

**INSTITUTIONAL FINANCE ORIENTED RURAL
ENTREPRENEURSHIP DEVELOPMENT
IN UTTAR PRADESH**

**Abstract of
Thesis**

**SUBMITTED
FOR THE AWARD OF DEGREE OF**

Doctor of Philosophy
in
MANAGEMENT



Research Scholar

SHALINI SINGH

Enrollment No- 833/13

Supervisor

Prof. KUSHENDRA MISHRA

Dean, School of Management and Commerce

**DEPARTMENT OF RURAL MANAGEMENT
SCHOOL OF MANAGEMENT AND COMMERCE
BABASAHEB BHIMRAO AMBEDKAR UNIVERSITY
(A Central University) (NAAC A++ Accredited)
VIDYA VIHAR, RAEBARELI ROAD, LUCKNOW-226 025
UTTAR PRADESH, INDIA**

2023

Abstract

Keywords: Rural Entrepreneurship, Innovation, Financing, Institutional Finance.

Rural finance initiatives through institutions are anticipated to make a major contribution to reducing poverty and empowering the underprivileged in the political, social, and economic realms. Rural finance is considered to be one of the efficient and supplemental instruments of the rural credit delivery system that makes it possible for the poor to quickly and affordably access institutional credit. Rural finance has a favorable effect on company growth, and the majority of MFIs also provide technical and business development assistance to the underprivileged and small business owners in addition to financial services. In light of this, the current research attempts to investigate how rural finance affects the growth of rural businesses. The thesis covers the concepts, developments, and analysis of rural finance as well as its significance for the management of rural entrepreneurial growth. Most nations have embraced microenterprise development and rural finance as effective anti-poverty measures. Microbusinesses are seen as major forces in the expansion and advancement of the economy. Microenterprises are little or insignificant businesses that are often run by the underprivileged. Although they are restricted to income-generating activities, they are still considered business activities as the owner or entrepreneur's primary motivation is profit. The majority of microbusinesses are the result of initiatives to support self-employment. Therefore, microfinance provided by MFIs has shown to be essential for the growth of small companies and enterprises as well as the reduction of poverty in rural regions. Further, a survey of the literature is included in the thesis. The analysis of relevant material simply shows that there is a dearth of information about the effects of rural finance provided by microfinance institutions to rural borrowers for business

growth in the literature, research results, and empirical data. Therefore, the research is crucial for closing the academic gap and determining how rural finance affects the growth of rural businesses in a large nation. The thesis further discusses the research technique. Additionally, it emphasizes the goals of the study, the research design, the sources used for data collecting, sample strategies, methodologies, and study processes. The research intends to investigate how rural finance provided by microfinance organizations affects the growth of rural entrepreneurship using quantitative methodology. A field survey was carried out in Uttar Pradesh in light of the study's goals. Structured interview schedules were used to carry out the survey. For data analysis, making conclusions, and obtaining findings, it was verified that the SPSS program and pertinent statistical techniques were used.

Introduction

The term "rural entrepreneurship" refers to the activities and business ventures of businesspeople involved in the establishment of industrial and commercial firms in rural areas. The problems of poverty, migration, economic inequality, unemployment, and underdevelopment that are frequently observed in rural areas and less developed regions may be solved via rural entrepreneurship. The goal of rural entrepreneurship is to find and support rural residents who have entrepreneurial potential in order to promote the growth of regional businesses. The introduction of rural entrepreneurship enhances the economic worth of rural regions via the use of novel production techniques, the exploration of untapped markets, and the creation of innovative goods. Furthermore, it further facilitates the creation of job prospects in rural regions, hence promoting and fostering rural development. The connection between rural development and entrepreneurship has become more prominent in contemporary discourse. The

promotion of rural development is increasingly being seen by both institutions and people as a strategic intervention for accelerating the process of rural development. This perspective recognizes entrepreneurship as a key driver in this endeavor. In addition, there is a consensus among institutions and individuals regarding the pressing necessity to foster rural enterprises.

Development agencies recognize rural entrepreneurship as a significant source of employment opportunities, while politicians perceive it as a crucial strategy to mitigate rural unrest. Farmers view it as a means to enhance their agricultural earnings, and women perceive it as a viable employment option in close proximity to their residences, offering autonomy, independence, and reduced reliance on social assistance. For all of these groups, entrepreneurship serves as a means to enhance the overall well-being of people, families, and communities while also promoting a robust economy and a sustainable environment. The rural development approach that embraces an entrepreneurial perspective recognizes entrepreneurship as the primary catalyst for economic growth and development. In the absence of entrepreneurship, the potential of other developmental variables may be squandered or rendered ineffective. Nevertheless, the mere recognition of entrepreneurship as a primary catalyst for development does not guarantee rural development or the progress of rural firms. An essential need is the establishment of a conducive environment that fosters entrepreneurship in rural regions.

