

**ROLE OF FINANCIAL INSTITUTION IN SUSTAINABLE DEVELOPMENT OF RURAL ENTREPRENEURSHIP**

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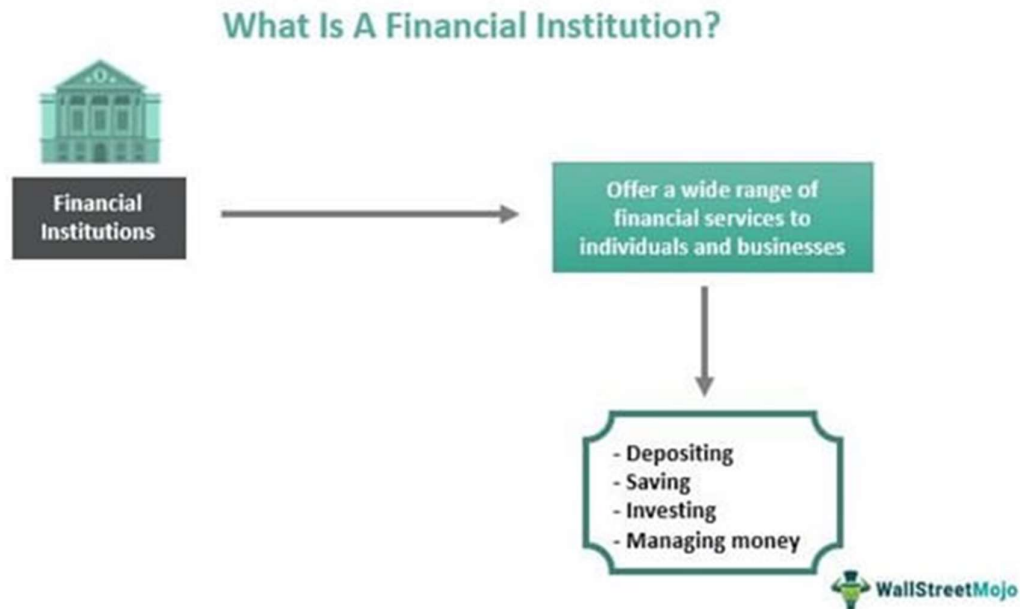
**Abstract**

The present study deals with the Role of Financial Institution in maintainable development of Rural Entrepreneurship. In this research paper researcher gives a wide perspective of financial institution involves in rural entrepreneurship and financial institution involved for central and state funding agencies from last five years, In this study researcher explore a particular village and collect data which is related to rural entrepreneurship. By this researcher find out that different types of new initiative & new policies will launched by government & financial institutions for promote rural entrepreneur-ship, this research paper will describe the problems facing by rural population for their start-ups & new innovative ideas & their implementation. In this study, the researcher has tried to find out the meaning & concept of rural entrepreneurship & analyses the benefits so that we can make the country financially strong & make the youth strong & self-sufficient by providing employment.

**Keywords:** Rural Entrepreneurship, Semi- financial institutions, NABARD, PMKVY, Sitapura, Jaipur

**INTRODUCTION**

**1.1 Financial Institution:** - Financial institutions are organization's that assist people and corporations in meeting their financial and monetary needs by managing, investing, or depositing money. Banks, investment companies, trusts, brokerage businesses, insurance companies, etc. are some of the institutions included in this category.



#### **Types of Financial Institutions:-**

1. Commercial Banks
2. Central Banks
3. Non-Banking Institution
4. Thrift Institutions
5. Insurance Companies
6. Credit Unions
7. Investment Entities

**Function Of Financial Institutions:-** This position is largely a result of its core role in capitalizing savings, which allows surplus funds to be deployed to finance profitable ventures. The role of financial institutions, however, is broad and diverse because it covers a variety of other financial services in addition to lending out money. The amount of credit given to businesses during this process reflects the essential function of financial institutions as a provider of cash for the promotion of investment. In addition to acting as an intermediary and catalyst, financial institutions also produce money, catalyzing the supply of money.

Financial institutions play a critical role in the growth of small and medium-sized businesses (SMI). Given the increasing economic growth and the surge in entrepreneurial activity, rural, small, and medium-sized industries must play a larger role in both the manufacturing and service sectors. As a result, financial institutions act as a promoter to encourage the nation's economy to expand. As a promoter, these institutions carry out extensive growth potential studies of the various regions' current industrial structures, determine the supply and demand

for various projects, and recommend industrial ventures that can be formed in various areas in the near future.

