurs possess personal characteristics, motivations, and determinations, enabling them to acquire resources and seize opportunities (Thompson, J. L. 1999). Entrepreneurs are driven to establish enterprises or engage in economic activities for various reasons. In this study, participants were presented with potential motivational factors and asked to rate each factor on a scale of one to five, with one being the lowest and five being the highest.

Internal Motivation

Internal motivational factors play a significant role in individuals starting their enterprises because they have the desire to fulfill tasks according to their own beliefs and objectives.



Chart 8: Internal Motivational Factors among rural youths to take entrepreneurship

Data analysis reveals that "earning money" (Mean: 4.13) was perceived as the primary motivating factor for starting an enterprise, followed by the desire to make a living through entrepreneurship (Mean: 3.7) and the aspiration to be one's own boss and have ownership (Mean: 3.7). The least influential factor in starting their enterprises was gaining respect in the community (Mean: 3.5), followed by improving living standards (Mean: 3.6).

External Motivation

External motivational factors encompass the surrounding environment that supports rural entrepreneurs in establishing and operating their enterprises. External factors include friends, family, relatives, business groups, and other institutions that act as enablers, motivating and supporting rural entrepreneurs. This study reveals that most respondents manage their

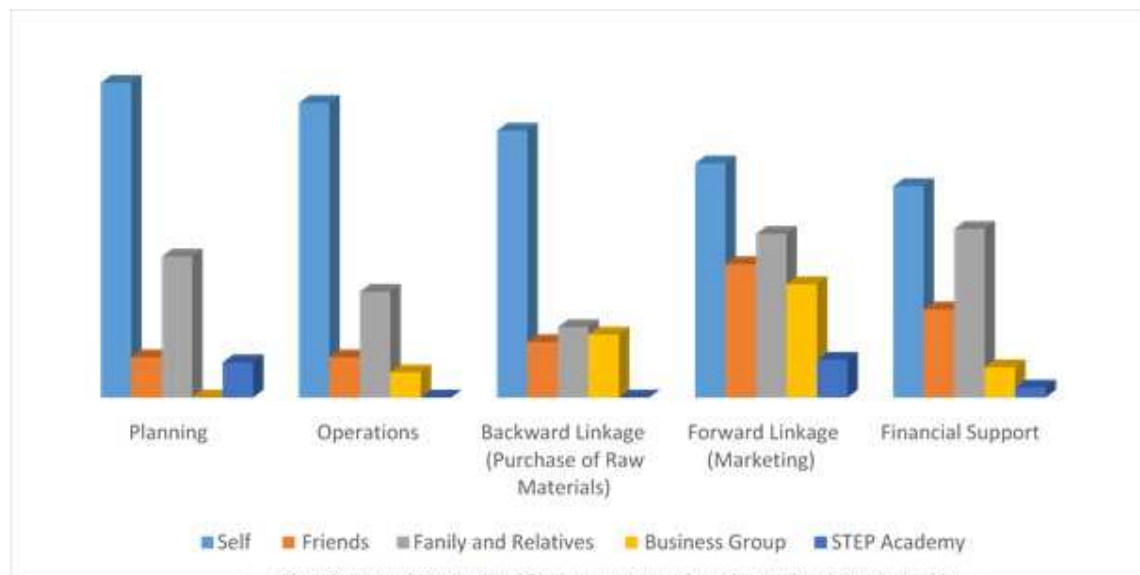


Chart 8: Internal Motivational Factors among rural youths to take entrepreneurship

enterprises independently, handling everything from planning and day-to-day operations to securing capital for their ventures.

Approximately 44% of entrepreneurs lack external support, and 47% solely conducted the initial planning for their enterprises without any external support systems. Furthermore, 58% of respondents do not receive support from friends or family, while 24% receive support from family or relatives. Families emerge as the primary supporters for rural youths, with 45% of enterprise owners receiving financial support from their families when needed, followed by 23% who also receive support from friends.

6.3.Challenges and Opportunities of Rural Entrepreneurs

Despite the vast opportunities available in rural entrepreneurship in India, rural entrepreneurs face several challenges:

6.3.1. Financial Challenges:

Lack of Savings: The culture of saving is not prominent in rural areas, and young individuals entering or about to enter the economic market often lack access to capital for their own use. As a result, their dependence on others increases significantly. This study also observed that nearly half of the entrepreneurs rely on their families for capital to start their enterprises.

