

Curriculum for Rural Entrepreneurship



Rural Resilience Indian Excellence

National Council of Rural Institutes

Department of Higher Education

Ministry of Human Resource Development

Government of India

Curriculum for Rural Entrepreneurship

Introduction

India is one of leading economies among the developing countries with an average GDP growth rate of around 7% for over last one decade. There has been a good economic progress in the fields of information technology, infrastructure and services. The primary sector (Agriculture, Forestry and Fisheries) which accounts for over 68% of the population (830 million out of 1210 Million, as per 2011 Census) has however been lagging behind with an average annual growth of 4% per annum or less. This is generating a lot of disparity between rural and urban livelihoods. Diminishing returns from Agriculture have put the whole rural economy under severe stress. There is, thus an urgent need to accelerate the diversification of rural livelihoods so that rural communities have adequate means and opportunities which are viable and sustainable. Rural Entrepreneurship can address this issue and generate self-employment through pooling of community resources.

The gap between rural and urban development is a major issue of developmental process adopted after independence and to achieve inclusive growth target this gap should be filled in an effective way. The only solution to the problem is to develop entrepreneurial activities in the rural sector. The economic, social and educational status of rural India demands skill development for motivating rural people to join business activities along with their routine agricultural activities not only to support agricultural work but to generate additional income for better livelihood. There are a number of opportunities for Rural Entrepreneurship in areas of harvesting/ post-harvesting and processing and value-addition of Agriculture/ Horticulture / Fisheries post-harvest in rural areas. This course will train and educate the students of postgraduate programme of management studies to identify the potential of rural entrepreneurship in Indian villages. It will also help to develop a mechanism/ framework to convert identified potential into a commercially viable business idea. The course has also been designed with the objective that it will directly engage the rural people to establish enterprises in the rural sector and as a result, it will stop migration from rural areas to the urban areas.

Curriculum Design

- Objectives
- Module Development
- Methodology
- Assessment
- Outcomes

Course Objectives

- i. To develop understanding about Entrepreneurship in Rural Context;
- ii. To develop entrepreneurial skills in the rural youth;
- iii. To explore and identify rural potential for a business idea;
- iv. To developing skills to convert the idea into a commercial viable business concept;
- v. To measure the feasibility of the identified concept by the students;

- vi. To develop a framework for integrating the business concepts and markets; and
- vii. To develop and implement a Rural Enterprise.

Rationale

Community engagement can be a big game changer for rural communities. Though traditional extension and outreach programs are desperately trying to bring in the desired outcomes, they are just not sufficient to heal the rift between higher education and public life. What is required is an approach that extends beyond service and outreach to actual ‘engagement’. By this, we mean that there is a need to move from a model of ‘public service’ where universities do things for ‘passive & needy public’, to one of ‘public work’ that taps, engages and develops the civic agency, talents and capacities of everyone, inside and outside the academy”. Therefore, the requirement of today is an ‘engaged model of university outreach’ which is far more collaborative than the customary conventional approach. Hence, higher education which is generally organized into highly specialized disciplines requires a paradigm shift towards a more systemic perspective, emphasizing collaboration, cooperation and partnership (UNESCO Chair, 2015).

The various forms of community engagement are: (PRIA, 2014):

1. *Linking ‘formal’ learning and the local community*
2. *Researching with the community*
3. *Sharing knowledge with the community*
4. *Designing new curriculum and courses*
5. *Involving local practitioners as teachers*
6. *Social Innovation by students*

Proposed Model of Curriculum

This Course may be introduced as an elective course in the Final Semester of the Undergraduate Courses in the Streams of Arts, Commerce and Business Management Streams, besides being a compulsory course in the Masters of Rural Management Program.

S.N	Module Title	Module Content	Teaching/ Learning Methodology	No. of Classes
1.	Introduction of Rural Entrepreneurship	Understanding Entrepreneurship Evolution of Entrepreneurship in Rural India Types of Rural Entrepreneurship Entrepreneurial Competencies Challenges for Rural Entrepreneurs	Lecture, Demonstration, Participation, Field visit Case Studies Group work	4+8

S.N	Module Title	Module Content	Teaching/ Learning Methodology	No. of Classes
2.	Institutional Eco-Systems for Promotion of Rural Entrepreneurship	Rural Eco-System, Natural and Human Resource Base Panchayati Raj System & Government Schemes Rural Skill Sets and Enhancing Opportunities Institutional Support for Finances and Technical Back-stopping Private-Public Partnership and Corporate Social Responsibility Systems	Lecture, Group discussion, Field Visit Case Studies	4+8
3.	Micro and Small Rural Enterprises	Understanding Micro and Small Enterprises Project Identification and Selection Project Formulation, Project Appraisal Government Policies for Micro and Small Enterprises Rural Business Environment-Social, Economic, Political and Cultural Issues	Case Studies Penetration, Participation, Field visit Case Studies	8+8
4	Rural Enterprise Incubation	Scanning Rural Environment- Economic, Technical, Technological & Market Business Opportunity Identification and Project Selection Business Plan Preparation Forward and Backward Linkages Market Linkages Development Rural Marketing	Observation. Interview, Participation , Field visits	8+8
5	Live Project and Hands-on Support	Study of Rural Entrepreneurs- Growth and Replicability issues Entrepreneurial Opportunities-Potential and Limitations Active Interaction with key Stakeholders- Panchayats, NGOs, Schools etc Working Together and Finalize Interventions List-out and Networking with all Rural Support Systems	Case Studies Interview, Field Mapping , practice sessions	8+8

Assessment

Duration	One semester (6 Months) (32 hrs. classroom Teaching + 40 hours field study in a semester)
Credits Assigned	2 Credit (Class Room Teaching) + 2 Credits (Field Study, Rural Attachment & Report)
Assessment Pattern (as per the University Norms)	Internal and External Assessment <ul style="list-style-type: none">• Internal Assessment (2 Assignments, one Case Study and Written Examination)• External Assessment (Project Work under supervision/ attachment with a Mentor)
Marks allocated (in accordance with University)	100 marks (20 for each Assignment, 20 for Case Study and 40 for Written Examination) 100 marks (40 for presentation and 60 for viva voce)

Outcomes

After completion of the course the student will be able to

1. Understand the social, economic, political and cultural framework of the rural entrepreneurship
2. Address the challenges with suitable responses for the identified rural entrepreneurship
3. Engage in the management of the rural entrepreneurship

Career Options

The broad idea of developing and offering this course is to mold the rural youth that may act as catalyst to think about rural challenges, may seek their career in empowering rural people or can be contribute in developing rural areas in any form. Entrepreneurial knowledge, skills and exposure is the most important outcome of this course. A passionate student of this course may transform his/ her passion in any of the following forms:

1. Job prospect in rural services (Government and Non Government)
2. Consultant (Rural Community, Government and NGO's)
3. Entrepreneur (Self or Co-operative Model)
4. Researcher
5. Academician
6. Social Reformer

All the above roles will support the rural economy, in one way or the other.

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I. Introduction to Rural Entrepreneurship

Introduction

Entrepreneurship is the 'capacity and willingness' to develop, organize and manage a business venture along with any of its risks in order to make a profit. The most obvious example of entrepreneurship is the starting of a new business. The new businesses create wealth, create new jobs and enhance the prosperity in the society. Success of one business entity creates ancillary activities as well, triggering a chain (backward as well as forward) reaction for rapid development. Entrepreneurship is thus a necessary condition for any society's development. The phenomenal rise of IT Industry in India (during 1990s and 2000-2015) gave rise to huge Infrastructure – Education, Training, Physical and Logistics development. We have a number of cities housing IT Parks /IT-Hubs to incubate and promote Entrepreneurial activities in this domain.

Undertaking entrepreneurial activities in rural setting is Rural Entrepreneurship. Rural Entrepreneurship is an emerging subject of study in India. In this unit we will understand the meaning, concept, evolution and types of Rural Entrepreneurship. We will also discuss about the competencies required and potential challenges for rural entrepreneurs. This book is organized in following five sections:

1. Understanding Entrepreneurship
2. Types of Entrepreneurship
3. Evolution of Entrepreneurship in Rural India
4. Entrepreneurial Competencies
5. Challenges for Rural Entrepreneurs

1. Understanding Entrepreneurship

Introduction

Entrepreneurship is the process of designing, launching and running a new business. Most of the new businesses start as a small unit and with time, resources, market-access and profits earned they grow into large enterprises. The people who conceptualize and create these businesses are called entrepreneurs. Entrepreneurship creates wealth and creates jobs in the society. Thus Entrepreneurship is one of the key drivers of growth. Success of one business entity creates ancillary activities as well, triggering a chain (backward as well as forward) reaction for rapid development. Entrepreneurship is thus a necessary condition for any society's development.

Objectives

After going through this section, you will be able to:

- To understand the concept and meaning of Entrepreneurship.
- To differentiate between Rural and Urban Entrepreneurship.

1. Entrepreneurship- Definition

Entrepreneurship is associated with 'starting a new business'. The term Entrepreneurship originated in Europe during 17th and 18th Century. The word entrepreneurship is derived from a French word 'Entreprendre' which means 'to undertake', 'to pursue opportunities', or 'to fulfill needs and wants through innovation and starting businesses'. The word was first appeared in French dictionary in 1723. Entrepreneur, which most people recognize as meaning someone who organizes and assumes the risk of a business in return for the profits was introduced by Richard Cantillon (1697-1734), an Irish economist of French descent.

After Richard Cantillon, a French economist Jean Baptiste Say (1767-1832) used the word "Entrepreneur" to define an 'adventurer' or "one who undertakes an enterprise, especially a contractor, acting as intermediary between capital and labor". According to Say "The entrepreneur shifts economic resources out of an area of lower value and productivity to an area of higher value, productivity and yield". The entrepreneur, thus, identifies the opportunity to add value to the existing resources, and takes risk to invest time, money and efforts to undertake it.

In the last century Joseph Schumpeter (1883-1950) defined Entrepreneur as someone who undertakes a new business "to reform or revolutionize the pattern of production by exploiting an invention or, more generally, an untried technological possibility " Schumpeter sees the personal qualities of energy, leadership, and determination as playing an important role.

Contemporary writers in management and business have presented a wide range of theories of Entrepreneurship. Most of them follow Say-Schumpeter tradition while offering some variations to the theme. Peter Drucker (1909-2005) brings the element of 'Innovation' into Entrepreneurship. According to Drucker Innovation is the key to successful competition, growth, progress and prosperity. But innovation does not happen on its own. It takes people who are passionate about making it happen: someone needs to identify opportunities for innovation, turn ideas into products, services or business models and help them succeed in the face of adversity. And this is exactly what entrepreneurs do.

Another dimension of 'Opportunity' is added to Entrepreneurship by Israel Kirzner (1930--). According to Kirzner's entrepreneur is a person who discovers previously unnoticed profit opportunities. The entrepreneur's discovery initiates a process in which these newly discovered profit opportunities are then acted on in the marketplace until market competition eliminates the profit opportunity.

Entrepreneurship is the 'capacity and willingness' to develop, organize and manage a business venture along with any of its risks in order to make a profit.

2. Classification of Definitions of Entrepreneurship

The definitions of Entrepreneurship propounded by Richard Cantillon and J.B. Say can be categorized as historical definitions as these were the first documents on entrepreneurship. The essence of these definitions is that Entrepreneurs bring a new business into being by organizing means of enterprise to generate profit. Value-addition (and generation of wealth and additional jobs) was the key theme of the Entrepreneurship. The Entrepreneurs of 17th and 18th centuries like Henry Ford (Ford Motors), W.K. Kellogg (The Kellogg Company) in USA and JRD Tata (Tata Sons) and Seth Shiv Narayan Birla (Birla group of Companies) can be quoted as best examples of this kind of entrepreneurship.

The Schumpeter definition of entrepreneurship "to reform or revolutionize the pattern of production by exploiting an invention or, more generally, an untried technological possibility " can be considered as classical definition of Entrepreneurship, as it captures the essence of "Value Addition" and also has the additional futuristic dimension of "Creative-Destructive" innovation. In his words, "the function of entrepreneurs is to reform or revolutionize the pattern of production". The entrepreneurs can do this by "by exploiting an invention or, more generally, an untried technological possibility for producing a new commodity or producing an old one in a new way, by opening up a new source of supply of materials or a new outlet for products, by reorganizing an industry and so on ". According to Schumpeter the entrepreneurs are the change agents of the economy. They create new markets, new and more efficient ways of doing things. They are the modern business leaders.

The establishment and growth of aviation industry, IT Industry world-wide, where-in technological innovations were the triggering points for establishment of new industrial systems, can be explained as the examples of Classical entrepreneurship.

The last two definitions "Innovation centered Entrepreneurship" propounded by Peter Drucker, and "Opportunity driven Entrepreneurship" by Israel Kirzner can be classified as the contemporary or current theories of Entrepreneurship. The conceptualization and growth of .com industries, App based enterprises

(Ola, Uber, PayTM) are the examples best explained by “Innovation and Opportunity driven Entrepreneurship”.

3. Entrepreneurship-Rural –Urban

Entrepreneurship concept evolved in west, and so also its examples. In India also major entrepreneurship initiatives documented belong to urban India. The example of Urban Entrepreneurship will include- Akshay Patra Foundation, Event Management Companies, most of the App-based service Industry- makemytrip.com, irctc.com, and many others are city based or urban Entrepreneurships. On the other hand the Entrepreneurs (conceptualized and) working in Rural India will be classified as Rural Entrepreneurs. It is not that there is less or no Entrepreneurship in Rural India. Our rural brethren are equally talented and industrious. It is purely because of lack of understanding of the concept, and lack of documentation in Rural India.

It is really astonishing that a nation which was once known as “Sone Kin Chidiya” (Golden Bird) is reinventing itself. Ancient Indian economy was basically rural. Ours was a land of spices, cotton, iron, sugar and pearls. India was a major exporter of Textiles, Spices, Sugar and Iron weapons. There were a lot of value-addition activities in country-side. Our Industries, including rural enterprises, were suppressed during colonial rule, we are again looking at Rural Entrepreneurship as an emerging subject of study in India. There are umpteen number of Innovations happening in the country-side. We only need to explore, identify, document and popularize Rural Entrepreneurship success stories. One such initiative is Honey bee Network of India, founded by Professor Anil Gupta of Indian Institute of Management (IIM), Ahmedabad. According to Prof. Gupta “India’s villages have become a hot bed of innovation, as its rural poor develop inventions out of necessity. Several of the people on this list have no more than an elementary school education”. Some of best known examples of Rural Entrepreneurship include- development and popularization of Motorcycle-based Tractor by Mansukhbhai Jagani, which costs around Rs. 20,000/- only and is highly fuel efficient (it can plow an acre of land in 30 minutes with two liters of fuel). Another highly acclaimed rural Innovation is Cotton Stripping Machine developed by a farmer Mr. Mansukhbhai Patel, again a farmer from Gujarat. These and many more (over 1,00,000) rural entrepreneurship/ ideas/ Innovations and traditional knowledge practices success stories have been documented by Honey-Bee Network over last 25 years.

Rural Entrepreneurship has potential to provide huge opportunities to our unemployed/ under-employed rural youth, and along with improve the rural infrastructure and livelihoods. There are enormous opportunities for value-addition in Agricultural and allied sectors.

4. Conclusion

Entrepreneurship is the 'capacity and willingness' to develop, organize and manage a business venture along with any of its risks in order to make a profit. The key ingredients of Entrepreneurship include Organizational Ownership, Value-addition, Risk-taking and Profit-making. The Entrepreneurship theories take cognizance of role of Innovation- Process or Technological, Opportunity- Identification and exploitation, by quick action.

Entrepreneurship is key for economic development. Rural Entrepreneurship is necessary to enhance Rural Prosperity.

5. Keywords

Entrepreneurship, Rural Entrepreneurship, livelihood, Innovations, Honey-Bee Network.

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7. Model Questions

Question 1: Define Entrepreneurship. What are the key differences between the Rural and Urban Entrepreneurs?

Question 2: Discuss Entrepreneurship in the context of Innovation. The concept of Entrepreneurship has evolved over last two centuries. Discuss.

2. Types of Entrepreneurship

1. Introduction

Being an entrepreneur is not really about starting a new business. It is a way of looking at the World: seeing opportunity where others see none, taking risks when other take refuge. Entrepreneurship is thinking beyond, predicting consumer behavior and at times shaping new business opportunities. There are different types of classifications of Entrepreneurs by economists and management experts. This section explains these typologies.

2. Objectives

After going through this section, you will be able:

- To understand the types of Entrepreneurship.
- To differentiate between Entrepreneurship and Intra-preneurship.

3. Types of Entrepreneurship

Entrepreneurship is an innovative process that involves with multifaceted and diversified activities for providing new things to the society and the civilization. The orientation makes it different and therefore, it may be classified as individual and mass entrepreneurship or private and public; entrepreneurship. A number of scholars have classified in three, four and even nine types of Entrepreneurs. These are hereunder:

3.1 Arthur H Cole (1889-1974) classifies entrepreneurs as empirical, rational and cognitive entrepreneur.

3.1.1 Empirical: He is entrepreneur hardly introduces anything revolutionary and follows the principle of rule of thumb.

3.1.2 Rational: The rational entrepreneur is well informed about the general economic conditions and introduces changes, which look more revolutionary.

3.1.3 Cognitive: Cognitive entrepreneur is well informed, draws upon the advice and service of expert and introduces changes that reflect complete break form the existing scheme of Enterprise.

3.2 Clarence Danhof (September 12, 1911—Age 106 years) has classified entrepreneurs based on his study on American agriculture. He classified entrepreneurs into four categories:

3.2.1 Innovative Entrepreneur: An innovative entrepreneur is one who introduces new product, new service or new market. An innovative entrepreneur is also known as modern entrepreneur. An

innovative entrepreneur can work only when a certain level of development is reached. These entrepreneurs introduce new changes and develop the business after a certain level of development is reached. They invent new products.

3.2.2 Adaptive Entrepreneur: Adaptive entrepreneur is one who adopts the successful innovations of innovative entrepreneur. These entrepreneurs imitate the techniques and technologies innovated by others. These entrepreneurs can be seen both in underdeveloped and developing countries. They also make small changes in relevance to their market environment.

3.2.3 Fabian Entrepreneur: A fabian entrepreneur is one who responds to changes only when he is very clear that failure to respond to changes would result in losses. Such entrepreneurs do not introduce new changes. They also do not desire to adopt new methods. They are very shy and stick to old customs. They are very cautious.

3.2.4 Drone Entrepreneurs: These Entrepreneur's activity may be restricted to just one or two innovations. These entrepreneurs do not make any further changes. They refuse to utilize the opportunities and may also suffer losses. They are very conventional. They refuse to introduce changes. They even make losses but avoid changes. Sometimes they may be pushed out of the market.

3.3 Hans Schollhammer (1980) had classified entrepreneurship into five categories such as administrative, opportunistic, acquisitive, incubative and imitative entrepreneurship. But with the change of time Entrepreneurship classification has increased to nine types. These are:

3.3.1 Administrative Entrepreneurship: The entrepreneurial activity under this category is centered around administrative techniques and functions. . It gives a new option to handle prevailing or future situations in a more effective way that provides advantages and competitive edge. Total Quality Management, job redesigning, new techniques of doing things, participative management or management by consensus are a few of the examples of administrative entrepreneurship that increase overall organizational efficiency and that make the firms successful and sustainable in the competitive market environment.

3.3.2 Opportunistic Entrepreneurship: There is a proverb "Hit! while the iron is hot". It is the best exhibit of the characteristic of this category of entrepreneurship. Environmental changes always offer new opportunities. But everybody is not equally capable of identifying and to utilize that opportunity on time.

The entrepreneurship that identifies, exploits and executes the opportunity in the first hand regarded as opportunistic entrepreneurship.

3.3.3 Acquisitive entrepreneurship: The entrepreneurship that learns from others competencies is acquisitive entrepreneurship. It acquires something new of value front, the competitive environment or achieves the competitors' technical capacities. It keeps the entrepreneurship sustainable in the competitive environment. The failure never restrains them from acquisition but motivates them further to discover such a thing with a new visitor.

3.3.4. Incubative entrepreneurship: This category of entrepreneurship generates and nurses new ideas and ventures within the organization. It executes them in a productive manner and ensures material gain for the organization. They pursue and help to get differentiated technologies to promote creations and innovations Microsoft, Nokia etc. always incubates new varieties types of product and creates product differentiation in the market.

3.3.5. Imitative entrepreneurship: The entrepreneurship that imitates a good or service operating in the market under a franchise agreement is the imitative entrepreneurship. It is the medium that spread technology over the world. It adopts an existing technology in countries over the world. It also adopts an existing technology with minor modification appropriate to the local condition.

3.3.6. Private Entrepreneurship: The entrepreneurship that is initiated under private sector is private entrepreneurship. The government gives various support services through private and public concerns that encourage private initiative in taking entrepreneurial ventures. A layer and mutual relationship between private and public sectors would make economic development speedy and balanced.

3.3.7. Public entrepreneurship: The entrepreneurship that is undertaken by the government through its various development agencies is public entrepreneurship. All countries, developed or underdeveloped, take a public initiative in venture ideas to fulfill the initial deficiency of private entrepreneurs.

3.3.8. Individual entrepreneurship: The entrepreneurship that is undertaken by an individual or a family with the personal initiative is individual entrepreneurship.

3.3.9. Mass Entrepreneurship: This type of entrepreneurship emerges in an economy where a favorable climate of motivation and encouragement exist for developing a wide range of entrepreneurship among general mass is mass entrepreneurship.' It increases small and medium enterprises in a country.

3.4 There are other classifications of Entrepreneurs and entrepreneurships based on use of technology, motivation of entrepreneur, growth of enterprise, stage of development and profile of Entrepreneurs. These classifications are summarized hereunder:

- a) Use of technology:** i) Technical Entrepreneur, ii) Non-Technical Entrepreneur, iii) Professional Entrepreneur, and iv) High-tech Entrepreneur
- b) Motivation of Entrepreneur:** i) Pure Entrepreneur, ii) Induced Entrepreneur, iii) Motivated Entrepreneur, and iv) Spontaneous Entrepreneur
- c) Growth of Enterprise:** i) Growth Entrepreneur, and ii) Super-Growth Entrepreneur.
- d) Stage of Development:** i) First generation Entrepreneur, ii) Modern Entrepreneur, and iii) Classical Entrepreneur
- e) Unique Profile:** i) Techno Entrepreneur, ii) Social Entrepreneur, iii) Rural Entrepreneur, iv) Women Entrepreneur, and Intra-preneur.

Of the above classifications we will discuss the last classification in little more details in next sections.

4. Techno Entrepreneur

Technology plays a very crucial role in triggering entrepreneurship. Every new technological research and development gives rise to a few or many Entrepreneurs. Some technologies have huge potential for entrepreneurship. Example Internet, Mobile Apps, etc. The Entrepreneurs conceptualizing their enterprise on technology are classified as Techno Entrepreneurs. Technology access or technological competence, however, is only a necessary condition for techno Entrepreneurship, not sufficient one. The other condition is 'business proposition' or market potential of the 'Product or service' proposed to be offered, and the final requirement is commercial skill of the Entrepreneurs. As most of our Indian 'University degrees' teach only core science or at the most technology, our Graduates are found to be good or sometimes even best in Science or technology, are found to be weak on entrepreneurial skills.

Technical (ITI passed, Diploma Holders, etc.), Technological and Professional (Agriculture, Veterinary, Fisheries, Chartered Accountants etc.) graduates are highly suitable for Techno Entrepreneurship. Apex national institutions like IITs have started grooming their graduates to undertake entrepreneurship. IIT Madras (Chennai) has started RTBI (Rural Technology Business Incubator) to provide business incubation opportunities and hand-holding (supporting credit linkage, market research etc.) to their Engineering and humanities graduates. Similarly Government of India has initiated a large scheme under the name Agri-Clinic and Agri-business Scheme (ACABC) to provide a two-month residential "Entrepreneurship Training" to Agricultural and allied graduates. This scheme has been opened for other graduates (having studied

biological sciences at Intermediate or Graduation level e.g. B.Sc. with one subject as Botany). This kind of support is required to inculcate Entrepreneurial skills and attitude.

5. Women Entrepreneur

Women constitute 50% of World Population, and contribute 66% of the workload. They receive 10% of the Income and own less than 1% of World resources. This is really ironical. Economic development of any country, society or World will not be possible, if the Women population is not taken on board for Entrepreneurship. Just like Education, when a man undertakes Entrepreneurship, he alone becomes Entrepreneur, whereas when a Woman takes Entrepreneurship, entire Family becomes Entrepreneurial. The Self-Help Group (SHG) movement of Andhra Pradesh demonstrated that the uneducated/ semi-educated women on combined Andhra Pradesh state demonstrated high degree of financial discipline when they were organized into groups and provided short-term loans. Women are more sensitive to repayment. They have better soft-skills like courteous behavior, pleasing manners and more patience while learning. Therefore, it is easier to groom Women as competent Entrepreneurs. The experiences of MS Swaminathan Research Foundation (MSSRF) Chennai indicate that married women are more suitable for running “Village Knowledge Centres (VKCs)”, more commonly known as “Common Service Centre (CSCs)”, across the country.

Education and Training is essential ingredient for knowledge and/ or skill-oriented Enterprises. It is, hence necessary to provide adequate opportunities for Young Women to participate in educational and training programs. As young women find it difficult to stay out of their houses for on-campus training programs, more spatial distribution is required for women’s polytechnics and industrial training institutions. 100% hostel facilities, with adequate security arrangements are required for women only institutions. And under no circumstances, these (women only) institutions should be converted into men’s institutes.

Continuous monitoring and improvement of educational and training programs for young women is necessary for encouraging Women Entrepreneurs. Home Science colleges and Women’s Colleges need to scout and document successful Women (in general) and Women Entrepreneurs in particular to encourage students to consider Entrepreneurship as an attractive career option. The success stories of Women making a mark in other fields like sports, astronauts, administrators and managers motivate the young women to undertake Entrepreneurship also.

6. Rural Entrepreneur

Entrepreneurs establishing business ventures in pre-dominantly rural areas are called rural Entrepreneurs. This is emerging as a national challenge (to provide meaningful productive self-employment to educated/skilled rural youth and also to bridge the economic development gap between urban and rural areas) and also as a national opportunity (availability of a large number of educated youth, vast agricultural economy, increasing demand for processed, semi-processed agricultural/ horticultural/ rural produce in urban areas, and continuously improving basic communication infrastructure-roads, railways and internet communication). Rural Entrepreneurship caters to the rural needs such as employment generation, income generation, rural development, build up village republics and curbing rural – urban migration. There are huge opportunities rural areas to tap- the demand for graded, packaged, fresh fruits and vegetables in the urban areas and the rural youth can be trained to undertake entrepreneurial initiatives to get-into the supply-chain of these rural products.

7. Social Entrepreneur:

Social Entrepreneurs are the Entrepreneurs with “Social Mission”. For them the Social Good is the focal theme, not the Financial Profit or Wealth Creation. They create and sustain Social Values. Social Entrepreneurship is combination of Entrepreneurship and passion for Social Good. This concept is as old as “Sati-Pratha Unmoolan” and as current as “Sulabh International”. There have been social reform movements from time immemorial. Those were organized on Individual leadership for larger cause, without any formal or structural Organizations. Some of them emerged as institutions in long-term. Now these movements have more formal existence and institutionalization of Corporate Social Responsibility (CSR) has given these initiatives a further boost. In olden days Social Movements were community funded, supported by industry or individual donations and implemented mainly by volunteerism. Now these Entrepreneurs organize their ventures on sound business principles to further their Social Cause.

Social Entrepreneurs engage in all the processes of Entrepreneurship –Innovation, Adaptation, Continuous Learning and improvement, while relentlessly pursuing new opportunities that serve their mission. New-age Social Entrepreneurs exhibit higher accountability to their donors, their beneficiaries (clientele) and maintain higher financial discipline.

A social entrepreneur is someone who recognizes a social problem and uses entrepreneurial principles to organize, create and sustain a venture to make a social change. Social Entrepreneurs measure their success by the impact they have on the society in long-run. Social Entrepreneurs are essential change-agents for

eradicating social evils like child-marriages, open-defecation, drug-addiction, and also to address complex social issues better maternity and child-health care, financial inclusion, education and environment etc.

8. Intra-Preneur:

Intra-preneurs are the executives/ officers working in corporate sector or business enterprises, who have undertaken “Entrepreneurial” assignments, without formally resigning or leaving their jobs. According to Wikipedia Intrapreneur is “A person within a large corporation who takes direct responsibility for turning an idea into a profitable finished product through assertive risk-taking and innovation”.

The major advantage for an Intrapreneur is – backing by the company (financial, technical and existing market network). The initiative and innovation to productize the idea, however, remains from Intrapreneur. There are a large number of examples from big companies like Google, Facebook and Intel, where their employees developed an ancillary product to enhance the value or outreach of their main product line. In India, the idea of Kinetic Zing (a variant of Kinetic India) came through one of their employees, who suggested that they must have a mobile charger in their mobike. Similarly at Pune-based Zensar Technologies, Mr. Vijay Gaikwad, Head Innovation Group, has been credited with building a tool called the Solution BluePrint, which has automated the software engineering process in the industry. Intrapreneurs are thus highly valuable employees who exhibit entrepreneurial talent while remaining in the formal corporate sector.

9. Conclusion

Entrepreneurship is a very wide open choice for young educated and skilled manpower. There are a number of classifications of Entrepreneurships based on technology used, motivation, growth and stage of development and uniqueness of profile.

10. Keywords

Techno Entrepreneurship, Rural Entrepreneurship, Social Entrepreneurship, Women Entrepreneurship, Intra-preneurship.

11. Further Reading/ References

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4. International Journal of Advance Research in Computer Science and Management Studies, Volume 1, Issue 2, July 2013

5. Model Questions

Question 1: Define Techno Entrepreneur. What are key skills necessary for Agriculture or veterinary graduates to become successful entrepreneurs?

Question 2: Discuss the difference and similarities between Social Entrepreneur and Rural Entrepreneurs

3. Evolution of Entrepreneurship in Rural India

1. Introduction

Entrepreneurship is associated with 'starting a new business'. In simple terms "entrepreneurship" is the act of being an entrepreneur, which can be defined as "one who undertakes innovations, finance and business acumen in an effort to transform innovations into economic goods". Creative process of economic goods and services provides jobs to the local population. It attracts more investment. It needs more infrastructure and hence facilitates overall development. Thus the development of whole civilization can be attributed to Entrepreneurship. Entrepreneurship is not new to India. India was known to be prosperous country in olden days. We had a flourishing Agriculture, a well-developed textile industry and prosperous rural life. It is Indian prosperity which attracted Mogul and later English invasions to our country. In this section we will discuss the evolution of Entrepreneurship in Rural India.

2. Objectives

After going through this section, you will be able:

- To understand the Historical development of Entrepreneurship in India.
- To appreciate the contemporary developments, challenges and opportunities for Rural Entrepreneurship in India, and
- To visualize a bright future of Rural Entrepreneurship in India.

3. Rural Entrepreneurship-Historical Perspective

The economic history of India begins as early as 3300-1300 BC, with Indus Valley Civilization. During this period Indian economy (which subsumed present day Pakistan, Bangladesh and part of Afghanistan) was very well organized. It evolved from a largely agricultural and trading society into a mixed economy of manufacturing and services, while a large majority still involved in agriculture. The period was marked by intensive trade activity and urban development. Though there was a significant urban population, much of India's population resided in villages, whose economy was largely isolated and self-sustaining. Each village had farmers, carpenters, iron-smiths, goldsmiths, barbers, doctors (ayurvedic practitioners) teachers, preachers (Brahmins -pujarees), weavers and general merchants (kirana shops). Agriculture was the predominant occupation and satisfied the village's food requirements, besides providing raw materials for

hand-based industries such as textiles, food processing and crafts. All the professions/ businesses were family based. The family pooled their resources to maintain the family and invest in business ventures. The system ensured younger members were trained and employed and that older and disabled persons would be supported by their families. The system prevented agricultural land from splitting with each generation, aiding yield from the benefit of scale. Such sanctions curbed the spirit of rivalry in junior members and instilled a sense of obedience.

Along with the family- and individually-owned businesses, ancient India possessed other forms of engaging in collective activity, including the gana, pani, puja, vrata, sangha, nigama and sreni. Nigama, pani and sreni refer most often to economic organizations of merchants, craftspeople and artisans, and perhaps even para-military entities. The organizational structures at village panchayat was very strictly organized. A village panchayat had full legal authority to hear the cases and its verdict including the enforce punishment to erring members.

Religion played an important role in shaping economic activities. As most of the villages and towns were around river valley, most of the functions/ pilgrimage towns like Haridwar, Cawnpore (Kanpur), Benaras (Varanasi), Allahabad, Calcutta (Kolkata), Nasik, Puri, Ujjain were also developed by the side of great rivers. These big towns were developed into centres of trade and commerce. Religious functions, festivals and the practice of taking a pilgrimage resulted in an early version of hospitality industry. All these towns still house old Sarais.

The Indus Valley Civilization was followed by Maurya Empire (300 BC), which had united most of Indian subcontinent. This resulted in political unity and military security allowing for a common economic system and enhanced trade and commerce, with increased agricultural productivity. India is estimated to have had the largest economy between 1AD and 1000 AD, controlling between one-third and one-fourth of the world's wealth. India was overtaken by China for a brief period during 1500-1700 AD, and then again became world's largest economy in 1700 AD producing about a quarter of global GDP, before declining sharply during British rule in late 18th century. Its global share in industrial output declined from 25% in 1750 to 2% in 1900. There was a heavy de-industrialization of India during 1750 to 1947, with almost fatal blow to the village and industries. As a reader one needs to appreciate there was no Electricity, no Computers, no Airplanes during Indus Valley Civilization, Mauryan Empire, it was primarily an agriculture-based economy, fueled by rural enterprises and village industries. The rural go-down system (grain storage systems) of Harappa and Mohenjo-Daro are still quoted to be the best. Indian agriculture was at its best. Food crops included wheat, paddy and barley, while non-food cash-crops included cotton, indigo and

opium. By mid-seventeenth century Indian cultivators begun to extensively grow maize and tobacco. Bengali peasants learned techniques of mulberry cultivation and sericulture, establishing Bengal Subah as a major silk-producing region. Agriculture was highly advanced as compared with Europe. There are references of use of seed-drills in Moghul India. Major irrigation systems were built during Moghul emperors, giving further fillip to crop-yields and harvests. Major road constructions happened during that time to facilitate trade and commerce.

India supporting a quarter of world's GDP, with majority profession continuing to be agriculture, is ample proof that Rural Entrepreneurship was at its peak during Indus Valley Civilization, Mauryan and other early medieval kingdoms like Cholas, Guptas, Harsh, Palas, Rahtrakutas and Hoysalas. This continued till arrival of Moghuls. Moghuls also did not disturb the Indian Economy much, only later Moghuls – (Aurangjeb in particular) extracted hire rate of taxes from peasantry, resulting in decline of Agriculture and consequent decline of rural artisanship and ultimately rural industry. However, it was the British rule which gave a death knell to Indian Rural Entrepreneurship and rural industries by its highly regressive taxation system, and sending all the raw materials (cotton, tobacco, indigo, iron) to England to feed British industry.

4. Rural Entrepreneurship-Contemporary Realities

We are living in twenty-first century. First two decades of this century have been marked by tremendous developments of entrepreneurship in urban areas. This is particularly true for India. In the early years of Independence, 1947 onwards we started from scratch. 1952 onwards, planned development of country began with more focus on heavy industries, major infrastructure (bakhra, hirakud dams, IITs, etc.) and revival of major industries, which was location-specific (dams/ roads) or city-centric (Educational Institutions/ Industries). In rural areas Agriculture remained the major occupation, with only primary school and a few local kirana shop being the only other options for employment/ career-building. With more employment/ part-time job opportunities in cities and towns, migration from rural areas to cities/ towns started on a large scale, resulting in very poor health of rural economy. In some of Indian villages (particularly in hills of Uttarakhand, Himachal Pradesh) only the elderly (over 50 years) constitute majority of the population. All the young persons have migrated to nearby cities in search of livelihood. Similarly in some districts of Telanagana (for example Karimnagar) all the able-bodied young people have migrated to Hyderabad, leaving their old parents to look after agriculture. This has created a very scary picture of rural India. Time has come to change this divide. We need to reinvent India, its prosperity. India lives in villages. Even now over 60% of our population lives in villages. We need to create rural infrastructure, rural jobs, rural roads, schools and other facilities so as to support rural entrepreneurship and rural prosperity.

