

# A Case Study on Rural Development to Entrepreneurship

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**Abstract** — The foundation of a nation lies in the strong developments of living standard of its people. For this purpose, they have to overcome some issues such as economic disparity, social inequality, and gender bias. India is a vast democratic country in the world. She became first country in the population growth. It has a significant amount of rural population engaged in various cottage industries that serve as a source of livelihood to them. Population growth presents many challenges. This article addresses the rural economic issues which can help alleviate poverty. Conducting a systematic survey of rural communities and their economic activities can aid in improving their living conditions. Encouraging rural entrepreneurship can empower individuals to establish businesses, fostering economic self-reliance and reducing unemployment.

Rural development is an essential for the sustainable economic progress and social well-being. This study examines how entrepreneurship can generate and drive rural development, emphasizing its role in employment generation, poverty reduction, and regional economic balance. By leveraging local resources and skills, rural entrepreneurship can serve as a catalyst for sustainable economic transformation.

**Keywords** — Rural Development; Entrepreneurship; Economic Growth; Challenges; Opportunities.

## 1. Introduction

India is known for not only for its diverse cultures but also for its rural living structures. Village people of the states of all states probably live in the rural settings. Most of them dependent the agricultural sectors. There is a special name given to democratically big country is country. There are twenty eight states in India. There are many states where people are suffered. Because ineffective implementation of certain rules. Thus it is an essential for uplifting these people is very important. Bihar ranks between the most penurious states in India. Bihar's GDP is 3.37 billion. State's economy depends on agriculture that employs around 80% of the workforce. Second state is Sikkim which has its GDP 4.3 billion. It relies on maize, millet, rice, tea and cardamom.

Cottage industry is playing a major role in India to enhance its economic growth and alleviate poverty. Textiles, handloom, food processing, carpets and rugs. For example people of Tamil Nadu do many cottage works like textile, handloom, silk production, grape production, cracker production. In Andhra Pradesh, handloom, cotton, handicrafts and making toys. Karnataka stands for traditional craftsmanship. She is also known for sericulture, bamboo crafts and pottery making. Kerala has also many cottage works including brass and bell metal crafts, coir industry and kalamkri. Before science was developed, these cottage works were popular among the people of India. Nowadays they face a number of challenges. Due to challenges, they could not compete with other industries. So both state and central government must pay equal

concentration cottage industries as if given to modern industries.

Village people are migrating from village to cities in search of jobs because of unavailable of jobs. People are not interested to the localized products. As result, village people lost interest in the cottage works. So a lot of people lost employment. Thus they live in utter poverty. In order to avoid it, cottage industries should be encouraged to alleviate poverty. It would generate a lot of works for village youths. It would stop them going to cities. The officers of governments must implement and introduce legislative scheme in the rural area. So that village youth would be benefitted.

India has a predominantly rural population. Its villages uphold cultural traditions and economic activities. However, poverty remains a major challenge, necessitating focused efforts to uplift rural communities. Many rural residents possess strong work ethics and skills, making them suitable candidates for entrepreneurship. With 28 states and 793 districts, each region has unique resources and cottage industries. For instance, Vandavasi in Tamil Nadu is renowned for its silk production. India also has the world's largest youth population, yet rural youth often lack educational opportunities and guidance, unlike their urban counterparts. Investing in their development can drive economic growth and create employment opportunities.

## 2. Objectives

- To assess the performance of rural industries

- To evaluate the challenges and significance of rural entrepreneurship.

### 3. Methodology

This study primarily relies on secondary data including audited reports of MSMEs, government records, books, and journals. Statistical and theoretical data were analyzed to understand the current trends and challenges in the rural entrepreneurship.

#### 3.1 Rural Entrepreneurship

Rural entrepreneurship involves initiating and managing enterprises in rural areas, utilizing local resources and skills. Unlike urban entrepreneurship, which thrives on advanced technology and vast markets, rural businesses focus on traditional knowledge, agriculture, handicrafts, and tourism. It also focuses on silk production, bamboo handicraft and doll making.

#### 3.2 Rural Entrepreneurship in India

Rural entrepreneurship refers to the process of creating and managing a business or enterprise in a rural area which is leveraging local resources and opportunities in order to generate economic growth, employment, and improved quality of life. Some individuals who happen to be NGO's and local leaders who are committed to the cause of the rural people have certainly been the catalytic agents for development. The efforts must be recognized and lauded. It must be done to reverse the direction of movement of people. Thus it would attract rural mass. It means not only stopping the outflow of rural people but also attracting them back from towns and cities where they had migrated. Despite all the inadequacies and competencies in rural areas, one should assess their strengths and build upon them to make rural areas places of opportunities.

#### 3.3 Significance of Rural Entrepreneurship

India lives in the villages. Living standard of people of India is very essential for the growth of India. There are a few steps to be taken to enhance the life quality and enhance the healthy environment of India. The importance of rural entrepreneurship is briefly highlighted in the following:

- Creating Employment Opportunities: Rural entrepreneurship is manpower intensive and offers a clear solution to the rising problem of unemployment.
- Rural Growth: Rural Entrepreneurship would dismiss the attention of industrial units in urban areas and endorse equitable regional development in a safe way.

