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A Sustainable Business Model to Boost Entrepreneurship at Rural Level

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Abstract: According to the Budget documents, the allocation for the Start-up India programme has been increased marginally. The country's workforce is experiencing some remarkable changes and policy initiatives in the area of skilling, and the youth are being prepared for opportunities in entrepreneurship in both the agricultural and non-agricultural sectors. The importance of this problem statement covers a vast variety of localized issues in rural settlements. Entrepreneurship and the start-up ecosystem can have an imperative impact on India's GDP by providing sustainable solutions to existing problems. The skilling ecosystem plays a vital role in such cases by functioning towards solving these problems. Promoting entrepreneurship in rural areas may solve other issues plaguing rural development and boost the economy to 5\$ trillion by 2030.

Keywords: Skilling Ecosystem, Rural Areas, Entrepreneurship Development, Business Solutions.

I. INTRODUCTION

We propose to create a skilling ecosystem for entrepreneurs by creating physical and virtual infrastructure to support learning processes as a way to address the issue of expanding the number of rural entrepreneurs. We want to carry out surveys, using the results of which we will evaluate and interpret the necessary states where entrepreneurship is lacking. We then intend to focus our efforts on those areas first. Additionally, in tandem, we will create globally accessible internet platforms, such as websites and applications. This will make it possible for rural business owners to learn anywhere and at any time. This solution is centred on the growth of rural and localised enterprises since it has become increasingly common for people in rural regions to utilise cell-phones and the internet. We have discussed the purpose, aims, technique, unexpected repercussions, and ways to minimise them in the creation of our solution. In order to understand the entire nature of the solution, consider some policy implications as well as the cost and SWOT analyses. For a clearer comprehension of the articulation, we have created diagrammatic representations of our ideas.

II. METHODOLOGY

A. Problem Statement

"India has the potential to become a world leader by unlocking the full potential of its rural economy": Rajiv Kumar (Vice-Chairman, NITI Aayog). Traditionally, the rural economy has been the bedrock of India's economic growth, given that two-thirds of its population and 70 per cent of the workforce resides in rural areas, and the rural economy generates nearly 46 percent of the national income and contributes 25-30 % to the GDP. Today promoting entrepreneurship has become important for India's economy more than ever as entrepreneurship not only improves national capital but also creates jobs. The potential of the rural economy can be harnessed by promoting rural entrepreneurship in youth, SHGs and FPOs using native skills as an asset for the same. What are the ways in which the skilling ecosystem helps in creating more entrepreneurs in both farm and non-farm sectors at the rural level with a sustainable business model.

B. Analysis Of Problem Statement

According to the Budget documents, the allocation for the Start-up India programme has been increased marginally. The country's workforce is experiencing some remarkable changes and policy initiatives in the area of skilling, and the youth are being prepared for opportunities in entrepreneurship in both the agricultural and non-agricultural sectors. The importance of this problem statement covers a vast variety of localized issues in rural settlements. Entrepreneurship and the start-up ecosystem can have an imperative impact on India's GDP by providing sustainable solutions to existing problems. The skilling ecosystem plays a vital role in such cases by functioning towards solving these problems. Promoting entrepreneurship in rural areas may solve other issues plaguing rural development and boost the economy to 5\$ trillion by 2030.