Government of India, and all the State Governments are highly sensitive on this issue, and all of them want to support rural entrepreneurship. Learning the lessons from success of urban entrepreneurship all state governments are now working-out strategies to promote rural entrepreneurship. The four corner stones of Knowledge, Credit, Management and Marketing, all four eco-systems necessary for entrepreneurship are now being pursued vigorously by all state governments. In fact this is the best time for the establishment and growth rural entrepreneurship. Rural economy is growing, there is enough agricultural produce, horticultural produce and there is ever increasing demand from nearby cities/towns for processed/ packaged/ graded/ organic and quality food products, crafts, and arts. Rural Tourism is also providing good opportunity for entrepreneurship. The success of “Lizzat Papad” has made the brand a house-hold name even in America, where there is a significant population of Indian descent. Internet penetration is reaching the most difficult areas of the country, and rural roads infrastructure makes it possible to explore the all-India market. With new initiatives like eNAM and Common Service Centres (CSCs) the rural entrepreneurs can reach-out to the whole national market. The e-marketing initiative of Patanjali Brand (Haridwar to Har Dwar translating as From Haridwar to each house) has promise to make a 1000 million Rupees company (turnover in 2016-17) to 100 Billion company within next 2 years (as indicated by Baba Rambdev on NDTV at 2.00 pm on January 16, 2018).

Institutional support system is improving at a very fast pace, so also the availability of educated and trained manpower. Hence the current situation is highly conducive to start rural entrepreneurship.

5. Future of Rural Entrepreneurship

The future of Entrepreneurship is the future of the Country. For India it directly translates as the future of the nation. Considering the importance being attached to improving rural economy, proposed doubling of farmers’ income and providing urban facilities in rural areas, we can safely assume that the future of Rural Entrepreneurship is bright in India. This bright future will depend on taking concrete steps of establishing Rural Management as a discipline in all Indian Universities (to make available rural managers), making rural posting compulsory for all government doctors (for at least 5 years), ensuring disbursement of timely loan to all rural entrepreneurs by banking system, and linking all nearby cities/ towns with all-weather roads to rural areas, to facilitate smooth transportation of rural products/ services to urban areas. All this has started to happen. Rural Technology Parks are getting built (NIRDPR, Hyderabad being a leading example) to show-case success of rural enterprises. There is strong need to establish and strengthening Rural Management institutions for proper teaching, training, hand-holding, documenting and disseminating rural entrepreneurship success stories. Strengthening of National Council of Rural

Institutions (to serve as a national think-tank, provide policy analysis and feedback, design develop and mentor Course Materials and Master trainers and ultimately serve as a repository and clearing house of Rural Engagement/ Rural Entrepreneurship success stories for the whole country) must be one of the top priorities of the union government.

6. Conclusion

Rural Entrepreneurship is not a new concept for India. Indian has been one of the most ancient developed rural economies. The village self-rule (gram-swaraj) is an Indian Concept. We need to reinvent our economic prowess. As India still lives in villages, the route of Indian economic development will be fast-forwarded by Rural Entrepreneurship. Fortunately there is unison of thinking among policy makers (in all states and at federal level) on this subject at this point of time, as the country is facing acute rural distress. Current situation provides a good opportunity for rural entrepreneurship to flourish.

7. Keywords

Indus Valley Civilization, Gram-swaraj, rural industries

8. Further Reading/ References

1. https://en.wikipedia.org/wiki/Economic_history_of_India
2. http://shodhganga.inflibnet.ac.in/bitstream/10603/4912/8/08_chapter%202.pdf
3. A Brief History of Entrepreneurship (2016): The Pioneers, Profiteers, and Racketeers Who Shaped Our World, by Joe Carlen, Columbia University press
4. The History of the World's Greatest Entrepreneurs: The Biography of Success (2009), by Ronald Shillingford

9. Model Question

Question 1: Describe the situation of Rural Enterprises in ancient India.

Question 2: Rural Entrepreneurship is essential for faster economic growth of the Country. Discuss.

4. Entrepreneurial Competencies

1. Introduction

Entrepreneurs are highly focused, achievement oriented, enthusiastic, and confident individuals, who have some innovative business ideas and also capacity to take risk. These individuals like freedom, but at the same time they are highly disciplined and focused on their business idea. In this unit we will discuss the characteristics of Entrepreneurs and the competencies required for a successful entrepreneur.

2. Objectives

After going through this section, you will be able:

- To understand the Characteristics of Entrepreneur.
- To understand the Competencies required for a successful Entrepreneur.

3. Characteristics of Entrepreneurship

Entrepreneurs are highly focused, achievement oriented, enthusiastic, and confident individuals, who have some innovative business ideas and also capacity to take risk. They have following characteristics:

- ✓ Entrepreneurs are highly motivated and action oriented.
- ✓ They have full faith in their technical competence and have unwavering commitment to their idea.
- ✓ Entrepreneurs are innovative. They encounter new problems in new areas and they are prepared to solve these problems.
- ✓ They are highly creative and result oriented.
- ✓ They are good communicators, and are able to convince others on their idea.
- ✓ They are good thinkers, planners, and doers.
- ✓ They can foresee their market, their market issues, and future of their product.
- ✓ They are prepared to take Risk.

4. Entrepreneurial Competencies

Entrepreneurship requires FULL commitment. By deciding to become an Entrepreneur, the individual has to take responsibility of all phases of business, i.e. complete ownership. This includes conceiving the Enterprise, Planning the Enterprise, Organizing finances, infrastructure, required clearances,

manpower, and giving it the shape. An Entrepreneur has to possess all the skills/ competencies required to undertake all the above phases of establishing and running a successful Enterprise. These competencies are summarized hereunder:

- a. **Initiative:** The Entrepreneur is his own boss. He/she has to take the initiative at all the stages of the Project Initiation, Planning, Execution and Expansion. An Entrepreneur has to think beyond the current situation. He has to think of the future of the project, potential opportunities and threats to his business. Most successful entrepreneurs possess/exhibit these skills while taking decisions to expand their business or adding a new product or service their delivery line.
- b. **Self-Confidence:** A successful entrepreneur will have strong belief in self. He has confidence to complete a task within committed schedule. Self-confident entrepreneurs have very good judgement of their abilities and are willing to put-in extra hard-work to justify that. This reinforces their confidence and makes them more successful Entrepreneur.
- c. **Assertiveness:** Entrepreneurs are not shy guys. They are good at communication. They express their ideas clearly. They have good self-respect and communicate pro-actively.
- d. **Highly Systematic:** Entrepreneurship requires full business cycle thinking. Systematic planning is one of the most critical requirement for a successful Entrepreneur. They are highly logical, follow step-by-step approach to undertake an activity. A successful entrepreneur follows all principles of Project Management, including concurrent monitoring and feedback. They have the pen-picture of their project Implementation schedule on continuously monitor it.
- e. **Innovative:** Entrepreneurs take up new businesses. They encounter new problems, they have to be innovative in their approach and have to be ready for unforeseen problem at various stages of Project execution and implementation.
- f. **Well-informed:** An Entrepreneur has to be well informed, particularly on the issues related to his business/ product. They continuously look at the competing products/ businesses and opportunities. Entrepreneurs have to continually scan the technological advances in their business area, so as to safeguard the life, quality, acceptance and profitability of their product/ business. They have to be up-to-date on the legal provisions of their business read regularly on the upcoming technologies in their area of interest. Most successful Entrepreneurs participate in District, State, National and International events showcasing their product line and taking direct feedback from existing and potential customers.

5. **Entrepreneurial Competencies for Rural Entrepreneur**

Rural Entrepreneurs require all the competencies enumerated in the above paragraphs. Additionally they have to be knowledgeable and sensitive to local culture, customs, social systems and environment. A city-based Entrepreneur can limit his circle to his suppliers and customers, but a rural Entrepreneur has to maintain a good rapport with larger number of people. Rural societies are small, well-knit and more connected and hence the rural Entrepreneur has to interact with all the people in the rural system, irrespective of their direct concern with his business. In rural scenario his personal goodwill often gets associated with his product quality and credibility. Rural Entrepreneur has to be stronger on soft-skills like communication, motivation, respect for local customs and self-discipline.

6. **Conclusion**

Entrepreneurship requires some key competencies like Initiative, self-confidence, assertiveness. A successful Entrepreneur has to be highly systematic in planning and execution of work, highly innovative in tackling new problems and well-informed on the technical/ technological issues related to his business/ product. Rural Entrepreneur, in addition has to be sensitive to local culture, customs, and social fabric. He can make a positive change in the society by sensitively handling his communication and social circles.

7. **Keywords**

Initiative, self-confidence, assertiveness, systematic, innovative, well-informed. Competencies.

8. **Further Reading/ References**

1. The Effective Executive (2006): By Peter E Drucker. Printed in the USA, Harper Collins Books, Harper Collins Publishers, 10 East 53rd Street, New York, NY 10022.
2. The Fountainhead (1971): By Ayn Rand, Printed The Bobbs-Merrill Company, a division of Macmillan Inc., 866 third Avenue, New York, NY 10022

9. **Model Question**

Question 1: What are key competencies required for a successful Entrepreneur?

Question 2: Rural Entrepreneurs need to be more sensitive to the local environment. Discuss.

5. Challenges for Rural Entrepreneurs

1. Introduction

Entrepreneurship is a challenging job. Entrepreneur has to face challenges from day one. Starting with the challenge of failure of business idea, to face a new competition at initial or later stages, the Entrepreneurs face innumerable challenges. It is here their passion for success and courage to face the challenges is put to test. Facing these challenges and then succeeding is the real victory of the Entrepreneurs, which give them enormous boost in confidence and makes them more successful. Rural Entrepreneurs face additional challenges due to limited access to human resources, capital and also related to infrastructure.

2. Objectives

After going through this section we must understand the Rural Entrepreneurship Eco-system and key challenges, a rural entrepreneur is most likely to face. The purpose of this section is to make the budding rural entrepreneurs aware about the challenges and opportunities in rural eco-systems.

3. Rural Entrepreneurship- Eco System

Rural Eco-system encompasses the Rural Entrepreneurship eco-system. The critical requirements of knowledge, finances, technology, human resources, management and markets are hugely different in rural areas. We will discuss these critical elements in some details in the context of Entrepreneurship.

- a) **Knowledge Eco-System:** An Entrepreneur coming from outside will face the knowledge gap of local customs, culture and geographical resources/ limitations on the other hand a local Entrepreneur is likely to have lessor knowledge of market potential and access to the same. And it is here that an Entrepreneur with rural background is likely to have an edge over the outsider. It is, however, critical for the rural entrepreneur to have good knowledge of market channels, costs involved, and proper market linkages for his product.
- b) **Finances:** Credit is the lifeline of a successful Enterprise. Rural entrepreneurs fail to get credit and external funding due to absence of tangible security and credit-worthiness. Even after 14 years of its operation, and subsidized credit support by National Bank of Agriculture and Rural Development (NABARD) the Agri-clinic and Agri-business Scheme (ACABC) supported by Government of India, has failed to ensure credit to even 5% of its trained Entrepreneurs. Most

- of the Agri-Graduates have had to establish their ventures on their own, and are surviving on sub-optimal success. Even after continuous follow-up by Government agencies, Ministry of Agriculture and Farmers Welfare, the Banks are unwilling to extend loans to ACABC Entrepreneurs, who have established their ventures in rural areas. The case is similar for other rural entrepreneurs.
- c) **Technology and Infrastructure:** The challenges of agricultural growth in developing countries including India, mostly include the lack of “appropriate technology and rural infrastructure”. There is a huge shortage of cold-storages and cool-chains in rural areas, which results in wastage of a high percentage of fruits and vegetables, before they reach market. Some of the rural areas do not have electricity connections 24 X 7. This may at times pose a serious limitation for putting up a food-processing/ milk-chilling and processing unit. Rural roads are another critical infrastructure for flow of goods between nearby towns/ cities and rural areas. Proper and all weather roads facilitate rural enterprises to have unhindered access to the nearby rail-heads or city/ towns. Tamilnadu provides an excellent example of good rural road network. This has resulted better and faster access for the rural produce to reach nearby cities and towns.
- d) **Human Resources:** It is difficult for an entrepreneur to search for workers who are skilled enough and agree to work in rural areas. If the workers are not skilled enough, the entrepreneur has to provide job training which is a serious problem as they are mostly uneducated and they have to be taught in local language which they easily understand. Also the family environment, society and support system is not conducive to encourage rural people to take entrepreneurship as a career which is mostly due to lack of awareness and knowledge of entrepreneurial opportunities. Hence there is need to start Rural Entrepreneurship courses in all universities, in all states, so that the local rural youth can relate the learning to their environment and appreciate the need of further learning in areas of his/her interest.
- e) **Management:** Generally there is shortage of highly educated youth in rural areas. Most of the rural youth prefer Arts, Science and Commerce education. Very few of them choose Management as a subject of study, Rural Management is still a scarce commodity in our primarily rural society. Only a handful of institutes like Institute of Rural Management Anand (IRMA), Mahatma Gandhi Antarrashtriya Hindi Vishwavidyalaya, MGAHV, Wardha, and Institute of Health Management Research IHMR, Jaipur, offer a two-year Post Graduate Diploma in Rural Development (PGDRD). National Institute of Rural Development and Panchayati Raj, Hyderabad (NIRDPR) offers a two-year PG Diploma Program in Rural Development, and also one

two-year PG Diploma Programme in Tribal Development Management (PGD-TDM). Some business Schools like Amity Global Business School, Hyderabad (AGBS), Welingkar Institute of Management Development and Research, WIMDR, Mumbai, NIMT Group of Institutions, NIMTGI offer Master of Business Administration (MBA) degree with specialization in Rural Management. All of these programs offer highly valuable inputs to budding Rural Entrepreneurs. But for a country of the size of India, we need at least 500 colleges (100 Universities) to offer a full two-year Rural Management course to provide impetus to Rural Entrepreneurship. Due to lower literacy rate of the people residing in rural areas they are not much familiar with the information technology and mostly rely on internal linkages that encourage the flow of goods, services, information and ideas. However the intensity of family and personal relationships can be helpful but they may also present obstacles for the effective business relationships as the local politics of the area may sometimes create hurdles during making important decisions and thus create hindrance in growth of an enterprise.

- f) **Marketing:** The rural entrepreneurs experience marketing problems and the major problem is standardization and competition from the large scale units. These large scale units also create difficulty for the survival of new ventures as they have limited financial resources and are bounded for spending limited finance on sales promotion. The new ventures have to come up with new advertisement strategies so as can be easily understood by the rural people. Also the print-media has limited scope in the rural context. The traditionally bounded nature, cultural backwardness and cultural barriers add to the difficulty of communication where people in rural areas mostly communicate in Hindi and their local dialects, and English is not understood by many people. Also, the rural entrepreneurs are heavily dependent on middlemen for marketing of their products who demand large commission as their profit. Besides this the indigenous methods of storage are not capable of protecting the produce from dampness, weevils etc. because of which the agricultural goods are not standardized.

4. Rural Entrepreneurship- Key Challenges

Rural Eco-system is the mirror for the key challenges for rural entrepreneurship. But along with challenges, embedded are the opportunities. The purchasing power in rural areas is continuously increasing and so also the Rural Infrastructure and availability of educated manpower. The current challenge for the rural entrepreneurs is to convert these challenges in business opportunities. Micro-finance provides an excellent such opportunity. Knowledge-based Entrepreneurship is another option. There are huge challenges for rural entrepreneurs to get skilled manpower in rural areas. This challenge

can be converted into an opportunity by starting 'Skill Training Institutes' making use of Skill Mission of India initiative. Government of India is providing a big push to "Skill India Mission" and that can be game-changer for taking up new skills in rural India.

5. Rural Entrepreneurship-Support Systems

Rural Areas provide a low-cost, low-pollution low-energy intensive opportunities. The basic facilities like housing, schooling, travel are low cost in rural areas. The access to all the (available) facilities is within walking distance reach. The support from Banking and financial institutions is also more personal and courteous. Government support is also available for identified rural enterprises. Local market/ resources information is available through informal channels and a word-of-mouth approach works very well in initial stages to launch the product. Rural entrepreneurs can start their ventures with a low capital/ resource base and can then upscale the same gradually with gradual success.

6. Conclusion

Rural Entrepreneurship is full of challenges and opportunities. The knowledge, Finances, Technology, Infrastructure, human resources, management and marketing all pose larger challenges in rural areas, but their solutions are also being worked out. The rural entrepreneurship is now a work in progress, whose time has come. India needs to gear-up to take up this challenge with opening of more colleges to offer rural management course, more rural technology incubation centres and more pro-active state support.

7. Keywords

Rural Management, PGDRD, PGD-TDM, IRMA, NIRDPR, AGBS, Rural Technology Incubation Centers.

8. Further Reading/ References

1. www.irma.org
2. www.nirdpr.org
3. www.amity.org

4. Model Question

Question 1: What are the key challenges for a Rural Entrepreneur?

Question 2: Discuss the need and availability of Rural Management Graduates for rural entrepreneurship.

II. Institutional Eco-Systems for Promotion of Rural Entrepreneurship

Introduction

Entrepreneurship is associated with 'starting a new business'. In simple terms "entrepreneurship" is the act of being an entrepreneur, which can be defined as "one who undertakes innovations, finance and business acumen in an effort to transform innovations into economic goods". Creative process of economic goods and services provides jobs to the local population. By very definition entrepreneurship requires an innovative (creative), educated (preferably) and motivated human capital (young, energetic and highly achievement oriented manpower), necessary capital (finances), raw materials (inputs), and market for its end-product. All these pre-requisites and enabling factors (or limiting factors, sometimes) constitute the eco-system for Entrepreneurship. The availability/ access of these factors varies from Country to country, state to state, and within state from district to district. For Rural entrepreneurship the variations from one region to another region (north to south or within a state, sometimes- from eastern UP to western UP, for example) are, at times, more pronounced, as the availability of credit institutions, availability of educated and motivated youth, situation of law and order and availability of raw materials may vary greatly.

We will discuss all these eco-systems required, and their current status for rural entrepreneurs. This unit is organized in following five sections:

1. Rural Eco-System: Natural and Human Resource Base
2. Panchayati Raj System & Government Schemes
3. Rural Skill Sets and Enhancing Opportunities
4. Institutional Support for Finances and Technical Back-stopping
5. Private-Public Partnership and Corporate Social Responsibility Systems

1. Rural Eco-System, Natural and Human Resource Base

1. Introduction

Entrepreneurship is the process of designing, launching and running a new business. Rural entrepreneurship is undertaking these activities in rural areas. Launching and running a business is a highly location sensitive. The “business-environment” available in the concerned/ proposed rural area is considered as the Eco-system for the particular business or enterprise. The same eco-system may be a positive or conducive eco-system for one business and may be highly negative or repellant for another enterprise. A pre-dominantly paddy growing region (assured irrigated area) may be good for Rice-milling and storage business, and at the same time may be a repellant for cotton-ginning industry. Similarly a major mulberry growing area may be highly conducive to start sericulture/ silk processing business. All rural areas have their own strengths and limitations in terms of their core natural resource endowments. Each location has its unique Eco-System. In this section we will discuss general characteristics of a typical Rural Eco-system.

2. Objectives

After going through this section, you will be able:

- To understand the concept and meaning of Rural Eco-System for Entrepreneurship.
- To differentiate between Rural and Urban Eco-Systems.
- To understand the need and availability of Natural Resource Base in Rural Eco-Systems, and
- To understand the availability and limitations of Human Resources Base in Rural Eco-System.

3. Rural Eco-System - Definition

Entrepreneurship is associated with ‘starting a new business’, and Rural entrepreneurship is starting a new business in rural area. The “business-environment” available in the concerned/ proposed rural area is considered as the Eco-system for the particular business or enterprise. The term business-environment for rural-area (Rural Eco-system) will consist of all the enabling and limiting factors prevailing in the proposed rural area identified by the Entrepreneur. These factors will include:

- Natural Resources Base
- Human Resources base (existing and potential)
- Status of Panchayati Raj Institutions and Implementation of Government schemes
- Credit Institutions/ Sources for funding
- Road Infrastructure

- Power situation
- Market situation – existing and potential markets
- General law and order conditions prevailing in the area

Out of the above Eco-sub-systems, we will discuss the first two namely Natural Resource Base and Human Resource base in this section, and the remaining sub-systems in subsequent sections in this unit.

4. Natural Resources Base in Rural Eco-System:

Natural Resource Base is one of the key enablers for rural entrepreneurship. Rural areas provide abundant availability and supply of quality agricultural/ horticultural/ sericulture / fisheries/ forest/ minor-forest produce as raw material for initiating and running an enterprise. Natural resources by their very definition are highly area-specific. For example entire north-east (all the seven N-E states and Sikkim) is rich in availability of high quality wood/ timber/ bamboo and other minor forest produce like gum, resins, ginger and a number of area-specific produce. Abundant supply of these products must be factored in by the entrepreneurs before finalizing their enterprise. All other states, districts in India, have their location-specific agro-climate specific strengths, which can be exploited by the budding entrepreneurs. Some of the key natural resource available in major states of India are enumerated hereunder:

S. No.	State	Key Natural Resources
1.	Jammu & Kashmir	Kesar, Rajma, High Quality Beans, Basmati Rice, Apples, Off-season Vegetables, Makhana, high quality wood, wool.
2.	Himachal Pradesh/ Uttarakhand	Basmati Rice, Apples, Off-season vegetables, Mushrooms, Potatoes, Tomatoes, high quality wood
3.	Punjab/ Haryana/ Western UP	Rice, Wheat, barley, Green gram, red-gram, cotton, Sugar-cane (western UP only), Guava, Milk, sorghum, Potatoes, Tomatoes, bagasse (from Sugar-mills

		in western UP)
4.	Rajasthan	Rapeseed, Mustard, Pearl Millets, Sorghum, Paddy (in a few districts), abundant sun-shine with high temperature in summers.
5.	Gujarat	Milk, Cotton, Tobacco, Marine Fisheries
6.	Maharashtra	Milk, Cotton, Sorghum, Marine Fisheries, grapes, Mango, Onion, Pomegranates, Oranges, pine-apples, Custard Apples, Cashew
7.	Eastern UP/ Bihar/ Madhya Pradesh	Wheat, Paddy, Potato, Guava, Soybeans (MP), Litchi (Bihar), Makhana
8.	Jharkhand/ Odisha	Brinjal, Katahal (Jack-fruit),
9.	West Bengal	Jute, Vegetables, Fisheries, Pine-apples,
10.	North-Eastern States & Sikkim	Bamboo, Ginger, teakwood, pineapples,
11.	Telangana & Andhra Pradesh	Citrus, Lemon, Mosambi, Fruits and Vegetables, Cotton (Telanagana), Poultry, Milk, Tomatoes
12.	Karnataka	Sunflower, Flowers, Areca nuts, Milk, Tomatoes
13.	Tamilnadu	Coconut, Banana, sugar-cane and other plantation crops.

These are the key products of these states. There are many more local agricultural and horticultural products, produced in above states. The entrepreneur must consider the production, productivity, area under production and price-trends of the key commodities (for last 3 to 5 years) before finalizing the enterprise. The availability of agricultural produce will vary district to district within the state as well, hence proper care must be taken while planning an enterprise, with dependence on specific agricultural inputs/ natural resources base of the area.

5. Human Resources Base in Rural Eco-System:

Human Resource base is one of the critical inputs required for Entrepreneurship. Any enterprise will need qualified and skilled manpower. An educated (well-informed), innovative and motivated Entrepreneur is the key driver of the Rural Enterprise. He/she may come from rural area or adjoining urban area. He/she will require equally committed and skilled manpower to efficiently run his/her enterprise. And it is here, rural areas have some problems. There are a number of limitations with the available manpower in rural areas. Although our rural brethren are equally talented and industrious, they, however, lack proper education and training. Some of the key limitations of available rural manpower are indicated hereunder:

- ❖ **Limited availability of educated youth.** In rural areas the young generation shifts to cities as soon as they get through the senior secondary exam (+2 level). Almost all of our rural students aspire to join the job-market in cities/ towns. Government jobs are first preference of rural youth, followed by permanent kind of private job (in well-known multinational companies). This severely limits the availability of educated young graduates/ SSC pass students in rural areas.
- ❖ **Lack of technical skills.** Rural students do not get adequate exposure to handle skill oriented tasks like maintaining house-hold electric and electronic items, motor-cycles, water-purifiers and other general items commonly handled by urban youth at their homes. Further there is a serious shortage of Industrial Training Institutions (it is) in the country. This has resulted in severe shortage of trained/ skilled youth, particularly in rural areas.
- ❖ **Lack of management education and general ignorance about entrepreneurship.** The management education and orientation is a must for all graduates/ under-graduates. Management education is easily available in urban areas, but there are very few management colleges in rural areas. The management colleges established in the periphery of cities primarily cater to the job-requirements of urban-based industries. Management education has a serious bias towards urban enterprises.

There is a strong need to reorient the management education in India, considering the specific needs of our country. Even after 70 years of Independence we have only around 25 Institutes offering Masters' degree or Post Graduate Diploma in Agri-business Management (PGD-ABM) less than half-a-dozen Institutes/ Universities offering a Masters' degree in Rural Management, in a country having 50% population depending on these two vocations/ profession/ livelihoods. On the other hand there are over a 100 universities/ Institutes offering PG Program in Management serving mainly the urban areas.

The awareness and interest about Entrepreneurship is still lower in rural areas. Entrepreneurship is strongly associated with business acumen, in rural areas. Rural students perceive Entrepreneurship as the sole domain of "business community" or "commerce students", as their own interest and purpose of education is limited to look for a suitable job, that also in urban areas, preferably. This thinking needs to be changed. Rural students need to be sensitized about job-opportunity and entrepreneurship opportunities in rural areas, at early stages (may be class 6 to class 8, before they firm up their career preferences). The idea of Entrepreneurship in general and Rural Entrepreneurship in particular must be ingrained in the minds of rural students at an early age, so that they can think of Rural Entrepreneurship also as a career option. More and more technical training institutes/ skill training institutes need to be set-up in rural areas on priority basis.

6. Conclusion

Rural eco-systems pose different kind of challenges for Entrepreneurs. The availability of Natural resources is a big positive in rural areas, and the entrepreneurs need to carefully examine the availability of critical inputs, raw materials for their proposed enterprise. Different rural areas provide regular availability different natural resources. One needs to critically analyze the availability of these materials vis-à-vis his requirements. On the other hand the availability of human resource base poses a different kind of challenge in rural areas. Education levels of available rural youth are low. Their technical skills are highly limited. At times one needs to train them in communication skills as well. Management and entrepreneurial skills and knowledge is highly limited in rural youth. We need to consider these limitations before undertaking an enterprise in rural areas. All these limitations can be overcome by proper planning, training and hand-holding.

7. Keywords

Rural Entrepreneurship, Rural Management, Skill Training,

8. Further Reading/ References

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9. Model Questions

Question 1: Define Rural Entrepreneurship Eco-system. What are the key differences between the Rural and Urban Entrepreneurship Eco-Systems?

Question 2: Discuss the status of rural management education in India. Which universities/ Institutes offer Rural Management degree at masters' level?

2. Panchayati Raj System & Government Schemes

1. Introduction

Rural Entrepreneurship is a highly location specific. The local population, local customs, local resources and local leadership has huge influence on the success of Rural Entrepreneur. The local self-government institutions have created and empowered the local leadership. With 73rd and 74th constitutional amendment on 24th April 1993, when the Panchayati Raj Amendment Act 1992 was passed, and the local self-governance has been delegated to Panchayati Raj Institutions (PRIs). Panchayati Raj Institutions play a very critical role in the development of villages (in its jurisdiction), and thus have influence on the Rural Enterprises established and running in their areas.

This section explains the importance of understanding the role and value of Panchayati Raj Institutions in rural eco-system and support being provided by Government schemes to promote Rural Entrepreneurship.

2. Objectives

After going through this section, you will be able:

- To understand the role of Panchayats in Rural Areas.
- To understand and support the role Panchayati Raj institutions in building and maintaining Rural Infrastructure.
- To understand the vision of Government of India to support Entrepreneurship in general and Rural Entrepreneurship in particular.

3. Panchayati Raj System:

The Panchayati Raj refers to the local self-governance system introduced by the constitutional amendment in 1992. The system of village panchayats is very old in India. In ancient India, it was part of the mechanism of tax collection, and was basically organized on feudal/ landlord system, at time based on caste-system as well. Mahatma Gandhi advocated Panchayati Raj as the foundation of India's political system, as a decentralized form of government in which each village would be responsible for its own affairs. Gandhi used the term "Gram Swaraj" for his vision. India, however, adopted a highly centralized form of government, with Union Government having major say in the policy making on key subjects like taxation,

commerce and industries. This was partly addressed National Development Council in January 1958, by adopting Balwant Rai Mehta Committee report, with implementation of the scheme of “Democratic Decentralization”, later known as Panchayati Raj. This led to the establishment of a three-tier Panchayati Raj System: Gram Panchayat, headed by a Sarpanch, at the village level, Panchayat Samiti, headed by Chairman, at block level and a Zila Panchayat, headed by a President, at the district level. Thus there are 3 layers of Panchayati Raj Institutions- first and closest to the people is Gram Panchayat (or Village Panchayat). At this level two-three small villages or hamlets are clubbed to make a Gram Panchayat. The next level in the Panchayati Raj system is Panchayat Samiti at Block level (covers around 100-110 villages, there are around 6000 blocks for around 6,20,000 villages in India). The next and highest level of Panchayati Raj institution is Zila Panchayat (or District Panchayat), which covers all the villages in the District (in rural areas). The details of these three institutions are as follows:

Gram Panchayat: Gram Sabha is assembly of all adult (18 years or above) members of the constituent villages. The Gram Panchayat is a small elected body. Head of Gram Panchayat is called Sarpanch. Besides there is one up-sarpanch and three member of Gram Panchayat. All of them are directly elected by Gram Sabha. State Government appoints one Gram Panchayat Secretary to each gram-panchayat. Thus a gram panchayat is the Executive Body of the Gram Sabha. A gram panchayat is the cornerstone of a local self-government organization in India.

Panchayat Samiti (Block Level): Typically a Panchayat Samiti is composed of elected members of the area: block development officer, members of state legislative assembly, members of parliament belonging to that area, otherwise unrepresented groups (scheduled castes, scheduled tribes and women), associate members (such as farmers, a representative of the block panchayat. There was lot of ambiguity in the role and powers of these institutions, which was addressed with the constitution amendment in 1992-93. Panchayat Samiti is intermediate tier of the Panchayati Raj Institutions.

Zila Parishad (District Level):

Zila Panchayats are Panchayats at Apex or District Level in India. Zila Panchayats (also called Zila Parishads in some states like Maharashtra) or District Councils are elected bodies, with all the Block Pramukhs (presidents of Block level Panchayat Samitis of all blocks in the District), all the members of State legislature (from the District), and all the Members of Parliament (representing the District in Lok Sabha). Each Zila Parishad has a minimum of 50 and a maximum of 75 members. There are seats reserved for scheduled castes, scheduled tribes, backward classes and women. These Councilors are chosen by direct election from

electoral divisions in the District. The Zila Parishad is headed by a President and is assisted by a Vice-President. The Deputy Chief Executive Officer from General Administration department at district level is ex-officio Secretary of Zila Parishad. The Chief Executive Officer, who is an IAS Officer or Senior State Civil Service Officer heads the administrative set-up of the Zila Parishad. He supervises the divisions of the Parishad and is assisted by Deputy CEOs and other officials at district and block level officers. The key functions of Zila Parishad are enumerated hereunder:

- a) Provide essential services and facilities to the rural population and the planning and execution of the development programs for the district.
- b) Supply improved seeds to farmers. Inform them of new techniques of training. Undertake construction of small-scale irrigation projects and percolation tanks. Maintain pastures and grazing lands.
- c) Set up and run schools in villages. Execute programs for adult literacy. Run libraries.
- d) Start Primary Health Centres and hospitals in villages. Start vaccination drives against epidemics and family welfare campaigns.
- e) Construct bridges and roads wherever needed
- f) Execute plans for the development of the scheduled castes and tribes. Run ashramshalas for adivasi children. Set up free hostels for scheduled caste students.
- g) Encourage entrepreneurs to start small-scale industries like cottage industries, handicraft, agriculture produce processing mills, dairy farms, etc. Implement rural employment schemes.
- h) Any other program needed to help uplift needy and poor people in the district.

The Panchayati Raj amendment Act of 1992 contained provisions for devolution of powers and responsibilities to the panchayats, both for the preparation of economic development plans and social justice, as well as for implementation in relation to 29 subjects listed in the eleventh schedule of the constitution, and the ability to levy and collect appropriate taxes, duties, tolls and fees. The Act aimed to provide a three-tier systems of Panchayati Raj for all states having a population of over 20 Lakhs, to hold Panchayat elections regularly every five years, to provide sets reservation for scheduled caste, scheduled tribes and women; to appoint a state Finance Commission to make recommendations regarding the financial powers of the Panchayats and to constitute a District Planning Committee, to prepare a development plan for the District. The Panchayats receive funds from three sources:

- Local body grants, as recommended by the Central Finance Commission;
- Funds for implementation of Centrally sponsored schemes;

- Funds released by the state governments on the recommendations of the state finance Commissions

At present there are around 2,65,000 Village Panchayats functioning in the country, looking after the grass-root level planning and development of around 6,50,000 villages. These panchayats are playing a very crucial role in developing and maintaining rural infrastructure, besides taking care of schools and primary health centers. Government of India has released over Rs. 2000 crores during last 3 years for planning and executing development works at Gram Panchayat level.

4. Government Schemes to promote Rural Entrepreneurship

Government of India and all the state government support Village Panchayats liberally to undertake development works. In addition a number of schemes have been launched by government of India, being implemented at village level. Some of these key schemes include:

- ✓ Swachha Bharat Abhiyan
- ✓ Unnat Bharat Abhiyan
- ✓ Pradhan Mantri Kaushal Vikas Yojana

Swachha Bharat Abhiyan: Under Swachha Bharat Abhiyan over 21,71,857 Toilets have been constructed in rural areas during last 2 years. 1,45,662 villages have been declared Open Defecation Free (ODF). Over 1,17,317 rural houses have been constructed (under PMAY-G Prime Minister Aavaas Yojana- Grameen) and 2721 Skill Raths have been launched and 1,56,246 rural youth have been placed in various village industries/ enterprises for productive employment, under Skill Mission of India. During the Gram Samridhi Evam Swachhata Pakhwada (Village Development and Cleanliness Fortnight) from October 1-15, 2017 over 4.75 lakh cleanliness drives were taken up and over 4.5 lakh photographs of the events organized across the rural landscape of the country were uploaded on Swachh Gram Portal.

Unnat Bharat Abhiyan: Unnat Bharat Abhiyan is a program of Ministry of Human Resource Development, Government of India. The program has been launched in collaboration with Indian Institutes of Technology (IITs), National Institutes of Technology (NITs) National Institute of Technical Teachers' Training and Research (NITTTRs) and other leading Government Engineering Institutes like Indian Institutes of Science Education and Research (IISERs), College of Engineering Pune etc. The Unnat Bharat Abhiyan is being coordinated and steered by IIT Delhi. The program involves engaging with neighboring communities (in the close vicinity of Institute Campuses, to start with) and using technologies developed by them to improve the infrastructure and livelihoods in these communities. The major objectives of the program include- i) Building

institutional capacity in Institutes of higher education in research and training relevant to the needs of rural India, and ii) Provide rural India with professional resource support from institutes of higher learning especially those, which have acquired academic excellence in the field of Science Engineering, Technology and Management. This initiative will also inculcate a feeling of compassion in Engineering and Technology graduates to train, support and provide mentorship to their brethren in nearby rural areas.

Pradhan Mantri Kaushal Vikas Yojana (PMKVY): The logo of PMKVY indicates “Let us make India Skill capital of the World”, which is self-explanatory and highly motivational. Launched in March 2015, this is one of the most ambitious skill development schemes, anywhere in the world. It aims to provide employability/ Entrepreneurial skills to 10 million youth within 4 years (2016-2020). A special purpose corporation- National Skill Development Corporation (NSDC) has been charged with this enormous responsibility. The PMKVY Guidelines include:

- a) Short-term Training Guidelines- to benefit school/ college drop-outs or unemployed. The Training Centers shall provide training in Soft Skills, Entrepreneurship, Financial and Digital literacy, besides the technical training, in accordance to National Skill Qualification Framework (NSQF);
- b) Recognition of Prior Learning Guidelines- Individuals with prior learning experience or skills shall be assessed and certified;
- c) Special Project Guidelines- The Special Project component of PMKVY envisages creation of a platform, that will facilitate training in special areas and/or premises of Government bodies, corporate or industry bodies, and trainings in special job roles not defined under the available Qualification Packs (QPs)/ National Occupational Standards (NOSs).
- d) Kaushal and Rozgar Mela Guidelines- Active participation of the community ensures transparency and accountability and helps in leveraging the cumulative knowledge of the community for better functioning. PMKVY envisages that the Training Centers will conduct Kaushal and Rozgar Melas every six months with press/ media coverage, so as to show-case their success stories and encourage youth to participate in their programs;
- e) Placement Guidelines- PMKVY envisages to link the aptitude, aspiration and knowledge of the skilled workforce it creates with employment opportunities and demands in the market. Every effort will be made by PMKVY TCs to provide placement opportunities and support to trained and certified candidates. They shall also hand-holding support to Entrepreneurs;
- f) Monitoring Guidelines- to ensure that high standards of quality are maintained by the TCs, NSDC and empaneled Inspection Agencies shall use various methodologies, such as self-audit reporting,

call validations, surprise visits and monitoring through the Skill Development Management System (SDMS).