Statement of the Problem

The historical analysis reveals that industrial sector expansion drives economic growth, with the success of this sector hinging on the skills of company owners. Business owners, acting as producers, employees, and decision-makers, play a pivotal role in

economic progress. The Indian economy faces a challenge of regional imbalance, and initiatives aim to mitigate this disparity by fostering entrepreneurial activity in underdeveloped areas. The effective allocation of resources is crucial for production, and the lack of influential local entrepreneurs limits the full utilization of available resources. Encouraging entrepreneurial spirit in rural areas is vital for a robust national economy, as natural resources and technology remain underutilized without capable business owners. Governments should promote rural entrepreneurship to address poverty, employment, industrial growth, regional inequalities, and resource management. Despite the majority residing in rural areas, the organized banking sector has long overlooked this population. Empowering those in rural poverty through economic autonomy and opportunities for independent work is essential for social advancement and poverty reduction, achievable through rural industrialization.

Objectives of the Study

1. To analyze the role of selected schemes in promoting small, medium, and micro-enterprises.
2. To explore the impact of selected schemes on uplifting the financial status of beneficiaries in terms of financial viability.
3. To assess the deficiencies and the constraints experienced by the beneficiaries under selected schemes.
4. To develop a model for fulfilling the gap between process requirements and difficulties faced by beneficiaries.

Need of the Study

The state lacks the resources to make the necessary investments in the rural sector to make it strong and thrive in the age of liberalization, privatization, and globalization. The SHG movement has now become the focal point of the growth process. The SHG project really plays a critical role in the advancement and welfare of people, and it has integrated itself into the broader revived interest in civil society. Because of its inherent connections to other participatory and civil society projects, the SHG movement cannot be studied in isolation. Recent studies on the third sector have concentrated on these many different types of socio-cultural projects and set them apart from the spheres of the state and the market. Self-help organizations, MFIs, and microenterprises are proven to be viable solutions for reducing poverty in this situation by raising the income levels of those living in poverty in rural and semi-urban regions. The study offers a thorough examination of the development and effectiveness of microfinance in India, notably in the selected districts of Uttar Pradesh. In terms of monthly production, sales, and profit, it compares rural businesses' performance before and after using microfinance.

Contribution of the Study

In order to achieve the dual goals of reducing poverty and fostering rural entrepreneurship, this research is unusual in that it views MFIs and microenterprises as a continuum. The primary data on the concerns of rural entrepreneurship development via MFIs are provided in this research, which also documents the influencing elements affecting the growth of rural entrepreneurship in selected districts of Uttar Pradesh state. This research helps policymakers build strategies for the development of rural entrepreneurship in other areas and allows for inter-district comparison. As a result, the

study helps to create a policy framework for the execution of a plan to foster rural entrepreneurship and combat poverty in rural regions. In order to reduce rural poverty via microfinance and promote rural entrepreneurship, this study's contribution falls under both categories.

Limitations of the Study

Rural microentrepreneurs who are SHG & MFIs members and have accessed loans from microfinance institutions via MFIs are among the respondents to the survey. The research did not include the other MFI members who had borrowed money from microfinance organizations via MFIs but had not engaged in any entrepreneurial endeavors.

The study's methodology is a survey that employs straightforward random sampling procedures. The study was based on both observations and the responses from the sample respondents. This may be more accurate, albeit some bias may be present.

The effects of microfinance on rural enterprises are also multifaceted and have both short- and long-term effects. Such effects are extensive and intricate. However, the focus of this research is solely on examining the economic effects of microfinance on rural microenterprises, particularly in terms of employment income.

The researcher discovered differences in the information gathered from the officials of the lead bank section as well as from the officials of the banks' branches and government agencies.

The sample of rural entrepreneurs in the selected districts of Uttar Pradesh is the only one included in the current research. Therefore, it's possible that the views don't accurately and fairly reflect entrepreneurs in other industries.

Despite these constraints, a genuine effort has been made to make the study's desired conclusion somewhat impartial and representative by making the best use of the data at hand.