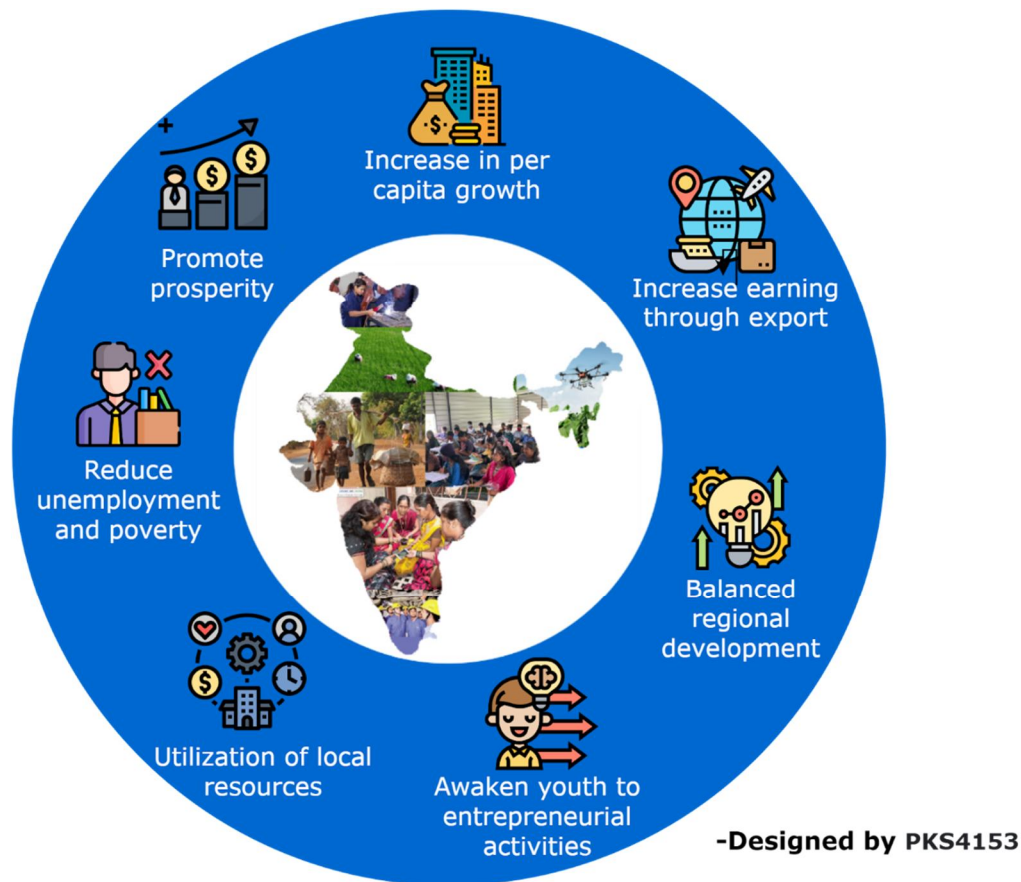


Fig 1: Role of Rural Entrepreneurs in Economic Development

C. List Of Solutions/Alternatives

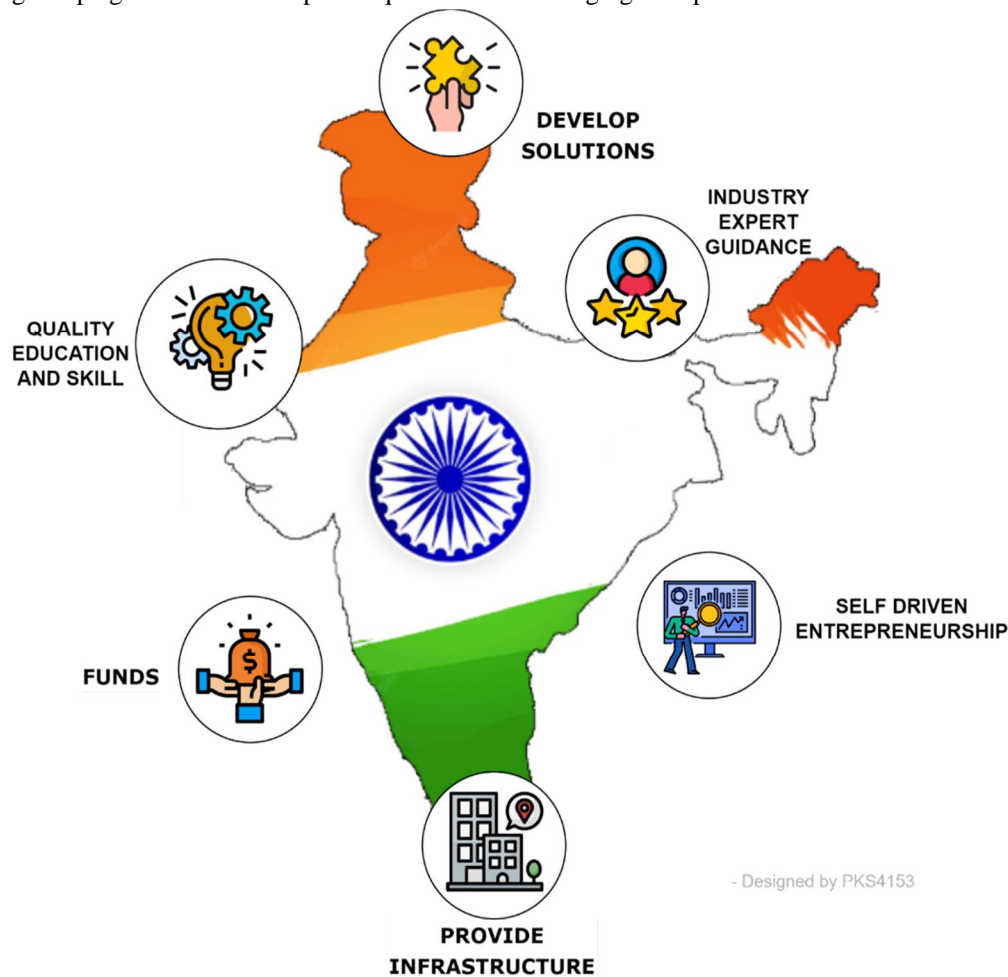
- 1) Build an investment platform managed by the government in which young working professionals in urban areas can invest in businesses in rural areas: This platform will help solve funding requirements of emerging businesses. We will build a platform where common people can invest in upcoming projects by rural entrepreneurs. This will open new opportunities for young entrepreneurs to start their venture on the journey of entrepreneurship.
- 2) Build schools for entrepreneurship to facilitate young minds and provide guidance: Technical and vocational training and organize investment camps for rural businesses by collaborating with top business individuals and funding organizations.
- 3) Provide incentives for development of rural businesses by buying the produce generated by these start-ups and exporting them to foreign countries.
- 4) Encourage underprivileged rural residents to cultivate the habit of cooperating in groups by implementing self-help groups (SHG)'s about entrepreneurship: It becomes crucial to establish rural communities with homogeneous groups of the most vulnerable members of society in order to provide them the mental fortitude they need through the spirit of cooperation.

D. Solution #2 Elaboration (An initiative towards Atmanirbhar Bharat)

India has 1,336,286,256 (1.3 billion) people, making it the second-most populated nation in the world, according to the Census of India (May 2016). About 70% of Indians reside in rural areas, with 50% of them being young teenagers and adults Entrepreneurship is inevitable for the gradual improvement of per capita income and GDP in this country.

The solution we propose is to solve this problem and boost the number of entrepreneurs from rural settlements by establishing and maintaining schools/camps/workshops for entrepreneurship across the country. We decided to pursue this approach because we identified a lack of proper knowledge in rural areas regarding technical and business management. There are enough existing government schemes for providing loans to upcoming entrepreneurs but a lack of knowledge to execute the ideas into a successful business.

- 1) *Aim:* To empower young entrepreneurs and equip them with the proper knowledge and resources to bring their ideas to life.
- 2) *Objectives*
 - a) Provide quality education and skills that are applicable to small and medium enterprises.
 - b) Guide young entrepreneurs to lead and produce solutions to burning problems.
 - c) Supplement rural businesses with resources like industry guidance, funding and infrastructure.
 - d) Build a community of self-driven entrepreneurs and service providers to collaborate and encourage workforce development.
 - e) Arrange funding campaigns to fulfil the capital requirements of emerging entrepreneurs.