PMKVY will also support branding the Training and the Enterprises established by the trained Entrepreneurs. Thus PMKVY is one of the big schemes launched to support entrepreneurship at grass-root level.

5. Panchayati Raj and Rural Entrepreneurship

Rural Entrepreneurs plan, establish and run their enterprises in rural settings. The Government sponsored Rural Development Schemes provide excellent opportunity for the rural entrepreneurs to provide their technical support on work-basis, part-time basis or on contract basis. Rural entrepreneurs having skills in ICTs can support Gram Panchayats in developing, managing and updating their web-sites, uploading their details on Government of India portals. Entrepreneurs having financial management skills/ knowledge may support Gram Panchayats in managing their finances and submitting financial reports to concerned departments on-time. Entrepreneurs from urban India can also look for Rural opportunities by opening Training Centers for Skill Development in rural areas. These training centers will get Government support for the fees of training and hand-holding of rural youth. Thus there are number of opportunities offered by Village Panchayats and government of India schemes, which can be explored by rural entrepreneurs.

6. Conclusion

Panchayati Raj Institutions (PRIs) in general and Village Panchayats in particular are very important institutions in rural areas. The rural entrepreneurs need to understand the importance of these institutions. The leadership of village panchayats/ panchayat samitis can be helpful in general acceptability of the Rural Enterprise. Further the Rural Entrepreneurs can support the technical/ data-entry/ financial management and other rural works of Village Panchayats on user-charge basis. They can also help village panchayats to improve necessary rural infrastructure, which will support further growth and enhancement of rural entrepreneurship in their village. Rural Entrepreneurs can also suggest skill development plans/ initiatives for local rural youth, which can be supported by Government of India funds or State Government funds. Village panchayat will be happy to undertake any such development as it will directly support to provide productive employment to local youth.

7. Keywords

Village Panchayat, Sarpanch, Panchayati Raj, Panchayat Samiti, Zila Parishad, Panchayati Raj Institutions (PRIs), Democratic Decentralization, Unnat Bharat Abhiyan, Swachha Bharat Abhiyan, Pradhan Mantri

Kaushal Vikas Yojana, National Skill Development Corporation, Skill Development Management System, Qualification Pack.

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9. Model Questions

Question 1: Define the Role of Village Panchayat in Rural Development?

Question 2: Discuss the influence of Gram Panchayat Development Plan on the Rural Entrepreneurs.

Question 3: Discuss the Prime Ministers Kaushal Vikas Yojana (PKKVY) and its potential impact on Rural Entrepreneurship.

3. Rural Skill Sets and Enhancing Opportunities

1. Introduction

Skills –Technical and managerial, are most important ingredients for the success of an enterprise. Skill is “practical knowledge” and competence of getting thing done. While knowledge is understanding about a concept, product or process, knowing about it, and knowing about scientific logic behind it, skill is having confidence of DOING it, making it happen successfully, again and again, with same or improved efficiency. Here efficiency refers to both improving quality of the product or process, without increasing cost, or reducing time or cost to produce the same quantity and quality. Knowledge can be acquired by reading books, watching television, listening to radio or by reading newspapers, the skill can be acquired only by experience or self-practicing. For knowledge enhancement we need schools, colleges and teachers, for skill development we need Technical/ Entrepreneurial Training Centers, Industrial Training Institutes and competent coaches, counselors and mentors.

India is a very large country with a population of over 1300 million. 62% of our population is in working age group (15 to 59 years), and more than 54% of the total population is below 25 years of age. This is a huge population dividend, if we can exploit it positively. There is however, a large gap in terms of skill training in India. It is estimates that only 4.69% of the total work force in India has undergone formal skill training as compared to 68% in UK, 75% in Germany, 52% in USA, 80% in Japan and 96% in South Korea. These data sets speak for themselves. There is an urgent need to provide skill training to our youth. As per NSDC study on Skill-gap, during 2012-14, it estimated that there is an additional net incremental requirement of 109.73 million (10.97 crore) skilled manpower by 2022 in twenty four key sectors. Of this 109.73 million the major requirements are in the sectors where rural entrepreneurs can fill the gap. These include:

S.No.	Sector	Additional Skilled Manpower Requirement by 2022
1.	Food Processing	4.40
2.	Handlooms and Handicrafts	6.14
3.	Leather and Leather Goods	3.72
4.	Furniture and Furnishing	7.18

5.	Building, Construction and Real Estate	31.13
6.	Textile and Clothing	6.31
7.	Security	4.83
8.	Transportation and Logistics	11.66
9.	Retail Business	17.35
10.	Gems and Jewelry	1.64
	Total	89.16

Table 2.1: Additional Skilled Manpower Requirement in Major Sector by 2022. (Source: National Policy on Skill Development and Entrepreneurship 2015)

Thus there are approximately 90 million or 9 crore opportunities are likely for skilled rural youth, within next 3-4 years.

2. Objectives

After going through this section, you will be able:

- To understand the role of Rural Education in inculcating technical and managerial skills among rural youth.
- To understand and appreciate the need of improving the managerial skills of rural youth at early stage.
- To know the government initiatives to promote skill development.

3. Rural Education and Skill Sets

Rural education is the education being imparted in rural areas. In most of our rural schools the medium of primary education is local language –Hindi in UP, HP, Bihar, Haryana, Jharkhand Chhattisgarh, MP, Rajasthan etc. Punjabi in Punjab, Gujarati in Gujarat, Marathi in Maharashtra, Bengali in West Bengal and Tripura, Assamese in Assam, Mizo in Mizoram, Telugu in Telangana and AP, Tamil in Tamilnadu,

Malayalam in Kerala and Kannada in Karnataka. In some north eastern states like Meghalaya and Nagaland and in Jammu & Kashmir, the medium of primary education is English. Most of the states are now in process of introducing English from class I onwards, so as to bring uniformity in education system and also to bring education being imparted in government schools on par with private institutions, which start teaching English from class I onwards. Teaching in English is important for the rural children, so that they are better prepared to handle subjects like mathematics, commerce, biology, medicine, and science at higher level. Moreover for whole of IT Industry and higher learning in computing sciences the medium of communication and learning/ teaching is English and hence knowing and learning in English is perceived to be valuable at higher level. Most of the higher education in India is in English as a medium, and thus there is a disconnect between Rural Primary Education in local language and then suddenly getting into English medium at +2 stage (Senior Secondary Stage).

Along with the Language, the learning at primary level brings in the knowledge of mathematics and science, which are very important for improving logical reasoning of rural children. There have been reports (Annual State of Education Reports- latest being ASER-2017) indicating huge differences between the knowledge and skill levels of class 5 or Class 8 children studying in rural areas vis-à-vis those studying in urban areas. It is reported that 57% of class 6 to 8 students from rural areas could not solve basic addition or subtraction of 3 digit numbers. 28% could not count currency notes, 30% failed to read the time on Wall-clock, and 40% could not read an English sentence from their own book, without breaking in between. The state of primary education, particularly in rural India needs lot of improvement. Rural Entrepreneurship, however, cannot wait for that to happen. There is an urgent need to improve the skill-set of rural children, so that they can actively participate in nation building.

4. Enhancing Opportunities for Rural Skill Sets

Rural development has been one of the top priorities of all the successive governments of the country. The focus till now, however, has been on devolving decision making power, improving general (road, electricity, health and education) infrastructure, and that also by direct government or Panchayati Raj institutions. The Entrepreneurship has been considered as one of the priority agenda items only since last 10 years. The first Skill Development Policy was approved in 2009. The focus of the 2009 Skill Development Policy was to harness inclusivity and reduce divisions such as male/ female, rural/ urban, organized/ unorganized employment and traditional / contemporary workplace. This policy has been further sharpened in 2015 with new National Policy for Skill Development and Entrepreneurship 2015. This policy has brought the Entrepreneurship firmly on the top of national development agenda.

Entrepreneurship is being supported by both central and state government in each state. As per the National Policy for Skill Development and Entrepreneurship 2015 all the state governments are being encouraged to set up Kaushal Vardhan Kendras (KVKs) at Panchayat level for mobilizing and imparting skills pertaining to local employment/ livelihood opportunities to school drop-outs, adolescent girls, housewives and rural youth. Each KVK will be linked to the nearest ITI/MSI/ATI for capacity building, curriculum development, assessment and certification. The KVKs will also function as counselling centers in their areas of operation. Some state governments are already working in this direction. Their efforts are being further encouraged to ensure setting up of at least one KVK in each block in the country during 2017-2022.

Private Sector initiatives in skilling are being actively encouraged and would be entrusted to NSDC to create skilling capacity in the country. For this purpose, NSDC would continue to catalyze the creation of market-based, scalable business by providing patient funding through a combination of debt, equity and grants to Private sector to build capacity. This capacity would be created on self-sustainable model through Private Training Partners to cater to skilling needs of educational dropouts in rural and urban landscape to bring them back to sustainable livelihood options.

Special efforts will be made to organize and streamline efforts of the Non-Governmental Sector in their skill development initiatives. Mentorship support will be provided to eligible NGOs through NSDC to scale-up and create sustainable models for skill development for Green jobs (agriculture, horticulture, renewable energy, recycling, eco-tourism etc), Grey collar jobs (informal manufacturing and services) and local trades especially in rural India through KVKs.

5. Rural Skill Upgradation Initiatives: Cases

Government of India is focusing on promoting entrepreneurship on large scale. A separate Ministry for Skill Development and Entrepreneurship has been established for this purpose. A National Policy on Skill Development and Entrepreneurship 2015 had been drafted to meet the challenges of skilling at scale with speed and standard (quality). The National Policy aims to provide an umbrella framework to all skilling activities being carried out within the country, to align them to common standards and link the skilling with demand centers. In addition to laying down the objectives and expected outcomes, the efforts have been made to identify the various institutional frameworks which can act as the vehicle to reach the expected outcomes. The national policy also provides clarity and coherence on how skill development

efforts across the country can be aligned within the existing institutional arrangements. The policy is highly focused to link skills development to improved employability and productivity.

Government of India has roped in a number of government agencies– both central and state, non-government organizations (NGOs) and private sector institutions in this task of nation building. Some of the key success stories of these initiatives are narrated hereunder:

- a. **Indian Institute of Gems and Jewelry:** The Indian Institute of Gems and Jewelry, Jaipur has been doing something very innovative. They have been running a special job-oriented program customized to the needs of Deaf and Dumb students.
- b. **AISECT (All India Society for Electronics and Computer Technology,** based at Raisen District, MP) had organized a one of its kind AISECT-NSDC Kaushal Vikas Yatra across all the AISECT-NSDC Project States, with the objectives –i) to spread awareness on importance of skill development and vocational training amongst youth establish skill development as a credible career option in front of them; ii) to popularize the AISECT-NSDC Brand and drive registration into AISECT-NSDC course; and iii) to inform the AISECT-NSDC Centers about the benefit of AISECT-NSDC Project. This yatra generated a lot on interest among rural students and created awareness about skill development and rural entrepreneurship as a viable career option for them.
- c. **Gram Tarang Motor Mechanics Skill Training:** A one of its kind private-private partnership was forged by Gram Tarang, one of the implementation agency for skill development programs under NSDC, with Ashok Leyland, a leading manufacturer of heavy vehicles. Gram Tarang has set-up a captive 200 seater fully residential training facility at Bhubaneswar to cater to its manpower requirements across its dealerships and help employ a large number of ITI graduates of the state in Odisha.
- d. **Future Sharp:** Future Sharp Skill Development, a venture of Future Group, has entered into a joint venture partnership with National Skill Development Corporation (NSDC) to train seven million people in handloom, carpentry and retail service, over next 10 years. At the national level, Future learning, through its holding company Future Corporate Resources Limited, has partnered with Ministry of Rural Development (MoRD) for “Project Udaan”, a skill development initiative. This project aims to provide skill based training and employment to over 32,000 rural, below poverty line (BPL) youth. There are a number of case-studies and success stories of the

rural beneficiaries who have received training in Retail Sector from Future Sharp Institute, and are now employed after completing their training.

- e. **Gras Academy:** Another skill development academy supported by NSDC, Gras Academy is one of the largest skill development enterprises in India. Gras academy has a very good network and tie-up with a number of corporate houses- both in public and private sectors, to place their trained manpower. Gras Academy trains youth in Retail, Construction, IT, Telecom, Hospitality and wellness sectors.
- f. **E-Hubs:** Government of India, Ministry of Skill Development and Entrepreneurship is developing a detailed Entrepreneurship Development scheme. One of the key interventions proposed in the scheme is to integrate Entrepreneurship education in to the mainstream curriculum in 3000 colleges in India. Entrepreneurship education courses will also be delivered in approximately 325 industrial clusters across the nation. Through 50 nodal Entrepreneurship Hubs (E-Hubs) set up across all states, existing and potential entrepreneurs will be targeted for entrepreneurship education modules that suit their need. These 3000 E-Hubs will, collectively, cover entire country.

All the above examples are only a tip of the iceberg. India has just stepped up its efforts to train its youth, particularly rural youth on skill training. Almost every district, every town has skill development institutes with good forward linkages, to place their trained students in the start-ups or established rural/ urban job-sectors. All of these institutions/ agencies have also been mandated to focus on rural entrepreneurship, so as to motivate rural youth to get back to their roots and serve the society and earn decent livelihood.

6. Conclusion

India has recognized the potential of its young generation to create wealth and help in national development. The route chosen, after critical examination, is through skill development and entrepreneurship. The next decade will be decade of entrepreneurship. This is the only option to –a. subsume a large number of unemployed/ under-employed youth into creative jobs, employment, and to – b. prepare a robust entrepreneurship eco-system for overall development in urban as well as rural areas.

7. Keywords

National Policy for Skill Development and Entrepreneurship, Kaushal Vardhan Kendras (KVKs), Gras Academy, Future Sharp, Future Group, AISECT, Gram Tarang. E-Hubs.

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9. Model Question

Question 1: Define the Role of Education in Skill development?

Question 2: What are government initiatives for Skill Development for Rural youth?

Question 3: Explain the concept and utility of Entrepreneurship Hub or E-Hub?

4. Institutional Support for Finances and Technical Back-stopping

1. Introduction

Rural Entrepreneurs carry out their business in rural eco-systems. These eco-systems are relatively less robust and accessible in comparison with urban eco-systems for Entrepreneurship. The lack or limitation of these systems has plagued the rural entrepreneurship from growing. Now these systems are being promoted by Union Government on top-priority. The programs like Start-up India, Stand-up India, Make in India and Jan Dhan Aadhaar Mobile (JAM) initiatives are making rural entrepreneurship a household name. Skill Development has taken central stage in the scheme of things to promote entrepreneurship in rural and urban areas alike. We will discuss all these initiatives and other Institutional support systems and Technical back-stopping being made available to rural entrepreneurs.

2. Objectives

After going through this section, you will be able:

- To understand the Institutional Support Systems available for Rural Entrepreneurs.
- To understand the need and importance of Technical Back-Stopping for a successful Entrepreneur.

3. Institutional Support Systems:

The most important support systems requirements for an entrepreneurs are- Human resources, critical physical infrastructure, technical competence, working capital, managerial competence and market linkages. Human resources, technical competence and managerial competence are the starting point for any Entrepreneur and are most likely to be within his/ her control. For credit, technical guidance, equipment support, marketing a Rural Entrepreneur will need external support. Government of India and state governments have established or mandated some of the existing to provide this support to entrepreneurs. These institutions can be grouped in to two categories- i) Financial Institutions, and ii) Institutes for Skill Development and iii) Institutions for Technical Guidance.

3.1 The Financial Institutions mandated by Government of India to support Rural Entrepreneurs include:

- i. **Industrial Development Bank of India (IDBI):** IDBI was set up by Government of India to coordinate the activities of existing financial institutions. Initially (since July 1964) was a wholly owned subsidiary of Reserve Bank of India, it became independent apex institution for industrial finance in 1976, with Government of India taking over its functions from RBI.

The main object of setting up this institution have been to bridge the gap between demand and supply of finance by providing direct financial assistance to industrial concerns wherever necessary and to bring into existence an apex body to coordinate activities of various financial institutions providing term finance to industries. Therefore, IDBI has been created not only as a financial agency but also for the purpose of integrating activities of all the financial institutions providing short, medium and long term benefits for the industry. The main function of the Industrial Development Bank of India, as its name itself suggest is to finance Industrial enterprises in both private and public sector. Financial assistance is provided either directly or through special financial institutions:

(a) Direct Assistance: IDBI assists Industrial unit directly by way project loan, underwriting of and direct subscription to industries securities (Share & Debentures) soft loans, technical development fund loans and equipment finance loan. IDBI provides direct assistance for project costing more than Rs. 3 Crore under the Project finance scheme.

(b) Indirect Finance: IDBI Indirect assistance is provided basically to tiny, small and medium enterprises mainly. (i) By way of refinance of Industrial loan granted by State Finance Corporations (SFCs), State Industrial Development Corporations (SIDCs), and commercial banks, co-operative banks an Regional Rural Banks (RRBs). (ii) Rediscounting of bills arising out of safe of Indigenes machinery a deferred payment basis. (iii) Seed Capital assistance to new enterprise never generally through SFCs & SIDCs.

(c) Special Assistance: IDBI Act 1964, provides for a Development Assistance fund. This fund is to be used by the IDBI to assist those Industrial concerns which are not able to secure funds in the normal course either because of heavy investment or low rate of return both.

(d) Direct Assistance to Industries: The IDBI has been empowered to finance industrial concerns directly under the following structural arrangements: (i) To grant financial accommodation up to a 16 year period for export of capital goods and other commodities, (ii) To grant loans or to subscribe to the shares and debentures of industrial concerns. Such loans, advances, and debentures can be converted into equity shares at the option of the Bank, (iii) To underwrite new issues of Industrial 60 concerns and accept, discount or rediscount bonafide commercial bills or promissory notes of industrial concerns, (iv) To guarantee deferred payment due from industrial concerns for loan raised by them in the market or from scheduled banks etc.

(e) Assistance to other financial institutions: IDBI has carried out the following refinancing functions: IDBI can refinance term advances of 3 to 25 years maturity made to industrial concerns by IFCI, SFCs and other financial institutions which may be notified by the Government. It can similarly refinance term loans of 3 to 10 years maturity made by scheduled banks and State Co-operative Banks. It can also refinance export credit of 15 years' maturity where primary lending institutions grant loans to person in India and to persons outside India repayable within a period of 12 years.

(f) Creation of Development of Assistance funds: The Bank created a development assistance fund in 1965 with an initial contribution from Central Government. This fund is intended to provide assistance for industries which for various reasons like, heavy investment involved or low anticipated return on capital, may not be able to obtain funds in the normal course. The prior approval of the Central Government is necessary for any assistance from the Fund.

(g) Soft loan scheme: The soft loan scheme came into existence in November 1976 for financing the modernization program of five selected industries, namely, cotton, textiles, jute, cement, sugar and specified engineering industries. The scheme aims at modernization, replacement and renovation of industry which has become necessary to achieve a more economic level of production in order to enhance their competitiveness in domestic and international markets.

(h) Technical Development Fund Scheme: Technical Development Fund Scheme was introduced in March 1979 with the object of promoting fuller capacity utilization,

technologies upgradation, and export development. The 61 fund can provide foreign exchange for small value imports with the object of procuring technical know-how, foreign consultancy service, drawings and designs.

(i) Automatic Refinancing Scheme: The main features of Automatic refinancing scheme are as follows: (a) Sanction and disbursement of refinance in respect of loans upto Rs. 5 lakhs from the eligible institutions to small scale industries including those in the tiny sector which are normally covered under the IDBI Credit Guarantee Scheme, (b) The IDBI will not levy commitment charges on credit institutions in respect of refinances under the ARS (c) Only one general agreement will be taken from the eligible institution covering draws of refinance under different schemes of the IDBT (j) Rediscounting: IDBI has introduced a scheme

- ii. **Industrial Finance Corporation of India (IFCI):** IFCI was the first term-financial Institution, which was set up in July 1948 by the Government of India under the IFCI Act 1948 with objective of providing medium and long-term loans to largest small Industrial concerns in the private sector. However, joint and public sector also have been made eligible for its assistance. It provide direct rupee and foreign currency loans for new industrial projects and for expansion, diversification, renovation and modernization of existing units, It also underwriter and directly subscribe to industrial security, provided financial guarantees merchant banking services and leave finance.

The Corporation performs the following functions: (1) Underwriting the shares, bonds or debentures of industrial enterprises; provided such stocks, shares or debentures are disposed of by the Corporation within a period of seven years from the date of acquisition, (2) granting loans or subscribing to the debentures of industrial undertakings repayable within a period not exceeding 25 years, (3) guaranteeing loans traded in the public market by the industrial concerns, repayable within 25 years or raised from scheduled banks or State co-operative banks, (4) subscribing directly to the stock or shares of any industrial concerns, (5) guaranteeing deferred payments in respect of import of capital goods' by industrial concerns who are able to make such arrangements with foreign manufacturers or in connection with the purchase of capital goods manufacturing in India, (6) guaranteeing loans raised from any banks or financial institutions in and country outside India, (7) acting as the agent of the

Central Government and IDBI in respect of loans sanctioned by them to industrial concerns, (8) undertaking Merchant Banking Operations, (9) providing technical and administrative assistance to any industrial concern for the promotion, management by expansion of any industry, and (10) undertaking research and surveys for evaluating or dealing with marketing or investments and 57 undertaking and carrying out techno-economic studies in connection with the development of industry.

- iii. **Small Industries Development Bank of India (SIDBI):** The SIDBI was set up in October 1989 under the act of Parliament as a wholly-owned subsidiary of IDBI. It is the principal financial institution for promotion, financing and development of Industries in the small scale sector. SIDBI also coordinate the activities of agencies which provide finance to small enterprises.

The main objectives of SIDBI are to serve as the principal financial institution for promotion, financing and development of Industry in the small scale sector and coordinating the functions of other institutions engaged in similar activities. The Bank, right from its inception has strived to make effective use of the existing network of institutions serving the small scale sector. Further the bank has collaborated with various national and international development organizations to synergize the efforts in serving the small scale sector.

iv. **National Small Industries Corporation Ltd (NSIC):**

The National Small Industries Corporation Ltd. (NSIC) was established by the Government of India in Feb. 1955. The main objectives of NSIC are to aid, counsel, assist, finance, protect and promote small scale industries in the country. The Corporation provides support to small scale sector in the following areas:

- a. Supply of both indigenous and imported machines on easy Hire purchase items. Special concessional terms have been introduced for units in backward areas and also for units promoted by entrepreneurs from weaker sections of society.
- b. Marketing of small industries products, based on consortia approach.
- c. Export of products from small industries and developing export worthiness of small scale units.

- d. Enlisting the competent units and facilitating their participation in Government stores Purchase Programs.
- e. Developing prototypes of machines, equipment and tools which are then passed on for commercial production.
- f. Training in several industrial trades.
- g. Development and upgradation of technology for projects based on wastes.
- h. Supply and distribution of indigenous and imported raw material.
- i. Setting up small scale industries in other developing countries on turnkey basis.

v. State Financial Corporations (SFCs): The State Financial Corporation (SFCs) are state level financial institutions playing an important role in the development of small & medium enterprises in their respective state in tandem with national priorities. They play an effective role in the development of small and medium enterprises and bringing about regionally balanced economic growth.

Assistance Provide by SFCs: SFCs aim at wider dispersion of small scale industries within each state they meet term credit needs of such units. SFCs provide assistance to small scale industries by way of soft loans, direct subscription to equity share /debenture guarantees, discounting of bills of exchange and seed capital /special capital. Their main objectives are to finance and promote these industries in the state for achieving the balanced growth. The activities of SFCs were under the overall control and supervision of the IDBI and RBI till about 1990 after which the SIDBI and RBI have been performing the overseeing function. SFCs operate a number of schemes of refinance and equity type assistance on behalf of IDBI/SIDBI. Besides they also have special scheme for artisans and special target groups such as SC/ ST women, ex-servicemen, physically handicapped etc. Over the year, they have diversified their activities and increased the scope and coverage of their assistance.

vi. State Industrial Development Corporations (SIDCs): State Industrial Development Corporations were established under the Companies Act as wholly-owned undertaking of the state government, the SIDCs acts as catalysts for Industrial development and provide impetus to investment in their respective states. The first SIDC was established in Bihar in 1960. Besides SFCs there are 28 State

Industrial Development Corporations (SIDCs) which promote states and also provide financial assistance to small scale units. The main objectives of SIDCs are as follows- a)-to develop Industrial Areas. b)-to ensure Market Facilities. c)-to establish New Development Centers.

They act as a catalyst for industrial development in their respective States. SIDCs provide land, infrastructure facilities like factory sheds, developed plots, roads, power, water supply, drainage and other amenities. SIDCs were set up mainly to cater to the financial requirements of medium and large-scale industries. But they also provide assistance to small-scale sector by way of term loan, subscription to equity and promotional services.

In addition all the nationalized banks, Regional Rural Banks (RRBs), Cooperative Banks and Gramin Banks have also been advised to support Entrepreneurs with timely credit on easy terms, under various schemes of government of India.

3.2 Institutions for Entrepreneurship and Skill Training:

- i. **Entrepreneurship Development Institute of India (EDII)** :Entrepreneurship Development Institute of India (EDII), an autonomous and not-for-profit institute, set up in 1983, is sponsored by apex financial institutions - the IDBI Bank Ltd., IFCI Ltd., ICICI Bank Ltd. and the State Bank of India (SBI). EDII is the apex institution of Entrepreneurship in India. EDII has helped set up twelve state-level exclusive entrepreneurship development centers and institutes. These include: Institutes of Entrepreneurship Development (IEDs) Lucknow, Bhubaneswar, Patna, Maharashtra Centre for Entrepreneurship Development (MCED), Aurangabad, Madhya Pradesh Centre for Entrepreneurship Development (MPCED), Bhopal, Centre for Entrepreneurship Development of Karnataka (CEDOK), Dharwad and Centre for Entrepreneurship Development, Ahmedabad.

In order to broaden the frontiers of Entrepreneurship Research, EDII has established a Centre for Research in Entrepreneurship Education and Development (CREED), to investigate into a range of issues surrounding small and medium enterprise sector, and establish a network of researchers and trainers by conducting a biennial seminar on entrepreneurship education and research.

In the international arena, efforts to develop entrepreneurship by way of sharing resources and organizing training programs, have helped EDII earn accolades and support from the

World Bank, Commonwealth Secretariat, UNIDO, ILO, British Council, Ford Foundation, European Union, ASEAN Secretariat and several other renowned agencies. The Ministry of External Affairs, Govt. of India has assigned EDII to set up Entrepreneurship Development Centers in Cambodia, Lao PDR, Myanmar and Vietnam and Uzbekistan. Five more such centers in African region will also be established by EDII.

ii. **Small Industries Service Institute (SISI):** At the heart of all agencies dealing with development of small industry is small industries development organization, (SIDO). The Small Industries Development Organization (MSME Development Organization (formerly known as SIDO)), is one of the apex bodies of the Government of India, Ministry of Micro, Small and Medium Enterprises, to assist the Government in formulation of policies and programs, projects schemes, etc., for the promotion and development of Micro, Small and Medium Enterprises in the country and also coordinating and monitoring the implementation of these policies and programs, etc. Promotion and development of Micro, Small and Medium Enterprises is primarily the responsibility of the States and Union Territories (UTs) and the role of the Central Government (including the MSME Development Organization in this field is to aid and assist the States/UTs in this endeavor. Attached to the ministry, SIDO administers small industries service institute (SISI's). The small industries service institutes (SISI's) are set-up one in each state to provide consultancy and training to small and prospective entrepreneurs.

iii. **National Institute of Entrepreneurship and Small Business Development (NIESBUD):** The National Institute for Entrepreneurship and Small Business Development was established in 1983 by the ministry of industry (now ministry of small scale industries), Government of India, as an apex body for coordinating and overseeing the activities of various institutions/agencies engaged in entrepreneurship development particularly in the area of small industry and small business

The major aim of NIESBUD is to evolve standardized materials and processes for selection, training, support and sustenance of entrepreneurs, potential and existing. Activities and objectives of NIESBUD include:

- To evolve standardized materials and processes for selection, training, support and sustenance of entrepreneurs, potential and existing.

- To help/support and affiliate institutions/organizations in carrying out training and other entrepreneurship development related activities
- To serve as an apex national level resource institute for accelerating the process of entrepreneurship development ensuring its impact across the country and among all strata of the society.
- To provide vital information and support to trainers, promoters and entrepreneurs by organizing research and documentation relevant to entrepreneurship development.
- To train trainers, promoters and consultants in various areas of entrepreneurship development.
- To provide national/international forums for interaction and exchange of experiences helpful for policy formulation and modification at various levels.
- To offer consultancy nationally/internationally for promotion of entrepreneurship and small business development.
- To share internationally experience and expertise in entrepreneurship development.
- To share experience and expertise in entrepreneurship development across National frontiers.

NIESBUD also serves as the secretariat for National Entrepreneurship development Board (NEDB), the apex body which determines policy for entrepreneurship development in the country.

- iv. **National Institute of Micro, Small and Medium Enterprises (ni-msme), Hyderabad:** ni-msme was originally set up as Central Industrial Extension Training Institute (CIETI) in New Delhi in 1960 as a Department under the Ministry of Industry and Commerce, Government of India. The Institute was shifted to Hyderabad in 1962, and was renamed as Small Industry Extension Training (SIET) Institute. SIET was conferred the status of national institute by the Government of India with the charter of assisting in the promotion of Small Enterprises mainly by creating a pro-business environment. In 1984, the UNIDO had recognized SIET as an institute of meritorious performance under its Centers of Excellence Scheme subsequently, it was also

accorded the national status in the same year and SIET Institute became National Institute of Small Industry Extension Training (NISJET). Since then the institute has come a long way, carving a place of distinction for itself in the domain of entrepreneurship promotion, achieving recognition both at the national level and in the international arena. To cope with the pressure of globalization, the Government of India has enacted the MSMED Bill in the Parliament, which became effective from 2nd October 2006. Accordingly, the Institute, in order to reflect the expanded focus of its objectives with name was rechristened as ni-msme from 11th April 2007 and re-designed its structure and organization. It is an organization of the Ministry of Micro, Small and Medium Enterprises (formerly Ministry of SSI & ARI), Government of India. Over the years the Institute has gained immense experience and expertise in the areas of entrepreneurship development, technology, management, and extension and information services. **ni-msme's** inherent capacity to innovate together with its top-class infrastructure has enabled the institute to excel in its endeavors towards micro and small enterprise promotion. From the time of inception, **ni-msme** has been providing unstinted support to small and medium industries and has evolved to be the best in offering services like research, consultancy, information, training and extension to not only enterprises but also to concerned development agencies.

Apart from above institutions the National Skill Development Corporation (NSDC) has tied up a number of other organizations and agencies, across the country to provide Skill development and Entrepreneurship training. In fact now NSDC supported training organizations are available in almost every district of the country. National Skill Development Corporation India (NSDC), established in 2009, is a not-for-profit company set up by the Ministry of Finance, under Section 25 of the Companies Act, 1956 corresponding to Section 8 of the Companies Act, 2013. NSDC aims to promote skill development by catalyzing creation of large, quality and for-profit vocational institutions. Further, the organization provides funding to build scalable and profitable vocational training initiatives. Its mandate is also to enable support system which focuses on quality assurance, information systems and train the trainer academies either directly or through partnerships. NSDC acts as a catalyst in skill development by providing funding to enterprises, companies and organizations that provide skill training. It also develops appropriate models to enhance, support and coordinate private sector initiatives. The differentiated focus on 21 sectors under NSDC's purview and its understanding of their viability will make every sector attractive to private investment. As of now (till January 23, 2018) NSDC

has partnered with 352 training partners- having 6565 training centers covering 569 districts of the country. These training partners have trained over 74.4 lakhs potential entrepreneurs, out of whom around 40 lakhs have been placed with concerned industries.

3.3 Institutions for technical guidance:

There is paradigm shift in the eco-system of Entrepreneurship and skill development in the country. Earlier the potential entrepreneurs were trained by the institutes/ agencies and left to fend for themselves. Now the Government of India and NSDC have advised all the training partner institutes and agencies to provide training, placement and hand-holding support to the candidates approaching them for entrepreneurship. Thus the Training partners are now helping the entrepreneurs to develop Detailed Project Reports (DPRs) getting these submitted to banks for financing and following-up with banks, to support the entrepreneurs establish their enterprises at the earliest. For example under the Agri-Clinic and Agri-Business Scheme (ACABC) of Ministry of Agriculture and Farmers Welfare, all the nodal training institutes (NTIs) identified by ACABC project implementation agency- National Institute of Agricultural Extension Management (MANAGE), the success rate of the NTIs is measured not only by the number of candidates they train, but by number of Enterprises they establish. All the NTIs are provided financial incentives to ensure hand-holding of all the established ventures for a period of one-year. These entrepreneurs are again provided refresher training by MANAGE after a period of 3 to 5 years. Thus there is long-term engagement of the Entrepreneurs with the scheme and the technical hand-holding institutes. Hence all the training partners of NSDC are now technical support institutes as well.

4. Technical Back-Stopping:

Technical back-stopping is very critical in the technology-based Enterprises. An entrepreneur has to be in constant touch with the Faculty, experts and mentors in the concerned areas for at least first 3 years of establishing any enterprise. Higher educational institutions in the country like IITs/ NITs provide this support to their alumni by way of technical seminars and personal contacts. In rural and agricultural sector the Entrepreneur has to tie-up with the nearest Agricultural college/ Krishi Vigyan Kendra (KVK) scientist working in concerned area. A list of experts with their mobile numbers, e-mail addresses must be collected by the entrepreneur before leaving the training institute. Further he/she should always look for more experts, mentors in the area of his enterprise.

5. Conclusion

Institutional support systems are life-blood of the rural enterprises. One needs to scan the rural ecosystem carefully to ensure proper and timely access to credit, market and technical backstopping for smooth and uninterrupted operation of his business. Skill development and Entrepreneurship training is now available in each district of the country, and all these training institutes have been charged with the responsibility of providing hand-holding support to trained candidates, so that they can establish and run their enterprises successfully. This 360 degree support to entrepreneur gives him confidence to get in to uncharted journey of taking up rural entrepreneurship.

6. Keywords

Industrial Development Bank of India, National Small Industries Corporation, National Bank for Agriculture and Rural Development, State Finance Corporation, State Industrial Development Corporation, National Institute of Agricultural Extension Management, Krishi Vigyan Kendra.

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8. Model Questions

Question 1: Explain the role of financial institutions in establishing Rural Enterprises.

Question 2: The training Institutions are best places to get technical-backstopping. Discuss.

5. Private-Public Partnership and Corporate Social Responsibility Systems

1. Introduction

Entrepreneurship is conceiving, planning and undertaking a business activity. By very definition Entrepreneurship is business. Hence Entrepreneurship and Private business are very close to each other. Rural entrepreneurship is small or micro business in rural environment. There are a number of Private Companies, big corporate house having their plants, operations in rural areas. All these big businesses have a lot of forward and backward linkages. A rural entrepreneur can identify appropriate business opportunity in such an eco-system. Further there are opportunities offered by Government of India schemes such as Prime Ministers' Kaushal Vikas Yojana (PMKVY), Ministry of Agriculture and Farmers' Welfare's Agri-Clinic and Agri-Business Scheme (ACABC) and many such other schemes. These schemes provide opportunities to set-up training and hand-holding institutes to provide basic skills and entrepreneurship training to rural youth. In a way Public-Private-Partnership can play a multiplier effect in encouraging Rural Entrepreneurship. For example under the ACABC scheme over 50 NGOs and private institutions have trained over 40,000 Agriculture graduates to take-up rural entrepreneurship. Of these around 20,000 have established their ventures in rural areas and are providing jobs to 5-6 another rural youth, in each case. Thus over 1,00,000 rural youth have been brought under umbrella of Agri-Clinic Agri-Business Scheme Entrepreneurship in the country over last 15 years. The speed and coverage of the scheme is growing at the faster pace now, as the nationalized banks, under constant follow-up of NABARD (National Bank for Agriculture and Rural Development). Thus Public-Private-Partnership and Corporate Social Responsibility (CSR) can play a catalytic role to kick-start Rural Entrepreneurship on a large scale.

2. Objectives

After going through this section we must understand:

- The importance of Public-Private Partnership to encourage Rural Entrepreneurship.
- The important role Corporate Social Responsibility can play in promoting and sustaining Rural Entrepreneurship.