Theoretical Framework And Review of Literature

This study contributes to the existing empirical literature on rural company ownership and its financial aspects. This research focuses on examining the particular factors that contribute to the variances seen in the use of institutional financing by rural companies. The significance of these variables lies in their influence on the operational dynamics of rural companies. While our primary focus is on the variables pertaining to the human and social resources or capital of rural entrepreneurs, we also assess the impacts resulting from several other significant elements, including age, size, sector of operation, and similar considerations. Based on the empirical research conducted, we further provide a set of prospective policy suggestions pertaining to the rural region under scrutiny in our study. The existing literature that is pertinent to the setting of the current investigation has been reviewed in the section that follows. The evaluations have been grouped based on concerns and areas of entrepreneurial growth. In order to comprehend the problems surrounding rural entrepreneurial development, the factors of rural entrepreneurial development, and the challenges surrounding rural entrepreneurial development, the literature has been gathered. Reviews of the literature have been argued for in the part that follows:

Rural Entrepreneurship

The act of establishing industrial facilities in rural areas is often referred to as rural entrepreneurship. Implementing this approach has shown to be an effective method in expediting the process of rural development. Rural entrepreneurship refers to the

manifestation of entrepreneurial activities within rural communities, including many sectors such as business, industry, and agriculture. This phenomenon has the potential to contribute to the economic development of rural areas. In essence, rural entrepreneurship refers to the process of rural industrialization, mostly consisting of cottage, khadi, and agro-based firms.

Institutional Finance Definitions

According to the International Finance Corporation (IFC), institutional finance refers to the provision of funding to various businesses, including equities, loans, and mezzanine financing, via established financial intermediaries. According to Ledgerwood, institutional finance may be defined as the provision of financial services by various financial intermediaries that are integral components of the financial system. Institutional financing, as defined by the European Central Bank, refers to the practice whereby domestic financial institutions collect deposits and then provide these funds as financial resources to the industrial sector. Institutional financing refers to the provision of financial resources by formal financial intermediaries to both new and established firms, with the aim of fulfilling their capital and credit requirements during all stages of their progressive growth.

Microfinance

Microfinance is a comprehensive phrase that encompasses financial services for the underprivileged, loans, payments, deposits, and insurance. Microcredit and microfinance are terms that are often used interchangeably. Microfinance is a better name since microcredit does not refer to savings. Although the poor also require savings, consumer loans, housing loans, and insurance services, it was highlighted that microcredit is frequently believed to be exclusive to microenterprises.

According to Matthew and Kurian (2016), assisting women has always been the primary goal of microfinance across the globe. Since independence, the Government of India has primarily planned for the SHG and the women's self-help group, as well as the SHG and the Bank Linkage initiative, and made them known via their partnerships with non-governmental organizations. These initiatives have expanded the availability of financing choices for women, particularly in rural regions.

According to Basu et al. (2015), Bandhan joined the banking sector when the Indian banking sector began to have NPA issues and has been operating as a microfinance organization for the last 15 years. They eradicate bad loans at a shallow rate while comprehending Bandhan's business methodology

The essay by Ghosh et al. (2015) focuses on women's empowerment and their inferiority to males globally. India is seeing unheard-of economic growth, a steep increase in violent crimes against women, and a dearth of equitable educational opportunities for most girls.

According to the report of NABARD (2014), the total amount of Rs. 102.82 billion was disbursed by banks in collaboration with SIDBI to Microfinance Institutions (MFIs) during the fiscal year 2013-14. This figure represents an increase of almost Rs. 24 billion compared to the previous year's investment. If an individual perceives SIDBI as a development financing organization, it can be seen that scheduled commercial banks serve as the primary providers of loans for microfinance institutions.

Guerin (2014) emphasized the standards and principles that affect debt. He said that debt had a tangible value that made it easier to move money, products, and services in order to meet new difficulties and feed the hungry.

Alvarez and Barney (2013) highlight the traditional foundations of mortgage lending in terms of security, industry knowledge, or a shared pool of funds from a period of training and manufacturing know-how, the basis of investment in deprivation-containing contexts that contain microfinance, which originated to distinguish mortgage loans in terms of non-productivity, denoting that different types of “financial funds are available to individuals who exploit those self-employed business skills.”