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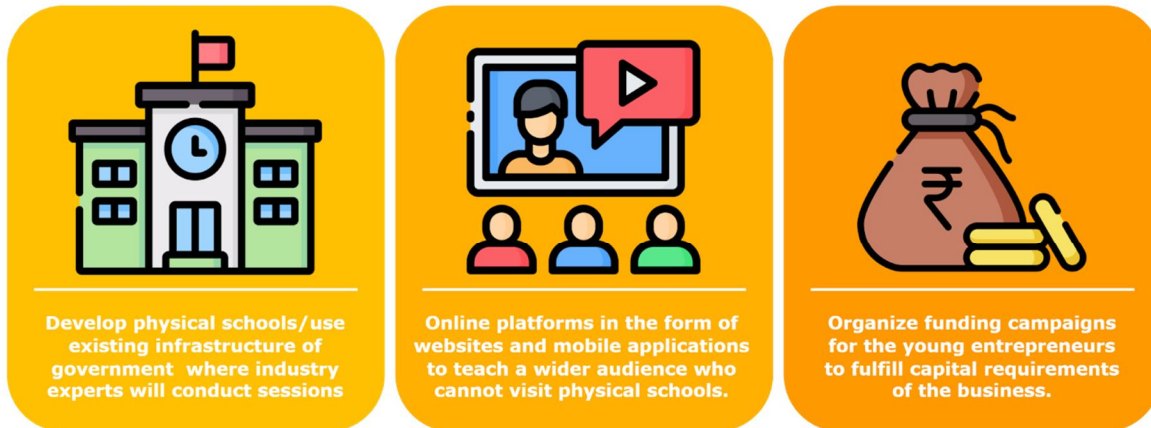
Fig 2: Objectives of the solution

- 3) *Requirements*
 - a) Infrastructure for functioning of these schools/workshops equipped with cutting edge tools and machinery to enforce practical learning.
 - b) Team of industry experts to teach the young entrepreneurs.
 - c) Team to build and curate online platforms to provide the necessary courses to remote areas where infrastructure construction is not feasible.
 - d) Investors (government or private) on the ecosystem to help with capital needs of the start-ups.

4) *Why is This Solution Better THAN It's Alternatives?*

Gaining domain knowledge is, in our opinion, the first and most crucial step in starting any entrepreneurial endeavour. Entrepreneurs will be better able to comprehend their businesses and the viability of their ideas if they are equipped with the right knowledge. This solution majorly solves all the issues plaguing entrepreneurship development in rural areas of India. It ensures progressive development of the entrepreneurs by following the sequence of learning and implementing business solutions.

5) *Implementation/Methodology Of The Proposed Idea:* We plan to establish schools/camps that teach the young entrepreneurs about crucial business concepts. We believe that the first and most important step towards any entrepreneurial venture is gaining domain knowledge. Empowering entrepreneurs with this knowledge will help them gain a better understanding of the business and feasibility of their idea. We propose a hybrid approach in which we have 3 major components:

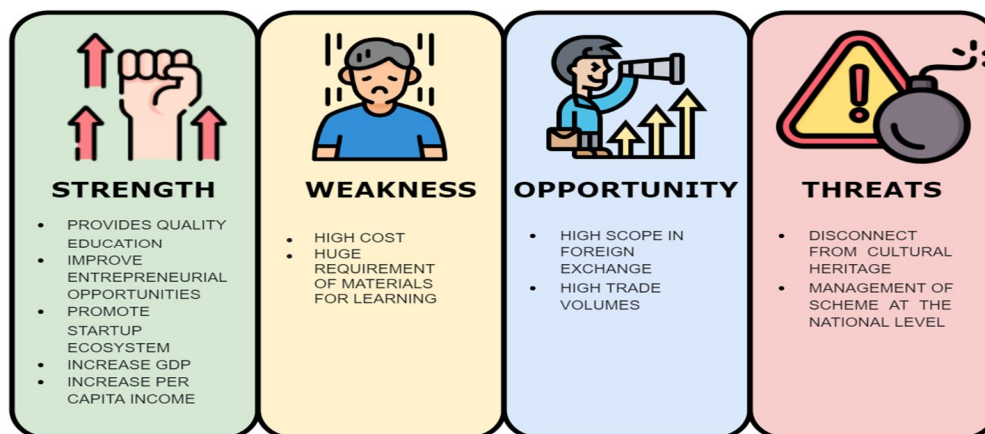


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Fig 3: Components of the solution