3. **Rural Entrepreneurship and Public Private Partnership:** Rural Entrepreneurship basically depends on rural population as clients and rural eco-system as the critical human and natural resource base. These systems are highly vulnerable to limited access of credit facilities and inadequate purchasing power of the rural communities. Hence rural entrepreneurship needs initial financial support and hand-holding by Public

Systems/ Public Institutions. Government of India and many of the state governments have initiated a number schemes to promote rural entrepreneurship with pro-active Public Systems support. Job creation is a foremost challenges facing India. In recent years a wide spectrum of new programs and opportunities to nurture innovation and promote entrepreneurship have been created by the Government of India across a number of sectors. From engaging with academia, industry, investors, small and big entrepreneurs, non-governmental organizations to the most underserved sections of the society. Some of these major initiative include:

3.1 Startup India: Through the Startup India initiative, Government of India promotes entrepreneurship by mentoring, nurturing and facilitating startups throughout their life cycle. Since its launch in January 2016, the initiative has successfully given a head start to numerous aspiring entrepreneurs. With a 360 degree approach to enable startups, the initiative provides a comprehensive four-week free online learning program, has set up research parks, incubators and startup centers across the country by creating a strong network of academia and industry bodies. More importantly, a 'Fund of Funds' has been created to help startups gain access to funding. At the core of the initiative is the effort to build an ecosystem in which startups can innovate and excel without any barriers, through such mechanisms as online recognition of startups, Startup India Learning Programme, Facilitated Patent filing, Easy Compliance Norms, Relaxed Procurement Norms, incubator support, innovation focused programs for students, funding support, tax benefits and addressing of regulatory issues.

3.2 Make in India: Designed to transform India into a global design and manufacturing hub, the Make in India initiative was launched in September 2014. It came as a powerful call to India's citizens and business leaders, and an invitation to potential partners and investors around the world to overhaul outdated processes and policies, and centralize information about opportunities in India's manufacturing sector. This has led to renewed confidence in India's capabilities among potential partners abroad, business community within the country and citizens at large. The plan behind Make in India was one of the largest undertaken in recent history. Among several other measures, the initiative has ensured the replacement of obsolete and obstructive frameworks with transparent and user-friendly systems. This has in turn helped procure investments, foster innovation, develop skills, protect intellectual property and build best-in-class manufacturing infrastructure.

3.3 Atal Innovation Mission (AIM): AIM is the Government of India's endeavor to promote a culture of innovation and entrepreneurship, and it serves as a platform for promotion of world-class Innovation Hubs, Grand Challenges, start-up businesses and other self-employment activities, particularly in

technology driven areas. In order to foster curiosity, creativity and imagination right at the school, AIM recently launched Atal Tinkering Labs (ATL) across India. ATLs are workspaces where students can work with tools and equipment to gain hands-on training in the concepts of STEM (Science, Technology, Engineering and Math). Atal Incubation Centers (AICs) are another programs of AIM created to build innovative start-up businesses as scalable and sustainable enterprises. AICs provide world class incubation facilities with appropriate physical infrastructure in terms of capital equipment and operating facilities. These incubation centers, with a presence across India, provide access to sectoral experts, business planning support, seed capital, industry partners and trainings to encourage innovative start-ups.

3.4 Support to Training and Employment Program for Women (STEP): STEP was launched by the Government of India's Ministry of Women and Child Development to train women with no access to formal skill training facilities, especially in rural India. The Ministry of Skill Development & Entrepreneurship and NITI Aayog recently redrafted the Guidelines of the 30-year-old initiative to adapt to present-day needs. The initiative reaches out to all Indian women above 16 years of age. The program imparts skills in several sectors such as agriculture, horticulture, food processing, handlooms, traditional crafts like embroidery, travel and tourism, hospitality, computer and IT services.

3.5 Jan Dhan-Aadhaar-Mobile (JAM): JAM, for the first time, is a technological intervention that enables direct transfer of subsidies to intended beneficiaries and, therefore, eliminates all intermediaries and leakages in the system, which has a potential impact on the lives of millions of Indian citizens. Besides serving as a vital check on corruption, JAM provides for accounts to all underserved regions, in order to make banking services accessible down to the last mile.

3.6 Digital India: The Digital India initiative was launched to modernize the Indian economy to makes all government services available electronically. The initiative aims to transform India into a digitally-empowered society and knowledge economy with universal access to goods and services. Given historically poor internet penetration, this initiative aims to make available high-speed internet down to the grassroots. This program aims to improve citizen participation in the digital and financial space, make India's cyberspace safer and more secure, and improve ease of doing business. Digital India hopes to achieve equity and efficiency in a country with immense diversity by making digital resources and services available in all Indian languages.

3.7 Biotechnology Industry Research Assistance Council (BIRAC): BIRAC is a not-for-profit Public-Sector Enterprise, set up by Department of Biotechnology to strengthen and empower emerging

biotechnology enterprises. It aims to embed strategic research and innovation in all biotech enterprises, and bridge the existing gaps between industry and academia. The ultimate goal is to develop high-quality, yet affordable, products with the use of cutting edge technologies. BIRAC has initiated partnerships with several national and global partners for building capacities of the Indian biotech industry, particularly start-ups and SME's, and has facilitated several rapid developments in medical technology.

3.8 Stand-Up India: Launched in 2015, Stand-Up India seeks to leverage institutional credit for the benefit of India's underprivileged. It aims to enable economic participation of, and share the benefits of India's growth, among women entrepreneurs, Scheduled Castes and Scheduled Tribes. Towards this end, at least one woman and one individual from the SC or ST communities are granted loans between Rs.1 million to Rs.10 million to set up Greenfield enterprises in manufacturing, services or the trading sector. The Stand-Up India portal also acts as a digital platform for small entrepreneurs and provides information on financing and credit guarantee.

3.9 Trade related Entrepreneurship Assistance and Development (TREAD): To address the critical issues of access to credit among India's underprivileged women, the TREAD program enables credit availability to interested women through non-governmental organizations (NGOs). As such, women can receive support of registered NGOs in both accessing loan facilities, and receiving counselling and training opportunities to kick-start proposed enterprises, in order to provide pathways for women to take up non-farm activities.

3.10 Pradhan Mantri Kaushal Vikas Yojana (PMKVY): A flagship initiative of the Ministry of Skill Development & Entrepreneurship (MSDE), this is a Skill Certification initiative that aims to train youth in industry-relevant skills to enhance opportunities for livelihood creation and employability. Individuals with prior learning experience or skills are also assessed and certified as a Recognition of Prior Learning. Training and Assessment fees are entirely borne by the Government under this program.

3.11 National Skill Development Mission: Launched in July 2015, the mission aims to build synergies across sectors and States in skilled industries and initiatives. With a vision to build a 'Skilled India' it is designed to expedite decision-making across sectors to provide skills at scale, without compromising on quality or speed. The seven sub-missions proposed in the initial phase

to guide the mission's skilling efforts across India are: (i) Institutional Training (ii) Infrastructure (iii) Convergence (iv) Trainers (v) Overseas Employment (vi) Sustainable Livelihoods (vii) Leveraging Public Infrastructure.

3.12 Science for Equity Empowerment and Development (SEED): SEED aims to provide opportunities to motivated scientists and field level workers to undertake action-oriented, location specific projects for socio-economic gain, particularly in rural areas. Efforts have been made to associate national labs and other specialist S&T institutions with innovations at the grassroots to enable access to inputs from experts, quality infrastructure. SEED emphasizes equity in development, so that the benefits of technological accrue to a vast section of the population, particularly the disadvantaged.

All the above programs of Government of India are flag-bearers in their own place and provide great opportunities to rural entrepreneurs to build their capacity by joining Entrepreneurship training programs and thereafter tying up with them to establish their Enterprise. They can also support building others' capacities by establishing Skill Training Institutes.

4. Corporate Social Responsibility (CSR):

Corporate Social Responsibility or CSR refers to "the ethical principle that an organization should be responsible for how its behavior might affect society and environment". The concept of CSR has a long and varied history. It is possible to trace business community's concern for the society for centuries. Sarais (Rest houses in olden days) at religious places and on religious tracks were constructed and "Water-Services" were offered by many business houses in good olden days in India. In the formal corporate sector, however, this term came into discussions during 1960s. In response to the rising concerns on ethical issues in businesses, Carroll (1991) extended corporate social responsibility from the traditional economic and legal responsibility to ethical and philanthropic responsibility. According to him the CSR is made up of four responsibilities that are interrelated. These responsibilities are –economic, legal, ethical and philanthropic. Similarly Business Dictionary defines CSR as "A company's sense of responsibility towards the community and environment (both ecological and social) in which it operates. The companies express this through their waste and pollution reduction processes and by contributing educational and social programs and by earning adequate returns on the employed resources".

Most consumers believe that companies doing charity work will receive a positive response. Research also finds that consumers are loyal and willing to spend more on retailers that support charity. In India, many consumers are positively sensitive towards companies having good CSR initiative. The e-Chaupal initiative of ITC company has won the company many new loyal customers, as the reach and extension system provided by e-chaupal is helping over one million farmers across the country. Similarly the stories of Tata Group of companies are well known. The Tata's CSR focus is on –Education, health, livelihood, Rural and urban infrastructure. Besides they also undertake interventions in the areas of sports, disaster relief, environment and ethically all aimed at improving the quality of life of communities.

With Companies Act 2013, India has introduced CSR as formal requirement for the corporate sector. According to Section 135 and schedule VII of the Companies Act every company with net worth of Rs. 500 Crores or more, or turnover of Rs. 1000 Crores or more or Net profit of Rs. 5 Crores or more will come in the ambit of implementing CSR. Every qualifying company is required to spend at least 2% of its average net profit for the immediately preceding 3 financial years on the CSR activities. Further as per the CSR rules, the provisions of CSR are not only applicable to Indian companies, but also to branches and project offices of a foreign company in India.

Activities under CSR: The activities that can be done by the company to achieve its CSR obligations, include eradicating extreme hunger and poverty, promotion of education, promoting gender equity and empowering women, reducing child mortality and improving maternal health, combating human immunodeficiency virus, AIDS, malaria and other diseases, ensuring environmental sustainability, employment enhancing vocational skills, social business projects, contribution to Prime Ministers' National Relief Fund or any other fund set up by the central government or the state government for socio-economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward castes, minorities and women and such other matters as may be prescribed. Further under companies Act, the preference is to be given to local areas and the areas where the company operates.

5. Rural Entrepreneurship and CSR:

Corporate Social Responsibility binds a corporate to undertake socially relevant development programs in the vicinity of their campuses or in other rural areas. For example the CSR activities of Reliance Industries Limited are handled by Reliance Foundation. Their areas of activities include – Rural Transformation, Healthcare, Education, Environment, Protection of National Heritage, Art and Culture and Disaster

Response. The Reliance Foundation has made significant contributions to help shape India's vision of inclusive growth. Sustainable development strategies have helped Reliance Foundation to create thriving eco-systems towards profitable growth and creation of societal value for multiple stakeholders. Through their CSR in initiatives the company engages with communities to ensure their well-being by enhancing access to quality education and healthcare, capacity building for employment generation, access to good infrastructure and ecological conservation. Reliance Foundation has trained and employed over 150 young Agricultural Graduates and Diploma holders to support their Rural Transformation Programs. Currently Reliance foundation is working with over 94,000 rural households. The Foundation works on enhancing opportunities and disseminating information relevant to improving livelihood options among rural communities. It deploys locally-relevant solutions to promote agriculture, marine fisheries and other farm and non-farm based activities.

Similar case studies are available for other major corporate houses of the country like Future Group, Infosys, Aditya-Birla Group, and Wipro etc. All these CRS initiatives train a number of rural youth and build their skills to serve their societies more effectively. Rural entrepreneurs may take advantage of CSR Initiatives of major or medium corporate houses to undertake rural transformational programs so as to meet the CSR objectives of the Corporate sector and build their own capacity and value-chain in the process.

6. Conclusion

Rural Entrepreneurship is full of challenges and opportunities. The opportunities provided by Public Private Partnership vary from opening a Training Centre under NSDC to tie-up with existing or new start-ups to create new venture with hand-holding support from Government institutions/ agencies. Corporate Social Responsibility (CSR) provides another window to access financial and technical support from big and medium corporate houses to undertake rural development / agricultural improvement/ soil reclamation programs. Rural Entrepreneurs have ocean of opportunities very close to them. They need to explore all the possible options, before freezing their business venture.

7. Keywords

Corporate Social Responsibility, Star-up India, Make in India, Atal Innovation Mission (AIM), Support to Training and Employment Program for Women (STEP), Jan Dhan Aadhaar Mobile (JAM), Pradhan Mantri Kaushal Vikas Yojana, National Skill Development Corporation (NSDC).

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9. Model Question

Question 1: What are the opportunities for Rural Entrepreneur to access CSR Support?

Question 2: Public Private Partnership is the only vehicle to promote large scale Rural Entrepreneurship.

Examine Critically.

III. Small and Micro Rural Enterprises

Introduction

Micro, Small and Medium Enterprises (MSMEs) sector plays a significant role the improvement of production, employment and exports of the country. This sector accounts for about 45 per cent of Manufacturing output and 40 percent of the total exports of the country. This sector employs about 60 million persons. In India, MSMEs produce more than 750 products of all types. As per the revised estimates for the MSMEs sector based on Third All India Census, the number of Small Scale Industries (SSI) units at the end of 2010-2011 in the country was 311.52 lakh.

We will discuss classification of Small and Micro Enterprises- both in manufacturing and service sectors, and will also discuss issues related raw material supply, credit availability and other aspects in relation to small and micro enterprises. This unit is organized in following five sections:

1. Understanding Small and Micro Enterprises
2. Project Identification and Selection
3. Project Formulation and Business Plan Preparation
4. Government Policies for Micro and Small Enterprises
5. Rural Business Environment-Social, Economic, Political and Cultural Issues

1. Understanding Small and Micro Enterprises

1. Introduction

Small and micro enterprises are the backbone of Indian Economy. In fact MSME - an abbreviation of Micro, Small & Medium enterprises- is the pillar of economic growth in many developed, and developing countries in the world. Often rightly termed as “the engine of growth” for India, MSME has played a prominent role in the development of the country in terms of creating employment opportunities-MSME has employed more than 60 million people, scaling manufacturing capabilities, curtailing regional disparities, balancing the distribution of wealth, and contributing to the GDP. MSME sector contributes 8% of GDP. Though India is still facing infrastructural problems, lack of proper market linkages, and challenges in terms of flow of institutional credit, it has seen a tremendous growth in this sector.

The advantage of this sector is-it requires less investment, thus creating employment on a large scale, and reducing the unemployment and underemployment problems. Moreover, this sector has survived almost all threats emerging out of still completion from both domestic and international market. The most important contribution of this sector is that it absorbs rural uneducated/ semi-educated youth, and provides livelihoods to a large number of rural/ semi-urban families.

2. Objectives

After going through this section, you will be able:

- To understand the differentiation between Manufacturing and Service Sector Enterprises.
- To understand the classification Micro, Small and Medium enterprises in manufacturing and service sectors.
- To appreciate the issues related to; and policies related to the Micro and small enterprises.

3. Enterprises- Medium, Small and Micro

Business Enterprises are classified as Medium, Small or Micro enterprises. The definition of these enterprises is based on their size of investment in plant and machinery (in the case of manufacturing enterprises) and equipment (in case of service sector enterprises). As per the provisions of Micro, Small &

Medium Enterprises Development (MSMED) Act 2006 the Micro, Small and medium enterprises (MSME) are classified as follows:

- a. **Manufacturing Enterprises**-The enterprises engaged in the manufacture or production of goods pertaining to any industry specified in the first schedule to the industries (Development and regulation) Act, 1951) or employing plant and machinery in the process of value addition to the final product having a distinct name or character or use. The Manufacturing Enterprise are defined in terms of investment in Plant & Machinery.
- b. **Service Enterprises**:-The enterprises engaged in providing or rendering of services and are defined in terms of investment in equipment.

The limit for investment in plant and machinery / equipment for manufacturing / service enterprises, as notified, vide S.O. 1642(E) dated.29-09-2006 are as under:

Manufacturing Sector	
Enterprises	Investment in plant & machinery
Micro Enterprises	Does not exceed twenty five lakh rupees
Small Enterprises	More than twenty five lakh rupees but does not exceed five crore rupees
Medium Enterprises	More than five crore rupees but does not exceed ten crore rupees
Service Sector	
Enterprises	Investment in equipment
Micro Enterprises	Does not exceed ten lakh rupees
Small Enterprises	More than ten lakh rupees but does not exceed two crore rupees
Medium Enterprises	More than two crore rupees but does not exceed five core rupees

Table 3.1: Plant, Machinery and Equipment Investment limits for Micro, Small and Medium Enterprises.

3.3. **Micro Enterprises:** The Enterprises which are engaged in the manufacture or production of goods pertaining to any industry specified in the first schedule to the industries (Development and regulation) Act, 1951) or employing plant and machinery in the process of value addition to the final product having a

distinct name or character or use (i.e. the enterprise is a manufacturing unit) and their investment in Plant and machinery does not exceed Rs. Twenty five Lakhs or the enterprises engaged in providing or rendering of services (i.e. the enterprise is a service sector unit) and their investment in equipment does not exceed Rs. Ten Lakhs, are classified as Micro Enterprises.

3.4 Small Enterprises: The Enterprises which are engaged in the manufacture or production of goods pertaining to any industry specified in the first schedule to the industries (Development and regulation) Act, 1951) or employing plant and machinery in the process of value addition to the final product having a distinct name or character or use (i.e. the enterprise is a manufacturing unit) and their investment in Plant and machinery is more than twenty five lakh rupees but does not exceed five crore rupees, or the enterprises engaged in providing or rendering of services (i.e. the enterprise is a service sector unit) and their investment in equipment is more than ten lakh rupees but does not exceed two crore rupees, are classified as Small Enterprises.

3.5 Medium Enterprises: The Enterprises which are engaged in the manufacture or production of goods pertaining to any industry specified in the first schedule to the industries (Development and regulation) Act, 1951) or employing plant and machinery in the process of value addition to the final product having a distinct name or character or use (i.e. the enterprise is a manufacturing unit) and their investment in Plant and machinery is more than five crore rupees but does not exceed ten crore rupees; or the enterprises engaged in providing or rendering of services (i.e. the enterprise is a service sector unit) and their investment in equipment is more than two crore rupees but does not exceed five crore rupees, are classified as Medium Enterprises.

4. Issues with Small and Micro Enterprises:

Small and micro enterprises are the backbone of economic middle class, and rural industries. Small scale enterprises are found in every state. Small scale industry were given an important place in the framework of Indian planning since beginning for economic and ideological reasons. Small scale industry is a vibrant sector for towns and rural areas. Small scale and micro enterprises in India are a difficult business for new-comers. These enterprises face a number of problems- absence of adequate and timely banking finance, non-availability of skilled manpower, non-availability of suitable technology, ineffective/ inefficient marketing due to limited resources. These enterprise face some location-specific and size-specific problems like lack of ICT literacy among various layers of employees, lack of formal procedures and discipline, problems related to raw-materials, production problems and most importantly the issue with financial resources.

- a. **Issues related to Financing:** The financial problem of MSMEs is the root cause for all the other problems faced by the MSME sector. These industries (especially micro) are generally poor and there are no facilities for cheap credit. They fall into the clutches of money lender who charges exorbitant rate of interest. In recent years, large Indian firms obtained around 15 percent of their total funding from internal sources, 25 percent from banks and financial institutions (FIs), and 10 percent from capital markets. The remaining 50 percent came from alternative sources. Friends and family equity accounted for a huge proportion of their alternative finance, followed by trade credit. Based on the research carried out at the Centre for Analytical Finance (CAF) at the Indian School of Business (ISB) Hyderabad, and partly on the work done for the Financial Sector Reforms committee headed by Professor Raghuram Rajan, Eric J. Gleacher Distinguished Service Professor of Finance, University of Chicago during 2007-08, it was found that the firm size is inversely related to dependence on alternative financing sources; the smaller the firm, the higher is the proportion of alternative financing in the total. It was also found that poor profitability and lack of access to formal capital markets and institutions result in heavy dependence on alternative financing channels. It was said that funding from those channels is considerably costlier than funding from formal sources. This creates a most unfortunate vicious cycle in the pattern of funding. High cost of funding results in poor profitability. Poor internal cash flow generation limits ability to service formal bank debt, and makes the firm less creditworthy from a bank's point of view. This, in turn, leads to greater dependence on alternative channels. The organizational pattern of the micro enterprises places them at a distinct disadvantage vis-à-vis the large-scale enterprises. It is due to this peculiarity of micro and small enterprises, "Murphy's Law" i.e., "If anything can go wrong, it will" squarely applies to them. This disadvantage has given rise to various problems with which the micro and small enterprises have been contending with. The problem of finance in these units is mainly due to two reasons. Firstly it is partly due to scarcity of capital in the country as a whole. Secondly, it is partly due to weak credit worthiness of micro and small enterprises in the country. Due to their weak economic base, they find it difficult to take financial assistance from the commercial banks and financial institutions. As such, they are bound to obtain credit from the money lenders on a very high rate of interest and are, thus, exploitative in character.
- b. **Problems related to Raw Materials:** Another major problem that the micro and small enterprises have to content with is the procurement of raw material. The problem of raw material has assumed the shape of (i) an absolute scarcity, (ii) a poor quality of raw materials, and (iii) a high cost. Earlier, the majority of micro and small enterprises mostly produced items dependent on local raw material. But, ever since the emergence of modern small-scale industries manufacturing a lot of sophisticated items,

the problem of raw material has emerged as a serious problem on their production efforts. The small units that use imported raw material face raw material problem either on account of foreign currency or customs duty or any other reasons. Even the micro and small enterprises that depend on local resources for raw material requirements facing various problems. Keeping in view the problem of raw material the Government made provisions for making raw material available to these units. But these units are not in a position to liaise with the official agencies and are left with inadequate supplies of raw material. As a result, they have to resort to open market purchases at very high prices. This, in turn, increases their cost of production, and, thus, puts them in an adverse position compared to large units. The quantity, quality and regularity of the supply of raw materials are not satisfactory. There are no quantity discounts, since they are purchased in small quantities and hence charged higher prices by vendors. They also experience difficulty in procuring semi-manufactured materials. Due to financial problems these enterprises are unable to secure raw material in bulk in a competitive market.

- c. **Problems related to Marketing:** One of the main problems faced by the micro and small enterprises is in the field of marketing. These units often do not possess any marketing organization. As a result their products compare unfavorably with the quality of the products of the large-scale industries. Therefore, they suffer from competitive disadvantages vis-à-vis large-scale units. In order to protect micro and small enterprises from this competitive disadvantage, the Government of India has reserved certain items for the small-scale sector. The list of reserved items has continuously expanded over the period and at present stands at 824 items. Besides, the Trade Fair Authority of India and the State Trading Corporations help the small-scale industries in organizing their sales. The National Small Industries Corporation (NSIC) set up in 1955 is also helping the small units in obtaining the government orders and locating export markets. Ancillary units face the problems of their own types like delayed payment by parent units, inadequacy of technological support extended by parent units, non-adherence to quality and delivery schedules, disturbing the programs of the parent units and absence of a well-defined pricing system and regulatory laws.
- d. **Problems of under-utilization of Capacity:** There are studies that clearly bring out the gross under-utilization of installed capacities in micro and small enterprises. According to Puli Subramaniam and Reddy (2013) over 17% units were utilizing less than 50% of their installed capacity, while 2.61% were utilizing below 25% of installed capacity in the Kadapa District in 2012-13. The survey was carried out in 153 Small Scale Industries. Another study by Jagapati Rao (2010) found that out of 135 small-scale industrial units surveyed in west Godavari district of A.P., 40-50% installed capacity was idle in most of the industrial units. On an average, we can safely say that 30 to 40 percent of capacity is not utilized in

micro and small enterprises. The very integral to the problems of under-utilization of capacity is power problem faced by micro and small enterprises. In short, there are two aspects to the problems: one, power supply is not always available to these units, and whenever it is available, it rationed out, limited to a few hours in a day. Second, unlike largescale industries, the micro and small enterprises cannot afford to go in for alternatives, like installing own thermal units, because these involve heavy costs, since these units are weak in economic front, they have to manage as best as it can within their available meager means.

- e. **Other Problems with Small and Micro Enterprises:** In addition to the problems enumerated above, the micro and small enterprises have been constrained by a number of other problems also. These include technological obsolescence, inadequate and irregular supply of raw materials, lack of organized market channels, imperfect knowledge of market conditions, unorganized nature of operations, inadequate availability of credit facility, constraint of infrastructure facilities including power, and deficient managerial and technical skills. There has been lack of effective co-ordination among the various support organizations set up over the period for the promotion and development of these industries. Quality consciousness has not been generated to the desired level despite various measures taken in this regard. Some of the fiscal policies pursued have resulted in unintended splitting up of these capacities into uneconomic operations and have inhibited their smooth transfer to the medium sector. All these constraints have resulted in a skewed cost structure placing this sector at disadvantage vis-a-vis the large industries, both in the domestic and export markets

5. Issues with Small and Micro Enterprises in Rural Areas:

The issues enumerated in above paragraphs are generic issues faced by small and micro enterprises. The rural small and micro enterprises face another major issue and that is road and power connectivity and maintenance. The access to markets and efficiency to deliver goods and service in time is highly dependent on these public infrastructure items. In rural areas the condition and maintenance of roads is not ideal. Similarly, even after 70 years of independence, a number of blocks and villages are yet to be provided regular supply (24 X 7) of power. This becomes a limiting factor for establishing temperature critical or power-supply based production critical units in rural areas. Most of the areas in eastern UP, western Bihar, most of Jharkhand and Chhattishgarh face these limitations.

Another important, and highly sensitive issue with rural small and micro enterprises is the law and order situation, and fear of robbery in areas far-off from main roads/ national and state highways. The quality of raw-material, manpower availability and credit access reduces in direct proportion to the distance, as we

move from main cities to small and medium towns and thereafter to remote locations. This issue dissuades even the most enterprising young, educated and motivated entrepreneurs to set up their units in most backward (in fact most deserving) areas.

6. Conclusion

Small and Micro Enterprises are important drivers for rural entrepreneurs. The contribution of MSME to other sectors has been immensely instrumental. It is the biggest employer after agriculture sector, despite the fact that agriculture sector's contribution to GDP is less than MSME. While it contributes about 45% to manufacturing sector, and perhaps 40% to Exports, it forms the highest share of Employment sector in India, contributing around 69% to it. Micro, Small and Medium-sized Enterprises (MSME) are one among the most important sectors, forming the backbone of the Indian economy. This sector has been instrumental in the growth of the nation, leveraging exports, creating huge employment opportunities for the unskilled, fresh graduates, and the underemployed, also extending the opportunities to banks for giving more credit to enterprises in this sector. The government should take utmost care of this sector in terms of providing more and more MSME Registration benefits through better regulations, Government must direct financial institutions to lend more credit at less interest rate for sustainability of this sector.

Most of the other problems of MSME can be overcome if they get involved in standardization of the business process, and can also adopt latest technology to improve the productivity. It is suggested that banks can support the industry by providing the credit facilities at low interest rate and Government and Institutions relating to Small and Micro industries should take effective measures to improve their market out-reach.

7. Keywords

Small Enterprises, Medium Enterprises, Micro Enterprises, Ministry of Small and Medium Enterprises. Capacity Utilization, Manufacturing Enterprises, Service Enterprises.

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9. Model Questions

Question 1: Distinguish between a manufacturing unit and service unit?

Question 2: Explain the classification of Medium, small and Micro enterprises?

2. Project Identification and Selection

1. Introduction

Business Identification and selection for an Enterprise is the first and most sensitive job. This decision has to be taken very carefully, as it becomes very difficult to change the business at later stages. Normally the Entrepreneurs select the business, considering various parameters –their own strength- education, knowledge, experience and confidence, strength or opportunities in the area- availability of raw materials, string need for a particular product or service, or sometime on the opportunities created by government policies and general positive business climate. Identification of Business opportunity is also starting point for estimating investment and financial requirements.

This section explains the importance of understanding the process of Enterprise Business Opportunity Identification and selection in rural eco-system.

2. Objectives

After going through this section, you will be able:

- To understand the process of Business Opportunity Identification.
- To develop Business Opportunity Identification framework for an enterprise.

3. Project Identification- exploring Business Options and Opportunities:

An Entrepreneur may select a business opportunity through a chance event- meeting someone (of his age, comparative knowledge base, financial resources and technical competence) undertaking a new business (e.g. putting up and running a Common Service Centre or Agri-clinic or Agri-business Centre) highly successfully, or based on his/her education and training and core-competency (e.g. A veterinary graduate starting a Veterinary Clinic) or on the advice of Faculty/ mentors in his/her skill training institute. It is always desirable to have a mentor, though every entrepreneur may not be so blessed.

Sometimes prospective Entrepreneurs (particularly) in rural area join an established venture in their neighborhood (in their proposed line of business) to get a first-hand idea of the business processes, possible clientele, and revenue stream and also to understand other issues related to finance and management. For example; a trained motor-cycle mechanic may first work in a near-by motor-cycle

service-center for a few years to gain first-hand experience of interaction with clients, need to store most-often needed (and low-cost) spare-parts, essential tool-kit and other nitty-gritty of the business in that area. This experience is also called “Attachment on the job” or “on the job training” in skill-development /entrepreneurship development process.

Business Opportunities do not, however, present themselves, so straight. It is always good to understand the sequence of steps to be taken for business opportunity identification. A typical Business Opportunity identification process will have six sections:

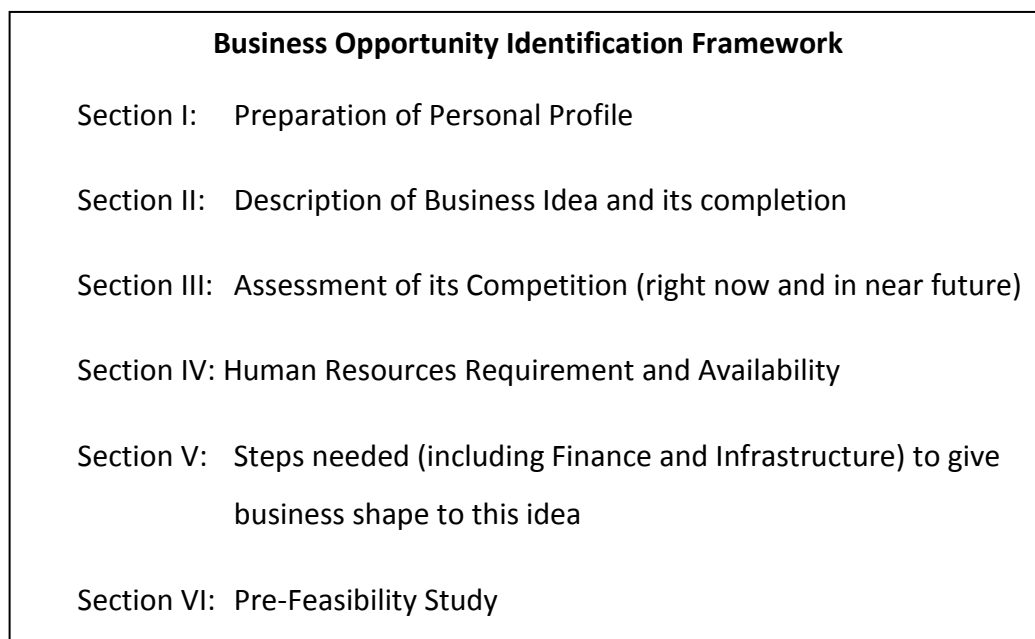


Figure 3.1: Business Opportunity Identification Framework

a. Preparation of Personal Profile:

Entrepreneur is the key person in the whole business opportunity identification process. He/ she has certain ideas, qualifications, experience, personality, objectives, investment preparedness, attitude to risk-taking and other considerations. It is always helpful to reduce all these facts into writing, so that it can be considered by prospective investors, banks, partners (if needed). A neat fact-sheet about the Entrepreneur is desirable to document all these attributes, and hence a format is proposed as hereunder:

Personal Profile of the Entrepreneur		
1.	Name & Age	Smt Rajesh Sharma, 45 Years
2.	Education	Ph. D. in English Literature, Masters degrees in English and Sociology
3.	Work Experience	5 Years as a Post-Graduate Teacher in an Intermediate College
4.	Other academic/ practical interest	Loves children
5.	Personality	Very pleasing, Hard-working, dynamic, all close relatives job-holders or professionals, both the children well-settled, Initial financial support assured by husband but not interested to take loan
6.	Objectives for establishing an enterprise	To serve children in nearby rural society (social service), to earn money only to maintain the enterprise
7.	Investment Preparedness	Own funds of Rs. 5,00,000 can be committed to enterprise
8.	Attitude to risk-taking	Hard-earned money. Low risk attitude
9.	Other Considerations	-Wants to set-up in/ around city/ locality she lives in -wants to do it alone, may hire teachers/ aayas, if necessary

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Figure 3.2: Personal Profile of an Entrepreneur

This profile will help the entrepreneur to look into appropriate opportunities of her choice and aptitude. This will also help him/her to freeze the choice of location and preparedness for investment required.

- b. **Description of Business Idea and its completion:** Description of Business Idea is next step in opportunity identification process. Being open to any business means, you do not have any idea of

business. Hence you have to freeze the Business idea at an early stage. You can always use your analytical abilities to identify a business idea by:

a. Observing Market Trends (in the area):

An Entrepreneur has to be a sharp observer to sense a business opportunity. He may scan the Economic opportunity (state of local economy- consumer spending pattern and the level of disposable income), Social Opportunity (Social and cultural changes/ preferences, demographic changes, what the current generation thinks is “in thing”) and Technological Opportunity (new technologies, emerging technologies and new uses of old technologies). This analysis can indicate some business product or service opportunity gap, which can in-turn lead to Business (product or service) Idea.

b. Finding a gap in the Market

Finding a gap in the market place is one of the best methods for Business Idea generation. Here one can take help of friends and local community to identify most visible (and needed by community or a nearby big-business enterprise, or a nearby market) gap in the market. One can use focused-group discussions or key-people survey to access the needs of the local communities. New technologies, sometimes provide out-of-box opportunities like an app-based taxi service in the area, app-based Auto-service, app-based catering service or app-based household items repair service. All these services have emerged as game-changers and disruptive in their spheres of operations. Sudden procurement of a large number of tractors (may be due to a new mechanization scheme of central or state government) in a rural area may create possible opportunity for a tractor repair garage. Opening of a school in the vicinity may open an opportunity to set-up a stationary shop. Here the entrepreneur has to estimate the investment required, possible gestation time-period, and estimated market-size and potential profit.

c. Solving a problem/ issue in the area:

As discussed in earlier sections, an Entrepreneur has to have a very open an inquisitive mind. Sometimes the existing businesses are under threat from some disruptive technological innovations, and the entrepreneur has to look for alternative business opportunity. He/she may identify a problem/ issue in an area, which he can address. The Swachhha Bharat Abhiyan suddenly highlighted the severe shortage of Toilets in rural areas. Some entrepreneurs jumped on the opportunity and got into the business of Toilet construction or supply of labor and

materials for Toilet construction or expanded their existing businesses to supply inputs required for Toilet construction.

c. Assessment of its Competition (right now and in near future):

The entrepreneur has to see the future of the proposed business on a short-term and long-term horizon. He/she may assess the competition for his/her product or service from existing and potential competitors. A new technological innovation may encourage new and more players to jump into the market. First innovator has some advantages, and he reaps the early profits also, but he may not be the most efficient user of the innovation. One needs to learn from existing case-studies and history of technology-promoted enterprises. Neither Google was the first search engine, nor WhatsApp, was the first social media platform. Both these companies learnt from the weaknesses of existing players. Hence an Entrepreneur has to factor-in the entry of new entrepreneurs also in the market space, while taking decision on long-term investment on technology and human resources.

d. Human Resources Requirement and Availability:

Human resources are the most important factors of production of any product or service. One has to ensure availability of appropriately educated, skilled and experienced workforce to undertake the responsibility of running the Enterprise. What are the main skills needed to run the Enterprise? What are your main skills? What kinds of skilled employees you need? Are there people available (with required skills) in the local labor market? How many unskilled workers do you want to employ in the first year? How will you identify, attract and retain them? All these issues become all the more important in the context of rural areas. Highly educated technical manpower can be hired from urban areas, if needed. But one may have to spend more to retain such manpower, due to non-availability/ limitations of basic infrastructural facilities like good schools, good hospitals and general law and order situation.

e. Steps needed (including Finance and Infrastructure) to give business shape to this idea:

As discussed in earlier sections, an Entrepreneur has to have a very open an inquisitive mind. Sometimes the existing businesses are under threat from some disruptive technological innovations, and the entrepreneur has to look for alternative business opportunity. He/she may identify a problem/ issue in an area, which he can address. Once he/she identifies the area/sector/ business proposition, he may start thinking to tie-up finances and other basic requirements (human

resources, infrastructure and legal permissions, if any) to set-up his enterprise. A good idea is to undertake a pre-feasibility study for his proposed venture (preferably with an experienced mentor or a Faculty from the entrepreneurship development institute).

f. Pre-Feasibility Study:

You would like to develop a reasonably comprehensive picture of a short-listed project idea. A pre-feasibility study provides an opportunity for cleaning and screening out the ideas, which are not likely to succeed. A good pre-feasibility covers all aspects of business project concept development, start-up process, production, marketing, financing, and business management. Pre-feasibility study is an important step for an entrepreneur to understand whether his money, time, effort and resources are going to fetch desired outcomes. It brings out discussions on all problem areas, all alternative scenarios (best case, normal case and worst case) are built and best solutions are considered for actual implementation. Pre-feasibility study for a new or undocumented (or minimally documented) sectors or project is very important for a rural entrepreneur, as the data-collection, analysis and business research that goes into it reveal certain thumb rules- best practices developed and followed by existing enterprises, and certain industrial norms that become a guiding source for the new entrepreneur regarding various aspects of setting up and running a business. Pre-feasibility can be carried out by a training in statute faculty or a consultant, but the involvement of the entrepreneur himself adds huge value to pre-feasibility study, as it helps him to understand the upcoming reality.