Research Gap

The need to foster the development of rural enterprises has become more evident. Consequently, it is incumbent upon various governmental bodies to foster entrepreneurial aptitude with the aim of generating employment opportunities in rural areas, addressing poverty, expediting industrial and economic development, mitigating rural-urban discrepancies, and optimizing the use of existing resources. The majority of the study conducted so far, based on an analysis of existing literature and theoretical foundations, has mostly focused on significant industrial issues. Several individuals have redirected their attention towards the examination of Institutional Finance. The phenomenon of rural entrepreneurship has not been subjected to comprehensive scholarly investigation. Nevertheless, there are some areas that want more investigation, including the correlation between institutional funding and the expansion of rural entrepreneurship, as well as the achievement of rural entrepreneurs in light of their socioeconomic circumstances. Based on historical context, the present study provides sound arguments. Further, the analysis of relevant literature simply shows that there is a dearth of information about the effects of finance provided by microfinance institutions to rural borrowers for business growth in the literature, research results, and empirical data. Therefore, the research is crucial for closing the academic gap and

determining how microfinance affects the development of rural businesses in a large nation.

Research Methodology

The current chapter endeavors to provide a comprehensive examination of the gathered data via the utilization of tables, graphs, and charts. The chapter begins with a comprehensive examination of the demographic characteristics of the respondents in order to get insight into the rural economic composition of the research region. Additionally, comprehensive data and its analysis pertaining to the rural venture output and marketing have been conducted. This endeavor aims to provide insights into the current rural entrepreneurship landscape of the study region and the prevailing marketing strategies employed by the relevant stakeholders. The research further focuses on the quantification of stakeholder satisfaction pertaining to many dimensions of rural entrepreneurship and its finance. The study also aims to assess the extent of banking, financial, and microfinance institutions' involvement in rural entrepreneurship. This is achieved by examining various factors, such as the MFI assistance in starting, financing, and promoting entrepreneurial activities. Additionally, the study considers the government's role in providing training, establishing a reliable market, addressing grievances, disseminating information on financial support, ensuring the availability of funds, etc. The majority of industrialized, developing, and underdeveloped nations must deal with the problems of poverty and unemployment since they are global issues. For most nations, overcoming these obstacles and helping the poor escape poverty are top priorities. Abolition of poverty, unemployment, gender inequality, environmental problems, equitable resource distribution, citizen access to and affordability of services, opportunities for livelihood, inclusion of the marginalized

and excluded in living standards and the development process, methods to raise living standards, and sustainability issues in development processes are the main development challenges of today. The relevant development players must make effective interventions and adopt management techniques to address the globalization and privatization phenomena. Most nations have embraced rural enterprise development and rural finance as effective anti-poverty measures. Rural businesses are recognized as major forces in the expansion and advancement of the rural economy. Rural finance initiatives are widely acknowledged as a powerful instrument for reducing poverty and improving the socioeconomic circumstances of the world's rural poor. Rural finance is at the forefront of initiatives to fight poverty and give the rural poor more power in India as well. Recent methods have been significantly responsible for the growth of rural finance via a network of MFIs, commercial banks, regional rural banks, NABARD, and non-governmental organizations.

Procedure and Sample Size

A total of 255 respondents have been identified and selected for collecting data related to the present study. These respondents are directly or indirectly engaged in rural business activities, including entrepreneurship, trading, shopkeeping, sales and distribution, agribusiness, carried and forward agency, cold storage, transportation, dairy and farm products, fruits and vegetable cultivation, and other similar activities. A stratified random sampling approach has been used to choose samples from the whole population. The survey of MFIs, government representatives, JLG leaders, borrowers, and rural business owners was conducted using a series of standardized questions. The surveys address pertinent study issues and concerns about socioeconomic profile,

financial responsibility, microfinance, entrepreneurial growth, company development, issues with revenue-generating activities, etc.

Sample Size

Seven villages and small towns have been identified and selected, making up Lucknow district, for studying and collecting data to take some samples from each of the villages in order to have a justified representation of the district population. Therefore, it was decided to include 100 samples from each village. Hence, the amount of population becomes 700 as there are a total of 7 identified villages, and we have proposed to take samples from each village. However, during the data collection, a total of 306 respondents were covered using the access methods of personal meet and contact distribution. The calculation of sample size has been done using Slovin's Formula, which is discussed below:

$$n = N / (1 + Ne^2)$$

where

n = Number of samples

N = Total population and

e = Error tolerance (level)

therefore

$$n = 700 / (1+700 \times 0.05^2)$$

$$n = 700 / (1+700 \times 0.0025)$$

$$n = 700 / 1+1.75$$

$$n = 700 / 2.75$$

$$n = 254.55 = 255$$

The total sample size has been rounded off to 255.