Financial institutions are responsible for identifying individuals who exhibit entrepreneurial traits and encouraging them to pursue an entrepreneurial career by offering training facilities and investing in financial, technical, and managerial support so that they can successfully compete in established industries. On the one hand, the financial institute serves as a corporate counsel to the business sector in matters like corporate reorganisation, the expansion of business operations, and portfolio and investment management, to name a few. Banks, on the other hand, play a supporting advising function for many government development projects in addition to serving as a link between businesspeople and government industrial development activities.

**Financial Institutions In India That Support Entrepreneurial Activity:-** A number of institutions set up by the central and state governments support entrepreneur activity in various ways, including financial and technological guidance, equipment support, training, marketing, and offering subsidies and grants. These institutions work to bring industrial development to the state and villages. Financial institutions engage in a wide range of promotional activities for new business owners, consultancy services for SME's, and programmes created for certified nonprofit organizations for the financial uplift of the underprivileged.

Financial assistance to entrepreneurs is granted by central & state level institutions like Centre & State financial corporations, Commercial banks, Non-banking finance corporations (NBFCs) & other institutions like NABARD. The wide variety of financial institutions as per government schemes existing in India can be classified under all financial institutions, state level institutions & other institutions for Rural Entrepreneurs hip like PMRY, IRDP, NRLM, SFC's, SIDO, TFCI, SVEP, PMKVY, PMMY

**1.2 Rural Entrepreneurship:-** As a result, any industry with an investment of Rs 3 crore in equipment and machinery and a location in a rural area, village, or town with a population of 20,000 or less is categorized as a village industry. Following are the seven categories into which rural industries have been divided: -

1. Mineral-based industries, such as those involved in the production of wall coating powders, cement, red oxide, and stone crushing.
2. Forest-based industries include those that produce wood, bamboo, honey, coir, and goods made from leaves for use as plates.
3. Agro-based and food-based industries: examples include the production of sugar, jaggery, oil from oil seeds, pickles, fruit juice, spices, and dairy goods.

**Industries based on polymers and chemicals, such as those producing agarbatti, aloe vera gel, and ballpoint pen ink.**

1. Engineering and non-conventional energy-based industries, such as those producing agricultural equipment

2. Textile Industry: Spinning, weaving, colouring, and bleaching, for example
3. The service sector, such as repairs to pumps and tractors

### **Types of Rural Entrepreneurship**

1. **Individual Entrepreneurship:-** It is a form of entrepreneurship in which a single entrepreneur serves as the business's sole proprietor or owner. The entrepreneur is entirely accountable for all business decisions and assumes all risk.
2. **Group Entrepreneurship:- It is primarily categorized into three types:-**
  - a. **Private limited company:-** In this instance, there is no maximum number of members and a minimum of seven are needed. Shares made up of the financial capital are divided up and not offered to the public.
  - b. **Public Limited Companies:-** There is no maximum number of members for such firms, but a minimum of seven are needed. A public limited company, it is able to raise funds from the general public.
  - c. **Partnership:-** Since there is no single owner in this situation, the business is managed by the partners (a maximum of 20), and they are all expected to support one another's efforts to achieve shared goals and objectives.
3. **Cluster Entrepreneurship:-**
4. **Cooperative: -** A cooperative, also abbreviated as "co-op," is a company that is run by and for the benefit of its members. When multiple people discover an unmet need, a cooperative is born.

### **Rationale of Study**

This study paper will discuss how a lack of awareness and information is the main obstacle to the growth of entrepreneurship in rural areas. Lack of infrastructure, a non-supportive financial institution, a lack of technical know-how, a lack of market information and communication tools, and a lack of storage and warehousing options are all problems. According to the ninth plan, the following are the main issues with fostering entrepreneurship in rural areas:

- Insufficient credit flow
- Low quality requirements.
- Making use of outdated tools, machinery, and equipment.
- Insufficient raw materials
- Skilled Labor
- Electricity Issues
- Lack of Infrastructure
- Poor road infrastructure

## **Purpose of Study**

1. This research paper will discuss the function of financial institutions in the sustainable growth of rural entrepreneurship in the modern world;
2. The researcher intends to investigate if financial institutions aid rural entrepreneurship by dispersing cash and raising awareness among rural residents.
3. Did the rural populace gain from the advantages offered by the financial institutions and the government, as this researcher seeks to investigate?
4. This researcher aims to investigate the role that Gram Panchayat, Bank, VDO, and NABARD officials played in raising awareness in rural areas and pointing people in the direction of self-employment.
5. The researcher seeks to find out how many persons received jobs as a result of government financial aid and programmes in the hopes that they would become independent.
6. This researcher aims to investigate whether financial aid was used appropriately and whether government representatives accurately presented the idea of rural entrepreneurship to the rural area.