- a) In the first component, we plan to develop physical schools/use existing infrastructure of government where industry experts will conduct sessions on theoretical as well as practical applications of business ideas. Also, vocational training will be provided to serve as peripheral knowledge to run a business.
- b) In the second component, we will provide online platforms in the form of websites and mobile applications to teach a wider audience who cannot visit physical schools. This will assist in encouraging more entrepreneurs in the learning process even if physical presence of the candidate is not possible. We will provide quality courses made by experienced entrepreneurs in each sector so that rural youth get exposure to all types of business sectors.
- c) In the third component, we plan to organize funding campaigns for the young entrepreneurs to fulfil capital requirements of the business. This will be done by inviting investors to attend funding camps organized by government where rural entrepreneurs will pitch their ideas to investors and then based of their performance may or may not receive funding. This method combined with the traditional government funding schemes like venture capital scheme by the ministry of agriculture and stand-up India by the ministry of finance will bring in more resources to solve capital problems of rural businesses.

6) *Swot Analysis*



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Figure 4: SWOT Analysis

7) Steps To Follow For Implementation

Note: The order of these steps may be interchanged as per the challenges faced while implementation.



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Fig 4: General Flow of the project

- a) In this step we will conduct a survey to identify the states where entrepreneurship development activities are scarce and also conduct surveys to find domains that are most relevant for rural entrepreneurship.
- b) Second step towards the implementation of this idea, is to build one platform with theoretical resources for reference to the young entrepreneurs which will be based on the surveys done earlier. This will include online free courses, video lectures, soft copies of books and any material required to assist in the learning process. The motivation for including the online platform is to increase and multiple the reach of these activities even to places where physical infrastructure construction is not possible.
- c) After identifying these states, we will decide the location and start building physical infrastructure at the desired locations.
- d) This will be followed by initiation of teaching activities at these locations whilst the online courses run parallelly.
- e) After the above steps are completed, the government will organize a funding campaign every quarter of the financial year.
- f) These campaigns will be managed by government officials and investors from around the country can invest in rural business activities.
- g) Timely surveys are crucial to understand the market requirements and modify the teaching syllabus accordingly.
- h) Each enrolled entrepreneur will be given a survey after each course to rate and give opinion on the existing teaching methods.
- i) These surveys will be then reviewed by government officials to enhance and improve the quality of this process.
- j) Overtime following all these steps will result in a young knowledge equipped youth force ready to take on entrepreneurial challenges and contribute towards betterment of India.

8) Challenges In Implementing This Idea

- a) As this scheme needs to be executed for a long time, one unexpected consequence can be outdated syllabus which results in teaching of old and irrelevant skills.
 - **Solution:** Frequent updating of syllabi is essential to prevent this risk of teaching irrelevant skills. Industry surveys need to be conducted to understand market needs and modify the syllabus accordingly.
- b) Another consequence can be the cost of construction of infrastructure can be huge as we plan to implement it throughout the country.
 - **Solution:** This challenge can be avoided by using existing infrastructure in the form of rural government schools and utilizing their infrastructure for implementation of this idea which will help in cost reduction.

9) *Policy Implications For Development Of Rural Entrepreneurship*

- a) Policies should be flexible to facilitate local circumstances.
- b) The nature of enterprises to be established in rural areas must be conducive to those areas in economic, social and environmental terms.
- c) Rural enterprise policy should cover all types of rural enterprise.
- d) There should be consistency and coordination with respect to the choice of rural enterprise locations.

10) *Unintended Consequences And Their Solutions*

- a) One consequence of implementing this idea can be that youth might go away from traditional regional farming activities which might lead to decrease in the yearly crop yield of the country.
 - *Solution:* To mitigate this consequence, we can generate awareness amongst the youth of opportunities in smart farming, soil and environmental assessment to find the optimal crops which will in turn increase their profits and promote sustainable farming.
- b) Another consequence can be that the youth might be fascinated by the western idea of entrepreneurship and move towards sectors that are non-local and will struggle to grow the business in those sectors. Also, this might hamper the production of local commodities and decrease the cultural heritage.
 - *Solution:* To mitigate this consequence, promotion of local goods and services for export to foreign countries. And while teaching we can incorporate local business case studies and give importance to regional cultural heritage and artifacts.