Research Questions

1. Are entrepreneurship schemes useful in uplifting small, medium, and micro enterprises?
2. Up to what extent are entrepreneurship schemes launched by the government to lift the financial status of beneficiaries in the U.P. effective?
3. What are the problems faced by the beneficiaries under these schemes?
4. What are the constraints faced by the government in implementing the schemes?

Research Design

The term “research design” is used to denote the plan or strategy employed to guide the process of doing research. The empirical inquiry primarily relied on field surveys as the main source of primary data collection. In order to get a deeper understanding of the research topic, secondary data, and relevant material from published and recorded sources were collected alongside the surveying and analysis of primary data. Policy suggestions and actions are formulated based on a comprehensive analysis of relevant literature and a thorough consideration of research findings.

Hypothesis

H₀: There is no role of selected schemes in uplifting the small, medium, and micro-enterprises.

$$\mu = \text{Role of Selected Schemes} \neq \text{Uplifting the Small, Medium, and Micro-Enterprises}$$

H1: There is a role of selected schemes in uplifting the small, medium, and micro enterprises.

$\mu = \text{Role of Selected Schemes} = \text{Uplifting the Small, Medium, and Micro-Enterprises}$

H0: There is no impact of selected schemes on uplifting the financial status of beneficiaries in U.P.

$\mu = \text{Impact of Selected Schemes} \neq \text{Uplifting the Financial Status of Beneficiaries}$

H2: There is an impact of selected schemes on uplifting the financial status of beneficiaries in U.P.

$\mu = \text{Impact of Selected Schemes} = \text{Uplifting the Financial Status of Beneficiaries}$

Datanterpretation and Analysis

The interview and questionnaire schedules were carefully reviewed, handled, and entered into a computer using SPSS and MS Excel for appropriate statistical analysis and for data analysis after the collection of primary data. These instruments are widely acknowledged and used in several laboratory settings for the purpose of assessing data with a high degree of accuracy. Through visits to different institutions focused on entrepreneurship and active participation in workshops, the researcher acquired knowledge of the widespread use of SPSS as a statistical package for data analysis. It was seen that SPSS consistently produces precise findings in accordance with the provided data. Moreover, Microsoft Excel has been used to produce visually comprehensible graphs and tables.

Data Analysis

The fourth chapter endeavors to provide a comprehensive examination of the gathered data via the utilization of tables, graphs, and charts. The chapter begins with a demographic analysis of the participants in order to get insight into the socio-economic composition of the geographical region under consideration. Moreover, comprehensive data and analysis pertaining to an overview of rural entrepreneurship and its marketing have been conducted. This endeavor aims to provide a comprehensive understanding of the current rural entrepreneurial situation in the study area, as well as the prevailing marketing strategies employed by the stakeholders in that region. The third section of the study focuses on the quantification of stakeholder satisfaction levels pertaining to several facets of rural entrepreneurship, agribusiness, and marketing. These elements include current products, methods of sale, techniques of collecting, payment mechanisms, sales volume, and duration. The chapter further assessed the entrepreneur's degree of knowledge pertaining to business development, business funding, financial and digital literacy, as well as the help provided by the financial institutions. The fourth section of this study aims to assess the extent of factors and challenges involvement in rural entrepreneurship development. This is achieved by examining various factors such as the government's assistance in funding, financing, marketing, training, the establishment of a reliable market, measures taken to eliminate private entities, mechanisms for addressing grievances, dissemination of information on usage and price trends, support from cooperatives and banking services.

Research Findings

Challenges Encountered in Rural Entrepreneurship

A rural entrepreneur refers to an individual who engages in entrepreneurial activities within an industry situated in a rural locality. The majority of individuals in question are mostly classified as first-generation entrepreneurs.

Government Policies

It is essential for governmental entities and policy-makers to allocate sufficient effort toward comprehending the social and cultural dimensions that need attention while formulating a strategy.

Insufficient Infrastructure and Fundamental Amenities

Although the government can incentivize entrepreneurs to establish rural industries by granting them tax holidays, it is crucial to acknowledge the challenges they face when relocating their families to rural areas. These challenges primarily stem from the dearth of infrastructure and essential amenities such as electricity, educational institutions, healthcare facilities, and the like.

Inability to Achieve Scale in Foundational Industries

Due to their heavy reliance on human resources and their localized nature, several rural industries may face limitations in terms of scalability, limiting their potential for expansion beyond a certain threshold. This may not provide a sufficient incentive for individuals to initiate industrial or entrepreneurial ventures in rural areas.