## **Review of Literature**

In order to understand the role of financial institutions in sustainable development for rural entrepreneurship, the researcher in this research paper chooses a specific rural area in Jaipur called Ramchandrapura, Vidhani(304504). The participant in this survey are NABARD officials, bank officials, village development officers, and Gram Panchayat.

On July 12, 1982, NABARD was created by transferring the RBI's agricultural credit and Agricultural Refinance and Development Corporation's refinancing responsibilities (ARDC). On November 5, 1982, the late Prime Minister Smt. Indira Gandhi dedicated it to serving the country. As of March 31, 2020, the paid-up capital of the company, which had a starting capital of Rs. 100 crore, was Rs. 14,080 crore. As a result of the modification to the share capital composition between the Government of India and the RBI, the Government of India now entirely owns NABARD. Under the National Livestock Mission's Entrepreneurship Development & Employment Generation (EDEG) component, NABARD is the organisation responsible for channelling subsidies for the following programmes.

The Pradhan Mantri Kaushal Vikas Yojana (PMKVY) (2016-2020) is the Ministry of Skill Development and Entrepreneurship (MSDE), Government of India's flagship grant and outcome-based skill training programme (GoI). The National Skills Development Corporation is carrying it out (NSDC).

The Indian government introduced the Integrated Rural Development Program (IRDP) in 1978, put it into effect in 1980, and carried it out until 1999. Following that, the IRDP and 5 other programmes were renamed the Swarnjayanti Gram Swarozgar Yojana. It is intended for rural impoverished people who work for themselves.

A significant portion of India's rural population continues to live in poverty despite the country's GDP growing quickly (BPL). The rate of rural poverty was calculated in many research at various levels. Rural poverty is a significant challenge for the government at all levels despite countless attempts. In order to combat the issue of rural poverty, the Ministry of Rural Development created the National Rural Livelihood Mission (NRLM) in 2010. With effect from March 29, 2016, NRLM became DAY-NRLM (Deendayal Antyodaya Yojana - National Rural Livelihood Mission). The projects are jointly funded by the Central and State Governments under this centrally sponsored programme.

Q 1. Do you think financial institution provide support for Rural entrepreneur.

- a. Yes    b. No

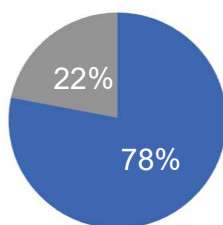
Response By:- NABARD officials, Banks officials , Village development officer & Gram Panchayat.

In terms of 100%)

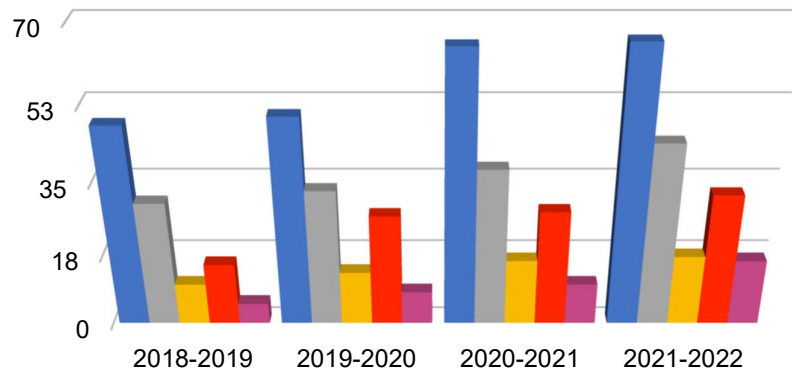
Q 2. Do you sensitize & spread literacy in between rural population to become rural entrepreneur.

- a. NABARD.    b. VDO.    c. Gram Panchayat.    d. Gram Panchayat e. Universities & colleges

■ Yes    ■ No



■ NABARD ■ VDO ■ Gram Panchayat ■ Bank officials ■ Universities & colleges



Q 3. How much fund is dedicated for rural entrepreneurship?