11) *Cost Analysis Of The Project:* Bulky funding will be required for the initial setup of the programme, as many new things will be needed to be developed and organized from scratch. But the overall operating cost won't be much.

Following are the main areas which need funding: -

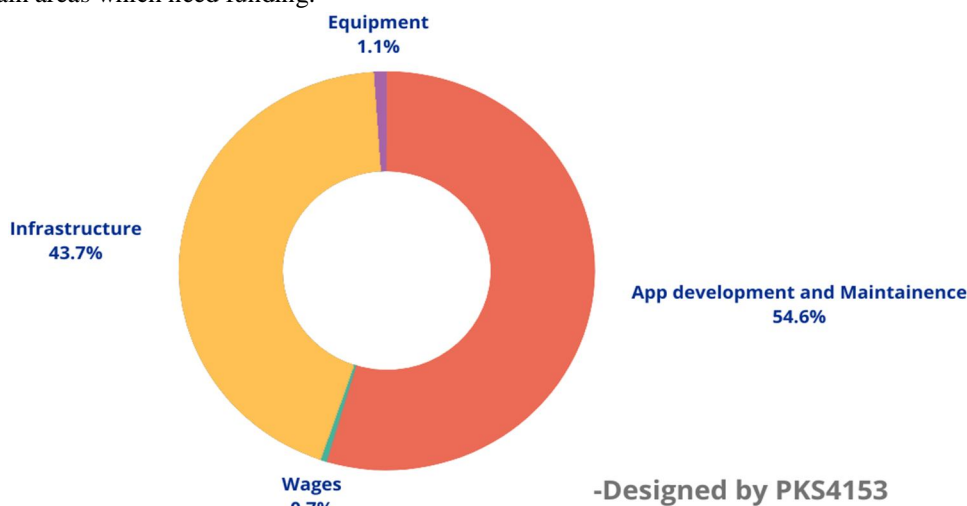


Fig 5: Capital allocation for each phase

- a) *App Development & Maintenance:* Since a new platform is to be developed for the programme, the task will be needed to be outsourced to 3rd party companies. An estimated cost of 1 crore will be needed for the complete development (with multi platform support) and initial subscription of the servers. The server charges may vary in the future depending on the user traffic.
- b) *New Infrastructure:* The most expensive part of the proposed idea is the construction of new infrastructure. Cost of building a new school depends on various factors, like - raw materials, transportation, locality, land price etc. Taking all these variables into consideration the average cost of constructing a building varies from ₹1300 to ₹5000 per sq. feet. Taking the average, we can consider ₹3100 as the cost per square feet. If each school has 3 rooms, 2 classrooms and 1 lab and each room be of 800 sq. feet the average cost of building the structure will be: -

$$3100 \times 800 \times 3 = ₹74,40,000$$

Other things like furniture, painting etc will cost roughly - ₹5 lakhs, hence the cumulative cost of the school is estimated to be around ₹80 lakhs. Since the cost of developing a new infrastructure is hefty, there will only be a limited number of such buildings spread across a given state, based on the feedback.

- c) *Wages:* A single school will need a team of 2-5 teachers to manage and teach the students. Considering the monthly salary of the teacher is ₹40,000 and there are on an average 3 teachers, a school will require roughly ₹1,20,000 to be spent per month on their salary.
- d) *Equipment Cost:* The equipment cost may vary from location to location and depending on the equipment itself. Roughly ₹2 lakh will be required for a single institution.

III. OUTCOMES OF THE SOLUTION

Output after implementing this scheme:

- 1) Increase in Economies of Scale and Scope.
- 2) Exposure to the global competition.
- 3) Improved access to foreign technology and managerial expertise.
- 4) Accelerates economic growth
- 5) Empowerment of youth with knowledge, skills and resources.
- 6) Encourage collaborative ecosystems in the society.
- 7) Enable financial freedom to the citizens of India.
- 8) Greater contribution in India's GDP.