Credit Facilities: In this study, 59% of the entrepreneurs have only one source of investment, either themselves or their families, while 39% have two sources of investment. Only 2% of the respondents managed to arrange capital from three sources. The primary sources remain self, family, or friends, with the third source being either an NGO providing financial support or microfinance companies. During discussions with rural entrepreneurs, it was noted that participants desired loans but lacked information about the procedures. Some participants also mentioned the high interest rates charged by microfinance institutions (MFIs) and the complex and cumbersome procedures associated with obtaining loans from nationalized banks. Despite investment being a crucial aspect of starting an enterprise, very few rural entrepreneurs are aware of the loan application process.

6.3.2. Policy Challenges:

The business environment is subject to numerous changes due to government policies. While there are government policies that support rural entrepreneurship, implementing these policies remains challenging for those who genuinely need support. Inquiring about awareness of government schemes, most participants in discussions expressed a lack of knowledge and awareness, resulting in no utilization of such schemes. Only a few participants were familiar with government bodies like SRLM and Rajeevika and had availed benefits through their interventions. Around 76% of the respondents indicated that delays in response from authorities or excessive formalities involved in availing government schemes were major concerns for their enterprises.

6.3.3. Operational Challenges:

Rural entrepreneurs face day-to-day operational challenges due to a lack of managerial skills.

Lack of Systematic Record Keeping: Record keeping is considered essential for any business activity. One prominent issue among rural entrepreneurs is a lack of systematic record keeping. Twenty-five percent of respondents do not keep any written records of their business transactions, while 59% make notes in rough diaries. Only 17% claimed to maintain proper registers for recording business transactions. While entrepreneurs recognize the importance of record keeping, some admitted fearing the realization of significant expenses incurred by their

businesses and thus avoid maintaining records. Additionally, some entrepreneurs perceive record keeping as an additional burden and prioritize other tasks over it.

Lack of Managerial Skills: Although the participants in this study received specialized training in a particular trade from the STEP Academy, they have limited exposure to managerial qualities and initiating and managing business operations.

Lack of Digital Literacy: There is a lack of knowledge regarding the use of technology for business growth. While social media is prevalent among rural youth for entertainment, there is a need to equip these young entrepreneurs with technology and digital platforms to prevent financial fraud and foster business growth.

6.3.4. Poor Mental Self-View:

Self-confidence and self-belief are essential for success in any field. However, in a country like India where social traditions are still influential, many youths do not hold a positive self-view. Self-belief is a characteristic of successful entrepreneurs, but it is often lacking among rural entrepreneurs, particularly in tribal communities. They face discouragement from both their families and the market, as established entrepreneurs may not provide them with proper opportunities.

6.3.5. Lack of Mentorship in overall entrepreneurial journey:

In many rural areas, aspiring entrepreneurs often face limited access to experienced mentors who can guide them through the complexities of starting and running a business. Without proper guidance, they do not find a way out during different obstacles. First generational entrepreneurs in particular find it very difficult to run the enterprise as they lack any support from outside.

7. Conclusion, Recommendations and A Way Forward

Entrepreneurship in rural areas is an important and necessary medium that helps young people create self-employment opportunities. However, rural entrepreneurs face several challenges in stabilizing their entrepreneurship. Through this research, we have attempted to understand these challenges and identify opportunities.

It is generally believed that rural youth are not sensitive towards their future, willing to take risks and learn new skills. However, data and focus group discussions from the research revealed that our trainees have established their businesses in the mainstream market by acquiring new skills and thus challenge such beliefs. This study also indicates that if rural youth receive better opportunities, proper guidance, quality skill training, and motivation, they can establish their own distinct purpose. This requires extensive efforts by society, the government, and civil society organizations.

Due to the shortage of banks and financial institutions in rural areas, entrepreneurs face difficulties in meeting their initial financial requirements. Even areas where Banks and formal financial institutions are available, they feel reluctant to provide loans to rural entrepreneurs. In the rapidly changing market environment, entrepreneurs face problems in learning new technical knowledge and implementing it in their businesses, which hinders their progress. Lack of awareness and proper implementation of government initiatives make it difficult for rural entrepreneurs to access and avail them. No proper guidance leaves rural youths at a vulnerable situation regarding their career.