4. Project Selection

You have now reached the most critical point in Business Opportunity Identification process. Until now it was exploration, information gathering and analysis. Apart from facts and figures that establish the viability of an identified business idea, it is crucial that you take cognizance of your strengths and weaknesses while making a final selection of business ideas.

5. Conclusion

Business Opportunity identification and selection are most critical stages of starting a business venture. The Entrepreneur has to have full knowledge of all the aspects of his proposed venture. He has to be aware of all the risks (including uncertainty of getting bank finances in time, getting delayed approvals for business

entity) and opportunities. In addition he has to be prepared to face new and unforeseen challenges. Hence it is very important that the Business Identification has to be done with utmost care.

6. Keywords

Business Opportunity Identification, Personal Profile, Pre-feasibility Study.

7. Future Reading/ References

1. <http://www.iibmindialms.com/library/marketing-management/entrepreneurship-development/pre-feasibility-study/>
2. https://www.smeda.org/index.php?option=com_content&view=article&id=378&Itemid=698

3. Model Questions

Question 1: What are the key steps in process of Business Opportunity Identification?

Question 2: Indicate critical difference between the Rural and urban areas in the context of availability and retention of human resources.

3. Project Formulation and Business Plan Preparation

1. Introduction

A business plan helps an entrepreneur to analyze and document all the project needs. A thoughtfully prepared Project report is an important tool as it helps the entrepreneur in anticipating and solving the problems associated or likely to be faced during the project implementation. It has been a common feedback in all the Entrepreneurship Development institutes that in preparing Detailed Project Report (DPR), the entrepreneur is forced to consider several financial and implementation problems well in advance (at times based on the experiences of earlier entrepreneurs), giving him/her enough time to solve these problems or work-out alternate solutions. This section discusses the process of developing and understanding a business plan, and preparation of detailed project report.

2. Objectives

After going through this section, you will be able:

- To understand the process of developing a Business Plan.
- To understand and appreciate the need to have detailed Project Report (DPR) before approaching financial institutions/ angel investors.
- To know and understand costing, pricing and break-even point.

3. Understanding Business Plan and Preparation of Detailed Project Report (DPR)

You have identified a business opportunity and selected a project, which you want to implement on ground. A sound business plan is the next step for effective implementation of your project. The first question you have to ask yourself is- For whom are you preparing this business plan? Is it needed for a banker to seek project finance? No.

The business plan is meant for you- the Entrepreneur. This is the blueprint and roadmap for you to implement. It has to explicitly contain all the –a) Assumptions- about expected finances required and their sourcing, raw material requirements, anticipated production, and market linkages projections, manpower requirements and their hiring and induction strategy etc.; -b) Projections-about Production, sales, net profit and repayment schedule of loans etc.; -c) Information- about technology, plant and

machinery, competition, prevalent prices of same, similar or alternative product; and –d) Documents about machinery and raw material quotations, legal requirements and documents relating to partnership and infrastructural resources like land, building, lease deed etc.

a. Purpose of a Business Plan:

The purpose of a Business Plan is to help an entrepreneur visualize the whole process of setting up the business and foresee the physical and financial requirements – man, material, money and efforts, and also visualize financial returns and likely risks and their mitigation mechanism. It gives you a general idea of your resources (to be committed to this project) and means to procure them. The business plan indicates the feasibility and probability of achieving break-even point and profits. It also prepares you to commit your appropriate time for the proposed business venture.

b. Components of a Business Plan:

The basic element of a Business plan include- General idea of the project, Market Analysis and forecast, Promoters or Partners, Detailed Project Report (DPR), Cost estimates, Means of finances, Market and selling arrangements and Profitability and Cash Flow.

- **General Idea of the Project:**

While developing the business plan, you must be clear about the product or service you want to create. Once the product or service has been identified the next stage is “the scale”. At what scale you want to start the operations. For example in service industry if you want to start a coaching institute, then what will be first batch for? What size will it have? How many subjects will you cover? How many more teachers / coaches you will require to hire? Similar questions will have to be answered for a product business as well. In that case the Quantity and quality of the product to be started for product in the first run will decide about the plant size, infrastructure and machinery required, number of manpower required and their skills/ training levels. Answer to these questions will give idea of the finances required for one time investment and working capital required for regular operations.

- **Market Analysis and Forecast:**

Market analysis and short-term and long-term forecast for the product or service proposed to be produced is essential to understand the smooth take-off and sustainability of the business. It is advised that the Market Survey for the proposed product or service is undertaken by the

entrepreneur himself/ herself. This exercise will give him clear understanding of product or service demand, its scope in near future, its closest competition and their strengths and limitations. Market survey will also indicate the “Quality parameters” of the proposed product or service, expected by the clients. Entrepreneur may take specific pre-launch feedback from the prospective clients about the desired product or service. In the best case scenario it is advisable that the entrepreneur tries to take pre-orders (or advance bookings) for the product or service. This will ensure confirm demand of the proposed service. For example when FIITJEE (a coaching institution teaching/ training IIT aspirants for 2-4 years) planned to start 2-year full-time +2 (Classes 11 and 12) in Hyderabad, they visited number of CBSE affiliated senior secondary schools, where they interacted with parents of the students who were appearing for class 10 examination. This interaction helped them to get a better idea of the facilities expected by the parents at the proposed educational facility, and also expectations from faculty (and their experience), proposed fee-structure and also realistic expectation about the result of their wards. This market survey also helped FIITJEE to decide to provide air-conditioned class-room education for +2 students, as the parents were willing to make a little more investment for their wards, for taking this examination (JEE).

The entrepreneur may have to revise his/her budget upwards/ downwards to suit the needs/ expectations from the clients.

- **Promoters or Partners:**

The information about promoters and or partners (with full details about their name, age, educational qualifications, family background and experience) is an important part of business plan. The business plan must have full clarity about the percent share of each partner, in case of partnership. The exit clause, in case of any dispute must also be built-in the Business Plan.

- **Detailed Project Report:**

The Detailed Project Report (DPR) is the most important document of the Business Plan. DPR will contain all the technical information about the production-facility, details of all plant and machinery requirements, capacity of the plant (current and proposed later, so as to build the building foundations etc), procurement arrangements (detailed drawing of the equipment, process to be followed, engineering design standards to be followed, selection of equipment

suppliers, constructions/ erection of storage/ go-downs, trail-runs and staffing pattern). The DPR will have full details of plant location and layout (details of factory shed- own or rented) details of total area and provision for extension, details about electrification requirements and power consumption, and expected cost of land, building and machinery.

The major component of Detailed Project Report (DPR) will include:

- i) **Introduction** : Project Introduction, Project Objectives and Strategy, Brief History of the Product/ Service, Key Properties (Utility/ Service Proposition), BIS (Bureau of Indian Standards) Provision and Specifications
 - ii) **Market Study and Assessment:** Present Market Scenario- at Gram Panchayat Level, Block level, District level, State Level and National level, Present Market Demand and supply, Estimated Future Demand and Forecast, Name and Address of Existing Units (Present Players in your District/ State), Market Opportunity.
 - iii) **Raw Materials Required:** Full list of Raw Materials required-with Quantity and specifications, Prescribed Quality Parameters and List of Suppliers in the area.
 - iv) **Manpower Requirement:** Requirement of Skilled and unskilled staff and labor- Managerial, Technical, Office Staff and Marketing Personnel
 - v) **Plant and Machinery:** Full list of Plant and machinery, repair and maintenance Equipment (if needed) and Fire-safety measures.
 - vi) **Manufacturing Process and Formulations:** Detailed Process of Manufacturing with Formulation, Packaging requirements, Full process Flow Chart with diagram.
 - vii) **Infrastructure and Utilities:** Project Location, Layout, Requirement of Land and Buildings, Construction Schedule, Plant Layout and Requirement of key Utilities.
 - viii) **Project Cost and Financial Estimates:** Detailed Project Cost and item-wise estimates- Full Plant Economics detailing Assumptions for profit making, full cost estimates of Land, Building, Plant and Machinery, Labor and consumables, Working capital required every month, Site Development and maintenance Expenses, Production Schedule, and Revenue flow.
 - ix) **Means of Finance:** Own Capital, Share Capital, Partnership Capital and Loans.
- **Cost Estimates:**
Cost of Total Project is a very serious issue to be estimated before launching the same. Utmost care needs to be taken for this exercise. The cost estimates may include:

- ✓ Fixed Capital – The Cost required to set-up the Unit
- ✓ Working Capital– The amount required for day-to-day running of the unit
- ✓ Preliminary and Pre-Operations Costs- Costs to be incurred on Market-Survey, DPR Preparation, Consultancy Charges (if any) and organization of pre-launch Marketing events
- ✓ Provision for Escalation and Contingencies

You must always keep a margin of 15-20% for any additional requirements, while preparing cost estimates.

- **Means of Finance:** The Cost estimates will give you clear idea of financial requirements for establishing and running the business. Now you need to work-out the sourcing of the required funds. These sources could include- Your own investment, Equity, Bank Loan and /or Government subsidy.
- **Market and Selling Strategy:** As an entrepreneur, it is your responsibility to ensure that there is a reasonable market potential for the product/ service, before you take the final decision to set-up the facilities and hire the staff. Proper marketing arrangements must be made before hand.
- **Profitability and Cash Flow:** The financial viability of the unit is one of the critical financial requirements of any project. Your cost estimates must include break-even point, return on investment and profitability and short and long run.

c. Understanding a Business Plan and Preparation of Detailed Project Report (DPR):

Business Plan Preparation is a time-consuming process. Many a times the trainee Entrepreneurs get tempted to use existing template (or a readymade DPR, which most training and skill-development Institutes provide as reading /background material), fill-in the blanks and submit it to banks. This must be avoided. The business Plan /DPR prepared by any other person or agency will not be 100% suitable for you. The process of Business Plan and DPR preparations enables you to interact with real actors and entities – be it banks, clients or marketing personal. This is highly useful “drill”, which will prepare you to jump into the venture. Besides giving you first-hand information about the Industry eco-system, it prepares you to anticipate issues, problems and opportunities in advance. While preparing the business plan the following sequence may be followed:

- ✓ **Collect Preliminary Information:** You must collect full information on legal and technical issues related to the Product. Information about No Objection Certificates from Local Self-Government, any other agency or department, necessary licenses, Registration for Goods and Service Tax may be collected well in advance.
- ✓ **Finalize Production Schedule:** Once you are sure about the Product, then you need to work-out full estimates of costs and revenues for the first year (to start with). You need to estimate the production Schedule for the first, second and third year for this purpose.
- ✓ **Document Production Process:** Details on technical aspects of the product and the process of manufacturing step-by-step with plant and layout needs to be worked-out and documented. Quality checks for all raw-material and semi-finished and finished goods to need to be put in place.
- ✓ **Provision for Fixed Capital:** The major cost components are Fixed Capital goods. These must include- Land and site development charges, Building and civil works, Plant and machinery, technical knowhow and engineering fees, miscellaneous fixed assets, preliminary expenses, pre-operating expenses and provision for contingencies.
- ✓ **Provision for Working Capital:** Provision of Working capital is also a critical element in the cost estimates. Adequate provision for Raw Materials, Consumables, Personnel requirements and other regular administrative expenses needs to be done.
- ✓ **Total Cost of Project:** The total cost of the project will include Fixed capital costs, Preliminary and pre-operative costs, Working Capital (for one year) and contingencies.
- ✓ **Financing of the Project:** Financing of the project will include details of proposed sources of funding- Own investment, Capital subsidies from Central/ State Government, if any, Loans from Friends and relatives, Loan from Banks/ corporations.
- ✓ **Profitability Calculations:** Estimated profitability must be calculated in advance. This process will include calculation of Production Profitability (Sales revenue-Estimated cost of Production), and then including any other income and then calculating net profit after provision of Taxes.
- ✓ **Repayment of Loans:** Repayment of Loans must be an integral part of financial planning and forecasting. Year wise provision for repayment of loan and interest must be reflected in the business plan.
- ✓ **Project Implementation Planning:** Project Implementation Planning (in weeks, months and years) is to be part of a sound Business Plan. Time and cost for all the Project

Implementation Stages need to be indicated. These stages may include- Preliminary Survey of Product, Market Research and preparation of Project Report (DPR), Loan Application, submission and follow-up, Selection of Project site and other necessary formalities, Plant and machinery selection and order, construction of building/ factory, Machinery and equipment installation, Selection and deployment of personnel, Electricity and fuel application and formalities, other necessary licenses and sanction letters from concerned authorities, necessary training to staff, trial run, commercial production and final launch of the Product in the Market.

4. Costing, Pricing and Break Even Point

Costing Pricing and Break-even points are very critical financial elements for an entrepreneur. The success of any business will depend on how meticulously it has been planned, implemented and managed. The entrepreneur must understand the meaning and implications of each of the three elements- costing, pricing and break-even point.

4.1. Costing- Cost of Production:

The cost of production need to be worked in realistic conditions and assumptions (not on 100% capacity utilization). These costs will include- Material costs, cost of utilities, manpower costs, factory overheads, administrative expenses, sales expenses and miscellaneous expenses. There are several factors which influence these costs, these include- Volume of production, Product Mix, Internal efficiency, method of production and labor productivity. The volume of production is the most influential factor for the cost of production.

All the components of costs must be included while calculating cost of production. Cost of production can be calculated batch-wise, day-wise or on monthly basis. Imputed costs of all the utilities and miscellaneous expenses like administration, security and maintenance must also be included in the cost of production.

4.2 Pricing:

Pricing is the most critical decision for a new product or service. The revenue generation in any commercial venture/ business is based on price of product or service. At the same time, however, the price should be most competitive so as to attain desired market share. Therefore a realistic price should

be set, which would not only ensure a targeted rate of return on the project investment but also create the desired level of market share for the business unit.

The Pricing exercise will include the following calculations:

- i) Manufacturing Cost: Cost of raw materials +Labor+ Direct Expenses+ Overheads
- ii) Add : Administrative Costs
- iii) Add : Marketing Costs
- iv) Add : Other Miscellaneous Costs
- v) Add : Desired Margin
- vi) = Selling Price

The more the difference between cost and prices, the higher will be the profit from business, but equally higher will the risk of getting new competition (as every business is not a monopoly). Therefore, pricing decision must be taken very carefully.

There are various pricing strategies start-ups follow. These include:

4.2.1 Penetrating the Market with low Price: The pricing strategy adopted by App-Based Taxi-Services falls in this category. For the first 2 years both OLA and UBER offered very high level of incentives to private-taxi owner-drivers to attach their vehicles with them. Simultaneously they offered highly subsidized services to customers. As a result, they invested quite a lot of money to get the customers hooked to their services. Once they achieved a critical mass of customer-base and also number taxis attached to them, they are slowly increasing the prices. They will reach the break-even soon, and then will start making profits. This strategy is good for big-businesses, who can invest a large amount to get started and plan for long-term stay in the business or plan to sell their brand (business) to other players, later (e.g. Taxi for sure in Taxi business and Air-Deccan in domestic aviation business).

4.2.2 Introducing a Product at a Premium: When you are introducing an innovative product, you can reap the profits with high pricing (to start with), and later bring the prices down as the competitors get in to the market (e.g. mobile router launched by Reliance Jio- they started with a price of Rs. 2999/- per unit in May 2017, reduced the price to Rs. 1999/- within 3 months and are now selling the same product for Rs. 999/- per unit). The windfall profits made in first three months were very good for the company.

4.2.3 Return on Investment: This is the most commonly used method of pricing in the manufacturing industry. The price is fixed after taking into account the financial aspects. “How much rate of return on the Investment” you want to obtain, is the key factor in deciding the price. This has relation with sales forecast as well. A rate of return of 15% to 25% per annum on the fixed and working capital is a safe margin. This will provide a sustainable proposition of any new unit.

4.2.4 Ethical Pricing: Ethical pricing is practiced, where the entrepreneur has social goals to achieve. Here the objective is to maximize social welfare. The SULABH INTERNATIONAL (providing clean, hygienic toilet facilities on user-charge basis) follows this principle. They charge only the maintenance costs for their services, the ultimate purpose being improving the hygiene in the society. Similar practice is followed for many life-saving drugs.

4.2.5 Pricing based on Competition: This is most often used pricing policy for common goods and services. You can't arbitrarily fix the price of commonly available product or service. For example you want to get into the business of production of stationary items- pens, pencils, note-books etc. Here the prices of commonly available items of similar quality and specification will saleable on similar (or lower) prices. There is very little room for pricing in these items, also called fast moving consumer goods (FMCG) sector. In case of these goods and services the production or supply efficiency will get you better returns.

4.3. Break-even Point:

No business starts making profit from day one. It takes time to take-off. A critical amount of production has to happen and then sold at pre-decided prices, to achieve “break-even”. Break-even is the point when the total revenue receipt is equal to total expenditure (a point of “no-profit no loss”). Here the total expenditure on the production will include both fixed as well as variable costs. At break-even point:

Profit = Total sales revenue- Total Cost (Fixed cost + total variable cost)= ZERO

i.e. Total Sales Revenue = Total Costs (Fixed Cost + Variable Costs)

Out of these three factors, “Sales Revenue” and “Variable Costs” are influenced by level of activity while the “Fixed cost” is influenced by time. Hence, at the break-even point:

Fixed Cost = Sales Revenue – Variable Costs

This entity “Sales Revenue – Variable Cost” is also called “Product Contribution”, as it is the surplus the business operation is generating after paying for the variable costs. Based on this, several formulae are developed to calculate the break-even point for a business. These include:

BEP (Capacity utilization) = $\frac{\text{Total Fixed Cost}}{\text{Total Product Contribution}} * \text{Capacity Utilization}$

BEP in Quantity of Production = $\frac{\text{Fixed Cost}}{\text{Contribution per unit of Production}}$

BEP in Sales Value = $\frac{\text{Total Fixed Cost}}{\text{Contribution per unit}} * \text{Sale price per unit}$

For example, in an enterprise (e.g. a Coaching center) the total fixed cost is Rs. 20,000/- (Rent of the Site + Salary of two part-time teachers) per month, and variable cost per student is Rs. 100/- (cost/ commission per student to the referring/ advertising agency) and the fee per student per month is Rs. 1500/-. The Coaching center can house up to 30 students. Then the break-even point at percentage of capacity utilization is:

Total Fixed Cost = Rs. 20,000/-

Total sales Revenue = Rs. 1,500 * 30 = Rs. 45,000

Total Variable Cost = Rs. 100 * 30 = Rs. 3,000

Total Service Contribution = Rs. 45,000 – Rs. 3,000 = Rs. 42,000

Break-Even Point = $(20,000/42,000) * 100 = 47.62\%$

This means that the Coaching center can break-even if it operates at a minimum of 47.62% of Capacity Utilization (i.e. 47.62% of 30 students = 14 Students or more). The Coaching Center will start making profit when the coaching class-size crosses the 15 Student mark.

Calculation of break-even point is very important in business decisions. One has to decide about the minimum batch size (as in this case) to run the business profitably. In initial stages a new entity may

have to incur losses to get adequate market share (or the batch size or lot-size in case of manufacturing goods/ product). Only in long-run the enterprises make good and consistent profit.

5. Keywords

Business Plan, Detailed Project Report (DPR), Break-Even Point, Costing, Pricing, Internal Efficiency, Product Mix, Overheads, Fixed Costs, Variable Costs, Profit-Volume Ratio

6. Further Reading/ References

1. <https://www.entrepreneurindia.co/project-and-profile>
2. <https://smallb.sidbi.in/%20plan-new-entrepreneurship%20/guidelines-preparing-detailed-project-report>

7. Model Question

Question 1: Indicate the elements of Detailed Project Report. Why should the entrepreneur involve himself in preparation of DPR?

Question 2: Project Implementation Planning is necessary for smooth establishment of Project. Comment.

4. Government Policies for Micro and Small Enterprises

1. Introduction

Entrepreneurship development has been identified as one of the core-priorities areas by successive central and state governments. Government of India established an office of Development Commissioner (MSME) in 1954 and over the years, it has seen its role evolve into an agency for advocacy, hand holding and facilitation for small industries sector. It is only in 2007 when the erstwhile Ministry of Small Scale Industries and Ministry of Agro and Rural Industries were merged to form the Ministry of Small and Medium Enterprises (MSME). MSME since then has emerged as a highly vibrant and dynamic sector of Indian economy. MSMEs not only play crucial role in providing large employment opportunities at comparatively lower capital cost than large industries, but also help in industrialization of rural and backward areas, thereby, reducing regional imbalances, assuring more equitable distribution of national income and wealth. MSMEs are complementary to large industries as ancillary units and this sector contributes enormously to the socio-economic development of the country. Government provides a lot of support for training, hand holding and promotion of rural enterprises through a number of schemes and programs being implemented by MSME and other ministries. These programs and schemes are being discussed in this section.

2. Objectives

After going through this section, you will be able:

- To understand the priority given by Central Government to promote Small, Medium and Micro enterprises.
- To understand and analyze the cases of Rural Enterprises promoted and supported by Government schemes and programs.

3. Institutional Support Systems- Government Policies

Government of India has established the Ministry of Small Medium and Micro Enterprises with the sole objective to facilitate promotion and development of Medium, Small and Micro enterprises in all the states. The primary responsibility of promotion and development of MSMEs is of the State Governments. However, the Government of India, supplements efforts of the State Governments through various initiatives. The role of the M/o MSME and its organizations is to assist the States in their

efforts to encourage entrepreneurship, employment and introduction livelihood opportunities and enhance the competitiveness of MSMEs in the changed economic scenario. The schemes/programs undertaken by the Ministry and its organizations seek to facilitate/provide:

- i) Adequate flow of credit from financial institutions/banks;
- ii) Support for technology upgradation and modernization;
- iii) Integrated infrastructural facilities;
- iv) Modern testing facilities and quality certification;
- v) Access to modern management practices;
- vi) Entrepreneurship development and skill upgradation through appropriate training facilities;
- vii) Support for product development, design intervention and packaging;
- viii) Welfare of artisans and workers;
- ix) Assistance for better access to domestic and export markets; and
- x) Cluster-wise measures to promote capacity-building and empowerment of the units and their collective.

The implementation of policies and various programs/ schemes for providing infrastructure and support services to MSMEs is undertaken through its attached office, namely the Office of the Development Commissioner (MSME) National Small Industries Corporation (NSIC), Khadi and Village Industries Commission (KVIC), the Coir Board, and one training institutes viz., National Institute for Micro, Small and Medium Enterprises (NI-MSME); Hyderabad and Mahatma Gandhi Institute for Rural Industrialization (MGIRI), Wardha.

Some of the recent policy initiatives undertaken by MSME include:

1. **Ease of Registration Process of MSMEs- Udyog Aadhaar Memorandum (UAM):** Registration of MSME was a tiresome process with filing of Entrepreneurship Memorandum (EM part I & II) a necessary condition. This was simplified on 18th September, 2015 in the Gazette of India Vide Notification Number S.O 2576 (E), by making it a simple one-page registration form known as 'Udyog Aadhaar Memorandum' (UAM). The requirement of attestation of documents has been dispensed with and has been replaced by self-attestation of document. This is a path breaking step to promote ease-of-doing-business for MSMEs in India as the UAM replaces the filing of Entrepreneurs' Memorandum (EM part-I & II) with the respective States/UTs. The cumbersome

filing of EM has now been dispensed with and the entrepreneurs in the MSME sector just need to file online, a simple one-page UAM on <http://udyogaadhaar.gov.in> to instantly get a unique Udyog Aadhaar Number (UAN). The salient features of the UAM are:

- i. The one page simplified registration Form would constitute a self-declaration format under which the MSME will self-certify its existence, bank account details, promoter/ owner Aadhaar details, other minimum basic information required, etc.
- ii. There shall be no fee for filing the UAM
- iii. Udyog Aadhaar Acknowledgement shall be generated and mailed to the email address provided in the UAM which shall contain unique Udyog Aadhaar Number
- iv. No supporting document is required to be uploaded or submitted while filing the UAM.

2. Framework for Revival and Rehabilitation of MSMEs:

MSMEs have been playing a pivotal role in the country's overall economic growth and have increased potential to grow but major obstacle is that they have been facing the constraint of adequate or timely finance. Issues related to sickness of MSMEs, Non-Performing Assets and exit policy have been raised from time to time in different quarters. Keeping in view these issues, the Ministry of Micro, Small & Medium Enterprises has notified a Framework for Revival and Rehabilitation of MSMEs on 29th May, 2015. This framework complements to the features of the existing RBI notification of 2012 and 2014. Under this framework any enterprise can seek revival and rehabilitation benefit through a committee constituted by banks with representatives from State Governments. The key features of this Framework include:

- **Identification of incipient stress:** Before a loan account of a MSME turns into a Non Performing Asset (NPA), banks/creditors are required to identify incipient stress in the account. Any Micro, Small or Medium enterprise may also voluntarily initiate proceedings under this framework if enterprise reasonably apprehends failure of its business or its inability or likely inability to pay debts and before the accumulated losses of the enterprise equals to half or more of its entire net worth.
- **Committees for Distressed Micro, Small and Medium Enterprises:** All banks shall constitute one or more Committees at such locations as may be considered necessary by the board of directors of such banks to provide reasonable access to all eligible Micro, Small and Medium enterprises which have availed credit facilities from such bank. The Committee shall comprise

of representatives of the bank, independent expert and representative of the State Government.

- **Corrective Action Plan (CAP) by the Committee:** The Committee may explore various options to resolve the stress in the account. The intention is to arrive at an early and feasible solution to preserve the economic value of the underlying assets as well as the lenders' loans and also to allow the enterprise to continue with its business. During the period of operation of Corrective Action Plan (CAP), the enterprise shall be allowed to avail both secured and unsecured credit for its business operations.
- **Options under Corrective Action Plan (CAP):** The options under Corrective Action Plan (CAP) by the Committee may include: (i) Rectification - regularize the account so that the account does not slip into the non-performing asset (NPA) category, (ii) restructuring the account if it is prima facie viable and the borrower is not a willful defaulter, and (iii) recovery - Once the first two options at (i) and (ii) above are seen as not feasible, due recovery process may be resorted to.
- **Restructuring Process:** If the Committee decides restructuring of the account as CAP, it will have the option of either referring the account to Enterprise Debt Restructuring (EDR) Cell after a decision to restructure is taken or restructure the same independent of the EDR mechanism. If the Committee decides to restructure an account independent of the EDR mechanism, the Committee should carry out the detailed Techno-Economic Viability (TEV) study, and if found viable, finalize the restructuring package within 30 days from the date of signing off the final CAP.
- **Prudential Norms on Asset Classification and Provisioning:** While a restructuring proposal is under consideration by the Committee/EDR, the usual asset classification norm would continue to apply. The process of re-classification of an asset should not stop merely because restructuring proposal is under consideration by the Committee/EDR. However, as an incentive for quick implementation of a restructuring package, the special asset classification benefit on restructuring of accounts as per extant instructions would be available for accounts undertaken for restructuring under these guidelines.
- **Willful Defaulters and Non-Cooperative Borrowers:** Banks are required to strictly adhere to the guidelines issued by RBI from time to time regarding treatment of Willful Defaulters.
- **Review:** In case the Committee decides that recovery action is to be initiated against an enterprise, such enterprise may request for a review of the decision by the Committee within a

period of fifteen working days from the date of receipt of the decision of the Committee. Application filed under this section shall be decided by the Committee within a period of thirty days from the date of filing and if as a consequence of such review, the Committee decides to pursue a fresh corrective action plan for revival of the enterprise shall apply accordingly.

3. **ASPIRE - A Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship:** ASPIRE was launched on 16.03.2015 to set up a network of technology centers and to set up incubation centers to accelerate entrepreneurship and also to promote start-ups for innovation and entrepreneurship in rural and agriculture based industry with a fund of Rs. 210 crore.
4. **National Manufacturing Competitiveness Programme (NMCP):** Ensuring the growth of Small Scale Sector at a healthy rate is crucial for the overall growth of Manufacturing Sector as also for the National Economy. For this to happen the small scale sector has to become competitive. The National Manufacturing Competitiveness Programme (NMCP) highlights the needs for enhancing the competitiveness of Indian Manufacturing Sector. This is determined by measuring the productivity vis-à-vis the use of its human capital and natural resources. The NMCP is the nodal program of the Government to develop global competitiveness among Indian MSMEs. The Programme was initiated in 2007-08. This program targets at enhancing the entire value chain of the MSME sector through the following schemes:
 - i. Lean Manufacturing Competitiveness Scheme for MSMEs;
 - ii. Promotion of Information & Communication Tools (ICT) in MSME sector;
 - iii. Technology and Quality Up gradation Support to MSMEs;
 - iv. Design Clinics scheme for MSMEs;
 - v. Enabling Manufacturing Sector to be Competitive through Quality Management Standards (QMS) and Quality Technology Tools (QTT);
 - vi. Marketing Assistance and Technology Up gradation Scheme for MSMEs;
 - vii. National campaign for building awareness on Intellectual Property Rights (IPR);
 - viii. Support for Entrepreneurial and Managerial Development of SMEs through Incubators;
 - ix. Bar Code under Market Development Assistance (MDA) scheme.
5. **Public Procurement Policy for Goods Produced and Services Rendered by Micro and Small Enterprises (MSEs):** In exercise of the powers conferred under section 11 of the Micro, Small and Medium Enterprises Development Act, 2006, the Government of India has notified Public Procurement Policy for Micro & Small Enterprises (MSEs) Order, 2012 which is applicable for every Central Ministry / Department / PSU from 1st April, 2012. The Policy mandates that every Central

Ministry / Department / Public Sector Undertaking shall set an Annual goal of procurement from Micro and Small Enterprises from the financial year 2012-13 and onwards, with the objective of achieving an overall procurement of minimum of 20 percent of total annual purchases of products produced and services rendered by Micro and Small Enterprises in a period of three years. The minimum 20% Annual procurement from MSEs has become mandatory from 1st April 2015. Policy has also earmarked a sub-target of 4% out of the 20%, from MSEs owned by SC/ ST Enterprises. Further, Micro and Small Enterprises are facilitated by providing them tender sets free of cost, exempting Micro and Small Enterprises from payment of earnest money to reduce transaction cost of their business. 358 items are also reserved for exclusive procurement from Micro and Small Enterprises. Every Central Government Ministry / Department / PSU shall report the goals set with respect to procurement to be met from MSEs and the achievement made thereto in their respective Annual Reports. They shall also prepare Annual Procurement Plan for purchases and upload the same on their official website so that Micro and Small Enterprises may get advance information about requirement of procurement agencies. All the Chief Ministers of State Governments have also been advised to formulate similar policy for MSEs in their states. A Grievances cell has been constituted for the Redressal of the grievances for MSEs. The policy will help to promote MSEs by improving their market access and competitiveness through increased participation by MSEs in Government purchases and encouraging linkages between MSEs and large enterprises.

In addition to these policy initiatives Government of India is providing liberal training and hand-holding support to budding entrepreneurs through its training and capacity building initiatives being implemented by ni-msme (National Institute of Medium, Small and Micro Enterprises), Hyderabad, and National Skill Development Corporation (NSDC) and its partner training institutions, spread all across the country.

4. Cases of Rural Entrepreneurship through Government Policy Support

Development of the rural economy has been one of the prime concerns for Government of India. Accordingly, efforts have been made on a continuous basis for improving the economic and social well-being of people in rural areas on a sustainable basis. Despite the sincere efforts, the problems of poverty, unemployment, drudgery and migration still exist in rural economy. There is a need to address these problems by creating employment opportunities in the rural areas and this could be done by setting up of small enterprises in the Agro- based industry sector more so as nearly 56 % of the population is still

dependent on agriculture. There is ample scope for innovation, value addition and entrepreneurship development in this sector. This is possible only by skill up-gradation, handholding, mentoring, incubation and credit support aimed especially at rural youth and women providing them employment opportunities in rural areas. The ASPIRE (A Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship) Scheme (launched in 2015) is aimed at solving this problem and creating employment opportunities through entrepreneurship in rural areas. The main objectives of the ASPIRE scheme are to:

- i. Create new jobs and reduce unemployment;
- ii. Promote entrepreneurship culture in India;
- iii. Grassroots economic development at district level;
- iv. Facilitate innovative business solution for un-met social needs; and
- v. Promote innovation to further strengthen the competitiveness of MSME sector.

The ASPIRE Scheme fund has a corpus of Rs.200 crore, which is dedicated for the following uses:

- a. Automation of agricultural practices and activities related thereto;
- b. Value addition to agriculture and forest produce;
- c. Recycling of agricultural pre/post-harvest wastages, off farm but farm linked, animal husbandry etc.,
- d. Business models for aggregation and value addition relevant for rural areas;
- e. Business models for creation of local employment in rural areas; and
- f. Business models for social impact.

Rural Entrepreneurship with Government of India Scheme Support:-

Case One:

Creating Value from Weed: Eichhornia crassipes, commonly known as water hyacinth, is an aquatic weed which was considered to be a nuisance in the plains of Assam. Today, it is effectively utilized to make eco-friendly products, providing livelihoods to rural women. Dr. Kabya Jyoti Bora (47), a qualified veterinarian, with more than 12 years of experience in the NGO sector in Northeast India, is actively involved in training of rural women in this activity. Dr. Bora says that with a very small investment of around Rs. 200, anyone can engage in the making of handicrafts from water hyacinth. Dr. Bora

completed his Agri-Clinics and Agri-Business Centres (AC&ABC) scheme training from the Indian Society of Agribusiness Professionals (ISAP), Guwahati, in the year 2010. After his training, he formed an association – ALPED (Association for Livelihood Promotion and Entrepreneurship Development) in 2013. With technical and financial support from NEDFi (North Eastern Development Finance Corporation Limited), Dr. Bora has trained more than 100 rural women in Assam's Kamrup district in the art of making gorgeous bags, flower vases, office folders and files and other products from water hyacinth. This provides enhanced income levels and livelihood opportunities to rural women. The training schedule developed under ALPED is of 10 days' duration and the minimum age of candidates is 18 years. The training is completely free for rural youth and women. Financial support is provided by NEDFi. After training, the rural youth can immediately start making these handicrafts and earn their livelihoods. "This work is less laborious than other work available in villages. Besides, women can work in their free time", says Dr. Bora. To make this activity sustainable and to provide support to the artisans, ALPED Assam has collaborated with NEDFi to develop market linkages for the crafts made by these artisans. NEDFi has its own 'Craft Gallery' in Guwahati, the largest city of Assam, to showcase and store the products of the artisans and also has a permanent exhibition platform named 'NEDFi Haat' in the heart of the city, which is very popular with both locals and tourists. Water hyacinth products are also sought after in regional and national exhibitions.

Dr. Bora says, "Commitment to excellence, consistency in efforts and connecting to the right groups is the secret of success". Address : H No-7, K. Koch Lane, Pub-Sarania, Guwahati, Kamrup, Pin: 781003, Assam Qualification : B.V.Sc. Age : 47 Year Nodal Training Institute : ISAP-Guwahati, Assam Name of Venture : ALPED, Assam Nature of Services : Training on Handicrafts from Water Hyacinth No. of Farmers Covered : 100 women No. of Villages Covered : 50 Annual Turnover : 6.00 Lakh No. of Employment : 40 persons.

Case Two:

Scripting Success through Value Addition: The most important point in food processing is that a sizeable portion of raw material being rural based, it has a very high employment potential with significantly low investment. "Keeping this in view, hard work, dedication and some innovative thinking to make use of available resources for getting maximum benefit is the mantra of "Komal Agro and Food Processing Unit", says Ms. Komal Shankar Pisal (24), owner of the firm. Ms. Komal, who graduated in agricultural biotechnology, hails from Satara district, Maharashtra, and is fully involved in retail marketing of

agricultural inputs, soil and water testing, and consultancy on value addition in crop produce. Ms. Komal is a resource visitor at farmers' storage centers, food processing units, vegetable marketing centers, small go downs, farmer-producer companies etc. Ms. Komal encourages farmers on value addition on crop produce. She says that a simple grading can bring a huge difference in market prices for the same crop produce. Ms. Komal registered 400 farmers from five villages and networked them to the market. More than 450 farmers benefitted from the soil and water test and complete guidance on crop production advised by Ms. Komal. Ms. Komal says that during summer season, the net profit on soil and water testing is Rs. 5.00 lakh.

