


Chapter 6


Financing Rural Social Enterprises in India: Issues and Challenges

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ABSTRACT

Rural social entrepreneurship employs innovative and pragmatic approaches to address societal challenges, particularly for marginalized and impoverished communities. Entities that participate in rural social entrepreneurship are referred to as rural social enterprises, which may operate as either non-profit or for-profit organizations, with a focus on achieving rural social, economic, and environmental objectives. The driving force behind a rural social enterprise is the entrepreneur's commitment to rectifying perceived rural social injustices. The objective of this study is to investigate the financial obstacles encountered by rural social entrepreneurs in India and to contribute to the existing literature. The sample size is determined based on the criteria established by Rummel and Schwab in the 1970s and 1980s, in accordance with the identified characteristics. Additionally, a demographic profile is developed through primary data collection.

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INTRODUCTION

Entrepreneurship

Entrepreneurship serves as a pivotal catalyst for economic advancement, with the remarkable growth observed in various sectors attributed to its vigorous dynamism. The proliferation of entrepreneurial activities is a common characteristic among all industrialized nations worldwide. The trajectory of economic development is intrinsically linked to the proliferation of entrepreneurship, which, akin to infrastructure and other developmental metrics, is experiencing significant growth. In recent years, governments across the globe have increasingly recognized and underscored the critical role of entrepreneurship. Consequently, there has been a concerted effort by these governments to focus on establishing the essential infrastructure necessary to foster the systematic development of entrepreneurial ventures within their respective countries. (Geobey S, et.al, 2012). India, in particular, has acknowledged the significance of entrepreneurship and has made substantial investments aimed at bolstering its economic landscape. The overall advancement, encompassing rural social progress, can facilitate the comprehensive development of entrepreneurship. (Franklin B et.al, 2015) Various forms of entrepreneurship exist, each characterized by distinct attributes and requirements, including cultural entrepreneurship, which is notable for its integration of diverse elements. (Paunescu C, et.al, 2014)

The central objective of rural social entrepreneurship is to integrate rural social and economic benefits, distinguishing it from the aims of conventional entrepreneurship. Many individuals equate rural social entrepreneurship with volunteer efforts or rural social services. While there are various forms, the most notable distinction lies in the duration of time dedicated to generating income. (Goyal S et.al, 2016) Charitable organizations and rural social workers primarily focus on aiding the vulnerable or marginalized, operating not for profit but for the purpose of providing support. Conversely, public entrepreneurship merges the advantages of rural social services while prioritizing non-monetary rewards. Indeed, the Indian Diasporas seek a model akin to this, where society reaps substantial benefits from entrepreneurial traits. (Bharathi G et.al, 2018)

Rural social entrepreneurship represents a significant movement that aims to deliver innovative and affordable products and services to the lower tiers of the market pyramid. This approach not only enhances accessibility but also capitalizes on the underserved segments of the market. (Tasavori M et.al, 2016). A rural social entrepreneur utilizes tools, such as products or services, designed to address the specific needs of this demographic, often referred to as the edge of the pyramid market. In essence, Rural social entrepreneurship addresses gaps that traditional economic enterprises overlook. It generates revenue by catering to customers who

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