- Promotion of Art and Handicraft: The age-old rich inheritance of rural India is preserved by protecting and endorsing art and handicrafts through rural entrepreneurship.
- Check on Social Evils: The progress of rural entrepreneurship can decrease the social evils like poverty, growing of slums, contamination in cities etc.
- Awaken the Rural Youth: to accept entrepreneurship and endorse it as an occupation rural entrepreneurship can awaken the rural youth and expose them to various avenues and prospects.
- Improved standards of living: The rural entrepreneurship would also increase the literacy rate of rural population. Their education and self-employment would flourish the community hence increasing their standard of living.
- Foreign Exchange: The rural entrepreneurship plays significant role in growing the foreign exchange earnings of the country through export of their produce.

#### 3.4 Performance of Rural Industrial Sector

Rural industries have demonstrated a consistent growth in the production, sales, and employment generation. Government's support and giving incentives through MSME policies has contributed to this progress. The following table highlights the trends over recent years.

**Table 1: Performance of Village or Rural Industries**

Year	Production (In Crore)	Sales (In Crore)	Cumulative Employment (In Lakhs Persons)
2013-2014	26108	31152	140.38
2014-2015	27569.37	33135.90	134.25
2015-2016	34490.22	41894.56	137.83
2016-2017	42631.09	52138.21	136.40
2017-2018	45725.69	55750.40	137.79
2018-2019	56167.04	71076.96	142.03
2019-2020	65343.07	84664.28	147.76
2020-2021	70330.66	92213.65	154.09
2021-2022	81731.62	110363.51	162.64
2022-2023	93040.84	128686.56	172.14
2023-2024	105091.68	149177.12	182.31
<i>Source: Various issues of MSMEs Annual Reports.</i>			

The above table illustrates the performance of village or rural industries in terms of production, sales, and employment in India from 2013-14 to 2023-24. The worth of village industries rose from 26,108 crore in 2013-14 to 1,

05,091. 68 crore in 2023-24. The growth in production within the village industry can be attributed to an increase in the funds allocated as part of budgetary support. Similar patterns are noted in the sales of village industries, as these depend on production, market conditions, and consumer preferences. The total cumulative employment in the village industry grew from 134. 25 lakh persons in 2014-2015 to 182. 31 lakh persons in 2023-24 respectively.

### 3.5 Problems of Rural Entrepreneurship

Currently, rural entrepreneurship is particularly challenging. It faces a multitude of issues. Rural entrepreneurship is not without its problems and challenges. The primary issue for village industries lies in securing financing, a deficiency of technical skills, insufficient training opportunities in entrepreneurship, a lack of pertinent information regarding new opportunities, emerging markets, and potential risks, among others. Below are some common issues faced by rural entrepreneurship:

- a) Problem of finding the Raw Materials: The primary challenge for rural industries is sourcing quality raw materials for their operations. Due to insufficient information on how to procure raw materials, village industries often obtain low-quality raw materials at a high cost.
- b) Financial Problem: The second major issue for rural industries is securing finance for their operations. Many rural entrepreneurs are unaware of the government-provided facilities. For their business needs, they often seek financial assistance from private financial institutions and loans from non-bankers, incurring high interest rates.
- c) Problems of Marketing: Following the production of goods and services by rural industries, marketing challenges are frequently encountered. This primarily includes issues related to the production and distribution of rural products. Often, consumers display less interest in locally produced items, even when the quality is high.
- d) Poor Infrastructural Facilities: The rural infrastructure is notably inadequate in many regions. There are deficiencies in transportation, communication, storage facilities, and power supply, among other areas.
- e) Human Resource Problem: Rural areas experience various human resource challenges. This encompasses low skill levels of workers, a negative mindset towards entrepreneurship, a lack of technical expertise, and limited learning capabilities.
- f) Heavy Competition: Village industries confront significant competition from larger businesses and urban entrepreneurs. These challenges arise for rural entrepreneurs due to their inability to effectively market their products. Branding and promotional efforts by larger entities leave little room for rural products.

- f) Heavy competition: Village industries encounter substantial competition from major business enterprises and urban entrepreneurs. These challenges affect rural entrepreneurs due to a lack of market engagement for their products.

### 4. Recommendations

To enhance rural entrepreneurship, the following strategies should be adopted throughout India: Governments ought to offer financial incentives and create specialized entrepreneurship funds. Training initiatives should be organized to prepare rural entrepreneurs with essential skills. Digital platforms should be employed for the promotion of rural products. Enhancements in infrastructure should be prioritized to aid rural enterprises. Fostering youth involvement in entrepreneurship through educational reforms.

### 5. Conclusion

Rural entrepreneurship plays a vital role in economic and social advancement. By fostering local industries and backing rural entrepreneurs, India can attain equitable economic growth globally. Efficient policy execution and community engagement are vital for ensuring sustainability.

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