5. **Conclusion**

Entrepreneurship has full policy and hand-holding support from Government of India. National Skill Development Corporation (NSDC), National Institute of Medium, Small and Micro Enterprises (ni-smse) have been charged with the responsibility to ensure provision of Entrepreneurship and skill-development training for youth all across the country. Accordingly NSDC has tied-up with over 350 partner institutions covering almost all the districts (569) of India. Banks have been asked to provide liberal finances to start-ups. Rural Enterprises are being given preferential treatment while considering their applications for loans and subsidies. Government is also providing preferential treatment for procurement of their products by government agencies/ departments. The entrepreneurs may take full advantage of these support systems.

6. **Keywords**

MSME, Enterprise Debt Restructuring (EDR), Techno-Economic Viability (TEV), NMCP, Quality Management System, Quality Technology Tools, ASPIRE.

7. **Further Reading/ References**

1. Annual Report 2015-16: Ministry of Small Medium and Micro Enterprises, Government of India.

8. **Model Questions**

Question 1: What is the policy initiative of central government to ease the Registration Process for new Enterprise?

Question 2: How will the Public Procurement Policy of Government of India help the small and micro enterprises? Discuss.

5. Rural Business Environment-Social, Economic, Political and Cultural Issues

1. Introduction

Entrepreneurship in Rural Areas is a highly challenging job. One has to be well versed with local customs, political settings and social structure of the area. A rural entrepreneur has to develop communication with all the social groups in the rural area. He may interact with the people at common places, and understand their point of view on various subjects/ issues, without taking sides on any sensitive issues, as there can be other side of the issue as well, and hence one has to be very careful while doing business in rural areas.

2. Objectives

After going through this section we must understand the realities of Rural Entrepreneurship Eco-system. These realities will include- Social Environment, Political and Cultural Issues with Rural Business environment and Credit support systems.

3. Rural Business Environment- Social

Social System of values, morality, attitudes and social influence can stimulate or limit rural entrepreneurship. Local culture may impose certain standards of behavior, which are the values and opinions of the community manifestation. The rural entrepreneurship development is limited in our country, due to difficult access of entrepreneurs to financial and consulting services, as well as, the limited nature of the local markets. The dimension of these barriers is not only formal and legal. The system of values, mentality, attitudes and behavior of the villages' population should be understood and confirmed to, in order to implement effective policies to promote entrepreneurship in these areas. Due to a higher level of unemployment, a lower chance of employment, and limited access to education, health or transport services, rural areas in our country are vulnerable to marginalization and developmental backwardness.

The entrepreneurship development in rural areas, reflected in the economic initiatives growth, is not only desirable, but; from the perspective of the interests of inhabitants, also essential. The entrepreneurship level of rural areas is dependent not only on the legal and financial support; not only for business establishing but also business running, to operate on the market successfully, institutional and financial conditions, but equally on the social and cultural factors. Although entrepreneurship is an individual feature, a cumulative mix of knowledge, competence, skill, courage, ingenuity and activity,

social and cultural context can strengthen or weaken the entrepreneurial attitudes of individuals. The rural communities' mentality in India, formed under the certain historical conditions influence, mainly due to beneficiary approach (towards rural areas and weaker sections) of successive governments, is not susceptible to entrepreneurship. This has resulted in acute pessimism, insecurity and uncertainty, fear and passivity of the rural populations.

The new rural entrepreneur (particular coming from an urban background) has to be very sensitive to these issues and discuss his proposal for the new enterprise with the local leaders before going ahead with implementation. He has to ensure that he is hurting any groups' sentiments by undertaking his entrepreneurial business activity in the area.

4. Rural Business Environment –Political and Cultural Issues

Just like Social Systems, the understanding of local political and cultural issues are also very important for a rural entrepreneur. Local culture may impose certain standards of behavior, which are the values and opinions of the community manifestation. Rural Entrepreneurs rely on internal linkages that encourage the flow of goods, services, information, and ideas. The intensity of family and personal relationships in rural communities can sometimes be helpful, but they may also present obstacles to effective business relationships—business deals may receive less than rigorous objectivity, and inter-community rivalries may reduce the scope for full village/ community cooperation. Existing businesses may resist new business development for fear of allowing further competition in a limited market. Local politics may blur lines of authority and decision making processes. Local culture is equally important. In most of rural areas the ladies are not expected to talk to strangers and hence your communication strategy has to be in line with local cultural boundaries. If your business venture need ladies / girls to work, then you may necessarily need a lady supervisor. Similarly the rural male (including rural youth) may not be willing to work under a lady supervisors (this may not necessarily be the case, everywhere, but you need to be sensitive to these issues).

5. Rural Business and Credit Support

“There is a lot of distance between cup and lips”, this saying more often true in the case of rural entrepreneurs seeking financial support from credit institutions. Even after having clear guidelines from Government of India, National Bank for Agricultural and Rural Development (NABARD), and instructions from their own headquarters the branch managers of nationalized banks often reject the loan-applications of rural entrepreneurs, for want of security. The government guidelines clearly mention that there is no need for collateral security, but the banks still insist for the same. These are the observations of the

author himself, while he followed-up for pending loan applications of over 1000 rural entrepreneurs, who have already established their rural enterprises, and are planning to expand the same, under Agri-Clinic and Agri-Business Center (AC&ABC) Scheme of Ministry of Agriculture and Farmers' Welfare, Government of India. A lot of follow-up is required by the rural Entrepreneurs and their training/ skill-development institutions to ensure timely and adequate credit support to them.

The next option for the rural entrepreneur is to take loan from friends and relatives. This option must be used very carefully, as at times the rate of interest (charged by close relatives) is quite high. Rural entrepreneur may start with a small budget and expand his/her business gradually, to avoid greater dependence on loan. The State Governments and Nationalized banks must be further sensitized to provide adequate credit availability to rural entrepreneurs. All the efforts, enthusiasm and a great DPR (detailed project report) of a rural entrepreneur will go in vain if the Credit Institutions continue to shy-away to provide this critical input.

6. Conclusion

Rural Entrepreneurship is highly challenging job. The entrepreneur has to fully immerse himself/ herself in the rural realities. These include tactful handling highly sensitive issues related to social systems, political and cultural issues. A successful rural entrepreneur has to maintain neutral position with regard to local political issues, which are at times highly embedded in caste, religious settings of the concerned area. The rural entrepreneur has to maintain equal-distance from various political groups and religious organizations, otherwise there is danger of getting sucked into local politics, which may not be good for his enterprise.

7. Keywords

Rural Management, PGDRD, PGD-TDM, IRMA, NIRDPR, AGBS, Rural Technology Incubation Centers.

8. Further Reading/ References

1. www.irma.org
2. www.nirdpr.org
3. www.amity.org

9. Model Question

Question 1: What are the key social challenges for a Rural Entrepreneur?

Question 2: Discuss the issues of Credit Access for Rural Entrepreneurs.

IV. Rural Enterprise Incubation

Introduction

Incubators, by definition, are a place to enable a new entity (idea) to take shape, nurture them in initial, critical stages by providing necessary support and facilitate them for growing on their own. Business incubators are places where the new business ideas are given space for discussions, are supported by mentors, experts to take shape of a startup and facilitated to seek /access institutional / angel finance to grow. The Business Incubators provide a lot of support services and resources to budding entrepreneurs which include: management guidance, technical advice, consulting, appropriate rental space, shared basic business services and equipment, networking support, marketing assistance, and financing necessary for company growth. The most common goals of incubation programs are to improve the survival and growth of new start-up firms substantially, create jobs and wealth, enhance entrepreneurial climate, create and retain businesses, commercialize new technologies, build or accelerate growth in a local industry, and diversify economies. The earliest incubation programs focused on a variety of technology companies or on a combination of light industrial, technology and service firms.

In India the first step for business incubation was started in 1982 with setting up of the National Science & Technology Entrepreneurship Development Board (NSTEBD) under the aegis of Department of Science and Technology to help promote knowledge driven and technology intensive enterprises. NSTEBD has facilitated a Technical Business Incubators (TBIs) in almost all Indian Institutes of Technology (IITs) and National Institutes of Technology (NITs) in the country. India's first Rural Technology Business Incubator was set-up at IIT Madras in 2006 to focus on nurturing enterprises, building rural inclusive business venture through designing products and services for rural needs. Indian Institute of Management Ahmedabad (IIMA) established a Centre for Innovation, Incubation and Entrepreneurship (CIIE) during 2007 to facilitate conversion of high-tech and mass impact innovations into enterprises.

Rural Business Incubators are now being set-up in almost all the State Agricultural Universities (SAUs) and Indian Council of Agricultural Research (ICAR) Institutions with focus on promoting Agro-based startups and industries and by Non-Government Organizations (NGOs) in almost all major states.

We will discuss these Incubation initiatives and their support for rural entrepreneurs. This unit is organized in following five sections:

1. Business Incubation- Concept and services
2. Status of Rural Business Incubation in Indi
3. Rural Business Incubation – Role of State Agricultural Universities and ICAR
4. Rural Business Incubation- Need for All Universities to join
5. Rural Entrepreneurship and Rural Engagement

1. Business Incubation- Concept and Services

1. Introduction

Incubators are a place to enable a new entity (idea) to take shape, nurture them in initial, critical stages by providing necessary support and facilitate them for growing on their own. Business incubators are places where the new business ideas are given space for discussions, are supported by mentors, experts to take shape of a startup and facilitated to seek /access institutional / angel finance to grow. The Business Incubators provide a lot of support services and resources to budding entrepreneurs which include: management guidance, technical advice, consulting, appropriate rental space, shared basic business services and equipment, networking support, marketing assistance, and financing necessary for company growth. Accelerators and incubators are very popular and vital in today's startup ecosystem. They play a major role in startup communities throughout the world. With mentoring, which is one of the most important services they provide, accelerators and incubators are really necessary for startups to grow up.

2. Objectives

After going through this section, you will be able:

- To understand the concept of Business Incubator and their role in promoting Entrepreneurship.
- To understand and appreciate the services offered by Business Incubators.

3. Business Incubation-Concept and Evolution

A business incubator (according to Wikipedia) is a company that helps new and startup companies to develop by providing services such as management training or office space. The National Business Incubation Association (NBIA) defines business incubators as a catalyst tool for either regional or national economic development. NBIA categorizes their members' incubators by the following five incubator types: academic institutions; non-profit development corporations; for-profit property development ventures; venture capital firms, and combination of the above.

Business incubators originated in the United States of America and the first incubator came into being in an abandoned Massey Ferguson manufacturing plant in Batavia in 1959. A number of initiatives were undertaken between 1985 and 1995 to strengthen the incubation movement and as a result, it evolved into an ecosystem with a plethora of models ranging from public to private incubators. Today there are over 1000 business incubators in USA, many attached to universities. These incubators are increasingly drawing intellectual capital from around the world. Business incubation has played a catalytic role in Canada's

economic development. Canada houses over 400 Business Incubator and top 20 of them have incubated over 500 companies worldwide. Multinational companies like Uber, Twilio and Data Robot are the incubated companies from their top incubator – Techstar, which alone have incubate companies worth market cap of US\$9.9 billion. Incubation activity has not been limited to developed countries; incubation environments are now being implemented in developing countries and raising interest for financial support from organizations such as UNIDO and the World Bank. China also has a well-developed incubation market space, with the government playing a predominant role to accord with its mandate of high technology led economic growth. Although the creation of small businesses through the incubation model started only in late 1980s, it has been able to develop 500 variants by 2014. These incubators have helped bridge the gap between research and the marketplace, fostered entrepreneurial attitudes, and facilitated the re-entry of scholars abroad.

In India the first step for business incubation was started in 1982 with setting up of the National Science & Technology Entrepreneurship Development Board (NSTEBD) under the aegis of Department of Science and Technology to help promote knowledge driven and technology intensive enterprises. NSTEBD has facilitated a Technical Business Incubators (TBIs) in almost all Indian Institutes of Technology (IITs) and National Institutes of Technology (NITs) in the country.

4. Business Incubation- Services Offered:

The Business Incubators provide a lot of support services and resources to budding entrepreneurs which include: management guidance, technical advice, consulting, appropriate rental space, shared basic business services and equipment, networking support, marketing assistance, and financing necessary for company growth.

Common Services offered by incubators may include:

- Help with business basics.
- Networking activities.
- Marketing assistance.
- Market Research.
- High-speed Internet access.
- Help with accounting/financial management.
- Access to bank loans, loan funds and guarantee programs.

- Help with presentation skills.
- Links to higher education resources
- Links to strategic partners
- Access to angel investors or venture capital
- Comprehensive business training programs
- Advisory boards and mentors
- Management team identification
- Help with business etiquette
- Technology commercialization assistance
- Help with regulatory compliance
- Intellectual property management

Please note that all the business incubators will not provide all the services. Some may be expert (linkages) in one particular area, whereas others may have strengths in some other services. Hence it is very important for the Entrepreneur to check (in advance), what kind of services will be provided by the business incubator. Most important service any (and every) incubator provides is mentoring support, which is really a critical help for new entrepreneurs.

The most common goals of incubation programs are to improve the survival and growth of new startup firms substantially, create jobs and wealth, enhance entrepreneurial climate, create and retain businesses, commercialize new technologies, build or accelerate growth in a local industry, and diversify economies. The earliest incubation programs focused on a variety of technology companies or on a combination of light industrial, technology and service firms (mainly in IITs and NITs in early 1990s). However, in more recent years, they are targeting industries such as food processing, medical technologies, space and ceramics technologies, arts and crafts, telecommunications, app-based services and software development. Incubator sponsors have also focused on microenterprise creation, the needs of women and weaker sections of society.

5. Business Incubation- Success Stories in India

As indicated in earlier sections, the first step for business incubation in India was started in 1982 with setting up of the National Science & Technology Entrepreneurship Development Board (NSTEBD) under the aegis of Department of Science and Technology to help promote knowledge driven and technology intensive

enterprises. NSTEBD has facilitated establishment of Technical Business Incubators (TBIs) in almost all Indian Institutes of Technology (IITs) and National Institutes of Technology (NITs) in the country. The TBI, as mandated focused on incubating technology-based ideas and companies. Establishment of Entrepreneurship Development Institute of India (EDII), as an autonomous and not-for-profit institute in 1983 by apex financial institutions like IDBI Bank Lt, ICICI Bank Ltd and State Bank of India (SBI), filled the gap of entrepreneurship education and training at apex level. However, it is only after Indian Institute of Management Ahmedabad (IIMA) established Centre for Innovation, Incubation and Entrepreneurship (CIIE), in 2007, incubation of general business ideas started taking shape. EDII also joined Business Incubator ecosystem establishment of Centre for Advancing and Launching Enterprises (CrAdLE) in 2016. CrAdLE is also a Technology Business Incubator focusing on Manufacturing, Healthcare, Renewable Energy and Food/Agribusiness. There are 150 Business Incubators offering their services to budding entrepreneurs covering almost all states of the country. Some state governments (e.g. Andhra Pradesh and Telangana) have also started business incubator services with very high quality technical and financial support. Some of the major Business Incubators in India are:

- a. **Amity Innovation Incubator:** Located at Amity University NOIDA, UP, The Innovation Incubator was established in 2008. It is supported by Department of Science and Technology (DST), Ministry of Science and Technology, Government of India.

Focus Areas: Rural Innovation and Social Entrepreneurship, Information and Communication Technologies (including Social media, ecommerce, Mobile computing, and technologies, Analytics, Cloud computing and Big Data), Education and Education Technologies, Food and Allied Technologies, Biotechnology and Life Sciences, Nanotechnology and Material Science.

Funding: Up to INR 1 Crore.

Notable Startups: ApnaCircle.com, Anduril Technologies

- b. **Centre for Innovation, Incubation and Entrepreneurship (CIIE):** Located at Indian Institute of Management Ahmedabad (IIMA), The CIIE was established in 2007 with support from Government of India and Gujarat Government and operates as an autonomous not-for-profit entity. The key strength of CIIE is its mentoring support from IIMA Faculty and worldwide Alumni Network

Focus Areas: Information and Communication Technologies, Clean Technologies, Social Entrepreneurship.

Funding: Up to INR 20 Lakhs.

- c. **Science and Technology Entrepreneurship Park (STEP):** Located at Indian Institute of Technology Kharagpur (IIT-Kgp), STEP was established in 1989. It helps the young firms to survive and grow by providing specialized support services during the critical period of a business venture i.e. the startup phase. The goal of STEP is to nurture successful indigenous technologies and growth oriented entrepreneurs/ enterprises. It provides space as well as seed funds to the startups.

Notable Startups : Ikure Technosoft Pvt. Ltd.

- d. **Indian Angel Network (IAN) Incubator:** Indian Angel Network is a network of Angel investors keen to invest in early stage businesses which have potential to create disproportionate value. The members of the Network are leaders in the Entrepreneurial Eco-System as they have had strong operational experience as CEOs or a background of creating new and successful ventures. They share a passion to create scale and value for startup ventures. Started in April 2006, the Indian Angel Network in addition to money, provides constant access to high quality mentoring, vast networks and inputs on strategy as well as execution. The Network members, because of their background are better able to assess the potential and risks at the early stage.

IAN Incubator was established with the support of National Science and Technology Entrepreneurship Development Board (NSTEDB), DST, Government of India. The Incubator helps entrepreneurs to convert their ideas in becoming successful and profitable ventures by supporting them in business planning, mentoring, recruiting their top team, commercializing their technologies, developing their products, getting early seed funding, helping in forging partnerships at national and global level, advice on intellectual property, training and development and many other things. IAN is reputed for its huge network of successful entrepreneurs, domain experts, academicians and experienced professionals.

Location: Delhi and Mumbai (and 6 more metros)

Funding: It provides support in getting seed-funding or securing loans from various sources as government grants, angel investors, seed and early stage funds and other sources.

Notable Startups: IndiaCollegesSearch, Mukunda Foods, Skill Boost

Focus Areas: IT/ITSE, Telecom, Mobile VAS, Gaming and Animation, Internet/Web. Media and Entertainment, Education Technology, Healthcare technology, Manufacturing Products, Alternative Energy, Clean Energy, Cloud Computing , Retail Technology etc.

- e. **Agri-Business Incubation (ABI):** The ABI program is an initiative of International Crop Research Institute for Semi-Arid Tropics (ICRISAT) under the Agribusiness and Innovation Platform (AIP) in partnership with the Department of Science and Technology (DST), Government of India, to promote public-private partnerships. ABI-ICRISAT is a pioneering initiative for Agri-Business Incubation in India that maximizes the success quotient of start-up enterprises by offering them best opportunities with minimum risk. The basic objectives of ABI are : i) To foster the innovation through creation, development of agri-businesses to benefit the farming community; ii) To facilitate agro-technology commercialization by promoting and supporting agribusiness ventures; and iii) To promote successful agribusiness ventures in order to benefit the famers through new markets, products and services. ABI provides a number support services to Agri-Business Startups These include:

- ✓ Technical consultancy through ICRISAT & co-business incubation partners-Prototype development
- ✓ Quality/Test certification of finished products
- ✓ Business development through publicity and promotion
- ✓ Access to infrastructure and facility on need basis
- ✓ Assist in obtaining financial assistance from Banks / VCs
- ✓ Access to seed grant funds of TDB- DST & TePP-DSIR, Govt. of India

Location: ICRISAT, Patancheru, District: Medak, Telangana

Successful Startups: BR Cooking Sprays Pvt. Ltd.

6. Conclusion

Business Incubators are the facilities and support service providers for Entrepreneurs to crystalize (give shape) their business ideas. Almost all national level Business Schools and Technology Institutes like- IIMs,

IITs, NITs, IIITs and private Management Universities and Schools have established Business Incubators in their premises. This is a win-win situation for the Institute as well as entrepreneurs. The business institutes get to hand-hold the nascent business startups (which gives their faculty highly valuable hands-on experience) and for the entrepreneur it provides safe confines of an Institute to pursue his /her dream of giving shape to his business idea, He gets expert advice and support, right at door-step and also gets facilitation for bank-credit linkage and marketing and branding of his product. Business Incubators are doing a yeoman's service to enhance entrepreneurship in India.

7. Keywords

National Business Incubator Association (NBIA), ICRISAT, CRADLE. ABI, IAN Network.

8. Further Reading/ References

1. https://en.wikipedia.org/wiki/Business_incubator
2. Government of India, 'Status Report on Technology Business Incubators' Department of Science & Technology, National Science and Technology Entrepreneurship Development Board, Chapter 1, p. 3
3. Government of India, 'Conceptual Document on Technology Business Incubators-Developing Eco System for Knowledge to Wealth Creation', Department of Science & Technology, National Science and Technology Entrepreneurship Development Board, p. 39

9. Model Questions

Question 1: Define Agri-Business Incubator. What are the key services a Business Incubator provides?

Question 2: Discuss the role and necessity of Business Incubators for India?

2. Status of Rural Business Incubation in India

1. Introduction

Business Incubators are established to nurture the development of newly conceptualized, newly formed businesses. As discussed in earlier section, the concept of business incubation originated in United States of America (in late 1950s), and soon spread to Canada and whole of Europe. Business Incubators are attributed to have contributed significantly to development of new and small businesses in Canada. In Europe (which houses over 1000 business incubators) Italy has largest number of Incubators, and largest number businesses as well. This, in itself, amplifies the role of Business Incubators in promoting business culture and Entrepreneurship. In India, the business incubators have been common in all major business schools/ Technological Institutions and private management colleges- IIMs, Amity, Symbiosis, IITs/ NITs/ Colleges of Engineering and IIITs. The status of rural business incubators is still in nascent stages. We will discuss rural business incubators in this section.

2. Objectives

After going through this section, you will be able:

- To understand the need for more number of Rural Business Incubators to promote Rural Entrepreneurship.
- To understand the current status of Rural Business Incubators in India.

3. Rural Business Incubation

Business Incubators serving the rural entrepreneurs are classified as rural Business Incubators. The Incubators provide concept testing and validation of rural enterprise, rural eco-system analysis, taking inventory of rural support systems, management guidance, technical advice, consulting, appropriate hand-holding support (linkages with credit institutions, facilitating necessary licenses and permissions), facilitating identification and procurement of equipment, networking support, and marketing assistance. Rural business incubators need full understanding of rural eco systems and hence these incubators must be close to rural realities.

Rural business incubators are a powerful economic development tool, which promote growth through innovation, and application of technology, support economic development strategies for small business

development, and encourage growth from within local economies, while also providing a mechanism for technology transfer. The Rural Business Incubators would primarily focus on those technologies, which needs support for commercialization and further proliferation in rural areas.

4. Rural Business Incubators

Rural Business Incubators are necessary to give ideation, conceptualization, hand-holding and credit linkage to rural entrepreneurs in India. Even in developed economies like USA rural business incubators are playing an important role to spur overall economic development of rural communities. Universities in USA promote Rural Business Incubators in public-private-partnership mode in collaboration with concerned communities. According to a report of Michigan State University (MSU, 2013), “ As a strategy for community seeking to start a business incubator, involving outside actors such as the local university, its students and its faculty is highly recommended. Michigan is home to some of the best public administration programs in the country, but this type of project could be used in any course on economic development, public policy, community development, urban studies or urban economics. This type of project could also be adapted for graduate level students and could be connected very easily to a feasibility study which would involve interviewing potential community partners and identifying space suitable for whichever incubator is chosen to developing client contracts prior to the incubator opening. Unlike feasibility studies that can cost into the tens of thousands of dollars, this type of project allows for community groups to identify weakness or threats to developing an incubator. It also allows for communities to identify business incubator ideas that may not have been chosen by members of the community group. Students provide an outside perspective that long-time residents do not have. Additionally, because their position on the success or failure of the venture is neutral, communities can be satisfied knowing that the information present is largely unbiased. Finally, this kind of project can also act as a catalyst to broadening the reach of community and economic development activities”. MSU uses these interactions to enhance the knowledge of their students and provide them live experience of helping rural communities to take their own decisions. Similar models of Rural Business Incubators could be experimented in India.

We have a large network of over 750 universities in India. As of February 2017, there are 789 universities, 37,204 colleges and 11,443 stand-alone institutions in India, as per the latest statistics from the UGC website. If all these universities are involved in this nation-building exercise, the economic landscape of rural India can be transformed within 10 years.

5. Current Status of Rural Business Incubators in India

The first Rural Technology Business Incubator (RTBI) of India was established in 2006 in IIT Madras. Thereafter around 20 Business Incubators have been established with focus (partly or fully) on rural business/ Agri-business incubation. Most of these Business Incubators have been established in premier national technological institutions, state agricultural universities and management colleges/ institutions. Most of these Rural Business Incubators, however, have been triggered by support from either Department of Science and Technology (DST), Government of India or from Indian Council of Agricultural Research (ICAR) under National Agricultural Innovation Project (NAIP) -Business Planning and Development (BPD).

Government of India has recently (in 2015) launched a scheme of “Rural Livelihood Business Incubators (RLBI)” as a scheme for promotion of Innovation, Entrepreneurship and Agro Industry, by Ministry of Micro, Small and Medium Enterprises, (MSME). As per the scheme objectives government plans to raise the manufacturing share of Gross Domestic Product (GDP) from 16% to 25% by 2022, which will help in creation of 100 million (10 Crore) jobs for urban and rural youth. The objectives of RLBIs include:

- Setting up a network of incubation centers and providing support for establishing Livelihood Business Incubation Centers and Technology Incubation Centers and tapping potential at the grass root level;
- Undertaking capacity building measures through engagement of specialized consultants, conducting surveys, organizing site visits, undertaking relevant studies and organizing workshops;
- Developing accelerator workshops. And
- Establishing a startup fund that will be managed by Small Industrial Development Bank of India (SIDBI).

As per the RLBI Guidelines, Ministry of Micro, Small and Medium Enterprises (MoMSME) would also support existing incubation centers currently operating under different Ministries and Departments of the Government of India or Institutions including National/Regional level institutions of GOI/State Governments, to set up centers dedicated to incubation and enterprise creation in the area of Agro based Industries. MoMSME would be supporting Rural Business Incubators primarily in and around academic and technical institutions to tap potential technology ideas and innovations for enterprise creation by effectively utilizing expertise and existing infrastructure already available with the incubators under the

aforesaid institutions. The Ministry would assist to set up new incubation centers by eligible private institutions including Industry Associations, along with the Academic Institutions, R&D laboratories, Universities, Government entities and Technology Parks. Region wise, Crop wise, Product wise, Process wise and Industry Vertical wise Incubation Centers will be promoted.

A holistic environment for Rural Business Incubators (RBIs) is, thus, now emerging in India. Till now either the DST or ICAR was supporting the RBIs, which were setup basically to serve sectoral rural business requirements. With MoMSME providing policy environment and financial support networking, number of RBIs must increase multifold within next 5 years. Status of some of the best performing Rural Business Incubators are discussed hereunder:

5.1 Rural Technology Business Incubator (RTBI), IIT Madras: IIT Madras RTBI was established in Chennai in 2006 as a Rural Technology Business Incubator with the inception support of the Department of Science and Technology (DST), Government of India and World Bank. The core focus of RTBI is to support rural and social inclusive start-ups, primarily those that enable scalable products and services for the under-served and bottom-of-the-pyramid segment.

As an incubator RTBI supports aspiring entrepreneurs to identify, nurture and support to evolve rural/ social inclusive business models leveraging Information and Communication Technologies (ICTs).

RTBI is continuously working and is engaged with rural communities, state Agricultural University (Tamil Nadu Agricultural University -TNAU) for developing depth and understanding of the underserved segment by sustained efforts (including a variety of independently funded initiatives) via grass root trials (involving technology creation, business modelling, service design, etc.) in areas like agriculture, education, financial inclusion, healthcare and livelihood.

The different stages of Startup Lifecycle of Ideation, Innovation and Execution are defined and captured and classified in the RTBI incubation pathway as Exploratory Phase, Venture in the making phase, Early Stage venture and Graduated Venture. RTBI encourages and supports entrepreneurs entering into our ecosystem in any of these stages.

Successful Start-ups: RTBI has been one of the most successful Rural Business Incubators of India. Start-ups and successful rural business companies incubated by RTBI include- Unifore Software

Systems Pvt. Ltd., Vastra Custom Attire Pvt. Ltd, Desicrew Solutions Pvt. Ltd, Aarogyam Organic Pvt. Ltd. Kamal Kisan Simple Farmer Solutions Pvt. Ltd and many more.

- 5.2. **Incubator for Social Enterprises and Entrepreneurs for Development (ISEED), Institute of Rural Management Anand (IRMA):** ISEED has been established at IRMA Anand in August 2017, with focus to provide its partners and incubatees a nurturing and empathetic entrepreneurial ecosystem through mentoring and networking support, collaborative research, entrepreneurship, training and capacity building. ISEED will focus on agriculture and allied enterprises as part of the institute's mission and leadership in promoting sustainable, ecologically-friendly, and equitable socio-economic development of rural people through professional management. The three verticals of ISEED are –i) Agriculture and small agribusiness; ii) Sustainable habitats and sanitation; and iii) Servicing rural India covering rural tourism, clean energy, education and ICTs. Social Enterprises engaged in rural space focusing livelihood promotion, skill development, women empowerment are also part of ISEED mandate. ISEED is currently working with over a dozen early-stage start-ups for incubation support (mentoring and networking).

Successful Start-ups: Some of the successful enterprises ISEED has incubated include -Earth 360 (working on millets value chain), Sabjizwala (delivery of quality fresh fruits and vegetable produce) and Organic (Organic retail with FPOs).

- 5.3. **Society for Innovation and Entrepreneurship (SINE), IIT Mumbai:** SINE administers a business incubator which provides support for technology based entrepreneurship. It incubates an average of 15 startups at a time and has an infrastructure spread over 10,000 sq. ft.

Founded in: 2004

Notable Startups : Webroo, Bhugol GIS, SMSGupshup.com, Innovision, Transpact, Drona Aviation, Feast, C-tech

- 5.4. **Villgro:** Founded in 2001 with a mission of incubating early-stage, innovative businesses and has since worked in discovering thousands of innovations and innovators, and incubated over 100 businesses. Villgro has been recognized as an Incubator under the Dept. of Science and Technology and Ministry of Micro-Small Medium Enterprises, Government of India. It provides mentoring, fellowship, funding and networking. Villgro envisioned an organization that moves away from the traditional form of charity to a more sustainable approach where the poor and marginalized are

stakeholders in their own growth. Villgro does it by tirelessly growing an ecosystem that supports social entrepreneurs and helping them building impactful, scalable businesses with the potential to change the way communities live and function.

Location: Chennai

Focus Area: Social Enterprises

Funding: INR 50 Lakhs (milestone based) and is invested as equity and/or quasi-equity.

Successful Startups: Onebreathe, Skillveri, during 2016-17 Villgro supported 25 Social Enterprises.

Thus the Rural Business Incubators (RBIs) are picking up pace in India. But there is still a huge gap between demand and supply. There is a need of over 1000 Rural Business Incubators, and there are hardly 100 of them, and hence this pace needs to accelerate.

6. Conclusion

Rural Business Incubators (RBIs) are necessary to give boost to Rural Enterprises in the country. There have been some efforts by Department of Science and Technology (DST), and Indian Council of Agricultural Research (ISAR) to facilitate setting up of Technology Business Incubators in the country. Some of these technology business incubators are focusing on rural areas also. However, these efforts will not suffice for a country of the size of India and hence the Rural Livelihood Business Incubator (RLBI) launched by Government of India in 2015 is a very welcome step. Let us hope that this scheme will achieve its envisioned objectives and bring in 100 million rural youth under entrepreneurship umbrella.

7. Keywords

Rural Technology Business Incubator (RTBI), Tamilnadu Agricultural University (TNAU), ISEED, Rural Livelihood Business Incubators (RLBI), SINE, Villgro, FPOs.

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9. Model Questions

Question 1: Define Rural Business Incubator. What are the critical services a Rural Business Incubator must provide to rural entrepreneurs?

Question 2: Discuss the salient Features of Rural Livelihood Business Incubator Scheme 2015, launched by MoMSME, Government of India?

3. Rural Business Incubation- Role of State Agricultural Universities and ICAR

1. Introduction

Rural Business Incubators have been established in many technological and management institutions. These incubators are, no doubt, providing a good push for rural entrepreneurship. But the home-territory for rural business to prosper are those universities or institutions where there is continuous research and development on technologies/ management practices that help rural communities, as Agriculture is the profession of most of rural youth. State Agricultural Universities (SAUs) are, thus, the most natural habitat for establishment and growth of Rural Business Incubation Centre.

2. Objectives

After going through this section, you will be able:

- To understand the importance of State Agricultural Universities and ICAR institutes to house Rural Business Incubators.
- To appreciate the success stories of Rural Business Incubators set up by ICAR and SAUs in India.

3. Rural Business and Agriculture

Agriculture is the backbone of rural economy. Over 70% of rural households depend directly on Agriculture to provide livelihood. Additional 10% of rural households derive their livelihood by allied activities. Indecently production and productivity front Agriculture has delivered good outcomes over last 30 years. India has become a food-surplus and Vegetable sur-plus country form a food-deficit country. India is largest producer of Fruits and Vegetables and Milk in the whole world. Instead of making the farming community happy this surplus has caused a lot of financial distress for farmers in last one decade. The potato farmers of UP, Punjab and MP, the Tomato farmers of Telangana and Karnataka and Orange and Onion farmers of Maharashtra have had to through their product on roads, for want of commensurate prices. This situation has arisen because of lack of processing, packaging, value-addition and most importantly lack of storage for these commodities. This grim situation can be converted into a huge business opportunity by Agriculture and allied graduates. There are over 50 Agricultural Universities (including Central Agricultural Universities) in India. Every state has one or more State Agricultural University. Some states like UP and Maharashtra have over 4 Universities, each. Our Agricultural universities produce over 10000 Agricultural and allied sector (Horticulture, Fisheries etc.) graduates every

year. Most of the students hail from rural areas, and thus have good background and knowledge of their surroundings. These students are ideal material for Rural Entrepreneurship. The most suitable location for their entrepreneurial skill development will be the SAU itself.

On the same lines Indian Council of Agricultural Research (ICAR), the apex national council of Agriculture Research in the country can play pivotal role in triggering Agri-Incubators and Agro-based industries in the country. India has largest National Agricultural Research Systems (NARS), anywhere in the world. There is a provision of 13,642 positions of Scientists in ICAR and its institutes, out of which 11,343 Agricultural Scientists are currently in position (as per DARE / ICAR, Annual Report, 2015-2016, Ministry of Agriculture and Farmers Welfare, Government of India). All these scientists are serving the ICAR system for developing new varieties of crops, animals, and fisheries. With over 100 national research institutions covering all parts of the country and having best agricultural scientists /managers/ administrators on its roles, ICAR is best poised to lead Agri-Business Incubators in the country. ICAR can also guide SAUs in promoting Agri-Business Incubation.

4. Role of State Agricultural Universities (SAUs) and Indian Council of Agricultural Research (ICAR) in Rural Business Incubation:

Indian Council of Agricultural Research (ICAR) and State Agricultural Universities (SAUs) can, and have to, play highly pro-active role in the Rural Entrepreneurship is to be promoted in India, on a mission mode. At present level the understanding of entrepreneurship is at very low or at very early stages in most of our SAUs. Only a very few of them have established Agri-Business Incubators. ICAR initiated establishment of Business Planning and Development (BPD) units in ICAR national institutions and SAUs under National Agricultural Innovations Project (NAIP) in 2010-11. ICAR has also started A Network of Indian Agri-Business Incubators (NIABI) at its headquarters to provide information-sharing and networking platform for all the BPDs in the country. NIABI facilitates commercialization of the innovative agro-technologies through agri-business development.

5. Role of SAUs & ICAR in Rural Business Incubation- Current Status

ICAR and SAUs have taken initial steps to establish Business Planning and Development (BPD) units in their national institutions (ICAR). BPDs have been established in 22 ICAR institutions including their top national institutions namely – National Academy of Agricultural Research Management (NAARM), Hyderabad, Indian Agricultural Research Institute (IARI), Delhi, Indian Veterinary Research Institute (IVRI), Bareilly,

Central Institute for Fisheries Technology (CIFT), Cochin, Central Institute of Agricultural Engineering (CIAE), Bhopal, and Central Institute for Research on Cotton Technology (CIRCOT), Mumbai. ICAR has also facilitated establishment of BPDs in major State Agricultural Universities including- Haryana Agriculture University (HAU), Hissar, Haryana, Jawaharlal Nehru Krishi Vishva Vidyalaya (JNKVV), Jabalpur, Madhya Pradesh, Anand Agriculture University (AAU), Anand, Gujrat, Birsa Agriculture University (BAU) Ranchi, Jharkhand. Activities and achievement of some of these Agri-Business Incubators are discussed hereunder:

5.1 Technology Business Incubator, TNAU, Coimbatore:

Tamil Nadu Agricultural University is one of the leading agricultural universities in South Asia. It is a foremost provider of agro-technologies with substantial investment in Research and Development. It has become the leader in promoting Agribusinesses in the region by starting the Directorate of Agribusiness Development (DABD) in 2007. The DABD strives to serve as a one stop solution to all the business needs of entrepreneurs who are interested in agribusiness in the areas of food processing, farm machinery horticulture, and value-addition for farm-produce.