However, along with these challenges, there are also several opportunities for entrepreneurship in rural areas:

After completing training in self-employment skills, it is crucial to provide the youths with guidance and recommendations on how to start their own enterprise. It is essential to encourage them to assess their newly acquired skills. They should be encouraged to create a comprehensive business plan that outlines their vision, mission, target market, marketing strategies, financial projections, and operational procedures. This plan will serve as a roadmap for their entrepreneurial journey and help secure funding or support from investors or financial institutions.

7.1. EDP Model: There is a requirement to introduce the Enterprise Development Program module to rural youths who aspire to establish their own enterprises. One such prototype has already been devised and tested in Gogunda with 25 rural entrepreneurs who have previously undergone training at STEP academy, established businesses in local areas, and aim to expand their ventures. Following focus group discussions in various locations, it was decided to create an EDP framework comprising three monthly sessions tailored to the specific needs of these entrepreneurs, as gleaned from the gathered data. The content of these sessions encompasses the following aspects:

- Motivation and Visionary Thinking.
- Entrepreneurship and Enterprises: Attributes and Types.
- Formalization of Enterprises: Significance and Registration.
- Business Expansion and Diversification.
- Record Keeping.
- Government Initiatives and Programs.
- Insights into Lending and Credit Systems.
- Financial and Technological Literacy.

Assessing the effectiveness of these sessions through evaluation can provide valuable insights into the participants' experiences, allowing for module refinements if deemed necessary.

7.2. EDP toolkits in the form of compendiums or alternative IEC resources can additionally be disseminated amidst the rural entrepreneurs, enabling them to glean imperative perspectives on amplifying their enterprise. These toolkits would be

7.3. This study faces challenges in obtaining responses from rural women entrepreneurs due to chosen sampling method that primarily allowed data collectors to easily access and gather data from male entrepreneurs. A potential solution is to conduct a separate study exclusively focused on women who have undergone training at STEP, with the aim of capturing their experiences and challenges in establishing enterprises. Undertaking such studies would not only assist the organization in refining their training models for women but also enable them to design specific approaches to encourage greater participation of women entrepreneurs in rural economic development.

7.4. Limited access to finance is a significant challenge for rural entrepreneurs. This research identifies the need for innovative financial mechanisms tailored to the specific requirements of rural entrepreneurs, including microfinance, cooperative models, and government assistance programs. The necessity of cultivating a robust lending framework for rural entrepreneurs cannot be overstated. These individuals, often operating in remote areas with limited access to financial resources, face significant challenges in expanding their businesses. A reliable lending structure specifically tailored to their needs would serve as a vital lifeline, empowering them to overcome financial barriers and seize opportunities for growth. By providing access to capital at reasonable interest rates, flexible repayment terms, and tailored financial products, such

a framework would not only foster economic development in rural communities but also promote entrepreneurship, job creation, and poverty alleviation. Furthermore, it would enable rural entrepreneurs to invest in necessary equipment, technology, and workforce, thereby enhancing productivity and competitiveness. Developing a reliable lending structure for these entrepreneurs is a key step towards creating an inclusive and equitable economy that supports sustainable development in rural areas.

7.5. Creating the pool of enterprise mentors: Creating a pool of enterprise mentors for rural entrepreneurs is a vital step towards fostering a culture of entrepreneurship and driving sustainable economic development in rural areas. These mentors, with their extensive experience and expertise in various business domains, can serve as trusted guides, offering invaluable advice, guidance, and support to budding rural entrepreneurs. By sharing their knowledge, skills, and lessons learned from their own entrepreneurial journeys, these mentors can help bridge the gap between theoretical knowledge and practical application in the context of rural enterprises. They can provide insights on strategic planning, market analysis, financial management, marketing strategies, and operational efficiencies, equipping rural entrepreneurs with the tools and know-how to navigate the challenges they may encounter. Moreover, the mentorship relationship can instill confidence, motivation, and a sense of community among rural entrepreneurs, empowering them to make informed decisions, adapt to changing market dynamics, and unlock their full potential.

Therefore, it is important to understand these challenges and make effective use of the opportunities to empower rural entrepreneurs. Government institutions, non-governmental organizations, and other organizations need to support rural entrepreneurs by providing financial assistance, training, and technical support. Additionally, utilizing local resources and prioritizing community cooperation should be given priority. As a result, entrepreneurship in rural areas will be encouraged, and new employment opportunities will be created.

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