Challenges Associated with Mindset, Belief, and Stigma

Issues such as limited educational access in rural regions, elevated rates of student attrition, and a growing scarcity of educators in rural schools and universities pose significant obstacles for the nation as a whole to address. Challenging indeed is the task of dispelling entrenched attitudes, beliefs, superstitions, stigmas, and myths that have persisted among the rural populace. Education is the only instrument in countering their influence. In rare instances, individuals may find themselves hindered from engaging

in constructive actions due to the influence of past events and entrenched beliefs. Certain previous encounters, which may have been unfavorable, might have resulted in a negative recollection among individuals. When formulating a development project or contemplating the establishment of an industry, it is possible that individuals may exhibit a lack of active engagement due to divergent perspectives.

Resources for Funding Rural Entrepreneurs

We asked successful company owners and entrepreneurs for their top suggestions in order to assist you in uncovering financing opportunities for rural businesses. Rural company owners have access to a variety of finance options, including state trade growth programs, small business loans, and crowdfunding.

Loans to Micro Businesses

Small business loans serve as a viable option for company owners in need of financial resources. Small business loans may be obtained from many financial institutions and lenders, with the terms and interest rates varying based on the specific lender. In order to facilitate the provision of financial resources in rural areas, lenders may provide distinct incentives or implement specialized programs tailored to cater to the needs of rural firms. It is advisable to thoroughly assess proposals from many lenders when opting for this approach and thereafter choose the one that best aligns with the needs and requirements of your firm.

Rural Funding Program

Securing funding for the initiation or expansion of a business venture is often a challenging endeavor. Nevertheless, as an individual engaged in entrepreneurial pursuits, it is essential to possess the necessary preparedness to effectively navigate and

address a diverse range of obstacles and difficulties. Irrespective of the sector in which one operates, it is important to always explore various financial alternatives. The Rural Funding Initiative is a program designed to provide financial assistance to rural business owners in order to maintain and sustain their operations. The Rural Business Council, responsible for overseeing the award program, receives additional support from the federal government. Loans of up to \$20,000 are accessible under the concessionary loan program. These loans provide financial support to entrepreneurs and developers operating in rural and regional areas, aiming to facilitate company expansion or diversification. Rural businesses include a variety of economic activities, including but not limited to small-scale farming, small- or large-scale rural manufacturing, and tourism services.

Conclusion

The foundation of businesses is of paramount importance in the development of a country, as it facilitates the growth of the economy and the creation of employment possibilities. Both state and national governments continually propose innovative and attractive programs with the goal of motivating their citizens to produce inventive business ideas. The successful formation of a company is dependent on an individual's varying abilities. The challenges associated with operating a company in a rural location are amplified when compared to an urban one. Rural enterprises may be defined as corporate entities that effectively use local resources to generate money and act as drivers of social change within the local community. These entities have a notable influence on the holistic advancement of the rural economy and also play a vital role in contributing to the economic prosperity of our nation. The emergence of several economically prosperous enterprises in a certain region has the capacity to prompt

government investment, attract private participation, stimulate local employment prospects, enable partnerships, and secure financial resources. Furthermore, this procedure has the potential to efficiently activate idle capital by channeling it into entrepreneurial endeavors. The official statement that was issued by the Government of India defines a village industry as an industrial facility that is situated in a rural region, village, or town with a population that does not exceed 20,000 people. This definition can be found in the official document that was published. In addition, businesses of this kind need an investment of three crores of Indian rupees (INR) that is specifically allotted for the purchase of machinery and equipment. The aforementioned phrase is a modified version of the previously defined definition provided by the Khadi and Village Industries Commission. As of the 31st of March in the year 2022, the total number of Micro, Small, and Medium Enterprises (MSMEs) in India has surpassed 63 million, with micro-enterprises making up approximately 94 percent of the whole figure. According to the official figures released on April 30, 2022, it has been documented that the Micro, Small, and Medium Enterprises (MSMEs) in the country, totaling 63.3 million, contribute to the provision of employment for around 120 million persons. According to the World Bank Data from 2019, it is apparent that a majority of the Indian population, namely over 65 percent, relies on agriculture and related industries for their livelihood. Moreover, according to the statistics from the 2018-19 Periodic Labour Force Survey (PLFS), a significant proportion of the population, roughly 58 percent, is actively involved in these industries.

Rural firms are crucial for the economic growth of our nation, but they face several obstacles, including inadequate infrastructure and limited access to financial resources. Given the aforementioned issues, it is imperative that the government continues to carry out sustained and targeted initiatives.