“Technology Business Incubator TBI” was established as “Agribusiness Incubation Society AIS)” at TNAU in 2001 with support from DST-NSTEDB, Ministry of Science and Technology, Government of India, with specific mission “to motivate start up's and entrepreneurs in the field of agribusiness by providing technical assistance, quality certification, financial guidance and market linkages through business promotional activities to budding agri-prenuers”. TBI-TNAU extends support to startups in the areas of food processing, farm machinery horticulture, renewable energy, and value-added products from agricultural wastes. All the technologies developed by TNAU are available for transfer and productization to entrepreneurs and agro-based companies. These technologies are transferred through TBI-TNAU. The objectives of TBI-TNAU include:

- To develop and promote entrepreneurship in the region through Agribusiness Incubation by providing incubation support, facilitating successful agro innovation, hand holding services, market linkages and testing facilities.
- To commercialize technologies and products developed by the University
- To undertake programs on capacity building with regard to technologies and managerial aspects for establishing agribusiness.
- To contribute to competitiveness of agribusiness environment and job creation

Besides providing access to TNAU technologies TBI-TNAU supports Agri-business Start-up ventures by providing – i) Technical consultancy for Product development and standardization; -ii) Quality Certification & services; -iii) Patenting Services; -iv) Business consultancy - detailed project proposals; -v) Financial assistance from Nationalized banks and Venture capitalists; and –vi) Grants from NABARD and MSME. TBI-TNAU helps Agri-biotech and seed ventures by providing – i) Business planning; ii) Technical guidance for Quality control; -iii) Technical guidance for Processing facility; -iv) Technical guidance for Branding and marketing; -v) Technical consultancy; and –vi) Tissue Culture facility for members.

TBI-TNAU is one of the role-model for Agri-business Incubators in India.

5.2 UAS-Bangalore C-CAMP Agri-Innovation Centre GKVK Bangalore:

University of Agricultural Sciences (UAS) Bangalore has established an Agri-Innovation Centre in collaboration Centre for Cellular and Molecular Platforms (C-CAMP) that will seek to identify specific agri-health issues and bring innovators together to develop solutions for agri-related challenges. The Centre aims to promote entrepreneurship in the agri-sector, leading to innovation, economic development and job creation. The main objectives of the Centre are to:

- Incubate agri-based startups to translate innovative ideas into commercially viable products.
- Provide physical and technical expertise to these startups to facilitate innovation and commercialization.
- Nurture the entrepreneurs and start-ups through bio-incubation, early stage funding, mentorship, and other facilitation.
- Develop a repository of Biological Material (Seeds, QTL donor lines, Trait donor lines, Microbial strains, plasmids constructs, genomic resources etc.) to facilitate innovation and accelerate product development.

The Centre will provide state-of-the-art infrastructure, as well as support in the form of scientific, technical, and business mentorship to promising agri-startups to help translate ideas into successful ventures.

5.3 Center for Agri-Innovations (CAI)-ICAR- NAARM:

The Centre for Agri-Innovation, a division of ICAR-NAARM at Hyderabad is a center of excellence which has hosted many initiatives related to agricultural research management. The Centre for Agri-innovation (CAI) at NAARM has created a gamut of opportunities to the entrepreneurs through various initiatives in the past such as Agribusiness Knowledge Centers (AKC), Business Planning & Development Unit (BPD) and currently hosting three initiatives a-IDEA, technology Business Incubator (a-IDEA, NAARM-TBI) with support from DST followed by Agri Business Incubator (NAARM-ABI) with support from ICAR and Grass Root Innovations (NAARM-GRI) supported by ICAR.

5.3.1 a-IDEA (Association for Innovation Development of Entrepreneurship in Agriculture): is a Technology Business Incubator(TBI) hosted by ICAR-National Academy of Agricultural Research Management, Hyderabad (ICAR-NAARM) & Department of Science & Technology, Govt. of India (DST, GOI). a-IDEA has been housed in the Centre for Agri-Innovation at ICAR-NAARM for fostering innovation and entrepreneurship in agriculture in India. a-IDEA aims to help entrepreneurs ideate, incubate and accelerate their innovative early stage startups that are scalable to become competitive food and agri-business ventures through capacity building, mentoring , networking and advisory support.

Association for Innovation Development of Entrepreneurship in Agriculture (a-IDEA) is an agriculture-focused technology business incubator. a-IDEA being one of the very few agri-focused incubators in the country has a unique approach of supporting the broad spectrum of technologies in the value chain of agriculture starting from farm to fork. Through this approach a-IDEA intends to nurture, support and scale technologies that can bring efficacy in the value chains, improve productivity and benefit the stakeholders involved in such Agri-value chains. The technologies developed by technology developers, scientists, students, entrepreneurs, startups, institutions qualify under the focus areas of technologies supported by a-IDEA.

a-IDEA Services: a-IDEA offers end to end services including Capacity building, Technology Portfolio Management, Incubation , Business and Regulatory Services, Management development & entrepreneurship development programs, customized review meetings, seminars, conferences, and skill based trainings with its huge network of experts and mentors.

5.3.2 Agri-Business Incubator –NAARM (NAARM-ABI):

Being the apex national academy for Agricultural Research system of the country, NAARM has been entrusted with the responsibility from Indian Council of Agricultural research (ICAR) under its National Agriculture Innovation Fund (NAIF) to support Agri-business Incubators, mostly to its own institutions

except ICRISAT. ICAR-NAARM has been the nodal agency to draft the guidelines for selection and implementation of ABIs. These ABIs were granted on competitive Programme mode. NAARM has been involved in evaluating the ABIs proposals. NAARM along with ICRISAT is now entrusted for capacity building and handholding of around 27 ABIs which are in function since Dec 2015

NAARM as a Clearing House under NAIF (National Agricultural Innovation Fund):

Intellectual property and Technology management renamed as National Agricultural Innovation Fund (NAIF) has identified National Academy of Agricultural Research Management (NAARM) for the following:

- Training, Capacity Building and other facilitation required for advancing the objectives of innovation fund and incubation fund;
- IPR- related research and developing a clearing house and facilitation center;
- Helping any ICAR institute/ agricultural University that is not able to get desired level of support for any important requirements;
- Further settling the Project Monitoring and Evaluation (PME) cells in ICAR institutes;
- Developing a mechanism for nurturing and supporting grass root innovations
- NAARM Hyderabad shall provide hand holding support to the agri-business incubators by inter-alia developing modules, guidelines and other forms of learning material for capacity building and create a mechanism for facilitation scientific and technical cooperation through information exchange on IP management and technology commercialization in the network of created agri-business Incubators. It shall also provide need based support and guidance for monitoring of Intellectual Property (IP) rights and license agreements, Negotiation skills in ICAR/ NARS staff, Business process analyses and valuation and pricing for harnessing the commercial potential of technology.

5.3.2 Grass Root Innovations (GRIs of ICAR):

NAARM is working with National Innovation Foundation (NIF) and Honey Bee Network to initially conceptualize the framework of grass root innovations; and in the first phase NAARM has identified 74 grass root innovations through scouting and validation and in the later phase would be taking up the commercialization of such technologies under the network of ICAR institutes including over 100 Agriculture research institutes, over 70 State Agricultural Universities (SAUs) and over 650 Krishi Vigyan Kendras (KVKs).

NAARM BPD and ABI have incubated over 20 Agri-business ventures across the country. NAARM-ABI provides Incubating support to other Hyderabad based ICAR Institutions like ICAR-Indian Institute of Oilseeds Research (IIOR), ICAR-Indian Institute of Rice Research (IIRR) and ICAR-Indian Institute of Millets Research (IIMR).

5.4 Agri-Business Incubator (ABI) ICAR-CIFT:

The Agri-Business Incubation (ABI) Centre established at ICAR-Central Institute of Fisheries Technology (CIFT), Cochin supports operations on business projects as a measure of enhancing the foundation for new technology based industries and establishing a knowledge-based economy. It was sanctioned under the scheme National Agriculture Innovation Fund in January 2016.

The ABI Centre at ICAR-CIFT focuses on finding new ways of doing business in fisheries by finding doors to unexplored markets. The Centre helps prospective entrepreneurs, by providing pro-active and value-added business support in terms of technical consultancy, infrastructure facility, experts' guidance and training to develop technology based business ideas and establish sustainable enterprises. It acts as a platform for the speedy commercialization of the ICAR technologies, through an interfacing and networking mechanism between research institutions, industries and financial institutions. The Incubator at CIFT differs from traditional Business Incubators as it is tailored specifically for technology based industries and is operational at an area with a high concentration of fish production. This industry-specific incubator also allows new firms to tap into local knowledge and business networks that are already in place. ABI offers its services to industries not only in Cochin, but also all over India through virtual incubation. Beyond promoting business growth, the Centre aims to bring its benefits to all the fisheries communities in India.

ABI-ICAR-CIFT, Cochin won the best Agri-Business Incubator award in 2013. The Award was instituted by Network of Indian Agri-Business Incubators (NIABI), to recognize the achievements of the Business Planning and Development Units for their performance excellence and the Incubatees for their dedication in setting up successful agribusiness ventures. The ABI-ICAR-CIFT is now known as a "One Stop Shop", where entrepreneurs receive proactive, value-added support in terms of technical consultancy, and access to critical tools such as entrepreneur ready technologies, vast infrastructure and other resources that may otherwise be unaffordable, inaccessible or unknown. The center (ABI) acts as a platform for the speedy commercialization of the ICAR technologies, through an interfacing

and networking mechanism between research institutions, industries and financial institutions. With the aim of transforming the incubator into a symbol of entrepreneurship and innovation, the ABI Unit has created an environment for accessing timely scientific and technical assistance and support required for establishment of technology based business ventures. The activities of the ABI Unit focuses on finding creative and innovative ways for linking public sector resources and private sector initiatives within and across regional and national boundaries for promoting economic growth. The ABI uses the right expertise in relevant fields to identify and analyze the constraints and barriers hindering the growth of a business, and devise appropriate strategies and explores the various structures and strategies to help small enterprises to grow and ensure a promising future in the global market.

Incubation facilities at ABI-ICAR-CIFT include- well-furnished office accommodation, with shared facilities like secretarial assistance, computing, copying, conferencing, video conferencing, broadband Internet and communication services; pilot level production lines; culinary facility; access to modern laboratory facilities for product testing and quality control and access to well-equipped physical and digital libraries.

Success Stories under the BPD of CIFT include Charis Food Products, Kerala; Monsoon Bounty Foods Pvt. Ltd., Chennai; Freedom Kitchen, Kerala; Pescado Seafood Restaurant, Cochin; Fish Bite, Haryana etc. Visits CIFT also receives a lot of visitors every year.

- 5.5 **Haryana Agriculture University Hissar to set-up Business Incubator:** As per newspaper reports (The Tribune, August 16, 2017) the National Bank for Agriculture and Rural Development (NABARD) has sanctioned Rs 10.5 crore for setting up an incubator at Chaudhary Charan Singh Haryana Agricultural University (HAU). The development will encourage entrepreneurship in the agriculture sector, especially in research and development of technology and also food processing. This incubator would provide hand-holding support to budding entrepreneurs in the field of agricultural technology and research and also food processing. The HAU will provide necessary infrastructure to the incubatees, including transfer of our technology for commercialization and also equipment for research and technology.

6. Conclusion

Rural economy is primarily an Agriculture-based economy in our country. Hence rural business enterprises and business are highly associated with Agriculture. Agricultural Universities are the centers of education for Agriculture and allied sectors, and ICAR institutes are centers of research on various crops, animals and

fisheries. SAUs and ICAR institutes are closest to the rural economy, as both these systems deal with Agricultural crops, animals and products including agribusiness. ICAR and SAUs can provide the needed thrust to Rural Entrepreneurship. ICAR has taken a good step (in right direction) by initiating Business Planning and Development Units (BPDs) in all its research institutions and also facilitating this in all the State Agricultural Universities (SAUs). Once fully operational these BPDs and Agri-Business Incubators (around 175- 100 ICAR Institutes and around 75 SAUs) can provide business incubation support to around 3500 Rural Entrepreneurs, if they facilitate even 20 Entrepreneurs every year.

Government of India may take note of this urgent need and request ICAR to take up establishment of BPDs and ABIs in all ICAR Institutes and SAUs at the earliest.

7. Keywords

Rural Entrepreneurship, ICAR, Annual Report, 2015-2016, Ministry of Agriculture and Farmers Welfare, Government of India, Central Institute of Fisheries Technology (CIFT), Network of Indian Agri-Business Incubators (NIABI), State Agricultural Universities (SAUs).

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9. Model Questions

Question 1: Discuss the role of State Agricultural Universities (SAUs) in promoting Rural Entrepreneurship?

Question 2: Establishment of Business Planning and Development Units (BPDs) by ICAR is a step in right direction?

4. Rural Business Incubation- Need for All Universities to Join

1. Introduction

Rural businesses essentially are the responsibility of rural communities. If our Panchayati Raj Institution functioned in letter and spirit and all our political leadership accepted the philosophy of Father of Nation Mahatma Gandhi, we would have achieved Gram Swaraj long back. It only because inherent urban bias in our planning and development policies that the whole education and research system started to serve big-industries and multi-nationals. Only now our IIT and IIM graduates have started to think supporting rural industries and technologies. Till as late as 1990s most of our top technological manpower (IIT Graduates) aspired for and joined high-salaried jobs in Americas and Europe. Our IIT graduates have added more value to American and European economies and companies including top technological agencies like NASA, Microsoft, Google and Uber. The priorities of the whole education system were and still are tilted to serve civil services (both central and state) urban industries and large technological manufacturing houses. Only the State Agricultural Universities focused their attention on taking the research and education systems related to the cropping systems and agro-eco-situations of their respective states. Here also the key focus, till now, has been on “How to produce more food- mainly cereals- Rice and Wheat to feed the continuously growing population”. The livelihood of the rural population, including farmers has not been on the radar of any institution. The best brains from rural areas have migrated to cities after getting appropriate education and training. Rural areas did not offer enough jobs for its educated youth. We have not strengthened our rural infrastructure. Rural industries have not been developed, resulting in very few options for jobs and absorption of educated rural youth in rural economy. The only options were and are:- teaching positions in primary and secondary schools, and a few peripheral jobs in Primary health centers and Block-level and district level government agencies. It is only now when difference between rural and urban economy of India has assumed horrific inequality levels that we are taking the issue of rural entrepreneurship seriously.

2. Objectives

After going through this section, you will be able:

- To understand and appreciate the critical need of general University System to serve Rural Eco-System and Rural Entrepreneurship.

- To understand the key changes needed in University educational curriculum to address rural entrepreneurship and rural engagement.

3. Rural Business Incubation-Key Stakeholders

Rural businesses essentially are the responsibility of rural communities. The key stakeholders of rural eco-system include the people, peoples' institutions (PRIs) and their representatives (Members of Legislative Assemblies -MLAs and Members of Parliament -MPs), farmers their organizations and educational institutions – primary, secondary and university (the nearest one in the area). It is the responsibility of these critical institutions of the rural eco-system to -interact with each other, -discuss, suggest and workout comprehensive plans for village development, block development and district level development. Lack of proper interaction mechanism (among rural stakeholders) and lack of convergence of their priorities is solely responsible for lack of rural focus in education, research and development.

Now, as we start bringing Rural Entrepreneurship in focus, it is imperative that the general universities which educate 90% of the rural youth are adequately sensitized for preparing rural educated youth to take up rural entrepreneurship as a preferred career option. At present the departments of Economics, Social Work, Commerce, Communications and Business Management have a few introductory courses on rural development. Only very few universities offer Master's Degree in Rural Management. Rural entrepreneurship and rural engagement are the next steps before general universities take up the responsibility to start Rural Business Incubators.

4. University Education-Critical Role

Graduate studies have the most important impression and impact on young minds. If we inculcate the value of serving “your own area- your own people- your own society and empower your neighborhood” at graduate level, this will have desired impact on young students. At present, half of our university graduates are not able to connect their knowledge and skill-sets with the requirements of rural economy. Our university education system is highly “subject-knowledge enhancement focused”, rather than value-addition knowledge and skill-set oriented. Rural economic opportunities are not discussed in general universities, even though higher level management institutes like IIM Ahmedabad, IIM Lucknow and Institute of Rural Management Anand (IRMA) are tailoring courses to build rural management and agri-business management capacities of their post-graduate students. As discussed in Unit-I Section-5 of this course, only a handful of institutes like Institute of Rural Management Anand (IRMA), Mahatma Gandhi Antarrashtriya Hindi Vishwavidyalaya, MGAHV, Wardha, and Institute of Health Management Research

IHMR, Jaipur, offer a two-year Post Graduate Diploma in Rural Development (PGDRD). National Institute of Rural Development and Panchayati Raj, Hyderabad (NIRDPR) offers a two-year PG Diploma Program in Rural Development, and also one two-year PG Diploma Programme in Tribal Development Management (PGD-TDM). Some business Schools like Amity Global Business School, Hyderabad (AGBS), Welingkar Institute of Management Development and Research, WIMDR, Mumbai, NIMT Group of Institutions, NIMTGI offer Master of Business Administration (MBA) degree with specialization in Rural Management. All of these programs offer highly valuable inputs to budding Rural Entrepreneurs. But for a country of the size of India, we need at least 500 colleges (100 Universities) to offer a full two-year Rural Management course to provide impetus to Rural Entrepreneurship.

There is an urgent need to establish rural business incubators in around 600 Colleges /Universities to serve Rural Entrepreneurship in India. We can't establish institute like NIRDPR/ IRMA in every district and hence it is suggested that all the general universities may join the rural entrepreneurship education eco-system by developing and starting courses on Rural Entrepreneurship, Rural Social Work, Rural Communications and Rural Management at undergraduate level (for a Bachelor's Degree). A comprehensive course in Rural Management or Rural Engagement may then be introduced at Masters' level to prepare future trainers/ faculty members/ consultants for these departments.

5. Rural Business Incubation- Need for All Universities to Join

Rural Business Incubation is an urgent need for attention by policy makers at central and state levels. As of now there are hardly around 100 Rural Business Incubator in India, mostly in higher level technological institutes (IITs), management institutes (IIMs and IRMA) and ICAR (in its 22 of 101 Institutes) and State Agricultural Universities (SAUs). To take this number to over 600 Rural Business Incubators, there is an urgent need to rope in the general universities for this task. General Universities are very close to rural areas and they have more students with rural background and have basic understanding of rural economy. All the general universities may be requested by Ministry of Human Resources Development (MHRD) to take rural entrepreneurship and rural engagement courses on board at their bachelors' program level and inculcate the knowledge and skills related to rural entrepreneurship among the young rural youth. Establishing Rural Business Incubators in all the general universities will go a long way to support rural entrepreneurship in the country.

6. Conclusion

7. Keywords

Rural Entrepreneurship, Rural Management, Rural Engagement, Rural Business Incubators, ICAR, SAUs, NIRDPR, IRMA, MHRD.

8. Further Reading/ References

9. Model Questions

Question 1: Discuss the key stakeholders of rural eco-system who can act as a think-tank for development of Rural economy.

Question 2: What are the steps the general universities need to take to promote rural entrepreneurship? What policy measures will you suggest for the same?

5. Rural Entrepreneurship and Rural Engagement

1. Introduction

Rural Entrepreneurship is one of the key interventions for improving the economic status of rural India. There are associated issues of improving rural education (which in turn will again improve rural entrepreneurship), rural communication, and rural management to enhance quality of life in rural areas, on holistic basis. Rural communities are a system in themselves. Addressing their empowerment needs calls for a comprehensive approach. With Panchayati Raj Institutions the constitution addressed their political aspirations and ensured their participation in local-self-government. This was only one-dimension- political empowerment. Rural communities need development on comprehensive basis. They need knowledge-empowerment and economic empowerment on sustainable basis. For this the governments (both Central and States) have to initiate more holistic interventions for rural empowerment by improving the quality and relevance of rural education, enhancing means of rural communication and create a cadre of professional rural managers (by promoting and supporting higher studies in Rural Management). We discuss these issues, and way forward, in this section.

2. Objectives

After going through this section, you will be able:

- To understand the role of Entrepreneurship in overall rural empowerment.
- To understand and appreciate the need for Rural Engagement on continuous basis.
- To understand and appreciate the role of NCRI in promoting Rural Engagement and Rural Entrepreneurship in India

3. Rural Entrepreneurship and Rural Engagement:

Rural entrepreneurship is starting a business unit/ business activity in rural areas. Promotion of rural entrepreneurship will help more and more rural youth to be engaged in productive economic activities. Rural engagement on the other hand is more holistic approach for overall rural development. It is desirable for a Rural Entrepreneur to understand the other dimensions of rural development, as he/she may have to interact with one or more of such systems. Rural engagement includes more inclusive and continuous interactions with rural communities by other support systems like- educational system

(colleges and universities), political system, financial systems (banking and insurance companies) and government system (bureaucracy and public institutions).

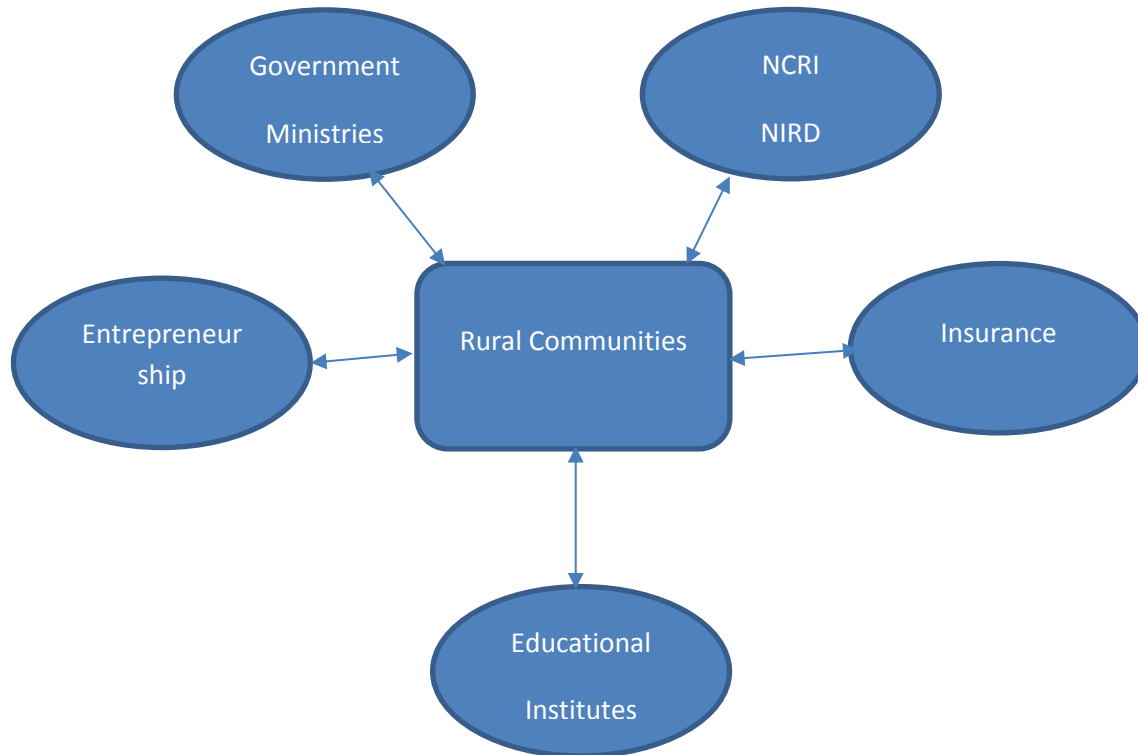


Figure 4.1 Rural Engagement Model

Rural Engagement is not a one-way communication. It is a long-term intense relationship between the support agencies and the rural communities. Each one of the support agency has to have a formal, structured engagement model which include 360 degree involvement with rural communities (in their vicinity or under their jurisdiction). This engagement will include that the concerned agencies inform, consult, involve, collaborate and empower the rural communities in their sphere of activities. For example an educational institution (a university) may engage with rural communities in following ways:

Inform: Informing is a passive way and involves only one-way communication- The Universities can share their knowledge (in local language) and their newsletters with rural communities (this is first level of Rural Engagement);

Consult: Consulting is next (IInd) level of rural engagement. Here universities can share their information (e.g. their proposals for next year’s research) and get feedback from rural

communities on the same. Here information is not only shared, the rural communities are asked to react to it, to supplement it and may offer their ideas to enrich it;

Involve: Involving is further higher level of engagement (level-III of Rural Engagement). Involvement allows the rural communities to influence university research proposal, university research priorities. Universities may present their proposals in draft form and seek rural community support (ideas, options, solutions) to address;

Collaborate: Collaboration is further strengthening of engagement (level –IV). Collaboration means that the rural community is a university partner (for one particular activity) from the beginning. Together they decide upon the key research areas to address and the methodology to go about it. They may have a joint research team (or joint research advisory committee) or may have adequate representation of rural community on the research advisory committee of the university; and

Empower: Empowering is the ultimate level of rural engagement (level-V). Empowering means that the leadership comes from the rural community while university and its systems support them.

Rural engagement is, thus a serious engagement of support system agencies and institutions with rural communities. The support institutions need to accept rural communities as their clients (not as beneficiaries). All the support systems need to understand that their existence is dependent on rural systems, not vice-a-versa. It is the rural prosperity which will increase the demand for their services, increase the scope of their expansion, and will ultimately make both the system benefit from this engagement.

4. Rural Engagement : Need for a Mission Mode Approach:

Rural engagement is gaining acceptance in India only now. Although Mahatma Gandhi visualized Gram Swaraj as model self-rule, self-restraint and village as a self-sustaining unit. Gandhian vision of ideal village or village Swaraj is that it is a complete republic, independent of its neighbors for its wants and yet interdependent for many others in which dependence is necessary. In his own words *“An ideal Indian village will be so constructed as to lend itself to perfect sanitation. It will have cottages with sufficient light and ventilation built of a material obtainable within a radius of five miles of it. The cottages will have courtyards enabling householders to plant vegetables for domestic use and to house their cattle. It will produce its own grains, vegetables and fruit, and its own Khadi. This is roughly my idea of a model village...*

I am convinced that the villagers can, under intelligent guidance, double the village income as distinguished from individual income. There are in our villages' inexhaustible resources not for commercial purposes in every case but certainly for local purposes in almost every case."(Village Swaraj, 2015). Our education system and Industrial development strategy for last 70 years has, however, been more focused for urban development. Our education system has tilted the priorities for the educated youth to look for the jobs in urban centers. Cities have emerged as big industrial hubs. Big cities like Delhi, Kolkata, Mumbai, Chennai, Bengaluru, Hyderabad and Ahmedabad have emerged as the job-providers and the educational institutions (including top educational institutes- IITs, NITs, IIMs, ISB etc.) are focusing their curriculum to serve the needs of big industries in these big towns and cities. Even the students hailing from rural areas (and studying in these institutions) look for placements or starting their business ventures in big cities. This paradigm has to be reversed. India is a country with 70% population still living in rural areas. We need to focus our development priorities considering this reality. Till now our cities have been progressing and developing at the cost of rural areas. We need to reverse this trend.

There are some very good initiative taken by central and state governments to promote rural engagement in general and rural entrepreneurship in particular. Governments have launched highly effective and successful rural employment guarantee schemes (to address rural livelihood distress) like MNREGA. The ASPIRE scheme with its main objective to set up business incubators to incubate, impart entrepreneurship, skill development training to youth, mentoring and hand holding with facilitation for funding with a view to empower them to set up own business enterprises, another such noble initiatives. Similarly on credit front also the a national apex bank NABARD was specifically set-up with a mandate for providing and regulating credit and other facilities for the promotion and development of agriculture, small-scale industries, cottage and village industries, handicrafts and other rural crafts and other allied economic activities in rural areas with a view to promoting integrated rural development and securing prosperity of rural areas. But all these initiatives have been looking at rural areas as beneficiaries, not as clients. This thinking has to be reversed. The rural areas are to be considered as opportunity hubs (for agro-processing), consumers and job-providers, not as beneficiaries, only then this situation will change. With a rural population of over 833 million (83.3 crores, NITI Aayog 2015), we have only two Universities offering Ph.D. in Rural Management (Amity School of Rural Management, Noida, and Indian Institute of Health Management Research (IIHMR), Jaipur), around 10 institutes offering Master's Degree in Rural Management (Gujarat Vidyapeeth, Ahmedabad, MJP Rohilkhand University, Bareilly, UP, Singhania University Rajasthan, Tripura University, Tripura Doranda College, Ranchi, Jharkhand, Goodwill College Firozabad, U.P.,MH Patel Gram Sewa Mahavidyalaya, Patan, Gujarat, Institute of Rural Management

Anand (IRMA- offering PGDRM) and few other institutes. All these institutions do not produce even 10,000 post-graduates and even a 100 Ph.Ds in Rural Management. This is too little an educational infrastructure to support a basically rural country like India. As indicated in the preceding two sections there is an urgent need to multiply this infrastructure by involving all the universities- all State Agricultural Universities and all general Universities to join this great rural transformation on a mission mode. All Universities in India need to initiate Rural Engagement Program, Rural Entrepreneurship Program, Rural Communication Program and Rural Management Program at Masters Level. Governments (both Central and state) need to accord top priority for initiating/ establishing Rural Entrepreneurship Hubs, Rural Entrepreneurship Incubation Centers in all Districts (at least one in every block). Faculty sensitization and Faculty Development programs must be organized in all universities in a mission mode. Only then we will be able to address the rural development challenge of our country.

5. Rural Engagement, Rural Entrepreneurship and NCRI

National Council of Rural Institutes (NCRI), Department of Higher Education in the Ministry of Human Resources Development was established in 1995, with a mandate to promote resilient rural India through Higher Education interventions. NCRI designs, develops and promotes curriculum inputs for higher education programs offered by Universities and Autonomous Institutions in India. The higher educational streams of focus for NCRI include: Rural Studies, Rural Development, Rural Management, Social Work and Education. The curriculum inputs are both theoretical and practical field-related relevant to rural India. The NCRI seeks to strengthen the rural higher education curriculum and the faculty members transacting it. Capacity building and professionalization of Rural Institutes, skill development, entrepreneurship, livelihoods, community initiatives, creativity of local groups and proactive development action constitute the core content of NCRI research and interventions. The NCRI interfaces with rural institutes of higher learning like Rural Universities, Rural Development Institutes, National Rural Livelihoods Mission and State Livelihood Action Units.

With its vision, “To involve higher education curriculum in India in the process of building resilient rural India i.e., Uthkrishat Gram for Unnat Bharat”, NCRI has taken its mandate to undertake advocacy for Rural Engagement as a mission with major Universities in entire India. Equipped with a very thin, but highly competent and committed core faculty, NCRI is currently engaging with over a dozen major Universities to introduce Rural Entrepreneurship, Rural Communication, Rural Management and Rural Engagement Program at Masters’ level. NCRI is organizing a series of workshops for the top-management of the

Universities (Vice-Chancellors, Registrars, and Deans of Colleges) and the faculty of Management, Commerce and Social Sciences to sensitize them on Rural Engagement. NCRI is also involved in organizing workshops and seminars to facilitate Curriculum development for these subjects/ courses.

The present capacity of NCRI is, however, highly limited. There is a strong need for strengthening of NCRI in terms of core faculty and consultants, so that it can act as an implementation agency for promoting “Unnat Bharat Abhiyan” in letter and spirit. Ministry of HRD may replicate the lessons learnt by Ministry of Rural Development and Panchayati Raj (MORDPR) and Ministry of Agriculture and Farmers’ Welfare (MOAFW), who have taken the services of National Institute of Rural Development and Panmchayati Raj (NIRDPR) in case of MORDPR and National Institute of Agricultural Extension Management (MANAGE) in case of MOAFW. Both these institutions have not only served as think-tanks for their respective ministries, these organizations are assisting their controlling ministries by providing advocacy, training and capacity building and also Monitoring and Implementation support for the flagship schemes (e.g. Gram Panchayat Development Plan –GPDP by NIRDPR for MORDPR and Extension Reforms and Agri-Clinics and Agri-Business Center –AC&ABC schemes by MANAGE for MOAFW). NCRI is ideally placed to play this historic role to lead and trigger Rural Engagement on massive scale. Ministry of HRD may consider to undertake a mission mode project or scheme with all India coverage to translate this dream in to reality.

6. Conclusion

Rural Entrepreneurship is an important intervention to improve rural economy and livelihoods. Rural engagement on the other hand is more holistic and comprehensive approach to rural empowerment. Rural engagement will promote more involvement of educational systems, credit support systems and policy support systems with rural areas. This will require a paradigm shift from treating rural areas as “beneficiaries” to “clients”, and initiate long-term involvement, collaboration and empowerment in letter and spirit. For this to happen there is a need for a mission mode approach, and a national apex institution to steer the same. National Council of Rural Institutions (NCRI) is ideally suited institution for this important task.

7. Keywords

Rural Entrepreneurship, Rural Management, Incubation, ASPIRE, Collaborate, Involve, Empower, Rural Engagement, IRMA,

8. Further Reading/ References

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9. Model Questions

Question 1 Distinguish between Rural Entrepreneurship and Rural Engagement?

Question 2: Rural Engagement is a holistic Approach. Discuss.

V. Live Project and Hands-on Support

Introduction

Entrepreneurship is a full-time job. You have to immerse yourself fully in the entrepreneurial exercise. One of the key requirement for a successful entrepreneur is to understand the local environment fully. You need to understand what works in rural areas. What are the success factors of the entrepreneurs who are operating in these conditions? What limits their expansion? What are the key institutions in the village? Are there any trouble spots? Are there any serious law and order issues? IF yes, how are you going to deal with this issue? You have to take account of all the key stakeholders in the rural eco-system- Banks, Insurance Companies, Insurance Company agents/ correspondents, Panchayati Raj Institutions, NGOs, Schools, and Primary Health Centers etc. You may have to interact will all the support systems in the rural area, to ensure proper and smooth establishment and functioning of your enterprise. These support systems will include financial support systems, technical support systems, human resources educational and training support systems and last, but not the least, social support systems. You may also have a knowledge of local law and order enforcing agencies and legal agencies.

We will discuss all these rural eco-systems and their role in successful operation of rural enterprises. This unit is organized in following five sections:

1. Study of Rural Entrepreneurs- Growth and Replicability issues
2. Entrepreneurial Opportunities-Potential and Limitations
3. Active Interaction with key Stakeholders- Panchayats, NGOs, Schools etc
4. Working Together and Finalize Interventions
5. List-out and Networking with all Rural Support Systems

1. Study of Rural Entrepreneurs- Growth and Replicability issues

1. Introduction

You are going to establish a new business enterprise in a rural area. You have full idea of the new product or service, you are going to produce/ create in this area. You may have a great or grand idea, it is always good to start on a humble note. You need to understand the environment properly. You need to imbibe the key success factors, practices of practicing successful entrepreneurs operating in this area. They may be working in altogether different field, but their understanding of the local eco-system may be helpful to you. You may start as an under-study with one them, and observe their practices and principles from a closer distance. This time will give a better understanding of the area and its requirements. This section will give you an idea of the advantages of interacting with existing successful rural entrepreneurs in the area to learn important lessons from them.

2. Objectives

After going through this section, you will be able:

- To understand the key success factors of the existing rural entrepreneurs in the area;
- To identify strengths, limitations, opportunities and threats for their business venture; and
- To evaluate the potential for replicability of their successful business enterprise in the same or a nearby area.

3. Rural Entrepreneurs- the Local Eco-System

Establishing a new enterprise in a rural area is serious business and career decision. You may have full idea of your business enterprise, it is always good to understand the local business environment. The best person to explain this will be the existing entrepreneurs in the area, working for a few years or more. They are likely to have better understanding of the local environment- what works in the area? What are strictly “not acceptable” practices or behavior patterns? Who are the key stakeholders? Who can potentially help you to move faster? There are various ways in which a new or potential entrepreneur can get this information/ experience from the successful existing rural entrepreneurs. These include: Apprenticeship, Internship, Mentoring, Lecture Method, Group-Discussions and Case-Study etc.

f. Apprenticeship:

Apprenticeship is system of training, wherein a new trainee is imparted skills on a new job or machine. This method is helpful in those fields which are highly technical, and a long period is required for gaining proficiency in the desired trade or crafts. This method will be highly desirable for the new entrepreneur, if one is going to start a rural venture in a local craft or art. He/ she is required to gain a certain level of confidence to create a good quality product, which is already being produced in nearby unit. This experience will help the budding entrepreneur to identify areas for improvement in the present product quality or improve efficiency of the existing production process.