A. Timeline for Implementation

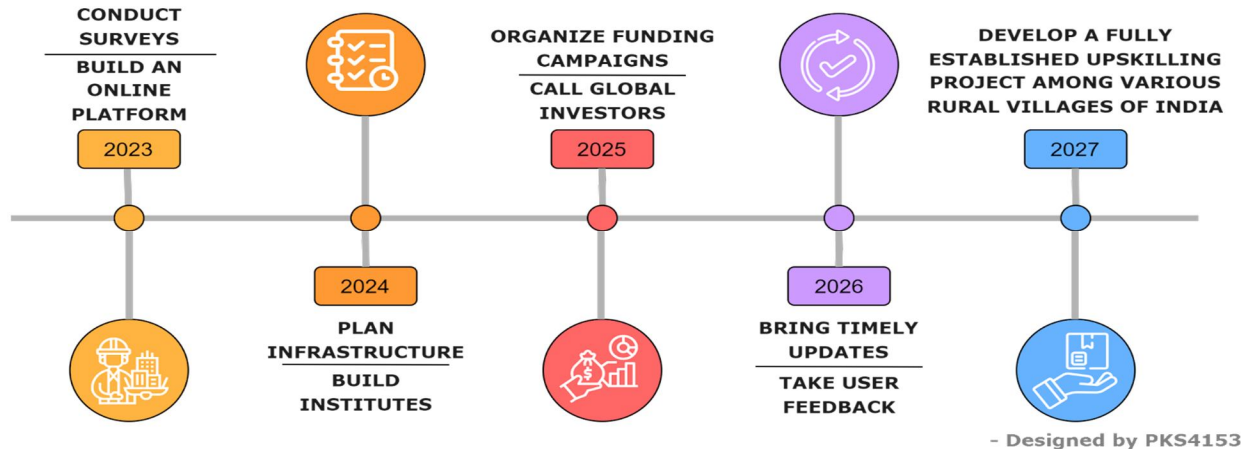


Fig 5: Timeline of implementation

The implementation of this project would require a few years as it involves construction of infrastructure for skill schools and websites/apps for the same. We can speed up this process by using existing government school infrastructure until construction is completed. Surveying is a big and crucial activity in this project as a survey will give exact data to go on with the actual implementation. These processes will take time, we project that the infrastructure and processes will require 5 years. Assuming no nation-wide disturbing event happens. In such cases the implementation might require a few more years. After everything goes as planned, the government will have to manage and maintain this project which would require manpower and labour.

IV. ACKNOWLEDGEMENTS

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V. CONCLUSION

To summarize our solution to solve the problem of increasing the number of rural entrepreneurs, we propose to build a skilling ecosystem for entrepreneurs by building physical and virtual infrastructure to assist in learning processes. We plan to conduct surveys based on which we will analyse and interpret the needful states where entrepreneurship is scarce and plan to work on those parts first. Also, parallelly we will build online platforms like websites and apps that would be accessible nationwide. This will enable rural entrepreneurs to acquire knowledge anytime and anywhere. As we have seen that the use of smartphones and internet has risen exponentially in rural areas, this solution focuses on development of rural and localized businesses. In the elaboration of our solution, we have mentioned the aim, objectives, methodology, unintended consequences and how to mitigate them. Also a few policy implications, cost analysis and SWOT analysis to gain an overall nature of the solution. We have generated diagrammatic representation in our idea elaboration for better understanding of the articulation. Coming to the curriculum of the skill/entrepreneurial schools it will feature instructional modules on subjects like shaping an effective product strategy, deep dives on product user value, road mapping & PRD development, building apps for Next Billion Users in markets like India, driving user acquisition and many more. Timely surveys and syllabus as well as faculty updating is of paramount importance. Along with this, funding campaigns will be organized by the government where young rural entrepreneurs will fulfil their capital requirements and external investors will receive an opportunity to indulge in rural businesses. To conclude, we have proposed an ecosystem which will handhold a young rural entrepreneur from knowledge acquisition to fulfilling capital requirements of the business. We believe that the first and most important step towards any entrepreneurial venture is gaining domain knowledge. This scheme will prove to be extremely beneficial to young entrepreneurs and also reach the eventual goal of making India Atma-Nirbhar.

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