	2018-2019	2019-2020	2020-2021	2021-2022
Nabard	1.25LAKH	1.10 Lakh	Nil	1.15 Lakh
PMKVY	Nil	1.50Lakh	Nil	2..00 Lakh
PMMY	Loans given-50k	Loans given-80k	Nil	Loans given-45k
PMRY	Nil	Loans given-25k	Nil	Nil
IRDP	Loans given-1lakh	Nil	Nil	Loans given-1.30lakh
NBFCs	Nil	Nil	Nil	Nil
NRLM	30k	25k	Nil	40k
SIDO	Nil	Nil	Nil	Nil
OTHERS	30k	Nil	Nil	10k

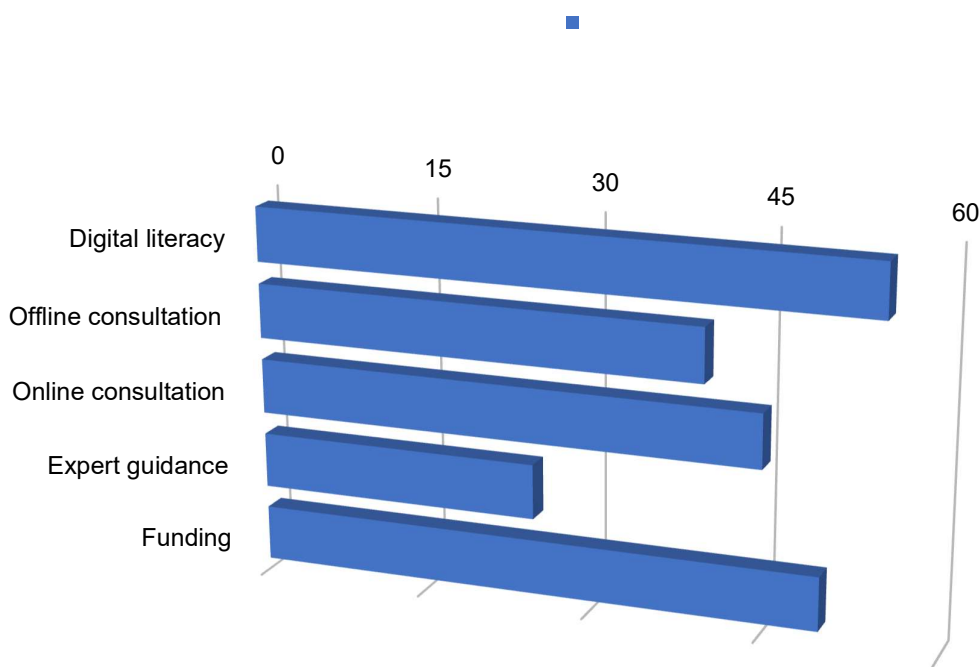
Q 4. What do you think a financial institution can help a rural entrepreneurship.

- a. Digital Literacy b. Funding c. Expert guidance d. Online consultation e. Offline consultation

Q 5. According to survey how many rural entrepreneur were able to survive in terms of industry.

Answer. The success ratio of rural entrepreneur is about 37%, according to survey.

Q 6. Rural entrepreneur were able to pay their debt.



2018-2019	2019-2020	2020-2021	2021-2022
Loan recovered- Nil	Loan recovered-50k	Loan recovered-Nil	Loan recovered-1lakh

### Methodology

Methodology takes a significant role in any type of research as the reliability and validity of the findings depend upon the methods adopted and applied in the study. This paper is exploratory & descriptive in nature. It is mainly based on primary & as well as in which researcher used questionnaire method for primary data collection. This study is conducted



mainly by applying analytical cum descriptive & exploratory method for the research. In this research paper, the researcher used the quantitative method & survey method, where it aims to study the Role of Financial Institution in sustainable development of Rural Entrepreneurship.

### **Analysis & Interpretation**

The concept, meaning & theory related to character have been dealt with clarity & deep insight. The researcher, after doing a research on particular area researcher finds there is scope of rural entrepreneurship but there is lack of awareness and government facilities. In this research paper researcher analysis by the method of survey collect the data from NABARD officials, VDO, Gram panchayat, Bank Officials, Universities & colleges & researcher found out that right now the government needs to do more work & bring awareness among the rural people, the government & the semi financial institutions should tell the rural people & through publicity & information, how to do rural entrepreneurship, rural population can become successful & earn good money for living life. Government & semi financial provide trading program for all officials who deals at grassroots level for rural development. If the government pays attention to these things & tries to understand the rural population through information, then the rural people who are migrating today in search of work will be less towards the urban spaces & rural areas will become empowered & contribute to the country's economy.

### **Discussion/Conclusion**

Particularly in the rural economy, rural industries play a significant role in the national economy. Rural entrepreneurship is significant for its contribution to the growth of both agriculture and urban sectors, as well as its ability to provide jobs in rural areas at low cost and increase people's real income. It would be difficult to address the issue of rural unemployment without rural industrialization. One way to lessen poverty, migration, economic inequity, unemployment, and to enhance rural communities and underdeveloped regions is through rural entrepreneurship.

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