This method is highly effective to learn the skills required for the existing enterprise but at the same time it is time consuming. The entrepreneur gets a good opportunity to observe the whole process of manufacturing or delivering a good quality service. He/she also gets a look at the process of planning and implementation of various sub-systems to complete the production/ delivery process. One has to be a keen learner, attentive listener and meticulous taker of notes.

The disadvantage or limitation of the method is – it is time consuming. One has to remain attached with an existing unit for a considerable time (minimum 6 months to one year) to understand the full process of the concerned unit. The entrepreneur has to take a call on this. Is it desirable to understand the full nitty-gritty of an existing successful enterprise?

g. Internship:

Internship gives a taste of your chosen field. It let you know how will feel “Being there”. One of the greatest advantages of internship is that this allows you to experience your future industry. This can have two effects- makes you feel excited and drives you to work hard and build a successful career/ new business venture in this area or you realize- it is not meant for you. Either way it is a good learning.

Internship in a similar environment can help you get opportunity to know the key business people or support-systems, you need to know. You may start networking with them even before you start your own enterprise. You will come to know about suppliers of raw-materials, consumables, manpower and potential clients for your product or service. Internship experience will give you more confidence to handle situations in your future enterprise. It will also help you realize your strengths- your knowledge about the product or process, your work-efficiency, and your communication skills (including limitations, if any). Internship will also help you get acceptability in the market.

The limitations of Internship include- you will be seen as an assistant during your internship. Sometime your full potential is not utilized and you are placed to perform menial or less important tasks or processes, which may demotivate you. Further when you establish your own enterprise, you will be known by your “ex-company association”. There are quite a few disadvantages to internships, but the advantages outweigh them. Interning will not only enhance your training and allow you to gain skills, but it will also make you a better employee/manager by giving you the self-confidence that is often a prerequisite in the workplace.

h. Mentoring:

Mentoring is one the best methods for Entrepreneurship training or hand-holding. In most of the Training Institutes the Institute allots this responsibility to an experienced Faculty member, who is well versed with the kind of enterprise, the budding Entrepreneur is planning to set-up. Having the guidance, encouragement and support of a trusted and experienced mentor can provide a mentee with a broad range of personal and professional benefits, which ultimately will lead to improved confidence and better performance at the workplace. Sometimes the Mentee can select an experienced and well-known (trusted) successful entrepreneur in same or similar area as his mentor. This option is equally helpful, as the experienced Entrepreneur in the same area will bring in experiences of dealing with other institutional support system, which will be helpful for the mentee.

The major advantages of having a mentor are- a mentee develops necessary skills and competencies required for the job; Interaction with mentor improves his confidence in his ability to execute the task at hand; mentor teaches the mentee how to maintain a professional relationship and improves his communication skills; an experienced mentor expands the mentee’s network of contacts. On the whole mentor-mentee relationship is a kind of crash-course on the current rural entrepreneurship culture prevailing in the concerned area.

Mentorship is also helpful to the mentor, as it provides him opportunity to consolidate his experiences and helps him to articulate this to next generation. It provides him a sense of fulfillment, as he is giving back his experiences and knowledge to the society. Knowledge-sharing with mentee increases self-worth of the mentor. It provides an added sense of purpose and responsibility to senior Entrepreneurs.

i. Lecture Method:

Lecture Method is the oldest method of learning and understanding about the rural eco-system. All training and capacity-building Institutions have some information about the concerned (or identified) rural location, and the same is shared with the Entrepreneur trainee. This method is least costly, but least effective as well. In today's interactive environment hands-on experience and interaction with the rural eco-system is highly advised.

j. Group-Discussions:

Group discussion is also used as a method to understand rural eco-system. The entrepreneur may visit the identified rural area, and conduct focused group-discussions with various groups (raw material suppliers, other input suppliers, potential clients and educational institutions in the area) to understand the prevailing eco-system and business environment. This method is better than Lecture method, but inferior to Apprenticeship, Internship or Mentoring.

k. Case-Study:

Case study is one of most common methods to understand the rural business eco-systems. Almost all training and Skill-development Institutions have a bank of Case-Studies (on various enterprises), which serve as reading material and case-discussion material for the concerned group of Entrepreneurs. Case studies are complex examples which give an insight into the context of a problem as well as illustrating the main point. Case Studies are trainee centered activities based on topics that demonstrate theoretical concepts in an applied setting. A case study allows the application of theoretical concepts to be demonstrated, thus bridging the gap between theory and practice, encourage active learning, provides an opportunity for the development of key skills such as communication, group working and problem solving, and increases the trainees' enjoyment of the topic and hence their desire to learn.

4. Possibilities for Growth and/or Expansion of Existing Business Enterprises:

You may have a great or grand idea, it is always good to start on a humble note. You need to understand the environment properly. You need to imbibe the key success factors, practices of practicing successful entrepreneurs operating in this area. This was indicated in our introduction to this section. This is very important. As a newcomer to the area, you may start on a small scale, and preferably in a tested subject area. For this this you may explore the idea for growth or expansion of any existing business enterprise in the area. This experience (for some time) will give you valuable experience of 'How to deal with the local rural business eco-system'. Once you gain required confidence, and organize required finances, you may

start implementing your big-idea. This way you will drastically reduce the chances of your failure in the establishment of new business enterprise.

5. Potential for Replicability:

You may always consider to replicate a success-story demonstrated/ explained by a senior Entrepreneur in nearby area. For example maximum number Agri-Clinics and Agri-business Centers have been established in eastern Uttar Pradesh and Central Maharashtra. Here the strategy used by the two highly effective Training and hand-holding institutions has been to attach the new batch entrepreneurs with their seniors (with 3 to 5 years' experience) as intern. And then allot them a separate "Territory" to operate. Thus there is no threat of undue competition and the network of these entrepreneurs becomes a very strong affiliation to work-together for their growth and development. Collectively they have been able to influence (in the case of Uttar Pradesh) the State Government to provide more space for utilization their services for improving the Extension outreach of the State Government system, in Public-Private-Partnership mode. This has helped them to expand their bouquet of services and their income significantly. This kind of mentorship also help them to join hands at later stages.

6. Conclusion

An entrepreneur needs to have full knowledge of the rural business eco-system, before starting his new enterprise. It is advised that he/she may collect information about all enterprises working in that area and understand the secret of their success. Working as an apprentice or intern with one of the successful venture can give him/her good system-knowledge. One can work with a senior Entrepreneur as a mentee and get access to his mentors knowledge and wisdom.

7. Keywords

Rural Entrepreneurship, Apprenticeship, Internship, Mentoring, Mentee, Case-Study.

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3. Building Companies, Building Communities: Entrepreneurs in the New Economy, July.

9. Model Questions

Question 1: Define Rural Entrepreneurship Business Eco-system. What is the difference between an Apprentice and an Intern?

Question 2: Discuss advantages and disadvantages of learning about new business through a Mentor?

2. Entrepreneurial Opportunities-Potential and Limitations

1. Introduction

Rural Entrepreneurship is a highly location specific. This unit explains the importance of understanding the opportunities and challenges in rural business eco-system. An entrepreneur must be fully aware about the key opportunities and challenging he is likely to face while establishing and running his business enterprise in rural area. There are enormous opportunities in rural areas like –low establishment cost, availability of raw material and labor, low promotion costs, but all these advantages come with associated challenges- poor technical competence of labor, un-even/ erratic supply of raw-materials and issues related to pricing and collection of revenue. All these issues are discussed in this section.

2. Objectives

After going through this section, you will be able:

- To understand the Entrepreneurship potential of rural areas.
- To understand the limitations and challenge for rural entrepreneurship.

3. Entrepreneurial Opportunities- Potential:

Rural people always encourage and give the motivation to the entrepreneurs. They are simple and less complicated to communicate. Rural population is easy to approach- they have more free time to interact with entrepreneur, as their occupation is not full time. Rural produce is fresh from farm and you can monitor and manage the Quality of the raw-material closely. Some of the key opportunities/ advantages offered by rural India include:

- Low establishment cost:** when compared to the urban areas, rural entrepreneurs' business establishment cost is very low. The land costs are lower. The building costs/ rents are also lower. There is no need to construct or facilities huge infrastructure and buildings.
- Competitive Advantage/ Availability of Labor:** Rural youth is highly under-employed and more than half of them are unemployed. This makes the availability of Labor abundant and also the labor cost are lower in rural areas.
- Availability of Raw-Material:** Raw material, particularly Agricultural, Horticultural and animal produce is more fresh and of consistent quality. This is a big advantage in rural areas. Agro-processing

provides huge opportunities for entrepreneurship. There is a huge demand for processed/ graded/ packaged food in urban/ semi-urban and rural areas. This demand can be tapped by the rural entrepreneurs. India is highest producer of Fruits and vegetables in the world but processes only around 2% of its produce (against the world average of 16% in this sector). This underscores the opportunity in this sector alone. There is enormous and ever increasing demand for fruit-juices, sauces, pickles, jams, jelly, honey and many such products in immediate vicinity of rural areas.

- d. **Optimal Utilization of Farm-Produce:** Establishment of rural enterprises will not only provide livelihood to majority of unemployed/ under-employed rural youth, but will also save a lot of Agricultural produce from travelling long-distances for processing or consumption. This will improve overall utilization percentage of the farm-produce. India is among those countries, where there is largest wastage of cereals and vegetables due to non-availability of processing and storage facilities.
- e. **Employment Generation for Rural Youth:** Productive employment of rural youth is the biggest incentive for the state governments and the central government to promote rural entrepreneurship. This will kick-start faster growth in rural areas and will also improve rural purchasing power.
- f. **Low Promotion Costs:** Product or service promotion in rural areas is a low-cost process. Normally there is very little or no competition in rural areas for any new product or service. Further the word-of-mouth is highly effective for promoting a new product in rural communities. Their inter-personal communications cover all aspects of their life, including their feedback on using a new product or service.

4. Entrepreneurial Potential- Limiting Factors:

Rural eco-systems offer huge potential for Entrepreneurship. There is excellent access to good quality (and farm-fresh) raw-materials at low prices, availability of abundant rural youth for low-skilled and un-skilled jobs and low-cost of infrastructure development. But all this comes with associated limitations. These limitations are discussed hereunder

- a. **Poor Self-Image of Rural Youth and Lack of Motivation:** Rural youth have a very poor self-image. They lack motivation to succeed. Their lack of knowing good English makes them less confident and poor in communication. A lot of rural talent remains untapped due to their non-exploration at right time. This limits their contribution capacity and also necessitates adequate training and capacity-building before you put them on the job.

- b. **Lack of Technical Knowledge and lack of ICT Knowledge:** Most of the rural students drop-out from school at an early age, as a result they have very low or limited technical or scientific knowledge. Further the quality of training and teaching of Information and Communication Technology (ICT) in rural schools is not on par with their urban counterparts. On an average all +2 students in urban schools are very good at handling basic ICT modules including MS-Office (MS-Word, MS-PowerPoint and MS-Excel) and social media including blogging and use of twitter. This poses a serious limitation for them to handle new technology, which further limits their efficiency.
- c. **Distribution and Logistics:** The basic infrastructure (rural roads and electricity) continue to pose challenge in most of rural areas in the country. Non-availability of round-the-clock electricity poses a serious limitation for establishment of ICT-enabled enterprises in rural areas. One of the most ambitious schemes of Ministry of Communications and Information Technology (MCIT) –to establish one Common Service Centre (CSC) in every Gram-Panchayat is yet to become a reality. The rural youth, who have established CSCs are not able to expand their business due to limited availability of power supply in their areas.
- d. **Payment Collection:** Most of the rural areas are yet to have banking facility. Prime- Ministers’ Jan-Dhan Yojana initiated by Government of India (National Mission for Financial Inclusion to ensure access to financial services, namely Banking Savings & Deposit Accounts, Remittance, Credit, Insurance, and Pension in an affordable manner) has made good inroads in the rural areas in last 3 years, but still majority of rural population does not access their bank account electronically. The use of credit/ debit cards is highly limited. As a result payment collection remains a challenge. Handling cash transactions in rural areas has its own issues.
- e. **Pricing:** Pricing of Rural products and services is another tricky issue. Most of the rural population depends on Agriculture and allied activities. Their income is seasonal (mostly two crops in a year) and hence their purchasing power is not uniform across the year, and hence their purchasing behavior also changes accordingly. Rural demand for any good is not as consistent as in urban areas, where most of the people are salaried people, and have a regular income (in size and regularity of timely payment). In rural areas you have to be prepared for erratic demand in rural areas.
- f. **Scaling Across Geographies:** India is a land with many cultures and traditions. These differences become much more pronounced in rural India. Setting up operations on pan-India presents different types of hurdles in different states ranging from political juggling to downright local factors. Add to that the greater differences in consumer tastes and behavior across geographies than in the

relatively more cosmopolitan urban population. Hence developing same product for entire India becomes highly challenging.

- g. **Social and Cultural Challenges:** Social and cultural issues also pose a number of limitations in rural India. While in Tamilnadu and Meghalaya the Common Service Centers (CSCs) are managed by both gentlemen and ladies very efficiently, as reported by Dr. M.S. Swaminathan Foundation, Chennai and College of Post Graduate Studies (CPGS), Barapani, Shillong , while in north India (Himachal Pradesh and Punjab) Ladies do not feel like visiting CSCs manned by gentlemen and vice-versa. These are cultural issues. These cultural uses and practices need to be taken into account before setting up/ scaling-up a new enterprise in rural areas.

5. Possible Government / NGO Interventions in near Future:

Governments –both central government and state governments, are promoting rural entrepreneurship in letter and spirit. The skill-development focus of central government is articulated by means of schemes like ASPIRE (A Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship) launched in 2015 to set up a network of technology centers and to set up incubation centers to accelerate entrepreneurship and also to promote start-ups for innovation and entrepreneurship in rural and agriculture based industry. Further two national level agencies- National Skill Development Corporation (NSDC) and National Institute of Medium, Small and Micro Enterprises (ni-smse) have been charged with the responsibility to ensure provision of Entrepreneurship and skill-development training for youth all across the country. Accordingly NSDC has tied-up with over 350 partner institutions covering almost all the districts (569) of India. Banks have been asked to provide liberal finances to start-ups. Rural Enterprises are being given preferential treatment while considering their applications for loans and subsidies. Government is also providing preferential treatment for procurement of their products by government agencies/ departments. The entrepreneurs may take full advantage of these support systems. This year Government of India is going to support rural markets with a budgetary support of over Rs. 2000/- crores, with focus on “Agricultural Processing Clusters”. These clusters will provide good opportunity to rural entrepreneurs to set-up small and micro processing units with the raw-material tie-up from local hinterland.

Similarly, rural entrepreneurs may keep looking for Non-Government Organizations (NGOs) and Private Corporates to undertake rural development based programs/ schemes, wherein they provide liberal training, capacity-building and hand-holding support to rural entrepreneurs. You can also look forward to nearby big-corporate houses to provide initial funding and technical support. Corporates like

Reliance, Wipro, and Infosys are providing generous support to rural areas for undertaking social projects.

6. Conclusion

Rural entrepreneurship is full of challenges and opportunities. Although there were and still are a lot of limitations like – irregular power supply, erratic supply of raw materials, poor quality of technical know-how, but all these limitations can be addressed by properly tying-up with good technical support institutions and tailor-made training programs. Rural entrepreneurs may look for government programs and schemes to improve their knowledge and skills and also look for CSR support from nearby corporate houses.

7. Keywords

Competitive Advantage, Pricing, Common Service Centers (CSCs),

8. Future Reading/ References

1. Macke, Don. 2001. Entrepreneurship in Rural America, chap. 5, p. 4. (early drafts on www.nebcomfound.org).
2. MDC, Inc. 2000. The State of the South 2000, Chapel Hill: MDC. September, pp. 47-48.
3. Business Adventures (1969): Twelve Classic Tales from the World of Wall Street Kindle Edition, by John Brooks, also available on Amazon.com

9. Model Questions

Question 1: What are key advantages in setting up a new enterprise in rural area?

Question 2: What are limitations for replication of a successful venture in another state/ district?

3. Active Interaction with key Stakeholders- Panchayats, NGOs, Schools etc

1. Introduction

Understanding the local rural environment is one of the crucial requirements for setting-up a new rural business venture. You must know who are the people/ institutions, you need to take permissions from, and who must be taken into confidence before starting a new venture. Even the local Teachers (who teach in primary and secondary schools in rural areas) and Police Constables (posted in nearby Police Stations) call-on the Gram Panchayat Sarpanch (Head of Village Gram Panchayat), very early into their jobs/postings. This is not only is a matter of courtesy, but it also “brings you in”, or introduces you, to the local rural eco-system. In this section we discuss the basic necessity to preliminary introduction with Panchayati Raj Institution members and other key stakeholders in rural area.

2. Objectives

After going through this section, you will be able:

- To identify the key stakeholders in the rural entrepreneur eco-system.
- To appreciate the need to know about the local support systems for public education, health and other development aspects.

3. Key Stakeholders -Identification

Every locality, every District, every village has its own social dynamics. Even in government offices when a new person joins (either on fresh recruitment or on transfer or posting), he or she calls on the head of the Institute, then gets familiar with the administration, accounts and heads of various divisions, so as to familiarize oneself with the “Institutional eco-system”. In fact for organized all-India services this familiarization goes on for as long as two-years. This is not a waste of time. This familiarity and interaction with real job situation, and the real stakeholders brings the whole perspective of the role one is supposed to play in the “System”. On similar lines a rural entrepreneur is a new entry into the existing rural eco-system. He / she needs to fully familiarize oneself with the realities- challenges and opportunities, options and support systems, before getting into business. Nowadays training and skill-development institutions have started to do this job. Indian Council of Agricultural Research (ICAR) has made Rural Agricultural Work Experience (RAWEx) a compulsory course to be offered to all B.Sc. (Agriculture) students in their final

year. The basic objective of the program is to make them understand the rural situations, status of Agricultural technologies as adopted by farmers and more importantly to develop skills and attitude of working with farm-families for all-round development in rural area.

Rural Entrepreneur needs to understand the socio-economic, political, and general development situation in the rural area. This will help him understand forthcoming problems and issues better. He/she will be better equipped to take support from appropriate agency, in times of need.

4. Interactions with Panchayati Raj Institutions

Interaction with Panchayati Raj Institution functionaries is a good starting point for a new entrepreneur. He/she may interact with one or two of the senior Panchayat functionaries- Sarpanch or one of the five panches, on the general issues of the village and may also take this opportunity to explain about the value-addition proposition by your intervention in the village. You may explain about the job opportunities you will create or product/service you are likely to offer and also how much raw-material your enterprise will require on monthly basis. This information will help them appreciate your value to the rural society, and they are most likely to welcome you with open arms. You may also seek their suggestions for your proposed venture. At times their input may be very helpful to you to decide about the exact location of your enterprise. You may also seek information on Gram Panchayat Development Plans (GPDP), if you are likely to support them or assist them in implementing the same. These GPDPs for all the Panchayats of the country are available on the website of Ministry of Rural Development and Panchayati Raj.

5. Engagement with NGOs, Schools, PHCs etc

Non-Government Organizations (NGOs), Schools and Primary Health Centers (PHCs) are quite active rural entities in many areas. In some of most backward districts NGOs carry-out a lot of development work with government and private support. You may look for some opportunity to tie-up with one of the NGOs working in the area, if your proposed Business venture is in the same or similar area of work. Today, we have several NGOs contributing to entrepreneurship development in the country. The major ones are National Alliance of Young Entrepreneurs (NAYE), World Assembly of Small and Medium Entrepreneurs (WASME), Xavier institute for Social Studies (XISS), SEWA of Ahmedabad, 'Y' Self-Employment of Calcutta, AWAKE (Association of Women Entrepreneurs of Karnataka), and Rural Development and Self-Employment Training Institute (RUDSETIs) based in Karnataka.

Tying up with local NGOs can help you address your marketing needs. For example SEWA provides market access for the products of small (even household level) enterprises in Gujarat. These NGOs provide training, capacity-building, counselling support to rural entrepreneurs. In addition they, sometimes, help /facilitate feasibility report preparation, purchase of plant and machinery and help in performing other procedural activities. NGOs being very close to the rural communities, are most acceptable to facilitate your market access.

Local schools and Primary Health Center (PHC) are other institutions, an entrepreneur may visit to acquaint himself/ herself, with the likely availability of educated/ trained manpower for his enterprise and quality of medical support (including first-aid) service, in case of need. Your interaction with the school will depend on the type of business enterprise you are likely to start. If it has anything to do with the student community (like stationary or bags manufacturing unit or a coaching /training institute), your interaction must be more intensive. On the other hand if you are likely to set-up an agri-produce processing unit, your interaction with the student community can be limited (at best they can be your consumers), in this case you need to interact more with farming community producing your raw-material.

6. Conclusion

Interaction with local Panchayati Raj Institutions, NGOs and schools is necessary for a rural entrepreneur. This interaction will keep him updated on the forthcoming opportunities, issues and also problems (at times). Linkages with NGOs and other private agencies may be helpful to promote marketing your produce/ service and also to access training, hand-holding, counselling and credit-linking support.

7. Keywords

RAWE, SEWA, NAYE, AWAKES, XISS, WASME, ICAR

8. Further Reading/ References

1. Kane, Jay. 1999. State Entrepreneurship Policies and Programs. Kauffman Center for Entrepreneurial Leadership, November.
2. National Commission on Entrepreneurship. 2001. Five Myths About Entrepreneurs: Understanding How Businesses Start and Grow, March 2000.
3. Building Companies, Building Communities: Entrepreneurs in the New Economy, July.

4. Model Question

Question 1: Explain the Role of NGOs in promoting Rural Entrepreneurship?

Question 2: What is the need for a rural Entrepreneur to know about the Panchayati Raj Institutions and local social systems?

4. Working Together and Finalize Interventions

1. Introduction

Entrepreneurship is highly location-specific. The success of the business venture depends on the timely and adequate support from all the local support systems- human resources, raw-material suppliers, infrastructure providers, credit institutions, social institutions and government agencies/ institutes working in the area. An entrepreneur has to foresee the role and importance of all these stakeholders. It is advised that he/she must have a few rounds of discussions with the key stakeholders, before finally putting-up his venture in the area. This will not only make them aware about your proposed business venture, it will get their valuable advice and moral support for undertaking this business in their area.

2. Objectives

After going through this section, you will be able:

- To understand the need to identify and network with all the key Stakeholders in the identified rural area.
- To prepare mentally for setting-up your Business Venture in identified locality.

3. Working with all the Stakeholders:

Rural people are highly sensitive to new comers from city. They take time to have faith and belief in your discussions/ proposals. It is always good to visit the rural are with a local acquaintance or a faculty from your training/ skill-development institute. You really to “break the ice”, before getting their acceptability. You need to visit the identified place a number of times, to get a clear idea of local customs, culture, political affiliations, and social systems. You may avoid meeting people in their houses, as it may be perceived that you are close to one of the local families. You may maintain equal distance from all religious, caste, community groups, so as to remain acceptable by all of them. For that you need to listen more (let them speak), and more carefully (try to understand their intensions/ indications). They may not discuss/ disclose the local situation in black and white, you need to observe them, watch their behavior and make your own inferences. You will come to know about the key institutions, persons, credit institutions in very quick time. Rural people have a lot of information about their surroundings. Unlike the people in the city, they spend a lot of time interacting with and observing each other, hence they have more and better understanding about their eco-system.

You may prepare a list of all stakeholders- subject wise (for credit, for human resources, for infrastructural needs, for security and maintenance and so on). The need to have good understanding with Panchayati Raj institutions, NGOs and other key functionaries has already been highlighted in earlier unit. You may also have some minimal understanding and knowledge about other business ventures in the identified rural area. Interactions with them will help you to understand the cooperative or otherwise behavior of the local population, in times of distress or any emergency.

4. Finalize Interventions and Establish your Business:

You may finalize to put your business ideas into reality. Go through your business plan and its implementation schedule. You may use basic concept of Project Management like Gantt chart to have a clear documentation of your implementation schedule. A Gantt Chart helps you to think ahead and put your proposed activity-schedule on time-horizon. This Chart will be very helpful in monitoring your progress while you implement the project. A brief idea of Gantt Chart is given hereunder:

- a. **Gantt Chart:** A Gantt Chart is a type of Bar-Chart that illustrates a project schedule. This chart lists the tasks to be performed on the vertical axis, and time intervals on the horizontal axis. The width of the horizontal bars in the graph show the duration of each activity. Gantt charts illustrate the start and finish dates of the terminal elements and summary elements of a project. Terminal elements and summary elements constitute the work-breakdown structure of the project. Modern Gantt charts also show the dependency (i.e., precedence network) relationships between activities. Gantt charts can be used to show current schedule status using percent-complete shadings and a vertical "TODAY" line as shown here.

The Gantt Chart is named after Henry Gantt (1861-1919), who designated his chart around the years 1910-15. Gantt Chart can be prepared on paper. However, now with personal computers, one can draw a Gantt Chart using MS-Project or similar software. Gantt Chart is most widely used management tool for project scheduling and control.

How to prepare a Gantt Chart: The steps to prepare a Gantt Chart are explained hereunder:

- i) Break-down your total project into small Tasks (activities). Write these Tasks (activities) in a table form (one activity in each row), in a sequential order. Column -1- Sl. Number, Column-2 Activity Name

- ii) Estimate most likely duration each of these activities is likely to take (for implementation/ execution), and write-down this “Activity Duration” against each activity, in third column (Column 3) in the above table.
- iii) Write down any precedence conditions in next column (necessity of completion of another activity, before you can start this activity (in Column 4).
- iv) Now you can start date and end-date for each activity (in Columns 5 and 6)
- v) Now you can plot this table in Gantt Chart as a network diagram with Time (in uniform units –hours, days, weeks, months or years- only one unit to be used in one Gantt Chart), on horizontal axis and activities on vertical axis.

An example is illustrated hereunder:

Let us consider a simple Project of “Construction of a Shade” for an industrial unit. The Activity Table for the same may look like this:

Sl. No. (1)	Activity Name (2)	Activity Duration (in Weeks) (3)	Precedencies (4)	Starting Week (5)	End-Week (6)
1.	Develop Plan	1	--	0	1
2.	Identify Construction Team	1	1.	1	2
3.	Identify Resources	2	1.	1	3
4.	Job-Allotment	1	2.	2	3
5.	Place Order	1	3.	3	4
6.	Construction of Walls	3	2.	2	5
7.	Receive Machinery	1	5.	4	5
8.	Erection	2	6.	5	7
9.	Training	1	7.	6	7
10	Commission	2	8.	7	9

Table 4.1 Activity Chart for “Construction of a Shade” Project

The Gantt Chart for the above project will look like.

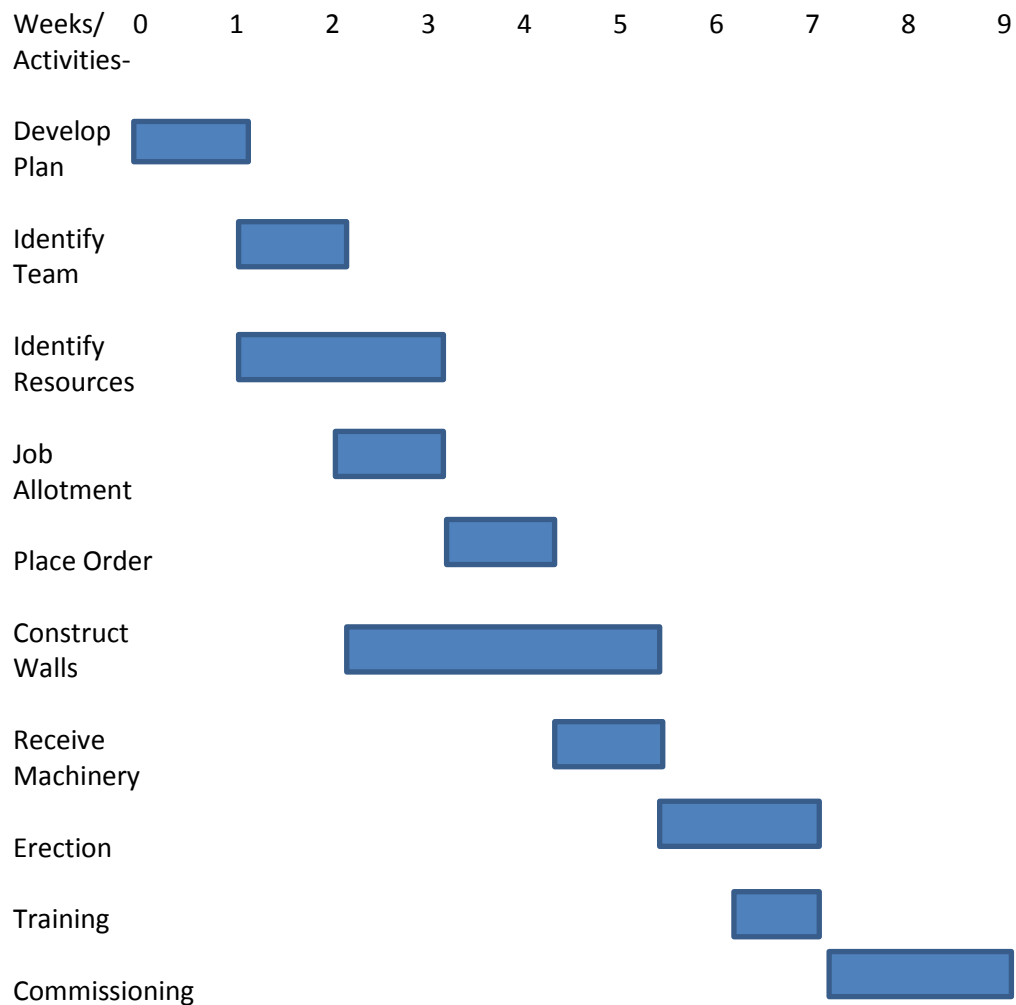


Figure 4.1 Gantt Chart for “Construction of Shade” Project

A Gantt chart is very useful tool for planning and monitoring a project. By documenting the activities and their expected time to complete, an entrepreneur gets more realistic picture of the time-schedule. Further it helps other team members (if any) to know about their role in the project, and expected time to undertake their activity. The Gantt chart also shows how the project is progressing. It can motivate the entrepreneur to gauge his progress and giving him confidence that he can achieve its completion in given/ projected schedule.

Gantt chart is only a tools for monitoring the project implementation, it does not tell the entrepreneur, where to focus his attention. The entrepreneur has to take care of critical activities in terms of time and cost over-runs and also to ensure quality. Further any delay or early

completion of any activity would require re-construction of full Gantt chart. One can always use pencil for this purpose, but the main purpose of the chart will be defeated, if you modify it on day-to-day or week-to-week basis.

You may use other project management tools like Project-Evaluation and Review Technique (PERT) or Critical Path Method (CPM) for more effectively plan, implement and monitor your project. As an entrepreneur, you must continue to brush-up your project management knowledge and skills, as these skills will be helpful in managing your enterprise more effectively and efficiently.

5. **Conclusion**

An entrepreneur has to put all his knowledge and experience to test while establishing a new business venture in rural area. He has to interact with all the stakeholders and understand their role and support required at various stages of the project. This will require sensitive handling of local social customs and culture. Knowledge of Project management tools, particularly Gantt chart will be helpful for an entrepreneur to set-up his business more efficiently.

6. **Keywords**

Gantt Chart, Activity-Scheduling, Activity-crashing, Work break down structure, dependency, Project Management.

7. **Further Reading/ References**

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2. A Guide to the Project Management Body of Knowledge (PMBOK® Guide) Fifth Edition 5th Edition by Project Management Institute (Author) (2015)
3. Project Management for Non-Project Managers (2012)

8. **Model Questions**

Question 1: What are key competencies required for a successful Entrepreneur?

Question 2: Rural Entrepreneurs need to be more sensitive to the local environment. Discuss.

5. List-out and Networking with all Rural Support Systems

1. Introduction

Entrepreneurship is a full-time job. You have to immerse yourself fully in the entrepreneurial exercise. You may have to interact with all the support systems in the rural area, to ensure proper and smooth establishment and functioning of your enterprise. These support systems will include financial support systems, technical support systems, human resources educational and training support systems and last, but not the least, social support systems. You may also have a knowledge of local law and order enforcing agencies and legal agencies.

2. Objectives

After going through this section you will understand the need to have good, healthy and two-way relationship with all the key support systems in your area. These support systems include:

- ✓ Financial Support Systems
- ✓ Technical Support Systems
- ✓ Human Resources Support systems; and
- ✓ Social Systems

3. Preparing a List of all Key Support Systems

At the beginning, as you scan the rural environment for setting-up your enterprise, you need to carefully take a note of all the key support systems existing in your area. A comprehensive list of all key institutions- financial, technical, technological, educational, training and skill-development may be prepared with all their key-contact details. Here the financial institutions, technical institutions and educational institutions are most critical as these institutions will provide you credit, technology and human resources needed for your enterprise. In addition, you may collect the details of social institutions – Mahila Mandal, Youth Club or other such organizations working in the area, so as keep communications with them, as and when needed.

4. Financial and Technical Support Systems

Financial and technical support are a continuous requirement for any enterprise. You must have good linkages with both the support systems. Financial support systems will include the banking network, particularly the nearest branch of the Lead Bank for the District and Insurance company office

(concerned). You need to keep the telephone numbers of the key personal in both these systems. You may always take help of your training / skill-development agency for hand-holding or introducing to local bankers, it is your responsibility to continue this relationship in good shape and health. For a healthy financial relationship, one must repay the loan-installment in time, and confirm the same with the bank-branch. This will improve your credibility and credit-rating. A good financial track-record may help you to get next loan with lessor difficulty/ follow-up. A good documentation of all the financial transactions with a bank will also be helpful. You must maintain separate account of each loan/ bank to have full clarity and understanding of your existing and future liabilities.

Technical back-stopping is not a one-time job. As an entrepreneur, you must be ever vigilant about technological advances in the field of your enterprise. If your system is using a particular technology, you must also weigh the alternate options available or likely to be available in near future. Small business-decisions like changing the mobile-charge packages from one service-provider to another service provider (without changing the mobile number) can save a lot of money for your enterprise. Similarly App-based companies / enterprises must always look for the latest developments on technology (hardware as well as software front) to remain in the forefront of the competition. As an entrepreneur, you need to be 24X7 open to new ideas, see possible opportunities for improving your efficiency- cost-reduction and expansion of your business. You must read local and national newspapers and also subscribe to technological magazine (concerned with a technology having direct impact on your business). You may attend one /two national or state level seminars / Workshops or refresher programs related to technological advances and opportunities in the area of your business.

5. Human Resources and Social Support Systems

Human resources are the most important requirements for any enterprise. Sometimes we hire good people, train them and they become an integral part of the enterprise. Good, well trained and skilled human resource are really the most valuable resources. Sometimes, a good employee may suddenly decide to leave, and that may create a huge vacuum in the Enterprise. As a good manager (entrepreneur), you must always be prepared for this type of contingencies. This may arise at any stage. This is particularly very challenging, if it happens at starting stages. Hence you need to always have a back-up plan. For every critical operation or function, you must have more than one option. You must also train your manpower in multiple skills. Additionally, you yourself must also undergo the basic training/ understanding of each operation, so that you appreciate the criticality of each function and role. This will help you in emergency situations. You may have good relations with educational institutions in your area. If your human

resources requirements are likely to be met by the graduates (or Intermediate students) passing-out from a local or nearby school/ college, you may visit these schools and colleges and engage with their faculty, so that they can help you identify a suitable student for placement/ attachment with you. They can also inform the students about the opportunities in your enterprise and also build the skill-set for the same in their final year students. You may give a seminar in local school/ college about your enterprise, if you think this will help your product to get market acceptability or will create awareness about your enterprise. This will enhance the employability of the students and also serve the industry in long-run. This will induce a two-way relationship between you and academics. Your human resources requirements will be taken care-off, as and when need arises.

Social relations are very important in Indian Rural Society. It is always helpful to keep the key social leaders informed about your enterprise, your activities, inputs, processes and outputs. You may participate in local social functions, festivals and gatherings. This will help you to know a little more about local customs- does and don'ts. As a responsible citizen it will be helpful for the society to know about your business. This comes handy when all of sudden there is a police-case, an enquiry or one of your employees in involved in local social issues. Having working relations with all the social groups in very helpful. People will come for help, if they know at least a little about your enterprise, its product(s), and its value-addition to the society. Keeping fully aloof is not advisable in rural societies.

6. Conclusion

Rural Entrepreneurship is a full engagement program with local communities and rural support institutions. As an entrepreneur, you need to be in touch with financial institutions for your credit needs, with technological/ technical/ educational institutions for your technological updating needs, with training and skill-development institutions for your human resource needs and with rural society for your safety and social needs. This engagement will not serve your immediate business need it will also improve your understanding of rural realities and help you plan to escalate/ expand your business to next level.

7. Keywords

Rural Entrepreneurship, Financial Institutions, Banks, Insurance, Educational Institutions.

8. Model Questions

Question 1: Prepare a list of financial institutions likely to be available in rural areas. Why does an entrepreneur need to interact with them?

Question 2: Social relations/ interactions are important in rural areas. Discuss.